COLLIERS INTERNATIONAL
QUARTERLY RESEARCH REPORT

SINGAPORE

JANUARY 2007

THE KNOWLEDGE

Property Market Overview

Market Conditions as of December 2006

Singapore Economy

Stellar performance in whole of 2006 with 7.7% growth, despite mild moderation in 4Q 2006

The Singapore economy moderated slightly across all sectors in 4Q 2006, growing 5.9% on a year-on-year (y-o-y) basis, down from 7.0% in 3Q 2006. The manufacturing sector eased to 7.3% in 4Q 2006 from 9.5% in the previous quarter, due partly to weaker output in the electronics and chemicals clusters. In the same period, the construction sector moderated to 2.4% from 2.6% and the services producing industries also slowed down to 6.0% from 6.6% in 3Q 2006.

Nonetheless, this did not stop Singapore's economy from ending the year with a stellar 7.7% growth in 2006 as a whole, achieving official forecasts of 7.5% to 8.0%.

Going forward, Singapore's economy is expected to remain healthy with a favorable global climate but with further moderation in view of some downside risks, which include a slowing US economy, weaker global electronics demand and high oil prices. The economy is estimated to grow by 4% to 6% in 2007.

YEAR-ON-YEAR GROWTH IN GROSS DOMESTIC PRODUCT

	Quarter Performance		Annual Performance	
	3Q 2006 (Actual)	4Q 2006 (Advanced Estimates)	2005 (Actual)	2006 (Advanced Estimates)
Overall GDP	7.0	5.9	6.4	7.7
Goods Producing Industries				
Manufacturing	9.5	7.3	9.3	11.4
Construction	2.6	2.4	-1.1	1.1
Services Producing Industries	6.6	6.0	6.0	6.9

Source: Ministry of Trade and Industry / Colliers International Singapore Research

50 Raffles Place #18-01
Singapore Land Tower
Singapore 048623
Tel 65 6223 2323
Fax 65 6222 4901
www.colliers.com/singapore
RCB No. 198105965E

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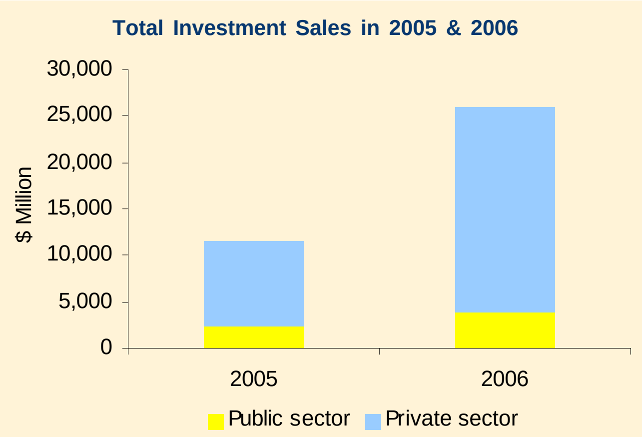
Investment Sales

Transaction volume sets historical high at $26 billion and stabilizes in last quarter

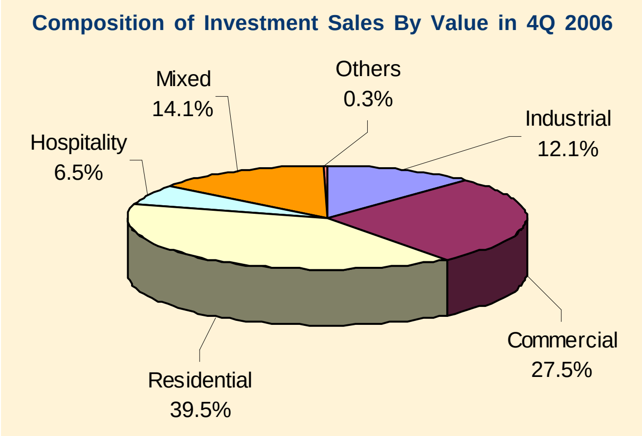
The year 2006 will be one to remember for the investment sales market. Following the record high of $11.6 billion set in 2005, the investment sales market went on to achieve a staggering two-fold jump to $25.9 billion. This is a result of bullish sentiment from developers and investors, particularly in the private sector, which contributed to the lion's share of 85.3% of the total investment sales value.



Source: Colliers International Singapore Research

Investment sales in 4Q 2006 totaled $5.4 billion, slowing some 21.4% against the last quarter's aggressive showing at $6.9 billion. The inflated value in 3Q 2006 can largely be attributed to the listing of three REITS in the Singapore Stock Exchange. Excluding the transfer of properties from sponsors to newly listed REITs, the total investment sales value in 4Q 2006 would actually exceed that of the last quarter by $400 million, or 8.0%.

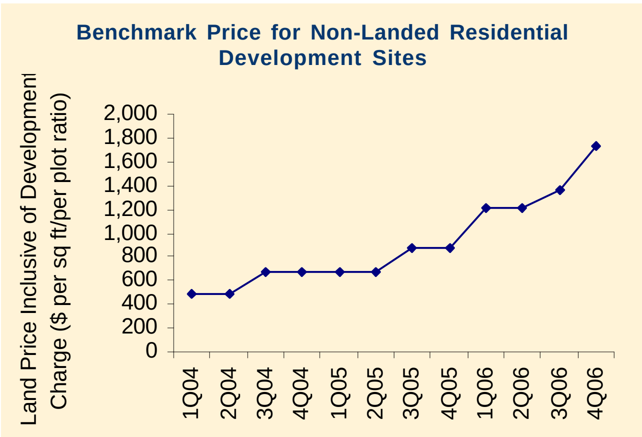
In the last quarter of 2006, the residential property sector continued to be the most significant driver of investment sales, contributing a total sales value of some $2.2 billion, or 39.5% of the total investment sales value in the period. However, the share of the residential property sector in the whole investment sales pie is showing a gradual waning as compared to its dominance of 41.9% in 3Q 2006, and 53.2% in 2Q 2006. This trend is likely to continue into 2007



Source: Colliers International Singapore Research

as supply of choice residential development sites diminishes, along with aggressive developer acquisitions.

