

**SPEECH BY SECOND MINISTER FOR NATIONAL DEVELOPMENT DESMOND
LEE AT THE LAUNCH OF THE REAL ESTATE INDUSTRY TRANSFORMATION
MAP AND COMMISSIONING OF JTC J-OPS COMMAND CENTRE
ON 8 FEBRUARY 2018**

I am very delighted to join you today at the launch of the Real Estate Industry Transformation Map (ITM). This is the third ITM to be launched in the Built Environment cluster, and for those of you who have journeyed with us through the ITM process as tripartite partners, you would have seen the sequence of launches within this cluster. To the many businesses, industry associations and unions from across the entire Real Estate value chain, including members of the Real Estate Industry Tripartite Committee, who have shaped this ITM intimately with us, thank you for offering your deep expertise, your time, and insights towards this effort.

Transformation of the Built Environment Cluster

The Real Estate ITM is only one part of a bigger transformation plan for Singapore's built environment. The Built Environment Cluster was set up under the Future Economy Council to examine the challenges and opportunities in five sectors – Construction, Real Estate, Security, Environmental Services, and Landscaping. All these five sectors are all inter-related, and it would not do justice if we did ITMs for each of them in total isolation from each other.

Together, they see a building, and the city, through its entire life cycle, from design and conceptualisation, to construction, to the long-tail of maintenance, contributing to the high-quality infrastructure that we enjoy today.

Firms in this broad cluster define the built environment that we see all around us – the homes we live in, the offices we work in and the malls we shop in. While more commonly associated with brick and mortar, these firms are not immune to disruption. Conversely, technology offers tremendous opportunity for them to grasp. New technology, especially digitalisation, offer our incumbents as well as new entrants the opportunity to do things differently, to re-engineer processes. At the same time, Singapore's manpower growth is slowing, and with a leaner workforce and nimbler

competitors, we must embrace innovation to compete, so that our firms can grow, our people can have fulfilling careers, and we can all enjoy a well-maintained and high quality built environment for ourselves and our children.

Firms in the built environment ecosystem can also do more to work together across functions and across sectors. I think we can do a lot more of that, and we will do so in a tripartite way, in a deliberate fashion. The sector is interlinked so there are natural synergies that can be taken advantage of. For example, facilities management is part of a larger Integrated Digital Delivery (IDD) value chain. IDD employs smart technologies to help firms design buildings for maintainability, which saves on operations and maintenance costs downstream. Developers, too, are involved in many stages of a building's life cycle. You will continue to be key partners as we seek to uplift the entire industry.

Launch of the Real Estate ITM

Today, we launch the Real Estate ITM, and the ITM's focus is on two areas – facilities management, or FM, and property transaction services. These are two sectors of the ecosystem that are not highlighted as often, but which have been identified as having immense potential for transformation and upside.

While the focus is on these two sectors, the ITM plans and initiatives will also impact the other sectors in the entire real estate value chain. It will require all real estate industry stakeholders to work together in close partnership to realise the full potential of this.

The ITM offers strategies for both FM and property transaction services along two main thrusts. First, both sectors must embrace innovation and technology to stay competitive, and second, both our sectors must strengthen professionalism and upskill our workforce so that we can continue to attract and retain good people and good talent.

Embracing Innovation, Leveraging Technology

In FM

I will first speak about embracing innovation and technology in FM. It is fitting that we are gathered today to witness the official commissioning of the J-Ops Command Centre. J-Ops, which we are launching here today, is the centrepiece of JTC's FM transformation journey. It is one of the first integrated Command Centres set up for facilities management in Singapore, and while it has one name, it is really a group of smart systems working in concert together.

From the Building Optimisation System, which is a cloud-based tool that allows JTC to remotely track, analyse and optimise the performance of their buildings, to the Estate Monitoring System, which uses customised video analytics to monitor more than half of JTC's estates and developments across the island, to the Automated Work Flow System, which tracks feedback from tenants, and re-routes it automatically to a facilities manager to resolve the issue on the ground. All these systems combine to allow JTC to comprehensively oversee FM in their developments and estates. This way, JTC can achieve greater manpower and energy savings, and systematically improve the experiences of tenants.

