COLLIERS INTERNATIONAL
QUARTERLY RESEARCH REPORT

SINGAPORE

JULY 2006

THE KNOWLEDGE

Property Market Overview

Market Conditions as at June 2006

Singapore Economy

On Track To Meet High End of GDP Forecast With Strong Showing in 1H 2006

Singapore's economy grew by an estimated 7.5% on a year-on-year (YoY) basis in 2Q 2006, slowing down from last quarter's 10.7%. The manufacturing sector continued to drive the economy in the quarter, although at a slower pace of 10.2%, mainly due to a lower output from the biomedical manufacturing cluster. Growth in the services producing industries moderated to 6.8%, the result of easing of growth across all service sectors. The decline in the construction sector continued to decelerate to 0.3%.

For 1H 2006, Singapore's economy has achieved a strong average growth of 9.1%. This would put it on track to achieve the higher end of the Ministry of Trade and Industry's revised GDP forecast of between 5.0% and 7.0% for the whole of 2006. The previous GDP forecast of between 4.0% and 6.0% was revised after the strong showing in 1Q 2006.

YEAR-ON-YEAR GROWTH IN GROSS DOMESTIC PRODUCT

	2Q05	3Q05	4Q05	2005	1Q06	2Q06 (Advance Estimates)
Overall GDP	5.7	7.6	8.7	6.4	10.7	7.5
Goods Producing Industries						
Manufacturing	5.9	13.1	14.2	9.3	20.2	10.2
Construction	-1.1	-1.4	-0.8	-1.1	-0.8	-0.3
Services Producing Industries	5.8	6.8	7.2	6.0	8.2	6.8

Source: Ministry of Trade and Industry, Singapore

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Investment Sales

Investment Sales Continued To Soar Amidst Upbeat Sentiment

Developers and investors continued to be upbeat about the mid to long-term prospects of Singapore's property market, snapping up a total of $6.6 billion worth of investment properties and development sites in 2Q 2006, 8.2% more than the $6.1 billion chalked up in the previous quarter.

Investment sales in the quarter was boosted by the successful award of the Marina Bay Integrated Resort (IR) site, the continued collective sales fever and the listing of a commercial real estate investment trust (Reit) on the Singapore stock exchange.

In fact, the award of the Marina Bay IR site to Las Vegas Sands at $1.2 billion was the single largest investment sales transaction in 2Q 2006. Excluding this award, the value of investment sales at $5.4 billion would actually be 11.5% lower than that of last quarter.

Residential development sites were the flavour of the quarter in the investment sales market, accounting for 55% of all investment sales value. Collective sales of residential properties continued to power ahead despite fears of market saturation. A total of 19 residential development sites worth some $2.9 billion were successfully sold on a collective basis, almost two-and-a-half times more than the $1.2 billion accumulated in the preceding quarter. Acquisition of land for residential redevelopment remained concentrated in the prime luxury residential belt denoted by the old postal districts of 9, 10 and 11 with all but five sites located in this belt.

The most significant acquisition of residential development sites in terms of unit price in the quarter was that of Beverly Mai at Tomlinson Road. The Hotel Properties Ltd acquired it for $238.0 million, or a unit price of $1,184 per sq ft of gross floor area inclusive of development charge. This is just 3% lower than the most expensive transaction last quarter – Eng Lok Mansion that was transacted at $1,218 per sq ft of gross floor area with no development charge payable.

The largest single residential development site transaction in terms of absolute price in the quarter was that of Waterfront View at Bedok Reservoir Road for $487.2 million (inclusive of $102.2 million payable to the State for lifting the title restriction to enhance the site's plot ratio and for topping up the land lease from 78 years to the full 99 years), or $241 per sq ft of potential gross floor area. The 99-year leasehold collective sale site was bought jointly by Far East Organization and Frasers Centrepoint Limited.

En-bloc purchases of commercial properties amounted to $1.4 billion in the quarter, forming the second largest segment of investment sales in 2Q 2006, after residential. However, 45% of this volume was accounted by the "transfer" of $630.7 million worth of commercial properties to K-Reit, which was successfully listed on Singapore's stock exchange in the quarter. The remaining 55% of investment sales value of commercial properties were contributed by the sale of SIA Building, HB Robinson and Robinson Centre at Robinson Road, 55 Market Street and Paradiz Centre at Selegie Road.

TOTAL INVESTMENT SALES IN 2Q 2006

Property Sector	Private Institutional ($ mil)	Private Non-Institutional ($ mil)	Private Sub-Total ($ mil)	Public Land Sales ($ mil)	Grand Total ($ mil)
Commercial	$1,192.08	$218.00	$1,410.08	$0	$1,410.08
Hospitality	$73.30	$18.00	$91.30	$0	$91.30
Industrial	$226.30	$42.40	$268.70	$16.77	$285.47
Residential	$200.00	$3,210.65	$3,410.65	$210.00	$3,620.65
Mixed Development	$0	$0	$0	$1,200.00	1,200.00
Total	**$1,691.68**	**$3,489.05**	**$5,180.73**	**$1,426.77**	**$6,607.50**

Source: Colliers International Singapore Research

Over at the industrial sector, investment sales in 2Q 2006 totalled some $285.5 million, more than doubled that of the last quarter's volume. This surge in investment sales volume was contributed by a turnaround in institutional activity, after a subdued first quarter due to the diversion in attention to offshore properties. Transactions by Reits and funds amounted to $226.3 million in the quarter, an increase of 161% from last quarter's $86.7 million.

The Government awarded a total of $1.4 billion worth of development sites in the quarter, almost triple the amount awarded in the previous quarter. However, excluding the Marina Bay IR site worth $1.2 billion, the Government actually awarded less than half the total of $506.4 million awarded in 1Q 2006.

