

(A).THE RENTAL MARKET.

When the Covid-19 pandemics hit, rent was depressed and the lease renewal rates were also low or even reduced.

Since the reopening of the Singapore economy and travel in April 2022, most rental are increased and the lease renewal rates have gone up. There are times when there are disagreements between tenant and landlord over the rate of increase and the total rent amount.

Some tenants are in self-denial over the increase citing poor business prospect and ever-increasing cost in manpower, utility, goods and services costs to operate the business.

Much efforts were needed in the long-drawn negotiation process. Some tenants have accepted the higher rental adjustment readily while other tenants were reluctant and some have chosen to move out citing high competition in the business.

Market sentiment was good during the First Quarter of 2023 (1Q 2023) as many expected that the China re-opening will help to bring demand and business activities to Asia and South East Asia. But to date, the real drive to boost demand has not materialized as forecast. With high interest rate, high inflation and high cost of food prices, the consumers demand has been lethargic. Some tenants find it challenging to operate their business profitably.

Recently, there are many increase in cost which will eventually lower the consumers' demand in quantity and frequency.

(1). The Certificate of Entitlement (COE) for goods vehicles has gone up to S\$83,000. This will mean the transport cost of ferrying foods, vegetables, fruits, products and logistics fees will rise and pass out to consumers.

(2). Bus fare, Train fare and school bus fee will go up.

(3). Even the postage stamp for local delivery will go up from S\$0.31 to S\$0.51, an increase of 65%.

(4). Servicing of mortgages, car loan, COE, hire purchase, other borrowing costs will go up.

(5). Even rice and petrol prices will go up due to climate change and supply chain disruption.

(6). The impending 1% GST increase on 1st Jan 2024 will filter down to wholesalers, retailers and end-consumers. The 1% increase from tax can trigger down to eventual increase of 10% to 20% depending on the types of the goods and services.

Going forward, things will get difficult before they get better. Operating a business will become more challenging. Landlords will need to be mindful of their rental income and regular cashflow situations.

Landlords may wish to call us at HP 96736477 on how this ever changing situation may affect them or to find out the latest market rent opinion for their properties.

(B). THE SALE MARKET.

After the Covid-19 re-opening in April 2022 in Singapore, many shop owners were heartened by the retail business improvement and both the rent increase and the lease renewal rate increment. It has been difficult during the Covid-19 pandemics as rent was cut, reduced and landlords needed to give rent waivers and even complying to pre-mature lease termination for some trades if the tenants can fulfill the Government conditions of lease termination.

The global economy, the economy in Singapore, the on-going war, geographic disasters, global warming, etc are posing great threats to the survival of businesses and job prospects.

With high cost of living, consumers are more conservative in their expenditure and businesses feel some decrease or seasonal swing in their revenue.

With higher interest rate resulting in higher Fixed Deposit rates, some prefer to avoid the business risks & stress and choose to keep in banks or buying bonds to earn the interest.

There are many contradictions and uncertainty in the economy and the World that we live in now. Making a decision seems difficult but we will need courage and steadfastness to get through our plans. For those who wish to sell their retail properties, these are the benefits:

(1). You can unlock the capital gain and the time you service the loan to build up your equity (money you have already paid off the bank). Through time, this sum can amount to millions of dollars. Yes, there could be a potential profit to tap for retirement, overseas trips, having dignity that you have a psychological defence against uncertainty, loneliness or ill health. Society seems less caring now. Many are caught up in their struggle to meet expenses and build their material world.

(2). Selling to re-invest and keeping some amount to spend for your life long dreams of being free and staying tranquil. Consider those tough days your family and you having to struggle to build the saving nests, sacrificing leisure and deferred instant gratification.

(3). Selling and then keeping a handsome sum to provide for old age, poor health or emotional assurance as not to burden the younger generation which they themselves have caught up in the rat race. It takes courage to lead a simple, but healthy life, free from loan and leverage.

Owners may wish to contact us to check on the current selling price. They may also wish to call us at HP **96736477** to have our opinion on how much their properties are worth for rent or sale.

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