Despite this, the land price of non-landed residential sites continued to set new records in 4Q 2006. The price of $1,358 per sq ft per plot ratio achieved by Pin Tjoe Court in 3Q 2006 was toppled twice in the period by the collective sale of Ardmore Point and the highest bid for The Parisian. Ardmore Point was sold for $1,369 per sq ft per plot ratio, inclusive of a $31.0 million development charge whilst The Parisian would be sold for $1,734 per sq ft per plot ratio, inclusive of a $10.4 million development charge if 80% approval by its owners is obtained. Although all three properties are located in the luxury residential belt, The Parisian, at Angullia Park has a more advantageous location being in close proximity to the Orchard MRT station and the future Orchard "Crown Jewel" – the Orchard Turn site above



Source: Colliers International Singapore Research

Orchard MRT station - as compared to Pin Tjoe Court and Ardmore Point, which are both located in the Ardmore area.

The second best performing sector, the commercial property sector, accumulated some $1.5 billion, or some 27.5% of the total investment sales value. Contrary to the residential sector, the share of commercial sector in relation to the other property sectors has been growing in strength; its share was 24.0% in 3Q 2006 and 23.7% in 2Q 2006.

Significantly, some $1.4 billion, or 95.0% of all commercial investment sales in 4Q 2006 was made up of office properties. This is closely related to the phenomenal growth of office rents, particularly in the second half of 2006, leading to the corresponding investor interest in office properties. The most significant commercial investment sale in 4Q 2006 in terms of absolute amount will be that of 78 Shenton Way to a property fund managed by Credit Suisse at close to $350 million, or $1,163 per sq ft of existing net lettable area. Credit Suisse is currently conducting due diligence for the acquisition. The price of $350 million is 2.3 times more than the $151 million, or $505 per sq ft of net lettable area it cost the seller, Ferrell Realty, when it bought the building in August 2004.

The industrial sector achieved some $661.4 million worth of investment sales, declining 22.6% from $854.1 million in 3Q 2006. Almost half of the $661.4 million is attributed to acquisitions by Australia's Macarthur Cook Property Investment in preparation for its impending industrial REIT listing in 2007.

In the public sector, the Government awarded a total of eight sites, out of which seven will have a positive impact on the hospitality and retail sectors in terms of increased hotel rooms, as well as increased retail and entertainment content. The most significant sites are the second integrated resort (IR) on Sentosa Island to Genting International and Star Cruises for $605 million or $164 per sq ft per plot ratio, and the commercial/hotel site at Collyer Quay to Sino Land, the sister company of Far East Organization, for $165.8 million or $1,540 per sq ft per plot ratio. The other five sites include two hotel sites at Mohamed Sultan Road and Bencoolen Street, and three agri-tainment sites in the Kranji area, which will allow for spa and farm-stay usage.

Going forward, the Government will be releasing a variety of sites for sale in 2007 through the government land sales (GLS) programme and other mechanisms. In the GLS programme for 1H 2007, a total of seven sites on the confirmed list and 32 sites on the reserve list were revealed. This is likely to ease the current office space shortage and build up the stock of hotel rooms. The most significant of these is a 1.03 ha white site along Central Boulevard and Shenton Way that could yield a potential 1.1 million sq ft of commercial space. This site will allow for a mix of prime office space and complementary hotel or retail uses, and has a requirement for a minimum amount of office space, which would be announced at a later date.

In addition to the GLS programme, more public land will soon be released for private projects in 2007 including:

INVESTMENT SALES IN 4Q 2006

Property Sector	Private Land Sales: Non-institutional ($mil)	Private Land Sales: Institutional ($mil)	Private Land Sales: Sub-Total ($mil)	Public Land Sales ($mil)	Grand Total ($mil)
Commercial	$722.23	$773.65	$1,495.88	$0	$1,495.88
Hospitality	$232.75	$0	$232.75	$118.80	$351.55
Industrial	$122.44	$534.70	$657.14	$4.30	$661.44
Residential	$2,111.00	$41.70	$2,152.70	$0	$2,152.70
Mixed Development	$0	$0	$0	$770.80	$770.80
Others	$14.50	$0	$14.50	$2.60	$17.10
Total	**$3,202.92**	**$1,350.05**	**$4,552.98**	**$896.50**	**$5,449.48**

Note: Figures may not add up due to rounding off

Source: URA / Colliers International Singapore Research

GOVERNMENT LAND SALES PROGRAMME FOR 1H 2007

Location	Site Area (ha)	Gross Plot Ratio	Permitted Use	Available Date
Confirmed List				
Handy Road	0.36	2.8	Residential	Jan 07
Choa Chu Kang Road / Woodlands Road (above Bukit Panjang LRT Depot)	1.5	3.0	Residential	Jun 07
Tampines Grande	0.8	4.2	Commercial	Mar 07
Beach Road / Middle Road	3.5	4.2	Commercial	Mar 07
Belilios Road / Klang Lane	0.3	3.5	White	Feb 07
Central Boulevard / Shenton Way	1.03	10.0	White	May 07
Fairy Point Hill	4.2	0.4	Sports & Recreation	Mar 07
Reserve List (New Sites)				
West Coast Crescent	1.2	2.8	Residential	Apr 07
Ang Mo Kio Ave 8	0.64	4.9	Residential	Jun 07
Anson Road / Enggor Street	0.35	9.66	Commercial	Mar 07
Outram Road / Eu Tong Sen Street	2.48	5.6	White	Jun 07
Victoria Street / Syed Alwi Road	0.75	4.5	Hotel	Apr 07
New Bridge Road	0.42	3.5	Hotel	Apr 07
Victoria Street / Jellicoe Road	0.42	4.5	Hotel	May 07

Source: Ministry of National Development / Colliers International Singapore Research

- Four plots to be released for building of private hospitals, medical suites and other supporting industries: three near existing public hospitals (Tan Tock Seng Hospital, Singapore General Hospital and National University Hospital) and a fourth in the north, which would cater to Malaysian medical tourists.

- More land for the warehouse retail developments is likely to be released in Jurong, Woodlands or Sembawang.

