Time for reflection: new real estate regulatory measures from the Singaporean government may encourage foreign investors to look elsewhere

REGION

THE ONLY WAY IS UP

Emboldened, Southeast Asia's largest property markets are standing tall once more

By Liam Aran Barnes

Throughout 2012, it was business as usual for most major Southeast Asian property markets, but a number of countries entered the year, for various reasons, with some trepidation. Thailand reeled from the devastation caused by floods, Singapore cautiously assessed how the sector would take its latest round of cooling measures, and Malaysia watched as prices soared, while Indonesia was perhaps the only property sector sitting pretty.

However, the sun slowly shone over the Southeast Asia markets. A combination of successful cooling measures, improved global sentiment and the United States' third period of quantitative easing have all gone some way towards restoring confidence in the region's property sector.

Singapore

Cooling measures were once again the main talking point in the Singapore property market this year as the government looked to soothe soaring price rises. The most significant regulatory amendment was the Additional Buyer's Stamp Duty (ABSD) – implemented in December 2011 – which has gone some way to reducing the escalation in the last 12 months and resulted in record annual development sales in the Lion State.

After a tumultuous 24 months, the luxury market looked to have plateaued in the first three quarters of 2012, with average unit costs increasing only 9% year-on-year from S$23,198 (US$18,995) to S$26,855

MAJOR SINGAPORE LAUNCHES 2012

Project name	Developer	Location	Total units
Riversails	Allgreen Properties Ltd	Upper Serangoon Crescent	920
Eco	Far East Organisation, Frasers Centrepoint Homes, Sekisui House Ltd	Bedok South	748
Parc Centros	Wee Hur Holdings Ltd	Punggol Central	618
Eight Riversuites	United Engineers Ltd	Whampoa East	862
1 Canberra	MCC Land (Singapore) Pte Ltd	Canberra Drive	665

(US$21,949) per square-metre, while median prices of new condominiums and landed houses experienced quarterly declines of 11% and 15% respectively in the third quarter, Savills statistics show.

"The price correction for new homes in both landed and non-landed segments is not surprising after the recent run-up in prices of new homes, while resale prices are still trying to

Alan Cheong, Savills

New home sale prices are likely to resume their upward trend in the fourth quarter of 2012

play catch-up," said Singapore-based Savills associate director, Alan Cheong. "However, as underlying sentiment is still positive and QE3 [the latest round of quantitative easing] has come into force, new home sale prices are likely to resume their upward trend in the fourth quarter of 2012."

The piecemeal resurgence of domestic investors and high-net-worth individuals to Singapore's high-end market was music to the ears of developers who seem to have rapidly regained an appetite after a sluggish 2011. Unit sales in the first three quarters alone reached 17,927, eclipsing 2011's figure of 16,292 for the entire year, a recent Knight Frank report states.

Although foreign investors – primarily hailing from Malaysia and China – have favoured Singaporean soil for many years, the new hurdles laid down by the government could see them search out greener pastures. The ABSD – which requires non-permanent residents to pay an additional 10% purchase tax – and tightened foreign employment regulations have already resulted in subdued foreign purchases, according to the Knight Frank report, with local buyers accounting for 78% of all transactions in the first three quarters.

The emergence of such strong domestic sentiment and record sales through 2012 have evidently buoyed the market. However, additional rounds of cooling measures are always on the cards and the wait-and-see mentality of domestic and overseas investors is expected to continue in 2013.

Malaysia

Regarded as one of the region's most resilient economies, Malaysia has managed to overcome the global financial malaise of the last few years, with the aid of aggressive government policies. A cause for concern over the last 12 months, however, has been the rapid rise in property prices, which for some time were the lowest in Southeast Asia.

Fuelled by speculative purchases, the price increases have been some of the largest in the Asia-Pacific, sparking claims that a property bubble could be on the horizon. Bank Neagra Malaysia (National Bank of Malaysia) subsequently tightened housing loan guidelines earlier in the year which, to an extent, was successful in slowing transactional activity. Loan approval figures in Kuala Lumpur's residential

Singapore slick: Park Centros features numerous pools, a putting green and a tennis court

market declined 3% in the first five months of the year, statistics from CB Richard Ellis (CBRE) show.

"We do not necessarily view this as a negative development, since prices for landed properties in select Kuala Lumpur locations increased significantly during 2007 to 2010 and were due for a period of stabilisation in any case," said Nabeel Hussain, Malaysia-based CBRE vice president of research and consultancy.

