PACIFIC STAR

Singapore Market Information

May - June 2005

Table of Contents

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5 May / IRs will boost key property sectors: Savills / BT

IRs will boost key property sectors: Savills

Consultancy says supply of retail space, hotel rooms won't be enough

(SINGAPORE) Singapore's property sector - be it residential, commercial, or retail - will experience a boost from the development of the two integrated resorts (IR), said property consultancy Savills Singapore.

Examining the IRs' impact over the short, medium and long term, Savills concluded that Singapore's experience will mirror that of Macau, which saw higher tourist arrivals, tourism receipts and GDP figures after the gaming industry there was liberalised in 2001.

In the short term, Savills expects local property prices to rise. 'Up to and during the construction phase, we are likely to see increased demand for short-term accommodation due to the inflow of foreign expertise in the areas of architecture, engineering, information technology and consulting,' the firm said.

Savills foresees that the beneficiaries will be hotels and service apartments in and around the area of the two development sites. Commercial property also stands to gain as the professionals will need office space, leading to rental hikes in those areas.

Once the IRs are completed, Savills expects strong demand for service apartments as well as rental properties near the IRs and in the higher-end residential areas of District 9, 10 and 11. It predicts demand from overseas gaming operators with specific skills being employed here to impart their know-how.

Savills reckons that rents for retail space could also rise as the retail sector enjoys an increase in tourist arrivals, which could push up total retail sales.

In fact, the firm is concerned there may not be enough retail space in the years ahead. It estimates that the total supply of retail space here over the next five years is 4.2 million sq ft. 'We believe both existing and future supply of retail space will be insufficient,' stated the report.

Savills also expects a shortage of hotel rooms by then, based on its estimate of 1,717 hotel rooms over the next five years, with another 3,000 from the two IRs. With a shortfall, hotel operators would be able to raise room rates, especially those in the central and downtown areas, Savills said.

9 May / S'pore still shines as a shopping paradise / ST

S'pore still shines as a shopping paradise

Republic is tops for getting a good deal, survey shows
By Glenys Sim

SINGAPORE has not lost its allure as a shopping destination and still beats cities like Dubai, Kuala Lumpur and Hong Kong on price, according to a recent study.

A survey of eight cities, focused on the Asia-Pacific region, found Singapore's prices as competitive as ever, even though the country's share of tourist spending has dropped in recent years.

Not only that, but the all-important consumer confidence in Singapore as a safe, reliable place to shop remains undimmed.

The director of the tourism shopping division of the Singapore Tourism Board, Ms Sulian Tan-Wijaya, said the survey was good news. 'Hopefully, it will show tourists that it is still worth coming to Singapore to shop, that it is not expensive,' she said.

The study was commissioned by the STB and carried out by global research firm Euromonitor International. It compared products' effective price, or the price of a product when tax refunds are applicable, across five categories.

The eight cities surveyed were Bangkok, Dubai, Hong Kong, Kuala Lumpur, Shanghai, Singapore, Sydney and Tokyo.

Singapore came out on top for consumer electronics and electrical goods and second in the other four categories. Overall, Singapore ranked first.

Products were divided into five categories: apparel; cosmetics, perfumes and toiletries; electronics and electrical goods; handbags, wallets and other leather goods; watches and jewellery. The specific items were chosen for classic appeal, like Chanel No. 5 perfume.

Each product needed to be available in at least six of the eight cities before it was included on the list, said Euromonitor's research manager for consulting (Asia Pacific), Mr Gene Chia.

In electronics, Singapore performs well. For example, an O2 XDA II personal digital assistant phone costs US$721.02 (S$1,188.24) here, compared to US$756.60 in Hong Kong and US$764.42 in Bangkok.

In other areas, prices here are a little higher. A 30ml bottle of Christian Dior Pure Poison perfume costs US$40.36 in Singapore and just US$37.11 in KL.

But it is more than prices that attracts tourists to Singapore.

Mr Cai Fang Xin, 35, a tourist from China, said: 'It's a safe environment here. People can walk around with bags of shopping and not worry about getting robbed. I also know that when I buy things here, I'll get the real thing.'

Australian Barry McKay, 46, a guest at Orchard Hotel, agreed.

'Of course, price does play an important role, but there are other factors as well,' he said.

'Electronics here are 20 per cent to 30 per cent cheaper than back home, and the range in Singapore is also much better.'

The STB commissioned the report in October last year, in the wake of a 2003 Asian Wall Street Journal survey that crowned KL 'Asia's new shopping paradise'.

Singapore ranked third, behind Manila, but ranked top when it came to the range of products available.

Ms Tan-Wijaya said: 'This validates what we already know, that Singapore is very price competitive compared to other Asian shopping capitals. This is very important because more than 50 per cent of visitor spending here is on shopping.'

It also bodes well for this year's Great Singapore Sale, which starts on May 27.

During the eight-week annual sale last year, retail sales totalled $4.6 billion and more than 90,000 sale-related travel packages were snapped up.

But despite such promotions, Singapore's share of Asian tourism spending has dropped alarmingly, from 8.2 per cent in 1998 to 5.8 per cent in 2002.

Malaysia's share, in sharp contrast, rose from 3.7 per cent to 8.8 per cent in the same period.

To keep pace, the STB and Singapore Retailers Association said retailers need to emphasise the 'total shopping experience', including good service, variety and a reputation for authenticity.

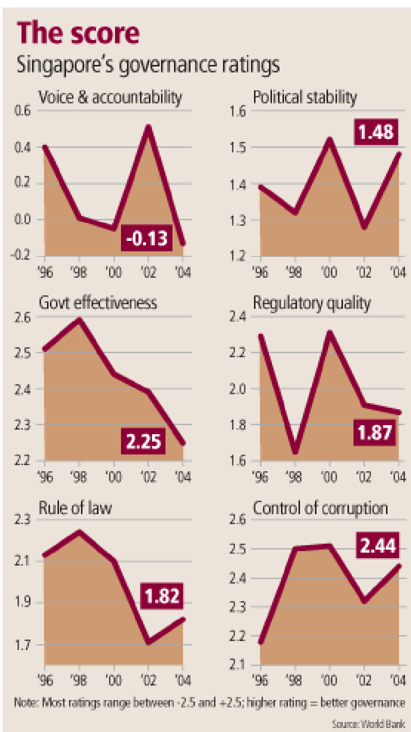
10 May / S'pore slips, but still high in political governance / BT

S'pore slips, but still high in political governance

By and large, its scores on most indicators are in the top rung in World Bank study

By ANNA TEO

(SINGAPORE) The political governance ratings of Singapore have slipped somewhat over the past decade or so, according to a World Bank study. But few among the 209 countries covered in the research have made good progress, and Singapore probably remains among the top ten for good governance.



Of the study's six governance indicators - updated every two years from 1996 to 2004 - Singapore's ratings have clearly fallen over the period in four of them.

These are: voice and accountability (which tracks civil liberties, and political and human rights); rule of law (measuring the quality of contract enforcement, the police, and the courts, including independence of the judiciary); regulatory quality (reflected in market-unfriendly policies); and government effectiveness (competence of the bureaucracy and quality of public service delivery).

On the other two factors - political stability and control of corruption - Singapore's ratings have fluctuated: the 'scores' improved from 1996 to 2000, then fell sharply before picking up a little last year.

The World Bank report, released yesterday in Washington, focuses on the broad global and regional trends over the period, with no specific comments on individual countries. Neither does it provide precise overall country rankings, though each country can track its own progress on each indicator over the study period, and for each indicator, inter-country comparisons and rankings can be made.

By and large, except for 'voice and accountability', Singapore's ratings for the other five indicators are in the top-ranked 90th percentile - that is, 90 per cent of countries rank below. In the 2004 study, Singapore's 2.44 corruption rating - meaning non-corruption, of course - is second only to Finland's (2.53), though Iceland is only a whisker behind with 2.43.

In most cases, the ratings fall between minus 2.5 and plus 2.5, with the higher figures indicating better governance. But, 'under very specific circumstances, a country's rating might exceed these thresholds', the World Bank report says. 'This simply means that the country has an extremely poor record (below minus 2.5) or extremely good record (above 2.5) in that specific governance indicator.'

The other indicator where Singapore has consistently scored above 2.0 is government effectiveness, where it notched up a high 2.59 in 1998. This has now fallen to 2.25 in the 2004 ratings, but that is still - jointly with Switzerland with the same score - the highest among all countries.

Singapore's latest regulatory quality rating of 1.87 is behind Hong Kong (1.89) and Luxembourg (2.02).

