

# Prime office space rents up for first time since 2011

## Occupancy rates also continue to rise in Raffles Place, Marina Bay: Report

By RACHAEL BOON

RENTS of top-grade office space in Raffles Place and Marina Bay increased for the first time in seven quarters while occupancy rates continued to rise there, signalling that a recovery in the segment may be afoot.

Average monthly gross rents of premium-grade office space in these areas climbed 2 per cent in the three months to June 30 to \$9.60 per sq ft (psf) from the previous quarter, according to Colliers International's latest quarterly research report yesterday.

This was the first rise in rentals for such office space since a sustained period of decline that began in the fourth quarter of 2011.

Mr Marcus Loo, Colliers International executive director of office services, said: "Office buildings located in the Raffles Place

and New Downtown (downtown Marina) micro-market have continued to draw interest from tenants."

As the development of Marina financial district and supporting road and public transport infrastructure picked up pace, demand rose in the quarter, he added.

But in the broader Central Business District (CBD), the average monthly gross rent of both premium and Grade A office space was \$8.42 psf during the second quarter, relatively unchanged from \$8.41 psf in the previous quarter.

Mr Loo noted that as tenants still favoured better-quality office space, landlords were able to either maintain or increase rents in the CBD.

While office rents were stabilising in the broader market during the quarter, Mr Loo said the recovery is more encouraging in premi-

um-grade developments.

This was reflected in the occupancy rate for top-grade office space in Raffles Place and downtown Marina, rising to 93.5 per cent in the second quarter from 90.2 per cent in the previous quarter – the fifth consecutive quarter that it has risen.

Demand for the prime office space came mainly from financial and business service companies, said Colliers International.

Among them were National Australia Bank and Swiss Reinsurance Company, which committed to take up space at Asia Square Tower 2.

Occupancy rates in most of the other parts of the CBD also rose during the quarter, except those for the city fringe and Beach Road area, which fell slightly.

Separately, a DTZ Research report also released yesterday showed that the level of activity from foreign investors in the local property sector surged in the second quarter.

Foreign investment activity jumped to \$1.4 billion from a mere \$200 million in the first quarter,



An aerial view of the Marina Bay area and its surrounding buildings. Average monthly gross rents of premium-grade office space in Raffles Place and Marina Bay rose 2 per cent to \$9.60 psf in the three months to June 30. ST FILE PHOTO

### AVERAGE OCCUPANCY

Premium	Average occupancy rate (%)	
	Q2 2013	Q1 2013
<b>Raffles Place / New Downtown</b>	93.5	90.2
<b>Grade A</b>		
<b>Raffles Place / New Downtown</b>	95.3	93.4
<b>Shenton Way / Tanjong Pagar</b>	94.5	93.9
<b>Marina / City Hall</b>	98.7	98.6
<b>Beach Road</b>	90.4	90.9
<b>Orchard Road</b>	93.5	91.5
<b>City fringe</b>	99.1	99.1
<b>Suburban</b>	97.3	95.8

Source: COLLIERS INTERNATIONAL

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driven by Asian investors who accounted for 80 per cent of the total. Among the deals involving foreign players were Qingjian Realty (South Pacific) Group from China winning the tender for two Government Land Sales sites, and Australian developer Lend Lease selling its stake in Jem mall in Jurong East.

Meanwhile, another report from Knight Frank showed that total property investment sales plunged 30.3 per cent to \$10.3 billion in the first half of this year from a year earlier, due to a sharp decline in private investment sales.

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