Another issue to ruffle the feathers of observers this year was the burgeoning exodus of local investors, who began to turn their attention towards international markets,

MAJOR KUALA LUMPUR LAUNCHES 2012

Project name	Developer	Location	Total units
Banyan Tree Signatures Kuala Lumpur	Lumayan Indah	Jalan Raja Chulan	-
St Mary Residences	Mergexcel Property Development Sdn Bhd	Jalan Tengah	657
Verticas Residensi	WingTai Asia	Bukit Ceylon	600

Looking up: MahaNakhon Pavillion will become Thailand's tallest building when completed in 2014

due to concerns about political stability and corruption. Through the first seven months of the year, Malaysian buyers overtook American purchasers to become London's leading overseas property investors, spending a total of RM6.36 billion ($2.07 billion), CBRE research shows.

Downcountry, Malaysia's flagship economic corridor Iskandar Malaysia once again recorded a strong year, almost single-handedly propping up Johor's property sector. Since its launch in 2006, real estate transactions have hit RM32.94 billion ($10.7 billion) – 33% of the total investment in Iskandar – with luxury condos now commanding on average somewhere in the region of RM1 million ($326,000) to RM5 million ($1.6 million), according to KGV International Property Consultants.

Demand for high-end property is set to lag in the coming months, however, after the government recently announced plans to double the minimum investment required for purchases to RM1 million ($326,000). Nevertheless, Malaysia remains an attractive investment destination for both local and foreign investors, especially now that the chances of a bubble forming have dwindled and price growth looks set to continue through 2013.

Thailand

More than a year on from the country's worst flooding in four decades, it is fair to say Thailand's markets have made an admirable recovery. This is a nation, however, that makes a habit of staring adversity in the face, and once again the property sector successfully brushed itself off and was quickly back to business.

The Bangkok market enjoyed an extremely active first quarter, experiencing a plethora of condo launches – somewhat buoyed by fourth-quarter 2011 postponements – which accounted for 85% of the total 27,084 launches, Knight Frank research shows.

Extensions to the Thai capital's public transport networks, coupled with a growing desire for city living, also boosted luxury unit demand and encouraged developers to broaden the Bangkok net.

"This is a normal trend in any mature and sophisticated city and as the subway and skytrain systems continue to be expanded to open up new areas of Bangkok, growth will follow these mass transit lines," said Simon Dervillé, Raimon Land's deputy vice president for business development. "The floods last year may have also further contributed to the desirability of inner-city condominiums… It no longer seems the 'great Thai dream' [is] to own a house in the suburbs, or if it remains so, that dream has been tempered by the realities of house and land prices in a fast-growing city."

Simon Dervillé, Raimon Land

It no longer seems the 'great Thai dream' [is] to own a house in the suburbs

As the year progressed, however, numerous influences softened sentiment, resulting in a faster rate of price growth and fewer projects entering the market. The proposed Bangkok Town Plan, which is expected to regulate and reduce density in the city, has already propelled land prices up 4% this

MAJOR BANGKOK LAUNCHES 2012

Project name	Developer	Location	Total units
The River	Raimon Land	Silom/Sathorn	827
Supalai Ratchayothin	Supalai Plc	Phahon Yothin	802
Quattro by Sansiri	Sansiri	Sukhumvit	446
The Address Sathorn	Asian Property Plc	Sathorn	562
Parkland Grand Taksin	Narai Property Co Ltd	Sathorn	566
MahaNakhon	PACE Development	Silom/Sathorn	344

Water view: The River comprises 1-3 bedroom apartments, as well as penthouses, and is one of Bangkok's most luxurious residential properties

year, while labour shortages and rising minimum wages have quelled activity in the construction sector. Such trends naturally led to enhanced competition in the capital but, on a positive note, have driven Bangkok-centric investors further afield into domestic markets such as Chiang Mai, Phuket and Hua Hin. The phase one launch of the 77-storey 11 MahaNakhon Pavillion – set to be the the country's tallest building – is sure to evoke excitement among developers and investors in the Thai capital.

The negative forces appeared to have hit the market immediately, with Bangkok recording a 13% quarterly decline in launched projects through the third quarter, a recent Colliers report states, adding that high-end prices soared by about THB10,000 ($325) per square-metre.

Only one year on from the devastation of the deluge, Bangkok's property market is firmly back on track, and the number of 2012 launches looks set to surpass those reported last year as investor sentiment is restored.

