

Property Market Monitor



Singapore Edition

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SPECIAL INTEREST ARTICLES

- Global Real Estate Transparency Index
- Asia Pacific Property Digest
- Asia Pacific Property Digest – South East Asia
- The Evolving Industrial Landscape of Singapore

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The Economy

Singapore's Economy Continues Robust Growth

Flash estimates for 3Q07 continue to reflect the strong growth in the Singapore economy despite the recent US sub-prime mortgage issue and the potential slowdown of the American economy. The 9.4% growth in the economy was supported by broad-based expansions across several sectors, particularly construction and manufacturing. The solid performance is a strong indication that Singapore is on track in meeting its full-year economic forecast target of 7–8%.

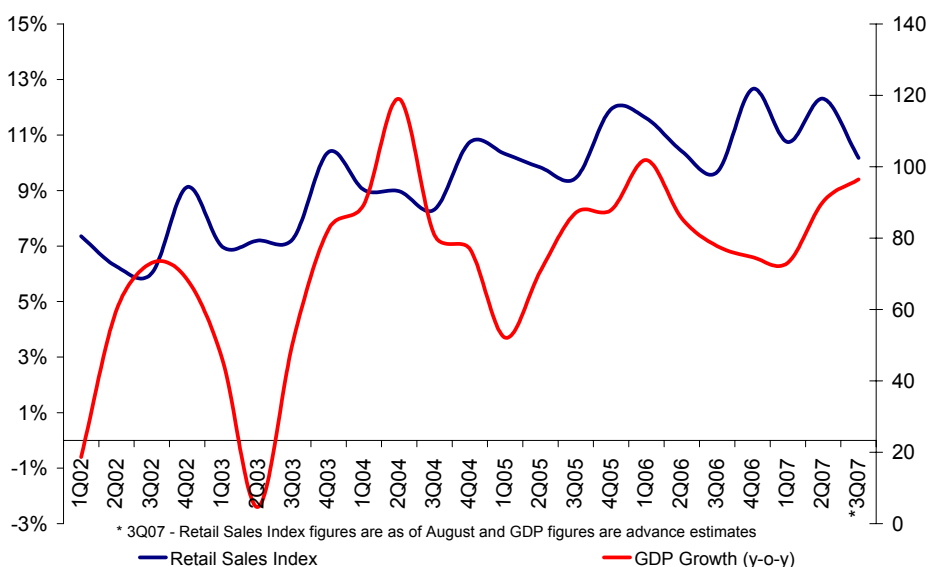
Singapore Dollar Rising Strongly Against the US Dollar

The Singapore dollar surged strongly against the US dollar to reach a ten-year high—something not achieved since August 1997—and exceeded the psychological SGD 1.50 benchmark. The weakening of the greenback could be attributed to the Federal Reserve's aggressive slash of interest rates in September by half a point and Asian investors pulling out of US dollar-denominated assets as the US economy continues its volatility.

Open Skies Agreement Sealed

Singapore and the UK signed a liberal Open Skies Agreement (OSA), allowing Singapore Airlines access to the British air space and the trans-Atlantic route between the British Isles and the US, and likewise for British airlines out of Singapore. Prior to this recent agreement, the UAE was the only other country that Singapore had a similar deal. With this latest deal, it means that Singapore Airlines now has access to the key trans-Atlantic London–New York leg. •

GDP Growth vs Retail Sales Index



Source: Department of Statistics (DOS)

Office

Investment Sales Continues Its Pace in October

In October, Allco Commercial REIT bought KeyPoint Building, located in Jalan Sultan/Beach Road area, for SGD 370 million or SGD 1,186 per sq ft of NLA. The acquisition of the office building was on the assumption that the initial net property income yield will be 4.65% for the first 12 months, including an income support of SGD 10.5 million. The month also witnessed Dapenso Building flipped for the third time in the past year, effected by KOP Capital's acquisition of shares in East Coast (Cecil) Investment Pte Ltd. KOP Capital indicated that it will spend SGD 80 million on addition and alteration works, which will result in a 14-storey building with a NLA of 113,000 sq ft. Additionally, there are ongoing market talks that deals for 78 Shenton Way and Hitachi Towers are in the advanced stage of negotiations. Market is expecting the latter to set a new benchmark price of over SGD 3,000 per sq ft.