And if Singapore is widely seen to be highly politically stable, at least six other economies - Iceland, Luxembourg, Finland, the Cayman Islands, Norway and New Zealand - score well above Singapore's 1.48.

Only on the 'accountability' factor has Singapore fared poorly, slipping back into negative territory in the latest ratings.

The study - by Daniel Kaufmann, director of global governance at the World Bank Institute, and Aart Kraay, lead economist in the bank's research group - uses subjective measures rather than objective indicators. This is because objective data is 'almost by definition impossible to obtain' in many of the key dimensions of governance, such as corruption or the confidence that property rights are protected, the authors say.

Sources for the study include various organisations, such as Gallup International, the Economist Intelligence Unit, Freedom House, and the World Economic Forum.

According to the report, governance - which it defines as the set of traditions and institutions by which authority in a country is exercised - 'matters enormously'. The authors say: 'We find that a country improving its quality of governance from a low level to an average level can in the long term quadruple the income per capita of its population, and similarly reduce infant mortality and illiteracy. And the direction of causality is clear: it goes from better governance to higher incomes, and not vice versa . . . governance is not a 'luxury' good that only wealthier countries can afford, (and) is not the automatic result of development . . . it requires continuous political will and commitment, and difficult work.'

According to Mr Kaufmann: 'In spite of a number of shining examples, the fact is that, on average, neither the rich nor the poor worlds have improved in their standards on governance over the past eight years.'

On average, the quality of governance around the world has remained stagnant. This 'sobering reality' ought to motivate collective action, he adds, and this means abandoning interventions that do not work, 'such as single-minded anti-corruption campaigns, and focus on voice and transparency reforms instead'.

18 May / S'pore shines as holding location / BT

S'pore shines as holding location

LIM GEK KHIM and CHONG LEE SIANG look at Singapore's business-friendly tax policies which regional holding companies find attractive

By ERNST & YOUNG

SINGAPORE has broadened its appeal as a location for regional holding companies, thanks to tax changes in recent years. Companies looking for a springboard to Asia should consider leveraging on Singapore's business-friendly tax policies.

Another feature of the Singapore tax system that puts Singapore in a competitive position is the absence of capital gains tax.

Singapore has long served as a strategic base for companies with regional and global operations. Strategic location, market accessibility, excellent connectivity, strong business infrastructure, a skilled workforce and a stable political environment are major draws for companies using Singapore as a launch pad for tapping regional and global business opportunities.

Holding companies serve to consolidate ownership and control of subsidiaries. Taxation is more often than not a crucial element in the selection of an ideal holding location. The main tax attributes that companies often find attractive in choosing a holding location are:

Low or no withholding tax on overseas dividends received by the holding company;

Little or no incremental income tax payable in the holding company jurisdiction on incoming dividends;

No capital gains tax on exit - that is, no taxation on the sale of shares in the subsidiary, in both the subsidiary jurisdiction and the holding company jurisdiction; and

Low or no tax on repatriation of income from the holding company jurisdiction to the home country.

How does Singapore's report card fare?

Singapore has an extensive tax treaty network. To date, it has inked tax treaties with over 50 countries, including most of those in the region. Singapore-based holding companies are therefore able to benefit from the reduction in withholding taxes in dividends, interest and royalties offered by these tax treaties.

Singapore has one of the region's most competitive corporate tax rates with a headline rate of 20 per cent - the second lowest after Hong Kong. It also adopts a territorial basis of taxation. This means that foreign-sourced income is taxed only when it is repatriated back into Singapore.

In addition, a tax change effected in 2003 removed a tax impediment to the repatriation of foreign dividends. Foreign-sourced dividends remitted back into Singapore are now exempted from tax provided the income is received from a country with a headline corporate tax rate of at least 15 per cent and some tax was paid in that country, by way of withholding tax on the dividends or income tax on the profits out of which the dividends are paid. (This condition is referred to below as the 'subject to tax' condition).

Consequently, directly-held foreign subsidiaries of Singapore-based holding companies are now generally able to repatriate dividends to Singapore without attracting further tax in Singapore.

Another feature of the Singapore tax system that puts Singapore in a competitive position is the absence of capital gains tax. This is a key attribute of a good holding location as exit strategies are often integral to the planning for overseas expansion. This, if complemented by tax treaties that provide good protection against capital gains tax in the investee countries, would place Singapore in a compelling position.

The introduction of the one-tier tax system in 2003 is another significant tax change that further elevates Singapore's attractiveness as a holding location. This tax change removes one major tax hurdle that companies had to manage in the past when using Singapore as a holding location - that is the ability to repatriate capital gains realised from divestment back to their home countries without attracting Singapore tax.

Although Singapore does not impose tax on capital gains, the imputation tax system that required dividends to be franked was often a tax trap for the repatriation of capital gains. This tax hurdle is now cleared and Singapore-based holding companies that are under the one-tier system are free to repatriate capital gains back to their home countries.

A Singapore holding company can also function as regional headquarters by taking advantage of the Regional Headquarters (RHQ) or the International Headquarters (IHQ) incentive. The former provides a concessionary tax rate of 15 per cent and the latter confers an attractive tax rate of between zero and 10 per cent on income arising from headquarters activities and operations carried on in or from Singapore.

Admittedly, Singapore does have many tax trump cards to woo companies to set up their regional holding companies here. However, more can still be done.

Singapore's tax treaties often do not offer strong protection against capital gains tax imposed by its tax treaty partners. Companies using Singapore as a regional or global base sometimes need to structure their overseas operations through a third country that has a tax treaty that offers better capital gains protection. Capital gains protection is therefore an area that the government could consider placing more emphasis on when negotiating new tax treaties or re-negotiating existing ones.

Another area that could be further fine-tuned is the exemption on foreign-sourced dividends. The 'subject to tax' condition currently recognises only the tax paid at the first-tier overseas subsidiaries. This greatly limits the scope of the exemption. For example, the foreign dividend exemption may not apply where a subsidiary is held through a foreign intermediate holding company. Very often, due to various reasons, companies are not able to hold their overseas investments directly.

It would further boost Singapore's competitive edge as a holding location if the 'subject to tax' condition can be widened to recognise tax paid beyond the first-tier overseas subsidiary. To contain tracking and administrative complexities, this fine-tuning could be limited to lower tier companies that are at least 50 per cent owned, directly or indirectly, by the Singapore holding company.

The decision to establish a regional holding company and the choice of jurisdiction are influenced to a large extent by tax considerations. Singapore's extensive treaty network, low corporate tax rate, exemption for foreign dividends, absence of capital gains tax, one-tier system and business incentives enhance its attractiveness as a regional holding location for companies.

Lim Gek Khim is a director of tax and Chong Lee Siang is a tax partner at Ernst & Young

19 May / S'pore office rents continue upward trend / BT

S'pore office rents continue upward trend

Vacancy falls 2.4 points, Grade A office space rental rates up 8.6%

By LIZA LIN

THE Singapore office property market is continuing on its uptrend with rental rates and demand for additional office space higher than last year, and rents expected to continue rising, according to property consultant Jones Lang LaSalle (JLL).

In anticipation of growth

Asia-Pacific prime office indicators* (% change)

CITY	VACANCY**		RENTAL***		CAPITAL VALUE	
	y-o-y	q-o-q	y-o-y	q-o-q	y-o-y	q-o-q
Hong Kong Central	5.2	-1.1	59.9^	21.1^	46.8^	21.1^
Shanghai (Central Puxi)	-4.8	1.2	21.8^	11.9^	NA	8.1^
Beijing	-1.4	0.1	6.7^	0.9^	-1.2^	0.3^
Taipei CBD	-7.8	-1.6	5.6^	1.3^	NA	0.1^
Tokyo CBD	1.8	-0.3	3.3	-0.2	0.1	1.1
Seoul CBD	0.4	2.0	-1.2^^	-3.7^^	2.9^^	-1.2^^
Makati CBD	-7.7	-0.8	7.2^	0.8^	0.0^	0.0^
Singapore CBD	**-2.4**	**-1.4**	**8.6^**	**1.2^**	**0.0^**	**0.0^**
Kuala Lumpur CBD & GT	-1.0	-0.4	29.2	0.0	0.0	0.0
Bangkok CBD	-1.8	-1.4	30.4^	6.6^	41.2^	11.9^
Jakarta CBD	0.1	0.2	5.8	2.8	4.8	1.6
Mumbai CBD	6.4	7.2	8.3^	0.0^	7.7^	0.0^
Sydney CBD	0.2	-0.8	-1.4	0.4	0.5	-0.1
Melbourne CBD	-2.0	-0.3	0.2	0.0	3.8	0.2

This scenario is not peculiar to Singapore. Most of the key commercial centres in Asia-Pacific such as Tokyo, Hong Kong, Shanghai, and Sydney also reported similar results.

