

SPEECH BY MR DESMOND LEE, MINISTER FOR NATIONAL DEVELOPMENT AND MINISTER-IN-CHARGE OF SOCIAL SERVICES INTEGRATION, AT THE ORANGETEE VIRTUAL BUSINESS CONFERENCE 2021 ON 24 MAY 2021, 12.30PM

Mr Steven Tan, CEO of OrangeTee & Tie

Friends, both physically and digitally, or “phygitally”

1. I’m delighted to join you here at the OrangeTee Virtual Business Conference. Some of you may recall that the last time I had the opportunity to join you was in 2018, and the world has changed dramatically since.

2. I believe it was at Suntec, in one of the big seminar halls, and I could feel the energy and the vibes. I also recall saying in passing when I had the opportunity to speak, that in the real estate sector, given the trends that are taking place both locally and globally, if we don’t disrupt ourselves and plan for that disruption, our sector will be disrupted by other people. It’s encouraging how since 2018 to now, you have made active steps to bring the offline to online, and the online to offline.

3. In a couple of years, you have coined new dictionary words like “phygital”, and I’d like to commend and encourage you to continue. I see many of our real estate agencies also proactively coming up with digital plans, not only harnessing technology, but also strengthening and upgrading our real estate consultants. Strengthening them not just in digital skills, but allowing them to hone their skills in customer service, in value-add, and by giving your real estate professionals equipment, technology, and skills like what you just presented earlier. I think you can scale up the ladder of quality, provide better service, and allow individual professionals to distinguish themselves with a strong backing of an agency.

4. COVID-19 without doubt has been very challenging for everyone. It’s like an emotional rollercoaster. Every time, when, for any country, even Singapore and elsewhere, you think it’s under control, there are ups and downs along the way, and we must have the stomach for it and wear on.

5. Now for property consultants like you, the recent tightening of restrictions due to the heightened COVID-19 alert means that your property viewings can only be done in smaller groups. This will make the work for some of you much harder. I'm sorry for the inconvenience that this will cause you and your clients, and I thank you for your forbearance, your fortitude and your understanding in operating in a volatile and difficult environment.

6. Beyond this, COVID-19 has had a particularly severe impact on our construction sector, and as real estate professionals, I believe you take a key interest in what's happening to that sector, because they generate assets and the properties which the real estate sector deals with. Even today, the situation remains difficult and highly fluid.

7. So if you will permit me, I thought I would start by:

- a) Giving you and your colleagues an update on the latest challenges faced by the construction sector, what these mean for the real estate industry as a whole, and how all of us here can do our part to help fellow Singaporeans through these difficult times.
- b) I will then touch on the progress of our longer-term transformation plans for the real estate agency industry;
- c) And finally end off with a look at our future plans for the housing market – specifically our plans that we've been talking about for some time – to launch public housing in prime locations of Singapore, which will require a new housing model altogether.

Challenges of COVID for the Construction Sector

8. So let me kick off by giving you an update on the current state of the construction sector.

9. As we know, the fight against COVID-19 is far from over. Scan the news every day, and page after page, we see in Singapore news, regional news, and global news:

- a) New cases continue to arise around the world, driven by new variants of the virus that are more transmissible and harder to contain. These throw up new challenges that require us to adapt and be nimble.
 - b) Singapore, too, has seen our infection count increase in recent weeks, and we are now here in a heightened alert, trying to bring that down.
10. So we have had to tighten up, to protect Singaporeans from these heightened risks.
- a) Domestically, this means smaller group sizes, no dining-in at F&B establishments, and so on.
 - b) But we have also tightened our border controls even further to restrict the inflow of travellers from some South Asian countries and other high-risk countries, where the COVID-19 situation is particularly concerning.
11. This has significantly worsened manpower shortages in our construction sector, as South Asian countries are where we recruit and hire most of our construction Work Permit Holders.
- a) Since last year, and even before this latest round of measures, the industry has already been struggling with a manpower crunch, as we have been cautious in reopening our borders and have also been careful in bringing in numbers of migrant workers, to reduce the risk of importing the virus. It's a difficult trade-off.
12. The Government has stepped in significantly to provide support, to help the sector through these difficult times – for example, by introducing funding support, providing legal mechanisms to help companies share cost increases, and by working with industry partners to be able to recruit workers safely. But despite our best efforts, there will inevitably be impact on the industry. That goes without a saying.
- a) Costs will increase,
 - b) And projects will be delayed even further both in the private and public sector, including projects like our BTO flats.
13. We are working to mitigate impact of these challenges, working with very difficult challenges around us – the impact and challenges on industry and home

buyers. In particular, when it comes to public housing, we are committed to ensuring that it remains affordable and accessible to Singaporeans.

