

NEWSLETTER

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商場管理學會

Institute of Shopping Centre Management

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Mr Lawrence Wan, Senior Director, Head of Advisory & Transaction Services – Retail of CBRE Hong Kong examine the current market trends and pinpoint how real estate stakeholders and retailers can seize the opportunities arisen from the changing market dynamics in the post-pandemic era, such as targeting tourists, engaging young shoppers, and exploring new locations and malls.

08 Membership & Upcoming

Message from the Institute

Dear ISCM members and friends,

I am delighted and filled with nostalgia as I address you today as the Chairman of the Institute of Shopping Centre Management (ISCM) on the momentous occasion of our 20th anniversary. Looking back on our journey, I am reminded of our humble beginnings and the unwavering commitment that has brought us to where we stand today.



Twenty years ago, I received a life-changing invitation from our Founding Chairlady, Ms Maureen Fung, at a retailer annual dinner party. Little did I know that this invitation would ignite my passion for the shopping centre industry and mark a turning point in my career. Our initial aspirations were simple, but the mission and vision that guided us then still hold true today – to establish a platform for standardising and enriching the professional landscape of the shopping centre industry in Hong Kong.

From the outset, our mission has been to forge connections with government bodies, identify prospective channels, and create a platform for exchanging best practices in the art and science of shopping centre management within the Asia Pacific region. In 2009, we proudly joined the Council of Asia Shopping Centres as a country member, expanding our reach and fostering collaboration. Throughout the years, we have diligently pursued these goals, continuously exchanging ideas and learning from our counterparts, and we remain dedicated to promoting excellence and innovation in our field.

Today, ISCM boasts a membership of 200 local shopping centre professionals, certified practitioners, and professors who possess extensive knowledge, skills, and practical experience in managing shopping centre portfolios in Hong Kong. We have successfully established ourselves as a professional society and recognised governing body in the shopping centre industry. Hong Kong, being the most open and international city in the Greater Bay Area, is renowned for its status as an international financial, transportation, trade centre, aviation hub, and professional services hub. While Hong Kong enjoys certain advantages, such as access to the latest trends, better product safety, and higher quality products, it is important to acknowledge that service quality and digital experience are areas where the city lags behind some mainland cities. Moving forward, our aim is to strengthen our ties with Greater Bay Area cities and expand our membership base to include more mainland professionals, facilitating greater constructive exchanges and learning opportunities among our members.

As we embark on the year 2023, we recognise that it is a year filled with both challenges and opportunities, particularly in the retail sector. Hong Kong's retail industry has shown gradual signs of recovery since the reopening of the city's borders earlier this year. However, concerns remain regarding the sustainability of this upward trend due to the increasing number of residents traveling outside Hong Kong. Despite these challenges, positive developments have been observed on the leasing front, with retail rents experiencing some improvement, primarily driven by the rebound in tourism.

In the face of this backdrop, I urge all industry players to remain vigilant, adapt swiftly to changing consumer preferences, and embrace innovative approaches to enhance the shopping experience. The resilience and adaptability of Hong Kong's retail sector will be crucial in navigating the ongoing challenges and seizing opportunities for growth. As members of the ISCM, we have a collective responsibility to lead by example, sharing our expertise, insights, and best practices to foster a thriving and sustainable shopping centre industry.

Today, as we celebrate the achievements of the past two decades, let us also look forward to a future filled with promise and potential. I extend my heartfelt gratitude to all our members and colleagues for their unwavering support and dedication. Together, let us continue to shape the shopping centre management industry, elevate professional standards, and uphold the values that have guided us from the very beginning.

Here's to another successful 20 years and beyond!

Baldwin Ko
Chairman

Study Tour: One day in Shenzhen

On 16 September, our Institute organised the second study tour of the year. The tour was attended by a group of more than 40 participants from various companies, including Cheung Kong Asset Holdings, Cushman & Wakefield, Hang Lung Properties, Hong Kong Housing Society, Hong Yip Service, Kai Shing Management Services, KPMG, Link REIT, Phoenix Property Investors, Sunbase International and Sun Hung Kai Properties.



