

PROPERTIES

Slowly, foreign buyers drift back into Singapore

SINGAPORE

Following sharp declines, the luxury market seems to be making a recovery

BY SONIA KOLESNIKOV-JESSOP

After five consecutive quarters of decline in Singapore's property market, the luxury segment is starting to improve, partly helped by the slow re-appearance of foreign buyers.

According to statistics from the island-state's Urban Redevelopment Authority, the overall residential property market has seen its shortest downturn in the past 18 years, with only four quarters of price declines before the official private home price index posted a spectacular 15.8 percent quarter-on-quarter jump in the third quarter this year.

Singapore's government, startled by the sharp uptick, worried that a property bubble was forming and, in September, they discontinued a system that allowed buyers to defer the bulk of payment on apartments until the properties were complete. It also announced that next year it would resume land sales for development.

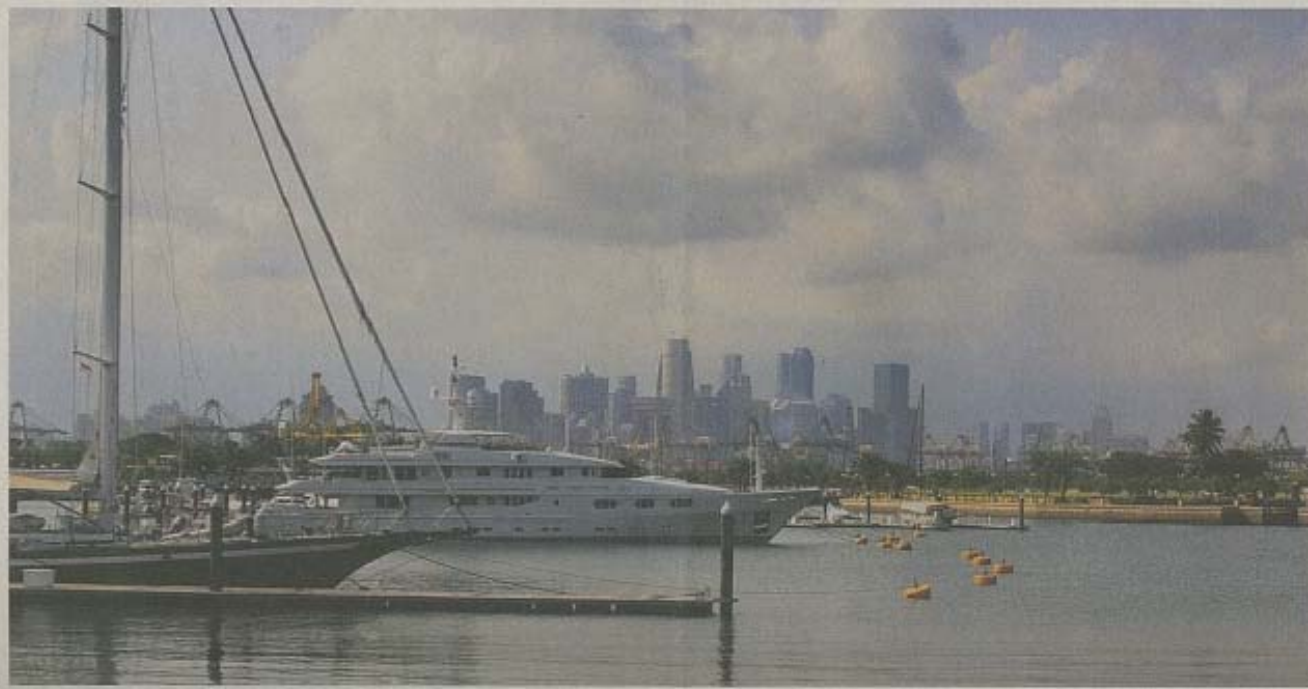
The sales rebound primarily has been driven by mass-market and mid-tier properties, but a few recent transactions indicate the high-end luxury sector also has started to pick up.

