

SPEECH BY MR LAWRENCE WONG, MINISTER FOR NATIONAL DEVELOPMENT, AT THE PROPnex QUARTERLY CONVENTION, 23 AUGUST 2016, 3.10 PM

Mr Ismail Gafoor, CEO of PropNex

Distinguished guests

Ladies and gentlemen

A very good afternoon. I'm very happy to join you at the Propnex Quarterly Convention.

2 Our former President, Mr S R Nathan passed away last night and I think it was very fitting that we started today's event just now by paying tribute to this great man, who has dedicated his whole life to serving Singapore selflessly.

3 Some of you might know, that Mr Nathan had written the foreword of the book by your CEO. It's about the story of an eaglet that thought it couldn't fly. It thought it was a chicken at first, until an eagle told the eaglet that it is an eagle and it can fly. And so it soar its wings and took off. This is also the story of PropNex. It's a story of how the company was founded from scratch in 2000, 16 years ago, and has now grown to be one of the largest real estate agencies in Singapore. It is even taking off regionally with its partnership with Jones Lang and PropNex International in going abroad. A home-grown Singaporean company gaining success in Singapore and in the region and it's thanks to all of your efforts, it's something that all of us should be very proud of. Congratulations to all of you!

4 This is also the story of Singapore. It's really the reflection of how all of us in Singapore - from nothing, from a country that had no chance of succeeding at all, not even surviving; we built up our nation progressively, year by year, believing in ourselves, with determination and hard work, and we were able to overcome challenges and realise our dreams. That's really what the Singapore story is about. And much of what we have today is due to the hard work, the sacrifices of our pioneer generation and our founding leaders, people like Mr Nathan. So we should always be grateful for all that they have done for us and remember to honor and pay tribute to them. The best way to do so is not just with words, but with our actions in upholding their beliefs, building on their legacies and foundation they have given us, to always do better, and make tomorrow's Singapore better than what it is today.

5 I'm going to share with you some of our plans for us to build on our foundations, to develop Singapore even better, our infrastructure for the future. It may be related to the real estate market and the property market so some of you may have an interest but I'm going to share more on longer term plans.

6 Some of you I know are very concerned more about the short term, the immediate prospects – when are the cooling measures going to be relaxed? Let's not get too distracted by cooling measures. If you look at what we're trying to do in the property market, our key objective is to have a stable and sustainable property market. Over time, property prices will rise and appreciate in line with incomes, but we don't want a property market that goes up and down, up and down like a roller coaster, but one that is stable, sustainable and affordable for future home buyers. That's our key objective.

7 We want to be a nation of home owners. Not a nation of property speculators. There's a big difference. We have a suite of measures in our policy tool kit to achieve this objective. That's why a few years ago, we all knew prices were too high, and we were able to bring the prices down. We have brought prices down but we also don't want prices to crash, because if it crashes, it will hurt many Singaporeans and home owners. So we need to find the right balance and I would say, over the recent years, we have managed to achieve a soft landing in prices so far. In fact the pace of decline in property prices is now slower today than it was a few months and even one or two years ago. In some segments of the market, you start to see signs of increase in demand and even prices picking up. So, we have to find the right balance, we have to be very careful about this and you will know that there's still a lot of liquidity and strong interest in the market. And we have to be very careful that we do not inadvertently cause a premature rebound in prices, because that's not what we are trying to achieve.

8 Our objective is to have a stable and sustainable property market in place for the long term. We are watching the trends very carefully, and as and when it's needed, we would be prepared to make adjustments. Let's not get distracted or too narrowly focused on cooling measures. Regardless of cooling measures, there's still business to be made, and you can adapt to the environment and find opportunities. Ultimately, the long term prospects for the property market do not depend on relaxing of cooling measures. The long term prospects for our property market depend on our long term economic fundamentals. It depends on our economy; it depends on the fundamentals of Singapore. And that's why we must always think long term; we must plan ahead now and make sure that we get things right for the longer term. I'll share a few areas where we are doing this.

