

kopi-C: The Company Brew

GuocoLand focuses on ‘twin engines’ of development and investment

BY FENG ZENGKUN

When real estate company GuocoLand purchased a site in Singapore’s Tanjong Pagar in 2010 to create its first integrated mixed-use development Guoco Tower, the move was a significant shift in strategy. Until then, the company was primarily a residential developer. Since then, it has broadened its portfolio to span various asset classes for sale and for lease in Singapore, China and Malaysia.

For group CEO Cheng Hsing Yao, switching to these “twin engines of development and investment” was crucial to kick the company’s growth into a higher gear. “Now, we have the best of both worlds: investment assets that provide us with a stable income base while we develop and sell residential properties that bring in higher profit.”

Over the years, GuocoLand has adapted in each lane too. In the Singapore residential segment, it used to develop mass-market homes before moving to high-end products that targeted both local and foreign buyers. That has repositioned GuocoLand into a recognised premium brand for residential developments.

The market has also evolved significantly through the years. “Pre-Covid, the market had far stronger foreign participation as well as investor-buyers. Today, the demand comes mainly from Singaporeans and permanent residents, and primarily for owner-occupiers.” Cheng adds: “Although the demand composition has changed, brand recognition still plays a key part for buyer decisions.” He said the group continues to develop products that are of high quality and that support changing lifestyles. For example, GuocoLand’s residential homes are designed to better support working from home.

As for its investment properties, GuocoLand has focused on high-quality mixed-use developments anchored by Grade-A offices. Its latest mixed-use development is Guoco Midtown, which comprises several retail clusters, two residences, a conservation building repurposed for office and retail, public spaces and gardens in addition to its 30-storey office tower directly connected to Bugis MRT interchange station.

For its leasing strategy, the firm has embraced tenant diversity in terms of mix and sizes. Cheng explains that hosting a wide range of tenants across industry sectors and occupancy sizes makes the investment assets more resilient. For example, during the Covid-19 pandemic, some trades flourished even as others contracted. “Such diversification has worked well for us.”

The development business is cyclical and profits can be lumpy. On the other hand, GuocoLand’s increasing contribution of steady income from its investment assets has helped to smoothen the fluctuations. As of June, investment assets made up more than half of the value of its \$12.34 billion portfolio.

A complete package of capabilities

Cheng adds that the twin development and investment structure of GuocoLand’s business has enabled it to build deep, end-to-end capabilities, from land acquisition to design and development, execution, sales and leasing, as well as asset management and property management. These competencies are synergistic.

He says: “Having experience in development enhances our ability to buy land, conceive of and create unique investment assets that we would not be able to purchase from the market.

“At the same time, our experience in leasing and asset management enables us to better understand the future needs of our tenants. This feeds back into how we conceptualise our projects. In this way, our development and investment arms are linked and mutually beneficial. This synergy has been critical to our success.”

The firm’s comprehensive proficiencies are also equipping it to navigate the many disruptive forces affecting the global real estate industry. “You have the economic restructuring in China, geopolitical tensions reshaping supply chains, the rise of digitalisation, and acknowledgment of climate change leading to higher demand for sustainability in properties.”

With these disruptions come potential opportunities. For instance, GuocoLand has carried out an extensive carbon accounting of its businesses with the help from external consultants. In the meantime, the existing team also picked up and learned more about this field and looked into its application into the business.

Cheng: We have the best of both worlds: investment assets that provide us with a stable income base while we develop and sell residential properties that bring in higher profit



“When you have a diversified range of capabilities, you can be more nimble in pursuing fresh openings and strategies. We are now in the midst of casting our net a bit wider — still focusing on our three geographical markets, but looking to see if we can capitalise on prospects emerging from the disruptions and even enter new sectors.”

Building developments that belong

Cheng credits his time working in Singapore’s Urban Redevelopment Authority (URA) for his appreciation for diverse skills and wider perspective in the real estate sector. After training as an architect, he spent over a decade in URA, where he was involved in urban planning, development control, infrastructure development and more, before joining GuocoLand in 2012.

“In many other countries, the government’s planning department does only planning. URA is different as it has a diverse range of capabilities, from development control to land sales, as well as development capabilities. It is able to translate from vision into plans and eventually execution.”

His URA experience also trained him to consider assets in the context of their neighbourhoods. “I think another thing that differentiates GuocoLand is our emphasis on placemaking. When we design buildings, we think about how it will impact its surroundings and public spaces, and how it can help to anchor the character and identity of the district that it is in.

“We’re very mindful of how our developments sit within their respective districts, and in relation to their neighbours. That’s why we prioritise public spaces and connectivity in our properties. Initially, it may appear that these are not for profit-maximising, but our conviction is that if you uplift the neighbourhood you are in, you will enjoy the uplift in value too.”

The company’s investment in greenery in its assets also stems from this long view. “We pay a lot of attention to introducing a diverse range of trees and plants in our developments, including native species. People are basically biophilic, and they enjoy our buildings more with the access to natural greenery. This qualitative value contributes to customer attraction and retention.”

Although building trends and technologies may change, GuocoLand continues to adopt a simple design philosophy.

Cheng shares: “We design buildings from the inside-out. When we conceptualise a project, we analyse the present and future needs from the end-users’ point of view. This helps us set the vision and priorities for our projects.” **E**

About GuocoLand

GuocoLand and its subsidiaries (“the group”) is a leading real estate group that is focused on its twin engines of growth in property investment and property development. It develops, invests in and manages a portfolio of quality commercial and mixed-use assets providing stable, recurring rental income with potential for capital appreciation. The group has a strong track record in creating distinctive integrated mixed-use developments and premium residential properties that uplift and transform their local neighbourhoods.

The group’s investment properties — the total value of which stood at \$6.56 billion as at 30 June 2024 — are located across its key markets of Singapore, China and Malaysia, such as Guoco Tower and Guoco Midtown in Singapore, Guoco Changfeng City in Shanghai, and Damansara City in Kuala Lumpur. Iconic residential projects of the Group include Wallich Residence, Martin Modern, Meyer Mansion, Midtown Modern, Midtown Bay, Lentor Modern and Lentor Mansion.

The group’s end-to-end capabilities span across the real estate value chain, from planning and design, property investment, property development, and property management to asset management.

GuocoLand is listed on the Mainboard of the Singapore Exchange. The parent company of GuocoLand is Guoco Group, a company listed on the Main Board of The Stock Exchange of Hong Kong. Both GuocoLand and Guoco Group are members of Hong Leong Group Malaysia. The company’s website is www.guocoland.com.sg.

About kopi-C: The Company Brew

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