

Creating Resilience

# Singapore Retail in the Post-Pandemic Era : Trends and Opportunities

REPORT

---

CBRE RESEARCH  
SINGAPORE  
NOVEMBER 2023



# Executive Summary

More than three years after the onset of COVID-19, Singapore retail sales have recovered and exceeded pre-pandemic levels. However, foot traffic and retail rents have yet to fully recover. CBRE's proprietary study finds that consumers are now visiting malls less frequently but for longer durations. Consumption patterns have also changed, driven by the proliferation of e-commerce, rising income levels and increased focus on wellness and ESG.

This report by CBRE identifies the main trends shaping Singapore's retail property market in the post-pandemic era and provides recommendations for retail occupiers and landlords to navigate the structural shifts and cyclical recovery of Singapore's retail market. Government initiatives, the return of tourist spending and a wider selection of locations are also providing opportunities to all stakeholders.



# Contents

- 01 **Pre- and Post-Pandemic Retail**
- 02 **The Future of Retail**
- 03 **Recommendations and Considerations**



01

# Pre- and Post-Pandemic Retail

# 01 — Retail rents have rebounded from lows but yet to return to pre-COVID levels

The COVID-19 pandemic has disrupted the shopping habits of consumers in Singapore. This was first evident during the circuit breaker and heightened alert phases, where safe management measures and the risk of contracting the virus compelled consumers to turn to online channels for their shopping needs. Coupled with largely closed borders, physical retail encountered many challenges.

Faced with lower shopper traffic and higher vacancies, islandwide retail prime rents fell by 10.6% in the trough from Q4 2019 levels. The decline in rents was witnessed across the Orchard Road, City Hall/ Marina Centre, CBD and City Fringe submarkets. Conversely, the suburban market remained resilient due to its local catchment.

Rents have started to recover alongside the full easing of Singapore’s pandemic measures, and were at 4.6% above the trough as of Q3 2023. While most consumers have returned to shopping at physical stores, CBRE Research observed a noticeable shift in shopping habits.

Fig. 1: Singapore Retail Submarkets

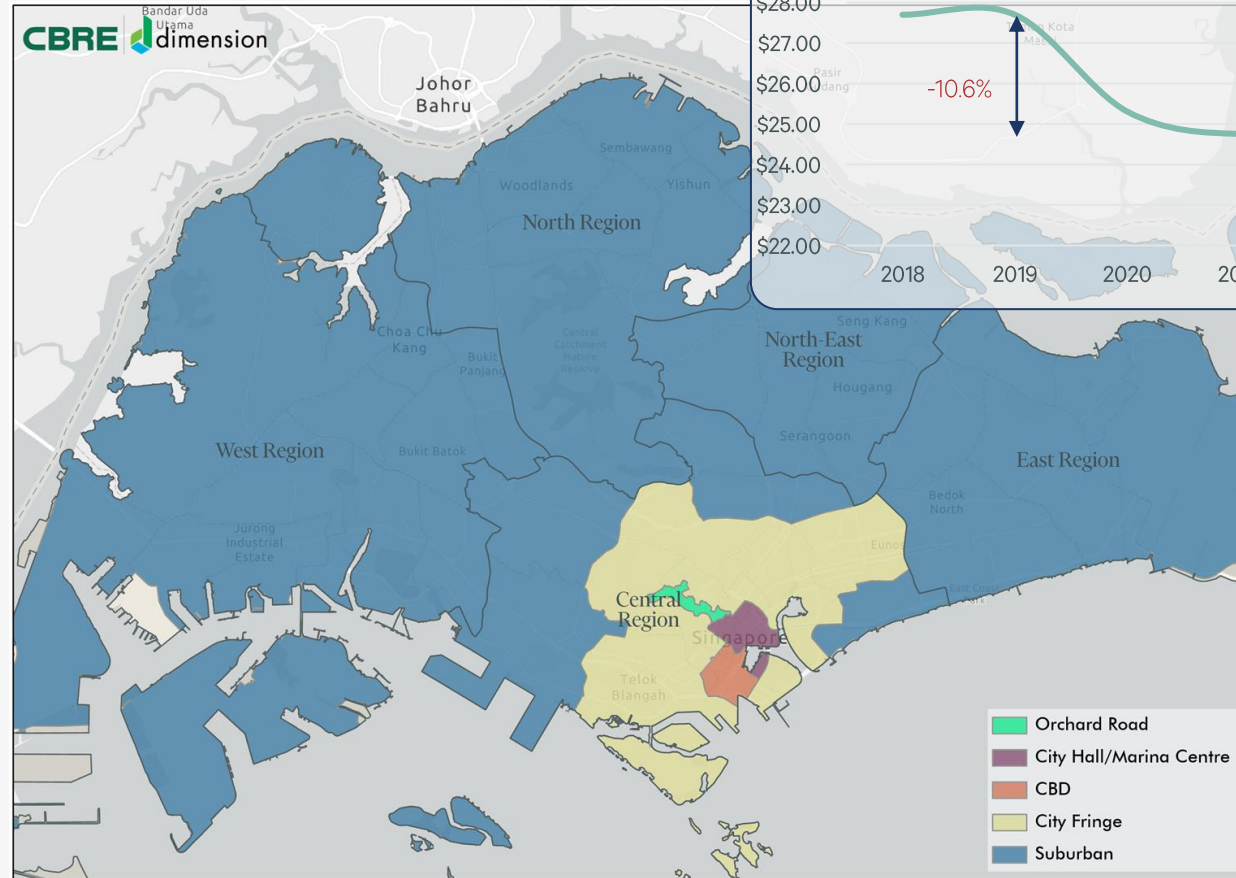
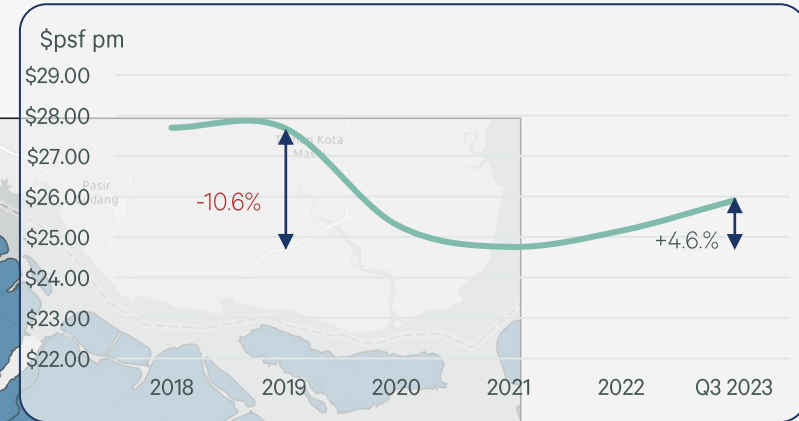