9 First it's about building a distinctive city. How can we make Singapore a more distinctive city like the major cities in the world – a city which will be attractive and appealing for Singaporeans as well as people everywhere. I think we have done this quite well in the last 50 years. We've done this by planning ahead, reclaiming land and building for the future. You see the picture of Marina Bay - back in the 70s, this was what it used to be. There is nothing, but we anticipated that our CBD will become too small and run out of space. Even back then in the 70s, we realised that we have to plan ahead and expand our downtown. We started making plans to reclaim the land at Marina Bay early and that enabled us to expand our downtown,

expand our CBD and today we have our Marina Bay with its distinctive skyline, and a whole suite of commercial, cultural and leisure activities around the bay.

10 So what do we do beyond this? We have our CBD Shenton Way and expanded it to Marina Bay, what else do we have plans for? We still have space to expand and there's still tremendous potential for us to do more. There are sea ports – Pasir Panjang and the City Terminals –near the Keppel area. We are going to move these terminals to the west where we are going to reclaim land in Tuas, so the sea ports will be consolidated together in Tuas where we will do a larger sea port and that will free up space, which is prime waterfront space right in the city itself. This is what you call the greater Southern Waterfront. It's right next to Marina Bay. Once the ports move to the west in Tuas, we will be able to free up prime waterfront space next to Marina Bay and it's three times the size of Marina Bay. It offers a lot of potential for us to plan and develop, not just for 10 years but 20, 30 years or even beyond. We started planning for Marina Bay in the 70s, reclaiming land, and today we have Marina Bay. So if we want to go beyond, if we want to make sure that in 50 years' time we have an even better city, we have to start making plans now, and that's what we are doing. Potentially, when the ports move to the west, we free up space, and there'll be space for us to expand our CBD in this greater Southern Waterfront. It'll be a beautiful place with waterfront housing, commercial buildings and new place for businesses. That's our first broad masterplan, which we are working on.

11 Second, we are also looking at expanding our CBD beyond the city centre and downtown area. We are going to build a second CBD in Jurong. So we'll have our city centre, that's our CBD today, Shenton Way, Marina Bay, potentially in the future the greater Southern Waterfront. We will have a new and second CBD being developed in Jurong, and some of you have heard about this –Jurong Lake District. Jurong in the past, likewise, is very much like Marina Bay. It's a story of how we developed from scratch. Jurong was swamp land. In the 60s we decided to develop this as an industrial park, an industrial estate. Dr Goh Keng Swee was the one who pushed for it, if you remember your history. In those days, people laughed at him, they thought it was a big mistake and they call it 'Goh's folly'. But he pushed for it and transformed the swamplands into an industrial park, MNCs came and we developed Jurong progressively in the 60s, 70s, 80s onwards. Today, Jurong is quite a thriving area. Jurong Gateway, Jurong East area is already a nice commercial area complemented with industrial parks, businesses and residences.

12 Jurong is a vibrant estate today, and we want to make it even better. Jurong Country Club has been taken back to be developed into a new business area and to become the site of our high speed rail terminal between Singapore and KL. It's not going to take up the entire space of this golf course because the terminal will be underground. It'll link the high speed rail between Singapore and KL and it'll take 90 minutes for us to travel between Singapore and KL in the future. On top of the terminal, we have a lot of space for us to develop new commercial business areas,

new spaces and to develop Jurong Lake District as a new CBD. This new area will be linked, integrated with the existing Jurong Gateway. The train stations will be well integrated so that when you come from the high speed rail terminal you can connect to the Jurong East MRT station. There'll be new lines coming, like your Jurong regional line, the cross regional line, it'll be very convenient for transport within Singapore and out of Singapore to KL. This is also very near Jurong Lake Gardens - a beautiful garden with the Chinese garden and the Japanese garden in it. We are also making an effort to upgrade the gardens. So we will have a new CBD in Jurong, the site of the new high speed rail terminus, integrated with a beautiful Jurong Lake Gardens, so there'll be greenery, water and again we can develop this as a second CBD for Singapore. That's another major plan which is being implemented and you will see this taking shape in the next 10 to 20 years.

13 Third, we are trying to broaden our development beyond just one or two areas but all over Singapore. We want to have regional nodes all over Singapore so that we don't just have activities concentrated in one particular location. Because if all of us are working in the CBD, and we come from different parts of Singapore all travelling down to the CBD, you can imagine there'll be tremendous congestion every day. All the cars and trains will be full of commuters. It's actually not a very good way of organising our city. We end up spending more time travelling than doing other things. The better way to organise our city is to spread out our activities and broaden our developments so that people can live, work, play and learn in wherever they are living.

