

Office Market Update

RENTAL GUIDE *Pg 4*

Latest asking rates for 200+ office buildings

RECOMMENDED BUILDINGS *Pg 5*

Best value options: **Raffles Place / New Downtown**

MARKET MOVEMENT **PAGE 2**

Most deals that were completed during Q2 2020 were already under negotiations since the beginning of the year, before 'circuit breaker' measures were put in place. Foodpanda becomes one of the first major tenants to lease space in the brand-new office development at **Afro Asia iMark** on Robinson Road, securing two whole floors...

DEMAND **PAGE 3**

We are witnessing a **greater flexibility** from landlords in negotiations, in terms of net effective rate they are prepared to settle at, as well as being more prepared to subdivide to smaller sizes to retain tenants...

MARKET FORECAST **PAGE 3**

We expect market movement to be dominated by companies **looking to save costs** by either 'rightsizing' to smaller space or relocating to more cost effective premises. Any noticeable dip in rates is not likely to be witnessed until later in the year, when more leases come up for review and the full impact of the pandemic manifests itself...

EN BLOC ACTIVITY **PAGE 3**

2020 has seen a **noticeable increase** in the number of office buildings that have been put up for sale, either on an *en bloc* basis or simple outright sale by a single owner...

MARKET MOVEMENT

The office leasing market has, for obvious reasons, been subdued over the last 3 months and the full effect of the Covid-19 pandemic has yet to filter through. Many companies have put their expansion / relocation plans on hold and we expect many more firms will renew shorter term leases, until the full impact on the world economy is fully understood. Demand has, for the most part, been driven by flexible workspace operators.

Some firms have already decided that they will try a hybrid solution, involving a smaller footprint for their permanent office space, along with ramping up their use of co-working space. However, despite much hype about the benefits of working from home, this has not been an over-riding success for everyone. The novelty for some is beginning to fade, and the challenges of working in a family environment are becoming clearer with more staff keen to return to their conventional offices.

Foodpanda leases five whole floors in Afro Asia iMark

Most deals that were completed during Q2 2020, and there are several sizeable ones to report, were already under negotiations since the beginning of the year, before 'circuit break' measures were put in place. Foodpanda becomes one of the first major tenants to lease space in the brand new office development at **Afro Asia iMark** on Robinson Road, securing five whole floors amounting to approximately 60,000 sq ft. Their current offices are in **GB Building** on Cecil Street, so this is indeed quite an expansion and upgrade for them. Completion of this scheme has been pushed back to December 2020.



There were several other big name tenants lined up to take space in the scheme, but some have fallen victim to the current global economic situation and have revised their business plans.

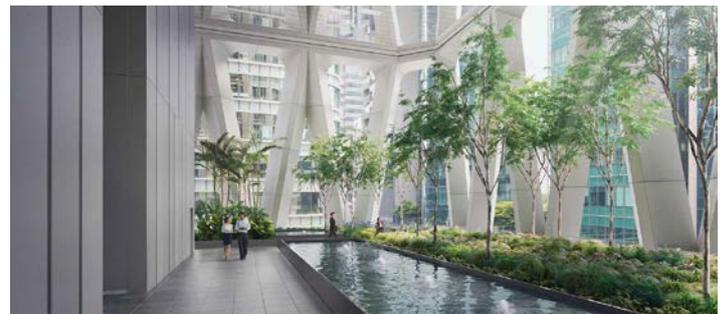
Fuji Xerox secures 60,000 sq ft in Mapletree Business City

There has been much market chatter about the forthcoming redevelopment of **Fuji Xerox Tower** and this has been further reinforced by the announcement that Fuji Xerox has just secured 60,000 sq ft of office space in **Mapletree Business City**. In another large deal, Amazon has secured a massive 90,000 sq ft of space in **Asia Square Tower 1**, which is space being given up by Citibank. Two other noteworthy deals include Toyota and QBE both taking up a floor each in **Guoco Tower**, with each floor totalling around 26,000 sq ft. They currently have offices in Twenty Anson and One Raffles Quay South Tower respectively.

Amazon secures 90,000 sq ft of space in Asia Square T1

The other big news is that Prudential Assurance has committed to leasing five floors in **UE Bizhub West**, at 450 Alexandra Road and will be relocating from Fuji Xerox Towers. United Engineers purchased the building from Hewlett Packard in 2013, subject to a lease back to HP for five years. The building was then refurbished in 2018/19, and Prudential Assurance has become its first major anchor tenant.

UE Bizhub West secures Prudential Assurance as new anchor tenant, leasing five floors.



