



OFFICE SNAPSHOT SINGAPORE

JUNE 2006

Summary

Office Market Update

- Prime office rents are now at an average of \$5.82 per sq. ft./mth (US\$44.23 per sq. ft./year) in May.
- Office rents for the Top 25 grade A office buildings in the CBD area continue to grow from an average of \$5.96 per sq. ft./month (US\$45.29 per sq. ft./year) in April to an average of \$6.18 per sq. ft. (US\$46.97 per sq. ft./year) representing a 3.7% rise in May.
- The Central Region offices saw a 1.6% price increase and a 2.65% rise in rentals in Q1 2006 while vacancies of private offices fell from 13.1% in Q4 2005 to 12.3% in Q1 2006 according to the Urban Redevelopment Authority (URA).

Commercial Supply and Demand

- One Raffles Quay, South Tower (553,000 sq ft) has received the Temporary Occupation Permit in April 2006 while that for the North Tower (767,000 sq ft) has been targeted for end-October. Together, the development will add 1.32 million sq ft of lettable office space to the supply in 2006. However, the development has been more than 85% pre-leased.
- Credit Suisse has planned to house the more than 900 support personnel it intend to hire in 2007 in their new premises of 110,000 sq. ft. at One Raffles Quay which will have a capacity for 1,400 staff.

Somerset Central Site

- On May 2, 2006, URA accepted an application from a private developer to put the above commercial site located along Orchard Road for public tender. The 99-year site has a land area of 7,311.7 sq.m. and maximum gross floor area of 39,410 sq.m. The developer has committed a minimum bid of S\$400 million (approximately S\$943 psf on GFA) in the public tender which will close at noon on August 12, 2006.

Marina Bay Resort

- Las Vegas Sands won the bid to build Singapore's first integrated resort to be called Marina Bay Sands. Las Vegas Sands had committed the highest development investment of S\$3.85 billion. The total investment will exceed S\$5 billion which includes the land cost of S\$1.2 billion for 20.6ha and associated capital cost. The proposal by Las Vegas Sands will significantly strengthen Singapore's position as a leading MICE destination. It is setting aside convention space of 110,390 sq.m to host up to 54,000 delegates. This is good news for the job market too as the operator has also pledged to provide over 10,000 jobs at the resort with 75 percent of them going to the locals. The project is targeted to complete by 2009.

Sentosa Integrated Resort

- The focus will now be on the Sentosa IR after Las Vegas Sands winning bid at the Marina Bay IR. Unlike Marina Bay, Sentosa will have a family resort theme with the main draw to be the themed attractions, which could range from indoor to water-based rides and parks. The complex will be built on a 49 ha plot of land with a land price of \$605 million. The Sentosa Resort will have 343,000 sq.m for hotels, retail outlets and spas with the casino size limited to just 15,000 sq.m. Five parties are said to be interested in the project and the contenders have until October 10, 2006 to submit their proposals and the winner will be known by the end of the year. Like the Marina Bay Resort, the Sentosa IR is slated for opening by 2009 too.

The Economic & Business Environment

- The Singapore economy expanded by 10.6% in Q1 2006 according to figures released by The Ministry of Trade and Industry. This has prompted the Ministry to revise 2006 growth forecast from 4-6% to 5-7%. The better than expected Q1 2006 growth was led by strong external demand and supported by sustained gain in domestic demand.
- CPI rose by 0.5% over March 2006. The highest increase came from housing followed by transport and communication.
- Singapore was ranked third in world competitiveness after Hong Kong and the US.
- According to a study by KPMG, Singapore has the lowest-start up cost and this has made it one of the most attractive locations for a business.
- The International Congress and Convention Association has ranked Singapore No. 2 for the World's Top Convention city ranking for the second year and placed Singapore as Asia's Top Convention City for the 7th time since 1995.

Key Leasing Transactions

- Suntec City (City Hall/Marina Centre) – CLSA leased approximately 12,000 sft
- One Raffles Quay (Raffles Quay) – Credit Suisse leased approximately 110,000 sft
- Keppel Bay Tower (Suburban) – Syngenta leased approximately 19,000 sft

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	3 months ago	From Bottom (Aug 04)	Peak (Mar 01)	Short Term Trend
Raffles Place*	46.17	388.16	6.08	1.4%	5.8%	43.3%	-18.2%	↑
Rest of Golden Shoe Area*	37.04	311.41	4.87	1.3%	9.3%	39.6%	-25.4%	↑
City Hall/ Marina Centre /Bugis*	46.10	387.58	6.07	11.1%	14.5%	38.4%	-21.0%	↑
Orchard/ Museum / Scotts	44.24	371.95	5.82	0.7%	3.9%	33.4%	-15.0%	↑

* 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 – 1Q 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	666	5,971	1,080	N/A	4.9%	19.3%	-32.1%
Rest of Golden Shoe Area	462	4,146	750	N/A	2.7%	15.4%	-41.4%
City Hall/ Marina Centre /Bugis	661	5,528	1000	N/A	0.5%	9.9%	-34.5%
Orchard/ Museum / Scotts	555	4,975	900	N/A	3.4%	8.4%	-28.6%

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

Latest Economic Indicators – June 2006					
	Latest Release		Average 2005	Average 2006F	Average 2007F
Real GDP Growth	1 st Quarter 2006	10.6%	6.4%	6.2%	5.2%
Unemployment	1 st Quarter 2006	2.6%	3.1%	N/A	N/A
Prices (CPI)	April 2006	0.5%	0.5%	1.5%	1.4%
Prime Rate	May 2006	5.3%	5.3%	End Aug06 5.3%	End May07 5.4%

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

Key Investment Transactions

- 22 Martin Road (Suburban) – ACE Properties Pte Ltd bought the freehold AIG Building for \$32,500,000.
- 55 Market Street (ex-Sinsov Building) (Raffles Place) – Allico Reit has bought the 999 years leasehold refurbished development for \$72.5 million (\$969 psf on net lettable area). The development has a total net lettable area of 74,788 sq ft.

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