Redevelopment of Ocean Building

Keppel Land announced its intention to redevelop Ocean Buildings and Ocean Towers into a new office development - Ocean Financial Centre (OFC). The 43-storey OFC will inject 850,000 sq ft of prime Grade A office space upon its completion in 2011. Ocean Building, with a NLA of 402,000 sq ft, will be demolished, whereas Ocean Towers, with a NLA of 229,000 sq ft, will remain functional while the construction takes place. Meanwhile, Keppel Land expressed that previous tenants of Ocean Building, as well as existing tenants in Ocean Towers, have shown interest in moving into the OFC.

Sim Lian Won Tender for Toa Payoh Site

Sim Lian Development Pte Ltd successfully won the bid for a Toa Payoh commercial site next to HDB Hub for SGD 38.23 million or SGD 847.54 per sq ft per plot ratio. The 99-year leasehold site has an area of 15,035 sq ft and a permissible GFA of 45,105 sq ft, which reflects a gross plot ratio of 3.0. Sim Lian plans to develop a 10-15-storey high office building with retail space on the ground floor and a NLA that amounts to 37,000 sq ft. The bid is based on projections that it can receive an average gross monthly rent of SGD 8 per sq ft for the office space and SGD 15-20 per sq ft for the retail space upon project completion in approximately two years' time. •

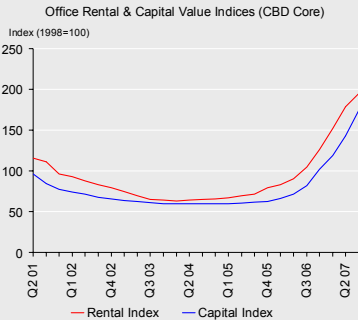
Key Indicators

Occupancy Rates (end-quarter)	1Q07 (%)	2Q07 (%)	q-o-q Change (%)	2Q06 (%)	y-o-y Change (%)
Average CBD Core	96.8	97.2	+0.4	94.2	+3
Raffles Place and its vicinity	97.5	97.7	+0.1	94.6	+3
Shenton Way	98.3	98.6	+0.4	94.4	+4.2
Cecil Street	96.2	96.2	0	94.4	+1.8
Robinson Road	96.4	97.3	+0.9	95.1	+2.2
Marina Centre	99.2	98.5	-0.8	96.5	+2

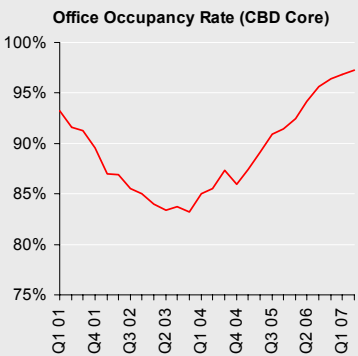
Source: Jones Lang LaSalle, July 2007

CBD Core Office Market	2Q07	3Q07	q-o-q Change (%)	3Q06	y-o-y Change (%)
Capital Value Index	142.6	173.9	+21.9	81.7	+112.8
Rental Value Index	178.4	194.6	+9.1	104.5	+86.21

Source: Jones Lang LaSalle, September 2007



Source: Jones Lang LaSalle, October 2007



Source: Jones Lang LaSalle, October 2007

Residential

Mass Market Projects Feeling the Heat

Flash estimates for 3Q07 by the Urban Redevelopment Authority (URA) and the Housing and Development Board (HDB) have shown the highest quarterly growth over the past few years. Strong filtering effect from the high-end market has led the mass market in July and August to increase by 8%. In the same period, the HDB also showed a strong growth of 6.5%. Developments such as Botannia (SGD 823 per sq ft) and Fontaine Parry (SGD 771 per sq ft) have sold all units during their initial launches.

Competitive Bidding For Popular Residential Site

The Government Land Sales (GLS) site, with a size of 190,000 sq ft along Simon Road, led to strong competition among five developers. This popular neighbourhood with well established infrastructure have made it a highly contested tender exercise. The site was awarded to a new firm - Duke Development at SGD 290 million or SGD 437 per sq ft per plot ratio. The other bidders include, key players such as Far East Organisation, Hong Leong Holdings, Frasers Centrepoint and Allgreen Properties. Breakeven for this site is expected to be about SGD 800 per sq ft. The 555 units in this new development is likely to fetch between SGD 850 and SGD 950 per sq ft.

