April 2012

CORPORATE LOCATIONS

The Office

A review of the Singapore office market

Inside

Full Rental Guide

Leasing Options -
For All Sizes & Budgets

Market Forecasts

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Guide to Fitting Out Costs

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Overview
Leasing activity has been more subdued

The pace of economic activity has dropped significantly as a result of the slowdown in the manufacturing sector, and the GDP growth in Singapore in 2011 came down to around 4.8%. Indeed, in the last quarter of 2011 the economy shrank and the forecast for overall growth in 2012 is down to between 2% and 3%, and the prospect of a possible short term technical recession has been flagged up by the Ministry of Trade and Industry.

Many tenants are being cautious in these times of economic uncertainty and there is an anticipated decline in hiring expectations, particularly in the banking sector. For instance, within the banking sector some banks are downsizing such as HSBC whilst others banks are actually upsizing such as Standard Chartered Bank. Again, other industries such as mining and electronics are proving resilient with Rio Tinto and Samsung both leasing brand new offices of some 70,000 sq ft each in MBFC Tower and Mapletree Business City respectively. Law firms have also been active, particularly in the Raffles Place area and educational organisations such as International Baccalaureate and The London School of Business have leased new space in Parkview Square and GB Building.

Vacancy rate up to 6.7%

The overall take-up in 2011 was 2 million sq ft but only 80,000 sq ft of this was expansion space. Generally, leasing active has been more subdued and the significant new supply in the last 12 months has pushed the overall vacancy rate up to around 6.7%. Notwithstanding this, some landlords remain bullish and are holding firm on their rates because in some cases they are enjoying low vacancy rates. An example of this is Suntec City where the landlords have been especially successful in leasing space over the past 9 months, resulting in high occupancy rates and therefore can afford to hold out for their target rates.

Top rates for the prime brand new Grade A schemes remain around $12.00 - $15.00 per sq ft, although effective rates are significantly lower at around $11.00 - $12.00 per sq ft. In Raffles Place the band for Grade A space ranges from $9.00 to $11.00 per sq ft.

Along Robinson Road/ Shenton Way rates vary from $7.50 to $8.50 per sq ft depending upon age, quality, and distance from Raffles Place and the nearest MRT.

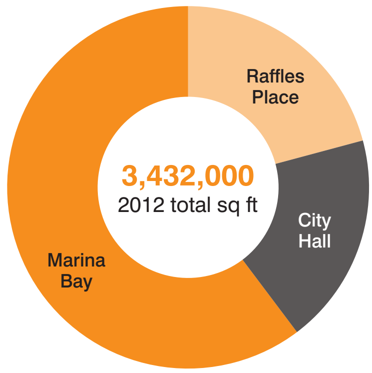
Face rents remain stable but effective rates become more attractive

The rates for many buildings on the edge of the CBD seem to be a little out of sync as they average around $7.00 to $8.00 per sq ft, which is not much different from those buildings in the Tanjong Pagar area. Outside the CBD and in business parks, the fluctuation in rates is far less acute and they remain in the $3.50 to $5.00 per sq ft range.

Office Market Statistics

District	Average Rent psf pm	Office Stock	Average Occupancy
Raffles Place	$10.00 - $11.00	8,363,000	95%
Marina Bay / New Downtown	$12.50	2,920,000	88%
Shenton Way / Tanjong Pagar	$7.00 - $8.00	6,582,000	92.2%
City Hall / Marina Centre	$6.00 -$10.00	6,100,000	97.6%
Orchard Road	$7.50 -$10.00	2,590,000	96%
		Total - 26,855,000	Average - 94%

New Office Space Under Construction 2012



Raffles Place
Building - CapitaGreen
720,000 sq ft

Marina Bay/New Downtown
Buildings - MBFC T3, Asia Square T2
2,067,000 sq ft

City Hall/Marina Centre
Building - South Beach
645,000 sq ft

Shenton Way/Tanjong Pagar
No new office buildings in 2012

Orchard Road
No new office buildings in 2012

Forecasts
Effective rates much more attractive

Although the office market peaked at the end of Q3 2011 there has been only a slight softening of rates since then, and we expect only a modest correction over 2012 where rates may fall between 10% - 15%. Adjustments in rental rates will vary in different locations according to the amount of space available in those areas. Demand has indeed been more subdued but the slowdown has by no means been alarming and for the most part had been anticipated.