As JTC is clearly showing, the clever use of technology and the sensible use of data analytics can unlock many possibilities for the efficient management of buildings and facilities, and more efficient systems mean lower lifetime costs. This is relevant not just for JTC, but for all building owners in Singapore, and during the course of our ITM discussions, many of our FM industry partners shared with us that the cost of maintaining a building through its lifetime could be as much as four times the cost of building the infrastructure in the first place. So, it's a very significant long-tail.

In this context, we want to encourage greater adoption of smart facilities management – or Smart FM. This means convincing more landlords to invest in smarter and more efficient maintenance systems, even if some retrofitting is needed on their part, because smarter FM will streamline processes, reduce abortive work, reap cost savings over time, and ultimately lead to greater productivity – doing more, with what

we have. These efforts will, in turn, help drive the research and development of FM solutions, and nurture innovative enterprises in this area. It can create new jobs, new ways of doing things, new firms, new niche industries, and all in Singapore, and from Singapore to the rest of the world.

In addition, we can plan for FM systems to work seamlessly not just within a single building, but also across a whole group of interconnected buildings, whether at the district-level, or for buildings of the same “use class”, or within the same family like JTC. JTC has done it, and shown that it can do so, and I know that there are many other private sector developers and firms that are quietly doing this. I’ve seen some of your work, and I’m hoping that at some point we can celebrate your achievements in this respect. So it can be done, has been done, and will be done.

But this is not all. A building’s maintenance cannot just be an afterthought. You can put in sensors, you can retrofit, you can have a Command Centre, but all this comes in really after the building is constructed. A building that is not designed to be maintained well, can end up costing far more down the road in retrofitting and maintenance costs than one can imagine.

We will need to systematically consider maintainability further upstream, and that’s what I talked about earlier, that if we want to reap benefits from all these changes, we will need the whole built environment and real estate value chain to think together as one. Consultants and developers, whether public or private sector, will be encouraged to design and construct buildings with FM and maintainability in mind right from the planning and design stage.

In this regard, there are natural synergies with other parts of the built environment cluster, such as Construction. For example, the Construction ITM covers areas like green buildings, Design for Manufacturing and Assembly (DfMA), and digitalisation, all of which have an impact on FM processes. This is why BCA has been tasked to form a team to coordinate the overall development of our FM sector, uplift the whole FM sector, strengthen all of us collectively. BCA will work with other agencies involved in building design and maintenance, including HDB, URA, IMDA and JTC.

They will not be starting from scratch. BCA will ride on ongoing efforts. For example, BCA has been promoting the uptake of Design for Maintainability at a key pilot, which is a Sengkang mixed development site. The design of the mixed development site will take into account maintainability for various facilities, so that downstream activities, for example façade cleaning, can be carried out in a much more labour-efficient and effective manner.

Finally, to string everything together for the FM sector, BCA will be forming a Tripartite FM Implementation Committee (FMIC). The FMIC will be tasked to provide advice, and assist in formulating the implementation details of ITM plans for the FM sector.

In Property Transaction Services

Meanwhile, I will move to property transactions. The property transaction services sector can also embrace the possibilities of technology to become more user-friendly and efficient. Otherwise we will be disrupted by new entrants within, and disrupted by competitors beyond. We already see disruptive players using technology to offer more convenient ways of transacting properties.

In China for example, Alibaba and the Hangzhou Municipal Government, the public and private sector, have teamed up to develop a one-stop online listing platform for the city. This allows landlords and tenants to sign contracts digitally, pay rent, and post reviews of each other and the agents they engage.

In Singapore, JTC has already rolled out a paperless tenancy renewal initiative that allows customers to obtain their renewal offers immediately after making a simple declaration, and this reduces repetitive form-filling and other administrative tasks.

Local property developer, Keppel Land, has moved into Virtual Reality technology to showcase different configurations and apartment types of its projects, thus allowing it to do without physical show suites as it has virtual show suites which people can access 24/7.

I encourage our property transaction service providers to think about how to leverage digital tools to boost productivity, maintain competitiveness, and offer better value to customers. To help our industry, we have taken steps to streamline the resale transaction process for public housing. With the launch of the HDB Resale Portal in January, we have reduced form-filling for Singaporeans buying and selling flats, reduced the total transaction time from 16 weeks to 8 weeks, reduced the number of physical appointments required from 2 to 1, and we want to work with our industry to do the same thing for private resale and rental transactions as well.

