

Malls in Jurong East Regional Centre see higher Total Visitorship than Tampines Regional Centre, but lower visitorship on a per Net Lettable Area basis

Tampines command higher retail space rentals, commensurating with strong visitorship per floor area. The newer malls in Jurong East saw fluctuating rents reflective of the lower visitorship per floor area of malls although the cluster saw higher total visitorship and visitors are seen spending more time shopping here.

Study co-produced by:



Knight Frank Pte Ltd



SmartHub, analytics arm of StarHub



Teralytics

Signal to Information to Value

About The Study

The development of new large-scale malls in Jurong East Regional Centre posed questions about its sustainability, with some saying that there appears to be an over-supply of retail space in the area. To answer this question, we compare its current performance with the first and more mature Tampines Regional Centre. Some key questions this article addresses are:-

- How do their overall visitorships compare?
- How does it feature in terms of the visitor per square foot of retail space?
- Does this commensurate with landlords rental expectations in the respective locations?

We will also share our view on whether the retail scene in Jurong East will continue to be sustainable.

In Tampines, the three major malls located around the Tampines MRT station, Tampines Mall, Tampines 1, and Century Square, have a total net lettable area (NLA)

of 0.8 million sq ft. In Jurong East, JEM, Westgate, IMM and JCube have a total NLA of 1.6 million sq ft. Big Box was not included in the study as it has only been opened for a short period as at our time of study in May 2015, and mall footfalls typically take some time to stabilise and ramp up.

StarHub, in partnership with big data analytics company, Teralytics, has provided anonymised and aggregated mobile location insights. This data provides insight into the visitorship numbers and shopping patterns to key shopping malls in Tampines and Jurong East clusters. A person is considered a visitor to the shopping mall cluster in the regional centre if he visits any one or more than one of the malls in the Regional centre within a day. Unlike typical footfall count statistics that are usually captured by mall owners, such mobile location aggregated data (a form of 'Big Data'), offer further insights on visitor patterns and profile, such as the visitors' daily patronage and dwelling time in a mall or cluster, location of residence, their shopping habits, and other notable patterns.

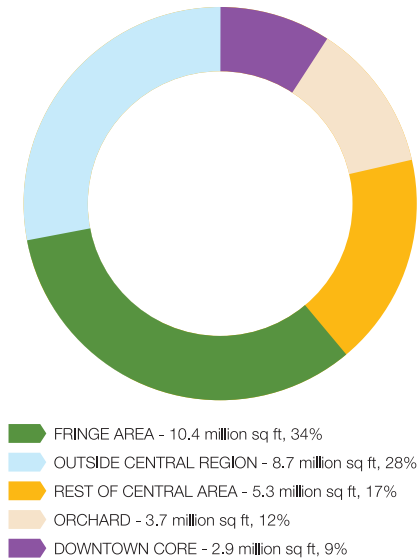
(1) The "Definitions and Assumptions" section at the end of this article provides the list of malls selected to represent each cluster. The malls are not studied individually but in clusters, as the key intention of this study is to understand the impact of these well-established mall clusters on visitorship. It is not unusual for patrons to one mall to visit another within the same cluster, given the seamless connectivity between malls. Thus, this methodology also avoids double-counting of patrons visiting more than one mall within the cluster.

(2) A visitor is counted as 'one' once he steps inside any of the malls within the cluster. If he walks into 2 or more malls within the same cluster at any time within the same day, he is still counted as '1' visitor to the cluster for the day. This is to avoid double-counting of visitors going to various malls a day, or walking through a number of malls as a passer-by. This also does not lead to the limitation of double-counting where someone works in the office tower, and may go into the retail podium several times a day at the point of coming to work, leaving work, meal times, etc.

