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## SINGAPORE NEWS

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### London properties increasingly attracting Singaporeans' interest

By May Wong | Posted: 07 October 2010 22:49 hrs

SINGAPORE: London properties are increasingly attracting interest from Singaporeans.

And one key reason is the prospects of good capital appreciation.

The lower British pound and good returns are two main reasons Singapore investors are drawn to London properties.

Glentree Estates Agents managing director Trevor Abrahmsohn said: "I think it's an absolutely perfect opportunity because prices are probably 10 per cent, 15 per cent below the price they would have had to pay pre-credit crunch and the rental market is getting quite strong and rents are going up by at least 10 per cent a year.

"So if they did want to rent the property, they could do so with a high yield and today with the choice of investments being few, because in Europe, cash yields are very small income, and capital markets can be very unpredictable and fragile, there can't be a better place to put your money".

Jones Lang LaSalle's head of Research for Southeast Asia Chua Yang Liang said two primary reasons would continue to sustain interest.

"The foreign exchange between the English pound and the Singapore dollar, as well as the upside in terms of capital appreciation.

"London properties have corrected about 20 to 30 per cent and of course, the currency is much lower compared to the previous years'.

So both of these attributes add up and there's a lot of potential in the medium and long term. So I reckon there'll be more demand going forward," Dr Chua said.

Meanwhile, marketing agents from London are putting their bets on Asia.

Many are holding property exhibitions here to entice investors.

"Asian wealth is growing. Asian economies in general is on track to a very stable recovery and that's quite attractive compared to other region," Dr Chua said.

"So developers, no doubt, would want to launch their projects in Asia where high net-worth individuals, (with) quite a fair bit of them here, and financial liquidity is still quite strong over here."

But Dr Chua warned investors to keep some risks in mind.

He said: "While there's much upside to capital appreciation as well as (foreign) exchange, likewise, it's a double-edged sword.

"So you're looking at policy risks coming from those countries, foreign exchange risks and any other financial risk factors that could come into this".

An average price for a London apartment is about S\$727,000 (350,000 pounds). And market-watchers are expecting prices to head north.

Mr Abrahmsohn said the prices were expected to go up about five per cent next year because "there's actually a shortage of property being built in London at the moment because funding has been very difficult after the credit crunch era.

"So there are actually very few developments going up at the moment. And because there are very few developments coming up at the moment, this underpins the value.

"Supply is limited and where supply is limited, demand increases. Prices have to go up".

Singapore's property market may be hot, but the market in London is getting hotter.


Property experts said before the financial crisis, about two London property launches can be seen here in a week.

But post financial crisis, there're about five such launches every week. And observers expect interest in London real estate to increase as the economy continues to do well.

-CNA/wk









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