Modest correction with rates softening 10-15% in 2012

The office leasing market will become more challenging for landlords, with pressure from competing schemes increasing and the full effects of shadow space from relocations will begin to have more of an impact. We are already seeing some landlords being creative with the marketing packages offering incentives and benefits such as allowing for future expansion half way through a lease term. Rent free periods are also becoming longer, with 3-4 months rent free for medium sized space not uncommon, as owners seek to maintain their face rates whilst effective rates have become much more attractive.

Landlords incentives improve by offering longer rent free periods

There will always be concern how demand will hold up in times like this but it would appear that many global industries still view Singapore favourably, and this is in no small part due to a well-planned future for the Singapore office market, where stability in supply has already been accounted for. On the other hand, competing regional financial centres such as Hong Kong are still expensive alternatives with prime rates being around twice those of Singapore averaging HK$125 psq ft (S$20.00 per sq ft). The price of Hong Kong as a competing location coupled with very limited choice and the chronic shortage of new supply there puts Singapore at an obvious advantage and should bode well for the future.

Summary

Fitted office units avaliable for lease

Finding a fully fitted office to suit your needs can clearly save considerable costs and it is always worth checking whether any such opportunities are around at the time you are sourcing for new space.

This is where using an agent that is very focused in one specific market can bring big benefits by knowing which other tenants are planning to relocate hence freeing up their current space.

Average fitting out costs range from $40.00 - $100.00 per sq ft so the cost saving can be substantial and in some cases can make the difference on whether an office relocation is financially viable.

Sometimes there is so much work involved in reconfiguring an existing fit-out that starting from scratch is the most practical and still most cost effective solution. Care should be taken to factor in reinstatements costs. When taking over a fitted out unit the ingoing tenant will also take on the responsibility to reinstate the premises to original bare shell condition.

The most expensive reinstatement work is often in the ceiling so an ingoing tenant should be careful to check whether there has been extensive work moving air-condition units and ducting around as well as ceiling diffusers. We recommend that tenants use a designer even when taking over a fitted unit and a list of recommended contractors and designers is on our website under *Useful Contacts*.

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Raffles Place

Location	Size *sq ft*	Est. Average Rental psf
Equity Plaza	1,000 - 20,700	$7.50-$8.50
6 Battery Rd	1,380 - 22,451	$10.00-$12.50
Chevron House	1,480 - 25,000	$8.50
The Arcade	1,561 - 2,500	$7.50
OCBC Centre	1,715	$9.50
Tung Centre	1,733 - 29,000	$12.50
UOB Plaza 1	1,970 - 6,380	$11.00
One Raffles Place	2,000 - 18,000	$10-11.50
Royal Group Bldg	2,300	$8.00
55 Market Street	5,000 - 9,000	$7.00-7.50
Bank of S'pore Centre	5,000	$10.50
One George St	5,000 - 13,785	$11.00-11.50
UOB Plaza 2	5,156 - 7,621	$9.50
Republic Plaza	6,115- 28,568	$11.50-$12.50
MBFC Tower II	8,073	$11-$12.50

Orchard Road

Location	Size *sq ft*	Est. Average Rental psf
The Bencoolen	1,000 – 4,198	$6.50
Ngee Ann City	1,023 – 4,200	$10.00
Burlington Square	1,151 – 1,335	$6.20
Shaw Centre	1,160	$7.50
Wisma Atria	1,270 – 1,625	$10.00
Great World City	1,300 – 3,725	$7.00
Wilkie Edge	1,367 – 1,593	$8.00
Winsland House II	1,700	$10.80
Regency House	2,465	$7.50
Wheelock Place	2,700 – 11,356	$12.50
Goldbell Towers	9,343	$7.20
Tanglin Shopping Ctr	5,081	$6.50

