

# ASIA WISDOM INSIGHTS

2013 December | Issue 12/13-01

## Highlights

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## David's Quote

"Think long term. We always act and react to situations that arise. This would keep us busy for the day, week, and month. We may have neglected many important issues. These are areas of concern that you have to think and plan long term without fail, namely, your children, your health, your family, your career, your investment and your skill upgrading. If you have not done so, act on it."



## Commercial and Industrial Investment Prospects Remain Strong

The world predicted that US Federal Reserve will start to taper on QE3 in September but it turned that US is not ready. In October, employment and trade figures were also not favorable for a reduction in the stimulus package. Now, it looks like any winding down of one of the largest stimulus programmes in US history will only likely to happen next year.

QE3 is creating a "bullish" run in the equity and real estate market locally in US. It has also caused major assets to appreciate in value in most major cities especially in Asia. The tapering which will happen sooner or later will result in assets of these major cities to weaken. The extent of weakening of assets' value in these major cities due to tapering depends on each city's fundamentals.

Back in Singapore, I am in the opinion that we have good fundamentals. In the context of commercial and industrial real estate, demand is strong. Market is flushed with liquidity. Residential real estate investments remain tightly regulated. Investors will explore commercial and industrial real estate investments. With interest rate at about 1.5% for commercial and industrial financing and a rental yield of about 4% and 5% for commercial and industrial respectively, they remain attractive to investors.

With Janet Yellen likely to take over Bernanke in January, market expects interest rate to remain low for a while. Inflation is likely to remain at the rate of 2-3%. On the other hand, bank deposit rates will be around 1%, that is to say, investors will continue to find ways to maximise return on their funds. When managing

their financial portfolio, funds allocated for real estate are not likely to be invested in residential investment due to Additional Buyer's Stamp Duty (ABSD), Seller's Stamp Duty (SSD) and other cooling measures. Commercial and industrial investments seem more logical at this moment.

Commercial and industrial rental returns are about 4% and 5% respectively. After deducting interest element of about 1.5%, annual yield remain positive, adding more shine to these segments.

Residential investments rental return is now about 2-3% annually. After deducting interest payment of about 1.5% and other holding costs, annual yield may only break even or even turn negative.

I personally think that commercial and industrial real estate investments will still enjoy at least a few more good years of capital appreciation. However, they key is to learn what, where and how to invest in commercial and industrial real estate investment to maximise gain and minimise risks. Even though commercial and industrial investments remain attractive but not all sectors or properties within will perform equally well.

