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## THEIR FAVOURITE BOOKS

What the world's most successful people read

TOP STORIES / 2



## HOCK LOCK SIEW

A Singapore stock market wish list for 2017 COMPANIES & MARKETS / 4

## LAGGING

Need to review R&D tax incentive scheme to boost innovation OPINION / 19

## MARKETS

	Thursday	Change
STI	2,882.04	-19.66
KL Comp	1,623.20	-6.39
Nikkei 225	19,427.67	-16.82
Hang Seng	21,636.20	-173.60
Shenzhen B	1,129.45	+0.81
Dow (10.45am EST)	19,917.32	-24.64

## DAILY DIGEST

The US economy grew faster than initially thought in Q3, notching its best performance in two years, amid solid consumer spending and a jump in soya bean exports. TOP STORIES / 2

Japan's Cabinet Office on Thursday approved a record 97.5 trillion yen draft budget for fiscal 2017. TOP STORIES / 2

As yet another sign of tough times facing businesses, new office leases this year made up only 10 per cent of all office leases inked this year – down from 20 per cent in 2015. TOP STORIES / 3

Keppel Infrastructure Holdings has been named the preferred bidder by national water agency PUB to design, build, own and operate Singapore's fourth desalination plant to be located in Marina East. COMPANIES & MARKETS / 4

Independent financial adviser Stirling Coleman Capital has advised the independent directors of Aztech to recommend that shareholders vote in favour of the delisting resolution. COMPANIES & MARKETS / 4

## OUTLOOK 2017

# Prime office rents: No reprieve in sight for 2017

Analysts expect rental rates to drop by up to 10 per cent next year but capital values may still hold up

By Lynette Khoo  
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### Singapore

THE "flight-to-new projects" – a term used by the office leasing sector to describe the trend of tenants swarming into swanky new office projects – is set to continue next year as companies capitalise on softening rents to upgrade their working spaces.

This merry-go-round, however, is causing pain to landlords of older buildings in the Central Business District (CBD). Based on analysts' projections, overall prime CBD office rents may fall by up to 10 per cent next year.

But capital values may still hold up amid keen interest for office assets from private capital and the infrequency in office transactions in the tightly held sector

this year to S\$8.85 psf per month; CBRE is projecting a 5-10 per cent fall in Grade-A office rents in "CBD Core" in 2017.

Consultancies derive these estimates by tracking a basket of prime CBD offices – each varying from one firm to another. JLL, which tracks investment-grade assets in the CBD, is expecting a smaller 6.6 per cent drop

"If the current global macroeconomic and local micro-market dynamics continue to prevail, average office rentals are expected to soften in the short term

Downtown Core (covers CBD, City Hall, Bugis, and Marina Centre) tracked by the URA during the first three quarters – going by change in occupied space – was nearly 183,000 sq ft, a 69 per cent drop from the year-ago period; the historical average from 2011 to 2015 was around 940,000 sq ft. There is typically a lag from lease commencement to the time tenants move into the new premises.

Savills Singapore research head Alan Cheong believes that annual net take-up of CBD Grade-A office may drop to around 500,000 sq ft in the next five years unless new growth drivers step up fast to fill the gap left by beleaguered industries.

Already, the office leasing market this year has been largely driven by relocations rather than new leases. The former made up 63 per cent of all office leases inked to-date, from 37 per cent last year, based on Cushman & Wakefield's analysis.

JLL head of research for South-east

## BT Year in charts

### Asia Pacific carriers remain profitable but headwinds loom

Asia Pacific carriers are expected to generate US\$6.3 billion in profits next year, down from US\$7.3 billion this year, with profitability varying from market to market. Rising fuel prices will boost costs for airlines but a pick-up in cargo should help cushion some of this impact, says the International Air Transport Association (IATA). The cargo market is important to the region as Asia Pacific airlines account for nearly 40 per cent of the global freight traffic market.

