

**Table 37: Top 3 International Tourist Markets, 2000 - 2005 (as a % of Total International Tourist Arrivals)**

Countries	2000	2001	2002	2003	2004	2005
<b>Singapore</b>	41.5%	41.6%	36.4%	33.2%	26.8%	22.4%
<b>China</b>	28.4%	25.6%	30.2%	31.0%	24.3%	19.8%
<b>Indonesia</b>	3.1%	6.7%	7.2%	10.7%	9.9%	12.5%

Source: Tourism Promotion Unit, Malacca Chief Minister's Department; Malacca Basic Data, State Economic Planning Unit

Majority of Singaporean tourists drive to Malacca over the weekend or during public holidays, drawn by its proximity (approximately 2.5 hours drive from Singapore), its historical charms, the lower exchange rate, shopping facilities and local cuisine. Their cars, distinguishable by their Singaporean plate numbers are easily recognised in the town.

Tourists from China, meanwhile, visit Malacca as one of their destinations, via packaged tours.

Neighbouring Indonesian tourists, have been rising gradually, as an increased number seek medical treatment from private hospitals such as Mahkota Medical Centre and Pantai Medical Centre in Malacca town. This corresponds to the federal government's efforts in marketing and promoting the country as a premier destination for quality healthcare under what is termed 'health tourism'.

Prospects for international tourism are expected to improve for Malacca. Under the 9<sup>th</sup> Malaysia Plan, funds have been allocated to upgrade Malacca's airport to handle narrow-bodied jets to boost tourism. The World Tourism Organisation also forecasts that the East Asia and Pacific Region will receive 200 million travellers by 2010, majority of whom are intra-regional tourists. Tourist arrivals to Malaysia are anticipated to grow at an average rate of 8.4% p.a. to reach an estimated 24.6 million by 2010.

Domestic tourism will also be further developed, with promotional programs focusing on nurturing a planned holiday culture among Malaysians and encouraging the local population to explore the diverse and interesting attractions in the country.

## 5.5 Retail Sales

**Table 38: Retail and Restaurant Sales in Malacca, 2001**

Locations	Estd. Retail Sales (RM' 000)	Restaurant Sales (RM' 000)	Total Sales (RM' 000)
Malacca	1,872,609	292,421	2,165,030
Malaysia	62,182,548	13,171,736	75,354,284

Note: Estimated Retail Sales is arrived at after 12.5% representing the sale of automotive fuel. This is lower than the 13.2% contribution from sale of automotive fuel to total retail sales in the country. It is also lower than our assumed 13.9% ratio used for Selangor and Kuala Lumpur. The lower ratio for Malacca is due to lower traffic congestion and smaller distances travelled in the state, compared to Selangor and Kuala Lumpur.

Retail Sales does not include the wholesale trades or the motor vehicle and related trades.

Source: Census of Distributive Trades 2002, Department of Statistics Malaysia

In 2001, the Department of Statistics (DOS) conducted a Census on the wholesale and retail trades, motor vehicle trade and related activities, and restaurants, in the country.

The DOS' definition of retail sales included the sale of automotive fuels, which represented approximately 13.2% of retail revenues generated. Excluded are sales by farmers of farm products; bakeries; tailoring shops and shops making photo frames. In terms of restaurant sales, excluded from their definition are restaurant facilities operated by hotels, offices, manufacturing plants and educational institutions.

For our purposes, we have deducted sales of automotive fuels from our definition of retail sales. As a result, total retail and restaurant sales are estimated to be RM2.2 billion in Malacca, as shown in the table above. They represent approximately 3% of the country's total retail and restaurant sales of RM75.3 billion in 2001.

**Table 39: Estimated Retail and Restaurant Sales, Malacca, 2001-2005**

Year	Growth in Private Consumption Expenditure (current prices)	Estd. Retail & Restaurant Sales, Malacca (RM' 000)
2001	3.6%	2,165,030
2002	5.9%	2,292,766
2003	8.1%	2,478,480
2004	11.8%	2,770,941
2005	12.0%	3,103,454

Source: Bank Negara Malaysia, Census of Distributive Trades 2002 – Department of Statistics Malaysia, MIRP Consult

As updated figures on retail and restaurant sales are not available, we have used the annual growth in private consumption expenditure (PCE) as a proxy for the growth in retail and restaurant sales from 2002 to 2005. The PCE is sourced from the national accounts and as seen from the table above, grew at double digit rates in 2004 and 2005.

Overall, it is estimated that total Retail and Restaurant Sales amounted to RM3.1 billion in Malacca.

Going forward, private consumption spending is generally expected to grow at a slower rate in 2006 and possibly 2007, as a result of inflationary pressures.

## **SECTION 6: RETAIL MARKET OVERVIEW OF MALACCA**

### **6.1 Existing Supply of Shopping Centres**

The retail landscape in Malacca was dominated mainly by street shops and stand alone supermarket and department stores in the 1970s and early 1980s. The more popular retail destinations during that time included Madam King's Department Store (still existent) and the Emporium (closed), both at Jalan Bunga Raya in the town centre.

The advent of modern, enclosed purpose-built shopping centres in Malacca, emerged only in the second half of the 1980s, with Plaza Soon Seng.

However, it was only in the 1990s that the construction of more modern shopping centres took off, with the opening of Jusco Malacca in 1991 and Mahkota Parade in 1994.