Yours Sincerely,  
David Poh  
CEO

## RECENT CAVEATS

| S/N | Sold On  | Address                    | Project               | Sale Price (\$) | Unit Area (Sq Ft) | \$ PSF | Bought On | Previous Purchase Price (\$) | \$ PSF  | Holding Period (Months) | Profit (\$) |
|-----|----------|----------------------------|-----------------------|-----------------|-------------------|--------|-----------|------------------------------|---------|-------------------------|-------------|
| 1   | 11-11-13 | 72 Peck Seah St            |                       | 20,500,000      | 2,622             | 7,818  | 13-03-13  | 12,200,000                   | 4652.94 | 7                       | 8,300,000   |
| 2   | 10-10-13 | 11 Ann Siang Rd            |                       | 7,500,000       | 1,173             | 6,394  | -         | -                            | -       | -                       | -           |
| 3   | 08-11-13 | 133 New Bridge Rd #10-02   | Chinatown Point       | 1,000,000       | 1,054             | 949    | 17-11-06  | 630,000                      | 597.72  | 83                      | 370,000     |
| 4   | 30-10-13 | 133 New Bridge Rd #11-09   | Chinatown Point       | 2,050,000       | 1,054             | 1,945  | 21-10-11  | 1,450,000                    | 1375.71 | 24                      | 600,000     |
| 5   | 02-09-13 | 133 New Bridge Rd #17-07   | Chinatown Point       | 1,580,000       | 742               | 2,129  | 03-05-11  | 1,048,000                    | 1412.4  | 27                      | 532,000     |
| 6   | 02-09-13 | 70 Shenton Way #01-05      | Eon Shenton           | 1,230,000       | 172               | 7,151  | 27-04-12  | 842,886                      | 4900.5  | 16                      | 387,114     |
| 7   | 24-09-13 | 150 South Bridge Rd #01-17 | Fook Hai Building     | 1,850,000       | 645               | 2,868  | -         | -                            | -       | -                       | -           |
| 8   | 18-09-13 | 150 South Bridge Rd #12-01 | Fook Hai Building     | 2,230,000       | 1,593             | 1,400  | 06-05-97  | 1,250,000                    | 784.68  | 196                     | 980,000     |
| 9   | 09-09-13 | 143 Cecil St #03-01        | GB Building           | 20,150,400      | 12,593            | 1,600  | -         | -                            | -       | -                       | -           |
| 10  | 12-11-13 | 10 Anson Rd #14-10         | International Plaza   | 1,047,000       | 462               | 2,266  | 15-03-11  | 745,000                      | 1612.55 | 31                      | 302,000     |
| 11  | 08-11-13 | 10 Anson Rd #27-11         | International Plaza   | 2,080,000       | 936               | 2,222  | 25-11-10  | 1,360,000                    | 1452.99 | 35                      | 720,000     |
| 12  | 01-11-13 | 10 Anson Rd #20-08+        | International Plaza   | 4,442,945       | 2,357             | 1,885  | 06-04-11  | 5,323,629                    | 1397.28 | 30                      | -880,684    |
| 13  | 21-10-13 | 10 Anson Rd #10-25         | International Plaza   | 3,310,000       | 1,453             | 2,278  | 16-05-13  | 2,906,000                    | 2000    | 5                       | 404,000     |
| 14  | 03-10-13 | 10 Anson Rd #20-12         | International Plaza   | 2,152,800       | 936               | 2,300  | 06-11-12  | 1,730,000                    | 1848.29 | 10                      | 422,800     |
| 15  | 28-10-13 | 20 Maxwell Rd #02-12       | Maxwell House         | 490,000         | 269               | 1,822  | 25-05-09  | 195,000                      | 724.91  | 53                      | 295,000     |
| 16  | 17-10-13 | 105 Cecil St #03-02        | The Octagon           | 3,800,000       | 1,819             | 2,089  | -         | -                            | -       | -                       | -           |
| 17  | 27-09-13 | 105 Cecil St #03-01        | The Octagon           | 2,825,000       | 1,302             | 2,170  | 16-02-11  | 2,538,900                    | 1950    | 31                      | 286,100     |
| 18  | 29-10-13 | 101a Upper Cross St #13-09 | People's Park Centre  | 1,500,000       | 957               | 1,567  | 12-08-10  | 870,000                      | 909.09  | 38                      | 630,000     |
| 19  | 26-09-13 | 1 Park Rd #03-K76          | People's Park Complex | 850,000         | 129               | 6,589  | -         | -                            | -       | -                       | -           |

