

Creating Resilience

Impact of Concerts and MICE on Singapore's Retail Real Estate

REPORT

CBRE RESEARCH
SINGAPORE
NOVEMBER 2024



Executive Summary

Despite its small population and limited natural resources, Singapore is punching above its weight as a retail destination, driven by innovative placemaking efforts in attracting MICE and concerts, among other attractions and initiatives.

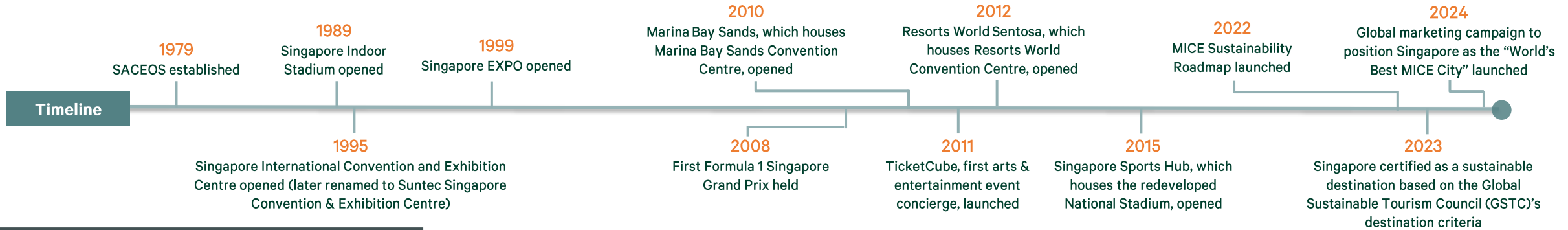
Singapore is recognised by the International Congress and Convention Association as the second top city worldwide for the number of conferences held, and has been Asia Pacific's top meeting city for 21 consecutive years. Recently, the country has also been spotlighted as a concert hub following numerous high profile sell-out concerts.

While these events are clearly positive for the hospitality sector, driving up room rates, the impact may be less straight forward for the retail sector. CBRE's proprietary study shows the impact on tourist footfall in malls during concerts and events have been more nuanced.

This report chronicles Singapore's journey of MICE and concerts, identifies their impact on Singapore's retail sector in the last two years, and addresses opportunities and challenges for landlords, retailers and investors.




01 — Key MICE and events milestones and visitor arrivals




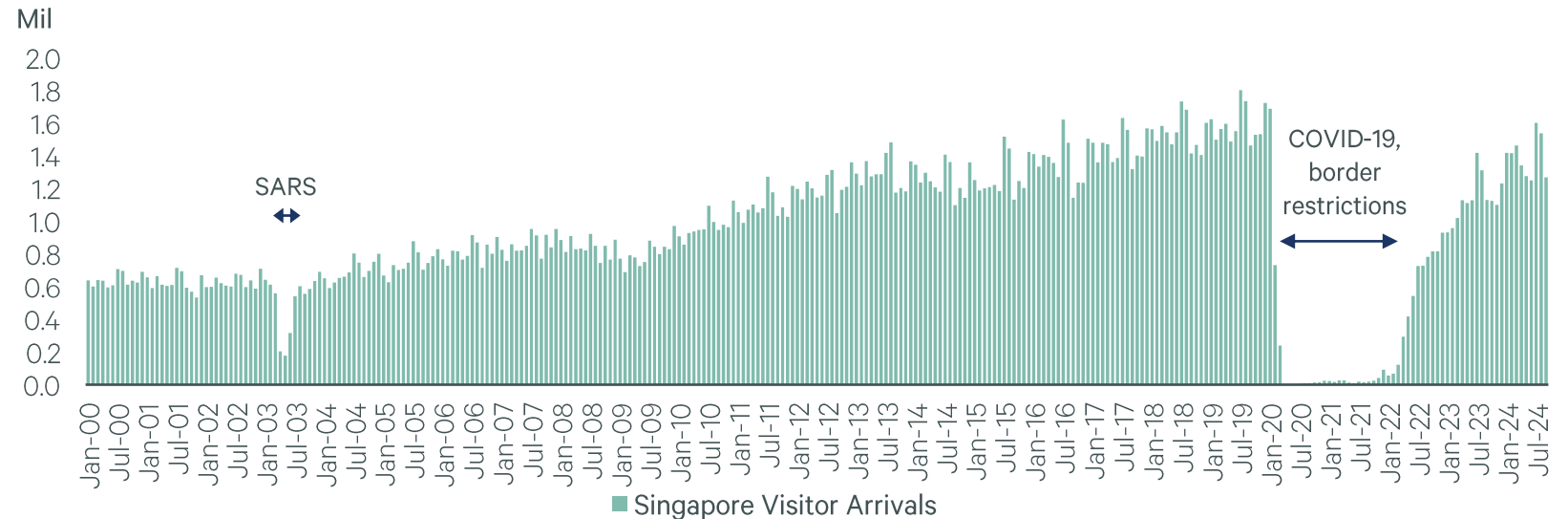
Selected Accolades 2024

 **Economist Intelligence Unit** – World's best business environment (15 consecutive years)

 **International Congress and Convention Association** – 2nd on Worldwide City Ranking, Asia Pacific's Top Meeting City (21 consecutive years)

 **Skytrax** – 2nd World's Best Airport

 **Forbes** – Best International Airport, Best Airport Design, Best Airport Wellness Experience (Jewel)



Source: CBRE Research, STB, NLB

02 — Why Singapore?