Fringe of CBD

Location	Size *sq ft*	Est. Average Rental psf
United Square	1,062 – 6,945	$8.50
Central Plaza	1,087 – 4,716	$6.00
Central Mall	1,173- 4,402	$7.00
King's Centre	1,259 – 3,800	$6.00
Valley Point	2,573 – 31,000	$5.50
Novena Square	3,281 – 8,555	$9.00

Robinson Road to Tanjong Pagar

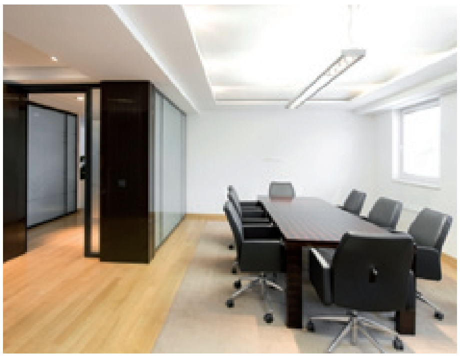
Location	Size *sq ft*	Est. Average Rental psf
City House	1,000 – 7,158	$8.00
Hub Synergy	1,103 – 2,271	$6.00
Robinson Centre	1,173 – 6.868	$8.00-$8.50
Keck Seng Tower	1,198	$6.50-$7.00
Robinson 112	1,249 – 4,058	$7.00
GB Building	1,400 – 5,134	$7.00
78 Shenton Way	1,485 – 1,862	$7.00
Southpoint	1,500 – 7,853	$6.20
AXA Tower	1,765 – 14,120	$8.00-$8.50
Cecil Court	1,814	$6.00
China Sq Central	2,000 – 9.889	$7.50-$8.00
The Globe	2,465	$6.00
AIA Tower	2,498 – 8,012	$6.50-$7.00
Robinson Point	2,596	$8.00
Bangkok Bank Bldg	2,893	$5.50
71 Robinson Road	2,596	$8.00
The Octagon	4,718	$5.50
120 Robinson Road	5,360	$7.00-7.50
Great Eastern Centre	11,500	$9.00
Samsung Hub	1,765 – 13,000	$8.00-$9.00
Prudential Tower	1,000 - 11,000	$8.50

City Hall / Beach Rd / Marina Ctre

Location	Size *sq ft*	Est. Average Rental psf
Suntec City	1,098 - 4779	$8.50 - $9.50
The Gateway	1,231 – 2,400	$7.80
Raffles City Tower	1,356 – 5,408	$10.00-10.50
Fortune Centre	1,711 – 3,261	$4.70
Manulife Centre	1,808 – 7,373	$7.00-$7.50
Stamford Court	2,132	$7.00
The Concourse	3,122	$7.00
Odeon Towers	4,941	$7.00-$7.50
Millenia Tower	5,285	$10.50-$11.00

Outside CBD

Location	Size *sq ft*	Est. Average Rental psf
Harbourfront	1,087 – 21,840	$7.30 - $8.20
S'pore Post Centre	1,529 – 52,259	$5.50
Alexandra Point	2,293	$6.20
HDB Hub East Tower	15,608 – 27,330	$8.00



Recommended Leasing Options / New Schemes

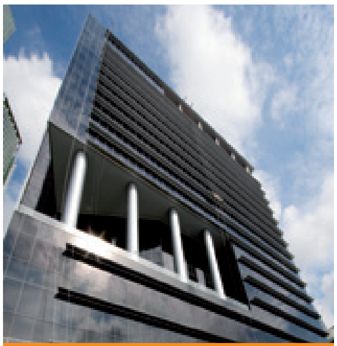
* Estimated Effective Rates

$10 - $11.50 psf*

One Raffles Place Tower 2
1 Raffles Place
Units from 4,000 – 11,000 sq ft

$12 - $14 psf*

Asia Square Tower 1
8 Marina View
Units from 3,677 - 34,000 sq ft



$10.50 - 12.50 psf*

OUE Bayfront
50 Collyer Quay
Units from 6,000 – 23,000 sq ft

$12 - $14 psf*

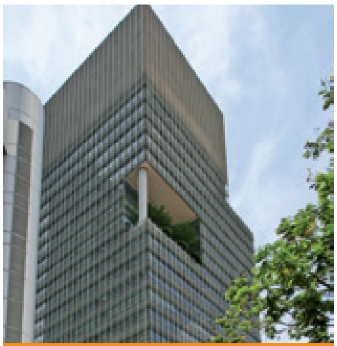
Ocean Financial Centre
10 Collyer Quay
Units from 6,000 – 23,000 sq ft

