



Singapore  
**Ageing malls face hurdles to upgrading**

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Many poorly patronised, in disrepair as unit owners disagree on plans

SINGAPORE'S ageing malls, most of which are strata-titled properties, are in urgent need of retail therapy.

Built in the 1970s and 1980s, when the country took its first steps to becoming a shopping paradise, many of them are now plagued by empty shop units, failed en bloc bids, sleaze and aging facilities.

The problem lies in the nature of the malls, where shop units are owned by individuals. Refurbishment works can be carried out only if the majority of owners, some of whom sit on the management council, say yes.

But not everyone can agree on how to use the funds, which tend to be a small pool of money collected through monthly maintenance fees paid by tenants.

A case in point is Peninsula Shopping Centre, which had an air-conditioning meltdown two weeks ago caused by a leaking chiller unit.

Tenants at the mall pay service fees of just 83 cents per sq ft a month, said Mr Kelvin Khubchand, a member of the mall's management corporation strata title council.

"We want to paint the mall and renovate the toilets, but we have to use the funds wisely and compare quotations," he said. "This can take quite long. Everyone has a different idea on what to do."

At Ming Arcade in Orchard Road, for instance, shop units are left empty and parts of the external wall are covered with algae.

At Parklane and Orchard Plaza, karaoke joints and pubs with foreign women are a common sight. The tenant mix is also uneven - night clubs, florists, jewellers, tuition centres and even back-end offices co-exist. When The Straits Times visited some of these malls last week, there were few walk-in customers.

Mr Ong Kah Seng, director of property consultancy R'ST Research, estimates that there are at least 75 strata malls in Singapore.

The undesirable tenant mix at these malls is a result of shop owners being given free rein to rent out their units to the highest bidder, he said. In developer-owned malls such as Northpoint and Junction 8, which sprang up in the 1990s, the developer has the final say on the tenant mix and can attract well-known brands.

Selling the building en bloc is the obvious way out for the older malls, but again, reaching a consensus is a problem. At least 80 per cent of the owners need to agree to a collective sale before further action can be taken.

This can be difficult as shop owners tend to ask for prices above the market price, said Orchard Road Business Association executive director Steven Goh.

Tanglin Shopping Centre, for instance, has failed twice in its bid to be sold en bloc. It is one of 11 strata malls in Orchard Road.

Malls which were successfully sold en bloc include Paramount Shopping Centre and Paramount Hotel, which sold for \$214 million to Far East Organization in 2010.

Another solution is to engage professional mall management teams, said Dr **Lynda Wee**, an adjunct associate professor in retailing at Nanyang Technological University's Nanyang Business School.

Or, they can take their cue from Sim Lim Square - known as the go-to place for affordable electronics - and establish niche selling points. Most of its funds come from carpark charges and advertising fees it collects from its tenants, said one of the mall's managers, who wanted to be known only as Mr Chia.

Despite their long-running problems, new strata-titled malls are emerging said R'ST Research's Mr Ong. This trend started about four years ago, when investors began turning to such properties as cooling measures for residential properties set in, he added.

At least six major mixed-development projects, consisting of at least 550 strata shops, are coming up, he said. This includes East Village in Bedok and The Promenade @ Pelikat in Upper Serangoon.

"The general challenge for new strata malls persists - the lack of a central owner to control the tenant mix to achieve compatibility in retail offerings," said Mr Ong.

"Ten years down the road, the new malls may face the same problems, but whether the problems reach the same intensity as today's ageing malls remains to be seen."

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Ming Arcade needs a fresh coat of paint (above) and an overhaul of its interiors. In one lift, buttons most likely burnt by cigarette butts make a mockery of the "no smoking" sign. -- ST PHOTOS: ALPHONSUS CHERN

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