Despite being one of the smallest countries globally, Singapore boasts state-of-the-art facilities, easy connectivity to other cities and its strong branding as a business and entertainment hub. It is connected to about 150 cities worldwide, making it among the top 20 busiest airports in the world according to Airports International Council.

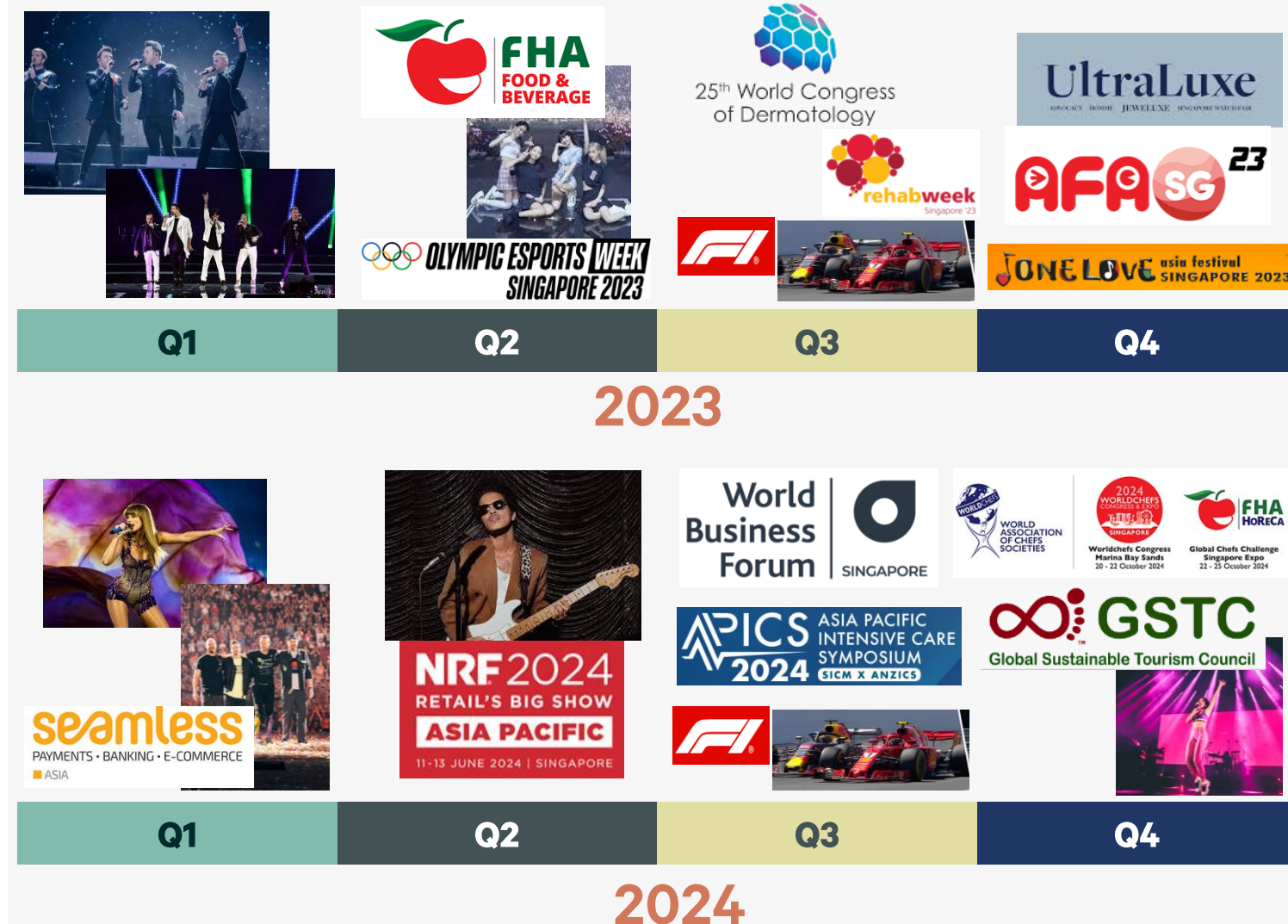
Therefore, many Meetings, Incentives, Conferences and Exhibitions (MICE) organisers and artistes choose Singapore as their preferred destination. Pre COVID-2019, the MICE industry generated an economic value-add of \$3.8 bn, contributing around 0.8% to Singapore's GDP.

Post pandemic, Singapore's MICE and events sectors are recovering strongly. In 2023 and 2024, Singapore hosted various inaugural leisure and business events in addition to long-running events such as Formula 1 Singapore Grand Prix (F1). These include 25th World Congress of Dermatology, The Meetings Show Asia Pacific, NRF: 2024: Retail's Big Show Asia Pacific and ART SG, Southeast Asia's largest art fair.

Concerts have also returned on a large scale, with international and regional artistes including Westlife, Jacky Cheung, Blackpink, Coldplay, Mayday and Taylor Swift taking the stage.