Fig. 2: Singapore Islandwide Retail Prime Rents



Source: CBRE Research, CBRE Dimension

# 01 — E-commerce penetration more than doubled but now normalising - omni-channel shopping here to stay

## Offline sales to continue to dominate retail sales

While structural shifts in the retail landscape were taking place prior to COVID-19, the pandemic has accelerated the growth of e-commerce, posing challenges to brick-and-mortar retailers. Online penetration rates which stood at 8.4% in Q1 2020 hit a high of 22.2% in Q2 2020, during Singapore’s Circuit Breaker period.

While current penetration rates have normalised to about 14 – 15%, CBRE Research forecasts online penetration rate to increase to 21.7% by 2026, on continued growth in debit and credit card use/ adoption of digital wallets, and the vibrancy of the e-commerce ecosystem.

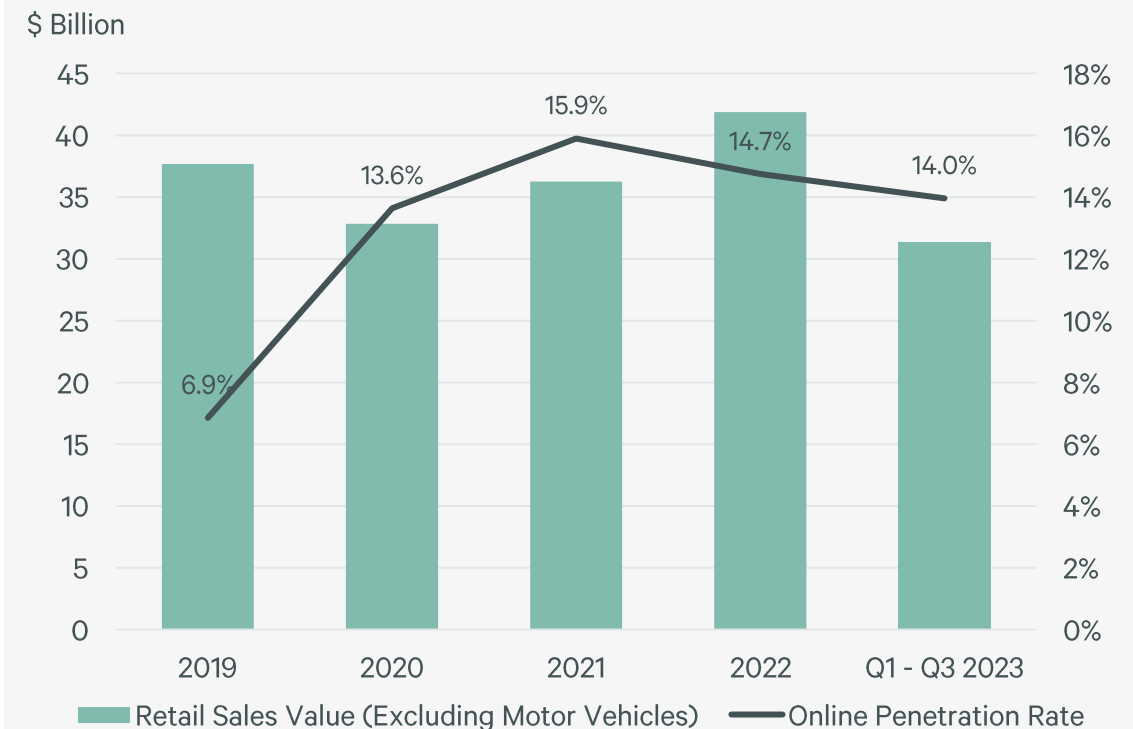
Although offline sales will still contribute to majority of retail sales, retailers will have to establish an online presence to cater to consumers’ omni-channel shopping habits.

## Mobile apps and live selling to capitalise on omni-channel shopping habits

With most people spending much of their time on the mobile phones, e-commerce has evolved to become “palm retail”. Retailers have thus rolled out mobile apps which offer discounts and loyalty programmes. Some apps also offer click-and-collect services at physical stores to drive traffic.

In addition to websites and apps, retailers are now also live selling via platforms such as TikTok, Shopee and Facebook, as well as engaging influencers to raise brand awareness and drive sales. TikTok has become an increasingly important sales channel for retailers, especially for those wishing to target Gen Z consumers as they make up around one-third of an estimated 1.83 mil users in Singapore.

