



Business

## Metro to shut City Square store at year end

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Move comes as dept stores cut back in the wake of tough conditions, changing models and staff shortages

Retailer and property group Metro Holdings will close its City Square Mall store when its lease expires at the end of the year.

The move comes amid a period when department stores are consolidating or downsizing in the face of tighter labour policies, staff shortages and the rise of e-commerce.

"Metro's lease (at the mall) will expire (at the end of) December and the move is part of our plans to consolidate resources in light of difficult trading conditions," a Metro spokesman said.

Its 56,000 sq ft store has been at City Square Mall in Little India since the complex opened in 2009.

The closure will leave Metro with three stores - at The Centrepoint, Paragon and Causeway Point. It closed its outlet at Compass Point in Sengkang last month when the lease expired.

The company's spokesman said it does not have any plans for new stores in Singapore, adding that "the considerations for a new store opening... depend on opportunities, location and conditions".

Its Centrepoint store, which opened late last year, is its newest.

The company's retail division has been under pressure. It incurred a \$1.2 million loss from operating activities for its first quarter ended June 30.

"We remain focused on optimising our operations and seek fresh retail concepts that appeal to our customers," Metro's spokesman said on plans for its remaining stores.

Dr **Lynda Wee**, an adjunct associate professor specialising in retail management at Nanyang Business School, said Metro's losses in retail could be due to the need for a new business model that is more relevant to today's conditions.

"Its retail (offerings) have not been fully integrated online and was done piecemeal. It just extended its offline presence with a website," she noted.

"The company needs to revise its business model in an integrated manner, in view of changing consumers and rising costs."

For example, faltering British brand [Burberry](#) has been targeting millennials and did a major revamp on merchandise, digital marketing and shops, said Dr Wee.

Labour shortages are another problem, noted Mr Anthony Gan, executive director of the Singapore Retailers Association.

"Most retailers are operating on an understaffed basis. As retailers can no longer rely on foreign workers to fill the positions, downsizing is the natural response," he added.

Ms Sulian Tan-Wijaya, senior director of retail and lifestyle at [Savills](#) Singapore, said the retail leasing landscape has been evolving in the past two to three years.

"Many larger format monobrand stores and department stores are in consolidation mode in the face of competition from online retail and tougher trading conditions," she added.

Mall owners have tried to fill the space left by department stores by drawing newer, emerging multi-label fashion and lifestyle retailers, online retailers and food and beverage outlets, she said.

City Square Mall owner City Developments and Metro said in a joint statement that the mall will introduce new concepts and brands by Chinese New Year.

Some tenants with these brands will replace the department store.

Ms Tan-Wijaya expects the retail leasing market to remain challenging for the next year, especially for traditional brick-and-mortar stores with limited online presence.

"However, opportunities also abound for malls looking for upcoming online and multi-label fashion retailers for shorter-term leases or pop-up stores," she added.

The mall will launch new concepts and brands next year and some tenants with these brands will replace Metro.

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