Indonesia

Indonesia experienced another positive year, as Southeast Asia's largest economy continued to spearhead the regional property market. Consistent economic growth, an increasing middle-class and predictable inflation rates paved the way for steady price rises throughout the real estate sector, especially in the capital Jakarta.

The Big Durian's skyline continued to evolve this year with myriad developments accommodating the burgeoning nouveau riche and rising demand for high-quality city living. Low interest rates coupled with the avid attitude of developers resulted in significant growth throughout the market, notably the luxury segment.

"If all of the upcoming under-construction projects are delivered as scheduled, there will be an additional 8,625 units in the last quarter of 2012; most of them are in the finishing stages," said Michael Bloomell, managing director of Colliers Indonesia. "This figure suggests that the annual supply of Jakarta's apartment market in 2012 would be 22,483 units – 41% higher than the supply in 2011."

The rising supply of residential property is set to continue in 2013, with a range of projects expected to enter the market over the next 18 months, fuelling additional demand if the market forecast is accurate and the rate of prices does not accelerate much past the current level, Bloomell added.

Indonesia's premier tourist destination, Bali, maintained its momentum in 2012, welcoming a number of high-end mixed-use units. However, it was the emergence from the shadows of the archipelago's other islands that has appealed to investors. Lombok has prospered from the launch of a new international airport in October 2011, and agents agree that it is set to become the new playground for tourist hungry developers.

The eruption of new market destinations and continually positive market trends throughout the sector are slated to continue in 2013, with developments hitting deadlines, price rises remaining stable and strong buyer sentiment present in each sector.

Indeed, the fact that Indonesia and Malaysia have continued their transformation into serious investment destinations is one of the region's major success stories, with both nations learning from, and now competing with, Asia's finest. While it is great to see these emerging markets on the rise, they should bear in mind that real estate in major sectors such as Singapore and Thailand is backed by strong legislation, definitive regulations and high-quality infrastructure. In a decade, it is possible that both nations will be ahead of the pack, as long as they remember that buildings don't last long with weak foundations. ■

MAJOR JAKARTA LAUNCHES 2012

Project name	Developer	Location	Total units
The Oakwood Sky Garden North Jakarta	Gading Icon	Perintis Kemerdekaan	700
Gading Nias Residence (Grand Emerald)	Dijual	Pegangsaan Dua	747
City Garden Residence	Keppel Land	Cengkareng	600
Denpasar Residence (Ubud tower)	Kuningan City	Satrio	550
One Park Residences	Intiland Group	Gandaria	379

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Capital gains: Vattanac Tower (back right) rises above Phnom Penh's Canadia Tower (back left) and iconic Central Market (front)

Photo: Roger Spooner

CAMBODIA

A CITY IN MOTION

Phnom Penh's revived construction sector is alive and kicking

By Philip Heijmans

After years of recovery for Cambodia's property market, Phnom Penh's skyline is primed for an upgrade. In just a few months' time, the country's first truly Grade-A office building is set to go online in Vattanac Tower, while at least three modern retail complexes will open their doors by 2015 if all goes to plan.

All around the city, bamboo and steel support beams and green tarps cover new luxury apartment buildings that developers believe will one day become the standard for the city's growing population.

Unlike the speculative building that led to a property crash in 2009, developers are finding that the demand for such projects is present and are spending nearly twice as much on new projects in order to fill it.

In fact, the amount of investment in new construction projects through the first nine months of 2012 has increased 84% to reach a total of $1.83 billion compared to the same period in 2011, according to Ministry of Land Management data.

But where the value of new projects this year surpassed the $999m worth of approved projects posted during the first nine months of last year, the number of projects in 2012 actually decreased 20% to 1,357.

"The construction sector is certainly recovering from the depression that followed the burst of the property bubble in 2008 and 2009," said Rainer Israel, director of engineering firm Consulting Engineers Mekong, adding that developers are engaging in higher-quality projects that require more funding.

He said that the revival of the Cambodian property market has meant a new demand for high-end residential units and serviced apartments that are becoming more prominent in

Cambodia: real estate buying guide

Since the passing of the Foreign Ownership Property Law in April 2010, Cambodia's real estate market has opened to foreign investors.

Despite being unable to buy property on the ground floor – effectively preventing foreigners from becoming land owners – the opening of the market has spurred foreign interest in Cambodia's real estate sector, especially in Phnom Penh.