"With the financial crisis, developers saw potential with affordability and launched more projects at that level, with smaller-size flats to keep prices low. As a result, the mass market has really been driving this market recovery in the last few quarters," said Chua Yang Liang, head of research for Southeast Asia at the Jones Lang LaSalle real estate agency.

"It's only just recently with the improvements in regional economies that we're seeing more developers releasing projects for the high end of the market."

According to an analysis by CB Richard Ellis real estate, the number of apartments priced at more than 4 million Singapore dollars, or \$2.86 million, that changed hands totaled 210 in the third quarter of 2009, 87 in the second quarter and just 15 in the first quarter.

This compares with 280 in all of 2008 and 1,740 in 2007, at the peak of the market. A sales price record was achieved recently by SC Global Developments, which sold six homes at its 41-unit Seven Palms Sentosa Cove project for an aver-



A view of the waterfront on Sentosa Island in Singapore. The only upscale project with beachfront residences is being built in this area. Below, the Seven Palms Sentosa Cove project.



SC GLOBAL

age price of 11 million dollars, ranging from 3,100 dollars to 3,400 dollars per square foot for the 3- or 4-bedroom units.

Previously, the highest median price for a condominium on Sentosa was 2,734 dollars per square foot in late 2007.

The upscale Seven Palms project, the only beachfront residence of its kind in Singapore, is being built on Sentosa island, where a resort casino and Universal Studios theme park is scheduled to open early next year. The Seven Palms

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residences are being sold with 99-year leaseholds on the land, and are expected to be completed in December 2013.

Singaporeans are said to have bought two of the units, with the other four going to foreigners who are permanent residents of the city-state.

The Alba, another new upmarket development but in the more suburban central district, has sold 12 of the 18 available units, with prices averaging 2,300 dollars to 2,500 dollars per square foot for freehold units of 1,852 to 2,250 square feet, or 172 to 209 square meters.

Luxury projects delayed in the wake of the global downturn include the Marina Bay Suites, near the Marina Bay Sands, the other casino resort due to

open next year and the 228-unit Quay-side Isle Collection, also on Sentosa.

"Currently, we are seeing an increasing number of enquiries and interest in the luxury market as compared to three months ago," said Tan Bee Kim, director of Wheelock Properties Singapore. The group is planning early next year to introduce Orchard View, a project in which each of the 30 four-bedroom condominiums will occupy an entire floor. Ms. Tan said the company has been receiving enquiries from locals and foreigners alike about the development.

Ong Choon Fah, executive director of the property consultant DTZ Debenham Tie Leung, believes developers are not yet in a hurry to release new high-end condominiums — but she expects that will change next year when the two casinos under construction, referred to locally as IR, or Integrated Resorts, will open. "This should help boost property prices, especially in the high end," said Ms. Ong, estimating that luxury prices could rise as much as 10 percent.

HOUSE HUNTING IN ...

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A duplex apartment in Krakow's city center

SALE PRICE

1.4 million Polish zloty, or \$478,000

This 130-square-meter, or 1,399-square-foot, duplex apartment is in a complex of tenement buildings that are about 100 years old.

The main level, on the building's ground floor, has an open living and dining area as well as the master bedroom and its ensuite bathroom, a small room with a private entrance that now is used as an office and an additional half-bath. Downstairs, on the basement level, are the living room and a second bedroom, with a bathroom.

The apartment, which was renovated in 2004, has a hard-wired sound system, air conditioning and radiant-floor heating in the bathrooms. But details, like the high ceilings on the main level and crown moldings, were retained.

The building is on a tree-lined street midway between Krakow's Old Town and the Jewish district, Kazimierz. The airport is 15 kilometers, or 9.3 miles.

Property taxes are 86 zloty a year; common charges are 500 zloty a month.

BUYING BASICS

There are no restrictions on foreigners who wish to buy in Krakow. But financing for foreign buyers has become difficult to obtain in Poland so most transactions are now in cash.

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KAROL KUMAR/GETTY FOR THE NYT

NEXT WEEK: BIRMINGHAM, ENGLAND

Britain's second city is eager to shed its '60s drabness in favor of some new housing and an attractive city center.