

Sunway Malls' first-quarter sales beat expectations

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Chan says Sunway Malls' first-quarter performance provides a strong footing for the remaining quarters.

PETALNG JAYA: Despite inflationary headwinds and absence of Employee Provident Fund (EPF) withdrawals, Sunway Malls' sales performance beat expectations and registered 19% year-on-year growth for first-quarter 2023 (Q1'23) on the back of a stronger festive quarter and healthy demand for out-of-home dining.

The group, which has seven physical malls and one digital mall, saw its sale performance come in above expectations with sales growth at 12% in January, 25% in February and 22% in March respectively.

Commenting on the performance, Sunway Malls & Theme Parks CEO HC Chan said: "Certainly, Sunway Malls is off to a good start with a strong Q1 providing a strong footing for the remaining quarters. And this is achieved without the liquidity infusion from EPF easing."

For the record, the retail industry had benefited from the RM150 billion EPF withdrawals over the last two years.

“Certainly, this large-scale liquidity which was bigger than the individual gross domestic product of 100 countries and once-in-a-life booster was unprecedented. It is unlikely to be repeated,” said Chan.

In the first quarter, Sunway Malls’ sales increase was largely driven by high growth in the travel-related, entertainment, fashion, beauty, food & beverage, and health & personal care categories.

As international borders opened up, pent-up demand saw the travel-related category grow the highest at 178% among Sunway Malls’ retail categories.

Mega blockbusters, more movie releases and healthy demand for leisure pushed entertainment up by 52%.

The beauty as well as health & personal care categories saw an improvement of 21% respectively while fashion registered a 24% jump from a year ago.

Within the fashion category, better-than-expected performance in the men’s category saw a growth of 94%. Footwear performed well with a growth rate of 34%. Other commendable growth were unisex fashion at 27%, bags at 26%, children’s wear at 25% and ladies’ fashion at 24%. The performance was largely attributed to strong festive buying.

Similarly, in the F&B category, demand for out-of-home dining and premium dining accelerated growth for family dining with an uptick of 40% while casual dining came in with 20% growth.

“There has been a breakthrough as the F&B category has emerged as one of the Top 20 sale categories in Sunway Malls, which was previously dominated by non-F&B categories,” shared Chan.

This is in tandem with the growing dominance of F&B in recent times whereby it occupies 25-30% of the total nettable area. This is expected to increase to 35-40% in the near future.

In line with the growing importance of F&B, Sunway Malls has in its pipeline as well in its current portfolio a host of casual dining and family dining brands that include Pokok, Serai, Tujoh, Ah Yum by Kampong Kravers, Me’nate Steak House and others to cater to the increased demand.

The mall group takes cognisance of several key headwind themes prevailing – inflationary pressure, labour shortage, global supply chain disruption, interest rate and tariff hikes, climate change – among many others which continue to drive business costs up and weigh heavily on margin and profitability for the remaining of the year.

However, it remains optimistic given its proven track record, strong branding and network of retail partners.

In spite of the current and future headwinds, Sunway Malls continues its expansion mode with development of more retail space. The mall group will undergo 800,000 sq ft retail space Asset Enhancement Initiative exercise in Sunway Pyramid and Sunway Carnival. Sunway has announced plans to build a mall with a retail space of 1 million sq ft in Sunway City Ipoh which is expected to be completed by 2025.