For the Government Land Sales (GLS) programme in 2H 2006, a total of 15 new sites have been added - 14 on the reserved list and one on the confirmed list. Significantly, more than half of these new sites (or eight sites) are either zoned as hotel sites or will be sold with a requirement to develop a minimum quantum of hotel use. The latter comprises a confirmed site at Beach Road/Middle Road, on which the former NCO Club and Beach Road Camp buildings currently stand and a reserved site at Race Course Road/Rangoon Road zoned as white site. Together with the hotel sites carried over from 1H 2006 reserved list, some 4,155 hotel rooms could potentially be added onto existing stock, thereby easing the room shortage that would otherwise arise come 2015 when some 17 million visitors are expected to arrive in Singapore.

Apart from the GLS programme, the Government is also making available other supply of residential, commercial and hotel space including 1.45 million sq ft gross floor area of commercial space, 1,000 hotel rooms from hotel projects in Sentosa and other locations; and 240 private residential units at Sentosa Cove and other locations.

Private investment sales activity is poised to remain high in the following six months, with the impending listing of three Reits on the Singapore stock exchange including Cambridge Industrial Trust, Frasers Centrepoint Trust and CDL Hospitality Trusts. In addition, major developers are likely to continue in acquiring residential development sites in the prime

PUBLIC LAND SALES IN 2Q 2006

Location	Use	Tenure (years)	Land Area (sq ft)	Gross Plot Ratio	Sale Price ($ mil)	Sale Price ($ psf ppr)	Awarded To	Type of Sale
Marina Bay	Integrated Resort	60	2,217,366.0	-	$1,200.00	$196	Las Vegas Sands	Special Project
Tanah Merah Kechil Avenue	Residential	99	235,479.7	2.8	$210.00	$318	Choice Homes Investments Pte Ltd & Wincharm Investment Pte Ltd	GLS*
Woodlands Industrial Park E2/E9	Industrial, Business 2	60	167,034.2	1.0	$5.85	$35	Evan Lim & Co Pte Ltd	GLS*
Tuas South Avenue 2/3	Industrial, Business 2	60	387,500.4	1.0	$5.80	$15	Yee Lee Construction Pte Ltd	GLS*
Bedok North Avenue 4	Industrial, Business 2	30	106,369.9	2.0	$5.12	$24	Richland Group Ltd	GLS*
				Total	**$1,426.77**			

*Government Land Sales

Source: Colliers International Singapore Research

GOVERNMENT LAND SALES PROGRAMME IN 2H 2006 (NEW SITES)

Location	Site Area (ha)	Gross Plot Ratio	Tenure (Years)	Designated Use	Available Date
Confirmed Site					
Beach Road / Middle Road	3.5	4.2	99	Commercial	Dec 06
Reserved Sites					
Anson Road	0.26	9.24	99	Commercial	Oct 06
Tampines Grande	0.8	4.2	99	Commercial	Aug 06
Balestier Road / Ah Hood Road	0.89	3.0	99	Hotel	Oct 06
Mohamed Sultan Road / Nanson Road	0.29	2.8	99	Hotel	Aug 06
New Market Road / Merchant Road	0.35	3.5	99	Hotel	Sep 06
Tanjong Pagar Road	0.24	8.4	99	Hotel	Nov 06
Tanjong Pagar Road	0.26	5.6	99	Hotel	Nov 06
Upper Pickering Street	0.69	4.2	99	Hotel	Dec 06
Punggol Point	6.2	-	Short-term lease*	Recreation	Dec 06
Dakota Crescent	1.16	3.5	99	Residential	Nov 06
Jalan Jurong Kechil	1.07	1.4	30	Residential	Nov 06
Simon Road	1.75	3.5	99	Residential	Aug 06
Woodsville Close	0.39	2.8	99	Residential	Nov 06
Race Course Road / Rangoon Road	1.35	4.2	99	White	Aug 06

*To be announced

Source: URA / Colliers International Singapore Research

residential belt although they are likely to be much more selective, in view of the escalating prices. Increased acquisition activity by boutique developers who do not want to miss out on the action in the prime district is also likely to lend further support to private investment sales activity in the medium term.

Office

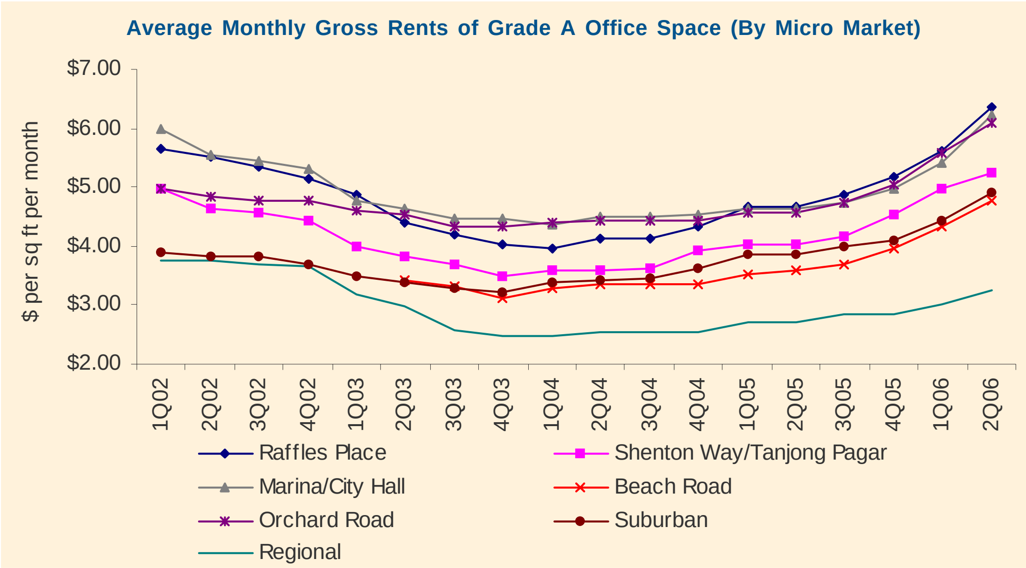
Grade A Office Rental Surged Amidst Full Occupancy

