

The importance of tenant mix in real estate success

BY JOEY WONG

Over my 30 years as an architect designing mixed-use projects in urban settings — residential, hotels, offices and retail — success always hinges on how spaces are weaved into the urban fabric and everyday life.

Retail and hospitality form the public-facing heart. They require careful planning plus built-in flexibility to evolve with trends. That's what makes positioning (or repositioning) retail assets so compelling: from upfront strategy to curating tenant mix and building a realistic long-term leasing pipeline.

In mixed-use, retail is the engine driving foot traffic, vibrancy and spillover value that elevates offices, residences and hotels. Without it performing strongly, the whole development can feel disconnected.

At the core of retail planning are anchor tenants — their placement and selection. These magnets establish identity and guide circulation. Thoughtful positioning (around location, size and visibility) sets the tone; without the right anchors, smaller tenants and the ecosystem often struggle.

The same logic applies to investors hunting undervalued assets: a project is truly investable only if a retail revival potential is realistic through permeable strategic planning, smart anchor placement and thoughtful adjacencies.

Tenant mix isn't logo-chasing; it's spatial synergy. How do long-dwell uses connect physically with quick-turnover ones? How does one feed the next to build momentum, not silos?

The goal is an ecosystem where tenants complement rather than compete fiercely, creating synergy that drives cross-traffic, longer visits and sustained vibrancy across the mixed-use stack. Owners make this seamless by crafting



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destinations where retail activates the neighborhood and keeps customers coming back.

Quality GFA, not just any GFA

Positioning retail is critical. It starts with high-quality gross floor area (GFA) and permeability, but tenant mix truly unlocks the potential.

Refurbishing an asset is often mistaken for a “refresh”. Among investors, there is a natural, almost instinctive tendency to focus on

the packaging — the surface-level aesthetics like interior fit-outs, new signage or facade treatments. While these matter, they're interchangeable over time. The true foundation of an asset's success lies in its core planning and the quality of its GFA.

I've been reflecting on why some projects struggle despite significant refurbishment. Usually, it's a fundamental conflict: maximising “sellable area” on drawings and spreadsheets versus ensuring actual commercial acti-

vation of the asset. Many owners instinctively push to maximise every centimetre of leasable space. Yet over-optimising for square footage can deactivate the people flow a commercial property needs to thrive.

I see shopping malls with extensive street frontage — great visibility, perfect for integration with the neighborhood — yet layouts fixate on shop counts at the expense of permeability. When mall entrances are placed too far apart, a simple trip to an anchor supermarket can stretch into 400m roundtrip, even when the destination sits just 10m away.

Instead of pulling people in, the planning pushes them away. A high-end interior refit cannot solve a layout that fails sensible retail planning.

The same logic applies when common areas are minimised to enlarge individual shop sizes. On paper, those units look like profit-makers; in reality, they're hidden deep in the floor plan, with no connectivity or visibility to the street. By prioritising size over presence, visibility and frontage are sacrificed. These units become the hardest to lease because they lack the physical presence to engage the market.

Core planning decisions such as connectivity, permeability and people flow are permanent. Interiors can be refreshed next year, but a planning failure that blocks customers is far harder to fix.

Strategic planning isn't a cost; it's capital protection. It's the foundation that secures return long after the packaging fades. ■

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REITS

OUE REIT to convert over 2,100 sqm of chiller system space at OUE Bayfront into office space

BY JOVI HO

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OUE Bayfront has obtained planning approval to convert a chiller system area on level 17 into prime office space. The conversion, expected to be completed by 1H2027, will free up over 2,100 sqm of gross floor area that can be converted into prime office space, the manager of OUE REIT said on March 24.

With the estimated capital expenditure of up to approximately \$43 million, the space conversion is expected to deliver a stabilised return on investment exceeding 11%, according to OUE REIT.

The manager intends to draw down on existing loan facilities to fully fund the space conversion.

OUE Bayfront began work in 2025 to connect to the District Cooling System (DCS). Once in operation, the DCS will enable OUE Bayfront

to “significantly” reduce energy consumption, improve cooling efficiency and lower greenhouse gas emissions, says the REIT manager.

This will contribute to OUE Bayfront's net-zero transition plan and OUE REIT's 2030 sustainability target of reducing Scopes 1 and 2 absolute greenhouse gas emissions from commercial assets by 40% by 2030.

Connecting to the DCS will also enable OUE Bayfront to decommission its existing chiller system on level 17.

Han Khim Siew, CEO and executive director of the manager, says: “At OUE REIT, we view sustainability not only as a moral imperative, but as a strategic and structural imperative that is integral to delivering long-term value creation.”

The conversion of the in-building chiller system area into new prime office space follows OUE Bayfront's upgrade to the BCA Green Mark Platinum certification last year.

“Moving forward, we will continue to



The conversion, expected to be completed by 1H2027, is estimated to cost up to \$43 million and deliver a stabilised return on investment exceeding 11%

identify and implement sustainability-led asset enhancement initiatives that future-proof our portfolio and deliver enduring returns for our stakeholders,” says Han.

The conversion is not expected to have a material effect on the net tangible assets or aggregate leverage of OUE REIT and its subsidiaries for the financial year ending Dec 31.

OUE Bayfront is one of the REIT's six office, hospitality and retail assets located

in Singapore, alongside One Raffles Place, OUE Downtown Office, Hilton Singapore Orchard, Mandarin Gallery and Crowne Plaza Changi Airport.

In February, OUE REIT announced it is acquiring a 19.9% interest in Salesforce Tower in Sydney for \$175 million.

OUE REIT exited China in end-2024, divesting its Shanghai asset, Lippo Plaza, for RMB1,917.0 million (\$357.4 million then). ■