



Asset Management Market Guide: Singapore

Standard Unit of Measurement	Unit of Measurement	Sq ft	The standard method of measurement in Singapore is square feet, with rent expressed as Singapore dollars per sq ft per month.		
Transaction Fees	Agency Fee (expressed as X months rent)	One month (gross rent)	Letters of offer in Singapore contain much of the lease terms and conditions and form more of a 'memorandum of understanding' than just commercial terms.		
	Agency Fee (payable by landlord/tenant)	Landlord			
	Legal Fees (payable by landlord/tenant)	Tenant			
Rental Payment Fees	Rents	Singapore dollars per sq ft per month Generally charged gross of costs (service charges) that the landlord incurs in operating the building Increases in property tax are generally directly recoverable	The Singapore market currently has a large amount of new supply coming on line. This is putting pressure on rental rates as tenants are currently actively looking around the market for cheaper options. Providing space with existing fit-out allows tenants to look at moving without incurring significant fit-out expenses. As such, while reinstatement clauses are common in Singapore, consideration of fit-out re-use is prudent.		
	Typical Lease Term	Typically two to three years, with some having longer terms for larger occupiers			
	Frequency of Rent Payable (in advance)	Monthly in advance			
	Rent Deposit (expressed as X months rent)	Three months gross rent (bank guarantees are less common)			
	Security of Tenure	No guarantee			
	Statutory Right to Renewal	None (unless an option to renew is agreed at the outset and specified in the lease)			
	Basis of Rent Increases or Rent Review	Open market rental value usually at expiry of the term or at option			
	Frequency of Rent Increases or Rent Review	At lease renewal			
	Taxation	Stamp Duty		Payable by the tenant. Stamp duty payable is dependant on the rent and service charge payable and on the length of the lease term	The main tax impacting the landlord is property tax, which is assessed against the rental value of the asset. Property taxes increased significantly with rental rates in 2008, but will come down with softening rentals.
		Local Property Taxes		Landlord pays property taxes based on the rental value of the asset Tenants are liable for any increase in property taxes during the lease term	
VAT/GST Payable on Rent and Service Charge		GST – 7%			



Disposal Of Leases	Sub-letting and Assignment	Sub-letting is generally prohibited for smaller occupancies (unless to a subsidiary company of the tenant, otherwise subject to landlord approval)	A secondary sub-leasing market has also developed in Singapore. Large multi-national corporations (MNCs), whom may have leased or pre-committed to space and no longer need it, are putting their excess space on the market. This is creating more competition for tenants and further increasing the pressure on rental rates.
	Early Termination	Only by break clause (not common)	
	Tenant's Building Reinstatement Responsibilities at Lease End	Original condition (allowing for wear and tear)	
Service Charges, Operating Costs, Repairs, and Insurance	Service Charges/ Management Fees	Usually quoted with rental charge and payable monthly in advance	There is a focus on the tight control of expenses in Singapore, including service charges, operating costs, repairs and insurance. Innovative procurement practices for hard and soft services can deliver significant cost savings for both landlords and tenants. Areas that can be looked at to reduce such expenses and attract cost-conscious tenants include staffing numbers for services such as security and cleaning.
	Utilities	Electricity and telecommunications and water consumption are separately metered and payable by each tenant	
	Car Parking	Allocation per sq ft leased at a seasonal rate	
	Internal	Tenant responsibility	
	Common Parts (reception, lifts, stairs, etc.)	Landlord (charged back via service charge)	
	External/Structural	Landlord (charged back via service charge)	
	Building Insurance	Landlord (charged back via service charge)	
Purchasing Property	Land Title	Majority of land is owned by the state	There are a large number of foreign investors and MNCs in Singapore. Fund repatriation is relatively simple in Singapore. Strata-titled management is legislated and needs to be managed closely. Due diligence on asset acquisition is very important. It is common to engage various consultants to undertake legal and asset reviews as part of due diligence.
	Foreign Ownership	No significant restrictions on foreign ownership of commercial property	
	Strata Title (partial ownership of the building)	Strata-titled ownership is common	
	Security Deposit	Varies by transaction	
	Agency Fees	Usually a percentage of the purchase price is payable by the owner	
	Legal Fees	Usually borne by the purchaser	
	Stamp Duty	1-3% of the contract amount Payable by the purchaser	
	Other Transaction Costs	Varies by transaction	



Market Conditions Snapshot: Singapore and Southeast Asia

A key element of asset management is to consider the long-term results of current decision making by looking into the future at potential markets dynamics to limit risks and increase returns. The following table provides an outlook for the major markets in Singapore and Southeast Asia over the coming five years. To find out what current market conditions mean for your asset on a tenant-by-tenant and return basis, please don't hesitate to contact one of our Asset Management Services specialists.

Market	2008	2009	2010	2011	2012	2013	Remarks
Singapore							Weak global demand and impending excess supply will shift the market in the tenants' favor until 2011.
Bangkok							Recent political upheavals have mired business sentiments and investor confidence. Economic conditions are likely to remain soft and will continue to cast a shadow over the market to 2010.
Jakarta							Slowing demand and massive new supply will potentially increase vacant space until end-2009, turning it into a tenant-favored market.
Ho Chi Minh							Weak demand and excess supply are expected to turn the market to favor tenants to 2010.
Hanoi							Weak demand and excess supply are expected to turn the market to favor tenants to 2010.
Manila							Weaker global market expectations will continue to cast a shadow and exert downward pressure on rents to 2010.
Kuala Lumpur							Excess future supply is expected to exert downward pressure on rentals in the medium term.

	Timing for lease expiries and rent reviews should be avoided
	Market uncertainty – timing for lease expiries improving
	Landlord market forecast – good timing for lease expiry and rent reviews.

Source: Jones Lang LaSalle



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