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Marketing and Leasing, Ready-Built Factories

“I knew nothing about industrial estates when I joined JTC. I graduated in biological sciences studying zoology and botany!”

What went into planning Singapore’s flatted factories?

JTC flatted factories were developed to house generic and light clean industries. These companies could range from small companies in printing, tool and die making, to big companies the likes of Seagate, Hewlett Packard and IBM, producing disk drives and computer printers and components. These companies needed generic production spaces where they could set up quickly and easily.

As such, JTC designed the flatted factories as multi-tenanted, high-rise facilities. To accommodate companies’ varying needs, we built multi-storied factories with varying load-bearing capabilities on different floors, which could be partitioned into modular units. Those with heavy machineries that required heavier floor loading could be sited on the ground floors. And in terms of layout and flexibility, I would say the factories were pretty well-designed. We ensured ample space for vehicle and goods movement and made sure there were sufficient goods handling facilities in terms of loading areas, ramps, and designated cargo lifts. We situated these factories close to residential estates such as Kallang, Redhill, Tiong Bahru, Toa Payoh and Ayer Rajah so that companies would have a ready supply of workers in the vicinity, and to bring jobs to residents in those areas.

Beyond just building the infrastructure, we also placed customers’ requirements as a priority. What our customers liked was the flexible space configuration and ample supporting amenities within such flatted factories. The tenancies were short, at three years with an option to renew. Customers were even given the flexibility to terminate their tenancy by giving notice.
As a lease manager, if the customer was facing operations issues or requested a change to the tenancy terms, we would always try to facilitate and find workable solutions for them. Or if they were facing a financial situation, we would do our best to help, whether it was by helping them to prolong the payment arrears or with instalment payment terms.

Such customer-centric approaches were just some of the ways we sought to spur growth in Singapore through our flatted factories.

**On a personal note, what was the toughest part about your involvement with JTC’s flatted factories?**

My biggest personal challenge at the time was that I knew nothing about industrial estates development and management when I joined JTC. I graduated in biological sciences majoring in Zoology and Botany. Regardless, I needed to very quickly grasp a working knowledge of estate management and lease management. How do you market industrial land and space? How do you determine the rentals, balancing customers’ needs with that of the organisation to have a reasonable rate of return? What provisions need to go into legal tenancy documents to safeguard JTC’s landlord interest and yet not be too restrictive from the customers’ perspectives? Learning about the different industries our customers were in so that we can be in a better position to provide for their needs. All this needed to be learnt in a very short time.

It was a really steep learning curve in those early years. Yet, it was very satisfying. As a Lands Officer, as we were known then, we had to meet prospective customers, find an ideal space for them in terms of size, location and their requirements, and negotiate the leasing terms for the tenancy. When my customers successfully opened their factories, I was very happy for them when I attended the opening ceremony. I was also very heartened that I have played a part in providing jobs for Singaporeans.

**You developed a deep personal stake in these factories, didn’t you?**

I really did. That’s why the implementation of the policy decision in 2005 to divest JTC’s flatted factories was a very painful one for me. I was there from the beginning when we built the flatted factories, and I was involved again in 2008 and 2011 to divest the factories. By 2005, there was a vibrant private sector market for ready-built multi-tenant high-rise flatted factories, and JTC only had about a 27% share in this segment of the market, and our rental rates were also close to those in the private sector market. Thus, it was timely for JTC to shift focus from generic factories development to more strategic and capital intensive developments such as Jurong Island, one-north, and the Jurong Rock Caverns. Projects with higher risks and longer payback which the private sector would not venture into. JTC also looked into innovative ways to cluster industries together to develop synergies and to spur Singapore’s industrialisation journey forward. In recent years, JTC also developed what we call the ‘next generation factories’ – high-rise facilities for multiple users with centralised, shared facilities like common warehouses and cold rooms, wastewater treatment plants and so on. These would help industrialists to focus on their core manufacturing business, thereby improving productivity and saving operating costs in the long run.