Welcome to the inaugural issue of NewsReal, a newsletter of the NUS Department of Real Estate. Following on from the previous newsletters – CRESTimes and DRE e-Newsletter, we hope this will continue to bring you updates on what is happening in the Department, especially on the research that we are doing.

Feedback from our stakeholders – students, alumni and industry partners – has been that a hardcopy newsletter is still very much welcome, simply because you can read it anytime and anywhere and pass it on to anyone who might be interested. The Dept Management Committee comprising Dy Head (Academic) AP Sing Tien Foo, Dy Head (Research) AP Fu Yuming, Dy Head (Admin & Finance) AP Liow Kim Hiang and I, thus decided that we should go ahead with its publication. For a start, we have put together updates of the key activities and achievements of the Dept, its staff members and students over the past academic year 2007-08. We have also highlighted the findings of two research projects completed recently by our colleagues. And in subsequent publications, we hope to feature the new Institute of Real Estate Studies (IRES). And, of course, your feedback is important to us, so that NewsReal will be able to continue to serve you all better.

Finally, the publication of even a simple newsletter such as this would require time and effort. We therefore greatly appreciate the work of our colleagues, Dr Kwame Dapaah and all the administrative support staff in the general office, for taking charge of this inaugural issue.

I wish one and all a happy and successful end to another academic year. Do enjoy a well deserved break.

Assoc Prof Yu Shi Ming
Head, Dept of Real Estate

As part of the strategic initiatives for the Department of Real Estate, the School of Design and Environment has established a Consultative Committee with the following objectives:

- To advise the Department in the continuing review of its academic programmes to meet the ever changing challenges of the real estate industry locally and globally.

- To help raise the profile of the Department as well as lend support to the Department’s effort in achieving its goal of becoming a leading real estate department internationally.

The five-member Committee comprising Mr Chia Ngiang Hong (Group General Manager, City Developments Ltd) as Chairman, and Ms Chong Siak Ching (President and CEO, Ascendas Pte Ltd), Ms Pauline Goh (Managing Director, CB Richard Ellis (Pte) Ltd), Mr Pua Seck Guan (CEO, CapitaLand Retail Ltd) and Ms Tan Poh Hong (Deputy CEO (Estates and Corporate), HDB) as members will serve for a period of three years, from 1 January 2008 - 31 Dec 2010. The first committee meeting was held on 22 February 2008.
**Faculty Achievements**

**NUS Ranks 18th Globally**

A paper in the Journal of Real Estate Research (a publication of the American Real Estate Society) entitled “The Internationalization of Real Estate Research” (Volume 30, Number 1) shows that NUS ranks 18th globally based on publications from nine broad real estate journals over the period 1990 – 2006. By the most recent subperiod from 2001 - 2006, however, NUS ranks 2nd. Going by a narrower set of journals - the core real estate journals - NUS ranking is 14th for 1990 - 2006 and 2nd from 2001 – 2006. A number of Real Estate faculty are also cited as being in the top 100 real estate researchers.

The full article can be found at: http://business.fullerton.edu/Finance/Journal/papers/abstract/forth/av30n01/JRER_96(070407R2).htm

**ARES Best Paper Awards 2007**

The following faculty members won Best Paper Awards at the 23rd Annual American Real Estate Society (ARES) Meeting which was held in San Francisco:

- **Dr Kwame Addae Dapaah’s paper, “Contrarian Real Estate Investment: A Regional Analysis”, co-authored with Prof James Webb, Assoc. Prof David Ho and Chew LS won the Best Paper Award under the “International Real Estate Investment/ Portfolio Management” category.**

- **Assoc. Prof David Ho’s paper, “Risk Premiums for International Real Estate Investing in the Pan-Asia Region”, co-authored with Assoc. Prof Sing Tien Foo, Leslie Chua and Prof John Glascock won the Best Paper Award under the “Real Estate Investment/ Portfolio Management” category.**

- **Dr Muhammad Faishal Ibrahim’s paper, “Modelling Shopping Centre Choices: Effects of Car Ownership on Major Grocery Shopping in Singapore”, co-authored with Peter J McGoldrick won the Best Paper Award under the “Retail Real Estate” category.**

**Department of Real Estate (DRE) held its first Real Estate Career Fair from 14th to 30th January 2008. The fair was targeted at the graduating batch of real estate undergraduates but the Department welcomed all students from SDE (including postgraduate students) to attend any of the talks.**

Well-known real estate companies such as CapitaLand, Keppel Land, Ascendas, Jones Lang LaSalle, CB Richard Ellis, Surbana and real estate fund management companies such as GIC Real Estate, Pramerica, LaSalle Investment Management and JP Morgan participated in the festival. In addition, statutory boards such as JTC Corporation and Housing & Development Board also sent their senior managers and staff who are DRE alumni to give the talks and share their work experiences.

