

ARA THOUGHT LEADERSHIP SERIES: Research Commentary

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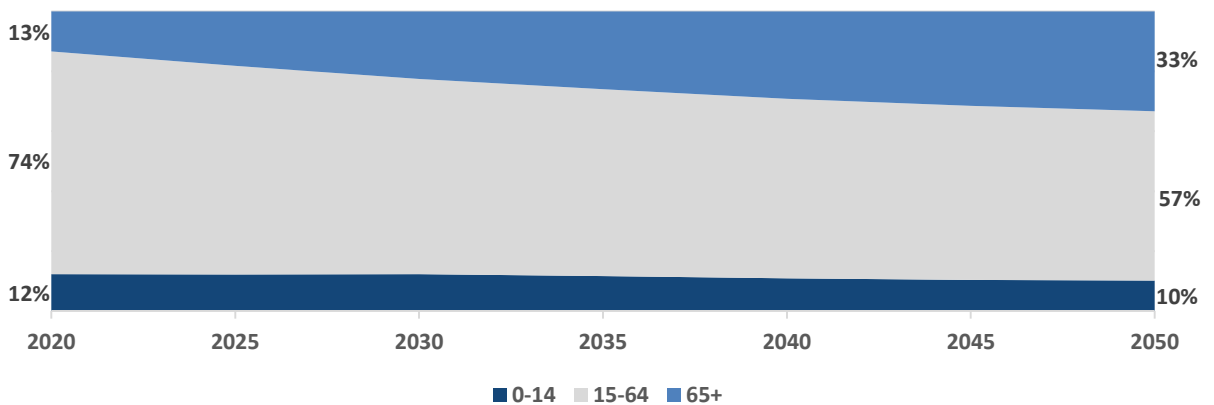
The opportunity of the silver dollar

The rise of e-commerce and other factors have forced Singapore’s retail malls to evolve in recent years. To stay relevant, many malls have adopted innovative technologies and strategies. Take Funan mall for instance, which re-opened in mid-2019 with an indoor bicycle track, co-living facility, and more.

While such strategies could help malls appeal to the younger tech-savvy generations, they may not be ideal for Singapore’s seniors (age 65 and above). This could become a missed opportunity, as seniors are likely to become an increasingly important consumer group in Singapore due to two trends: 1) their increasing number, and 2) their rising spending power.

As put by Amy Khor, Singapore’s Senior Minister of State for Health, “ageing should be looked on as silver dividends to be reaped, rather than a silver tsunami to be feared.” (*The Straits Times*, 22 September 2019)

Singapore’s ageing population



Source: UN World Population Prospects 2019, ARA Research & Strategy





Singapore’s growing senior population

Singapore’s declining birth rate and rising life expectancy will drive the expansion of the country’s senior population. Between 2020 and 2030, the local senior population is forecasted to almost double from 0.8m to 1.4m. In contrast, based on data by *UN World Population Prospects 2019*, Singapore’s working age population (age 15 to 64) is predicted to shrink while the number of children (age 14 and below) stays stagnant.

Aside from increasing in number, Singapore’s senior citizens are also likely to have continual spending power going forwards. As the life expectancy of Singaporeans increases, many will be working for an extended time to fund a later retirement. The government is also set to facilitate this trend. It recently announced plans to lift the retirement age from 62 to 65 and the re-employment age from 67 to 70 by 2030. The growing senior population with continual employment, would support a greater consumption among this age cohort as compared to the past generations.

Age (years)	Employment rate (%)		
	1998	2018	Change
65 to 69	18.0	43.8	25.8
70 to 74	10.6	26.8	16.2
75 and over	3.0	9.2	6.2

Source: Singstat, ARA Research & Strategy

Strategies to attract the silver dollar

Based on recent research and case studies of Japanese malls that cater to seniors, there are at least three types of strategies that can be used to capture this silver dividend.

1. Capitalize on tendencies of seniors

Some of Japan's retail malls employ programs that tap on the habits of the country's elderly. AEON Kasai, a mall in Tokyo, has what it calls "Gold Time", where discounts and special deals are offered before 9am each day. This strategy is designed to attract Japan's elderly, who tend to rise earlier.

Another example is Japanese department store Keio's loyalty card program. The card awards points based on the number of visits in order to attract seniors, who tend to have more free time.

2. Free services

Malls can also attract seniors by offering free services that cater to their needs and wants. For example, many Japanese malls offer free fitness-related activities and facilities, since seniors are often highly concerned with their health and wellbeing. Malls in Singapore are starting to catch on, with Jurong Point Shopping Centre recently launching a free gym for senior citizens.

3. Specialized marketing and goods and services

Using marketing and providing goods and services that cater to seniors is another important strategy, especially in Singapore. According to a survey of Singaporean seniors by Nielsen, provision of these specialized goods and services is lacking in the local retail environment. 65% of respondents highlighted the lack of aging-needs products, while 48% identified the absence of a wide range of products to meet elderly needs. These include food products that meet special dietary requirements and personal care products for seniors.



