

By Charles Yue

2022 APR TO JUN Series T101  
On-going Newsletter for 20<sup>th</sup> year

Ginza Real Estate Top Awards  
Charles Yue  
Top Lister (Most Exclusive Listings)  
(2002/3/4/5/6/7/8/9/10/11/12/13/14/15/16/17)  
Top Producer (Commercial Property)  
(2002/3/4/5/6/7/8/9/10/11/12/13/14/15/16/17)  
Top Producer (Overall) 2016

Charles Yue H/p: 9673 6477  
39th Anniversary in Real Estate  
1983 To 2022

### (A) THE RENTAL MARKET.

Yes, the war has come. Russia has invaded Ukraine and the majority of the Free World has imposed sanctions on Russia but there will be repercussions on the “bounce-back effects” of sanctions (tit for tat!). Already, the prices of commodities like wheat, nickel, oil, natural gas and uranium have all gone up. There will be increase in living expenses and loss of business opportunities throughout the world. This is coupled with resulting high inflation, the impending US Federal Reserve Bank's numerous interest rate hikes (the Mother of all interest rates, with the first hike of 0.25% in March) and more to come. The stock market has experienced a Bear market (dropping over 20% in value) and have all converged into a “perfect storm”. Singapore's local “heroes” like Grab and Sea listed in the US have witnessed their stock price dropping 75% and 74% respectively from their “all time high”.

The retail shop rental market has dropped during the last 2 years (2020 & 2021). With Covid-19 lockdown, shop vacancy and rental rates have affected the income stream of landlords. There are holdings costs that need to be paid like property tax, maintenance fee, income tax, bank monthly instalments sums, interest servicing and the unprecedented waivers of rent mandated by government policies.

While we are seeing the difficult times, the foreseeable future looks bright and this year 2022 is a recovering and re-opening year for business activities.

In most regions, the governments are treating the Covid-19 as “endemic” like common colds and the countries' borders have been opening up for travellers and tourists. More trading and business activities are gathering pace.

We are witnessing more shops taken up and the rental supply is diminishing. The rental rates were depressed and the landlords had given discounts, rental waivers and indulgences on defaults.

Going forth, landlords should be able to maintain or increase the rent for both new tenancy and lease renewal.

In fact, there are very limited supply of shops left as the past rental rates have been fair and reasonable in response to the Covid-19 disruption.

Landlords are welcome to call us at HP 96736477 to explore how to achieve a win-win situation on new tenancy and rental renewal. This could safeguard the rental income and cashflow to pay off expenses and to assure income for family and personal obligations.

### (B) THE SALE MARKET.

Since 16/12/2021, when the extra buyer stamp duty (ABSD) was introduced for the residential property market, some local buyers and foreign investors have been diverted to the commercial properties. The additional 5% to 30% extra stamp

duties are levied based on the number of properties owned and the citizenship status of the buyers.

While the retail shop space as an asset class may not have performed well in the past 8 years since 2014 and in the recent Covid-19 disruption, the recent drop in stocks prices is much worse. Buyers are looking for a “bond-like” asset to protect them from inflation and stock market turmoil. The retail shop as an asset class serves such a purpose.

The entry point to buy is much lower after years of slumping price. It is a hedge against inflation. Investors can exercise patience to accumulate the rent to service the loan instalment, and they can use rental income to build up equity. Over time, investors can get rental income and can get sale profit from capital gains which are not taxable while the loan interests are tax-deductible.

There are more buyers in the markets and the stock of shop supply has become limited. As at 18/03/2022, there will be no more sale of strata titled shops from re-development on enbloc sale in the most prominent areas including the Orchard Road vicinity and the Central Business District (CBD).

Both potential buyers and sellers may wish to call us at HP 96736477 to discuss the various options most ideal to suit their needs. Or you may wish to contact us to have our opinion on how much your properties are worth for rent / sale.

### (C) YEAR 2022 THEME: “TO RECONNECT AND RE-VISIT “.

In 2022, we launched our “RECONNECT AND REVISIT” campaign to reconnect and revisit landlords and owners with renewed vigour and hope. We strive to build consistent and numerous personal contacts and communication to update them with the trends and opportunities.

This process is good but slow and painstaking as the Covid-19 Omicron community spread has still been rather high, hitting 10,000 to 15,000 per day. Thankfully, it has been coming down in recent weeks and it will soon pass its peak.

Some owners may wish to call us so we can expedite to reconnect and revisit them soonest possible instead of waiting for their turn. We are mindful that the Covid-19 may have brought mental health issues, isolation and pessimism to many. Our wish is to update them and explore the various arrangement to fulfil their wishes and aspirations as an owner / landlord.

We believe the Covid-19 pandemic will be behind us soon and a better day and future will dawn on us in the days ahead.



SCAN FOR MORE INFO