

EVOLVING URBAN DESTINATIONS

How the blending of work
and travel is reshaping cities
in Asia-Pacific for the better

CITY APPENDIX





SINGAPORE

1. UNDERSTANDING THE TRENDS

While a small island nation in size, Singapore ranks amongst the highest for GDP per capita in the world. Almost 70% of the GDP is contributed by the services sector, of which trade and tourism are major components. Furthermore, the city-state has been a front-runner in digitisation and sustainability. That said, the country is not without its challenges. A rapidly ageing population and rising real estate prices pose threats to future labour supply.

1.1. COVID-19

Strong infrastructure, well-planned urban spaces, prior progress on digitisation, and government support via fiscal measures, ensured limited damage to public health and a robust recovery of the economy. That said, data shows that compared to other recessions affecting Singapore in the past (e.g. the Asian financial crisis, the dot com burst, and the Great Recession of 2008), job losses in Singapore were the highest during the pandemic, with close to 200,000 people losing their jobs between Q4 2019 to Q4 2020.¹ Some important trends:

- **Rising property rentals:** Average condominium and Housing and Development Board (HDB) rents rose by 31% and 20%, respectively, from August 2020 to August 2022, against the average 1.2% seen for decades². This has mainly stemmed from the slump in construction activity during Covid-19 resulting in supply shortages, an increase in demand for larger residential spaces as a result of the emerging hybrid work culture, and inbound migration from China and Hong Kong creating demand pressures.

¹ Economic Survey of Singapore, Third Quarter 2021, MTI, 2022

² Market Trend Tool, EdgeProp Singapore, 2022

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While this is expected to cool off as construction activity picks up, demand is still expected to outpace supply. According to Rahul Mittal from Cistri, “while price correction will happen, it is unlikely that the average annual growth rate of rentals will return to as low as 1% -2% at least in the medium term”.

- **Shift in ‘peak hours’:** CBD activity (e.g. transport, food and beverage (F&B) and retail), suffered a huge blow during the circuit breaker, but is on track for quick recovery while bus and MRT ridership hit 78% by end of April 2022.¹ However, the trend of hybrid working has meant that the pattern of peak activity in the CBD has become more spread, as different people come in on different days and times. With newer commercial nodes being planned outside of the CBD, experts expect this trend to stay.

1.2. SUSTAINABILITY

Singapore is a frontrunner in pushing the sustainability agenda in the region, be it through green building codes, sustainability standards for the meetings, incentives, conferences and exhibitions (MICE) industry or planning green spaces. In 2021, the Government unveiled the Singapore Green Plan 2030 which seeks to halve its 2030 peak greenhouse gas emissions by 2050, with the aim of achieving net-zero emissions “as soon as viable in the second half of the century.” Singapore is also amongst the countries with the highest share of population that believes that businesses have a very important role to play in sustainability.

1.3. OTHER TRENDS

Other key trends observed include ageing populations and rapid digitisation. Singapore has one of the most rapidly ageing populations in the world. It is estimated that by 2030, one in four people will be aged over 65 years, this will rise to almost one in two by 2050, requiring that the city’s infrastructure needs to be more enabling to cater to this segment of the population.²

Prior to the pandemic, Singapore was amongst the front runners in the adoption of digital technology in various aspects of work and life, especially finance, e-payments and the sharing economy. The pandemic only accelerated this trend, with the fastest pick-up seen in traditional sectors including the government and financial sector, making it easier for the general public, including the elderly, to access important services.

2. FUTURE OF WORK & TRAVEL

Singapore has experienced shifts in work and travel patterns in recent years resulting in growing concerns around climate change, and growing digitalisation, amongst other drivers. The start-up wave, for instance, was already making hybrid work and co-working spaces popular. In addition, the Singapore Tourism Board (STB) had already issued sustainability guidelines for the MICE industry prior to the pandemic and Covid-19 has only just accelerated these trends.

¹ “MRT and bus ridership hit 78% of pre-Covid-19 levels with easing of rules”, Straits Times. May 2022

² “Singapore’s ageing population and nursing: Looking to the future”, Singapore Institute of Management, 2019

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2.1. THE NEW NORMAL OF WORK

Some of the key trends being observed in the way people work include the following:

- **Hybrid work:** Remote working became the way of life during the pandemic, even in traditional sectors such as banking and finance, and the public sector. Post Covid-19, even though employees are returning to the office, there are still those who prefer to work from home or remotely. Experts believe the hybrid model is here to stay and this would mean companies will need to make their offices more hybrid work friendly. While some employees still want to work from home, there is a tension for those employers interested in mandating employees to return to the office. In the public sector however, the government is encouraging a hybrid model and practising a 3-days in-office per week model for employees.