$11- $12.50 psf*

Marina Bay Financial Centre Tower 3
Marina Boulevard
Units from 5,000 – 25,000 sq ft

Recommended Leasing Options / Raffles Place

* Estimated Effective Rates

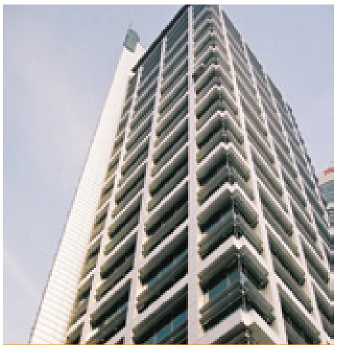


$11 - $11.50 psf*

One George Street
George Street
Units from 5,000 – 13,785 sq ft

$10.50 psf*

Capital Square
Church Street
Units from 2,659 – 30,000 sq ft



$8 - $9 psf*

Samsung Hub
3 Church Street
Units from 1,756 – 12,350 sq ft

$8.50 psf*

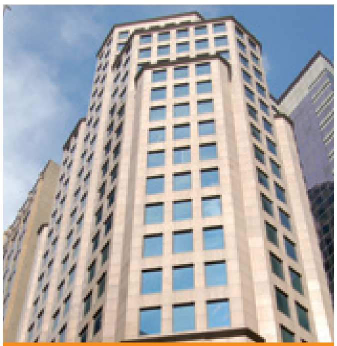
Prudential Tower
Cecil Street
Units from 1,000 – 11,000 sq ft

$8.50 psf*

Chevron House
30 Raffles Place
Units from 1,480 – 21,000 sq ft

Recommended Leasing Options / Robinson Road to Tanjong Pagar

* Estimated Effective Rates



$6.50 - $7.00 psf*

AIA Tower
1 Robinson Road
Units from 1,900 – 8,012 sq ft

$7.50 - $8.00 psf*

80 Robinson Road
Robinson Road
Units from 3,132 – 11,194 sq ft

$7.00 - $7.50 psf*

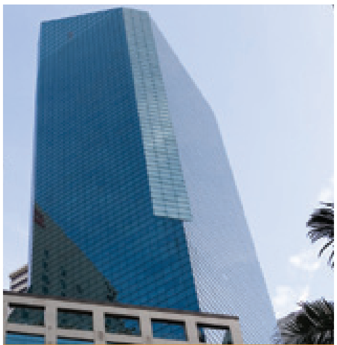
DBS Tower II
6 Shenton Way
Units from 1,840 – 16,324 sq ft

