

OTHER HIGHLIGHTS

**Unit at Scotts 28 hits \$2,222 psf**  
CITY & COUNTRY

**Trading ideas for 2H2011**  
PERSONAL WEALTH

**THE ASCOTT INTERVIEW**  
**Focus on O&M's Shelly Lazarus**  
OPTIONS

# THE EDGE<sup>TM</sup>

## SINGAPORE



Singapore's Fort Knox

www.theedgesingapore.com

BUSINESS & INVESTMENT WEEKLY

THE WEEK OF MAY 23 — MAY 29, 2011 473

MICA (P) No. 241/07/2010 PPS 1519/09/2011 (020141)

GWYNETH YEO/THE EDGE SINGAPORE

NOTEWORTHY

**Casino mogul Steve Wynn ups the ante in Macau** PG18

**SUNITA SUE LENG:** Pressure for shorter hours mounts in Asia's tech industries PG22

**London's commercial property soars on renewed demand, tight supply** PG22

**ASSIF SHAMEEN:** Is slow steaming helping shippers? PG21

- Super Group recovers margins with price hikes**  
Corporate PG6
- SembMarine to benefit from Keppel spillover**  
Corporate PG8
- Challenges ahead for SIA as it juggles weak demand and high fuel prices**  
Corporate PG10
- C&O Pharmaceuticals gets a boost from its new shareholder even as earnings take a hit**  
Corporate PG16

# SC Global sets new benchmark

The developer of super-luxury homes has sold a unit at The Marg at a new high. Is the top-end residential market moving again? What does it mean for investors? Turn to our **City & Country** pullout.

Having a wealth of expertise has won us the invaluable trust of clients.

And the much-valued 'Best Private Bank Singapore 2010' award.



Headquartered in Singapore, Bank of Singapore is a dedicated private bank that offers high net-worth clients the winning combination of a strong management team that's focused on delivering results and an established brand name that leverages on Singapore's unique position as a strategic financial hub. Rated Aa1 (AA+ equivalent) by Moody's, Bank of Singapore is a wholly owned subsidiary of OCBC Bank which is ranked the World's Strongest Bank by Bloomberg Markets.

www.bankofsingapore.com

A subsidiary of OCBC Bank

# City & Country

## Getting the landed-housing feel

Terrasse's pricing to draw ready pool of potential homebuyers

## Strong take-up rate in April

Homebuyers snapped up 1,788 new units last month

## Buzz at Scotts 28

Unit at project hits \$2,222 psf

# Aiming for \$6,000 psf

Luxury property specialist Jerry Tan hits a new record price of \$5,842 psf with the sale of a unit at The Marq. He's looking to sell another unit at the super-luxury project for \$6,000 psf. Can he do it?



# Marking a new high

The Marq on Paterson Hill, the flagship development of SC Global, has set a new record for residential property prices in Singapore. What does this mean for the housing market?

| STORIES BY CECILIA CHOW |

Jerry Tan waves confidently at security guards standing at the gates of The Marq on Paterson Hill as his car swoops along the driveway that's graced by a magnificent Botero bronze horse sculpture. Moments later, he rides up the private lift, and with a flourish, strides into one of the 66 units at the super-luxury development. He points out that the floors of the living and dining room, as well as the bathrooms, are laid with travertine tiles that are more expensive than marble, and then leads the way into an expansive master bedroom with an enormous walk-in wardrobe that has a dehumidifier. Next, he opens the door of the en-suite bathroom, which features a long vanity top with double washbasins, a Cartier clock and a bathtub complete with an LCD TV.

Tan isn't the proud owner of the apartment. He is the founder and managing director of JTResi, the property agency that has sold more units at The Marq than any other. Just over a week ago, he struck again with the sale of a 3,003 sq ft four-bedroom apartment for \$17.54 million to a Southeast Asian tycoon. That price tag translates into \$5,842 psf, a new record for local residential property. The previous high was set in late 2007, just before the global financial crisis, when a penthouse at The Orchard Residences was sold for \$5,600 psf.

Now, Tan senses that interest in the very top end of Singapore residential property is gaining momentum again, with the number of transactions increasing and prices creeping back up to the \$5,000 psf mark. In fact, just days before he brokered the sale of the unit at The Marq, he also managed to sell a 1,808 sq ft, three-bedroom apartment at The Orchard Residences to a European buyer for \$8.7 million, or \$4,800 psf. That's good news for developers of properties in the Orchard Road area that have some of their projects on hold during the global crisis, or that may be thinking of "re-launching" unsold developments.