Malacca town was also undergoing rapid transformation at the time. The completion of the North-South Expressway in 1994, which linked all the major cities on the west coast of Peninsular Malaysia, led to a greater development of the Ayer Keroh area where the interchange to Malacca town was located. At the same time, major land reclamation resulted in the creation of a new area called Mahkota Malacca, where Mahkota Parade, Century Mahkota Hotel and Mahkota Medical Centre are now located.

Meanwhile, the emergence of new shopping centres took its toll on some of the older complexes, with Samudra Jaya (Orchard Square), the Pandan Plaza and the Great Wall Supermarket closing down in 2002.

According to the Property Market Report produced by the Valuation and Property Services Department, there were a total of 15 shopping complexes<sup>2</sup> in Malacca as at end-2005, all of which are located in the Malacca Tengah district. These shopping complexes provided a total of 2.05 million sq ft of retail space.

The main shopping centres are all located in Malacca Town and are listed in the next table. The three most popular centres in Malacca today are Mahkota Parade, Jusco and Tesco.

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<sup>2</sup> The Property Market Report's definition of 'Shopping Complex' includes shopping centres, shopping arcades and stand-alone hypermarkets.

Shopping arcades are defined as dominant retail shops along one or both sides for trade, with generally open-sided walkways, whilst few have enclosed climate-controlled passageways. Their retail mix is generally unplanned; retail goods are generally similar in kind; there are no anchor tenants; although the complex is run by a single management company. There is generally no air-conditioning, whilst some have unit air-conditioning and few have central air-conditioning. The buildings have mostly stairways, with only some having common lifts and escalators.

**Table 40: Major Shopping Centres in Malacca, as at June 2006**

	Shopping Centres	Location	Estimated Net Lettable Area (sq ft)	Year of Opening
1.	Plaza Soon Seng	Jalan Tun Ali	107,769	1987
2.	Jaya Jusco	Jalan Leboh Ayer Keroh	183,477	1991
3.	Mahkota Parade	Jalan Merdeka	532,204	1994
4.	Plaza Hang Tuah	Off Jalan Hang Tuah	319,303	1997
5.	Kota Mas	Lebuh Ayer Keroh	257,583	1997
6.	Plaza Melaka Raya	Taman Melaka Raya	268,045	2001
7.	Tesco	Jalan Tun Razak	Estd. 140,000	2002
	<b>Total</b>		<b>1,808,381</b>	

Source: MIRP Consult; Property Market Reports; Company Annual Reports.

## 6.2 Retail Floor Space Provision

The 'total' retail floor space in Malacca comprises mainly:

- i. Shopping centres, and
- ii. Other types of retail space such as smaller, open air shopping arcades; smaller retail podiums in office and hotel buildings; street shops in shop houses, etc.

There are no official figures on 'total' retail floor space available. Whilst the amount of shopping centre floor space can be computed in a relatively straightforward manner by relying on our data in the earlier table, the derivation of other types of retail space requires some assumptions.

In particular, we have assumed that in terms of the street shops, 55% of ground floor units are used for retail, with an average floor area of 1,440 sq ft. Information on the supply of street shops is obtained from the Property Market Report (PMR) produced by the Valuation and Property Services Department. Information on other types of retail space, apart from street shops, can also be derived from the PMR.

The total retail floor space in Malacca, as well as the space per capita, is shown in the tables below.

**Table 41: Shopping Centre and Retail Floor Space Provision in Malacca, 2005**

State/Area	Total Retail Floor Space (Sq. ft)		
	Shopping Centre	Other	Total
Malacca	1,808,381	8,751,743	10,560,124

Source: MIRP Consult; Property Market Report

**Table 42: Shopping Centre and Retail Floor Space Per Capita in Malacca, 2005**

State/Area	Total Retail Floor Space (Sq. ft)		
	Shopping Centre	Other	Total
Malacca	2.5	12.3	14.8

Source: MIRP Consult; Property Market Report

It is estimated that Malacca has 10.6 million sq ft of retail space, of which 17% comprises purpose-built enclosed shopping centres. This works out to a provision of 14.8 sq ft of retail space per person, which is slightly higher than the combined retail space provision of 13.7 sq ft per person in Kuala Lumpur and Selangor.

The next two tables provide an international comparison of retail floor space per capita. Malaysia's total retail space per capita has also been computed and included in these tables.

As mentioned in an earlier section, Malaysia has a lower provision of retail floor space per capita, in comparison to Singapore, Korea, Japan and the other countries listed. Malaysia is estimated to have a shopping centre floor space per capita of 2.8 sq ft per person and a total retail floor space per capita of 10.7 sq ft per person in 2005.

**Table 43: International Comparisons of Retail Floor Space Per Capita, 2004**

Countries	Shopping Centre Floor Space per Capita (Sq Ft)
Japan	3.2
United Kingdom	3.2
Singapore	3.2
Australia	7.5
United States	21.5
Malaysia (2005)	2.8
Malacca (2005)	2.5

**Table 43 (cont): International Comparisons of Retail Floor Space Per Capita, 2004**

Countries	Total Retail Floor Space per Capita (Sq Ft)
Singapore	10.8
Japan	10.8
South Korea	12.9
Hong Kong	12.9
United Kingdom	14.0
Australia	22.6
United States	37.7
Malaysia (2005)	10.7
Malacca (2005)	14.8

Source: UrbisJHD Pty. Ltd – Retail Market Macro Analysis Report by Savills (Hong Kong) Ltd for The Link REIT, Sept 2005; MIRP Consult

Malacca's *shopping centre* floor space per capita is well below that of the other countries listed.

