

# City & Country

## The South Beach in Singapore

Positioned as a city resort, the 654-room hotel with a giant \$3 billion mixed-use scheme is being opened progressively and will be the new landmark on Beach Road

### Is Singapore 'green' enough?

Going underground, building more densely packed skyscrapers may erode the city state's Garden City image, say experts

### Colin Seah, 'Minister of Design'

From boutique hotels to large-scale projects and beyond





The lobby area of The South Beach with different social spaces for people to relax and have a drink while being checked in

| BY CECILIA CHOW |

A sensory explosion greets you the moment you walk into The South Beach, the latest hotel to open in the Beach Road area: from the psychedelic digital mural to the reception area with its ornate, museum-style reception tables behind plexiglass, and lift interiors with an ever-changing kaleidoscope of colours and underwater creatures. The lobby area, called “a global village”, is designed with many different “social spaces” and a variety of seating arrangements — some intimate and some like a club for groups to mingle. It is therefore appropriate that the restaurant in the hotel is called ADHD, or “all day hotel dining”.

The rooms are a contrast to the public spaces, and designed in soothing monochromatic tones. All the interiors at The South Beach are designed by French designer Philippe Starck, and the design architect for the complex is London-based Foster + Partners.

The same contrasts can be seen on the 18th floor: the club floor, which has an infinity swimming pool overlooking the city, a state-of-the-art gym, pool table and foosball table. Ample comfortable chairs, especially rocking chairs, are arranged for people to socialise or just enjoy the view.

The South Beach, a luxury hotel, is part of the \$3 billion mixed-use scheme called South Beach, which is jointly developed by two property giants, City Developments Ltd (CDL) and Malaysia’s IOI Group. The hotel

has a total of 654 rooms, which are being opened progressively as the hotel becomes fully operational by 2Q2016. About 200 rooms have been opened, with the current occupancy rate in the range of 60% to 70%. The going room rate is \$500++ a night, says Jan Büttgen, general manager of The South Beach.

#### ‘Unconventional’

“This is an unconventional hotel,” says Aloysius Lee, previously CEO of South Beach Consortium Pte Ltd before becoming CEO of Millennium & Copthorne (M&C) Hotels in March. “We don’t call it luxury; we call it elegance. It’s a hip hotel with one-of-a-kind interiors.”

Lee remembers being summoned by executive chairman of CDL Kwok Leng Beng to check out a hotel in New York, which had a stylish lobby and many intimate and social spaces. “That was what he had en-

visioned The South Beach to be. And that was more than six years ago,” he recounts.

Lee is based in London where the London Stock Exchange-listed M&C is headquartered. M&C is a subsidiary of CDL, and has a portfolio of more than 120 hotels today.

South Beach is considered CDL’s largest mixed-use scheme in Singapore, with a gross floor area of 1.6 million sq ft on a 3.5ha island site fronting Beach Road on one side and Nicoll Highway on the other, as well as flanked on one end by Bras Basah Road and on the other by Middle Road. There are two high-rise towers: The 34-storey tower contains 500,000 sq ft of Grade-A office space, which is already 96%-leased, says Lee. Office tenants include Facebook, consulting firm Bain & Co and Boeing.

The taller tower of 45 storeys contains the 654 hotel rooms on the lower floors and 190 apartments of The

South Beach Residences, spanning the 22nd to 45th floors. The residences will have spectacular city views and could be launched next year, says Lee.

Within The South Beach complex are four conserved blocks, including the former Singapore Armed Forces Non-Commission Officers’ Club, which will be turned into The South Beach private club. The other three conserved blocks have been turned into a ballroom and meeting rooms.

There will be 60,000 sq ft of retail space with shops lining either side of a sunken piazza leading towards the entrance to the Esplanade MRT station. The retail space will be leased only when the underground connection to the MRT station opens, says Lee.