14 That's why we are going to also look at broadening our developments beyond the CBD and Jurong, to other parts of Singapore. In the north, we have Woodlands - the northern gateway, we can have Seletar, Woodlands and Punggol as regional centres. We have already done this for Tampines - you see businesses there, University in the East, and also commercial and residential areas. In fact, more than 50% of the people who live in Tampines, work in Tampines. So they don't have to go from the East all the way to the CBD or even to the west. They live and work there, it's more convenient, and it makes for a more vibrant area to live, work, play and learn. If we can do this beyond Tampines, in Jurong as our second CBD, in Woodlands, Seletar, Punggol, then it will be a much more balanced development across Singapore, and there'll be more activities everywhere around the island. That's another major move we will make progressively with the different areas. I'll explain later how we will be adding not just economic, commercial and business activities, but also new housing so that these new areas become vibrant places to live, work and play.

15 Fourth, housing. I've talked about business and economic activities in Marina Bay and the greater Southern Waterfront, Jurong and all the different regional nodes that we are going to develop. I think housing remains very important. We are continuing to make sure that all Singaporeans have good and affordable homes through HDB. This is an area where we've come a very long way. If you live in the

east, you'll know where Amber Road is. It used to be where my grandparents stayed and where my parents grew up. Kampong Amber is a Malay kampong, near Parkway Parade. It's no longer there. But this was the situation for many Singaporeans in the 50s and 60s. We were living in squatters and kampongs. My family grew up here, in this kampong and there was no electricity and water. My uncles had to take water from the well and bring it back to the kampong. So they'll queue up, go to the well and then bring the water back. We used to call them in Hokkien 'zhui gu' - water buffaloes – because they were the ones who had to go and were tasked to carry water as they were big sized. This is very typical for many people.

16 Then my parents got the chance to buy a HDB flat in Marine Parade, which is where I grew up in the 70s. Now Marine Parade is very sought after, but in those days, nobody wanted to buy Marine Parade as it was the first HDB estate built on reclaimed land and people were worried. Nowadays people say 'buy mature estate and don't want to buy non mature'. But a non-mature estate in 30, 40 years' time can become a mature estate. This is what happened to Marine Parade - it was very unpopular but now it is very popular. So my parents had a chance, and bought an HDB here, so I grew up here. In those days, as many of you would have experienced it, HDB's facilities were very basic and simple, but they were certainly a very big change, a very dramatic change from the kampongs and squatters that our grandparents and parents grew up in. Now we are continuing to improve our HDB environment.

17 Punggol is a very different HDB town. I think the private developers are saying that it is giving them a lot of pressure because HDB living is better than condo living. In Punggol, we have a waterway, beautiful homes, lush greenery, and walking and cycling tracks for people to enjoy. It's very popular and you start to see Punggol being built up. So this is an example of what our new HDB towns will be like. And we are keeping prices affordable, so that young couples and families can still afford to get a HDB flat easily.

18 We will expand this to other new towns as well. Punggol is already being developed, but we are taking it further to Punggol North. Punggol North is the location of the new Singapore Institute of Technology (SIT) campus – our 5th autonomous university. So it will have its new campus in Punggol North and if you look at the picture, the future SIT campus is surrounded by Business Parks. SIT campus will be different from NUS or NTU because it will be integrated with Business Parks, companies and incubators spaces, because SIT is a university that focuses on applied learning, so we want to have more integration between students and businesses, between researchers and entrepreneurs. So you can imagine, in SIT, there will be shared spaces, sharing of facilities and resources and we want to facilitate ideas, from research, incubation, to market. And that's what this plan is about – developing SIT and the Business Park in an integrated area and developing this as a creative cluster. Around this, there will also be residential living - Punggol

Northshore - it's beautiful HDB housing, Waterfront, and the first batch has been sold. It is very popular, and we are progressively selling the subsequent batches. After that, we will move to Punggol Point - another cluster of HDB blocks that would be sold there progressively over the coming years. And all of this is integrated in Punggol, it's next to Coney Island, so I think it will be a wonderful place to live, work and learn as well.