The companies informed our students about career opportunities in their companies as well as special management trainee programmes designed to groom fresh graduates for senior management positions. They also informed students about internship opportunities. All the companies invited the students to write to them to pursue these opportunities.
As part of the fair, a “Real Estate Walk of Fame” was constructed. To welcome the guest speakers, a red carpet was rolled out from the lift door at level 4 of SDE Building, leading them through a wall of photos and brief write-ups of real estate graduates who have now become top leaders in the industry. Some of the people we honoured in the Walk of Fame are Dr Seek Ngee Huat (President, GIC Real Estate), Mr Chia Ngiang Hong (Group General Manager, City Developments Ltd), Miss Chong Siak Ching (President and CEO, Ascendas Pte Ltd), Dr Yu Lai Boon (Chief Investment Officer, Dubai World Group) and Miss Tan Poh Hong (Deputy CEO (Estates and Corporate), HDB). There were also banners and posters put up along the corridor leading to the lecture rooms for the talks, to lend a festive atmosphere to the surroundings.

Attendance at most of the talks was very encouraging. The talk which recorded the highest turnout of about 130 students (mainly final year and some third year students) was the one given by Keppel Land. The company hosted the students to a tea at their exclusive Reflections condominium (a project designed by world-famous architect Daniel Libeskind) showroom at Keppel Bay. Following the talk, the students were treated to a conducted tour of their luxury showroom. A student commented, “This is a once-in-a- lifetime opportunity to be at the show flat of an iconic development. Our hosts from Keppel Land were very hospitable.”

The next most popular talk with student attendance of more than 100 was the talk by Jones Lang LaSalle. One student remarked, “Jones Lang LaSalle really showed us why they are a market leader.” The company treated the students to an elegant high tea at the SDE foyer after the Q&A session and their top executives mingled with the students informally during the tea session to answer their questions.

Student feedback about the fair was very positive with 100% saying that they found the talks useful. The fair was rated “Excellent” by 32% of the students surveyed while 44% rated it as “Very Good”.

Based on the experience from this festival and the feedback we obtained from students, we hope to improve next year’s career festival for the benefit of the students and to continue the good relations that we have established with many top firms who participated in the festival.
Research Project: Strategic Development Timing Options in Illiquid Real Estate Markets

This research project aims to analyse optimal behaviour of investors in making strategic investment decisions in illiquid real estate markets. The three broad objectives of the research include:

1) To evaluate land attributes and inter-project externality effects on optimal timing of development of real estate projects;

2) To develop a game-theoretic real options model in a duopoly market framework and examine how developer’s asymmetric demand functions affect their behaviours in development timing decisions; and

3) To empirically test whether there is reputation premium captured in property transaction prices.

The capacity choice of real estate projects is usually lumpy, and investment outlays are irreversible. When structural components and foundation of a project are constructed, it will be costly, even if technically possible, to increase the planned density of the project. Optimal density and timing of development are thus a joint decision. Developers will have to simultaneously decide on the optimal density of the project, when the development decision is triggered. They would hold back their development decisions when future rental is highly volatile. The rate of city growth is likely to be slower if the rental is inelastic to changes in land use intensity.

Developers, who own or develop multiple projects, would also consider positive inter-project externality effects when evaluating their development timing decisions. Retail developments along Orchard Road and office space for financial institutions and banks in Marina South area are examples of developments, where positive externality is created between comparable projects. The spill-over benefits from neighbouring projects could hasten developments, rather than delaying development decisions of developers.

