Impact of RTS on Singapore's Retail and F&B Sectors

Commissioning Partners

Restaurant Association of Singapore

SBF

SRA Singapore Retailers Association

Empower Business | Build Connections | Transform Retail

Knowledge Partner*

Supporting Partners

CapitaLand Investment

Frasers Property

*Transaction Insights and Analyses by Mastercard

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FOREWORD

The Johor Bahru–Singapore Rapid Transit System (RTS) Link will mark a step change in cross-border connectivity. By reducing travel time to minutes and significantly increasing capacity, it will reshape commuting patterns, consumer behaviour, and the competitive dynamics between Singapore and Johor Bahru.

For Singapore's retail and food and beverage (F&B) sectors, this shift is not merely incremental. It is structural.

SBF, SRA and RAS engaged Mastercard as our Knowledge Partner to provide transaction insights and analyses that informed us in making our policy recommendations. Our joint study with Mastercard finds that while the RTS will drive higher levels of cross-border activity, the impact on Singapore's retail and F&B sectors is expected to be net negative, with outbound spending by Singapore consumers outpacing inbound flows from Johor. This reflects the strength of value-seeking behaviour, particularly in everyday consumption categories such as groceries, drugstores, and dining, where price differentials are most pronounced.

Importantly, these pressures are not confined to businesses in the North. The effects are expected to be broad-based across the island, with all regions outside the Central area experiencing net outflows. Essentials and dining sectors, which underpin daily domestic consumption, are among the most exposed.

These findings reinforce a clear reality. The RTS Link will intensify existing cross-border spending trends and accelerate a structural reallocation of demand, rather than create entirely new patterns of consumption. For many businesses, particularly small and medium enterprises, this will translate into tighter margins, weaker footfall, and increased pressure to compete on factors beyond price.

At the same time, the RTS Link will deepen economic integration between Singapore and Johor and unlock new flows of people, ideas, and investment. It will expand the potential consumer catchment, increase inbound visitation, and create opportunities for businesses that are able to differentiate, collaborate, and adapt to a more integrated cross-border environment.

We should not resist these shifts but respond to them with clarity and intent.

This report sets out a series of recommendations developed in close consultation with industry stakeholders, trade associations, and partners. These recommendations are grounded in empirical analysis from our joint study, consumer survey data, and extensive industry engagements with businesses across the retail and F&B ecosystem.

They focus on three priorities:

A. Stimulate Local Demand

First, to stabilise and sustain domestic consumer spending in the face of increased outbound demand, particularly in categories and locations most exposed to cross-border substitution.

B. Boost Tourist Spend

Second, to better capture and grow inbound demand, by strengthening Singapore's attractiveness as a destination for experiences, events, and higher-value consumption.

C. Support Business Adaptation

Third, to enable businesses to adapt and remain competitive in a more integrated Singapore–Johor corridor, by addressing structural cost pressures and supporting new operating and business models.

Taken together, these measures aim to ensure that Singapore's retail and F&B sectors remain resilient and competitive, even as the broader economic landscape becomes more interconnected.

The RTS Link represents both a test and an opportunity. Its eventual impact will depend not only on infrastructure, but on how effectively businesses and policymakers respond. With coordinated action, Singapore can sustain its value proposition, strengthen its distinctiveness, and position itself to benefit from a more integrated regional economy.

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President
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Kok Ping Soon
Chief Executive Officer
Singapore Business Federation

Ernie Koh
President
Singapore Retailers Association

Retail & F&B remain significant contributors to Singapore's economy, jobs, and tourism

Economic Contribution

S$16.6B
Contribution to Singapore's Economy (2025)

Sales Value

S$19.3B
Total F&B Sales Value (2025)

S$52.2B
Total Retail Sales Value (2025)

Employment

The Wholesale & Retail Trade and Accommodation & Food Services industries employ approximately:

721,800
People

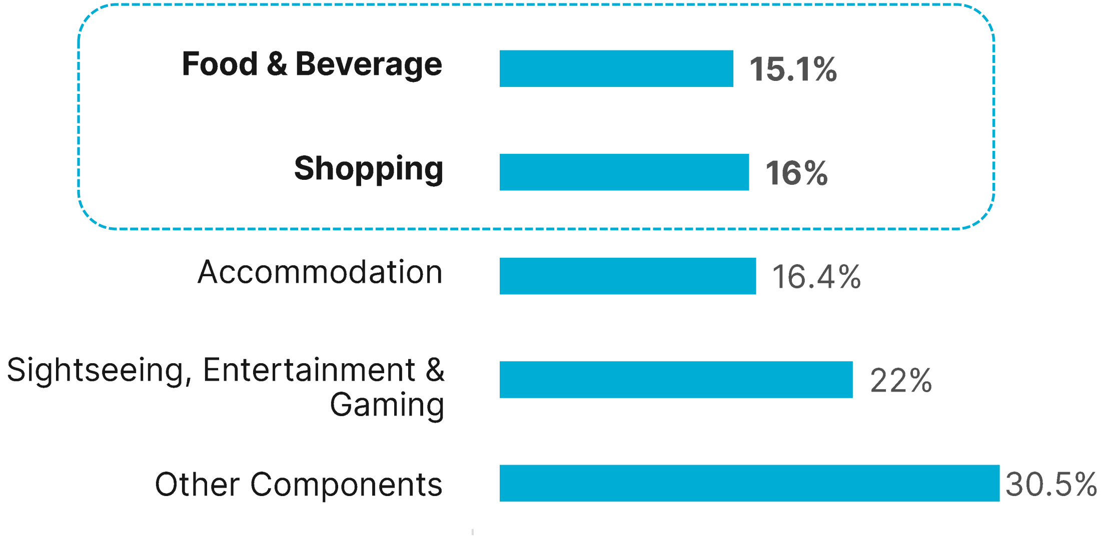
17.5%
of total employment
(excl. migrant domestic worker)

Tourism

31%
Total tourism receipts

Shopping and dining contributed about **one-third** of total tourism receipts (2025)

Tourism Receipts (2025)



Source: SingStat, Singapore Tourism Board, Ministry of Manpower

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Study Approach | Integrate insights from Mastercard consumer spend data and consumer surveys to size RTS impact on SG retail and F&B sector. Industry feedback also considered in forming recommendations

Key Objectives

1. Understand the spending patterns and shopping habits of **Singapore-issued cardholders**[1]
2. Understand the spending patterns and shopping habits of **Malaysia-issued cardholders from Johor**
3. Project **RTS' impact** by categories and locations
4. Understand **Singapore businesses' views** of upcoming RTS
5. Develop **policy recommendations** to address challenges and capture opportunities

Approach

By Mastercard | By SBF | By SBF, SRA, RAS

1 Historical Spend Analysis

- **Group retail sub-categories** by mapping relevant Singapore Standard Industrial Classification (SSICs) to Mastercard Merchant Category Codes (MCCs)
- Analyse **Mastercard spend data**[2] to understand **historical spend** patterns of (i) SG-issued cards and MY-issued cards in **Singapore and JB**, and (ii) comparable corridor of **Hong Kong (HK) and Shenzhen (SZ)**

2 Consumer Research

- Conduct **survey of SG and JB consumers** on current cross-border shopping behaviours and future changes post-RTS launch

3 Impact Sizing

- **Group firms** by categories and locations
- Analyse **historical spend by firm segments**
- Outbound historical spend analysis and consumer research outcome to **estimate impact of RTS on key segments** by category and location

5 Recommendations

- **Develop policy recommendations** based on **quantitative and qualitative** insights from both **consumer and industry analyses**

4 Industry Consultation

- Conduct **Focus Group Discussions (FGDs)** with SG's retail, F&B and broader business ecosystem to understand expected RTS impact, sector-specific challenges and support required

1. Includes Singapore Citizens, Singapore Permanent Residents and Foreigners working and residing in Singapore excluding tourists
2. All Mastercard transaction data analysed in the study are historical and anonymised

Study Approach | Historical Spend Analysis

OBJECTIVE

METHODOLOGY

1 Mastercard Data

Use historical Mastercard transactions to identify traveller behaviour

- **Time Period:** 2023-2025 data was used for the SG-JB corridor, whereas 2019-2025 data was used for the HK-SZ corridor due to Express Rail Link (XRL) opening in late-2018
- **Spending Category:** Mastercard's MCCs were mapped to relevant retail SSICs and aligned with SBF and its partners
- **JB definition:** JB + Johor Premium Outlet (JPO) are considered together for JB spend due to popularity of JPO as a shopping destination amongst Singapore consumers
- **SG region definition:** Urban Redevelopment Authority (URA)'s regional definitions were used for geographical spending analysis within Singapore

2 SG-JB Corridor

Identify spending behaviour of Singapore and JB consumers by mode of travel

- **SG traveller definition:** Cards issued in SG with at least 1 in-person spend within JB
- **JB traveller definition:** Cards issued in MY with at least 1 in-person spend within SG **and** majority of their domestic spending within JB
- **Trip-level analysis:** Defined a SG-JB cross border trip as a day trip or any series of consecutive days containing at least 1 in-person cross-border transaction per day
- **Analysis :** SG consumer spending behaviour in JB analysed from various angles including growth over time and breakdown by categories. Similar analysis performed for JB-SG.

3 HK-SZ Corridor

Identify spending patterns post HK-SZ XRL opening that are relevant for this study

- **HK traveller definition:** Cards issued in HK with at least 1 in-person spend within SZ
- **Time Period:** 2019Q1 used as benchmark spend period for baseline HK consumer spend in SZ. 2020-2022 spend period excluded from analysis due to XRL closure during COVID
- **Analysis:** Analysis covered growth in total spending from HK-issued cards in SZ, as well as relative share of spend within HK versus SZ for each category.
- **Relevance:** Spending behaviour observed in HK-SZ case study helped support relevant insights from this RTS study

Study Approach | Consumer Research

Survey Structure

Key Objective	Mastercard, with support from Frasers and CapitaLand, conducted surveys to **understand consumer sentiment** and how **behaviours may change** following the RTS implementation

Section		Key Datapoints	Rationale
Respondent Profile		• **Demographic data** including age and place of residence	**To ensure aligned representation of survey demographic by URA planning areas and consistency with**
Trips Analysis	Number of trips	• The number of **trips taken pre-RTS by mode** • The number of **expected future trips taken post-RTS**	**To understand the frequency of travel by mode, and how much we can expect the frequency to change post-RTS**
	RTS adoption rate	• **The percentage of future trips taken with RTS**	**To understand the adoption willingness of RTS post establishment**
Spend Analysis	Spend per trip	• **The amount spent on each trip pre-RTS by mode and category** • **The amount spent on each trip post-RTS by mode and category**	**To understand the amount that was spent per trip, and how much we can expect the spend to change**
	Substitution rate	• **The percentage of all spend that would have otherwise happened in Singapore by mode and category**	**To how much of the total spend would have otherwise happened in Singapore, and how much of the total spend is new spend**

Other Survey Details

	Singapore Consumers	JB Consumers
Period	12th – 23 March 2026	12th – 18th March 2026
Responses Collected	1,720	425

Study Approach | Impact-sizing methodology estimates net impact by modelling outbound and inbound impact separately. Key drivers include trip uplift, spend per trip and substitution rates

OUTBOUND FROM SG

1A Spend in SG today

- MC **spend data** breakdown by **industry** (MCC groups)
- Allocate industry **spend by region** using MC geolocation data

Total SG spend by **industry** and **location** (pre-RTS)

2A Spend in JB today

- MC **spend data** breakdown by **industry by modes**
- **Derive spend per trip** breakdown by **industry** for bus/train vs car trips and triangulate with survey results
- **Use survey responses** on JB as model input

JB spend per trip by **industry** for bus/train trips and for car trips

3A Post-RTS change in JB spend

- Obtain **current # annual trips from SG into JB** via **land**
- **Estimate trip uplift** using survey outcome - % RTS adoption x JB trip frequency uplift with RTS
- Estimate change in **spend per trip** with RTS adopters **by industry and travel mode**

Uplift in # of trips for bus/train vs car trippers

Change in spend per trip by industry for each travel mode

4A Outbound impact from SG

- Apply **substitution factor** (% of spend that were substituted from SG)
- Calculate SG outbound spend **by industry**

Outbound spend from SG by **industry**

INBOUND INTO SG

1B Spend in SG today

- MC **spend data** breakdown by **industry** (MCC groups)
- Allocate industry **spend by region** using Mastercard transaction insights
- **Use survey responses** on SG as model input

Total SG spend by **industry** and **location** (pre-RTS)

2B Post-RTS change in SG spend

- Obtain **current # annual trips from JB into SG** via **land**
- **Estimate trip uplift** using survey outcome - % RTS adoption x SG trip frequency uplift with RTS
- Estimate change in **spend per trip** with RTS adoptors **by industry**

Uplift in # of trips by pre-RTS travel mode

Change in spend per trip by **industry**

4B Inbound SG spend impact

- Calculate increase in SG spend **by industry**

SG spend uplift by industry

Estimate **net impact on SG by location and categories**

- Net impact = **Inbound (Step 4B) – Outbound (Step 4A)**
- Allocate **industry impact** to **SG regions** using SG geolocation spend share in Step 1A and Step 1B
- Run **scenario analysis** with # trips and substitution rate as main levers, to see estimates for base, bear, and bull scenarios

From Mastercard transaction insights | From survey | From Singapore and Malaysia govt statistics (tourism, immigration)

Study Approach | Industry Consultation

Overview of FGDs

- SBF **conducted 5 Focus Group Discussion** (FGD) sessions between March – April 2026 to **gather qualitative industry insights** on the **anticipated impact of the RTS Link** on Singapore's retail and F&B sectors
- Industry feedback was used to understand **on-the-ground experiences and anticipated RTS impact** on consumer behaviour and competitiveness, and identify **operational concerns, sector-specific challenges, business adaptation strategies and support required**
- These were eventually incorporated into the **joint policy recommendations put forth by RAS, SBF, and SRA**

Types of companies/stakeholders engaged

Number of Participants

- **53 participants**
- **42 companies and organisations** across the retail, F&B, and broader business ecosystem in Singapore

Comprised of:

- Mall operators and landlords
- Grocery and convenience retail
- Pharmacy, beauty, wellness, and optical retail
- Lifestyle and department store retail
- F&B, restaurant groups, and related supply chain
- Thought-leadership entities

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Executive Summary

About the study

The SBF RTS study is the first that examines not only the **incremental outbound spend from Singaporeans** spending in Johor Bahru, but also the **incremental inflows arising from Johor consumers** spending in Singapore

The bottom line

We estimate a **net annual outbound spend of –S$290M** (0.4% of 2025 SG retail and F&B sales) to Singapore's retail and F&B sectors

- We expect a **S$1.05B outbound spend** to JB, which outpaces **S$756M inbound spend**
- This is based on a forecast of **39.7k RTS trips daily**, similar to RTS' own projected ridership of **40k**

Scenarios swing from **–S$2.5B (Bear)** to **+S$650M (Bull)**, depending on the magnitude of increase in RTS trips and amount of JB spend expected to substitute SG spend today