Afro Asia iMark Robinson Road

Estimated Effective rate

\$10.00* per sq ft

DEMAND

There has **not been much reduction in asking rents** across the board at this stage, although some buildings in Raffles Place, such as **UOB Plaza** have just adjusted their rates marginally downwards. What we are witnessing is a **greater flexibility from landlords in negotiations**, in terms of net effective rate they are prepared to settle at, as well as being more prepared to subdivide to smaller sizes to retain tenants. Some tenants are also prepared to be more flexible in terms of location, provided there is an MRT station nearby, and more businesses are looking into **new B1 space / high-tech business park space** - if they qualify, such a move would show substantial savings.

Grade A office rents softened by around 1.2% in Q2 of 2020 and Grade B rates fell by around 2%.

Most top premium office schemes are quoting in the region of \$13.00 to \$14.00 per sq ft. The amount of room there is to negotiate on these rates depends on several factors including the occupancy rate within the building, the vacancy rate in the area, the nature of the landlord and the size of space leased etc. Prime office space, in and around **Raffles Place**, averages between \$10.00 and \$12.00 per sq ft. The **Robinson Road / Shenton Way** area is between \$8.50 and \$10.50 psf (asking) and **Tanjong Pagar** remains the most competitive location in the financial district, where average asking rates range between \$7.50 and \$9.00 per sq ft.

MARKET FORECAST

Rental rates to soften perhaps by as much as 8% - 10% over the next 12 months.

Rental forecasts are difficult to predict as we are in uncharted territory. Safe to say, we are not expecting any rental growth any time soon and it is more of a question of by how much rental rates will soften. We expect market movement to be **dominated by companies looking to save costs** by either 'rightsizing' to smaller space or relocating to more cost effective premises.

Any noticeable dip in rates is not likely to be witnessed until later in the year, when more leases come up for review and the full impact of the pandemic manifests itself. The office stock supply chain will also be disrupted, with delays to the completion of new schemes already a factor. Notwithstanding this, we expect that rental rates in general, could soften by around 8% to 10% over the next 12 months.

Any noticeable dip in rates is not likely to be witnessed until later in the year, when more leases come up for review and the full impact of the pandemic manifests itself.

CO-WORKING SPACE UPDATE

The market still hasn't reached saturation point when it comes to co-working space providers, and they continue to absorb large space given up by previous anchor tenants or in new developments. For instance, **Justco** has recently opened a new 45,000 sq ft facility in OCBC Centre East, after Bayer relocated to Paya Lebar Quarter, and **Arcc Space** has taken up a 19,000 sq ft floor in One Marina Boulevard, which was part of the space given up by Microsoft, who relocated to Frasers Tower.

WeWork commit to leasing 82,000 sq ft at 30 Raffles Place

The Great Room was one of the first major tenants to commit to leasing space in Afro Asia iMark, securing three whole floors amounting to 37,000 sq ft. The largest deal in this category was closed by **WeWork**, who have committed to leasing 82,000 sq ft in 30 Raffles Place. Another notable deal was **The Work Project**, leasing some 21,500 sq ft in CapitaGreen.

EN BLOC ACTIVITY

2020 has seen a noticeable increase in the number of commercial office buildings that have been put up for sale, either on an en-bloc basis or simple outright sale by a single owner. Some of the more significant en-bloc sales in the pipeline include **The Arcade** in Raffles Place, **International Plaza** in Tanjong Pagar, **High Street Centre** in City Hall and smaller en-bloc sales at **GSM Building** on Middle Road and **101 Beach Road**. Other single ownership buildings that have just come onto the open market include **IOB Building** on Cecil Street and **ABI Plaza** on Keppel Road.

Some firms have already decided that they will try a hybrid solution, involving a smaller footprint for their permanent office space, along with ramping up their use of co-working space.

Office Rental Guide

Official Asking Rates

S\$ per sq ft per month –
inclusive of service charge

July 2020

Raffles Place / New Downtown

6 Battery Road	\$14.00
6 Raffles Quay	\$7.00+
18 Robinson	\$12.00
20 Collyer Quay	\$9.00 - \$13.00
30 Raffles Place	\$11.00
55 Market Street	\$10.50
AIA Tower	Full
Asia Square Tower 1	\$14.00+
Asia Square Tower 2	\$13.50
ASO Building	\$6.20
Bank of China Building	Full
Bank of Singapore Centre	\$11.00
Bharat Building	\$6.30
CapitaGreen	\$13.50
CapitaSpring	TBC
Capital Square	\$11.50
Clifford Centre	\$8.00 - \$9.00
Far East Finance Building	\$7.00
Grace Global Raffles	\$9.20
Great Eastern Centre	\$9.50
Hong Leong Building	\$9.00
Income@Raffles	\$10.00
Marina One	\$13.50
Maybank Tower	Full
MBFC Tower 1, 2 & 3	\$13.00
MYP Centre	\$11.00+
OCBC Centre	\$10.00
OCBC Centre East	Full
OCBC Centre South	Full
Ocean Financial Centre	\$14.00
One Finlayson Green	\$8.50
One George Street	\$11.50
One Marina Boulevard	\$15.00
One Raffles Place Tower 1	\$10.50 - \$12.50
One Raffles Place Tower 2	\$12.50
One Raffles Quay Towers	\$13.00
OUE Bayfront	\$13.00
PLUS	\$11.00
Prudential Tower	\$9.00+
Republic Plaza 1	\$10.00 - \$11.80
Republic Plaza 2	Full
Royal Group Building	\$9.50
Royal One Phillip	\$9.50
Samsung Hub	\$9.00+
Singapore Land Tower	\$10.50
The Arcade	\$6.50+
The House of Eden	\$7.80
UOB Plaza 1	\$11.50
UOB Plaza 2	\$11.00

