

Foreign developers in town to woo Asian buyers

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[SINGAPORE] Global property launches are gathering pace in this part of the world as more overseas developers start wooing the Asian rich. At least two foreign developers are in town this week to kick off their global launches next month.

US developer Millennium Partners, which just opened its Singapore office in June, said it is targeting "discerning Asian buyers" who want to own a home right next to the landmark 1912 Burnham Building in Boston.

Similarly, the Malaysian consortium behind the iconic Battersea Power Station mixed-use project that overlooks London's famous River Thames is on a world-wide marketing blitz ahead of its phase three residential launch. It is also wooing firms from the US to Asia to set up shop in the redevelopment project.

Speaking to reporters on Tuesday, Richard Baumert, partner at US-based Millennium Partners, noted that low inventory levels of completed homes and new builds in the US set the stage for property price increases.

There are already some 1,500 registrations of interest from potential buyers, including past buyers of Millennium Partners' projects, he said.

The 685-foot tall Millennium Tower Boston, adjacent to Burnham Building, will consist of 442 luxury apartments and 95,000 sq ft of retail space. Residential prices start from US\$850,000 for a 700 sq ft unit, with the top

floor of slightly less than 14,000 sq ft priced at US\$31 million.

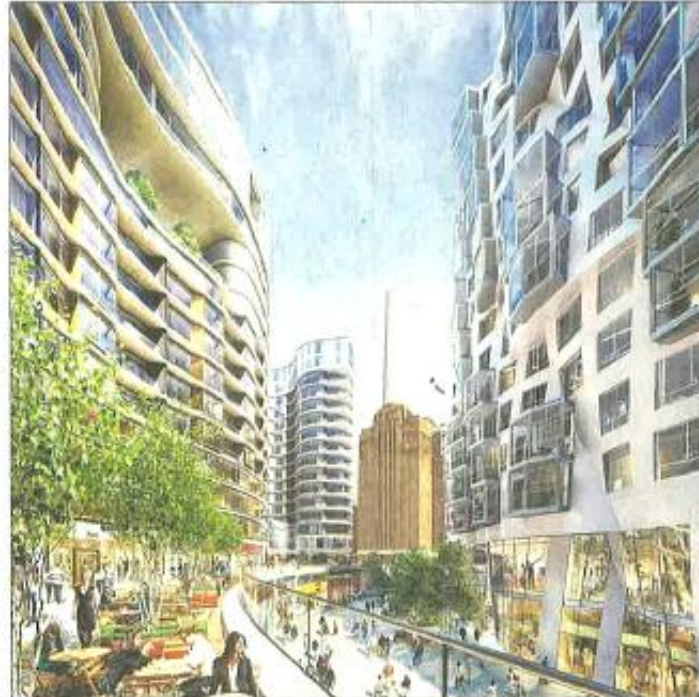
Mr Baumert said that the units are priced at "20-30 per cent premium to the best in Boston". He added that the project will likely see a higher proportion of international buyers than previous projects, particularly Asian buyers, given the presence of strong educational institutions in Boston. Some 25 per cent of homes at Millennium Partners San Francisco were sold to Asian buyers.

According to Colliers International operations director Nina Davies, the number of potential buyers in Singapore considering US properties grew 76 per cent between 2012 and 2014. "Increasingly, US developers are also targeting buyers in Asia, including Singapore."

But the varying tax structures in the US can make buying a property in the US more complicated than in the UK, so Colliers works with JMA Property Services in the US to assist buyers with matters relating to US tax, she said.

Doris Tan, JLL head of international residential properties, noted that the US capital gains tax, state tax and federal tax may result in high-entry costs. But one could expect capital appreciation of 5-10 per cent per annum for the next five years, especially in good locations.

According to Don Riegger, Deloitte Asia-Pacific Global Employer Services Leader, the overall tax burden on foreign property owners in the US is not necessarily greater than in Australia or London.



Home abroad: Phase 3 of Battersea Power Station (above) and Millennium Tower Boston. An analyst says there has been a jump of over 50 per cent in the number of Singaporean buyers for London properties from 2012 to 2014



Individual investors can optimise their returns - one way is to pare down their withholding tax by turning the property into a "qualified business property" and hence removing expenses from the tax computation, Mr Riegger said.

While the UK will start imposing capital gains tax on non-residents from next April, Knight Frank's global head of research, Liam Bailey, said this is not affecting foreign investors' appetite. He is expecting a 8.4 per cent rise in property prices within Greater London this year and 6 per cent next year.

Knight Frank Singapore research head Alice Tan noted that there has been a jump of over 50 per cent in the number of Singaporean buyers for London properties from 2012 to June 2014, with a preference for units in the £400,000-£700,000 range.

The Battersea Power Station project in London will release 539 of the 1,305 new homes in phase three next month. The whole 42-acre project, which is being developed by SP Setia, Sime Darby and Malaysia's Employees Provident Fund, will have a total of 3,992 homes, offices, shops and a park.

Its developers and management team are on a global tour that will hit cities like New York, Los Angeles, Dubai, Beijing, Kuala Lumpur, Paris, Milan, and Singapore.