Office rents surged ahead in 2Q 2006 by the steepest rate since the market bottomed in 1Q 2004. Average monthly gross rents of Grade A offices in Raffles Place recorded a spectacular growth of 13.1% in 2Q 2006, surpassing last quarter's 8.9%, to average at $6.37 per sq ft. The 13.1% rental growth recorded for Grade A office space in Raffles Place in 2Q 2006 was also the largest quarterly increase recorded in the last ten quarters for this micro market. At this level, average monthly gross rent of Grade A office space in Raffles Place had recovered by 61.3% from the recent bottom of $3.95 per sq ft per month in 1Q 2004 but still remained some 34.8% below 1996's peak of $9.77 per sq ft. In the Marina/City Hall and Orchard Road micro markets, average monthly gross rents of quality space surged to $6.22 per sq ft and $6.07 per sq ft respectively, representing quarter-on-quarter (QoQ) escalations of 14.8% and 9.0% respectively.

AVERAGE MONTHLY GROSS RENTS OF GRADE A OFFICE SPACE

Micro Markets	Average Monthly Gross Rents 2Q 2006 ($ per sq ft)	1Q 2006 ($ per sq ft)	QoQ Change
Raffles Place	$6.37	$5.63	13.1%
Shenton Way / Tanjong Pagar	$5.23	$4.98	5.0%
Marina / City Hall	$6.22	$5.42	14.8%
Beach Road	$4.77	$4.33	10.2%
Orchard Road	$6.08	$5.58	9.0%
Suburban	$4.91	$4.44	10.6%
Regional	$3.25	$3.03	7.3%

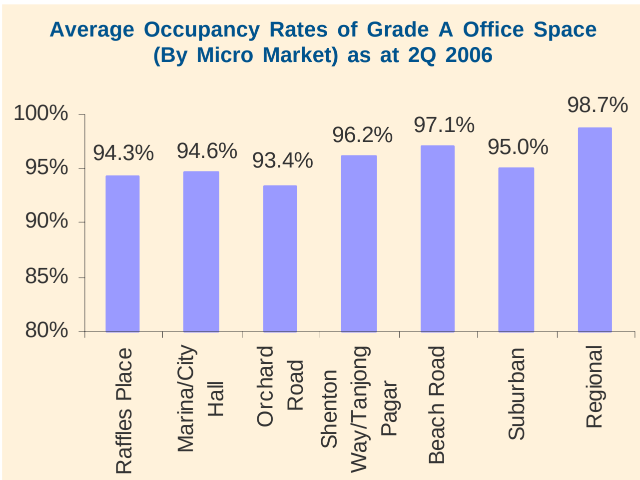
Source: Colliers International Singapore Research



Source: Colliers International Singapore Research

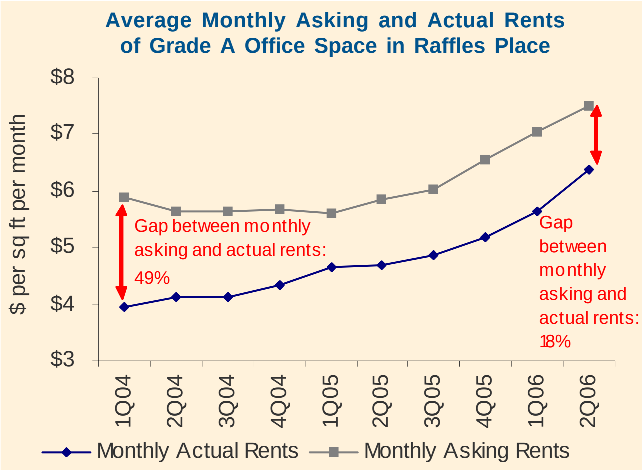
Robust growth in office rentals was driven by buoyant demand amidst tight supply of office space. The "feel-good" factor attributed to the development of two IRs in Singapore and, to a lesser extent, the other economic restructuring programmes such as the remaking of Orchard Road and creation of a new downtown, continued to raise confidence in the mid to long-term prospects of Singapore's economy. This translated into rapid formation of both local and foreign businesses, as well as aggressive expansion activities by businesses, which in turn drove demand for office space in the quarter.

The strong demand exacerbated the supply shortage situation in the office sector. As at the end of 2Q 2006, Grade A office stock had breached the technical full occupancy rate of above 95%. So short is supply of good quality office space with large floor plate in excess of 15,000 sq ft that all 1.3 million sq ft of office space in One Raffles Quay (ORQ) has been fully pre-committed ahead of its completion scheduled at the end of the year. Some of the companies that filled up the last available space in ORQ during the second quarter included Capital International Market (36,000 sq ft) and Credit Suisse (100,000 sq ft). This had enabled ORQ to achieve benchmark rentals, which swiftly filtered down to the rest of the office market, leading to broad-based rental growth. Office space with large floor plates of 30,000 sq ft in ORQ were able to command monthly gross rents in the region of $7.00 per sq ft, on par with the rates commanded by similar grade office space with smaller floor plates of between 10,000 sq ft and 18,000 sq ft in the same micro market.



Source: Colliers International Singapore Research

Tight supply amidst buoyant demand had also strengthened the negotiation stance of landlords, resulting in the narrowing of the gap between asking and actual committed rents. The gap between average monthly asking and actual rents of Grade A office space averaged at 13% in 2Q 2006, compared to 33% seen during the trough in 1Q 2004 and 18% some six months ago. The closing of the gap was most pronounced in the Grade A Raffles Place micro-market, falling from 49% in 1Q 2004 to 18% in 2Q 2006.



