

RIDING THE JURONG WAVE

With a growing critical mass of businesses, evolving infrastructure and developing complementary activities, Jurong East is an ideal business location

BY KOH SIOK HUI

THE mention of Jurong East today brings to mind a bustling activity hub that amalgamates commercial and recreational activities around residential homes.

This sharply contrasts with the image of a jumble of factories and industrial developments commonly associated with Jurong of yesteryear.

When it was first identified as a Regional Centre under the Concept Plan 1991, the Jurong East area mainly comprised low-rise industrial buildings and office premises with basic specifications, which supported mainly manufacturing activities, the mainstay then of Singapore's economy.

Fast forward to today, not only is Jurong East Singapore's first commercial hub outside the Central Business District (CBD), it is also set to develop into the largest decentralised commercial hub with a unique lakeside setting – thanks to the makeover plans for the Jurong Lake District under the Master Plan 2008.

The 70 ha Jurong Gateway will eventually provide a high-density mix of more than five million sq ft of office space and more than two million sq ft of retail, food & beverage (F&B) and entertainment space, in addition to residential units and hotel developments, by 2020. This will be complemented by the development of a major leisure destination in the neighbouring Lakeside precinct – enhancing vibrancy and adding human activity in the area.

In particular, the office property landscape in Jurong East has rapidly evolved since 2010. The completion of the Jem and Westgate office towers are catalysts to the supply of office stock in Jurong East, having added some 315,000 sq ft and 320,000 sq ft of completed office space, respectively, by end 2014.

According to the latest available data from the Urban Redevelopment Authority (URA), the stock of completed office space in the Jurong East Planning Area increased 34.6 per cent year-on-year to 1.1 million sq ft in Q3 2014.

In 2013, the Jurong East Planning Area comprised only some 826,000 sq ft of office space, representing about 13 per cent of total office stock in the suburban areas and just one per cent of islandwide office space supply.

Healthy demand for office space in the area against a relatively limited office supply kept occupancies elevated then – the occupancy rate in Jurong East hovered around 92-93 per cent, while that of the office space in Singapore's

suburban areas averaged at 89 per cent.

While the completion of the Jem office tower in Q1 2014 resulted in a fall in the occupancy rate of office space in the Jurong East Planning Area to 67.7 per cent during the quarter, the occupancy level is expected to improve as tenants progressively move into the new premises in the area.

The development is fully leased by the Ministry of National Development (MND), Agri-Food & Veterinary Authority of Singapore (AVA) and the Building and Construction Authority (BCA) under a single 30-year lease. The AVA and BCA moved into Jem in December last year.

Meanwhile, the Westgate Tower was estimated to have achieved 60 per cent of committed leases on its net lettable floor area (NLA) by the time that it was completed in Q4 2014. Committed tenants include CPG Corporation, an infrastructure, building development and management services provider; United Overseas Bank; Lockheed Martin; corporate travel firm FCM and serviced office operator Just Office.

In addition to having a rapidly developing infrastructure, this growing decentralised office

enclave will continue to draw more occupiers on the back of its comparatively more affordable rents.

Average gross rents of newer Grade A office premises in the Jurong East Planning Area ranged between S\$5 per sq ft (psf) per month and S\$6.50 psf per month as at Q4 2014, while Grade B office premises in the area commanded gross rents of between S\$4 psf per month and S\$4.50 psf per month.

These rental rates offer considerable savings for cost-conscious companies, as rents of office space in prime CBD were from S\$8 psf per month to S\$12 psf per month as at Q4 2014, depending on the building grade and location.

Therefore, Jurong East – as a major decentralised commercial hub – offers a viable option for small and medium-sized enterprises (SMEs) that do not need to be situated in the CBD the opportunity to operate from a more affordable location. Companies located in the Jurong Lake District will find themselves in close proximity to SMEs and multinational corporations in Singapore's industrial estates and the well-established International Business Park in the west. This provides potential business synergies for SMEs located there as well as for those looking to secure office space for their operations. The district is also well-connected to the other parts of the island through established road networks and public transport infrastructure.

Its location in the west also provides easy access to a large pool of labour from the neighbouring towns of Clementi, Bukit Batok, Jurong East and Jurong West, as well as a large talent pool from the surrounding tertiary institutions and research hubs



at one-north and the Science Park.

For SMEs that do not wish to be subject to cyclical rental fluctuations and have the desire to own their business premises, Vision Exchange – the first strata office development located in the Jurong East Planning Area – which was launched for sale in March 2014, offers a space option for owner occupation. The 99-year leasehold mixed development comprises an office tower with 640 strata-titled office units sitting atop a commercial podium housing medical suites and retail space.

According to caveats sourced from the URA on Jan 12, 2014, there were 182 sale transaction records for Vision Exchange and the strata-titled office units that were sold achieved a median price of S\$2,288 psf in 2014.

This is the only project expected to be completed in the next couple of years. The anticipated completion of Vision Exchange in 4Q 2017 is foreseen to add another 496,000 sq ft of office space into the area, bringing the total stock to an estimated two million sq ft (about half of the five million sq ft planned for the Jurong Lake District), assuming that no space is withdrawn from the market.

Over the longer term, as with any area that has a government-backed strategic plan to chart its development in a steady and calculated manner, Jurong East will – without a doubt – become a more attractive place to work, live and play. The amalgamation of commercial, residential and

Examples of major existing and upcoming office buildings in the Jurong East planning area (as of January 2015)

BUILDING NAME	LOCATION	ESTIMATED NET LETTABLE FLOOR AREA (SQFT)	YEAR OF COMPLETION
Completed Office Buildings			
CPF Jurong Building	Jurong East St 13	21,284	1994
The JTC Summit	Jurong Town Hall Road	480,000	2000
Jem	Jurong Gateway	315,000	Q1 2014
Westgate Tower	Boon Lay Way	320,000	Q4 2014
Upcoming Office Buildings			
Vision Exchange	Venture Avenue	496,000	Q4 2017

Source: Colliers International Singapore

recreational developments together with supporting amenities such as the Ng Teng Fong General Hospital and the Jurong Community Hospital, as well as various shopping malls will result in the creation of a self-contained district for business, living and lifestyle activities.

Although the development plans for the Jurong Lake District will only fully materialise in more than five years' time, leasing interest in office premises in the area can only intensify as development momentum gains traction. This is also expected to keep rents steady at the very least, assuming that business conditions remain favourable.

What is more, if Jurong East is ultimately chosen to be the site for the high-speed rail link between Singapore and Malaysia, this will provide a further boost to the importance of the area as a

decentralised commercial hub.

For SMEs looking for a decentralised location for their business, it may be worthwhile to consider Jurong East, while opportunities are still there for the taking. It will be advantageous for SMEs to establish themselves sooner, rather than later, in order to enjoy locational advantages and ride on synergies arising from proximity to potential clients and suppliers.

With a growing critical mass of businesses, evolving infrastructure and developing complementary activities, Jurong East is, undoubtedly, firming up to be an ideal business location in the decade ahead. ■

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