

QUICK STATS

	Current	Change From Last	
		Yr	Qtr
OFFICE			
Prime rents	\$15.00psf	↑	↑
Prime capital values	\$3,100psf	↑	↑
Prime yields	4.84%	↓	↑
RESIDENTIAL			
Prime rents	\$4.60psf	↑	↑
Prime capital values	\$1,520psf	↑	↑
Prime yields	3.02%	↑	↑
INDUSTRIAL			
Prime rents	\$1.33psf	↑	↑
Prime capital values	\$395psf	↑	↑
Prime yields	2.81%	↓	↓
RETAIL			
Prime rents	\$36.4psf	↑	↑
Prime capital values	\$7,000psf	↑	↑
Prime yields	5.25%	↓	↓

CB RICHARD ELLIS

CB Richard Ellis Group, Inc. (NYSE:CBG), an S&P 500 company headquartered in Los Angeles, is the world's largest commercial real estate services firm (in terms of 2006 revenue). With over 24,000 employees, the Company serves real estate owners, investors and occupiers through more than 300 offices worldwide (excluding affiliate and partner offices). CB Richard Ellis offers strategic advice and execution for property sales and leasing; corporate services; property, facilities and project management; mortgage banking; appraisal and valuation; development services; investment management; and research and consulting. In 2007, BusinessWeek named CB Richard Ellis one of the 50 "best in class" companies across all industries. Please visit our Web site at www.cbre.com.sg

INVESTMENT SALES

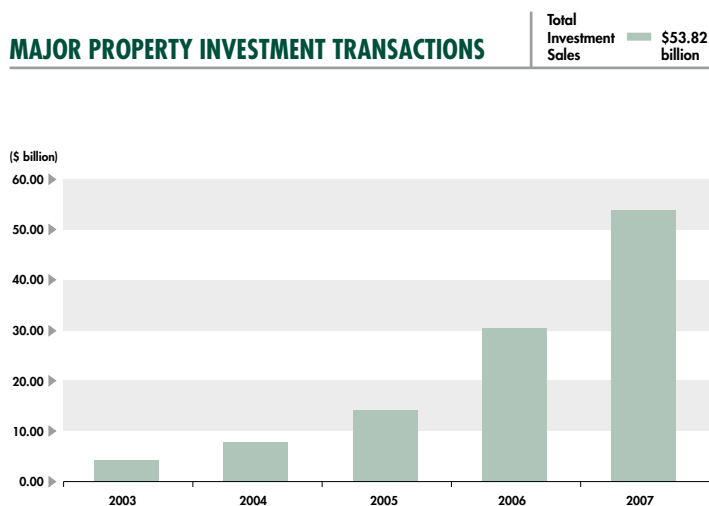
ALL-TIME HIGH RECORD SALES OF \$53.82 BILLION SET FOR INVESTMENT MARKET

The Singapore property investment sales market had an extraordinary year in 2007, experiencing the highest volume of annual transactions in the past decade. Property market fundamentals remained strong throughout the whole year, with total investment sales recorded at \$53.82 billion, setting a new benchmark. This was 76.1% higher than the historical high of \$30.57 billion recorded in 2006. The robust momentum in the investment market was largely driven by active acquisitions of development sites by developers in both the private and public sectors.

The private investment sales market took the lead in 2007, accounting for 78.1% of total investment sales or \$42.01 billion. Public sector land sales were also very brisk, contributing the remaining 21.9% or \$11.81 billion. This comprised purchases of government land sale sites (GLS) and the tender awards of luxurious waterfront residential land parcels. The most significant transaction

in the fourth quarter was the award of a prime "white" site at Marina View (Land Parcel B) to Macquarie Global Property Advisors (MGPA) for \$952.89 million (\$779 psf/plot ratio). Other notable public sector sales included two hotel sites at Upper Pickering Street and New Market Road/Merchant Road, which were awarded to Hotel Plaza Ltd for \$253.20 million (\$805 psf/plot ratio) and Park Regis Investments Pte Ltd for \$100.70 million (\$762 psf/plot ratio) respectively. The government also sold seven residential sites in the fourth quarter for a total of \$1.36 billion. Altogether, 39 government sites were bought by developers during the year, consisting of three "white" sites, 12 residential sites, eight commercial sites, six hotel sites and 10 industrial sites. In addition, five residential sites at Sentosa Cove were sold for a total of \$1.11 billion in 2007. This included the recent award of the Pearl Island to Ximeng Asset Holdings, a China developer, for \$215.65 million (\$1,350 psf).

