



*Newsletter of the Malaysian Association for Shopping and Highrise Complex Management*

# newsnetwork

Persatuan Pengurusan Kompleks (PPK) Malaysia

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*Untuk Ahli Sahaja*



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## PRESIDENT'S MESSAGE

Dear Members

Warm greetings to everyone!

We finished the previous year in a flurry of activities during the MYES 2007 promotions in December and within the blink of an eye, we are done with the festive activities and already into the first quarter of 2008..

2008 will surely see even more shopping centres on the scene particularly in suburban locations as shopping centres with its myriad merchandise and services becomes more and more entrenched in our lifestyles.

In such a fast developing scenario, market data, like technology, rapidly becomes outdated. We are all very much aware that our industry must remain on our toes with up-to-date data and information so PPK Malaysia will be embarking on yet another industry survey. As this is to update the previous data collected since December 2005, we earnestly appeal and urge all members to lend us your close co-operation by participating in the survey which should take off within the next month – it is only with YOUR contribution that we can produce an overall report of the industry that is meaningful and valuable to bring the overall industry to a higher level and be simultaneously beneficial for all of us.

We are also continuing with our training and education programme via the Certification Courses and judging from the extraordinary response at the last sessions, look forward to even more participation from all of you in April 2008. The increasing number of shopping centres means that the need for manpower resources is always there and still growing, indeed, a good sign for all shopping centre employees and for new memberships in PPK...!

Looming on the horizon is Election Fever, for the country as well as for our own association with the 23rd AGM scheduled for 29 March 2008. We are proud to say that we have come a long, long way since 1984 when we were only making small whispers in the industry, and now growing to be one of the prominent voices of the country.

Do continue to support us as we endeavour to make shopping centre management even more 'manageable' or even enjoyable for those with shopping in their blood ...

Warmest regards.



**JOYCE YAP**  
President



# CURRENT ISSUES

## Goods and Services Tax (GST)

Legislation on GST which was previously postponed from January 2006 now appear imminent ! Members attended a meeting on 12 January 2008 to be briefed and updated by our advisors, Messrs. Ernst & Young (EY). A good turnout of 40 members representing 19 shopping centres attended who were also informed that it was our joint intention to submit a memorandum to the authorities as GST is applicable for rental, management services, service charges etc.

Members had previously agreed to participate in a Joint Consultation Fund (which was later refunded to participating shopping centres as implementation of GST was then postponed) and this will now be re-introduced at a minimum contribution of RM3,000 per member – please contact PPK Secretariat if you would like to participate or still need more details...

(P.S. Thank you, Sungei Wang Plaza for kindly hosting the venue once again for the above meeting!)



▲ L to R: EY's Koh Siok Kiat and MK Foong, Vice President 2, PPK Malaysia explaining the intricacies to members with Stanley Kok, PPK Malaysia's Secretary

## Security & Safety - CCTVs

Recent public safety issues have resulted in a proposal by the authorities to link CCTVs in shopping centres to police headquarters for faster response and better surveillance; however, whilst we are supportive in principle, we have requested for guidelines from the relevant authorities prior to a final decision by individual shopping centre management which will be subject to practicalities and other logistics.

We will keep members in touch of future developments.

## 1 sen Rounding Mechanism

The hassle of keeping odd copper cents (sen) will soon be over !

For those who are not yet aware, the Ministry of Domestic Trade and Consumer Affairs has announced that a Rounding Mechanism to the nearest multiple of 5 sen for over-the-counter payments will be fully implemented by 1 April 2008. This will see more convenience for customers and businesses will save on handling costs. For more information, you may call 1-800-88-6800 and 1-300-88-5465.

## NEW KIDS ON THE BLOCK !



▲ Pavilion Kuala Lumpur welcomes you to the axis of inspiration



▲ Heralding the New Shopping Kingdom of Sunway Pyramid



▲ ...it's about you at The Gardens

Yes, the shopping industry spawned three new additions recently, re-making the shopping experience and adding new dimensions to retail therapy ! The new scene included **Pavilion Kuala Lumpur** in the Golden Triangle heartland, the new **Sunway Pyramid** with its extension in an ever-growing affluent suburb and **The Gardens** located conveniently midway. This simply means more shopping choices for all !

# CERTIFICATION IN SHOPPING & HIGHRISE COMPLEX MANAGEMENT 2008

PPK Malaysia is proud to announce that 2007 saw 10 personnel qualify as CERTIFIED MANAGERS, home-grown products of our own Certification courses which have been ongoing since 2002. YOUR hard work, persistence and effort have certainly paid off, CONGRATULATIONS to all !

For others who are interested in pursuing these courses, watch out for the next sessions commencing soon at Sunway Lagoon Resort Hotel, Petaling Jaya.

Tuesday, 1 April 2008: Administration, Finance & Human Resource, Parts 1 & 2

Wednesday, 2 April – Thursday 3 April 2008: Marketing & Leasing, Parts 1 & 2

Tuesday, 8 April – Wednesday 9 April 2008 : Operations & Maintenance, Parts 1 & 2

For more details, do call our Secretariat at 03-77276202 or access our website: [ppkm.org.my](http://ppkm.org.my)

## April 2007



▲ Safian Ismail, Certified Operations Manager (COM)



▲ Zulkahar Khamis, Certified Operations Manager (COM)



▲ Tiew Lip Guan, Certified Operations Manager (COM)



▲ Wan Husmi Wan Said, Certified Operations Manager (COM)



▲ Angeline Yee, Certified Marketing Manager (CMM)



▲ Jennifer Tan, Certified Marketing Manager (CMM)

## November 2007



▲ Vincent Chong, Certified Marketing Manager (CMM)



▲ Zahayu Shima bt Ayub, Certified Marketing Manager (CMM)



▲ Darren Hee, Certified Marketing Manager (CMM)



▲ Rashidan Ismail, Certified Operations Manager (COM)

## MEMBERS' MEET



▲ It was a good time for Committee Members to meet Northern Region shopping centres recently on 10 November 2007. Held at G Hotel, Penang, the gathering saw mutual updates on current issues and meeting new associates in the industry for closer networking.



▲ At the other end, Southern region members representing 6 shopping centres also met on 13 December 2007 and discussed issues concerning safety and security, response to MYES 2007 etc.

# INSIGHTS of the INDUSTRY

THE EDGE THE WEEK OF SEPTEMBER 10 | 2007

# City & Country

**How good an asset is a mall?**  
PG4

**Designed to captivate**  
PG6

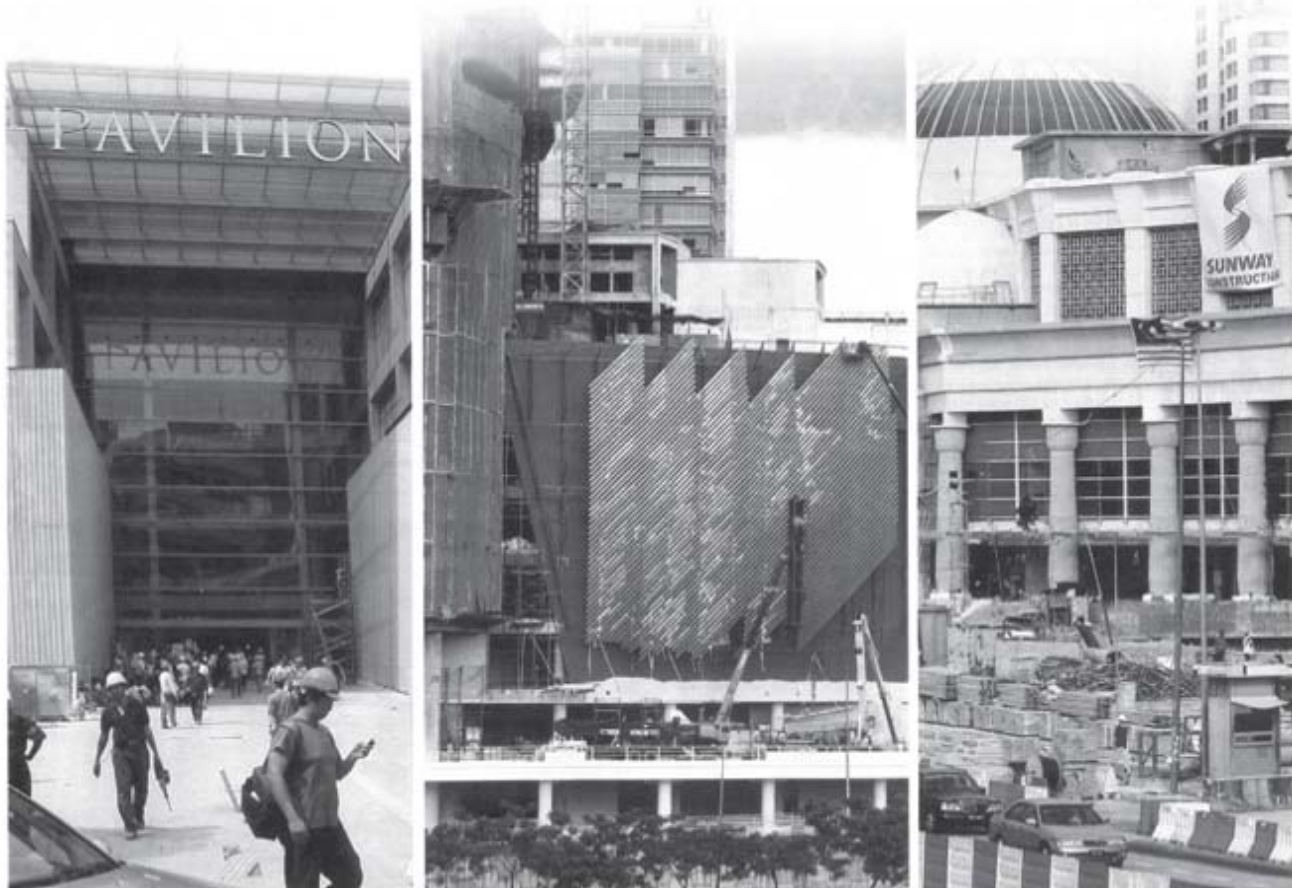
**Staying ahead in the retail game**  
PG7

**Playing catch-up to woo foreign brands**  
PG10

**Unfazed by newcomers**  
PG12

# Battle of the MALLS

Two new malls — Pavilion KL and The Gardens Galleria — plus an extension to Sunway Pyramid — are set to open later this month, adding 3.02 million sq ft of space to the Klang Valley retail scene. With such explosive growth in an already crowded market, how will the new and existing players fight it out? **Diana Chin** examines the issues. Her reports start on Page 2.