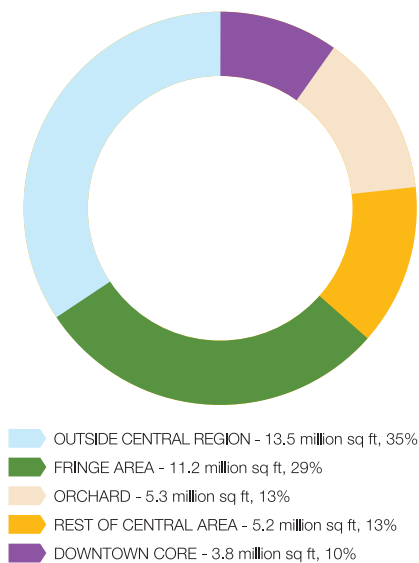
EXHIBIT 1

Available Shop Space

2Q 1995



2Q 2015



Source: REALIS, Knight Frank Research

Preamble

Achieving growth through decentralisation

- The road toward decentralisation in Singapore began to take shape as part of the 1991 Concept Plan Review. This long-term strategy meant introducing more commercial centres and activities outside the city. Regional and sub-regional growth areas were identified, with Tampines Regional Centre and Novena fringe centre first taking shape, followed by Jurong Lake District which is still undergoing transformation. Development of Paya Lebar Central has also commenced, and Woodlands Regional Centre will be developed in the mid- to long-term.

- With growth in population and development of office and working clusters in these areas, it was also critical to provide amenities to serve the residential and working population. As such, shopping malls have played a significant role in these growth areas, and serve as key leisure, entertainment, and convenience features in the hub.

- Overall shop space has grown significantly in the suburban areas over the years. Shop space in Outside Central Region (OCR) made up 28% in 2Q 1995 (see Exhibit 1). Over the span of two decades, OCR stock grew to 35% of island-wide shop space.

- These suburban hub locations are drawing more shoppers, as they see newer, bigger and better malls featuring more established and popular brands. Some retailers have begun easing its Orchard-only stance, entering the suburban scene. For example, Uniqlo opened its first store in Singapore at Tampines 1 in 2009.

- Amid the increasingly challenging retail scene, retailers are exercising prudence in their expansionary plans. This study presents pertinent points for further consideration, comparing the footfall patterns in suburban commercial clusters of Tampines Regional Centre and Jurong East Regional Centre in Jurong Lake District, and how these trends stack up against the rents retailers are currently paying to be in these areas.

How Does Jurong East Fare In Comparison To Tampines, In Terms Of Visitorship?

Malls in Jurong East Regional Centre saw higher total visitorship than Tampines Regional Centre

Data from May 2015 was used as a proxy of visitorship during non-peak months, whereas December 2014 data was used as a proxy of visitorship during the festive peak-season (Exhibit 2). During December 2014, Jurong East welcomed about 3.3 million visitors, 26.9% higher than Tampines (2.6 million). Similarly, Jurong East saw 3.1 million visitors, which is 34.8% higher than Tampines (2.3 million) in May 2015.

However, on a per net lettable area (NLA) basis, Jurong East malls saw 30.0% lower visitors per sq m of retail space than Tampines during non-festive periods

It is observed that during the non-peak months, the malls in Jurong East Regional Centre saw an average of 21 visitors per sq m of retail space, 30.0% lower than the malls in Tampines Regional Centre with 30 visitors per sq m of net lettable area.

Increased visitorship per sq m of NLA seen during festive peak-season

Looking at data for the festive peak-season, as seen in the month of December 2014, malls in the Tampines Regional Centre recorded 34 visitors per sq m of NLA on average, 13.3% higher than that during the off-peak season. Similarly, Jurong East saw 23 visitors per sq m of NLA during the peak season, 9.5% higher than during the non-peak season at 21 visitors per sq m of NLA on average. In short, Tampines is recorded to have higher visitorship per sq m of NLA compared to Jurong East cluster for both December 2014 and May 2015.

EXHIBIT 2

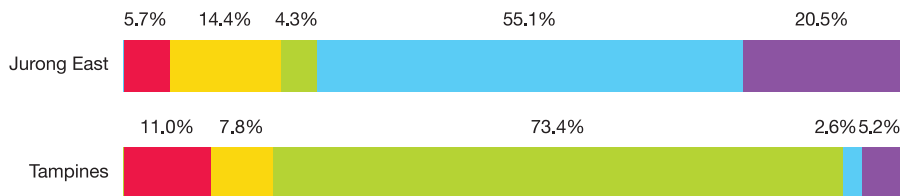
Average Visitors per sq m of retail space in each Regional Centre

Variable		Tampines Regional Centre	Jurong East Regional Centre
Total Visitors to the Regional Centre	December 2014	2.6 million	3.3 million
	May 2015	2.3 million	3.1 million
Visitors per sqm of NLA per month	December 2014	34	23
	May 2015	30	21

Source: SmartHub, analytics arm of StarHub, In partnership with Teralytics. Analysis by Knight Frank Research