MAJOR PROPERTY INVESTMENT TRANSACTIONS



Source: CBRE Research

The residential sector took the lead in investment sales, both in the final quarter of 2007 and for the whole year. Development sites sold through collective sales made up the bulk. Total residential investment sales including Good Class Bungalow (GCB) sales amounted to \$33.14 billion in 2007, representing 61.6% of total investment sales and an increase of 110.3% y-o-y. A total of 112 collective sales were transacted in 2007, generating investment sales of \$13.40 billion, exceeding the \$8.20 billion concluded in 2006 and the highest in the past decade. The collective sale of Westwood Apartments set a new benchmark in the fourth quarter when it was sold to YTL Corporation Berhad for \$435 million (\$2,525 psf/plot ratio). Other notable en bloc transactions in the fourth quarter included The Aspine which was sold to a joint venture between Hiap Hoe and Superbowl for \$138 million (\$1,870 psf/plot ratio), Makeway View which was sold to Bravo Building Construction for \$162.80 million (\$1,583 psf/plot ratio) and 15 terrace houses at Jalan Bunga Raya which were sold to a consortium comprising China and local developers for \$61 million (\$739 psf/plot ratio). Apart

from landbanking activities, there was the purchase of 44 units at Cliveden at Grange by a joint venture between US-based Wachovia Group and City Developments Ltd for a total of \$432.43 million (\$3,750 psf), while 97 units at Goodwood Residence were sold to Kuwait Finance House for a total of \$818.40 million (\$3,000 psf). In addition, 19 units at 8 Napier were reported to be sold to Macquarie Global Property Advisors for a total of \$135.77 million (\$3,550 psf).

Investment activity in the office sector remained strong throughout the year, supported by strong economic fundamentals. Office investment sales generated \$15.25 billion worth of sales or 28.3% of the year's total investment sales. This was more than triple the \$4.79 billion recorded in 2006. The most significant transaction of the year was the acquisition of Temasek Tower by Macquarie Global Property Advisors for \$1.04 billion, representing the highest price for any private office investment transaction in 2007 and in the past decade. Notable office sales in the fourth quarter included the Keypoint which was acquired by Allco Commercial Trust for \$370 million (\$1,186 psf), Dapenso Building which was sold to KOP Capital for \$112 million (\$1,888 psf) and Anson House which was sold to a fund managed by Macquarie Bank for \$129.5 million (\$1,701 psf). In addition, 12 floors at Springleaf Tower were sold to SEB Asset Management, a German pension fund for \$225 million (\$2,088 psf) and 78 Shenton Way was sold to another German fund, Commerz Grundbesitz Investmentgesellschaft (CGI) for \$650.78 million (\$1,857 psf).

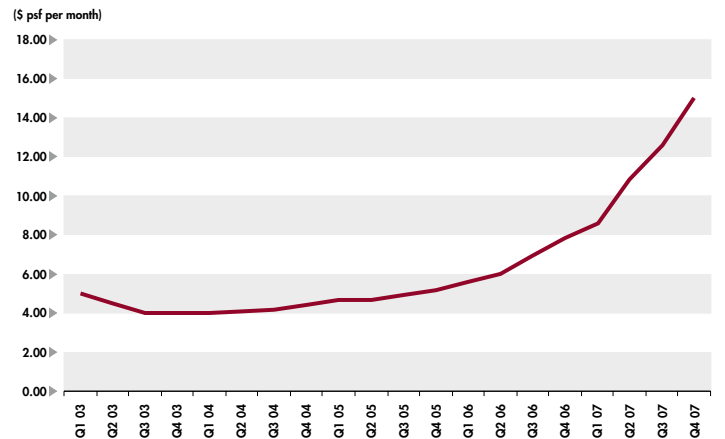
The industrial sector continued to enjoy good sales

momentum in 2007, largely driven by REIT-related purchases and contributed \$1.96 billion or 3.6% to total investment sales. Cambridge Industrial Trust (CIT) contributed the bulk of industrial investment sales by acquiring 13 properties for a total of \$257.5 million while MacarthurCook Industrial REIT (MI-REIT) bought nine properties for \$253.9 million in all. Both A-REIT and MapletreeLog also continued to expand their portfolio size and value in the year by acquiring properties for a total of \$81.7 million and \$62.4 million respectively.

A total of \$4.25 billion worth of properties was acquired by S-REITs in 2007, representing 7.9% of the year's total investment sales. Two new REITs were listed on the SGX in the fourth quarter — Saizen REIT and Lippo-Mapletree Indonesia Retail Trust (LMIR). Saizen REIT had an initial portfolio comprising 148 residential buildings located in 12 cities across Japan, valued at a total of \$605.80 million. LMIR Trust's initial portfolio of seven shopping malls and seven retail spaces found in other malls, all of which are located in Indonesia, were worth a total of \$1.0 billion. The number of S-REITs has increased steadily, from seven in 2005 to 20 by end-2007 with a total market capitalisation of more than \$25 billion. The outlook for the S-REIT market will remain favourable with the entry of more overseas REIT issuers. Supported by proactive initiatives of the Monetary Authority of Singapore, the number of S-REITs might rise to 30 by end-2008.