Future Establishment of Marina Bay

This quarter, the average price of the first residential project in Marina Bay, The Sail @ Marina Bay, has almost doubled that of its initial launch price. Positive response from investors and buyers led the government to release more land parcels for development. Fresh concepts for a new waterfront residential development on a 60 ha site with an estimated 11,000 housing units at Marina South, are being sought through a public contest. To ride on the strong wave of downtown living, the last residential plot of Marina Bay Financial Centre (MBFC) – Marina Bay Suites, is expected to be launched in early 2008. This 223-unit niche development is expected to have a different concept to that of the Marina Bay Residences. •

Major Recent New Launches

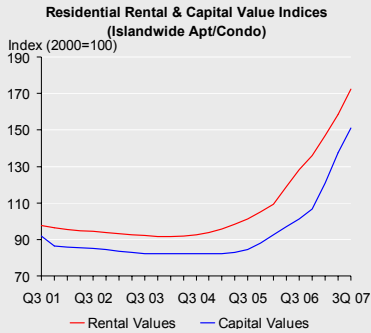
Project	Developer	Tenure	Units Launched	Median Average Price (SGD per sq ft)
Grange Infinite	Grange Properties Pte Ltd	FH	68	3,201
Dukes Residence	Manston Land Pte Ltd	FH	10	1,817
Three Buckley	Gazalle Land Pte Ltd	FH	11	1,647
The Beacon Edge	Heritage Realty Pte Ltd	FH	32	1,306
Turquoise	Ho Bee Group	99-yr	50	2,587

Source: Jones Lang LaSalle, October 2007

Selected Major Sales Transactions (Prime Apartment/Condominium)

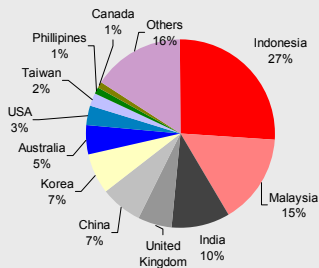
Project	Unit No	Floor Area (sq ft)	Price (SGD million)	Average Price (SGD per sq ft)
Park Infinia At Wee Nam	# 21-02	1,464	2.40	1,639
The Twins	#05-02	2,260	3.22	1,416
Telok Blangah House	#08-01	1,776	2.13	1,200

Source: URA, October 2007



Source: Jones Lang LaSalle, October 2007

Percentage of Foreign Buyers in 3Q07-Islandwide



Source: Jones Lang LaSalle, October 2007

Selected Major Leasing Transactions

District	Property	Floor Area (sq ft)	Monthly Rental (SGD)	SGD per sq ft per month
Prime	The Light @ Cairnhill, Blk 19 #10-16	2,443	12,500	5.12
Prime	Cuscaden Residence, Blk 28 #15-09	1,238	7,000	5.65
Prime	UE Square, Blk 207A #13-61	1,055	4,700	4.45
Prime	The Paterson, Blk 63 #19	1,313	7,000	5.33

Source: Info-Tools, Jones Lang LaSalle, June/July 2007

Retail

Growing Retail Sales and Visitor Arrivals in August

In spite of a dip in transactions and a GST hike in July, overall retail sales reported a positive growth of 6.7% in August compared with the same period in 2006. Total sales are estimated to be SGD 2.59 billion, contributed mainly by department stores, supermarkets and provision and sundry shops. Making a significant contribution to the retail sales, tourist arrivals in August reported a 4.7% y-o-y growth. This is also the highest number of visitor arrivals registered in the month of August since 1997. The top five tourist-generating markets in August are Indonesia (159,000), the People's Republic of China (114,000), Australia (62,000), Japan (58,000) and India (56,000).

Niche Estate Drew Retailers' Interest

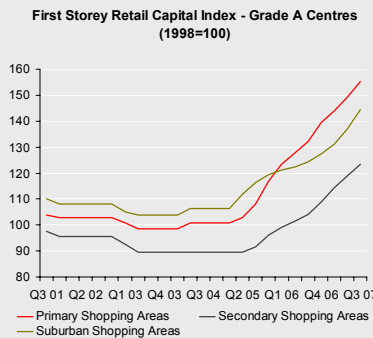
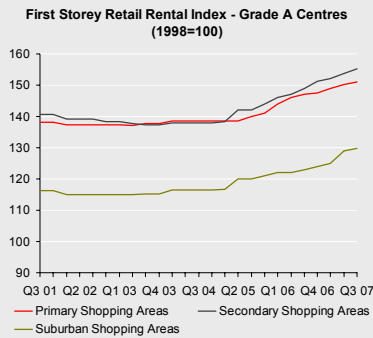
The latest hang-out area in Tanglin Village has caught many retailers' attention and interests on the remaining land. Leases are generally short as the land use intention is to convert to the area into residential use by 2015. In spite of the transient nature of this current land use, retailers continue to flock to the area. Two recent released plots in Tanglin Village drew an estimated 38 bidders. Many were from the F&B industry. The highest bids for these two parcels far exceeded the guide rentals by at least twice. The success of Tanglin Village has further led the Singapore Land Authority (SLA) to explore other such enclaves including Keat Hong Camp in Choa Chu Kang (former Singapore Armed Forces camp) and Phoenix Park along Tanglin Road (former headquarters of the Home Affairs Ministry).

