

**SPEECH BY MR LAWRENCE WONG, MINISTER FOR NATIONAL DEVELOPMENT AND SECOND MINISTER FOR FINANCE, AT 57<sup>TH</sup> ANNIVERSARY DINNER OF REAL ESTATE DEVELOPERS' ASSOCIATION OF SINGAPORE (REDAS), AT THE GRAND BALLROOM, RITZ CARLTON MILLENIA ON 17 NOVEMBER 2016, AT 8.05 PM**

Mr Augustine Tan, President, REDAS

Distinguished Guests,

Ladies and Gentlemen,

1. I am very happy to join you here tonight for REDAS' 57<sup>th</sup> anniversary dinner
2. For more than 50 years, REDAS and our developers have been a key partner of the Government in building and shaping our urban environment. Tonight, I'm very glad to join all the REDAS members in recognising some of our pioneer leaders in the real estate sector – people who have truly helped to shape and build today's Singapore. We also want to recognise all of you – members of REDAS – for all the efforts and contributions that you have made in building Singapore and making it what it is today. Please join me in giving all of you - our REDAS members and pioneer leaders - a big round of applause. Thank you very much.
3. We all know that these are challenging times for the property market. Augustine shared with you some of the statistics just now, which I'm sure are familiar. Of course, we've had recently some good news thanks to CDL and MCC Land. Some of their units have sold very well recently, as you might have heard. This shows that with good quality, good product, good location and good price points, you can find buyers for your units. Overall, we know and understand that the sentiments are weak, and that there are challenging times ahead. The Government is monitoring the economic situation very carefully, and will be ready to respond with changes and new measures if need be. Overall, I'm confident that we can ride through the immediate economic situation.
4. Even as we address and tackle some of the more immediate challenges, we should also keep our eye on the longer term. We should look beyond the current

horizon to see the ways in which we can continue to stay ahead, and how we can continue to keep Singapore attractive and competitive as a global city. The short term, understandably, is very important and is something we are all preoccupied by. But let's not just look at the short term. Let's also think about the medium and longer term strategies.

5. That's why we set up the Committee on the Future Economy earlier this year. The Committee has been deliberating over the last year. We've had many rounds of consultation, including with REDAS members. Tonight, I want to share with you some of our key ideas.

### **Key CFE Future City Strategies**

#### **Expand Space Options and Broaden Development**

6. Our first priority is to expand our space options and broaden our infrastructure and economic development across the island. We have been through ups and downs in the market. When there's a downturn, vacancy rates may be high, but when the upturn comes and space is limited, you will have to scramble for land and space, and it might be a bit too late then. Let's plan for the medium and longer term, and think about how we can continue to expand our space options. We know that Singapore is a very tiny island, and space is always limited.

7. From time to time, we hear concerns that Singapore has reached its physical limits and we will have no more room to grow. But that's not the case. We may be small in size, but we can and will continue to grow and create space through new and innovative means. We are continuing with our reclamation plans. As you may have read from today's news, we are embarking on new methods of reclamation like the polder, which will reduce significantly our reliance on imported sand. We are also studying how to create more underground space and make better use of this space.

8. Even as we expand our physical space options, we must also optimise our use of space through good urban planning. One way is to develop new clusters outside the city centre. We can cluster related economic activities outside the city centre, and bring them together for better synergy. This is something we've been doing

for some time. We have One-North for biomedical science, infocomm and media; and Jurong Island for petrochemicals. These clusters have worked well, and we should continue with this clustering approach. Over time, our vision is that if you look at Singapore, there should be different parts of economic centres, multiple economic centres all over the island, not just concentrated in the downtown.

9. In the East, we are expanding Changi airport. We are building an air hub, doubling the capacity of Changi and building a whole range of ancillary, aerospace and air-logistics services around our new Changi air hub. In the West, we are consolidating our sea ports in Tuas, doubling the capacity of sea ports, creating a mega port in Tuas, and building a whole series of maritime industries around the Tuas megaport. In the Centre, once we move our sea ports to the West, we will have the ability to free up prime waterfront space, and we can expand Marina Bay to the Greater Southern Waterfront. That space, freed up, is potentially three times the size of Marina Bay. We will have many opportunities to expand our downtown.