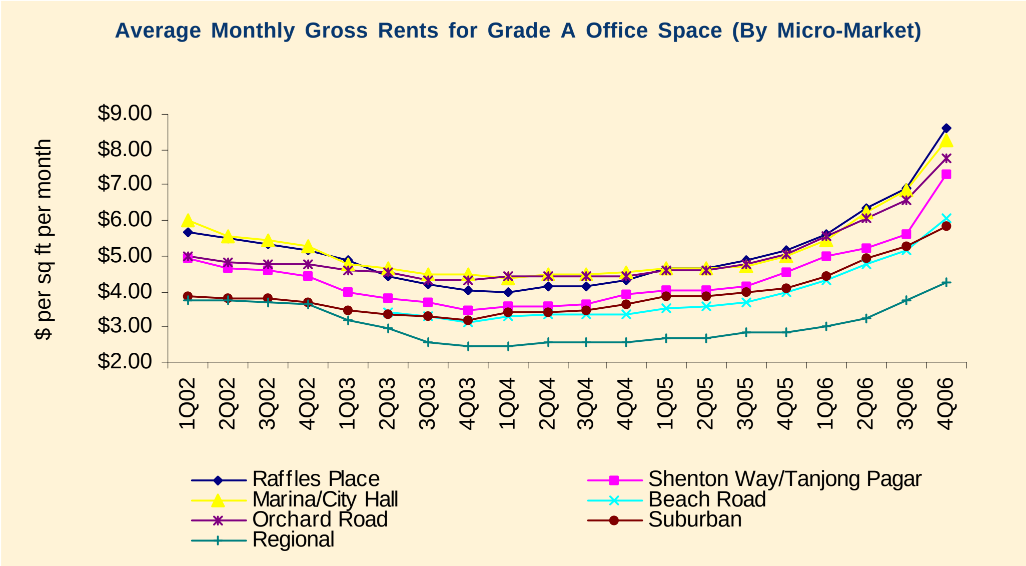
In summation, the investment sales market in 2007 is expected to be as vibrant and exciting as 2006 as sentiments for the property market remain high. The market for commercial properties is likely to remain strong, boosted by the continued strength of the office property market amidst acute supply shortage as well as the possible listing of an office REIT by City Developments Ltd and a hybrid commercial REIT by Mapletree Investment. At the same time, interest in the industrial sector is also likely to remain high with JTC Corporation's (JTC) expected realization of its property divestment via the REIT vehicle and a trade sale, as well as the impending listing of the Macarthur Cook's industrial REIT.

Office

Office sector ends the year with a bang

The office sector staged a sterling performance in the last quarter of 2006, with the average monthly gross rents of Grade A office space in Raffles Place chalking up an unprecedented 24.4% q-o-q growth, bringing the entire year's growth to an even more astounding 66.5%! As of December 2006, Grade A office space in Raffles Place commanded average monthly gross rents amounting to \$8.61 per sq ft, surpassing the last peak of \$7.77 per sq ft achieved in 1Q 2001 by 10.8%.

The sizzling quarterly performance was broad-based and not confined to the Grade A Raffles Place micro-market alone. In fact, except for Grade B office space in Orchard Road and Grade A office space in Regional locations, all other key micro-markets experienced their largest quarterly rental increases (ranging from 17.0% to 37.6%) since the market bottomed out in 1Q 2004. Rents of Grade B office space in Regional locations such as Tampines were estimated to have seen the largest quarterly hike amounting to 37.6% in the December quarter to average at \$3.55 per sq ft monthly. This could possibly be attributed to the tight supply of office space in



Source: Colliers International Singapore Research

Regional locations where Grade A and B office buildings were recording average occupancy rates of 99.1% and 98.3% respectively as of December 2006. On a y-o-y basis, the year concluded with rental levels some 33.0% to 69.5% higher than in 2005 across the various key micro-markets.

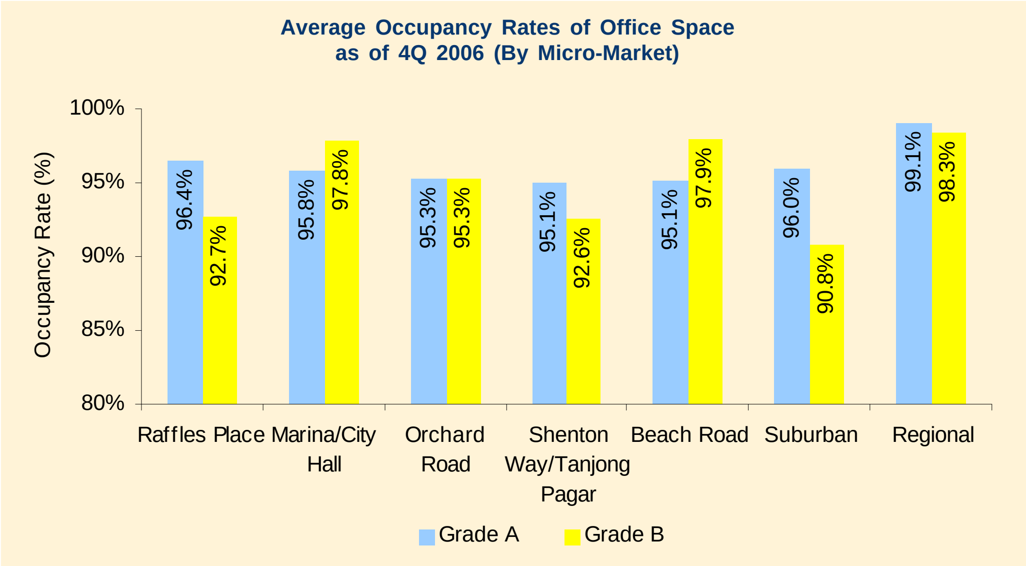
Not to be outdone, capital values of prime Grade A strata-titled office space too staged a historically high growth rate of 23.3% in 4Q 2006 and an annual growth rate of 48.0% in 2006. Transactional evidence of this fast-paced growth includes the sale of some 14,380 sq ft office space on the ninth floor of Suntec City Tower at $1,338 per sq ft in October 2006. In comparison, in January 2006, an office space of a similar size on the eleventh floor of the development was transacted at only $850 per sq ft. In another case, some 10,130 sq ft of office space on the 23rd floor of the freehold John Hancock Tower changed hands at $1,450 per sq ft in September 2006. In comparison, in October 2005, similarly large office space on the 13th floor of the office building was sold at only $950 per sq ft. On the whole, Grade A office space in Raffles Place was estimated to be worth some $1,553 per sq ft on average as of end-2006.