It is especially significant for SC Global Developments, the company that built The Marq. Founded by banker-turned-property developer Simon Cheong, it has carved a reputation for developing properties so sought after that they command stratospheric prices. It is more than just snob appeal. "Buyers who're willing to pay such prices want a different style of living," Tan says, referring to The Marq, which is SC Global's flagship property. "When people who know quality and understand luxury see it, they will buy."

In fact, the buyer of the unit at The Marq who set the record price already owns an apartment at the

46-unit The Boulevard Residences, or BLVD, located on Cuscaden Walk, which was jointly developed by SC Global and GuocoLand. According to Tan, the tycoon's wife was shown several properties before finally being given a tour of the 18th floor apartment at The Marq, which has unblocked views of ION Orchard. "After I showed her that, she didn't want to see anything else," says Tan. "And, when her husband came to town, the deal was done."

What makes The Marq such a draw? "It's more than just the real estate," reckons Tan. "It's the service. At The Marq, there's a concierge team on the ground that knows all the residents by name. For those with young children, there's an added sense of security because they know that if there's a problem, they can always call the concierge."

By setting such standards, SC Global is forcing other developers to raise their game in the super-luxury end of the market. In fact, Tan sees that more of such projects will likely be sold only at the temporary occupation permit stage unless the developer has a track record. "Everybody will say their project is high end. But at the end of the day, it will be the end product that determines whether they are or not."

Four years ago, Tan brokered the first sale of a unit at The Marq that crossed the \$5,000 psf level. It was for a 6,157 sq ft apartment purchased for \$31.4 million, or \$5,100 psf, and is still considered the most expensive apartment in terms of absolute price. "Back in 2007, I sold 10 properties worth \$213 million at The Marq to people who bought the apartments without having seen them," he recalls. "I had nothing to show but a fly-through video. But when the buyers received the keys to their new apartments recently, they felt that it was worth every cent."

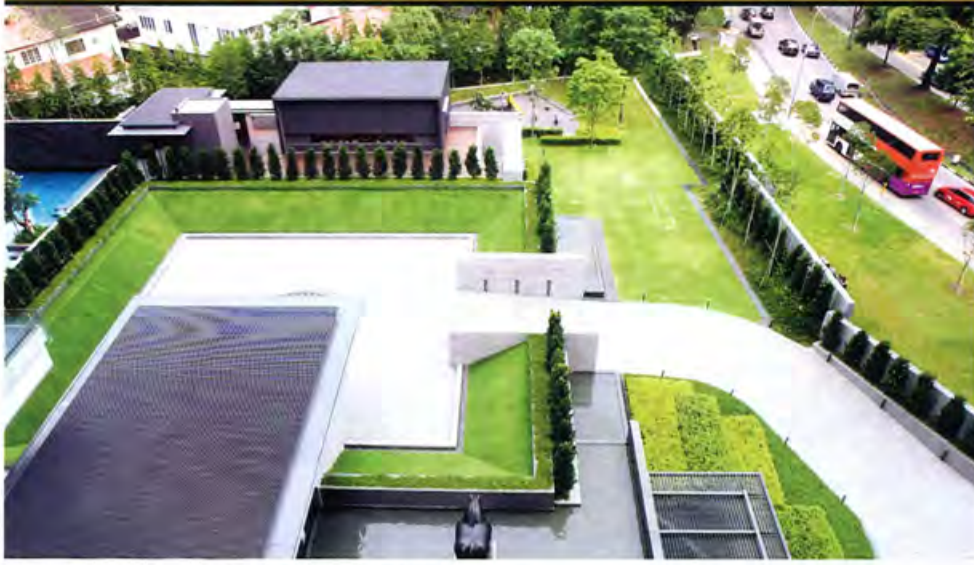
The latest sale brokered by Tan brings the total deals he has transacted at The Marq to 11, and real estate value to \$230.5 million. He is confident of being able to sell a few more soon, noting that super-luxury homes are the only sector of the property market where prices are still below their pre-crisis peaks. "Obviously one swallow doesn't make a summer," he says. "But I hope to break the \$6,000 psf level soon."

