

SINGAPORE

Cushman & Wakefield
Global Cities Retail Guide



Singapore is a major business and retail hub in Southeast Asia, boasting one of the most preferred destinations for multinational corporations as well as global brands looking to establish their presence in the region. The city-state is a hot magnet for expatriates and tourists, especially from Asian countries.

Recent demand indicators are showing signs of recovery. 2017 retail sales have grown from 2016, while international tourist arrivals and spending hit a record high for the second year in a row. Moving forward, 2018 looks to be a promising year for retail as retail spending is expected to improve on the back of improving global economic growth.

However, the Orchard shopping belt continues to serve as the city's most prime retail space, with locals and international tourists as its major target market. Various well-known fashion brands and international retailers have set up businesses there, and many global fashion labels have also reported to establish their flagship stores in Orchard Road.



SINGAPORE OVERVIEW

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ECONOMIC OVERVIEW

ECONOMIC SUMMARY

ECONOMIC INDICATORS*	2018	2019F	2020F	2021F	2022F
GDP growth	3.2%	2.3%	2.3%	2.2%	2.6%
Consumer spending	2.4%	3.5%	3.6%	3.5%	3.4%
Industrial production	6.9%	1.2%	4.5%	3.4%	3.5%
Investment	-3.4%	2.2%	3.6%	3.6%	3.5%
Unemployment rate (%)	2.1%	2.1%	2.0%	2.0%	2.0%
Inflation	0.4%	0.8%	1.7%	1.8%	1.8%
S\$/ € (average)	1.6	1.5	1.6	1.6	1.6
S\$/ US\$ (average)	1.3	1.4	1.3	1.3	1.3
Interest rates Short term (%)	1.5%	2.0%	2.2%	2.2%	2.3%
Interest rates 10-year (%)	2.4%	2.1%	2.3%	2.5%	2.6%

ECONOMIC BREAKDOWN

Population	5.7 million (2018F)
GDP (nominal)	US\$ 361.1 billion (2018F)
Public Sector Balance	0.4% of GDP (2018F)
Public Sector Debt	113.6% of GDP (2018F)
Parliament	The Singapore Parliament
Head of State	Halimah Jacob
Prime Minister	Lee Hsien Loong
Election dates	11 September 2015 (Past)

RETAIL SALES GROWTH: % CHANGE ON PREVIOUS YEAR

SINGAPORE	2018F	2019F	2020F	2021F	2022F
Retail Volume*	-0.6%	2.4%	1.7%	1.5%	1.4%

Note: *annual % growth rate unless otherwise indicated. Figures are based on local currency and in real terms. E estimate F forecast

Source: Oxford Economics Ltd.

Cushman & Wakefield | Singapore | 2019

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KEY RETAIL STREETS & AREAS

MARINA CENTRE

Within close proximity to the Central Business District, Marina Centre offers a wide range of mid to high-end retailers, from fashion, lifestyle to electronics and home furnishings, in several well-connected malls such as Suntec City, Marina Square and Millenia Walk. The precinct is also a bustling hub for entertainment and dining activities among locals and tourists alike.

BUGIS

A strong focus on fashion and a favourite destination for the young, Bugis is always packed with shoppers all week long. Some international labels are setting their footprints in the area, including Uniqlo, Cotton On, Fred Perry, Guess etc.

