

By Charles Yue
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On-going Newsletter for 24th year

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42ND Anniversary in Real Estate
1983 To 2025

(A). THE RENTAL MARKET.

You may be hearing reports of retailers and F&B operators lamenting and even lobbying the Government on the difficulties in running the retail business. Many retailers may just quote or direct their excuses chiefly on the rental increase as the bogeyman.

There are many reasons for such a state of affairs but many retailers are also doing well to build their business and fortunes. It may be hard and demanding to operate a retail shop but the business can be bright, enriching and lucrative. They need to find the niche to succeed and thrive.

Factors affecting the current retail trades are:

1). The increasing rental cost. Rent have been escalating both in existing rent and for rent renewal. In Singapore, the landlords are in a stronger bargaining position to increase rent due to constant demand from new entrants and inspiring entrepreneurs. Retailing is a stepping stone for young entrepreneurs and people with new concept to test out their creativity and vision.

2). Owing to the fluid Geopolitical situations on trade tariffs, supply chain disruption, wars and extreme climate calamity, many people are struggling with job security, income vs expenses issues. These lead to the consumers "closing up their purses and wallets" to pre-empt unknown situations ahead. Most of the problems faced by the retailers stem chiefly from the cut in demand which may be temporary. Even a prolonged hot weather season at temperature of 34 degree Celsius and a humidity of 80% can also cause people to avoid going out. Or with new addiction of people spending hours and hours on social media, Tik Tok, and You Tube, etc, instead of going out shopping and interacting with family members and friends.

3). Other causes include the existing high land cost, high labour cost, lack of manpower, high Singapore Dollar exchange (now at S\$1.28 as compared to S\$1.35 in January 2025 Vs the U.S. dollars) for foreign tourists, and a loss in competition to the regional economies in terms of price attractiveness, retail diversity and creativity. Some retailers are not renewing the lease because of other factors like manpower shortages and their anticipation of high profit to make the business worthwhile as a going concern.

From July 2025, the government is helping the retail ecosystem by injecting S\$2.02 billions to the local retail business by giving the citizens \$600 to \$800 per person based on seniority. This amount is to commemorate the 60th anniversary of Singapore's Independence. The money will boost the multiplier effect to the local economy and the retail businesses. There are also the GOOD AND SERVICES TAX, (GST) cash voucher and GST Medisave top up for the citizens to use amounting to another S\$ 1.5 billion in August 2025.

Some landlords will need to be prudent in choosing the right tenants based on track record and business creativity.

Landlords may wish to call us at HP 96736477 for an opinion on the market rent going forward or how to settle a difficult leasing situation.

(B). THE SALE MARKET.

With the Additional Buyer Stamp Duty (ABSD) & Seller Stamp Duty (SSD) for residential properties, some investors may explore in investing in retail space.

For existing owners of retail properties, you can unlock the Value of Your Retail Property. Some retail property owners may explore the benefits of selling the property and reinvest in other opportunities.

Benefits of Selling Your Retail Property:

- *Lock in profits*: Take advantage of the current market and sell your property to lock in profits from your past investment.

- *Diversify your portfolio*: Reinvest 50% of the proceeds into other assets, such as stocks or bonds, to spread risk and potentially increase returns.

- *Fund your retirement*: Use the remaining 50% to generate a steady income stream, ensuring a carefree lifestyle and financial security.

- *Enjoy life's tranquilities*: Break free from daily financial stress and focus on your mental and physical well-being.

Market Uncertainty:

- *Interest rate fluctuations*: Rising interest rates can impact property values and rental income.

- *Inflation and tariffs*: Economic uncertainty can affect consumer spending and demand for retail space.

- *Unpredictable market*: With constant change, it's challenging to predict what will happen next.

Take Control of Your Financial Future:

- *Discuss your options*: Explore various scenarios for realizing your fulfilment and determining the latest pricing of your shop value.

- *Plan for your future*: Consider your goals and priorities, and create a plan to achieve financial freedom.

Get in Touch: Contact us at **HP 96736477** to discuss your options and take the first step towards unlocking the value of your retail property.

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