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SPEECH BY MR MAH BOW TAN, MINISTER FOR NATIONAL DEVELOPMENT, AT THE 40th ANNIVERSARY  
DINNER OF REDAS ON MONDAY,

15 NOVEMBER 99 AT 8.30 PM AT THE PADANG / COLLYER BALLROOM,

THE WESTIN STAMFORD AND WESTIN PLAZA

Towards A Stable And Progressive Property Market

Mr Daniel Teo, President REDAS,

Ladies and Gentlemen.

In the last few years, Singapore's property market has seen some sharp

swings in prices. It was adversely affected when the regional economic crisis hit. But with our economy recovering well this year, the private residential market has also started to rebound.

2 Cyclical swings are not unique to the property market. They are inevitable when demand and supply conditions change. But extreme swings in either direction are undesirable.

This is especially so for the property market. Therefore, what the Government can, should and indeed will do, is to ensure that its policies contribute to market stability and transparency, so that these swings are minimised. At the same time, industry players like yourselves can play an important part in contributing to a stable and progressive property market.

#### Government's Role in the Property Market

3 The Government has consistently adopted a three-pronged strategy to guide its policy-making with regard to the property market: first, releasing a steady and sufficient supply of land for various needs to meet medium-term demand, second, providing timely and comprehensive market information to encourage transparency, and third, building in flexibility to cater for unexpected changes in market conditions. Let me elaborate on each of these.

#### Releasing a steady and sufficient supply of land for various needs

4 The Government releases land annually, based on projections of medium-term supply and demand. This promotes market stability, since developers can expect a steady and sufficient supply of land for commercial, industrial and residential projects.

5 The Government suspended land sales for commercial and private housing developments in the last two years as part of the off-Budget measures to boost the economy. The aim was to avoid aggravating the oversupply of residential and commercial properties, which in turn could have had serious repercussions on the economy.

6 With the property market and the economy as a whole now showing signs of steady and sustained recovery, the Government has decided to resume the steady supply of land next year. This will bring supply back to the level required to meet medium-term demand.

#### Providing timely and comprehensive information

7 Next, more market information. Timely and comprehensive information helps developers, investors, home buyers and other players in the industry in their decision-making and contributes to a transparent property market.

8 URA has been constantly releasing more data on the property market to improve its information service. For instance, statistics on subsale and resale transactions have been added to its quarterly real estate statistics since the third quarter of last year. URA also introduced new data on the sales status of executive condominium projects in its most recent release of quarterly real estate statistics.

9 Through URA's website, monthly statistics are now also available on projects at the various stages of development -- namely those that have been given provisional or written permission, those with building plan approval, those for which construction has begun, and those which have been completed.

10 While this level of detail is already a significant improvement, these monthly statistics are currently grouped under broad categories, such as "residential", "commercial", and "industrial". To improve on this, URA will, from tomorrow, categorise these statistics more specifically. Data on residential developments will be sorted according to the different types of buildings: detached houses, semi-detached houses, terrace houses, apartments and condominiums. Similarly, commercial projects will be categorised as hotels, offices, shops or "other uses", while industrial developments will be divided into factories and warehouses.

11 URA will also be revamping the layout and presentation of data in its real estate publications and web pages to make the information more user-friendly. These refinements are expected to be completed by the first quarter of next year. URA will continue to improve the quality and quantity of market information it provides in order to ensure a level playing field.

#### Allowing For More Flexibility

12 Finally, flexibility. The Government acknowledges that plans and policies on the property market cannot be cast in stone. They must be flexible enough to adjust to changing market conditions. Measures have therefore been introduced to allow both the Government and industry players more flexibility to cater for unexpected changes in the market. For example, we introduced the "white" site concept some years ago. This gives developers the flexibility to decide on the optimum mix of uses on such sites, as well as the amount of floor space to be allocated for a particular use.

13 From time to time, in response to market changes, the Government has also made adjustments to the policy on the amount of time allowed for private residential developments on government sale sites. Whereas the Project Completion Period (PCP) used to be 4 to 5 years prior to the crisis in 1997, it will be 6 years for land sold next year. This will provide developers with enough flexibility in scheduling developments in response to market conditions. During the economic crisis, an even longer PCP of 8 years was allowed in view of the greater uncertainty.

14 More flexibility has also been introduced in the planning of the Government Land Sales programme itself. Each year, a mid-year review will be conducted and adjustments will be made to the programme, if necessary.

15 This evening, I would like to announce that in line with the strategy of injecting more flexibility into our property market policies and programmes, the Government has decided to introduce a mid-year review of the Development Charge (DC) table in March every year, 6 months after the annual review in September. The first such review will be conducted in March 2000.

16 As you know, DC is a tax on the enhancement in land value arising from a change in the use of land or an increase in the intensity of development beyond that specified in the Master Plan, or that which has been paid up. The DC system provides incentives for landowners to redevelop and make better use of their land. This optimises the use of our limited land and helps to rejuvenate the physical landscape.

17 The current practice is that the DC rates are reviewed and published in September every year. This system has been useful to landowners and developers as it provides certainty and transparency. However, in a rapidly changing environment, the DC rates do not reflect prevailing market values. The mid-year review will thus allow DC rates to be pegged closer to market values and reduce the likelihood of abrupt changes in the DC rates, whether upwards or downwards.

#### Private Sector's Role

18 Underpinning the Government's three-pronged strategy is an effort to provide a framework for orderly development through long-range planning and systematic reviews of land use, development plans and policies. This is largely achieved through the Concept Plan and the Development Guide Plans, or DGPs. The Concept Plan is a long term strategic blueprint to guide the physical development of Singapore. The DGPs translate the broad visions of the Concept Plan into specific local plans setting out the land use and intensity of each planning area. We are currently in the midst of reviewing the Concept Plan. The review is expected to be completed in 2001.

DGP reviews will take place a few years later.

19 This leads to the question of what role the private sector can play in contributing to a stable and progressive property market. I believe that REDAS members have an especially important role to play in this respect.

20 You can help educate the public on property purchases and property issues, so that they will be better equipped to make considered decisions. You can make more information available to the public so that they will be better informed of their choices and alternatives. REDAS can also map out strategies for the real estate industry to meet the challenges of the 21st century, addressing such issues as planning for an ageing population.

21 Finally, I urge you, as developers and building professionals, to ensure high standards in construction. Building quality homes to meet the rising aspirations of our population is a responsibility which the Government and the

private sector share.

22 The recently launched Construction 21 initiative requires the full cooperation of the private sector, including REDAS, to succeed. You must spare no efforts to improve the productivity, knowledge and skills levels in the building industry. You must continually aim to maximise buildability. Property buyers expect to get value-for-money, with high quality work and innovative designs. This is not an unreasonable expectation.

23 With your active participation and support for C21, we stand a good chance of achieving the vision for Singapore's construction industry to become "world-class builders in the knowledge age".

#### Concluding Remarks

24 I am optimistic that with effective strategies and a far-sighted approach, the real estate and building industry in Singapore can look forward to many more years of stable and progressive growth.

25 May I congratulate REDAS on its 40th anniversary and wish everyone here a pleasant evening. Thank you.

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