Our recent study tour to Shenzhen was an eye opener

We were greeted on arrival with so much warmth and felt right at home by the management team and staff of UniWorld in Longhua (龍華壹方天地). The visit started off with a project masterplan presentation held on an observatory office floor with a 360-degree unobstructed panoramic views of Longhua District (1). We then made our way down to the 5 zones of UniWorld which were opened between 2017 and 2022. Not only did we take an opportunity to glance at those 1,000 brands within the largest retail development (GFA 600,000sqm) of Shenzhen, but we also witnessed how retailtainment/experiential retail is the future of shopper engagement. Towards the end of the visit, we made our way through a food street to a Nanjinese restaurant where an incredibly filling group lunch was served (2). This was a great way to wind down this action-packed visit.



With fantastic shopping opportunities, unique dining options, great outdoor chill zones and buzzing vibes, it is easy to see why MixC World (萬象天地) attracts a large and diverse crowd of fans in Shenzhen these days. We were split into a few teams for a guided tour accompanied by representatives of CR Mixc Lifestyle. We started at the main entrance of the main building for group photos before walking along the vibrant food street. After we made a brief stop at the pop-up campsite where a hotel is currently under construction, some of our members could not help but started to shop around on the street full of unique pop-up kiosks before we finally taking an unforgettable sip of a cool beverage outside a Huawei flagship store.



Seminar: Development of the Chinese local food and ethnic cuisine market



(From 3rd of the left) Mr Lin Sen, Mr Zhao Junlei and Mr Yuan Yuan shared their insights about mainland catering industry. Mr Clement Lam, Director of Training & Learning (left), Mr Baldwin Ko, Chairman (4th from right), Mr Chris Keung (Vice Chairman), Ms Katherine Lo, Director of Membership & Welfare and Ms Bella Chhoa (Honorary Secretary) presented the speaker souvenir

Our institute had the privilege of hosting three esteemed speakers from the Mainland on 2 August who shared their invaluable insights on the evolving Chinese local food and ethnic cuisine market. Mr Zhao Junlei and Mr Yuan Yuan engaged us in an enlightening discussion on the dynamic landscape of the Chinese local food market and the remarkable growth of ethnic cuisine. Afterward, we had the pleasure of hearing Mr Lin Sen, the visionary founder of the "Kirin Dakou Tea" brand. He walked us through his inspiring journey of establishing a tea brand renowned for its commitment to crafting the perfect cup of tea. He also shared his strategies for standing out from competitors and securing essential financing, leaving us inspired and motivated.

Night Vibes Campaign Launched to Boost Night-Time Economy

The Hong Kong government has unveiled a new campaign 'Night Vibes Hong Kong' which will take place in three stages, aligning with the Mid-Autumn Festival in September, Christmas in December, and the Lunar New Year holiday in February - aimed at encouraging residents to venture out at night to patron local businesses, thereby revitalising the city's night-time economy.



Thousands of spectators lined up along Hong Kong's Victoria Harbour cheering the return of the National Day fireworks

At the opening ceremony of the 'Night Vibes Hong Kong' campaign, financial secretary Paul Chan announced plans to set up night markets, food stalls, movie screenings, and live music events on weekends, with the hope of attracting more nocturnal business.

In addition to shopping opportunities, the events encompass a wide range of entertainment, arts, culture, leisure, and music offerings. Notable highlights include the Hong Kong Wine and Dine Festival, which will feature city-wide dining promotions throughout the month, a synchronised drone show held simultaneously in Hong Kong and Shenzhen, and the highly anticipated return of the National Day fireworks display after a five-year absence.

