SUMMARY

The problem of congestion has proven to be more acute in a city-state like Singapore. In response to the problem of overcrowding and congestion within the city centre, the Singapore Revised Concept Plan 1991 introduced the policy of planned decentralisation by proposing the development of Regional Centres.

The Singapore government has always played an important role in affecting the allocation of land resources. Government policies instead of market forces are largely responsible for land use pattern. One of the hallmarks of modern Singapore lies in its intensively planned environment. However, office decentralisation has not experienced a similar level of success. Firms are not moving out of the city centre as anticipated by the planning authority. There appears to be a divergence between office decentralisation strategies and market behaviour.

The study sought to understand the location behaviour of different types of firms by investigating their historical location pattern and evaluating their location preference criteria. The survey of office establishments confirmed conclusions about firms’ unwillingness to move out of the CBD. More than 60% of the firms in each of the three sectors (FIRE, SERVICES and TRADING) were satisfied with their current CBD/fringe locations and had no intention of moving. The study proceeded to show that the firm’s average mobility rate varied according to the industry sectors and their movement pattern was highly correlated to their expiration of office space leases.

The findings from the study suggested that the main reason for their reluctance to decentralise was the real and/or perceived need to stay within/near the CBD. For those
who would consider moving to the Regional Centres, the prime reason was to take advantage of the possibility of lower rentals. However, the management of many office establishments had complained that the rent differential between the CBD and Regional Centres did not justify relocation. If forced to move out of the CBD, most of the firms would rather relocate to the fringe of the city centre.

Besides commonly believed reasons (rental, proximity to linked businesses, and good public transport), physical aspects of an office space (physical conditions of office space, flexibility for expansion, adequate and effective operation of building services) were also important when firms evaluated alternative office locations. The results of the analysis supported the hypothesis that location factors have varying degree of influence on office location, and the types of firms further differentiated the magnitude of influence.

The results showed that four location factors had significant effect on the probability of the FIRE firms locating inside and outside of the CBD/fringe were namely “adequate and effective operation of building services”, “good public transport”, “flexibility for expansion”, and “proximity to linked businesses”.

In contrast, “physical conditions of office space”, “ample carparking space”, “proximity to amenities”, “proximity to linked businesses” and “good public transport” were found to be significant location factors in influencing the probability of the SERVICES firms’ location within and without the CBD.
In the case of the TRADING firms, the study showed that "adequate and effective operation of building services", "proximity to amenities", "ample carparking space" and "proximity to linked businesses" were the significant location factors that determine the probability of location.

Based on the analysis of private firms' location behaviour, the study proposed a decision-making framework to help planners bridged the gap between planning strategies and market behaviour. The framework provided a general overview and served to guide planners towards a better understanding of the private market during the strategy formulation stage. The appropriate decentralisation strategies were translated into implementation plans that would facilitate the realisation of decentralisation potential among the different types of firms.