

By Charles Yue
APR – JUN 2024 W 107
On-going Newsletter for 23rd 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
41th Anniversary in Real Estate
1983 To 2024

(A). THE RENTAL MARKET.

The retail business has been improving incrementally ever since the Covid-19 was lifted in April 2022. More people are spending money and more tourists arrive to spend on what they think are goods and services worth the value proposition.

For example, the Taylor Swift concerts brought in fans and their accompanying family members. Many money changers witnessed high demand for the March 2024 event. F&B outlets and retailers all have benefited.

However, local retailers have many challenges over the Singapore Dollars high exchange rate, e-commerce, and locals going overseas including to Johor Bahru, to “spend to save”.

Some people remark that Singaporean only feel rich when they go overseas to a developing country to spend. By spending more, they save more. In fact, they plan for weeks painstakingly to buy what give them more buck for their money vis-a-vis what they can get in Singapore. Offshore and e-commerce retail spending do have impact for the local retailers, who suffer from manpower shortage and high operational cost.

From the wisdom learnt from the Taylor Swift concert, can Singapore shine as a Must-Shop place offering best value in term of efficiency, safety, value-added service, good transportation infrastructure and mood enhancing experience? Would the prospective tourists come to Singapore as it is only “10% to 20%” more expensive than in their home country? Can the relevant Singapore stakeholders repeat the “Taylor Swift Effect”, without being viewed by our South East Asian neighbours as being monopolistic, crafty or predatory? Much works will need to be done to achieve an equilibrium to attract both locals and tourists to shop here.

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

(B). THE SALE MARKET.

Many prospective buyers feel that the interest rates should come down soon making the cost of debt servicing palatable. It is forecast the interest rate will continue to come down over the next 3 years while the rent would increase due to demand and supply dynamics. But at this moment the interest rate is “higher for longer” and in the short term, prospective buyers, existing borrowers or owners who re-financed will find it tougher as they will need to cough out cash upfront to service the loans. Buying a real estate can risk both losing the initial capital or end up in debt (Negative Equity) when price drops. But this possibility is much lower as the retail property peaked in 2014 and is now showing sign of resurgence. While the rent may have dropped substantially, it is now recovering incrementally, after the Covid-19 pandemics when it was depressed by market forces and

Government’s intervention. Life was hard then, with movement restriction and compulsory wearing of masks. Many realize mental health is equally important when one is locked in isolation devoid of friends and acquaintance.

Owners may re-visit the possibility of selling to take profit or plan for their life style requirement.

The reasons for selling:

1). Financial.

The property may have appreciated in many folds and is ready for profit-takings as compared to the slow or small rental income. With a big sale proceed, most life’s commitment can be realized or problems settled. Re-investment or portfolio diversification can be initiated to minimize risk volatility. (Don’t carry all your eggs in one basket).

2). Retirement or Lifestyle Changes.

Many Singaporean or owners may be “asset rich and cash poor”. By selling, owners can realize a huge amount of cash to employ for life style changes. The cost of living has been going up and more cash is needed for health, travel, leisure or to generate higher passive income. Higher cash or liquid savings can bring comfort to a person / retiree to achieve a serene and tranquil lifestyle.

3). Tax considerations & Holding cost.

When there is no more loan, landlords will need to pay income tax on the rental income. Together with rising property tax, maintenance fee, and other incidental expenses, the gross rent collected seems small when compared with the cost of livings, which can only go up further. Tenancy problems or friction with the tenants can add up to everyday stress when rent is often paid late or when legal or enforcement action need to be taken to redress a default.

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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