EXHIBIT 3

Proportion and number of visitors to shopping clusters, by region of residence - May 2015



 NORTH EAST REGION
  CENTRAL REGION
  EAST REGION
  WEST REGION
  NORTH REGION

Total Visitors - May 2015	Tampines Regional Centre	Jurong East Regional Centre
North East Region	250,000	176,000
Central Region	176,000	446,000
East Region	1,665,000	134,000
West Region	58,000	1,711,000
North Region	118,000	636,000
Total	2,267,000	3,103,000

Source: SmartHub, analytics arm of StarHub, In partnership with Teralytics. Analysis by Knight Frank Research

EXHIBIT 4

Catchment Size (within 2km radius from cluster)

Variable	Tampines Regional Centre	Jurong East Regional Centre
Residential Population	273,000	112,000
Working Population	30,000	80,000
Total Residential and Working Total Population	303,000	192,000

Source: Singstat, Knight Frank Research

Jurong East cluster did not just serve residents living in the West, as a notable proportion of its patrons live in the North

As seen in Exhibit 3, the Jurong East cluster was observed to draw significant visitors staying in the West and North Regions, whose residents formed 55.1% and 20.5% of their total footfall respectively.

With a fairly large worker population particularly from industrial estates in the west, coupled with Jurong East MRT station as an interchange for both East-West (EW) and North-South (NS) MRT lines, malls in the Jurong East Regional Centre serve as convenient stopovers for the working population residing in the North Region. With a significantly smaller catchment population living within 2 km as compared to Tampines Regional Centre (Exhibit 4), patrons who come or reside in the North are an important patron group for the malls in Jurong East Regional Centre.

How much time are visitors spending in the malls?

Jurong East saw visitors spending more time at the malls compared to Tampines.

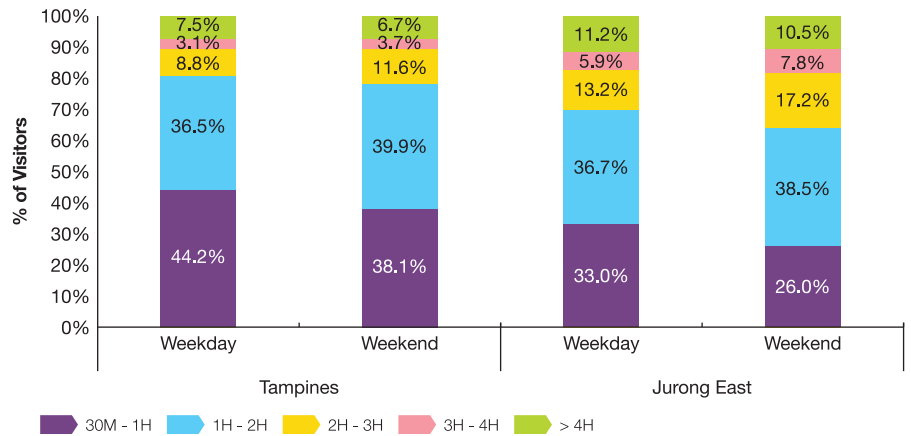
Data on dwelling time of visitors in the cluster points to visitors spending longer time in Jurong East than Tampines (Exhibit 5). Jurong East had 30.3% and 35.5% of visitors staying beyond two hours during weekdays and weekends respectively. In comparison, visitors to Tampines cluster spent shorter time at the malls. Only 19.4% and 22.0% of visitors to Tampines cluster stayed beyond two hours during weekdays and weekends respectively.

These trends could be attributed to a few main reasons, namely:

- Total size of malls in the cluster: With more variety in a larger mall area and more options to browse, visitors would tend to stay longer.
- Connectivity among malls: The easier it is to walk to different malls, the more likely people are willing to walk to and from or between the different malls. The malls in Jurong East Regional Centre are more connected, in particular JEM and Westgate, and also sees a shuttle bus circling Westgate, JCube, and IMM. The ease of travelling to more than one mall increases the likelihood of shoppers extending their dwelling time in the Centre.
- Sense of novelty: As most of the malls in the Jurong east cluster are relatively new or refurbished, visitors are more inclined to spend longer time exploring these malls. In Tampines Regional Centre, shoppers may already know what they wish to do and buy when they visit these malls, and have less interest in exploring.

EXHIBIT 5

Proportion of longer-staying visitors (30 minutes and beyond), by dwelling time brackets and shopping clusters - May 2015



* This graph excludes shoppers who spent less than 30 minutes in the cluster.

