

**SPEECH BY SECOND MINISTER FOR NATIONAL DEVELOPMENT
DESMOND LEE AT THE LAUNCH OF SOREAL
ON 12 MARCH 2018**

A very good evening to all of you. It is my pleasure to join you at the launch of SoReal, and the mobile platform “Real Agent and Real Home”.

Today, three of the biggest property agencies in Singapore have come together to collaborate on a property portal to boost productivity, maintain and enhance competitiveness, and offer better value to your customers, and to Singaporeans.

This is a timely and positive move for this industry. In recent years, we have seen the emergence of many property-related online portals and services, disrupting traditional players in the real estate transaction services sector.

This is driven by a general shift in consumer preferences towards more efficient online services – as can be seen in popularity of online sites such as Expedia and Amazon, which have expended globally in a very short period of time. Locally, players such as OhMyHome and DirectHome have capitalised on this trend to establish new online portals which aim to make property transactions simple for owners to do on their own. Partly due to their efforts, the DIY rates for HDB resale flats have grown from 11% in 2010 to 28% in 2017.

So as all three of the chief executives have emphasised this evening, this industry, like many other industries, face disruption from within, and from abroad. New ways of doing things, and better ways of doing the same thing, will always challenge industry. When we say “challenge industry”, it means affecting livelihoods of people, and the livelihoods of Singaporeans. So the whole purpose behind the industry transformation process, not just for real estate, but across Singapore and all sectors that we are undertaking this determined process, is to ensure that we don’t take disruption passively in Singapore. We don’t let things disrupt us and then struggle to find a patchwork solution. We anticipate. We know disruption is coming. We know it is uncomfortable to think about it. But we know that if we don’t take the first step, if we don’t proactively manage this, if we don’t think ahead, if we don’t try to overcome it by

our will, we will get disrupted, and we will have to pay the consequences. So better we manage disruption. Embrace it, take it to your advantage, take it to your strength, and then we will be in a better position as an island state, as an industry, and as a sector.

In view of this, property agencies in Singapore have found the need to embrace this shift towards online services, and find new ways of delivering value to consumers by constantly innovating, and doing so relentlessly. Innovation is key to the transformation of this industry, and all industries.

Pursuing Innovation in Online Services - Two Types of Innovations

Property agencies and listing portals in other countries and in Singapore are moving aggressively to deliver new online services to their customers, and to make property transactions as hassle free as possible. This has generally been driven by two kinds of innovations:

The first kind of innovation is product innovation. This tends to be what most people talk about because it's highly visible, and you can straight away see or feel or touch the difference. In property transaction services, this generally involves delivering services to customers in a new and improved way.

Redfin is one good example. The US-based property agency recently launched a feature to allow buyers to conduct 3D viewings of resale properties online. This technology provides a high-resolution, interactive view from every angle inside the property, giving buyers a realistic spatial sense of the layout, and space of the property. This has reportedly improved the productivity of its agents as a result. Generally serious buyers tend to go one step further to request for a physical viewing, because most would have the benefit of a very good 3D feel of the place. Physical viewings are time consuming for agents, therefore this change by Redfin has enhanced productivity of their workforce. Locally, some innovative developers have gone further to use virtual reality technology to complement their show flats, and you can start to see a pattern in here.

Another example is Alibaba, which has teamed up with the Hangzhou Municipal Government in China to develop a one-stop online listing platform which will in fact go beyond just matching buyers and sellers – it will allow landlords and it will allow tenants to also sign contracts online, facilitate payment of rent, and post reviews of each other as well as of their agents! It aims to make renting in Hangzhou more convenient, enhance consumer trust in agents, and reduce incidence of fraud as well as disputes.

But not all innovation is about launching a new product or service with a big bang. For example, some innovations focus on improvements in back-end processes to deliver the same service to customers in a cheaper, better, faster, smarter way. These are basically what we call process innovations, which may sometimes be more low-key, but no less important than product innovation.

There are many examples of process innovations in property transaction services – from using backend software to automatically pull property information from multiple sources, to integrating e-payments and streamlining property transaction processes. All these are examples of process innovations.

Consistent investment in process innovation over time can make a big difference to the bottom-line and competitiveness of companies, and ultimately of agents and the workforce, while adding-value to both the workforce and consumers alike.

