

# Savills Malaysia: Retail remains challenging in short to mid term

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January 23, 2018

KUALA LUMPUR (Jan 23): Savills (Malaysia) Sdn Bhd deputy executive chairman Allan Soo expects the retail market to remain challenging in the short to mid term, mainly due to disruption of e-commerce industry.

“The outlook for the short term is challenging. We will be seeing flat growth in fast fashion and grocery. But cosmetics and F&B will see sales increases. For the mid term, it would remain challenging because we will see more supply added to the market, so there may be some consolidation activity in the market. I’m also expecting some changes to the industry landscape,” said Soo in his session titled “Retail market performance and outlook” in the 11th Malaysian Property Summit 2018.

The event was organised by the Association of Valuers, Property Managers, Estate Agents and Property Consultants in the Private Sector Malaysia (PEPS) at the Sime Darby Convention Centre.

EdgeProp.my was the media partner of the event.

On the long-term retail market outlook, Soo expects the market will be very different from its current state.

“For [the retail market outlook in the] longer term, we will see a changing landscape in terms of how malls react to the millennium crowd and the disruption from e-commerce,” he noted.

He also cited statistics such as Lazada’s 11.11 Single’s Day 24-hour sales record of RM100 million to highlight the impact of the booming e-commerce industry on the retail industry.

“There are 10 million visits to the website in 24 hours — an estimated 1,400 transactions per minute. Among the top-selling categories is grocery. It is worth noting that the RM100 million sales within 24 hours is a few times more than the total sales revenue of a year in Suria KLCC, which is the top performer for 2017,” Soo noted.

Meanwhile, the Klang Valley is expected to see 197 malls with a total of 86.2 million sq ft retail space in 2021.

Currently, there are 170 malls with a total of 62 million sq ft retail space in the market, while the population of the Klang Valley numbers only 4.5 million currently.

Soo concluded the presentation by pointing out the six ways of how e-commerce impacts the retail market: via the integration of bricks and clicks, the rapid growth of digital economy, major e-commerce players in the F&B sector, e-commerce players opening

physical stores, flagship stores with experiential retail and refocusing on destination markets.