

# PropertyGuru TIMES

## WHAT'S NEXT FOR SINGAPORE PROPERTY?

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**INTERVIEW:**

**TIM MURPHY,**  
Founder of IP Global

# In Conversation with *Tim Murphy,* CEO, IP Global



If you think Singapore is where all the hot money is flowing in, think again. According to IP Global's founder and Managing Director, **Tim Murphy**, Kuala Lumpur has emerged as a hot property destination, alongside London and New York. | **By Romesh Navaratnarajah**

**Q.** *What's your take on the Asia Pacific property market in 2011? Do you believe the residential and commercial markets will continue to stay robust or will it be more subdued?*

**A.** From IP Global's point of view, it would be best to invest in these three countries:

1. KL, Malaysia – Residential
2. Hong Kong – Residential
3. Singapore – Commercial

Kuala Lumpur's economy is expected to grow 5.8 percent in the year ahead and has remained stable for the last two years. The ringgit has appreciated by 12 percent during 2010, and an increase in foreign funds is expected. The properties are generally affordable with low taxes and foreigners are able to own property there. Kuala Lumpur is definitely one of the hotspots to invest in, other than London and New York.

Hong Kong has a strong GDP for 2010 and the job market is stabilising with the unemployment rate at 4 percent. Luxury property prices surged 40 percent in 2010 and the overall value of property increased by 34 percent in the last year. Even as the Hong Kong government implemented several housing measures to curb the rising property prices, such as imposing additional taxes and raising down payments for residential properties, real estate is still attractive as an inflation hedge.

Singapore had the best performing economy in Asia last year with 14.7 percent growth recorded. Analysts expect home prices to rise 5 percent in 2011 and 2012 and hence, this will not be the appropriate area to invest in now. On the

other hand, office rents increased by 7.2 percent in Q3 2010 and vacancy rates fell to 2.8 percent then (from 6.4 percent in Q2 2010). Landlords and developers are definitely in a strong position.

Property markets to watch in APAC include:

1. Australia – Residential
2. Japan – Residential

Australian commodities are expected to fuel Asia's strong growth and commentators are now calling Australia "The New Saudi Arabia" due to the richness of its mineral reserves. A rebound in the Australian economy is expected to persist in 2011; hence, property investors should keep a close look out for residential property.

Japan's residential property market has strong potential as the country has experienced four consecutive quarters of economic expansion. It has also proven to be a popular choice for foreign investors in 2010 with investments from Mapletree, U.S. Franklin Templeton and Pacific Alliance Group. Hence, the property market in Japan will continue to grow and remain favourable.

**Q.** *Where should investors be heading for overseas properties? What are the hot destinations in 2011?*

**A.** London and New York are in my list of hot picks right now. London's favourable exchange rates continue to attract overseas buyers and it will remain this way in the year ahead. Also, its current rental yields are the highest in 20 years with an average of 4.5 tenants competing for every property. Investors should act fast before

they miss this opportunity.

New York, on the other hand, has seen increases in sales prices for the housing market in 2010. Several Wall Street heavy weights have also purchased residential property in New York recently and this is a positive sign for the market. Prices are expected to continue to increase during 2011.

**Q.** *You claim Kuala Lumpur is one of the most popular destinations for property investments in Asia. Why doesn't Iskandar Malaysia, which is being promoted as South East Asia's new economic zone, attract you?*

**A.** I believe Iskandar Malaysia has its potential but I would like to focus on Kuala Lumpur as it will remain as Malaysia's primary city for business and investment for both domestic and foreign investors. The Iskandar property market offers less liquidity when compared to Kuala Lumpur. However Iskandar's strategic location near to Singapore and the government's plan for the region means that this is the region to monitor closely.

**Q.** *Also, why do you prefer Malaysia over China or India, given the fact that after the global financial crisis, these emerging economies have led the path in recovery?*

**A.** China's performance is heavily dependent on its mortgage lending availability and this is currently heavily restricted as part of the

government's cooling measures. The country's central bank has raised interest rates twice since October 2010 and has recently announced property purchase limitations for second and third-tier cities as a result of rising property prices. In my opinion, I would not encourage investment in China judging from the current situation.