These events attract travellers to Singapore, who in turn spend on hospitality, retail, F&B, in addition to tickets. For example, MAS estimated that over half of the 500,000 audience for Coldplay and Taylor Swift's concerts in Q1 2024 were foreigners, contributing tourism receipts of \$350 - \$450 mil. This is equivalent to about 1 – 2% of 2023's tourism receipts.

Fig. 1: Key events in Singapore



Source: CBRE Research, Singapore Exhibition & Convention Bureau

03 — Tourism receipts at all-time high, boosted by recovery in tourist arrivals

Tourism receipts hit all-time high

Tourism receipts hit an all-time quarterly high of \$8.1 bn in Q1 2024, boosted by the influx of tourists from the Coldplay and Taylor Swift concerts, as well as the Chinese New Year period. The quarter saw visitor arrivals to Singapore cross the 4 mil mark for the first time since COVID-19.

UOB which offered an exclusive pre-sale for tickets to Taylor Swift concerts stated that its cardholders spent more than \$30 mil on the tickets, with Singapore-registered cards accounting for almost 75% of total billings. This was followed by Malaysia with more than 10%, and Thailand and Indonesia with over 5% of billings each.

Q2 2024 saw a q-o-q decline in visitor arrivals from the high base in the previous quarter. However, Jul and Aug 2024 saw a spike due to China's school holidays and Europe summer holidays, bringing Q3 2024 tourist arrivals to a post-pandemic high of 4.4 mil visitors.

While Q3 2024 tourism receipts data is currently unavailable, tourism receipts are generally highest in the third quarters as F1 races are typically held then.

China overtook Indonesia as source of inbound tourist arrivals

Tourism contributes 3 – 4% of Singapore's GDP and solidifies Singapore's status as a vibrant global city that is a magnet for talent, businesses and capital.

As of Q1 – Q3 2024, the proportion of tourists from the top five inbound markets has reverted to pre-COVID 19 levels. China has overtaken Indonesia as the top source of inbound tourists on the back of the mutual visa-free agreement implemented from Feb 2024 which made it less cumbersome for the Chinese to attend MICE events.

Fig. 2: Visitor Arrivals and Tourism Receipts

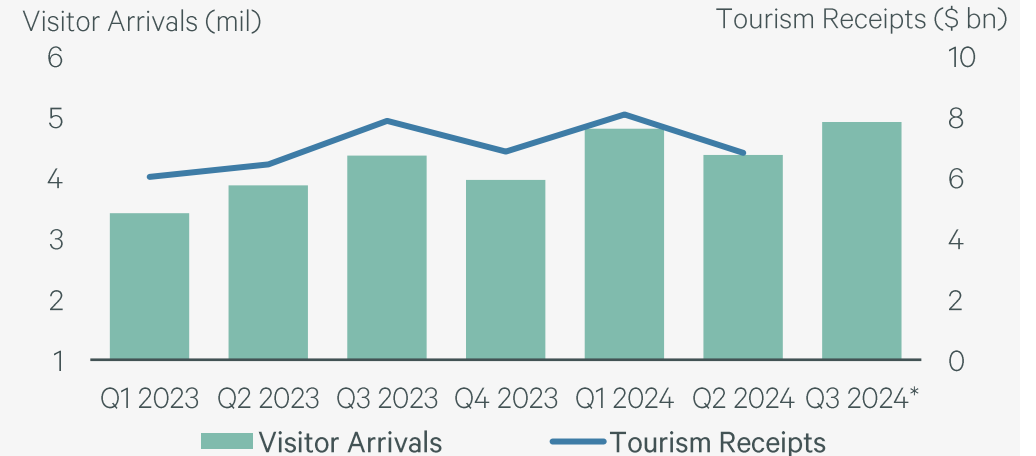
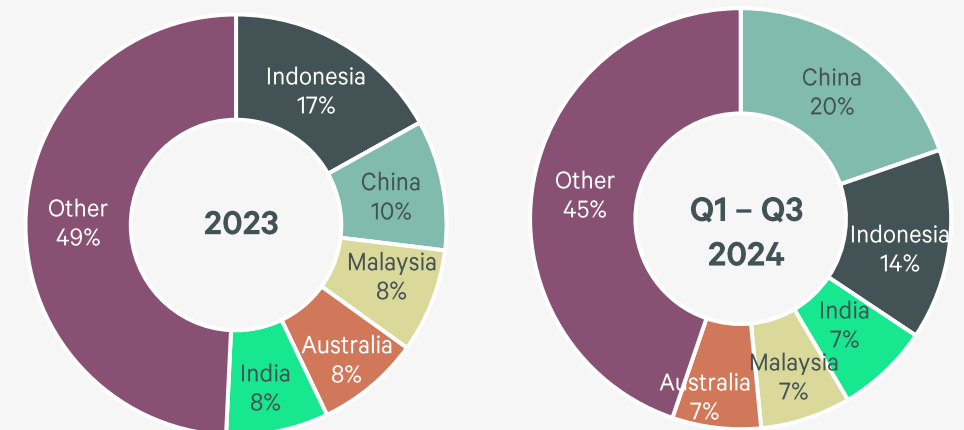


Fig. 3: Top 5 Feeder Markets to Singapore



Source: Singstat, STB, CBRE Research

*Note: Q3 2024 tourism data receipts not available as of Nov 2024

04 — Events lift retail and F&B sales, largely in casual segment

Business travellers spend almost double that of leisure travellers

Both retail and F&B sales depend largely on local consumption, but events also uplift sales through tourist spending, especially business events as such travellers spend almost double that of leisure travellers. STB's In Singapore Incentives & Rewards (INSPIRE) Global 2.0 programme offers a plethora of options in dining, retail, attractions and other experiences to complement the itineraries of MICE groups to Singapore, further promoting consumption.