HARBOUR FRONT

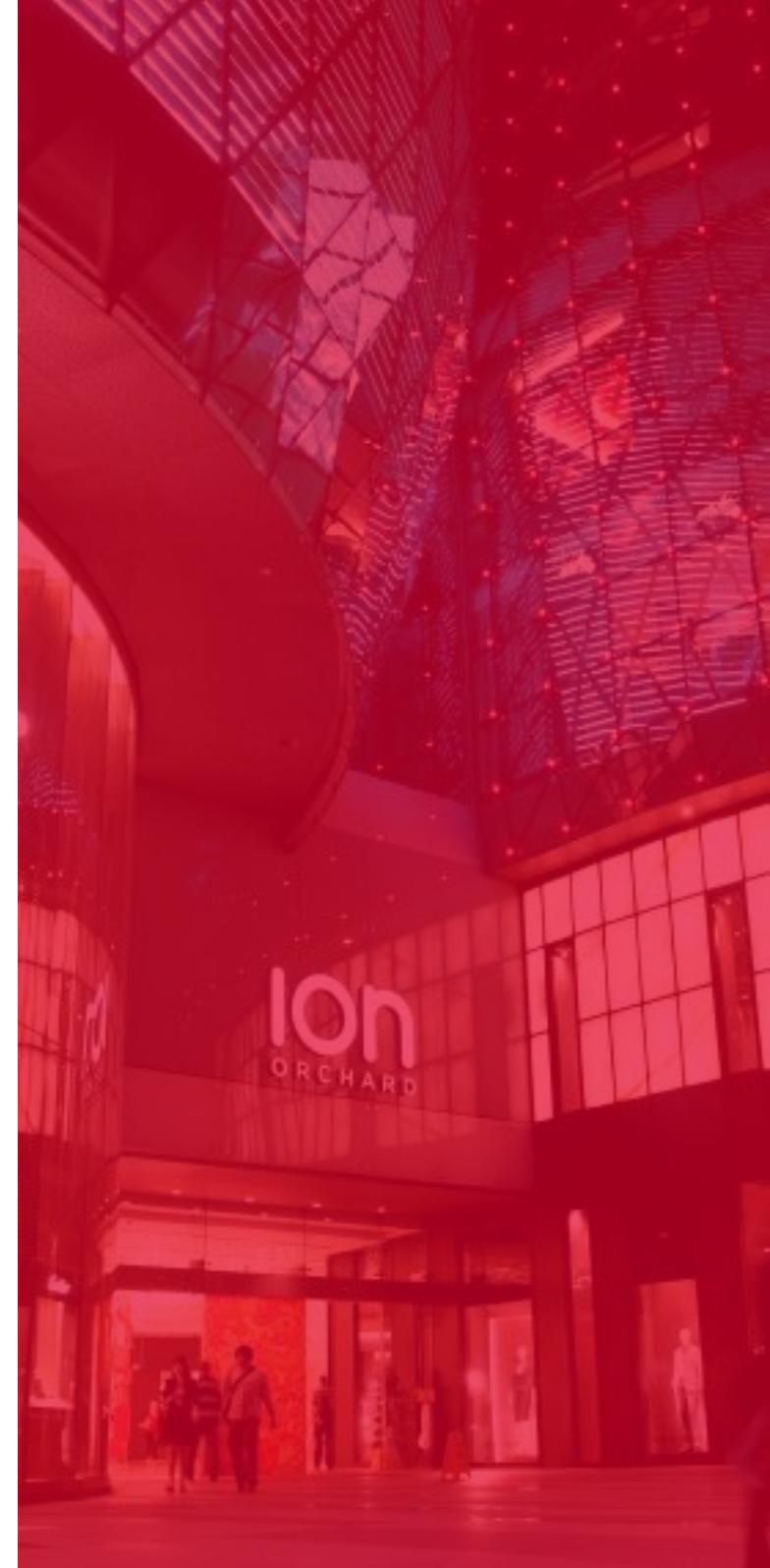
Tourists to Singapore's famed Sentosa Island as well as local families seeking waterfront relaxation make this southern submarket one of the most vibrant districts in Singapore. With the opening of the Resort World Sentosa, this area promises to see even more interest from leading retailers.

MARINA BAY

Part of the integrated resort Marina Bay Sands, The Shoppers at Marina Bay Sands is the new home of super luxury names. The 800,000 sqft mall offers breathtaking shopping experiences with its contemporary, open design and a Venetian-style canal running through its entire length. Along with shopping, visitors to Marina Bay Sands can find a host of world-class entertaining options, from casino, museum, theatres, to expo and convention facilities, as well as celebrity-chef restaurants.

