

Luxurious gems

In uncertain times, resilience to emerging threats has become a major competitive edge of prime property in key global cities



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ACCORDING to Knight Frank's *2016 Wealth Report*, between 2005 and 2015, the number of ultra high net worth individuals (UHNWIs) around the world – commonly defined as those with net assets of over US\$30 million excluding their primary residences – grew by 61 per cent.

But given sluggish global growth for the next 12 months or more, the forecast for the next decade is more cautious, with the number of UHNWIs expected to increase at a still respectable 41 per cent.

Among the continents, Asia will be one of the key frontiers of growth. With an already large base of over 41,000 UHNWIs in 2015, it is likely to continue expanding at a growth rate of 66 per cent in the next 10 years. With that, by 2025, Asia will overtake Europe as the region with the second-largest number of UHNWIs after North America.

Property is high on the agenda of UHNWIs. On average, 35 per cent of a UHNWI's wealth goes into their primary and secondary homes, and other real estate investments. The popularity of this asset class is expected to grow in the coming years.

Property's strong appeal lies in its ability to function as a store of wealth, even though it is not immune to the vagaries of economic growth and decline. Apart from serving as a hedge against inflation, owners of property often see their wealth growth tied to the

fates of growing real estate markets.

Prime real estate around the world will gain greater focus and attention among UHNWIs as an asset class both for investment and for stay. Indeed, the most valuable and sought-after properties in the world are often found in key global cities – the centres of wealth, commerce, art and culture, with high-quality living environment, good air, good water, good schools and low crime rates.

Resilience to threats

In recent times, however, rising income inequality, growing unemployment especially among the young, religious militancy, and a sense of social alienation and disenfranchisement of vulnerable groups are destabilising some countries. Events such as Brexit, the rise of anti-establishment politicians in Hong Kong, the failed coup d'état in Turkey and terrorist attacks in various cities may threaten real estate markets deeply, leading to capital flight.

Increasingly, cities will be judged by UHNWIs not just by their capacity to create wealth and how vibrant their culture is, but equally importantly, by how secure they are from social and political threats.

Wealth taxation is also a key consideration for UHNWIs in their choice of real estate investment. For this reason, UHNWIs have become more multi-jurisdictional than before, with family members dispersed all over the globe taking advantage of favourable tax regimes. In this regard, the absence of taxes on wealth – capital gains

and inheritance – makes countries such as Singapore well-poised as a wealth hub.

Overall, good macroeconomic, social and political stability are therefore key advantages in today's tumultuous world. London and New York have dominated the ranking of global cities that matter most to the world's wealthy, based on where they live, invest, educate their children, grow their businesses, network and spend their leisure time. How resilient these cities are will define their ability to attract and retain capital into real estate.

With Asia at the next frontier of global growth, prime real estate in the region will also gain significance. Wealth Attitudes Survey respondents were asked which city could realistically challenge the importance of London and New York in the next decade. Opinion was divided fairly evenly between the key Asian cities of Singapore and Shanghai.

In these densely arranged global cities, prime real assets, either in the heart of the city, or with exclusive addresses, are usually scarce in supply. These homes tend to attract wealth flows and act as stores of wealth for the super rich. They also tend

to command top prices given the low yield environment. What constitutes prime and exclusive locations can be variably defined in different cities and countries – they could be country homes, golf course homes, vineyards, beachfront, apartments or bungalows.

All in all, there are limited global hot-spots in the world, and those which are politically and socially less at risk would be well-poised to take advantage of their position as safe havens in these times.

Against this backdrop, markets such as Singapore are well-positioned to thrive. Recent trends also point towards the contraction of European banks in the Asia-Pacific region, while well-capitalised Asian banks with good presence in the region march on in their expansion plans and consumer acquisition.

Singapore, which has developed its reputation as a wealth hub and financial centre in the region over the past decades, is expected to rise in importance not only in the region, but also in the world.

Global super-prime penthouses

In these key cities, some super-prime pent-

houses, of interest to UHNWIs, are on the market this year.

In Singapore, the ultra-luxurious Wallich Residence Super-Penthouse will be the highest residential unit in Singapore. The three-storey apartment sits at the apex of the 290-metre Tanjong Pagar Centre, which will, upon completion by end-2016, become the new tallest building in Singapore. In addition to the distinguished luxury of its interior design and furnishings, it offers unparalleled views of the city from its private sky observatory and air deck located some 270 metres above ground.

Other rare offerings around the world include the Penthouse at The Plaza, Central Park South, New York. This is a 6,319 square feet (sq ft) triplex corner penthouse with spectacular views of Central Park and Fifth Avenue, and has three reception rooms, a master bedroom suite, three further bedroom suites, a wine cellar, a media room and an office.

Another exceptional property is The Penthouse, 95 Eaton Square, London. This 5,532 sq ft apartment has an impressive entrance hall, magnificent ceiling heights, numerous balconies and is superbly



detailed throughout. A custom made helical staircase provides access to the roof terrace, one of the largest in Belgravia, offering 360-degree views of Central London.

Given their rarity, these homes will undoubtedly be sought after and eventually owned by the wealthiest around the

world, who seek an unrivalled experience in the best of the best global cities. They are expected to attract great interest and eventually become home to a very few lucky persons in the world who will own these exclusive views of these global cities with the world at their feet. **W**

RARE OFFERINGS

(Above) The Penthouse at 95 Eaton Square in Belgravia offers 360-degree views of London; (left) Penthouse at The Plaza overlooks Central Park and Fifth Avenue in New York

