

FIRST

Mall owners fret flight to the 'burbs

To lose one tenant could be seen as unfortunate. To lose two marquee retailers like Uniqlo and Victoria's Secret, as One Raffles place has, could be seen as a sign of larger problems for Singapore's prime mall operators. Instead of opting for flashy and expensive outlets in prime locations, many big retailers are choosing to flee to the relatively cheaper space offered by suburban malls, leaving some centrally located mall operators to worry about their futures.

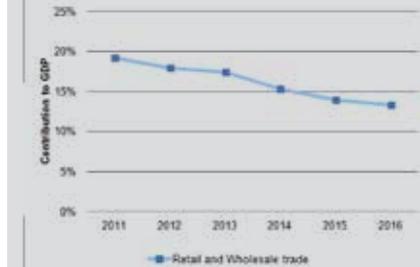
In August 2015, Uniqlo had outlets in seven suburban locations and H&M had three. Just two years later, Uniqlo has increased its suburban mall store count to 13 and H&M to six. But even as retailers move to the 'burbs, the prevailing outlook for Singapore's retail sector remains poor and on a downward trend. In 2011 almost one in five dollars spent in Singapore was on retail and wholesale trade, but by 2016 that number had dropped to one in seven and

continues to fall, as has employment in the sector. As a result, retail rents and occupancy have been on a downward trend since 2015, prompting many to ask whether there is simply too much mall space in Singapore. "A vibrant retail scene is an important component of the country's status as a regional hub aside from being an attractive place for talent," adds RHB. Indeed there is a lot more new space due to come online, over the next four years with an additional 4.5 million sq ft of retail space including OUE Downtown Gallery, Tanjong Pagar Centre, and Singapore Post Centre.

Cheaper rent and growing e-commerce Property consultant Edmund Tie & Company director of research Lee Nai Jia notes that in light of the slower economy, rents of retail space in suburban areas also eased, even though suburban malls were usually considered as assets that provided counter-cyclical returns. Although Singapore currently has a retail space GFA per capita of 11.6 square foot, this is still lower than Hong Kong at 16.3, but well above Kuala Lumpur at 7.4. Admittedly Hong Kong attracts three times the number of tourists than Singapore, which may help explain why Singapore rents are 30% cheaper than Hong Kong.

Despite weak retail sales, credit card billings remain strong, growing by 8% YoY

Declining retail and wholesale trade contribution



Source: Ministry of Trade and Industry

in 1Q17. This suggests that some spending may be diverted from traditional store-based retailing and can be seen in Euromonitor's data, which estimates that non-store retailing has grown further in 2016 to 6.8% of overall retailing, from 5.6% in 2015. As consumers increasingly turn to the internet for shopping needs, some fashion retailers are turning their hand to making food and other activities to lure customers inside. Japanese brand Muji opened its second coffee shop in Singapore in July, and the firm also opened its largest Southeast Asian flagship store in Plaza Singapura with many activities inside apart from shopping, including an open community space, exhibitions by designers, and creative skills classes. Whether this will be enough to stem the loss to online is too early to say, but with Amazon about to enter Singapore the days of stores living by selling commodity products alone are fading.



Muji opens its second coffee shop in Singapore

OFFICE WATCH

Huone takes meetings out of boardrooms

Fancy a meeting in an igloo or a forest? Described as a "hotel without bedrooms," co-working space provider Huone offers an innovative solution for meetings and events. The concept originated from Finland and has now opened its doors in Clarke Quay. Huone Singapore offers 11 various themes including Igloo Room, Sandbox Room, and Forest Room. These meeting rooms can accommodate five to 150 people. "No two rooms in Huone are the same," shares Joewin Tan, CEO of Huone Singapore. "Huone's service will help customers to choose the right setting and room, taking into consideration the meeting goals." For brainstorming, for example, the Swing Room or Sandbox Room might be the ideal surrounding, providing the right playful vibes. For a more serious seminar or workshop, the organiser could pick the Cottage Room or Theatre Room. In Huone, Tan says, the customer is at the centre of everything. The Huone service is designed to help and consult customers with various event needs.



Warehouse



Forest



Igloo



Theatre