$7.00 psf*

158 Cecil Street
Cecil Street
Units from 7,180 – 16,000 sq ft

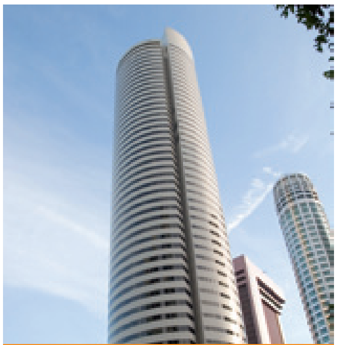
$7.50 - $8.00 psf*

71 Robinson Road
Robinson Road
Units from 3,563 – 20,000 sq ft



$7.50 psf*

Robinson 77
Robinson Road
Units from 3,552 – 11,755 sq ft



$8.00 - $8.50 psf*

AXA Tower
8 Shenton Way
Units from 1,833 – 28,000 sq ft

$8.00 psf*

Springleaf Tower
10 Anson Road
Units from 1,500 – 18,212 sq ft

Recommended Leasing Options / Orchard Road / City Hall

* Estimated Effective Rates

$8.00 - $8.50 psf*

Triple One Somerset
Somerset Road
Units from 2,800 – 28,000 sq ft

$9.50 - 10.50 psf*

Ngee Ann City Tower A
Orchard Road
Units from 1,583 – 15,500 sq ft

$10.50 - $11.00 psf*

Centennial Tower
3 Temasek Avenue
Units from 4,500 – 18,000 sq ft

$10 - 10.50 psf*

Raffles City Tower
North Bridge Road
Units from 1,356 – 5408 sq ft

$7.00 - $7.50 psf*

Manulife Centre
Bras Basah Road
Units from 1,000 – 7,373, sq ft

Recommended Leasing Options / Outside CBD

* Estimated Effective Rates

$5.50 - $6.00 psf*

Valley Point
River Valley Road
Units from 1,485 – 31,000 sq ft

$5.50 psf*

Singapore Post Centre
Paya Lebar Road
Units from 1,500 – 52,259 sq ft

$7.00 psf*

The Concourse
300 Beach Road
Units from 1,141 – 9,500 sq ft

SUPPLY

Overall the supply situation is very healthy

The office space supply situation in Singapore is particularly healthy and there is ample choice across the full spectrum of properties so that there should be something for everyone over the next 18 months.

There is still an excellent choice of brand new space in high quality world class developments at competitive rates compared with other financial centres in the region. There is also an attractive choice of second hand space within the CBD as a result of major relocations to the new schemes and this has forced landlords in secondary locations to offer more enticing terms to interest tenants.

Tung Centre

In Raffles Place the buildings that have the widest choice include Chevron House, **Tung Centre**, **6 Battery Road**, **Republic Plaza** and One George Street. Near to Raffles Place, significant space is available in Samsung Hub, Capital Square and China Square Central. In Tanjong Pagar AXA Tower has plentiful space available.

Orchard Road remains tight but Ngee Ann City and Triple One Somerset have a large variety of units available. Suntec City also has a low vacancy rate, but notable space has come available in Centennial Tower with Citibank relocating. On the fringe of the CBD Valley Point is the stand out building at the moment that offers reasonable quality space with a wide choice of sizes at very competitive rates.

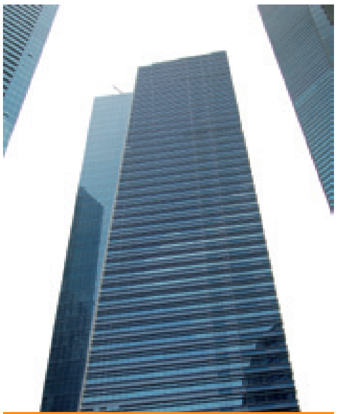
6 Battery Road

Republic Plaza

Office Developments 2012/16

Building Name	Address	Size *sq ft*	Estimated TOP
MBFC Tower 3	Marina Bay/New Downtown	1,258,000	June 2012
UE Biz Hub East	Changi Business Park	460,000	June 2012
Asia Square Twr 2	Marina Bay/New Downtown	784,000	Sept 2013
The Metropolis	Buona Vista	1,000,000	Dec 2013
Paya Lebar Square	Paya Lebar	200,000	June 2014
CapitaGreen	Raffles Place/Market Street	720,000	Dec 2014
South Beach	City Hall/Beach Road	645,000	2015
Guoccoland	Tanjong Pagar	1,000,000 TBC	2015/6 TBC

Summary of New Developments



MBFC Tower 3

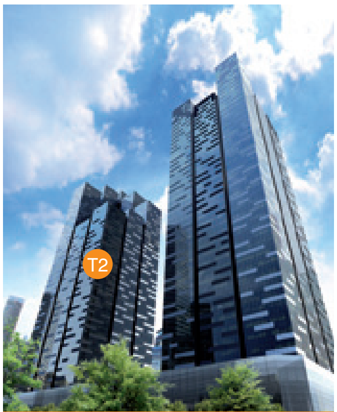
10 Marina Boulevard
Total Office Area: 1,258,000 sq ft
TOP September 2013

With a total floor area of over 1.25 million sq ft Tower 3 is the largest of all three towers at MBFC (Tower 1 – 620,000 sq ft, Tower 2 – 1,000,000 sq ft) and is the largest office building in Singapore. The offices are arranged on floors 8 – 46 with some podium space as well on levels 5 and 6. Floor plates range between 29,000 and 45,000 square feet. DBS Bank is the anchor tenant at Tower 3 reserving some 700,000 sq ft. Other tenants include Clifford Chance, McGraw-Hill Asian Holdings (Singapore), Wong Partnership and Ashurst LLP.