Source: Colliers International Singapore Research

Sharp rental escalation had enhanced the attractiveness of quality office developments as investment properties. In the Shenton Way / Tanjong Pagar micro market, strong demand for quality office developments had led to the sale of the 99-year leasehold Robinson Centre and SIA Building at $1,115 per sq ft and $1,165 per sq ft respectively in June. These prices are some 28% to 34% higher than the $870 per sq ft achieved for the nearby freehold HB Robinson in April this year and 41% to 48% higher than the $789 per sq ft achieved for the nearby 99-year leasehold DBS Tower One and Two in December last year. As at end of 2Q 2006, Grade A office space in Raffles Place was estimated to command capital values averaging at $1,210 per sq ft, 2.5% higher than last quarter's $1,180 per sq ft.

Rapidly rising rents are unlikely to discourage firms from setting up businesses in Singapore for now as prime Grade A office rents are still some 54.7% below prime Grade A office rents in Hong Kong. Moreover, rents are not the only factor affecting choice of office location for businesses. Other factors such as tax regime, political stability, governmental transparency, ease of doing business, quality of infrastructure and labour force also feature prominently in businesses' decisions with regards to office locations and Singapore ranks high in all these aspects.

Hence, excluding any adverse turn of events, demand for office properties is expected to remain buoyant on the back of expected sustained economic growth, which is reinforced by the successful award of the Marina Bay IR development to Las Vegas Sands. New supply of good grade office space will remain muted till the completion of the Business and Financial Centre in 2009/10.

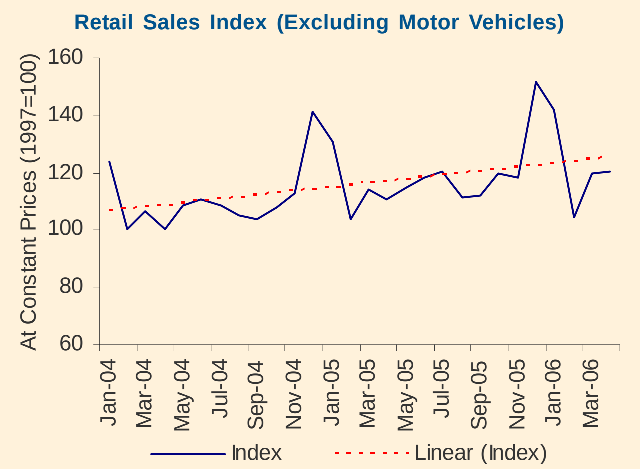
Against such a backdrop, office rents are expected to increase, with Raffles Place Grade A rents rising another 12% to 15% by the end of this year.

The soaring prime CBD office rents and tight supply will intensify the spillover demand from the CBD to outlying areas such as suburban and regional centres as firms look for cheaper business premises alternatives to house their backroom operations. Office space in these locations are poised to enjoy rental growth in the region of 5% to 8% within the next six months.

Retail

Retailers Confidence Riding High On Uptrend In Consumers' Spending

The retail industry continued to gain strength in 2Q 2006 with the retail sales index showing a firm uptrend. The index, at constant prices and excluding motor vehicles, climbed 8.4% on a YoY basis in April, compared to an average of 5.2% YoY growth in 1Q 2006. Retail sales in May and June were likely to have performed even better than in April, boosted by the record visitor arrivals for the month of May as well as the eight-week long Great Singapore Sales which commenced on May 26 and coincided with the four-week long mid-year school holidays.



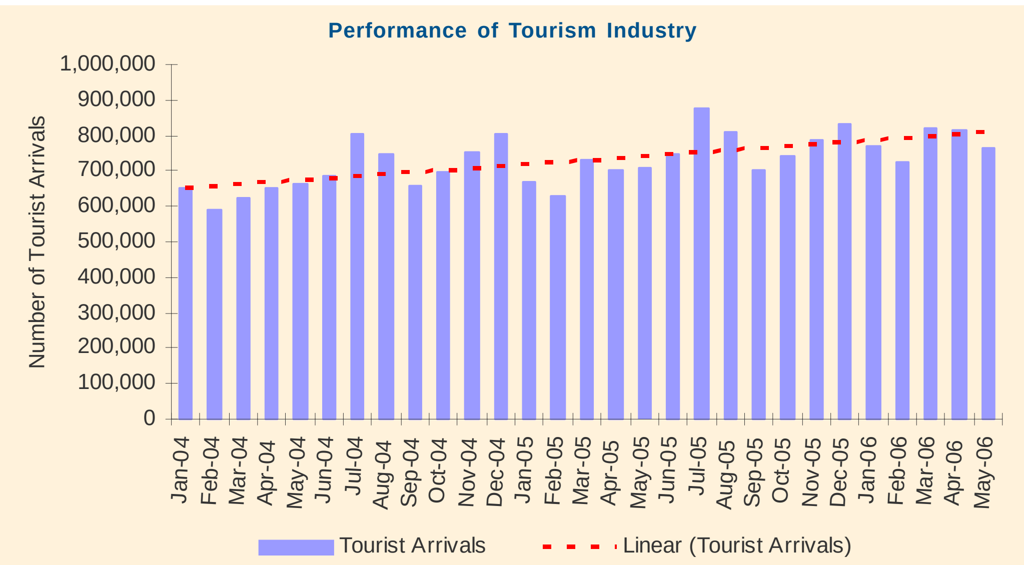
Source: Singapore Department of Statistics

Singapore welcomed 765,000 visitors in May 2006, the highest number ever for the month of May. In the Great Singapore Sale, sales volume chalked up by holders of the Sale's official card, MasterCard, alone rose 26% compared to the same period of the Sale last year. Tourist spending during the period also surged by more than 34% compared to the same period last year. Organisers of the Sale expect transactions at the Sale this year to exceed last year's $5 billion.