Jane Murray, Asia Pacific head of research at JLL, said: 'Office demand is at its strongest since 2000. Cost considerations have become less important as corporates are more interested in expanding their operations in anticipation of more growth.'

'The higher rents and lower vacancies in the region are reflecting this mood of optimism,' she added.

Statistics from its latest Asia Pacific Property Digest show that vacancy rates of prime office space in the central business district have dropped in 10 of the 14 Asia-Pacific cities surveyed.

In Singapore, vacancy fell by 2.4 percentage points from the same time last year and Grade A office space rental rates rose 8.6 per cent.

Compared with the previous quarter, vacancy fell by 1.4 percentage points and rental rose 1.2 per cent.

JLL expects this rebound in Singapore to continue, due to limited new supply of space with 'many pre-commitments in projects that would only be completed later this year or next year'.

This surge has also fuelled leasing demand in the residential market. The vacancy in the local retail property market fell 0.9 percentage points from the last quarter and rents increased by 0.1 per cent.

However, vacancy had increased by 0.7 percentage points year-on-year.

'Retail centres, if positioned correctly, have demonstrated stability in occupancies and rents across the different cities. In the face of improving employment prospects, and stable or rising asset markets, the retail sector is best poised for continued growth over the medium and longer term,' JLL said.

According to the report, demand in the residential property market here was strong, although the market remained tenant-favoured due to the large number of units available from newly completed projects.

Buying interest during the first quarter of this year focused mainly on choice projects launched in the traditional prime residential districts, and the positive economic outlook has encouraged more local buyers to return to this market segment.

Prices, however, are still 35 per cent off the peak in early 1997.

Dr Murray expects growth in Asia to remain on a solid footing.

'The increase in US interest rates is unlikely to derail growth projections for the region. However, the persistently higher energy costs are starting to impact on growth,' she said.

28 May / Visitor arrivals in April up 7.5% y-o-y / BT

Visitor arrivals in April up 7.5% y-o-y

MORE visitors came to Singapore in April, with visitor arrivals rising 7.5 per cent over the corresponding period last year to hit 702,170.

But April's numbers were a slight dip from March's, which had more than 732,000 visitors.

Similarly, tourism receipts compared year-on-year also increased, but fell when the month-on-month numbers are examined.

April 2005 brought in $858 million from tourism, a 17 per cent rise over April 2004, but a decline from this March's $867 million in tourism receipts.

The Singapore Tourism Board said the dip in visitor arrivals in April was due to seasonal fluctuations.

There was a surge in the number of tourists from China last month, with 69,000 Chinese nationals visiting Singapore - making China the second largest visitor-generating market after Indonesia.

Indonesians still came in large numbers in April - 132,000 - but that was slightly down on March's 151,000.

The next three top visitor-generating countries in April were Malaysia (48,000), Australia (45,000) and India (44,000).

India was one of the fastest growing markets last month, generating an increase in visitor numbers of 24 per cent.

Other markets with double-digit growth include Thailand (21 per cent), Taiwan (21 per cent) and Malaysia (14 per cent).

Hotels here reported a healthy 16.6 per cent increase in room revenue over the previous year, collecting a total of $94 million in April.

Another good sign was the increase in the average room rate, which was an estimated $133, a 10.6 per cent gain over April 2004.

Hotels were also kept busy with an average occupancy rate of 82 per cent last month, a 2 percentage point increase over the same period last year.

1 Jun / Great Singapore Sale takes off with a bang / BT

Great Singapore Sale takes off with a bang

First weekend sees higher spending than 2004 by both tourists and locals

By NANDE KHIN

THE slowing economy notwithstanding, the Great Singapore Sale started off with a bang over the weekend with more spending than in the same period last year.

Retail therapy

Great Singapore Sale '05

Top spenders during the first weekend of Great Singapore Sale	Total volume (US$ million)	% change compared to corresponding weekend '04
Singaporeans	11.34	+ 24
Indonesian tourists	0.7	+31
Malaysian tourists	0.6	-6
Australian tourists	0.36	+16.3
Indian tourists	0.29	+48.5

Source: Mastercard International

As usual, most of the spending was by shopaholic Singaporeans, according to the Sale's official card, MasterCard International, but spending by tourists increased even faster than that by locals.

The first weekend of the Sale saw more than 166,000 transactions - worth a total of US$17.14 million (S$28.57 million) - by MasterCard holders alone.

This is 14.5 per cent more (in terms of transactions) and 23 per cent more (in money terms) than in the corresponding period of the Sale last year.

Singaporeans were the biggest shoppers, spending more than the equivalent of US$11.34 million in 134,098 transactions. This was an increase of 15.5 per cent and 24 per cent respectively.

'The (Sale) has certainly begun on a high note this year,' said Teo Ai June, vice-president of marketing (South-east Asia), MasterCard International.

'Shoppers - both locals and tourists - were definitely out maximising the offers and promotions available with their cards.'

Ms Teo added that while Singaporeans remained the overall highest spenders over the weekend, the 'concerted overseas marketing efforts with the Singapore Tourism Board also speak for themselves'.

Indeed, the data from MasterCard showed that the jump in spending (in terms of both volume and value) by its cardholders from Indonesia, India and Australia was much more than the rise in spending by Singaporeans.

The Indonesians, who were the biggest tourist shoppers, spent nearly US$700,000 over the weekend - an increase of 31 per cent on the corresponding period last year.

Australian visitors spent more than US$360,000 (up 16.3 per cent), and Indian tourists spent about US$290,000 (up 48.5 per cent).

However, spending by Malaysians, who were the second heaviest shoppers, slid 6 per cent from the previous year to US$600,000.

The healthy start to the Great Singapore Sale bodes well for the Singapore Retailers Association's target of increasing this year's retail revenue from the Sale by about 10 per cent to $5 billion.

3 Jun / HK, S'pore have best judicial systems in Asia: PERC / BT

HK, S'pore have best judicial systems in Asia: PERC

(SINGAPORE) Hong Kong and Singapore have the best judicial systems in Asia, while those of Indonesia and Vietnam suffer the worst, according to a survey of expatriate business executives working in the region released yesterday.

> Singapore, with an overall grade of 1.25 in 2004, fell to a close second place with 1.75.

Hong Kong pipped Singapore for the top spot in this year's survey by the Political and Economic Risk Consultancy (PERC), toppling the rival city-state from its pole position in 2004.

Foreign business leaders' perception of Indonesia's judicial system worsened this year from a year ago, despite efforts by President Susilo Bambang Yudhoyono to fight corruption, putting the country in the bottom of the rankings.

PERC noted a 'huge gap' between what countries say is the level of independence of their judicial systems and what foreign investors think.

In ranking the countries or cities, the business executives gave weight to how legal systems are used to enforce contracts, resolve disputes, fight intellectual piracy and enforce securities and exchange regulations.

Places such as Hong Kong and Singapore whose judicial systems have been consistently ranked highly have emerged as major Asian business hubs, PERC noted.

'It is no coincidence that in our own surveys of expatriates working in Asia, those countries that are graded the worst for variables like corruption and intellectual property rights risks are the same ones graded very poorly for the quality of their police and judiciary,' PERC said.

In the PERC rankings, countries and cities were graded on a scale from zero to 10, with zero being the best grade possible and 10 the worst. Respondents were asked to rate quality of the court system and the police force, and the scores were averaged to get the overall scores.

Hong Kong emerged on top with a grade of 1.73, improving from its 2.55 rating last year. Singapore, which had an overall grade of 1.25 in 2004, fell to a close second place with a score of 1.75.

PERC said that despite criticisms by opposition politicians of Singapore's judicial system, local politics hardly made a dent on foreign investors' views. 'Rather, they care about the way commercial law is practised and how normal crime is dealt with,' it said.

Japan was in third place, scoring 2.73, which is better than its 3.93 performance a year ago. It was followed by South Korea, whose score of 3.96 improved from 5.67.

Taiwan placed fifth in the rankings with a score of 5.07, improving from 5.55, while Malaysia came in sixth with a grade of 6.06, better than last year's 7.50.

India was in seventh place with a score of 7.20, an improvement from 8.0 last year. Thailand placed eight with a grade of 7.65, better than 7.83 in 2004, followed by the Philippines in ninth place after its ratings fell sharply to 8.10 from 7.71.

PERC said 'few foreign investors feel very confident working with the legal system' in the Philippines where 'laws are not built so much on precedents as on quicksand'.