Fig. 3: Singapore’s retail sales value and online penetration rate



Source: CBRE Research, Singstat  
 Note: Data prior to 2019 is not available

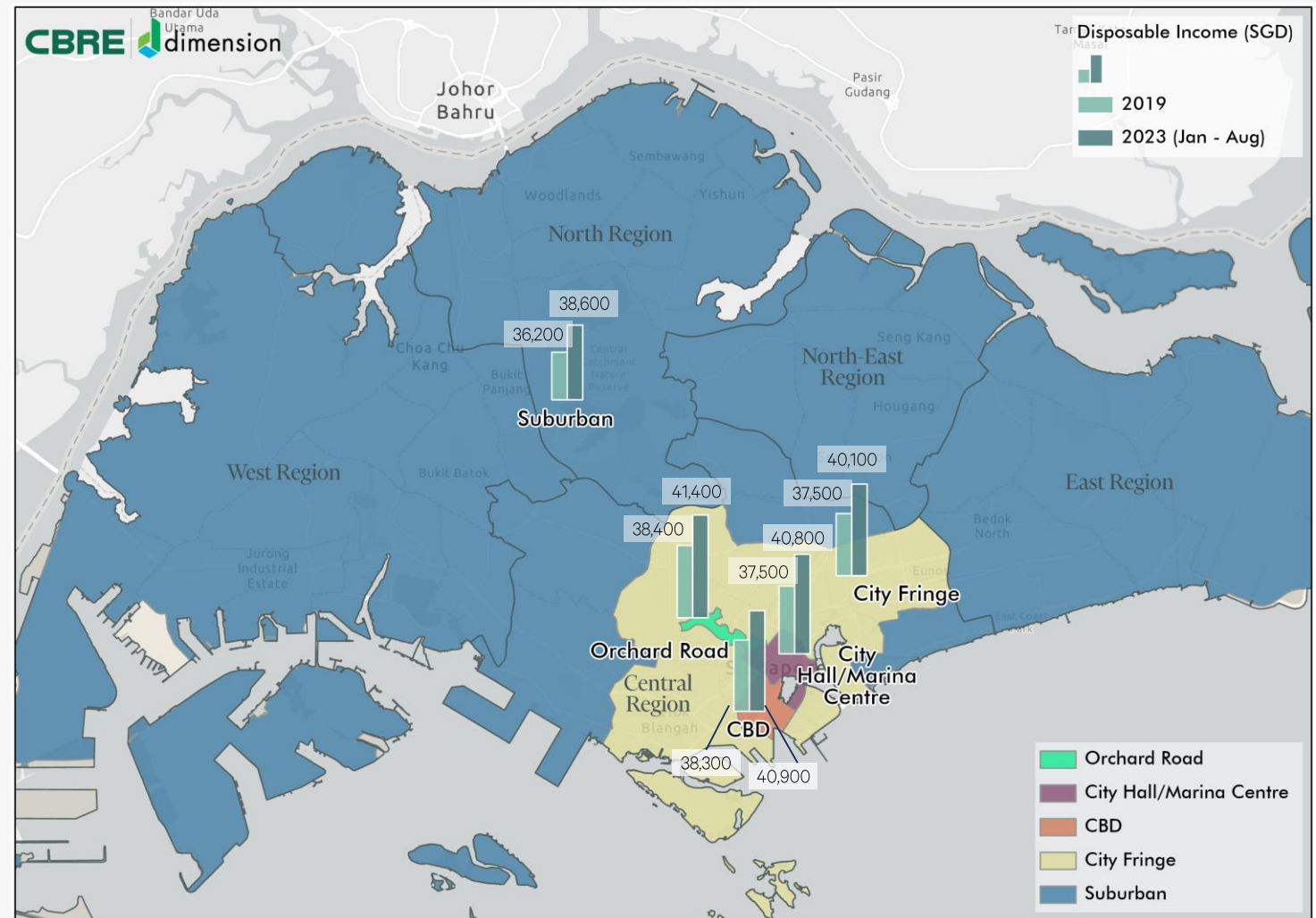
# 01 — Disposable income above pre-COVID levels; Orchard Road visitors still the most affluent

CBRE undertook a study using *Calibrate*, an in-house proprietary retail analytics tool, to examine visitors' profiles and behaviour at malls pre- and post-pandemic in the various submarkets. (Please see Appendix for definitions and important notes)

Despite the worst recession in Singapore's history in 2020, the economy has rebounded rapidly and average resident monthly household income in 2022 has increased 6.8% since 2019.

Consequently, the average annual disposable income of visitors to each submarket has risen in 2023 (year-to-Aug) compared to 2019. This has been largely in line with the recovery of GDP. City Hall/ Marina Centre submarket saw the highest rise in disposable income, while the most affluent consumers still prefer to visit Orchard Road malls.

Fig. 4 Average annual disposable income per local visitor to malls in Singapore



Source: CBRE Calibrate, CBRE Dimension

# 01 — Footfall yet to fully recover, but dwell time increased

## Footfall below pre-pandemic levels

As a result of the shift to omni-channel shopping, coupled with lower tourist arrivals, footfall at most malls has not recovered to pre-COVID-19 levels, despite tenant sales meeting or even exceeding pre-pandemic levels since 2022.

The average frequency of visits to malls islandwide has fallen slightly by 3.1% in 2023 (year-to-aug), compared to 2019. However, 2022 saw a spike of 30.5% in comparison to 2019, likely due to “revenge socialising” after the lifting of domestic restrictions.

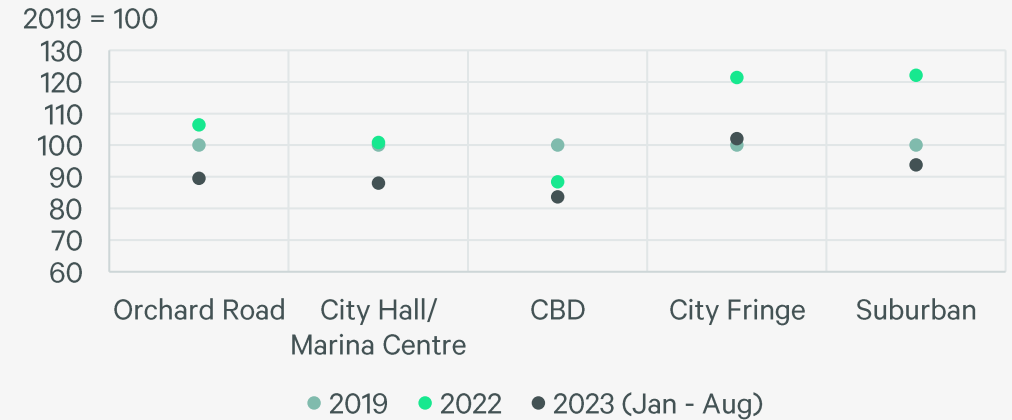
While almost all submarkets saw a decline in frequency of visits from 2019 to 2023 (year-to-Aug), the city fringe submarket remained resilient, with average frequency of visits slightly higher (2.1%) in 2023 (year-to-Aug) compared with 2019.