Consumers' already upbeat sentiment was likely to have been further lifted by the award of the 20.6 hectare IR site at Marina Bay, which is expected to add $2.7 billion or 0.8% to the Singapore economy and create some 30,000 jobs (including 10,000 within the resort) by 2015. The winning bidder, Las Vegas Sands, has committed to a total investment of $5.05 billion (including $1.2 billion of land cost) to develop the site into an iconic tourism infrastructure with a gross floor area of 6.14 million sq ft of world-class MICE facilities, entertainment and performance venues, retailing and dining outlets as well as casino gaming. One million square feet (net lettable area) of retail space, named Marina Bay Shoppes will also be created to accommodate high-end retailers such as Saks Fifth Avenue.

Retailers' confidence also rode high, fuelled by consumers' strengthening spending. This led to retailers snapping up newly created as well as newly vacated retail space in strategic locations.

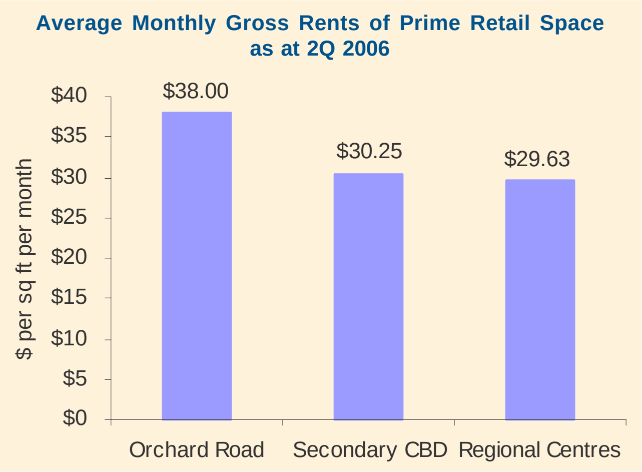
Newly created retail space in the quarter were accounted for by the change of use of St James Power Station (72,000 sq ft of net lettable area) at Telok Blangah Road and addition of retail space at Eunos, Simei, Tampines and Pasir Ris MRT stations (9,851 sq ft of net lettable area). St James Power Station was transformed from an old brick building into Singapore's largest multi-concept 24-hour entertainment hub. It is fully leased for 12 years to City Bars Pte Ltd, which is owned by Dennis Foo and F J Benjamin. At the Eunos, Simei, Tampines and Pasir Ris MRT stations, 44 out of the 45 new retail units created at the stations were taken up when works were completed in the quarter.



Source: Singapore Tourism Board

Despite the addition to stock from the above projects, islandwide retail stock had likely remained relatively constant due to withdrawal of retail space arising from the spate of retrofitting works at some retail malls. For example, retrofitting works at Hougang Mall at Hougang Avenue 10 and Whitesands Shopping Centre at 1 Pasir Ris Central Street 3 has seen the closure of two departmental stores, NTUC Fairprice Departmental Store (15,215 sq ft) and John Little (9,845 sq ft). At Suntec City Mall, the repositioning of the second level of the mall into Digital World has seen some 18,745 sq ft retail space previously occupied by retailers such as Harvey Norman, Winter Time, Le Stiletto and Clay@Works being withdrawn from stock.

Healthy demand amidst relatively stable supply helped to maintain monthly rents of retail space at last quarter's levels of $38.00, $30.25 and $29.63 per sq ft for prime Orchard Road, secondary CBD and regional centres respectively.



Source: Colliers International Singapore Research

Moving on, the spate of retrofitting works looks set to intensify with the continued acquisition of retail malls by REITs and funds as well as stiffening competition from up and coming malls. Retrofitting works in the pipeline could include Paradiz Centre at Selegie Road, Causeway Point at Choa Chu Kang, Northpoint at Yishun and Anchorpoint at Alexandra. Lend Lease Real Estate Investments Limited, the new owner of Paradiz Centre, a seven storey mixed office and retail building at Selegie Road, is likely to embark on repositioning plans for the development that will complement the arts, cultural, learning and entertainment theme at Selegie; whilst Frasers Centrepoint Trust, the new owner of Causeway Point, Northpoint and Anchorpoint with effect from July 2006, is expected to refurbish, rejuvenate and reposition these malls for asset enhancement.

Such retrofitting works often result in withdrawal of some retail space from existing stock, thereby providing some cushion against the impact of the expected huge injection of supply from projects in the pipeline.

In the short term, supply of retail space will remain tight. Four months prior to its scheduled completion in October this year, the 1.1 million sq ft VivoCity at Harbourfront is reported to be 83% pre-committed, with a further 10% at advanced stages of negotiation. Demand for retail space is expected to be robust as retailers' sentiment will continue to ride high on the expected growth in consumers' spending, both by the domestic and foreign markets. This will lend support for marginal rise in prime Orchard rents by between 3% and 5% in the next six months.

Industrial

Landlords' Rental Expectations Rose Amidst Firm Demand

The industrial property sector picked up momentum in 2Q 2006 after the subdued start in the last quarter. This can probably be attributed to the lagged effect of last quarter's strong showing of the manufacturing sector. The sector recorded a YoY growth of 20% in 1Q 2006, compared to 14% in 4Q 2005.

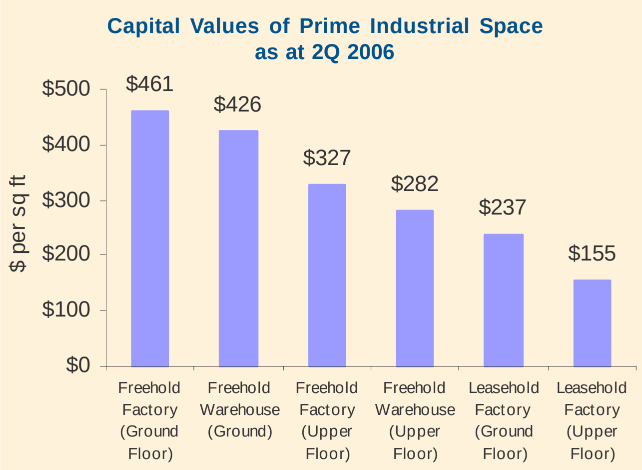
New manufacturing investments and expansion in Singapore, particularly high-end manufacturing clusters continued in the period, encouraged by a strong Government push towards a knowledge-based economy, auguring well for continued strong manufacturing performance in the mid term. These new investments included Switzerland's Lonza Group and Singapore's Bio*One Capital that are jointly investing $409 million in a cell culture plant to be completed in 2009, oil trader Concord Energy that is investing $318 million in an oil processing plant that would complete in end-2007, American semiconductor packaging and design firm Amkor that is committing $191 million on new wafer bumping operation to be completed at the end of 2006 and Ciba Specialty Chemicals that is investing $159 million in an anti-oxidant manufacturing plant.