While retail sales index started to slow from Sep 2023 as consumer sentiment turned more cautious, Feb and Mar 2024 rebounded on the back of the Chinese New Year festive period and an increase in tourist arrivals, supported by various concerts and MICE events.

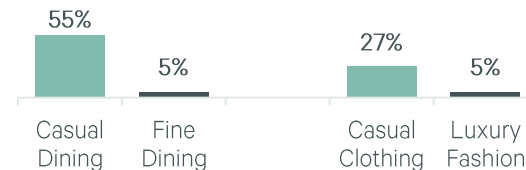
Within the retail trade, wearing apparel & footwear exhibited a largely positive trend from Jan 2023 – Mar 2024, buoyed by the normalisation of return-to-office arrangements and tourist spending.

Similarly, F&B sales also started slowing since Sep 2023. However, food caterers are still outperforming amid high demand from in-flight catering and MICE events.

Stronger tourist demand in casual segment

Mastercard data showed a bifurcation in categories of tourist spending in Singapore, with the casual segment seeing much stronger demand compared to the luxury segment in both the dining and fashion scenes. With lower spend on luxury dining and fashion, the effect of tourist spending on the retail and F&B sales index was more muted.

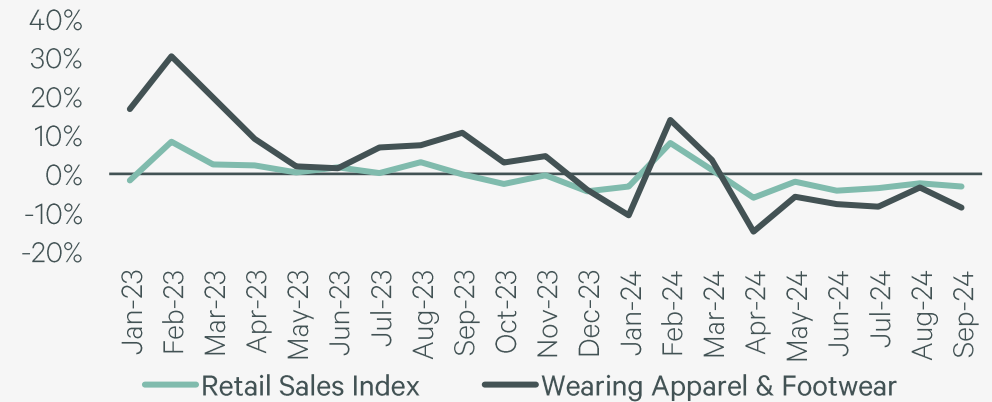
% change in past 12 months to Mar 2024



Source: Mastercard, CBRE Research

Note: Spending in nominal USD unadjusted for FX, based on a sample of apparel retailers and restaurants providing a "casual" or "luxury" experience measured by average price point paid.

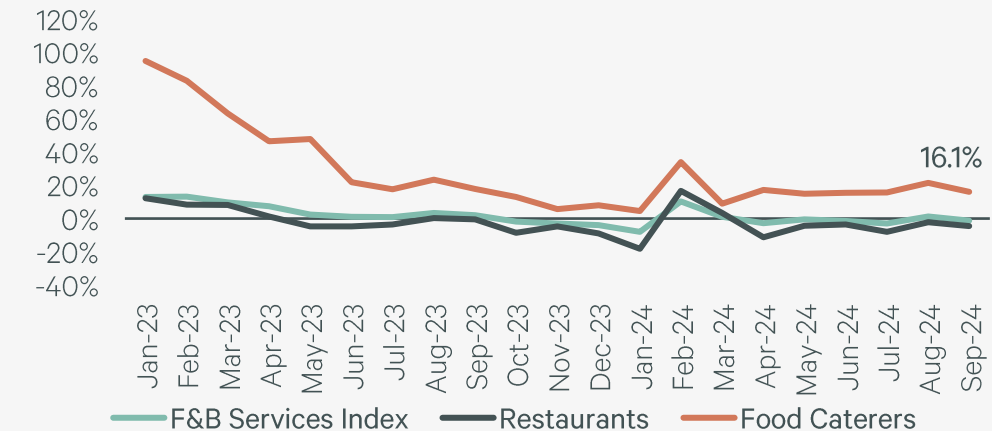
Fig. 4: Retail Sales Index (Y-o-y Change)



Source: Singstat, CBRE Research

Note: Retail Sales Index in chained volume terms. Excludes motor vehicles.