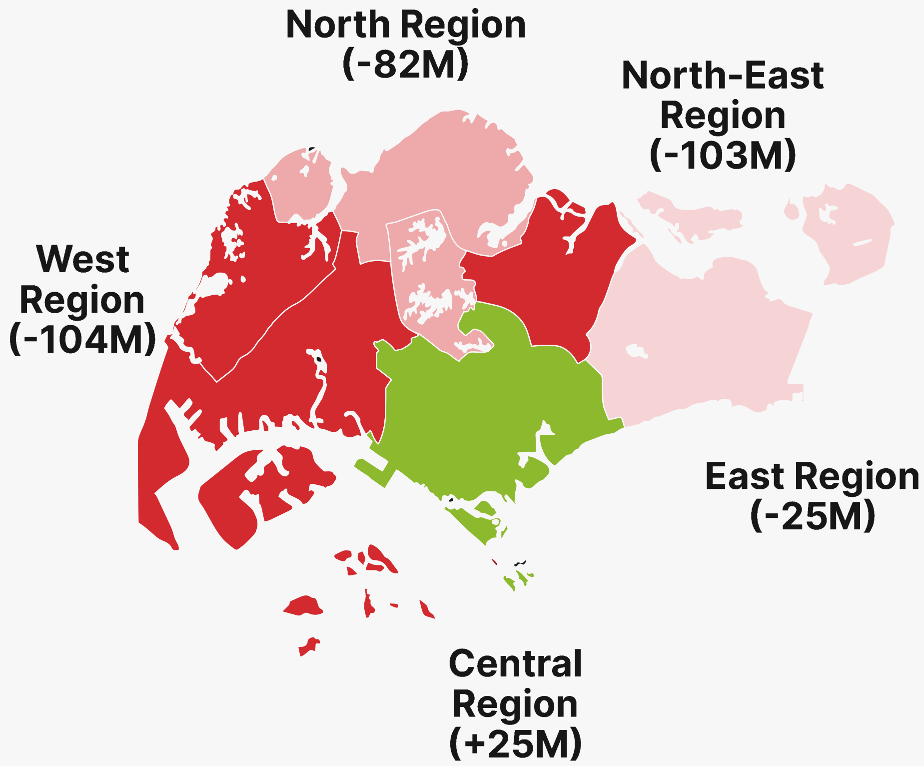
Non-Central regions take the biggest hit

Central is the only net gainer with incremental inflow of **+$25M**; every **other region expect net outbound impact**

- **All regions** expected to experience **outbound spend in Essentials** (Groceries, Drug Stores) and **Dining** (Restaurants & Cafes)
- **Central** captures the lion's share of **JB inbound spend** in **higher-end retail, entertainment, hotel and dining**, offsetting the outbound spend in the essential industries

Exhibit 1

Net incremental impact to Singapore's retail and F&B sectors, across regions in Singapore (Annual, S$)



Executive Summary

Incremental outbound spend of S$1.05Bn

Singapore consumers continue to **chase value** across the border.

- We expect a **51% jump in outbound trips** by Singapore consumers to JB post-RTS
- Groceries see the largest outbound spend by absolute amount, followed by Drug Stores, Dining and Beauty
- Similar trends were observed when the Hong Kong-Shenzhen Express Rail Link (XRL) re-opened after COVID

It's not just existing bus/train users

Both public and private transport users are expected to increase spend in JB with the launch of RTS

- Public transport users tend to visit JB more for **dining, drug stores** and **beauty services** due to lower prices, and will **increase their frequency** of similar trips
- Private transport users will start taking trips on RTS that **mirror the public-transport profile** — i.e. less on groceries, more on drug stores and beauty services

Outbound dollar impact is not concentrated in the North

Other regions see greater net impact from RTS launch

- **North** already experiences stronger outbound spend than other regions pre-RTS, hence the incremental loss due to RTS is limited
- **Central** is expected to see the highest outbound spend by amount due to existing concentration of spend in this region, but it will also experience the highest inbound spend.

Incremental Inbound Spend of S$756M

JB consumers visit Singapore for **experiences and shopping**.

- JB leisure travellers cross the border for **events** (e.g., concerts) and **higher-end retail**
- Private transport users intend to take the RTS to Singapore as **couples**, **stay overnight**, and spend on **entertainment**
- Public-transport users intend to travel with **friends** for **shopping (Fashion and Department Stores)**

Watch-outs

While the dial moves on **final RTS fare, SGD–MYR rate** and broader **macroeconomic conditions, the ability of Singapore Government and retail businesses** to strengthen Singapore's attractiveness and boost tourism is **likely the most significant influence** on whether the eventual impact trends towards the bear or bull scenarios

Executive Summary

Voices from the Singapore Retail and F&B Sectors

Four signals consistently emerged *across the focus group discussions with ~40 retail and F&B operators*

1. Outbound spend to JB is already growing; RTS will accelerate it

- **E-commerce** puts competitive pressure on local retailers today
- Softer **weekend footfall and basket sizes** already evident in local groceries, pharmacy, beauty and discretionary categories
- RTS will reduce **evening, late-night and weekend** local spend

2. Price competition is unsustainable; differentiation is the answer

- SG cannot out-price JB given its **structural cost base**
- Differentiated concepts such as **experiential retail and dining, service quality, stronger heritage and night-time** are key
- **More coordination** between tenants, landlords and government

3. Rising structural costs limit ability to compete effectively

- **Higher manpower, rental and compliance** costs crowd out investments in **retail innovation and customer experience**
- **Foreign-worker constraints**, with Malaysian labour potentially shifting to JB post-RTS

4. Businesses, in particular SMEs, call for greater ecosystem support

- RTS may intensify competition from **larger players with stronger scale, operational efficiencies and cross-border presence**
- Call for **support for businesses outside the central region, cross-border partnerships and business facilitation** to remain competitive

Executive Summary

Joint Proposed Recommendations

RAS, SBF, and SRA propose 10 recommendations spanning 3 action areas, *to strengthen business readiness and help business capture opportunities from the upcoming RTS Link*

A. Stimulate Local Spend

1. Support Domestic Consumption in Retail and F&B
2. Review Policy and enhance support for differentiated retail and F&B experiences

B. Boost Tourist Spend

1. Leverage mega-events to capture RTS-enabled visitor spending
2. De-centralise event infrastructure to areas outside Central region
3. Reinvent night-time offerings to support longer stay
4. Create a “Twin Cities, One Destination” experience
5. Extend tourist tax refund eligibility to land-border travellers to stimulate higher-value retail spending

C. Support Business Adaptation

1. Enable Business Asset Enhancements
2. Facilitate Cross-Border Business Optimisation
3. Address Longstanding Business Cost Pressures – Manpower, Rentals

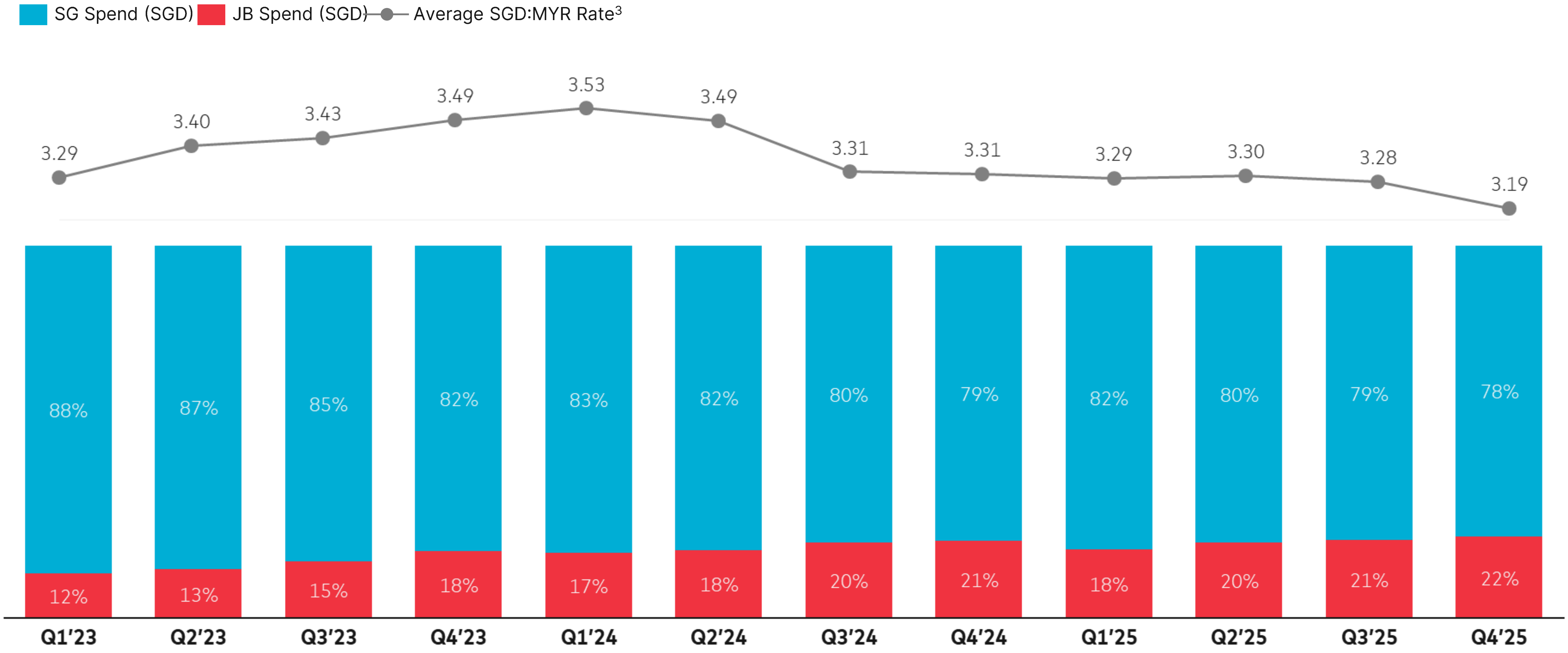
Contents

SG → JB

Consumer Spend & Travel Behaviour

SG→JB | JB is capturing a growing share of the SG–JB consumer wallet, with JB wallet share nearly doubling from 12% to 22%

Q-o-Q trend of JB[1] and SG spending[2] by JB travellers (Q1'23 – Q4'25)

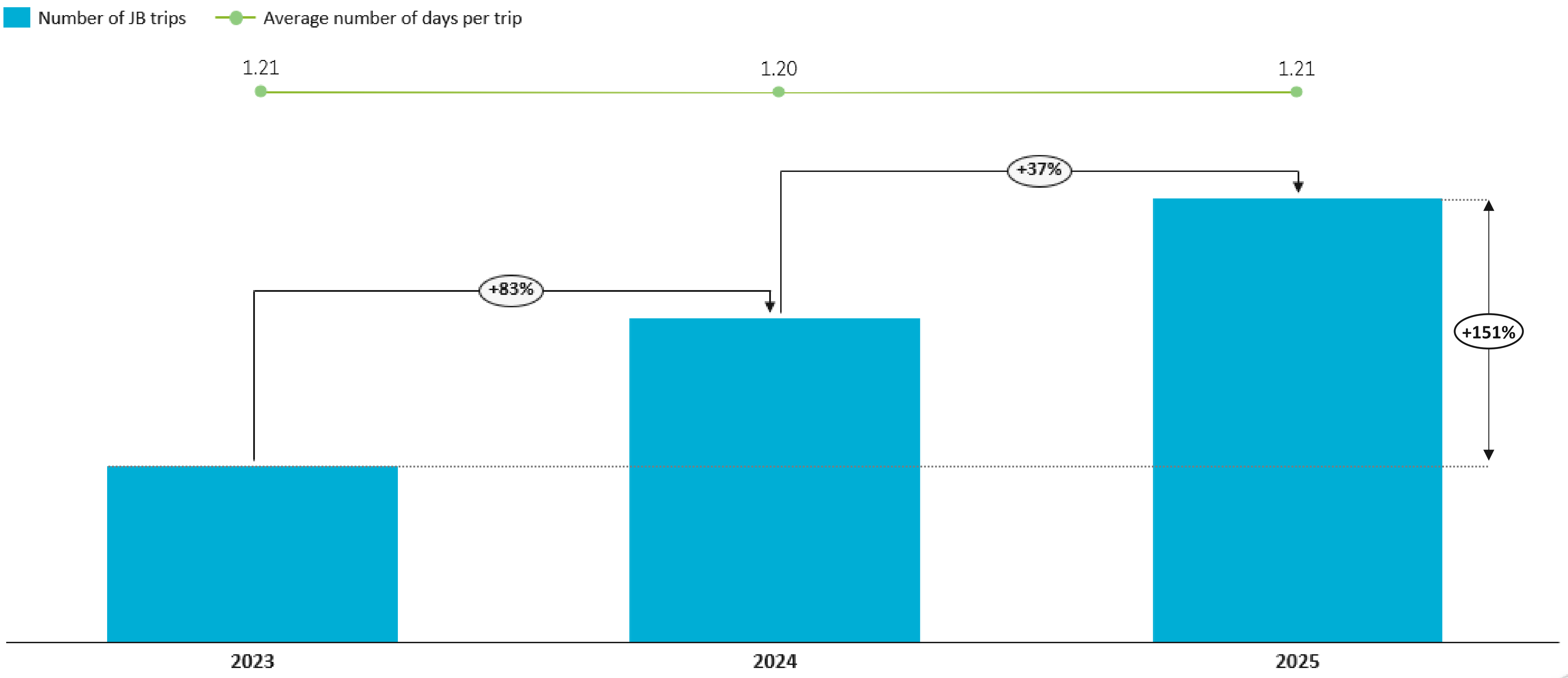


Source: Mastercard transaction insights

1. *Total in-person spend in JB/JPO from SG-issued cards*
2. *Total in-person spend in Singapore from SG-issued cards*
3. *Average of exchange rates from MAS website*

SG→JB | The number of JB trips[1] observed from Mastercard's transactions has more than doubled[2] since 2023, with 4 in 5 trips being day trips

Y-o-Y trend of number of JB trips using existing trip definition[1]

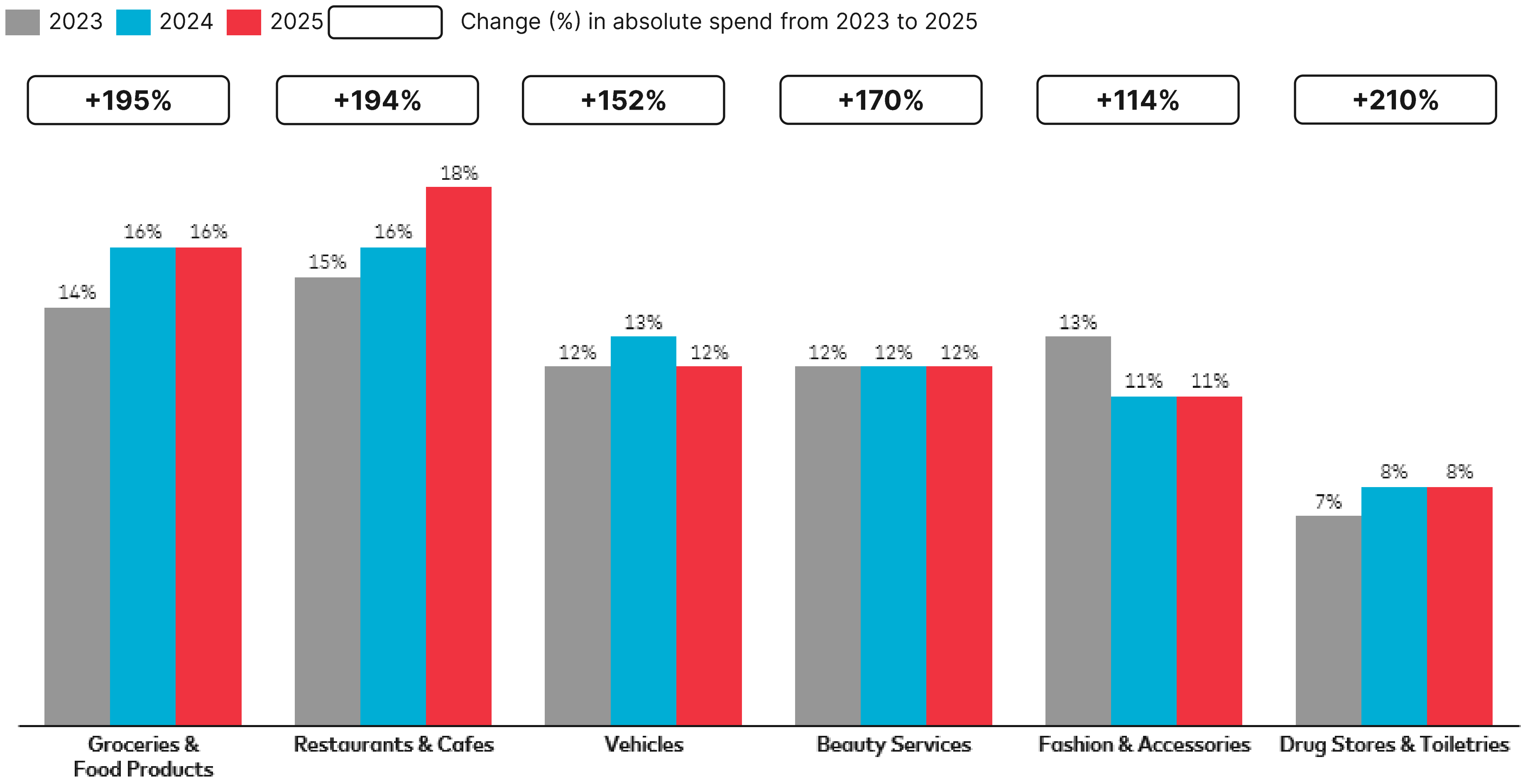


Source: Mastercard transaction insights

1. *Trip defined as any single day (day trips) or consecutive days with a in-person JB/JPO transaction from a SG-issued Mastercard credit or debit card*
2. *The observed increase in trips may therefore be due to increasing card penetration/Mastercard usage and/or actual increase in trips made from Singapore to Johor Bahru, and is not meant to replace any official government statistics on the increase in cross-border travel between Singapore and Johor Bahru*