In view of the firm manufacturing showing, net new demand for industrial space in 2Q 2006 was likely to have exceeded last quarter's 1.7 million sq ft. Significant leasing deals concluded in the period included a built-and-lease warehouse at Changi North Industrial Park (105,108 sq ft) to technology distributor Ingram Micro, and a single floor of warehouse space at 158 Kallang Way (39,000 sq ft) to Overseas Services Pte Ltd.

Firm demand amidst robust growth of the manufacturing sector had led to landlords having higher expectations of minimum acceptable rents. This had finally nudged rents of conventional factories and warehouses, which had remained largely unchanged for the last five quarters, up by between 3.4% and 4.0% in 2Q 2006.

Rents of hi-specs factories, which had risen by 9.4% for ground floor space and 10.9% for upper floor space between 4Q 2004 and 4Q 2005, stayed flat for the second consecutive quarter.

Buying activities in the industrial property market held steady at about 176 transactions based on caveats lodged with prices of conventional factories and warehouses remaining unchanged from last quarter's levels.



Source: Colliers International Singapore Research

Going forward, the industrial property sector is likely to continue to be buoyant with positive general business expectations and more initiatives by the Singapore Government to push the country towards a knowledge-based economy. One of the latest drives was the launch of the Intelligent Nation or iN2015 master plan to generate some $60 billion in information communication export revenue, create 80,000 new jobs, have a 90% broadband penetration, a computer in all homes, and a two-fold increase in the information communication industry to $26 billion; Yet another drive was a billion dollar five-year plan to set up international research centres in Singapore so as to develop new economic growth engines through research and development. Known as the Campus for Research Excellence and Technological Enterprise (CREATE) programme, it will foster joint research programmes with leading research institutions around the world, of which the Massachusetts Institute of Technology would be the first.

AVERAGE MONTHLY GROSS RENTS OF FACTORY AND WAREHOUSE SPACE AS AT 2Q 2006

Type	Floor	Average Monthly Gross Rents ($ per sq ft)	QoQ Change	YoY Change
Prime Flatted Factory	Ground	$1.63	3.8%	3.8%
	Upper	$1.21	3.4%	3.4%
Prime Flatted Warehouse	Ground	$1.47	3.5%	3.5%
	Upper	$1.04	4.0%	4.0%
Hi-Specs Space	Ground	$1.97	0.0%	4.2%
	Upper	$1.83	0.0%	4.6%

Source: Colliers International Singapore Research

These initiatives would be a strong boost particularly to the demand for hi-specs industrial space in the medium term. Demand for hi-specs industrial space will also be further boosted by the spillover demand of office space due to the soaring rents of CBD office space. Hence, there is room for rents of hi-specs industrial space to rise by 3% to 5% in the next six months.

In the conventional industrial space market, demand has yet to catch up with supply. As such, taking into consideration the upward adjustments in rents that had taken place in this quarter, further advancement in rents is not foreseen in the next six months.

Residential

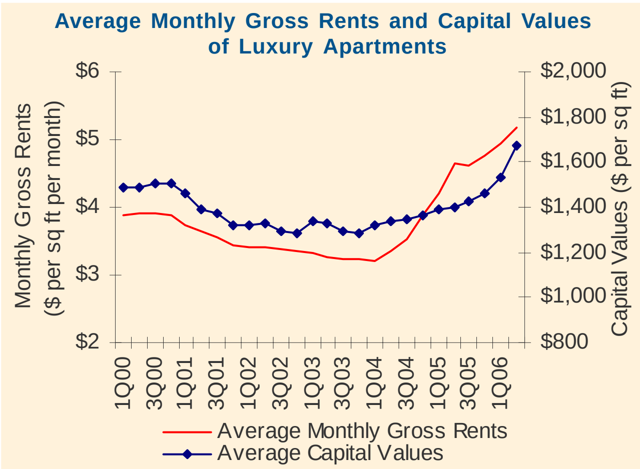
Luxury Prices Just a Shade Off 1997's Peak

The average price of apartments in the luxury segment climbed 8.8% to reach $1,670 per sq ft as at end-2Q 2006. At this level, the average price of this segment has recovered by 30.3% from its last trough level of $1,328 per sq ft some 11 quarters ago. More significantly, the average price is just 6.1% shy of the peak level of $1,778 per sq ft in 1997. This makes the luxury residential market the fastest recovering property segment as average prices of all the other segments are still 30% to 48% off their peaks in the mid-1990's.

The surge in prices of luxury apartments was driven by the sale commencement of the much-coveted St Regis Residences at Tanglin/Tomlinson Road at average launch prices ranging between $2,500 and $2,600 per sq ft in the quarter. Soft-launched in early June, more than 70% of the 90 units launched in the 173-unit ultra-luxurious development were sold by end of the same month. The successful sale of this development at benchmark price levels had prompted developers of other high-end residential properties to raise the prices of their projects. Examples include Newton One and Residences @ Evelyn, where the average selling prices were raised by some 10% to 15% after the launch of St Regis Residences.

