

# QUICK SURVEY ON MCO AND ITS IMPACT ON SHOPPING MALLS

## EXECUTIVE SUMMARY



Prepared for :

**Persatuan Pengurusan Kompleks Malaysia (PPK) by :**

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# EXCLUSIVITY & PROVISIO

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**Stratos Consulting Group Sdn Bhd**

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- 1) A total of **71 malls** took part in the survey. **43 (61%)** were from **Klang Valley**, **7 (10%)** from **Northern Peninsular**, **11 (16%)** from **Southern Peninsular**, **2 from East Coast Peninsular**, and **8 from East Malaysia**. 46 (65%) of the malls have NLA (Net Lettable Area) of less than 500,000 sq ft, 17 (24%) have NLA of 500,001 – 999,999 sq ft, and 8 are 1 million sq ft and above.
- 2) **During the MCO, 45.1% of the malls reported 80%-90% decline in traffic**, compared to the 6 months prior to MCO. Amongst Central Peninsular respondents, more than half reported 80%-90% footfall decline. Meanwhile, 15.2% of malls with NLA less than 500,000 sq ft were closed entirely during MCO; 50% - 60% of larger malls (i.e. NLA >500,000 sq ft) experienced 80%-90% drop in traffic.
- 3) **52.2% of malls also opined that the government stimulus measures are not helpful to them** (42.3% - not helpful; 9.9% - not helpful at all), while another 33% were neutral. Only 14.1% said the government stimulus package is quite helpful.
- 4) **63% of the respondents preferred the government to waive the statutory payment** of licenses, assessment, quit rent etc. until 31 December 2020. **More than 50% would like tax relief on rental rebates be given without restrictive conditions** such as for SMEs only, and also that wage subsidy to be extended for 6 months for all employees irrespective of number and salary of employees.
- 5) About **33% of the respondents said that their malls can only sustain the current cash flow under the pressure of MCO for a period of 3-6 months**. Another 25% said they could only do so for less than 3 months, while another 23% said it could sustain for 6 months – 1 year.
- 6) Overall, about **23% would like to have more financial or tax relief and support from the government**, another **11% requested clearer SOPs or guidelines** from the government for malls and tenants. Other suggestions from malls included rebates on utility (8.5%), assistance from government (7.6%) and PPK (5.6%).
- 7) During MCO, more than **81% of the malls reported that they have given or intend to give rental rebates** to their non-essential services tenants. More than **20% have also given or intend to give rebates in service charges or advertising & promotion charges**. **30% have also given or intend to give other types of assistance** to the tenants apart from the rebates specified in the survey.
- 8) It is noted that more malls have given or intend to give rebates on rental, service charges and advertising & promotional charges at the beginning stage of MCO (i.e. majority have given or intend to give rebate of 100% during MCO1). As the MCO extended, there were less rebates on rental, service charges and advertising & promotional charges (i.e. majority have given or intend to give rebate of 50% during MCO4). Instead of rebates, some malls provide other assistance, such as more marketing campaigns / promotions to assist tenants; flexible business hours; etc.

# EXECUTIVE SUMMARY (CONT.)



- 9) Majority or 53.5% of the respondents gave or would give rebates to their tenants according to business category, as opposed to across board.
- 10) A majority of respondents think that **their mall business may return to near normal in 6-12 months time**. A significant minority of close to 30% think it could take as long as 12-18 months.
- 11) In terms of measures to win shoppers back to the malls, **Marketing and Promotion was the top measure** selected, followed by enabling more online transactions and improving washroom installations for more contactless usage.
- 12) **More than half of the respondents would adjust their malls' operating hours**, with a majority opting to open at 10:00am - 11:00am and closing at 8:00pm - 9:00pm.

The report is provided as a general overview of trends. Whilst the information contained is believed accurate at the time of publication, it may be subject to future change without notice.

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