“Singapore has actively been trialing co-working by adding pods at MRT stations, for example – its good to see that they are experimenting with this so that people can look to areas in their community for quiet and convenient spaces to work, without having to commute to the CBD.”

**Dr. Rahul
Mittal,
Cistri**

- **Rise of co-working spaces:** With a rise in start-up culture, Singapore was already seeing an increase in co-working spaces, even before the pandemic. The trend has further advanced as a result of hybrid and work-from-anywhere policies. More companies are renting co-working spaces both within and outside the CBD to allow their employees to work remotely. This is particularly beneficial to those with smaller residential set-ups or constraints (e.g. young children). By 2021, co-working spaces already occupied 5.5% of CBD space with further expansion expected in 2025.¹ Additionally, the recent opening of WeWork’s flagship space in a prime location in Singapore’s CBD, occupying 20 floors and overall footprint of approximately 1 million sqft, suggests growing demand. That said, this has not necessarily meant a downsizing of office space in CBD, which was initially anticipated as a major outcome of Covid-19.

2.2 THE NEW NORMAL OF TOURISM

Some of the key trends being observed in the way people are travelling include:

- **Change in tourist stay patterns:** Driven by border restrictions and safety considerations post-pandemic, many travellers are avoiding multi-city travel. They are adding more nights within the same trip, which has also been seen in Singapore, as noted by Vivek Neb of Escalent and also reported by the STB.² For Singapore, which has mostly served as a stop-over destination or gateway to more exotic locations in Southeast Asia in the past, this is an opportunity to capture this demand and make this pattern more permanent by creating attractive offerings.

¹ Singapore Office Market Review, Q1 2022., Corporate Locations, 2022

² “Welcome to Singapore: Up to 6 million visitors expected this year as recovery gains momentum”, CNA, 2022

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- **Growing demand for wellness:** Worldwide an increasing demand for wellness is being observed. Singapore also realises this increase in demand and, as one of the key steps to revitalise the tourism sector in the city, a wellness festival was organised in early 2022 to showcase Singapore's wellness offerings. This trend is expected to continue in the long run. According to Vivek Neb from Escalent, tourists are preferring an embedded wellness offering along with their travel, even if it is not the primary motive.
- **Improvement in domestic tourism:** The pandemic exposed Singapore's excessive reliance on international visitorship, and as such, the Singaporean Government invested in encouraging domestic tourism during the pandemic. SingapoREdiscover Vouchers has been one such scheme to encourage domestic visitors and domestic spending on tourism in Singapore. While these schemes and vouchers contributed to the success in pushing up domestic tourism during Covid-19, as the borders reopen, Singaporeans are more likely to go back to international travel than spend time and money within Singapore, according to tourism expert Vivek Neb of Escalent. That said, with more awareness now amongst locals of Singapore's offerings, domestic tourism may continue to hold a certain appeal for local Singaporeans.

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- **Demand for experiences:** Even pre-pandemic, millennials and Gen Z had started to look for better and more holistic travel experiences right from when they started planning travel until they reached their destinations. Travel to them is not just about F&B or retail or sightseeing but a mix of all these experiences elevated by convenience, easy access and digitalisation. Post Covid-19, these demands have become mainstream amongst all kinds of travellers. For instance, in 2021, Airbnb Experiences and the Singapore Brand Office partnered to promote 20 unique experiences hosted by homegrown Made with Passion lifestyle brands.¹

2.3. THE GREAT MERGING – NEW LIFESTYLES

As work-from-home became the norm during the pandemic, the lines between work and life and work and travel have been blurring. Even as borders reopen and people are returning to the office, consumer behaviours have seen some shifts, a few of those being more sticky than others.

- **Demand for bigger units:** A recent study noted that since the second half of 2020, the demand for larger units to rent has gone up, also driving the increase of rents in this category of units. According to Samarth Kasturia from Knight Frank, in most instances, the rise in demand may not even be for a larger space but for a greater number of rooms within the same space. This demand is likely to remain even as people return to the office. With hybrid work becoming the norm, people are demanding dedicated spaces within their homes to work.

- **Daycation, workcations and bleisure:** During the pandemic, many hotels started offering daycations and workcation packages to allow Singapore residents to enjoy getaways despite pandemic restrictions. It was also a way for these hotels to compensate for lost revenue on vacant rooms. However, as borders reopen and travel resumes both in and out of Singapore, hotels have been seeing increased occupancy. As a result, daycations and workcations within Singapore may not turn out to be a sticking trend as hotels remain expensive and for residents, it might be more attractive to travel internationally within the same budget. That said, inbound bleisure travel is picking up as people are looking to extend their business trips or include leisure in their work trips owing to uncertainty about the frequency of travel and ability to work from anywhere.
- **Mixed-use development:** While not a new concept in Singapore, post Covid-19 there has been a greater push for more mixed-use developments in Singapore, including in the CBD, as people's preferences shift towards live-work-play in the same vicinity.

