

Original ideas for Guoco Midtown still relevant even in the new normal, says group MD

Trends such as work from home and e-commerce not new, pandemic has only accelerated them to be part of the norm, says Cheng Hsing Yao

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GIVEN that Guoco Midtown on Beach Road was conceived back in 2018, long before the coronavirus outbreak, questions about whether the mega-project's design needs a revamp today do not faze Cheng Hsing Yao, the group managing director of GuocoLand Singapore.

"When the 3.2-hectare mixed-use development was in the planning stage, we studied the emerging trends – work from home, e-commerce, health and safety, and mental wellness issues – and designed accordingly," he said.

"Many of these trends are not new, just that the pandemic has accelerated them becoming normal," he added. "Guoco Midtown was conceived with a vision of how people will work, live and play in the future. Part of that future has arrived much sooner."

Still, GuocoLand's study could not foresee everything, especially when it comes to the ability to hold big events in Singapore in future.

"The earlier planning (was) for a town hall space for 300 people. (But) even with a vaccine, we predict that meetings will be smaller. We are reviewing our plan for the town hall space," Mr Cheng said in an interview with *The Business Times*.

The development's concept which allows people to move seamlessly from an air-conditioned space to open greenery will give it a marketing edge over other projects, especially now that Singapore is mired in a record recession.

"While we are still in the midst of the pandemic, there are many companies which are in a more resilient position that will keep one eye on the future. Besides how to weather the current challenges, they are also actively thinking about how to position

themselves for the post-pandemic new normal," he noted, adding: "This is why we have been signing on new tenants at our existing building at Guoco Tower, even at the midst of the 'circuit breaker'."

Guoco Tower is located in Tanjong Pagar.

Last month, BT reported that Grab will be vacating two floors at Guoco Tower adding up to about 54,000 sq ft, as part of its move to its new headquarters in one-north. One floor has since been leased to QBE Insurance (Singapore) and the other to Toyota Motor Asia Pacific. The latter has also leased some additional space on another floor at Guoco Tower, resulting in a total of 62,000 sq ft being leased to the two companies.

Toyota Motor Asia Pacific will be relocating from Twenty Anson, while QBE is moving from One Raffles Quay South Tower.

Going forward, work from home will become an integral part of companies' workplace strategies, said Mr Cheng. "But on the other hand, the office space will be critical for collaboration, building or corporate culture and socialisation. So spaces to support such functions will increase," he explained.

Individual work stations may also become larger in size, not just for safe distancing, but also for the sense of well-being for staff.

"Overall demand may adjust downwards, but may not be that significant. On the other hand, the quality, concept and value proposition of the office environment will become even more important," he said.

"Staff have to feel excited to go to work, and proud of their office. There will be a migration towards better-quality buildings."

Mr Cheng noted that office supply in Singapore is not very high, with the Beach Road site which was sold to GuocoLand in October 2017 being the



Guoco Midtown is expected to be completed in phases between 2022 and 2024, starting with the 30-storey office tower with 770,000 sq ft of premium Grade A office space, three concept retail clusters, two residential condominiums, and a five-storey Network Hub building (above). PHOTO: GUOCOLAND

last major parcel of office land in the Central Business District (CBD).

The total development cost for Guoco Midtown at Beach Road is S\$2.4 billion.

The pipeline supply of Grade A office space is low with an annual average of 0.7 million square feet (msf) entering the market during 2020 and 2021, but there will be a large wave of supply in 2022 totalling 1.9 msf.

This is according to Christine Li, Cushman & Wakefield's head of business development services, Singapore and South-east Asia. The 10-year annual average Grade A office supply is 1.2 msf.

The net absorption of office space in Singapore shrank by a record 55,000 square metres of net lettable area in the second quarter of 2020.

Meanwhile, the island-wide office vacancy rate climbed to 12.1 per cent from 11 per cent at the end of the first quarter of 2020, according to latest data from the Urban Redevelopment Authority.

Guoco Midtown is expected to be completed in phases between 2022 and 2024, starting with the 30-storey office tower with 770,000 sq ft of premium Grade A office space, three concept retail clusters, two residential condominiums – Midtown Bay and Midtown Modern – with over 700 luxury apartments, and a five-storey Network Hub building.

Core office leases are for three or five years. Tenants also have an option of shorter-term leases at the Network Hub of at least six months.

Guoco Midtown is connected directly to Bugis MRT station where commuters

can take either the Downtown or East-West Lines. Through a network of second-level linkways and bridges, it is also connected to the North-South and Circle Lines.

When completed, it is expected to bring an additional 10,000 office workers, residents and visitors to the Bugis-Beach Road district each day.

The multi-billion development is led by GuocoLand and its parent Hong Kong-listed Guoco Group, Hong Leong Holdings and Hong Realty.

The development features 3.8 ha of landscape area, which is noticeably larger than the actual 3.2 ha site, according to Mr Cheng.

On the 3.8 ha landscape area – equivalent to the size of five football fields – the idea "came from the trend that we had determined which was that humans enjoy being in nature

and the benefits that being surrounded by greenery can bring about", he said.

"The design spreads out over 20 gardens and public spaces so that occupants can enjoy the immersive greenery, regardless of whether they are living, working or recreating at Guoco Midtown," Mr Cheng said.

He added that it will help promote mental wellness for office workers who might find going to work stressful. The office tower will have its own dedicated gardens on levels 7 and 30, a 40-metre lap pool and a 100-metre jogging track around a bamboo grove for workers to destress.

He expects to attract tenants in the tech, media and financial industries, as well as other innovative companies that prefer the "wider mix" of the Bugis-Beach Road area and its art galleries, schools and shophouses.

The company has already begun negotiations with potential tenants for the office tower, said Mr Cheng.

Midtown Bay, the residential portion – which was launched late last year – has sold about 30 per cent of its 219 units, he noted.

The majority of the buyers are Singaporeans who are buying for investment, and there is also a mix of permanent residents and foreigners.

The two- or three- bedroom duplex units are designed to allow residents to adapt them for living, use as an office or for entertaining. The lower floor can be used as a home office or for entertaining, while keeping the upper floor for private residential use.

As for the second luxury residential property called Midtown Modern, the launch date has yet to be decided. When finished, it will have two 30-storey towers with over 500 units.

GuocoLand won the site on Tan Quee Lan Street with a S\$800.2 million bid from a government land sale in October 2019.

➡ **Wallich Residence 62% sold, rents are high: GuocoLand MD**