Variable	Tampines		Jurong East	
	Weekday	Weekend	Weekday	Weekend
Total Number of Visitors who spent more than 30 minutes (May 2015)	727,000	497,000	1,090,550	736,000
Average Number of Visitors spending more than 30 minutes per day (May 2015)	35,000	50,000	52,000	74,000
Total Number of Visitors who spent less than 30 minutes (May 2015)	733,000	326,000	927,000	375,000
Proportion of Visitors who spend less than 30 minutes per day (May 2015)	50.2%	39.6%	45.9%	33.8%

Source: SmartHub, analytics arm of StarHub, in partnership with Teralytics. Analysis by Knight Frank Research

How Does The Visitorship Commensurate With Landlords Rental Expectations?

Median rents in Jurong East 37.4% lower than in Tampines in 1H 2015

Median monthly rents in Tampines Regional Centre stood at \$25.55 per sq ft in 1H 2015. Tampines features fairly stable rents and, in 1H 2015, even recorded an uptick of rents in the 25th percentile, median and 75th percentile (Exhibit 6). Jurong East, on the other hand, saw fluctuating rents between 2013 and 2015 since the malls are relatively new and their rental demand have yet to stabilise (Exhibit 7). Median rents in Jurong East were 37.4% lower, at \$16.00 per sq ft. However, the median rents in Jurong East could be dragged lower by IMM which features retail tenants with larger floorplates, given its positioning as an outlet mall.

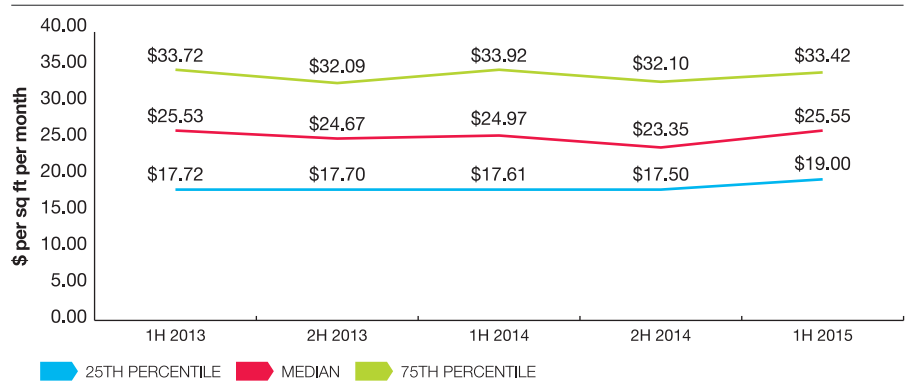
Lower visitorship per NLA part of reason for rental differential between the Regional Centres

Although malls in Jurong East Regional Centre saw higher total footfall, the relatively larger amount of space compared to Tampines Regional Centre means footfall is spread out more thinly, evident in the lower footfall per NLA (Exhibit 8). The implication is also that there is greater competition for patrons, and is an important reason in explaining the rental differential between malls in the two Regional Centres.

Longer dwelling times in Jurong East Regional Centre significant but not large enough to close rental differential: While Jurong East Regional Centre loses out to Tampines in terms of footfall per NLA, there is also a larger proportion of longer-dwellers. However, this percentage may not be sufficiently significant to close the rental differential.

EXHIBIT 6

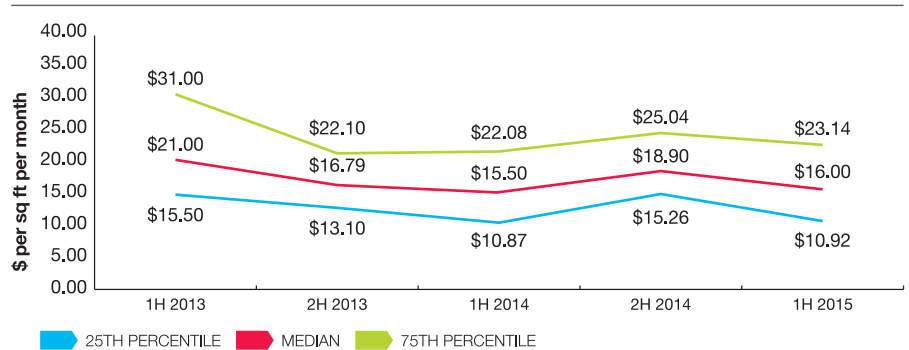
Gross Rents in Tampines



Source: REALIS, Knight Frank Research

EXHIBIT 7

Gross Rents in Jurong East



Source: REALIS, Knight Frank Research

EXHIBIT 8

Knight Frank's Prime Retail Rents in 2Q 2015 based on selected basket of malls

Variable	Tampines	Jurong East
Visitors per sqm of NLA (in May 2015)	30	21
Knight Frank's Prime Retail Rents 2Q 2015, based on selected basket of malls	\$30.00 psf pm	\$32.50 psf pm