The campaign's activities primarily take place on both sides of Victoria Harbour, including the waterfront areas of Wan Chai, Sai Wan, and Kwun Tong. Furthermore, 80 shopping malls host late-night activities, with some extending their operational hours until 11pm and offering discounts for late-night cinema screenings. To enhance the experience, the Happy Valley Racecourse offers free entry to the Wednesday races for the public, and both Ocean Park and Hong Kong Disneyland feature special events and extended hours on select days. Additionally, over 100 member restaurants and bars of the Lan Kwai Fong Association offer a variety of dining promotions.

To encourage greater after-dark activity, the city's Mass Transit Railway (MTR) also introduces a special offer.

Passengers who take five-night trips after 10.30pm will be rewarded with one free trip, with each passenger eligible for up to four complimentary rides.

Since the gradual reopening of Hong Kong's borders earlier this year, the government has launched two previous campaigns, namely 'Hello Hong Kong' and 'Happy Hong Kong', aimed at encouraging travel to the city and stimulating local consumption. 'Night Vibes Hong Kong' represents the third campaign designed to revitalise the economy.

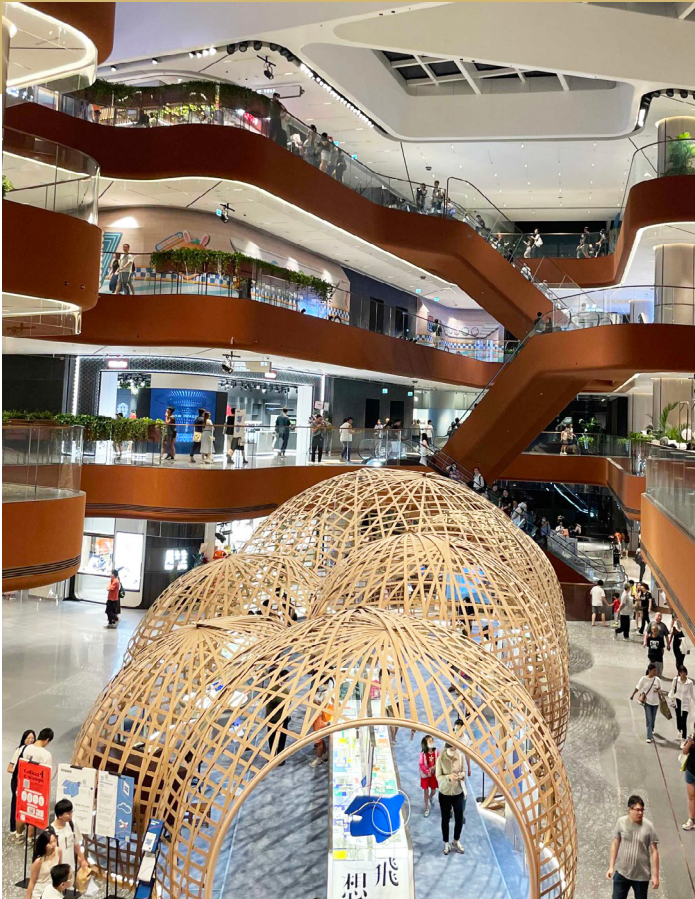
Over the past month, Chief Executive John Lee, along with top officials and pro-establishment figures, has been actively promoting the concept of "night markets" and the "night-time economy," putting forth various ideas to encourage increased after-dark consumption.



The government has been actively promoting the concept of "night markets" and the "night-time economy"

AIRSIDE and The Wai: New Generation Shopping Malls Embrace Sustainability

Hong Kong, the dynamic metropolis renowned for its bustling shopping scene, is set to welcome two new-generation shopping malls that are breaking the mold when it comes to sustainability and community engagement. AIRSIDE and The Wai, both located in strategic areas, are not just ordinary malls but visionary destinations that prioritise sustainability, community engagement, and vibrant experiences that cater to the needs of environmentally-conscious shoppers and pet lovers alike.



