

Global citizen, global investor

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SINGAPORE: Singaporean Neo Que Yau talks about his most audacious property buys in cities around the world, especially his forays into the US' top-end residential market in recent years.

On May 29, Singaporean Neo Que Yau, celebrated the 20th anniversary of the company he founded, Euro Group International, with a cocktail party at Sum Yi Tai (“third wife” in Cantonese), a newly opened Chinese tapas bar with a 1980s Hong Kong gangster movie theme. The 200-odd guests sampled specialties such as Crispy Roast Pork with Chilli Oil Dip, Salt and Pepper Squid Tentacles and Crispy Salmon Skin with Salted Egg Yolk, washed down with white and red wines.

Incidentally, Euro Group’s property arm, Euro Properties, owns the three-storey conservation shophouse on 25 Boon Tat Street in the CBD, which is currently leased to Sum Yi Tai. Euro Properties purchased it for \$5.5 million five years ago. While the first two levels house the restaurant, the third level and roof terrace have been converted into a private rooftop bar. “We like to add value, reposition or redevelop if possible,” says Neo, a dapper 55-year-old in black bow-tie suit.

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The company is engaged in a wide range of businesses — from property development, investment and asset management (Euro Properties), to event and conference management (Euro Events), as well as executive search and recruitment in the banking sector in Asia (Euro Search). It has offices in Beijing, Singapore and Tokyo, as well as New York and

San Francisco in the US.

“Among the many asset classes that we have explored, the best investments have been in property, especially in the ultra-luxury segment,” observes Neo. A former investment banker with Goldman Sachs, he has lived in some of the major cities and financial centres around the world, such as London, New York and Tokyo.

Living large

Neo had originally moved to Hong Kong to pursue a career in banking, but he has made it his base since 1987. His current residence is a four-storey detached house in the posh Overthorpe Estate, on Mount Austin Road at The Peak, which was reportedly once the home of Hong Kong superstar Andy Lau Tak-wah.

He purchased the house in 2009 for a reported sum of HK\$75.8 million, then updated and repositioned the ageing property. The four-storey detached house boasts full-height glass windows with panoramic views of Hong Kong’s city skyline and Victoria Harbour, customised designer furniture and fittings, an indoor lap pool, a home theatre and exercise area. The rooftop has a lounge and barbecue area. “It’s a good core investment that we would like to hold,” he says.

Neo has also dabbled in the ultra-luxury residential market in Singapore. He had purchased a site where an old bungalow once sat at the corner of East Sussex Lane, off Holland Road. The site was redeveloped into a pair of

Good Class Bungalows, which were completed in 2006. One of the GCBs sits on a freehold land site of 15,091 sq ft and was sold for \$12 million (\$795 psf) in 2007.

The other GCB at East Sussex Lane became Neo's second home. The house, with a built-up area of 11,513 sq ft, contains five en suite bedrooms, including the master suite which has a custom-designed walk-in wardrobe and storage space for an extensive watch collection. There's a private cinema, a gym and home office, as well as a wine cellar for up to 1,000 bottles of wine. The house was furnished with Minotti pieces, with some of the bespoke furniture in the living room customised by Italian designer Massimo Mercurio. The house sits on a 15,102 sq ft freehold site and comes with a swimming pool and koi pond. It was sold in January 2014 for \$22.5 million (\$1,490 psf).

Focus on islands, peninsulas

Neo wants to continue developing ultra-luxury properties in proven locations. "I like to focus on islands or peninsulas, so we have investments in Singapore, Hong Kong and Manhattan [and] I would like to do something in San Francisco."

His most recent purchase was in Sydney, "because the Australian currency has dropped almost 30% against the US dollar since the peak," he says. The two sites he bought in Sydney about four weeks ago are located on Premier and Henderson Streets in Neutral Bay. On the site is an existing old house that Neo intends to redevelop into a 26-unit apartment project.

"We do ultra-luxury developments — bungalows and mansions, as well as luxury apartments and condominiums," says Neo. For instance, in Singapore, Euro Properties developed a boutique 24-unit freehold condo project in Lorong K Telok Kurau via EG Development. Called Cubik, the boutique five-storey condo was completed in 2011. The units are a mix of one- to three-bedroom apartments sized from 484 sq ft to 1,119 sq ft, with penthouses above 2,000 sq ft. The most recent transaction at Cubik was the resale of a 1,119 sq ft, three-bedroom unit for \$1.27 million (\$1,134 psf) in June last year. There are still some unsold units in the development.



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Neo has been focusing on the US housing market since the global financial crisis and is one of the earliest Asian investors there. “In the early stages of the crisis, we participated mainly through private equity and real estate funds, for instance with Blackstone Group and Starwood Capital, to purchase distressed assets that were being auctioned by the banks.”

Then, in 2011 and 2012, he felt it was time to develop the group’s own projects. That led to four acquisitions between October 2012 and 2013, primarily in New York and Connecticut. The acquisitions were made in time to ride the US housing market rally, which took off towards the second half of 2013.

Taking on New York City

About a week ago, Euro Properties soft-launched its maiden luxury condo in Manhattan on 118 East 59th Street. Neo reckons the official launch will take place two months from now. The 38- storey tower is designed by acclaimed architect Chan Soo Khian, principal of Singapore- based SCDA, who is responsible for luxury condos such as The Marque on Paterson Hill, Nassim Park Residences and Leedon Residence in Singapore. Chan is also the design architect for two other projects in New York, along the High Line at West Chelsea, namely 515 High Line and Soori Highline, which his company, Oriel Development, is jointly developing with New York-based luxury real estate developer Siras Development.