All 10 buildings — from the two high-rise towers, four low-rise new blocks and the conserved buildings — are linked by a wave-like “microclimatic canopy”, which is en-

gineered to harvest rainwater and fitted with photovoltaic cells to convert solar energy into electricity. It is also a naturally ventilated shelter for pedestrians, says Wong Chung Jui, head of South Beach Consortium (SBC), who has been involved in the project since the original consortium won the site in a URA tender in June 2007.

#### Partnership changes

Over the past eight years, the South Beach project has undergone partnership changes, delays in construction and the global financial crisis, but the actual development remained relatively unchanged from the original concept and design by Foster + Partners. The only difference from the original concept is that the two high-rise towers are “a little taller and a little fatter at the base”, says M&C’s Lee. The original approved height limit of the taller tower was 186m, and it was later increased to 222m.

The original consortium partners with CDL were Dubai World’s Istithmar and New York-based Israeli-American developer El Ad Group. The consortium had won the tender for the 3.5ha site at Beach Road with a bid of \$1.68 billion. “The bid price was even higher than the \$1.2 billion land price for Marina Bay Sands, which was an even larger site,” says Lee.

The South Beach project was offered for sale by tender based on a two-envelope system, where the winners were first short-listed based on design before the second envelope containing the bid prices were opened. Out of seven submissions re-



The twin towers of The South Beach (centre and right) are the latest landmarks on Beach Road

ceived, the CDL-led consortium was one of the two short-listed based on design and had submitted the higher bid. So, it won the site.

In 2008, however, when the global financial crisis reared its head, El Ad and Istithmar pulled out of their investments. In 2009, Hong Kong-based developer Nan Fung stepped in and provided \$205 million by subscribing to five-year secured notes issued by South Beach Consortium, with CDL subscribing for the other \$195 million worth of notes. They have since been redeemed, says Lee.

In 2009, Malaysia's IOI Group came in and bought out the shares of El Ad and Istithmar. CDL now holds a 50.1% stake in the joint venture, with IOI Group holding 49.9%.

#### Latest landmark

Things really took off four years ago when construction of the project began, says South Beach Consortium's Wong. "Every month for the past four years, we took videos and pictures of the construction progress of the buildings," he says.

To provide added connectivity, an overhead pedestrian bridge currently links The South Beach to Suntec City mall, which reopened in September after undergoing a \$410 million revamp. A second pedestrian link between Suntec City and South Beach will open later.

The South Beach is therefore the latest landmark in the Beach Road



The museum-style reception area has ornate tables behind plexiglass and matching armchairs. It has more social spaces for people to mingle.

neighbourhood. "Beach Road was considered 'the golden mile of Singapore' in the 1960s to 1970s, with Metro Department Store and the Merlin Hotel located there," recalls Lee. "It's URA's intention to revitalise the Beach Road area." The former Merlin Hotel is located where UOL Group's Parkroyal at Beach Road is now.