ORCHARD ROAD

Orchard Road is Singapore's most popular shopping and entertainment enclave for both locals and tourists. The 2 km long street is flanked by wall-to-wall shopping malls, along with numerous upscale restaurants, F&B establishments and hotels. Many of the city's most expensive shopping centres with premier international brands are located here.



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MARKET OVERVIEW

KEY AREAS/ STREETS/ SHOPPING CENTRES	CONSUMER PROFILE	MAJOR RETAILERS PRESENT	NEW ENTRANTS	TYPICAL RENT FOR <3,000 SQFT UNIT	RANGE OF UNIT SIZES
Orchard Road	Tourist, local shoppers	Tangs, Takashimaya, Louis Vuitton, Zara, Mango, Burberry, Dior, Giorgio Armani, Cartier, The Hour Glass, Vertu, H&M, Gucci, Prada, Chanel Ferragamo, Isetan, Sephora, Michael Kors	Alexander McQueen, Delvaux, Rue Madame, 999.9, LaPrendo, Castaner, Gieves & Hawkes, Zadig & Voltaire, Victoria's Secret	S\$40 - \$100/ sqft/ month	500 - 20,000 sqft
Marina Centre	Tourist, local shoppers	Robinsons, Lacoste, Esprit, Zara, Cotton On, Harvey Norman, John Little	Manifesto, Four Seasons (Bayswater London), Carmina, Joli, Julie Nicole, Napapiji, Sulwhasoo, APM Monaco, Montblanc	S\$20 - \$35/ sqft/ month	300 - 20,000 sqft
Bugis	Tourist, local shoppers	Topshop/Topman, Mango, Converse, Cotton On, Esprit, Muji, BHG	Innisfree, Sephora, Berksham Pull & Bear, Uniqlo, Under Armour	S\$18 - \$35/ sqft/ month	300 - 20,000 sqft
Harbour Front	Tourist, local shoppers	Calvin Klein, Sephora, Crocodile, Esprit, Mango, Zara, Best Denki, Candy Empire, Coach, H&M, Hush Puppies, Marks & Spencer, Muji, Tangs	American Eagle Outfitters, Weekends, Aéropostale, Rabeanco, Innisfree, Etude House, Steve Maden	S\$18 - \$35/ sqft/ month	500 - 15,000 sqft
Marina Bay	Tourist, local shoppers	Alfred Dunhill, Bally, Bottega Veneta, Fendi, Gucci, Hermès, Miu Miu, Ralph Lauren, Yves Saint Laurent	Furla, Girard-Perregaux, Audemars Piguet, Bread Street Kitchen, Apm Monaco, In Good Company	S\$20 - \$60/ sqft/ month	300 - 5,000 sqft



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SHOPPING CENTRES

ORCHARD – ION ORCHARD

Ion Orchard opened in July 2009 and it is one of the most iconic and prime located shopping centres in Orchard Road. With a lettable area of almost 660,000 sqft, there are over 400 retail outlets and more than 20% of the NLA is dedicated for dining outlets, with a high focus on new-to-market concepts.

CHANGI JEWEL

Changi Jewel, a 1.4 million sf commercial complex, is scheduled to be opened in 2019. Located in the heart of the best airport in the world, Changi Jewel is set to capture the hearts and minds of travellers and Singaporeans. Highlights include a 40m indoor waterfall and a five-storey garden with about 2,500 trees and 100,000 shrubs from countries including Brazil, Australia, Thailand and the US. The five-storey, mainly commercial development with five basement floors will house about 300 shops and food and beverage outlets and a hotel.

FUNAN

Previously known for being a hub for IT products, Funan mall is undergoing redevelopment and is targeted for completion in the 4th quarter of 2019. The mall with 324,000 sf of retail net lettable space will have 200 shops over six storeys and an entire floor will still be dedicated to technology. The mall aims to differentiate itself by leveraging on technology and new retail concepts. For example, 11,800 sq ft will be allocated to “short term and casual” space for designers and makers to conduct workshops and sell their crafts with leases as short as a few hours. Supermarket chain FairPrice Finest, which will launch a brand new supermarket of the future concept that complements Funan’s digital edge.

