

Our Ref : CEA Practice Circular 3/12
URA/PB/2012/08-DCG

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Key Executive Officers of Estate Agents
Real Estate Developers' Association of Singapore (REDAS)

Dear Sir/Madam

MISLEADING MARKETING OF INDUSTRIAL PROPERTIES

1 The issue regarding the misuse of industrial properties for non-industrial uses has recently been highlighted in the media. Since then, the Council for Estate Agencies (CEA) and the Urban Redevelopment Authority (URA) have received several public feedback on salespersons wrongfully marketing industrial units as offices in their advertisements.

2 CEA has followed up to investigate these cases and will take action against estate agents and salespersons if they are found to have placed misleading advertisements. The URA has also initiated investigations and is taking action against property owners and unauthorised users in industrial properties.

Allowable Uses of Industrial Space

3 Industrial land is primarily safeguarded for industrial activities such as on-site manufacturing of goods, assembly and repair workshops, as well as warehouse and storage facilities. The URA zones land to support industrial activities to ensure that limited industrial land is kept affordable for industries. Independent offices and shops are not considered industrial use and are not allowed within industrial developments. These activities should be carried out on land zoned for commercial use.

4 To ensure that limited industrial land is used mainly for industrial uses, the URA requires at least 60% of the total floor area of an industrial development to be used for core industrial activities. However, URA recognises that certain non-industrial activities, such as ancillary offices¹, staff canteens and showrooms are needed to support the predominant industrial uses. Hence, such supporting non-industrial uses, together with other ancillary areas (e.g. lift lobbies and circulation spaces) are allowed to occupy up to 40% of the total floor area of an industrial development.

¹ An ancillary office is defined as an office that is supporting a core industrial activity (i.e. manufacturing and warehousing) operating within the same building. For example, a warehouse will require a manager's office in the same building to handle administrative functions such as sales/marketing. As such, ancillary offices are not to be sold or leased out separately from the core industrial activity.

Duties of Estate Agents and Salespersons in Respect of Advertisements

5 CEA would like to remind estate agents and salespersons to comply with the Code of Ethics and Professional Client Care ("Code of Ethics") as set out in the First Schedule to the Estate Agents (Estate Agency Work) Regulations 2010 and CEA's Practice Guidelines on Ethical Advertising PG 2/2011 when placing advertisements.

6 In particular, under Paragraph 12(4)(a) of the Code of Ethics, estate agents and salespersons must not place any advertisement that contains information that is inaccurate, false or misleading. Under Paragraph 12(4)(b), estate agents and salespersons must ensure that all materials accurately describe the property.

7 Paragraph 3.2 of the Practice Guidelines on Ethical Advertising also states that "All materials that advertise or promote a property must accurately describe the Property". Estate agents and salespersons shall advertise the use of the property as approved by URA. For example, developments on land zoned Business 1 (B1) or Business 2 (B2) under URA's Master Plan 2008 are approved and allowed primarily for industrial use (e.g. manufacturing and warehousing activities). Such industrial properties should not be marketed for "business" [which may be misinterpreted as offices] or for "offices" which are not allowed in industrial buildings. Estate agents and salespersons should ensure that they are familiar with the allowable uses within B1 and B2 zones² in order to be able to provide accurate advice to prospective buyers/lessees. They must not mislead prospective buyers/lessees with the wrong advice or provide inaccurate, false or misleading information on the allowable usage of the property.

8 By advertising and marketing industrial units in B1 or B2 zones as offices, or for any other usage which is not allowed, estate agents and salespersons would be in breach of the Code of Ethics and Practice Guidelines. CEA will not hesitate to take appropriate action against estate agents and salespersons for such breaches.

9 Estate Agents are required under Paragraph 4 of the Code of Practice for Estate Agents as set out in the Second Schedule to the Estate Agents (Estate Agency Work) Regulations 2010 to manage and supervise their salespersons to ensure that they comply with the Code of Ethics and the Practice Guidelines. Estate Agents are also required to vet all publicity and advertising materials of their salespersons prior to publication.

10 Please disseminate the above information to your salespersons and remind them that the advertisements placed by them or by assistants on their behalf in newspapers, your estate agent or the salesperson's individual website, property portals and any other medium must not present information that is inaccurate, false or misleading.

Role of Developers

11 Developers have the responsibility to ensure that marketing materials for the industrial properties, e.g. newspapers advertisements, sales brochures or pamphlets, provide accurate information on the use of the properties to prospective buyers. When they engage estate agents and salespersons to market properties on their behalf (e.g. during property launches), they should also ensure that the appointed estate agents and salespersons convey accurate information about the property to prospective buyers. For example, developers should ensure appointed estate agents and salespersons do not mislead prospective buyers into thinking that the marketed spaces can be used for other non-approved activities, such as office uses.

² Details of the allowable uses within B1 and B2 zones are available on [URA's website](#)

Actions against Estate Agents/Salespersons and Unauthorised Uses

12 Estate agents and salespersons who infringe this Circular and/or provisions of the Code of Ethics may be subjected to disciplinary action before a Disciplinary Committee under Section 52(3) of the Estate Agents Act (Cap 95A). If found guilty, the estate agent or salesperson may be subjected to a financial penalty of a specified amount not exceeding \$75,000 and/or suspension or revocation of his licence or registration.

13 The URA will continue to carry out investigations into unauthorised uses that are brought to our attention. If there is evidence of unauthorised use upon investigation, URA will give a timeframe for the unauthorised use to cease. If the unauthorised use does not cease within the stipulated timeframe, the person(s) responsible may be charged in court and if convicted, offender(s) may be fined up to \$200,000 or imprisoned for a term of up to 12 months or both.

For Clarification

14 For clarification, you may wish to contact:

	Contact Number	Email
Regulations on Estate Agents (Estate Agency Work)		
CEA	1800 643 2555	feedback@cea.gov.sg
Information on Development Control Guidelines		
URA	6223 4811	ura_dcd@ura.gov.sg

Yours faithfully,

YEAP SOON TECK
DEPUTY DIRECTOR (LICENSING)
FOR EXECUTIVE DIRECTOR
COUNCIL FOR ESTATE AGENCIES

LEE WAI KIN
DEPUTY DIRECTOR (DEVELOPMENT CONTROL)
FOR CHIEF EXECUTIVE
URBAN REDEVELOPMENT AUTHORITY