China's ratings posted the most dramatic reversal, falling four notches to 10th place with a score of 8.15, as expatriates became 'increasingly critical' of the country's police and court system, PERC said.

China was in sixth place in last year's survey. 'China has done a lot to improve the quality of its laws, especially those relating to commercial law... but the record of enforcement is, at best, patchy. Arbitrary is probably a better description,' the Hong Kong-based PERC said.

Vietnam was in 11th place, its score deteriorating to 8.40 from 8.04, while Indonesia was graded 8.85, worse than the 8.0 it got in 2004.

Indonesian President Yudhoyono is fighting an uphill battle in efforts to clean up the judicial system, PERC said.

'The problem of corruption is too pervasive, and so many people and groups would be threatened by a thorough crackdown that it would probably be more destabilising than helpful for the country,' it said.

However, PERC said Mr Yudhoyono's efforts have caused it and other observers 'to believe that the status quo might be changing'. - AFP

3 Jun / Retail space likely to double in 10 years / ST

Retail space likely to double in 10 years

Forecast based on expected surge in tourists to 17 million a year
By Joyce Teo

SINGAPORE'S goal to double the number of tourists in 10 years' time will see retail space here doubling in tandem, according to a study.

Property consultancy Jones Lang LaSalle predicts that by 2015, Singapore will have 33 million sq ft of retail space to support the expected surge in visitors to 17 million a year.

But the attraction of shopping in Singapore cannot be based just on space alone, said local retailers.

What's inside the mall matters more, said Mr Tang Wee Sung, who heads listed retail chain C.K. Tang.

At the moment, he finds the retail scene dull: 'We're like Switzerland now. It's got the most boring shops.'

He blames Singaporeans for the sorry situation. 'It's what people want that prevents us from becoming a premium shopping place.'

In his view, Singaporeans are generally not design conscious. Price is their overriding concern. 'You'll be surprised. Even those who can afford it are not willing to spend,' he said.

This absence of a sense for the aesthetics can be partly attributed to the lack of media support and fashion role models in Government, he said.

For example, newspapers do not put fashion stories on Page 1, he said.

And like Mr Tang, retailers insist they cannot take the lead. Said the executive director of Wing Tai Retail Helen Khoo: 'If there's a market, retailers will be adventurous. Retailers cannot dictate.'

She should know, having brought in such popular brands as Topshop, Dorothy Perkins and G2000, which are available in more than 40 outlets across the island.

Still, Singapore Retailers Association's executive director Lau Chuen Wei, believes retailers have a role in injecting new buzz into the local shopping scene. 'Retailers should think carefully about whether they have to be in each and every mall,' she said.

Official figures show that nearly 70 per cent of what tourists spend here goes into shopping, and food and beverage.

Since such retailers dominate urban shopping areas, Jones Lang LaSalle foresees retail space swelling to about 33 million sq ft, assuming the ratio of the space to visitor arrivals staying constant at about 1.95 sq ft per tourist.

Development plans in the pipeline indicate that Singapore will fall short of the forecast.

So far, Jones Lang LaSalle has toted up only an estimated 4 million sq ft of new space. They are from the retail portion of the planned integrated resorts, four new projects in Orchard Road, VivoCity at the former World Trade Centre site, and new space from various redevelopment or refurbishment projects.

Add this to the present 16 million sq ft and the total will come up short by about 13 million sg ft.

Still, Mr Tang appears to feel that Orchard Road, Singapore's main shopping street, can do with less.

Instead of developing every square inch of space, leave some fallow as a green lung for shoppers to take a break and enjoy the area's buzz, he said.

He also suggested the setting up of bohemian areas, where retail start-ups can form their base.

'Being bohemian is a dirty word here. Anything that looks bohemian is likely to be torn down, redeveloped and sanitised to death,' he said.

'We're not a theme park,' he added.

4 Jun / Great S’pore Sale: one week, and it’s great / BT

Great S'pore Sale: one week, and it's great

Good times roll for retailers in year's biggest shopping event

By CAROLYN QUEK
AND CHLOE CHOY

(SINGAPORE) Confident retailers say first-week figures show that this year's Great Singapore Sale is on course to outstrip last year's record sales of $4.6 billion.

Shopping centres along the Orchard Road and Marina Bay belts have been swarming with local shoppers, who once again made up the bulk of bargain hunters this year, and there has been a strong response by shoppers to the new midnight opening hours at certain malls.

Wisma Atria, which held the first such session on Thursday, said the 'crowd turnout was good' and that shoppers were 'predominantly young, working females with boyfriends or husbands in tow to help carry their purchases'.

According to Wisma's spokesperson, Chan Shuk Ling, these shoppers were spotted mainly in shops such as G2000, Charles & Keith and Nike Women.

Figures from the Visa credit card operator showed that total card member spending was 11 per cent higher in the first three days of the Sale, than it had been in the corresponding three days last year. Earlier this week, MasterCard - the 'official card' for the Sale - reported a similar trend, although it did even better, with a 14.5 per cent increase in transactions and a 23 per cent jump in value terms.

Visa said there were 312,982 transactions using the card between May 27 to 29, with a total value of US$30.7 million.

Singaporean Visa cardholders were the biggest spenders, forking out US$21.7 million - a 10 per cent year-on-year growth - in the Sale's first weekend. Among overseas cardholders, the Americans came out tops, spending slightly over US$1 million over the weekend.

British and Australians followed closely behind, spending about $922,000 and $874,000 respectively. It was Indian visitors who showed the greatest jump in year-on-year growth, coming in at 75 per cent after spending $300,720 on their Visa cards. Indonesians - who spent $811,952 - showed the second-highest increase by nationality, at 46 per cent.

The Singapore Retailers Association said that members had told the association 'the first weekend has been good'.

'So far it has been encouraging and the sentiment is no less than last year's. But these are still early days,' said Lau Chuen Wei, executive director of the retail trade body.

However, she added a note of caution, saying: 'We find that people are usually excited about it (the Sale) for one or two weeks, as expected psychologically. But after that, there may be a tail off.'

Nonetheless, she thinks the expected slackening may be mitigated by the midnight sales and different prizes and promotions being offered every week.

Most shopping centres in the city also registered positive first week results. While sales figures for tenants were unavailable, patronage at Wisma Atria was up by 15 per cent from last year, Ms Chan said.

Raffles City also saw more consumer spending at its shopping centre. Spokeswoman Lee Munling said: 'While the number of customers appear to be the same, they seem to be spending more on average.' Similar trends were also seen in department stores. Despite not having a significant increase in footfall during the first week of the Sale, Takashimaya nonetheless reported a 17 per cent increase in sales revenue.

Generally, the consumer spending sentiment this year is more upbeat than last year. Charmaine Khoo, spokesperson for C K Tang, said: 'Our shoppers, especially the ladies, are spending more on shoes, accessories and fashion apparel.'

Gerard Goh, manager for Isetan's sales promotion department, said: 'The shopping momentum is there and we are hopeful that it will last.'

Unlike their store counterparts, feedback from food and beverage outlets was more subdued.

William Goh of Japanese restaurant Ichiban Boshi said the patronage at its outlets in Wisma Atria and Plaza Singapura had remained the same.

Likewise, IndoChine's Nude restaurant - also at Wisma - told BT that while more tourists have been spotted at its outdoor section, business has been flat.

Notwithstanding, another Japanese restaurant, Sushi Tei, seems to be doing well. According to its marketing manager, Mabel Chia, its outlets at Takashimaya and Paragon took in 15 per cent more money than in the weekend before the Sale.

7 Jun / Govt seen sticking to reserve list / BT

Govt seen sticking to reserve list

Property consultants cite absence of across-the-board recovery for property market

By KALPANA RASHIWALA

(SINGAPORE) The government will probably continue to offer land for private development exclusively through its reserve list in the second half of this year, in keeping with a demand-driven approach.

'It will probably be status quo for the H2 GLS programme unless the authorities have strategic reasons to release a site.'
- Ong Choon Fah

Property consultants polled by BT say they don't expect the state to resume land sales under the confirmed list, which has been suspended since October 2001.

Confirmed-list sites used to be tendered according to an announced schedule, regardless of whether there was demand. Reserve-list sites, on the other hand, are released for sale only if there is an application by a bidder undertaking to offer a minimum price acceptable to the state.

'It will probably be status quo for the second-half 2005 Government Land Sales (GLS) programme unless the authorities have strategic reasons to release a site,' DTZ Debenham Tie Leung executive director Ong Choon Fah said of the programme, which is announced twice a year.

The GLS programme for H2 this year is expected to be announced soon.