**Beating the clock** — Workmen putting the finishing touches to (from left) Pavilion KL, The Gardens Galleria and extension to Sunway Pyramid. All pictures were taken on Sept 3, 2007.

2 • THE EDGE MALAYSIA | CITY &amp; COUNTRY | SEPTEMBER 10, 2007

## COVER STORY



Artist's impression of The Gardens, Mid Valley City. The Gardens Galleria will be the first component of the five star development.



Artist's impression of Pavilion KL. The 7-storey retail component will introduce new brands to the market.

## Competing for shoppers

Asia's shopping malls are taking on a new meaning. Not only are they bigger and better, they are getting brighter and come power-packed with amenities aimed at drawing the crowd. Apart from retail goods, shopping havens like Japan, South Korea, Hong Kong, Thailand and Singapore are offering visitors a complete lifestyle experience. Japan's new Tokyo Midtown complex includes a five-star hotel, museum, parkland and gardens. Seoul's COEX Mall boasts an aquarium containing 650 species of wildlife and a kimchi museum while Singapore's latest, VivoCity, comes with a rooftop sky park.

When it comes to size, China leads the way with massive developments like the Beijing Mall and South China Mall, purported to be currently the world's largest. Even India has jumped on the bandwagon, embarking on a mall-building spree, attracting foreign retailers along the way. Incidentally, India ranks No 1 on AT Kearney's Global Retail Development Index (GRDI) 2007. The management consulting firm's GRDI identifies windows of opportunity to help retailers make strategic investments in exciting new markets and ranks the top 30 emerging countries worldwide for retail development. Malaysia is on the radar screen this year, coming in at No 8. It also came out tops, scoring full marks on a 100-point scale on the Retail Labour Index. This means the country

has a skilled workforce available to retailers looking for initial or alternative expansion plans.

Foreign interest aside, the retail pie in the country is fast expanding in both product merchandise and space. This month alone, two new shopping malls and phase two of an existing mall will be joining the 89 shopping centres in Kuala Lumpur and Selangor as they rush to open their doors in a run-up to the festive and holiday season. Hari Raya Puasa is in mid-October, followed by Deepavali in November and Christmas and the school holidays in December.

Come Sept 20, the Pavilion Kuala Lumpur starts business at 10am and expects to woo shoppers by introducing some brands never seen before in Malaysia. Located on Jalan Bukit Bintang, the 7-storey shopping centre has a net lettable area (NLA) of 1.37 million sq ft and is part of a mixed-used development comprising 368 units of residence, a 19-storey office tower, and a luxury 180-room boutique hotel. The entire development has a gross development value (GDV) of RM3 billion.

Then on Sept 26, The Gardens Galleria at Mid Valley City with a NLA of 850,000 sq ft will be ready to offer shoppers what it calls a seamless, rewarding experience in a refined and natural environment. It will be the first of the five-star component of Mid Valley City, which includes two office towers and the five-star Gardens

Hotel and Residences. It has a GDV of RM5.9 million.

On Sept 30, Sunway Pyramid will offer a NLA of 1.7 million sq ft with the addition of 800,000 sq ft under phase two of its development that has a GDV of RM550 million.

Cumulatively, the three malls will offer 3.92 million sq ft of NLA. According to the National Property Information Centre's latest stock report, as at 1Q2007, the country's retail space (comprising shopping centres, arcades and hypermarkets) totalled 87.2 million sq ft, with Kuala Lumpur dominating supply at 23.7% followed by Selangor 23.2%. Add to this a future supply (incoming supply plus planned supply) of 35.72 million sq ft. Of the 87.2 million sq ft of retail space, the bulk or 65.3 million sq ft (75.2%) is taken up by space in shopping centres.

Against a backdrop of explosive growth of space, how do the two new malls and Sunway Pyramid and, for that matter, existing popular malls plan to lure shoppers?

The Gardens Galleria is going green. It will boast, among others, a rooftop garden, over 200 specialty shops that are fashion-focused and an array of gourmet foods served at kiosks, cafes and restaurants. Anchor tenants will be Isetan of Japan, Robinsons and Golden Screen Cinemas. In an earlier interview with City & Country, Robert Tan, managing director of IGB Corp, had stressed that The Gardens will be different. Brushing off competition from

new and existing malls, Tan says Mid Valley City has its own market because of its strategic location.

Over at Pavilion KL, apart from its architectural design and the introduction of new brands making up 20% of its retail outlets, this mall will have street-front duplexes — a first in the Malaysian shopping centre scene. It is working to bring the shopping experience of world-famous Ginza, New York and Milan to its doorstep. The street front duplexes will house designer brands like Aigner, Coach, Ermeneegildo Zegna, Hermes, Hugo Boss and Versace, to name a few. At stone's throw is Starhill Gallery, labelled an international brands shopping centre, which also boasts some of these names. Also in the vicinity is Lot 10, Sungei Wang Plaza, Bukit Bintang Plaza and the mammoth Berjaya Times Square. Shoppers are spoilt for choice in terms of variety even if these centres do not carry luxury brands.

How is Pavilion KL going to compete? John Sirocic, director of centre management, Kuala Lumpur Pavilion Sdn Bhd, says they are not competing with existing retail centres in the area, but complementing the overall Bukit Bintang environment.

Sunway Pyramid does not see itself in the same league as Pavilion KL and The Gardens Galleria, which are positioning themselves as high-end stores. "We are in a different market," says its managing director for property investment, Ngeow

CONTINUES ON PAGE 4

### Supply and occupancy of shopping complexes in Malaysia (1Q2007)

LOCATION	SHOPPING CENTRE				ARCADE				HYPERMARKET			
	NUMBER OF PROPERTIES	TOTAL SPACE (SQM)	TOTAL SPACE (SQM)	OCCUPANCY RATE (%)	NUMBER OF PROPERTIES	TOTAL SPACE (SQM)	TOTAL SPACE (SQM)	OCCUPANCY RATE (%)	NUMBER OF PROPERTIES	TOTAL SPACE (SQM)	TOTAL SPACE (SQM)	OCCUPANCY RATE (%)
WP Kuala Lumpur	49	1,434,906	1,192,020	83.1	38	371,463	304,117	81.9	5	101,668	100,095	98.5
WP Putrajaya	1	57,284	41,831	72.4	3	7,486	6,585	88.0	0	0	0	0.0
WP Labuan	1	26,063	24,366	93.5	0	0	0	0.0	0	0	0	0.0
Selangor	39	1,158,396	1,000,480	86.4	21	130,002	95,395	73.4	13	584,539	571,474	97.8
Johor	52	838,396	475,536	56.7	18	21,617	18,093	83.7	13	177,026	158,448	89.5
Pulau Pinang	32	761,718	521,595	68.5	40	174,260	108,812	62.3	6	83,083	82,468	99.3
Negeri Sembilan	25	210,112	161,504	76.9	38	39,076	32,189	82.4	2	24,933	24,933	100.0
Perak	30	368,361	313,371	85.1	2	6,354	6,044	95.1	3	38,344	39,344	100.0
Melaka	15	192,736	119,862	62.2	0	0	0	0.0	2	35,547	35,547	100.0
Kedah	29	283,132	215,053	76.0	6	15,258	5,381	35.3	1	9,796	9,796	100.0
Pahang	13	163,546	126,759	77.5	4	3,570	3,059	85.7	1	11,170	11,170	100.0
Terengganu	5	18,395	126,915	70.2	6	7,772	7,379	94.9	0	0	0	0.0
Kelantan	3	67,200	57,948	86.2	10	76,713	70,481	91.9	1	7,421	7,421	100.0
Perlis	3	13,571	13,571	100.0	6	36,399	36,399	98.9	0	0	0	0.0
Sabah	16	231,213	174,373	75.4	0	0	0	0.0	5	31,976	31,976	100.0
Sarawak	32	242,134	211,590	87.4	0	0	0	0.0	0	0	0	0.0
<b>MALAYSIA</b>	<b>345</b>	<b>6,067,743</b>	<b>4,663,877</b>	<b>76.9</b>	<b>192</b>	<b>890,864</b>	<b>693,630</b>	<b>77.9</b>	<b>52</b>	<b>1,106,503</b>	<b>1,072,672</b>	<b>96.9</b>

Definition: Shopping centre: Purpose-built dominant retail establishments planned, developed and operated as a number of outlets within a centre for trade

Shopping arcades: Dominant retail shops along one or both sides for trade

Hypermarkets: Retail establishments that benefit from economies of scale due to their large minimum size and offer competitive pricing and a wide range of goods



## Room for niche malls in submarkets

FROM PAGE 2

Voon Yean. Besides banking on its success over the last decade, with the extension, this developer is now able to improve its tenant mix.

