

# Properties get a new lease of life

Over the last three years, the Singapore Land Authority has put an increasing number of tenders for government surplus properties on the market. In 2004, one tender was put on the market every 17 days. Last year, it was one tender launched every 10 days. In the first half of 2006, there was an average of one tender launched every seven days.

These surplus properties could be former school buildings, government offices, community centres, army camps and other institutional buildings. The properties are being rejuvenated, transforming into hip F&B outlets like PS Café in Tanglin Camp which attracts stars like Jamie Yeo, or a creative industries hub like the Red Dot Design Center on Maxwell Road that adds colour to the streetscape.

How do we measure success? Is profit maximisation or yield enhancement the goal? Or, is it the constant search for ever-higher paying clients? No land business would survive for long if it did not pay attention to the bottom line. However, these properties also serve as a national resource, not just an asset. They physically host the businesses and entrepreneurs who saw not old buildings beyond their prime but business opportunities. Our most famous example is Zouk, which took an old government warehouse in the early 1990s and transformed it into a world-class nightspot.

## Understanding tenants' needs

We have drawn many lessons from



BY CLARENCE TI |

working with our tenants and prospective tenants. They have taught us what it means to be pro-business and pro-entrepreneurs. Understanding their needs also requires us to find solutions, and often prompts us to tinker with and tweak a leasing system to ensure we develop fair and sound policies and feedback mechanisms. Here are three examples.

### • Managing cost, assuring fairness

Every business worries about rising costs. Management worries about being ambushed by rising rental costs. We listen and we empathise. While every effort is made to have professional qualified valuers estimate the market rent, prospective tenants and tenants renewing their tenancies would always claim that rents are too high. How do we assure tenants and ourselves that our rents are fair?

One way is that we monitor the difference between the award price and the guide rent. We remove the "Arabian princes", that



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The Red Dot Design Center on Maxwell Road has added colour to the streetscape

is, those transactions that were awarded many times higher than the guide rents. If nothing else, this number gives an indication if we are over-pricing. So far, for the last few years, the highest bidder would come in 20% to 30% higher than our guide rent. In an improving economic environment, we would expect this to be so; that is, the guide rents lag market tender rates. This in some way helps assure our tenants — as well as ourselves — that the pricing system is fair.

### • Managing growth, sharing success

Businesses that become successful grow and their space needs of-

ten grow in tandem. The government would typically allow on-site intensification if it is possible from both a physical feasibility and a technical planning perspective. And additional rental is chargeable. Unlike developers who pay for the entire permissible built-up area from day one, businesses that rent surplus state properties are subject to a "pay as you build" scheme.

As you build new blocks or new floors of the properties, some additional rental is charged, and this rental would account for the fact that the buildings were not built by the landlord. Businesses would have

to do their sums, and ensure that the revenue derived from their new expansion can be recovered during their tenancy.

### • Managing change, blending innovations

Sometimes, businesses change their business plans or models. Some of these changes do not really affect the lease, but occasionally, they require a change of use. There is some angst over this from the policymaker's perspective. On the one hand, change could create a rejuvenating force in a business. On the other, changing a land use too close to the tender would lead other bidders to claim inequity. To mitigate this risk, the government would typically state upfront the whole range of permissible land uses so that any change between uses in the permissible land use list is pre-approved. In addition, we believe that many business innovations could exist as a blend of uses. Cirque du Soleil is often said to be a blend of circus and theatre. The entrepreneur could blend businesses together better in such an operating environment.

### We continue to learn

While many would look at financial numbers to determine the health of a property business, what drives many of us and encourages us to come to work is the success of our tenants, and the new lease of life they bring to our lands and properties. These tenants help us learn. **E**

## A canvas for our creativity

In the land business, many are obsessed with returns on investment. From en-bloc sales to amassing land banks and trading in real estate investment trusts, our lands and properties have become instruments to further our financial ambitions.

There is nothing wrong with that. Ours is a culture where "toast and kaya" issues still dominate coffee-shop talk and public discourse. Emotions run high when land issues are at stake, and they are often well-documented in inches of space and columns.

These lands and properties also serve a quieter purpose: one that periodically seeks to enliven, stimulate and fulfil a very basic human need to do something different or creative — something that, if not extraordinary, is at least a cut above the mundane and pedestrian. These lands and properties serve as a canvas for our creativity.

Let me give you two examples.

### • New face of an old bridge

Cavenagh Bridge, one of our oldest bridges dating back to the 1800s, sits between the Fullerton Hotel and the Asian Civilisation Museum. It has the grand colonial architecture of the Fullerton Hotel as its backdrop and looks out into the night lights of Boat Quay.

In the middle of 2006, the Jay Gee Melwani Group hosted a fashion show in celebration of German luxury brand



Cavenagh Bridge was the setting for a fashion show held recently in conjunction with Aigner's 29th anniversary in Singapore

Aigner's 29 years in Singapore on this bridge. Over 200 guests were treated to an evening of catwalk entertainment. It was a pleasant evening over a historical bridge to celebrate a long-standing relationship between a company and a country as well as a coming-together of history and relationships, against the backdrop of renewed vibrancy. This was a night in which a physical structure brought new meaning to the words "building bridges, connecting people".

### • Cows and pastures

Colourful cows appear overnight on state lands near your homes and offices. You may have seen them. You may even have taken pictures with them. Some of you naughty ones have taken them home to plant in your yard. Don't do that. It is not nice.

Moove Media, the advertising arm of ComfortDelGro, is the company that brought you the life-sized, wooden cut-outs. The animals have added to the vibrancy of the landscape, gathering fans each time they

appear. So far, they have appeared thrice — the first was a herd of adult cows, the second of "calves" and the third of National Day cows (decked out in red).

Locals and tourists alike stop and admire these creations. Commuters on morning trains watch in anticipation of the change in configurations, thanks to the naughty teens who would have rearranged the cows the night before. Decals of the cows adorn the windscreens and windows of cars and trucks.

For an urban non-agrarian society, this popularity of cows puzzles me no end. Perhaps it is our society's way of unleashing creative urges in meaningful ways to amuse, entertain and to invigorate our surroundings. That our lands can be used for such a canvas is encouraging.

Our lands and properties are our canvases. These canvases have been home to history and heritage, to monuments and architecture. Not everything needs to be on a grand scale. The vibrancy of a society is perhaps measured in the little things, in the little decisions of everyday life, of where to host a function or how to spend your advertising budget. **E**

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