On 118 East 59th Street, there will be 29 apartments starting from the eighth floor, with commercial space on the lower floors. Each apartment will occupy an entire floor, with one-bedroom units sized at about 1,520 sq ft, two-bedroom apartments of about 1,775 sq ft, three-bedroom duplexes of 3,200 sq ft each, and topped by a single 5,200 sq ft triplex penthouse with four bedrooms and a private library. Indicative prices for the one- and two-bedroom apartments are said to range from US\$4 million to US\$8 million, with the triplex penthouse priced at around US\$38 million.

According to Neo, 118 East 59th is located in the vicinity of “Billionaires’ Row”, so called for its stratospheric penthouse prices. The most famous is One57, a luxury condo by Extell Developments, where an 11,000 sq ft duplex penthouse was sold last December for a record-breaking US\$100.5 million. Ze



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394 sq ft

triplex penthouse priced at US\$130 million. Located between 56th and 57th Streets is 432 Park Avenue by developer Macklowe Properties, which is said to be the tallest building in the Western Hemisphere, and where the penthouse has a price tag of US\$95 million.

Euro Properties is not the only Singapore group that has ventured into New York City. Last July, Keppel Land took a US\$70 million stake in an upcoming residential and retail tower on Manhattan's Upper West Side. The project will be developed by Macklowe Properties. At 53 West 53rd Street is the 72-storey condo tower to be constructed adjacent to the Museum of Modern Art, which Pontiac Land invested in two years ago, jointly with Hines Group and the Goldman Sachs Real Estate Principal Investment Area.

As for 118 East 59th, Neo's Euro Properties is developing it on its own. The group is reported to have purchased the site in 2013 for US\$49 million, from the family of real estate mogul Frederick Rudd of Rudd Realty, who had owned it since 1981. Euro Properties also bought development rights and a light, air and views easement at the property next door, 116 East 59th, for over US\$6 million. The new 38-storey tower will be a redevelopment of these two sites, where an existing four-storey building and an adjacent six-storey block are in the midst of being demolished.

Neo intends to market the project "around the world". He sees interest coming from Asian parents with children studying in the US, people who are working, or had worked, in New York, and investors who want a piece of a prime New York property. "So certainly, those will be our target market," he says. Euro Properties has appointed Brown Harris Stevens, an affiliate of Christie's International Real Estate, to handle the marketing of the project.

'Old rich areas, proven locations'

Euro Properties has emerged the buyer of several mansions and estates in "old rich areas" in New York, Long Island and Connecticut. According to Neo, "if you want to be in the ultra-luxury segment, being in the right location and buying a property with unique features are critical".



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One such purchase was a mansion sitting on a 6.5 acre site on Oneida Drive in Greenwich, Connecticut, in October 2012. The area has become a magnet for hedge funds over the years.

The original 9,000 sq ft Tudor-style house on Oneida Drive has historical significance as it was designed and built in 1928 by I N Phelp Stokes, a housing reformer, real estate developer and accomplished architect from a prominent and wealthy family in New York.

Neo has carefully restored and updated the estate, located in a private, gated waterfront community of Indian Harbour. Neo has subdivided the 6.5-acre estate into two smaller plots. The site that contains the 9,000 sq ft Tudor-style mansion sits on 3.6 acres, and is priced at US\$15 million, according to a listing on Homes.com. “What’s even more important is its waterfront location on an 800 ft shoreline right on Long Island Sound,” says Neo.

The other site will have a brand new eight-bedroom mansion with 11-foot ceiling and an indoor heated pool. “The approvals and plans are already in place,” adds Neo. The new house, which sits on about 2.66 acres, is listed at about US\$7.5 million.

Prior to that, Euro Properties purchased a mansion at New Canaan, Connecticut. The estate is on a sprawling 6.5 acres, with a 9,244 sq ft seven-bedroom main house and a separate guest cottage, a 10,000 sq ft sports barn with an NBA-level indoor basketball court, a bowling alley, an electronic golf simulator, a movie theatre for 30 people, a dance floor and a stage with state-of-the-art lighting, audio and visual system. On the property is also a trout pond.

The house was reported to have been owned by Rodney and Beverly Hawes, who had built the sports barn for the entertainment of their 25 grandchildren when they visited. The Hawes had purchased the property in 1981 and are said to have spent US\$25 million on it. Neo bought the property sometime in 2012 and he likes the location as it is in Fairfield County, “home to many of the Fortune 500 companies”, he adds, such as General Electric, Xerox and Emcor.



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Euro Properties had spent the last 18 months updating the property at New Canaan, before putting it on the market for US\$15 million.

That's not all. Euro Properties also snapped up a 19.24-acre site at Sands Point on Long Island. The area is considered "the Gold Coast" of Long Island, owing to its concentration of wealth. The many estates and mansions at Sands Point are said to have been the inspiration behind F Scott Fitzgerald's novel, *The Great Gatsby*.

Euro Properties is in the midst of getting a building permit as the site can potentially be subdivided into two-acre plots. And the property has a 628ft shoreline. "Our site is near Kings Point and has magnificent views of the Manhattan skyline," says Neo.

Over the years, he has developed a knack for knowing when to enter or exit the property market. He first ventured into the Hong Kong property market in 1989-1990, right after the Tiananmen Square incident, and exited in 1993. He first entered the Singapore property market by buying several terraced houses on Chwee Chian Road, off Pasir Panjang Road, in 1988, right after the recession, and exited several years later when prices escalated. Over the years, his property investments have seen returns of three times or more. "We've been lucky with the timing of the cycles," he says.

And now, the bet is on his US investments, which are the biggest part of his portfolio. Neo estimates the exit value on his US assets to be around US\$400 million. "I think there's still a lot of gas in the tank, and there's still potential for growth in the US market."

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