

INSTORE

Monthly Retail Newsletter by
NTL

July 2020



IN DETAIL

This month, we interviewed Martin Haeger on his thoughts about how retail developments are affected by the COVID-19 pandemic. He is a British architect and director of HL Design Group, with a strong background in both large-scale and smaller retail development formats.

WHAT'S IN?

Every month, this newsletter will highlight updates on retailers, retail spaces and brands, both locally and regionally.

IN THAILAND

A look into a new mixed-use development concept in Thailand by our ETC Bangkok office.

IN DETAIL

AN INTERVIEW WITH MARTIN HAEGER



This month, we interviewed Martin Haeger on his thoughts about how retail developments are affected by the COVID-19 pandemic. He is a British architect and director of HL Design Group and HL Architecture Sdn Bhd, with a strong background in both large-scale and smaller retail development formats.

Recently, Sime Darby Berhad and CapitaLand Mall won the FIABCI World Prix d'Excellence Award 2020 in the Retail Category for Melawati Mall, designed by HL Design Group in collaboration with Ar. AIA

What are your thoughts on how the pandemic has affected retail developments? Are these effects long term?

The immediate impact of the COVID-19 pandemic has been quite devastating for the retail industry. However, upon the reopening of malls, in Malaysia, we have seen rapid responses by retailers to quickly put in place SOPs enabling them to recommence business, albeit in a restricted capacity. For example, we initially saw F&B restaurants struggling to be profitable with the preliminary spacing SOPs in place since their seating capacity is critical to achieving their revenue turns at peak periods.

We believe that new developments in the retail industry will be impacted in the medium term, primarily due to both developer and retailer confidence and of course the substantial number of huge retail projects already in the pipeline that are yet to be delivered.

We do not see a dramatic impact on design in terms of accessibility and car park provisions. However, points of entry and amenities could see changes in terms of technology implemented for thermal scanning and easy identification of customers. The current SOP practice of individual registration at mall entry and every individual outlet should preferably be controlled by the mall with a single technology provider to enable the shoppers to register once. And then upon scanning at every outlet, they are re-registered automatically without the need to re-input data.

There is an interesting issue of customer data and profiling here which might unfold over time as the general public obligingly scan those QR codes with their personal information with no idea how much data is stored or utilised.

In terms of amenities, the medium-term changes might be about "free flow of movement" (i.e. elimination of entry doors in and out of toilet areas). This is to ensure minimum surface contact and standardized implementation of airport-style thermal scanning gear to allow faster scanning of customers, together with sanitizing stations being a feature at all entry points.

Are there any additional design criteria to be considered before designing a retail space?

Given that we are very much still at the beginning of this pandemic, it is too early to assume that our current SOP's and behaviour change will still be required in 2-3 years, which is when many new buildings currently on the drawing board would be completed.

Thus, substantial design changes based on the pandemic, I believe, are more short term. The economic impact of the area requirements for social distancing in any commercial space where every square foot of space demands a premium would render current financial structures of most malls non-viable.

IN DETAIL

Should the design of public spaces and open-air concepts be reviewed?

Indeed. There appears to be a preference for open-air spaces right now, given concerns over air-con systems, enclosed environments, etc in the wake of COVID-19.

However, I believe that the trend towards smaller lifestyle retail environments and in particular non-aircon malls is evolving naturally, regardless of the pandemic.

HL Design Group has long been developing ideas which attempt to create authentic retail environments which can deal with Malaysia's tropical climate, much like the historical shophouses with their covered 5-foot ways used to do. We developed a scheme for Desa Park City almost 15 years ago, called the Quartz, based on a series of urban streets and plazas. This which has now been built as Arcadia, broadly following our original masterplan. We are currently working on another non-air-conditioned mall of 300,000 sq ft with integrated residences, for Messrs. Symphony Life, overlooking the lake in Puchong.

Other hybrid developments like the Edge Property Award-winning Ativo at Damansara Avenue for TA Global, also embraces non-air conditioned space with all common areas being open air.