## Dwell time higher post-pandemic

In instances where consumers choose to visit a mall, they are spending more time on average per visit in both 2022 and 2023 (year-to-aug) than pre-COVID-19 levels. This is observed across all submarkets, and is especially pronounced in the city fringe area.

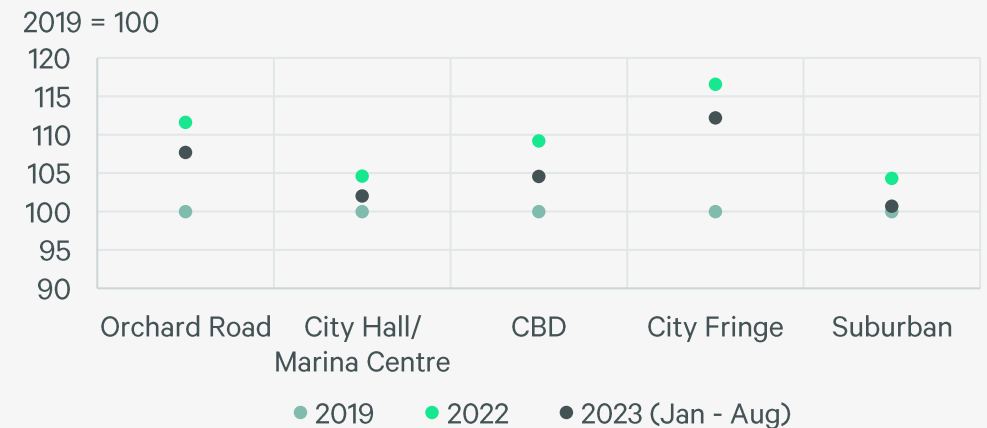
The submarket outperformed in both frequency of visits and dwell time, with the latter seeing an increase of 12.2% in 2023 (year-to-aug) compared to 2019. This could be due to the malls’ closer proximity to consumers’ homes, compared to the Orchard Road or City Hall/ Marina Centre areas which appeals to consumers seeking a more varied shopping experience outside their neighbourhood malls. It could also be partly attributed to a rejuvenation of retail spaces in these malls, coupled with a refresh of tenant mix.

**Fig. 5: Average frequency of visits to malls in Singapore (Index)**



Source: CBRE Calibrate

**Fig. 6: Average dwell time of visitors to malls in Singapore (Index)**



Source: CBRE Calibrate

# 01 — F&B maintains its lead; increased focus on wellness and sustainability

## Most openings/ expansions in F&B and fashion

Singapore’s status as a food haven has seen numerous F&B stores making their way to our shores, ranging from Chinese to Middle Eastern to Peruvian food. As a result, F&B stores form the majority of new openings or expansions pre- and post-COVID-19. While local and Japanese cuisine remain the most popular, new fusion concepts, such as Korean Indian food at *Tambi*, have also sprung up as chefs innovate or collaborate to offer unique flavours to cater to consumers’ palates.

Fashion (inclusive of shoes & bags) remains the next most prevalent retail trade, although the proportion of openings/ expansions have dropped in 2023 (year-to-Sep) (9%) compared to 2019 (17%). The numerous restrictions on working in the office during the height of the pandemic, as well as the shift to hybrid working, has seen consumers placing an emphasis on comfortable apparel, resulting in an athleisure boom.

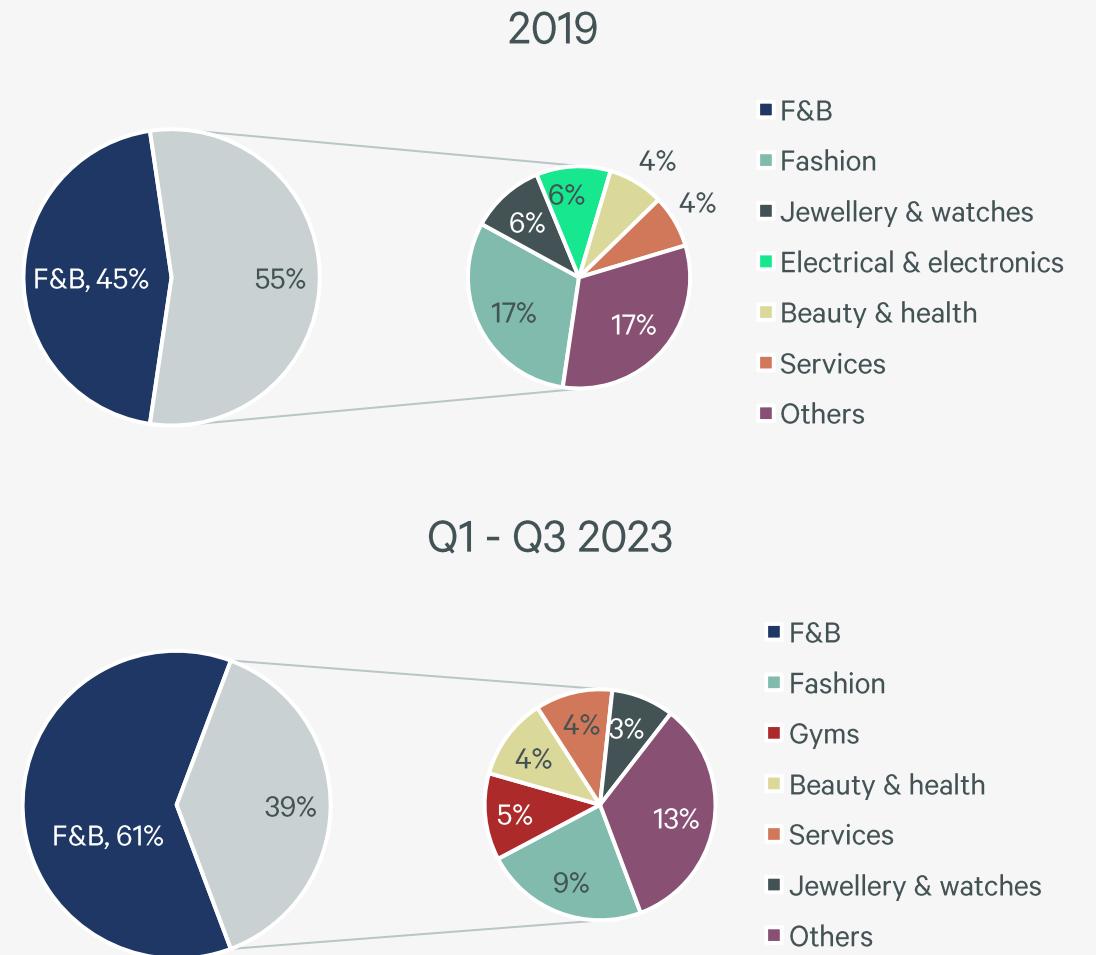
## Increasing focus on wellness and sustainability

