

**SPEECH BY SECOND MINISTER FOR NATIONAL DEVELOPMENT
DESMOND LEE AT THE PROPnex QUARTERLY CONVENTION
ON 15 AUGUST 2017**

Mr Ismail Gafoor, CEO, PropNex,
Friends,
Ladies and Gentlemen,

This year marks PropNex's 17th anniversary. I'm happy to be here with all of you at the Kallang Theatre.

You have grown from strength to strength over the years to become Singapore's largest property agency. This year, you crossed another milestone with the launch of a regional franchise earlier this year to bring this Singaporean brand overseas, and you now have 10 offices in major cities in Indonesia, including Jakarta, Surabaya and Bali. All of this is a testament to your hard work to make this Singaporean home-grown company a success. Congratulations to all of you!

Sustaining Growth for the Future

Today, I would like to take this opportunity to talk a little bit about how the real estate industry can continue to grow and to prosper. In Singapore, we have come a long way over the past 50 odd years. But the work to remake our City continues. We want to bring more jobs, amenities and recreational options closer to our homes. We want to rejuvenate our existing estates and build new ones, and we want to enhance connectivity within Singapore, and beyond. We need to transform our city for the future, and create new growth opportunities for everyone – including the real estate industry.

At the same time, Singapore, and our economy, are facing new headwinds. Having grown significantly over the past few decades, we are now a much more mature and developed economy. And so, slower growth will be the new normal.

The rate at which our Singaporean workforce grows is also slowing, because our population is ageing, and our birth rates are low. Our businesses are adjusting to all of this.

What this means is that all parts of our economy, including the real estate industry, will need to drive future growth by maximising our existing manpower, and actively seizing new growth opportunities both at home and abroad. In short, we have to transform our businesses and industries to be more productive, and deliver greater value to customers and shareholders – very similar to what Mr Ismail Gafoor talked about earlier.

Now allow me to share more on these two transformations. I start out with transforming our city.

Transforming our City

We have big plans for the Jurong Lake District. I come from Jurong, I serve Jurong. I hope that some of you also operate in the real estate industry in the west. It is a beautiful place.

The Jurong Lake District, or JLD, will bring good jobs, amenities and recreational options closer to people living in Jurong and the western part of Singapore. We envision the JLD to be a “District of the Future”, and when completed, the JLD will be the home of the Kuala Lumpur-Singapore High Speed Rail (HSR) terminus.

It will also serve as a regional hub and our second Central Business District (CBD), and house a mix of businesses and services. The JLD will have lush greenery and beautiful waters, and offer good living and work options for Singaporeans in the years to come.

We also announced earlier this year that we will be revitalising three older towns over the next five to ten years. Which towns are these? Woodlands, Toa Payoh and Pasir Ris towns. This is part of HDB’s ROH – Remaking Our Heartland programme. So we build HDB towns and estates, but we have to revitalise them, we have to remake them, we have to re-envision them. Our reason for doing that? For the sake of good living for Singaporeans.

Now in Woodlands for example, where our vision is to make Woodlands the “Star Destination of the North”. In the future, residents of Woodlands will also enjoy greater

connectivity with the introduction of the Johor Bahru – Singapore Rapid Transit System (RTS) Link, which will interface with the Thomson-East Coast Line at the new Woodlands North station. Together with the injection of new commercial and residential developments, Woodlands Regional Centre will become a new regional hub for businesses, especially those with Malaysian and ASEAN linkages.

A 1.9km dedicated cycling and pedestrian path will also connect Woodlands MRT to the Woodlands Waterfront, which will be transformed into a new rustic park, with nature trails and a scenic promenade. All of this will make Woodlands an attractive place to live, work and play.

Now these are just two of the many upcoming developments that we have in the pipeline to transform and remake our city and our home in the next 50 years. Many of you would have also heard about our plans for Punggol North, and our Greater Southern Waterfront. Collectively, these developments will significantly enhance our quality of life and create many opportunities and jobs for all Singaporeans.