PAYA LEBAR QUARTER

Slated to be completed in the 2nd half of 2018, Paya Lebar Quarter will offer over 340,000 sq ft of retail space and will feature about 200 stores and cinemas over seven floors. About 30 per cent of the tenants are expected to be food and beverage operators. Over 40% of its retail space has been pre-committed with two anchor tenants, supermart NTUC FairPrice Finest and Kopitiam to occupy over 22,000 sq ft, and with 15,000 sq ft respectively.

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SELECTED RETAIL SUBMARKETS

DEMPSEY HILL

Dempsey Hill is an upmarket lifestyle quarter off Orchard Road that features a variety of F&B, grocers, museums, and retail shops housed in restored, heritage bungalows. It continues to appeal to locals and tourists alike given its exclusive feel, lush grounds and greeneries, and free carpark facility.

CLARKE QUAY

Clarke Quay is an iconic attraction by the Singapore River featuring pubs and restaurants in historical shophouses. It is in close proximity to the Central Business District and is dubbed “Singapore’s most vibrant after-dark playground.” Offering clubbing, bar-hopping and alfresco wining and dining, the area is an attraction for tourists, locals alike.

EAST COAST PARK

As Singapore’s largest and most popular park with 7.5 million visits annually, East Coast Park is known for its distinct coastal identity that has endeared it to generations of users. The precinct is undergoing a facelift which will include more open space and better family-friendly amenities. Slated to open between 2017-2019, the new revamped ECP will include a Cyclist Park, a vertical playground with a lookout tower etc.

HOLLAND VILLAGE

Holland Village, known as Singapore’s ‘Bohemian’ enclave, features crescent-shaped rows of shophouses which comprise a wide variety of retail trades, watering holes, trendy cafes, specialist shops, and conveniences. It remains a hip and sought-after destination for expatriates, professionals, families, tourists and students.

TIONG BAHRU

Tiong Bahru is a historical hotspot with architecture dating back to the 1930s. Its content and offerings have been updated with infusions of modernity over the years, witnessing an influx of quirky and sophisticated bars, shops and cafés (Ah Bong’s Italian, Big Mama Korean Restaurant, the House of Peranakan Petit etc) Today, Tiong Bahru is one of Singapore’s hippest and most eclectic spots.

DEVELOPMENT TO WATCH OUT FOR

CHANGI JEWEL

Total Scheme Size	1,442,000 sqft
- Retail	549,103 sqft
- Indoor gardens & attractions	233,579 sqft
- Other (inc. YOTEL hotel)	660,318 sqft
Planned Opening Date	2019
Consumer Profile	Neighbouring residents, tourists



SINGAPORE NEW DEVELOPMENT WATCH

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RETAIL OVERVIEW

MAJOR DOMESTIC FOOD RETAILERS

NTUC FairPrice, Sheng Siong

MAJOR INTERNATIONAL FOOD RETAILERS

Giant, Cold Storage

MAJOR DOMESTIC NON-FOOD RETAILERS

Charles & Keith, Osim, Challenger, Courts, World of Sports

INTERNATIONAL RETAILERS IN SINGAPORE

Inditex Group (Zara, Bershka, Pull & Bear, etc.), Phillips-Van Heusen Corp (Calvin Klein, Tommy Hilfiger, etc.), Arcadia Group (Topshop, Topman), Beijing Hualian Group, Robinson Group (Robinsons, Marks & Spencer, etc.), Cotton On Group (Cotton On, Rubi, Factorie, Typo, etc.), Amore Pacific Corporation (Laneige, Innisfree, Etudehouse, etc.), H&M Group (H&M, COS, Weekday, etc.)