Despite some volatility resulting from the global credit crunch, investment sentiment would continue to remain positive in 2008, coupled with healthy economic development in Singapore. Investment activity in the office

AVERAGE PRIME OFFICE RENTS



Source: CBRE Research

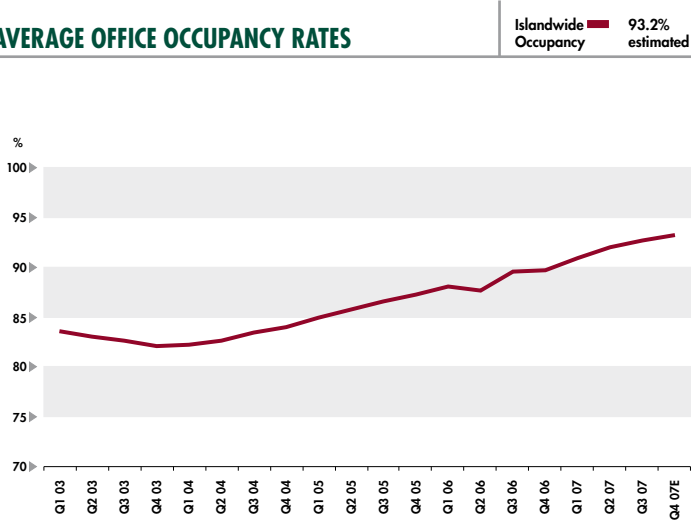
and residential markets are likely to continue to outperform other property sectors given the limited supply coming on stream in the short to-medium term. REIT-related parties will also continue to lend support to the investment market, showing keen interest particularly in commercial and industrial assets

OFFICE

THE OFFICE MARKET GREW FROM STRENGTH TO STRENGTH IN 2007

The office market grew from strength to strength in 2007. Prime rents averaged \$15.00 psf/month in Q4 07, reflecting an increase of 19.0% q-o-q. The annual increase in prime rents this year was 92.4%, far exceeding the 50.0% growth rate set in 2006. The last time rental growth breached 70.0% was in the early-1980s (78.0%

AVERAGE OFFICE OCCUPANCY RATES



Source: URA, CBRE Research

in 1981) when investments poured into the island-state. Current prime rents are almost four times higher than that in 2003. Grade A rents grew 15.1% q-o-q and 96.5% y-o-y to average \$17.15 psf/month in Q4 07.

According to CBRE’s latest Global Market Rent Survey (November 07), Singapore topped the rankings for the fastest growing occupancy costs. A key driver has been the rapid expansion by the financial and banking sectors at a time when the market is experiencing a shortfall in supply. Singapore has also risen to the 11th most expensive city in US dollar terms, as the Singapore dollar has appreciated against the US dollar.

The supply crunch is evident as the islandwide vacancy rate fell below 10.0% in Q1 07 and remained below that level throughout the year. It was 7.3% as at Q3 07 and we estimate that it could dip further to 6.8% in Q4 07. The last time vacancy rates dropped below 10.0% was in 1997 before the Asian Financial Crisis.

With vacancy hovering at 0.2%, down from 0.3% in Q3 07, the supply crunch is most pronounced for Grade A space. This is the sixth consecutive quarter that Grade A vacancy has remained below the 1.0% mark.

Given the heightened demand for Grade A space by financial institutions and MNCs, it is not surprising that developers have channelled their resources into this area. About 64.0% (6.2 million sf) of the on-coming supply from 2008-2012 is likely to be categorised as Grade A – almost doubling the current Grade A stock.

According to our estimates, annual supply rose by a negligible 0.1% in 2007. The short term challenges of minimal new office space completing is accentuated by the loss of some 830,000 sf office stock in 2007 alone through redevelopment schemes.

Based on confirmed supply from awarded GLS parcels and private redevelopment projects, approximately 9.7 million sf of office space is expected to be completed in the next five years – representing an average 1.93 million sf per annum. Based on known supply and projected take-up of 1.6 million sf per annum, occupancy should remain above 90.0% for the next five years, refuting market concerns of an impending oversupply. Rather we believe that this volume of supply which builds up significantly in 2010/2011 will provide the much-awaited relief to the imbalances in the market through the next couple of years.

The government reacted to the supply shortage situation by aggressively launching office parcels and vacant state

buildings. Including the recent award of the Marina View LP B, eleven government land sale sites were awarded in 2007 for office use, reaping some \$6.55 billion. This is a stark contrast with the scenario in 2006 where no sites were awarded for office development. In 2007, the government also introduced the sale of transitional office sites – on a 15-year tenure – to cope with the lack of expansion space faced by businesses in the short term. So far four parcels were launched and two have been awarded. The four parcels could yield about 590,000 sf in 2008/2009 if all were to be successfully awarded. The tender for the latest two transitional office parcels at Aljunied Road and Mountbatten Road will close in January 2008. The successful award of the first transitional office parcel at Scotts Road and the swift pre-commitment of the entire block (150,000 sf) by insurance giant Prudential provides a good gauge of the strength of the leasing market in 2007.

Leasing momentum going into the fourth quarter was maintained, although we have observed slightly greater caution being exercised by MNCs resulting from the filter-down effect of the US sub-prime problem. The finalisation of a number of expansion transactions towards the end of the quarter suggests that demand for office space may be sustained.

Take-up for Q4 07 was dominated by fund management companies, banks and oil & gas companies. Competition for pockets of vacant space within the CBD is intense. Areas being leased were typically below 10,000 sf, with the exception of new leases at newly completed/refurbished buildings.

Going forward, the limited supply in 2008 means that the market will remain extremely challenging for occupiers. We expect increasing tenants' resistance to escalating rental costs as well as more decentralisation and movements to business parks.