These are just some examples of the fast changing property agency and listing portal space. To keep up, property agencies need to continually embrace both product and process innovation. That is why the Government worked with industry and unions and launched the Real Estate Industry Transformation Map last month, to help both our firms and our workforce in the property transaction service to innovate and to transform, to keep ahead of disruption so that we remain in charge of change.

Real Agent and Real Home

In this regard, we are encouraged that major property agencies in the industry have heeded the call of the Industry Transformation Map that we drew up together, and

come together to launch SoReal and “Real Agent and Real Home” today. Apart from providing a one-stop, dedicated touchpoint for consumers and agents, it is also an excellent opportunity for property agencies to leverage this major touchpoint to improve your service delivery to your customers and to enhance the productivity of everyone here. ERA, Huttons, and Propnex – congratulations, you have done just that.

For example, SoReal will allow buyers and sellers to conveniently schedule property viewings with each other online. This *product innovation* will free property agents from the time-consuming administrative task of arranging viewings through multiple phone calls or emails, and allow you to focus on areas where you provide the most value-add, which is to advise more customers, close more deals, and help enhance transparency of the process.

SoReal will also send agents real-time transaction data and updated reports of specific properties. This *process innovation* will enable agents to better serve your clients.

Supporting Innovation through the Real Estate Industry Transformation Map

Government will do its part to support you, and the rest of the industry, in your innovation efforts. Under the Real Estate Industry Transformation Map, we will be doing so in four ways:

First, there are a number of grants and programmes to help you develop new products and new services. For example, you can tap on SPRING’s Capability Development Grant (CDG) to defray up to 70% of qualifying project costs in areas such as product development, business process enhancements and human capital development.

Second, we will make it easier for the industry, for you, to access HDB, SLA and MOM property-related data later this year so that property agencies and listing portals can automate the many administrative processes that make up a property transaction. 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. This

will be an opportunity for firms to undertake significant process innovation to become more productive, and I hope SoReal will make full use of this data and others when it is released. Capitalise on it – make it valuable for your customers, make the process so much more efficient, effective, transparent, and competitive.

Third, we want to make the property transaction process more streamlined and more efficient by minimising the use of hardcopy documents and physical payments, such as cheques and cashier's orders which are time consuming for you to process. This way, firms will be able to deliver more seamless services to your customers. To this end, we have set up a digitalisation workgroup co-chaired by the Council for Estate Agencies and industry associations, and bringing together all relevant industry stakeholders to chart the way forward. So that's work in progress, but that's our commitment.

Fourth, as the industry continues to move towards more online services, property agents will need to be comfortable, you will need to be more comfortable, interacting with consumers online and using digital tools to assist you in the work that you do. But making this change though may be comfortable to you, can be daunting for others in the industry. This is why CEA has been studying carefully how best to help our property agents level up their digital literacy. Continuous skills training and upgrading will also be needed to make sure that property agents can deepen their technical competencies over the course of their careers, so that they can continue to remain relevant in this very fast changing economy.

Taken together, these are substantial efforts to support our firms in the property transaction services area to innovate and to transform. I hope property agencies and agents will make good use of these opportunities, and be very active partners in this industry transformation journey. In fact, it is very encouraging that having worked so hard together in the tripartite way on the transformation map, a detailed plan on a piece of paper, to see industry take and run with it, take and innovate, recognise what the Industry Transformation Map is intended to achieve, how it can help the Singapore economy, the Singapore firms, the Singapore workforce, and the Singapore customer

base, to benefit and to stay ahead of the competition. In fact, if you have any ideas on what more Government can do to assist you with your innovation efforts, let us know!

In closing, I would like to congratulate again the consortium on the launch of SoReal. The app is a fine and timely addition to the online property portal space in Singapore, enhancing competitiveness, enhancing transparency, and making value “so real” for your customers. It is also a good indication of the kind of healthy ground-up initiatives that are taking place – shows that our firms recognise the challenge and want to stay ahead of the game, and shows the strong desire of players from within the industry to ride well the transformation wave.

With a culture of relentless innovation, and the strong support of Government and unions under the Real Estate Industry Transformation Map, you are well poised to compete and to succeed in the future economy. As with every transformation, leave no one behind, bring everyone along with us. Let Singapore benefit, let the workforce benefit, let our customer base benefit.

Thank you.