The phenomenal growth seen in office rents and capital values was achieved on the back of robust demand and an acute shortage of office space. Net absorption of office space reached a six-year high estimated at 2.9 million sq ft in 2006. This enabled islandwide occupancy rate to hit 90.1% by end-2006, finally breaking the 90% level for the first time since 1Q 1997. Supply of Grade A office space available for lease tightened further in the quarter with occupancy rates ranging between 95.1% and 99.1%.

AVERAGE MONTHLY GROSS RENTS FOR OFFICE SPACE

Micro-Markets	Average Monthly Gross Rents ($ per sq ft) 4Q 2006 Grade A	4Q 2006 Grade B	QoQ Change Grade A	QoQ Change Grade B	YoY Change Grade A	YoY Change Grade B
Raffles Place	$8.61	$6.18	24.4%	22.4%	66.5%	67.9%
Shenton Way / Tanjong Pagar	$7.30	$6.22	29.7%	29.6%	60.4%	69.5%
Marina / City Hall	$8.28	-	20.5%	-	66.3%	-
Beach Road	$6.05	$4.31	17.0%	31.0%	53.2%	51.2%
Orchard Road	$7.75	$5.97	17.8%	5.7%	53.5%	43.2%
Suburban	$5.84	$3.63	11.2%	16.3%	43.1%	33.0%
Regional	$4.25	$3.55	13.3%	37.6%	50.2%	37.6%

Source: Colliers International Singapore Research



Source: Colliers International Singapore Research

New supply in 2007 amounting to a mere 219,600 sq ft from projects such as Vision Crest and additions and alterations of an office building in Cecil Street will not provide any relief to the supply crunch as they will be more than offset by the withdrawal of office space in No. 1 Shenton Way, Overseas Union House and 71 Robinson Road for redevelopment. As such, rents will continue to face immense upward pressure. Looking at the sweltering pace at which rents had risen in 2006, average monthly gross rents of Grade A office space in Raffles Place are expected to breach the 1996's peak of $9.77 per sq ft by the first half of 2007 and to reach $12 per sq ft by the end of the year, representing an annual growth rate of close to 40%.

It is feared that if rents continue to rise unabated amidst a shortage of good quality office space, Singapore's drive to be an international financial centre may be undermined. This is because Singapore's competitiveness will be eroded to some extent, with rising rents and the shortage of supply not only limiting companies' expansion plans, but potentially discouraging prospective new entrants into Singapore, due to the lack of quality office space.

However, overcoming short-term shortage of good quality office space in the CBD remains a challenge for the Government. The attempt to release land via the 1H 2007 GLS Programme will ease the supply crunch only in the medium term as new buildings can be put up only in about two to three years' time. The leasing of vacant State properties, which are suitable for interim office use by the private sector, is only practical in meeting demand to a small degree and will only cater to those that do not require CBD locations e.g. training facilities for business operations and backroom support operations.

A possible option to relieve the short-term shortage of prime office space would be for the various Government departments, particularly those located in the CBD, to rationalize their office space usage and consolidate their operations, where possible, with a view to releasing the much needed office space for usage by the private sector. Whilst it is recognized that this is an ongoing exercise resulting in the relocation of some Government departments from the CBD to the suburban locations and the downsizing of yet other Government agencies, it would be appropriate for the Government to consider stepping up this review in the light of the lack of other stop-gap measures.

Retail

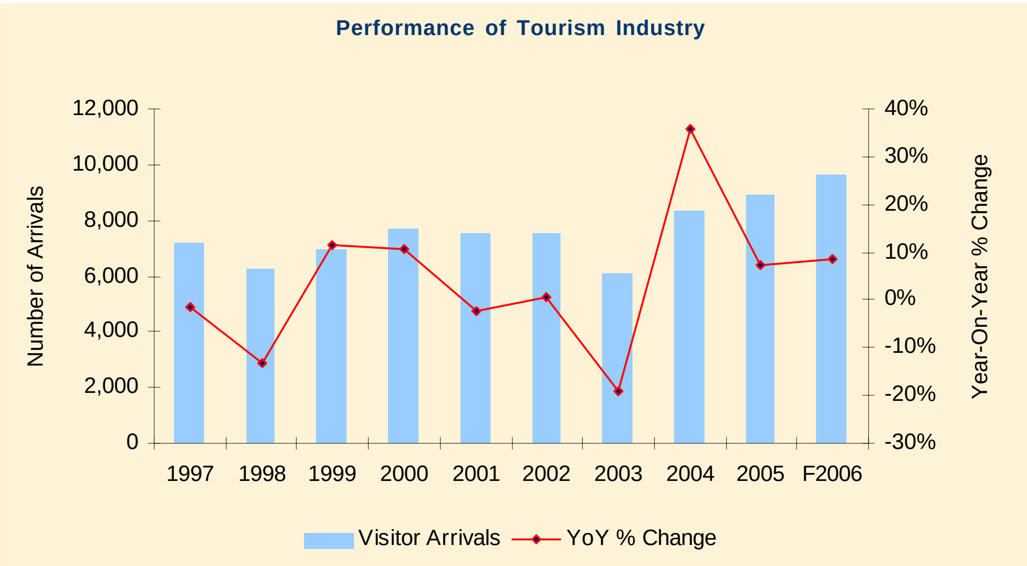
A quarter of new malls / extensions buzz

The retail sector ended the year buzzing, with the openings of a record number of new malls/extensions to malls. At least six new malls or extensions to existing malls were successfully opened for business in the quarter, including Singapore's largest mall, VivoCity (1.04 million sq ft) at HarbourFront. VivoCity opened to much fanfare in October with crowds numbering 168,000 thronging the mall on its first business day. The other five malls which opened in the quarter were Centrepoint Annex (66,478 sq ft) in Orchard, Courts Megastore (116,250 sq ft) and Ikea (193,750 sq ft) both at Tampines; and Velocity @ Novena (69,000 sq ft) and Connectz (24,111 sq ft) of United Square Shopping Mall, both on Thomson Road. The successful openings of these malls brought much cheer to the retail property sector as they rebuffed fears of a supply glut. However, it may be too early to read too much into the successes of these malls as the crowds would have been attracted largely by the novelty effect. Moreover, the opening of these malls also coincided with peak consumer spending period brought about by the school holidays, Christmas shopping spree as well as the payout of year-end bonuses by corporations.