We have carried through this ambition for more sustainable design in our work on Universities. Like our recent Asia Pacific University project at TPM all public areas are open air.



ATIVO AL FRESCO

Are there any technologies that help ensure a safer shopping experience at malls?

There is a range of existing products which are being re-promoted in the market, for example, HEPA-filters in air-conditioning systems to remove microbes and numerous current architectural products such as laminates and paints with antimicrobial surfaces.

I have recently been brainstorming with an American inventor, an expert in the field of nanotechnology, who is making significant progress in developing solutions which can retrofit our community for future contamination by proactive prevention. By producing antimicrobial surfaces and using nanometer air filtration, we can reduce or eliminate the spreading of microorganisms, ultimately giving people the confidence to reintegrate into society, with less fear.

Such nano-film technology, preventing microorganisms from living on surfaces may be specified for commonly touched surfaces such as door handles, push plates and escalator rails and could be applied retrospectively with significant long term effectiveness.

IN DETAIL

Has there been an impact on design materials for retail developments?

In the early days of the pandemic, there was a lot of data regarding the time in which COVID-19 can survive on various surfaces from glass, metal, plastic, cloth, etc. However, I believe these concerns are only for the short-term, and it won't dictate the future specification of materials for retail developments.

It is more likely that surface treatment technologies will be employed and that operational behaviour and SOPs shall remain in place, to one degree or another, for the foreseeable future.

What do you think are the new expectations customers will have before visiting a retail development, in terms of safety and convenience?

In simple terms, mall owners and retailers should be putting place whatever technology they can to enable customers to move around their malls seamlessly. Malaysians are a young population (mean average age of 30) and therefore love technology. Manual recording of temperature vs thermal scanners is an obvious one as well as QR code technology which ensures single registration can be repeated at every store without having to re-input data into their mobile devices.

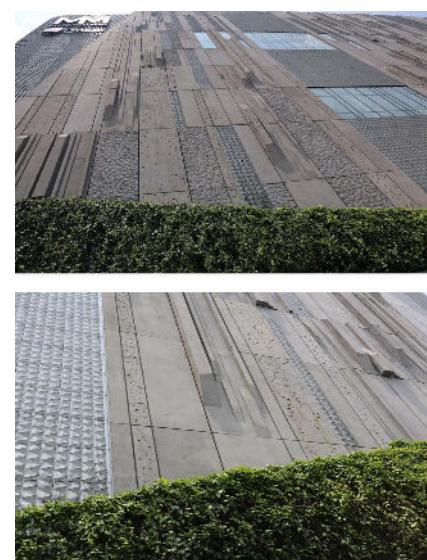
Visual awareness of increased cleaning and sanitization protocols will also give customers a greater feeling of safety in a mall.

Any concluding thoughts?

In summary, I believe that the overall impact of COVID-19 on the retail environment will be far reaching. It has indirectly forced huge numbers of customers to become more familiar and comfortable with online retailing, already a major threat to bricks and mortar stores.

Thus, the real needs of retailers in the future I believe will be to ensure the landlord's active participation in the continued curation and programming of their malls to ensure that they remain dynamic and relevant. Landlords and tenants must work as a team to ensure the relevance of bricks and mortar retailing.

F&B has become a significant contributor to draw footfall, now occupying up to 30% of mall space. Experiential retail and a curated mix of tenants whom provide both community facilities, learning and activity based operators become critical components. Integrated developments where the retail component is smaller in scale but supports its immediate neighbourhood are also likely to be development models of the future.



MELAWATI MALL, A LARGE FORMAT NEIGHBOURHOOD MALL WITH SIGNIFICANT F&B, ACTIVITY AND ENTERTAINMENT

WHAT'S IN?



SUNWAY MALLS LAUNCH DOMESTIC TOURISM PROMOTION TO ENCOURAGE SHOPPERS TO VISIT

Sunway Malls launched 'Ke Sana Ke Sini Ke Sunway' campaign on 6th July 2020 to boost domestic tourism and retail spending. As stores re-open following the recent MCO to curb the Covid-19 pandemic, Sunway Malls offered a rest and rejuvenate package for locals in Sunway City Kuala Lumpur at a 70% discounted rate. This is an initiative to re-channel a portion of blocked outbound tourism spending to domestic tourism.