Source: Knight Frank Research, SmartHub, analytics arm of StarHub, in partnership with Teralytics. Analysis by Knight Frank Research

There are, however, other factors which contribute to the rental differential between the Regional Centres that are not taken into account in this study

- Varying performances between malls: The visitorship per NLA ratios and average proportions of visitors calculated for the cluster do not reflect the varying performances between malls. Some malls in the cluster could outperform in terms of visitorship, while the others may see poorer performance and bring down the average footfall per NLA.
- Spending capacity of visitors and propensity to spend: Since visitorship does not translate directly to revenue, retailers would also be concerned about the consumption capacity of visitors and their propensity to spend.

What do these mean for Jurong East Mall Owners and Retailers?

Jurong East still at transition stage:

Landlords in Jurong East face a greater uphill task in determining the positioning and trade mix in the immediate term, with the Regional Centre still in transition in its development. Malls typically take a few years from their opening to stabilise, tweaking their positioning, trade mix, and tenants mix as they grapple with the profile of their patrons.

The current resident population within 2-km catchment of Jurong East Regional Centre is smaller at 112,000 residents with a higher proportion of older age groups. In contrast, Tampines is a mature estate having been established for many years, with more than two times larger catchment size of 273,000 residents and a higher proportion of young-medium families.

Collaborative Advertising & Promotion (A&P) strategies a plausible way to draw more visitors further afield: With lower density of visitorship, higher competition for patrons and moderating rental performance in Jurong East shopping cluster, landlords would need to devise immediate-term strategies to attract more visitors and shoppers further afield beyond its immediate catchment. Landlords could also collaborate to launch bigger-scale advertising and promotions initiatives together, to introduce collective synergies

in promoting the attractiveness of Jurong East shopping cluster and thereon bringing in more shoppers and revenue.

Dwelling time, not just footfall, should be a more important part of consideration, with the availability of Big Data: In-depth understanding of current visitor profile of malls in nearby areas, through comprehensive research analytics such as Big Data, would help landlords to identify target consumer markets. For retailers considering to set up shop in regional centres, while footfall information provided by landlords is a valuable source of information, retailers may wish to consider their consumer shopping and spending patterns. High pass-through footfall would certainly be beneficial for takeaways and stalls selling quick convenience purchases. However, businesses such as fashion trades and department stores require people to shop around and hence would find value in understanding their consumers' shopping and spending patterns. Big data can help retailers make more informed decisions on the profile of visitors to the malls, optimising store expansions and reducing trial-and-error cost.

Retail Scene in Regional Centres poised to benefit from Development Plans – A long shot for Jurong East

Despite the existing smaller catchment size, Jurong East is still in its early to mid stages of growth, with its development blueprint having only been announced in Master Plan 2008, and several developments are still due to take place, including the development of Jurong Lake District and the proposed High-Speed Rail (HSR), on-going construction of residential projects in the vicinity, and more hotels.

Taking into account upcoming residential, office and industrial developments, the catchment population in Tampines Regional Centre is estimated to touch 321,000 with growth rate of 5.9%, while Jurong East Regional Centre could see its catchment population reach 223,000 with 16.1% growth by 2019 (Exhibit 9). Even though Jurong East cluster catchment size saw a higher growth rate, its total catchment population remains smaller and served by a total retail NLA size that is double of the Tampines cluster. Residents in Tampines Regional Centre can look forward to the new Tampines Town Hub progressively opening from end 2016. Tampines Town Hub will add an estimated 100,000 sq ft of retail space. For Jurong Regional Centre, the upcoming Vision Exchange will offer close to 26,000 sq ft of retail space in 2018.