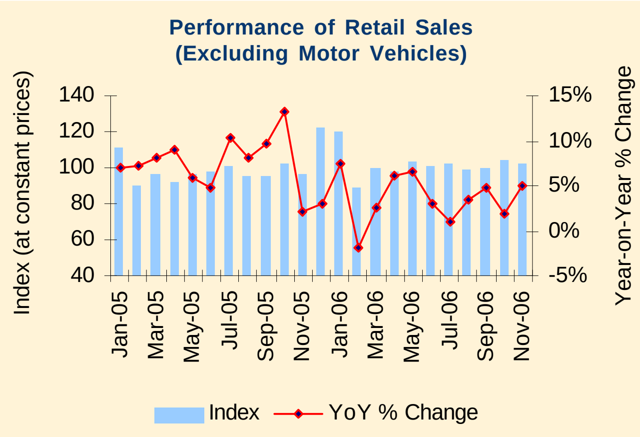
The quarter also saw the successful award of the 65-hectare land parcel on Sentosa Island for the development of Singapore's second IR (the first being at Marina Bay) to leisure-related consortium, Genting International and Star Cruises for its proposal known as Resorts World on Sentosa Island, anchored by one of the world's largest Universal Studios theme parks. The resort will also include three other world-class gated-attractions, a retail mall, a casino and six hotels. Touted to draw some 10 million tourists, generate a value-add of $2.7 billion to gross domestic product (or about 0.8% of gross domestic product) and create 30,000 jobs by 2015, this new tourism icon slated for completion in 2010 is envisioned to be at the forefront of Singapore's evolving image in the global tourism industry as a 'must-visit' leisure destination for families in this region.

Amidst the opening of new malls and the award of the IR on Sentosa Island, Singapore continued to welcome a growing number of visitors. In the first eleven months of the year, some 8,845,220 visitors arrived in Singapore, reflecting a growth of 9.0% over the same period in 2005. For the year as a whole, the number of visitor arrivals is expected to exceed the 9.6 million target set by the Singapore Tourism Board.

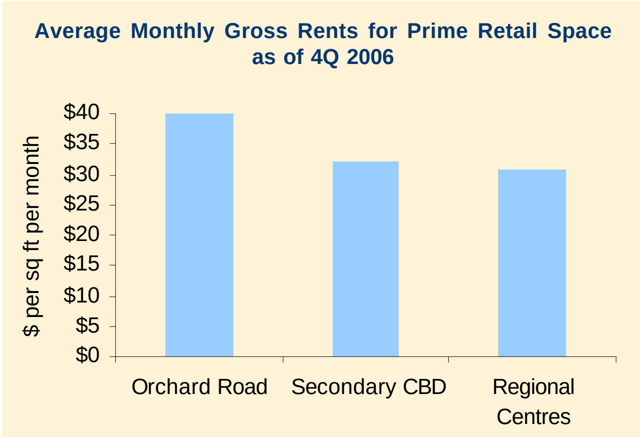
Retail sales, too, posted positive performance given the healthy tourism growth and an improved labour market. The retail sales index (ex-motor vehicles) registered a y-o-y increase of 4.9% in November.



Source: Singapore Tourism Board / Colliers International Singapore Research



Source: Colliers International Singapore Research



Source: Colliers International Singapore Research

Buoyed by optimism in the retail sector, prime retail rents continued to post gains in 4Q 2006. Average monthly gross rents for prime ground floor retail space in Orchard Road, secondary CBD and regional centres edged up by 1.9%, 4.9% and 3.3% to $40.00, $32.00 and $30.88 per sq ft respectively.

Compared to 2006's exciting line-up of mall openings, 2007 will be a relatively less colourful year for the retail sector as majority of the retail projects scheduled for completion are either ancillary retail spaces or entertainment-focused developments such as e!Hub at Pasir Ris, Jack Investment's shopping mall at Victoria Street and Kallang Leisure Park (redevelopment) at Kallang. New completions will decline considerably from 2006's 2.71 million sq ft to approximately 540,774 sq ft in 2007.

The slowdown in new supply, coupled with healthy demand on the back of sustained consumer confidence, will provide support for average monthly gross rents of prime retail space to nudge up by some 3% to 5% in 2007.

KNOWN RETAIL SPACE SCHEDULED FOR COMPLETION IN 2007

Name of Development	Location	Net Lettable Area (sq ft)
VisionCrest's (retail space)	Clemenceau Ave / Oxley Rise / Penang Road	6,862
Warehouse Retail Scheme - Giant Hypermarket	Tampines Ave 10 / Pasir Ris	104,410
SMRT's MRT stations (A&A)	Bugis / Tiong Bahru / Khatib Expo / Kranji / Paya Lebar / Redhill	8,611
Peranakan Museum's (retail space)	Armenian Street	9,042
Kallang Leisure Park (redevelopment)	Stadium Walk	121,761
Icon Village @ Icon Condominium	Gopeng Street	45,004
The Sail @ Marina Bay (retail space)	Marina Downtown	20,000
e!Hub	Pasir Ris	130,103
Jack Investment's Shopping Mall	Victoria Street	94,981
	Total	**540,774**

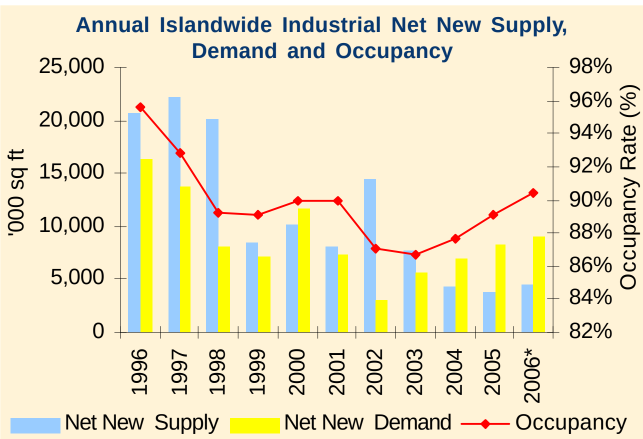
Source: URA / Colliers International Singapore Research

Industrial

Rents of conventional industrial space revive after two-year plateau

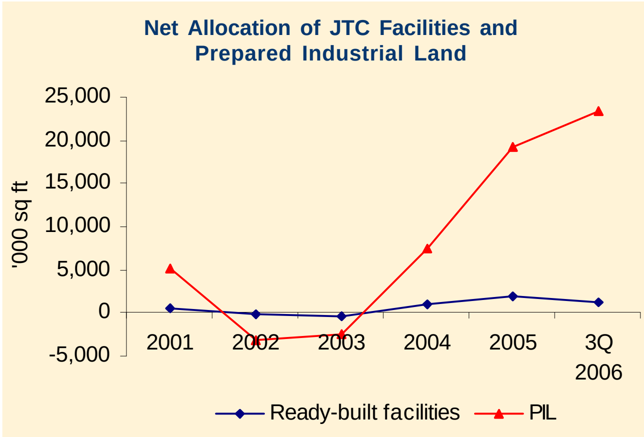
The year 2006 was a year of renewal for the industrial property sector. After a two-year plateau, rents for conventional industrial space are finally seeing significant upturn for the year as a result of three consecutive years of demand outperforming supply resulting in occupancy rates returning to healthy levels above 90%.

