



# OFFICE SNAPSHOT SINGAPORE

# AUGUST 2006

## Summary

### Office Market Update

- Tightening prime office space and buoyant demand continue to push up rentals. Overall, prime rents now stands at an average of \$6.36 per sq. ft./mth (US\$48.29 per sq. ft./year) in July, a 3.0% increase from June. Office rents for the Top 25 grade A office buildings in the CBD area also inched upwards by 3.3% to an average of \$6.72 per sq. ft./mth (US\$51.02 per sq. ft./year) in the same month. According to the URA, office rentals rose 6.6% in Q2 2006 as compared to the 2.3% increase in Q1 2006.

### 71 Robinson Road

- Singapore Telecom is getting ready to launch 71 Robinson Road, formerly known as Crosby House, for sale with an expected selling price of approximately \$110 million. The development with a land area of 24,531 sq ft has obtained provisional permission in 2005 to redevelop the building into a slightly over 50-storey project comprising more than 300 apartments, 6 levels of car parks and commercial use on ground level.

### The Quayside Isle

- The Quayside Isle on Sentosa Cove, a 99-year leasehold hotel, commercial and condominium project to be developed by City Developments is estimated to cost \$580 million in total. The 7-storey Westin Quayside Isle Resort & Spa and the 6-storey condominium are expected to be in operation and launched in 2008 and second half of 2007 respectively. The 3-storey commercial component in the project will have 61,702 sq ft of GFA. The lower 2 storeys will be for retail use while the top storey will be for small office, home office.

### Revitalisation of Marina Bay

- The Urban Redevelopment Authority (URA) has offered 3 plots which are around the upcoming Marina Bay Integrated Resort for sale. It was revealed that one of the sites could be used for a low-rise public attraction; the second, a boutique hotel and the third, a passenger terminal complete with hotel, retail and entertainment facilities. The URA has invited the private sectors to come up with other ideas before the sites are released to the market.

### REITS

- Cambridge Industrial Trust (CIT) launched its IPO on July 14 offering 206.1 million units at 68 cents each after a delay of about one month. The yield forecasted is 7.71% for the rest of 2006. CIT has an initial portfolio of 27 properties worth \$519 million.

### The Economic & Business Environment

- The GDP growth for Q2 2006 rose by 8.1% y-o-y according to release from the Ministry of Trade and Industry. The manufacturing sector and services industries grow by slower rates at 12.0% and 6.4% respectively in Q2 2006.
- The Singapore government has set up a new scheme which will provide the local small and medium-sized enterprises (SMEs) with an estimated fund of \$500 million. This fund can be used to fund SMEs for securing overseas projects, buying fixed assets such as factories, buildings and land overseas.
- A \$1 billion fund has been allocated to set up international research centres in Singapore. This is a five year plan which the Singapore government aims to bring eventual new economic growth and improve employment. The sectors which benefit from this fund are expected to provide 86,000 jobs and generate value add of \$30 million by 2015.
- 10 local industries got together to form associations and have tie-up with the Singapore government to invest \$60 million in new projects that will contribute \$1 billion to the economy and create 6,500 new jobs in the next 3 years.
- CPI fell by 0.6% q-o-q in May 2006 mainly due to lower housing cost (i.e. lower service and conservancy charges).

### Key Leasing Transactions

- Republic Plaza (Raffles Place) – Searchworks has relocated to another unit of approximately 3,400 sq ft within the building.
- 79 Anson Road (Rest of Golden Shoe) – Infotouch has relocated to another unit of approximately 8,700 sq ft within the building.
- Lippo Centre (Rest of Golden Shoe) – Austen Maritime has relocated to another unit of approximately 10,000 sq ft within the building.
- OUB Centre (Raffles Place) – Standard Chartered Bank has expanded its current office space.

Prime Office Rents								
District	Achievable Rent (Net Effective)			% Change From (in S\$)				
	US\$ /Sq-F/Yr	Euro /Sq-M/Yr	S\$ /Sq-F/Mth	Last month	12 months ago	From Bottom (Aug 04)	Peak (Mar 01)	Short Term Trend
Raffles Place*	51.88	439.83	6.83	3.8%	41.4%	60.9%	-8.1%	↗
Rest of Golden Shoe Area*	39.69	336.48	5.23	3.6%	31.3%	49.9%	-19.9%	↗
City Hall/ Marina Centre /Bugis*	48.52	411.40	6.39	1.9%	37.3%	45.7%	-16.9%	↗
Orchard/ Museum / Scotts	47.20	400.15	6.22	0.3%	36.7%	42.5%	-9.2%	↗

\* Constitutes Downtown Core  
N.B. Rest of Golden Shoe Area include Anson Road, Robinson Road, Cecil Street, Maxwell Road & Tanjong Pagar Areas

Prime Office Values – 2Q 2006							
District	Achievable Price (Gross)			% Change From (S\$)			
	US\$ /Sq-F	Euro /Sq-M	S\$ /Sq-F	Last month	3 months ago	12 months ago	Peak (Mar01)
Raffles Place	744	6,381	1,190	N/A	10.2%	28.6%	-25.2%
Rest of Golden Shoe Area	507	4,343	810	N/A	8.0%	20.9%	-36.7%
City Hall/ Marina Centre /Bugis	675	5,791	1,080	N/A	8.0%	17.4%	-28.9%
Orchard/ Museum / Scotts	635	5,443	1,015	N/A	8.9%	16.7%	-22.2%

N.B. Capital Values are tracked on a quarterly basis and the exchange rate is as at Jun 2006. Values derived are valuation-based.

Latest Economic Indicators – August 2006					
	Latest Release		Average 2005	Average 2006F	Average 2007F
Real GDP Growth	2 <sup>nd</sup> Quarter 2006	8.1%	6.4%	6.7%	5.1%
Unemployment	2 <sup>nd</sup> Quarter 2006	2.9%	3.1%	N/A	N/A
Prices (CPI)	June 2006	-0.6%	0.5%	1.4%	1.4%
Prime Rate	July 2006	5.3%	5.3%	End Oct'06 5.3%	End Ju'07 5.3%

Source: Cushman & Wakefield, Asia Pacific Consensus Forecast, Department of Statistics, Monetary Authority of Singapore, Ministry of Manpower

### Key Investment Transactions

- Asia Insurance Building (Raffles Place) – The Ascott Group has bought over Asia Insurance Building from Asia General Holdings for \$109.5 million (\$730 psf of gross floor area). The 999-years leasehold development has a gross floor area of about 150,000 sq ft.
- Apex Towers (Rest of Golden Shoe) – The freehold Apex Towers was bought over by a local investor for \$52.6m. The development has a net floor area of 89,998 sq ft.

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