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Shangri-La to manage new hotel in Palm Jumeirah, Dubai

Shangri-La Hotels and Resorts and Dubai-based real estate developer Nakheel have signed a letter of intent for Shangri-La to manage a 290-room hotel in The Palm Tower on Palm Jumeirah (above). The parties expect to sign a comprehensive hotel management agreement for the property in the coming weeks.

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Construction of The Palm Tower, part of the new Nakheel Mall and Hotel complex at the heart of the island, is slated to begin this year with the completion of the hotel scheduled for 2016. The Shangri-La hotel will be located on the first 18 floors of the 52-storey building. Hotel guests will have direct beach club access via a bridge and walkway to Club Vista Mare. They will also have direct access to The Palm Monorail and Nakheel Mall, a new retail, dining and entertainment destination also opening in 2016.

Shangri-La's new project on Palm Jumeirah, the world's largest man-made island, is part of the group's expanding Middle East portfolio. It operates four hotels in Abu Dhabi and Dubai and a resort in Muscat, Sultanate of Oman. It also has two hotels under development in Qatar.

Sheng Siong to buy Tampines property for $65 mil

SGX-listed supermarket group Sheng Siong announced on June 9 that it intends to purchase a three-storey HDB commercial property in Tampines Central (right) for $65 million. The group has paid an option fee of $650,000 for the 41,721 sq ft property to the vendor, S-11 Wan Jin Investment. The property has a leasehold tenure of 99 years commencing from Jan 1, 1991 and will be acquired subject to existing tenancies. The proposed acquisition will allow Sheng Siong to establish a presence in Tampines where it plans to open a new outlet of around 9,795 sq ft in 1Q2015. The outlet will be incrementally enlarged in tandem with the scheduled expiry of various tenancies in 2016 and 2017.

Prices and transaction volume of resale homes continue downward slide in May

Resale transactions for non-landed private residential units fell 7.5% m-o-m in May while prices dipped slightly to mark a 17-month low since December 2012, according to the Singapore Real Estate Exchange (SRX) in a flash report on June 9. An estimated 421 transactions were registered in May, down from the 455 in April. This is a 42.6% drop from the 734 units sold in the resale market last year.

"Buyers may have diverted their attention to hot new projects that were launched by developers at attractive prices such as Commonwealth Towers; as well as projects re-launched by developers at lower revised prices such as Sky Habitat," says Eugene Lim, ERA's key executive officer.

Overall, resale prices dropped 0.3%, with the prime districts in the Core Central Region (CCR) leading the drop at 2.9% and the suburban areas or Outside Central Region (OCR) seeing a 0.3% drop. Meanwhile, prices in the city fringe or Rest of Central Region (RCR) inched up by 0.6%.

Resale prices have continued to fall as sellers have become more realistic with their pricing and are willing to adjust prices in the face of reduced demand. The gloom in the private resale market is expected to persist as the cooling measures and total debt servicing ratio loan framework continue to constrain buyers' budgets and ability to purchase.

Not surprisingly, it was homes in the CCR, which are on the higher price band, that proved to be a drag on the overall resale prices, says Lim. Prices of homes in the CCR are also affected by the ample stock of unsold units by developers, who have seen demand hit by the higher additional buyer's stamp duty and weak leasing demand. Homes in the RCR have bucked the trend, and continue to see leasing demand as they are located at the city fringe, and prices are also less expensive than prime properties in the CCR.

A total of 3,120 **apartment** leasing **transactions** took place in May, which was 3.7% higher than April's volume of 3,010 units. On a y-o-y basis, rental volume has improved by 7.9% from the 2,891 rental contracts signed in May last year, according to ERA. The increase in rental volume is also attributed to landlords being more realistic, and willing to drop asking rents in order to secure tenants. "It's now a tenant's market," says Lim. The increase in the number of projects being completed has also led to a more vibrant rental market as tenants seek to upgrade to newer properties.

However, rental rates were down 0.8% in May compared with April, based on the non-landed private **residential** rental sub-index. Compared with the peak rental rates observed in January 2013, rents in April had already fallen by 6%. It looks like the fall in rental rates were driven mainly by condos/apartments in the suburban areas or OCR, which saw a 1.7% drop. However, rental rates in the CCR and RCR increased by 0.2% and 0.6% respectively. As more new stock enters the market, and the foreign labour force continues to drop, this will put greater pressure on rental rates.

Cost of living in Singapore surpasses Australia

In the past 12 months, Singapore has risen four places in the global ranking of most expensive locations for expatriates according to the Cost of Living survey by knowledge provider ECA International.

Singapore is ranked ninth among the top 10 most expensive locations for expatriates in Asia-Pacific, after **Hong Kong**. In the global ranking, Singapore came in 31st, with **Hong Kong** on the 29th spot.

ECA's shopping basket for expatriates includes groceries, utilities, dining out, clothing and transport. Rental rates, utility charges, car **purchases** and international school fees were not included as it could mean "a significant difference in expenses", says ECA. Based on these basic living expenses, **Hong Kong** saw prices at more than 4% higher over the last 12 months, almost double the 2.3% increase in Singapore in the same period.

Singapore has also surpassed Australian cities, which have fallen out of the top 40 in global ranking, with the exception of Sydney, which is at the 38th spot. The last time Singapore was ahead of Australian cities was in 2009, according to ECA. While the Singapore dollar has strengthened against the Australian dollar over the past year, it has weakened significantly against major currencies including the US dollar, euro and sterling.

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