On the foreign buyers market, there are two kinds of apartments that require two different approaches when buying. Modern serviced apartments, which come with a pool, gym and car parking, are a relatively new concept in Cambodia and remain few in number. Big construction companies or banking institutions usually own these buildings, so the purchasing process is quite simple, as they handle everything from the word go.

The second option is older apartments built during the French colonial period and during the building spree of the early 2000s. Many of these properties are in good structural condition and promise good investment reward following renovation. For instance, an 80- to 100-square-metre French colonial building in Phnom Penh can be bought for under $60,000, inclusive of taxes, and sold for $85,000 after a makeover.

For your ease of reference, here is a guide to buying property in Cambodia.

1. Enlist the support of a professional, well-established real estate company, which will facilitate the deal with the Cambodian property owner and help with the legal and administrative process.
2. Identify your budget and needs and then scout the market for locations and opportunities.
3. To add value to your property, choose a central location, or one near a tourism hot spot.
4. If you are looking to renovate, don't be put off by common access points, which can be improved for less than $1,000 but will add value to your apartment
5. In Cambodia, only start to negotiate once you are ready to buy.
6. Once you have agreed to a price, transfer a 10% deposit to block further sale. This may require opening an account. This gives you time to check the validity of the ownership property title and to back out if you want.
7. As there is no public notary to handle the exchange of properties in Cambodia, hire a specialist real estate lawyer to draw up the sale agreement, which will ensure total safety of the process.
8. The sale agreement allows three to four weeks to transfer the total amount from abroad – it is advisable to transfer the money to the segregated client account of the real estate company you are working with. During this time, the ownership title will be transferred to your name. As stipulated by law, be sure to be physically present on the day of transfer.

9. Once the title is legally transferred to your name, pay the rest of the amount to the previous owner. I recommend retaining a final 5% until you have received the keys – normally two working days after the title transfer. This gives you time to confirm the apartment is still in the same condition as when you first saw it.
10. Please note that bank loans – with interest rates that have lowered from 15% to 9% in recent years – are still reserved to Cambodians who have other properties that can be mortgaged. If you are not married to a Cambodian, the sale is often – though not exclusively – made in cash.

Julien Marigaux is an agent at Rooftop Real Estate Agency.

Modern touch: property developers see potential in the renovation of old apartments in Phnom Penh

Rainer Israel, Consulting Engineers Mekong

Project owners need to think about lifecycle costs, not just construction costs

places like Chamkar Mon and Daun Penh districts.

"Of course, proper engineering design costs more money, but it can save a lot of money too – and project owners need to think about lifecycle costs, not just construction costs," he said. "Operating and maintenance costs of buildings are often overlooked."

With overall development costs on the rise, Israel said that small, locally owned projects have been sidelined in favour of larger-scale projects with plenty of capital backing, such as the $170m Vattanac Tower and the 33-storey De Castle Royal hotel.

But those projects have been in the pipeline for years. Projects breaking ground this year include the $300m Koh Pich Riveria, complete with five towers between 27 to 37 floors in height, as well as hundreds of new high-end residential houses along the north end of Koh Pich.

There has been no shortage of large retail development projects this year either. The 68,400-square-metre shopping Aeon Mall (Cambodia), worth $205m, was set to break ground last month and a high-end shopping centre being developed by Malaysia-based Parkson Corporation, near the US Embassy in Daun Penh district, is already under way.

Hong Kong-listed NagaCorp, which controls Phnom Penh's lone casino, NagaWorld, has already begun developing an underground retail strip called City Walk as part of its $369m approved expansion.

Under construction: Cambodia's capital is enjoying another building boom

As such, the demand to buy land for these projects is also growing, said Sung Bonna, CEO of local firm Bonna Realty. He added that land transactions have nearly doubled in the first nine months of the year compared to last year, from between 20-25 per day to 35-40 a day.

Brand new projects are not the only kind of construction thriving in Cambodia at the moment. Many building owners and developers unable to build from scratch have turned their attention to refurbishing colonial-era villas and offices, spending 20% to 40% more compared to last year on renovations in order to upgrade older buildings to a modern standard, said James Sterling, owner of Advance Construction (Cambodia).

"We're getting a lot more refurbishment projects this year. There is a big drive to increase the quality of villas, and the number of clients is growing, in order to fit buildings with higher standard products," he said, adding that constructors are adding modern power supply units and water systems.

