

10% of office space at Guoco Tower taken up

If current talks with potential office tenants materialise, occupancy will go up to 50%

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FOR GuocoLand's integrated project Tanjong Pagar Centre, about 10 per cent of office space at Guoco Tower and 60 per cent of retail space has been committed some six months ahead of the project's completion.

The Singapore-listed developer shared these figures on Wednesday at a topping-out ceremony, graced by Minister for National Development Lawrence Wong, for the S\$3.2 billion flagship project.

The 10 per cent of office leasing commitments at Guoco Tower, which spans 890,000 sq ft in total net lettable area (NLA), includes the space to be occupied by GuocoLand Group and Hong Leong Bank, both members of Hong Leong Group.

GuocoLand is consolidating its various operations from Tung Centre at 20 Collyer Quay and Robinson Centre to its flagship project; Hong Leong Bank is also relocating from 20 Collyer Quay. The exact floor space they will take up at Guoco Tower is not revealed due to market sensitivities.

Other office tenants that have signed up for space at Guoco Tower include DNB Asia Ltd, a shipping and offshore financing solutions provider; Open Link, a trading and risk management solutions provider; and global workplace provider Regus.

Should current negotiations with potential office tenants materialise, leasing commitments for office space will go up to 50 per cent, according to JLL, the sole marketing agent for the commercial space.

Including Guoco Tower, over 3.5 million sq ft of total known CBD office supply is coming onstream this year.

GuocoLand (Singapore) managing director Cheng Hsing Yao noted that there is a healthy pipeline of interest for Guoco Tower and leasing commitments are expected to pick up in the next few months.

"We are currently in discussions with more than 30 companies from diverse industries such as finance, technology, insurance, fund management, consumer, services, trading and law firms," he told BT. "In terms of space, about one third of these companies are looking at multiple floors while a majority of the rest are looking at a range of 20,000 to 40,000 sq ft in floor size."

At a briefing on Wednesday, he noted that the office leasing market is not as exuberant as a few years ago but added that "it is not a dead market" with leasing activities still going on.

Tenant movements are driven by the need to upgrade to newer Grade-A premises with higher specifications and efficiency, to consolidate or to expand, he added. "More and more tenants are realising that this might be a

very good time to move."

With the high efficiency offered by large column-free floor plates (27,000-30,000 sq ft) at Guoco Tower, a more diversified office tenant mix has also emerged. Mr Cheng observed that this is unlike a few years ago when one mega tenant occupies half or three-quarters of a project.

The group also highlighted the strong value proposition of the Tanjong Pagar precinct, which is undergoing a rejuvenation with other upcoming developments.

Once fully operational and occupied, Tanjong Pagar Centre is expected to have 13,000 to 14,000 people working and living there or visiting per day, GuocoLand president and CEO Raymond Choong pointed out. By the end of 2016, the catchment population in the immediate vicinity and within a 500-metre walking distance of Tanjong Pagar Centre is projected to reach more than 118,000 persons.

"These figures further demonstrate and reinforce the potential of Tanjong Pagar Centre as well as ensuring its success," Mr Choong said on Wednesday.

Chris Fossick, JLL managing director for Singapore and South-east Asia, said most of the committed leases and leases under discussions are with companies already operating in Singapore. He expects leasing commitments to start accelerating as the



Mr Wong (left) and Moses Lee, chairman of GuocoLand, with a watercolour painting of Tanjong Pagar Centre. At 290 metres the building will be Singapore's tallest when completed in mid-2016.

project nears temporary occupation permit (TOP), as negotiations with "sizeable occupiers" are underway.

Office occupancy rates in Singapore now hovers above 95 per cent, with rents for prime CBD office space averaging S\$10.28 per square foot per month as at end-2015 after some 10 per cent decline for the whole year, JLL estimates.

The current 60 per cent take-up rate for retail space at Tanjong Pagar Centre, whose retail component spans 100,000 sq ft in total NLA, includes the 31,000 sq ft of anchor space taken up by gym operator Virgin Active.

Tanjong Pagar Centre will open in phases from the second half of this year. It also has a 5-star hotel, luxury

homes, and a 150,000 sq ft Urban Park, and will be Singapore's tallest building at 290 metres when completed in mid-2016.

Last week, GuocoLand announced the appointment of AccorHotels to manage the 222-room Sofitel Singapore City Centre at Tanjong Pagar Centre. The 181-unit luxury residences, renamed as Wallich Residence, was soft launched in 2014. Some 16 units were sold at an average price of S\$3,100 psf.

Mr Cheng said Wallich Residence will be launched later this year. The group foresees demand picking up when the project is completed, as was seen in the group's earlier luxury projects Goodwood Residence and Leedon Residence.