

By Charles Yue
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On-going Newsletter for 25th year

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43rd Anniversary in Real Estate
1983 To 2026

(A). THE RENTAL MARKET.

For 2026, the festive retail high seasons will spread out for about 2 months as the Gregorian New Year is on 01/01/2026 and the Lunar New Year is on 17/02/2026. Retailers will have a better chance to “ sell twice “ for the festive seasons. (In 2025, both New Years were in January 2025, making some consumers “ buy once “ for the 2 occasions “).

The year 2026 will be an exciting year as people will have more disposable income to spend from increase in salary, good performance in investments and lesser burden on debts servicing as the interest rate will continue to fall.

However for some retailers, things may remain difficult from the high operational cost, high rent, shortage of manpower and competition from e-commerce and physical stores.

Consumers have been more stringent in their demand for more personalized service, reasonable pricing and their keen knowledge from online and social media on what to expect from their purchasing dollars.

From the tail end of 2026 and beyond, consumers will have another transport mode of going over to Johor Bahru and Malaysia via the Rapid Transit System (RTS) taking only 6 minutes to cross and clear immigration. Many types of demand will be transformed like the Malaysian workers returning to the Johor Bahru everyday instead of renting, eating out, and shopping in Singapore.

Based on scenario from Hong Kong, over a weekend, over 1 million Hong Kong residents easily crossed into Shenzhen to shop for products and services, thus affecting the retail shops business in Hong Kong.

It could be quite obvious that certain trades will be more affected than others by this ease of travel. People may not buy expensive watches, luxury bags or jewellery in Malaysia, but they will patronize their beauty, hair, nails salons, eat and shop at half the price of Singapore.

Going forward, the retail business will be a challenging one. But running retail shops also give opportunity to the retailers for business growth and profits, personal enrichment and creativity and being their own boss, and achieving financial independence than taking up a job.

Landlords may wish to call us at HP 96736477 on how the ever-changing situation may affect their investment and rental income.

(B). THE SALE MARKET.

Recently, there were more shops sold (Including F&B shops sold in FAR EAST PLAZA). We recalled a time in 2013 & 2014 when there were more sales as the existing owners felt that the market was peaking and decided to take profit or offload their investment.

Perhaps those owners selling the shops thought that this was an opportune time to sell and redeploy their capital and resources to other assets.

Some of the reasons owners may consider selling:

(1). There is tenant's resistance on the rental increase. Retailing in Singapore is very challenging, with high rent, expensive labour, manpower shortages, compliance costs and both online and physical competition. There are more failure rates in doing retailing business.

(2). Sellers may sell because of changes in age, health and lifestyle. Some may take advantage of the capital gain and sell to re-deploy the fund into other investments. Others may sell to raise liquidity and have smaller investment in many portfolios. To generate steady and regular income is paramount to having good mental and physical health with a sense of tranquility and dignity.

WHEREAS some may wish to buy:

(1). Retail shops can have good capital appreciation value. It is a hard asset where the owner can have Pride and Joy over the physical ownership.

(2). It can generate regular and steady income for retirement or pay off loan by using the tenants' rent payment to service the loan.

(3). It can be given away or leave a legacy to the next generation to have a head start in life.

(4). There's a limited supply of retail shops (especially Freehold titles) and once an existing or old shopping mall undergone en-bloc sale, the new retail development may not be strata-titled for sale either by Government restriction or through one-developer ownership. Shortage in supply will result in higher price while the demand becomes overwhelming through time.

Owners and would-be buyer may wish to call us at HP 96736477 to discuss on the sale and rental of their retail properties.

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