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Hiap Hoe's earnings surge to $354.3 mil in 1Q2014

Hiap Hoe's revenue rose 2.8% to $31.2 million in 1Q2014 compared with $30.3 million in 1Q2013. The increase was mainly attributed to rental income from the group's investment properties in Australia as well as the consolidation of a one-month income from SuperBowl Holdings. Hiap Hoe acquired 90.8% of the issued and paid-up capital of SuperBowl on Feb 28.

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As at March 31, the group owned 97.8% of the issued and paid-up capital of SuperBowl. With the acquisition of Superbowl, the group recognised negative goodwill of $148.7 million and a $199.9 million gain on recalibration of investment in the joint-venture company to fair value. Consequently, the group's earnings in 1Q2014 surged to $354.2 million compared with $9.8 million in 1Q2013.

However, revenue contribution from the group's development properties was lower at $22 million in 1Q2014, compared with $30.3 million in 1Q2013. Rental income in 1Q2014 was $4.9 million and accounted for 15.7% of total revenue. Rental income included $3.6 million in maiden contribution from the group's investment properties in Australia that were acquired in 4Q2013 as well as $1.3 million from SuperBowl. The group's hotel operations generated $3.3 million, or 10.5% of total revenue, while its leisure business contributed $1 million, accounting for 3.1% of total revenue.

Resale prices of non-landed private homes hit 16-month low

Resale prices of non-landed private homes hit a 16-month low in April, while the resale volume last month reached its highest since last October, according to the latest flash estimates from the Singapore Real Estate Exchange (SRX). Sellers have become more realistic about selling prices, owing to the 60% cap with the introduction of the total debt servicing ratio (TDSR) framework on buyers, notes Eugene Lim, key executive officer at ERA. This is especially so for units with a higher price quantum, as some buyers are affected by the loan curbs, he adds.

Overall resale prices of non-landed private residential properties slipped by 1.7% m-o-m in April, registering their lowest level since December 2012, according to the SRX. The Rest of Central Region (RCR) led the fall, with prices dropping 3.6%. This was followed by a 2.3% drop in the Core Central Region (CCR), while prices in Outside Central Region (OCR) rebounded by 0.4%.

More than half of the non-landed private property buyers paid prices that were below those of recent transactions for their units last month. About 476 resale transactions were registered in April, an increase of 24.6% from the previous month, which is the highest resale volume since October last year. However, the figure is still 26.7% lower compared with the 649 units resold in April 2013.

April new home sales 55.2% higher than previous month

Last month, property developers launched 586 new private residential units for sale, 19.1% less than in March. However, the number of new private homes (excluding executive condominiums, or ECs) sold in April increased 55.2% to 745 units, the best since last November, notes Nicholas Mak of SLP International.

The market segment with the strongest buying momentum in April was still the suburbs, or Outside Central Region (OCR). Although the number of OCR units launched in April dropped 30% to 436 units, sales increased 56.9% to 469 units (excluding ECs).

The top-two selling projects in April were Lakeville in Jurong and The Sorrento in West Coast. At the 99-year leasehold private condo Lakeville, 210 of the 230 units launched were **sold** at a median price of $1,318 psf, which is 15% higher than the median price of its neighbouring project, The Lakeshore, which is also a 99-year leasehold condo and was completed in 2008. Homebuyers may be optimistic about the future of the Jurong Lake District and are prepared to pay a premium for properties in the area, says Mak.

The Sorrento, a freehold development, achieved a take-up rate of 95%, with 125 of the 131 units launched **sold** at a median price of $1,414 psf. Sky Habitat, which was relaunched in April at a lower price, **sold** 130 units at a median price of $1,377 psf. So far, 312 units out of a total of 509 at Sky Habitat have been **sold**.

Frasers Centrepoint prepares for listing of Frasers Hospitality Trust

Frasers Hospitality Trust (FHT) will have a portfolio of 12 properties when it lists on the Singapore Exchange later this year. Frasers Centrepoint Ltd announced on May 12 that it would be holding an extraordinary general meeting on May 28 to seek shareholders' approval for the injection of six serviced residences into FHT. Frasers Centrepoint, which manages Frasers Centrepoint Trust and Frasers **Commercial** Trust, will manage FHT.