"A lot of what we are seeing is tenants using those villas to house new bars or restaurants and signing up for long-term leases," he said, "so that shows where the market for those villas is going." ■

CAMBODIA

THERE'S NO PLACE LIKE HOME

An influx of investors in Phnom Penh has property developers thinking luxury

By Philip Heijmans

Staring out over the Tonle Sap River in Phnom Penh from a sixteenth-storey private balcony belonging to Chroy Changvar district's newest addition, the Bellevue Apartments, the capital's skyline is peppered with cranes swinging back and forth over a city hard at work.

With only about 50 buildings that reach ten storeys, the cityscape is still quite flat, but here – from what feels like the top of the city – the view is fantastic.

The interior of the Bellevue – which opens next month – is no less luxurious than the view, with apartments full of plush designer furniture, beautiful wooden floors, a large flat-screen television, huge closet space and the all-important new apartment smell. Access to a swimming pool, gym and housekeeping is included in the rent price.

We're changing the game by upgrading... and [placing] a new focus on guest facilities

Daniel Parkes, Hongkong Land

This is certainly not a luxury Cambodians are accustomed to, but it is one that – at least for the country's elite – they can get used to.

"Phnom Penh has become very attractive for investors now and it is easy to open a business, unlike many years ago. It's a very different time," said David Cordier, the sales and marketing manager for the 147-unit Bellevue.

"Serviced apartments are not what you are used to seeing in Phnom Penh, but we can already see there is a very strong demand in this market – full of people from all countries looking to sign-on for a long stay," he said.

With a growing number of foreign businessmen moving to Cambodia and an emerging new class of 'Khmer-riche' – wealthy Cambodians with plenty of expendable cash – new high-end apartment complexes are spreading in Phnom Penh like wildfire. Hongkong Land's is renovating Colonial Mansion, with more than 100 units in Daun Penh district is a prime example.

"We're changing the game by upgrading to international building and management standards and [placing] a new focus on guest facilities and service, including a children's play room cum crèche, a new gym, a restaurant, a convenience store and concierge service," said Daniel Parkes, general manager of Hongkong Land (Cambodia), adding that the Mansion would open in August next year.

The Cambodian capital is also welcoming the 29-unit luxury '240 Phnom Penh' and the $15m Mekong Gardens in Russei Keo district. The 14-storey, $11m apartment complex Silvertown is scheduled to come online in October 2013.

"I think that when we talk about serviced apartments here, it's important to note what developers are going for, offering what international standard hotels offer rather than the conventional idea of serviced apartments," said Sunny Soo, Cambodia's country head for realty firm Knight Frank.

Soo, whose firm recently signed on as the leasing agents to Chamkar Mon district's Silvertown, said that a growing foreign presence in Cambodia has signaled to local developers that there is a need for Western-style accommodation.

Photos: Sam Jam

Pool time: Colonial Mansion, one of Phnom Penh's first serviced apartment complexes, receives an overall upgrade to its facilities

"The thinking is now: if developers want to capture the increasing market of foreigners here, they need to have these in-house services available, so that market is adjusting to meet that," he said.

In fact, Phnom Penh's total apartment units grew 22% to reach 2,576 through the first half of the year compared to the same time last year, according to Asia Real Estate Cambodia. Of that figure, 94%, or 2,423 units, represent those at Grades A and B, while at least 30 apartment projects are set to bring in another 734 units before 2014.

Hip to be square: high-end 240 Phnom Penh

Even with the influx of new apartments in Cambodia, demand is still high compared to other regional countries, with occupancies between 85% and 90%, said Sung Bonna, CEO of Bonna Realty.

"At the moment, the lifestyle and culture of Cambodians is starting to change and [they] are now moving away from villas, above shop-houses and bungalows and into apartments," he said

By comparison, vacancies in Bangkok's more than 7,000 Grade A serviced apartments is much higher, at 22.7%, while 16.8% of Ho Chi Minh City's nearly 1,000 Grade A serviced apartment supply remains empty, according to data from international realty firm CB Richard Ellis.

Bonna said the rental price for high-end serviced apartments in Cambodia can go from anywhere between $1,000 and $2,000 for a two-bedroom place, depending on location and available services.

"About three or four years ago, only 5% or 10% of all apartments were occupied by local tenants. Today that number is more like 25%," he said, adding that the areas most inhabited by foreign tenants are in Daun Penh and Chamkar Mon districts, whereas locals prefer less centralised locations in Toul Kork and Russei Keo districts.