UE BizHub East

Changi Business Park
Total Office Area: 460,000 sq ft
TOP September 2013

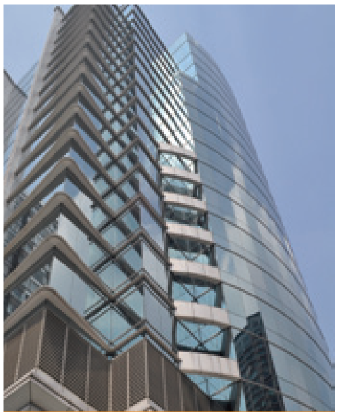
This is a high quality mixed use development by United Engineers with a total floor area of around 750,000 sq ft. There will be a retail mall, hotel and convention centre and the office content will be approximately 460,000 arranged in a 9-storey tower. The design is based on the Googleplex building in California, embracing the 'Live Work Play' concept.



Asia Square Tower 2

12 Marina View
Total Office Area: 784,000 sq ft
TOP September 2013

Tower 2 is the second and final phase of this mega development and is a prime example of a fully integrated scheme in the prestigious New Downtown area. Total of 26 office floors (6/F to 31/F) with floor area approximately 29,700 to 31,300 sq ft on a 150mm raised flooring system. Other features include a 5-star hotel with dining and conference facilities. The Cube is a 100,000 sq ft urban park and is the centre piece of the scheme, and will have an extensive choice of F&B destinations. Connectivity is achieved via underground MRT links, new road extension to the city and airport, and a comprehensive pedestrian network of sidewalks and covered walkways linked to surrounding buildings.



The Metropolis

North Buona Vista Drive
Total Office Area: 1,000,000 sq ft
TOP 4Q 2013 / 1Q 2014

The Metropolis will be an integrated development comprising of 2 office towers which is well supported by amenities such as retail and F&B outlets. It is strategically located within One-North which is Singapore's icon of the knowledge economy and an emerging decentralized location of choice for corporate occupiers. The development is directly linked to Buona Vista MRT station (on the East West, and Circle lines).

The development will yield a net lettable area of over 1 million sq ft spread over large and efficient floor plates of 25,000 to 30,000 sq ft and will be a distinctive landmark development within One-North upon its completion in 4Q 2013/1Q 2014.

CapitaGreen

146 Market Street
Total Office Area: 720,000 sq ft
TOP - Q3 / Q4 2014

This S$1.4 billion development is a joint venture between CapitaLand, CapitaCommercial Trust and Mitsubishi Estate Asia. Designed by Toyo Ito, the scheme comprises a 40-storey office tower with a net lettable area of about 720,000 square feet arranged on 34 floors with a typical floor plate ranging from 20,000 sq ft to 25,000 sq ft. There will be car parking for 180 vehicles. This will be the only prime office development scheduled to be completed in Raffles Place between now and 2014.

South Beach

Middle Road/Nicoll Highway
Total Office Area: 645,000 sq ft
TOP - Q3 / Q4 2014

The project is a joint development between City Developments and Malaysian IOI Corporation. The scheme is located on a 3.5 hectare site bounded by Beach Road, Bras Basah and Nicoll Highway and comprises a twin tower mixed use development (45 storeys and 42 storeys) designed by world renowned architect Sir Norman Foster.

Included within the development will be 645,000 sq ft of office space, 60,000 sq ft of retail space plus a 701 room hotel and 180 residential units. The developer is adopting an environmental design with green technology including reusing rainwater. The scheme enjoys good accessiblity linking directly with the Circle Line (Esplanade MRT Station).