

# Prime medical suites see big rise in value

Strong demand, robust property market and more medical tourists lead to soaring prices

By MELISSA PANG

IT IS NOT just apartments in the city that have commanded sky-high prices of late. Top-end medical suites in the central area sold for as much as \$5,300 per sq ft (psf) this year.

This means that a 700 sq ft unit - about the size of a three-room Housing Board flat - would have set a doctor back by \$3.7 million.

Prime units located in town, such as those in Gleneagles Medical Centre and Mount Elizabeth Medical Centre, have seen an average 10.2 per cent year-on-year growth over a 10-year period, said a Knight Frank report.

Suites at Gleneagles Medical Centre sold for between \$4,500 and \$4,800 psf this year, while those at Mount Elizabeth Medical Centre cost between \$4,800 and \$5,300 psf. About three years ago, a unit at Gleneagles was about \$3,500 psf, while one at Mount Elizabeth was about \$4,000 psf.

Increased demand for such space, a healthy property market and more medical tourists are some factors contributing to the rise, say industry watchers.

Mr G.L. Yap, executive director for property services at Far East Organization, which owns Novena Medical Centre, said: "We are seeing interest from doctors looking to either buy their own medical suites, or wanting to relocate from an existing practice to bigger and newer premises."

Yesterday, The Straits Times reported that Singapore is facing its largest-ever exodus of specialist doctors from the public sector to the private sector because of a robust economy.

In the first half of this year, 68 specialists left the public sector, compared with 63 for the whole of last year. The previous high was a loss of 87 specialists in 2007.

These doctors have several properties to choose from to rent or buy. There are five medical centres in the central area. Besides Mount Elizabeth Medical Centre and Gleneagles Medical Centre, there are also Paragon Medical, Orchard Medical Specialists Centre at Lucky Plaza, and Camden Medical Centre in Orchard Boulevard.

Clinics at Camden Medical Centre and Paragon Medical can only be leased, while the others are for sale or rent.

On the fringe of the city is Novena Medical Centre, located in the Thomson area, which comprises 145 units over four floors. Currently, 91 per cent of the units there have been either sold or leased out.

Rental rates for the medical suites there range from \$8 to \$10 psf. One hundred out of the 108 units released for sale were sold between 2005 and August 2007, at prices ranging from \$1,600 psf to \$3,300 psf, said Mr Yap. A unit there now commands an average of \$1,800 psf.

Two more medical centres are set to open in the area: Far East Organization's Novena Specialist Centre, scheduled to open next year, and Parkway Health's Parkway Novena Specialist Centre, which will be ready by 2012. The units are either for rent or sale.

In 2013, Connexion, a medical complex in Farrer Park set up by a group of doctors, is set to open. It will comprise the 189 clinics of Farrer Medical Centre, the 220-bed Farrer Park Hospital and a 230-room hotel called One Farrer.

Dr Tommy Tan of Novena Psychiatry Clinic said he picked Novena Medical Centre because of its lower rental rates and proximity to an MRT station. He declined to reveal how much rent he is paying, and would only say that it had gone up by about 20 per cent since last year.



An artist's impression of Connexion, a medical complex in Farrer Park set to open in 2013. It is one of a number of medical centres being built on the fringe of the city. ST FILE PHOTO

Others, like Dr Christopher Ng of Gynaecology Women's and Rejuvenation Clinic in Camden Medical Centre, feel that other factors besides rental cost are more important. "It largely depends on the type of clinic you want to set up, and the specialisation. A large part of my work is hospital-based, and Camden's location in the centre of several hospitals helps," Dr Ng said.

Mr Nicholas Mak, head of the consultancy and research department at property consultant firm SLP International, described Mount Elizabeth and Gleneagles as "the grand old dames of medical suites".

"They have established reputations and can get support from adjoining hospitals, which make them a more popular

choice," he said, adding that the \$5,300 psf for Mount Elizabeth units makes it one of the most expensive pieces of property in Singapore.

But he questions the sustainability of demand for such property and pointed to nearby countries such as Malaysia, Thailand and India, which are all competing for a slice of the medical tourism pie.

Mr Png Poh Soon, associate director and head of research and consultancy at Knight Frank, thinks otherwise. He said the growing affluence in Asia will drive the demand for better quality health treatment.

Singapore expects to treat a million foreign patients a year by the middle of 2012, adding about \$3 billion to the economy and creating 13,000 more jobs.

✉ melpang@sph.com.sg