Fig. 5: F&B Sales Index (Y-o-y Change)



Source: Singstat, CBRE Research

Note: F&B Sales Index in chained volume terms.

05 — Events' impact on tourist footfall at nearby malls more nuanced

Increased footfall during concerts and RWS events

CBRE undertook a study using *Calibrate*, an in-house proprietary retail analytics tool, to examine tourists' footfall at malls pre- and post-event. (Please see Appendix for definitions and important notes)

Kallang Wave Mall and Leisure Park Kallang (nearest malls in proximity to concert venues, i.e. National Stadium and Singapore Indoor Stadium) generally saw the highest footfall from tourists during the concert periods, compared to before, after, and a year ago. The largest difference can be observed during the Taylor Swift concert, with footfall increasing 50-fold from the same period a year ago.

Harbourfront Centre and VivoCity also saw higher tourist footfall during the events held in Resorts World Sentosa (RWS), which is on Sentosa island and an express train ride away via VivoCity.

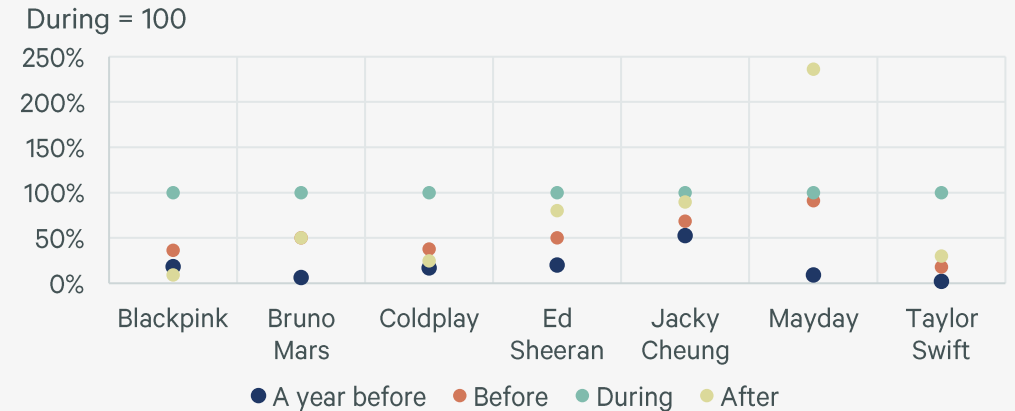
No significant impact of events in other areas

Other MICE events did not have similar impact on tourist footfall in nearby malls as the concerts. Business event attendees often remain solely at the event venue, coming from and returning directly to work.

Even F1, arguably one of the most major events in Singapore, saw lower tourist footfall in nearby malls before and during the race. This is likely attributable to the sharp increases in hotel prices during the F1 period, which deters some tourists from visiting the country, and road closures, which diverts traffic away from the malls. However, the event continues to perform well, drawing a sold-out crowd of over 269,000 in its 2024 edition. According to MTI, from 2008 – 2023, F1 generated around \$2 bn of incremental tourism receipts, equivalent to an annual average of \$125 mil. In addition, the race captures global viewers and many international business events are organised around it, bringing in business travellers.

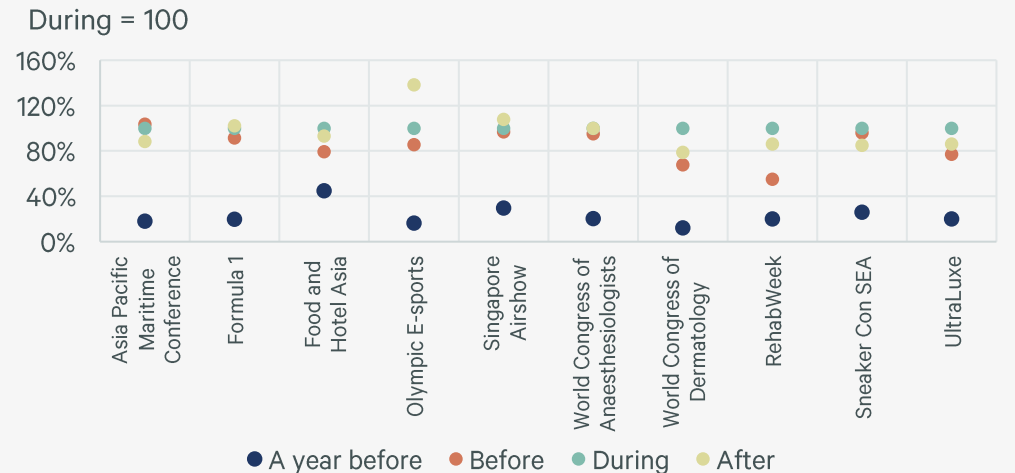
There was no significant impact on footfall in malls in tourist-centric areas, such as Orchard, during events.

Fig. 6: No. of Tourist Visits to Kallang Wave Mall and Leisure Park Kallang, 2023 – Q3 2024 (Index)



Source: CBRE Calibrate

Fig. 7: No. of Tourist Visits to Nearby Malls, 2023 – Q3 2024 (Index)



Source: CBRE Calibrate

06 — Raised profile draws new brands

MICE raises Singapore's profile, enticing retailers to set up stores here

MICE events have raised Singapore's profile on the global stage significantly, and international retailers are keen to have a physical presence in the country to showcase their products to a wider audience.