However, capacity injection in the passenger market (7.6 per cent) next year should outstrip passenger traffic growth (7 per cent). This comes on the back of growing deregulation of markets as well as the expansion of existing carriers and new ones.

Meanwhile, the global airline industry is expected to generate profits of US\$29.8 billion in 2017 against revenues of US\$736 billion, translating to a 4.1% margin.

BY NISHA RAMCHANDANI

REGION	2016 PROFIT (US\$B)	2017 PROFIT (US\$B)	ASIA PACIFIC Profit per passenger (US\$)	2016	2017
Asia Pacific	7.3	6.3	Profit per passenger (US\$)	5.53	4.44
Africa	-0.8	-0.8	Margins (%)	3.6	2.9
Middle East	0.9	0.3	Passenger traffic growth (%)	8.9	7
Latin America	0.3	0.2	Capacity growth (%)	8.2	7.6
North America	20.3	18.1			
Europe	7.5	5.6			
Total	35.6*	29.8*			

\* Figures have been rounded off

## BEST SPACES/PRODUCTS

# Pretty places and objects that inspire us

Local architects and designers have come up with creative but functional spaces and products.

BY TAY SUAN CHIANG

**F**ROM a new age hostel to a dining and recreational centre for the elderly, local architects had their hands busy designing creative but functional spaces, which hopefully will inspire even better projects in the future. Here's a look at spaces and products that impressed us most.

## COO

259 Outram Road

COO is not your usual sort of hostel. Instead it markets itself as a "sociatel", an establishment providing accommodation, meals and other services that revolve around all things social – social spaces, socialising and social media.

Designed by award-winning firm Ministry of Design, COO brings together a design hostel and a casual bistro, while introducing COO Connect, a digital interest matching tool aimed at connecting like-minded hostel guests.

COO's location at Tiong Bahru was the inspiration for the hostel. For example, the eye-catching entrance is framed by metal mesh, taking cues from the metal gates of the old housing estate; the ceiling is covered with graphic prints of *kopittiam* uncles, Bob the neighbourhood cat, art decor architecture and traditional *kuehs*.

The 68 bunk beds come with their own personal lockers and thick curtains for privacy. House rules in bold prints are plastered on the walls while witty icons are punctuated across the common areas such as the bathrooms. Design-wise, the highlight of COO Bistro is a suspended neon art piece shaped as an abstract map of the neighbourhood.

Put simply, COO is so cool that even non-budget travellers will want to spend a night here.

## The Great Room

1 George Street, #10-01

They don't call it The Great Room for nothing. This co-working space feels more like the lobby of a luxury hotel than an office. Good news for bosses as staff won't be having the Monday blues or grumbling about having to

work late. There are large leather couches and plush armchairs, with patterned rugs in vibrant hues covering the floor. The desks have timber and brass details. Through the windows, take in views of the Singapore River and other landmark buildings.

The space was designed by hospitality specialist Distillery studio, which later merged with design firm Hassell, best known for designing cool offices.

The Great Room's founder, Janelle Ang, says that the end result is a beautifully designed space, with all the intelligence and business efficiency of an office.

Members choose from hot desks, or small to medium-sized rooms which are private offices. The offices come with timber desks, leather task chairs, storage shelves with brass detailing, flattering lighting and good *fengshui*.

## Goodlife! Makan

Blk 52 Marine Terrace

Goodlife! Makan is a community kitchen with a twist. It offers a place for seniors who live alone to prepare, cook and share their meals with each other.

The centre is located at a void deck, and is an innovative social initiative created by voluntary welfare organisation Montfort Care to support ageing-in-place, built around meaningful pastimes that address the physical and mental wellness of seniors.

DP Architects designed Goodlife! Makan to have an open design, so that seniors can freely mix with one another and the rest of the community. The fenceless compound reduces the social stigma and addresses the psyche of the stay-alone seniors.

Besides the kitchen, the centre has its own dining, reading and entertainment areas too.

A vivid palette of colours and textures are used to create a distinctive and vibrant setting for the seniors.