We estimate that monthly Grade A rents could average \$18.50 psf by end-2008. Further upside in rents is a given and landlord and investors can look forward to continued strong market performance. There is stiff competition for the limited pockets of office space available for lease. We sense that the pace of rental growth is likely to moderate from the phenomenal levels of 2006/2007. A variety of factors are involved, including the willingness by companies to move outside prime areas, a few signs of rising caution due to external issues in the US and a growing realisation by occupiers that the market will be more friendly beyond 2010. This is likely to be factored into property decisions by corporate users.

RESIDENTIAL

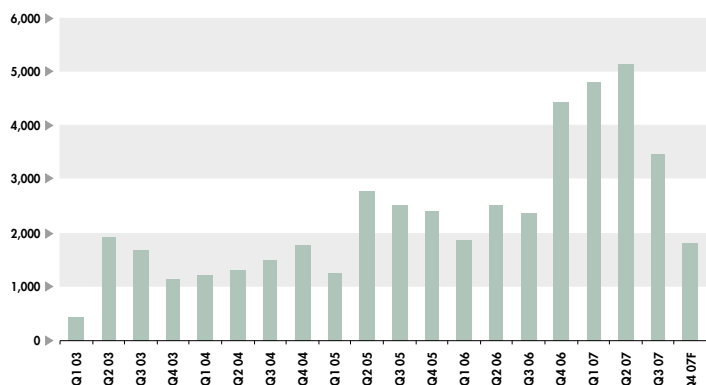
RECORD TAKE-UP AND PRICE INCREASE OF RESIDENTIAL HOMES IN 2007

An all-time high of around 15,000 new homes are expected to be sold while home prices are likely to rise by 31.0% in 2007.

This is despite a rather subdued fourth quarter performance. The rapid pace of sales momentum and price hike in the first half of 2007 was arrested by a host of factors such

DEMAND FOR NEW RESIDENTIAL UNITS

New Units Sold — 1,800 units



Source: URA, CBRE Research
 Note: Figures exclude executive condominiums

as the impact of the US sub-prime mortgage problems, soaring construction costs, a volatile stock market, changes to en bloc sale rules and the withdrawal of the deferred payment scheme (DPS) for new projects. Take-up of new

homes slowed to around 1,700–1,800 units in the fourth quarter after registering sales volume of 4,783, 5,129 and 3,450 units in the first, second and third quarters respectively. The interplay of a more cautious attitude between home buyers and developers led to lower sales and fewer new launches during the quarter. Nevertheless, a few new launches in non-prime locations met with good success. For example, Park Natura (192 units) in Bukit Batok was launched at an average price of \$1,000 psf and was 82% sold, Casa Fortuna (106 units) in Balestier was launched at around the same price and was 97% sold, and Amber Residences (114 units) was 75% sold at an average price of \$1,400 psf.

Home prices started firming in the fourth quarter with a smaller increase of 6.6% based on URA’s flash estimates.

Selected sell-out projects in 2007	Location	Type	Tenure	Launch Date	No. of Units in Devt	Average Price psf	Developer
Non-prime Locations							
Imperial Heights	Ipoh Lane	Apt	Fh	Jan 07	100	\$860	Fragrance Land
Yew Tee Residences	Choa Chu Kang North 6	Apt	99y	Jan 07	139	\$500	NTUC Choice Homes
Clementi Woods	West Coast Road	Condo	99y	Jan 07	240	\$525	Frasers Centrepoint
One-North Residences	One North Gateway	Apt	99y	Mar 07	405	\$900	Kheng Leong/UOL/Low Keng Huat
Carabelle	West Coast Way	Condo	956y	Mar 07	338	\$638	Sim Lian Land
Casa Merah	Tanah Merah Kechil Avenue	Condo	99y	Apr 07	556	\$588	NTUC Choice Homes/Wing Tai
Parc Mondrian	Woodleigh Close	Apt	Fh	Apr 07	100	\$680	Bukit Sembawang Estates
Northwood	Jalan Mata Ayer	Condo	Fh	May 07	140	\$600	UIC
The Rochester	North Buona Vista Road	Apt	99y	Jul 07	366	\$1,280	United Engineers
The Parc Condominium	West Coast Walk	Condo	Fh	Jul 07	659	\$870	Chip Eng Seng Corp/Lehman Brothers
Casa Fortuna	Ah Hood Road	Apt	Fh	Oct 07	106	\$1,000	Springlife Land
Prime Locations							
Sky@Eleven	Thomson Road	Condo	Fh	Jan 07	273	\$975	SPH Holdings
St Thomas Suites	St Thomas Walk	Condo	Fh	Jan 07	176	\$1,900	Fraser Centrepoint Properties
Waterford Residences	Kim Yam Road	Condo	999y	Jan 07	118	\$1,300	Hoi Hup JV Development
Waterfall Gardens	Farrer Road	Condo	Fh	Feb 07	132	\$1,450	MCL Land
The Trillium	Kim Seng Road	Condo	Fh	Mar 07	231	\$1,700	Lippo Group
Pavilion 11	Akyab Road	Condo	Fh	Mar 07	180	\$935	UOL
Montbleu	Minbu Road	Condo	Fh	Mar 07	151	\$950	Soilbuild Group Holdings
Duchess Residences	Duchess Avenue	Condo	Fh	Jun 07	120	\$1,850	UOL/Low Keng Huat
Hillcrest Villa Paradise	Hillcrest Road	Cluster	99y	Sep 07	163	\$2.7 mil each	MCL Land

The rise of 22.9% in the first nine months of the year were set by new project launches, a number of which were sold out within weeks. These included major suburban projects like One-North Residences (405 units, average \$900 psf) and The Rochester (366 units, \$1,280 psf) located in one-north biomedical hub, Carabelle (338 units, \$640 psf) and The Parc Condominium (659 units, \$880 psf) located in the west coast and Casa Merah (556 units, \$655 psf) in the east coast. The premium fetched by the two projects in one-north was a reflection of buyers' confidence in the potential of the area.

