

# Jurong Innovation District, Singapore

Full Description

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## **Project Summary:**

### **Background**

Value Creation in the control of real-estate development rights can be well illustrated by considering hubs such as Education Hubs, Health hubs, Digital Hubs, Transit-Oriented Developments, Mixed-use Developments and Innovation Districts.

Innovation districts are geographic areas where public and private stakeholders collaborate to attract entrepreneurs, start-ups, and business incubators to revitalize depressed downtown areas.<sup>1</sup>

The rise of innovation districts can be attributed to their inherent benefits. Innovation districts are well-equipped with state-of-the-art amenities and equipment that lessees can tap on, enhancing their corporate productivity and experience of workers, customers, and users. Consequently, the popularity of innovation districts increases the rental revenue collected by the government.

### **Project Structure**

#### *Community-orientated value creation*

The manufacturing sector in Singapore contributes approximately 21% of Singapore's Gross Domestic Product (GDP) and employs almost 500,000 staff, making it a pivotal industry in Singapore.<sup>2</sup>

Jurong Innovation District (JID), Singapore's first 600-hectare innovation hub, was built to spur innovation in areas such as robotics, advanced manufacturing, urban solutions, clean technologies, and intelligent logistics.

The hub is expected to create some 1,200 jobs in the next 18 months, with the district's workforce growing to over 4,500 once companies such as industrial developer Surbana Jurong and bicycle components heavyweight Shimano move their operations into the district.<sup>3</sup>

The construction of JID has revitalized Jurong from a brownfield area of old industries and low-productivity warehouses into a lively industrial park aimed at catalyzing innovation.

Furthermore, concentrating all the manufacturing powerhouses of Singapore in a single district facilitates the creation of a manufacturing ecosystem.



JID comprises five precincts: Nanyang Technological University, Cleantech Park, Bahar, Bulim, and Tengah. Presently, anchor tenants of Jurong Innovation District include Nanyang Technological University, Siemens, Shimano, and YCH Group.

In 2020, JID continued to make strides to become Asia's advanced manufacturing hub. Over the past year, it attracted \$420 million worth of new investments.

#### *Key players for delivering improved services*

JID is a development by JTC, a statutory board under the Ministry of Trade and Industry. JTC is in charge of Singapore's industrial progress developing and managing industrial estates and providing facilities to enhance operations of industries.

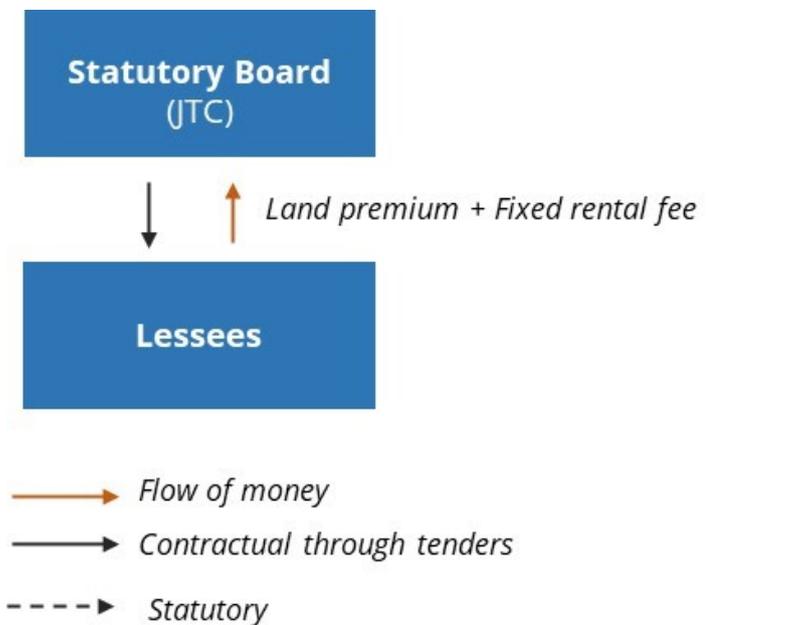
For example, fully serviced plots and buildings that appeal to leading businesses to co-locate in a commercial ecosystem, attracting and retaining the best global talent.

#### *Mechanism for Maximizing Funding for Infrastructure*

Rental revenue earned by JTC ultimately flows to the government as JTC is a statutory board. Consequently, the government can utilize the revenue to develop more serviced plots for industrial development.

In 2020, rental income from land and building contributed 88.7% to JTC's total operating revenue of SGD 2.3 billion.<sup>4</sup>

#### *Typical Business Model*



<b>Government</b>	Landowner
<b>Statutory Board</b>	Responsible for industrial development
<b>Lessees</b>	Rents the space and pays a fixed rental fee

In JTC Corporation's current business model, lessees are charged a fixed rental fee to lease land, office, or shared spaces in Jurong Innovation District. Size, location, and the availability of amenities are factors that determine the rental fee.

## Lessons Learned

### *Confidence for sustainable delivery for communities*

- State-of-the-art facilities at Jurong Innovation District enhance the productivity of its locators while providing a stable revenue stream for JTC for it to perform its mandate of championing Singapore's industrial progress.

### *Managing the risks*

- JTC follows standard lease agreements for its land and/or building with contract provisions that require lessees to adhere to pre-agreed uses ensuring that a development is in line with Singapore's broader strategy.
- JTC is conservative in risk taking as a landlord of industrial estates rather than as a co-investor.

*Footnote 1:* [The rise of innovation districts](#)

*Footnote 2:* [5 things you should know about Jurong Innovation District - Singapore's advanced manufacturing hub](#)

*Footnote 3:* [JTC Corporation Annual Report FY2020](#)

*Footnote 4:* Ibid

Related Content

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Additional Resources

[Climate-Smart PPPs](#)

[Finance Structures for PPP](#)

## Financing and Risk Mitigation

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