- a) We will continue to price BTO flats based on affordability for home buyers and not on cost recovery. Hence, the rise in construction costs will not affect new flat prices. HDB is also working closely with contractors to minimise the delays to our BTO projects.
- b) Notwithstanding further unforeseen circumstances, we expect BTO projects to be delayed by a further three months, from the six to nine months previously communicated in April this year.
- c) Home buyers may check the latest projected completion dates on their My HDBPage. HDB will also send letters to progressively update affected home buyers on the revised completion dates, as construction progresses.

14. I'd like to thank all home buyers for their forbearance during this very difficult period. Whether you are waiting for your HDB flat, waiting for your rental flat, waiting for your private property, or whether you're waiting to renovate to fix some problems in your existing home, I thank you for your forbearance as the industry across the board struggles with the challenges posed by COVID-19.

15. We hope that as real estate professionals, you can also help to manage some of the effects of these delays. What do construction delays mean for the real estate industry? Well, many homebuyers as I said, will need to wait longer before they can move into their new home. This has many downstream implications, some of which we are already seeing. And for individuals, it depends case by case on their family circumstances, or their plans.

- a) More buyers may need to rent a place temporarily, or extend their current rentals or continue to stay with family, while waiting for their home to be completed.
- b) Others may have sold their existing home in anticipation of their new one, and may need to renegotiate with their buyers to delay the handover date.
- c) And yet others may turn their interest away from new projects, toward completed ones, fuelling demand for resale flats, both private and public, and possibly a rise in resale prices.

16. Many of your clients may be in a similar situation. So we hope that as real estate professionals, you will advise them with the knowledge that you hold and with their best interests at heart, as we all try to navigate this challenging situation together.

- a) For those who need to renegotiate their agreements with their buyers or landlords, we hope that you can provide the value added service – help them to facilitate these negotiations fairly for both parties, keeping in mind the exceptional circumstances we find ourselves in today. Work with your counterparts on this

17. Some homeowners and tenants may be facing financial difficulties due to the economic impact of COVID-19. Some say it's a K-shaped economic situation – some are doing really well; some are doing really badly. Some of them affected by the downward spiral of “K” may have trouble keeping up with their mortgage or rental payments. Their long-awaited plans may be disrupted by sudden changes to their employment, to their jobs, or to their businesses.

- a) The Government has been doing what we can to help these households. For those living in HDB flats or taking HDB loans, we have offered various forms of financial assistance, such as suspending late payment charges, or allowing owners to defer or make reduced repayments. For those taking a loan from the financial institutions, they can also apply under the Extended Support Scheme to make reduced instalment payments from now till 30 Jun 2021, for a period of up to 9 months. Then we will see after that, what more we can do to help.
- b) But again, we need your help to give your clients sound advice, tailored to their circumstances, and you're well positioned to play that important role. For those who are looking to rent or buy from the market, we hope you can encourage them to consider their housing budget for the long term, and the uncertainties thrown up by COVID-19, and not risk overstressing themselves, or putting themselves in greater uncertainty. Interest rates may seem attractive today, but the economic situation remains uncertain, and a home purchase is a long-term commitment, and one of the biggest investments that Singaporeans make in their lifetime.

18. These are trying times for all of us, and we all need to step up and help one another out. Not just to look out for ourselves, but to use our experience and our expertise to support those around us as well.

- a) I am sure that all of you here take great pride on giving the best help to your clients – value-added help, but also compassionate understanding; giving advice tailored to the challenges that they suddenly find themselves in. I hope you will continue to do so.

Transformation in the Real Estate Agency Industry

19. Now let me move on to talk about the transformation of the real estate industry. Even as we tackle our immediate challenges, we need to keep an eye on our longer-term transformation goals, and I daresay digitalisation has been accelerated by this unexpected global crisis, and it has thrust all of us into a new dimension. Thankfully, the real estate sector has been working at digitalisation, finding new ways and new models of adding value to your clients. That has put you in a much better position than some other sectors.

- a) We have been doing this transformation for the last few years in earnest. But COVID-19 has demonstrated just how critical it is for us to accelerate this work.
- b) In the construction industry, this crisis has shown us that we are still over-reliant on foreign manpower, even though we've taken steps over the last decade or more to improve productivity year-on-year. But we must greatly speed up our adoption of new technologies and more productive construction methods. We have already started this effort some years back, with the launch of the Construction Industry Transformation Map (ITM) back in 2017. New ways of building; new ways of design; digital models; prefabrication; building a whole room and fitting it up completely with tiles, finishing, and M&E even before it leaves the factory and fitted out at the worksite. But still even in the best of efforts, you will still need the skill set of foreign workers to help complement our local core.
- c) Similarly, the real estate agency industry needs to accelerate our journey of technology innovation and transformation.

20. I'm encouraged to see that that is exactly what you have been doing over the past year, to adapt to the challenges brought about by the pandemic.