"If compared to a place like Thailand, the rent of serviced apartments and hotels here [in Cambodia] are seven to eight times more expensive," said Bandith Say, owner representative at the 116-unit luxury condominium project in Russei Keo district, Mekong View Tower.

"There is also the benefit here of an improving economic situation and the coming Asean integration in 2015," he added. "That's why we are building so many serviced apartments... I think that there is going to be a different style of living coming here soon." ■

Photo: Sam Jam for SEA Globe

"A dual trend has emerged"

Marcus Collins of DFDL shares his insight on property investment in Myanmar and across the region.

Marcus Collins, DFDL partner and head of the DFDL Regional Real Estate Practice Group

Everyone is talking about Myanmar lately. Are foreigners allowed to buy property in Myanmar?

A foreign individual or company cannot own immovable property under Myanmar's property legislation. However, a foreign investor may acquire land by way of a long-term lease in certain circumstances following the provisions of the Foreign Investment Law and the Special Economic Zone Law, and in case of an industrial park being in joint venture with the government.

Are there any changes in Myanmar's real estate regime since the ratification of the new Myanmar Foreign Investment Law of November?

Yes. In addition to the general tax incentives, the new legislation introduced longer lease terms over private and government-owned land. The initial lease term is now 50 years (as opposed to 30 years under the old law), renewable for two more terms of ten years each. This is a great incentive for foreign real estate investment in Myanmar.

What about foreign real estate investment in the rest of the Mekong region?

Under Thai and Cambodian real estate laws, foreign corporations and foreign individuals cannot own land or immovable property but can invest in property through leasehold structures. A major advancement in Cambodia and Thailand, with respect to mixed-used and residential developments, is the recent legislations allowing foreigners to own a certain percentage of private units in co-owned buildings or condominiums with certain restrictions.

In Vietnam, land belongs to the people and is managed by the state. Similarly, land in Laos is owned by the national community. In these countries, foreigners invest through limited lease rights.

Would you say that there are different investment trends within the Mekong region's real estate market?

Yes, of course. It seems that a dual trend has emerged in the Mekong region's real estate market. Thailand and Vietnam are considered the more 'mature' markets, standing out in the region as stable investment environments, while the 'frontier' economies of Cambodia, Myanmar and Laos are still in the early stages of development, but offer promising long-term opportunities for investors. Cambodia is considered to be one of the brightest 'frontier' growth stories in Asia, with its open attitude towards foreign investment. Thanks to the 2010 Foreign Ownership Law and attractive tax incentives, real estate investors and developers are increasingly attracted to the market. ■

DFDL is a leading international law firm specialising in emerging markets with pan-regional legal and tax expertise in the Mekong region. In Myanmar, DFDL works in collaboration with a local counsel and in Cambodia, DFDL works with a network of Cambodian law firms.

On the up

Vietnam is becoming an increasingly attractive destination for food and beverage MNCs. Starbucks plans to enter the country next year, coming hot on the heels of Burger King, which opened its first outlet in October. McDonalds is also rumoured to be eyeing a move into Vietnam. ■

QUOTE | UNQUOTE

"I can say this is the same as the crisis in Thailand in 1997. Property investors pushed the prices so high. They bought for speculation – not for use"

Hua Ngoc Thuan, a senior Vietnamese Communist Party official, compares his country's economic woes to the Asia market crash of 15 years ago. Construction sites sit abandoned in cities across the nation, helping spark talk of an economic meltdown. Investors lapped up credit and embarked on hundreds of building projects with the aim of making a quick profit, but are now struggling with huge debts or facing insolvency.

IN BRIEF

The historic Penang home of Sir Stamford Raffles, founder of Singapore, will be restored by Malaysian design studio GDP as part of a larger project that also includes the development of offices, apartments and shops.

Bubble trouble

Landowners in Yangon are sitting on goldmines, with exorbitant land prices expected to rise during 2013. A sudden glut of demand and paucity of supply, following years of isolation, has led to soaring land prices in Myanmar's commercial capital. One owner in Western Yangon recently asked for $500,000 for a 400-square-metre plot of land, about ten times the price of industrial land in Orlando, Florida. Office rents have tripled within the last year to $65 per square-metre, with some experts predicting this figure could increase to $150 in the next few years. In October, rental prices were up one-third against the same time last year, with some families shelling out $1,530 for sub-standard apartments. As a result, many home seekers are moving towards the outskirts of the city in search of affordable property deals. ■

Property in numbers

$225 billion

The amount Asian investors have injected into Asia's property market since the start of 2011.