Colliers International associate director Tay Huey Ying said: 'The property market may have bottomed out, but with the exception of offices, the remaining sectors have yet to demonstrate any strong recovery. So the confirmed list is unlikely to be resumed just yet.'

For the residential sector, Knight Frank executive director Foo Suan Peng points out that home-buying demand has yet to recover fully across the entire spectrum. 'The residential projects that have been selling well are more niche projects in central locations,' he said. 'However, underlying demand for 99-year leasehold mass-market projects in the suburbs still isn't that strong yet. The big concerns among buyers in this segment are employability, cuts in employer CPF contribution rates and the annual lowering of salary ceilings for CPF contributions which have clipped housing affordability.'

Likewise, for commercial land, property consultants expect the government to continue offering sites only through the reserve list.

'I don't expect the government to sell new office sites in the Central Business District as they wouldn't want to upset the success of the Business and Financial Centre (BFC),' said Jones Lang LaSalle Singapore managing director Yu Lai Boon.

The BFC will be built on a reserve-list site released earlier this year and whose tender closes in a fortnight on June 21.

DTZ's Mrs Ong says that for retail space, there will be adequate supply from earlier announced sources. The current reserve list has two prime sites in Orchard Road - one above Orchard MRT Station and the other is the Glutton's Square carpark site next to Specialists' Shopping Centre.

And outside the GLS programme, where commercial and residential sites are typically offered on 99-year leases, Singapore Tourism Board is offering this year two shorter-term lease sites - one next to Faber House and the other a carpark site behind Orchard Building. In addition, the two Integrated Resort projects in the Marina Bay area and Sentosa will include retail components.

In the government's last GLS announcement for the first half of this year, four new parcels were added to the reserve list: The two prime Orchard Road sites, plus two residential sites - one next to Redhill MRT Station and the other near Tanah Merah MRT Station. At the same time, another 14 plots that were part of the reserve list prior to that announcement were rolled over to the H1 2005 GLS programme.

This time around, DTZ's Mrs Ong doesn't see the government making any major additions of sites for office or retail developments to the current reserve list as there is adequate supply.

However, for residential land, she suggested: 'It would be good to rejuvenate the list by adding some new plots. Some of the sites have been on the reserve list for so long.'

Colliers' Ms Tay expects to see the addition of some plots for residential or residential/commercial development in the areas around MRT stations on the Circle Line.

'This will help create activity nodes around the stations. And such sites will generate a high level of interest among developers,' she said.

Mrs Ong wonders if the government will reintroduce sites for executive condos - after it took a break from offering such sites since the second half of last year.

Far East is currently marketing La Casa EC at Woodlands, which may well be the last such project if the government doesn't resume land sales for this housing type, which is a hybrid of private and public housing with resale and other restrictions.

9 Jun / $8m makeover for Mount Faber / ST

$8m makeover for Mount Faber

6-month plan to turn HarbourFront, Sentosa and hill into a unified attraction

By Krist Boo

Graphics: JALEHA HASHIM

MOUNT Faber will no longer just be the spot at the end of a ropeway frequented by tourists hopping on the cable car bound for Sentosa, if Singapore Cable Car has its way.

THE Mount Faber-Sentosa cable car operator will know by next week when its cable car can resume operating, after it receives two sets of safety reports from the cableway's supplier and test specialist.

The ride has been suspended since last Wednesday, after a daily check the day before turned up 'inconsistencies'. Mount Faber Leisure Group yesterday refused to speculate on what the fault was.

Group chairman Soo Kok Leng told reporters that its French rope-test specialist, Halec SA, had assured his company that it was safe to continue operations even after the 'inconsistencies'. The company, however, decided to seek a second opinion from the supplier, TrefilEurope, another French company.

Asked why it did not announce the ride's closure for four days afterwards, chief executive Susan Teh said: 'We wanted to be sure that we were really stopping.'

The company, which manages developments on the hill, will spend $8 million over the next six months to turn it into an attraction drawing not just tourists, but high-spending corporate events too.

The plan is that all three stops on Singapore's only ropeway - Sentosa, HarbourFront and Mount Faber - will come together as a single unified attraction.

Nearby, Alkaff Mansion and Labrador Park are also being developed.

Singapore Cable Car announced the facelift yesterday in a launch attended by tourism players and the Second Minister for Trade and Industry, Dr Vivian Balakrishnan.

Grouping the three spots into 'a single precinct', the minister said, would appeal to 'people with more green orientation and a somewhat slower pace'.

It will be different from frenetic Marina Downtown, chic Orchard Road or outdoorsy Kallang Basin, which the Government has also earmarked for separate tourism development.

'We have something to cater to every taste. That's the context of what we are doing,' said the minister, who also heads the Community Development, Youth and Sports Ministry.

Half of Mount Faber's $8 million revamp will be spent on turning the cable car station into a bigger venue, with halls to hold corporate events and concerts.

By October, the station will get a new glass facade adorned with twinkling lights, harbour-view toilets and a new name, Jewel Box.

The remaining $4 million has been set aside to host dinner concerts and a year-end countdown party. Details are still being worked out.

The rebranding of Singapore Cable Car as the Mount Faber Leisure Group was also announced yesterday.

The group's chairman, Mr Soo Kok Leng, said the name change reflects the stakes the 31-year-old cable car company has taken in other tourism ventures, such as the Chinatown Heritage Centre and the Sentosa Discovery Tours.

The old name will be kept for promotions.

The company, which is itself 50 per cent owned by Sentosa Leisure Group, aims to increase the number of cable car riders from 1.4 million last year to 2.5 million by 2007.

Mr Soo would not say if ticket prices for the cable car will be raised after the revamp. Adults now pay $9.90, and children $4.90, for a round-trip cable car ticket.

The hill's last overhaul was 11 years ago, when $11 million was spent, mainly on more cable cars. Now, it is home to the Altivo Wine Bar, the Hill bistro, the Faber Rock Pub and a souvenir shop.

The Jewel Box is already booked for functions in October and November, said the group's chief executive Susan Teh.

The Jewel Box
This is refurbished cable car station, and will have room for corporate parties and concerts.

Ballroom with a harbour view and a 300-seating capacity.
Toilets overlooking the harbour.
Open-concept souvenior store

Others:

An extended look-out point.
Chair lifts, rides resembling ski lifts, next year.

HarbourFront Centre

The former World Trade Centre: Shopping and restaurants, and a 15-hall multiplex cinema.

VivoCity

Singapore's biggest mall when it opens late next year, at 1.1 million sq feet.

Sentosa attractions

At least six hotels, four of them new, by 2010.
The upcoming Integrated Resort.
More restaurants and shops at its three beaches.
More carparks.
A world-class marina, upmarket condominiums and bungalows.
New attractions such as the Luge, a cart - racing attraction.

Mega events such as the Singapore Open golf tournament.

10 Jun / MAS proposes to raise Reits' borrowing limit / BT

MAS proposes to raise Reits' borrowing limit

Changes to give Reits greater flexibility, boost investor protection

By KALPANA RASHIWALA

(SINGAPORE) Real estate investment trusts could see their borrowing restrictions relaxed, under proposals by the Monetary Authority of Singapore.

"Raising the gearing limit might make it more attractive for overseas Reits to list here.'
- Pua Seck Guan

MAS told BT yesterday that it is about to start public consultation on raising Reits' gearing limit from the present 35 per cent to as much as 60 per cent, and other proposed changes to Reit guidelines.

MAS is also proposing to license Reit managers to ensure high standards of competence and business conduct, and require trusts to disclose tenant concentration risks - over-dependence on a small number of tenants.

MAS said it is 'not prescribing any rules to limit concentration risk'. But to help investors make more informed decisions, Reits will have to disclose information like the top 10 tenants and the percentage of net lettable area (NLA) and gross rental income attributable to each, and furnish details of the lease maturity profile in terms of percentage of total NLA and gross rental income for the next five years.

Confirming the proposed changes in response to queries from BT, the authority said yesterday: 'The objective is to ensure that our regime continues to underpin sustainable growth in our Reit market.'

Another suggestion is to take steps to faciliate overseas property acquisitions and/or part ownership of properties - with safeguards to protect the interests of Reits and their unit holders.

Current Reit guidelines do not permit a Reit to own an asset jointly with other parties. But Reit managers say that when buying assets in some overseas markets, it may sometimes be difficult to take full ownership, possibly for tax or accounting reasons.

The MAS proposes to enhance the regime covering Reits so it 'incorporates more flexibility in key areas to accommodate domestic and overseas expansion, better aligns the interests of investors and Reit managers and improves investor protection'.

BT understands that in arriving at the proposed changes, MAS has been seeking the views of Reit managers and other industry participants over the past few months.