Retailers also view Singapore as a key gateway to Southeast Asia, and seek to expand here to diversify concentration risks in their home market, especially amid the uncertain economic climate.

Therefore, new-to-market brands comprised nearly half of new openings in 2023 – Q3 2024 as tracked by CBRE Research. F&B dominated new openings, with many Japanese, Chinese and Korean brands arriving onshore. Singapore's reputation as a global city has also attracted an influx of exotic cuisines from countries such as Peru, Morocco and Sri Lanka.

In comparison, only about one-third of new retail openings were new-to-market in 2019. While F&B also made up the bulk of new openings then, Japanese, Taiwanese and US eateries proliferated.

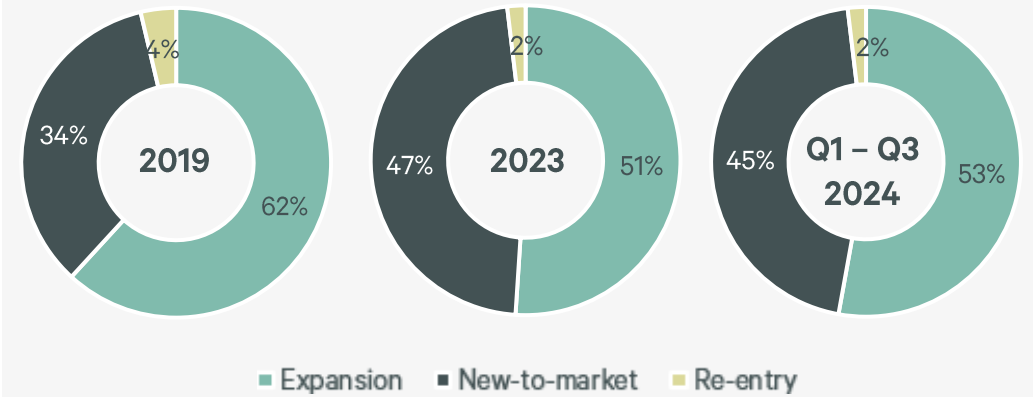
Higher rental growth in Downtown Core and Orchard

Robust demand from retailers have led to an increase in rents for the study period in the Kallang, Downtown Core and Orchard planning areas, which encompass the concert and tourist-centric locations.

Rental growth was higher in the Downtown Core and Orchard areas, as retailers sought spaces to capitalise on tourism recovery and the return-to-office arrangements.

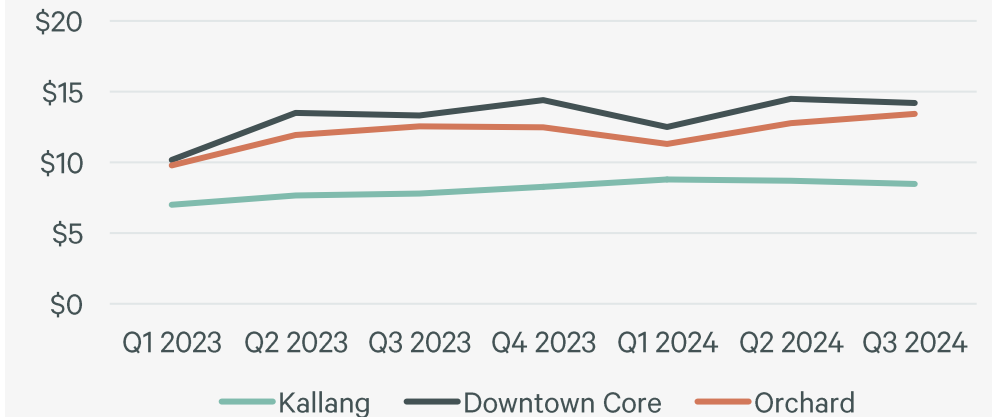
CBRE's Sep 2024 Asia Pacific Leasing Sentiment Survey revealed that around 77% of surveyed brokers reported leasing enquiries from retailers seeking new setups, expansion and upgrading, indicating appetite for more space. This should continue to support rental recovery in Singapore.

Fig. 8: New Retail Openings by Type



Source: CBRE Research
Note: Based on openings/ expansions tracked by CBRE

Fig. 9: Median Retail Rents by Planning Area



Source: URA, CBRE Research

07 — Growth catalysts: better air and land connectivity, strong supply and events pipeline

Better connectivity to attract MICE organisers

Singapore's status as an air hub has attracted many MICE event organisers to hold inaugural events in the country, especially those catering to an international or regional audience.

Singapore aims to enhance connectivity, and be linked to more than 200 cities when Changi Airport Terminal 5 (T5) is operational in the mid-2030s. T5 is slated to begin construction in H1 2025, and will be able to handle up to 50 mil passengers a year in addition to the airport's current capacity of 90 mil.

In the near-term, the government has signed two agreements in Oct 2023 to collaborate with airspace regulators from countries including the US, China, Indonesia and New Zealand to enable more direct and quicker flight routes.