"The setting-up of FHT is in line with our ongoing strategy to optimise capital productivity and strengthen our income base through REIT [real **estate** investment trust] platforms," says Lim Ee Seng, CEO of Frasers Centrepoint **Group**.

The six serviced residences with a total of 830 serviced apartments to be injected into the trust are Fraser Suites Singapore, Fraser Suites Sydney, Fraser Place Canary Wharf, Fraser Suites Queens Gate, Fraser Suites Glasgow and Fraser Suites Edinburgh. The portfolio has an appraised value of $620 million, based on a 75-year lease. The **sale** consideration is set at a minimum aggregate **sale** consideration of $651.7 million for the leasehold interests in the serviced residences, taking into consideration the 75-year leasehold valuations by independent valuers.

Another six properties with 1,928 rooms in total will come from Frasers Centrepoint's Thai parent TCC **Group**. They are the InterContinental Singapore, Novotel Rockford Darling Harbour, **Park** International London, Best Western Cromwell London, ANA Crowne Plaza Kobe and Westin Kuala Lumpur.

Singapore office investment market stronger on the back of improved rents

Despite the quiet start to the year, overall investor interest in Singapore's office sector remains upbeat, according to CBRE. In 1Q2014, Asia-Pacific **commercial** real-**estate transaction** volume totalled US$22.3 billion ($27.9 billion), a decline of 26% q-o-q but an increase of 1.9% y-o-y.

Investment in the Singapore office market is improving on the back of the strengthening rental market. "Rents are rising and vacancy rates are falling, and this trend is expected to continue for the foreseeable future," says Jeremy Lake, executive director of investment properties at CBRE Singapore. "I'm expecting a few en bloc office deals to be signed this year, and these will supplement the already-active office strata market. For the latter, buyers are mostly end-users, and many of these are **Chinese** companies with a presence in Singapore."

Japan was the only standout market in the quarter, with **transaction** volume surging 28% q-o-q to US$9.2 billion. The quarter also saw the entry of institutional investors from the Middle East, while Asian institutional buyers continued to seek investment opportunities within and outside the region.

The b roppongi **Hotel** in Tokyo **sold** for US$34.2 mil

Savills Hotels was the adviser to Ishin Hotels **Group** on the **sale** of the b roppongi **Hotel** (above) in Tokyo for US$34.2 million ($42.9 million), which was completed on May 1.

The 76-room **hotel** is located in the heart of the city, in the vicinity of the entertainment precinct of Roppongi. The freehold **hotel** is **sold** with vacant possession, and also presents redevelopment opportunity, according to Raymond Clement, managing director of Savills Hotels.

The **sale** was managed collaboratively by Savills Hotels Asia-Pacific's team in Singapore and its investment team at Savills Japan. "**Hotel** investment activity across the region will remain stable through

2014, as major global risk factors are seen to be reducing, albeit not yet disappearing. We anticipate Japan as well as Australia to be major targets for domestic and international investors," notes Clement.

Strong opportunity for branded midscale hotels in Yangon, says JLL

Since Myanmar embarked on its journey to democracy in 2011, Yangon has seen a remarkable improvement in the performance of its **hotel** sector, according to JLL's Yangon **Hotel** Market Update May 2014 report.

Occupancy for the upscale and luxury segments increased from 45.8% in 2009 to a record 80% in 2013, while average daily rate (ADR) went up almost 300% from US$40 in 2009 to US$157 by end-2013. As a result, revenue per available room (RevPAR) grew more than seven times to US$126 during the five-year period.

Despite additional supply in 2013, the upscale and luxury segments saw a 23.9% increase y-o-y in RevPAR, led by a 6% increase in occupancy and a 15% growth in ADR. With additional supply planned in 2014, JLL estimates occupancy to remain stable at 80%, while ADR will grow to US$173, up 10% from 2013, resulting in an overall RevPAR increase of 10% in 2014. JLL sees strong opportunity for branded midscale hotels of international standard, as the segment remains untapped.

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