## What do you get for \$42 million?

Shifting a unit at The Marq is no easy task, though, because of the very high absolute prices. The development has two 24-storey towers, the Premier Tower and Signature Tower. Signature Tower contains 21 four-bedroom duplex apartments, and three penthouses that are yet to be released for sale. The four-bedroom apartments on the even-numbered floors are 6,232 sq ft in size, while those on the odd



The façade of the Signature Tower where four-bedroom duplex apartments come with private 15m lap pools



The entrance driveway with the Botero horse sculpture at The Marq on Paterson Hill

numbered floors are 6,157 sq ft.

The developer's asking price at Signature Tower today starts from \$6,100 psf for the lowest floor, which is the second floor. One unit on the eighth floor has a price tag of \$42 million, or \$6,739 psf, for a 6,232 sq ft, four-bedroom apartment. "These are limited-edition units," says Tan. "Especially in land-scarce Singapore, such spacious apartments are becoming rare and, therefore, command a premium."

To be sure, one gets a lot for \$42 million. Apartments in the Signature Tower have living and formal dining rooms with sweeping city views, and soaring ceiling heights of 6m. Full-height glass doors from the living room open out to a 15m private lap pool. The formal dining room is anchored by a 4.5m-long marble countertop at one end, with a fully-fitted open kitchen, ideal for those who like to entertain.

For storage, tall cabinets with high-gloss black lacquered doors can be accessed easily with a movable step ladder provided by the developer. At the entrance hall of the apartment, there's a powder room and a shoe cupboard large enough to fit an extensive collection of Christian Louboutins, Manolo Blahniks and Jimmy Choos. And it comes with a built-in dehumidifier.

There is also a sizeable wet kitchen in the apartment with additional "bonus space" of at least 500 sq ft in the form of an air-conditioned attic that can be entered via a folding attic stairs. "You can store your winter clothes, as the air-conditioner is on all the time," says Tan.

Premier Tower, on the other hand, contains 42 apartments averaging 3,000 sq ft each, which means the absolute price tags are much lower compared to those at the Signature Tower. While the units here are also four-bedroom apartments, the scale of the rooms is generally smaller than those at Signature Tower, but no less impressive. For instance, only three of the four bedrooms have en-suite bathrooms. The living and dining rooms are still sizeable, although smaller than those at Signature Tower. However, they still have double-volume ceiling heights, and identical in terms of finishing.

All units at The Marq also have access to facilities such as a yoga garden and a sunken lounge surrounded by water, called "The Fireplace" as there is an actual working fireplace and comfortable seats. There's also a luxurious clubhouse, a well-equipped spacious gym that overlooks the playground, and two swimming pools. Those with a fleet of fancy cars will appreciate the ample parking space. Owners of units at Signature Tower are entitled to four parking spaces each, and those at the Premier Tower have two.

#### SC Global's crown jewel

Of the 66 units at The Marq, only 28 units have been sold so far. That's just 42% of the total units in the condominium. Having that many unsold units at a flagship project might be worrying for most property developers, but not for SC Global. The company actually prides itself for being able to hold out for prices that reflect the value it creates at its properties.

"SC Global is a developer which focuses on adding value to developments, [it's] not an asset trader," says IIFL Institutional Equities in a March 29 report, after a meeting with the management. "It is not concerned with high land prices as long as it could add value to sell at premium margins. As a result, it adopts the hold-and-sell strategy for its limited amount of projects, and believes that scarcity value will continue to rise."

For instance, the company took its time selling BLVD, which was completed in 2006. Last October, it sold the remaining 7,072 sq ft penthouse for \$30 million (\$4,242 psf), which

is the highest price achieved in the development to date. The first penthouse was sold for \$16 million (\$2,276 psf) in 2006.

In the resale market, prices of units at BLVD have also soared in recent years. The most recent transaction was that of a 3,961 sq ft junior penthouse on the 32nd level that was sold for \$13.35 million (\$3,370 psf) in February. The seller had purchased it for \$7.83 million (\$1,977 psf) in mid-2006 from an owner who had bought it from the developer a year earlier for \$6.3 million (\$1,590 psf).