Singapore Airlines also intends to increase flight frequency and passenger capacity in 2025 to support higher demand for air travel to destinations ranging from Ho Chi Minh to London and Johannesburg.

For land connectivity, the Johor Bahru-Singapore Rapid Transit System (RTS) Link will ease congestion and reduce travel time to merely six minutes between Johor Bahru and Singapore. It is slated to complete in 2026.



Source: LTA

New state-of-the-art facilities in the pipeline

The government intends to build a new indoor arena to replace the Singapore Indoor Stadium. The new facility is envisioned to host more sophisticated events, accommodate different types of events, offer more varied hospitality suites, better seating and overall experience.

Meanwhile, in the private sector, Marina Bay Sands will undertake an expansion project which includes a 15,000-seat entertainment arena and additional MICE space. The new arena aims to be the leading live entertainment venue in Asia and is designed to provide world-class hospitality experiences.

HPL also intends to redevelop Forum The Shopping Mall, voco Orchard Singapore and HPL House into a massive mixed-use property, which will include a performance theatre.



Marina Bay Sands Arena

Source: Marina Bay Sands

Government support, robust events pipeline

STB launched a MICE Sustainability Roadmap with Singapore Association of Convention & Exhibition Organisers & Suppliers (SACEOS), which sets targets to position Singapore as one of the most sustainable MICE destinations in Asia Pacific. More recently, it announced a global campaign to position Singapore as the "World's Best Mice City", inviting event organisers and planners to work with it to co-create business events that have lasting and sustainable impact.

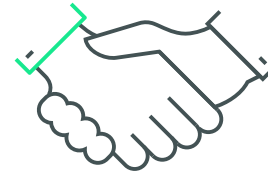
A strong pipeline of events and sell-out concerts is slated for the rest of 2024 and 2025, including World Chess Championship, 2NE1 and Yoasobi concerts and Aviation Festival Asia. Notably, the Super Early Bird tickets for Formula 1 2025 were sold out in a record two days. As such, the MICE sector is poised to continue growing, and STB expects a full recovery between 2024 and 2025.



Full MICE recovery expected between 2024 and 2025 by STB

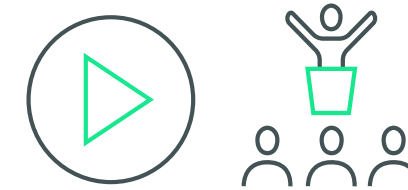
08 — Recommendations and considerations for retailers and landlords

Collaborate with artistes or event organisers



- Retailers and landlords can collaborate with artistes or MICE event organisers to showcase their products and services. This will lead to greater awareness of their offerings and help them reach out to a wider audience.

Create experiential events



- Retailers/ landlords can make retail more experiential for consumers to draw them to physical stores. This could be in the form of themed activities centred around the event being held, or products named after the artistes to generate interest from their fans.

Leverage on technology



- Retailers expecting higher footfall during event periods can consider leveraging on technology to meet some of their manpower needs, in addition to providing a unique experience for consumers.
- Landlords/ retailers can leverage on data analytics to understand footfall and consumer profiles in order to enhance their assets and optimise store networks.

Embrace ESG practices and principles



- With Singapore aiming to be one of the leading sustainable MICE destinations in APAC, retail landlords can consider providing more electric vehicle charging points and utilise energy efficient systems.
- Landlords/ retailers can collaborate with professional consultants for an optimal ESG strategy in addition to space and tenant mix planning.

09 — Resilient and continued investor interest in retail assets

Retail transactions outperformed the wider market

Retail transaction volumes fell drastically in 2020 and 2021 due to the pandemic, as investor sentiments were dampened by border restrictions, safe distancing measures and work-from-home arrangements. However, with the lifting of restrictions in Apr 2022, transaction volumes jumped on Singapore's status as a safe haven, economic recovery from the pandemic and low borrowing costs.

As bid-ask spreads between buyers and sellers widened and escalating funding costs outstripped investment yields, coupled with a slowdown in the economic environment, global real estate investment volumes started to slow from Q4 2022.

In 2023, Singapore retail transaction volumes outperformed the wider 30-50% decline in capital market transactions, falling by 22.6% y-o-y, mainly driven by Mercatus Co-operative's sale of *Jurong Point* and a 50% stake in *NEX*.

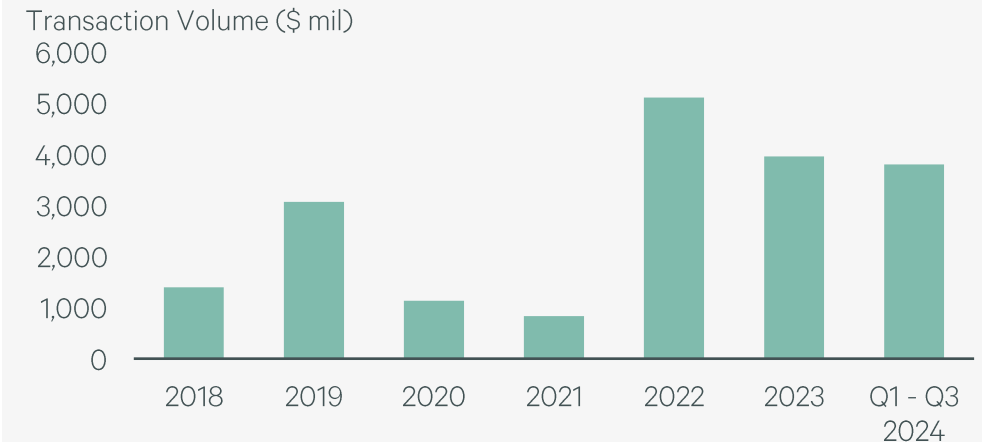
With numerous MICE events in the pipeline drawing travellers to Singapore's shores and tourism arrivals well on the way to recovery, investor sentiments have improved in 2024.