Small Boutique Retailers Favourable To Retail Mall Owners

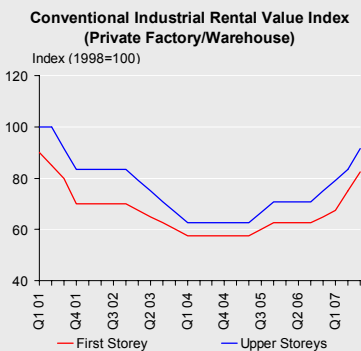
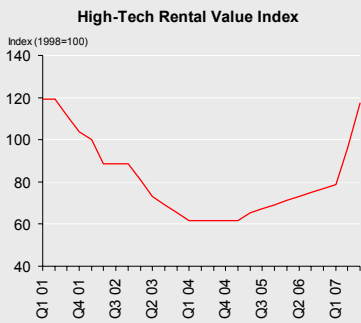
Many REIT malls are attracting smaller speciality retailers as they pay higher base rentals. In comparison, departmental stores and hypermarkets were reportedly paying an average of SGD 7 per sq ft per month. Mall managers are faced with rising pressure to ensure that overall rentals continue to provide decent returns to their shareholders. Departmental stores will thus have to constantly reposition themselves to remain as relevant anchor tenants that mall managers desire to have in their malls. •

Key Indicators

	Aug 2007	m-o-mM from July 2007 (%)	y-o-y from Aug 2006 (%)
Retail Sales Index at Current Prices	96.1	0.7	6.7
Retail Sales Index at Current Prices (excluding motor vehicles)	101.6	-1.9	8



Source: Jones Lang LaSalle, October 2007



Source: Jones Lang LaSalle, October 2007

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	Aug 2007	m-o-m from July 2007 (%)	y-o-y from Aug 2006 (%)
Visitor Arrivals	911,000	-4.3	4.7
Average Hotel Occupancy (%)	89	-3	2.2
Average Hotel Room Rate (SGD per room per night)	198	7	28.4
Revenue per Available Room (SGD)	177.4	5.3	31.7

Source: DOS, Singapore Tourism Board, August 2007

Major Retail Sales Activity

Unit No	Property/Location	Price (SGD million)	SGD per sq ft	Size (sq ft)
#02-37B	The Riverside Piazza/Keng Cheow Street	0.95	992	958

* Transactions above SGD 500,000

Source: URA, October 2007

Industrial

German Company Wieland Group Sets Up Jurong Plant

The electronics industry in Singapore gets a lift as German company Wieland Group, a world-renowned copper manufacturer, spent SGD 125 million on a facility located in Jurong that produces copper strips. Being a pioneer in South East Asia, the facility utilises a practice known as cold rolling, an essential phase for high-end production in the shaping of copper sheets and strips to suit consumers' needs. As Asia's demand for copper strips rises, this facility in Singapore will be well placed to facilitate the growing market needs. This 290,625-sq ft plant is a boost to Singapore's precision engineering sector.

Menlo's SGD 4.4-million Logistics Expansion in Singapore

Menlo Worldwide, a principal international supplier of logistics services, is posed to fork out SGD 4.4 million in a 93,000-sq ft multi-client distribution centre and a 14,400-sq ft centre in Jurong and Changi, respectively. This establishment will help meet customer needs in computer manufacturing, high-tech and consumer products sectors.

Ascendas to Provide More Hi-Tech Space with Green Technology

Faced with the shortage of high-tech space in Singapore, Ascendas won the rights from JTC Corporation to develop a revolutionary multi-tenanted high-tech space establishment (approximate GFA: 452,084 sq ft) in International Business Park. Expected to be completed by end-2009, this development will involve environmental-friendly green technology that will enhance energy efficiency by 30%. This creates a possible yearly savings of up to SGD 250,000.

A-REIT's SGD 277-million Venture

A separate development costing a total of SGD 277 million in Changi Business Park and Jurong respectively by A-REIT is announced. The Changi Business Park project involves a development of 452,084 sq ft build-to-suit business park space to cater to a 'leading international financial institution', reportedly Citibank. The other Jurong project involved the development of industrial space at Pioneer Walk in Jurong on a 30-year lease. With ramp-up specifications, the SGD 86 million facility with a lettable floor area of 867,667 sq ft would be expected to complete in the second half of 2008. •