

I shop therefore I am: Why Asia is different



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In Chinese, a “tai tai” is a wealthy lady of leisure. Clara, lead protagonist in Singaporean film *Gone Shopping*, is a tai tai slap-bang in the middle of a mid-life crisis.

Were she Australian, Clara might have ditched her career as an events organiser, escaping to a health retreat in Ubud before becoming a yoga teacher. In Singapore, she moves into a shopping centre. The story, one of love and loss and breaking with convention, reveals the cultural differences between Australian and South East Asian shopping habits.

For investors in APN’s Asian REIT Fund, this is a cultural curiosity with financial implications. This difference is one of the reasons why the fund has delivered average total returns of 14.84% a year since inception in July 2011¹.

Australian investors wandering around their suburban mall might question Clara’s choice – why would one choose to spend more time than necessary in a sunless and confined space, with less than appealing food options? For shoppers in South East Asia, though, her decision makes perfect sense.

In Singapore, shopping malls are beautifully kept and thoughtfully designed, places of form as well as function, where families spend time together, teenagers socialise after school and colleagues gather for post-work drinks. When Clara escaped to the shopping centre she went in search of life, not as a retreat from it.

Australia’s most prominent, desirable centres – ones that form the cornerstone of APN’s AREIT Fund – lead the way in experiential shopping. Southeast Asian shopping centres, however, are in a class of their own, places where you can ski, take a silent yoga class or dance the night away. Show DC in Bangkok, for example, is a new-breed mall at the forefront of what the industry terms “retailtainment”.

The centre houses the world’s biggest Koreatown (for many Asians, Seoul is like Paris or London, at the forefront of haute couture and street culture) offering Korean street fashion, cosmetics, lifestyle products, groceries, cafes and restaurants owned by K-Pop artists. It also houses a 5,000 capacity live music concert hall, a modern sports arena and much more, including a facade featuring 2,600 sqm of LED advertising space visible to the 400,000 cars that pass it daily.



Source: <http://www.viralfestasia.com/#/venuearea>

Singapore may not have a mall with an Olympic-sized ice rink and 16,000 seater basketball arena like SM Mall of Asia in Manila, or a five storey high slide for Shanghai kids like the Printemps Shopping Centre, but it is taking the evolution of the mall just as seriously.

The move towards experiential shopping is well understood and visible in Australian malls like Westfield Sydney City and Chadstone in Melbourne. The integration of online and real-world shopping is much less so. Here, Singapore leads the way with the country’s first “smart mall”, where the online purchasing environment is truly integrated with the real world, social activity of shopping.

In this model, consumers browse just as they do in any other mall. But when they buy something, instead of carrying it home in a bag it’s delivered directly to their home by SingPost, the logistics provider, at the time and date of their choosing.

The customer doesn’t have to lug his/ her purchases around all day and is free to continue shopping, watch a movie or eat. The retailer, meanwhile, doesn’t need to allocate valuable floor space to storage because fulfilment is offsite. It’s the best of the online and offline worlds, for the shopper and the retailer, a ‘SingPost’ of things to come.

So, how does this sit with the fact that in Southeast Asia, home to over 600 million consumers, e-commerce transactions are expected to grow at a compound annual growth rate of 32%² a year over the next 10 years?

It’s tempting to imagine SingPost’s smart mall is doomed before it gets off the ground. That, though, is to miss the point. As CBRE’s director of retail Letty Lee, says, “Singapore is a shopping nation. Shopping isn’t about buying something; it is about socialising and experiencing”.³

The newest malls in the region understand this, deftly weaving the commercial with the social to meet the fast changing needs of a growing, tech savvy population with ever higher levels of disposable income. Show DC in Bangkok, SM Mall of Asia in Manila and Singapore’s smart mall, and its many other shopping destinations, are the response.

What does this mean for local malls? Well, if you want to understand what Australia’s best mega malls might look like in a decade’s time, head not to Los Angeles or Minnesota, home to the world’s first enclosed mall, but to Singapore, Manila or Bangkok, where the hyper social and hyper commercial are interwoven in a way that Australia has yet to experience.

1 Returns calculated since 19 July 2011 (when the Fund commenced). Returns shown are net of fees and expenses and are annualised for periods greater than one year. Assumes distributions are reinvested. Investors’ tax rates are not taken into account when calculating returns. Past performance is not an indicator of future performance.

2 <https://techcrunch.com/2016/05/24/report-southeast-asias-internet-economy-to-grow-to-200b-by-2025/>.

3 The Straits Times, 12th March 2015.

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