

# Real Estate Watch

SEPTEMBER 2011



*Cutting-edge business blends seamlessly with modern lifestyle luxuries.*

## 11-Storey Multiple-user (Total 270 units) Light Industrial Building

- Business 1 Industrial Development, located along Ubi Road 1.

- A vibrant and contemporary Industrial Complex that succinctly juxtaposes modern work culture with enriching lifestyle.

- Expected TOP 31 Dec 2015
- 47 Warehouse Units
- 223 Production units (41 of them with Mezzanine)

## Why Invest in BizHub2 ?

- Paya Lebar Central will be developed into a Commercial Hub (URA Concept Plan) - Hotels, Retail, Offices & Public Spaces. Definitely will be a vibrant place for business.

- Industrial Properties will benefit from spillover office rental demand.

- Expect high rental yield of 6% on average.

- Expect Capital Appreciation of about 5 per cent with the high demand and high development charges being imposed on Commercial & Industrial Land which will translate into higher prices for Commercial & Industrial Properties in future.

- Very affordable Investment.
- Hedge against Inflation

Awe inspiring architecture that complements your business aspirations.  
(Preview 20 Sept 2011)

- Not subject to Seller's Stamp Duty.

- Easy accessibility and walk to MRT.

**Call or Email for more info before all units get snapped up.**

**Huttons**  
realestategroup



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# Paya Lebar Central: Bustling Commercial Hub Brimming With Activity And Culture

The buzz at Paya Lebar is set to be turned up a notch as plans to enhance the commercial hub get underway. Skyline checks out what's in store.

By Chye Hui Sze



Paya Lebar Central, a bustling commercial hub, looks set to welcome a new hive of activity with offices, hotels, retail and attractive public spaces planned for it. Paya Lebar is one of the commercial hubs to be developed outside the city centre as part of URA's larger decentralisation strategy in the Concept Plan to provide alternatives for businesses and jobs closer to homes. The other commercial hubs are Tampines Regional Centre, Jurong Lake District and Woodlands Regional Centre.



Existing developments like Geylang Serai Market

and festivities such as the Hari Raya Bazaars along Geylang Road contribute to the distinctive local Malay identity of the area. This identity will be further enhanced with new public spaces and the upcoming new Geylang Serai Market.

## A vibrant commercial hub

A vibrant commercial hub With about 12 ha of land in the area available for development translating to about 500,000 sqm of commercial floor

Read more about it at [www.ur.gov.sg/skyline/skyline08/skyline08-03/text/08.htm](http://www.ur.gov.sg/skyline/skyline08/skyline08-03/text/08.htm)



## 10-way bidding war erupts for first Paya Lebar commercial site

By Esther Teo  
PROPERTY REPORTER

THE first commercial site up for sale in Paya Lebar sparked a 10-way bidding battle that involved some of the biggest property players in the country.

The top offer - a bullish \$886 million - was lodged by a consortium of property group Low Keng Huat, Guthrie GTS and Sun Venture Commercial.

Their bid of \$872 per sq ft (psf) per plot ratio (ppr) for the 14,850 sq m site at the junction of Paya Lebar Road and Eunus Road 8 was ahead of market expectations.

It was 12 per cent more than the second-placed bid of \$531 million - or \$776 psf ppr - offered by Hong Leong Group.

The lowest bid came in at \$332 million from Frasers Centrepoint and real estate fund ARA Asia Dragon.

Big guys Capitaland, Mapletree, Keppel Land and Far East Organization also threw their hats into the ring as did Orion International founder Ron Sim - under the firm PLC 8 Holdings - and Soilbuild managing director Lim Chap Huat.

Any development on the site must set aside at least 80 per cent of the total gross floor area for offices. The rest can be used for other activities permitted under the commercial zoning.

Paya Lebar Central has been earmarked by the Government as a commercial hub to provide alternative locations for businesses. It envisages a pedestrian-friendly commercial hub with retail

### TOP FIVE BIDDERS

Company	Bid price (psf ppr)
Low Keng Huat, Guthrie GTS and Sun Venture Commercial	872
Hong Leong Group	776
PLC 8 Holdings	721
Far East Organization, Orchard Parade Holdings and China State Construction Engineering Group	712
Mapletree Development	636

shops, hotels and attractive open spaces. The precinct has about 12ha available for development and a potential commercial floor space of more than five million sq ft in total.

and the area was still in early phase of re-development. Analysts expected top bids of between \$500 and \$600 psf ppr.

Experts said the top bid was optimistic considering that the plot was the first site in Paya Lebar up for sale

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Knight Frank group managing director Danny Yeo said the high bids reflected confidence in the office market and the eventual success of Paya Lebar as a commercial hub.

Mr Ong Teck Hui, Credo Real Estate's head of research and consultancy, said the bullish bids are supported by the demand for more affordable office space outside the central business district (CBD) that investors are keen to capitalise on.

"In the last downturn, demand for office space within the CBD shrank in 2008 and 2009, while take-up outside the CBD remained positive. When under cost-cutting pressures, businesses would look for cheaper office space outside CBD," said Mr Ong.

With Paya Lebar Commercial Hub bid at \$872 ppr, it means their asking rental would be double that of Oxley Bizhub. This makes Oxley Bizhub, especially the "Modern Factory", a sure bet in terms of investment because tenants are likely to operate their business at Oxley Bizhub due to similar characteristics: Near MRT and excellent corporate image, yet paying a lower monthly rental. The demand could even exceed the supply at Oxley Bizhub!

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Title :Strong rental prospects for Singapore's industrial property market

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SINGAPORE : Rental prospects for the industrial property market in Singapore are the strongest in the Asia Pacific region, according to a report by DTZ Research.

The real estate advisory company said prime industrial rental growth between 2011 and 2015 is forecast at about 5 per cent for Singapore. DTZ noted that industrial rents were already up 5 per cent in the first half of 2011 compared to the previous year. It added that as a key hub in the regional trading network, Singapore, "is expected to record the best rental performance over the forecast period".

Total returns of prime industrial property are expected to be in the region of 12 per cent over the next five years. This includes a capital growth component of about 5 per cent and an income returns component of about 7 per cent.

For the whole of the Asia Pacific region, overall industrial returns are expected to average 8.3 per cent per annum over the five years.

In comparison, Hong Kong is the weakest performer in the DTZ forecast of prime industrial markets. "Industrial demand is being undercut by cheaper locations in the Pearl River Delta, while scarcity of land is resulting in higher value usage replacing industrial space. Overall, the Hong Kong rental growth trend is flat," DTZ said.

Rental growth for industrial properties in Brisbane, Gold Coast, Taipei, Melbourne, Shanghai and Sydney is predicted to be around 3 per cent per annum through 2015. DTZ said Australia holds the top spot for the highest total returns market, led by Brisbane and the Gold Coast at around 13 per cent. "Double-digit annual returns, driven by high yields and steady rental growth, will be the norm in Australian industrial," it added.

Hong Kong and Taipei are notable under-performers. DTZ said the cities are dragged down by expected negative capital growth. Total returns per annum in Hong Kong are forecast to be 2.9 per cent and 0.8 per cent in Taipei.

- CNA/ms

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