Looking ahead to 2030: According to land use plan by Ministry of National Development (MND), Jurong Lake District will eventually house about 500,000 sqm of office space, 250,000 sqm of retail space and 2,800 hotel rooms. This is more than two and a half times the size of Tampines Regional Centre today. This eventual Jurong Lake District landscape with healthy population growth will translate to a larger critical mass for the malls in Jurong East Cluster.

Need to build catchment and activity to draw people in order for Jurong East Regional Centre to be sustainable in the long term: Within the next three years, Jurong East Regional Centre is likely to face further competition, with new malls in the North Region such as the mega Northpoint City catering to the residents from the North. The catchment of Jurong needs to be increased further, and the "hub" effect with multiple uses, attractions and events must be

EXHIBIT 9

Projected Catchment Size by 2019 (within 2km radius from cluster)

Projected	Tampines Regional Centre	Jurong East Regional Centre
Residential Population	289,000	133,000
Working Population	32,000	90,000
Total Residential and Working Population	321,000	223,000

Source: HDB, REALIS, Knight Frank Research

enhanced in order for Jurong East Regional Centre to remain sustainable. This can be achieved through the HSR development, and other recreational activities and attractions at Jurong Lake District. Depending on the actualisation of these plans, it would take beyond five years for the Jurong East catchment to increase significantly with the working and residential population expected to grow with these developments in Jurong Lake District. Riding on these changes, a significant transient footfall such as tourists, visitors from other parts of the island, and visitors from Malaysia coming in from the HSR is also envisaged in future beyond 2020.

AEIs ought to be planned beyond 2020: While malls in Jurong East currently have first mover advantage and are well poised to ride on the region's future growth, these malls also run the risk of being dated and tired by the time the regional centre is more established. Notwithstanding the likely expansion of Jurong East real estate landscape and visitorship, Mall owners would still need to embark on AEIs to keep up with competition from new shopping clusters from other parts of Singapore in the longer term.

DEFINITIONS & ASSUMPTIONS

1. The following malls were selected to represent each cluster:

Jurong East	Tampines
Westgate	Tampines Mall
JEM	Century Square
JCube	Tampines One
IMM Building	

2. The regions of residence are classified based on the following postal district classification:

Central	Balestier, Bendemeer, Bishan, Thomson Road, Braddell, Toa Payoh, Bugis, Victoria Street, Rochor, Bukit Timah Hill, 7 Milestone, Bukit Timah, Farrer Road, Coronation Road, King Albert Park, Old Turf Club, Stevens Road, Cavenagh Road, Scotts Road, Newton, Central Fire Station, Hill Street, Chinatown, Depot Road, Dover, Buona Vista, Singapore Polytechnic, Geylang Bahru, Harbourfront, Telok Blangah, Holland Road, Ghim Moh, Kallang, Aljunied, Geylang, Kampong Glam, Beach Road, Katong, Joo Chiat, Tanjong Rhu, Lavender, Jalan Besar, Little India, Macpherson Road, Marina East, Marina South, Marina, Esplanade, Suntec, Marine Parade, Novena, Orchard Road, Outram Road, Tiong Bahru, Pasir Panjang, Alexandra, Kent Ridge, Paya Lebar, Malay Village, Geylang Serai, Potong Pasir, Prince Edward, Anson Road, Queenstown, Commonwealth, Raffles Place, Redhill, Bukit Merah, Alexandra, Robinson Road, Shenton Way, Stadium, Tanglin Road, River Valley, Tanjong Pagar, Thomson Road, Woodleigh, Macpherson
East	Bedok Reservoir, Bedok, Chai Chee, Changi Airport, Changi Coast, Kembangan, Loyang, Pasir Ris, Paya Lebar (old) Airport, Siglap, Singapore Expo, Old Bedok Road, Changi South, Tampines, Simei
North East	Ang Mo Kio, Hougang, Serangoon, Yio Chu Kang, Kovan, Punggol, Seletar, Sengkang, Buangkok, Serangoon Central, Serangoon Gardens, Yio Chu Kang
North	Mandai, Sungei Kadut, Nee Soon, Neo Tiew, Kranji, Sembawang, Woodlands, Marsiling, Admiralty, Yew Tee, Choa Chu Kang, Yishun, Khatib
West	Bukit Batok, Bukit Gombak, Bukit Panjang, Clementi, Hillview, Jurong East, Jurong West, Lakeside, Boon Lay, Jurong, Joo Koon, Tuas, Lim Chu Kang, Taman Jurong, Tengah

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