

Leong Boon Hoe



INTERNATIONAL PROPERTY

THE DOW JONES peaked on 19th February 2020, before the outbreak of Covid triggered a sudden global stock market crash by March 2020. Eighteen months on, capital is still seeking safety, supply chains have unchained, and the world is transiting from keeping the virus out to living with it.

While it may sound oxymoronic, extreme liquidity, ultra-low interest rates and changed living patterns have fuelled bull runs in several prime real estate markets despite a global recession. Utility and scarcity are the driving forces. Homes have now become the office, the gym, the restaurant, the bar and the cinema of the remote workers' world. The demand surge is driving prices as new supply takes time to be replenished.

The housing markets in countries and cities that have been more successful at keeping the virus at bay are now under siege from foreign buyers. Released in March 2021, Knight Frank's Global House Price Index benchmarks housing prices in 55 countries and territories and showed a 7.3% increase year on year including 18 markets in the double digits, and 37 over 5% growth.



The four key gateway cities of New York, London, Hong Kong and Singapore all showed positive growth in their respective housing price indices one year on from the eruption of the pandemic: a 10.8% increase for New York between 1Q20 to 2Q21; 6.2% for London between May 2020 and March 2021; and 11% for Hong Kong (per flash estimates) for properties of 100 to 159.9 sqm between May 2020 and August 2021. Singapore's Private Property Price Index also rose about 7.1% between 2Q20 and 3Q21.

By contrast, many countries that struggled with Covid have performed less favourably. Thailand's condo index bottomed out in March 2020 and has since risen about 0.8% through August 2021. Metropolitan Manila saw a 21.7% fall in the Condominium Price Index between 2Q20 and 2Q21, while Indonesia's Residential Property Price Index showed a 1.5% increase over the same period.

Where to now?

For affluent investors, we foresee the following buying trends emerging in countries that have kept Covid largely under control.

First, branded residences in emerging markets will come to the fore, and those in mature markets will continue to do well. We're looking closely at emerging markets that are plugged into the international supply chain, which should see a rapid economic recovery.

Vietnam is one such key international supply chain player. It has a fast-growing aspirational class buoyed by rising incomes. Branded residences are making their way into Vietnam, and the country's affluent investors are buying in. The largest such project Marriott-branded residences at Grand Marina Saigon recently opened for sale, and within weeks of release the demand has been strong. We also



expect The Ritz-Carlton Residences to be launched by early 2022.

Honolulu's luxury residences market is on the brink of a rapid recovery, with the island opening up to receive visitors once again. The Residences at Mandarin Oriental, Honolulu has only 99 apartments, and has attracted international attention from mature feeder markets (such as Japan, South Korea, Taiwan and China) and increased enquiries from new markets such as Singapore and other parts of SEA.

Second, luxury residences in international gateway cities are poised to outperform. Affluent investors are optimistic about the long-run opportunity, with low interest rates and high liquidity in these markets.

Manhattan and London have seen demand for luxury properties spike. Competition for prized residential properties around the Peak,

Third, we expect holiday villas in favoured destinations to thrive as affluent buyers seek solace amid the pandemic chaos.

Maldives, Mauritius and Seychelles are starting to welcome back international travellers. Phuket's successful launch of the sandbox travel program will serve as a model for other resort markets, and Bali and Phu Quoc Island are looking into a similar approach.

But for those who can't wait, there's always this breathtaking three bedroom villa at the celebrated Soneva Jani, Maldives which is seeking offers in the region of US\$4.95m. Can you imagine a better place to get away from it all?

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Boon Hoe is the founder and CEO of Arcadia Consulting, a boutique real estate advisory and brokerage firm focusing on luxury residences and cross-border investments. With a proven track record over 20 years across Singapore, Malaysia, Indonesia, Thailand, Vietnam and Cambodia, Boon Hoe advises clients from the acquisition stage to strategic marketing planning, execution, and divestment.