FOOD AND BEVERAGE OPERATORS

Starbucks, TWG Tea, Shake Shack, The Connoisseur Concerto, McDonalds, Burger King, Dunkin' Donuts, BreadTalk, Sushi Tei, Thai Express, Toast Box, Kopitiam, Food Junction, Imperial Treasure, Sushi Tei, Taste Paradise, Old Chang Kee, Jumbo Seafood.

TYPICAL HOURS

MONDAY - FRIDAY

10:00 – 22:00

SATURDAY

10:00 – 22:00

SUNDAY

10:00 – 22:00

NEW ENTRANTS TO MARKET

Issac	AW Lab	Stefano Ricci	Gianvito Rossi	Tsui Wah
Foot Locker	Sixty 8ight	JD Sports	Oysho	Durasport



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RETAIL SCENE

Despite its physical smallness and lack of a massive consumer base, Singapore boasts one of the key retail hubs in Asia, offering an excellent test bed for new brands/retailers seeking an exposure to the region.

The retail sector has been benefiting from the increasingly high spending power of not only the locals but also tourists within Asia choosing Singapore as their favoured shopping destination. However, the operating environment in the retail scene remains challenging amidst high labour costs and rents.

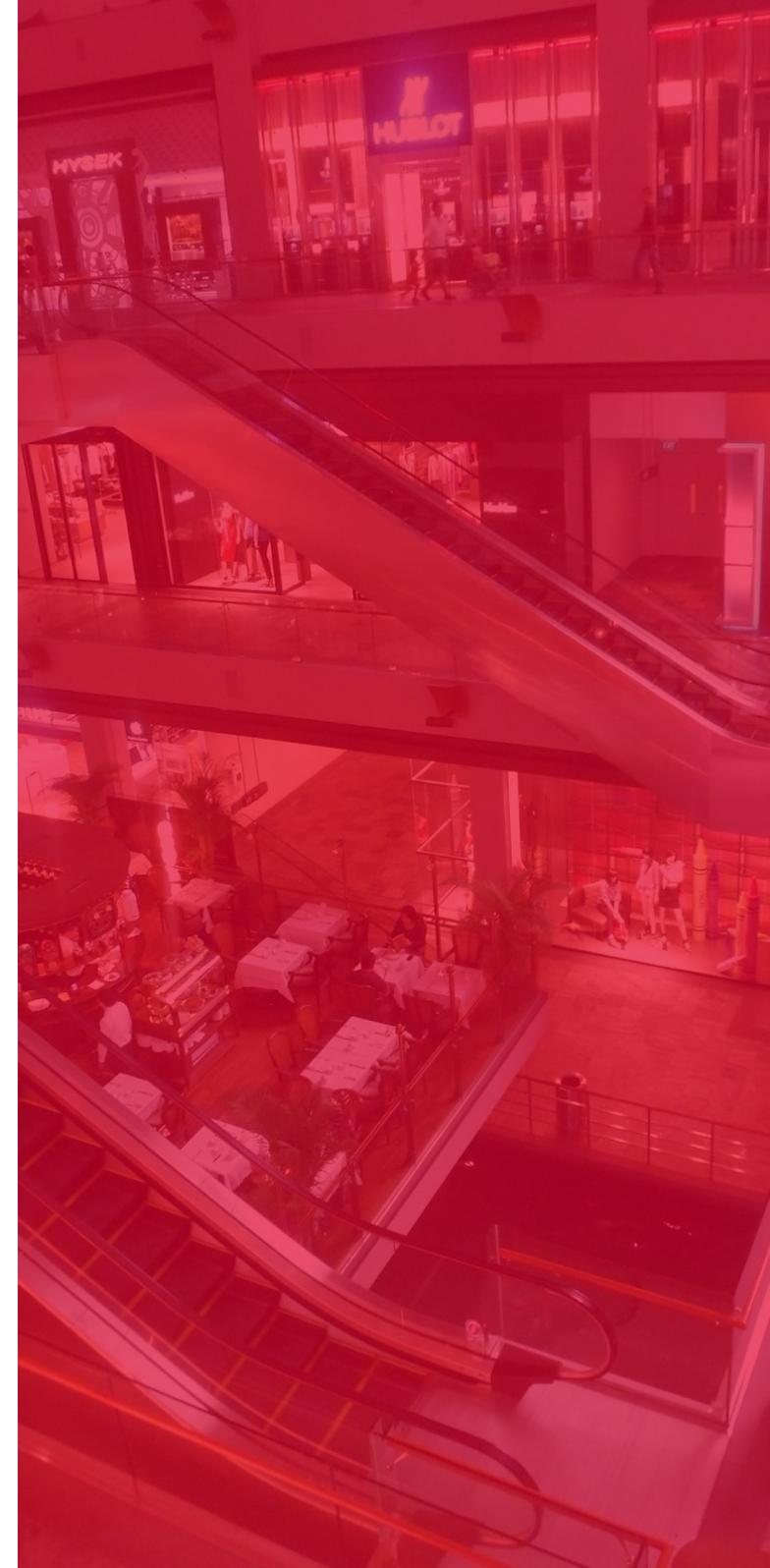
Total existing stock of private shop space in Singapore amounts to 36.6 million sqft (Q4 2017). While the bulk of high-end shopping malls are largely concentrated along the famous Orchard Road, suburban malls serving neighbourhood markets are often strategically located near transport hubs such as Mass Rapid Transit stations or major bus interchanges.

