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Singapore Government

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MC/DEC/17/79 (National Development)

ADDRESS BY MR TEH CHEANG WAN, MINISTER FOR NATIONAL DEVELOPMENT, AT THE SEVENTEENTH ANNUAL DINNER AND DANCE OF THE SINGAPORE INSTITUTE OF VALUERS AT THE GALLERY, MANDARIN HOTEL ON TUESDAY, 11 DECEMBER 1979 AT 8.00 PM

The value of properties in general depends upon the economic development and political stability of a country. Where there is development and stability, property values will increase over time. In places where political stability and economic progress do not prevail, people will hesitate to invest in property and property values are unlikely to appreciate. In Singapore, we have had two decades of political stability and economic progress. As a result, property values have continually increased. By way of illustration, in 1960, after the HDB was formed, a property company called Credit Foncier decided to move out because it had doubts then about the political stability in Singapore. It sold most of its lands and offered a two-hectare piece of land in Orchard Road to HDB at \$1.80 psf. Today, this same piece of land can easily fetch 50 to 100 times more.

During the last ten years, Singapore embarked upon a most extensive physical development programme, building more shops, hotels, housing, factories and roads than at any other time. Based on planning approvals granted, construction activity during the next five years is likely to be much greater than during any preceding period. Today we are witnessing the construction of giant projects such as the Raffles International Centre which is expected to provide some 323,871 square metres (3.5 million square feet) of commercial floor space including 2,224 hotel rooms, and Marina City which will be built on nearly 90,000 square metres (one million square feet) of reclaimed land and which will have three large ultra modern hotels with complementary shopping facilities.

As at 31 March 1979, Government has approved some 12,500 private residential units, of which 6,000 units are under construction. About

529,542 square metres (5.7 million square feet) of office space and 641,025 square metres (6.9 million square feet) of shopping space have also been approved, most of which are under construction. Therefore, the supply of private housing and shopping space is enormous, more so if we take into account the fact that these figures do not include the projects in the URA 7th and 8th Sales of Sites.

However, there is a shortage of office space in the prime city areas. Because of the glut in 1973/74, there was a substantial reduction in the construction of office space in the subsequent years. Government is taking action to acquire properties in the Golden Shoe areas and sell them through URA Sales, after clearance. It is the Ministry's policy to provide enough land for the various types of development in order to achieve a stable and orderly property market. But there is always a time lag. The construction of commercial buildings takes three to four years, while an upturn in the property market can occur within a matter of months.

We are now faced with a situation of dramatic increases in property prices mainly as a result of instability in some parts of the region, the oil crisis arising from the revolution in Iran and a general loss of faith in paper currency. All these events have caused people to rush into the property market where the supply is not immediately available. However, I believe that when all the approved projects are completed, the balance between supply and demand will be restored. As I said at the recent RIHED Regional Seminar, property prices in Singapore will not escalate to high levels like those in Hong Kong. This is because in Singapore, Government is in a position to exercise a moderating influence on the market.

One undesirable result of the high level of construction activity concerns the quality of buildings. Because of a shortage of architects, many buildings have not received due attention in design. The majority of larger architectural firms tend to have more work than they can handle while the smaller firms usually lack capacity. This is a cause for concern. I reckon that if we had 300 to 400 more architects and double the number of supporting personnel, we are more likely to be able to produce buildings of much better design. Government has liberalised the rules to allow good foreign architects to practise in Singapore. They can inject new ideas and help to raise the quality of buildings.

With the erection of so many large complexes, the proper maintenance of these buildings is a matter of prime importance. Otherwise, they will degenerate into slums. Already we can detect signs of deterioration in

some buildings. It is essential to develop a group of professional firms who will be able to manage properties competently and maintain them at high standards. To encourage proper maintenance, my Ministry now requires at least 30 per cent of the rentable commercial floor space of a project to be held in a single ownership. The 30 per cent holding will be comprised in one strata title for a period of 10 years from the date of subdivision approval. The 30 per cent floor space will be chosen by the developer but will be subject to approval by the Competent Authority. This requirement applies to all commercial buildings and mixed development buildings with rentable floor space of 5,000 square metres and above, and will be imposed as a planning condition. The aim is to ensure that there is a vested interest in the building to achieve a high standard of maintenance. Our Building Management Unit is considering steps to require property owners who neglect their buildings, to engage professional management to do the job for them.

Members of your profession and others engaged in the business of estate management have an important role to play in this field. I hope you will take the lead to form professional building management companies and set high standards for the maintenance of buildings so that we will not only build Singapore into a beautiful city but maintain it as well.