The price increase in non-prime projects could be attributed to the filter-down effect of luxury prices. In the first quarter, when Beaufort At Nassim and The Orchard Residences were launched at \$2,700 psf and \$3,200 psf respectively and received good response, more projects followed suit. Examples included Parkview Eclat (\$3,400 psf), Cliveden At Grange (\$3,600 psf) and The Marq (\$4,100 psf). These led prices of other projects in the prime districts like Duchess Residence in Bukit Timah to rise to around \$2,000 psf levels. Consequently, prices of mid-tier projects in Meyer Road in the east set new benchmarks of \$1,600–\$2,000 psf as in the case of The Seafront At Meyer and Aalto. Not to be left behind, suburban projects in Bukit Batok/Hillview like Park Natura and Hillvista broke through the \$1,000 psf barrier in the fourth quarter.

And who were the buyers who drove up the market in 2007? One group could be the investors who thrived on price appreciation. URA statistics showed that the number of sub-sales – an indicator of speculative activity – ballooned to 3,708 in January-September 2007 compared to only

1,198 in the whole of 2006. (Hence the government disallowed the DPS from 25 October 2007 for new projects submitted.) Another group could be the foreigners and permanent residents who bought 3,390 new homes in the same period compared to 2,542 in 2006. A third group of buyers could be the beneficiaries of collective sale deals who needed to replace the properties that were sold to developers. Although no official numbers were available, based on CBRE's tracking, at least 6,700 units were sold through collective sales during the year. A fair proportion of these owners could have bought replacement properties in the past months.

The robust collective sale market led the government to revise the rules to protect interest of the minority stakeholders and to make such sales more transparent. With effect from 4 October 2007, the definition of majority consent for en bloc sale had to be based on the area of the units in the development, in addition to the existing condition that requires consent from owners controlling at least 80% (for a development more than 10 years old) or 90% of a development's share value. Another rule requires that a sales committee be elected by more than 50% of owners present at a general meeting of the management corporation before any signing of the Collective Sales Agreement. It is likely that these and other rules will slow down the process of future collective sales. In addition, the government also revised development charge rates to achieve a more equitable sharing of enhanced land values. As such, many developers turned to the government land sales programme to replenish their land banks. A total of 13 sites on the main island and in Sentosa Cove, comprising around 4,000 units, were

bought in 2007 compared to only 6 sites for 1,400 units in the previous year.

Going forward, with a lower economic growth forecast of 4.5% to 6.5% in 2008, and a likely credit crunch arising from the sub-prime mortgage problems in the US, we expect the pace of sales and price hike of residential homes to remain moderate. Take-up of new homes is likely to be around 10,000 units, lower than 2007's demand. Home-buyers' interest may shift to mid-tier and mass market projects as they will be more affordable. Some likely 99-year leasehold projects that may be launched next year include Waterfront Waves at Bedok Reservoir Road, Silver Seas at Marine Parade Road and condominium projects at Bishan Street 22 and Dakota Crescent. We anticipate prices to be firming, with the luxury segment remaining at current levels while mid-tier and mass market prices may rise moderately.

INDUSTRIAL

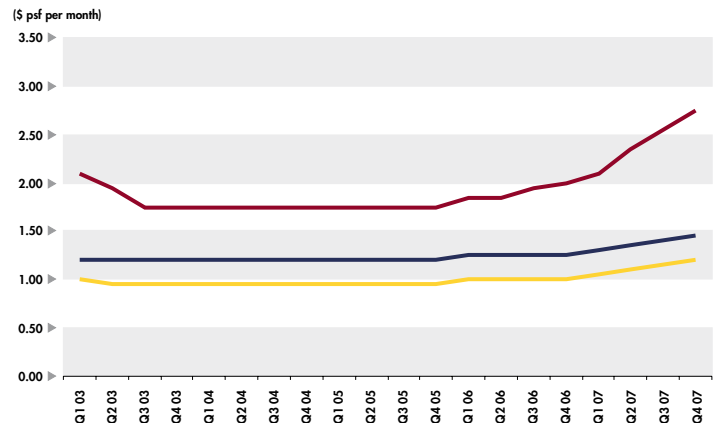
A YEAR OF GROWTH FOR THE INDUSTRIAL PROPERTY MARKET

Year 2007 can be considered a record-breaking year for the industrial property market. Rental levels and occupancy rates improved for all industrial space, indicating continued strong demand. The year also saw the award of several business park sites, the launch of a fourth industrial REIT and 10 industrial sites awarded to developers and manufacturers under the GLS programme. In addition, Ascendas also announced that Singapore Science Park will undergo a \$400-million renovation.