AIRSIDE and The Wai, promoting sustainable living, are the city's new generation shopping malls

AIRSIDE: A Sustainable Haven

AIRSIDE, the flagship development project of Nan Fung Group, has garnered attention for its commitment to sustainability. The mall has adopted the United Nations Sustainable Development Goals (UNSDGs) as its design blueprint and has become the first building in Hong Kong to receive five of the most recognized green building certifications. Vanessa Cheung, Group Managing Director of Nan Fung Group, expressed her excitement about AIRSIDE, stating, "It embodies our commitment to fostering a community in which tenants can achieve their sustainability and social goals with people-centric designs and facilities."

She continues, "As Hong Kong's CBD 2.0, the Kai Tak Development area is home to several key infrastructural

projects, which propels the development of the area as well as Hong Kong as a whole. We look forward to the opening of AIRSIDE and we are grateful to our tenants for their unwavering support along the way. We are excited to explore with our tenants and community the possibilities of AIRSIDE as 'a place for wholeness' and sustainable living."

One of the highlights of AIRSIDE is its dedication to promoting a green, low-carbon lifestyle. The mall features Hong Kong's first-ever Automatic Refuse Collection System, which provides real-time data to aid waste reduction in day-to-day operations. This feature will be particularly valuable for tenants in light of the upcoming implementation of the waste charging scheme. AIRSIDE also encourages green mobility with the introduction of Hong Kong's first-ever smart bicycle parking system, equipped with 48 parking

spaces. Furthermore, all 850 car parking spaces in the mall are equipped with electric vehicle (EV) charging facilities.

Embracing the concept of "wholeness," AIRSIDE houses a 4,000 sq. ft. urban farm that supplies over 50 varieties of produce to F&B outlets within the mall, offering visitors a true farm-to-table experience. The remaining produce is shared with the community, promoting a low-carbon-footprint lifestyle. In addition to its sustainability efforts, AIRSIDE features world-class entertainment options, including Hong Kong's first large-scale indoor surfing center of over 10,000 sq. ft. and the brand new MCL AIRSIDE Cinema, which can accommodate up to 900 movie-goers.

In recognition of the profound bond between humans and their pets, AIRSIDE prioritises pet-friendly amenities. The mall features pet shops, professional grooming services, and ample outdoor green spaces, providing a haven for pet owners and their beloved companions to enjoy quality time together.

Aside from retail, the development also dedicates over 10,000 square feet of space to art and culture, with a diverse range of exhibitions and programmes.

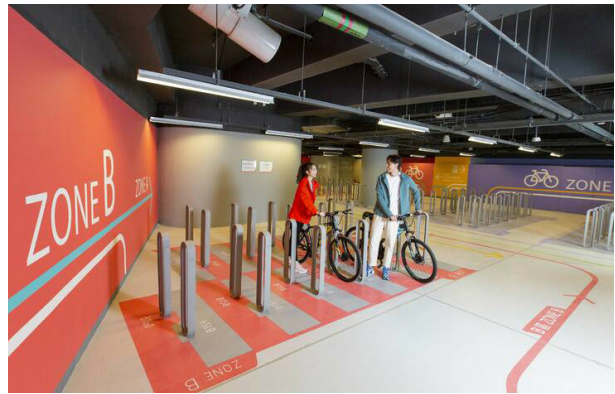


AIRSIDE provides a broad spectrum of cultural programmes to encourage interpersonal engagement and thought exchange within the community

The Wai: A Fusion of Convenience and Community

Meanwhile, MTR Corporation has also unveiled its latest shopping mall, The Wai, which follows the Rail plus Community concept. The 650,000 sq. ft. complex, located atop Tai Wai Station, integrates railway stations, residential blocks, shopping malls, and community facilities into one convenient destination. With four retail floors and around 150 merchants, The Wai offers a diverse range of shopping and dining options.

The Wai goes beyond traditional mall offerings with its commitment to green spaces and sustainable living. The mall boasts Hong Kong's largest indoor bicycle parking lot with space for 330 bicycles and over 50,000 sq. ft. of outdoor green spaces, providing visitors with a refreshing escape from the city noise. It is also connected to the cycle track network, allowing for convenient access for cyclists. Additionally, The Wai features a 5,000 sq. ft. main atrium on the second floor that hosts performances and exhibitions.