The RM499 package (original value of RM1,599) includes a two-night stay at Sunway Pyramid Hotel for two adults and two children, entrance tickets to Sunway Lagoon, and welcome treats and Family Fun Activity vouchers worth RM200 from Sunway Pyramid. Customers can purchase the package from 6 to 20th July 2020 and utilise the package to visit Sunway City Kuala Lumpur from 7th July to 31st October 2020. Customers do not have to worry as Sunway upholds strict safety and hygiene best practices and policies across all its premises to protect its staff, visitors and the community.

Read more [here](#)



THE ENTERTAINER OPENS ITS FIRST OUTLET IN MALAYSIA

Malaysia's first 'The Entertainer' outlet has opened at Sunway Pyramid on the 19th June 2020. The toy shop is UK's largest independent toy retailer which has operated more than 170 stores since 1981. The Entertainer is also part of TEAL Group Holdings, with brands like Early Learning Centre and Addo Play Limited in the UK.

The Entertainer was brought in by Kim Hin Joo (Malaysia) Bhd, a leading retailer of baby, children's and maternity products in Malaysia through its Mothercare outlets. They have ventured into the toys sector as a strategy to diversify and complement their existing retail business in maternity and baby products with toys catering to children aged between two to twelve years old.

The company plans to open The Entertainer at Suria Sabah, Kota Kinabalu and an undisclosed location this financial year.

Read more [here](#)

WHAT'S IN?

TACO BELL IS COMING TO MALAYSIA



TACO BELL

American fast-food chain 'Taco Bell' will be opening its first restaurant in Malaysia at Tropicana Gardens Mall near Kota Damansara. Although the opening date has yet to be announced, Taco Bell will be operated by QSR Brands, which also holds the Malaysian license for KFC and Pizza Hut.

The franchise has recently announced intentions to expand in the Asia-Pacific market, entering into new markets like Indonesia. Read more [here](#).

NYX TO CLOSE ALL OF ITS MALAYSIAN STORES

After three years in the market and in the wake of the Covid-19 pandemic, NYX Cosmetics will close all its retail operations in Malaysia. To date, outlets in Suria KLCC, Sunway Pyramid and Midvalley Megamall has ceased operations, while stores in IOI City Mall Putrajaya, Fahrenheit 88 and Genting will close down by end of July.

The brand will continue its e-commerce operations till end-September and continue supplying their products at Sephora stores and potentially other multi-brand channels.

Read more [here](#).



PAVILION BUKIT JALIL, IS SET TO OPEN

Pavilion Bukit Jalil Shopping Centre will be opening its doors in the third quarter of next year. Pavilion Bukit Jalil is being developed by a partnership led by Regal Path, a joint-venture company of Khuan Choo Realty, (a Malton's subsidiary), Q PBJ and Jelang Tegas.

The 1.8 million sq ft development will have a catchment of 1.9 million people, 85% of them being locals and the balance will be tourists. The supermall will feature a 300,000 sq ft multi-storey Parkson department store, and smaller anchors like Dadi Cinema (China's second-largest cinema group), Harvey Norman, Food Republic and a new grocery concept called The Food Merchant. At Pavilion Bukit Jalil, the offer will be more targeted to affordable luxury brands like Coach, Michael Kors or Kate Spade.

Read more [here](#)

WHAT'S IN?

HUGO BOSS EXPANDS ONLINE REACH



German Fashion label Hugo Boss is expanding its online reach to the Asia Pacific market, adding 22 countries to its e-commerce portfolio, including Australia, New Zealand, Japan and Singapore, along with markets in Europe. Three more countries will be added later this year –India, Mexico and Canada. The brand also plans to focus on the European and Asia -Pacific markets for growth, via concession stores, in the coming years.

Hugo Boss' latest collections are now accessible from the comfort of customers' homes and products can be shipped directly. Read more [here](#).