158%

The percentage increase from 2010 of the number of construction approvals in Cambodia in 2011.

$585m

The amount Orchard Road's Centre Point shopping mall says it is worth.

$9.1 billion

The wealth of mall magnate Henry Sy, the Philippines' richest man, who controls SM Malls, the country's biggest retail business.

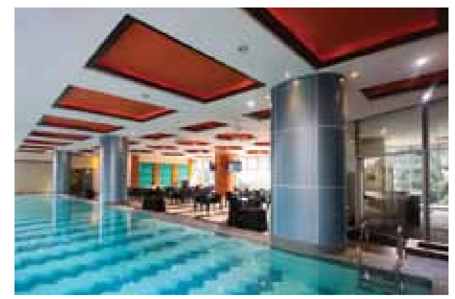
Going all in

Turning tables: Entertainment City, Manila Bay

Southeast Asian nations are hedging their bets on the Asia-Pacific gambling market – which PriceWaterhouseCoopers predicts will grow from $34.3 billion in 2010 to $79.3 billion in 2015. The Philippines will welcome a $4 billion casino development on Manila Bay known as Entertainment City, while a $4.2 billion MGM-branded project, comprising five resorts and a Greg Norman-designed golf course, is scheduled for completion in 2018, located 130km from Ho Chi Minh City. Cambodia will also step up its push for punters by opening a second incarnation of Phnom Penh's only casino, NagaWorld, at a cost of $369 million. ■

No more dorms of doom

College life is getting a revamp in Manila, where a series of modern residences are changing perceptions of dormitory life. Providing contemporary condo living, the university pad residences – more commonly known as Upads – are a joint effort between architect Jonathan Gan, Trezza Design Group and Kingsville Property Holdings. Along with modern styling, students living in the Upads enjoy amenities such as a pool, gym, chapel, laundry service and spa, as well as 24-hour security. ■



URBAN BEAUTIES

As open spaces decrease in ever-crowding emerging cities, we pay homage to some of the best architectural designs from across the region

Night sight: the award winning Residences at the St Regis (centre)

REFLECTIONS AT KEPPEL BAY

Reflections at Keppel Bay – a 186,000-square-metre residential development in Singapore – may have just missed out on winning the World Building of the Year at the World Architecture Festival Awards in September, but it has won over the hearts of architectural enthusiasts across the region. Thanks to the vision of designer Studio Daniel Libeskind, a stunning family of six high-rise glass skyscrapers tower above the entrance to Singapore's historic Keppel Harbour, providing vistas of Sentosa and Mount Faber. Alternating between 24 and 41 storeys high, each of the six curved buildings is crowned with a garden and sloping rooflines, while 11 low-rise spacious apartment blocks look onto lush gardens and swimming pools along the property's 750m shoreline.

THE RESIDENCES AT THE ST REGIS BANGKOK

No stranger to accolades, The Residences at The St Regis Bangkok walked away with the Best Residential Architectural Design in October's annual Thailand Property Awards. Designed by New York-based Brennan Beer Gorman Architects, the 45-storey property is home to 53 luxury units which, despite whopping $2.2m to $7m price tags, have nearly all been snapped up. With one of the most desirable addresses in Bangkok, the residential and commercial project is the latest development in Thailand to challenge Singapore's monopoly as Southeast Asia's top luxury investment destination.

The 45-storey property [in Bangkok] is home to 53 luxury units which, despite whopping $2.2m to $7m price tags, have nearly all been snapped up

ONE KL

While the Petronas Twin Towers may dominate Kuala Lumpur's skyline, the award-winning One KL has become an icon in its own right. Towering at 155 metres high, the 94-unit condominium project has set new standards within architectural circles, introducing many firsts for Malaysia, including biometric access control and high-speed private lifts. However, the most impressive feature is the weaving of 95 glass-edge infinity pools into the building's façade. Yes, that's right – each duplex apartment has its own swimming pool.

THE ST MORITZ PENTHOUSE & RESIDENCES

With Indonesia minting millionaires at one of the fastest rates in Asia, it is no surprise that Jakarta is home to several luxury residential developments. Fitted with a wedding chapel, a hospital and Sea World, The St Moritz Penthouse & Residences is a leader in its field. Located in the central business district of West Jakarta, St Moritz – which scooped up the Best Condo Development award at the prestigious Southeast Asia Property Awards last year – boasts some of the largest apartments in the capital. Things got a little fancier this year, when the new presidential suite opened units with private gardens and open-air hot tubs.