Average monthly rent for hi-tech space rose 7.8% q-o-q

AVERAGE PRIME INDUSTRIAL RENTS

High-Tech \$2.75 psf
 Factory (Grd Flr) \$1.45 psf
 Factory (Upp Flrs) \$1.20 psf



Source: CBRE Research

and 37.5% y-o-y to \$2.75 psf by end-2007. The surge in rental levels for hi-tech space can be attributed to an increase in demand from traditional office tenants seeking hi-tech space as an alternative due to the steep rise in office rents.

The average occupancy rate for hi-tech space has been improving steadily throughout the year. It was 91.1% at end-2006 and rose to 92.8% at end-2007. At the same time, the average occupancy rate for business park grew 5.0 percentage points y-o-y to an estimated 89.0% at end-2007. The increase in rents and occupancy rates for hi-tech space is likely to continue as large injections of office and hi-tech stock are not expected until after 2009.

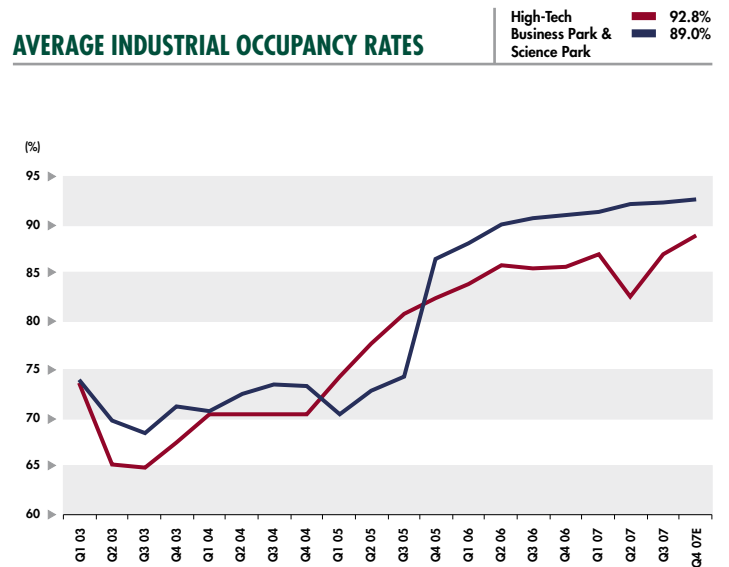
Likewise, average monthly rents for factory space also increased albeit at a slower pace to \$1.45 psf and \$1.20 psf for ground and upper floor units respectively by year-end. Rents for factories rose \$0.05 psf every quarter for the entire 2007. This was an improvement over 2006 when rents remained at \$1.25 psf for ground floor units and \$1.00 psf for upper floor units throughout the year.

The average capital values for freehold factories also increased by about 31.0% y-o-y to \$435 psf and \$354 psf for ground and upper floor units respectively.

At end-2007, the average monthly rent for warehouses was \$1.45 psf for ground floor units and \$1.15 psf for upper floor units, up from \$1.25 psf and \$1.05 psf for ground and upper floor units respectively at end-2006. Similarly, the average capital value for warehouses rose by about 10.0% during 2007 to register \$424 psf for ground floor units and \$370 psf for upper floor units.

The occupancy rate for warehouses broke through the 90.0% level for the first time in Q3 07 while occupancy rate for factories showed gradual improvements during the year. The increase in rent and occupancy rates for factories and warehouses was due to better economic conditions in Singapore and Asia. The recent economic growth in Asia was driven by the twin growth engines of China and India, as such many international companies have turned their sights to this region. Singapore’s strategic location and pro-business environment made the city-state a choice location for many companies.

In 2007, several upcoming business park developments were revealed. Ascendas announced that it would be developing a facility in Changi Business Park with Citibank as the main tenant. Ascendas will also be developing another facility in the International Business Park. The expected completion date for both facilities is 2009. United Engineers would be constructing the 72,500-sm (780,390-sf) Centric Singapore in Changi Business Park with a projected completion date in 2011. At the same time, Singapore Science Park, managed by Ascendas, will be undergoing an extensive \$400-million renovation which will be done in three phases over the next 10 years.



Source: CBRE Research, URA

Note: For high-tech space, the average occupancy rate is derived from our basket of high-tech buildings. For business park & science park space, the average occupancy rate is based on URA data.

The first phase will see two new developments with a total gross floor area of 86,600 sm (932,162 sf). In addition, tenders for Biopolis Phase 3 and Fusionopolis Phase 2B were launched in the year but the results have not been announced. If successfully awarded, the two developments can yield up to a total gross floor area of 91,776 sm (987,877 sf).

In 2007, 10 industrial sites (\$190.5 million) were awarded under the government land sales programme, up from seven sites (\$86.9 million) in 2006. The most noteworthy tender was the 30-year leasehold Commonwealth Drive/Lane site which was awarded to WHB Pte Ltd in November for a record-high of \$171 psf/plot ratio. The other nine sites fetched from \$23 psf/plot ratio to \$72 psf/plot ratio.