### Mall market saturated?

"We have 120 centres and hypermarkets in the Klang Valley, with 36.34 million sq ft of lettable space. Effectively, that translates into six sq ft per person," says Allan Soo, managing director of Regroup Associates, a full-service real estate consultancy. The ideal situation, he says, is to halve that to three sq ft per person. Looking at the numbers, the mall market in the Klang Valley has passed saturation point but this has not stopped new malls from sprouting.

"Even though the mall market has been saturated since 2001, with many shopping centres recording low occupancy rates until today, developers are building even bigger shopping centres. The proportion of large shopping centres in the Klang Valley, Penang and Johor Baru is higher than the proportion in the US," says Tan Hai Hsin, managing director of Henry Butcher Retail.

According to Tan, the malls are getting bigger because today's shoppers prefer mega shopping centres and hypermarkets that offer one-stop shopping. Successful shopping centres

have either a huge retail floor area or are anchor-driven.

However, Soo feels there are still pockets of opportunity to introduce niche malls to some submarkets. Big doesn't necessarily mean better. Concept-wise, the trend is towards very high quality malls with the latest fashion brands or the opposite — individualistic niche neighbourhood centres that provide ambience like alfresco dining and street walks, says Soo.

### The X-factor

In a crowded market where nearly every submarket has a mall or some retail format or other, a new player cannot afford to be another "me too" or copycat. "The Klang Valley holds almost every type of shopping centre model there is. To succeed, one cannot be just another average mall," says Soo. New centres will not excite if there is no innovation or if they don't offer something different. Shoppers expect the latest centre to offer the latest, both in brands and merchandise as well as concept.

Product differentiation is important and it should be thought of at the concept stage of the mall. Then comes trade, tenant mix and micro things like management, advertising and promotions including detailing. As Soo puts it, retail is detail. But one should not aim to be different for the

sake of being different. The market needs to be ready for it.

Explains Soo: "Many developers are enamoured of the factory outlet concept, but I think the market is not quite ready for it because of our very cheap products, the distribution channels and our small market in terms of volume. We need to think of our own new concepts and also adapt those ideas that others have tried successfully. And where we cannot get a new brand in, we should encourage new local ones. Look at Suria KLCC. It has brought its home-grown retailers overseas to encourage such conceptual upgrades."

### The right retailers

Regroup's Soo says: "Currently, nearly everyone is here [in Malaysia] with the exception of one or two Japanese department store groups and some new street brands. We are definitely attracting some of the latest like Fat Face and Truco and will probably get even food outlets like Les Amie one day.

"But our market is too fragmented and diluted to be exciting for some of these brands. Also, we are usually not the first stop in Asia. H & M recently opened in Hong Kong and China, for instance, and is planning to venture into Japan and Singapore. Walmart has said it is not coming for the foreseeable future.

"Margins are also thinner because

of our exchange rates, plus volumes are lower, so most big brands are not so excited. Many new entries come here after Singapore."

### Sustaining growth

The success of our retail industry depends very much on local purchasing power. It's a balance of demand and supply, says Henry Butcher's Tan, adding that the growth of local demand depends on the local economy. Projects rolling out from the Ninth Malaysia Plan are expected to have a multiplier effect on the economy and Visit Malaysia Year 2007, targeting 20.1 billion tourist arrivals and RM44.5 billion in spending, augurs well for the retail industry.

In 2Q2007, the services sector continued to provide the main impetus to GDP growth, registering a 9.2% growth in 2Q2007. Leading the sector's growth was the wholesale and retail trade subsector, which increased by 11.9% in 2Q2007. The growth was supported by the strong performance of department stores and hypermarkets. Perhaps it is on this basis that malls are sprouting.

Survival means garnering a loyal following and to do this, the fundamentals must be adhered to. "It's all about location and trade mix. You have to be at the right place and offer the right merchandise," says Tan, who does not discount the fact that A&P

is also important to bring shoppers back to the centres regularly.

Soo says the fundamentals would differ between trades but for the mall owner, the common denominator would be treating the shopper with respect. "For example, the small things that make them feel good like brightly lit and safe car parks and clean toilets.

"Shoppers are beginning to appreciate little things in terms of experience because it is expected that most centres would have the same mainstream brands. So what goes beyond that would be the little surprise merchandise, the little café or coffee bar, the magazine shop, and ultimately, the feeling that the mall management and the retailers respect you and therefore would give you the best experience."

Needless to say, the meaning of shopping has changed, compared to three decades ago. One does not need to go out to shop; you can do it online. "When we do go out, we do so because it is a trip out to enjoy ourselves. So the experience has to be good. In the developed markets, the catchphrase is 'experiential' shopping," says Soo.

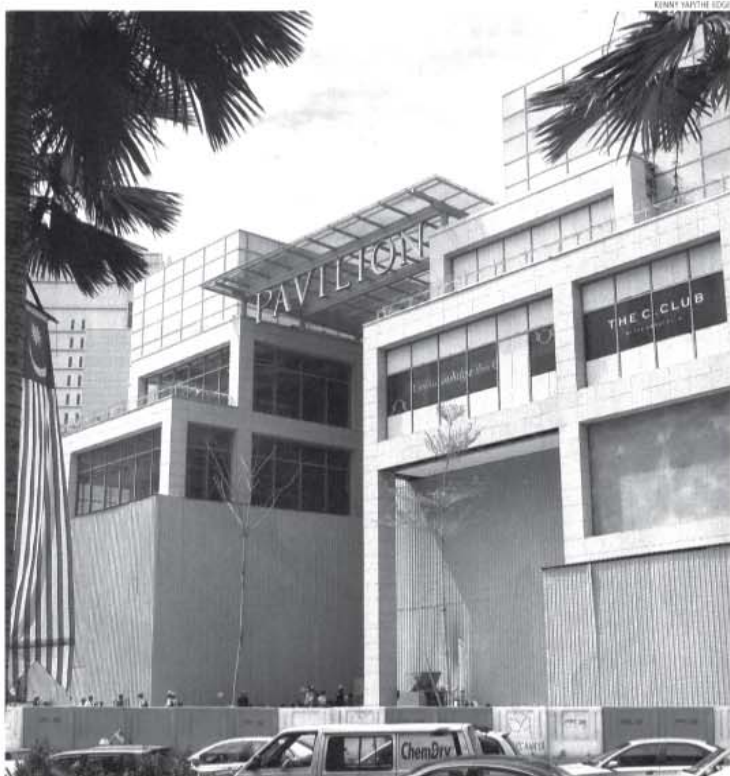
"If the experience is lousy, you will make a mental note not to go back. Of course, one major problem is insufficient parking bays. So a lot of initial planning needs to be done in this area if the centre is to be a winner in the long term," he adds. ■

6 • THEEDGE MALAYSIA | CITY &amp; COUNTRY | SEPTEMBER 10, 2007

## COVER STORY



An artist's impression of The Gardens Galleria's interior



To date Pavilion KL is 95% leased

## Designed to captivate

As consumers eagerly wait for two high-end shopping centres and one mega mall's extension to open their doors this month, *City & Country* takes a peek at what the three — Pavilion Kuala Lumpur, The Gardens Galleria and Sunway Pyramid — have to offer in terms of product differentiation, design and lifestyle, parking and security issues.

### Pavilion Kuala Lumpur

"Our doors will open on Sept 20 at 10am, give or take 10 minutes," says John Sironic, director of centre management, Kuala Lumpur Pavilion Sdn Bhd. Seventy per cent of the leased outlets will be opened and the subsequent outlets will follow within the next three months.

The 7-storey shopping centre has many unique features, ranging from fashion, food and beverage to urban leisure, architectural design and new brands.

For the first time, Malaysians will be introduced to brands like Joan & David, Kiehl's, LIULIGONGFANG, Mandarin Duck, Okaidi & Obaibi, Reiss, Shanghai Tang and Thomas Pink.

"The anchor tenant will be Parkson. Speciality tenants include Tangs which selected Pavilion KL for its comeback into Malaysia; True Fitness; Golden Screen Cinemas; Times The Bookshop and Red Box Plus," says Joyce Yap, director of leasing and marketing.

"Most tenants have selected Pavilion KL as their regional flagship store or new retail concept outlet, thereby, reinforcing their confidence in Pavilion KL as a shopping centre with a difference," she adds.

"We are also committed to providing services that give patrons the experience of being guests rather than everyday shoppers with our concierge services. We will also be introducing our themed retail areas

consisting of six different precincts: Couture, Gourmet Emporium, Connection, Bintang Circle, Home and Seventh Heaven," she says.

The retail centre's goal is to attract cosmopolites. The main targets are urbanites, professionals and tourists. The Pavilion crowd will want to see and be seen, says Sironic.

The centre is designed to accommodate the needs of diverse groups as there is a wide and attractive mix of retail outlets with a "timeless" design. "We feel the timeless design will allow our retailers to better showcase their brands and store concepts clearly. In short, our design is 'right for today and flexible for tomorrow'," says Sironic. Among the features are Spanish steps, street-front duplexes and a translucent skylight allowing for natural sunlight to brighten up the concourse area.

