

# Macau



## Why Macau?

- ▲ Macau is the Las Vegas of the Far East, in 2004 producing \$5.4bn gaming revenue
- ▲ With China & Asia's rapidly growing middle class, Macau gaming revenue is now higher than Vegas and should surpass Vegas for visitor numbers by 2010
- ▲ 20 new casino hotels will be built in the next 5 years at cost of \$10bn in an area 3% the size of Hong Kong
- ▲ Completion of the Hong Kong—Macau bridge in 2009 will enable travel from Hong Kong to Macau by car or rail in under 30 minutes
- ▲ Macau prices average roughly ONE THIRD of similar property in Hong Kong
- ▲ Despite a small population of only 500,000, Macau receives over 25 million visitors each year
- ▲ Domestic tourism is doubling in China every decade, over 720m Asians live a 2 hour flight from Macau
- ▲ GDP Growth 10%+ per annum in Macau each year for past 5 years
- ▲ 70% loan-to-value mortgages over 30 yr repayment terms with low interest rates (subject to status)
- ▲ Capital Gains Tax = 0%

## **The Las Vegas of the Far East**

As one of the very few locations in Asia where casino gaming is legal, Macau is set to emerge as Asia's entertainment capital. With the opening of the Sands Macau, the largest casino in the world, in 2004, and Wynn Macau in 2006, gambling revenues from Macau's casinos rose to be greater than those of Las Vegas, making Macau one of the highest-volume gambling centres in the world. It is estimated that about 15 new casinos will become operational by the end of 2009 along with a number of new hotels. The new casinos and hotels are: The Venetian Macao (2007), Four Seasons (2007), Grand Hyatt (2007), Galaxy Cotai Megaresort (2008), City of Dreams (2008), Oceanus (2008), Mandarin Oriental (2009).

## **An exploding economy**

Macau's gaming-related tourist market gives strong support to the building of more casinos. Gaming is more popular in Asia than America, and with China the World's largest and growing middle class population on Macau's doorstep, the future of Macau gaming tourism is set to explode. Macau receives 25m tourist annually and rapidly growing, 104% higher in June 2005 than the same period in 2000. As a result, Macau's economy is growing extremely rapidly.

The average GDP growth rate between 2001 and 2005 was approximately 10% per year. In the second quarter of 2006, unemployment stood at 3.8%. From 1984 to the first half of 2005, savings have grown by more than 15 times, while the overall economy expanded by eight times during the same period.

## **Demand for medium-to-high quality residential property**

The economic benefits stemming from the casino and tourism industry will raise the demand for housing. Analysis shows that 7,000 to 15,000 expatriates will relocate to Macau just to cover the positions created by the new casinos. This influx of expatriates will set a strong demand base for medium to high-end residential properties and will absorb a large proportion of future residential supply. This estimation of demand does not take into account expatriates in sectors outside the gaming industry (hotels, entertainment facilities etc), or the natural growth of local demand for housing. Furthermore, the future Macau-Hong Kong-Zhuhai Bridge is also likely to attract Hong Kong citizens to either rent or buy properties in Macau due to comparatively cheaper property prices (the "Vienna Effect").

## **Excellent capital growth potential**

Overall, the sustainable economy boom, the demand for medium to high quality residential property and the limited supply of land will give a strong boost to property prices as well as to rental yields in the Macau market.

## **Tax haven (no CGT, low income tax)**

Along with Bermuda, the British Virgin Islands and the Bahamas, Macau is one of the most well-known offshore financial centres and tax havens worldwide. Income tax is low and there is no capital gains tax in Macau.

Banco Nacional Ultramarino, Banco Delta Asia, Seng Heng Bank and Tai Fung Bank are among the most influential banks in Macau, foreign banks include the Bank of America, the Bank of East Asia and HSBC.

## **Low prices by global city standards**

Property prices in Macau vary from HKD1,000 to HKD4,000 per sq/ft. The banking system (70% LTV payable over 30 years for non-residents) and comparatively low interest rates (currently at 5.25%) make Macau properties very affordable.

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