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Singapore's New Look

By Kathleen kingsbury

There was something a bit unusual about Lee Kuan Yew's annual Chinese New Year speech this year. The words of Lee, Singapore's former Prime Minister and founding father, are heeded by the public, because they provide a road map for the city-state's economic development. Hewing to custom, Lee spoke dryly of free-trade agreements and strengthening economic ties with the region. But then he started talking about art exhibitions, jazz bands, museums and alfresco dining. In fact, eating outdoors was mentioned no fewer than three times as Lee laid out the government's vision for a multibillion-dollar residential and commercial real estate project located near the downtown core. The Marina Bay development would transform the way people live and work in Singapore, the Minister Mentor said. Electric golf buggies will whiz by diners as they gaze from the water's edge upon the "sailing, boating, windsurfing and fishing." Singapore aspires to be "a tropical version" of New York, Paris and London all in one, Lee said, adding "the Marina will be like the St. Mark's Piazza in Venice."

Say what? It was hard to tell if the architect of Singapore's rise from third world to first was charting an economic course or making a sales pitch for a master-planned leisure community—because he was, in a way, doing both. Marina Bay is just one part of a government-orchestrated effort to change the face of Singapore. This is no Botox job. Work is underway on an epic facelift, one that could within a few years render Singapore nearly unrecognizable: the financial district will have a striking new skyline while casinos and other amusements will dot the city. Even sleepy Sentosa Island, a 500-hectare tourist hangout located 15 minutes from the city center, is slated for overhaul via a 10-year, \$5 billion plan to turn it into a world-class playground for the wealthy, with multimillion-dollar seafront homes, a megayacht marina and a Universal Studios theme park. The point of this real estate renaissance: change Singapore's image as a prosperous but rather dull commercial hub into that of a vibrant, fun destination—a place people will want to live in or at least visit on holiday, not merely transit on their way to more exotic Southeast Asian locales such as Bangkok and Bali. "Our entire nation is focused on a self-transformation," says Lim Neo Chian, CEO of the Singapore Tourism Board. "Singapore is changing its image in the eyes of the world."

Change it must. Faced with challenging long-term economic prospects and a flagging birth rate, Singapore's leaders have determined that the future of its 4.4 million citizens depends upon attracting multinational corporations along with hundreds of thousands of ambitious, educated (and preferably wealthy) foreigners to work and live there. Like other Asian tigers such as Taiwan, Singapore is losing high-tech manufacturing jobs—once crucial to economic growth—to lower-cost countries such as China. Manufacturing now provides work for just 20% of the island's 2.5 million workforce, down from 33% a decade ago, a decline reflected in people's paychecks. The poorest 30% of Singaporeans have seen their wages drop consistently for the past five years, according to United Nations data. This

economic predicament is complicated by flagging demographics. Younger Singaporeans—the most productive workers—are increasingly seeking employment overseas, while the ones who remain are having fewer children. At the current birth rate, the population will begin to shrink in 2020. And that portends stagnating economic growth and a declining standard of living.

The antidote: open the gates to immigration. The city aims to boost its population by 25% to 6.5 million over the next few decades. Due to the flagging birth rate, that goal can be reached only by admitting up to 1 million foreigners, more than doubling the current expat population of 875,400. Drawing in so many worker bees will require a lot of honey, in the form of good jobs, recreational opportunities, decent housing—the myriad elements that factor into a city's lifestyle. It will also require a certain amount of buzz—and Singapore is not currently thought of as an exciting city. Not that it isn't a model in many ways. It's admired for its efficient government, first-world infrastructure, solid educational system—a real plus if it is to attract high-income talent from overseas—and clean, crime-free streets. Singapore is regularly named in regional surveys as one of the best places in Asia for expats to live. Per capita income last year was \$30,900, equal to that of Japan, and the economy is popping; GDP grew 7.9% last year.

But detractors have long complained about Singapore's paternalistic politics and its straitlaced social environment that can be as stuffy as its equatorial climate. "I tell people Singapore is the Lexus of countries," says David Martin, a U.K. citizen who moved to Singapore three years ago and now is general manager of the Marina Bay Financial Centre, a \$2 billion office-and-residential project that is under construction in downtown Singapore. "Lexus could be the most well-made car out there, but it will never be as attractive as a Mercedes or BMW." This ambivalence is perhaps heightened by Singapore's unprepossessing cityscape. Many great metropolises have icons and landmarks like Big Ben or the Chrysler Building. The only physical attributes associated with Singapore are its statues of "merlions," a chimera with a lion's head and fish's body that was invented by the tourism board for a 1964 marketing campaign.