Robinson Road / Shenton Way

71 Robinson Road	\$10.50
79 Robinson Road	\$12.50
80 Robinson Road	\$8.50
108 Robinson Road	Full
110 Robinson Road	\$6.00
120 Robinson Road	\$7.00
137 Telok Ayer Street	\$7.50
150 Cecil Street	\$6.00 - \$6.50
158 Cecil Street	\$8.00
Afro Asia i-Mark	\$11.00
Bangkok Bank Building	\$5.50
BEA Building	\$9.00
Capital Tower	\$10.00
Cecil Court	\$5.80
City House	Full
Cross Street Exchange	\$8.50
Crown@Robinson	\$6.50 - \$9.00
GB Building	\$6.00 - \$9.00
Keck Seng Tower	\$6.20 - \$6.80
Manulife Tower	\$10.00

MYP Plaza	\$6.50
OUE Downtown 1 & 2	\$9.00
PIL Building	\$6.50
Robinson 77	\$9.00
Robinson 112	\$6.80
Robinson Centre	\$10.50
Robinson Point	\$8.00 - \$8.50
SBF Centre	\$8.50+
SGX Centre 1 & 2	\$9.50
Shenton House	TBC
SIF Building	Full
The Globe	\$7.00
The Octagon	\$5.80
Tokio Marine Centre	Full
Tong Eng Building	\$5.60+
UIC Building	Full

Tanjong Pagar

78 Shenton Way Tower 1	\$7.00 - \$8.20
79 Shenton Way Tower 2	\$9.20
79 Anson Road	\$8.50
100AM	\$7.30 - \$8.30
ABI Plaza	Full
Anson Centre	\$4.50
Anson House	\$9.00
AXA Tower	\$8.80
Fraser's Tower	\$14.00
Fuji Xerox Towers	Full
Guoco Tower	\$12.50 - \$14.00
International Plaza	\$6.00+
Jit Poh Building	\$5.70
Mapletree Anson	\$9.00
MAS Building	\$8.30
Southpoint	Full
Springleaf Tower	\$8.20
St Andrew's Centre	\$5.30
Tanjong Pagar Complex	\$3.80
Twenty Anson	\$10.00

City Hall / Marina Centre / Beach Road

11 Beach Road	\$7.00
47 Hill Street	\$8.50
5One Central	\$10.50
Beach Centre	\$7.80
Bugis Junction Towers	\$9.20+
Centennial Tower	\$14.80
Duo Tower	\$13.50
Funan	Full
Millenia Tower	\$14.80
Odeon Towers	\$7.80 - \$8.50
OG Albert Complex	\$5.00
Parkview Square	\$8.00
Peninsula Plaza	\$5.50
Raffles City Tower	\$8.50 - \$11.00
South Beach Tower	\$12.00+
Stamford Court	\$7.50
Suntec Towers 1-5	\$9.00 - \$12.00
The Adelphi	\$5.90 - \$7.20
The Concourse	\$8.00
The Gateway East & West	\$7.50

Orchard Road / Dhoby Ghaut

50 Scotts Road	Full
51 Cuppage Road	\$8.00
Burlington Square	TBA
Faber House	Full
Fortune Centre	\$6.00
Forum	\$8.00
Goldbell Tower	\$8.50
Haw Par Centre	\$7.20
Haw Par Glass Tower	\$5.20
International Building	\$8.00
Liat Towers	\$7.50
Ngee Ann City	\$10.00
Orchard Building	Full
Orchard Gateway	\$9.50
Orchard Towers	\$4.50
Palais Renaissance	\$8.20
Regency House	\$7.20
Shaw Centre	\$8.00
Shaw House	\$8.50

