

# Pandemic hastening the evolution of retail

As the pandemic took hold last year, more people went online in search of retail therapy, food and even entertainment.

Data collated by NUS' Institute of Real Estate and Urban Studies (IREUS) shows that this trend isn't going away anytime soon, which could have implications for the way retail malls are positioned in the future. **BY NISHA RAMCHANDANI**

**1** In recent years, the rising popularity of e-commerce was already seen as a growing threat to brick-and-mortar stores, notes deputy director of IREUS, Lee Nai Jia. As safe distancing measures kicked in, the pandemic accelerated the adoption of online shopping.

**2** Data from SingStats shows that online sales accounted for 6.8 per cent of total retail sales in Q4 2019, up from 4.3 per cent in Q1 2018. When the circuit breaker hit, this spiked to 20.8 per cent in Q2 2020 as more people transacted online. Post circuit breaker, the figure has remained in the teens, clocking 12.4 per cent in Q4 2020.

**3** Prior to the pandemic, the vacancy levels of private sector retail space in the suburbs (Outside Central Region) and Downtown Core remained relatively stable, albeit fluctuating with supply from new completions. In the Orchard Planning Area, the

vacancy rate was fairly consistent. As the pandemic took hold, vacancy levels rose in the three regions in Q2 2020, ranging from 9.2 per cent to 10.8 per cent.

**4** As Singapore gradually emerged from the circuit breaker, the vacancy rate in the suburbs has eased. But with tourism in the doldrums and many employees still working from home, the vacancy rates in the Orchard and Downtown Planning areas remain elevated at 11.4 per cent and 10.5 per cent respectively in Q4 2020.

**5** The pandemic has sped up the digitalization of the retail sector. As such, the retail mix in malls could change in the future to encompass more stores which require a face-to-face experience, such as food & beverage, suggested Dr Lee. Malls in central locations could also act as a collection centre.