'We will issue a public consultation shortly on the proposed changes. MAS will continue to monitor international developments and best practices on Reits. Where necessary, we'll enhance our regulatory regime to promote and sustain the growth of the Reits industry,' the authority said in its statement to BT.

Reits here initially had a 25 per cent gearing limit. In 2003 this was raised to 35 per cent of a trust's deposited property, although a Reit may borrow more if the trust or all of its borrowings has at least a 'single A' credit rating from a major ratings agency.

MAS is now proposing to allow Reits greater flexibility to determine their debt ratios. 'Reits may exceed the current 35 per cent borrowing limit, subject to a cap of 60 per cent, if they obtain and disclose a credit rating by a major rating agency,' it said yesterday. The proposal does not stipulate the rating, only that it has to be disclosed, which means a loosening up of current gearing limits.

Some Reit managers have been lobbying for the gearing limit to be raised as the current limit of 35 per cent clips their ability to compete for assets against buyers who are not restricted by such limits.

A potential buyer can pay a higher price for the asset and still achieve the required return on equity - if the buyer is allowed to borrow more, so long as the income generated exceeds the cost of borrowing.

'Reits in more established markets like the US, Australia and Japan do not have stipulated gearing limits. So it makes it difficult for a Singapore-listed Reit to compete with players from these markets when we're vying for assets overseas,' said Pua Seck Guan, CEO of CapitaMall Trust Management.

Raising the gearing cap might make it more attractive for overseas Reits to list here. Now, because they can borrow higher at home, it makes it easier for them to deliver higher yields than if they are listed in Singapore and limited by the 35 per cent cap, he added.

ARA Asset Management CEO John Lim, whose company manages the Suntec and Fortune Reits listed here, said that even if the gearing cap is raised to 60 per cent, prudent fund managers are likely to maintain gearing at about 40 per cent, based on the experience from Australia, where there are no borrowing limits.

'Reits are defensive instruments that yield a stable income stream, so if you gear too high, you'll be very sensitive to interest rate fluctuations,' he said.

Mr Pua said that Reits should disclose not just their gearing levels, but other relevant information like interest cover ratio, interest service ratio and debt expiry profile, so that investors can better assess the financial risks.

A banker experienced with structuring Reits said that in mature Reit markets, investors demand a higher yield from a trust that is more highly leveraged, to compensate them for the higher financial risks. 'So the question for the Singapore market is whether investors will be sophisticated enough to seek a yield differentiation, according to gearing. Otherwise, it may lead to asset price inflation,' he said.

15 Jun / Circle Line extension set to liven up New Downtown and CBD / ST

Circle Line extension set to liven up New Downtown and CBD

By Daryl Loo

PROPERTY developers said yesterday that three new MRT stations to be built as an offshoot of the Circle Line will add life and excitement to both the New Downtown area and the Central Business District (CBD).

The developers say the MRT extension will significantly enhance the appeal of the proposed business and financial centre (BFC) and integrated resort (IR) sites at Marina Bay.

Commuters, tourists and other visitors will find it much easier to get to these new developments as the MRT extension will include Bayfront station next to the IR and Landmark station beside the BFC.

Hong Leong Group spokesman Gerry de Silva said: 'We have expressed our interest in the BFC and the IR at Marina Bay. The announcement of the new stations only reinforces our interest in these two major projects in the area.'

Easier access resulting from the extension, he added, would also liven up the group's office buildings such as Republic Plaza and Hong Leong Building, and its condominium The Sail @ Marina Bay, currently being built.

A third station, the previously unannounced Cross Street station at the junction of Cross and Telok Ayer streets, will also boost traffic to other commercial developments in the CBD, developers told The Straits Times.

Far East Organization spokesman Chia Boon Pin, visibly surprised at the inclusion of the station, said: 'This is fantastic news for Far East Square, because while we're bustling in the day, our nightlife has been rather weak.'

Far East Square, a collection of restaurants, retailers and offices housed in restored shophouses, will adjoin the Cross Street station when the extension is completed in 2012.

Following the announcement of the new extension, the Government also said yesterday that it will extend the BFC's tender closing date from next Tuesday to July 7.

This is for prospective BFC tenderers to factor in timing requirements for building an underground walkway and retail spaces that will link to the Landmark station, it said.

Mr Donald Han, the managing director of property consultancy Cushman & Wakefield, expects the eventual successful BFC bidder to be encouraged to speed up the initial eight-year completion deadline given for the project's first phase.

'If the extension is finished in 2012, they'll want to take advantage of the passenger traffic as soon as possible,' he said.

Knight Frank's director of research and consultancy, Mr Nicholas Mak, feels the new extension, in particular the Cross Street station, could give older office buildings in the area a new lease of life.

'The authorities tend to release additional plot ratios for developments near MRT stations. Coupled with the expected rise in traffic, owners may be more willing to redevelop these older buildings.'

16 Jun / April retail sales beat expectations with 13% jump / BT

April retail sales beat expectations with 13% jump

SINGAPORE'S retail sales rose a better-than-expected 13 per cent in April from a year earlier as consumers bought more cars, furniture and household goods.

As long as the local economy and the global economy don't hit a bump, retail spending should continue to rise.
- Song Seng Wun, an economist at G K Goh Holdings

The increase in the Statistics Department's retail sales index compared with a median forecast of 12.3 per cent in a Bloomberg survey of 15 economists, and a 13.1 per cent gain in March. Excluding vehicles, retail sales rose 10.6 per cent, accelerating from a 7.4 per cent gain in March.

The strong retail sales growth 'is still mainly down to car sales', said Chua Hak Bin, an economist at DBS Bank. 'Excluding autos, they are still holding up well, and tourist arrivals have been improving,' which would also boost spending.

Singaporeans are continuing to spend even as the economy shrank and added fewer jobs in the first quarter. The number of jobs added in the first quarter was about half of the 32,700 created in the fourth quarter of 2004, according to a Manpower Ministry report released yesterday.

'As long as the local economy and the global economy don't hit a bump,' retail spending should continue to rise, said Song Seng Wun, an economist at G K Goh Holdings.

Singapore's economy shrank at a revised 5.5 per cent annual pace in the first quarter, prompting the trade ministry on May 17 to cut its 2005 growth forecast to between 2.5 per cent and 4.5 per cent from an earlier range of 3 per cent to 5 per cent.

The nation's jobless rate rose to 3.9 per cent in the first quarter from 3.7 per cent in the fourth quarter. 'Amid softer economic conditions, employment creation slowed and unemployment rose,' the Manpower Ministry said.

A slower pace of economic growth and jobs creation could 'dampen consumer spending' in the second quarter of this year, wrote Ong Sing Beng, an economist at JPMorgan Chase & Co in a note to clients after the data was released.

Singaporeans are among Asia's 'super savers' as six out of 10 people said they would save their spare cash, according to an ACNielsen online consumer confidence survey published on June 13, which polled 21,100 people in 38 markets worldwide.

One in three Singaporeans said job security is their biggest concern, and one in five cited the economy, ACNielsen said.

Adjusted for seasonal factors, retail sales in April declined 1.5 per cent from the previous month, the Department of Statistics said yesterday. Excluding cars, sales gained 4.9 per cent.

Vehicle sales in April rose nearly 16 per cent from a year earlier based on current prices, compared with a gain of 18.4 per cent in March.

Sales of furniture and household equipment rose 23 per cent from a year earlier in April.

Department store sales gained 6.5 per cent, and food and beverage sales gained about 39 per cent. - Bloomberg

21 Jun / MAS panel endorses S’pore as financial hub / BT

MAS panel endorses S'pore as financial hub

By UMA SHANKARI

SINGAPORE should build on its experience in servicing South-east Asian corporates and investors, and engaging with a growing China. It should also reach out to new markets such as India and the Middle East.

These were among the recommendations made by the Monetary Authority of Singapore's (MAS) international advisory panel - comprising mostly the heads of leading financial institutions - at this year's meeting.

The panel believes that Singapore could be a gateway for Middle Eastern investors to participate in the growth of China and South-east Asia. With the rise of China and India, it says, long-term growth prospects in Asia are good.

However, there are significant challenges facing Asian economies, such as income inequalities and the growing rural-urban divide. Still, given the continued growth of Asia, deeper and more liquid capital markets are needed. The panel encouraged Singapore to help build Asean capital markets and integrate Asian financial markets.

It endorsed Singapore's strengths in wealth management and treasury markets, underpinned by the growth of income across the region; and highlighted the need for continued efforts to improve financial transparency and corporate governance and promote a sound credit culture.

