ABSTRACT

Retail real estate in the twenty-first century will be a function of how a number of forces impact critical interdependencies between marketplace and market space. These include which stores will be dominant in terms of scale, style, location; the role, ambiance and competitive position of the shopping malls while considering the appeal and pervasiveness of electronic shopping (Business to consumer e-commerce, B2C e-commerce).

As retailers experience transformation in their businesses, the facilities in which those businesses operate are subjected to similar transformational forces. However, this consideration introduces great tension as real estate inherently is a long-term investment, a commitment whose financial performance is measured in the expectation of decades.

This study seeks to examine the impact of B2C e-commerce and the effect of technology on traditional retail sales, retail property values and percentage rents (applicable to retail space which is subject to the Percentage Rental System) through two case studies of Suntec City Mall and The Heeren Shops. The problem(s) created by B2C E-commerce for physical retail space owners and managers are also discussed. The study also analyses the types of products and services susceptible to Web marketing through a consumer survey. The traditional percentage rent model is discussed and proposals for a new rent
model to account for online sales are suggested. The three types of products most susceptible to online shopping are homogenous goods and consumer-
durable products of well-known brands from the consumer survey.

The case studies reveal that Suntec City Mall and The Heeren Shops are not affected by the influx of B2C E-commerce. The asking rentals of rental space in the two malls are still determined by the demand and supply of retail space in Singapore without taking in account B2C E-commerce. The development of B2C E-commerce in Singapore in the future is still unclear. There must be continuous research in assessing the impact of B2C E-commerce on sales generated from traditional physical retail space.

Keywords: Marketplace, Market Space, B2C E-commerce, Online Sales