Following the government's recently announced plans to develop regional commercial hubs, the suburban retail market will welcome a new generation of larger and swankier malls attracting huge interests from leading retailers. At the same time, Singapore's iconic Orchard shopping belt has recently undergone a major revamp to maintain its position as a world-class shopping destination in Asia. The district is home to an abundance of luxury international brands and will continue to appeal to new entrants.

The e-commerce market is undoubtedly expanding fast in recent years. A significant portion of online purchases, ranging from fashion, beauty, lifestyle, gifts/collectibles to electronics and insurance, are made by domestic shoppers.

For many years, Singapore has consistently retained top ranks in the World Bank's survey on ease of doing business. Retailers can enter the market either directly or through franchise/distributors.

A typical lease term for retail space is three years. Gross rent, including base rent and service charges, is usually quoted in Singapore dollars per square foot per month. Although rent is normally fixed for the initial lease term, landlords reserve the right to revise the service charges in the event of a substantial increase in building operational costs. Depending on the scale, typical fit-out period for tenants can range from one to six months.



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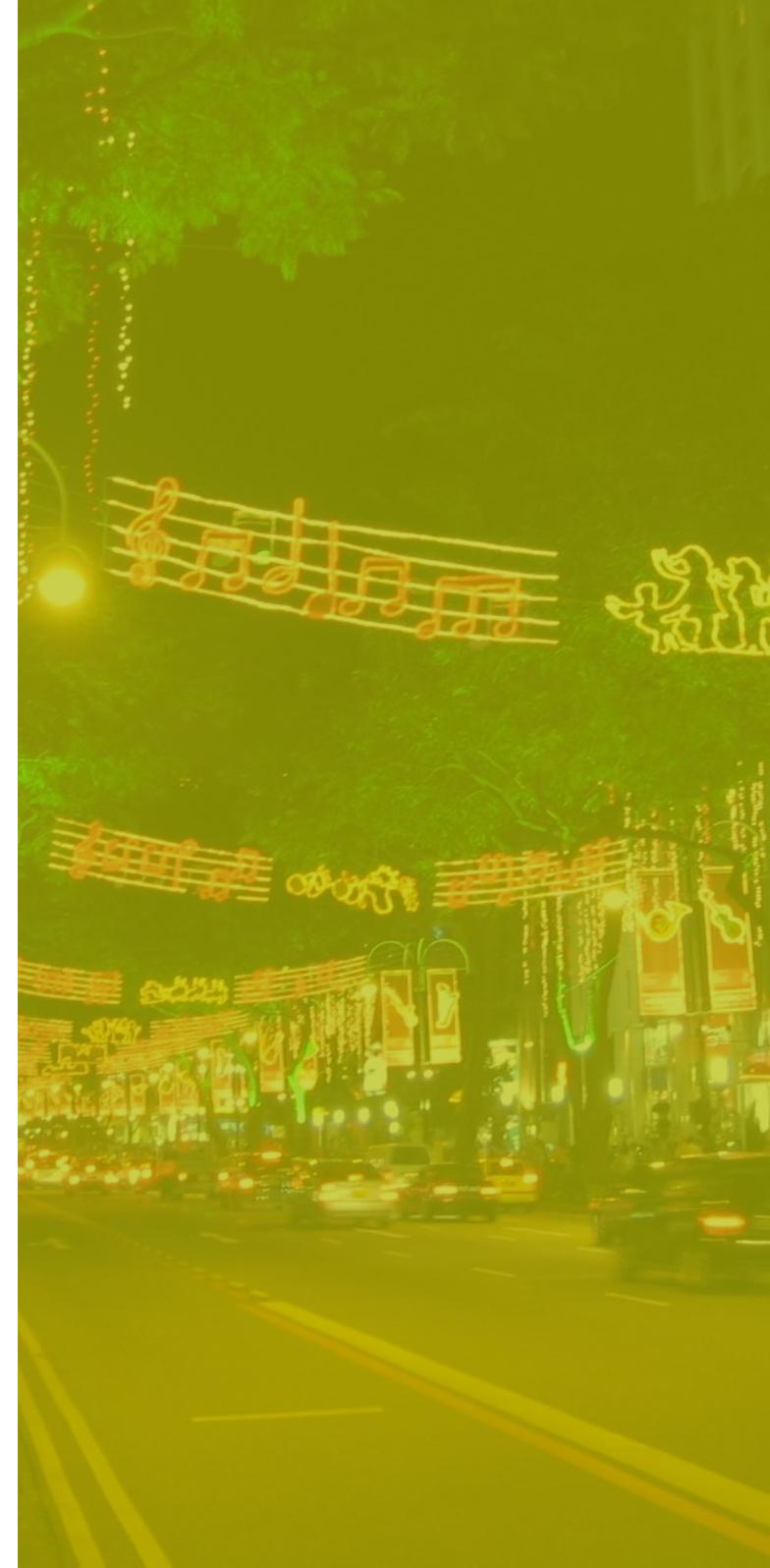
FOOD & BEVERAGE

Singapore cuisine is a showcase for its ethnic diversity. The ready availability of international cuisines has earned the country its popular title “food paradise”.

Hawker centres and food courts are often the top choices for casual daily eat-outs among the local residents. Some familiar food court chains which can be found in almost every suburban shopping mall include Kopitiam, Food Republic, Food Junction and Koufu. There is also an abundance of local restaurant chains which have long established their footprints in most neighbourhoods, such as Sushi Tei, Thai Express and Fish & Co.

For fine dining and more upmarket restaurants, Orchard Road and Marina Bay are top hotspots where many world-renowned chefs choose to locate their businesses. Some exciting names include Salt Grill & Sky Bar on the 55th floor of the grand ION Orchard mall, or Waku Ghin and CE LA VI (renamed and previously known as KU DE TA) at the newly opened Marina Bay Sands Resort. Robertson Quay and Clarke Quay are Singapore’s nightspots. These stretches of bustling restaurants, bars, cafés and night clubs along the Singapore River are home to Paulaner, Harry’s and Highlander, to name a few.

Holland Village is another popular place for dining and chilling out, highly favoured by the expatriate population in Singapore, with a wide range of restaurants, bars and cafés that offer easy-on-the-pocket menus.