Transforming our Industries

I move now on to transforming our industries, including the real estate industry. In order to help transform our real estate industry to meet the challenges of the future, including the disruptions which Mr Ismail Gafoor spoke about earlier, MND announced in March this year that we will be bringing together stakeholders from across the entire real estate value chain to collectively develop the Real Estate Industry Transformation Map, or ITM for short. So we have invited property agencies, conveyancing lawyers, valuation firms, facility managers, property developers and property technology firms to discuss, to brainstorm, to look beyond the horizon to identify the challenges of today and the challenges of tomorrow and what we can do to transform the industry for the benefit of our economy, for the benefit of firms, and to strengthen and support every Singaporean.

Through this ITM, which we will develop collectively –Government, industry and unions – we hope to create a common understanding of the broad direction that the entire real estate industry should move towards, in order to continue to grow and provide good jobs for Singaporeans.

Since March, we have had many discussions with business leaders, industry associations, and unions. Apart from the challenges of slower economic and workforce growth, property agencies have also highlighted another challenge, which is changing consumer preferences. Today's more educated and tech-savvy consumers are increasingly comfortable with handling complicated processes themselves, or with the help of user-friendly digital platforms, with the aid of online guides.

According to 2015 Public Perception Survey conducted by the Council for Estate Agencies in 2015, some 40% of Singaporeans intend to DIY, or are undecided about whether they intend to hire an agent for their next property transaction. Amongst young adults below 30, this number is much higher, at 50%. Already several players have entered the market in recent years to cater to such consumers, and this will change how property marketing and negotiations are carried out. Partly because of these trends, 24% of HDB resale transactions today have either a buyer or seller who did not engage the services of an agent. These numbers have grown over the years and this trend seems likely to continue.

To deal with these challenges, let me share two of the many strategies which came up during the discussions that we had with property agencies and other stakeholders involved in property transaction services. At the end of the day, the heart and soul of the property transaction is about people. It is about the property owner selling, and the property buyer who wants to buy the home. And all of us in the real estate value chain – real estate agencies, property agents, conveyancing lawyers, valuers, facility managers – we all revolve around these property transaction services, and the home owner and the home buyer. We all want to service them, we want to make their transaction smoother, we want them to buy their dream home.

The first idea raised by the industry, is to make property transactions more productive, by using technology to enhance the role of property agencies. The second is to enhance professionalism and maintain the trust of consumers – the human touch.

Now, let me start with the first – the need to leverage technology to make the property transaction process more productive. Today, there are still a lot of manual processes in a property transaction which can be time consuming. I think all of you here are well

aware of this. If these are reduced, property agents can focus more of your time on higher-value work such as giving quality advice, the personal touch, the human touch and offering additional services to your customers.

For example, before advertising a property listing, agents have to verify your clients' ownership of a property, as well as basic information of the property, such as floor area and tenure, with various Government agencies. It is something you have to do as part and parcel of your due diligence. If you are facilitating a rental transaction involving a foreigner, I believe you also have to check the status of prospective foreign tenants to ensure that they are legal residents in Singapore. Many business leaders have highlighted that while these checks are important to protect consumer rights, they can be time-consuming, and perhaps could be automated to allow agents to value-add.

In response to that, our team at MND is therefore working with the relevant government agencies to study whether we can automate such verification checks by allowing the industry to tap on government data. Now, this is not a straightforward matter as we also have to protect the confidentiality of Singaporeans' personal details. But I think this is something worth pursuing seriously because these are views from the industry, experts in the field, and suggestions made should be taken seriously.

But the hope is for property agents to be able to verify key information of a property listing such as ownership, floor area, and approved use, with the click of one button. Besides greater convenience and efficiency, property agencies can also be assured of accuracy and reliability of the data, and that their agents are able to fully comply with due diligence checks. With more time freed up, property agents will be able to spend more quality time with your clients, addressing their needs, assuring them, and providing other value-added services. So continually climbing up the quality ladder, and doing things that technology has yet to be able to do or which will never be able to do, which is the human touch. As I said, this is still being studied, so more updates will be 'akan datang'.