The Wai boasts the city's largest indoor bicycle parking lot

At The Wai, visitors also have the opportunity to immerse themselves in a diverse collection of impressive large-scale art installations created by talented local artists. The mall has partnered up with the Hong Kong Design Institute and local designers to develop themed MTR trains which showcase Tai Wai's cultural history and stories through art on Tuen Ma and East Rail lines.

David Tang Chi-fai, Director of MTRC's Property and International Business emphasises that The Wai is a large-scale community facility rather than a shopping mall, to serve residents in the district with carefully considered catering, leisure facilities and public facilities.

With a focus on diversity and inclusivity, The Wai features a cinema, a Japanese udon restaurant, the first Nintendo official store in Hong Kong, and the largest supermarket in the area, Market Place, ensuring a comprehensive and delightful shopping and dining experience.

Legislative Council member Peter Shiu Ka-fai, representing the wholesale and retail sector, said stores at The Wai are diversified and meet public needs. The mall benefits not only Tai Wai residents but also people from elsewhere. He pointed out that in the past, there was only one large mall - New Town Plaza - in Tai Wai and Sha Tin, but now "there is one more choice in the area if residents want to go to other places for dining and shopping in addition to Festival Walk."

Reshaping the commercial landscape

These new-generation malls are receiving positive responses from the market. AIRSIDE has already secured leases for almost 80 percent of its retail space, attracting a diverse range of premium tenants eager to be a part of its sustainability-focused ecosystem. Similarly, The Wai boasts an impressive 97 percent occupancy rate, illustrating strong demand and interest from retailers and businesses alike.

As Hong Kong continues to evolve, AIRSIDE and The Wai will play a significant role in shaping the city's commercial landscape, offering sustainable and community-centric spaces that cater to the diverse needs of residents and visitors alike. These visionary developments are not only retail destinations but also vibrant hubs that foster engagement, well-being, and memorable experiences.

Hong Kong Retail Market in Gradual Recovery so far in 2023 – What's Next?

The retail market has evolved significantly over the past few years, demonstrating tremendous amount of resilience and innovation, especially during COVID. 2023 is a year for stable and gradual recovery, thanks to the return of tourists and the strong demand of local shoppers. In this article, we will examine the current market trends and pinpoint how real estate stakeholders and retailers can seize the opportunities arisen from the changing market dynamics in the post-pandemic era, such as targeting tourists, engaging young shoppers, and exploring new locations and malls.



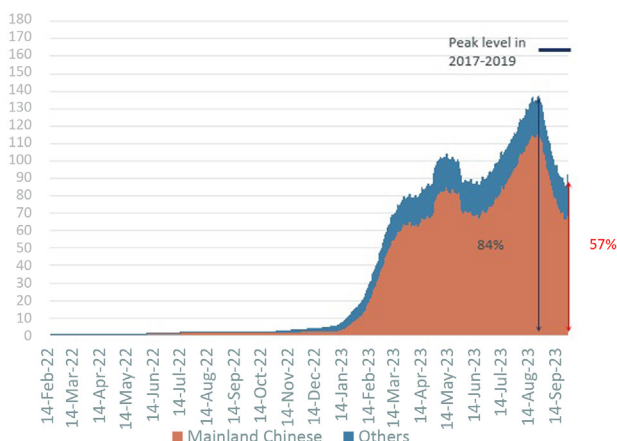
Hong Kong welcomed 1.1 million mainland visitors during the Mid-Autumn Festival and National Day holiday

Embarking on the journey of recovery

It has been almost ten months since the border reopened. According to the Hong Kong Tourism Board, for August 2023, Hong Kong welcomed approximately 4.1 million visitors, 14% up month-on-month, which is equivalent to 84% of the pre-pandemic level 1 (average figure of the same months in 2017-2019).