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FOOD & BEVERAGE MARKET OVERVIEW

KEY AREAS	CONSUMER PROFILE	FOOD & BEVERAGE OPERATORS
Orchard Road	Locals, tourists	Salt Grill & Sky Bar, Les Amis, Angus Steak House, Iggy's, Alma By Juan Amador, NOX, Brotzeit
Marina Bay	Locals, tourists	Waku Ghin, Ci La Vi, Harry's, MEDZS, Bel Mondo, Paulaner Brauhaus, CUT by Wolfgang Puck, Adrift by David Myers
Robertson Quay/Clarke Quay	Locals, tourists	Bollicine, Shiraz, Muchos, Attica, Zirca, Zouk, Harry's, Little Saigon
Holland Village	Locals, tourists	Barossa, Yuzu, Crystal Jade, Harry's, Wala Wala, Tango's

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KEY FEATURES OF LEASE STRUCTURE

KEY FEATURES OF LEASE

ITEM	COMMENT
Lease Terms	Leases are typically for three years but large tenants can negotiate for longer terms. As break options are not allowed, the tenant will have to seek a replacement tenant to take over the remaining lease, subject to the landlord's approval. A renewal option is subject to negotiation, which if granted, is usually at prevailing market rent. It is common practice to quote rent on a gross basis, i.e. inclusive of both base rent, service charges and advertising & promotion fees. In major malls, the landlord usually incorporates a clause in the Tenancy Agreement which allows them to relocate the tenant to another unit within the mall during the lease term, in order to provide the landlord the flexibility to reposition or re-align the tenant mix of the mall to increase footfall. This exercise is commonly known as Asset Enhancement Improvement (AEI) works.
Rental Payment	Rent is payable monthly or quarterly in advance. A security deposit equivalent to three to six months of gross rent is required if the tenant's paid-up capital meets the landlord's minimum requirement. A higher amount is sometimes required for longer lease terms or if the tenant's paid-up capital does not fulfil the landlord's requirement.
Rent Review	Annual indexation to inflation is not a common practice. Although rent is normally fixed for the initial lease term, the landlord will reserve the right to revise the service charges in the event of a substantial increase in building operational costs. Rent reviews are typically done every three years.
Service Charges, Repairs and Insurance	The tenant is responsible for internal maintenance, whereas the maintenance of common areas and external structures, as well as building insurance, is the landlords' responsibility. Nevertheless, the landlord will charge back via service charges.

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KEY FEATURES OF LEASE STRUCTURE

KEY FEATURES OF LEASE

ITEM	COMMENT
Property Taxes and other costs	Property taxes payable by owners are calculated by the Inland Revenue Authority of Singapore based on Annual Value, which is the property's estimated annual rent (excluding furniture, furnishings and maintenance fees) and is reviewed annually. In addition to the gross rent, landlords of major shopping malls will usually require the tenant to pay the landlord an additional rental component which is an agreed percentage of the tenant's gross turnover. The current tax rate for all commercial and industrial properties is flat at 10% per year. Tax concession can be given to properties which are continuously vacant for more than one calendar month or undergoing repairs. The tenant is responsible for stamp duty fees, and rent is GST payable.
Disposal of a Lease	Sub-letting or assignment rights are subject to negotiation. Early termination of the lease term is not allowed; the tenant will have to seek a replacement tenant to take over the remaining lease, subject to the landlord's approval.
Valuation Methods	Strata-titled shops are typically valued based on past transactions of comparable sales, with appropriate adjustments for any differences in the properties' attributes. Fronting and location (nearness to escalator/restrooms, floor level, etc.) are important factors affecting the values of strata-titled shop units. On the other hand, the valuation of shopping malls relies mainly on the income method.
Legislation	Singapore legislation relating to landlords and tenants are mainly derived from the Conveyancing and Law of Property Act (Chapter 61). Leases for more than 7 years must be in the form of a deed; any agreement for a period of less than 7 years should still be evidenced in writing under the Civil Law Act. The rights and obligations of tenants and landlords are usually expressly provided in the lease agreement.

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WHAT'S NEXT

REDEFINING THE LANGUAGE OF
RETAIL & LEISURE



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