

News Release



Date: 25 April 2008

Analysis of Singapore retail property market statistics – 1Q 2008

Singapore, - The Urban Redevelopment Authority (URA) released today the Retail real estate statistics for the first Quarter 2008 (1Q2008).

The growth in retail rentals and capital values of shop space, driven by limited supply and strong demand, were largely in line with expectations while occupancy rates were highest in more than a decade.

Islandwide retail rentals grew 17.7% yoy as new developments such as Orchard Central and ION Orchard achieved higher rentals. In addition, landlords are also asking for higher rentals for malls that have underwent asset enhancements, seeking justification from the stronger flow of shoppers and higher sales levels. With an inflexible supply line along the Orchard Road shopping belt till 4Q 2008, rentals for the prime-shopping belt is likely to rise further for the next 2 quarters

Occupancy rates rose to its highest point in the past decade as more retail space underwent asset enhancement, causing a drop in available stock. Couple with stronger demand, islandwide occupancy rates reached 93.6%, 0.8 percentage points higher than that in 4Q 2007. Only during the period between 2Q 1992 and 1Q 1993 has occupancy rates been higher.

Orchard Road shopping belt occupancy also improved one percentage point from 95.7% to 96.7%, as government initiatives to promote tourism and to improve the retail scene further allure retailers to establish their presence in Singapore's prime retail area and to tap on prominent upcoming events for the next few quarters. Vacant stock is currently at its lowest levels since 1996 and may further decrease in the next quarter as more shopping malls undergo asset enhancement.

A significant 5 million sq ft of potential retail space may enter the market by the end of 2009 with 4.2 million sq ft of retail space currently under construction. The remaining 0.8 million sq ft are still on the drawing board. Close to 60% of this potential supply will be located in the Central Region where ION Orchard, Orchard Central, Ilima and a development by Lend Lease Retail Investment at Somerset central constituting the bulk. Although a glut in retail space is not expected, rentals and occupancy are likely to decrease temporary by the end of 2008 and early 2009 due to the large supply of completed retail space during this period. Retail rentals are expected to grow by 10% - 15% yoy for the entire 2008.

For further information, please contact:

Nicholas Mak, Director of Consultancy & Research Department, Knight Frank, +65 6228 6821

Notes to Editors

Knight Frank LLP is the leading independent global property consultancy. Headquartered in London, Knight Frank and its New York-based global partner Newmark Knight Frank operate from over 165 offices, in 36 countries, in six continents. For further information about the Company, please visit www.knightfrank.com