In terms of *total retail* floor space per capita, however, Malacca, has a higher provision compared to Singapore, Japan, South Korea, Hong Kong and the UK.

### 6.3 Future Supply of Shopping Centres

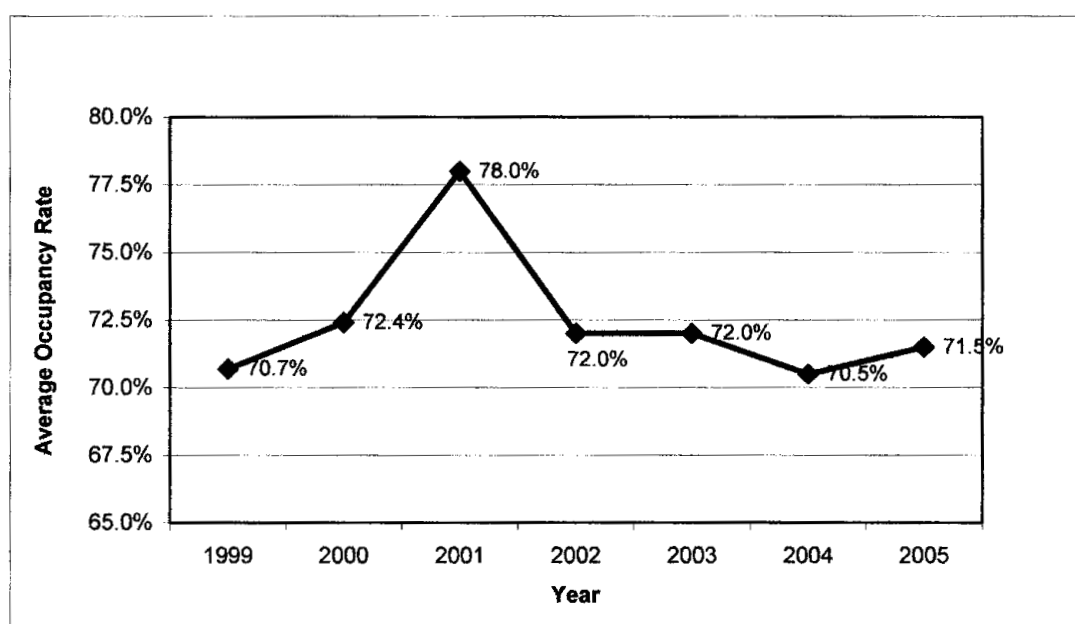
There are two centres currently under construction in Malacca, the first being Dataran Pahlawan in Malacca Town. This centre is situated in a prime location, opposite Mahkota Parade.

This development is estimated to add approximately 700,000 sq ft to the existing net retail space in Malacca. A percentage of its shop lots are being sold on a strata-titled basis. More details on Dataran Pahlawan and its implications on Mahkota Parade are contained in Section 7.2.2 of this report.

Apart from this, Giant, which currently has a supermarket outlet at Mahkota Parade, is setting up a hypermarket of approximately 132,000 sq ft along Jalan Tun Fatimah in the northern part of the town.

## 6.4 Average Occupancy Rates

**Chart 3: Average Occupancy Rate of Shopping Complexes in Malacca, 1999 – 2005**



Source: Property Market Report, Valuation & Property Services Dept, Ministry of Finance Malaysia

Based on the Property Market Report, the average occupancy rate of shopping complexes in Malacca was 71.5% at the end of 2005.

The average occupancy rate rose to 78% in 2001 but fell to 72% in 2002 due to the closure of three shopping complexes, namely Samudra Jaya (Orchard Square), the Pandan Plaza and the Great Wall Supermarket during the year.

The occupancy rates of the three main shopping centres mentioned earlier – i.e. Mahkota Parade, Jusco and Tesco are substantially higher. Mahkota Parade had an average occupancy rate of 98% in 2005. Jusco and Tesco, which are smaller in size, have full occupancies.

## 6.5 Visitor Traffic

There is no data available on visitor traffic at the shopping centres in Malacca, except for Mahkota Parade.

The latter had a total of 8 million visitors during the year 2005.



## 6.6 Rental Ranges

In Malacca, the rental performances of shopping centres have been mixed, with the more popular and well-managed shopping centres recording significant increases in rates. Some centres with strata-titled units and poor occupancy rates saw reductions in their rentals.

Mahkota Parade commands the highest rents in Malacca. Based on the Property Market Report, in 2002, the centre increased rents by 4%-17% for specific ground floor units and by 6%-35% for certain 1<sup>st</sup> floor units.

In 2003, rents for specific units were increased by 8%-48% on the ground floor and 8%-13% on the 1<sup>st</sup> floor.

In 2005, rents rose 21%-52% on the lower ground, and 14%-34% on the 1<sup>st</sup> floor. Rental rates ranged from RM5.50–18.00 psf on the lower ground; RM4.50–13.00 psf on the 1<sup>st</sup> floor; and RM2.00-2.50 on the 2<sup>nd</sup> floor.

Jaya Jusco raised rentals by 10%-30% for its ground floor specialty shops in 2002. As at 2005, its rents ranged from RM2.50 –14.00 psf on the ground floor and RM1.50 – 8.00 on the 1<sup>st</sup> floor.

Tesco also raised rentals, by approximately 7% in 2004 for its specialty shops, which range in sizes from 420 sq ft to about 900 sq ft. Its rents as at 2005, ranged from RM11-RM14 psf.