While pre-pandemic openings/ expansions were dominated by product retailers, 2023 (year-to-Sep) has seen a shift towards “wellness retail” (e.g. gyms and services) openings/ expansions in response to an increasing emphasis on health and wellness post-pandemic.

In particular, many consumers now prefer boutique gyms which are more personalised and closer to their homes. CBRE Research has observed a greater variety of gym openings, including bouldering and spinning.

Consumers and retailers are also focusing more on ESG post-pandemic. More chefs are incorporating local produce into their cuisines to reduce their carbon footprint, coupled with a desire to support local farmers.

Fig. 7: Retail Trade Openings/ Expansions



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

# 01 — Retail scene more vibrant with new store formats and locations

## Pop-up stores to test-bed new concepts and showcase limited-edition goods

E-commerce players capitalised on high vacancies in retail spaces during COVID-19 to test-bed their concepts via pop-up stores. This has paved the way for higher acceptance from landlords to incorporate pop-ups as part of their curated tenant mix, with 7.3% of new openings/ expansions in 2023 (year-to-Sep) comprising of pop-up stores. In addition to testing the market, especially for new concepts, retailers are also setting pop-up stores to showcase limited-edition goods.

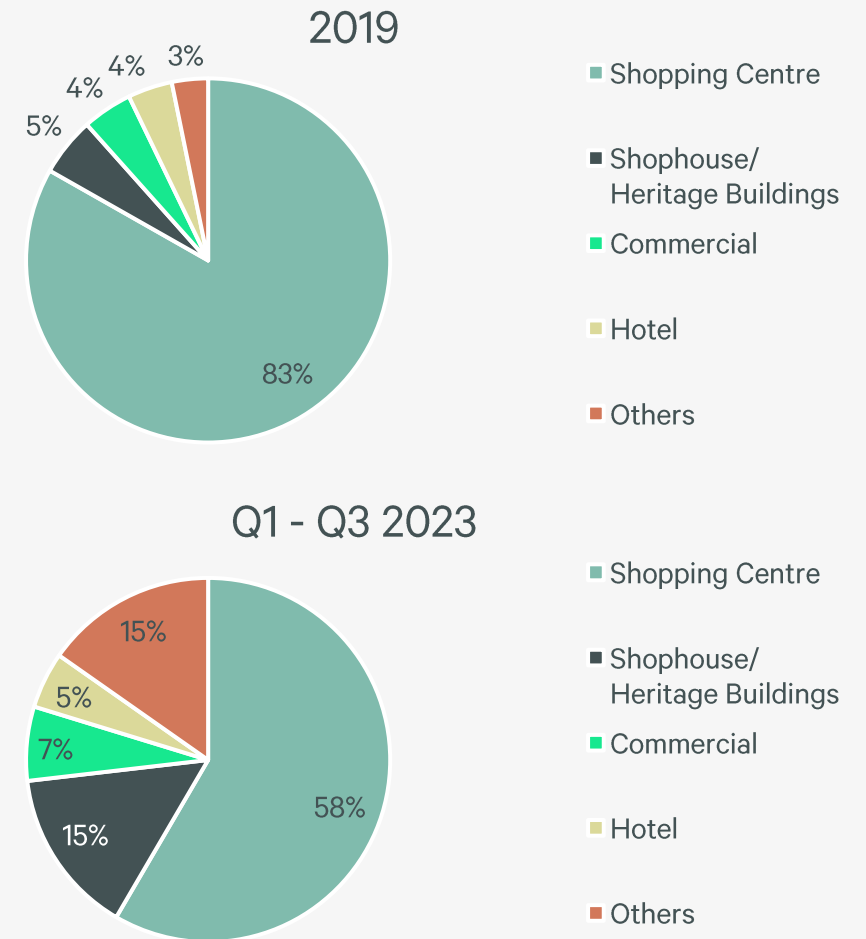
Another change witnessed post-pandemic is the higher proportion of new entrants to the market (46.4%) compared to expansions (45.1%). Retailers are capitalising on consumers' search for new experiences, especially with regional pent-up consumption demand from the pandemic.

## Store locations beyond shopping centres such as shophouses, heritage buildings

Part of the appeal of visiting a store lies in its location. Less retailers are choosing to set up stores in shopping centres (58.4%) in 2023 (year-to-Sep) compared to 2019 which saw the bulk of new openings and expansions in shopping centres (83.2%). Instead, retailers are choosing to open stores in shophouses/ heritage buildings and other locations, with each space type accounting for 15% of new openings/ expansions in 2023 (year-to-Sep).

Spaces in shophouses/ heritage buildings are increasingly sought after by retailers, especially new entrants, as these locations generally have less constraints (e.g. more flexible opening hours) and may be a better fit for their brand positioning. At the same time, consumers have been shopping at more open spaces since the onset of the pandemic, and are continuously looking for unique spaces to explore beyond the mall.