In the second objective of the research, the heterogeneity in developers’ characteristics and how these differences influence their behaviour in development decisions were examined. When comparative advantages exist, strategic interactions of the first and the second movers in their development projects are critical. The phenomenon could be observed in the two white site projects at Marina South developed by the CDL-AIG and Cheung-Kong-led consortiums. The CDL-AIG consortium switched the development of its white site from the original proposed office use to the residential development of the Sail @ Marina Bay. This was a strategic move that avoided direct competition against the One Raffles Quay development by Cheung Kong group, which has a head start in the development.

Does developer’s reputation contribute to the pricing premium of a project? This is the empirical question examined in the third objective of the study. Recognising the difficulties in measuring the intangible attributes of developers, the study using the developers’ market shares as a proxy for their competitive strength, found that price variations of 5.6% could be observed in new residential projects developed by large- and small-scaled developers in Singapore for the periods between January 1995 and June 2003.

Assoc. Prof Sing Tien Foo
Islamic banking and finance is growing at a rapid pace because of its value-oriented ethos. Total assets worldwide are estimated to exceed $250 billion, and are growing at an estimated 15 percent a year. Islamic bankers, keeping pace with sophisticated techniques and latest developments, have evolved investment instruments that are not only profitable but are also ethically motivated. This research is undertaken as a sequel to the research done in the United Kingdom (UK) and published by the Royal Institution of Chartered Surveyors (RICS) in July 2005. The RICS report indicated favourability of UK as the investment destination for Shariah compliant investment. Also about 85% of the respondents favoured Europe compared to the United States of America (USA) (47%). Furthermore 85% of the respondents believed that there is a lack of understanding about Shariah funds in the market while 41% of them considered transaction transparency important in clarifying Shariah compliance; and 89% of the respondents predicted an increase in the level of Shariah compliant property investment in the future.

The research for this paper, which was conducted through a survey, focuses on Shariah compliant property investors and their advisors in Singapore, Bahrain and Dubai. The results of the survey reveal that nearly all the respondents (more than 95%) felt that “compliance with Shariah law is a fundamental requirement in terms of “halal” type of investment and investment structure”. Furthermore nearly two-thirds of the respondents opined that Shariah property investment is different from conventional property investments in monitoring of compliance, regulation and portfolio selection. Another group of respondents (61%) pointed out that it is not different from conventional investments in terms of portfolio management and payment of dividends.

With regard to the method of financing used in property acquisition/investment, the survey results show that 88% of the respondents are using both debt and equity financing at present. The percentage of the debt to equity used in the Islamic investment could range from 30% to 70%. Some of the respondents also mentioned the use of Mezzanine debt in financing their Shariah compliant investments and also emphasized the importance of Shariah compliant leverage to finance the projects.

Survey results indicate that more than 75% of the respondents prefer to use the Ijara/Ijara-wa-Iqtina and sukuk method of financing. Further, more than half of the respondents opined that they would prefer to invest in Musharaka, Mudaraba, Murabaha and Istinsa. Almost all the respondents were unanimous in their opinion that compliance to Shariah principles is fundamentally important and evaluation of the investment opportunity progresses to the next stage only when the compliance is ensured. Similarly, tax status and availability of specialist expertise are considered to be very important by 63% of the respondents and more than half of the respondents felt that transaction transparency and regulation of investments are more important in Shariah than in conventional investments.

Nearly 78% of the respondents felt that South-east Asia has the highest potential in Asia in attracting Shariah compliant investment. Also more than half of the respondents preferred North Asia followed by South Asia. The majority of the respondents opined that Malaysia (85% of the respondents) and Singapore (78% of the respondents) are the preferred investment destination for the Shariah compliant funds in South-east Asia. In addition, more than half of the respondents felt that Japan and mainland China are the potential investment destination followed by other countries in Asia. More than 60% of respondents felt that Malaysia has the political environment, institutional framework, legal framework and human capital and expertise conducive to the Shariah investment. Another group, one third of the respondents, felt that Singapore is the most favourable investment destination for Shariah investment in terms of legal framework, institutional framework and political environment.

Respondents further mentioned that multiple approaches across various countries regarding regulation and compliance of Islamic financial institutions, reluctance and risk aversion of the banks to expose themselves to risks associated with profit sharing concept of Islamic finance, lack of human capital and expertise, weaknesses in financial reporting and the lack of Shariah convergence are some of the challenges faced by Islamic finance industry and emphasized the need to address them to lay a strong foundation for a sound and sustainable growth of this industry.