10. Beyond that, we want to create other centres as well. We will have new areas like Jurong Lake District - which will be the site of our High Speed Rail terminus with Kuala Lumpur, Jurong Innovation District and Punggol.

11. Progressively, we aim to have a vibrant ecosystem of multiple economic centres spread out across the island. Each one will be an attractive place to live, work and play. All of these combined will help us to attract more investments, anchor more companies here, and create more good jobs for Singaporeans.

#### *Stay at the Heart of the Digital Economy*

12. Our second priority is to prepare for the digital economy. Digitalisation is a mega trend that will impact all industries. Data will be the new economic asset of the future. Just as we have been successful as a container port, we must now strive to be a successful digital and data port in the future. Our infrastructure plans must respond to and keep pace with the digital economy. We are studying what we need to do to strengthen our digital network infrastructure. That may include having better connections through sub-sea fibre optic cables. It will also mean looking at enhancing our own domestic wireless networks – so that we can truly

have a “plug-and-play” environment for connected devices and Internet of Things applications.

13. Besides being at the centre of data, we will also need more applications to harness the benefits of the digital economy. New greenfield sites can be the locations for us to try out new applications and push the frontiers as a digital city. For example, in Jurong Lake District, we can roll out autonomous vehicles and more efficient urban logistics systems. In Punggol, we will have a new cluster for firms in the cyber security, digital, and IT fields. This is where the new Singapore Institute of Technology campus will be located. With this co-location of the new university and the industries in the digital arena, we think this can create better synergies between businesses and academia.

14. We often talk about co-location and mixed-use, but have not fully realised the benefits of such synergies. We will have to do more through better urban design and integrated planning, and also more flexibility in land use planning and zoning to provide businesses with more flexibility to adjust their plans in response to changing needs.

15. With changing business models, our city must also support new digitally-connected, networked and mobile ways of working. We recently visited London and Rotterdam on a study trip, joined by several REDAS members. We saw a variety of new models of co-working and co-living spaces in these cities. These are places where people come together and have co-working spaces, very different from the normal office buildings that we see. The many varieties of such co-working spaces - some are housed with incubator or accelerator functions for start-ups; others have students, start-ups and industrialists under one roof, fostering an active exchange of ideas.

16. We have some success in this area with the JTC Launchpad. But there's a lot more we can do to promote and develop more innovation spaces in Singapore

17. These are some ideas that we are thinking about on the digital space. We must be at the centre of the new digital economy. It's an area we must invest in, so that we can stay competitive as a global city.

*Strengthen Partnerships with Private Sector*

18. Thirdly, to realise our plans, the Government will need to involve the private sector more in our development plans through new partnership models. Partnering the real estate developers is something we've been doing all along, and we will continue to do this and strengthen our partnership.

19. This was what we did for the developments at Marina Bay. Members here will remember that prior to Marina Bay, the way in which we sold land in Singapore was done on a plot by plot basis. We would tender out a small plot for development, building by building, and we would adjust as we went along. For Marina Bay, we did something different. We put out much larger land parcels for the first time. It allowed developer to optimise different uses and build in a more integrated manner. Because it was a much larger plot of land, we mitigated the risk by giving developer options to phase out the project so they did not have to pay everything upfront. They would start with the first phase of the project, and have a call option to exercise for subsequent phases. That's what we did for Marina Bay, that was some time ago.

20. There is scope to do more of this "master developer" approach in the development of our new districts. We can see this in other countries. For example, in London, private firms work with local authorities as master developers in areas such as Canary Wharf and King's Cross Central. Both areas have histories as dis-used industrial and port facilities. Both projects are very large in scale and took a long time to develop – they met with difficulties along the way, and developers had to take a long-term view

21. Today, Canary Wharf is a global financial centre and King's Cross is a successful mixed-use development. What's striking about these projects is that the developers have a strong sense of ownership, and it arises from a belief that good infrastructure and place management enhances value and attractiveness of these

projects. The developers also have a compelling vision to guide the entire development and a strong focus on public spaces and programming. They are invested in these areas; they invest their own monies in placemaking and programming to turn these entire precincts into very successful districts.