BITEXCO FINANCIAL TOWER

The architect behind the tallest building in Ho Chi Minh City drew inspiration for his design from Vietnam's national flower, the lotus. Coming in at 262 metres high, it is hard to miss the Bitexco Financial Tower, which anchors the city's skyline and is located in the heart of its business district. Its 68 floors are home to commercial real estate and restaurants. For visitors, the main attraction is the observation Sky Deck on the 49th floor, which provides uninterrupted 360-degree views of the city. ■

David George, 30, became the country manager of CBRE Cambodia after acquiring a degree in property planning and development from Nottingham Trent University in the United Kingdom. He specialises in property acquisitions and disposals, consultancy and valuations.

THE INSIDER

David George of CB Richard Ellis on the winners and losers in the regional property game

By Philip Heijmans

The property market is a volatile and complicated place, especially in Southeast Asia. The region is considered a beacon for economic growth and prosperity, but realtors are worried about how economies abroad are affecting some of the region's most promising markets.

In Bangkok, long seen as one of Southeast Asia's most stable property markets, an increasing number of advertisements pleading for tenants to occupy units, as well as economic troubles in the West, have experts worried about a possible property bubble.

The once-vibrant Vietnamese economy – with access to seemingly endless credit for new projects – is currently getting to grips with a devastating oversupply of office units and condominiums resulting in numerous stalled projects.

In contrast, a number of large-scale development projects are set to break ground in Cambodia for the first time since the property bubble burst in 2009.

It all seems enough for property experts to think twice about over-speculating what has proven an erratic environment, but fresh from London, CB Richard Ellis' new country manager David George believes he has a handle on things.

"The UK is a really flat market and if you exclude London it's a completely dead market, so it is very different to here," he says. "Regionally, Bangkok seems to have done reasonably well and did not suffer a big downturn from China doing badly." He added that developers in Thailand should focus on building office units to meet a growing demand.

"Vietnam, however, is doing particularly badly in terms of office rents, condo developments and occupancies – the whole market is really struggling."

According to CBRE data, office vacancies in Vietnam's major cities, Ho Chi Minh City and Hanoi, are among the highest in the region, at 36% and 22% respectively. Only 14% of Bangkok's total office units remain vacant.

"Five years ago, Vietnam was seen as the darling of Asia and the place where you go to put your money with help from huge credit from the Chinese money train, but that has slowed and now there is oversupply," George says.

Investors with no real knowledge of Myanmar may create a speculation-driven property bubble

The picture in Vietnam becomes more bleak when considering it has only a fraction of the supply of Thailand. Bangkok has roughly 8m office units in total, while Ho Chi Minh City and Hanoi have about 1.9m units together. Meanwhile Yangon has just 60,000 square-metres of office space in the entire city, and despite recent economic reform and heavy investor interest, the market will take years to become profitable for foreign developers, George says.

"You pick up the papers and they talk about Myanmar because it's a real headline grabber, and even though there is going to be a lot of people looking to invest there now, I don't see where they are going to be making millions, let alone billions," he says.

George said that as a country opening up to new investments, over-ambitious investors with no real knowledge of the Myanmar marketplace could end up pouring too much capital into projects that may create a speculation-driven property bubble.

"There is demand there, and there will be developments over the next five to ten years, but you won't get the 30- to 40-storey skyscrapers jumping in very quickly, and if you do, it would be a mistake," he says.

However, there is at least one market expected to perform well in the coming years. Cambodia is now moving forward with several multi-million dollar satellite city projects, factories and high-end condo projects, while at least three large retail projects are set to come online in the next three years.

"The GDP [gross domestic product] has been a great guide for what's going to happen here. In the last three years, there has been between 6% and 7% growth so you can see that wealth is coming and it's very stable and that's great for the economy," George says.

"Then you have a young population that is expanding and that's great for a number of reasons because you now have a large consumer base on the way over the next five to ten years and investors are starting to see that, so if you have a recognisable brand you have about ten years to come in and make your profits."

Phnom Penh's skyline is considered to be 20-30 years behind that of Bangkok or Ho Chi Minh City, giving it value as an untapped market. In fact, according to CBRE data, Phnom Penh has only about 1,700 condo units, compared to 310,000 in Bangkok and 81,000 in Ho Chi Minh City, making it a potential growth area. ■

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