Instead of text, pictographs such as that of a coffee cup are used as signage, as a universal language to communicate with seniors from all ethnic backgrounds.



Clockwise from above: COO markets itself as a "sociatel"; the Great Room is a co-working space that feels more like the lobby of a luxury hotel than an office; Goodlife! Makan is a community kitchen that offers a place for seniors who live alone to prepare, cook and share their meals with each other; the interior of Birds of a Feather brings to mind a sunlit aviary awash with positive feelings.

## Birds of a Feather

115 Amoy Street

Some eateries have Instagram-worthy interiors, but the food is less than palatable. In some other places, it is the other way around. But at Birds of a Feather, you get a combination of both.

The menu is contemporary Western with a pronounced Sichuan influence, such as the grilled cheese panini with Sichuan braised pork belly, pickled cabbage and fried potato.

The interiors are gorgeous – and it comes as a surprise to hear that the owners, a Sichuan couple, had no professional help but designed the space themselves.

The interior of the eatery brings to mind a sunlit aviary awash with positive feelings. The space is naturally lit by two large air-well openings, and filled with plenty of plants, evoking the green gentility of Chengdu.

Diners get their pick of seating areas, from intimate corners to open loungy areas; on single chairs, sofas and banquettes and at high or low tables. The decor is stylish but quirky, such as the cloud-shaped hanging lights, a hand-crafted wall art piece of bulbs and jointed copper pipes, a lighting feature composed of real leaves from Chengdu, and actual tree branches complete with faux cockatoos at the entrance.

## Open House

Siglap area

Houses usually come with four solid walls, but architect Gwen Tan's home only has two – the side party walls. In front, there is the main door but that has been designed like a series of movable walls – otherwise, it is a thoroughly porous facade. The rear is all glass to capture views and light.



Ms Tan, one of the four founders of Formwerkz Architects, lives with her husband and son, her mum, and mother-in-law.

With only two walls on the side, the home is largely open, and designed to be a lush, green sanctuary not only for its human inhabitants – but also for trees and birds. There are trees not only in front and in the backyard but also inside the house. A 10m tall Memphat tree provides filtered light from the glass roof.

Another highlight of the house is the 13m-long lap pool on the second storey located directly over the kitchen. "Skylights" built into the floor of the pool allows daylight penetration into the kitchen below.

Since the house is so open, everyone knows what each other is doing. A series of timber and steel screens and motorised blinds gives the house some privacy from its neighbours.

## Bynd Artisan Travel Sleeve

byndartisan.com

You may find yourself booking a holi-

day soon, simply so that you can use this stylish item. Designed by local bookbinding company, Bynd Artisan, the Travel Sleeve (right) is a modern travel wallet. It is smaller than the conventional travel wallets, but yet still long enough to hold a boarding pass, and it comes with four card slots, four side slots, which are handy for credit and frequent flier cards, and a sleeveless pen slot. It is made of natural grained cow hide, and available in five colours.



## Supermama Singapore Architecture Collection

supermamastore.com

Keep Singapore architecture alive while dining. Edwin Low, designer and founder of Supermama wants to "lock in images of iconic buildings in



Singapore forever". So he has created the Singapore Architecture Collection of plates. There



are currently five plates in the series depicting five spots, which are Singapore River, Marina Bay (*above*), Bras Basah, Kampong Glam and Katong. On each plate are illustrations of iconic buildings of the area, such as the Marina Bay Sands, and quirky icons, such as the junks that used to ply the Singapore River.

There are plans to create a whole series of different neighbourhoods in Singapore.

### WMF Tea Stick

#### WMF Counters

Save the earth by not using disposable tea bags, but have your cuppa using this tea infusion stick (*right*) instead. Use the tea scoop to measure out the right amount of



tea – straight from the tea caddy into the French tea press – add boiling water and leave to brew.

The tea stick is sleek in design, won't take up precious countertop space, and is dishwasher friendly.

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