

OUE earmarks \$530m to build 38-storey tower

Tenants of existing block given till end of this month to vacate premises
By Joyce Teo, Property Correspondent

THE fitness chain True Yoga will have to find a new position to assume in the business district after one of its outlets got its marching orders, but it might be a bit of a stretch given the shortage of office space.

True Yoga and other tenants, including chemist Watsons and the Denise wine shop, must leave the retail block at the OUB Centre at Raffles Place to make way for a \$530 million office tower.

The yoga and fitness centre, which takes up more than 30,000 sq ft across four floors of the low-rise retail podium, will close at midnight next Thursday.

The other tenants must leave by the end of this month.

True Yoga has not yet secured another site, but its clients can use the group's other two outlets at Pacific Plaza and Ocean Towers in Raffles Place. It has also arranged for its fitness clients to use facilities at Planet Fitness for six months and further extended membership packages for another six months.

Property firm Overseas Union Enterprise (OUE) will start to redevelop the retail podium site from June 1.

The podium sits next to the 60-storey OUB Centre office tower, which will not be affected by the redevelopment.

OUE received provisional permission to redevelop the podium in August last year. True Yoga said yesterday that it was first told of the landlord's plans on Jan 31 and given three months' notice.

It was then granted extensions on a month-to-month basis as there had been a chance the development plans might be delayed. OUE then confirmed on April 4 that there would be no further extensions, as construction would start next month.

'We have been actively looking for alternative locations,' a True Yoga spokesman said last night. 'It is not easy to locate a site of this magnitude within such a short time since the final notification on April 4.'



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Some True Yoga clients were upset with the late notice of the closure.

Although the new office block will be ready only in three years, OUE has already started leasing talks with potential office tenants.

Such forward leasing action is common these days, given rising supply looming in the next 12 months and beyond.

A significant portion of OUE's \$530 million outlay will go to the Government for increasing the site's allowable gross floor area and topping up the site's lease from 75 years to 99 years. Three floors in the new tower will be devoted to retail and the rest to offices. The entire block will have a total gross floor area of 45,158 sq m.

The development comes amid a boom time for office development, particularly in the business district, though there are concerns of an oversupply after 2010.

Rents have surged in the past year, with prime Grade A rents now hovering between \$17 per sq ft (psf) and \$18 psf.

'There are now two market rates at work, depending on the occupation period,' said Mr Donald Han, managing director of Cushman & Wakefield.

Rents at OUB Centre Tower 2, if already ready, could be about \$18 psf. Forward rental rates for the same building, however, would be lower - possibly \$15 psf to \$16 psf - considering rising supply, he said.

True Yoga was in the headlines last month when sovereign wealth fund Dubai International Capital snapped up a key stake in the firm.