To achieve this aim, we have set up a workgroup chaired by the Council for Estate Agencies (CEA) to work together and move together with the industry towards seamless, end-to-end, efficient and secure property transactions for our consumers. The workgroup will involve all key government agencies with touchpoints in the property transaction process. These include HDB, URA, CPF, GovTech, IRAS, MinLaw, SLA, and MAS. The workgroup also includes industry representatives across the real estate value chain – the Association of Banks in Singapore, Consumers Association of Singapore, Institute of Estate Agents Singapore, PropTech Association Singapore, Real Estate Developers' Association of Singapore, Singapore Estate Agents Association, Singapore FinTech Association, SGTech, Singapore Institute of Surveyors and Valuers, and the Law Society of Singapore. I list them all out deliberately because if your name is not there, come on board today!

If we do this right, we can minimise the use of hardcopy documents and physical payments such as cheques and cashier's orders, all of which are time-consuming to process. For consumers, this means less time spent on paperwork and queuing up at the bank. For lawyers, agents, and bankers, this means fewer administrative burdens to process, thus allowing you to focus on productive, higher value-added tasks which you and your team are trained to do, and are professionals in this regard. For property agencies and property portals, this means offering more convenient, seamless, and high value-added services to your customers – that human touch.

Now this is an ambitious plan, and I'm sure there will be nay-sayers along the way as with all transformations, but we can do it if we do it together. Some of you may already

have ideas on how we can do this, and I encourage you to share your ideas with CEA, unless it's a secret.

This is our longer-term vision. In the shorter term, we will make it easier for our industry to access government data related to properties. Firms can then use this data to automate the many administrative processes that make up a property transaction. I am glad to announce that data from HDB, SLA, and MOM will be progressively made available later this year. Our goal is for agents and property portals to be able to automatically verify key details, such as whether a seller is the legal owner of the property, or whether a potential foreign tenant has a valid work pass in Singapore – all with the click of a button.

Strengthen professionalism and upskill workforce

But our strategies in both the real estate transactions sphere and the FM sector that I talked about earlier, can only succeed if we have a skilled and motivated workforce. We have partners and industry players, both big and small, as well as associations and unions who believe in this, and recognise that there will be challenges along the way, and know that if we can achieve this ambition, it will be upside for Singapore, upside for our firms, and upside for Singapore workers. Therefore, our second thrust is to invest collectively in Singaporeans, invest in our people.

In FM, we will do so in three ways. First, we will review how FM is taught in our institutes of higher learning (IHLs), to ensure that the curriculum keeps up with technology and remains industry-relevant. So we need to make the ecosystem between industry players, IHLs, government agencies, industry associations, and unions, strong, because tripartism has been the defensive strength of Singapore, and it is now an offensive advantage that we can leverage on in keeping our curriculum, training institutions and IHLs up to date and up to speed with the skills needed for today, and the skills for tomorrow. This will stand us in a good vantage point. That's first.

Second, we will study how to increase training and development opportunities to upskill your colleagues who are already in the field. So they are in the existing workforce, and we will strengthen them and give them opportunities to grow.

Third, we will continue to study the possibility of an industry accreditation scheme.

All these combine to raise the standards and professionalism of the FM industry, which in turn will lead to clearer progression and opportunities for Singapore workers.

Now take for example Sam Seow, from CapitaLand. Sam has been in the FM industry for more than 10 years. He is currently an Operations Executive at Sembawang Shopping Centre. Sam has seen the FM industry go through tremendous change since he joined CapitaLand thirteen years ago, in 2005. As the work of inspections and repairs has become increasingly automated, Sam has had to pick up new digital skills. Now, he does not have to spend hours going through hardcopy checklists and records. Using CapitaLand's *iTrack* and *iTell* applications, which I had the opportunity to see and fiddle around with a couple of weeks ago, Sam can track inspections, file reports, and assign team members to handle assignments, all using his smartphone. This has increased his productivity and helped him grow professionally. Sam started as a technician, but today, he supervises an entire team.

We want more people like Sam to be able to take advantage of development opportunities to upskill and continue to find fulfilment in their work, even if technology changes how that work is done. So always on top of technology, protect our workers by upskilling them and letting them be nimble, so we ride technology and can always be on top and be masters of technology instead of being victims of it.