“ In addition to rise in demand for larger units, there is also an increase in demand for more number of rooms, even if it is within the same space. ”

**Samarth
Kasturia,
Knight Frank**

¹ Rediscover Singapore's homegrown lifestyle brands with Made with Passion Airbnb Experiences, Airbnb, 2021

Singapore

3. A NEW WAY FORWARD

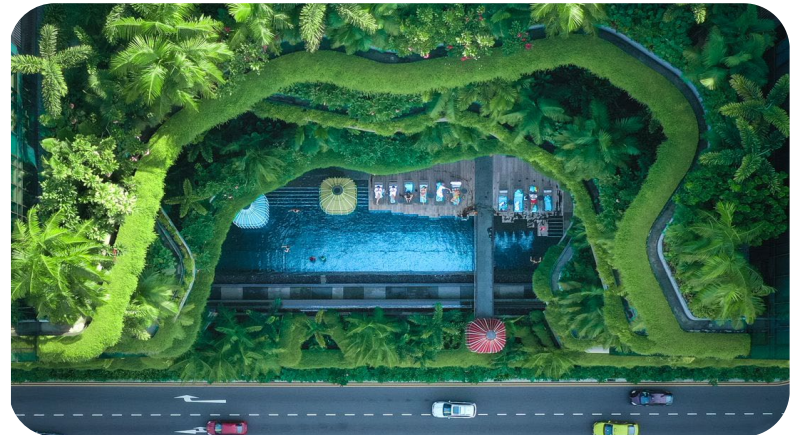
While new trends have emerged or continued to emerge post-Covid-19, and as a result of growing concerns over sustainability, some of these trends are likely to be tempered as life goes back to pre-Covid-19. However, there are also a few that have more traction, and as per industry experts, are more likely to be of a permanent nature. There is thus a chance for Singapore to convert these trends into opportunities and leverage them. Some of the potential opportunities are discussed below.

3.1. OPPORTUNITIES

- **Bleisure:** As a well-established business hub, Singapore continues to attract business travellers and MICE travellers. With hybrid work becoming prevalent, and more companies adopting work-from-anywhere policies, there is an opportunity for Singapore to attract travellers who want to mix business and leisure. Singapore can facilitate this by creating and incorporating leisure experiences in MICE districts. To an extent, the city has already done so with locations like Marina Bay Sands and Resorts World Sentosa.
- **Wellness and sustainable tourism:** Singapore can leverage the existing perceived association it has with wellness to attract this emerging group of travellers. Beyond marketing, the city will be tasked with implementing the necessary infrastructure of partners and vendors. The increasing consciousness of travellers towards the climate, sustainability of the destination, and demand for sustainable offerings provide an opportunity for Singapore to leverage its 'Garden city' nature reserves,

biodiversity, and well-planned spaces to cater to these demands. Wellness offerings can also add to Singapore's 'experiential tourism' offerings.

- **Dispersed mixed-use commercial nodes:** There are plans to convert the CBD to what may be known as CAD (Central Activity District) which not only accommodates offices but also a buzzing place at night. Similarly, Punggol and Jurong have also seen new mixed-use developments emerge, and historically, Maple Business City has also existed as a commercial node apart from the CBD. These areas can also be converted into mixed-use developments. Overall, there is a need to have more dispersed mixed-use areas that allow people to access work and other amenities all within the same vicinity and there is a need to encourage people to move out of the traditional locales to these dispersed nodes.



Singapore

3.2. CHALLENGES

While many opportunities are waiting to be tapped into, a few challenges remain to be tackled in order to be able to realise the potential opportunities. Singapore was facing many of these challenges even pre-pandemic, and the pandemic only exacerbated them further.