To date, Pavilion KL is 95% leased. "We are not filling space for the sake of becoming a fully leased centre. We



Yap (left) and Sironic are upbeat on Pavilion KL's retail mix

maintain strict tenant mix criteria and standards. For us, it is not a problem of filling the space. Our commitment remains true to our promise — a quality tenant mix that exudes and blends with the Pavilion KL quality to provide world-class shopping excitement and experience," says Yap. The mall is targeting an estimated 24 million visitors in 2008.

Accessibility-wise, there will be multiple points to enter and exit Pavilion KL. Entry points at street level will enable passers-by to literally walk in from the streets. A sky bridge is also being built linking Pavilion KL to the Kuala Lumpur Convention Centre.

For security, Pavilion KL has invested some RM3 million in state-of-the-art CCTV cameras which are installed throughout the centre and car park premises. It will have some 300 CCTV camera units positioned for optimum coverage and will be fully integrated with the building's security system. There will also be external surveillance cameras. For added safety, there will be about 220 panic buttons located throughout the centre and car park. Each button will be clearly positioned with clear instructions for use. Security personnel will be patrolling the premises frequently on foot and in cars.

### Fact sheet

	PAVILION KL	THE GARDENS GALLERIA	SUNWAY PYRAMID
Gross floor area	3.68 million sq ft	5.9 million sq ft (for entire development)	4 million sq ft
Net lettable area	1.37 million sq ft	850,000 sq ft	1.7 million sq ft
No of retail lots	450	200	800
No of car parks	3 levels of basement parking with 3,300 bays	7,500 in the vicinity	10,000 in the vicinity
No of floors	7	4	4
Gross development value	RM3 billion (for entire development)	RM1.5 billion (for entire development)	RM550 million
Anchor tenants	Parkson	Robinsons and Isetan	Parkson and Jusco



4 • THEEDGE MALAYSIA | CITY & COUNTRY | SEPTEMBER 10, 2007

COVER STORY

# How good an asset is a mall?

[BY FINTAN NG]

Are malls good assets for developers? Certainly a relevant question these days as two new malls and the extension of an existing one are set to open their doors this month.

The two new malls are The Gardens' four-storey retail podium (in Mid Valley City), which is a later phase of an ongoing development, and the 7-storey Pavilion Kuala Lumpur, a brand new mall located in the Golden Triangle. Over in Bandar Sunway is the 5-storey second phase of Sunway Pyramid.

If there are no last-minute changes, Pavilion KL, with a net lettable area (NLA) of 1.37 million sq ft, will be opened on Sept 20. Six days later, on Sept 26, The Gardens retail podium with a NLA of 850,000 sq ft will open its doors. On the last day of the month, phase two of Sunway Pyramid, with NLA of 800,000 sq ft, will join the bandwagon.

More and more developers have gone on record to indicate their increased reliance on investment property as a revenue source. Developers like Bandar Raya Developments Bhd (BRDB), Dijaya Corp Bhd, IGB Corp Bhd and SP Setia Bhd have made known that, going forward, rental income from retained commercial property assets is among the strategies to ride out any downturn in the property cycle as well as a means to grow their businesses.

So, are malls good property assets

for developers? A market observer tracking property stocks and REITs (real estate investment trusts) concludes that mall assets can make or break a developer. IGB has done well with Mid Valley Megamall. It owns the 5-storey Megamall through KrisAssets Holdings Bhd, in which it has a 75% stake.

Meda Inc Bhd meanwhile, sold its mall (The Summit Subang USJ) to repay debt and invest in landbank, notes the observer. The Summit Subang USJ comprises a 6-storey mall, a 15-storey office tower, a 17-storey hotel and 2,125 parking bays. It was sold to AmFirst REIT for RM260 million.

Nevertheless, despite the recent sell-down of the equity and credit markets, property stocks continue to interest analysts who see the commercial and high-end residential segments of the market doing well, so far.

Recent reports have also cited government incentives that have boosted the property market. These include the relaxation of Foreign Investment Committee guidelines for foreign property purchases, the indefinite suspension of the real property gains tax and improvement to the delivery system in the approval process for property-related matters. (As this goes to print on Sept 5, the market is abuzz with speculation that Budget 2008 will provide a significant catalyst for the sector. — Editor).

**The REIT way**

According to Rating Agency Malaysia (RAM's) head of real estate and



Bangsar Shopping Centre is part of BRDB's property investment portfolio

construction ratings, Ong Galk Ean, developers which own mall assets may be keen to inject their properties into a REIT. Pavilion KL, though not part of a listed developer's assets, has stirred a lot of interest due to its size, location and publicity blitz before its opening, she tells *City & Country*.

Ong cites Sunway City Bhd, which is also planning a REIT worth more than RM3 billion, and IGB, which may eventually inject both Mid Valley Megamall and The Gardens into one, too.

Surely, such a move would serve to unlock value and show how well an asset such as a mall is doing? "You can't see that with KLCC Property Holdings Bhd because besides the Suria mall, it has office blocks and a hotel building; so it's difficult to

gauge how well the mall is doing," says the market observer.

RAM's Ong says the contribution to Ebitda (earnings before interest, tax, depreciation and amortisation) for mall assets was roughly 10% to 15% for Sunway City, 15% to 20% for BRDB and 50% to 60% for IGB (through subsidiary KrisAssets) in the most recent financial reporting period.

She sees competition and a long gestation period as the main risks to break even. "Malaysia has the highest supply of malls calculated on a sq ft per capita basis, so location and management are what make a good mall. Developers are also moving into more integrated property development, that is, building malls with other properties such as hotels,

serviced condominiums and offices," says Ong.

TA Securities senior analyst Kamarul Zaman Hassan says share prices of true blue property counters fluctuate more than a REIT or a property investment company such as KLCC Property or KrisAssets. It's the nature of the business — they are more volatile because of the property cycle while REITs and property investment companies give decent dividends, he says.

Kamarul adds that for developers with mall assets, there is a risk that they may not do well. However, in the case of Sunway City and BRDB, for example, location and target market have played a part in the success of their malls. He says landed properties such as malls in good locations seldom see depreciation. An example of this is KrisAssets' Megamall, which was valued at RM1.68 billion as at March 22 last year. As at Dec 31, 2005, the property was tagged at RM1.48 billion.

According to Kamarul, the value of development land with commercial titles in prime areas such as KLCC and Mont'Kiara has also appreciated. In KLCC, it is now RM1,400 to RM1,500 psf while last December, it was RM1,000 psf, he says. In Mont'Kiara, the last transaction of land with commercial title was at RM700 psf, while a year ago it was RM300 to RM400 psf, Kamarul adds.

**The Gardens Galleria**

Located on a 9.7 acre plot, the five-star component of Mid Valley City will offer over 200 shops, a roof garden and is set to be one of the most exciting fine dining destinations in Kuala Lumpur. The Gardens opens on Sept 26.

Only the first three floors of the 4-storey retail podium will be opened. These will include the Fashion Galley featuring international brands; the lifestyle floor offering fine dining, bookstores, art galleries, sports boutiques; lifestyle hi-tech entertainment equipment; and the International Market Hall. This will offer a variety of products from around the world to patrons with an international appetite. The Cocoon, on the fourth floor, dedicated to rejuvenation, will open later.

The Gardens' architecture is inspired by designer Eric Khune's interpretation of the arts and crafts, and colours of the flora and fauna of the region. It is developed by Mid Valley City Gardens Sdn Bhd, a wholly owned subsidiary of IGB Corp.

The upmarket fashion-focused shopping gallery will be anchored by Robinsons of Singapore and Isetan of Japan. Exclusive international fashion labels from the Melium Group, The Link, FJ Benjamin and Royal Sporting House will be available, including some of the current favourites like Coach, Hugo Boss, Aigner, Banana Republic, Ted Baker and Massimo Dutti.

These will be complemented by lifestyle offerings like quality homeware, art galleries, a pre-

mier boutique cinema and an arts theatre.

Mid Valley City enjoys 150,000 visitors a day or 4.5 million a month. Currently, Mid Valley City contributes to half of IGB's profits. The Gardens is expected to increase the contribution.

Currently, upgrading works are being carried out to improve traffic when The Gardens opens. About RM10 million is being spent to upgrade the car parks in the whole "city".

**Sunway Pyramid**

"It is a 360° makeover and we would like to be known as just Sunway Pyramid, not the new wing and old wing," says Sunway City's managing director for property investment Ngeow Voon Yean.



**It is a 360° makeover and we would like to be known as just Sunway Pyramid, not the new wing and old wing — Ngeow**



Parkson's new look in Sunway Pyramid

When the "new" Sunway Pyramid opens on Sept 30, the extension will be seamless. From one atrium, it will now have three — the pyramid and two domes. Ngeow likes to call Sunway Pyramid a 2-in-1 shopping centre, a mall that offers extensive shopping and dining. The developer has invested a lot of money in landscaping the areas outside the mall so that its alfresco dining experience will be enhanced. The dining area will encircle the fringe of the entire mall and is called Oasis Boulevard. It will take up about 140,000 sq ft.

"Our food and beverage is a definite pull factor, coupled with leisure and entertainment facilities," says Ngeow. This will be the ice skating rink and its cineplex (the 12-screen Tanjong Golden Village). With the extension, the cinema can accommodate more patrons.

The anchor tenant in the new phase is Jusco, taking up 250,000 sq ft while current retailer Parkson has relocated to the other end, occupying 150,000 sq ft. The Giant

takes up another 50,000 sq ft. Ngeow says Sunway Pyramid has a distinct identity. It is known as a "themed shopping mall".