Panel members commended Singapore's pro-business and responsive regulatory environment, and competitive tax regime, and urged it to maintain its cost competitiveness. Singapore's proactive approach to attracting global talent was also hailed as an advantage.

The members advised Singapore to continue to focus on factors such as education and a more vibrant cultural and social scene to improve the 'quality of life'.

Overall, the panel strongly endorsed Singapore's strategies for the continued growth of its role as Asia's financial centre. The panel, formed in 1998, advises the MAS on Singapore's financial sector reforms and strategies.

22 Jun / Takashimaya, Raffles City revamp retail concepts / BT

Takashimaya, Raffles City revamp retail concepts

By ARTHUR SIM

ANOTHER two major shopping malls in the Orchard Road belt are planning to update parts of their retail approach.

Raffles City Shopping Centre is to revamp its Basement One food and supermarket level. Takashimaya Shopping Centre has already completed its small-scale revamp of part of its established Level Four, tweaking the tenant mix in the process.

This news follows recently announced renovations at Suntec City Mall and Marina Square, suggesting that mall managers have come under increasing pressure to upgrade to meet the changing requirements of shoppers.

At Takashimaya, Level Four, the space that was vacated by Robert Piano, Kawai Music School and TMC School has now been taken over by Art Friend. Taking 10,000 sq ft of space, the popular Bras Basah Complex art supply store will open its second store at Takashimaya and become the anchor tenant for a cluster of art related shops that will form what shopping mall manager Toshin Development has named 'i Fourum'.

Formerly, that corner of the mall catered to a niche market centred on children's goods and services, and included children's fashion, educational tools, enrichment courses and toys. After trying it for six years, a spokesman for Toshin says that it has decided to give up that retail segment. 'As a shopping centre, you have to have new concepts,' said the spokesman. 'Whether it works or not, it doesn't matter because you can always change it.'

Other tenants making up the mix are Bookbinders Design, Creative Hands, Studio Miu, The Better Toy Store and Merlin Framemakers. Each company is said to have been selected by the mall managers to help create the 16,000 sq ft 'i Fourum' concept.

Toshin said that this kind of 'localised reconfiguration' was not about making retail space more profitable but rather to reinforce the stratified tenant mix the mall has had since it opened 13 years ago.

Toshin said it had been 'very proactive' in its search for a new tenant that would complement Kinokuniya Bookstore on Level Three and Library @ Orchard on Level Five. Level Four was designated a food floor. Toshin, however, says that increasing the number of food outlets was not an option. Takashimaya had 'maxed out the occupancy loading for food outlets'.

Raffles City Shopping Centre has apparently not maxed out the occupancy loading for food outlets - it has decided to increase the size of its popular Basement One level, at present occupied by a mix of fast food and full-service restaurants.

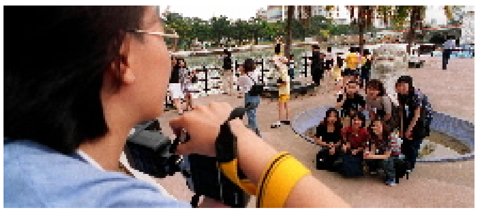
Details of the renovations are expected next week, although conversion of some carpark space to retail is seen as likely.

As with so much else these days, the new Basement One will offer what Raffles City Shopping Centre's managers call a 'lifestyle concept' that fuses food, fashion, music and books.

23 Jun / Visitor arrivals in May up 7.3% y-o-y / BT

Visitor arrivals in May up 7.3% y-o-y

SINGAPORE welcomed 708,496 visitors last month, 7.3 per cent more than in May 2004, according to figures released by the Singapore Tourism Board yesterday.



Welcome sight: The happy faces of growing tourist numbers

Indonesia, India, China, Malaysia and Australia were Singapore's top five visitor-generating markets, with tourists from the five countries accounting for slightly more than half of total visitor arrivals for the month.

Arrivals from Indonesia numbered 135,000 followed by India with 72,000. There were 63,000 from China, 48,000 from Malaysia and 46,000 from Australia.

The increase in visitor numbers was helped by strong double-digit growth from markets such as Vietnam, the Philippines, Germany and India. Vietnam provided a particularly large increase in the number of visitors travelling to Singapore, up 73 per cent year-on-year.

In line with the improved tourist arrivals numbers, estimated tourism receipts added up to $860 million, an increase of 12 per cent over May 2004.

Singapore hotels recorded $97 million in room revenue, up 17.5 per cent year-on-year. The average room rate in May was estimated at $133, an increase of 10.9 per cent over May 2004.

Occupancy rates were up as well, with 83 per cent of rooms being occupied last month, up from 79 per cent in May last year.

24 Jun / Clifford Pier slated to be lifestyle hub / ST

Clifford Pier slated to be lifestyle hub

Site to go on sale by year-end. It will form a 'ring of activity' with resort across the bay

By Daryl Loo

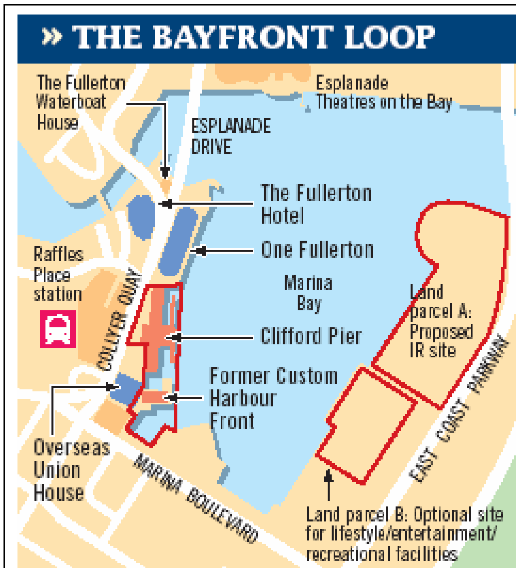
A LEADING Singapore landmark will be given a new lease of life in the country's bid to turn the waterfront of Marina Bay into a premier playground.

The historic Clifford Pier building, built in 1933 as a landing point for immigrants, is to be turned into a retail and lifestyle centre that will include a neighbouring two-storey building once occupied by the Immigration and Checkpoint Authority.

Together with the planned integrated resort (IR) across the waters, the two old buildings in Collyer Quay will turn the Marina Bay waterfront into a strip ringed by a dizzying array of shops, hotels and nightclubs that will have commanding views of the bay.

Their future was made known yesterday when the Ministry of National Development (MND) announced its land sales programme for the second half of this year.

MND also estimated that the two IRs - the other is to be built on Sentosa - could generate 3,400 hotel rooms and 100,000 square meters of retail space.



The Collyer Quay announcement is the latest in a string of major developments being planned for Marina Bay, including a sprawling Business and Financial Centre and an MRT extension to link the various projects.

Knight Frank's analyst Danny Yeo sees the Collyer Quay site as the final piece of the jigsaw puzzle, 'completing the circle of new projects being planned around the shores of the bay.'

When redeveloped, the two quay landmarks will join such prime recreational attractions as The Esplanade, One Fullerton and The Singapore Flyer, which is similar to the London Eye, to form a New Downtown that, unlike the present Central Business District, will be abuzz round the clock.

They will dominate the 2.62 ha site, which is going to have 10,000 sq m of commercial space. No offices will be allowed, said a spokesman for the Urban Redevelopment Authority (URA).

'We are looking for activity-generating lifestyle and recreational uses that can contribute to the necklace of attractions planned around Marina Bay,' she added.

The activities could even spill over to the waters in moored boats or floating platforms that can be turned into discos or for companies to hold parties, said Mr Yeo, executive director of property consultancy Knight Frank.

The single-storey Clifford Pier will retain its art deco design, the URA spokesman said, as it is earmarked for conservation because of its historical and architectural significance. The lease tenure for the site is still being studied and will be made known later this year, she added.

Analysts say the Collyer Quay site is likely to attract bids from such big boys as banker Wee Cho Yaw and developer Ng Teng Fong because they have companies with properties that adjoin it. Mr Wee's UOB owns Overseas Union House, which houses the Neptune Restaurant and other offices, and is being slated for a major redevelopment. Mr Ng's Sino Land owns The Fullerton hotel, the One Fullerton complex and Waterboat House.

Mr Donald Han, managing director of property consultancy Cushman & Wakefield, expects the site to draw bids of up to $41 million should the Government decides on a 30-year lease, and up to $54 million if the lease term is 99 years.

Currrently, Clifford Pier is being used by the Maritime Port Authority as a ferry terminal for small vessels, and by operators of cruise boats. They will be moved to Marina South by the end of this year.