- **Slow uptake of office spaces and residential spaces in newer districts:** While there is not enough data to provide a clear picture of the occupancy of office spaces and residential spaces in newer districts of Punggol and Jurong, consultations with real estate stakeholders suggest that it is slower than what was envisaged. Two prime reasons cited were that commercial rents are not considerably lower than other popular areas to incentivise companies to move there, and general preference is still to locate within the CBD, reflected by continued high occupancy rates of buildings there. That said, it is too early to discount the success or popularity of these spaces. More push and incentives are needed for people to locate in these new districts.
- **Limited experiences and issues around value for money in tourism:** The F1 weekend was a massive success as reflected by hotel occupancy rates, hotel room prices, and sale of the event tickets. There is no doubt that Singapore has done well for wealthy tourists. However, attracting tourists that are looking for value for money has always been an issue for Singapore. This, coupled with the notion that Singapore has limited offerings, as compared to cities such as Dubai, has

meant that people have mostly regarded Singapore as a stop-over destination or gateway to their wider Southeast Asia itinerary. For instance, those looking for a longer stay in Southeast Asia would prefer locations such as Bali or other islands that can offer much better value for money and experiences than Singapore. As reflected in the Singapore Tourism Analytics Network and through our stakeholder conversations, longer-staying tourists in Singapore generally belong to the business category or those that travel with family. Time Out, in its survey of 53 cities on vibrancy, rates Singapore as 44th, based on perceptions of respondents in the age group of 15 to 34, on parameters including culture, offerings related to arts, night clubs, F&B outlets, and general things to do, implying that Singapore's appeal amongst this group maybe low.¹ With preferences of people changing away from multi-city travel and towards longer stays in one location, Singapore could lose out if these challenges are not addressed. Another challenge is also around not having many reasonable price options for short-term rentals. Another challenge is also around not having many reasonable priced options for short-term rentals. This could be a market that might be untapped to provide a greater variety of options across a diverse range of traveller profiles.

3.3. KEY ACTIONS TO BE TAKEN

For Singapore to leverage the opportunities identified in the previous section, it is important that it addresses some of the challenges that have been identified. This would require key actions and efforts taken by both policymakers as well as the relevant industry players.

¹ "53 Best Cities of the World", Time-Out, July 2022

Singapore

BY POLICYMAKERS

- **Incentivise people to stay and businesses to locate in new mixed-use districts:** In order to make sure that there is enough demand in newer districts such as Jurong Lake District and Punggol amongst others, there is a need to understand and act upon what would incentivise people to stay there as well as businesses to set-up shop there. As pointed out by Rahul Mittal from Cistri, rethinking the rental differences between newer and far-from-the-city assets vs more traditional ones, can be a step to consider.
 - **Attract younger and skilled workers in Singapore:** There is a need for Singapore to attract more workers, especially the young and skilled ones. This can help to address skills gaps and the challenges of an ageing local workforce. Singapore is already introducing adjustments to existing work visas and coming up with new ones, which are all steps in the right direction. As Singapore's journey towards post Covid-19 recovery and sustainability continues, there is going to be a need for people with the right kind of 'green' skills. Identifying and incentivising the right people to come to Singapore will be critical.
 - **Use digital services and technology to support ageing population:** Digital tools, services, and applications catered to the needs of the elderly – like tele-healthcare, smart homes, and robotics – should be fast-tracked to cater to an increasing share of the older population.
 - **Consider including community co-working spaces within HDBs:** In order to ease some demand pressure on larger units specifically driven by work-related factors and to cater to those that find it difficult working from home but do not need/want to return to office, HDB can consider including community co-working spaces that allow people to work seamlessly remotely. Some co-working spaces are already located in MRT stations, but the above-suggested model can also be considered.
 - **Rethink legalities around short-term rental opportunities for tourists to help create more diverse offerings:** Accommodation in Singapore is expensive. While there are many serviced apartments that offer short-term stay options to those wanting to stay longer than a week or two but shorter than 3 months (which is the legally allowed time to rent apartments), they often do not solve the issue around the affordability of stay options in Singapore for tourism. There is a market for short-term rentals and accommodation in Singapore, especially now with emerging trends like bleisure or digital nomads, or even with the rise of inbound tourists from within the region, or budding entrepreneurs looking to set up shop in Singapore. Considering legalising short-term rentals while ensuring these are regulated to ensure safety and quality can be considered by policymakers in order to capture this market.
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Singapore

BY INDUSTRY PLAYERS

- **Facilitate flexible working to keep employees satisfied:** As companies compete to attract and retain talent, understanding what employees want and adjusting their policies accordingly will become critical. There are typically three types of employees – those itching to come to the office 5 days a week, those in roles that do not require them to work with others but still don't want to or cannot work at home, and those that still prefer working from home. Companies will need to ensure they cater to the needs of all kinds of employees while balancing their financial resources and ensuring productivity.
 - **Use data and technology to predict trends and behaviors to tailor offerings:** Using data, companies can already predict trends and consumer behaviour. They can leverage this information to create more targeted tourism offerings, be it more wellness offerings, value-for-money offerings, or experiential offerings amongst others.
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