22. In King's Cross, developers took it upon themselves to conserve old buildings. They did not just tear down these buildings and construct new buildings to maximise Gross Floor Area (GFA). The developers found ways to restore, re-use and rejuvenate the older buildings. This was more expensive, but ultimately, they felt it helped to strengthen the sense of connection and identity to the place, and enhance its longer-term value.

23. In Canary Wharf, the master developer agreed to design and build the upcoming Crossrail station for the government. The developer contributed 30% of the cost of the station. In return, they asked to operate the underground retail space. It's a win-win partnership - the Government gets to build the station on the Crossrail line, the developer gets a station within its development. It's a plus for the developer, because it will take only 40 minutes from Heathrow Airport to Canary Wharf. This will enhance human traffic and movement into Canary Wharf, and the value of the properties there.

24. There are many opportunities for us to think of effective public-private partnerships. While our context may be different from other countries, we can work more closely with the private sector to jointly develop our future city

25. .Another partnership model is through the setting up of Business Improvement Districts (BID) – these are business-led and business-funded bodies formed to improve a defined commercial area. Today we have precinct associations like Singapore River One, which are doing good work. But participation is voluntary and not every business owner will contribute resources; so place-making efforts and improvement works cannot be sustained.

26. There is scope to enhance these efforts through BIDs. BID will formalise the precinct associations and empower them through the statute. This is not a new thing

– they already operate in many countries like Germany, Japan, Australia, New Zealand, US and the UK

27. Under a BID, property owners and retailers will be represented and have a say in what they want for the BID area. Together, members of the BID will contribute funds which would be ring-fenced for use within the BID area and come up with their own solutions to make the BID area more attractive and increase footfall.

28. We have seen many positive examples on this, because it allows stakeholders to have direct ownership and responsibility in implementing plans for an area. It helps to bring in additional vibrancy; it also generates footfall for the district. This is something that we are studying as well to see how it can be implemented within our context.

29. To realise many of our plans, we need more effective partnerships with the private sector and developers, and we hope to strengthen our partnership with all of you.

#### Distinctively Singapore

30. These are three broad areas that I've outlined that we're discussing under the Committee on Future Economy.

31. Beyond economic vibrancy, a successful city needs to endear itself as a home to its people. There is tremendous competition amongst global cities everywhere. Many global cities can offer the same thing to attract talent. Our city must have something distinctive and unique that Singaporeans and residents here will identify as their home.

32. I would like to appeal to all developers on this: As you go about your projects, think about how we can strengthen our distinctively Singaporean identity. It can be in our greenery, both at the street level and sky-rise greenery, so that we stand out as a City in a Garden. It can be in our architecture and design, and the conservation of buildings with historical and heritage elements. It can be through the use of Singaporean art and culture. Tap on the Public Art Trust, make use of Singaporean artists, showcase Singaporean art and culture within your building and developments.

It can be in the way we use common spaces, to bring our people together, and to strengthen our multi-cultural bonds.

33. There are many possibilities. We can't prescribe these things from top-down or through regulations. Ultimately, these things must be organic, and we hope our developers and REDAS will embody these values and mindsets. We can work together to ensure that Singapore continues to be a vibrant and liveable home for all.

34. I am optimistic that we can sustain Singapore's success in the years and decades ahead. We know the competition will become more intensive. We should be ready to meet the challenges ahead. We have the resources to do so, and are starting from a strong base. We have not reached our limits and we have plans to forge ahead

35. The ideas I have shared are just the starting points for further deliberation between the public and private sectors, and we can continue to finetune these plans together. I look forward to partnering with all of you in this endeavour to develop a Future City that is even better than today's.

36. Thank you very much, and have a very enjoyable evening.

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