Similarly, as the property market in India is still at an immature stage, the direction of government policies changes frequently and the new measures (which may be introduced overnight) will impact investments significantly.

**Q. How did the 2008-2009 financial crisis affect your business? Did you find it harder to market properties in the US and Europe? What's the trend in those markets right now?**

**A.** The most recent financial crisis hit a number of markets badly and people tended to act with real caution, choosing not to invest in the face of uncertainty. However, we've managed to get back on track in a relatively short time.

Residential properties in certain parts of the US (such as New York and Washington) and Europe (such as London) are already picking up and the future seems more rosy now. Both economies are expanding gradually and the housing prices there are expected to increase between 2011 and 2014.

**Q. Singapore just announced another round of property cooling measures in January to curb speculation. Do you think it's enough? If not, what are additional steps that the government can take?**

**A.** Singapore's property market will remain robust despite the government's attempt to cool the market by implementing new property measures. It will inevitably deter the locals from buying properties here and dampen the market initially. However, foreign investors still hold a very strong sentiment about Singapore's economy and thus, they will continue to invest here. Also, China's tough housing measures are forcing investors to look for opportunities in other countries such as Singapore.

The holding period for Seller's Stamp Duty (SSD) has increased to 4 years now (up from 3 years). If this continues to increase, it will potentially discourage investors. Individuals with more than one mortgage can only borrow up to 60 percent of a property value (down from 70 percent).

**Q. Singaporeans are very cautious when it comes to investing overseas because of perceived risks.**

**What advice would you give to such sceptical investors?**

**A.** Seek advice from someone familiar with the key investment fundamentals related to your chosen market.

Also, do your research beforehand. I believe that one should buy a property because it makes investment sense, and not because of emotional attachments.

Also, take a top-down approach. Look at the economic fundamentals of the market first and whether the country is politically stable. Make sure all the fundamentals are strong.

Don't buy a property betting on currency. Many property investors were burnt by the unwinding in 2008 of what was called the "yen carry trade". Only do it if you believe in the potential for property returns and if you can afford to lose.

**Q. Prior to establishing IP Global, you were involved in insurance and banking. How and why did you progress to starting a property investment company?**

**A.** My interest in property began at the age of 21 and I already owned a portfolio of properties by the time I started working in the Insurance and Banking industry. My chosen career gave me an extensive understanding of wealth management. With vast experience globally and over a decade in this region, IP Global was a natural progression for me – I was excited by wealth management and already had a passion for property.

**Q. What are the unique services of IP Global that sets it apart from your competitors? What are the unique concepts?**

**A.** Unlike our competitors, IP Global actually invests in every project that we bring to our clients; thus building our own portfolio as a business. By doing this, we reflect our commitment to the potential return on the development.

IP Global produces 10 in-depth research reports every quarter and a risk analysis of each market in which it invests in. These are shared with clients and prospects alike.

A team of international property consultants with an intricate understanding of up to 15



#### markets

worldwide has been handpicked from renowned industry names such as Knight Frank, Prudential, Coutts Bank and CBRE to provide investment advice to IP Global's clients and prospects.

IP Global also provides a fully integrated service, from purchase, ownership and eventual resale of their property. We are the only property investment company which provides this full service approach:

- Complete Ltd. provides a full roster of post-completion services, from handover to leasing and management, overseeing the relationship with local agents, developers and property managers, and sources and supplies furniture and furnishings.

- Complete Finance offers mortgage brokerage and a full range of mortgage-related products.

- IP Homes Ltd. is a property-development company that specialises in residential property in Hong Kong, both for owners to occupy and for investment.

**Q. Lastly, where do you see the business of IP Global heading in the coming years? What are your three to five year plans for the company?**

**A.** We will be monitoring properties in the Middle-East market and make moves when we feel that the time is right. In the many years to come, we hope to open more offices around the world with a presence in Europe, America and the Middle-East.