Expecting to receive 2.5 million visitors a month, the developer has not left anything to chance. It has spent RM40 million to upgrade the roads leading to the mall. This includes two ramps — one from the New Pantai Expressway and the other from Summit Subang.

"We view the traffic jam seriously and although it will not be possible to eradicate this problem, we are doing all we can to help ease it," says Ngeow. This means parking bays have been increased to about 10,000 all around the integrated resort. The car parks have been upgraded to a computerised system that tells drivers exactly how many lots are available and where they are when they enter. The toilets have also been upgraded.

"You could say that we've become a shopping kingdom of our own where one can indulge in anything that one fancies," says Ngeow.

10 • THEEDGE MALAYSIA | CITY &amp; COUNTRY | SEPTEMBER 10, 2007

## COVER STORY

# Playing catch-up to woo foreign brands

The Malaysian retail sector is actively playing catch-up — it is trying hard to woo more foreign brands to malls touted to offer the ultimate shopping experience of retailing, dining and entertainment.

Are we then on a par with shopping havens like Singapore, Thailand or Hong Kong? Like it or not, the answer is no.

Despite the aggressive and extensive promotions by Tourism Malaysia, Malaysia loses out in terms of variety and pricing, says Henry Butcher Retail managing director Tan Hai Hsin.

No formal comparisons have been made but Regroup Associates managing director Allan Soo concurs with Tan. Says Soo: "Product-wise, Thailand has more depth and breadth. It is years ahead where this is concerned. Even in terms of market size, we are far behind Bangkok, and while the retailers there are complaining the market is slow now, the volume is still higher than ours, with a much larger tourist market as well."

Tourists are drawn to Thailand because it experiments more. "The Thais are more creative, and concepts like H1 and Playground, albeit not successful, show their creative side. Our overall market size is not large enough for major players like the Central Department Store group of Thailand, for example, and it is also quite fragmented. So, it is difficult for a large store like Central Sidlom measuring 600,000 sq ft to be here," says Soo.

Interestingly, despite escalating rental in Singapore's Orchard Road with accommodation costs rising above 20% of sales turnover, the republic's retail scene is booming. Soo attributes this to strong suburban demand.

There is no denying that the Singapore market is bigger and can support more new brands and outlets. Thus, Singapore is able to offer a large range of luxury goods and this is a big draw for foreigners. In Malaysia, a mainstream international fashion brand may be able to open, at most, eight outlets, but in Singapore it could possibly have 12, says Soo.

Going forward, is the offering of more foreign brands the solution for Malaysia? What does it take to bring in the foreign brands?

As Tan points out, Malaysia, firstly, needs to have strong domestic demand. Retail businesses



HENRY BUTCHER/TAN HAI HSIN

cannot depend solely on foreign tourists as tourism patterns change every few years. Local demand must grow first before more variety can be added or more foreign retailers attracted. Naturally, the growth of local demand depends a lot on the local economy, adds Tan.

Soo agrees, saying that the locals provide the basic catchment for a mall to work. "The basic numbers are more important. Suria KLCC recorded eight million tourists last year. Half the number of tourists in the country last year went to Suria KLCC but it was only 20%. In City Square Johor Baru, Singaporean shoppers made up 30%."

Try as Malaysia will, Tan does not see us boasting the fundamentals to become Asia's No 1 shopping destination. The good news, however, is that he feels it has the potential to become one of Asia's top destinations. "We can see that the government is committed to promoting tourism shopping; we are beginning to offer adequate supporting shopping facilities and amenities and our travelling cost is low."

To be a shopping destination, a better public transport system is needed. Says Soo: "We must also have a larger designer-based industry. Currently, we are very thin where this is concerned, and most retailers are just playing safe by importing; so our merchandise is no different from South Korea, China or Thailand. It is not cheaper either."

Soo does not think Asia will have any single destination for shopping.

**Local demand must grow first before more variety can be added or more foreign retailers attracted. Naturally, the growth of local demand depends a lot on the local economy. — Tan**



ALLAN SOO/REGROUP ASSOCIATES

**The future is exciting, but it will also be more turbulent because we will not only see new warfare among these brands but also among the department store groups — Soo**

Most Arabs combine their trips here with Singapore, for instance. "I am not sure why there is this preoccupation with wanting to be a shopping haven," he adds.

## Shopping trends

Over the last two decades, the Malaysian retail scene has evolved from street shopping to one-stop large centres that offer everything under one roof. Malls have mushroomed, emerging as places for social gatherings, weekend family outings and more. Nonetheless, it's important to remember that shopping is about the latest trends, says Soo. It's all about consumerism and because trends change so fast now in the age of the Internet, designs should be market-led.

Today's products are moving so rapidly that new arrivals are counted in days, not weeks. Soo knows of a French fashion retailer in Shanghai who brings in new merchandise to his store every day. "Product life cycles are shorter now, and trends move shoppers away from you if you are not careful. As Malaysia gets higher up in the human development index and affluence demands more instant gratification, mall owners need to explore their options thoroughly before making a decision on concept, positioning, trade and tenant mix," he says.

Among the most significant trends today are the types of brands that are moving into bigger markets. Street brands like H & M, Abercrombie and Fitch are looking at the Asian market

and redefining styles, just like what Zara is doing, notes Soo.

"The future is exciting, but it will also be more turbulent because we will not only see new warfare among these brands but also among the department store groups, with the entry of new names like Robinsons. It will get tougher as the differentiation will be marginal in terms of products."

On the grocery front, Soo sees Tesco having an increasingly major impact on the region with Wal-Mart probably looking around again in another few years, once it is more established in the region.

Without a doubt, hypermarket-anchored shopping malls have been the most successful retail real estate format in recent years. Tan says it is due to the wide variety of grocery items, fresh products, competitive pricing and the excellent shopping environment.

To meet the increasingly competitive market, many existing shopping centres have gone through a refurbishment exercise, notes Tan, citing Starhill Gallery, Cheras Leisure Mall, Ampang Park, The Weld and Subang Parade as examples. Then there are the shopping centres in the Klang Valley that are getting more specialised in their trade mix, for example the IT-centric Low Yat Plaza in Kuala Lumpur and Digital Mall in Petaling Jaya, Central Market (arts and crafts) and Ue3 (China-made goods).

## Common mistakes

Some malls are definitely more suc-

cessful than others. Why? Tan lists some of the attributes of a successful mall: Size, high occupancy rate, the correct trade mix, sufficient parking and a comfortable shopping environment. And throw in market analyses and retail planning.

Soo says almost all mall owners balk at the idea of paying for market analyses and retail planning. Common mistakes that still occur today include hiring inexperienced design teams and expecting retailers to take whatever shape, size and concept the mall is drawn as. Most malls are not even designed with the psychographic profiles of shoppers in mind as such research is deemed unnecessary, he says.

"There are a lot of lessons that can be learnt from the market, for example designs for a cineplex, but sadly this is not commonly done. The trouble is that most developers only get to build a mall once, and the next person tends to be another new guy, so mistakes get repeated," he adds.

## Market forecast

The retail industry is expected to expand by 8% this year, with its performance highly dependent on the economy. Although the industry is at what Tan calls a "healthy level", he finds Malaysian consumers cautious in their retail spending. So, the onslaught of new malls in the next few years will prove challenging for retailers and owners.

Says Soo: "From a sales turnover point of view, retailers expect the end of 2007 and most of 2008 to be tough as the market gets diluted with new malls. As it is, the market is already crowded, so more new malls mean quite simply less likelihood of an increase in store sales. But there will be a bit of room left in some affluent suburbs, mostly outside the Klang Valley.

"This year will be tough, with the opening of The Gardens, Pavilion KL and Sunway Pyramid's extension. Next year will be even tougher, but as the market consolidates, it will become clear who the winners will be. There will be a real battle of the malls, including the department stores and brands."

ECONOMIC REPORT 2006/07, MINISTRY OF FINANCE/ASIA-PACIFIC ECONOMIC COOPERATION; 2005 WORLD POPULATION DATA SHEET; ECONOMIC INTELLIGENCE UNIT

## Regional comparisons by GDP, population and retail statistics, year 2005

COUNTRY	CITY	TOTAL POPULATION (MIL)	CITY POPULATION (MIL)	GDP VALUE (IN US\$ MILLION)	GDP GROWTH RATE (%)	PER CAPITA INCOME (IN US\$)	RETAIL SALES (IN US\$ MILLION)	RETAIL SALES PER CAPITA (US\$ PER PERSON)
Malaysia	Klang Valley	26.1	4.4	72,826	5.2	5,011	15,250	584.29
Singapore	Singapore	4.3	4.3	116,700	6.4	26,835	*10,261	2,386.28
Thailand	Bangkok	65.0	8.8	177,000	4.5	2,577	*51,545	793.00
Indonesia	Jakarta	221.9	13.2	281,300	5.6	1,259	*40,215	181.23
Hong Kong	Hong Kong	6.9	6.9	177,800	7.3	25,444	26,640	3,860.87
Philippines	Manila	84.8	10.2	98,000	5.1	1,159	*35,444	417.97
Taiwan	Taipei	22.7	7.9	346,400	4.1	15,120	*46,339	2,041.37
United States	NA	296.5	NA	12,456,000	3.5	42,000	2,254,681	7,604.32

NA - not applicable  
\* - 2004 figures

12 • THEEDGE MALAYSIA | CITY & COUNTRY | SEPTEMBER 10, 2007

COVER STORY

# Unfazed by newcomers

“I am not worried about competition. We will continue doing what we do best and let others do what they do,” says Andrew Brien, CEO of Suria KLCC, when asked about looming competition when two high-end shopping malls open this month, a week apart. Pavilion KL will open on Sept 20 followed by The Gardens Galleria at Mid Valley City on Sept 26.