19 All of you who are looking to buy or if you have children who are looking to buy flats can have the assurance that we will continue to have quality and affordable HDB flats for the future. So anyone looking in the 1, 2 year time frame, Punggol Northshore and Punggol Point are very attractive. If your time frame is a bit longer, you could wait for the next HDB town in Tengah. I talked about Jurong Lake District before, so the next big town that we are developing from scratch is in Tengah –very close to Jurong Lake District and new area called Jurong Innovation District.

20 Jurong Innovation District is another Business Park that we are developing for companies, incubators, researchers and entrepreneurs. So we have Jurong Innovation District for work, Jurong Lake District as a second CBD, and Tengah next to it would be a completely new HDB town. This is the next phase, but if your timeline is a bit longer, for the younger ones or people with children, this is another town that you can look forward to.

21 Tengah today is already located in an area with lush greenery. We have plans to make this into a Forest Town. It will have a huge central park and town centre that will provide the green lungs and recreational spaces for the town. We will also have a green corridor linking residents to the western and central catchment areas. It will be a town set in lush greenery with good amenities and facilities, very close to Jurong Innovation District, Jurong Lake District and the High Speed Terminus. So this is something that all of us can look forward to as we continue to develop new towns and better homes for Singaporeans.

22 These are some of the future plans that we have. It is not something that we are going to do in the next 5 years – these are very long term plans, but we have to start thinking about planning these now so that in the next 10, 20, 30 years and beyond, we will be assured that we can have a better Singapore, and our children and grandchildren can have a better future.

23 As we plan these changes in the coming decades, we also have to be prepared for major disruptions to our way of life and external environment. During this period, you can have an economic crisis or turmoil in the external environment. So we must be ready for these. We must be prepared for security threats. As you have read in the news, terrorism is a real risk, Singapore is a target, so we must be prepared for some of these real disruptions that can affect us.

24 We should also be prepared for technological disruptions that will impact businesses and the way we do things. And you see this in the recent years across

many different industries. In the taxi industry, you have Uber and Grab as examples. They are disrupting the industry, taxi drivers are upset but consumers are happy as they get better service. But it is a major disruption not just in Singapore, but around the world. And this trend of technology disrupting ways of business is going to be more pervasive. In the retail sector, it's already happening, where it is harder to sell as more people are going online to buy their goods instead of at shopping malls, sometimes even at a cheaper price. It's another example of how technology is disrupting business models.

25 You will see this in all sectors of the economy, and we have to be ready for it, including in the real estate agency industry. Consumers are now getting savvier with information. Many of them are familiar with market trends and they have access to tools to carry out their own property analysis. Sometimes, they are even able to DIY – doing their own transactions, facilitated through online brokerage or online portals, for buyers and sellers to transact directly. This is already happening. In the Singapore market, we have seen at least 5 DIY portals that emerged in recent years. These are platforms for those who want to buy, rent or sell HDB flats, to transact directly with one another without going through an agent.

26 Overseas, new portals are being developed as well. A company called *RedFin* in Seattle, America, is another example of a web-based company that offers everything online. They are a real estate agency that employs their staff. So all their staff are employees, they pay them salary, their bonuses are not based on sales but on customer satisfaction and they charge fees to clients that are half the existing commission rates in America, and they do that with a more efficient operation, everything online. Because it is not tied to any specific agent, it's the company that provides service to the client. So new business models are emerging. I'm saying this not to put a dampener on all of your achievements but I think we should be candid about what the challenges are. We have opportunities but we also have to be realistic about these disruptions which are happening around the world and in Singapore. Technology will come and even if they don't come from abroad, they may come within. Singaporeans may start up their own DIY portals and their own services different from today and so we have to be prepared for some of these challenges.

27 I'd share with you some statistics which are quite sobering. This is a survey done by the Council for Estate Agencies (CEA). If you look at the change between 2012 and 2015, you will find that there are more potential customers now saying that they are undecided about engaging agents for future transactions, reflecting some of these new trends.