SG→JB | Spend in JB was mainly in Groceries, Dining, Vehicles and Beauty; absolute JB spend increased across all categories since 2023, especially in Drug Stores, Groceries and Dining

Changes in spending distribution[1] and total spend[2] across top categories in JB by SG-issued cards (2023 – 2025)



Other categories[3]

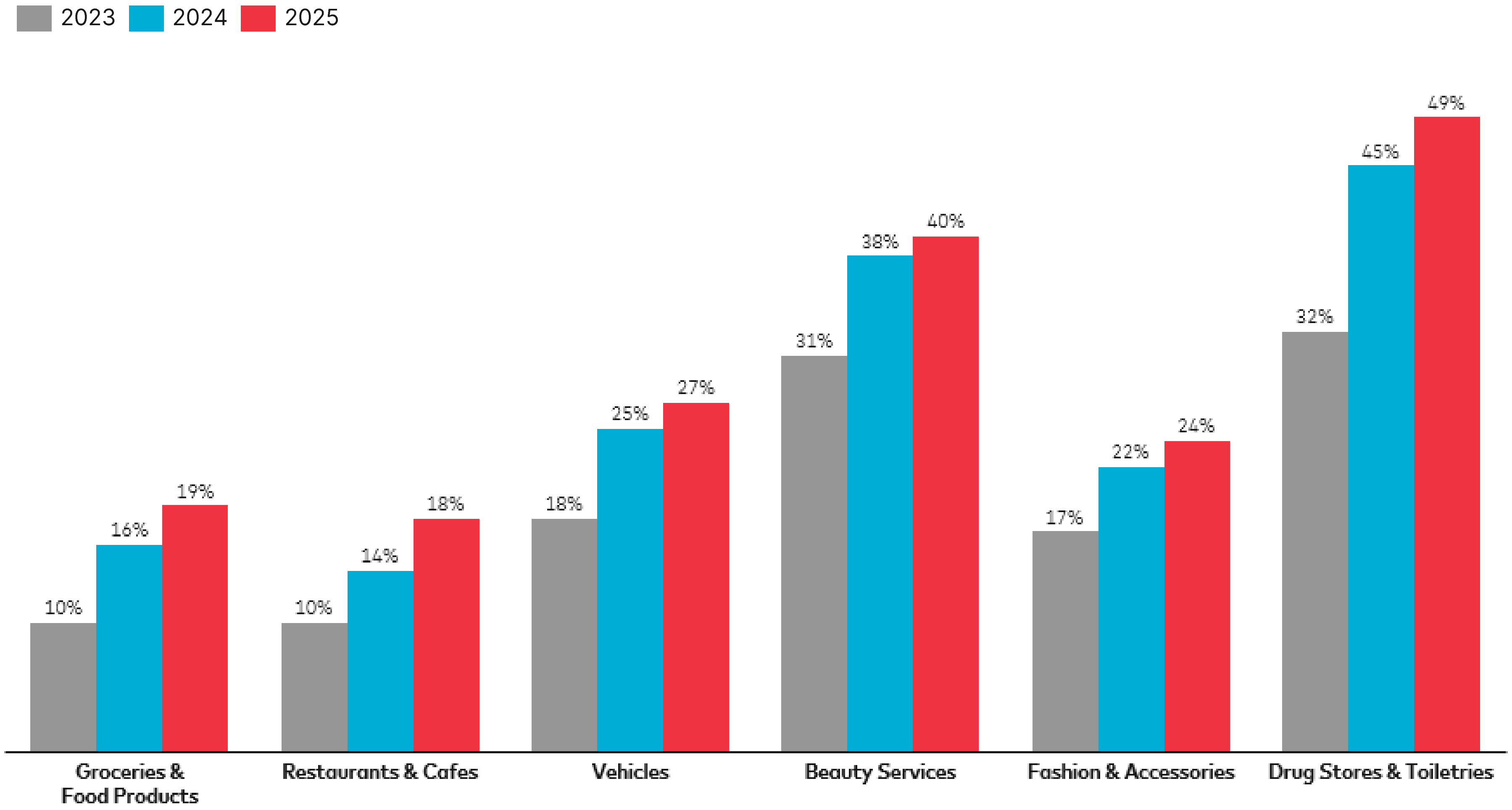
- Spend distribution across other categories[3] are relatively lower, each accounting for between about **1% to 10%**
- Despite lower share levels, **most categories more than doubled in absolute spend** between 2023 and 2025

Source: Mastercard transaction insights

1. *Total in-person spend in Category X within JB over Total in-person spend across all categories within JB*
2. *Total in-person spend in Category X within JB in 2023 over Total in-person spend in Category X within JB in 2025*
3. *Other industries include: Furniture, Jewelry, Other Retail, Hotels, Fast Food, Pubs, Recreation/Entertainment, Repairs*

SG→JB | Over the past 3 years, spend has shifted from SG to JB across most categories, with highest JB penetration in Drug Stores and Beauty Services

JB share of spend[1,2] across categories (2023-2025)



Other categories[3]

- JB penetration in most other categories ranges from about **10% to 25%**

Source: Mastercard transaction insights

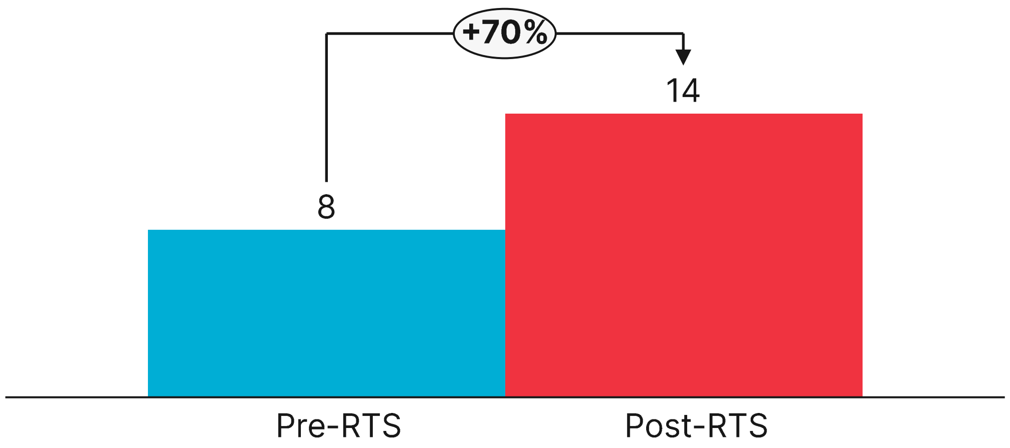
1. *Total in-person spend in Category X within JB over Total in-person spend across category X within JB + SG*
2. *Among SG-issued cards with least 1 in-person transaction in JB within the year*
3. *Other industries include: Furniture, Jewelry, Other Retail, Hotels, Fast Food, Pubs, Recreation/Entertainment, Repairs*

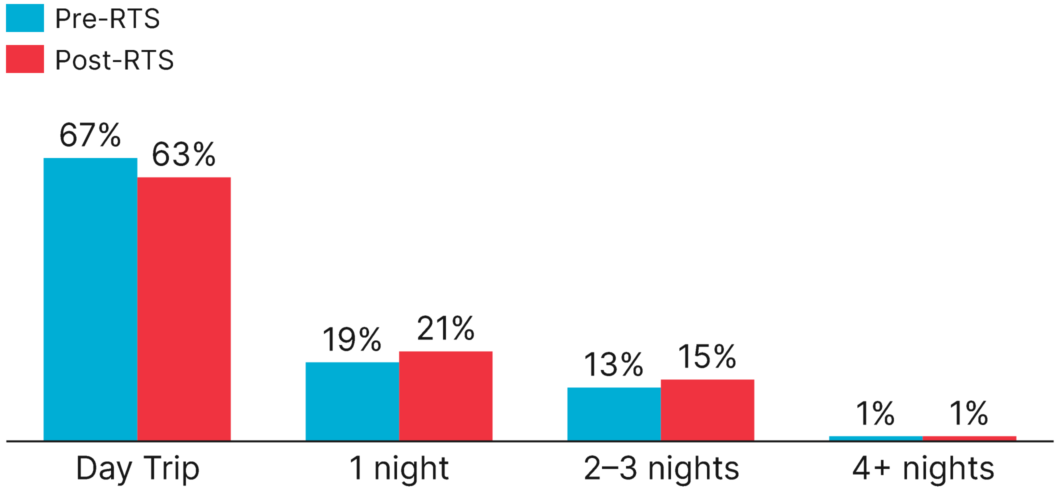
SG→JB | Post-RTS, both public and private transport users expect to increase trip frequency by 30-70%; Majority of trips remain day trips

Average trips per year

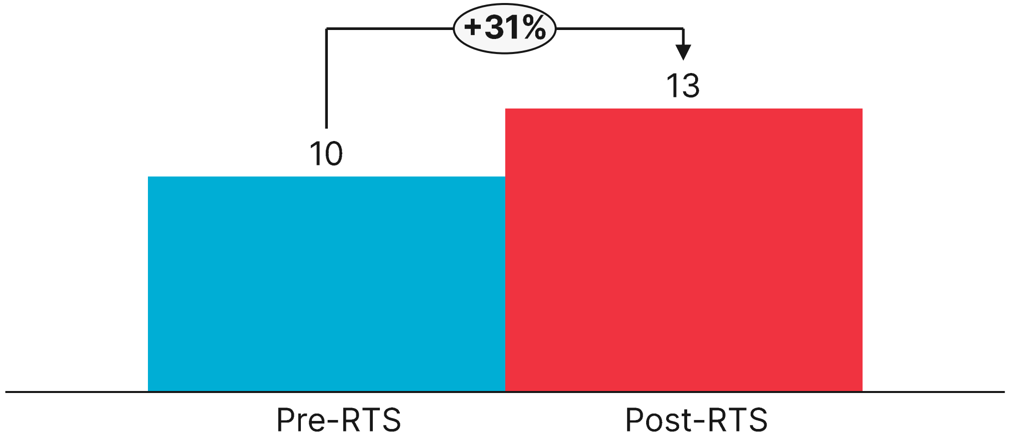
Length of stay (% of respondents)

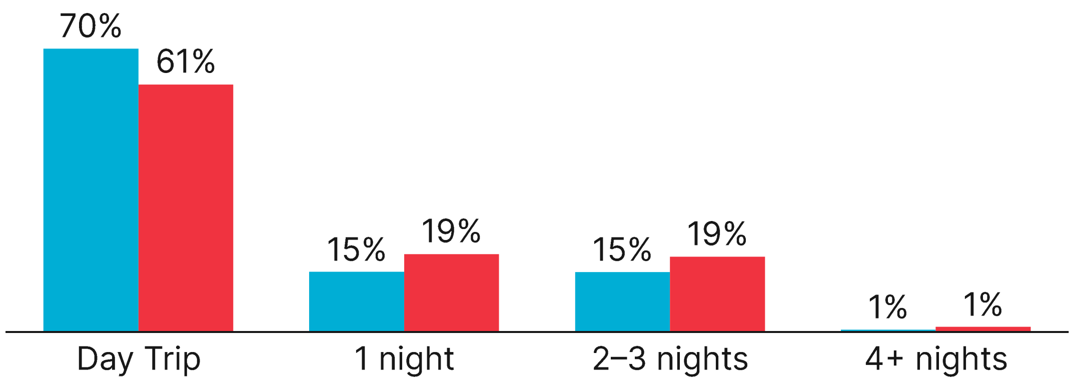
Bus/KTM - > RTS





Car/Others → RTS



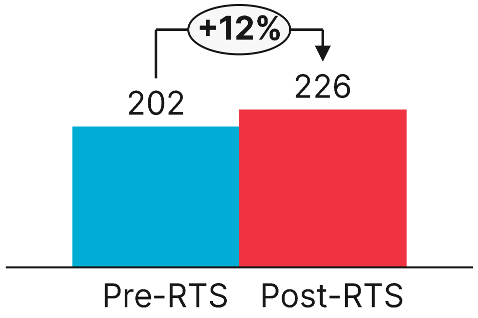


Source: Singapore Consumer Survey
Q (left): What best describes your travel frequency to Johor? In 2027 (post-RTS launch), how often do you think you will travel to Johor?
Q (right): Typically, how long do you stay in Johor per trip? In 2027 (after the RTS is in operation), how long do you expect to typically stay in Johor on each trip?

