

GuocoLand's Beach Road integrated project adds to area's revamp

Guoco Midtown will comprise offices, retail, residential units and the former Beach Road Police Station

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GUOCOLAND announced on Sunday the groundbreaking of its integrated project on Beach Road – a project which, when completed in mid-2022, will add to the rejuvenation of the nearly two-kilometre stretch of road.

Guoco Midtown will comprise 770,000 sq ft of premium Grade A office space designed for new economy companies; 30,000 sq ft of retail and entertainment to draw “novel concepts”; more than 200 residential units; and the former Beach Road Police Station, a conserved building. There will also be green public spaces where events and festivals can be held.

GuocoLand hopes that Guoco Midtown will be a landmark development for the Beach Road area along the lines of its other recent integrated project, Guoco Tower at Tanjong Pagar.

“Our Guoco Tower has uplifted the image of the Tanjong Pagar District; it is now perceived as a prime office location and leisure destination in the Central Business District,” group president and chief executive of GuocoLand, Raymond Choong, said in a statement on Sunday evening.

“In the same way, Guoco Midtown will redefine the Beach Road area by introducing trend-setting concepts for office, retail and residential.”

Last year, GuocoLand and its parent Guoco Group won the 99-year white site with a bid of S\$1.622 billion, which works out to S\$1,706 per square foot per plot ratio (psf ppr) – setting a new benchmark price for a Government Land Sale (GLS) site in Singapore. According to analysts, the

revitalisation of Beach Road began with the South Beach project by City Developments and IOI Properties, completed in 2016. It features the 190-unit South Beach Residences, which has sold 22 units including a super-penthouse since September this year. The development also boasts two office towers, food and beverage (F&B) and retail, and a JW Marriott hotel.

Next came the Duo mega-development by M+S with 660 residential units, office and retail, which was completed last year.

Lee Nai Jia, senior director and head of research for Knight Frank, said that with the GuocoLand project, “older office landlords (on Beach Road) will be under pressure to retain and attract tenants”. Other older buildings on Beach Road such as Shaw Tower may have to consider some form of redevelopment, he suggested.

The gap between office rents at Duo and South Beach on Beach Road and that of other prime office locations Asia Square and Marina One has been narrowing, Dr Lee said. But that is leaving rents in older office buildings where asking office rents are at S\$4.50 psf to S\$5.50 psf in the dust.

The average private residential price at Ophir-Rochor-Beach Road area in the third quarter of this year, at S\$2,082 psf, is 47 per cent higher than in the second quarter of last year, according to List Sotheby's International Realty.

“The presence of anchor mega mixed-use developments usually tend to kick-start the rejuvenation process of the location, and may also set new price ceilings,” said Leong Boon Hoe, chief operating officer of List Sotheby's in Singapore.

According to a ZACD analysis of caveats, median rentals for shop-houses in District 7 (which includes Beach Road) 10 years ago stood at S\$1.68 psf per month. Currently, they command a median rental of S\$5.44 psf per month. As for retail in the area, median rentals 10 years ago stood at S\$2.88 psf per month, compared to S\$5.21 today. Down the road, Fragrance Group and World Class Land's City Gate project is near-

ing completion. Its 300 residential units are almost all sold out, and over 77 per cent of the commercial units are already sold as at end-September.

Golden Mile Complex has also launched a tender for its S\$800 million en bloc, with its marketing agent having applied to authorities to retain the existing 16-storey building and add a new block next to the building.

But analysts largely believe that the rejuvenation of Beach Road will

be mostly centred on the side of the street closer to the mega-developments.

Nicholas Mak, executive director of ZACD Group, thinks that there will be limited rejuvenation beyond that point, pointing to the lengthy process for Golden Mile's en bloc, and the lack of news about an en bloc for Textile Centre.

He also sees a lack of pressure for redevelopment for The Gateway and

The Concourse which already had some work done.

“The nucleus of activity is still in the Bugis MRT area,” Dr Lee said. He added that the upcoming revitalisation could mean strong developer interest in the nearby 0.78 ha Middle Road Government Land Sales (GLS) plot slated to be launched by end of this month. There is also a 1.16 ha site on Tan Quee Lan Street on the Reserve List.