| S/N | Sold On  | Address                 | Project               | Sale Price (\$) | Unit Area (Sq Ft) | \$ PSF | Bought On | Previous Purchase Price (\$) | \$ PSF  | Holding Period (Months) | Profit (\$) |
|-----|----------|-------------------------|-----------------------|-----------------|-------------------|--------|-----------|------------------------------|---------|-------------------------|-------------|
| 20  | 23-09-13 | 1 Park Rd #01-78b       | People's Park Complex | 1,380,000       | 236               | 5,847  | -         | -                            | -       | -                       | -           |
| 21  | 16-09-13 | 1 Park Rd #03-24        | People's Park Complex | 1,060,000       | 312               | 3,397  | 28-03-12  | 730,000                      | 2339.74 | 17                      | 330,000     |
| 22  | 09-09-13 | 1 Park Rd #03-30        | People's Park Complex | 1,300,000       | 312               | 4,167  | 16-04-10  | 480,000                      | 1538.46 | 40                      | 820,000     |
| 23  | 22-10-13 | 160 Robinson Rd #30-01+ | SBF Center            | 64,015,000      | 21,506            | 2,977  | -         | -                            | -       | -                       | -           |
| 24  | 15-10-13 | 160 Robinson Rd #26-01  | SBF Center            | 2,194,500       | 592               | 3,707  | -         | -                            | -       | -                       | -           |
| 25  | 16-09-13 | 160 Robinson Rd #23-04  | SBF Center            | 2,452,886       | 742               | 3,306  | -         | -                            | -       | -                       | -           |
| 26  | 05-09-13 | 160 Robinson Rd #24-05+ | SBF Center            | 8,870,436       | 2,777             | 3,194  | -         | -                            | -       | -                       | -           |
| 27  | 11-11-13 | 3 Shenton Way #15-06    | Shenton House         | 888,000         | 441               | 2,014  | 02-11-07  | 661,500                      | 1500    | 72                      | 226,500     |
| 28  | 15-11-13 | 6 Eu Tong Sen St #11-14 | SOHO @ The Central    | 1,550,000       | 635               | 2,441  | 01-08-07  | 1,150,000                    | 1842.95 | 75                      | 400,000     |
| 29  | 04-11-13 | 8 Eu Tong Sen St #14-89 | SOHO @ The Central    | 4,184,640       | 1,453             | 2,880  | -         | -                            | -       | -                       | -           |
| 30  | 25-10-13 | 8 Eu Tong Sen St #15-89 | SOHO @ The Central    | 4,213,700       | 1,453             | 2,900  | 04-07-07  | 3,777,800                    | 2600    | 75                      | 435,900     |
| 31  | 12-10-13 | 8 Eu Tong Sen St #24-88 | SOHO @ The Central    | 1,925,930       | 645               | 2,986  | -         | -                            | -       | -                       | -           |
| 32  | 17-09-13 | 8 Eu Tong Sen St #15-94 | SOHO @ The Central    | 2,500,000       | 882               | 2,834  | 28-11-06  | 1,368,650                    | 1551.76 | 81                      | 1,131,350   |
| 33  | 14-11-13 | 3 Anson Rd #26-01       | Springleaf Tower      | 25,780,800      | 10,742            | 2,400  | 09-11-06  | 11,279,469                   | 1050.03 | 84                      | 14,501,331  |
| 34  | 14-11-13 | 3 Anson Rd #25-01       | Springleaf Tower      | 25,780,800      | 10,742            | 2,400  | 09-11-06  | 11,279,469                   | 1050.03 | 84                      | 14,501,331  |
| 35  | 14-11-13 | 3 Anson Rd #27-01       | Springleaf Tower      | 25,780,800      | 10,742            | 2,400  | 09-11-06  | 11,279,469                   | 1050.03 | 84                      | 14,501,331  |
| 36  | 24-10-13 | 3 Anson Rd #21-01       | Springleaf Tower      | 23,581,068      | 10,085            | 2,338  | 23-11-06  | 10,892,464                   | 1080.07 | 83                      | 12,688,604  |
| 37  | 24-10-13 | 3 Anson Rd #22-01       | Springleaf Tower      | 25,114,796      | 10,742            | 2,338  | 23-11-06  | 11,601,579                   | 1080.02 | 83                      | 13,513,217  |
| 38  | 08-10-13 | 3 Anson Rd #17-01       | Springleaf Tower      | 23,352,580      | 10,333            | 2,260  | 12-10-99  | 13,290,000                   | 1286.17 | 167                     | 10,062,580  |
| 39  | 27-09-13 | 3 Anson Rd #20-01       | Springleaf Tower      | 23,972,560      | 10,333            | 2,320  | 23-11-06  | 11,159,835                   | 1080.02 | 82                      | 12,812,725  |
| 40  | 16-10-13 | 8 Temasek Blvd #41-01+  | Suntec City           | 30,291,000      | 10,096            | 3,000  | 02-12-11  | 25,949,290                   | 2570.25 | 22                      | 4,341,710   |
| 41  | 25-09-13 | 7 Temasek Blvd #09-01   | Suntec City           | 15,909,200      | 6,415             | 2,480  | 27-06-11  | 13,200,000                   | 2057.68 | 26                      | 2,709,200   |

## EVENTS

## PCI November Batch

Congratulations on graduating from our 3 days intensive “Professional Program in Commercial and Industrial Real Estate Investment”! Now you are able to step into the commercial and industrial real estate arena with confidence. With the skills and knowledge imparted to you coupled with the monthly market updates that David Poh shares, you are able to form your own opinion and perspective to make informed investment decisions. However, it is utmost importance to always seek investment advice from the respective legal agency, as every investment be it from real estate, bonds, stocks etc comes with risks.