- a) To minimise the spread of the virus and protect the community, you have transitioned smoothly towards conducting virtual viewings, and running online consumer engagement webinars and virtual property exhibitions. I know it is not easy – I thank you for taking the lead, for having that strong instinct to want to do well, whatever the circumstances may be, and that will distinguish.

21. OrangeTee & Tie, in particular, has been one of the first movers in engaging customers digitally and taking a customer-centric approach in the estate agency business. I said this before in 2018, and I'm glad to see that you have continued to be a frontrunner among many in innovation.

- a) In August 2020, in partnership with proptech group, Juwai IQI, you used digital platforms to broaden access to overseas-based buyers and properties, so as to better support your agents and clients.
- b) In November last year, you launched the Market Analytics Suite, a mobile platform providing customisable property data across multiple segments in real time. This enables your property professionals to easily analyse data and present insights to clients through interactive, personalised charts.
- c) You have also invested in maintaining high professional standards, by incorporating our Guide on Best Practices for Consumer Ratings into your Property Agents Review platform. As more rating platforms adopt the guidelines, consumers can better compare the ratings of property professionals across platforms and make a more informed decision when choosing one.

22. I am also glad to hear that at OrangeTee & Tie, your property agents, have also actively upgraded yourselves and are using technology to better serve your customers.

- a) For example, Douglas Chew has secured almost all of his transactions through technology. In particular, he uses the Market Analytics Suite that I mentioned earlier, to extract relevant data and market trends, and then analyses and presents the findings to clients, empowering them to make

better informed decisions, not just about the property and its attributes, but the long term horizon. His clients have therefore developed greater trust and confidence for him to handle their property needs, and I understand that Douglas is being recognised today as one of OrangeTee & Tie's Top 10% Achievers. Congratulations to Douglas, and all award recipients!

- b) Another property professional, Raymond Khoo, used the Circuit Breaker period last year to pick up new skills in targeted video marketing and branding through social media, which he feels are more efficient and cost-effective in reaching out to clients. Through these efforts, Raymond facilitated property transactions by showcasing properties virtually, reaping time-savings through fewer physical viewings. Though Raymond only joined OrangeTee & Tie recently, I understand that he has been consistent in achieving top sales – a testament of his hard work and digital skills. I would like to congratulate Raymond as well for that, and more importantly, to all of you for adapting to a very difficult situation.

Supporting Digital Transformation

23. The Government will continue to support the industry's digital transformation as a sector. You have made good progress under the Real Estate ITM.

- a) For instance, more than 300 businesses in the sector have benefited from the Productivity Solutions Grant (PSG) and the Enterprise Development Grant (EDG).
- b) The standard contract templates for property transactions that were co-developed with industry associations have also been well received, with almost 40,000 downloads so far this year.

24. In January this year, you might know that HDB also launched the HDB Flat Portal. It is a new one-stop online platform with many different features, that property agents can also tap on to provide better services to your clients.

- a) For example, the portal has customised financial calculators that can be used for buyers to estimate their housing budgets, and for sellers to check their sales proceeds.

- b) There is also a loan-listing service, with useful information on loans offered by HDB and other financial institutions. Later this year, HDB will enhance this to allow flat buyers to apply for loans directly through this portal, making the process even more convenient.
- c) HDB will also introduce a new digital platform that will guide those who wish to buy a new HDB flat through the various stages of their flat buying journey. So please leverage on that to give your clients greater assurance and understanding, and walk through the journey with them.

25. In February, we launched digital solutions for the real estate agency industry under the SMEs Go Digital programme.

- a) To date, we have introduced two pre-approved solutions, which property agencies can adopt to digitalise your document management processes.
- b) Eligible property agencies can adopt these solutions and get up to 80% funding support under the Productivity Solutions Grant (PSG), until 31 March next year, in 2022.
- c) We encourage small and medium-sized agencies to adopt these solutions, and we welcome suggestions on other types of digital solutions that may be helpful to your work.

26. Over the next few months, we will do a stock-take of our progress under the Real Estate ITM, and refresh the ITM by next year, in partnership with all of you in the sector.

- a) The Council for Estate Agencies (CEA) has held dialogues with property agencies, including all of you here in OrangeTee & Tie, and will continue to engage industry stakeholders to seek your views and suggestions.

Building a Sustainable Housing Market

27. Finally, let me end off by sharing a bit, if I may, about our future plans for the housing market.

- a) Specifically, I will talk about our plans to launch public housing in very prime locations on our island – why we are pursuing this, and what key considerations are involved. And of course, not just me sharing, but I hope

you too, will give your views and inputs to us, as have many Singaporeans, both professional and laymen.

- b) I hope this will give you a better understanding of the broader context of our housing policies because you are property professionals, to better inform your work and the advice that you share with your clients.