**Fig. 8: Locations of Retail Trade Openings/ Expansions**



Source: CBRE Research  
 Note: Commercial includes office buildings, while others include parks such as Botanic Gardens, community centres, industrial, residential spaces etc.  
 Based on openings/ expansions tracked by CBRE

02

# The Future of Retail

# 02 — Positive organic growth on tourism recovery and limited supply

## Recovery in retail rents, dampened by sharp rise in operating costs

Despite Singapore’s GDP recovering strongly in 2021, islandwide retail prime rents have only begun to recover from Q3 2022, and are still 6.5% below Q4 2019 levels as at Q3 2023.

In the near term, retailers may continue to face challenges such as manpower shortages, higher operating costs, e-commerce and another GST hike. With limited future supply, coupled with improved mobility due to increase in tourism arrivals and office crowds, CBRE Research forecasts that islandwide retail prime rents will grow 4.1% y-o-y in 2023.

## Future supply lower than historical average

Annual average supply from 2023 – 2026 stands at 0.48 mil sq. ft., lower than the 5-year historical average of 0.62 mil sq. ft. 67% of upcoming projects are in the Outside Central Region and the Fringe areas, and are ancillary retail or retail components of mixed-use developments. As these are situated close to consumers’ homes or part of mixed-use projects, they are likely to have a resilient local catchment.

In the longer term, new precincts such as Punggol Digital District, Jurong Lake District and Paya Lebar Air Base will have their own retail component, which will increase the vibrancy of the precinct.

## Tourism on road to recovery

Tourist arrivals continued to recover, with Q1 – Q3 2023 seeing 10.14 mil visitors, putting Singapore on track to meet its forecast of around 12 to 14 mil international tourist arrivals in 2023.

While this stood at approximately 70% of average monthly pre-pandemic levels, a full tourism recovery is expected by 2024. Singapore’s status as a business and transit hub has attracted event and concert organisers, leading to a strong pipeline of MICE events and sell-out concerts.

That said, high inflation and rising oil prices could push up transport and accommodation costs for tourists. Coupled with the weak macroeconomic environment, travellers may tighten their purse strings and become more prudent with their spending and travel plans.



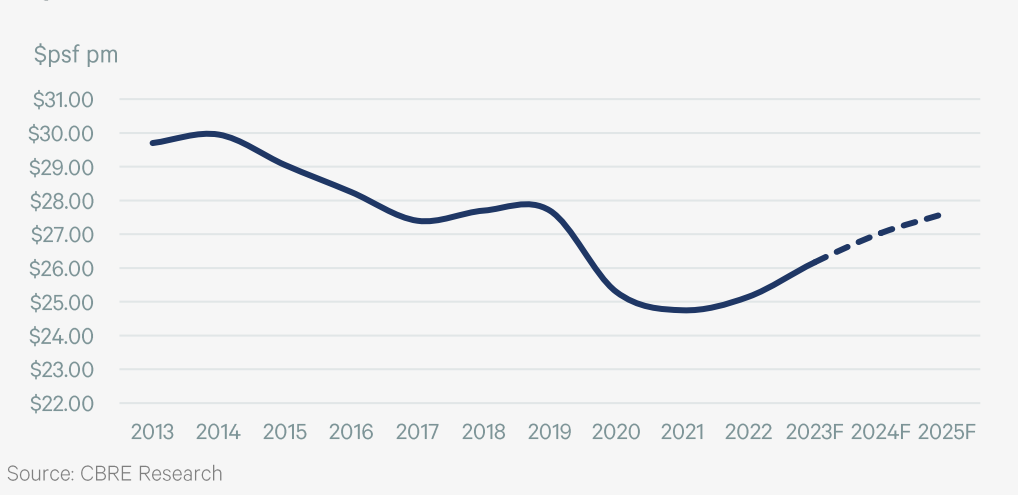
Punggol Digital District



Jurong Lake District

Source: CBRE Research, URA

**Fig. 9: Islandwide Prime Rent Forecast**

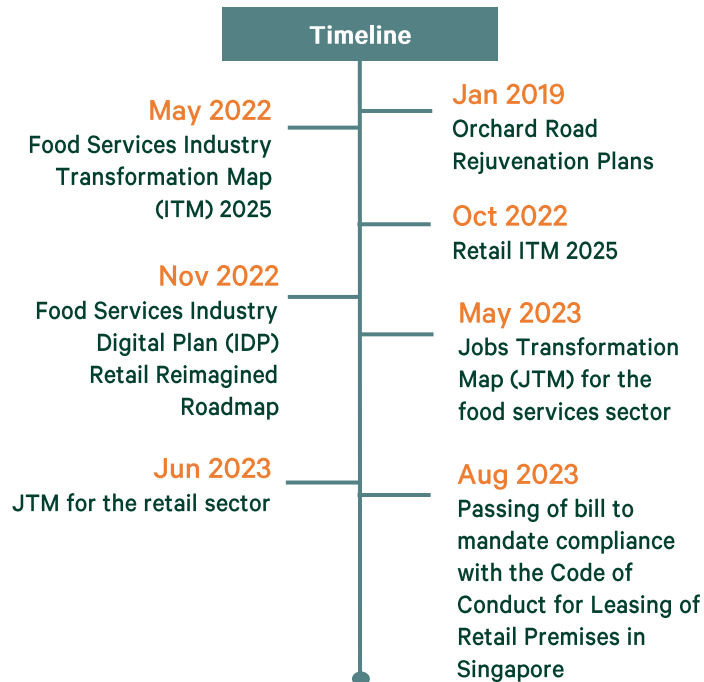


**Full tourism recovery expected in 2024**

# 02 — Government initiatives and new investments to transform shopping belt

## Government support for retail sector

The government has been actively supporting the retail sector, working in tandem with trade associations to roll out various initiatives and regulations.