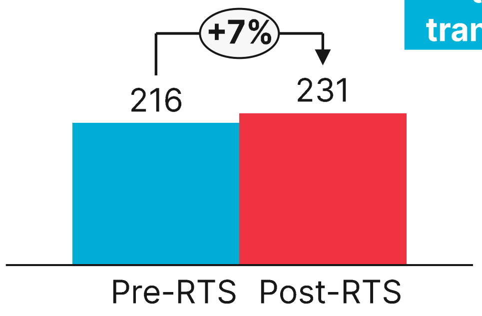
SG→JB | Post RTS, public transport users expect to do more solo and dining trips in JB, while private transport switchers expect to take the RTS as couples for health & beauty supplies and services

Spend per trip (S$)

Bus/KTM - > RTS



Car/Others → RTS



Spend behaviour by category akin to public transport user

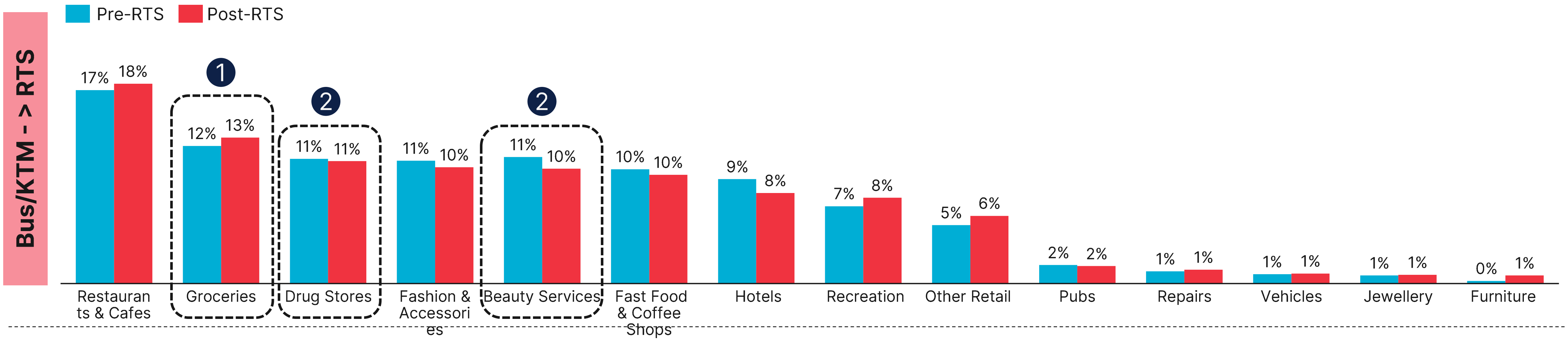
Key Attributes, Singapore consumer survey

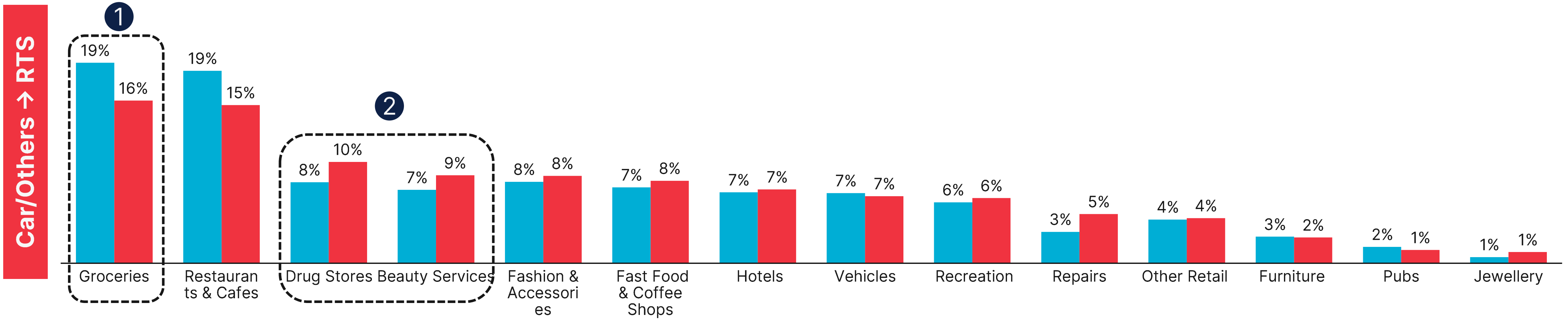
Solo Travellers	• **45% say they will travel alone** post-RTS (up from 40% pre-RTS)
Foodies	• **Most answered Dining** (73%) for trip purpose post-RTS • Restaurants and cafes has the **highest spend share** among all categories (18%) • **Prefers Asian cuisines** (e.g. Hai Di Lao, Oriental Kopi, Palsaik KBBQ) vs. Western • Outside malls, **Mount Austin** is top area for Dining (45%)
Value Seekers	• **Lower prices overall** (69%) and **Favourable exchange rates** (51%) were the most selected reasons for JB travel among survey respondents
Couples	• **59% say they will travel with their partners** post-RTS (up from 55% pre-RTS)
Health & Beauty Shoppers	• Strong post-RTS spends in **Drug Stores** (up 34% in average spend per trip) and **Beauty Services** (up 28%) • Consistent with how public transport users behave today, roughly 10% of total trip spends in each category • Increase in spends paired with **decrease in Groceries** (down 13%)
Intentional Spenders	• Stronger skew towards **wider variety of products/services** as motivators for spending in JB (e.g. availability of Cantonese movies in JB)

Source: Singapore Consumer Survey

SG→JB | While the nature of trips remain constant for public transport users, private transport users expect to start taking some trips on RTS and spend more like public transport users, i.e. less on Groceries and more on Drug Stores & Beauty Services

Spend share by category





Source: Singapore Consumer Survey

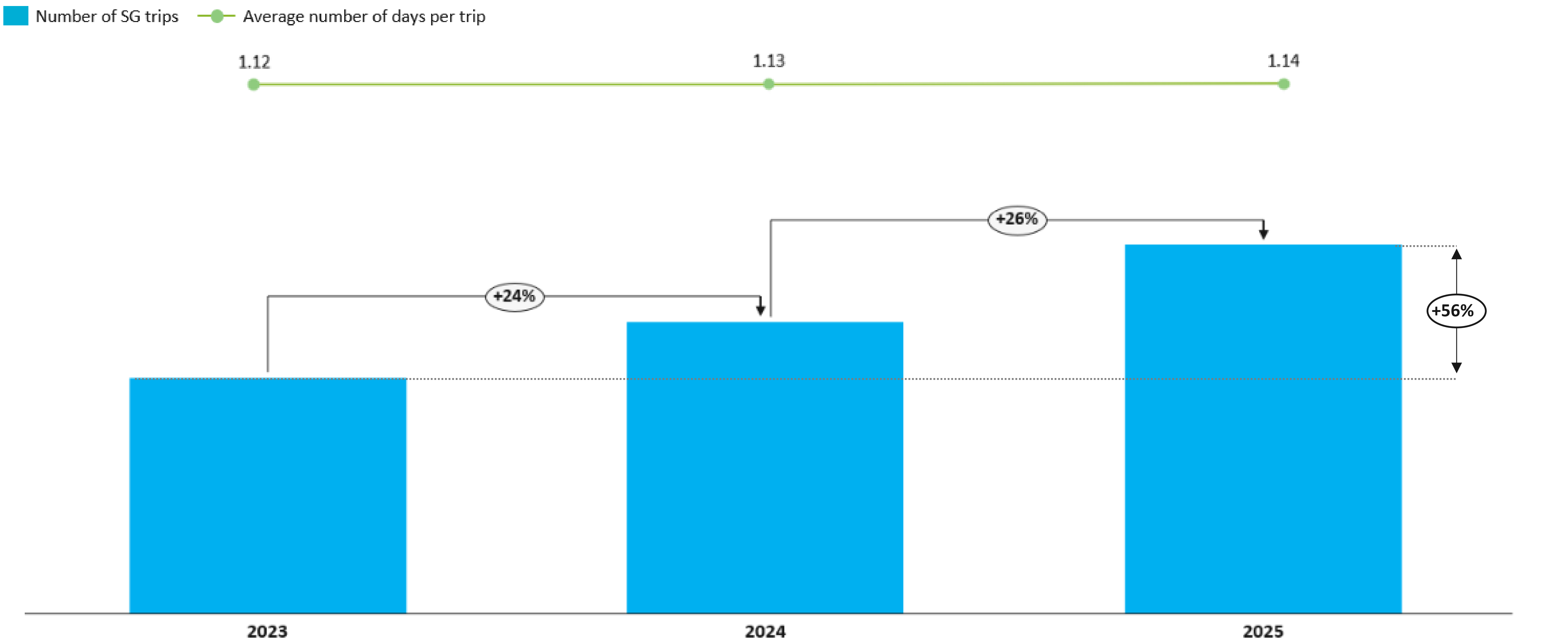
Q: For each category below, about how much do you typically spend per trip in Johor across all payment methods? Thinking ahead to 2027, about how much do you expect to spend per trip in Johor on each category?

JB → SG

Consumer Spend & Travel Behaviour

JB→SG | The number of trips[1] from JB to SG, observed from Mastercard's transactions, has increased by more than half[2] since 2023, and are mostly day trips

Y-o-Y trend of number of SG trips using existing trip definition[1]

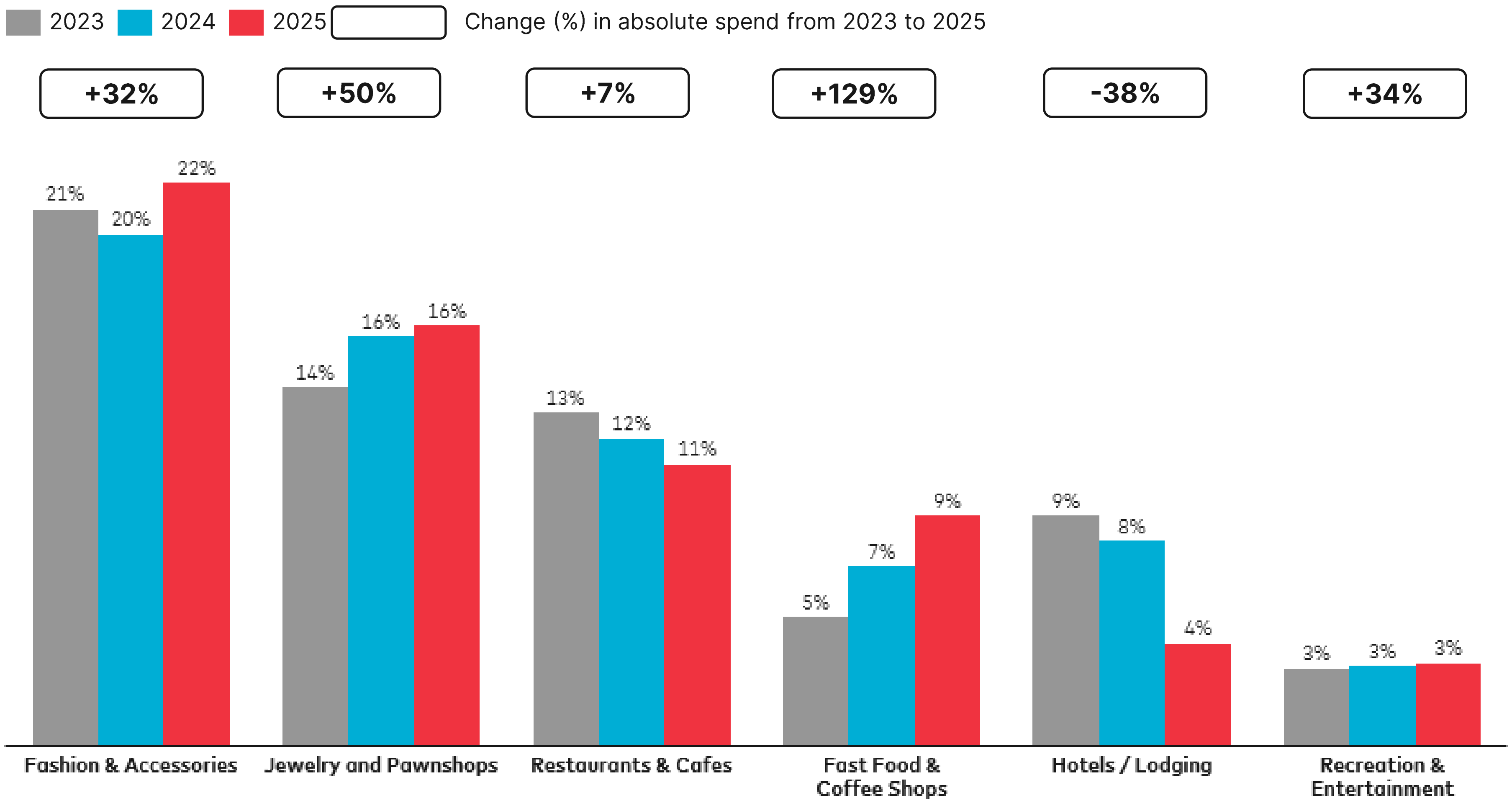


Source: Mastercard transaction insights

1. *Trip defined as any single day (day trips) or consecutive days with a SG in-person transaction*
2. *The observed increase in trips may therefore be due to increasing card penetration/Mastercard usage and/or actual increase in trips made from Johor Bahru to Singapore, and is not meant to replace any official government statistics on the increase in cross-border travel between Singapore and Johor Bahru*

JB→SG | Strong growth in shopping-related categories such as Fashion & Accessories and Jewelry was partially offset by a continued decline in hotel spend, which fell by 38% from 2023 levels

Changes in spending distribution[1] and total spend[2] across different categories in SG by MY-issued cards (2023 – 2025)



Other categories[3]

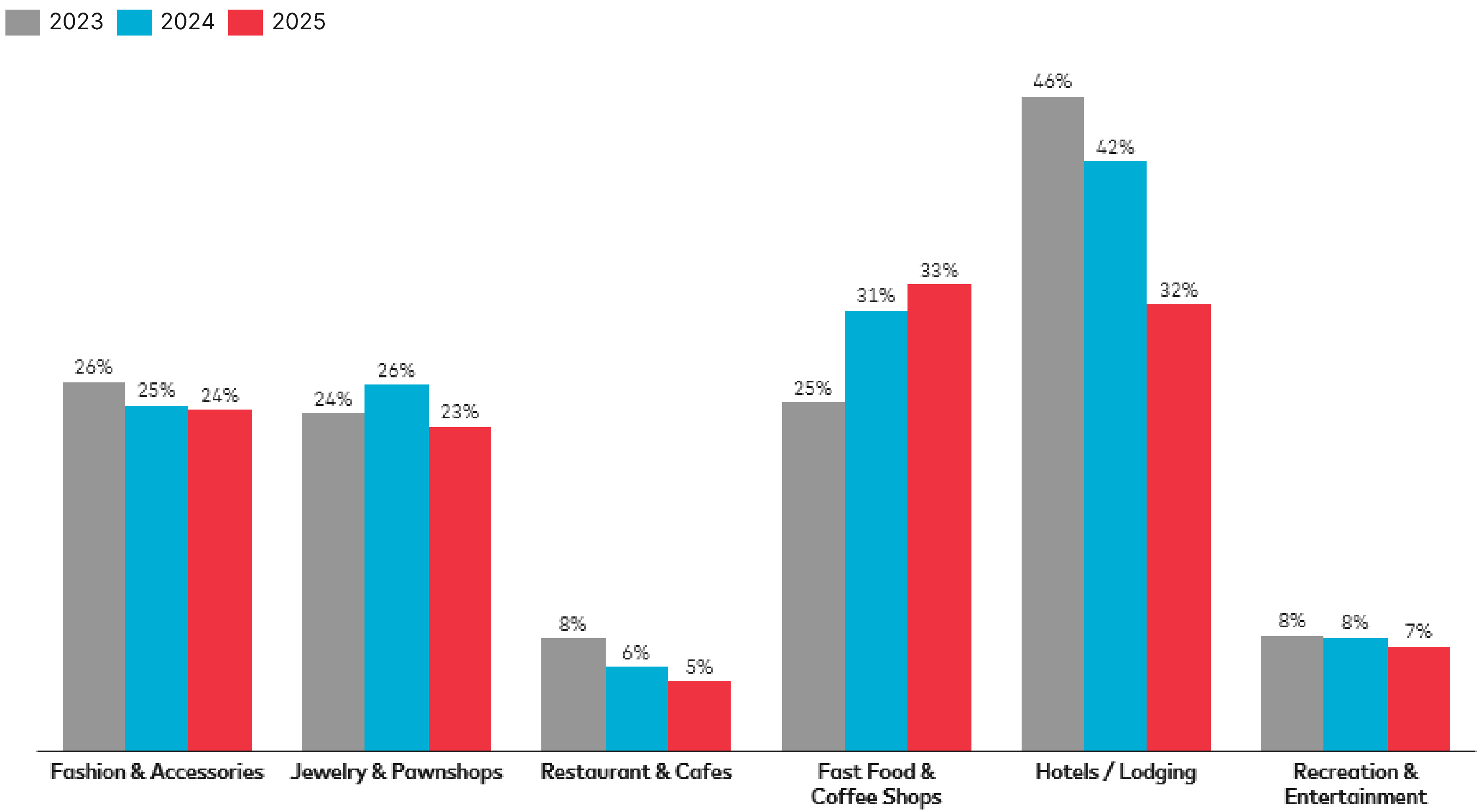
- Spend distribution across most other categories range from about **2% to 15%**
- Growth in absolute spend across most other categories range from **-10% to +40%**