Now, this is but one example of how we can improve productivity for you. Besides more productive processes and practices, there is also tremendous opportunity for

technology to be used to improve service delivery to customers. Property agencies overseas are moving very aggressively on this front. You may be familiar with Purplebricks and RedFin, which have developed user-friendly websites that allow buyers interested in a listing to easily schedule viewings. Clients benefit from the convenience of the easy-to-use website. At the same time, this also frees property agents from the administrative task of scheduling viewings, and allows them to focus more on quality advisory work, and other service offerings, and business opportunities.

There have been several moves on this front already locally here in Singapore. PropNex has taken a good step in this direction by developing apps which provide real-time information on property news and upcoming projects, to help agents become more productive and effective on the ground.

Separately, two weeks ago, Singapore also had its inaugural Property Tech, or PropTech, hackathon – in fact I was told it might be Southeast Asia's first PropTech hackathon. Amongst the prize winners of this PropTech hackathon was a team which developed a plug-in which allows homeowners to visualise their floor plans in 3D. This is something overseas property agencies have been experimenting with as well. There were also property agents amongst the participants, who had ideas on how to tap on technology to raise the productivity of property agency work.

There are many exciting opportunities for property agents and other like-minded people in the wider real estate industry to collaborate on the use of technology. Beyond one-off events like the PropTech hackathon that I just spoke about, the industry can even consider forming a PropTech association to share experiences, develop capability building programmes, and advance knowledge in PropTech.

That was the first strategy – leveraging on technology to raise productivity, improve service delivery, allow agents to focus on higher value-added services and clients' needs and inputting that important human touch which technology cannot replace.

The second strategy is not high-tech at all, but nonetheless vitally important – this is to enhance professionalism and maintain the trust of consumers. With rising disruption,

it is all the more important that property agents maintain a high level of professionalism. If not, it will erode trust in the property agency market as a whole, and more people will shift to DIY transactions.

With information made more widely available, differentiation between agents will be less about the pool of property listings or even contact networks, but reliability and service offerings.

To maintain trust with consumers, we must meet their evolving needs and expectations. Now many of us have bought things or used services from online portals, such as online shopping on Amazon or look for holiday opportunities on TripAdvisor, and we are used to checking what other consumers have said about a product, or a hotel, before making a decision.

Tech-savvy consumers expect no different from the property agency market. Today, before hiring an agent, many people ask their friends for recommendations, or try to Google online to get a sense of their track record. One local property agency has already noticed this expectation and has a website that provides information on their agents' track record, and allows consumers to rate and review their services. I understand that academics from National University of Singapore's (NUS) Department of Real Estate have studied this initiative and the findings are encouraging for both agents and consumers. This is an aspect which CEA will continue to encourage, and study how to bring about wider acceptance and adoption within our industry.

Ultimately though, maintaining the trust of consumers comes down to the personal professionalism of every property agent. So in this regard, I think it is very fitting that you have recognised today 165 outstanding PropNex Ambassadors. I understand that they were handpicked based on stringent criteria, such as a commitment to excellence, stellar conduct, good disciplinary records, and community contributions. We must recognise those who are dedicated not just to meeting sales targets, but also upholding high professional standards and building strong client relationships.

So I have shared our two main strategies to help those involved in property transaction services transform for the future – namely higher productivity through technology, and

greater professionalism and trust building. These were developed in consultation and collaboration with business leaders, industry associations and unions over many discussions and dialogue sessions. The ideas I have shared with you – like greater data sharing by Government and encouraging transaction records to engender trust between agents and consumers – are very much work in progress and just two examples of what the broad strategies could translate into. But I think it does give you a sense of what the future of property agency work could look like in the near future for many of you. As we continue to refine these ideas together with industry, we will put out more information and continue to seek your feedback.

Transforming our City and Industry together

We are just starting a new phase of development – our next 50 years. We have exciting plans to continue transforming Singapore to ensure that we always remain a distinctive vibrant city.

However, in this phase of development, we will also need to adjust to the new realities of slower economic and workforce growth. To ensure our companies remain competitive, and that we can continue to provide good jobs for Singaporeans, we will also need to transform our industries – including the real estate industry. The real estate ITM is our way of charting the way forward together with industry, and together with workers. I encourage all of you to give us your feedback and suggestions as we continue to shape this important blueprint together.

Congratulations to all the Ambassadors, congratulations to you, and I wish you a very fruitful convention. Thank you.