The government for years has been trying to liven up the place. In 2002 nightclubs were allowed for the first time to remain open around the clock, an attempt to inject some oxygen into the tourist trade and nightlife (lawmakers also repealed a law barring dancing on tabletops). Two years ago, city officials stopped tinkering and got serious: over considerable public objection, gambling was legalized. The government subsequently struck deals with major gaming companies to build two casino/resort developments, each costing about \$4 billion. When completed, they will be the twin suns around which a solar system of new developments and diversions are expected to revolve.

One casino is located on a 24-hectare strip of land on the southern shore of Marina Bay, not far from the city's growing financial district at the mouth of the Singapore River. In February American casino operator Las Vegas Sands broke ground there on what will be the city's first integrated resort, scheduled to be completed in 2009. Beyond gambling, the Marina Bay Sands—composed of three nearly identical 50-story towers—will offer 2,500 hotel rooms, 93,000 sq m of convention space, two theaters, an ice-skating rink, shops and restaurants. A revitalized waterfront will sport the world's tallest Ferris wheel, miles of walkways and a 100-hectare botanical garden. To help bring in tourists, Singapore recently announced it had cut a deal to become a stop on the Formula One Grand Prix circuit starting in 2008; the city will host the annual event on downtown streets and may hold Formula One's first night race. For those with more genteel interests, a world-class art-and-science museum is being built near the Marina Bay Sands. Designed by renowned Israeli architect Moshe Safdie, the facility looks on paper to be as distinctive a landmark as the Sydney Opera House—its dramatic roofline resembles flower petals or an upturned palm. "We call it the Hand of Singapore," says George Tanasijevich, general manager of Singapore development for Las Vegas Sands.

The other casino, to be developed by Malaysia's Genting International, will stand on Sentosa Island, which is connected by bridge, light rail and cable car to the main island. Using land it had been reclaiming since the 1970s, the government several years ago began auctioning Sentosa plots to the private sector, but only to be developed under its careful guidance and marketing. Beaches that ringed the island were spruced up, and two golf courses modernized. Thirteen hotels containing about 3,500 rooms are planned, providing lodging for tourists drawn to the beaches, the casino and a Universal Studios theme park, which is also being built by Genting International and is slated to open in 2010.

Then there's what is arguably the capstone of the Sentosa initiative: Sentosa Cove, Singapore's first waterfront property development and also its first gated community. Each of its approximately 600-sq-m lots will soon sport luxury homes costing up to \$20 million, each with infinity pools and private boat berths. Mixed in with the single-family homes will be four condominium complexes, a five-star hotel and a megayacht marina.

The government hopes the high-end properties will be purchased by wealthy locals as well as expat residents and overseas investors. To bring in the latter, a new property law was passed last year making Sentosa Cove the first land in Singapore that could be owned by foreign individuals (through 99-year leases) without special government clearance. Previously, foreigners could not easily secure land rights; those wishing to invest were obliged to purchase condominiums.

Backed by an international marketing campaign, Sentosa Cove homes are nearly sold out—more than half of the buyers are foreigners—and are generating a little bit of buzz that is music to the ears of the city fathers. When Hong Kong housewife and property investor Betty Ling first saw advertisements for Sentosa Cove three years ago, her Singaporean friends warned her "only ghosts live there." But she says she chose to buy in Singapore instead of Bali or Phuket because, "It's an international city and you have all the infrastructure of city life. You can feel safe there. Bali and China are scary. You don't know whom to trust." Plus, she says, prices are relatively low, adding, "Where in Hong Kong can you moor your boat right outside your house?" Another Sentosa Cove owner is Rick Scanlon, a 37-year-old investment-fund manager who has lived with his family in Singapore since 1996. "Our lot is right on the water, sort of carved into the hillside," says Scanlon, an American expat. "It reminds me almost of living in Malibu."

Malibu? In some ways, what's happening in Singapore more closely resembles recent events in Macau, the former colonial enclave on the Chinese mainland that saw its property market and economy soar after the government in 2002 ended a longstanding gambling monopoly and touched off construction of a spate of new casinos, resorts and residential projects. Singapore's actions are having a similar effect. Development is booming and property prices have been soaring. Upscale home prices that averaged about \$8,500 per sq m two years ago are expected to reach more than \$21,300 per sq m this year. Developers are piling into the market. Beyond Sentosa, several new luxury residential projects have gone up around the city in the past year, and units are selling out at record prices within hours of going on the market. In one such project, St. Regis Residences, located in Singapore's shopping district, seven penthouses sold at an average price of \$18 million; three-quarters of the buyers were from Europe, the U.S. and the Middle East. "Singapore has entered a new era in terms of costs," says Tay Huey Ying, Singapore research director for Colliers International property brokers. "The top tier—and its prices—are here to stay."