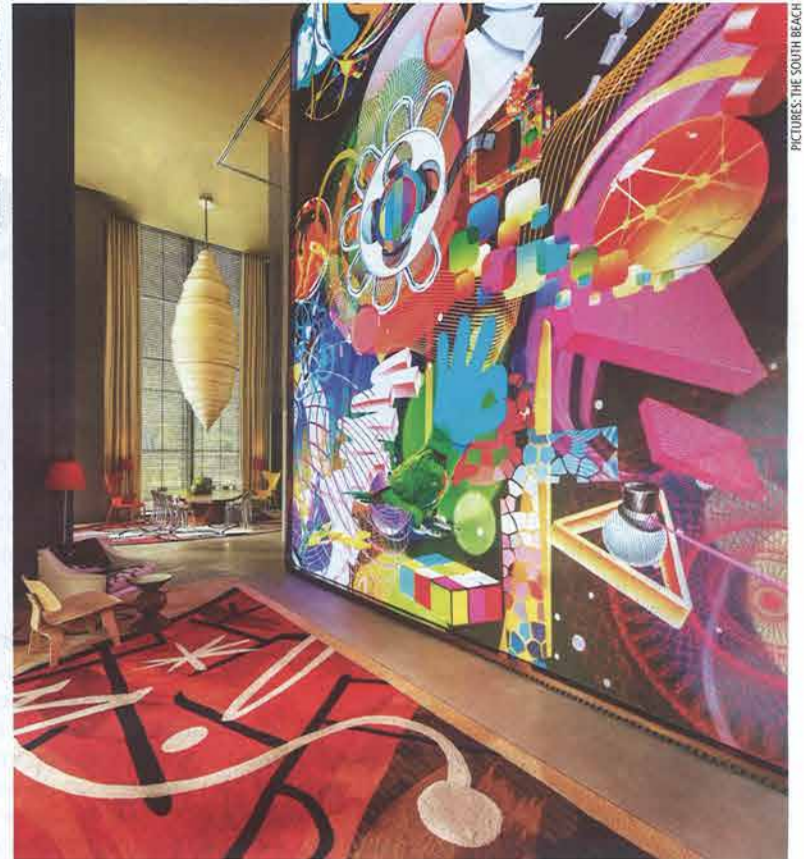
As for The South Beach Hotel, it will be the latest hotel brand in CDL's portfolio. "The chairman's vision is

for The South Beach to be the hotel brand used for CDL's future mixed-use developments," says Lee.

The future occupiers of The South Beach Residences will also be able to enjoy the services of the hotel. "It will operate like a hotel-branded residence," adds Lee. "There's a niche for such residences."

#### Consolidation

The hotel industry is currently go-



The psychedelic digital mural at the entrance of The South Beach hotel



A suite at The South Beach with interior and furnishing by Philippe Starck

ing through a spate of mergers and acquisitions with reports that Hyatt Hotels Corp was in advanced talks to acquire Starwood Hotels & Resorts, and Accor Group rumoured to be in the running for Canada-based FRHI Hotels & Resorts for US\$3 billion (\$4.3 billion). FRHI operates luxury hotel brands such as Fairmont, Raffles and Swissotel. Meanwhile, Starwood operates brands such as St Regis, W and Westin.

Lee does not expect the market consolidation to have an impact on M&C's or CDL's hospitality business. "We have a variety of business models where some of the hotels are managed by other hotel brands and some by our own brands. So, we're quite stable and not affected by the industry consolidation," says Lee.

In fact, CDL and CDL Hospitality Trust have been on an acquisition spree. For instance, in September, CDL purchased the Beatles-themed Hard Days Night Hotel in Liverpool for \$30.1 million cash, while CDL-HT bought the 198-room Cambridge City Hotel for £61.5 million (\$132.5 million). M&C has been focused on expanding its footprint in the UK and Europe.

Meanwhile, Singapore's hospitality sector continues to face headwinds, "owing to new hotel supply amid slower global economic growth", ac-

ording to RHB Research in a report on Oct 30. A total of 10,579 new hotel rooms are expected to be opened between now and 2017, according to data from Horwath HTL. Of the total, 35% are in the luxury segment and 50% in the mid-tier market.

"Singapore does have a high supply of hotels," concedes M&C's Lee. "However, growth in the hospitality sector is still significant even if there are ups and downs." He sees tourist arrivals from neighbouring countries such as Malaysia and Indonesia affected mainly by their weakening currencies relative to the Singapore dollar. On the other hand, tourist arrivals from China have been seeing double-digit growth since April this year, he adds. "I'm not so worried about tourist arrivals because they recover quickly. We saw that happening post-SARS."

According to statistics by the Singapore Tourism Board, for the first nine months of 2015, average room rates fell 5.1% to \$245.3. Total international visitor arrivals from January to September 2015 was 11.35 million, down 0.3% from the previous year.

Büttgen says The South Beach is also building up its corporate clientele. It is expected to appeal to both leisure and corporate travellers. Lee adds that it is positioned as "a city resort".



From left: Lee, Wong and Büttgen