The large increase in luxury home prices in 2Q 2006 lent support to the rest of the private residential property market, where prices strengthened further by 1.6% in 2Q 2006 from the preceding quarter, according to the flash estimates from the Urban Redevelopment Authority. This was the ninth consecutive quarterly improvement and the largest QoQ increase since the upturn in 2Q 2004. Of note is the fact that the residential property price index has grown from strength to strength, with its quarterly growth consistently outperforming the last, for the last four consecutive quarters. This encouraging development is an indication that prices are firmly on the up trend.

Surging prices were accompanied by rising rents in the same period. Average monthly gross rents of luxury apartments rose by 4.9% in the quarter, from $4.90 per sq ft in 1Q 2006 to $5.18 per sq ft in 2Q 2006. However, unlike prices, which were nearing the historical peak, average monthly gross rents of luxury apartments were still some 13% off the mid-1990's peak of $5.95 per sq ft.



Source: Colliers International Singapore Research

Developers attempted to capitalize on the upbeat sentiment of potential purchasers by launching the highest number of units in 2Q 2006 since 3Q 2003. An estimated 2,550 new units were launched during the quarter, 21% more than the 2,111 units released for sale by developers in the first three months of the year. New home launches in the quarter remained

MAJOR PROJECTS LAUNCHED IN 2Q 2006

Development Name	Location	Tenure	Developer	Average Launch Price ($ per sq ft)	Total No. of Units in Development
			Non-Landed		
Beacon	Cantonment Road	99-yr	Mapletree Investments	$600 - $700	124
D'Gallery	Jalan Masjid	Freehold	Monfort Land	$590	21
Econville	Martaban Road	Freehold	Teambuild Properties Pte Ltd	$650	30
Mera Spring	Carlise Road	Freehold	MCL Land	$620	129
Newton One	Newton Road	Freehold	Lippo Group	$1,250	91
One Amber	Amber Gardens	Freehold	Singland/UOL/UIC	$760	562
One Jervois	Jervois Road	Freehold	Frasers Centrepoint	$950	275
One Leicester	Leicester Road	Freehold	Frasers Centrepoint	$600 - $650	194
Residences @ Evelyn	Evelyn Road	Freehold	City Developments Ltd	$1,200 - $1,250	208
Ritz Residences	Devonshire Road	Freehold	Keppel Land	$1,400	157
Southbank	North Bridge Road	99-yr	UOL and Low Keng Huat	$600 (Apt) $750 (SoHo)	197 (Apt) 60 (SoHo)
St Regis Residences	Tanglin/Tomlinson Road	999-yr	City Developments Ltd	$2,500 - $2,600	173
The Chuan	Lorong Chuan	Freehold	Kheng Leong	$710 - $722	106
The Infiniti	West Coast Park	Freehold	Frasers Centrepoint	$560	315
The Modules	Joo Chiat Road	Freehold	Shining Holdings	$700	48
The Nexus	Bukit Timah Road	Freehold	Wing Tai and Orchard Parade Holdings	$750 - $800	242
The Quartz	Buangkok Drive	99-yr	Guocoland	$490	625
Vertis	Amber Gardens	Freehold	Ho Bee Group	$700	42
			Landed		
Mimosa Terrace (Phase 4)	Seletar Hills	Freehold	Bukit Sembawang Estates	From $1.26 million per unit	39

Source: Colliers International Singapore Research

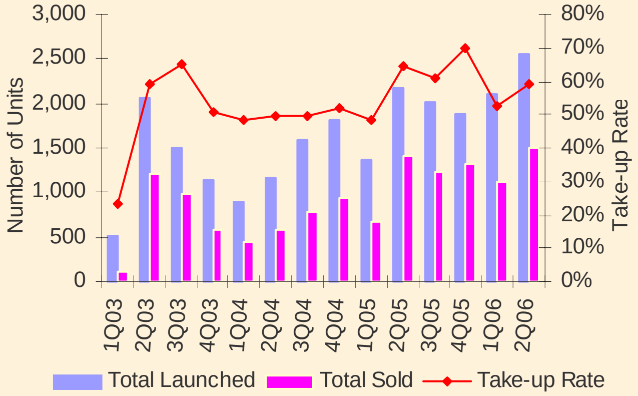
skewed towards high-end and luxurious projects, in response to the outstanding price performance of the luxury/high-end market that had sped ahead that of the mass market. Only one mass-market project was launched in the quarter – the 99-year leasehold The Quartz (625-unit) in Buangkok by GuocoLand.

Despite the slack performance of the stock market and the possible diversion due to the World Cup in June, newly launched projects achieved improved sales rate of 59% in the period compared to the previous quarter's 53%. Well-received projects during the quarter included Mapletree Investment's Beacon at Cantonment Road, UOL and Low Keng Huat's 99-year leasehold Southbank at North Bridge Road, Lippo Group's Newton One at Newton Road, City Development Limited's (CDL) St Regis Residences at Tanglin/Tomlinson Road and UOL's One Amber at Amber Gardens.

Some 93% of the 124-unit Beacon at Cantonment Road were snapped up just two weeks after the 99-year leasehold project was released for preview by Mapletree Investments in mid-June. In Southbank, a development comprising 197 apartment units and 60 Small-Office-Home-Office (SoHo) units, some 177 apartments and 10 SoHo units were sold barely three weeks after its preview on 10 June. The freehold 91-unit Newton One was 85% taken up whilst more than 70% of the launched units in St Regis Residences were taken-up by the end of the quarter despite its benchmark selling prices. One Amber saw more than 300 units (more than 55%) of the 562 units available being sold in the quarter of launch. These fast-selling projects share the common attributes of unique lifestyle concept, prime and inner-city location, quality and design as well as good rental prospects.

Demand for mass-market projects remained lack lustre as evidenced from the relatively slow sales of The Quartz despite its strong locational advantage of being sited within walking distance to the Buangkok Mass Rapid Transit (MRT) station. One month after its launch, only half of the 200 units launched in the 625-unit development found buyers.