Rents for the rest of the other shopping centres in Malacca are substantially lower. Plaza Hang Tuah fetched RM3-12 psf in rents in 2005, but these are expected to decrease in 2006 due to the higher vacancies observed since the relocation of the bus terminal, which used to be next to the centre.

Rates at Plaza Melaka Raya are only between RM1-3 psf whilst Plaza Soon Seng has rents from RM2-6 psf. At Melaka Raya, rents of some first floor shop units declined by 43% in 2003 whilst in 2005, rental reductions of between 7% and 20% were recorded. It may decline further in 2006, with the closure of its anchor tenant, "Senyum" Supermarket earlier this year.

At Plaza Soon Seng, rents for some ground floor shop units fell by 28% in 2003 but remained stable in 2004 and 2005.

We expect a continued strengthening in rents at the more popular shopping centres in Malacca in the long term. The more marginal centres, however, may face further declines in rents, especially in the face of greater future competition, unless they are repositioned or refurbished.

Independent Retail Property Market Overview for HEKTAR REIT – Oct 2006

**Table 44: Rental Ranges of Selected Shopping Centres in Malacca, 1999 & 2005**

Location (and Building)	1999		2005	
	Floor Area (sq ft)	Rental Range Per Month (RM/sq ft)	Floor Area (sq ft)	Rental Range Per Month (RM/sq ft)
<b>Melaka</b>				
Mahkota Parade, Bandar Hilir	Ground	7.75	121,881	5.50 - 12.00
	1	5.70	258	17.80
	2	2.50	84,314	16.80
			1,119	13.80
			1,119	13.80
			1,119	13.80
			1,485	15.60
			388	14.80
			258 - 1,485	13.80 - 17.80
			121,504	4.50 - 7.50
			F1	11.80
			F2	6.80
			F3	7.80
			F4	12.45
			F5	11.80
			FF	6.80 - 12.45
			2	2.00 - 2.50
			84,314	
Plaza Hang Tuah, Jalan Tun Mamat Off Jalan Hang Tuah	Ground	6.97 - 9.94	215 - 893	5.22 - 11.37
	1	4.00 - 6.00	172	11.37
	2	3.00 - 5.00	538	5.22
	3	2.00 - 3.00	538	3.17
	4	1.51 - 2.00	344 - 592	3.20 - 6.00
	5	1.20 - 1.51	517	3.20
Plaza Melaka Raya				
	Basement		538	1.19
	Ground		603 - 786	1.51 - 2.89
	1		258	1.58
			431 - 538	1.36 - 2.11
			431	2.11
			549	2.00
			3,455 - 5,888	1.00

APPENDIX VI - INDEPENDENT MARKET RESEARCH REPORT (Cont'd)

Independent Retail Property Market Overview for HEKTAR REIT – Oct. 2006

Location and Building	Floor Levels	Floor Area (sq ft)	Rental Range Per Month (RM/sq ft)		Floor Level	Floor Area (sq ft)	Rental Range Per Month (RM/sq ft)	
			1999				2005	
Soon Seng Plaza, Jalan Tun Ali	Ground	3,305	7.00		Ground	301	5.34	
	1	3,143	3.50			301	6.03	
	2	3,111	1.20		2	312	5.01	
						527	2.03	
Tesco					Ground	420	11.00	14.00
						893	14.00	
						420	14.00	
						646	13.00	
						646	14.00	
					883	12.00		
Jaya Jusco Shopping Complex Jalan Leboh Ayer Keroh	Ground	29,515	2.50	10.50	Ground	161	2.50	10.50
	1	22,475	1.51	8.00		1,733	6.00	
						1,023	10.00	
						969	6.00	
					1	1,066	13.75	
					495	1.51	8.00	
					592	4.00		
					646	6.00		
Kota Mas Shopping Centre Jalan Leboh Air Keroh	Basement	59,202	7.00	8.83				
	Ground	59,202	3.20	5.95				
	1	4,306	3.20	5.95		NA		NA
	2	4,306	2.00					

Source: Property Market Report, Valuation and Property Services Department, Ministry of Finance

## 6.7 Capital Value Transactions

There was one retail transaction in early 2006, whereby Plaza Kota Mas ceased operations and was taken over by Melaka Sentral Sdn Bhd, a state-owned company. The centre is currently being refurbished and has been renamed Melaka Mall. No further details, however, are available on the transacted value.

An indication of capital values may be obtained from the sales of shop lots at the upcoming Dataran Pahlawan Shopping Centre. Currently, small lots ranging from 220 sq ft to 350 sq ft in size on the lower ground, are being sold at approximately RM2,200 psf.

Earlier, in 2003, Mahkota Parade was sold by Chocolate Products Bhd to Hektar Black Sdn Bhd for RM146.59 million, which works out to RM264.76 per sq ft of total net lettable area.

## 6.8 Shopping Behaviour and Cultural Influences

Visiting shopping centres is a common and regular "past-time" for the people of Malacca, due to a limitation in what is available to them in the form of entertainment and leisure pursuits. Roads are not prone to much traffic congestion making it convenient to travel about within the town. This was gathered from focus group discussions conducted in 2004 for a research on shopping behaviour in Malacca.

Shoppers here, are price sensitive and therefore have a tendency to compare prices when they shop for things. They are driven by value and indulge in comparison goods shopping. This is attributed to several factors, one of which is the slightly lower income level in Malacca compared to Kuala Lumpur and Selangor.