Source: CBRE Research, MTI, Enterprise Singapore, SRA

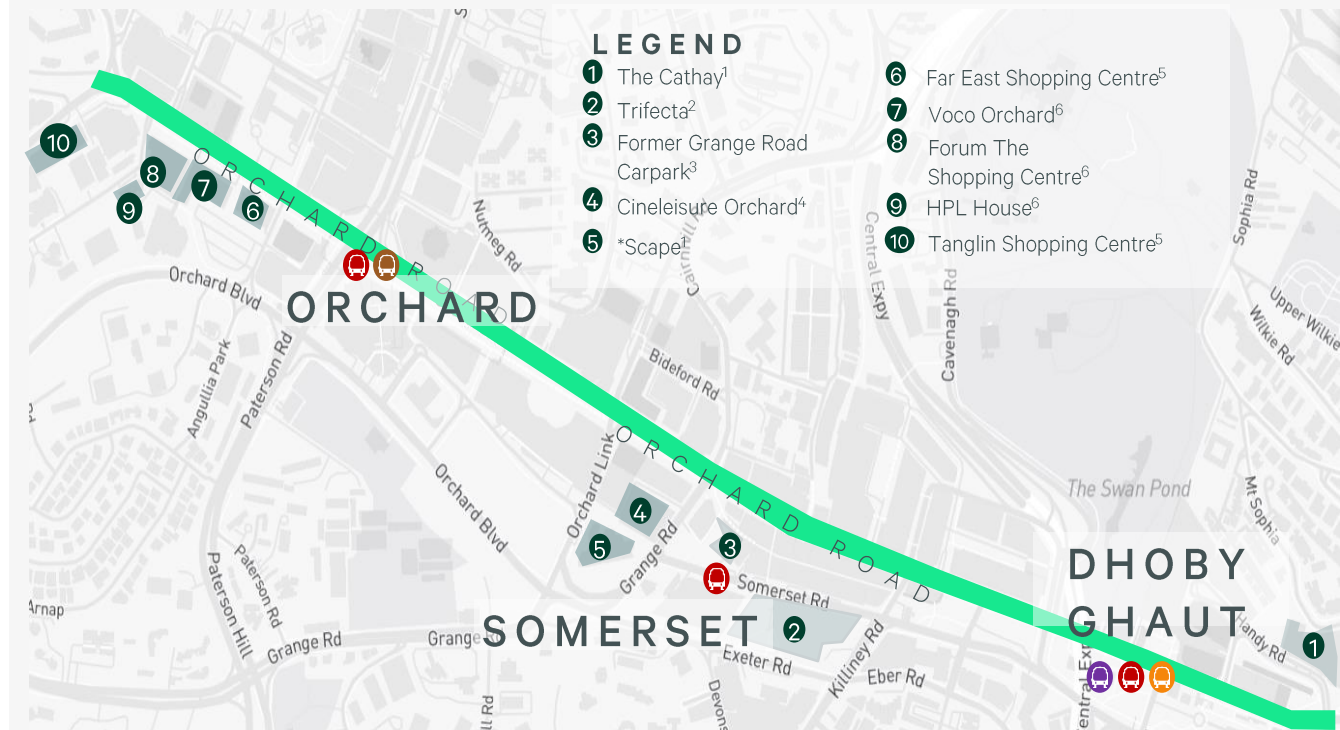
## Revitalisation of Orchard Road

STB and URA is looking to rejuvenate Orchard Road to strengthen its appeal to both locals and tourists. Key initiatives include offering the Strategic Development Incentive (SDI) Scheme to redevelop existing developments in Orchard Road into new, bold and innovative developments.

At the same time, the private sector is also seeking to capitalise on tourism recovery, undertaking various works such as AEI, rejuvenation of tenant mix, and redevelopments.

These will boost the profile of Orchard Road and solidify its status as the main shopping belt in Singapore.

Fig. 10: Orchard Road Revitalisation



Source: CBRE

- Notes: <sup>1</sup>AEI works  
<sup>2</sup>New sports-themed attraction  
<sup>3</sup>Conversion to a new 3,000-person event venue by end 2024  
<sup>4</sup>Rejuvenated tenant mix  
<sup>5</sup>Redevelopment  
<sup>6</sup>Combined redevelopment into a mixed-use asset

## 02 — Experiential retail/ events contribute to increase in footfall

Experiential retail continues to be the buzzword for retailers, especially since competition with e-commerce was exacerbated by COVID-19. It is now imperative for retailers to provide an experience for consumers in the store instead of merely showcasing their products to attract customers to visit the physical store.

This ranges from using artificial intelligence (AI), with certain skincare brands making use of AI to analyse consumers' skin and recommend products that are suitable for them, to hosting activities or workshops for consumers to try their products.

Experiential event spaces are decorated such that they are deemed Instagram-worthy. This drives traffic to the physical store and increases brand awareness through consumers' posts on social media.

Malls which hold experiential events generally see a 10 – 25% increase in footfall, which could have positive spillover effects to other retailers in the mall. For example, weekly footfall increased by more than 20% in the week that *Raffles City* launched its *Future/Forward* event, compared to the previous week when there were no events.



**10 – 25%**

**Increase in footfall in the week of event launch**

**Fig. 11: Experiential retail at Raffles City**



*Future/ Forward*  
21 Jul – 31 Aug 2023



*Crafted for the Future: The Mercedes-Benz Showcase*  
24 Aug – 3 Sep 2023

Source: Malls' and retailers' websites and social media, various news sources

**Fig. 12: Experiential retail at ION Orchard**



*Kiehl's NYC Subway Pop-up*  
3 Sep – 13 Sep 2023



*Chaumet Pop-up*  
4 Sep – 17 Sep 2023



*TAG Heuer Motorsports Experience*  
4 Sep – 17 Sep 2023

Source: Malls' and retailers' websites and social media, various news sources

# 04 — Technology to improve efficiency

Since the onset of the pandemic, retailers and landlords have collaborated more closely to implement technology to enhance operations and provide better services, as well as meet some of the manpower needs.

