

# TAKING OUT THE GUESSWORK PROPERTIES, THE WINNING ASSET CLASS



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**It's a theory many had guessed but yet to be proven, properties as an investment with its resilience is indeed the winning performer that leaves all other instruments playing a catch-up game.**

It's the "Brick-and-Mortar" story, of things that aren't going away; real assets that is forever in controlled supply; a safe harbor for liquidity and added to that Singapore's tenacious habit with savings & investments, all succeeded the stellar return of this asset class.

While equities at the time of writing are at the cusp of correction amidst global trades tension. Over a 15 years period, Singapore equities had more than doubled in total returns on a buy-and-hold strategy. This is contrasted to returns by the private residential properties market (incl. rental yield) of 134% and 50% total return of Singapore bonds over the same period.

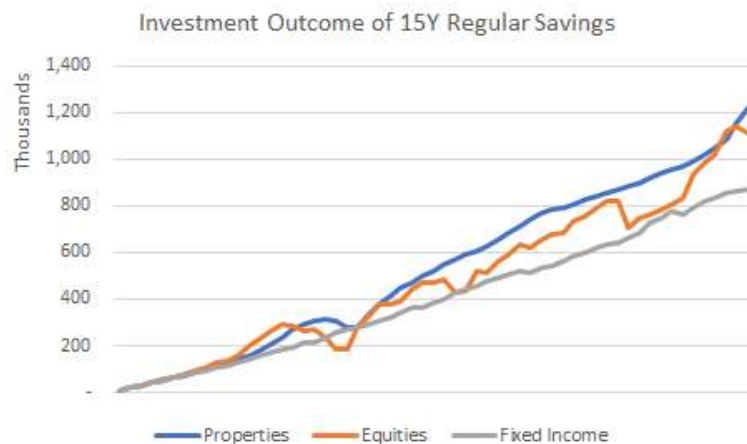
	Properties			Equities Bond	
	Capital	Rental	Total		
5Y	-2%	19%	17%	21%	10%
10Y	16%	38%	54%	81%	29%
15Y	83%	51%	134%	211%	51%

Source: URA Price & Rental Price Index, Bloomberg

So, what gives properties its winning edge? It is simple, because savings seldom work like that, precisely a buy-and-hold scenario that assumes a pocket of wealth available and invested at some starting point.

overall outcome to be muted by volatilities.

To this end, we examine a hypothetical savings plan where a household put aside \$10,000 per quarter (growing at inflation rate) since 2003 and compare the investment



Savings in reality comes from disposable income out of household earnings and they are invested periodically in small amounts to accumulate over time. The flipside therefore of the tremendous equities returns is often times, a lot of gains were made in a relatively short period with lengthy corrections to follow. This has the implication that much of the high digit returns were achieved only by investments leading up to the relevant rising seasons causing the eventual and

outcome if these were fully invested in Singapore equities, fixed income & properties.

It is apparent properties shines as the leading asset class all due to its ability to produce consistent returns without the distractions.

One may ask "who buys properties quarterly this way?", but is it impossible? Will fractional ownership unlock this trove? Follow our next piece on current barriers to entry and affordability of the housing market.

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