Source: Mastercard transaction insights

1. *Total in-person spend in Category X in SG over total in-person spend in SG*
2. *Growth of absolute spend in Category X from 2023 to 2025*
3. *Other industries include: Groceries, Furniture, Drug Stores, Other Retail, Pubs, Repairs, Vehicles, Beauty Services*

JB→SG | Across the past 3 years, spend share has been shifting back to JB especially in Hotels, Restaurants & Cafes; Fast Food, Shopping and Entertainment spend share in SG has remained somewhat stable

SG share of spend[1,2] across categories (2023-2025)



Other categories[3]

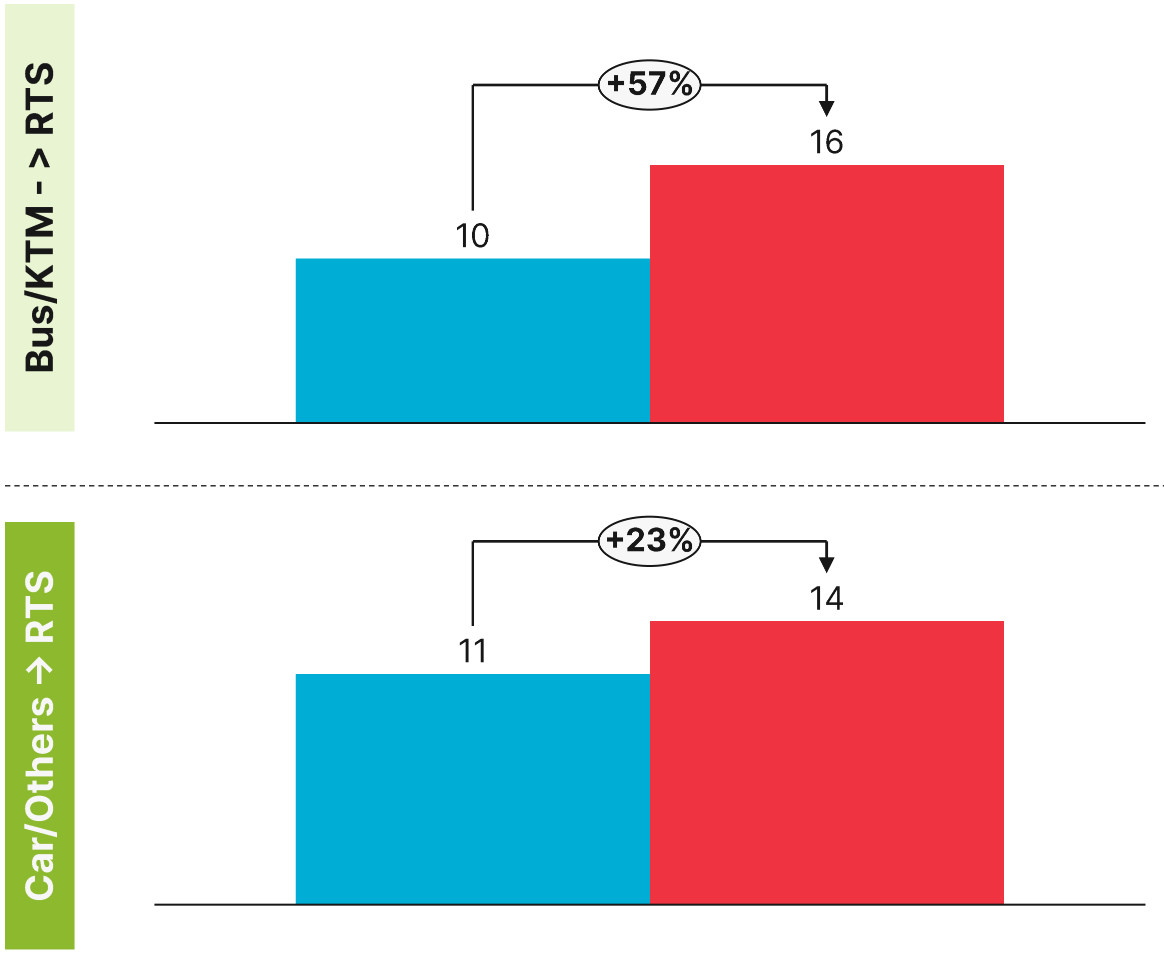
- SG share of spend across most other categories ranged from about **2% to 20%**

Source: Mastercard transaction insights

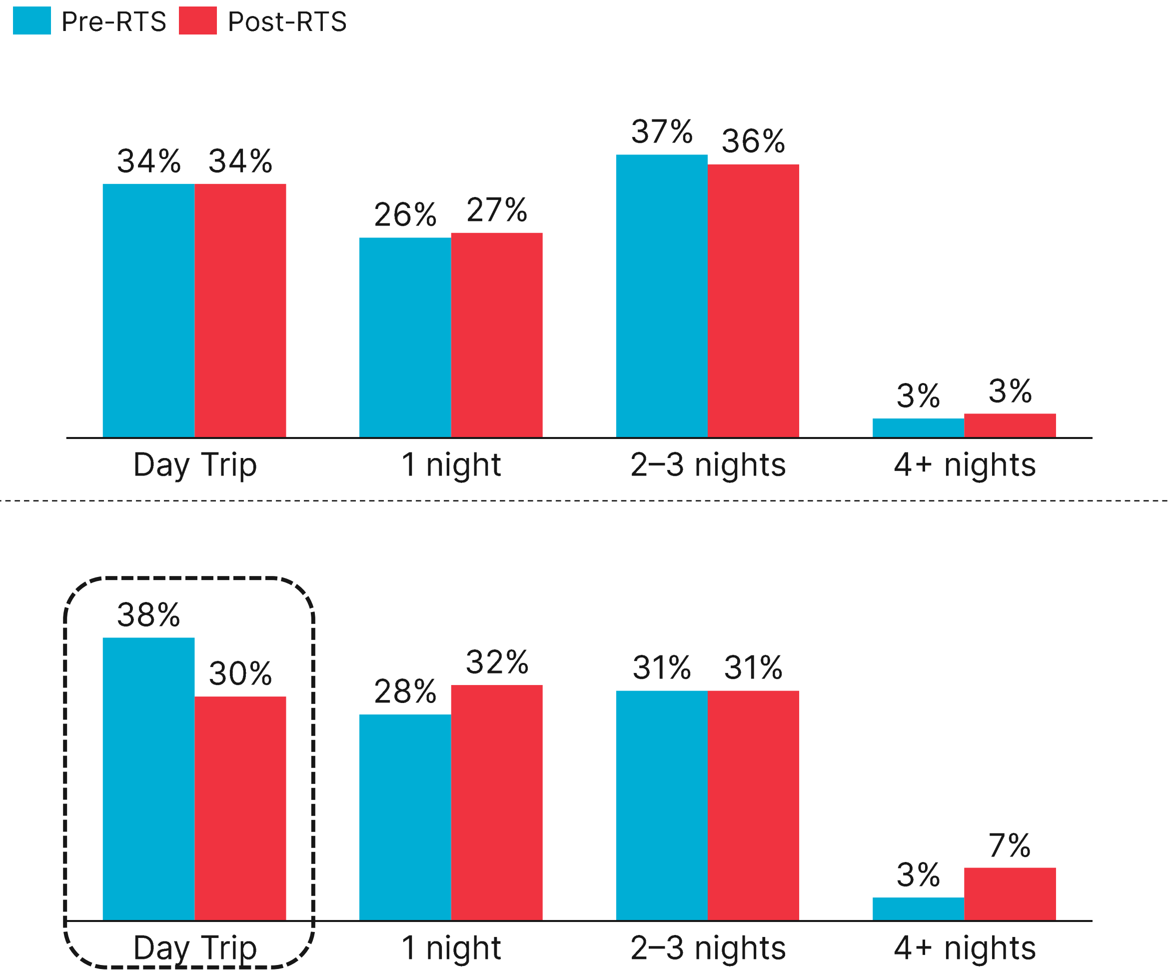
1. *Total in-person spend in Category X within SG over Total in-person spend across category X within JB + SG*
2. *Among MY-issued JB cards with at least 1 in-person transaction in SG within the year*
3. *Other industries include: Groceries, Furniture, Drug Stores, Other Retail, Pubs, Repairs, Vehicles, Beauty Services*

JB→SG | JB consumers expect to travel more frequently to SG, with more overnight trips expected post RTS especially from private transport users

Average trips per year



Length of stay (% of respondents)

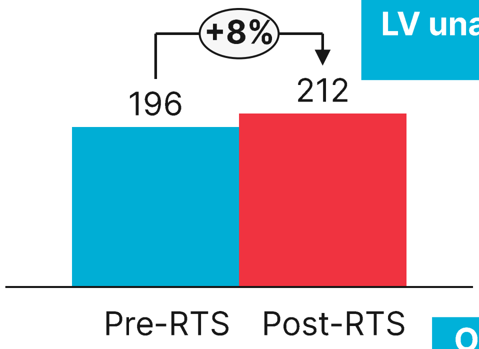


Source: Johor consumer survey
Q (left): What best describes your travel frequency to Singapore? In 2027 (post-RTS launch), how often do you think you will travel to Singapore?
Q (right): Typically, how long do you stay in Singapore per trip? In 2027 (after the RTS is in operation), how long do you expect to typically stay in Singapore on each trip?

JB→SG | Both existing public and private transport users expect to take RTS to SG for events; Public transport users also intend to shop in SG while private transport users will stay overnight as couples

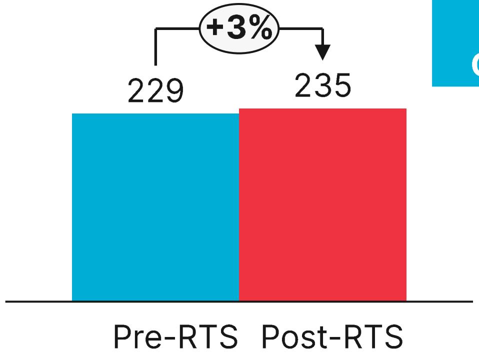
Spend per trip (S$)

Bus/KTM - > RTS



Top SG merchants include brands like Hermès and LV unavailable in JB

Car/Others → RTS



Opportunity to benefit from "mega-events" (e.g. Intl Concerts)

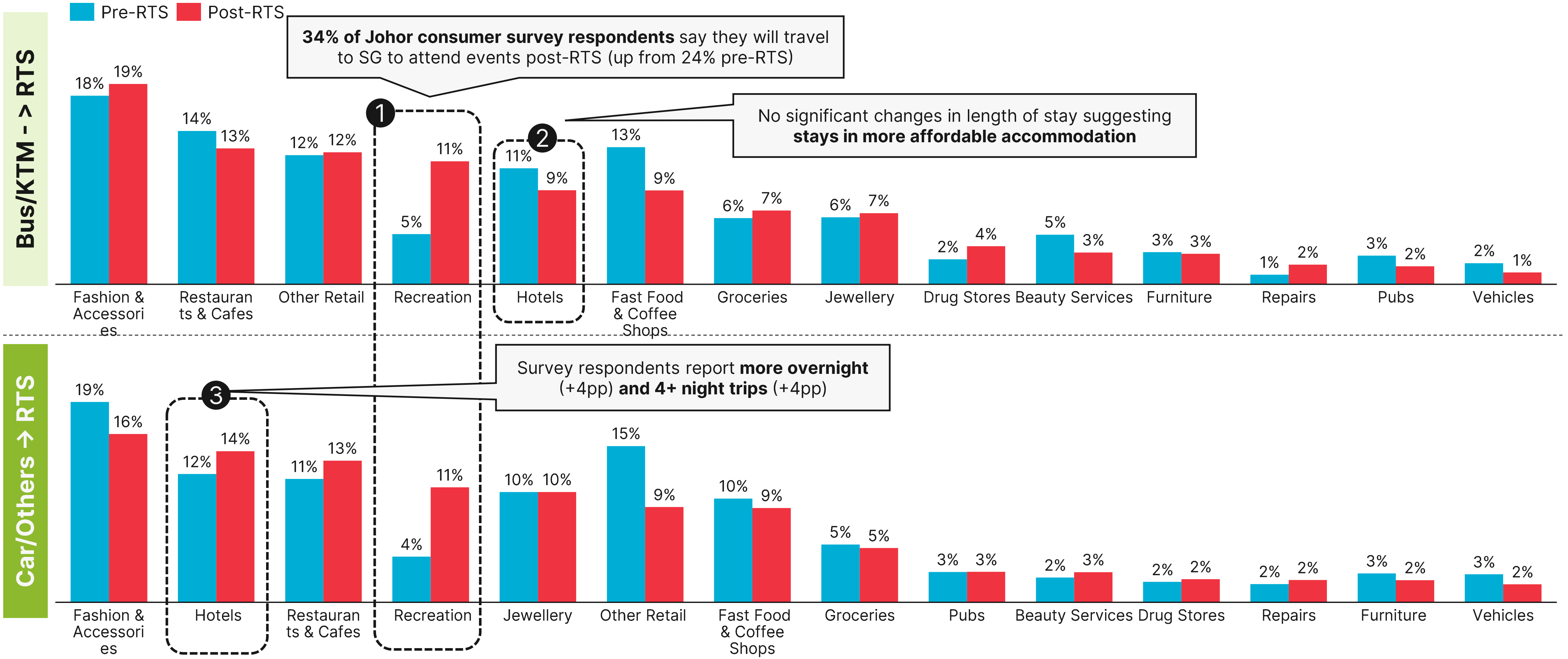
Key Attributes, Johor consumer survey

Social Travellers	• **Most (51%)** say they will travel with friends post-RTS
Shopping Led	• **Heavier spending weightage towards Fashion & Accessories + Other Retail** (30-31% of trip spend share)
City-Centre Tourist	• **>80% of all JB spend** in SG comes from Central Region (Mastercard transaction insights) • Of these spends, **more than half of the top restaurants are either in MBS or Sentosa** • **Trend expected to continue post-RTS**; most (58%) survey respondents expect to visit Central and increase spending (45%) post-RTS
Event Goers	• **34% of Johor consumer** survey respondents say they will travel to SGP to attend events post-RTS (**up from 24%** pre-RTS) • Across both profiles, average **spend per trip on Recreation** expected to **more than double**
Overnight Travellers	• **Heavier spending weightage towards hotel** (14% of total post-RTS trip spends, 2nd highest category) • 8pp **decline in day trips** (share of respondents pre- vs post-RTS) • 4pp **increase in both 1-night and 4+ nights trips**
Couples	• **65%** say they will travel with their partners post-RTS (up from 62% pre-RTS)

 Source: Johor consumer survey, Mastercard transaction insights

JB→SG | JB consumers expect to double Recreation spend post-RTS, due to events. Public transport users spend on more affordable hotels, while private switchers make more overnight trips