Singapore Pools Building	Full
Sunshine Plaza	\$6.50
Tanglin Shopping Centre	Full
The Bencoolen	\$5.50
The Heeren	\$10.50
Thong Teck Building	\$7.00 - \$8.00
Tong Building	\$9.00
TripleOne Somerset	\$8.50 - \$8.80
Visioncrest Commercial	\$9.00
Wheelock Place	\$11.50
Wilkie Edge	\$9.00
Winsland House I & II	\$9.50
Wisma Atria	\$9.80 - \$11.00

Chinatown / River Valley Road

Central Mall	\$7.00
CES Centre	\$5.80
Chinatown Point	\$6.20 - \$8.00
Great World City	\$7.50
Havelock II	\$7.50
King's Centre	\$6.50
The Central	\$8.80+
UE Square	\$8.50
Valley Point	\$6.50

Edge of CBD

Alfa Centre	\$6.80
Aperia*	\$6.00+
Boon Siew Building	\$5.00 - \$5.50
Central Plaza	\$7.50
Goldhill Plaza	\$4.80
Newton 200	\$9.00
Novena Square	\$8.50
Rex House	Full
SLF Building	\$4.20
United Square	\$7.50 - \$8.00

East

Abacus Plaza	\$5.50
AIA Tampines	Full
ARC 380	\$6.50
Changi Business Park	\$4.00+
CPF Tampines	\$5.20
Hiap Hoe Building	\$6.00
NTUC Tampines Junction	\$5.50
NTUC Tampines Point	\$5.50
Parkway Parade	\$4.75
Paya Lebar Quarter	\$9.00
Paya Lebar Square	\$6.50+
Singapore Post Centre	\$6.80
Starhub Green*	\$4.60
Tampines Concourse	\$4.50 - \$4.80
Tampines Grande	\$6.00 - \$6.50
Tampines Plaza	\$5.50
Viva Business Park	\$3.00+

West / Others

Alexandra Point	Full
Alexandra Techno Park*	\$5.00
ALICE@Mediapolis*	\$5.50 - \$6.30
Fragrance Empire Building	\$5.80 - \$6.50
Harbourfront Centre	\$6.30 - \$6.90
Harbourfront Tower 1	\$7.30 - \$7.80
Harbourfront Tower 2	\$7.20
International Business Park Jurong*	\$4.00+
JEM	Full
Keppel Bay Tower	\$8.20
Mapletree Business City*	\$6.50+
Pacific Tech Centre*	\$3.00+
PSA Building	POA
PSA Vista	\$4.50
Singapore Science Parks	\$4.50+
The JTC Summit	\$5.10
The Metropolis	\$8.70
UE Biz Hub West	\$6.50
Vision Exchange	\$6.50
Westgate	\$6.50 - \$6.80

* Business Park / B1 space

All rents quoted are asking rental rates and subject to change without prior notice
In general allow around 10% discount for negotiations for best effective rate

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**CORPORATE
LOCATIONS**

*All rents quoted are **asking rental rates** inclusive of service charge, and subject to change without prior notice.

Premium \$12.00 – \$14.00 per sq ft



\$TBC

Units: 10,000 – 30,000 sq ft

CapitaSpring



\$13.50 psf*

Units: 4,000 – 16,860 sq ft

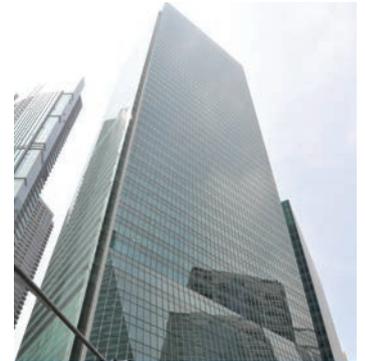
Marina One



\$13.50 psf*

Units: 2,104 – 28,329 sq ft

Asia Square Tower 2



\$12.50 – \$13.00 psf*

Units: 2,303 – 31,635+ sq ft

One Raffles Quay

Prime \$10.00 – \$12.50 per sq ft



\$11.50 – \$12.00 psf*

Units: 1,614 – 12,206 sq ft

UOB Plaza 1



\$10.00 – \$11.80 psf*

Units: 1,500 – 14,284 sq ft

Republic Plaza



\$11.00 psf*

Units: 1,200 – 18,000 sq ft

30 Raffles Place



\$12.50 psf*

Units: 3,500 – 10,689 sq ft

One Raffles Place T2

Affordable / Low Cost \$7.50 – \$10.00 per sq ft



\$8.50 – \$9.00 psf*

Units: 1,690 – 2,325 sq ft

Royal Group Building



\$8.00 – \$9.00 psf*

Units: 1,074 – 2,785 sq ft

Clifford Centre



\$10.00 psf*

Units: 2,045 – 9,074 sq ft

Income@Raffles



\$9.00 psf*

Units: 1,200 – 2,971 sq ft

Royal One Phillip