



APEX VIEW
Rooftop terrace of Wallich Residence's three-storey super-penthouse

PHOTO: GUCCOLAND

Trophy assets in demand

Super prime properties in prominent global cities will continue to be highly sought after by the ultra-rich worldwide



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THE number of ultra high net worth individuals (UHNWIs), commonly defined as those with net assets of over US\$30 million, increased by a significant 60 per cent worldwide in the past decade, according to Knight Frank's 2016 Wealth Report.

This year, London beat New York for the second successive time to win the accolade of "most important city to UHNWIs". The two key cities in the world have vied for the top two slots over the past 10 years. Singapore overtook Hong Kong to become the third most important city to the ultra rich.

Significantly, one third of respondents were also of the view that New York or London could be overtaken in the coming decade, and of this one third, 28.4 per cent thought Singapore would be the city to overtake these current leaders. No doubt, this may be due to Singapore's many desirable attributes such as political stability, sound macroeconomic policies, a business-friendly environment, well-regarded educational institutions, connectivity to other major hubs, favour-

able tax regime, and excellent quality of life factors. These are increasingly rare attributes amid an increasingly uncertain global economy.

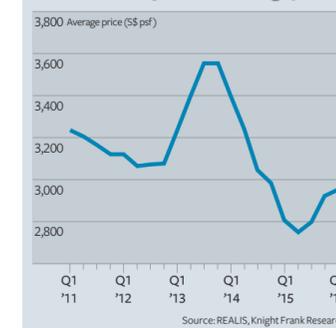
Location and asset types

The wealthy's exposure to property as an asset class is expected to grow. According to the 2016 Wealth Report's survey of leading wealth advisers and private bankers around the world, 30 per cent of their clients are considering a residential purchase in 2016. Many seek diversification in their investments and have greater appetites for real estate. At present, residential real estate accounts for a quarter of the average UHNWI's wealth, according to the survey, while commercial real estate constitutes 11 per cent.

The confidence of Singapore's wealthy to invest in their home country is also a healthy sign Singapore and London tied as the top most popular countries Singapore UHNWIs are likely to buy property in.

Notwithstanding the presence of cooling measures, these trends point to continued growth in demand for property in these markets.

Prices of luxury homes in Singapore



An exclusive address

Prime luxury property will be the asset class of choice among the very rich. In every city, a limited stock of homes bearing the most exclusive of residential addresses remain evergreen in popularity among the wealthy around the world. Fifth Avenue in New York, Knightsbridge and Hyde Park in London, Peak Road located at the very top of Victoria Peak in Hong Kong, Avenue Princesse Grace in Monaco – ownership of property in these locations are tagged with widely-acknowledged prestige.

In Singapore, addresses on Nassim Road and Nassim Hill are among the most prestigious. Apart from their close proximity to the prime shopping belt of Orchard Road, the area's low-density environment is arguably the greatest luxury in land-scarce Singapore, particularly in the heart of town. In such established areas with few land plots left for development, new developments such as The Nassim, a freehold project at 18 Nassim Hill, are a rare find.

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Defining quality

In several instances, there are one or two developments which stand out from the rest despite being in the same precinct. Units in these developments are frequently transacted as buyers are many. Prices also tend to be more resilient. What differentiates these developments from the rest?

The development must offer a spacious layout with lush greenery. The entrance and drop-off points of the development should offer a grand welcome. Some developments also have concierge services that are

managed by established hotel chains. The range and standard of the amenities are also important.

Within a unit, buyers typically look for grand and high ceilings, an efficient and functional layout that conveys a sense of generous space, and the finest quality fittings and furnishings, with most of them designed by well-established architects and interior designers.

Other factors that add to the premium are sea views and city views, with the penthouse units in these developments being most highly sought after. Buyers are often willing to pay a premium on a per square foot basis, reflecting their scarcity value.

Super-penthouses

Penthouses are a common sight in many developments, but not all are created equal. Those that are in exclusive and prestigious developments in prime locations are highly sought after. But even more highly desired are those located at some of the tallest buildings in major global cities, offering incomparable views of their surroundings.

These super-penthouses often catch significant attention because of their tendency to set record high prices. The interior design, amenities and services offered in such one-of-a-kind penthouses are top-notch, and come at a premium only within reach of the UHNWIs.

Singapore will welcome Wallich Residence come 2016/2017, the luxury residential development that sits at the pinnacle of Tanjong Pagar Centre, which is slated to be the tallest building in Singapore at 290 metres. That also makes the three-storey super-penthouse right at the apex – at levels 62 to 64 – the tallest residential apartment in Singapore. The apartment's private sky observatory and air deck on level 62 is at a vertigo-inducing height of 220 metres above ground.

Luxury resale home prices in Singapore took a toll between Q1 2014 and Q2 2015, with average transaction prices falling to a low of S\$2,750 per square foot (psf) from S\$3,560 psf just a year and a half earlier. Since then, interest has started to return to the market, and transaction prices have risen consistently over the past three quarters to an average of S\$2,960 psf in Q1 2016.

Savvy buyers have begun to recognise the value proposition of Singapore's prime real estate. Given the country's continued long-term growth potential, investors looking to enter its luxury real estate market can consider doing so in the next few months with prices now at historically reasonable levels, even accounting for the additional taxes payable. **W**

Examples of super-penthouses in selected key global cities

Development and city	Height	Accolade	Level (storey)	Size (sq ft)	Transaction price & period	PSF price (US\$/psf)	Other information
432 Park Ave, New York	1,396 ft 426 m	<ul style="list-style-type: none"> Third-tallest building in the US Tallest residential tower in the Western Hemisphere 	96th	8,255	US\$95m May 2013	US\$11,508 psf	A similar-sized penthouse just a few storeys down on level 92 sold for a significantly lower price of US\$79.5m, or a psf rate of US\$9,630. Some non-penthouses sell for even lower rates.
One57, New York	1,004 ft 306 m	<ul style="list-style-type: none"> Direct prime views of Central Park 	89th and 90th	10,934	US\$100.5m Dec 2014	US\$9,200 psf	This price tag was higher than that of a larger duplex unit of 13,554 sq ft located on levels 75 & 76, which sold for US\$91.5m in Apr 2015, equating to a much lower psf price of US\$6,750.
Tour Odeon, Monaco	558 ft 170 m	<ul style="list-style-type: none"> Tallest building in Monaco Overlooks the Mediterranean Sea 	45th to 49th	35,500	Expected selling price not publicly listed	–	–
Australia 108, Melbourne	1,047 ft 319 m	<ul style="list-style-type: none"> The Southern Hemisphere's tallest building, slated for completion in 2019 	100th	8,070	A\$25m (approx US\$18.7m in today's climate)	Approx US\$2,300 psf	The price made it the most expensive single apartment to be sold in Australia.

Sources: Various web sources, Knight Frank Research