Net new demand for industrial space in 2006 was estimated to have exceeded 9.0 million sq ft, 10% higher than the 8.2 million sq ft absorbed in 2005. Net new supply, on the other hand, was estimated to total approximately only half of net new demand amassed for the year. Significant industrial completions for 4Q 2006 included the latest Biopolis II (398,264 sq ft), which consists of two seven-storey buildings - Neuros and Immunos, as well as warehouse retail building Courts (224,212 sq ft). As demand far outstripped supply for three consecutive years leading to an easing of oversupply of industrial space, the islandwide occupancy rate of industrial space finally breached the 90% mark – a level capable of spurring rental growth.



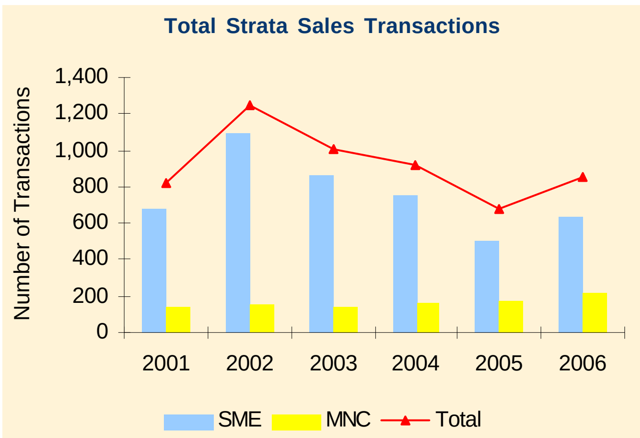
* Estimated Source: URA / Colliers International Singapore Research

Large-sized multi-national and local corporations, which typically take up prepared industrial land from JTC and strata industrial space in excess of 10,764 sq ft, were the main drivers of industrial space take-up in 2006. These large corporations took up more than 23.5 million sq ft of prepared industrial land from JTC in the first nine months of 2006 alone, 22.7% more than the net allocation for the entire year of 2005. The take-up of ready-built facilities, which are mainly taken up by small-and-medium-sized enterprises (SMEs) due to the smaller built-up area, had only reached 60.2% of 2005's level.



Source: JTC Facilities Report 3Q 2006

The strata sales market was also active in 2006. A total of 848 transactions took place in the year, some 25.8% more than the 674 transactions in 2005. The three best performing strata developments in the year were 8@Tradehub21 (76 transactions), Cendex Centre (67 transactions) and Frontier (29 transactions).



Source: URA / Colliers International Singapore Research

Note:
Assuming that industrial space less than 10,764 sq ft are for SME use, and space above 10,764 sq ft are for MNC use.

AVERAGE MONTHLY GROSS RENTS OF INDUSTRIAL SPACE

Type	Floor	4Q2005	3Q2006	4Q2006	QoQ Change	YoY Change
Prime Flatted Factory	Ground	$1.57	$1.65	$1.71	1.2%	8.9%
	Upper	$1.17	$1.25	$1.31	3.3%	12.0%
Prime Flatted Warehouse	Ground	$1.42	$1.50	$1.59	2.0%	12.0%
	Upper	$1.00	$1.08	$1.17	3.8%	17.0%
Hi-Specs Factory	Ground	$1.97	$2.12	$2.20	3.8%	11.7%
	Upper	$1.83	$1.92	$2.00	4.2%	9.3%

Source: Colliers International Singapore Research

As a result of continued strong demand and rising occupancy levels, rents of prime freehold conventional industrial space staged strong increases between 8.9% and 17.0% in the whole of 2006 after some five to nine quarters of stagnancy. The rate of growth improved most significantly in the last quarter of 2006, by between 3.6% and 8.3%. Significant industrial leasing deals in 4Q 2006 included Ingram Micro Asia which leased 105,108 sq ft at Changi North Industrial Park, DHL which leased 54,186 sq ft at 80 Alps Avenue and Westech Industries which leased 34,394 sq ft at 15 Tai Seng Drive.

Rents of hi-specs space, which have picked up by a far six quarters earlier than that of conventional factories from 4Q 2004, saw upward movement between 9.3% and 11.7% y-o-y in the whole of 2006 and 3.8% and 4.2% q-o-q in 4Q 2006. Lured by the fast rising hi-specs rents, developers have started to look into turning existing conventional factories into hi-specs space. For example, Ho Bee intends to amalgamate and redevelop its recent acquisitions of two blocks of double-storey light industrial buildings located at 29 and 31 New Industrial Road, as well as a block of four-storey factory building at 55 Jalan Pemimpin into hi-specs industrial buildings.

As leasehold factories are more affordable than their freehold counterparts, they had seen stronger demand and chalked up remarkable growth in capital values amounting to 16.1% y-o-y in 2006 and 5.9% q-o-q in 4Q 2006 for upper-floor space. The capital values of prime freehold factory and warehouse spaces had remained stable in the whole of 2006.

Moving forward, demand for industrial space in 2007 is expected to moderate from 2006's strong performance, due in part to the expected softening of Singapore's economy as well as the global chip sector in 2007. Nonetheless, it is still likely to remain healthy with further manufacturing, aerospace and logistics commitments announced. These include Seagate which will spend $1.3 billion over the next four years to build a 581,251 sq ft recording media plant close to its existing plant in Woodlands, aerospace company Nordam which is boosting its maintenance, repair and overhaul (MRO) plant in Changi North plant by 60,000 sq ft by 2008 and semi-conductor firm IM Flash, a joint venture between Intel Corp and Micron Technology which will be spending $4.7 billion to build a wafer fabrication plant here which is anticipated to start production in 2008.

