

Sanofi signs lease for 40,000 sq ft office space at South Beach

A 654-room hip hotel is expected to soft open next year; no decision on pricing the residential component yet

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PHARMACEUTICAL group Sanofi has inked a lease for about 40,000 sq ft of office space at South Beach Tower, BT under-stands.

Another tenant includes City Serviced Office, an offshoot of City Developments Ltd (CDL), which has a 50.1 per cent stake in the consortium behind the S\$3 billion South Beach mixed development.

Sanofi will be moving from 6 Raffles Quay. Earlier the consortium confirmed that Rabobank is taking 30,000 sq ft and TMF Group, a professional services firm, 16,000 sq ft. It had earlier also named Bain & Company and De Lage Landen as office tenants.

However, it has been silent in naming other office tenants.

On Thursday, Aloysius Lee, CEO of South Beach Consortium Pte Ltd (SBC), told reporters that 80-90 per cent of the 500,000 sq ft net lettable area of offices in the 34-storey South Beach Tower has been leased. "We have achieved (monthly) rents from S\$9 psf to S\$12 psf," he said.

"We are expecting to achieve TOP (Temporary Occupation Permit) for the office tower at the end of this year, with the first tenants commencing business in February 2015."

Malaysia's IOI Group holds the balance 49.9 per cent in SBC.

Property market watchers have been waiting for SBC to launch the 190-unit residential component of the project, which will be housed in the upper half of the second tower, which is 45 storeys high.

A few years ago, a price of at least S\$4,000 psf was bandied for South Beach Residences, but with progressively weaker sentiment in the luxury residential market, a launch of the project continues to elude the consortium.

On Thursday, Mr Lee indicated that SBC will be watching the market at the time of launch to see what pricing level the market can bear. "If I say we benchmark on Ion (The Orchard Residences) ... then it should be S\$4,000 psf ..."

"But whether we want to (launch) at S\$4,000 psf and there are no sales, is another issue."

He noted that many foreigners are interested and have the means for luxury residential projects in Singapore but balk at having to pay the 15 per cent additional buyer's stamp duty.

Mr Lee also said the group has no specific dates or plans to launch South Beach Residences and further indicated that the consortium is open to all options, including possibly leasing some of the residential units.

Unit sizes range from about 950 sq ft for a two-bedroom apartment to more than 6,500 sq ft for a five-bedder penthouse.

The residences, as well as South Beach's retail component, are expected to be completed in Q4 2015.

The retail space of about 37,000 sq ft will be mostly in a sunken plaza in basement one, with some space also on Level 1 and in a conserved building. The sunken plaza is also dubbed coral plaza as it will be adorned with some of the two-container loads of coral that was unearthed on the site, which stands on land that was reclaimed in phases dating as far back as the mid-1840s.

The coral plaza in the basement will be connected directly to the Esplanade MRT Station.

Mr Lee said that the retail space in the development will have a strong food and beverage concept, possibly an upscale gourmet foodhall styled after Eataly in Italy and New York. Another strong possibility is to have restaurants operated by celebrity chefs.

The consortium said on Thursday that the 654-room hotel is expected to soft open in April next year, with the official opening planned for September 2015. The hip hotel is styled after the Hudson Hotel in New York, as well as the W Hotel and Hotel Indigo brands of Starwood and Inter-Continental, respectively.

The hotel rooms will be in the lower half of the 45-storey tower as well as in a five-level podium block in the development. The average size of the hotel rooms is about 38.5 sq metres.

South Beach Club, housed in the former Non-Commissioned Officers Club building, is also slated to open in April next year. This is one of four conserved buildings in the project. Two conserved build-



The project is coming up on a site sold in 2007 and is designed by Foster + Partners. Eighty-90 per cent of the 500,000 sq ft net lettable area of offices in the 34-storey South Beach Tower (left) has been leased. PHOTOS: THE STRAITS TIMES

ings will be part of the hotel's operations: one for a ballroom and the other for function rooms.

South Beach Club will feature a diving pool, wine cellar, cigar divan and themed private dining facilities.

The project was designed by Foster + Partners. Philippe Starck did the interior design for the hotel and club. The project is

coming up on a 99-year leasehold site that CDL clinched at a state tender in 2007 as part of a consortium that had also originally included Dubai World unit Istithmar and US-based Elad Group (with each holding one-third stake).

In November 2008, during the global crisis, CDL deferred building plans. In 2011, Istithmar and Elad exited the project, with IOI emerging as CDL's new partner.