Dr. Muhammad Faishal Bin Ibrahim, Prof. Ong Seow Eng & Prof. Ali Parsa
The NUS Open House was held on the weekend of 15th & 16th March 2008. The Department of Real Estate participated in the Open House with 21 Real Estate student ambassadors and 8 academic staff members. Donning the newly designed DRE T-shirt with the logo, “REAL ESTATE: A Solid Future”, these ambassadors conveyed a strong message to prospective students and their parents.

The student ambassadors conducted a survey (through personal interview) of visitors to our booth to gauge the public perception of Real Estate. A total of 1172 willing visitors were interviewed during the 2-day Open House. Although about 65% of the respondents to the survey had heard of real estate, one third of them associated real estate with property agency. Thus, the survey provided the student ambassadors with the opportunity to explain to the interviewees what real estate is – a body of knowledge centred on real property.

Furthermore, 11.6% of the 242 interviewees who indicated their preferred first choice of programme in NUS, stated Real Estate as their first choice. This places Real Estate in 4th place after Science, Engineering and Business in descending order. The Department needs to work hard to reach out to JC students.

For many of the graduating batch, the farewell dinner on the 19th of March 2008 was a reminder that our journey as a Real Estate undergrads was coming to an end. Hosted by the Department of Real Estate in LR 423 where door gifts were distributed to the graduating batch, it was a rare opportunity for us to gather as a batch as many read various electives and follow different timetable. It was also an opportunity to mingle with faculty lecturers who charted our journey through the various modules under their lecturership.

The event was a time of reflection on our journey thus far in NUS. It was also a time of contemplating the road ahead. Associate Professor Yu Shi Ming, The Head of Department, addressed the batch, reminding us that the market place awaits us, and that we would soon be professionals in various aspects of the real estate industry. He also addressed the batch as a fatherly figure, reminding us to have right priorities by not forgetting the important areas of our lives such as family and health. This was followed by a time of sharing by William Lim, Lim Wenjie and me as each of us gave his own version of his 4 years experience in Real Estate. The joy of having forged friendships in the faculty resonated in every speech. This is very well articulated in the following statement by Lim Wenjie: “The farewell dinner reminds me that we came in as strangers, forged friendships over the four years and now as we prepare to enter the market place, I’m confident that these friendships will last.” This is not surprising as the faculty is relatively small and interaction amongst faculty mates and lecturers on a constant basis has been part of the unique experience in Real Estate.

A farewell dinner would not be complete without a meal. Everyone adjourned after the speeches to a delicious dinner accompanied by warm fellowship with seniors working in the real estate industry and lecturers. Alvin Chow highlighted that “if there was any sense of cliché during the farewell speeches, the food gesture by the department and the professors’ willingness to mingle with us extinguished it all.” Teo Jin Ting enjoyed catching up with seniors as evidenced by her statement: “it was an enjoyable time spent networking with the seniors and hearing them share about how they are fairing in the market place”.

In essence, the farewell dinner warmed the hearts of the graduating batch. On behalf of the Class of 2008, I would like to thank the Department of Real Estate for organising the dinner, and for leading and guiding us over the last four years.

Arunagiri Sugumaran
Year Rep, Class of ’08
HR Challenge 2008

A team of five final year students (Mr Chua Boon Siong (Leader), Ms Cheok Shan Min, Charmaine, Mr Chia Guo Wei, Dennis, Mr Fu Weiming Leonard and Ms Norishikin Bte Abd Khalid) from DRE participated in the HR Challenge 2008 and received Certificates of Commendation for their entry. This 1st National Competition was organised by the Singapore Human Resources Institute. The objective of this competition is to encourage students from different institutions of learning to be engaged in the actual practical studies of HR practices in organisations so as to gain a better insight into how human resources are managed and developed at the workplace. This would enable them to be active partners in working with different agencies and professionals at the workplace.

Site Visit to Sentosa Cove

The Building and Estate Management Society organised a site visit to Sentosa Cove on 27th October 2007. The turnout of 35 participants was within expectation. The visit included a guided tour to showrooms, and a briefing on the marketing of Sentosa Cove. A short video presentation about Sentosa Cove was given by the personnel at the arrival plaza. Thereafter, the participants proceeded to the northern part of the cove where they had a closer look at the Watergate mechanism. The mechanism allows private boats and yachts of residents to enter from, and leave the canal to, the open marina without drastically increasing the level of water in the cove. Lastly, the participants toured the development of good class bungalow within the vicinity in Sentosa Cove.