Opportunities in Singapore and Asia Pacific

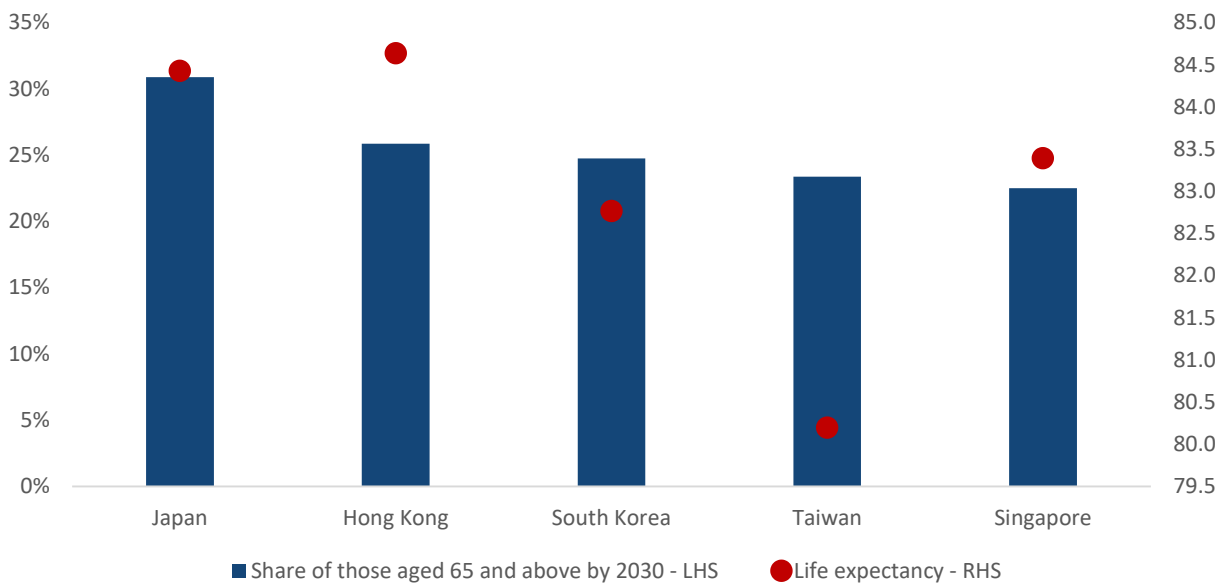
Overall, the rising number and spending power of seniors in Singapore will make them a key consumer group going forward. To capture the silver dollar, retail malls must avoid sidelining senior consumers. Instead, seniors should be integrated into the mainstream group of mall visitors using certain strategies, such as offering more specialized senior retail trades.

Another way to attract the silver dollar involves creating a neighborhood mall that targets large local senior catchments. Areas like Bedok and Tampines are attractive for such a concept given their large senior population.

Given its multicultural nature, Singapore is also an appealing market to test a senior-focused retail mall. The concept can then be fine-tuned and localized for other Asia Pacific markets that have similar demographic characteristics, such as Hong Kong, South Korea, and Taiwan.

Neighbourhoods as defined by the URA for planning purposes	Population aged 65 and over (2019)
Bedok	51,160
Tampines	35,340
Hougang	34,780
Ang Mo Kio	33,980
Bukit Merah	32,390
Jurong West	31,460

Source: onemap.sg, ARA Research & Strategy



Source: UN World Population Prospects 2019, ARA Research & Strategy

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ARA Asset Management Limited (ARA or the Group) is a leading APAC real assets fund manager with a global reach. With S\$87 billion in gross assets under management as at 31 December 2019, ARA manages listed and unlisted real estate investment trusts (REITs) and private real estate and infrastructure funds in 28 countries. As part of its investor-operator philosophy, ARA also operates a real estate management services division with local teams to manage its assets worldwide.

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Prior to joining ARA in 2018, Sean worked at CPG Consultants, providing economic research to its Urban Planning and Integrated Solutions departments.

Having majored in economics at the University of Michigan, and equipped with brief experience in urban planning and facilities management, Sean offers an alternate approach to property market research.



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Dr Chua Yang Liang heads up the Group Research & Strategy team at ARA Asset Management. He is responsible for monitoring the economic and property markets across Asia Pacific, and providing strategic advisory to the Firm.

Dr Chua has almost 20 years' experience in the research and planning-related field. His most recent stint was with JLL where he headed their research teams across South-East Asia.

Trained as an urban planner, Dr Chua brings to the Firm a different perspective to property market research and he publishes original papers covering property market updates as well as investment and property related matters.

Dr Chua obtained his doctorate and Masters in City Planning from the University of Pennsylvania, USA. He has a Bachelor of Science (Estate Management) First Class Honours, from the National University of Singapore

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