



Pedestrians in front of the almost completed shopping mall 313@Somerset, which is due to open in November. Though shoppers say they prefer a wider variety of shops, experts say malls tend to bring in tried and tested brands.

Overgrown Orchard

With 3 new malls set to open, some wonder if the shopping district is getting too crowded

Shuh Sudderuddin Estelle Low

It might be recession time, but luxury brand Cartier is sparing no effort in dressing up its swanky new duplex at the corner of Scotts and Orchard roads in new mall ION Orchard.

Set to open next month, Cartier has sunk more than \$8 million into the two-storey store, which comes with a glass facade with a gold inlay, two VIP rooms and a lift fitted with beige leather.

"ION is on a very important intersection and our store will face the intersection, making it very accessible," said an excited Mr Christopher Kilianotis, its managing director for Singapore, Malaysia, Indonesia and Australia.

Just a few blocks down the road, however, the mood is far less cheery for some tenants.

Mr Jeffrey Lew, 48, who runs camera shop Letona Departmental Store, at Orchard Plaza, has seen his business plummet by 60 per cent to 70 per cent over the years as more electronics shops have moved into surrounding areas.

"We've been here for about 20 years. The more shops come up, the more business has dropped. There are too many shopping centres here now," he lamented.

These are the two faces of Orchard Road retailers today, even as the shopping strip gears up for its biggest retail boost in a decade – the opening of ION Orchard and soft opening of Orchard Central next month.

Along with 313@Somerset, open-

ing in November, the big malls will add about 625 shops and some 1.1 million sq ft of retail space to the 2km-long shopping belt. A revamped Mandarin Gallery is also opening in October with 130,000 sq ft in net lettable area.

Orchard Road already boasts about 4.5 million sq ft of retail space, according to property consultancy Knight Frank's figures.

That makes up 21 per cent of all private retail space on the whole island, said DTZ's senior director for research Chua Chor Hoon.

"There are too many shops in Orchard Road. I can already get what I want from my neighbourhood malls. I don't see the purpose of building the three new malls," said shopper Siti Alisha, 20, a nurse.

Has Singapore's famous shopping district become too crowded?

Ns Regina Chow, part-time lecturer of services marketing at the National University of Singapore's Business School, believes so, and not just in Orchard Road alone.

"Currently, we are over-retailed for the population we've got. With new malls along Orchard Road and the upcoming integrated resort retail hub, there will be more retailers out there than before," she said.

However, some analysts said that foreigners also keep the market buoyant.

Said Dr Seshan Ramaswami, practice associate professor of marketing at Singapore Management University: "The one big difference in Singapore is the big influx of foreigners here for short-term visits for tourism and business. And city malls at least need to cater to both the locals and the tourists."

But even those who cater to foreigners get the heat too.

Mr George Assodani, 50, owner of Solito Fashions tailor at Far East Plaza, said: "Even though I depend on tourism for my business, the recession has made them spend less.

4.5 million

Estimated number of square feet of retail space in Orchard Road

5.8 million

Number of square feet of retail space expected to be added to Singapore between this year and 2013

3

Number of new malls opening in Orchard Road between July and December

1.1 million

Number of square feet of retail space at the three new malls

2

Length of Orchard Road in km

800

Estimated number of F&B outlets in Orchard Road

7.2

Number of square feet of retail space per capita as of last year

15

Number of square feet of retail space per capita in South Korea as of last year

14

Number of square feet of retail space per capita in Hong Kong as of last year

21%

Amount of Singapore's total private retail space concentrated in Orchard Road

39%

Amount of Singapore's private retail space in other city areas

40%

Amount of Singapore's private retail space in suburban areas



The ION Orchard, set to open next month, is one of the three new malls that will rejuvenate the Orchard Road area. In all, about 625 shops will be added to Orchard Road's shopping belt, an area in which some feel is already over-retailed.

And with new malls coming up, business will definitely be affected. Our future is a big question mark.

Numbers, however, sing a different tune about the big picture.

Figures from property consultancy CB Richard Ellis show that Singapore had 7.2 sq ft of retail space per capita as of last year. This is lower than other countries like South Korea, which has almost 15 sq ft per capita of retail space, and the United States with over 35 sq ft per capita as of June last year.

The bigger gripe, perhaps, is not

that Singapore has too many malls, but that it has too many of the same thing. "All malls seem to have the same range of shops: Topshops, Hang Tens, Giordanos," said polytechnic student Poobalan Arasu, 18.

Dr Prem Shamsadani, associate professor of marketing at the NUS Business School, pointed out: "The challenge is not more space or malls but how to differentiate and constantly rejuvenate the shopping experience for both locals and tourists."