NUS team emerges as champion in the International Real Estate Case Competition

The Department is proud of the NUS team which emerged as champion at the 3rd annual undergraduate real estate case competition conducted by the Marshall School of Business at the University of Southern California, from 14 -18 April 2008. Seven teams representing University of British Columbia, University of Texas, University of Wisconsin, University of Colorado, University of Southern California, University of Auckland, and National University of Singapore participated in the competition.

The NUS team comprised three students from Business School and three students from Department of Real Estate, viz Lim Wenjie (Captain), Cheok Shan Min Charmaine and Yip Zhi Yuan Mervyn. Dr Kwame Addae-Dapaah was the faculty advisor.

The competition consisted of a written report and oral presentation responding to a real estate case that was provided electronically to all of the teams at 6.00 am (PST) on Monday, April 14, 2008. The teams were asked to analyse the case to provide the necessary information to enable Oceanic Global Real Estate Opportunity Fund (the Fund), their employer, to decide whether, and under what conditions, the fund might move to place an equity stake in a large office property known as the Great Eastern Centre in Victoria, the capital of a fictitious foreign country called Atlantis. Thus, each team was required to submit a written report and give oral presentations responding to the case. The written reports were hand-delivered to the offices of the USC Marshall School of Business in Los Angeles by 4.00 pm on April 17, 2008. Each team presented oral reports in one of two groups of teams in a first round of judging at 7.30 am on Friday, April 18, 2008. Three finalists, University of Texas, University of Wisconsin and National University of Singapore, were selected to present oral reports in a final round before judges (comprising knowledgeable and qualified representatives of the real estate industry), participating teams and an audience of invitees from 10.30 am to 12.30 pm on Friday, April 18, 2008. Each team was given 40 minutes for the oral presentation, and questions and answers. In the end, team NUS was declared the winner on the basis of the quality of its written report and the exceptional performance of each team member during the oral presentations. University of Wisconsin and University of Texas took the second and third positions respectively.

Previous first place winners were teams from University of Texas, Austin and University of Wisconsin, Madison.

Student Achievements and Activities

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From left to right, Yip Zhi Yuan Mervyn, Cheok Shan Min Charmaine, Tan Xiaoman Alina, Chua Hengcheng John, Lim Wenjie, Peh Khian Hong Ryan

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From left to right, Yip Zhi Yuan Mervyn, Cheok Shan Min Charmaine, Tan Xiaoman Alina, Chua Hengcheng John, Lim Wenjie, Peh Khian Hong Ryan
M.Sc. (RE) Programme Applications
The department received a bumper number of applications for the AY2008/09 intake. The number of applicants is more than 120, of which about one-third are overseas applicants.

Summer Programme 2008
A group of 30 students will visit Hong Kong, Macau and Shenzhen in May/June 2008 for a 10-day field trip to gain international exposure to real estate, planning, development and investment.

Ascendas Medal
Ascendas Land (S) Pte Ltd has agreed to donate an expendable sum of S$15,000 for the award of ‘Ascendas Medal’. A gold medal will be awarded in each academic year to a final year undergraduate student attaining the highest average score in the Real Estate modules listed below. The award will be given out from the academic year 2007/2008 onwards. The award will be given to a deserving undergraduate student in the Bachelor of Science (Real Estate) who has achieved the highest average mark in the following Real Estate modules:

- RE2281 Real Estate Asset Market I (To be replaced by ‘RE2804 Real Estate Finance’ when the old syllabus is phased out)
- RE3281 Real Estate Asset Market II (To be replaced by ‘RE3802 Real Estate Investment’ when the old syllabus is phased out)

Curriculum Review
A curriculum taskforce comprising of Associate Professor Sing Tien Foo, Dr Addae-Dapaah Kwame, Mr Cheng Fook Jam and Dr Malone-Lee Lai Choo has been formed and tasked to review the new curriculum implemented with effect from AY2006/2007, and make recommendations to further enhance the structure and integration of the curriculum.