Apart from this, tourism is an important contributor to retail sales in Malacca, both from domestic and foreign tourists especially, Singaporeans.

## SECTION 7: REVIEW OF MAHKOTA PARADE

### 7.1. Evaluation of Mahkota Parade's Location and Size of the Available Market

Map 5: Mahkota Parade and Its Locality



Source: Hektar Group website

#### 7.1.1 General Description of the Property

Mahkota Parade is the largest shopping centre in Malacca, with a net lettable area of 484,948<sup>3</sup> sq ft as at Dec 2005. It is strategically located in the heart of Malacca town, within walking distance of the town's prime historical and tourist attractions. The centre comprises three retail levels – Ground, First and Second Floor – and has one level of basement car park as well as surface parking, providing 955 car park bays.

The façade of the centre fronts onto Jalan Merdeka, which, is linked at the museum roundabout with Jalan Kota, Jalan Laksamana and Jalan Hang Jebat where these have links to all other major roads in Malacca.

<sup>3</sup> The total net lettable area of Mahkota Parade, including sold shop units, is 532,204 sq ft.

Mahkota Parade is positioned as a prime regional shopping centre, attracting not only shoppers from amongst residents of Malacca, but from other states in Malaysia, and international tourists as well. Based on an exit survey of 1,000 shoppers conducted at the centre by MIRP in early 2004, an estimated 69% of its shoppers were from Malacca, 21% were from other states in Malaysia, many of whom were domestic tourists and 10% were international tourists, particularly Singaporeans.

The shopping centre offers the widest variety of retail in Malacca, including entertainment and international fashion brands. Its anchor tenants are Parkson Grand Department Store, Golden Bowl, Giant Supermarket, and Golden Screen Cinemas. The centre has over 180 specialty tenants offering a wide mix ranging from fashion & footwear, food & beverage, gifts, books & toys to homewares, leisure & entertainment and, sports & fitness.

International fashion brands at Mahkota Parade include Esprit, Giordano, Levis, Adidas, Body Glove and United Sport (NIKE), whilst established local brands include Bonia, Sembonia, Seed, PDI, Factory Outlet Store (F.O.S.) and Reject Shop.

With its wide array of tenants, the centre caters to a broad segment of shoppers – families, young working couples as well as the young segment comprising students. Its appealing entertainment mix comprising a modern cineplex, bowling centre and an amusement centre, attract many young visitors. Primarily, the centre is perceived by the younger segment as a “happening” place in Malacca.

### **7.1.2 Accessibility by Road, Public Transport and Pedestrians**

Mahkota Parade is well served by a network of roads. It is located approximately 20 minutes from the Ayer Keroh interchange of the North South Expressway (NSE). The NSE is the main artery joining the various towns and states in Peninsular Malaysia. Accessibility from this northern interchange is relatively straightforward. Commuters exiting from the toll plaza, will travel along Lebuhraya Ayer Keroh, turn south onto Jalan Mufli Haji Khalil and head towards Jalan Taming Sari. From here, Jalan Taming Sari converges with Jalan Tun Sri Lanang and Jalan Bendahara, where the town centre begins.

Mahkota Parade is situated less than 5 minutes drive south of Jalan Bendahara, along Jalan Merdeka. It has the advantage of being near many historical and tourist attractions such as the Malacca Sultanate Palace, The Stadthuys, St. Paul's Church, A-Famosa, the People's Museum and Jonker Walk. As such, it attracts international and domestic tourists who come to Malacca.

The centre is flanked by the upcoming Dataran Pahlawan retail centre in its northern front, a private hospital known as Mahkota Medical Centre in its adjacent east and the 4-star Century Mahkota Hotel in its adjacent south. On its immediate west are several rows of shop offices collectively known as Plaza Mahkota. Within walking distance, towards its north-east, is the 5-star Equatorial Hotel. A little further to its east, are several blocks of shop offices known as the Melaka Raya project.

Its proximity to tourism sites and commercial areas enables easy pedestrian accessibility for tourists, as well as for those working in shops and offices around Plaza Mahkota and Melaka Raya and from the Mahkota Medical Centre.

Mahkota Parade is also easily accessible to local residents, majority of which live in residential areas around the parameters of the town centre.

There is ease in public transport access because it is well served by both buses and taxis, given its location being a prime destination in town.

### 7.1.3 Impact of Future Infrastructural Projects and Commercial / Residential Developments in the Vicinity.

The main development under construction in the vicinity of Mahkota Parade is Dataran Pahlawan, a retail and tourist centre scheduled for part-completion in August 2006. Its competitive impact on Mahkota Parade is analysed in Section 7.2.2.

There is slight concern, however, that the agglomeration of the two retail centres, may exacerbate traffic congestion in the area.

### 7.1.4 Description of the Resident Trade Area Served by Mahkota Parade

The resident trade area that is served by Mahkota Parade consists of a primary sector which lies approximately within 7km radius or 15 minutes drive time of the subject property. This primary trade area encompasses approximately 74% of the centre's shoppers who are locals.

This trade area comprises the following 'Mukims' or "Residential Areas":

- Bandar Melaka, Bukit Baru, Batu Berendam, Bachang, Balai Panjang, Duyong, Pringgit, Bukit Piatu, Klebang Besar / Kechil, Semabok, Padang Semabok, Alai, Ujong Pasir, Padang Temu and Bukit Katil.

### Population

The total population within the primary trade area was approximately 256,165 during the year 2000 Census.