MI-REIT launched its IPO in April 2007 with an initial portfolio of 12 properties valued at some \$316.2 million. After the launch, MI-REIT made nine local purchases totalling \$253.9 million. The REIT also made its maiden

overseas purchase in Q4 07 when it bought a warehouse in Japan for \$29.2 million.

MapletreeLog continued on its overseas expansion, snapping up 12 overseas properties for a total of \$700.4 million. It bought only six properties in Singapore for \$62.4 million. CIT bought 13 local properties for \$257.5 million. A-REIT was less active in 2007 compared to 2006. In 2007, it bought only five properties for \$81.7 million compared to seven properties for \$182.7 million a year ago.

Rents and occupancy rates for all industrial space, especially hi-tech buildings and business & science parks, are expected to continue on a growth path in 2008. Manufacturing is still expected to be one of the key pillars of the Singapore economy and enjoys strong government support. As such, manufacturers are expected to continue investing in Singapore and so demand for industrial space will remain healthy.

RETAIL

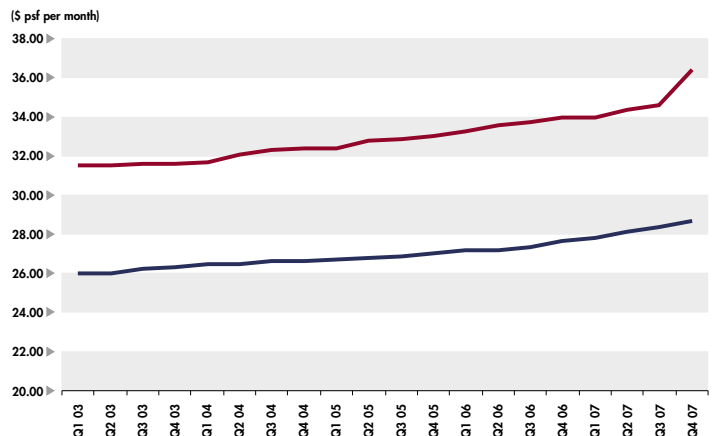
VIBRANT RETAIL MARKET THROUGHOUT 2007

The retail sector did better than expected this year, both in terms of retail sales and rental. In all retail sales totalled \$23.83 billion year-to-date, 7.1% higher than last year. Robust growth in the economy and tourists arrivals helped boost retail sales significantly. Rents have also increased as good quality prime space is limited. In addition, we are seeing a significant increase of new fashion brands coming into the market.

Several notable foreign fashion brands made their debut

AVERAGE PRIME RETAILS RENTS

Orchard Road \$36.40 psf
Suburban \$28.70 psf



Source: CBRE Research

in the local retail scene this year. These cater to a wide spectrum of consumers from luxury to mid-price to mass market. Recent openings of luxury brands include Van Cleef & Arpels, Bally, Breguet and La Perla. Other US and European entrants included Banana Republic, River Island, Roots, Cortefiel, Cotton-on, Promod, Desigual, Pedro del Hierro, Kate Spade, Springfield among others. In addition, we witnessed the come-back of brands like Camper.

Book-lovers had reasons to cheer in Q4 07. Chinese book seller, The Commercial Press, opened a much bigger branch at The Cathay (8,600 sf), while Borders opened a new 17,000-sf store at Parkway Parade.

With the wine and dine culture being a mainstay in Singapore, we saw the sprouting of many gourmet grocers, wine bars and wine shops and even donuts counters islandwide throughout the year. Quirky retail and F&B joints also flourished in the city fringe in areas such as Tanglin Village, Rochestor Park and Haji Lane. The population in Singapore is cosmopolitan and well-

travelled. As such, consumers tend to be on the look-out for new things or experiences. The adaptive re-use of former barracks/colonial/school buildings as well as restored shophouses has a laid-back charm and provides shoppers/diners a refreshing contrast to the traditional shops and F&B outlets in malls – part of the reason why these destinations are the ‘in’ places to be.

In 2007, many older malls were refurbished or were undergoing A&A works so as to stay trendy, relevant and attractive to shoppers and yield-accretive to the landlords. Refurbishment works at White Sands, parts of Raffles City (The Marketplace and island podium) and Tampines Mall (Level 2) were completed in the year, while Liang Court, Anchorpoint, Northpoint, Sembawang Shopping Centre, Paradiz Centre are undergoing asset enhancement works. In addition, Mandarin Gallery, Specialists’ Shopping Centre, Scotts Square and Tampines One were being redeveloped, while Leisure Park Kallang was completed and opened in the final quarter of 2007.

Leasing activities remained strong as evidenced by the near to 80% pre-commitment at the Jurong Point extension, which is due for completion in end-2008. Competition for retail space is keen with interest from local entrepreneurs, foreign brands, departmental stores as well as supermarkets/hypermarkets.

Underpinned by healthy demand, the CBRE index of islandwide prime retail rents rose 6.9% in 2007. The average Orchard Road prime rent increased 5.4% during the year to reach \$36.40 psf/month at end-December, while Suburban prime rents averaged \$28.70 psf/month, up 3.8% from a year ago. Keen competition for super prime Orchard Road retail space led rents to increase 10.5% y-o-y to average \$51.50 psf/month.