AMERICAN RETAILERS ARE IN CRISIS

Brick-and-mortar retail stores were in the midst of major changes even before the Covid-19 pandemic impact hit. In America, analysts predict that shopping centres may close in the next five years. The Covid-19 pandemic has resulted in some chain stores unable to pay rent and prominent department store chains filing for bankruptcy protection. Neiman Marcus and J.C. Penny are two examples in the US. For retailers who haven't gone bankrupt, they are using this as an opportunity to clean up and review their existing assets. For shopping centres that are able to withstand the current turmoil will be healthier, with better tenants, more inviting environment and higher occupancy rates. Developers have been discussing with local officials on identifying a higher and better use for a site. Abandoned shopping centres may be turned into local markets or office space and even affordable housing.

Read more [here](#).

LEGO STEM-THEMED POP-UP STORE LAUNCHED IN HONG KONG

Olympian City Shopping Centre in Hong Kong has teamed up with world-renowned toy brand, Lego to launch Lego Technic – the world's first Stem-themed AI concept pop-up store. This is the first pop-up concept to be featured at the centre's Pop Gallery, a platform that uses big data technologies to source trending products worldwide. Visitors are able to access exclusive offers by interacting with 5 AI-enabled Pop kiosks at the store or engage in live games.

The store features Lego Technic sets and experiential workshops to promote science, technology, engineering and mathematics (STEM) education. Read more [here](#).



WHAT'S IN?

HOW KITKAT CHOCOLATORY CONNECTS WITH GEN Z

KitKat Chocolatory has opened in a few countries, where it focuses primarily on customisation to bring unique products to guests, while showcasing local and international flavour innovations to broaden the customer experience.

Sydney's first KitKat Chocolatory officially opened to the public on 6th July 2020. The Chocolatory concept was based on a pop-up KitKat Studio which opened for four weeks in Sydney back in 2015. The first KitKat Chocolatory opened in Melbourne and through that process the team identified the type of experience that consumers were looking for. The store offers a feast for the senses, with flowing chocolate, a wall of unusual flavours from around the world, a Chocolate Train with a rotation of unique flavours in single finger form, and a cafe serving up hot and cold chocolate and cookies.

Read more [here](#).



DIESEL UNVEILS HYPERROOM

Diesel has unveiled Hyperroom, a 360-degree selling platform with an exhibition space, showcasing all products in the virtual store through a customised section of the platform, including the latest Spring and Summer 2021 Collections. Diesel believes the new virtual-store concept will be a solution for many fashion brands as it not only provides a unique online retail experience but also reduces the amount of clothing samples required at physical stores. Hyperroom resembles the brand's physical showroom in Milan.

Read more [here](#).



IN THAILAND

RAIN FOREST - A NEW MIXED-USE DEVELOPMENT WITH A COMMUNITY MALL AND RESIDENCE

by ETC Team



Rain Forest is a new mixed-use development project by Yuvanasiri Company Limited; which comprises a community mall and a residential unit located on 8.3 acres (21 rai) on King Kaew Road (between Soi 11 – 13). The whole project can facilitate car park of over 300 lots.

The community mall has a built-up of 6,778 sqm which includes retail and commercial space, event space, a Tesco Lotus Supermarket and F&B offers like food stalls and a KFC Drive Thru. The residential component will be an apartment unit which sits on a total area of 5,350 sqm.

