

Grade A office rents 'to hit six-year high'



South Beach: Cushman & Wakefield expects strong leasing activity in the fourth quarter with the completion of this Beach Road project and CapitaGreen. FILE PHOTO

At S\$10.20 psf per month now, rents are 9.9% higher than a year ago

By **JAMIE LEE**
leejamie@sph.com.sg
@JamieLeeBT

[SINGAPORE] Singapore Grade A office rents are expected to rise to their highest levels since 2008 by year's end, commercial real-estate services firm Cushman & Wakefield predicted on Wednesday.

This comes as average Grade A overall rents have already risen to their highest in three years to S\$10.20 per square foot per month – 2 per cent higher than a quarter ago, and 9.9 per cent stronger than a year ago.

The third quarter became the sixth consecutive quarter of rental increases,

a result of the increasing scarcity of Grade A space in areas such as Marina Bay and Raffles Place.

New leases taken up during the quarter included advertising and marketing firm Publicis taking up 33,000 square feet (sq ft) of space at Income@Raffles.

Over at 6 Battery Road, insurance broker Willis signed a lease for about 22,000 sq ft of space; management consultancy firm Bain & Company took up an 18,000 sq ft unit in South Beach.

Cushman & Wakefield expects strong leasing activity in the fourth quarter, with the expected completion of CapitaGreen and South Beach, with net absorption on track to reach 800,000 to 900,000 sq ft this year.

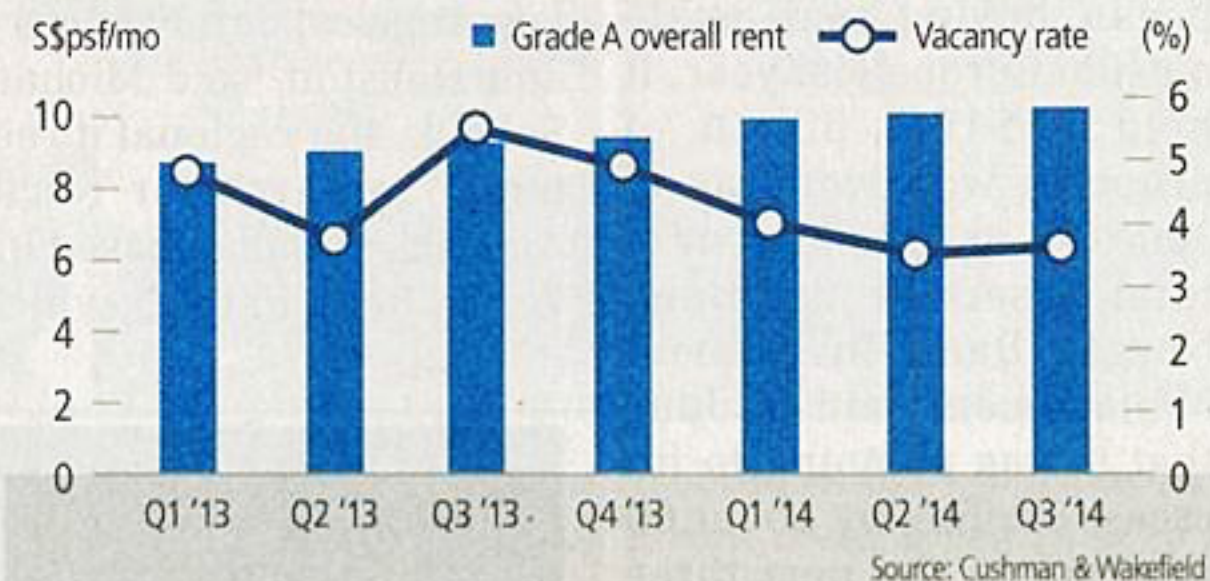
A firmer take-up in Marina Bay Financial Centre lowered the vacancy rate

High-rise

Expected increases

	Q3 '14	Q-O-Q CHANGE	Y-O-Y CHANGE	12 MONTH OUTLOOK
Grade A vacancy rate	3.6%	0.1pp	-1.9pp	▲
Grade A overall rent (psf/mo)	\$10.20	2.0%	9.9%	▲

Grade A overall rent vs vacancy rates



for Marina Bay from 6.6 per cent to 6.1 per cent, said Cushman & Wakefield.

The average effective monthly rent for Marina Bay rose to S\$13 per square foot (psf) per

month, a 0.4 per cent increase from a quarter ago.

Rents at Raffles Place in the third quarter held stable at S\$10.25 psf per month.

The average rent in Shenton Way crept up 0.6

per cent from the previous quarter to S\$8.40 psf per month, while Orchard Road rents rose one per cent to S\$9.80 psf per month.

Rents in the City Hall and Marina Centre areas increased 5.5 per cent to S\$9.50 psf per month.

"With prime rents expected to continue to rise, those tenants for which a Grade A location is not essential are likely to look further afield to the suburbs, which may lead to further decline in vacancy rates there."

Office vacancy in the suburbs declined from 2.5 per cent to 1.8 per cent, with financial institutions managing occupancy costs by consolidating space and relocating back-office functions to the suburbs.

The full research report is available on BTInvest (<http://www.btinvest.com.sg/property>).