Brien admits that a successful business is difficult to maintain, especially when you're at the top. Seen by many as the icon of retail, Suria KLCC has built a reputation for bringing in flagship brands entering the market for the first time. Some of these include Jimmy Choo, Chanel, Brioni, Giorgio Armani, Max Mara, Ermenegildo Zegna and Blumarine — all exclusive to Suria KLCC while other brands like Tods, Coach, Hermes, Prada and Anya Hindmarch opened their first stores here.

Running a tight ship and understanding that remixing is critical to success are just some of the factors that have put Suria KLCC where it is today. “I can't deny that we do a lot of research and make that information work for us, plus I have the best retail team working for me with over 50 years of combined retail experience,” says Brien.

Nine years old, the mall doesn't look its age. More than 100,000 people pass through its doors daily. Last year alone, it recorded 45 million foot traffic. Yet, it continues to remain bright and lively. Brien attributes this to the constant fit-outs the mall does. “Over the last three years, we've brought in 130 new brands and done about 300 shop fit-outs. Suria KLCC's Blumarine store can lay claim that it is one of two in the world with such a fit-out,” he adds.

Believing strongly in setting global standards when it comes to shopping, Suria KLCC works closely with its retailers, organising yearly study tours of shopping centres in different countries. The management sees it as an investment to give its retailers exposure to the global retail scene. This has paid off, judging from the sales figures. This has increased from RM1.32 billion three years ago to RM1.93 billion for the first eight months this year.

With about a million sq ft of net lettable area (NLA), the mall is 100% occupied. “Actually, it's 99.6%. The balance has been reserved for a kiosk area but we still haven't decided on the design,” says Brien. Lease rates start from the high teens to RM80 psf, based on floor level and location, with shop sizes averaging 1,100 to 1,200 sq ft.

And as with many of the older malls that have gone through or are going through an expansion plan, Suria KLCC is looking forward to adding 140,000 sq ft NLA across six levels of retail podium. It will be part of the 59-storey office towers that are coming up on what is known as Lot C, to be completed in 2010.

Brien says he is confident the

additional built-up will be snapped up in no time when it is ready. “I must say we have location to our advantage and other plus points like our 50-acre park, the backdrop of the Petronas Twin Towers and five access points with 5,400 parking bays,” he says. These are the other reasons he feels that make Suria KLCC a winning formula.

About eight million tourists visited KLCC last year. That figure is 50% of total tourist arrivals in the country. Suria KLCC is capitalising on the fact that it is a popular destination for foreign visitors. “We are working closely with Tourism Malaysia and have just introduced a tourism card that gives tourists a seven-day pass

**Brien: We don't do something just because there's competition coming up. Our promotion efforts are continuous.**



HARIS HASSAN/THE EDGE



LEE LAY/RE/NTHE EDGE



**Teo: 1 Utama (above) is in a location where growth and wealth have been growing spectacularly. Our catchment area is good.**

**(Right) Ghazali: We aim to provide both local residents and tourists a unique shoppertainment experience**



HARIS HASSAN/THE EDGE

of retail space, the shopping centre was 85% filled a year ago. Today, occupancy is at 92%.

The uniqueness of The Curve lies in its architectural style, which creates a distinct environment combining indoor and outdoor ambience, promising visitors a pleasant shopping and dining experience. The mall's integration with its anchors — Ikea, Ikano Power Center, Cineleisure and Tesco — makes it collectively a unique shopping destination.

Boustead Properties' executive director Datuk Ghazali Mohd Ali hardly sees the new malls as competition for The Curve, which is a suburban mall with a niche market. “Our target market is the surrounding population in Mutiara Damansara, Sri Hartamas, Bandar Utama, Taman Tun Dr Ismail and Petaling Jaya. We are not a high-end mall like the ones opening in September. We cater for the entire family as we have a strong entertainment element together with fashion retail and an even stronger food and beverage offering,” he says. The flea market on weekends has proven to be a major attraction.

The Curve's location away from the city centre is often regarded as a plus point by many. There are less traffic jams to deal with and the complex has one of the best car parks, according to Ghazali. “With five access points into The Curve, traffic is a lot more manageable than at other malls,” he says.

There are 7,000 bays for The Curve, Ikea, Ikano, Tesco and Cineleisure. The mall has designated parking for single female drivers. These bays are located near the exits. It also has a high number of guards per lettable area ratio — a feature which most Malaysians will appreciate today.

Understanding the importance of market differentiation, The Curve has managed to set itself apart from other shopping centres, giving its patrons a “breath of fresh air” with its street mall concept leading into the main retail/fashion centres.

“We aim to provide both local residents and tourists a unique shoppertainment experience,” says Ghazali.

to enjoy discounts in participating stores. Over 26,000 cards have been issued since May,” says Brien.

“I see us as a market leader. We are the first mall to introduce this in support of Visit Malaysia Year 2007,” he adds. This month, Suria KLCC will also launch a new services campaign that will include a roving concierge, an updated interactive website and a digital directory.

“I'm sure it will be emulated but it doesn't really matter. We'll still be the first to introduce it and will continue to do so.

“We don't do something just because there's competition coming up. Our promotion efforts are continuous. We see it as a reinvestment. That's what we do and will continue doing,” he adds.

### Still going strong

While Suria KLCC will have to contend with Pavilion KL and The Gardens Galleria in trying to woo shoppers, suburban malls like 1 Utama and The Curve seem to be unfazed by the new additions to the market.

The traffic jams at 1 Utama are legendary but Datuk Teo Chiang

Kok, Bandar Utama Group director, sees it as a happy problem. The mall has been around for the last 12 years and four years ago, it went through an expansion plan. It now offers over five million sq ft of gross built-up area.

Last year, 1 Utama bagged the Fiacri Prix d'Excellence Award in the Best Retail category for its new wing extension, which currently houses Asia's largest and highest indoor rock-climbing recreation facility and the only indoor baseball and softball batting centre in the country. It also boasts The Rainforest, where one can find over 100 species of genuine Malaysian forest trees coupled with a giant aquarium filled with more than 50 species of local freshwater and river fish. Apart from this, the mall enjoys full WiFi connectivity and even has a luxury coach terminal. Amenities like these plus a host of other offerings are what bring the people in by the droves.

1 Utama enjoys an average of 2.5 million visitors with 800,000 cars coming into the retail centre per month. “There are many reasons why people come here. The retail offerings,

variety, access, parking facilities and events that we hold are just some of the attractions,” says Teo.

“We are lucky to have had a head start in the market and have managed to build a loyal clientele. We're in a location where growth and wealth have been growing spectacularly. Our catchment area is good,” he says.

With business booming, the management increased rents last year and has done some rejigging as well, moving tenants around to make space for new ones. Enjoying 100% occupancy, the shopping centre is in a fortunate position to be selective about its tenants, setting its own mix and controlling it seriously, says Teo.

“There is no magic formula to success. You just have to be on your toes and make sure customer service is good, tenant mix is correct and fine-tuning it to meet the growing expectations of shoppers,” he adds.

### Running with the giants

Occupancy rates at The Curve in Mutiara Damansara have been rising steadily. Boasting over 800,000 sq ft

## MY SPACE

# Staying ahead in the retail game

The world over, the retail sector is experiencing a revolutionary transformation as developers and retailers alike go all out to stay ahead. New growth opportunities are pursued relentlessly while strategic investments are funnelled into both mature and developing markets.

Asia is indisputably hot, with China and India hogging the retail headlines with an increasing number of ever bigger shopping malls. This comes as no surprise, considering the huge domestic markets of these countries, and their flourishing economies.

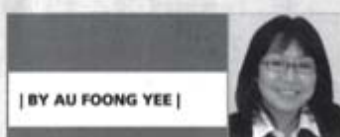
The recent developments have not escaped the radar of the world's retail giants like Woolworth's and Wal-Mart, as well as single-brand retailers who are striving to make their presence felt in markets that count. And these are not just the new and up-and-coming Chinese and Indian markets but also traditional shopping havens in the region such as Singapore, Bangkok and Hong Kong.

And let's not forget Malaysia. This month, Kuala Lumpur will be

experiencing a retail buzz like none before. And it will all unfold within the last 10 days of September.

Within that short period, 3.02 million sq ft of net lettable shopping space will come onstream in the Klang Valley. The bulk of 2.22 million sq ft will be concentrated in Kuala Lumpur in two new malls, The Gardens Galleria at Mid Valley City and the Pavilion Kuala Lumpur. The remaining 800,000 sq ft of new space comes from the expansion of Selangor's Sunway Pyramid, where the retail space will balloon to 1.7 million sq ft from 900,000 sq ft now.