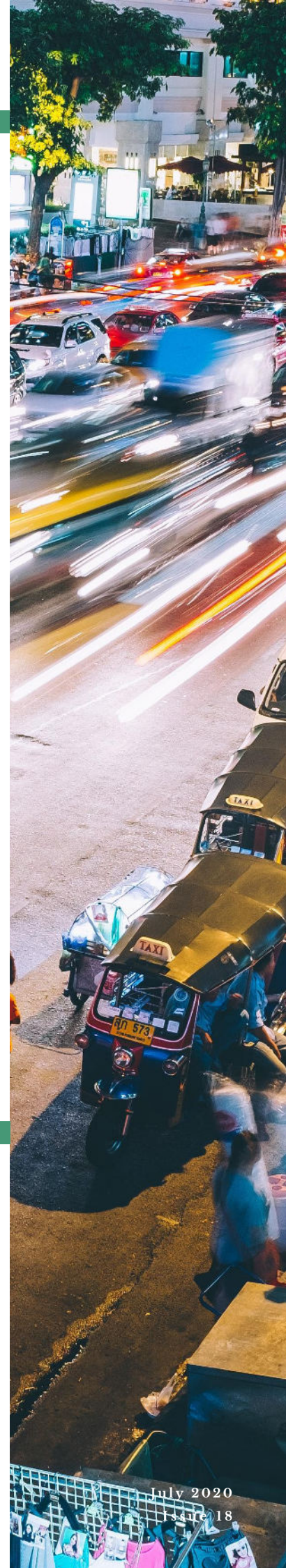
A total of 144 units will be built with two size options of 24 sqm and 32 sqm respectively. Edmund Tie & Company (Thailand) has been appointed as the sole consultant and lease agent for this development.

ABOUT NTL & THE ETC GROUP

Established in 2000, Nawawi Tie Leung (formerly known as DTZ Nawawi Tie Leung), is a prominent property consulting firm in Malaysia which is part of the Edmund Tie & Company (SEA) (ETC) with offices in Singapore, Malaysia and Thailand. NTL has a proven track record in retail development consultancy and leasing throughout the South East Asian region.

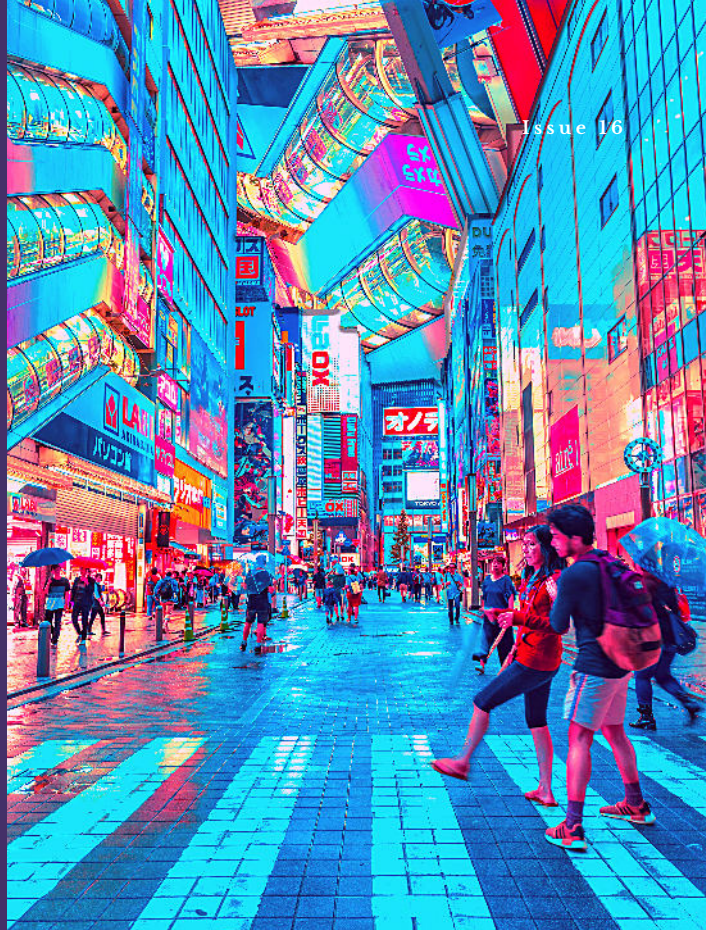
Our distinctive Asian philosophy based on trust, integrity, collaboration and reciprocity allows us to create value for our clients and stakeholders that exceed their expectations.

As a member of ETC, we are supported by some 500 experienced professionals across our network. Our expertise covers a comprehensive range of property services, including commercial agency and occupier services, residential agency, retail property services, investment sales, valuations, property management, and research & consulting.



THANK YOU FOR READING INSTORE

*A Monthly Retail Newsletter by
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