Using projected growth rates by the Department of Statistics for the state, the population in Mahkota Parade's primary trade area is estimated to have grown to approximately 287,273 in 2005. It is anticipated to reach approximately 382,238 by 2020.

**Table 45: Estimated and Projected Population in Mahkota Parade's Primary Trade Area**

Year	2000	2005	2010	2015	2020
Population *	256,165	287,273	316,765	348,877	382,238
Year		2001-05	2006-10	2011-15	2016-20
Compounded Average Annual Growth		2.3%	2.0%	1.9%	1.8%

\* The population has been adjusted for under-enumeration, by a factor of 5%.  
Source: Department of Statistics Malaysia

Meanwhile, the gender distribution in the primary trade area is estimated to be 50.1% males and 49.9% females, based on the 2000 census.

### Ethnic Profile

The latest ethnic distribution in Mahkota Parade's primary trade area is not available. However, an indication can be obtained from year 2000 Census, where the Chinese accounted for the highest ethnic group, at 46% of the population; followed by the Malays at 44% and the Indians at 5%. Non-Malaysian citizens accounted for 3% of the population in the primary trade area.

**Table 46: Ethnic Distribution in Mahkota Parade's Primary Trade Area, 2000**

Ethnic Group	% Distribution
Malays	44.3%
Other Bumis	0.3%
Chinese	46.2%
Indians	4.7%
Others	1.2%
Non-Malaysian Citizens	3.3%
<b>Total</b>	<b>100.0%</b>

Source: Population Distribution by Local Authority Areas and Mukims, Department of Statistics Malaysia

### Age Profile

The primary trade area of Mahkota Parade contains a relatively young population. Based on the 2000 Census, those aged 0 – 19 years made up 39.5% of the population whilst those aged 20 – 39 years accounted for 31% of the population.

Adults who were 40 – 59 years comprised 21.5% of the population whilst those aged 60 years and above accounted for 8% of the population.

**Table 47: Age Distribution in Mahkota Parade's Primary Trade Area, 2000**

Age Group	% Distribution
0 – 19 years	39.5%
20 – 39 years	31.3%
40 – 59 years	21.5%
60 years & above	7.7%
<b>Total</b>	<b>100.0%</b>

Source: Population Distribution by Local Authority Areas and Mukims, Department of Statistics Malaysia



**Occupation**

**Table 48: Occupation Breakdown in Mahkota Parade's Primary Trade Area, 2000**

Occupation	Distribution
Legislators, senior officials and managers	11.2%
Professionals	6.2%
Technicians and associate professionals	14.4%
Clerical workers	11.0%
Service workers and shop & market sales workers	13.8%
Skilled agricultural and fishery workers	0.8%
Craft and related trades workers	9.9%
Plant and machine operators and assemblers	16.8%
Elementary Occupations	9.6%
Unknown Occupations	6.3%
<b>Total</b>	<b>100.0%</b>

Source: Census 2000, Department of Statistics Malaysia

The occupational breakdown in Mahkota Parade's primary trade area indicates that a third or 32% of the catchment comprises higher ranking personnel such as legislators, senior officials, managers, professionals, technicians and associate professionals.

25% of the population held jobs as clerical workers, service and retail sales workers.

10% were craft and related trades workers whilst 17% were plant and machine operators and assemblers.

**7.1.5 The Worker and Tourist Market in the Area**

According to census information, the workforce in Mahkota Parade's primary trade area amounted to 95,214 in 2000. The workforce ratio works out to approximately 37% of the population.

Some of these workers would likely shop at Mahkota Parade during the weekdays, given the centre's proximity to the town centre and other major commercial areas.

The tourist market also features significantly in Mahkota Parade's case, with an exit survey conducted in 2004 by MIRP Consult indicating that 10% of its visitors consisted of international tourists, whilst 21% were mainly domestic tourists from other states. Tourism growth has been strong in Malacca, with tourist arrivals having increased at a compounded average annual rate of 17% between 2000 and 2005.

## 7.2 Competition Review

### 7.2.1 Existing Competition, as at June 2006

In terms of existing competition, there are no directly comparable shopping centres to Mahkota Parade as it is the only regional mall in Malacca. The other centres are smaller and are differently positioned. The only competing centres of some relevance would be Jaya Jusco and Tesco.

A brief description and evaluation of the various shopping centres in Malacca are provided in the table below.

**Table 49: Review of Key Competing Centres to Mahkota Parade**

Shopping Centre	Estimated Net Lettable Area (sq ft)	Description	Evaluation
<u>Jaya Jusco</u>	183,477	<p>This is a two-level suburban mall located approximately 8 minutes drive from the Ayer Keroh Interchange of the North South Expressway. It is anchored and occupied mainly by Jaya Jusco Supermarket and Department Store.</p> <p>It has some complementary specialty retail outlets on both floors offering mainly Food &amp; Beverage, Fashion &amp; Footwear, Books, Optical Products, Pharmaceutical Products, General Services, etc. There is also a children's amusement centre and babies' feeding and changing rooms, which is convenient to young families with kids.</p> <p>The centre is fully occupied.</p>	<p>While the centre caters to the mass market, it is particularly popular amongst families who shop there for groceries, household products, electrical goods and apparel, and who are also attracted by its facilities for their children.</p>
<u>Tesco</u>	140,000	<p>This is in a single level stand alone building anchored by Tesco hypermarket. It offers a wide array of grocery and household products at competitive prices. There are several specialty retail outlets and kiosks providing Food &amp; Beverage, Snacks, Casual Wear, Fashion Accessories, Footwear, Optical Products, CDs, etc.</p> <p>Tesco is currently expanding its retail premises. It has benefited from the relocation of the town's central bus/taxi terminal to Melaka Sentral in 2004, located just opposite the hypermarket. A flyover links the terminal to the hypermarket.</p> <p>The centre is fully occupied.</p>	<p>This centre caters to the groceries, household products and convenience shopping needs of the mass market. It attracts many families. With the opening of the new bus terminal, there has been a significant increase of shoppers at the centre.</p>