Number of New Units Launched, Sold and Take-Up Rate of New Launches



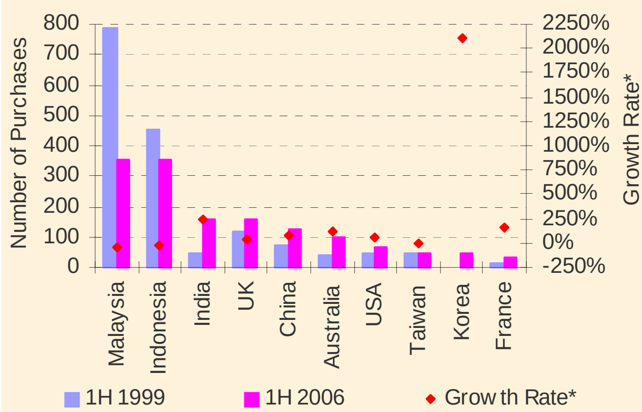
Source: Colliers International Singapore Research / Realis

Foreign buyers maintained a strong presence in Singapore's residential property market, contributing to 22% of all purchases in the first half of 2006. At the highest end of the market i.e. where unit price of apartments exceeds $1,115 per sq ft, foreigners accounted for 45% of all purchases. In some developments such as St Regis Residences, 65% of buyers were reported to be foreigners.

As at half time of 2006, the number of foreign purchases reached half of last year's historical high of 3,511. Some 70% of the foreign purchases were for completed properties, whilst the remaining 30% were for units in various stages of planning and construction. Properties in districts 9, 10, and 15 were the most preferred by foreign purchasers. District 11 was ranked as a far fourth in terms of popularity with foreign purchasers in 1H 2006.

Whilst the highest number of foreign purchases were made by buyers from long-established overseas markets – Indonesia and Malaysia, it was the other Asia Pacific markets such as South Korea, India, China and Australia, which recorded the strongest growth in number of purchasers between 1H 1999 and 1H 2006. 1999 saw keen foreign interest in the Singapore private residential property market soon after the market bottomed out in end-1998.

Top 10 Foreign Markets in 1H 2006



*Growth rate between 1H 2006 and 1H 1999

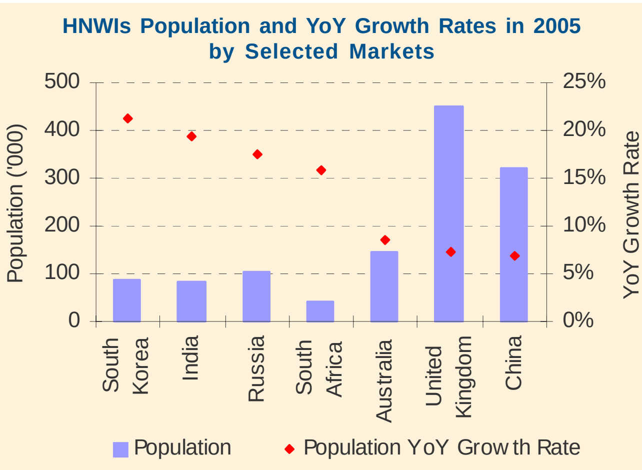
Source: Colliers International Singapore Research / Realis

DISTRICTS FAVOURED BY TOP 10 FOREIGN MARKETS IN 1H 2006

Countries	Most Favoured District	2nd Most Favoured District	3rd Most Favoured District
Indonesia	9	10	15
Malaysia	15	9	10
United Kingdom	10	9	11
China	15	5	9
India	10	15	9
Taiwan	15	10	9
United States	10	9	11
Australia	10	9	15
South Korea	10	9	15
France	9	10	11

Source: Colliers International Singapore Research / Realis

According to a World Wealth Report by Merrill Lynch and Capgemini, these fast growing markets were amongst those that have the highest proportion of high net-worth individuals (HNWIs) and the fastest growth in the number of millionaires. The same report also showed that these HNWIs around the globe, armed with high liquidity and purchasing power, were diversifying their holdings internationally, and the most notable development was their increased investments, including real estate investments, in Asian markets. Cash liquidity was also flowing out from the European countries into Asia for property investment avenues as an alternative to bonds and hedge funds, which have become less attractive in the European market over the last two years. Indeed, the number of purchases from the European countries had grown by a marked 57% between 1H 1999 and 1H 2006. Together, HNWIs and investors from various European countries form a strong potential demand base for residential properties in Singapore.



Source: Merrill Lynch and Capgemini, World Wealth Report

Going forward, foreign purchasers will continue to drive the Singapore residential property market. In the next six months, prices of luxury properties are forecast to continue to head north by up to 10% along with more new launches of high-end projects. These projects include Far East Organizations's 99-year Orchard Scotts, Hong Leong's freehold Tate Residences, CapitaLand's Scotts HighPark, as well as the two 99-year condominiums by Ho Bee and City Developments Ltd in Sentosa Cove. However, the prices of these prime projects are not expected to set benchmarks above the levels already seen in 2Q 2006.

A slew of other interesting projects have been lined up for launch in 2H 2006 and these include the auction of 12 Sentosa Cove bungalow plots in South Cove and several inner-city redevelopment projects such as The Lumiere (former HMC Building), the Clift (former Natwest Centre) and the redeveloped No. 1 Shenton Way. At the mass-market tier, anticipated launches include Lippo Group and CRL Realty Pte Ltd's joint venture development at Alexandra Road / Tiong Bahru Road, Guthrie and Lee Kim Tah's The Centris in Jurong West Central and NTUC Choice Homes' mixed development in Yew Tee.

Despite the string of potentially popular projects lined up for launch in 2H 2006, market activity is expected to be subdued in the next six months due to the occurrence of double Hungry Ghost months in 2006 that stretches through the most part of 3Q 2006 (25 July to 21 September). The Hungry Ghost Festival is traditionally considered to be inauspicious for house hunting and making housing commitments by the Chinese population. As such, sales volume for 2H 2006 is expected to hover at about the same level as in 1H 2006.

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- 14 Latin America

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