Examples of technology implemented by **landlords** include:

- Customer analytics: gather data on footfall, shopper behaviour to understand consumer preferences and optimise tenant mix
- Mobile apps: offer features such as personalised offers and loyalty programmes

Examples of technology implemented by **retailers** include:

- Trackers: gather data on consumer behaviour to optimise store layout
- QR code: virtual menu and ordering of food
- Self-checkout-counters

While technology has increased efficiency, some consumers feel that this has made the retail experience more impersonal. That said, the use of AI has helped to refine chatbots' responses, providing a better experience for consumers.

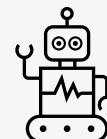
**Fig. 13: Case study on retailer: Ella**



*Robot barista that brews coffee and other drinks*



Customise order and pay through the *Ella* App



Watch *Ella* at work



Collect order by scanning QR code at physical store

Source: Retailers' websites and blogs

**Fig. 14: Case study on landlord: I12 Katong's Bistro Bytes**



*Locker-style F&B takeaway concept that amalgamates different F&B brands*



Order and pay through self-service kiosks or *KLIK* app



Collect food at lockers

Source: Retailers' websites and blogs

03

# Recommendations and Considerations

## 03 — Recommendations and considerations for retailers and landlords

### Capitalise on omni-channel shopping



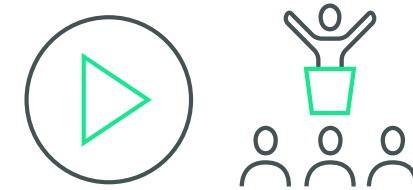
- CBRE Research forecasts online penetration rate to increase to 21.7% by 2026, but physical retail will contribute to majority of retail sales.
- Retailers/ landlords can capitalise on omni-channel shopping habits of consumers by offering online and offline channels for consumers to shop.

### Leverage on technology



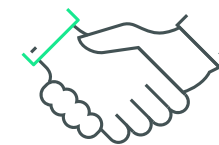
- Retailers can consider leveraging on technology to meet some of their manpower needs, in addition to providing a unique experience for consumers.
- Landlords/ retailers can leverage on data analytics to understand footfall and consumer profiles in order to enhance their assets and optimise store networks.

### Create experiential events



- With the increase in competition from e-commerce, retailers/ landlords can make retail more experiential for consumers to draw them to physical store.
- In general, malls that hold experiential events see an increase of 10 – 25% in footfall during the event week.

### Embrace ESG practices and principles



- With more occupiers and shoppers focusing on sustainability credentials, retail landlords can consider providing more electric vehicle charging points and utilise energy efficient systems.
- Collaborate with professional consultants for an optimal ESG strategy in addition to space and tenant mix planning.

# Appendix

## Definitions & Important Notes for CBRE Calibrate

### Definitions

**Period of Study:** This study is done based on data in 2019, 2022 and 2023 (January to August).

**Footfall:** A total of 13 representative malls were selected and categorised into five areas – Orchard Road, City Hall/Marina Centre, City Fringe, Suburban Malls and CBD. Footfall of a mall is derived based on mobile devices that have appeared within the mall's footprint, and then computed for each area accordingly.

**Common Evening Location (CEL):** Location where the device is most frequently observed in the evenings and on weekends.

**Frequency of Visit:** Average number of visits made to the mall in a month or year.

**Dwell Time:** Average time visitors spent per visit to the mall.

**Disposable Income:** Consists of net incomes from employment and assets (after deduction of taxes and obligatory social contributions), pensions, unemployment benefits, benefit payments and other national transfer payments.

### 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 to Client.
- Footfall data by floor level is not available.

# Research Contacts

---

## Singapore Research

### **Tricia Song**

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

### **Teo Ling Yan**

Manager, SEA  
lingyan.teo@cbre.com

© Copyright 2023. All rights reserved. This report has been prepared in good faith, based on CBRE's current anecdotal and evidence based views of the commercial real estate market. Although CBRE believes its views reflect market conditions on the date of this presentation, they are subject to significant uncertainties and contingencies, many of which are beyond CBRE's control. In addition, many of CBRE's views are opinion and/or projections based on CBRE's subjective analyses of current market circumstances. Other firms may have different opinions, projections and analyses, and actual market conditions in the future may cause CBRE's current views to later be incorrect. CBRE has no obligation to update its views herein if its opinions, projections, analyses or market circumstances later change.

Nothing in this report should be construed as an indicator of the future performance of CBRE's securities or of the performance of any other company's securities. You should not purchase or sell securities—of CBRE or any other company—based on the views herein. CBRE disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CBRE as well as against CBRE's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.

# Advisory & Transaction Services Contacts

---

## Singapore, Retail Services

### **Joan Chen**

Head of Retail Services  
Singapore  
joan.chen@cbre.com.sg

## Asia Pacific, Consulting

### **Lim Mian**

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

### **See Jia Yi**

Business Analyst  
Asia Pacific  
jjayi.see@cbre.com

### **Albert Poon**

Data Scientist  
Asia Pacific  
albert.poon@cbre.com

© Copyright 2023. All rights reserved. This report has been prepared in good faith, based on CBRE's current anecdotal and evidence based views of the commercial real estate market. Although CBRE believes its views reflect market conditions on the date of this presentation, they are subject to significant uncertainties and contingencies, many of which are beyond CBRE's control. In addition, many of CBRE's views are opinion and/or projections based on CBRE's subjective analyses of current market circumstances. Other firms may have different opinions, projections and analyses, and actual market conditions in the future may cause CBRE's current views to later be incorrect. CBRE has no obligation to update its views herein if its opinions, projections, analyses or market circumstances later change.

Nothing in this report should be construed as an indicator of the future performance of CBRE's securities or of the performance of any other company's securities. You should not purchase or sell securities—of CBRE or any other company—based on the views herein. CBRE disclaims all liability for securities purchased or sold based on information herein, and by viewing this report, you waive all claims against CBRE as well as against CBRE's affiliates, officers, directors, employees, agents, advisers and representatives arising out of the accuracy, completeness, adequacy or your use of the information herein.