28 If you look at the trends for DIY transactions in the HDB resale market, it has grown very quickly from 2010 to 2015 - it has more than doubled from 11 per cent to 24 per cent today. These are transactions between buyers and sellers directly without going through agents. These are realities. For the real estate agency industry, we should recognise there are challenges and we should work together with CEA, the industry, and the government to see how best we can respond to these new

trends because they are challenges, but also an opportunity for all of us, for the real estate agencies and sales persons. It's an opportunity to think about how to enhance your business model, enhance your processes to remain competitive and serve your customers better. It's an opportunity to think about how you can add value to your clients by providing more customised information and service relevant to individual preferences and situations. I know Propnex, your CEO, and management team are all very mindful of these challenges and are actively looking at ways to respond. For example, Propnex has already created a number of new apps to help sales persons to be more productive and responsive to provide real time updated information to customers on property news and upcoming projects.

29 So these are very encouraging initiatives and I encourage Propnex and all of you to continue to think about how you can innovate and try out new ways and solutions that will add value to your customers and allow you to expand your business base into new areas. I also think it is important for Propnex to invest in training and development because as your CEO mentioned just now, we are living in an information age so you have to continuously upgrade and stay in touch with all of these new trends that are happening around us. That means having systems to mentor and support your salespersons to maintain high standards and high level of professional competence. It means making use of all the opportunities we have to upgrade your knowledge and skills so that you can stay relevant amidst changing economic conditions and technological disruptions.

30 At the end of the day, this is a service industry based on trust. And I think all of you are acutely aware of this. Making a property purchase is one of the biggest decisions in the life of a person. It is the biggest financial decision, so it's something that should be treated with care and respect, and warrants good advice. Singaporeans who go to you as agents are seeking advice and guidance. They are putting one of the most important decisions of their lives into your hands, and this is a big responsibility that all of you shoulder. It's not just about complying with CEA's rules and guidelines or meeting sales targets. It's about putting the interests of clients first, gaining their trust and building a relationship with them and that's why I believe PropNex has a tagline that says "*Service You Trust*". I think that's a wonderful mind-set to have – that all of you as salespersons embody and uphold the spirit of service. Make sure that you build a relationship with your clients – put their interests first even ahead of your sales targets and make sure that you gain and uphold their trust. Do not lose their trust because once you lose that and word-of-mouth starts to spread, it will start to erode trust in the real estate agency market as a whole and people will start to shift towards more DIY transactions. If you gain the trust of Singaporeans, buyers, sellers and clients, we can continue to uphold a strong and professional real estate agency industry in Singapore. I think we can see this happening and build this up because we can see this kind of mind-set and spirit in service in your 104 outstanding PropNex ambassadors who were recognised earlier today.

31 All of them have shown commitment to excellence and wonderful community contributions, so I think we should give them a big round of applause to congratulate all of them.

32 I hope that the ambassadors you have recognised today will also serve as inspirational role models for all of you and for salespersons in other real estate agencies, to inspire the whole real estate sector to have a client-centric mind-set. That's the way I believe we should move forward.

33 Finally I will also like to say that even as PropNex continues to innovate and develop better ways to better serve your clients, I'm also very encouraged by your commitment to give back to the community and society. You saw this just now on the donations that were raised and the contributions to Community Chest – it started from \$100, 000, to now \$500, 000. Wonderful contributions, thank you for all of your contributions.

34 Your CEO said just now you also have a new record to break later with a mass group reading session – also a way of giving back because the NLB will be donating, through your mass reading efforts, to the needy children. Thank you for participating in this.

35 Finally, we have major plans ahead of us. We are in a new phase of our next 50 years. We celebrated SG50 last year – it was our Golden Jubilee and a big celebration. This year marks the start of a new chapter for our next 50 years. You saw that we have big plans that will help us transform Singapore and build an even better Singapore in SG100. But these plans cannot be achieved by the government or any company alone. It must be achieved by all of us together working as Singaporeans, embracing that same spirit that PropNex has in growing your company, embracing the same spirit that our pioneer generation had in making sacrifices and providing a better future for the next generation and embracing that same spirit that our founding leaders had, people like Mr Nathan, in sacrificing themselves and committing to a larger purpose. If we can do all that, I'm sure we can achieve and realise our goals, achieve our dreams and have a better Singapore in the future.

36 Thank you very much.

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