

While others are predicting luxury property prices in Singapore will cool, The Luxury Expert says they're still some way from their peak. | by ANDREW BATT

Peak predictions

Alex

Shlaen is a man who is rarely wrong. As *Property Report South East Asia's* Luxury Expert he recently predicted Chinese buyers would turn their attentions to Singapore some three months before it happened. His take on the markets is weeks and, in some cases, months ahead of other industry commentators and mainstream media. His views - which are often contrary to current thinking - are widely read and respected. When he talks people listen.

His view about Singapore's luxury sector are ones you should read because, in stark contrast to almost every other industry watcher, he's predicting prices will continue to rise. He says: "The market and prices are surprisingly strong. I believe very high-end properties are significantly off their peak by some 25 to 30 per cent. The reality is there are few luxury properties, such as bungalows, around and little in the way of speculation."

When it comes to China, The Luxury Expert has been firm in his views that it offers strong potential in the long term. "If you're asking me whether there is a bubble in China's property market then I will say definitely. But is that bubble a threat? My answer is no. People say 'China is going to crash' but the way I see the Chinese market is that it will be up and down like a zig-zag."

Thailand's luxury sector has been hit hard by the recent bout of political instability. He says: "Thailand, and especially Phuket, is the most important

holiday-home luxury property market in the region, but Phuket has suffered because there's nothing much besides luxury properties on the island. Yet the very high-end market is seeing transactions in mind-blowing values." He says the sale of Beyond Villa for US\$24 million and the Presidential villa at Banyan Tree for more than US\$4 million highlight ongoing interest in this uber-luxury market, and the increasing importance of Russian buyers. A Russian is thought to have purchased the property. "There is a lot of money in the world that

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is looking for a holiday home right now and Thailand is missing out."

So what exactly does luxury mean to The Luxury Expert? He says: "The actual definition of what is defined as luxury changes around the region, but in reality luxury is a combination of several factors which should include location, architecture, interiors, landscaping and

even the management of the property. Simply put, it must be a top property by all these measures and be in very limited supply."

The Luxury Expert says location is just one of the ingredients in a project which is important when creating luxury. "In most cases in Singapore, a new launch hails itself as 'true luxury' or 'luxury living'. Advertisements are splashed with lush greeneries, usually accompanied by a smiling, teenage model striking a pose by the swimming pool. I have never seen teenage girls buying luxury condominiums." He adds that he feels some agents and developers are confused about what luxury actually means. "In some cases the only luxury element to a property is the price tag."

To The Luxury Expert property still remains an attractive investment. "Some people are unsure about the stock market, and at least with property if the market drops you are still left with something. I can see more money coming from the west and from the Middle East. They do not trust their own real estate and they see the upside in Asia. Markets like Singapore are very transparent and attractive and will benefit, and if Thailand can restore some stability it can benefit too."

Alex Shlaen is an economist and holds an Executive MBA from Kellogg School of Management and HKUST. He is the founder of Panache Management Pte Ltd and represents ultra luxury branded products, furnishings and interiors by Tonino Lamborghini and Formitalia in South East Asia. He is also a serial real estate investor. He writes as The Luxury Expert for *Property Report South East Asia*. www.PanacheManage.com ■

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