As at end-March this year, Malaysia's total retail space (comprising shopping centres, arcades and hypermarkets) totalled 87.2 million sq ft, with KL dominating the supply with 23.7%, followed by Selangor with 23.2%. Excluding any other retail space that has come onstream since, the country's supply of retail space would be boosted to 90.22 million sq ft with just The Gardens Galleria, Pavilion KL and the Sunway Pyramid extension.



| BY AU FOONG YEE |

What is exciting about the explosion of new mall retail space goes beyond the fact that it immediately offers Malaysians and tourists in Malaysia more choice of shopping destinations. The Gardens Galleria and Pavilion KL, especially, are no ordinary malls. In fact, it would not be wrong to compare these destinations to what are regarded as the snob addresses in the context of residential property. With the snob appeal comes a premium on the real estate and, consequently, heightened expectations of both consumers and retailers.

As we go to print, developers of the new malls and Sunway Pyramid are rushing to meet their scheduled opening deadlines of Sept 20 (Pavilion KL), Sept 26 (The Gardens Galleria) and Sept 30 (Sunway Pyramid exten-

sion). The retailers too are pulling out all the stops to fit out their stores.

When the *City & Country* team toured the three sites on Sept 3, they were greeted by a flurry of activity as workmen scrambled to meet their deadlines. This is only to be expected as retailers would want to open in time for the year-end festivities, which is prime shopping season.

The changing dynamics, size, shape and concept of new shopping centres reflect the evolution of the industry in response to changing consumer tastes. However, the longevity of a mall extends beyond its newness, aesthetics, size or tenant mix.

Novelty and the excitement associated with a new mall will draw the crowds, but they must be happy and eager enough to want to come back. More importantly, they must be persuaded to spend. Will they? How?

Keep the excitement alive. Be creative — there is no room for predictability. Be informed — keep

up with the latest trends in the industry. Travel to get ideas, and open up horizons. Think out of the box. Reinvest and reinvent if you need to, stay fresh and vibrant, even loud and expressive if necessary.

It is equally important to pay attention to the landlord-retailer relationship. Refine the tenant mix where necessary to manage success. Build on the all-important service factor — a ready smile from the front desk and security guards will go a long way. Put in place a solid security system. Never downplay cleanliness.

But all that may still be insufficient for Malaysia to compete globally. It is critical that the government understands the market dynamics and is seen to appreciate and value foreign investors. In short, the playing field must be level and investor-friendly.

It is only when the government works hand in hand with the private sector that the Malaysian retail scene will be assured of a spot in the global retail directory. ■



*Established in 1984*

## Retail Asia, Singapore

Our President, Ms Joyce Yap represented PPK Malaysia at the Retail Asia 2007 Conference, Singapore on 27 November 2007 where she spoke on Mixed Use Development Projects: Impact on Retail Real Estate to more than 100 senior level personnel from prominent corporations.

## APPBI National Seminar, Jakarta



Both our Advisor, Mr Richard Chan and Committee Member, Mr KC Loh represented us in Jakarta from 22-23 November 2007 with their papers entitled *Managing Mixed-Integrated Strata Properties and Co-opetition*, *Successful Case Study of Malaysia's Giant* respectively. Thank you for upholding our Malaysian shopping centres!

## HAPPENINGS Sports Round Up 2007



The Pool Competition held at Brewball, Mid Valley Megamall saw *Sungei Wang Plaza* fighting off the other 7 teams to retain the Challenge Trophy



Good show to *BB Plaza* for well-played games on 28 October 2007 which saw them taking the Badminton Challenge Trophy at Kg Pandan Sports Centre, Kuala Lumpur.



Congratulations also to *BB Plaza* for winning the Challenge Trophy at the Futsal Tourney held on 25 November 2007 at Sunway Extreme Park with 10 participating teams.

Our sincere appreciation goes to our working partners, the various shopping centres who helped to organize the above activities respectively:

Mid Valley Megamall, Sungei Wang Plaza, Sunway Pyramid and The Summit (USJ)

If you haven't already heard by now, we will also be having a **Singing/Karaoke Competition** organized by Pavilion KL on Friday, 28 March 2008 at Golden Screen Cinemas Hall, Pavilion Kuala Lumpur – so all singing wannabes, please call our Secretariat for more details!



9 teams bowled off on 8 December 2007 at Ampang Superbowl, The Summit (USJ) - *1 Utama Shopping Centre* retained the Bowling Team Championship with Kamarul Ariffin b Abdul Samad, also from 1 Utama being awarded the Best Individual Team Player whilst Azizul Faizi, Subang Parade was awarded the Individual Champion bowler – congrats to all!

## Malaysia Year End Sale (MYES) 2007



MYES 2007 (1 December 2007 to 1 January 2008)  
MYES ended the year recently on a grand scale with myriad activities ~



MYES was launched at Pavilion Kuala Lumpur together with the voices of a singing Christmas tree! Seated L to R are John Sironic, Pavilion KL; Y Bhg Dato' Razali Hj Md Daud Deputy Director General, Tourism Malaysia; YB Dato' Ab. Hakim b. Borhan, Datuk Bandar Kuala Lumpur; Joyce Yap, Pavilion KL and Mohd. Rosly Selamat, Shopping Malaysia Secretariat.

In a gay profusion of joyful Christmas spirit, 11 Klang Valley shopping centres participated in the **Best Decorated Mall Contest** organised by Shopping Malaysia Secretariat (SMS) themed *Christmas Magic*. *Fairy Whispers* brought Mid Valley Megamall top honours, whilst *Winter Wonderland* at The Curve made them the Most Promising Mall and *A Celestial Christmas* garnered Pavilion Kuala Lumpur the Most Magical Mall. Your hard work, ingenious ideas and colourful creativity certainly made it all wondrous - kudos to all!

# SEMINARS, CONFERENCES & EVENTS

## Priceless Gems of Excellence

Shopping centres are always in a constant state of change and flux, meaning that they have to always evolve just to keep up! Our seminar brought just that and a priceless experience to delegates as a continuation of our "Priceless" series of seminars which was inaugurated in 2006.

Hugely successful, the 140 participants were taken on a journey of re-discovery and new learning experiences from industry practitioners with key speakers from renowned and established retailers.



▲ Joyce Yap with our Guest of Honour, YB Dato' Dr Awang Adek Hussin, Deputy Finance Minister



▲ Entertaining the press (L to R): Albert Chiang, President, Malaysian Retailer Chains Association; Joyce Yap, YB Dato' Dr Awang Adek Hussin; Kumar Tharmalingam, Advisor, PPK Malaysia and Low Fang Kai, LEDtronics SB.



▲ L to R: Chow Heng Wah, Treasurer, PPK Malaysia with Richard Chan, Director, RCMC SB (moderator) and speakers Jimmy Chiam, Director, CNN Consulting SB; Angie Chong, CEO, FJ Benjamin Malaysia; Joyce Yap, Director of Leasing & Marketing, KL Pavilion SB and Julian Levy, COO, The Valiram Group from the session on *Successful Leasing*



▲ Our speakers took *Re-inventing Retail* to new heights (L to R): Sin Tiew Cheo, former GM, MUI Properties B; Valerie Choo, MD, Grand Surf SB; Vincent Chong, Committee Member, PPK Malaysia (moderator), Vincent Tiew, Complex Operations Director, Meda Inc B and K C Loh, Complex Manager, GCH Retail (M) SB.



▲ Speakers who made *Thinking Outside the Box* a breeze (L to R): Low Fang Kai, Business Development Manager (S.E. Asia) of LEDtronics; Vincent Chong; Cynthia Lim, Sr Manager, Leasing, Kuala Lumpur Pavilion Sdn Bhd (moderator); Nancy Yeoh, Managing Director, RAPR Mileage Communications SB; Jenny Chan, General Manager (Property Management) Johdaya Karya SB and Kung Suan Ai, Director of Advertising and Promotions, Mid Valley City SB.



▲ Our dynamic lady speakers – Angie Chong, FJ Benjamin with challenging Lifestyle Branding and Kung Suan Ai, on Mid Valley Megamall Exceeding Market Expectations



▲ All eyes open and ears tuned on the speakers .....



▲ Delegates find that learning can also be fun!



▲ Look who Lady Luck is smiling on!



▲ Lunch must be pleasant, with such company!



▲ It was networking all the way through the lunch queue



▲ Looking spiffy (L to R): CY Wong, Acygoe SB; Vincent Chong, KK Lim and Jenny Chan, Committee Members, PPK Malaysia



▲ At the end of it all, singing *You Light Up My Life* made us all feel united and together, like one big family, yes..!

## CASC Annual Conference 2007, Beijing



▲ Apart from the local delegates from China, Malaysian delegates totaling almost 40 pax made up the single largest delegation at the conference held in Beijing from 27-29 September 2007. Centred on *Best Practice and Partnership for Asian Shopping Malls*, the convention presented speakers from 10 countries including a paper from our President on *Effective Leasing Strategies to Attract Specialty Retailers*.



▲ The Annual CASC meeting hosted by Mall China aimed for closer co-operation towards common education and training for all member shopping mall managements

Visits were made to 4 shopping malls comprising high end exclusive centres like Seasons Place Shopping Centre and The Place, to mass appeal ones at GR New Yansha Mall and China World Trade Centre.



▲ At China World Trade Centre which was re-launched in 1999 with more than 200 outlets



▲ The brand new and swanky Seasons Place Shopping Centre



▲ The Malaysian contingent – Boleh lah!