Figure 1. Number of Monthly Visitor Arrivals in Hong Kong

Visitor arrivals (30-day moving average, '000)



Source: Immigration Department, CBRE Research estimates

Cumulatively over 20 million visitor arrivals were recorded from January to August this year. Hong Kong Tourism Board expected the full-year visitor arrivals to be beyond 30 million, with approx. 80% from the mainland China.

Both “Hello Hong Kong” and “Night Vibes Hong Kong” campaigns have rebooted the tourism industry, driving a gradual recovery for the retail market. As supported by both local and tourist consumption, the government statistics suggested that total retail sales have jumped 20.1% year-on-year in January-July 2023, reflecting an improving consumer sentiment which has resulted in solid leasing momentum across Hong Kong.

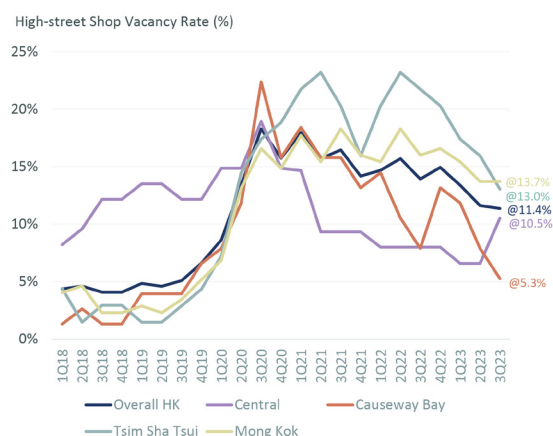
Improving sentiment underpins strong leasing momentum

Leasing momentum continued to be strong since the beginning of the year, with leasing volume in H1 2023 logging the highest half-yearly level on record since 2010.

Several sectors exhibited strong expansionary demand, with increased activities observed along first-tier high streets of core districts in Q2 2023 and major shopping malls. Amongst the key retail trades, restaurants, cosmetics/pharmacies and jewelry retailers were relatively quite active, contributing 41% of leasing volume in Q3 2023.

Solid leasing momentum ensured retail vacancy decline with high-street vacancy going further down to 11.4% in Q3 2023, the lowest since Q1 2020. With the strong leasing demand and lower vacancy, high-street rents rose at a

Figure 2. High-street Shop Vacancy



Source: Immigration Department, CBRE Research estimates

faster rate in Q3, bringing the rental growth accelerated further by 2.4% q-o-q in Q3 2023, after growing 1.2% and 1.9% q-o-q in Q1 and Q2 2023 respectively.

Overall speaking, the retail leasing market continues to track well owing to improved inbound tourism which encouraged some retailers to look for expansion opportunities in core shopping districts.

Attracting tourists for further growth

Yet, there are factors hindering further growth of the retail market, such as the mainland and local economic recovery and Hong Kong's success in luring tourists. Without doubt, it is hard to change the macro environment or the economic recovery progress. However, to maintain the attractiveness to tourists, retailers should keep abreast of their changing consumption habits for further growth.

With a majority of tourists coming from the mainland China, many have pinpointed a key behavioral change – mainland tourists nowadays are keen on immersive experiences, arts and cultural activities such as exhibitions, hiking, musicals and concerts.

To address this, there are already some large-scale festive events in place. The most recent Night Bazaar in Wan Chai Harbourfront offers visitors a taste of the local culture, light meals and snacks whilst enjoying the magnificent nightscape of Victoria Harbour to boost the nightlife scene. Other events include Clockenflap in West Kowloon, music festivals and concerts in West Kowloon and Central Harbourfront.

West Kowloon and the promenades alongside Victoria Harbour are new and appealing to tourists and emerging as one of the tourists hotspots this year after the border reopened, which are driving foot traffic to these areas and the nearby shopping malls.

Landlords and retailers should also step into tourists' shoes and enhance their shopping experiences. For example, with e-payment as a prevalent trend in the mainland China,

retailers can offer multiple payment channels that are user-friendly and convenient for tourists. Landlords can arrange regular shuttle buses between malls and tourists hotspots like West Kowloon and the promenades. As always, little things can make big things happen.