But Dr Lynda Wee, chief executive officer of retail consultancy and training firm Bootstrap, added that it is hard to maintain such a mix. "People in Singapore may be bored because of a lack of variety but it's hard to bring in new labels that have staying power. That is why malls tend to stick to tried and tested brands," she said.

On Orchard Road at least, the three upcoming malls will rejuvenate the stretch, since the last major new development there was a decade ago, said analysts.

One retailer is hoping that the new malls will give her business a much-needed push. Madam Irene Ong, owner of Pretty Corner, an ac-

cessory shop in Orchard Plaza, said: "This building currently doesn't draw any crowd but I hope Orchard Central will generate more traffic and bring more people to my shop."

And at least one retailer is optimistic that her business will not be hard hit by her new neighbours.

Ms Nancy Law, 46, director of Purple Beads beads shop and beading school in Midpoint Orchard, said: "This building is pretty quiet. We don't get any walk-in customers. But we do have regulars, so I'm not worried the new malls will affect me."

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Mall landlord encroaching on our turf, claim tenants



Some tenants at Far East Square, including Subway (above), are upset that Kitchen Language, a subsidiary of their landlord Far East Organization, has brought in Quiznos sandwich chain and Tully's coffee (right).

Irene Tham

Should a mall landlord enter the same business as some of its tenants?

A mini-storm has been brewing since Kitchen Language, a subsidiary of Far East Organization, opened sandwich shop Quiznos in December last year and coffee joint Tully's in January.

Both shops, which are chains from the United States, are in Far East Square.

Kitchen Language also opened a Tully's outlet in another one of its malls, West Coast Plaza, in November last year.

Some tenants are unhappy at what they see as the landlord providing unnecessary competition.

They feel there could be a conflict of interest – such as the landlord taking up prime space for its own businesses – and that landlords should stick to leasing retail space.

But Far East said it introduced these chains because it wanted to vary its tenant mix, not to compete with existing retailers.

"We did so to create a business ecosystem where customers will want to come back because they have more choices, and this will benefit all tenants," said Mr Anthony Yip, director of Far East's retail business group.

He added that Far East has always been on the lookout for new concepts to spice up the retail scene here, and it was unlikely any other company in Singapore would introduce Quiznos and Tully's.

Among the tenants who are unhappy is Subway, an American sandwich chain.

Four of Subway's 66 outlets are located in Far East's malls: Far East Square, Far East Plaza, Central at Clarke Quay and West Coast Plaza.

A spokesman for Subway Singapore Development, which looks after the chain's franchisee business here, said he was not informed of Quiznos being set up at Far East Square, and sees it as a direct competitor.

"I'm surprised they have brought in a competing business. They did not give us any heads-up," he said.

Since Quiznos opened, Subway in Far East Square has seen a "double-digit" dip in turnover every month, said Mr William Pan, who owns the outlet in Far East Square.

"Quiznos is more prominently located," Mr Pan added.

Quiznos is at the corner of Far East Square facing Telok Ayer Street and Capital Square. Subway, which moved to Far East Square from Chinua Square in April last year, is located inside a building facing a small square. They are the only two sandwich chains at Far East Square.

But Mr Yip pointed out that unlike modern multi-storey malls, Far East Square comprises a cluster of 61 shophouse retailers that are spread over the ground floor and served by many entrances.

"There is human traffic that comes from every direction, so every outlet stands an equal chance of being seen," he said.

Four other mall operators here – CapitaLand Retail, AsiaMalls, Lend Lease and Frasers Centrepoint – said that they do not own, and neither are they linked to, any retail shop that competes with the businesses of their tenants. This is because that is not their core expertise, they said.

Subway's unhappiness also stems from how the daily sales takings of two of its outlets are reported to Far East via a central point-of-sale system.

Under the leasing agreement that Far East has with its tenants at the newer Central and West Coast Plaza malls, all shops' daily takings are linked to a central cash register. The figures provide the landlord information for calculating the rent of each tenant.

Most mall managers here operate at this central point-of-sale system to calculate rent, although some malls get monthly takings from tenants in an e-mail attachment and

others charge a flat rate regardless of tenants' turnover. Tenants at Far East Square, for instance, pay a flat monthly rate.

Mr Yip said that the information which its tenants at Central and West Coast Plaza provide is not shared with Far East's subsidiaries. "Kitchen Language is a separate and distinct business unit that operates independently of our retail management operations. It is not in our interest to undermine our tenants who contribute to the success of our malls," he said.

In any case, consumers are not complaining about Quiznos and Tully's entry into the market.

Mr Jeremy Goh, 35, a freelance consultant for food and beverage companies, is happy about the greater shop mix.

"Teacher Joy Gan, 33, is also glad to have more choices. "You see the same shops everywhere, it's getting a bit boring. It is refreshing to see something new."

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Do you think mall landlords should enter the same businesses as their tenants? E-mail your views to suntimes@sph.com.sg