



Ringkasan Penyelidikan Jabatan 2/2024 | Suku Ketiga 2024

Factors Influence The Performance and Resilience of Shopping Centres In Melaka



Writer: Terence Lo Yung Wee @ terence@jpph.gov.my

The author contributed this article due to participation in the Research JPPH Programme 2021 – 2023. This article has also received The 2023 Departmental Research Award for the "Best Research Paper" category and was presented at the Research Seminar on 31 October – 3 November 2023 at Holiday Villa Beach Resort & Spa Langkawi. The writer is currently working as Valuer Officer at the Valuation and Property Services Department, JPPH Kuching Branch.

Introduction

Shopping centres, also known as shopping complex or shopping plaza, refer to a group of retail stores and service establishments usually with ample parking facilities and anchored by department stores, especially enclosed centres as well as added entertainment and experiential features such as lifestyle centres, factory outlet centres and festival marketplaces. Returns on shopping centre investments include income in the form of rentals on commercial space and accommodation and capital based on the appreciation of properties. However not only economic factors such as inflation and interest rates have an impact on the performance of investments in shopping centres, other factors also play a role especially where shopping centre design is concerned.

The coronavirus outbreak in the early months of 2020 imposed a significant threat to the tourism industry in Malaysia. The state of Melaka, known as a famous historical state in Malaysia and one of the major roles in tourism attraction has significantly affected by the pandemic. According to report shown in CEIC platform via data provided by Department of Statistics Malaysia, number of Melaka visitors dropped by about 72% over a three-year period, starting from 2019. Data from National Property Information Centre (NAPIC) shows that numerous shopping centres in Melaka experienced low vacancy rates or closures in third quarter of year 2022 as shown below:

No.	Location	Vacant
1	Pasaraya Samudara Jaya Melaka	100.0%
2	The Store Jalan Hang Tuah	100.0%
3	Orchard Square	100.0%
4	Hatten Square Suites & Shoppes	66.8%
5	Melaka Mall	60.2%
6	Bukit Beruang Street Mall	58.6%
7	Malakat Mall Masjid Tanah	100.0%
8	Element Mall @ Hatten City	100.0%
9	Vedro Mall Melaka	100.0%
10	Imperio Mall @ Hatten City	100.0%

Research Objectives

In this study, a conceptual framework approach is applied to understand the factors influencing the performance of shopping centres and to analyse the information and data obtained from research instruments with an emphasis on understanding and interpreting the subjective experiences of respondents. The main objectives of this study are as below:

- i. To identify the factors affecting the performance of commercial shopping centres.
- ii. To determine the significance of these factors contributing to the performance of commercial shopping centres in Melaka.
- iii. To determine the main factors contribute to the resilience of shopping centre's performance in Melaka throughout the pandemic Covid-19.

Selection sampling are applied in this study, focusing on certain large-scale shopping centres with high occupancy rates and situated within similar locality. The shopping centres selected for this study are as below:

No.	Shopping Centres	Year Built	Occupied
1	Plaza Hang Tuah	1996	42.8%
2	Mahkota Parade	1993	91.6%
3	Dataran Pahlawan Melaka Megamall	2005	80.4%
4	Aeon Mall Bandaraya Melaka	2009	100.0%
5	The Shore Shopping Gallery	2012	100.0%

Findings

Objective 1: Factors affecting the performance of commercial shopping centres.

The sources of factors are collected through websites, newspapers, journals, reports, and previous related studies. These published sources are used as supporting information in identifying the factors that influence the performance of shopping centre both internally and externally, as summarized below:

External Factors	
Location Attributes	Building Attributes
Surrounding Infrastructure - Transport hub such as bus stop, taxi stop and pedestrian walkway	Building Design - Horizontal layout of the shopping centre
Accessibility - Entrance or main routes to the shopping centre	Multi levels - Vertical layout of the shopping centre
Traffic Flow - Amount of passengers or pedestrians around the shopping centre	Renovation - Building specification that need to be restore in the shopping centre
Extension Possibility - Land or space to extend or expand area of the shopping centre	Building Environment - Atmosphere or decoration of the shopping centre
Existing & Future Competition - Other similar outlets or centres around the shopping centre	Loading Zones - Freight or package movement within the shopping centre
Theft & Criminal Elements - Safety concern around the vicinity of the shopping centre	Secure Parking - Vehicle parking availability and visitors access to the shopping centre
Internal Factors	
Management Strategy	Tenant Relations
Source of Management - In-house vs Out-source application	Tenant Mix - Selection of tenant store types
Health & Safety - Emergency kits and equipment installed in the shopping centre	Lease Terms - Lease terms and condition concerns by tenant
Financial Management - Income and expenditure handling	Tenant Services - Quality of services provided by tenant toward management or customers
Management Services - Staff management toward quality of services to customers	Tenant Financial - Tenant stability of payment to management
Staff Relations - Teamwork and communication efforts on routines	Marketing - Effective promotions and advertising provide by tenant
Mechanical & Electrical System - Application of advance system or IT in shopping centre	Retailing & Quality Merchandising - Attraction and quality of product present by tenant

Objective 2: Significance of factors that contributes to the performance of shopping centres in Melaka.

The response from all the approached respondents were collected through the selection of factors and analysed using ranking system. Results show that the **accessibility** factor is the most important attribute contributing to the shopping centres performance, referring to the planning of entrances or main routes leading to the shopping centre. Besides, **building design** and **secure parking** are also highly significance as compared to other attributes which contribute to the building factor of shopping centres performance.

While in the internal scope of factors, **financial management** is the most important attribute contributing to the management factor of shopping centres performance, involving the handling of income and expenditure cost within the management of shopping centre. Likewise, **marketing strategy** is also an important attribute contributing to the tenant factor of shopping centres performance, which refers to the effective promotions and advertising initiate by tenants in the shopping centre.

Objective 3: The main factors contribute to the resilience of shopping centres performance in Melaka throughout pandemic Covid-19.

In this part of findings, priority factors contribute to the resilience of respective shopping centres performance throughout the period of pandemic Covid-19 are collected subjectively on every respondent’s opinion that can be summarized as follows:

Section F - Resilience of Shopping Centres Performance	
Location Attributes	1. Strategic access planning to the shopping centre
Building Attributes	1. Convenient layout
Management Strategy	1. Strong funding and cost control
	2. Teamwork among management staff and tenants
	3. Hygiene and sanitation management
Tenant Relations	1. Marketing activities and online advertising
	2. Tenant mix
	3. Quality of products merchandising
	4. Attractive rental rates charges

Conclusion

The findings highlight key factors that contribute to the performance of shopping centres, including entrance accessibility, building layout design, vehicle parking, financial management, cost handling, and marketing and advertising efforts. Additionally, insights from the management team revealed priority factors that supported the resilience of shopping centres during the pandemic period.

The findings of this study may serve as a guidance to identify factors which can be applied in different types of valuation purposes, such as business valuation or property valuation relating to either existing or upcoming performance of shopping centres in Melaka. As such this study can be useful and served as performance indicator to relevant parties such as business operators, property consultants as well as property developers in which involved in the commercial development sector.