Spend share by category



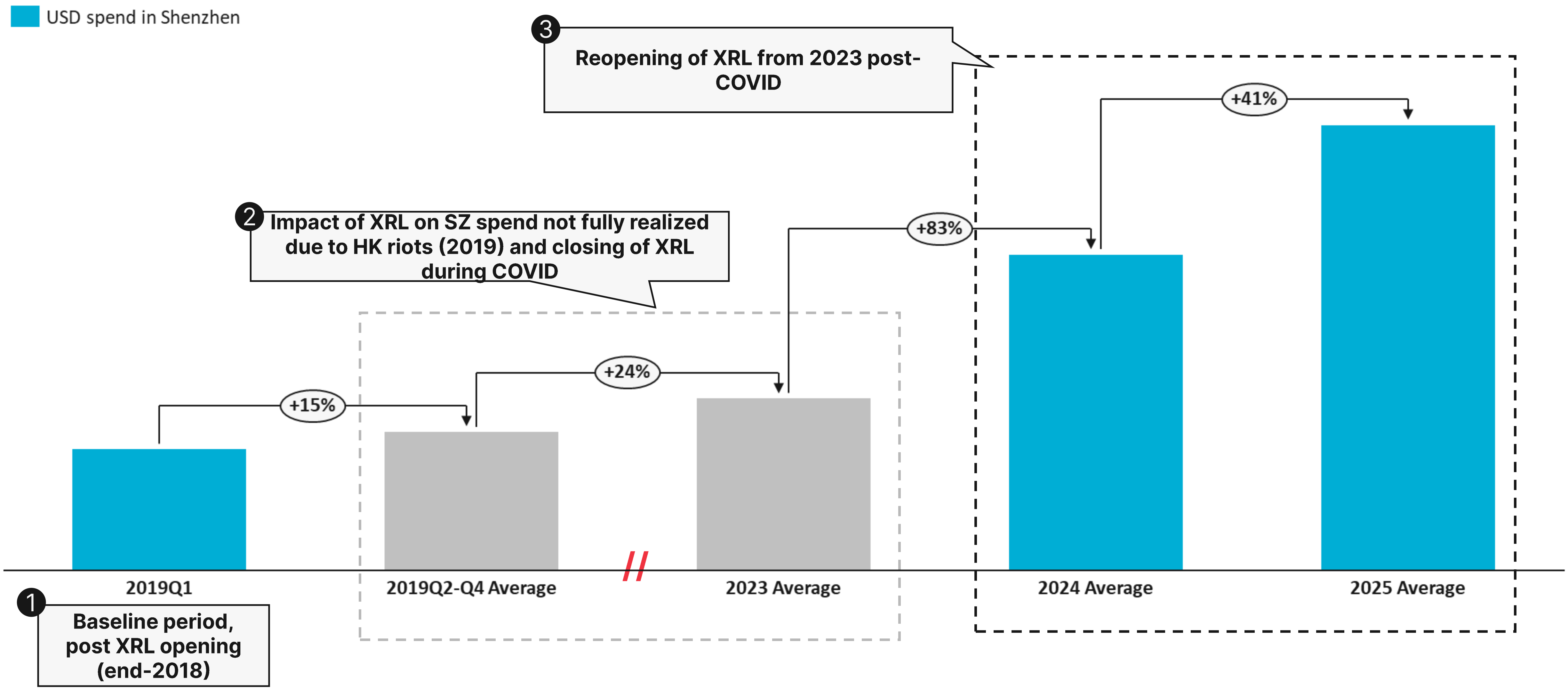
Source: Johor consumer survey

Q: For each category below, about how much do you typically spend per trip in Singapore across all payment methods? Thinking ahead to 2027, about how much do you expect to spend per trip in Singapore on each category?

Hong Kong – Shenzhen Case Study

HK-SZ case study I The strong growth in expected JB spend by Singapore travellers post RTS is supported by significant uplift observed by HK travellers in Shenzhen post XRL reopening after COVID border restrictions were lifted

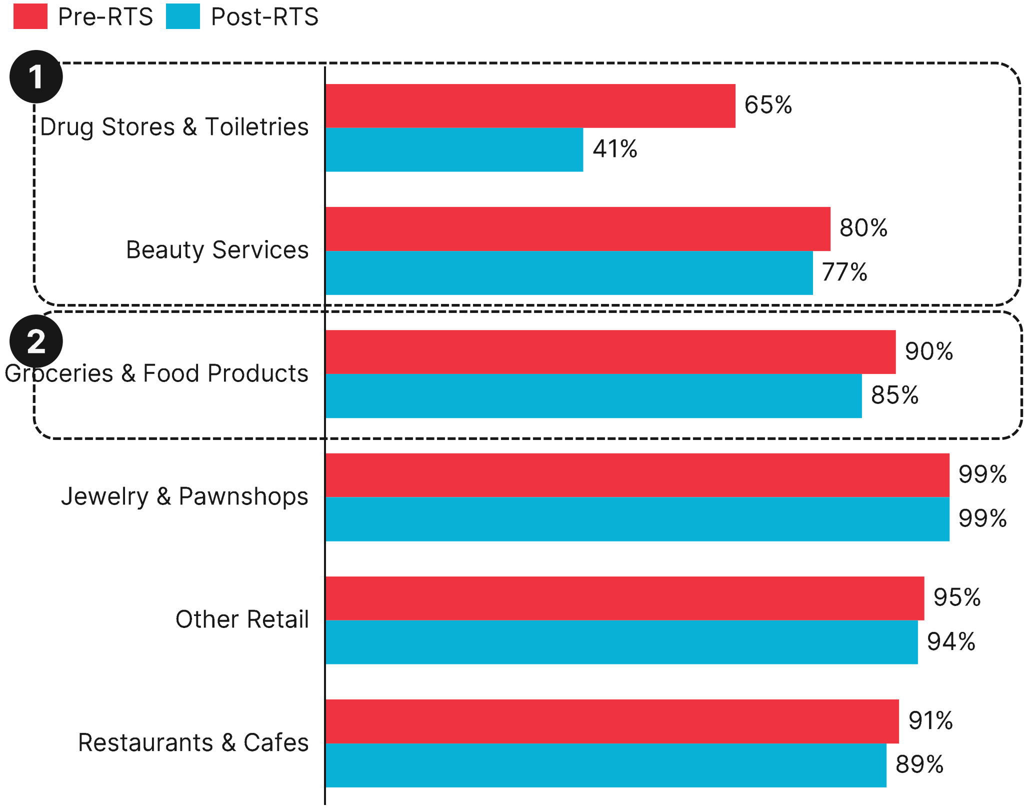
Average quarterly SZ spend from HK-issued cards (Baseline 2019Q1)



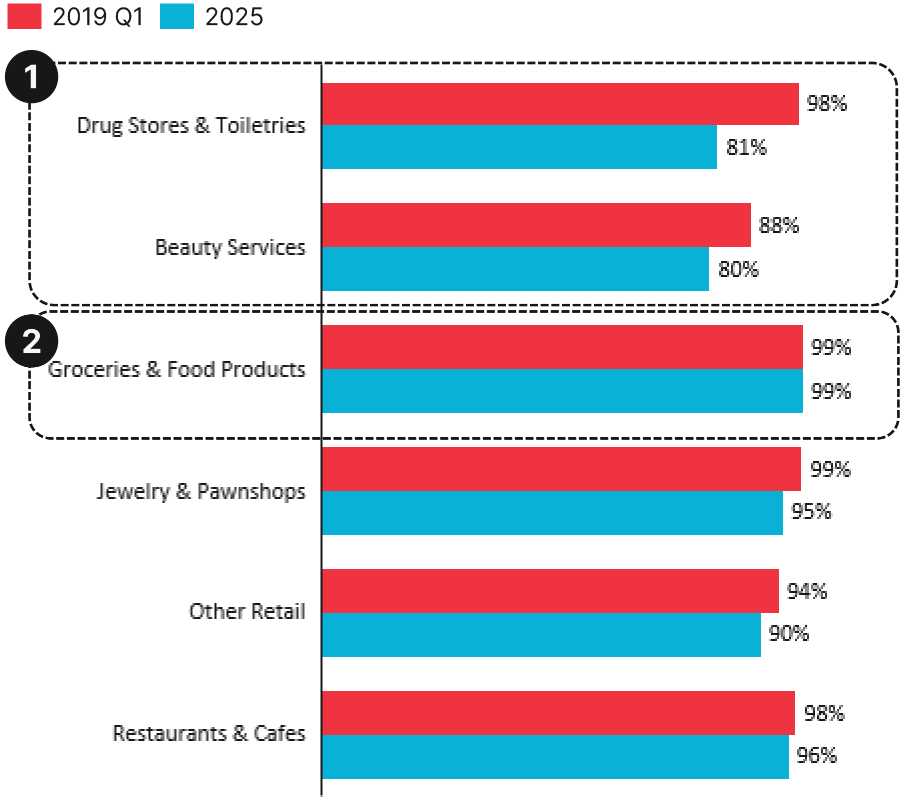
 Source: Mastercard transaction insights

HK-SZ case study | SG expected to see proportional outbound impact in Drug Stores and Beauty Services similar to HK. Minimal grocery outbound spend from HK to SZ is not likely to be relevant in SG-JB context

Projected SG spend share of SG-JB[1]



HK spend share of HK-SZ by HK-issued cards[2]



Clear outbound impact observed in drug store and beauty services spend share from HK to SZ

Insignificant outbound impact observed in MC's transaction analysis of groceries spend share from HK to SZ

Likely due to low international card acceptance amongst China grocers

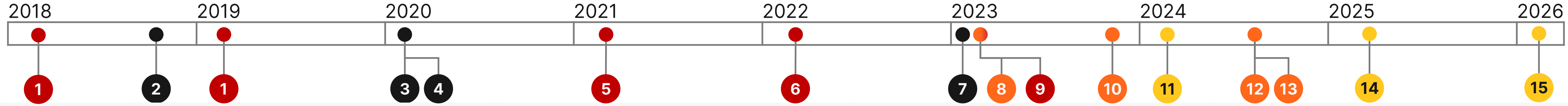
Other categories[3]

- Most other categories experienced a smaller **0 - 4% decrease** in spend share from HK to SZ

1. *Source: Consumer survey analysis*
2. *Source: Mastercard transaction insights*
3. *Other categories include: Furniture, Fashion, Hotels, Fast Food, Pubs, Recreation/Entertainment, Repairs, Vehicles*

HK-SZ case study | HK SAR government deployed a policy arsenal of consumption vouchers and SME support measures to support the local retail sector through the XRL launch, COVID and reopening

Timeline of major events and HK govt initiatives



Key Events

2 **Sept 23, 2018**
HK section of **XRL opens for service**; travel time between HK and Shenzhen reduced from ~45–60 mins (via MTR) to ~14 mins

3 **Jan 22, 2020**
HK confirms its **first COVID-19 case** — a 39-year-old traveller from Shenzhen who arrived via high-speed rail

4 **Jan 30, 2020**
XRL service suspended; HK later closes its international border to non-resident visitors on 25 Mar 2020.

7 **Jan 15, 2023**
XRL service resumes between HK and Shenzhen/Guangzhou; HK fully reopens to international visitors on 1 Apr 2023

Stimulate Local Consumption

1 **2018-2020**
Budgets featured sizeable one-off salaries tax cuts, costing an estimated HK$20–30B/yr; more recent Budgets have scaled back personal tax relief, to about HK$6B in 2026–27

5 **Feb 24, 2021**
HKSARG[1] announces the 1st round of CVS — electronic **vouchers worth HK$5,000** per eligible resident; available to HK PRs and residents aged 18+; vouchers can be used at local retail, dining and service outlets (including online platforms); disbursed in tranches Aug–Dec 2021

6 **Feb 23, 2022**
HKSARG announces the 2nd round of CVS, increasing support to **HK$10,000** per eligible resident; disbursed in tranches Aug 2022–Apr 2023

9 **Feb 22, 2023**
HKSARG announces the 3rd round of CVS, providing **HK$5,000** per eligible resident. Disbursed in tranches Apr–Jul 2023

Boost Tourist Spend

8 **Feb 2, 2023**
HKTB[2] launches "Hello Hong Kong" campaign; 500,000 free flight tickets to HK and "Hong Kong Goodies" vouchers; **2 million vouchers (HK$100+ each)** distributed, redeemable at participating restaurants, retailers and attractions

10 **Nov 1, 2023 – Mar 31, 2024**
HKTB launches "Hong Kong Night Treats"; **1M vouchers (HK$100 each) distributed to non-residents** staying ≤90 days; **200k vouchers distributed to residents**; redeemable at bars and restaurants after 6pm

12 **July 1, 2024**
China **increases duty free allowance** for returning residents from HK West Kowloon Station from RMB 5,000 to RMB 15,000; HKSARG displays promotional materials at various ports and sends SMS to inbound Mainland visitors

13 **July 11, 2024**
HKTB launches "Summer Chill Hong Kong" campaign; **500k voucher bundles (worth HK$500+ each)** distributed to overnight visitors

Support SME & Businesses

11 **Feb 28, 2024:** *2024–25 HKSAR Budget measures*
- **SME Financing Guarantee Scheme**; total SME loan guarantees increased by HK$10B
- **Digital Transformation Support Pilot Programme**; support for ≥8,000 SMEs (focus: digital payment/shopfront sales, online promotion, customer management)
- **Branding, Upgrading and Domestic Sales Fund** (BUD Fund); extra HK$500M committed (fund active since 2012)

14 **Feb 26, 2025:** *2025–26 HKSAR Budget measures*
- **SME Financing Guarantee Scheme**; application period extended to November 2025
- **BUD Fund**; additional HK$0.75B committed

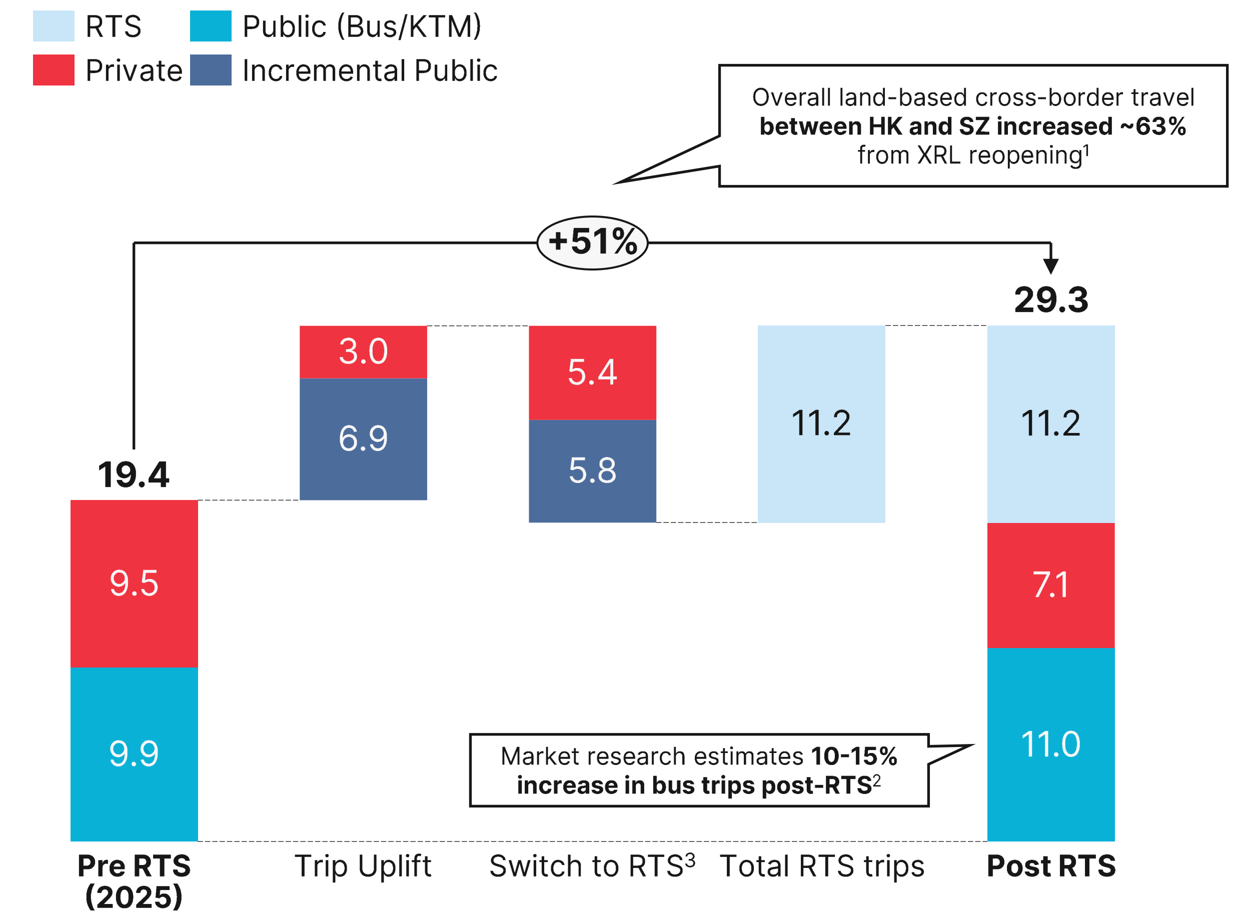
15 **Feb 25, 2026:** *2026–27 HKSAR Budget measures*
- **SME Financing Guarantee Scheme**; total SME loan guarantees increased by HK$20B
- **BUD Fund**; additional HK$0.2B committed