28. As property professionals, many of you would be familiar not just with the Singapore housing market, but possibly also with housing markets in the region, and in other cities around the world.

- a) You would be aware of how housing in many global cities, including very successful ones, have become so expensive over time, that they are out of reach for the average homebuyer.
- b) This probably resulted from natural economic forces, supply and demand. But it potentially leads to undesirable social outcomes – the fragmentation of cities and societies, as wealthy households concentrate in the most attractive locations, to the exclusion of almost everyone else.

29. Singapore is not immune to these trends. These are very powerful social and economic forces at work. But we are determined to do our best to resist them, to keep our society egalitarian and inclusive, even as we start to see some of these challenges playing out in our very own city.

- a) That is why we will be building public housing, including public rental housing, even in very prime locations, like the city center and the Greater Southern Waterfront. Because public housing is social policy, and supports society.
- b) We believe that Singaporeans of different income levels should have a chance to live in and enjoy these prime locations, especially if they work there.
- c) And these prime locations, like other parts of Singapore, should reflect as far as possible, the diversity of our society.

30. To ensure that these flats in these prime locations remain affordable not just at the BTO launch phase or Sale of Balance Flats phase, but throughout the entire 99 years, we may have to provide a couple of things - for example, additional subsidies

on top of what we already provide today, to make the flat affordable. But this is easier said than done, because there are many other downstream effects we have to consider.

- a) For example, if we provide more subsidies for buyers of flats in very prime locations compared to flat buyers who buy flats in other parts of Singapore, then there is this issue of fairness and equity. And when these flats are sold in the future on the resale market, owners stand to benefit a lot more than those who bought flats without these additional subsidies, and the issue of equity comes to mind.
- b) For fairness, we may thus have to find a way to recover some of these additional subsidies provided for flats in prime locations.

31. We also want these flats to remain within the reach of Singaporeans beyond the first buyer. There is no straightforward way to do this, because every measure has its merits and trade-offs, and as professionals in the real estate market, you know instinctively how these operate, and you are in a very good position to explain to fellow Singaporeans – explain to your children, because this policy is for them and their children, for the future generations of Singaporeans – and also give us good advice and good feedback on what you think as we start to refine and firm up the policy to launch in due course..

32. So we have started to engage widely with Singaporeans – from property agencies like you, to academics and commentators; from families to young home buyers. We want to gather more ideas, more feedback, and find a way to balance the many complex considerations.

33. Singaporeans have given us a wide range of suggestions.
- a) Some have suggested to launch flats with shorter leases in these very prime locations, which will be cheaper. But what about subsequent buyers – would the remaining lease be sufficient to meet their housing needs?
 - b) Others have suggested a longer minimum occupation period (MOP) before the flats can be sold or rented out, to emphasise that HDB flats, especially those privileged to live in very prime locations at significant cost to Singapore and its taxpayers, are meant primarily for occupation, not

necessarily investment. But this may inadvertently hamper homebuyers who have a genuine need to move out as their family's needs change, and you may have encountered some of that.

- c) There are also suggestions that the flats should only be sold back to the Government, which can then resell them at an affordable price. And why should these home buyers have a back stop when others don't? But it is challenging to ascertain a fair buyback price, and we may want to avoid artificially guaranteeing the values of these flats, which existing flat owners may view as unfair.
- d) These are not easy trade-offs. It is a difficult balancing act, to the extent that some have formally written to us, to tell us, please do not proceed with this at all – don't build HDB in prime locations, build them elsewhere. So that really shows the diversity of views, and how challenging it is, but we have to do this, to ensure that our society and city remains open to all.

34. And as I said, there are important social reasons why we are embarking on this effort, not just for now, but for the future of Singapore. So we will continue to review the possibilities and refine our model, before rolling it out.

- a) We welcome your views, as professionals.
- b) And we hope that you can share with your clients, friends, and families too, why we are pursuing this effort and the inherent challenges that come with it.

Conclusion

35. Let me conclude.

36. As property professionals, you play an important role in supporting the home ownership aspirations of Singaporeans as well as a sustainable property market.

- a) More than ever, amidst this pandemic, customers look to you for objective, professional advice that is in their best interest – properties that meet their needs and aspirations and that are within their financial means, both now, and in the future.

b) I know that many of you take the trust your customers very seriously, and I have faith that you will continue to put your customers first, and give them sound advice.

37. We will continue to work with you for the benefit of Singaporeans. As we transform the industry and adapt in the face of change, let us continue to overcome these challenges and seize new opportunities, so that this crisis makes us all stronger, collectively.

38. I'd like to congratulate team OrangeTee & Tie on your event, to the launches that you've done today in terms of technological tools to better support your professionals, and your achievements.

39. Thank you, stay safe!