**Table 49 (cont): Review of Key Competing Centres**

Shopping Centre	Estimated Net Lettable Area (sq ft)	Description	Evaluation
<u>Plaza Melaka Raya</u>	268,045	<p>This is a 5-level strata-titled shopping centre located in Melaka Raya, not too far from Mahkota Parade. It is part of an integrated project comprising apartments on top of the retail centre.</p> <p>Its anchor tenant used to be Senyum Supermarket and Department Store, but the latter has closed since early 2006. The other major tenant is a bowling centre and a discount variety store called Hot Market. Vacancy of its upper floor shop lots is high.</p>	<p>The centre used to attract mainly shoppers living in its immediate neighbourhood, because of its Department store anchor. However, without an anchor, shoppers may be deterred elsewhere.</p>
<u>Plaza Hang Tuah</u>	319,303	<p>This is a 4 level strata-titled shopping centre located in Malacca town centre, near the former central bus / taxi terminal. Shopper traffic, however, has declined significantly with the relocation of the transport terminal to Melaka Sentral, near Tesco.</p> <p>Plaza Hang Tuah was formerly anchored by Pasaraya Hiong Kong Supermarket and Department Store, which has since moved out. Its shops, operated by mainly single-store local retailers, sell telecommunication products, affordable casual &amp; street wear, footwear and optical products. Services range from beauty and hair salons to mobile phone repairs, etc. A high number of its upper floor shop lots have become vacant since the relocation of the bus terminal. Many of its previous retailers are believed to have moved to Melaka Sentral.</p>	<p>This centre used to be fairly vibrant and bazaar-like, attracting many foreign migrant workers and Malays, due to its proximity to the former bus/ taxi terminal. Now that the terminal has been relocated to Melaka Sentral, it has visibly been affected by this resulting in an obvious decline in visitor levels.</p>
<u>Plaza Soon Seng</u>	107,769	<p>This is a 4 level shopping centre, occupied mainly by Fajar Supermarket and Department Store. There are a small number of complementary specialty retail outlets such as a pharmacy, optical shops, casual wear, fashion accessories and footwear retailers, a fast food outlet and food court. Its upper most floor, however has many vacant shop lots.</p>	<p>The centre's anchor tenant, Fajar, attracts shoppers from the immediate vicinity. The centre competes on low price points for its grocery and household products. Fajar continues to have a loyal following amongst its customers.</p>
<u>Melaka Mall</u> <u>(formerly Plaza Kota Mas)</u>	257,583	<p>This 4 level strata-titled shopping centre is temporarily closed and undergoing refurbishment.</p> <p>It was formerly anchored by The Store Supermarket and Department Store. A high number of its upper floor shop lots used to be vacant.</p>	<p>The centre is currently vacant..</p>

Source: MIRP Consult

## 7.2.2 Potential Future Competition

### Dataran Pahlawan:

The main future potential competition to Mahkota Parade is Dataran Pahlawan, which is being constructed on 19.6 acres directly opposite the subject property. This centre is being positioned as a regional retail and tourist destination, with a planned total net lettable area of approximately 700,000 sq ft when fully completed by the end of 2007.

The first phase of Dataran Pahlawan consists of two retail levels - an enclosed lower level and an open-decked upper level – which recently opened in September 2006. The lower level contains specialty shop units ranging from 120 sq ft to 3,500 sq ft. The upper level comprises an open field on one end and a dome-shaped retail podium which is being themed as an IT / digital centre, on the other end.

Retailers which are said to be locating at Dataran Pahlawan include international fashion brands such as MNG, Esprit, Polo Haus, Bossini, Hush Puppies and other well-known retail chains such as F.O.S., England Optical and Ogawa.

The second phase of the development consists of a five-storey retail annex which is targeted for completion in the third quarter of 2007. Potential tenants in this annex include a hypermarket and fitness centre.

In total, the centre's owners will be retaining 60% of the shop units to be leased out, with the balance of 40% being sold on a strata-titled basis.

The northern boundary of Dataran Pahlawan flanks many of the main historical and tourist sites of Malacca, such as the A' Famosa, Melaka Sultanate Palace, etc. Hence, it is anticipated to attract tourists to Malacca.

There are concerns however, that the development has insufficient car parking, numbering less than 400 enclosed bays on the lower retail level.

### 7.2.3 Implications on Mahkota Parade

Dataran Pahlawan is expected to pose competition to Mahkota Parade. Its targeted retailers are those of fashion, food & beverage, grocery & household products and other specialty stores. However, seen positively, together with Mahkota Parade, the whole precinct will likely turn into an even more vibrant and bustling destination for tourists and local people alike, replicating what the "Bukit Bintang" area has done for Kuala Lumpur; it evolved into a thriving precinct for shopping and entertainment because of its agglomeration of retail centres.

Mahkota Parade will still be the only shopping centre with a modern cineplex in Malacca and its strong fashion, entertainment and leisure components are expected to continue to appeal to shoppers.