The plans for a \$40-million Orchard Road Infrastructural Enhancement works was finalised by the Singapore Tourism Board in Q4 07. Starting at Tanglin Road where Tanglin Mall is located, the infrastructural works will continue down Orchard Road to Le Meridien Singapore. The entire stretch will be classified into three zones, namely the Tanglin, Orchard and Somerset zones, and will be characterised by the Flower, Forest and Fruit themes respectively. All three zones will have enhanced road and pedestrian mall lighting as well as new street furniture. Work on the pedestrian mall will begin post-Chinese New Year in February 2008 and is expected to be completed by April 2009.

The building agreement for the Civic, Cultural, Retail & Entertainment Hub at one-north was signed on the 5 October. CapitaLand Retail Ltd will be developing the four-storey (basement two to level two, GFA 240,000 sf) Retail & Entertainment Hub. The proposed development would emulate the laid-back charm of Holland Village and Rochester Park with the cosmopolitan beat of Clarke Quay. Likely tenants could be retail trades catering to the residential catchment at one-north, the Holland area as well as church members of The Rock. The hub is also likely to have some F&B outlets.

On 23 October, Sim Lian Development was awarded the parcel at Toa Payoh Lorong 6 with a top bid of \$38.2 million (\$847 psf/plot ratio). Some ancillary retail space could be developed on the ground floor of this primarily office site. In addition, the developers of South Beach also announced that there will be retail space within the iconic development at Beach Road.

Construction of new retail properties has been on the rise and a fairly large amount of space will enter the market in

the next few years. Annual retail supply averaged 1.489 million sf per annum for 2008–2011, higher than 139,932 sf in 2005 and 1.162 million sf in 2006. Most of this supply – about 5.3 million– will be coming on stream in 2008/2009. As such, leasing momentum is likely to remain strong in the next two years, with keener competition for brands and a greater need for better retail concepts and tenant mix to differentiate the various malls.

New retail hotspots are likely to emerge along Orchard Road in 2008 with the completion of the iconic ION Orchard and Orchard Central at Somerset Road. The opening of St Regis as well as the completion of the Tanglin Mall refurbishment could also liven up this particular section of Orchard Road.

We expect retailers to continue to do well in 2008 with sustained economic growth, low unemployment rate and the upcoming Formula One race, although there is a downside risk that the rising CPI could dampen consumer spending.

Retail rents will therefore climb in 2008, although growth will be tempered by the substantial new supply. Prime rents in Orchard Road could rise by 4.0%–7.0% while those in suburban malls are projected to grow by 3.0%–6.0%.

For more information on MarketView, please contact the Research team or Li Hiaw Ho, Executive Director
T. 6224 8181 F. 6533 3815

INVESTMENT Jennifer Teo (Analyst)
jennifer.teo@cbre.com.sg

OFFICE & RETAIL Elaine Chow (Associate Director)
elaine.chow@cbre.com.sg

RESIDENTIAL Han Huan Mei (Associate Director)
huanmei.han@cbre.com.sg

INDUSTRIAL Elizabeth Choong (Assistant Manager)
elizabeth.choong@cbre.com.sg

For MarketView online and other publications, visit www.cbre.com.sg

Subscribe to the quarterly **SINGAPORE REAL ESTATE RESEARCH REPORT** for complete in-depth analysis and data. For enquiries, please call Elaine Chow 6224 8181

For all enquiries on sales and leasing, please call 6224 8181



This report has been prepared solely for general informative purposes. The information contained herein has been derived from sources which we believe to be reliable, but we have not independently verified such information and we do not guarantee its accuracy or completeness. All opinions and estimates included in this report constitute our judgement as of this date. They are subject to change without notice and transactions should not be entered into in reliance upon the information, opinions and estimates set out herein.

Unless otherwise stated, all currencies are expressed in Singapore Dollars.

All rights reserved. No part of this publication may be reproduced in any form without prior written permission of CB Richard Ellis (Pte) Ltd, Singapore. MICA(P) 112/06/2007

QUICK STATS TERMINOLOGY

PRIME RENTS

Average value derived from a basket of prime properties. Quoted on a per square foot net floor area and monthly basis.

PRIME CAPITAL VALUES

Average value derived from a basket of prime properties. For residential, industrial and retail, the basket is only of freehold properties. Quoted on a per square foot net floor area and strata basis (except for office values which are on an en bloc basis).

PRIME YIELDS

Derived from corresponding average annual prime rent (after service charge and property tax) and average prime capital value.

Prime properties are in the following locations:

OFFICE

Raffles Place, Marina Bay and Marina Centre

RESIDENTIAL

Districts 9, 10 and 11 (apartments/condominiums)

INDUSTRIAL

Ubi, Paya Lebar, Aljunied Road, MacPherson Road, Kallang Pudding, Henderson Road, Jalan Bukit Merah and Alexandra Road

RETAIL

Orchard Road (units on level with heaviest traffic)

Singapore

CB Richard Ellis (Pte) Ltd
6 Battery Road #32-01
Singapore 049909
T (65) 6224 8181
F (65) 6225 1987
www.cbre.com.sg
Co. Reg. No. 197701161R