CONTINUES NEXT PAGE

## Separates the aces from the boys.



**Big Pilot's Watch. Ref. 5004:** So, an ace has more staying power and knows when things are getting tight? This one has a seven-day power reserve with display. An ace keeps going undeterred? How about protection against magnetic fields. And even if he occasionally screws up, a genuine ace always has another ace up his sleeve? Water-resistant 6 bar. Now that's how you do it, boys  
*Mechanical IWC-manufactured movement | Pellaton automatic winding system | 7-day power reserve with display | Date display | Soft-iron inner case for protection against magnetic fields | Antireflective sapphire glass | Water-resistant 6 bar | Stainless steel IWC. Engineered for men.*

**IWC**  
**SCHAFFHAUSEN**  
 SINCE 1868

IWC Schaffhausen Boutiques. [www.iwc.com](http://www.iwc.com)

ION Orchard, 2 Orchard Turn, #02-06 Tel: (65) 6509 9640

The Shoppes at Marina Bay Sands, 2 Bayfront Avenue, #B1-126 Tel: (65) 6688 7088

# SC Global discerning when it comes to buyers

## FROM PREVIOUS PAGE

Now, the unsold inventory of units at The Marq could be a boon for SC Global, as interest in top-end residential property returns. On May 12, SC Global said its revenue for 1Q2011 increased 29% y-o-y to \$221.2 million, while its earnings jumped 14-fold to \$72.8 million. That was fuelled by progressive revenue recognition from its key developments, including The Marq.

As at end-March, the company had some \$2.45 billion of inventory on its balance sheet. This consisted of land and development properties, all held at historical cost. Its net asset value at end-March was \$1.47 per share. Shares in SC Global were trading at \$1.35 at the close of May 19.

Among its other property developments besides The Marq are No 38 Martin, which consists of 91 units sitting on top of a commercial podium with upscale restaurants, a boutique gym and other services, located on Martin Road. So far, 60 units have been launched and sold. Last month, four units were sold at a median price of \$2,622 psf.

SC Global is also behind the exclusive 41-unit Seven Palms at Sentosa Cove, which has also set a record in terms of prices at the waterfront residential enclave. To date, nine units at Seven Palms have been sold. The most recent recorded transaction was of a 4,822 sq ft first-level apartment that was sold for \$16 million, or \$3,318 psf, last October. The other units were sold at prices ranging from \$3,019 to \$3,353 psf.

Another development that was completed earlier this year is the 240-unit Hilltops on Cairnhill Rise, which is SC Global's largest condo development in Singapore. To date, 31 units have been sold by the developer, with the last recorded transaction (based on caveats lodged with URA) on February 2008, for a 1,819 sq ft unit that was sold at \$6.94 million (\$3,818 psf). The highest price achieved at Hilltops was for a 2,465 sq ft 12th floor unit that was sold for \$11.86 million (\$4,812 psf).

In mid-2009, a consortium of investors led by Parkway Holdings'

former managing director, Tony Tan, reportedly purchased 18 units en-bloc at Hilltops in a sub-sale from a Hong Kong investor who had purchased the units back in late 2007. The consortium paid a total of \$48.2 million, or an average of \$2,560 psf, in a deal brokered by Savills Singapore.

SC Global is much more discerning with buyers of its more exclusive properties such as The Marq, though. According to property agents, the company vigorously screens agents and their clients. In fact, securing an appointment to view either an SC Global show gallery or an actual condo development is a rare privilege.

"You have to call the developer first," says a property agent who declined to be named. "You have to state the name of your client and his or her company. Then, the person at the other end of the line will tell you that he or she will check with the management and get back to you. More often than not, they don't."

## Days of frivolous buying are over

Tan of JTResi is no ordinary property agent, though. In the past decade, he has built his boutique firm into an exclusive purveyor of high-end property. He had started out by marketing high-end projects overseas — particularly in Indonesia and Hong Kong — even before they were launched in Singapore. Since the crisis, however, he had changed the way he markets properties, saying that doing overseas road shows over a weekend isn't really effective.

"The days of frivolous buying are over," he says. "It's no longer about buying today in anticipation of making money two years later. The seller's stamp duty announced in mid-January has certainly put an end to that. Today, buyers have to buy with a minimum four-year time horizon, and they want to look at the end-product, and how it's being delivered."

So, Tan has morphed into a niche property finder for the super rich. Three months ago, JTResi chartered a private jet and flew five swashbuckling businessmen, including some of Australia's wealthiest, from Perth to Singapore.