AVERAGE CAPITAL VALUES OF INDUSTRIAL SPACE

Type	Floor	4Q2005	3Q2006	4Q2006	QoQ Change	YoY Change
Prime Freehold Factory	Ground	$461	$461	$461	0.0%	0.0%
	Upper	$327	$327	$327	0.0%	0.0%
Prime Leasehold Factory	Ground	$237	$237	$241	1.7%	1.7%
	Upper	$155	$170	$180	5.9%	16.1%
Prime Freehold Warehouse	Ground	$426	$426	$426	0.0%	0.0%
	Upper	$282	$282	$282	0.0%	0.0%

Source: Colliers International Singapore Research

As a result, rents of conventional and hi-specs industrial space are likely to continue to see growth ranging between 5% and 8% and up to 10% respectively in 2007. The resulting strengthening of yields may put some upward pressure on capital values by up to 5% in the year.

Residential

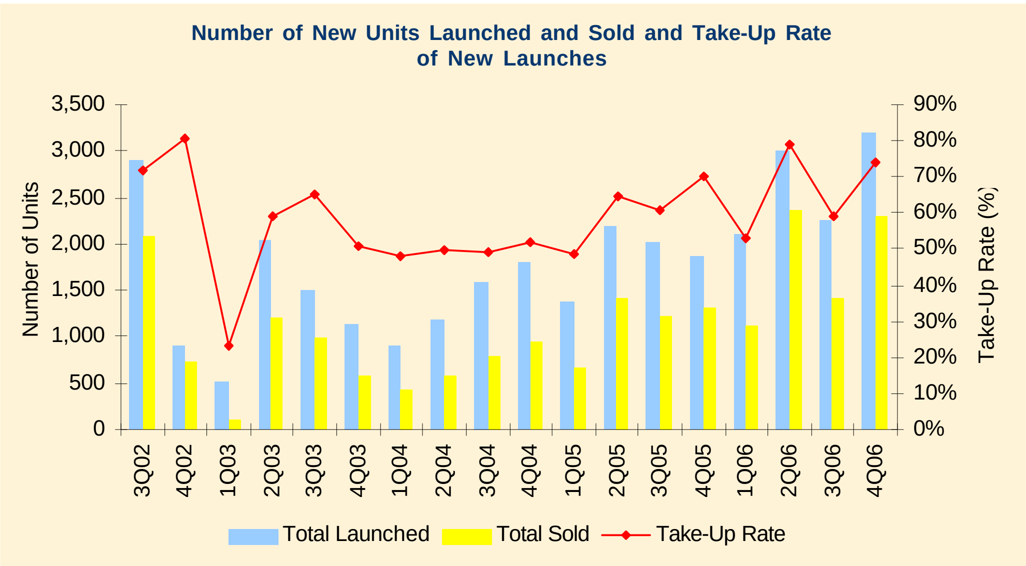
Frenzied buying of high-end homes ends year on high note

Optimism in the residential property market leapfrogged to a new level in the quarter with a continuous string of new projects receiving overwhelming sales success – a scene not seen since the market dipped after the Asian Financial Crisis in 1997/98.

The buoyancy in developers' sales market wherein selective projects achieved quick sales and set benchmark prices reached a peak in 4Q 2006. Four projects were either sold out within the first few days of official launch or preview. These projects are Regency@Tiong Bahru, Grand Duchess, Ford@Holland and Marina Bay Residences. The most phenomenal of all project launches during the quarter was the preview of the 428-unit Marina Bay Residences. All the apartments were snapped up within two days of the preview and the official launch for the project had to be called off. Other projects which were not sold out but saw impressive sales take-up included The Lumiere, The Metropolitan, Sixth Avenue Residences, The Tribeca and The Centris.

In total, developers launched some 3,200 units in the October to December quarter, bringing the entire year's launch volume to 10,573 units. This is 29% more than 2005's launch volume and the highest level since 1996's volume of 11,520 units. The lightning speed at which new units were snapped up in 4Q 2006 boosted the average sales take-up rate of new projects launched in the quarter to 74%, a level not seen since 4Q 2002, when take-up of new units launched reached 81%. For the year as a whole, developers were estimated to have sold a total of some 9,600 new units in 2006, surpassing the recent high of 9,485 units in 2002.

Frenzied buying of high-end homes drove up prices of luxury properties. At Marina Bay Residences, the initial average launch price of $1,850 per sq ft was quickly breached with a three-bedroom unit on the high floor being sold at $2,700 per sq ft. Encouraged by strong take-up, the developer (joint venture between Keppel Land, Hong Kong Land, Cheung Kong Holdings & Hutchinson Whampoa) put the penthouse units up for an unprecedented tender in which a benchmark price of $3,450 per sq ft for an 11,102-sq ft Uber penthouse was set.



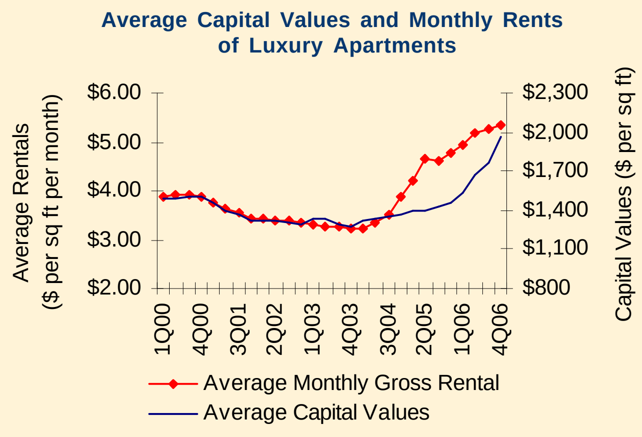
Source: Realis / Colliers International Singapore Research