Now is the time to seek out good buys in commercial and industrial real estate. Share your good news with us and be featured on the testimonial section.



## RECREATION

## Birthday Celebration

To usher in a new month and to celebrate Peter Poh's birthday, David Poh specially arranged a company dinner at Ochre, an Italian restaurant, situated in Orchard Central. We were served with top notched food and irresistible desserts. What better way to chase our Monday blues away by indulging ourselves with sinful food.

Not forgetting that the highlight of the night was wishing Peter and his family good health and abundance wealth in all the years to come.



**TESTIMONIALS**

Thank you for imparting to me your knowledge and experience in the commercial/ industrial real estate. Your passion in believing in what you do and sharing with me unreservedly your thoughts, knowledge and information is unprecedented."

*Colin Ee, Real Estate Practitioner*

My heartfelt thanks to you for your honest-to-goodness practical & systematic course which you have delivered with a sincere and caring heart along with a head full of knowledge to fully equip us in the battlefield as we seek out good undervalued commercial & industrial properties using your tried & tested strategies Bearing in mind, your deep, analytical interpretation of the current commercial/ industrial property market. Appreciate your exhortation to us to utilise the power of the knowledge gained through your intense sharing and put them into actions. Thank you very much, David!! It was indeed a super value-added course!!."

*Dora Hong, Real Estate Investor*

This is one of the best commercial courses I have attended. You've answered to all my queries on how to be a better marketing agent and how to upgrade ourselves to an investor's agent. My sincere thanks to you and your team for giving out generously on all the tips and skills we should have as a property consultant. Money well spent. I will go back and get started on my powerpoint for my marketing. Big Thank You! AWESOME COURSE."

*Michelle Yeo, Real Estate Practitioner*

I'm new in the commercial property, indeed it's a very informative, knowledgeable effective learning curve for me. It has really changed my mindset totally about the commercial real estate to increase my ROI. I will practice the kungfu story. Well done!! For your great course that have enriched my skills in commercial investment.

*Koh Gee Fou, Real Estate Investor*

Dear David and Peter,

I would like to convey my appreciation to the both of you for conducting the 3 day course from 9 - 11 Oct'13. Through the 3 tedious days, you provided us with a great deal of helpful information and a whole lot of personal experiences. All of which, I believe, have and will benefit us tremendously. In addition, it is through this course and the both of you that I have been given invaluable insights into the Commercial and Industrial market. And for that, you have my sincerest gratitude. Please keep up the good work.

I look forward to the opportunity of us having business dealings together in the future and hope for your continued guidance. (or maybe you can visit me at my cheng ting store)

*Jeremy Soh, Real Estate Practitioner*

To share your testimonial, write  
in personally to David Poh at:  
[davidpoh@dpgroupi.com](mailto:davidpoh@dpgroupi.com)

**UPCOMING EVENTS**

**PROGRAM DATES**

**For Investors**

Date: 20<sup>th</sup> Feb 2014 (Thu)  
Time: 6:15PM - 10:15PM

Date: 21<sup>st</sup> Feb 2014 (Fri)  
Time: 6:5PM - 10:15PM

Date: 22<sup>nd</sup> Feb 2014 (Sat)  
Time: 10AM - 10PM (lunch & dinner)

**For Agents**

Date: 15<sup>th</sup> Jan 2014 (Wed)  
Time: 10AM - 10PM (lunch & dinner)

Date: 16<sup>th</sup> Jan 2014 (Thu)  
Time: 10AM - 10PM (lunch & dinner)

Date: 17<sup>th</sup> Jan 2014 (Fri)  
Time: 10AM - 8PM (lunch & tea)

**WORKSHOP DATES**

**For Investors**

Date: 30<sup>th</sup> Dec 2013 (Mon)  
Time: 7:00PM - 10:45PM

OR

Date: 7<sup>th</sup> Jan (Tue)  
Time: 7:00PM - 10:45PM

**For Agents**

Date: 20<sup>th</sup> Dec 2013 (Fri)  
Time: 2:00PM - 6:00PM

OR

Date: 3<sup>rd</sup> Jan 2014 (Fri)  
Time: 2:00PM - 6:00PM

For MORE DATES visit us at [www.asiawisdom.com.sg](http://www.asiawisdom.com.sg)

**CONNECT WITH US**

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