

Annex

Price-Quality Method (PQM) Tenders for HDB shops

HDB introduced Price-Quality Method tenders in 2018 for shops owned by HDB, mainly to new generation neighbourhood centres, as well as precinct supermarkets and coffeeshops. Currently, about half of HDB's new tenders are Price-Quality Method tenders, with the other half being Price-Only tenders. Under the current scoring criteria for Price-Quality Method tenders, the Quality of Proposal accounts for 50% of the scoring criteria, while the tender price (i.e. rental bid) accounts for the remaining 50%.

Table 1: Current Scoring Criteria for Price-Quality Method Tenders

	(1) Town Centres / Neighbourhood Centres	(2) Precinct supermarkets/ Coffeeshops
Quality Score	50%	50%
a) Business Concept and Affordability	30%	25%
b) Design & Layout	10%	-
c) Operations / Productivity	5%	18%
d) Overall Track Record	5%	4%
e) Community-centric Initiatives / Local Character	-	3%
Price Score	50%	50%
Total Score	100%	100%

2 HDB will be changing the scoring criteria for Price-Quality Method tenders, to better meet the needs of residents and business operators. The Quality of Proposal will see an increased weightage of 60% of the scoring criteria, while the tender price (i.e. rental bid) will account for the remaining 40%. The changes will apply to new Price-Quality Method tenders starting in 1H2023.

3 In addition, HDB will extend the Price-Quality Method tenders to more types of shops:

- **Larger shop spaces at existing Town Centres (TC)/ Neighbourhood Centres (NC).** Generally these are sites which are 250sqm and above and likely to attract anchor tenants.
- **Sites with high heritage value.** These can include sites in Conservation Areas such as Tiong Bahru.
- **Precinct minimarts at selected locations.** These are areas where supermarkets/minimarts are limited, or in precincts with a higher concentration of elderly residents.
- **Shops which are returned to HDB at the expiry of 30-year leases.** This will allow the rejuvenation of the shops cluster and ensure that the variety of goods and services offered by heartland shops in the precinct better meet the needs of residents.

4 Different types of shops will have different scoring matrices to better reflect what residents find important. For example, shops with heritage value and shops which are returned to HDB at the end of their leases will also be scored on their local track record and community-centric initiatives/ local character, which make up 20% of their total score. For precinct supermarkets, minimarts and coffeeshops, a higher weightage of 45% will be accorded to the type of business/trade and affordability criteria. The enhanced Price-Quality Method tender will comprise the following components:

Table 2: Changes to the Scoring Criteria for Price-Quality Method Tenders

	(1) Town Centres / Neighbourhood Centres	(2) Precinct supermarkets/ Minimarts/ Coffeeshops	(3) Heritage shops / Shops returned to HDB
Quality Score	60%	60%	60%
a) Business Concept and Affordability	35%	45%	35%
b) Design & Layout	10%	-	-
c) Operations / Productivity	5%	5%	5%
d) Overall Track Record	5%	5%	-
e) Local Track Record	-	-	10%

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f) Community-centric Initiatives / Local Character	5%	5%	10%
Price Score	40%	40%	40%
Total Score	100%	100%	100%