Retail investment volumes on track to meet or surpass 2023's

Q1 – Q3 2024 retail investment volumes were at 90.0% of 2023 full year volumes, boosted by several large-ticket sales including a 50% stake in *ION Orchard*, *The Seletar Mall* and *Delfi Orchard*. Taking into account Fed rate cuts in Sep and Nov 2024, full year volumes are likely to be on track to meet or even surpass 2023 transaction volumes.

Unit prices on NLA for institutional grade retail assets currently range from a low of \$2,500 to a high of \$5,900 psf, depending on tenure and location. Most of these properties recently transacted at an average of \$2,500 – \$3,500 psf, which translates into average yields of 4.0% - 4.75%.

Fig. 10: Retail Transaction Volumes



Source: URA, CBRE Research. All transactions above \$10 mil.

Fig. 11: Significant Retail Transactions, 2023 – Q3 2024

Project Name	Price (\$ mil)	Unit Price on NLA (\$ psf)	Remaining Tenure	Buyer	Seller
Jurong Point	1,988.90	2,762	70	Link REIT	Mercatus Co-operative Ltd
Nex (50%)	1,038.90	3,274	85	Fraser's Centrepoint Trust/ Fraser's Property (51/ 49)	Mercatus Co-operative Ltd
The Seletar Mall	550.00	2,903	88	Allgreen Properties	Cuscaden Peak Investments / United Engineers
Delfi Orchard	439.00	3,346 on GFA	Freehold	CDL	Collective Sale
ION Orchard (50%)	1,848.50	5,928	81	CapitaLand Integrated Commercial Trust	CapitaLand Investment Limited

Source: URA, CBRE Research

Appendix

Definitions & Important Notes for CBRE Calibrate

Definitions

Period of Study: This study is done based on data in 2023 and 2024 (January – September).

Mall Footfall: A total of 15 representative malls were selected from various areas including Orchard Road, City Hall/Marina Centre, City Fringe, and Suburban Malls. Tourist footfall of a mall is derived based on foreigners' mobile devices that have appeared within the mall's footprint, and then computed for each area accordingly.

'A Year Before' Period: Refers to the corresponding period a year before the commencement date of event.

'During' Period: Refers to (a) the individual event period for footfall in Kallang Wave Mall and Leisure Park Kallang; and (b) the individual event period plus a buffer of 3 days each prior and after the event for all other locations. E.g. for Taylor Swift concert, a period of 8 days will be analysed for footfall in Kallang Wave Mall and Leisure Park Kallang while for F1, a period of 9 days will be analysed for other locations.

'Before' Period: Refers to the period immediately before the event (same timeframe analysed as the "During" period).

'After' Period: Refers to the period immediately after the event (same timeframe analysed as the "During" period).

Important Notes

- CBRE uses mass mobile data which is captured intermittently and represents a sample of the overall population.
- The sampling methodology is representative of the overall population as per the Central Limit Theorem and the average of samples is very close to the average of population. This is because:
 - Samples of the data set are truly random
 - The sample size of the data set is significant
 - The variance of the data set is finite
- CBRE is focused on the quality, usability and relevance of the data by overcoming irrelevant sources of data such as erroneous data captured due to GPS caching, fraudulent apps & inexperienced publishers as well as data bloat.
- Due to data privacy and location access rights, CBRE will not provide quantum number of visitors. All analysis derived from mobile data are presented on an indexed/relative basis. Raw mobile data used for the analysis are not provided and does not constitute part of the deliverable.
- Footfall data by floor level is not available.

Singapore Contacts

Research

Tricia Song

Executive Director, Head of Research, SEA
tricia.song@cbre.com

Teo Ling Yan

Manager, SEA
lingyan.teo@cbre.com

Retail Services

Joan Chen

Senior Director, Head of Retail
joan.chen@cbre.com.sg

Capital Markets

Michael Tay

Senior Executive Director, Head of Capital Markets
michael.tay@cbre.com.sg

Clemence Lee

Executive Director
clemence.lee@cbre.com

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Regional Contacts

Asia Pacific, Consulting

Lim Mian

Retail Consulting Lead
Asia Pacific
mian.lim@cbre.com

Rashid Yusoff

Manager, Regional Consulting
Asia Pacific
rashid.ahmadyusoff@cbre.com

Bani Muttaqien

Data Scientist
Asia Pacific
bani.muttaqien@cbre.com

Asia, Retail Services

Vivek Kaul

Managing Director, Head of Retail
Asia
vivek.kaul@cbre.com

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