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Suria KLCC to redevelop Parkson's lot for RM50m

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Suria KLCC Sdn Bhd is adding over 50 mixed retailers at its former anchor tenant Parkson's spot under a RM50 million redevelopment project to generate higher rental yields and uplift the vibrancy of the shopping mall.

CEO and ED Andrew Brien said the first phase of the project is expected to finish by the fourth quarter of this year (4Q19), and a full completion is set in 2Q20.

He said related approvals and tendering processes have been completed and leasing is already ahead of time.

“We are doing this in response to what our customers want. We know what is happening globally for department stores. We need to provide variety and that is what we do,” Brien told *The Malaysian Reserve* in an interview recently.

“Suria KLCC generates more sales per sq ft than any other retail assets in Malaysia. We are providing a new invigorated customer experience in an increasingly challenging retail environment,” Brien said.

Brien said the company is subdividing the space to the size of less than 10,000 sq ft for each specialty store, or equal to not more than the size of four tennis courts (playing area) combined.

In hindsight, he said a typical anchor lot has a size of more than 100,000 sq ft and a mini-major is above 10,000 sq ft.

At present, Parkson is stripping the three-floor 124,435 sq ft retail, or 12% of Suria KLCC’s total net lettable area, to make way for the redevelopment exercise.

Brien said the Parkson’s ground floor will be filled by new al-fresco cafes, cosmetics and some luxury brands.

On the first floor, the new tenants will be both local and international emerging brands, and some areas will be curated to house pop-up stores of entrepreneurial brands.

The second floor, which houses the Signatures Food Court, will be entirely redeveloped and extended to have up to 30 food and beverages outlets from the current 25 premises.

The first phase, which comprises the ground and first floors, and half of the new food experience, is set to be opened by year-end.

KLCCP Stapled Group owns KLCC Real Estate Investment Trust and KLCC Property Holdings Bhd — a unit that holds 60% stakes in Suria KLCC, while the remaining 40% is owned by CBRE Global Investors Inc.

Brien said the company has been working on the redevelopment plan since late 2017.

Parkson Malaysia, which is owned by Parkson Holdings Bhd, had been one of the anchor tenants for 20 years since the mall opened in May 1998.

The homegrown department store had contributed about 2.4% of Suria KLCC’s total gross income per annum. Suria KLCC has enjoyed 45 million footfall a year with 80% locals and 20% foreigners.

It has generated a RM2.6 billion of gross turnover, to be among Asia’s most successful shopping mall in terms of sales per sq ft.

Some 30,000 office workers within a 10-minute walk from the Petronas Twin Towers have been driving the shopping centre’s footfall.

Suria KLCC registered a pretax profit of RM358.9 last year, up 4% from RM345 million in 2017, according to KLCCP Stapled’s annual report.

Revenue stood at RM460 million in 2018, having climbed 4% from RM442.3 million recorded in the preceding year.

Suria KLCC is staying ahead of the curve on the back of an increasingly challenging retail market.

The opening of so many new malls in the Klang Valley had diluted footfalls, leaving many of the tenants of these business establishments in financial debacles.

In the second half of 2018 report, Knight Frank Malaysia Sdn Bhd has projected the downsizing of hypermarkets as their owners respond to current consumer preference for smaller stores, as well as the closure of non-profitable outlets due to changes in the domestic retail trends.

The property consultant noted in the report that supply continues to outstrip demand, and lesser established and new shopping centres without high pre-committed take-up will continue to face challenges in the diluted retail market.

(Source : https://themalaysianreserve.com/2019/03/27/suria-klcc-to-redevelop-parksons-lot-for-rm50m/)