The formal dining room with its 6m-high ceiling

The formal dining room and open kitchen with a 4.5m marble countertop, and tall wall cabinets with high-gloss black lacquer finish



The enormous walk-in wardrobe with built-in dehumidifier in the master bedroom

They came with their wives, and the sightseeing included some of Singapore's top-end residential properties: Goodwood Residences along Bukit Timah Road, Cliveden at Grange, Seven Palms at Sentosa Cove and The Orchard Residences. "At that time, The Marq wasn't ready yet," says Tan.

According to Tom Lapping, who joined JTResi last year as director of the Australia desk, his Aussie clients are generally in their 40s and have young children. With the exchange

rate at A\$1 to \$1.32, "they feel this is a good time to diversify overseas, where they can capitalise on the strength of the Australian dollar and the liquidity, as well as the low lending rates here compared with in Australia, where mortgage rates are at 7%," says Lapping.

What appeals to them, coming from a place like Perth, is the buzz of the city, says Lapping. "This [The Marq] is the kind of prime property they are looking for: right in the

city, with everything at your fingertips and just a stone's throw from Orchard Road, a pedigreed architect and a stylish development with freehold tenure on a large site, where land is scarce," he lists.

"We show them what the privileged can experience in Singapore, and the one thing that really impresses them is that if you've got the money, this is a great place to live," adds Lapping. "You get the best parking spots, the best table at restaurants, the best service, or even a legitimate massage at 2am. This is capitalism at its working best."

Looking ahead, Tan says he is beginning to focus more on the larger apartments in the luxury sector, which he believes is what appeals to the really well-heeled buyers. "The bigger, the better, because these are going to be a rarity," he says. "These people want large units with space to entertain."

A unit at Signature Tower of The Marq above \$6,000 psf would certainly fit the bill. ■

## What's next for the luxury market?

The record price transaction at The Marq on Paterson Hill is "likely to be a one-off deal", reckons Phylcia Ang, executive director of Savills Singapore. "SC Global has a reputation for setting record prices in the high-end market. But when most people are looking at the high-end, the typical price range is \$3,000 to \$4,000 psf."

Elsewhere in the top-end market, Hotel Properties Ltd's Tomlinson Heights has sold 26 units to date at the 70-unit luxury development. Many of the buyers were said to be Indonesians who like the prime location along Tomlinson Road. Three units were sold at a median price of \$3,066 psf last month.

Meanwhile, City Development Ltd (CDL)'s 110-unit Cliveden at Grange has recently obtained temporary occupation permit, and it could potentially release the remaining units for sale. JTResi's Jerry Tan had sold the first 25

units to his Indonesian clients. At the time of the soft-launch in mid-2007, about 42 units were sold at an average price of \$3,690 psf. Then in late November that year, CDL formed a joint venture with Wells Fargo (former Wachovia) to purchase 44 units in two towers at \$432.4 million, or about \$3,392 to \$4,313 psf. To date, 88 units have been sold in the project.

Word on the street is that CDL and its joint venture partner, Wing Tai Holdings, is also planning to start marketing the 156-unit luxury condominium, Jean Nouvel Residences at 18 Anderson Road. The site is just next to Wing Tai's Le Nouvel Ardmore in Ardmore Park. Further up Ardmore Park is SC Global's The Ardmore site, which it had purchased en-bloc in 2006 for \$262 million, or \$2,337 psf per plot ratio. The development has yet to be launched.

"I'm starting to feel bullish about the luxury

market," says Ku Swee Yong, founder and CEO of International Property Advisor. "There are a bunch of people whose applications for Permanent Residence are pending approval. They are applying under the Financial Investor Scheme where after putting a \$10 million deposit, \$2 million can be put into property."

With the unemployment rate at 1.9% in 1Q2011, the government will continue to attract foreign high-net-worth individuals and foreign talent to Singapore as banks and other MNCs continue to expand, notes Ku. This will lead to more professionals coming in, and could potentially boost transactions of the mid-range to high-end residential market in the \$2,000 to \$4,000 psf category, he says. Ku feels the top-end of the market is set to rise as at the bottom end, in the land of 99-year leasehold suburbia, new launches are already priced in the region of \$1,000 psf.



CDL's 110-unit Cliveden at Grange has recently obtained its TOP and the developer could potentially release the remaining units for sale