

WHERE THERE'S BUILDING, THERE'S BRASS



If you bump into some rich businessman in Singapore, it is highly probable that he has US\$156,000 worth of 'built' asset wealth. At least that's what EC Harris' latest study identifying the wealthiest nations according to their physical or 'built' assets tells us. Built assets include buildings, airports, roads, infrastructure, machinery and equipment.

Through a new approach, the Global Built Asset Wealth Index quantifies the accumulated wealth of 30 countries' built assets - encompassing all infrastructure investment and built environment. Conducted in conjunction with the UK's Centre for Economic and Business Research, the research reveals that Asia's top 11 economies today hold a total of US\$84 trillion in built asset stock, projected to increase to \$137.4 trillion by 2022.

Wealthy Singaporeans

The study revealed that three of the world's top five wealthiest countries are in Asia (China, India and Japan) and four are in the top 10 (S. Korea is ranked #8).

When considering built asset wealth per person, Singapore emerges as the wealthiest nation globally, with an estimated US\$156,000 per person. Japan and Hong Kong rank second and fifth, respectively, in built asset wealth per person. India and China have less than US\$40,000 in built assets per person, while developed and primarily Western economies have structurally higher levels of built asset wealth, averaging US\$125,000 per person.



Tiong Bahru basks in a property boom

Tiong Bahru has become one of the hippest property locations in Singapore, with developers offering eye-popping bids for lots in the location and buyers snapping up its super-expensive flats.

A decade ago, Tiong Bahru seemed destined to tread the same path as Bukit Brown after dozens of its shop-houses and blocks of pre-war flats were selected to go under the conservation scheme. But the neighbourhood - one of the oldest housing estates in Singapore built in the 1930s by the British colonial authority - has instead flourished into a highly attractive residential hotspot.

"With the help of expatriates and young Singaporeans who have rediscovered the charms of Tiong Bahru, this has propped up the stature of the sleepy estate, and prompted demand for both residential and retail divisions," says Alison Fok, analyst at Maybank Kim Eng.

Skyrocketing HDB flats resale prices

With the resurgence of interest flooding into the Tiong Bahru estate, the resale prices for Housing and Development Board or HDB flats have skyrocketed.

The Jalan Membina estate, for example, has seen its resale prices

for 5-room flats surge to S\$925,000, turning them into some of the most expensive resale flats in Singapore, according to Fok.

Developers have also been scrambling to establish projects in Tiong Bahru, which has most recently resulted in record bids for a residential site in Kim Tian Road.

Record bids for Kim Tian Road

In April 2013, Keppel Land offered the highest ever price per square foot ever for a Government Land Sales site in Singapore at what Fok calls a "staggering sum" of S\$550.3m or S\$1,162.9 psf ppr. The site is expected to house around 500 units ranging from 500 sq ft to 1,350 sq ft.

Fok says that "tight supply and close proximity to city centre" has helped fuel the intensive bidding. Maybank Kim Eng analyst projects pricing for the Keppel Land project will be more than S\$2,000 psf based on the 15-20% premium seen in surrounding projects such as UOL's Regency Suites and Twin Regency.

Looking at the wider District 3 or Central South Singapore district, successful projects are thriving not only in Tiong Bahru but also in Alexandra Road.

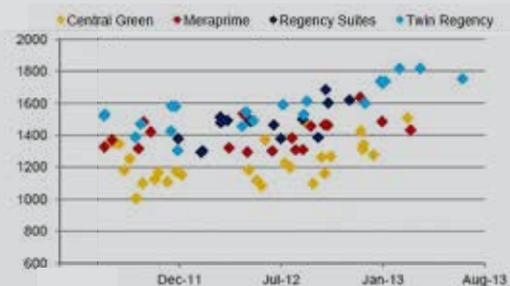
Fok singles out the City Development-led consortium's newly launched Echelon on Alexandra Road this January.

"The 99-year leasehold site was purchased via GLS for S\$754.4psf ppr, a whopping 54.4% discount to Keppel's site. The developer launched 508 units ranging from 452 sq ft and 4,080 sq ft for ASP between S\$1,346 and S\$2,474 psf, and achieved a successful take-up rate of 97.8% as of June 2013."

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Resale transactions (SGD paf)



Source: Google Map