MAJOR PROJECTS LAUNCHED IN 4Q 2006

Development Name	Location	Tenure	Developer	Average Launch Price ($ per sq ft)	Total No. of Units in Development
Non-Landed					
Blossoms @ Woodleigh	Woodleigh Close	Freehold	Allgreen Properties Ltd	$630	240
One Amber (Phase 2)	Amber Gardens	Freehold	SingLand / UOL Group / UIC Ltd	$770	562
The Coast	Sentosa Cove	99-yr	Ho Bee Group	$1,500	249
The Centris (Phase 2)	Jurong West Central	99-yr	Prime Point Property	$500-$550	610
St Patrick's Loft	St Patrick's School	Freehold	Roxy Homes	$650	37
Buckley 18	Buckley Road	Freehold	Hong Realty Pte Ltd (Hong Leong Group)	$1,300	49
The Montage	Lor M Telok Kurau	Freehold	Roxy Homes	$680	33
Regency @ Tiong Bahru	Chay Yan Street	Freehold	UOL Group / UIC Ltd	$830-$850	158
Ferraria Park Condo	Flora Drive	999-yr	Tripartite Development Pte Ltd	$500-$530	472
Worthington	Haig Road	Freehold	Ban Kim Lee Development Pte Ltd	$630	36
The Metropolitan	Alexandra Road / Tiong Bahru Road	99-yr	CRL Realty Pte Ltd / Lippo Group	$750-$800	382
The Vesta	Lor K Telok Kurau	Freehold	Tiong Aik Group	$650	20
Palm Oasis	Lor H Telok Kurau	Freehold	World Class Property Pte Ltd (Subsidiary of Aspial Corporation Ltd)	$680	56
The Tribeca	Havelock Road	Freehold	City Developments Ltd	$1,420	175
The Inspira	Arnasalam Chetty Road / Narayanan Chetty Road	Freehold	Meadows Bright Development Pte Ltd (Subsidiary of Tiong Aik Group)	$1,050	120
One @ Pulasan	Pulasan Road	Freehold	Teambuild	$680	31
Grand Duchess	St Patrick's Road	Freehold	UIC Investments Pte Ltd	$700-$740	121
The Ford @ Holland	Ford Avenue	Freehold	Hoi Hup Realty	$1,218	85
Meyer Residences	Meyer Place	Freehold	Sing Holdings	$780	68
Marina Bay Residences	Marina Bay	99-yr	Keppel Land / Hong Kong Land / Cheung Kong Holdings / Hutchinson Whampoa	$1,850	428
Sixth Avenue Residences	Sixth Avenue	Freehold	Keppel Land / SingLand	$1,000	175
Lumiere	Mistri Road	99-yr	BS Capital	$1,600	168
Landed					
Sommerville Regency	Lorong Selangat	Freehold	Wah Khiaw Developments Pte Ltd	$1.2-$1.58 mil	15 Townhouses
The Swettenham	Swettenham Road	Freehold	Glaxton Trading Pte Ltd	N.A.	4 Bungalows
Bungalows @ Caldecott	Caldecott Hill	Freehold	Koh Brothers Group	$6.5-$8.8 mil	4 Bungalows
Marlene Vile	Serangoon Gardens	Freehold	Fong Tat Holding	$1.18-$1.4 mil	17 Cluster Terraces

Source: Colliers International Singapore Research

The stratospheric price level achieved for Marina Bay Residences set the tone for high selling prices of luxury projects launched earlier in the year, which together resulted in the average capital values of luxury apartments reaching an unprecedented high of $1,970 per sq ft, quashing the mid-1990's record of $1,778 per sq ft by 10.8%. With average monthly gross rents of luxury apartments averaging at $5.36 per sq ft per month as of December 2006, investors will be looking at net rental returns in the region of 3.0% for completed properties.



Source: Colliers International Singapore Research

The escalating prices of luxury apartments continued to have a pulley effect on the URA's all-residential property price index, which staged the largest y-o-y growth since 1999 amounting to 3.7% in 4Q 2006, based on advanced estimates. For the year as a whole, the all-residential property price index will have recorded an annual growth of 10% in 2006, two-and-a-half times faster than the 3.9% annual growth recorded for 2005.

At this rate and with all economic indicators continue to look bright, a broader-based growth is forecast for the residential property market for 2007. The sky-rocketing prices of luxury homes may price some buyers out of this market. However, they can be expected to divert their attention to quality mid-tier projects in established residential locations, though. The broad selection of projects in this tier scheduled for launch in 2007 will provide potential purchasers with a wide variety of choices and could moderate price increases to between 8% and 12% in general, with prices of well sought-after projects rising by a higher magnitude of up to 20%. Some of the mid-tier projects scheduled for launch in 2007 include Lippo Group's 252-unit development at Kim Seng Road, the 264-unit project by Singapore Press Holdings at Thomson Road and CapitaLand's 322-unit project at Meyer Road/ Jalan Daliah.

Whilst demand for mass-market projects is expected to be robust in 2007, price growth will be capped by a lacklustre Housing & Development Board (HDB) resale market, price sensitivity of HDB upgraders and an ample though dwindling unsold stock. Prices of mass-market projects should continue to firm, in general, with price growth of up to 10% seen for projects with strong locational advantage such as proximity to MRT stations. Likely launches of mass market projects in 2007 include Allgreen's 240-unit Blossoms @ Woodleigh, Fraser Centrepoint Homes' 225-unit Clementi Woods Condominium, NTUC Choice Homes' mixed development in Yew Tee and its joint-venture project with Wing Tai, a 556-unit residential project in Tanah Merah Kechil.

At the luxury tier, the buying frenzy is likely to continue into 1H 2007 as numerous high-profiled launches are expected. These include City Development's 341-unit One Shenton Way, Phase 2 of Keppel Land's Keppel Bay – the 99-year leasehold 1,160-unit Reflections, possibly S C Global's MarQ on Paterson Hill, Capitaland and Sun Hung Kai Properties' 177-unit luxury development at Orchard Turn and Ho Bee Investments' collection of 29 bungalows on Paradise Island at Sentosa Cove. The buying frenzy may cool off in 2H 2007 unless more prominent launches are scheduled or further revolutionary economy-boosting initiatives are announced by the Government in the year to lift market sentiments to greater heights. Price growth of luxury homes is expected to moderate from 2006's 35% to between 12% and 18% in 2007 with the bulk of the increases likely to occur in the first half of the year.

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Notes:

For more information contact Tay Huey Ying at:

50 Raffles Place #18-01
Singapore Land Tower
Singapore 048623
Tel 65 6223 2323
Fax 65 6222 4901
www.colliers.com/singapore
RCB No. 198105965E

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