## 7.3 Key Strengths

**Top Shopping Centre and Established Landmark in Malacca:** Mahkota Parade is the top shopping centre in Malacca in terms of tenant mix, entertainment offering, centre layout, size and appeal to the local people, when deciding on a place to spend their leisure time with friends or family. It is also an established landmark in the state, being its largest and only regional mall.

**Good Location and Accessibility:** Its prime location in the town centre, proximity to key historical tourist destinations, as well as easy accessibility from all parts of the town, are key strengths. The centre is also well served by buses and taxis.

**Sizable Catchment:** The centre has a primary trade area population of 287,000 and a combined primary and secondary trade area population that encompasses the whole state of Malacca of 713,000, as at 2005.

**Wide Ranging Tenant Mix:** The centre currently carries the widest range of retailers in Malacca, from international and leading national brands, to grocery and household products, food and beverage, and entertainment. It operates the only Cineplex in Malacca and its bowling facility is a hit with both the family segment as well as the young.

**Shopper-Friendly Layout:** Centre layout is well-planned, with wide corridors, minimal secondary corridors and a spacious central atrium for events. This encourages visitors to spend time in the centre making it a popular place for "hanging out" with friends and family.

**Tourist Attraction:** The centre itself is a tourist attraction, due to its strategic location, high visibility and provision of an international-class shopping environment. It attracts many domestic and international tourists, particularly during weekends and holidays. Malacca had nearly 1 million international tourist arrivals and 3.7 million domestic tourist arrivals in 2005.

**Customer-Centric Management:** Centre management is proactive and constantly seeks to understand their shoppers, consumers' psychographics and trends.

## 7.4 Weaknesses

**Insufficient parking lots to cater to higher capacity crowd on weekends:** This causes drivers to have to circulate until a spot is available. A suggestion is that the surface parking areas be reconfigured for more parking and greater visibility of the centre's façade.

**Drop off point for shoppers tend to be concentrated at the side entrance of Parkson Department Store, resulting in traffic congestion:** This may result in some congestion along the road when picking or dropping off passengers at the centre especially during weekends. Other strategically placed passenger drop off points may be allocated for vehicles in the future.

**Small size of supermarket anchor:** Mahkota Parade's supermarket tenant – Giant – is relatively small in size at 24,143 sq ft and hence is constrained in the variety of products it carries.

## 7.5 Opportunities

**Tenant mix:** There are opportunities to continuously improve tenant mix in response to retail gaps, given that centre management is customer-centric and conducts research to understand their shoppers on a regular basis.

**Events and entertainment:** These include opportunities to upgrade selected components of their entertainment mix, for example, the cineplex. Other forms of entertainment suitable for the family may be further included for a more complete range.

Family focused events with an emphasis on children will also likely attract more families to the centre.

**Facilities:** The centre has upgraded facilities to provide an even more improved environment for its visitors. For example, the car park coin payment system upon entry, which used to hinder ingress to the car park has been replaced with a more efficient method of automated machine payment within the centre. The centre is also currently refurbishing its public restrooms.

**Potential for expansion or further development:** There is vacant land on the subject property, which is being used now as the surface car park, that may allow for further expansion of the shopping centre or for the construction of additional car park bays in the future. The potential creation of additional retail space in the basement car park for supermarket expansion as well as potential vertical expansion of the centre, also provide flexibility in terms of expansion options.

All these may be considered in the face of the potential increase in tourist visitations and the locality surrounding the centre becoming even more established as a landmark. Big Box retailers, entertainment outlets, gourmet attractions/ centres, power centres are some suggestions for the future depending on types of retail gaps that need to be filled.

## 7.6 Threats

**Competition:** Potential competition from Dataran Pahlawan is a threat, but may also be viewed positively as adding to the destination appeal of the shopping precinct.

**Visitors to Dataran Pahlawan may utilise parking facility at Mahkota Parade:** If there are insufficient car parks for visitors to the Dataran, it may result in them parking at Mahkota Parade's car park, exacerbating problems of parking during the weekend.

**External threats may dampen tourism:** External security or health threats may dampen tourist arrivals to Malacca, cutting back the tourist dollar on shopping. A mitigating factor, however, is the strong growth trend in domestic tourist arrivals.

**Inflationary threats:** Inflationary pressures from higher fuel costs and rising interest rates may dampen consumer spending in the near term.

## 7.7 Future Prospects for Mahkota Parade

### Retail Market:

The emergence of new retail centres in Malacca during the last two decades, has intensified competition, with the casualties being centres which have poor layouts, incomplete control of their tenant mix and poor understanding of their target markets. Market share has shifted to those centres which are appropriately positioned, well planned and well-managed. These better centres appear well-entrenched and are likely to remain resilient in the face of competition.

Tourism will continue to be a significant contributor to retail sales and in this respect, prospects are positive with, among other things, the upgrading of Malacca's airport to cater to more foreign tourists in the future. The recent completion of the Malacca International Trade Centre at Ayer Keroh, is also expected to boost domestic and international tourism.

At the same time, concerted efforts by the local and federal government to attract more knowledge-based and biotechnology industries into the state also augur well for its economy.

### Mahkota Parade:

The prospects for Mahkota Parade are positive in the medium to long term. The centre is well-established and should benefit from the continued growth in domestic and international tourism. The emergence of Dataran Pahlawan, while posing some competition to the centre, will likely also be complementary to the subject property, as theirs together is a prime location in Malacca which will probably become destination for shoppers and tourists.

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