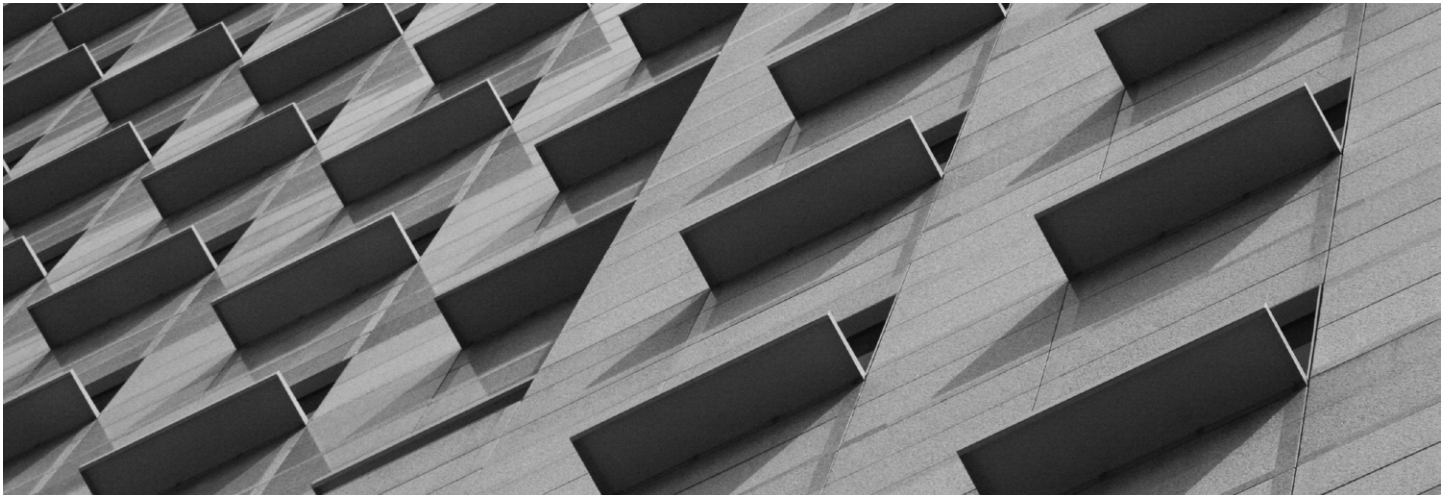


Market Update



RENTALS

Prime Market Firms Up

With Singapore's key indicators showing a healthy growth, rentals have also followed suit. Several large organisations are moving from current older buildings to new ones, mostly pre-committing before TOP with some taking additional space with the move.

Effective rates in Raffles Place hover at the range between \$8.50 - S\$10.50 psf with rates at Republic Plaza 1 between S\$10.50 - S\$11.50 depending on the floor level, One Raffles Place at \$10.50 - \$11.00 psf and 6 Battery Road at S\$12.50 even though it is going through a major refurbishment. The demand in space by new set-ups has led to serviced office providers taking additional space for expansion. Regus has set up its 5th serviced office at Samsung Hub and Compass Offices at Prudential Tower has just taken on extra space. Another new provider, Corporate Serviced Offices has also set up shop at 55 Market Street.

Many big firms are moving to new buildings with large floor plates for more efficient space planning

The Robinson Road/Shenton Way corridor has been busy with sales transactions at Robinson 112, The Corporate Office and The Corporate Building next door. The rental market has also been fairly busy and rents have picked up at Robinson Centre achieving \$8.00 psf effective and Robinson 77 also looking to close deals at about \$7.80 psf. Visa (currently occupying 6 floors of Chevron House) is the latest big space mover who secured their new space at the end of last year at 71 Robinson Road and will be occupying three floors totalling about 60,000 psf.

This move is synonymous with that of many big firms who are moving to new buildings of large floor plates for more efficient space planning. It does seem that the most active building along this belt is 71 Robinson Road with Ogilvy & Mather also taking 3 floors from level 6. Partners Group from Robinson Centre has also confirmed 1 floor here. The German owners have finally come to terms with a more realistic rental expectation but they can be appeased that they have secured several good name tenants nonetheless. Elsewhere, Aviva Building along Cecil Street has bid farewell to their last tenant Ng Lee & Associates, who have just moved into GB Building next door. Kelly Services is also one of the recent tenants to move into GB Building.



71 Robinson Road



Anson House

RENTALS cont.

Rent bandwidth at Tanjong Pagar remains small

The rent bandwidth at Tanjong Pagar remains relatively small compared to Raffles Place with the exception of top quality space at Mapletree Anson which is expecting close to \$8.50 psf. Anson House has pegged itself to their neighbour and is now expecting slightly above \$8.00 psf for its last few units available. Traditionally popular buildings such as 78 Shenton Way, Keppel Towers, Fuji Xerox Tower and International Plaza are commanding rents of between \$6.00 - \$7.00 psf.

Rents in Orchard Road continue to hold well with rent for Ngee Ann City at \$9.00 - 9.50 psf, Wisma Atria at \$9.00 psf and Winsland House I and II at \$8.50 psf. The strata owners of Thong Teck Building are also gaining momentum to put the building up for collective sale which if successful, will send more tenants on the hunt for new office space.

Elsewhere, some notable moves in Orchard Road include Burberry, who are moving into 50 Scotts Road which is mainly housing the WPP group of companies and Harley Davidson, who has chosen Winsland House to set up their Singapore office. However, there will also be large space coming available at nearby TripleOne Somerset building, where anchor tenant Singapore Power will be vacating to Mapletree Business City in the middle of the year. Hence how long rents will hold here remains to be seen.



Ocean Financial Centre

MARKET FORECAST

Continued demand from overseas

Demand will continue to come in from overseas especially from fund management firms and companies who put on hold their expansion plans last year will do so now. This is seen from the vacated office premises left by tenants moving to new buildings that are already been taken up by existing tenants for their expansion.

Although there was a substantial amount of new completion of about 4 million square feet which was available in 2010, there will be a removal of about 800,000 sq ft from existing buildings for redevelopment. 6 Battery Road is currently undergoing a major refurbishment which will only be completed in 2013. Ocean Towers and UIC Building will also be up for redevelopment and over at Tanjong Pagar, Keppel Land has been granted planning permission to develop Keppel Towers and GE Tower into a high-rise residential project.

Amongst the new schemes that are up, Tokio Marine Centre, MBFC Tower 1 & 2 are fully let. By early 2011, Ocean Financial Centre has already been committed up to 63%, Asia Square Tower 1 over 55%, MBFC Tower 3 over 66% and One Raffles Place Tower 2 at around 10%.

The balance of approximately 1.3 million square feet will have to be spread thinly over the next 3 years especially since typical take-up rate is about 1.5 million square feet per year. We project rents to move up at a steady rate until the middle of this year provided underlying economic fundamentals continue to deliver strong GDP growth in Singapore.



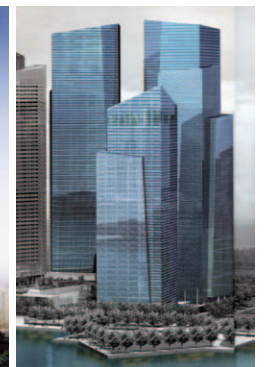
Asia Square



Tokio Marine Centre



One Raffles Place



Marina Bay Financial Centre

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