



▶ FINDING THE RIGHT INVESTMENT FOR CLIENTS



▶ INCREASING BORROWING COST AND INTEREST RATES, WHAT'S NEXT?



▶ TRACKING OF INVESTORS' MOVEMENT AND BEHAVIOUR

Financial *focus*

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ADDRESSING THE NEEDS OF INDIVIDUAL INVESTORS AND PLANTING THE SEEDS FOR A SECURE FUTURE.

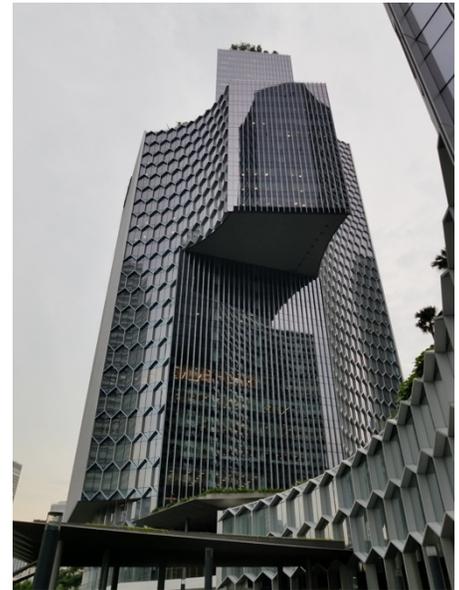
Assessing the impact of cooling measures on developers and investors. As the hotel industry continues to grow to meet the demands of travellers, the government will be providing opportunities for hoteliers to initiate new supply in the pipeline.

The Big Shift: From Residential to Hotel

FOLLOWING the introduction of the property market cooling measures in July 2018, overall transaction volumes for private housing have slumped as home buyers were discouraged by the increase of ABSD on their second and subsequent residential property purchases. Based on URA's most recent survey of licensed housing developer, merely 433 private units were sold in January 2019, dropped 28% from last year December of 602 units and 17% from January 2018 of 524 units.

Moreover, as the new cooling measure raised the cost for developers at the same time, the demand for land zoned for residential moderated as well.

So, what will be the next lucrative pie if the private residential market seems not optimistic in the near future?



*Property in picture: DUO Tower
Andaz Singapore occupies the upper levels of DUO Tower from level 24 to level 39, plus ballroom on level 3.*

Quillion's SPOTLIGHT

Andaz Singapore

- ✚ Property type – Hotel
- ✚ Tenure – 99 | District 7
- ✚ OMV – S\$470,000,000-S\$480,000,000
- ✚ PPK – S\$1,400,000
- ✚ Number of Floors: 17
- ✚ Total Units: 342

Sultan Plaza

- ✚ Property type – Office
- ✚ Tenure – 99 | District 7
- ✚ OMV – S\$380,000,000
- ✚ PSF – S\$1,860
- ✚ Number of Floors: 9
- ✚ Redeveloped GFA: 283,803 sq. ft



“Developers are shifting their focus away from private housing?”



CONFIRMED LIST (HOTEL SITE)

CLUB STREET



Left: Location of Club Street land parcel

The future hotel development is within walking distance to Chinatown MRT Interchange and Telok Ayer Station

Right: Top three bidders and their tender results
The winning bid is S\$62 million higher than the S\$500 million offered by United Venture Investments

Provisional tender results

SITE DESCRIPTION	NO OF BIDS	TOP THREE BIDDERS	BID PRICE (SSM)	SS PSF PPR
Hotel site in Club Street	8	Midtown Development Pte Ltd (<i>Worldwide Hotels Group</i>)	562.20	2,148.50
		United Venture Investments (No. 1) Pte Ltd (<i>UOL Group & UIC</i>)	500.17	1,911.45
		Perpetual (Asia) Limited *(<i>Shangri-La Group</i>)	489.33	1,870.02

Based on the release of first half 2019 Government Land Sales (GLS) Programme, Singapore government decided to slow the government sale of residential land sites in the first half of 2019 because of oversupply and soften demand after the property curbs. The amount available in land sales is 19% lower than that of the second half of 2018.

In contrast, due to sharp increases of International visitor numbers and future demand for hotel rooms and hostel bed spaces, the government is giving positive notion on the hotel industry such as to allow URA to consider new hotel and backpackers' hostel proposals on sites that are not zoned or permitted for Hotel use with effect from 13 August 2018.

The government also launched a site along Club Street for the first time in five years. The GLS for the site had attracted 8 developers with a winning bid of S\$562.2 million from Midtown Development Pte on 15 January 2019. The Winning bid was aggressive and it set a record for 99-year leasehold site in GLS tender as it translates to S\$2,148.5 per square foot. The estimated total investment in the project will be about S\$700 million.

The high bids and tender participation rate suggest that developers have started to explore other options to diversify their real estate portfolios away from private residential developments due to the new cooling measures and they are starting to shift their focus from private housing to hotels.

In order to meet the strong demand for hotel development, the government will continue to release land in order to provide more opportunities for developers to initiate the supply of hotel rooms. A new hotel site at Sims Avenue will be added to the first half 2019 Reserve List, together with the existing White site at Marina View carried over on the Reserve List from the 2018 GLS Programme.

With stable growth in the Singapore hospitality industry and rising interest in hotel developments from both developers and investors, we could foresee increasing activities and investment opportunity in the hotel sector in the next three years.



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