

Policy Watch Singapore

Committee on the Future Economy 2017

A Cushman & Wakefield Research Publication

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The Committee on the Future Economy (CFE) has released its report detailing a roadmap which will enable Singapore to achieve economic growth of 2-3% a year in the medium-term. The CFE laid out specific recommendations which we will examine in greater detail. These include:

- Expansion of underground infrastructure
- Rejuvenation of Orchard Road
- More flexibility for mixed-use and new innovative work arrangements

Expansion of Underground Infrastructure

The CFE has recommended that the use of underground space should be expanded and that an underground masterplan be developed to pinpoint potential underground uses. Examples include underground bus interchanges and electrical substations.

To encourage private developers to identify potential underground uses for existing and new developments, the government should provide incentives such as the granting of additional gross floor area (GFA) designated solely for underground spaces. Given the additional cost and complexity of constructing underground spaces, URA can also introduce a new development charge (DC) table to offer substantially lower DC rates for underground space. This will incentivise developers by improving the financial feasibility of addition & alteration (A&A) works to add new underground spaces.

It is also essential that Singapore embarks on the journey to embrace technological change and Smart City innovation. Doing so will strengthen Singapore's appeal to residents and businesses across all sectors and allow it to support population growth and investment going forward, maintaining its position as a global powerhouse.

Rejuvenation of Orchard Road

The CFE has recommended that Orchard Road be repositioned and rejuvenated to maintain its vibrancy and to provide a signature street experience. This push for rejuvenation is timely as retail

sales in Orchard have been stagnating due to the rise of e-commerce, slowing tourist spending and stiffer competition from suburban shopping malls and regional shopping destinations such as Bangkok and Kuala Lumpur. According to Cushman & Wakefield's retail basket, prime Orchard rents have moderated by 5.9% to S\$36.33 per square foot per month (psf/mo) in 4Q2016 since the most recent peak of S\$38.60psf/mo in 3Q2014.

In our view, pedestrianising part of the Orchard Road could be one possible solution to have a signature street experience, as this can help to increase the footfall on both sides of the main shopping belt. The current market perception that the stretch between Wisma Atria and Ngee Ann City is slightly more premium due to the underground walkway, so a wider sheltered path could be a solution to increase footfall for the stretch between Tangs and Paragon.

Given that there are many global brands in our neighbouring countries, it is time to strengthen our bespoke domestic retail brands such as Scene Shang, Raoul etc to differentiate ourselves from competitors. Retailers may have to relook their marketing strategies and include social media marketing, and be more attuned to changing trends, and provide better service to stay ahead of the curve.

More Flexibility for Mixed-Use and New Innovative Work Arrangements

The CFE recommended that more flexibility be provided for mixed-use projects due to the increasing 'servicisation' of industrial activities. JTC is already spearheading a project in Woodlands which will trial an intermediate zoning between commercial and B1 space. The CFE also endorsed the development of more innovation spaces in support of the growing number of entrepreneurs and start-ups. Indeed, the number of co-working spaces has proliferated in recent times. One of the latest entrants is Distrii, which has leased 60,000 sf in Republic Plaza I and will integrate office space with F&B, entertainment and recreational facilities. This is in line with the CFE's vision to create harmonious workspaces conducive to facilitating the interaction of talent and exchange of ideas to spur innovation.



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