The commercial-property sector is also buoyant, especially around Marina Bay, the western shore of which is being promoted as Singapore's answer to Wall Street, but with sailing, waterskiing and dining on your doorstep. Eight new skyscrapers are in the works that would quadruple Singapore's supply of top-quality office space by 2010. Partnering with both local and foreign developers, government planners have applied every element of its newest mantra—"live, work,

play"—to the area. "It's definitely [the government's] vision," says Martin, the general manager of Marina Bay Financial Centre. "But they've convinced the private sector to foot the bill."

In fact, the government effort to revamp Singapore goes beyond property development. After the 1997 Asian financial crisis, bureaucrats realized the city could no longer rely upon manufacturing to fuel its economy, and began setting policies designed to create higher-paying, white-collar jobs in specific sectors: biotechnology, education, and private banking and finance. Singapore aspires to be a regional or even global center in those areas by offering incentives to corporations such as tax breaks, reasonably priced premium office space and Singapore's corruption-free business climate.

The push appears to be contributing as much to recent economic growth as property. Since 2000, production of drugs and medical devices has quadrupled to \$15 billion. World-class educational institutions such as INSEAD and Johns Hopkins University have established Singapore campuses. The city-state is becoming the largest hub for private banking outside Zurich. Assets held in the Singapore offices of private banks including UBS and Citigroup have been rising 20% annually since 2003. More than 100 hedge funds have relocated to the island, up from 20 in 2004, according to the Singapore Monetary Authority. The Boston Consulting Group reckons Singapore now has more millionaire households as a percentage of total households than any other Asian economy.

Overall, an unprecedented 173,300 jobs were created in Singapore last year, and not just in high-pay professions. The construction and tourism sectors are also on the upswing. The Marina Bay Sands and Genting casino projects by themselves will add \$8 billion of foreign investment. When completed, the developments are expected to create 38,000 service-sector jobs. "We have more than 450,000 citizens over 55 that are underemployed and undereducated," says Dr. Loo Choon Yong, a lawmaker and chairman of the Sentosa Development Corporation. "These are jobs they can do." Today, 68% of Singaporeans work in service industries, according to the Ministry of Manpower.


Despite this economic revitalization, many Singaporeans find the changes their city is undergoing to be bewildering and even threatening. According to public opinion polls, a majority of citizens were against the legalization of gambling, fearing casinos would result in increased crime and other social ills. Today, there's additional anxiety over ambitious efforts to boost immigration. In January, a local newspaper poll showed that 90% of Singaporeans opposed those efforts because they fear losing their jobs to foreign professionals. Nearly 43% said they believe the government is more concerned about foreigners than its own people; they also expressed doubt that Singapore's open-door policy will translate into more jobs. "The backlash comes from so-called foreign talents taking the best jobs without any obligations to maintaining the national good," says National University of Singapore sociology professor Chua Beng Huat.

There's also backlash over the potential impact that an influx of up to a million immigrants could have on society in coming years. Singapore has steadily been adding about 100,000 expats annually since 1990, census data shows. Foreigners now make up about 19% of the city's population, in contrast with Hong Kong, where expats make up less than 8% of all residents. "There are concerns over how in the world Singapore's tiny island and infrastructure will support the increased foreign population and how that will impact transportation, taxes, traffic, housing and schooling for the locals," says Singaporean Cheryl Liew, a consultant for an executive-search firm. One of those locals, Lance Lim, summed up this skepticism in a letter to the local *Straits Times* newspaper published in March. "We need to seriously consider whether our country is prepared to sacrifice its national identity for supposed economic growth," Lim wrote.

But not everyone is having an identity crisis. Pinchin Kwok chose to return to her native Singapore last year after living in New York for five years. The 28-year-old banker says she came home for "the good life" and that she's excited by the

changes. "Many of the reasons people leave Singapore when they are young will be gone," Kwok says. "Life can only become more cosmopolitan and sophisticated. Everything will be less boring." Kwok adds that she expects Singapore will become "more of a melting pot like Manhattan, but at the core will be the heartlanders who've lived here for a long time and can pass along their values."

So maybe Lee Kuan Yew was right when he compared this new Singapore with Venice, London and New York. Those cities grew into giants not by copying blueprints of other capitals, but by being open to fresh ideas and unfamiliar DNA. "Yes, we should study best practices and features from other great cities," says Cheong Koon Hean, CEO of Singapore's Urban Redevelopment Agency. "But, ultimately, we need to seek out answers that best suit Singapore. To find our own soul." With their usual determination, Singaporeans are looking.

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