Local consumption driver as foundation

Apart from attracting tourists, retailers should also put efforts in maintaining local consumption as they are the foundation of sales revenue. Hong Kong people have supported the retail market for the past few years when the borders were closed and have a high spending power. Yet, they increasingly opt to cross the border to mainland China and overseas countries to enjoy the joy of travel, which is offsetting the growth brought by the return of tourists.

Amongst the local consumers, engaging young people is important as the next generation is growing up to be the major spender in the market. Real estate stakeholders and retailers are advised to stay up-to-date on the emerging trends among these future big spenders and customize the best-fit retail strategy in the long run.

For example, landlords of some new shopping malls have already integrated entertainment elements into retail spaces to drive more traffic. Some are considering facilities or activities such as indoor wake surfing, roller skating could attract these young people.

What's next for real estate stakeholders and retailers?

After the border reopened, tourists return to Hong Kong – some are going to the traditional core districts such as Central, Causeway Bay, Tsim Sha Tsui and Mong Kok, and some are going to other remote areas to explore the true essence of the city.

While the new, large-scale shopping malls are differentiating themselves from the market with a unique positioning and target audience, the existing malls across different districts have their own edge of inertial foot traffic. Retailers should identify their own edge and choose the locations that are best-fit for them. The locations could be on high streets, or in shopping malls.

Looking forward, we see a noticeable boost in overall foot traffic and business growth, setting a good scene for retail businesses in Hong Kong. It is critical for real estate stakeholders and retailers to capture the market opportunities by tailoring strategy for the target audience whilst exploring the best-fit locations.



Lawrence Wan

Senior Director,
Head of Advisory &
Transaction Services – Retail
CBRE Hong Kong

New Members

All Board members and Honourable members Mr. Raymond Kwok, Mr. Michael Tien, Dr. Roger C.K. Chan, Professor Rebecca L.H. Chiu, Professor Eddie C.M. Hui, Professor Sin Yat Ming and Dr. T.M. Kwong welcome the following new members:

Fellow Member

Dr Choi Po Kin Anthony

Full Member

Kwok Pui Sum
Lung Helen
Pang Daphne
Wong Man Wai Clement
Wong Ngai Hang
So Samantha

Associate Member

Cheung Nico

Student Member

Lau Bo Yin
Ng Wing Kwan

Membership Application

Our Membership is open to any individual person who is a practitioner in shopping centre industry. Students who have enrolled in the course of shopping centre management at HKU School of Professional and Continuing Education (HKU Space) or other relevant courses will also be considered.

Grade of Membership	Annual Fee
Fellow Member	HK \$1650
Full Member	HK \$1100
Associate Member	HK \$ 720
Student Member	HK \$ 280

Online application can be completed at the following link:

www.iscm.org.hk



Upcoming

Seminar

The Future of Retail: Unleashing the Power of Smart Technology, CRM, and AI

Join us for an exclusive presentation on the future of retail, where we delve into the game-changing potential of Smart Technology, Customer Relationship Management (CRM), and Artificial Intelligence (AI). Discover how these cutting-edge advancements are reshaping the retail landscape for FMCG, fashion, luxury goods, automotive, and F&B industries alike. Explore the strategic role of Smart Retailing in fostering personalized customer experiences, streamlining operations, and driving sustainable growth. Gain valuable insights into harnessing the power of CRM and AI to enhance customer loyalty, optimize inventory management, and unlock new revenue streams.

Speaker: Mr Ravel Lai, Chief Information Officer (CIO)
at Uni-China Group

Date: 29 November 2023 (Wed)

Time: 19:15-20:45

Venue: EY wavespace, 22F Citic Tower, 1 Tim Mei Avenue, Central

Fee: \$100 (Members); \$200 (Non-members)

For details & registration, please [click](#)
(before 10 November)

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