In property transaction services, we will focus our efforts on equipping property agents with the skills to handle digital processes. It has become the norm for tech-savvy consumers to look for services through the internet. Property agents will therefore need to be equally tech-savvy. To help enhance real estate professionals' digital literacy, CEA has teamed up with NTUC Learning Hub to introduce a SkillsFuture for Digital Workplace (SFDW) programme.

Now this is not all. We will also be making the transaction histories and customer ratings of agents available online, to make it easier for consumers to find an agent that best fits their needs. This initiative will be rolled out in two phases, starting with HDB residential transactions by the end of this year. Records of private residential transactions will be made available from the end of next year.

Such transparency will help sustain consumer trust in agents. This is already common in other industries such as Hospitality and F&B, where consumers rely on platforms like TripAdvisor to decide which hotel or restaurant to visit. It is good to see that property agencies such as OrangeTee & Tie have already moved in this direction, as have other property agencies.

Lastly, CEA will also be revamping its Continuing Professional Development (CPD) framework for our property agents. The revamped CPD framework will give our agents more channels to upgrade themselves, and keep up with changes in policies and procedures that may affect them. The revamp will be completed by the end of this year.

The way forward

What I have just articulated in a nutshell should not be new to you, as many of you were involved in the process along with us, and many of these are your ideas, and the ideas of your associations, unions, IHLs, and industry leaders. These are some of the strategies we will embark on to uplift the whole Real Estate industry. As we put together the Real Estate ITM in a tripartite manner, our implementation efforts should also be taken up together – by firms, industry associations, workers, and unions, supported by the Government.

We must work more closely across the built environment sector, so that when transformation plans are implemented, the natural links between these sectors can be taken advantage of, and that should really be the delta of the value-add, which will allow us to catch up with some countries, and hopefully even lead from the head, as Singapore has always been known to do.

With this in mind, BCA will be setting up the Built Environment Transformation Office (BETO) this year. BETO's initial focus will be to implement the Construction ITM, with an eye to drawing synergies between other ITMs in the Built Environment cluster – with Construction, Real Estate (FM and property transaction services), Security, Environmental Services, and Landscaping. All of these revolve around FM in some way or another, and many of these downstream activities can be planned for upstream before pen touches paper. In the longer term, BETO will work towards improving the coordination of transformation plans across the entire Built Environment cluster and facilitating closer collaboration of FM with the Security, Landscaping and Environmental Services ITMs.

So let us press on with transformation. The planning has been challenging, the designing has been difficult but rewarding. We have met numerous people during the many sessions organised by agencies, associations and talks organised by unions and companies. We've had the opportunity to interface with the public to share with them our plans, but I think we need to energise the whole sector, and not just the players who have been involved in the planning, because there are many firms in each of these clusters. In our conversations with the public and with the sector, we hear a whole range of responses to the ITMs, from those who are absolutely excited about it because they have seen it happen, to those who are sceptical and wonder if this is for real and whether it can be done.

I think in Singapore, our pioneers have shown that the can-do spirit – recognising that we can do it especially if others have done it, and we can do it better – is what we need to emulate, and keep us going forward. I think that spirit is what we need to emulate, and keep us going forward. So we need to work with our industry associations, with our unions, with our educational institutions. We have to permeate all corners of the sector, excite young people and their parents whose children are about to join the sector. Enthuse them and upskill them with relevant skills for today and tomorrow in schools, and continue learning all through their working life. Industries and associations, the ball is in our court, because the transformation is for you and your workforce. It is for you to compete effectively in Singapore and abroad, and the

government will support you wholeheartedly and help to coordinate across this complex landscape.

Few, if any countries around the world can do it the way Singapore can. Perhaps part of our size matters, and the way that we have been working together cohesively as a community all these years puts us in a strong advantage, and we must leverage on this. We must uplift our spirits and sail ahead. Planning was tough, and implementation will be even more difficult. I count on each and every one of us here in this room to step forward, and bring everyone along with us because that will make Singapore relevant for tomorrow, and that sparkling gem for years to come. So I wish you all the best in this implementation phase, but we will be there to do this together. Thank you.