1: The Government of the Hong Kong Special Administrative Region
2: Hong Kong Tourism Board

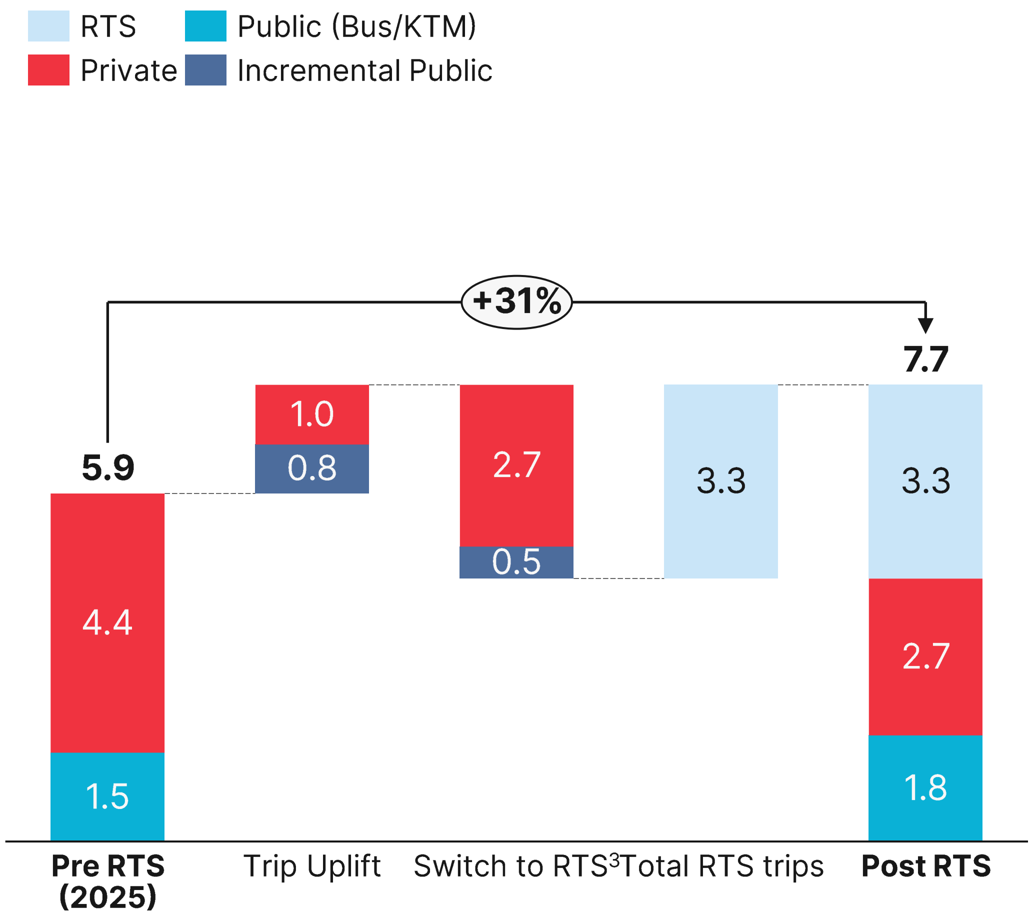
Contents

Trips | Study estimates 14.5M annual RTS trips at launch, mainly taken by SG consumers. This is equivalent to 39.7k trips daily, similar to RTS' own daily projected ridership of 40k at launch

Outbound trips (SG → JB), million trips per year



Inbound trips (JB → SG), million trips per year

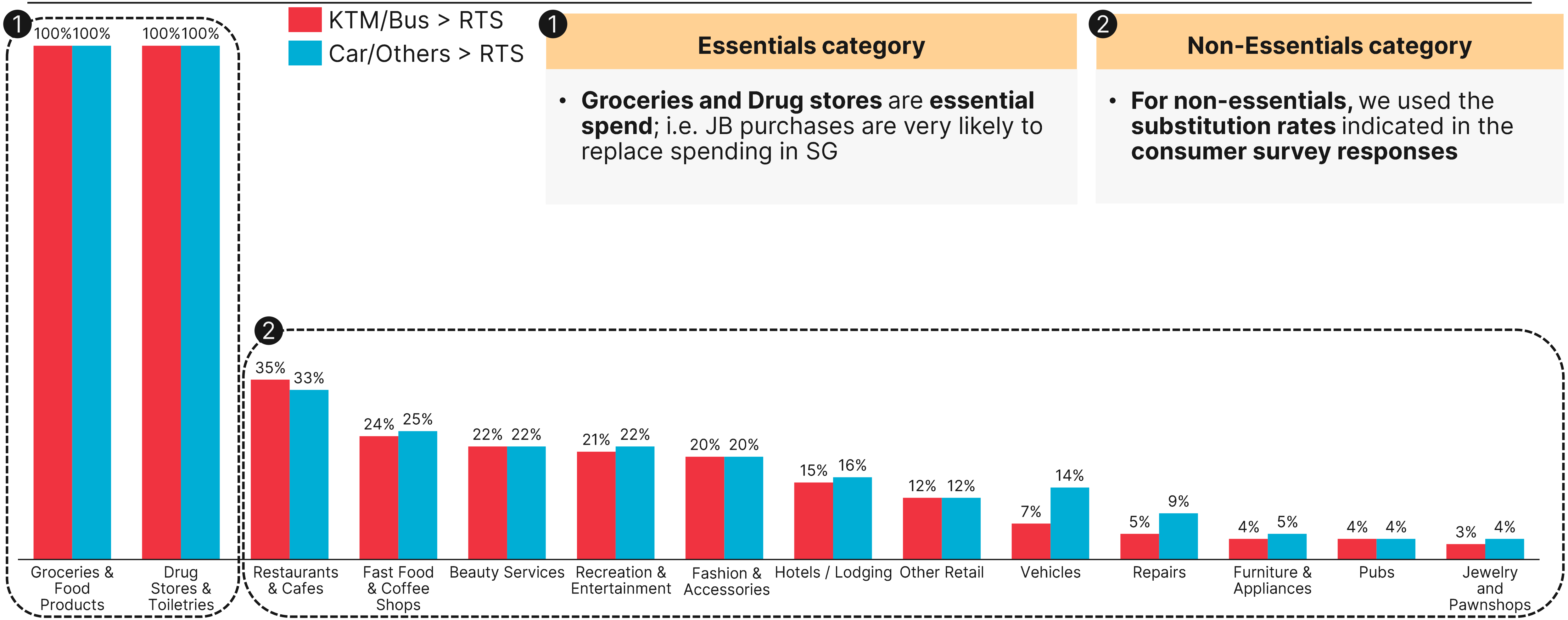


1. *HK Immigration Data*
2. *Kenanga (equity research) estimates RTS will increase CausewayLink bus ridership by 10-15% by decongesting car traffic and enabling increased bus cycles*
3. *Switch to RTS represents a) the number of trips from private transport commuters that will be taken via the RTS in the future plus b) the number of incremental trips from public transport commuters that will be taken via the RTS in the future*

Note: Pre-RTS represents the annual number of cross-border trips based on government and publicly reported statistics. Trip uplift reflects the incremental increase in trips indicated by survey respondents. Switch to RTS represents the proportion of trips expected to migrate to RTS.
Note: For the public transportation users, adoption rate is only applied to the incremental increase in trips, as original public users → RTS are considered substituting their mode of public transport and not incrementa

SG → JB I Substitution rate is assumed to be 100% for essential spend like Groceries and Drug Stores, while for the other categories the substitution rate ranges from 3% to 35%

Post-RTS substitution rate by category (Substitution rate comes from the survey data and is defined as the share of JB spend made by SG consumers that substitutes what they would otherwise have spent in SG, e.g. 20% sub rate in Fashion spend in JB means that SG consumer would have spent that equivalent on Fashion in SG if he did not spend it in JB)



1 **Essentials category**

- **Groceries and Drug stores** are **essential spend**; i.e. JB purchases are very likely to replace spending in SG

2 **Non-Essentials category**

- **For non-essentials,** we used the **substitution rates** indicated in the **consumer survey responses**

Source: Singapore consumer survey
Q: Thinking about your spending in Johor after the RTS launches, to what extent do you expect this spending to replace spending you would have otherwise done in Singapore, versus being entirely new or additional spending

Net Impact | The RTS Link is expected to result in an incremental net annual impact of – S$290M to Singapore's retail and F&B sectors

	Baseline (Pre-RTS)[2]	**Incremental Impact to Singapore**
Net Impact (Annual, S$)	**-400M** (0.6% of 2025 SG retail and F&B sales[1])	**-290M** (0.4% of 2025 SG retail and F&B sales[1])
Outbound Impact (Annual, S$)	**-1.69B** (2.4% of 2025 SG retail and F&B sales[1])	**-1.05B** (1.5% of 2025 SG retail and F&B sales[1])
Inbound Spend (Annual, S$)	**+1.29B** (1.8% of 2025 SG retail and F&B sales[1])	**+756M** (1.1% of 2025 SG retail and F&B sales[1])
Number of round trips (Annual)	**SG → JB: 19.4M** **JB → SG: 5.9M** (via current modes of transport)	**SG → JB: 11.2M** **JB → SG: 3.3M** (via RTS only)

Equivalent to 39.7k trips daily, similar to RTS daily projected ridership of 40k at launch

1. *Total 2025 Singapore retail and F&B sales, Singapore Department of Statistics*
2. *Base impact factors in all trips made. Outbound impact = spend per trip pre-RTS* substitution rate* number of trips pre-RTS. Inbound impact = spend per trip pre-RTS* number of trips pre-RTS*

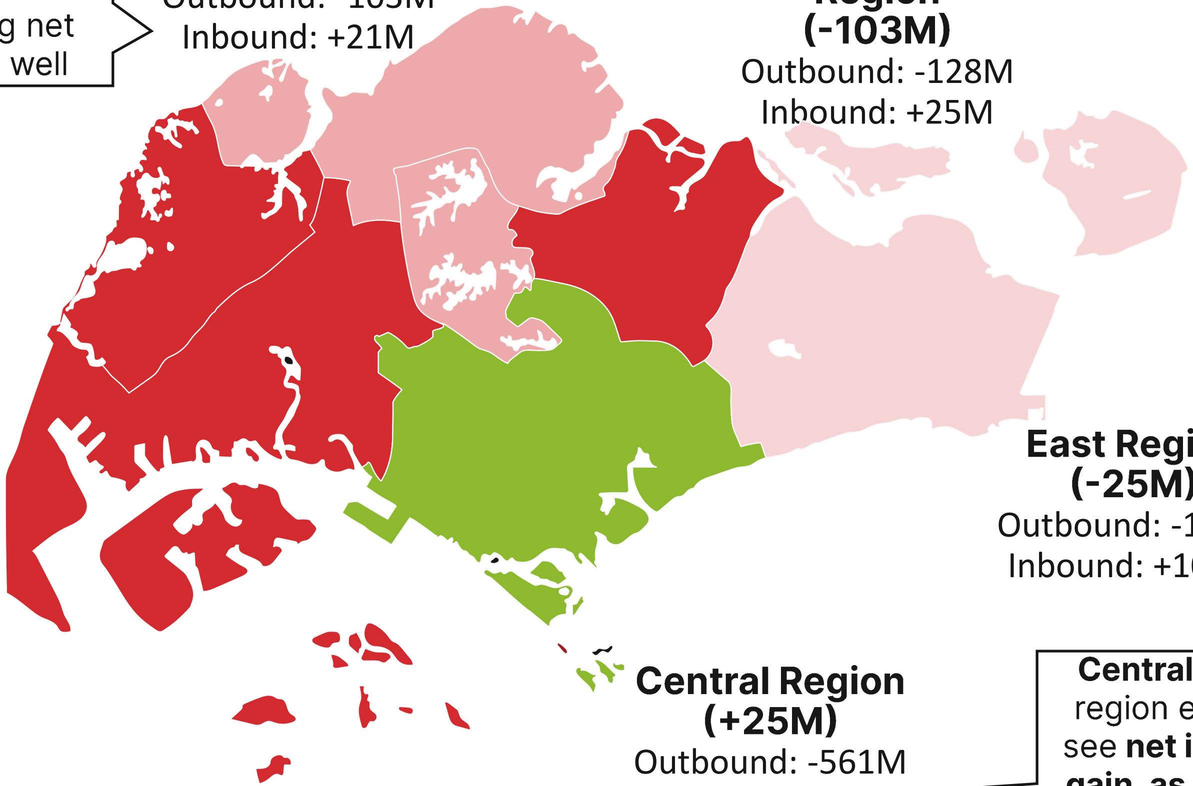
Net Impact by Location | Central region sees net positive impact due to strong inbound flows; other regions see net outbound impact, with the East relatively cushioned due to the Jewel/Changi retail impact

Net impact across different regions in Singapore (S$)

Net outbound impact extends beyond North, with other non-Central regions experiencing net outbound spend as well

North Region (-82M)
Outbound: -103M
Inbound: +21M

North-East Region (-103M)
Outbound: -128M
Inbound: +25M



West Region (-104M)
Outbound: -128M
Inbound: +24M

East is projected to attract **higher inbound spend** than other non-Central regions due to the Jewel/Changi retail impact