Besides the Collyer Quay site, four more plots will also go on the reserve list in the second half of this year. These plots will not be released for public tender until a developer commits to bid at a minimum price acceptable to the authorities. These other plots are a commercial site in Toa Payoh and three sites for homes: Novena, Woodlands, and Pasir Ris.

27 Jun / Body formed to promote listed property sector / BT

Body formed to promote listed property sector

APREA will work to boost investor confidence and growth in industry

By KALPANA RASHIWALA

(SINGAPORE) The Asian Public Real Estate Association (APREA) will be officially launched today in Singapore to promote, represent and develop the publicly-traded property sector - including Real Estate Investment Trusts (Reits) - in the Asia-Pacific region.

It is being modelled after the National Association of Real Estate Investment Trusts (NAREIT) in the United States and the European Public Real Estate Association (EPRA).

Singapore-based APREA will strive to promote common standards in accounting, reporting and corporate governance across the region to enhance investor confidence and growth in the industry.

The association's founding members include Ascendas Reit, ARA Asset Management, Westfield Group, Hong Kong Land, Mitsubishi Corp-UBS Realty, SM Prime, Ayala Land, YTL Corp Bhd, Henderson Global Investors, UBS, Morgan Stanley and Macquarie Bank.

'Due to the lack of a representing organisation in Asia, companies had to deal with cross-border differences and poor transparency, making Asia appear a riskier investment prospect than Europe or the US where companies are represented by EPRA, NAREIT and the Association of Foreign Investors in Real Estate (AFIRE) respectively,' APREA said in a release yesterday.

A central objective of the new grouping is to also raise the profile of the Asia-Pacific property companies and trusts for global investors.

'Globally, there is a lot of capital available for real estate investment and APREA will ensure Asia gets its fair share,' said the release. APREA said it has been offered 'full support and endorsement' from EPRA, NAREIT and AFIRE.

The association is being launched at the Real Estate Investment World Asia 2005 conference, which begins today at the Grand Hyatt, Singapore. The three-day event has drawn big names in the industry who will discuss the development and future of the Asian Reits market.

The seminar and workshop is expected to draw fund managers and high-profile property investors from around the world.

27 Jun / Orchard Rd revamp gathers pace / ST

Orchard Rd revamp gathers pace

To keep up with competitors, Far East Plaza spending $6m; Crown Hotel has $21m plan

By Joyce Teo

THE great Orchard Road makeover, with landlords spending millions of dollars to give their ageing hotels and malls a fresh look, is starting to gather pace.

The latest to swing into action is Far East Plaza, a popular gathering place with youngsters. Crown Hotel At Orchard, which changed hands recently, is expected to announce plans to refurbish soon.

At the same time, the Meritus Mandarin Hotel in Orchard Road, which has retail space on its ground floor, is exploring various renovation alternatives to improve yields, industry sources said.

Far East Plaza is spending $6.53 million to improve its floors, ceilings and external walkways, to keep up with the times. It will also improve its toilets and replace the fountain in its lobby with a water feature that doubles up as a stage.

Work began in April and is due to finish in November.

GRAPHICS: G. CHANDRADAS

Crown Hotel's new owner, the Hong Kong-based Park Hotel Group, has said about HK$100 million (S$21.5 million) will be invested in upgrading the place.

Changes there should be dramatic, as it is situated in a very strategic part of Orchard Road, said Mr Tai Lee Siang, director of DP Architects, which was hired to make over Wisma Atria, Paragon and Marina Square.

Consultants point out that the hotel has a sizeable retail component, which can be increased further to improve yields by adding a pop-out facade, a walkway connecting its shops, and more retail space on the ground floor.

'It is time to extend it outwards,' said Mr Tai. 'Great hotels want to engage street life with alfresco places. Shoebox architecture is out.'

The same could happen at the Meritus Mandarin Hotel, which has a wide frontage, he added.

And once these two hotels are finished, Orchard Road will be more pedestrian-friendly and others will be motivated to follow suit, he said.

Key Orchard Road shopping centres Wisma Atria, Plaza Singapura, Paragon and Orchard Point have already under gone major makeovers.

But keeping up with the times is becoming more urgent now that the Government plans to increase Orchard Road's 8.6 million sq ft stock of shop and entertainment space by about 10 per cent.

The move is part of a plan to rejuvenate the area, with $1.6 billion worth of investments to fight regional competition and help increase tourist arrivals by 2015.

The extra space will come from the sale of four sites.

Two 99-year leasehold sites - above Orchard MRT Station, and at the Glutton's Square car park next to Specialists' Shopping Centre - are expected to yield a combined retail gross floor area of at least 774,000 sq ft.

Two others, with leases of up to 15 years - one fronting Orchard Road next to Faber House, and the other at the car park behind Orchard Building - will add 73,000 sq ft.

On top of the land, $40 million has been set aside to upgrade the public infrastructure along the shopping street.

The urge for Orchard Road malls to refurbish is expected to pick up as two major competitors prepare to unveil new looks next year.

One of them is Marina Square, which is spending $120 million on its makeover. This will add 150 more outlets to the existing 250 and give the building a glass frontage.

The other is VivoCity - which will be the island's largest mall - in the HarbourFront area.

'If old malls don't revamp, they lose out to new ones,' said property consultancy Jones Lang LaSalle's associate director of retail, Ms Pauline Tan.

'New retail names will always want to launch in a new building and shoppers will flock to the new place too.'

28 Jun / Raffles City embarks on 50,000 sq ft extension project / BT

Raffles City embarks on 50,000 sq ft extension project

RAFFLES City shoppers can look forward to a new shopping experience by July next year, the shopping centre said yesterday. As part of its strategic asset enhancement programme, it is adding a 50,000 sq ft extension to its Basement 1 (B1) retail area.

According to the shopping centre, the current 30,000 sq ft space - anchored by Jason's Marketplace and home to food and beverage outlets such as The Soup Spoon and Burger King - is slated to be revamped as 'The Raffles Marketplace'.

Construction in B1 started in February through a phase-by-phase renewal process. However, most of the extension work has been taking place away from the public eye. The current phase of renovation is followed by connection to the future Circle Line MRT Convention Centre Station, which is expected to be fully operational in 2010.

Raffles City said: 'The Raffles Marketplace is a way of exceeding the demands of our clientele which has expressed a desire for more F&B choices and fashion stores.' Having roped in up to 50 new retail and F&B shops, including Din Tai Fung and That CD Shop, the extension is expected to draw a 15 to 20 per cent increase on the current 2.2 million monthly volume of shoppers. There will also be two new water features to 'complete the ambience of The Raffles Marketplace'.

29 Jun / Office rent continues rise / BT

Office rent continues rise

Prime office space now averages $4.70-$5.10 psf

By ARTHUR SIM

RENT for office buildings continues to rise, with latest reports by property experts showing average rents for prime office space at $4.70 to $5.10 per square foot, up from about $4.20 to 4.85 psf. Occupancy rates for prime Grade A space in the CBD is also said to have exceeded 90 per cent. Islandwide, occupancy has increased by 0.5 per cent over the previous quarter to 85.5 per cent.

Market watchers have also noted some new trends. Research by Jones Lang LaSalle (JLL) shows that the effective gross rents for Grade A offices in the small space category (2,000-5,000 sq ft) went up by 6.5 per cent in the Orchard Road area and 5.2 per cent in the Raffles Place vicinity. Large spaces (10,000-20,000 sq ft) showed even bigger rises, of 6.8 per cent and 4.5 per cent respectively.

JLL national director and head of commercial markets Chris Archibold said: 'The need for large blocks of contiguous office space on large floor plates will always be there as demand will be driven by multinational corporations. However, this has to be put into context as a large proportion of Singapore office space is occupied by SMEs and small to medium-sized representative offices.'

Talk of the old CBD slowly becoming redundant is also in question as Mr Archibold believes the rental recovery is filtering down into the Grade B segment in the CBD with small-space category rents rising by about 3.8 per cent over the previous quarter to $4.05 psf.

He said: 'While the new downtown will of course have an impact on the existing CBD, the new developments will come on line over a substantial period of time. The impact on the market may not be as marked as some people expect. We expect a gradual migration toward the new downtown area.'

Major projects to be completed include 3 Church Street and 1 Raffles Quay. Together with recently completed 1 George Street, new projects will provide an estimated 2 million sq ft of new lettable space, or an average of 400,000 sq ft a year in the five years to 2009. This is much lower than the average annual supply of 2 million sq ft in the past 10 years.

Property experts have noted tenants expanding their space requirements within the same building. The executive director of investment properties at CB Richard Ellis, Soon Su Lin, said: 'With the lack of new supply of office space in 2005, most companies expanding their operations in the last quarter have tended to expand within the same building.'