



### Market Overview

- Singapore enjoys a remarkably open and corruption-free environment, stable prices, and a per capita GDP equal to that of the four largest West European countries.
- The manufacturing sector was the main driver of economic growth in the first quarter of 2006; much of this growth depended on electronics, biomedical and transport engineering industries.
- In 2005, Singapore had an estimated GDP (purchasing power parity) of \$124.3 billion and GDP real growth rate of 6.4%.
- The country's inflation rate remains low at 1% as of 2005.

### Foreign Direct Investment and Incentives

- According to the *KPMG Competitive Alternatives Study, 2006*, Singapore ranks number one as the most cost-competitive business location among nine industrialized countries.
- Over 6,000 multinational corporations have offices in Singapore - 3,600 of which have regional headquarters-related functions and responsibilities.
- Singapore also offers the best intellectual property (IP) regime in Asia. A 2003 report by Political and Economic Risk Consultancy ranked Singapore as the Asian country with the lowest risk for intellectual property violations, even ahead of Japan.
- The Singapore government generally takes a liberal approach on foreign ownership of businesses, especially in the manufacturing, services, sales and management sectors.
- Foreign capital, in the majority of cases, is treated in the same way as local capital.
- Singapore is a free port and the only dutiable items are beer, stout, and samsu.

### An Abridged list of Multinationals in Singapore

- |                   |                  |
|-------------------|------------------|
| • Zenith Software | • Yahoo          |
| • Acer Computer   | • Mastercard     |
| • Motorola        | • MobileOne      |
| • IBM             | • Big Fish Media |
| • Apple Computer  | • Dell Computer  |

Please contact AsiaPac Intl for a complete list

### Foreign Direct Investment and Incentives cont'd

- From Year of Assessment 2005, companies are taxed at a flat rate of 20% on their chargeable income.
- There are three tax exemptions to help companies tide through economic downturns, encourage entrepreneurship and position Singapore as a business hub:
  - Partial Tax Exemption
  - Full Tax Exemption for New Companies
  - Tax Exemption for Foreign-Sourced Income

| <b>Office Rental Rates</b><br>(US\$ /Sq. ft./Month) |            |             |                |
|---|------------|-------------|----------------|
| <b>Downtown Office</b>                              | <b>Low</b> | <b>High</b> | <b>Vacancy</b> |
| Class A (Prime)                                     | \$4.04     | \$5.24      | 7.2%           |
| Class B (Secondary)                                 | \$3.20     | \$4.66      | 12.1%          |
| <b>Suburban Office</b>                              | <b>Low</b> | <b>High</b> | <b>Vacancy</b> |
| Class A (Prime)                                     | \$2.41     | \$3.56      | 7.6%           |
| Class B (Secondary)                                 | \$1.76     | \$3.51      | 9.6%           |

### Industrial Market

- Singapore's economy depends heavily on exports, particularly in electronics and manufacturing.
- In the February 2006 Budget, the government set out incentives for the development of a Research and Development Trust Fund of \$5 billion over five years in an effort to increase Singapore's competitive edge as the manufacturing and logistic hub.
- Some hotspots for the industrial sector include:
  - iHUB
  - The Enterprise Business Hub
  - Technopark at Chai Chee
  - iAxil at Singapore Science Park
  - Suntec City
- Some Logistics Parks include:
  - Airport Logistics Park of Singapore (ALPS)
  - Banyan LogisPark
  - General Warehousing

| <b>Retail Rental Rates</b><br>(US\$ /Sq. ft./Month) |            |             |                |
|---|------------|-------------|----------------|
| <b>Type</b>   | <b>Low</b> | <b>High</b> | <b>Vacancy</b> |
| Downtown  | \$27.50    | \$36.65     | 3.8%           |
| Regional Malls                                      | \$19.70    | \$26.26     | 4.1%           |

### Office Market

- The total office stock in Singapore is approximately 7.95 million square feet.
- As occupancy and rental values continue to shift in favor of landlords, the office market attracted more investor interest.
- The rental market is also experiencing increasing demand despite a tight supply of Class A office space.
- Raffles Place, Shenton Way/Tanjong Pagar and Regional micro markets are areas in high demand.
- The financial sector remained the key industry contributing to the high absorption rate of office space.
- Some business parks include:
  - International Business Park
  - Changi Business Park
  - iPark

| <b>Industrial Rental Rates</b><br>(US\$ /Sq. ft./Month) |            |             |
|---|------------|-------------|
| <b>Type</b>   | <b>Low</b> | <b>High</b> |
| Bulk Warehouse  | \$0.39     | \$1.07      |
| Manufacturing   | \$0.38     | \$0.76      |
| High Tech/R&D   | \$1.50     | \$2.16      |

### Retail Market

- Retail sales totaled \$2.07 billion in February 2006, which is an 8% increase compared to the same time last year.
- Four new retail developments with a total of 217,347 square feet were completed in the first quarter of 2006, giving the retail sector a boost after six consecutive years of relatively controlled supply.
- Despite the new developments, demand for retail space is expected to keep up with supply.
- The most preferred retail location is the prime Orchard Road area, where vacancy rates dropped to a 14-year low of 3%.



**Infrastructure and Advantages**

- Singapore’s strategic location has made it one of the most attractive business locations in Asia. It is situated within ASEAN, which represents a combined market of over 500 million people. Singapore can also access a market of 2.8 billion within just 7 hours flight time.
- Excellent Infrastructure: More than 140 thousand vessels from more than 400 lines converge on Singapore’s seaport. In terms of world container port traffic, Singapore Port handled more container traffic than busy ports like Rotterdam (Netherlands), Long Beach (US), and Hamburg (Germany).
- Besides having outstanding seaport facilities, Singapore’s Changi Airport is also renowned worldwide for its efficiency.
- Good Telecommunications Network: Singapore is one of the most competitive telecommunications hubs in the Asia Pacific. This is further enhanced by its recent liberalization of the telecommunication industry in early 2000.
- Financial System: Singapore is also well plugged into the international financial system. It is the 4th largest foreign exchange trading centre in the world, the 5th largest trader in derivatives and the 9th-largest offshore lending centre. It is behind only London, New York and Tokyo in foreign exchange trading.

**Labor Force**

- As of 2005, Singapore’s literacy rate is 92.5%.
- As of 2005, Singapore’s unemployment rate is 3.3%.
- Singapore ranked first as the best labor force according to the Business Environment Risk Intelligence 2005 *Labour Force Ranking*.

**Outlook 2006**

- Office rental rates in the central business district are expected to face continued upward pressure since there are few projects in the pipeline.
- One Raffles Quay, the 1.3 million square feet, soon-to-open building is already 90% pre-committed despite its doubling rental rates since development in 2004.
- Class A office rental rates are expected to increase by 12-15% as the market tightens.
- Approximately 1.8 million square feet of retail space is scheduled to open by the end of 2006.
- The retail sector is expected to experience an upward trend as local consumers’ and visitors’ spending remains healthy.
- Demand for industrial space is expected to be buoyant due to increasing government support to boost competitiveness.

**Short Term Outlook  
Rental Rates**

|                   |   |
|-------------------|---|
| <b>Office</b>     | ↑ |
| <b>Industrial</b> | ↑ |
| <b>Retail</b>     | ↑ |