▲ Concentrating hard on the simultaneous translation



▲ "Dul", we all agree! (L to R) Kelvin Ng (Mall China), Alexander Stephanus (APPB), Ivan Yu (ISCM Hong Kong), Guo Zengli (Mall China), Joyce Yap (PPK Malaysia), Corinne Yap (CASC Singapore) and M Sjoehin (APPB)



▲ Situated in the CBD, *The Place* is a lifestyle mall, boasting of its signature landmark, fantastical Sky Screen, the world's longest LED screen



▲ Enjoying the sumptuous lunch hosted by GR New Yansha Mall



▲ Fairy Whispers garnered the Top Award for Mid Valley Megamall



▲ Judges awarded The Curve's Winter Wonderland the Most Promising Mall



▲ Celestial Christmas made Pavilion Kuala Lumpur the Most Magical Mall



▲ A Musical Christmas Tale I at 1 Utama Shopping Centre



▲ Bangsar Village's Christmas Magic



▲ Christmas Magic with Toy Train – A Gift of Love from Cheras Leisure Mall



▲ It's a Green Christmas at IOI Mall, Puchong



▲ Slices of White Magical December at Plaza Shah Alam



▲ Magical Christmas experience at Subang Parade



▲ Sungei Wang Plaza shows Off The Magic of Christmas



▲ An Enchanted Christmas for all from Sunway Pyramid



▲ Happy winners with the panel of judges (l to r): Monie Mahariff, Institute Perekabentuk Pendalaman Malaysia (IPDM); Jenny Leong, Pavilion KL; Mohd Rosly Selamat, Shopping Malaysia Secretariat; Kung Suan Ai, Mid Valley Megamall; Stanley Kok, PPK Malaysia; Zain See, The Curve; Farah Diba Ghani, Maxis Malaysia and Rizal Mas, Tourism Malaysia.



▲ Late Night Shopping saw numerous malls staying open for sales way past normal closing hours while songs and dances by buskers and street performers in exotic costumes at the Fringe Festival made shopping a most colourful and fun activity altogether!

Together with SMS, 3 of our shopping centres also hosted the Mega FAM contingent of reporters, journalists and media crew from almost 20 countries who had an intense shop-cum-reporting programme. Our sincere thanks go to Sunway Pyramid, Mid Valley Megamall and Pavilion Kuala Lumpur for being so generous and patient!



▲ Wow, shopping is simply too good to miss out at Sunway Pyramid!



▲ Reporters mingling with the hordes of Mid Valley Megamall shoppers



▲ Wining + shopping at Pavilion Kuala Lumpur? simply wonderful!

## SALES PERIODS 2008

The sales periods for 2008 are as follows:

- KL GP Sales: 1 – 30 March 2008
- Malaysia Mega Sale Carnival (MMSC): 5 July to 1 September 2008
- Malaysia Year End Sale (MYES): 29 November 2007 to 4 January 2009

## 23RD ANNUAL GENERAL MEETING

Calling all members, see you soon at our next AGM - it's ELECTION TIME

- Date: Saturday, 29 March 2008
- Time: 2.00 pm onwards
- Venue: Sime Darby Convention Centre, Bukit Kiara, Kuala Lumpur

## CONTRIBUTION OF THE SHOPPING SECTOR TO THE TOURISM INDUSTRY

Yes! it is good news to note that the significance of the shopping sector's contribution to tourism expenditures has been steadily increasing year by year (see highlighted column below) - and it is even expected to close at almost 30% of tourist expenditures for 2007.

So do carry on the good work to continue to attract even more tourists (+ domestic shoppers) and make shopping an essential part of our lifestyles, too!

Year	Total Income from Tourism (RM million)	% of expenditure per head (RM)	Shopping component of Tourist Expenditures (%)	Shopping component of Tourist Expenditures (RM million)
2000	17,335.4	1,696.00	23.1	4,004.5
2001	24,221.4	1,896.00	21.4	5,183.4
2002	25,781.1	1,939.60	20.6	5,310.9
2003	21,291.1	2,013.00	20.7	4,407.3
2004	29,651.4	1,888.20	22.4	6,641.9
2005	31,954.1	1,944.70	20.8	6,646.5
2006	36,271.7	2,067.10	25.7	9,321.8
2007 (Jan – Jun)	24,031.3	2,247.90	28.2	6,776.8

Source: Tourism Malaysia

## Membership List-Year 2008

(Renewed as at 18 February 2008)

### Corporate Members

1-Borneo Hypermall  
1-Utama (Bandar Utama City Centre)  
1-Utama (Aeon Co)  
Aim Point Plaza  
Alor Star Mall  
Alam Sentral Plaza  
Amcorp Mall  
Ampang Park  
Avenue K  
Asia City  
Bangsar Shopping Complex  
Batu Pahat Mall  
BB Plaza  
Bertong Vega Mall  
Berjaya Times Square, Kuala Lumpur  
Campbell Complex  
Cap Square  
Central Square Sungai Petani  
Cheras Leisure Mall  
Cineleisure Damansara  
Dataran Pahlawan Melaka Megamall  
Dayabumi Complex  
Digital Mall  
Duty Free Zone  
Endah Parade  
First World Plaza  
Giant Hypermarket Bandar Kinrara  
Giant Hypermarket Batu Caves  
Giant Hypermarket Bayan Baru  
Giant Hypermarket Kelombong  
Giant Hypermarket Klang  
Giant Hypermarket Kuantan  
Giant Hypermarket Melaka  
Giant Hypermarket Muar  
Giant Hypermarket Pientong  
Giant Hypermarket Prima Prai  
Giant Hypermarket Senawang  
Giant Hypermarket Seri Manjung  
Giant Hypermarket Shah Alam  
Giant Hypermarket Sungai Petani  
Giant Hypermarket Tampoi  
Giant Hypermarket Ulu Klang  
Giant Mall Kelana Jaya  
Giant Superstore Bandar Puteri  
Giant Superstore Nilai  
Giant Superstore Prima Saujana (Kajang)  
Giant Superstore Sandakan  
Giant Superstore Sunway City  
Great Eastern Mall  
Green Heights Mall  
Gurney Paragon  
Hock Lee Centre  
Imbi Plaza  
IOI Mall Bandar Putra Kulai  
IOI Mall Puchong  
IOI Mart  
Island Plaza  
Ipoh Parade

Jetty Point Duty Free Complex  
Johor Bahru City Square  
KB Mall  
KL Plaza  
Klang Parade  
Kompleks Metro Point  
Kompleks Mutiara  
Kompleks Prangin Mall  
Kompleks Tun Abdul Razak (KOMTAR)  
Kota Raya Complex  
Kuantan Parade  
Langkawi Fair Shopping Fair  
Lot 10  
Mahkota Parade  
Maju Junction Mall  
Megamall Pinang  
Menara Citibank  
Menara Landmark  
Menara Mutiara Bangsar  
Menara Mutiara Majestic  
Mid Point Shopping Centre  
Mid Valley Megamall  
Midlands Park  
Mines Shopping Fair  
New World Park  
Oceanic Mall  
Pandan Kapital  
Pandan Safari Lagoon  
Paragon Point Shopping Complex  
Pavilion Kuala Lumpur  
Pearl Point Shopping Mall  
Pelangi Leisure Mall  
Penang Time Square  
Perling Mall  
Pertama Complex  
Plaza Angsana  
Plaza Gurney  
Plaza Low Yat  
Plaza Metro Kajang  
Plaza Pelangi  
Plaza Tasek  
Pudu Plaza  
RCMC Sdn Bhd  
S & M Shopping Arcade  
Semua House  
Seremban Parade  
Shaw Parade  
Skudai Parade  
South City Plaza  
Starhill Gallery  
Star Parade  
Subang Parade  
Sungei Wang Plaza  
Sunway Carnival Mall  
Sunway Pyramid  
Suria KLCC  
The Curve  
The Gardens  
The Mall

The Summit Batu Pahat  
The Summit Bukit Mertajam Plaza  
The Summit USJ  
The Weld  
The Zon  
Tropicana Mall  
Tun Jugah  
USJ Nineteen  
Wangsa Walk

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Ala b. Mansor  
Aileen Goh Seok Khim  
Andrew Ashwin, CCM  
Azman b. Ramli  
Basri b. Khamis  
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Association of Consulting Engineers Malaysia (ACEM)

Dewan Bandaraya Kuala Lumpur (DBKL)

Eastern Regional Organisation for Planning and

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Fiabci Malaysia Chapter

Fire Prevention Council Malaysia (FIPCOM)

Hong Kong Trade Development Council

Institute of Shopping Centre Management Ltd (ISCM)

Institut Perakabentuk Dalamann Malaysia (IPDM)

International Council of Shopping Centres (ICSC)

Malaysian Association of Convention and Exhibition

Organisers (MACEOS)

Malaysia Retailers Association (MRA)

Malaysian Institute of Estate Agents (MIEA)

Malaysian Retailer-Chains Association (MRCA)

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Malaysian Association of Hotel Owners (MAHO)

Malaysian Association of Hotels (MAH)

Malaysian Association of Tour & Travel Agents (MATTA)

Malaysia Crime Prevention Foundation (MCPFF)

Mall China

Middle East Council of Shopping Centres (MECSC)

Nordic Council of Shopping Centres (NCSC)

Pertubuhan Akitak Malaysia (PAM)

Property Council of Australia (PCA)

Quality Restroom Association of Malaysia (QRAM)

Real Estate & Housing Developers' Association (REHDA)

Real Estate & Housing Developers' Association of

Singapore (REDAS)

Shopping Centre Development Council, Taiwan

The Association of Shopping Centres, Singapore (TASC)

The Institution of Engineers, Malaysia (IEM)

Tourism Malaysia

CAM	Certified Administration Manager
CMM	Certified Marketing Manager
COM	Certified Operations Manager
CCM	Certified Complex Manager

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