Heartland malls in areas with less retail space per capita may recover more quickly

Recovery of suburban malls depends on varying tenant mixes, shopping experiences and catchment sizes

By Fiona Lam
fiolam@sph.com.sg
@FionaLamBT

Singapore

THE recovery of suburban malls will likely be uneven across different locations in Singapore, due to the varying tenant mixes, shopping experiences and catchment sizes.

Retail spaces in predominantly residential zones may emerge as more resilient amid limited competition, said the National University of Singapore's Institute of Real Estate and Urban Studies (IREUS), going by its analysis of retail space per Singapore resident in each area.

The overall retail sector has been reeling from the impact of the Covid-19 pandemic, with many shopping centres seeing lower footfall. As a whole, heartland malls have fared better than those along the Orchard Road shopping belt and in the central business district, which continue to be affected by the absence of tourists as well as thinner office crowds due to remote working.

"However, this simple dichotomy belies the fact that suburban malls are not a uniform category whose members share identical attributes," IREUS deputy director Lee Nai Jia said.

He expects the retail space per Singapore resident to correlate inversely with the malls' rate of recovery, all things being equal. "More retail space per capita essentially entails more competition for consumer spend, and vice versa," Mr Lee added.

Generally, areas with substantially more retail space per capita have large working populations or are made up of more established housing estates. These include established regional centres such as in Tampines and Jurong East, as well as fringe areas like Bukit Merah, Kallang and Geylang, IREUS noted.

Established regional centres tend to have more retail space per resident, compared to other planning areas with similar residential population sizes. For example, when it comes to locations with more than 200,000 residents each, Tampines has 10.4 square feet (sq ft) of retail space per capita, almost double the 5.7 sq ft in Jurong West.

And in planning areas that each house 50,000 to 100,000 residents, Jurong East has 24.6 sq ft of retail space per capita, more than double the 11.3 sq ft in Bukit Timah.

"Both Tampines and Jurong East have significant working populations, which is a market segment with purchasing power," Mr Lee said.

Fringe precincts such as Bukit Merah, Queenstown, Kallang and Geylang have been attracting companies, even though they are not regional centres. A substantial number of employees are thus also in these areas.

For instance, major commercial developments Paya Lebar Quarter and SingPost Centre are located in the Geylang planning area, Harbourfront Centre and Harbourfront Towers One and Two are part of Bukit Merah, while Mapletree Business City is in Queenstown.

Also, areas with more established housing estates, such as Bukit Timah and Clementi, tend to have more retail space than emerging ones like Sengkang. The Sengkang planning area has one of the lowest amounts of retail space per capita, although this may change after Sengkang Grand Mall is completed.

"With the work-from-home trend, suburban malls in areas with less retail space per capita – about 4-8 sq ft – will be more resilient, with higher revenue and occupancies, aided by lower competition," Mr Lee said. Emerging regional centres Woodlands and Punggol are examples, where the malls may see a quicker recovery.

Some areas saw a decline in retail space per capita due to an increase in the residential populations. That suggests these areas may have the potential for more retailers, he noted.

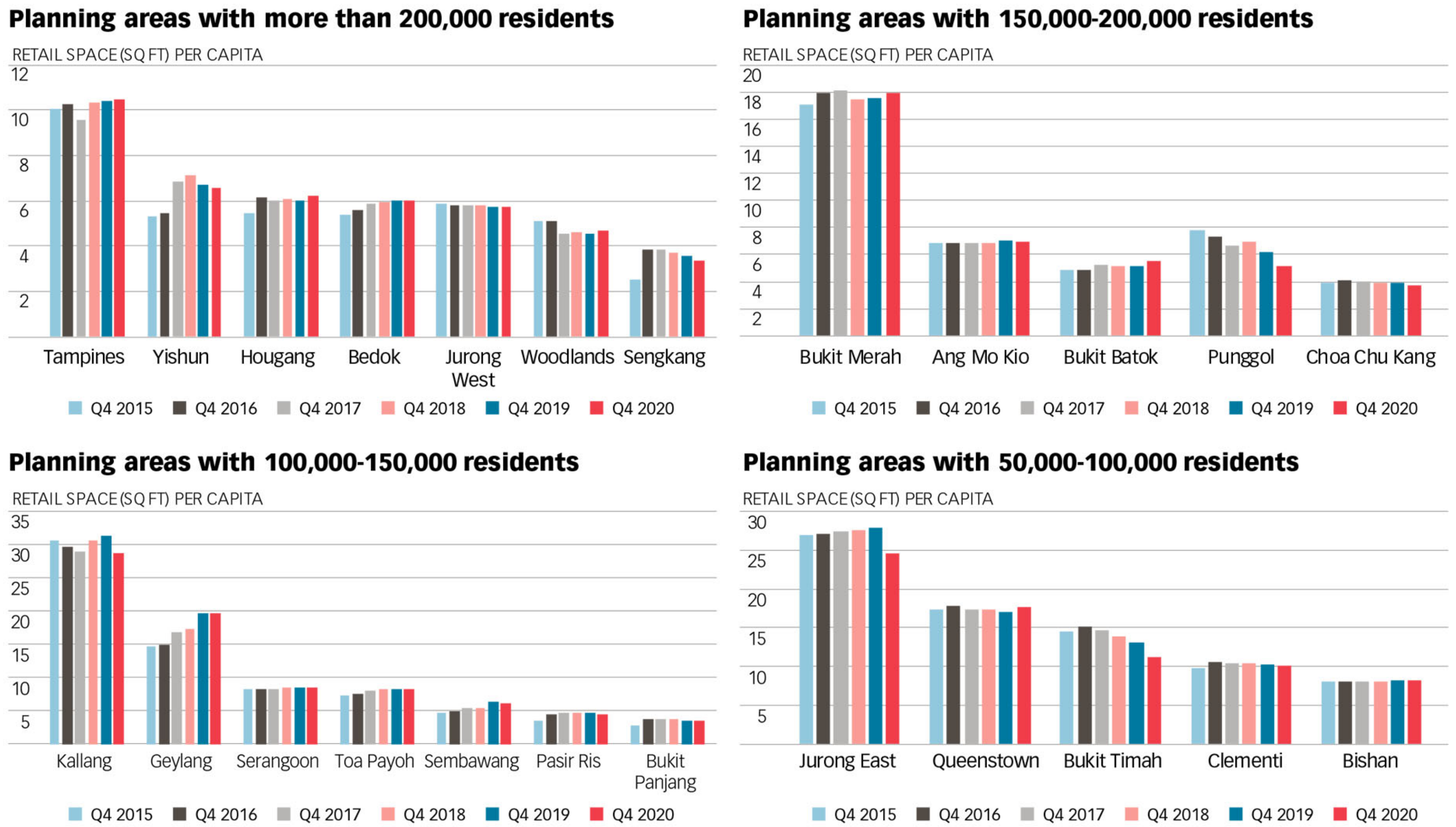
In places with more retail space, such as those above 10 sq ft per capita, retailers' tenant mixes and marketing positioning to boost footfall will be "more critical than ever" given the greater competition, said Mr Lee.

Meanwhile, he pointed out that the bulk of the upcoming pipeline of retail space will be part of integrated developments. In these cases, the commercial component adds value to the residential portion, which in turn helps ensure the retail component "enjoys a certain level of support from consumers".

These upcoming malls include The Woodleigh Mall, Sengkang Grand Mall, and the retail component of the Pasir Ris 8 project.

Suburban retail

Some heartland precincts with substantially more retail space per capita may face greater competition for consumer spend



Sources: NUS IREUS, Department of Statistics, URA Realis