East Region (-25M)
Outbound: -126M
Inbound: +100M

Central Region (+25M)
Outbound: -561M
Inbound: +587M

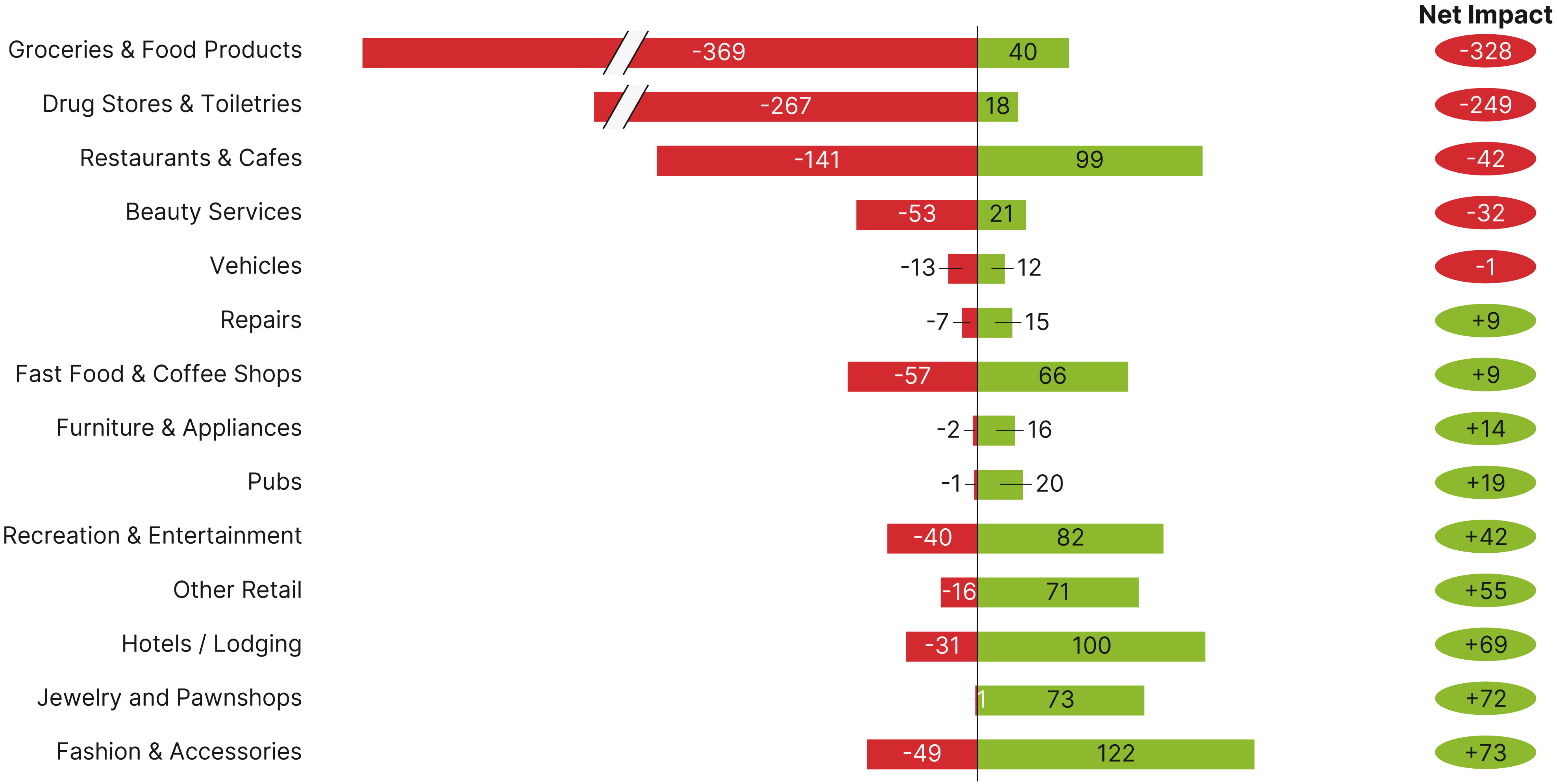
Central is the only region expected to see **net incremental gain, as it accounts for 78% of total inbound impact**

Source: Mastercard RTS impact model

Note: Overall dollar impact does not take into account factors like the different number of merchants across regions, as well as their current revenues. Hence the proportional (or percentage) impact may not necessarily be worse for stated regions

Net Impact by Category | Singapore expected to see strong incremental inbound impact in higher-end retail Shopping, Entertainment, Hotel and Dining; this is offset by significant incremental outbound impact in Groceries and Drug Stores

Net impact in Singapore, by category (M S$) Outbound Inbound



Source: Mastercard RTS impact model

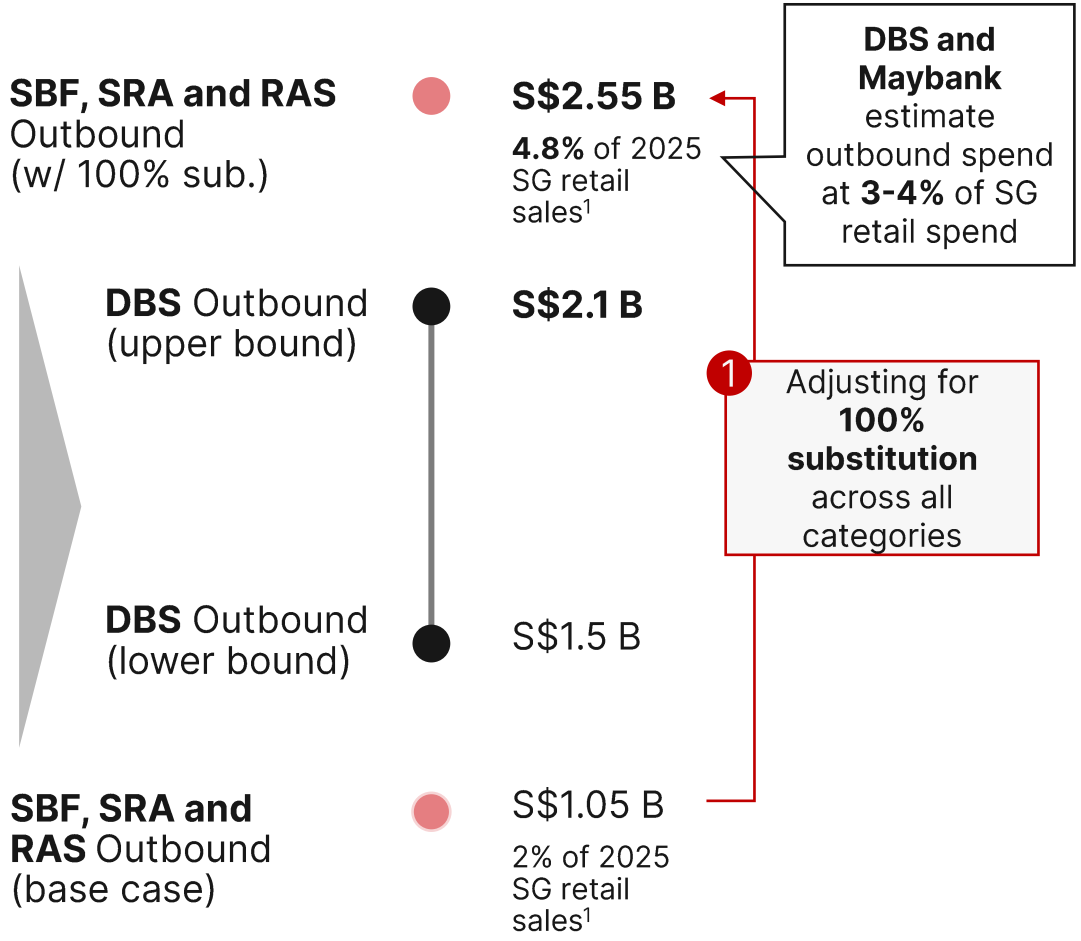
Note: Overall dollar impact does not take into account factors like the different number of merchants across regions, as well as their current revenues. Hence the proportional (or percentage) impact may not necessarily be worse for stated regions

Comparison with other studies | This study provides a more balanced RTS impact assessment, by incorporating inbound spend, and using consumer survey findings to inform forward-looking consumer spend and travel behaviour

Methodological comparison between this study and DBS' RTS impact study

	SBF, SRA and RAS study	DBS
Impact	**Outbound** and **Inbound**	**Outbound only**
Spend per trip	**Forward looking data** from consumer survey Input: S$228	**Historical spend data** used as **upper bound** (Malaysian Tourism Board). **Lower bound arbitrary** Input: S$100-$141
1 Substitution rate	**Essential categories only** (Groceries/ Drug Stores) = **100%** substitution rate	**All spend** assumed to be **100% substituted.**
Number of incremental trips	**Bottom-up demand projection:** Future trip uplift from survey applied on current trips data from official govt statistics Input: 39.7k daily trips	**Assumes RTS daily ridership projection** at launch Input: 40k daily trips

Study's outbound projection versus DBS and Maybank's estimates



This study's projection of RTS retail outbound spend is close to DBS's upper bound impact and DBS & Maybank's % of SG retail outbound spend estimates (after adjusting for differences in substitution rate)

1. *Source: DBS "Singapore Industry Focus – Singapore Retail & Retail REITs" Study*
2. *Source: THE EDGE SINGAPORE "RTS to redistribute consumption, lower interest rates to benefit S-REITS"*

Sensitivity Analysis | Annual net incremental impact of -S$290M in the Base case, and a range of -S$2.5B to +S$650M in the Bear and Bull scenarios

	Bear	Base	Bull
Annual Net Impact to SG	**-S$2.5B**	**-S$290M**	**+S$650M**
Outbound impact (annual)	-S$3.1B	-S$1.05B	-S$0.22B
Inbound spend (annual)	+S$0.61B	+S$0.76B	+S$0.87B
Daily # of trips[1] *Trip uplift based on consumer survey input*	SG>JB = 37k *(Average uplift of 50th –75th percentile)* JB>SG = 7k *(Average uplift of 25th-50th percentile)*	SG>JB = 31k JB>SG = 9k *(Trip uplift based on consumer survey input)*	SG>JB = 11k *(Average uplift of 25th-50th percentile)* JB>SG = 10k *(Average uplift of 50th –75th percentile)*
Substitution rates	All Categories: 100% *(Similar to DBS methodology)*	• For Essential Categories (Grocery and Drug Stores): 100% • For Other Discretionary Categories: 3-35% *(Based on consumer survey input)*	All Categories: 3-35% *(Based on consumer survey input)*
Spend per trip *After accounting for substitution rates*	SG>JB = S$228 JB>SG = S$223	SG>JB = S$94 JB>SG = S$223	SG>JB = S$54 JB>SG = S$223

1. *Bear scenario daily trips are based on the average uplift in trips between the 50th –75th percentile of survey responses for SG→JB travel and 25th-50th percentile for JB→SG. Average uplift in trips is then applied to the average number of pre-RTS daily trips in each direction to get post-RTS daily trips. Conversely for bull scenario, we applied the 50th –75th percentile average uplift in trips for JB→SG travel, 25th- 50th percentile for SG→JB*

Other Factors | Factors that may impact SG's retail and F&B sector include the final RTS fare, SGD-MYR FX rate, broader macroeconomic conditions and the responses of governments and businesses

Key qualitative factors and impact

	Bear	Base	Bull
RTS fares[1]	• **Lower ticket price** • More trips from both SG and JB consumers, greater net outbound	• Ticket price of **S$5–7 / MYR 15-21 one-way** (as indicated in survey)	• **Higher ticker price** or **Subsidised fares for Malaysians/JB**[2] • Less trips from SG consumer and more trips from JB consumer
SGD-MYR exchange rates	• **SGD strengthens** against the MYR • More outbound, less inbound	• Exchange rates remain around **current levels** in Q1 2026 (1 SGD: 3 – 3.20 MYR)	• **MYR strengthens** against SGD • Less outbound, more inbound
Macroeconomic conditions	• **Worsening geopolitics resulting in inflation,** amplifying cross-border value outbound to JB	• **Ongoing macroconditions / geopolitical volatility** already factored in by survey respondents	• **Reversion to more stable macroconditions** is likely to limit inflationary impact, and reduce cross-border value outbound to JB
Policy and market response	• **Limited response from SG** govt and retail businesses • **Stronger efforts from JB** govt and retail businesses to capture cross-border spend	• **Balanced** responses from both SG and MY governments and retail businesses	• **Stronger measures from SG** govt and businesses to support domestic retail (e.g. CDC vouchers) and boost tourism spend from JB • **Limited response from MY** govt and businesses

1. *To be announced in 2H 2026*
2. *Malaysian news have reported discussions on subsidizing RTS fares for its citizens*

Contents

FGDs | Industry Focus Group Discussions highlight intensifying cross-border competition, alongside need for differentiation and operating challenges for local businesses

Key Insights

SBF **conducted 5 Focus Group Discussion** (FGD) sessions with **53 participants** **42 companies and organisations** across the retail, F&B, and broader business ecosystem between March – April 2026 to **gather qualitative industry insights** on the **anticipated impact of the RTS Link** on Singapore's retail and F&B sectors

Intensifying JB competition and outbound spend

- Outbound spend already evident, especially in groceries, pharmaceuticals/drugstores, and beauty services
- Consumers shifting spend due to lower prices in JB
- JB perceived to offer similar or better experiences at lower cost
- E-commerce further diluting local demand

Unique Experiences; Service as value propositions

- Price-led competition not sustainable long term
- Need to focus on service quality and differentiated experiences
- Strong interest in experiential events and local heritage activities
- Require tighter coordination across tenants, landlords, and government to drive participation

Operational Constraints

- High operating, compliance, and manpower costs limit competitiveness
- Constraints reduce ability to scale and enhance customer experience

Call for greater support

- Concerns over tenancy mix due to competition from larger and foreign brands
- Larger chains benefit from scale and adapt more easily
- SMEs face tighter margins and higher adjustment risks

FGDs | Singapore businesses highlight concerns that the RTS may further intensify cross-border competition & outbound spend present today

Key Takeaway 1: Intensifying Cross-Border Competition and Outbound Spending

- Participants highlighted that the RTS Link is expected to **accelerate existing cross-border spending** trends by significantly increasing the **convenience and frequency of travel** to Johor Bahru
- Businesses observed that **outbound spend** is becoming increasingly **habitual and structural**, beyond short-term exchange rate movements

Singapore Retailers

- Increasing outbound observed for **groceries, pharmacy/drugstore products, beauty services and discretionary purchases**, where consumers perceive stronger value-for-money in JB
- **Weaker weekend footfall** and **declining basket sizes** as consumers increasingly consolidate larger-ticket purchases and lifestyle spending in JB
- **E-commerce and cross-border logistics solutions** further reinforce spending outbound and intensify competitive pressures on local retailers

Singapore F&B Operators

- Increased **outbound spending** expected for **dining, night time and weekend leisure activities**, with JB increasingly viewed as a lifestyle and dining destination
- RTS may further **reduce evening and late-night spending in Singapore**, affecting overall vibrancy and demand
- **Increased day-trips to Singapore and shorter visitor stays** here may **limit tourism-related F&B spending** in Singapore

FGDs | Emphasis on need to strengthen Singapore's competitiveness through differentiated experiences, service quality and destination appeal

Key Takeaway 2: Need for Differentiation – Unique Experiences & Service as Value Propositions

- Participants highlighted that **competing on price alone is not sustainable** given Singapore's higher structural cost base relative to JB.
- Businesses emphasised the need for Singapore to strengthen its competitiveness through **differentiated experiences, service quality, tourism appeal** and **stronger placemaking initiatives**

Singapore Retailers

- Greater focus needed on **experiential retail, customer engagement** and **uniquely Singaporean / heritage-led concepts** to strengthen local retail attractiveness.
- Opportunities for **more curated events, lifestyle experiences** and **tourism-linked activities** to increase length of stay in Singapore and local spending.
- Retailers also called for **stronger coordination between tenants, landlords and government agencies** to improve alignment of events, campaigns and tourism initiatives.

Singapore F&B Operators

- Participants emphasised the importance of strengthening Singapore's positioning as an **experience-led dining destination** rather than competing primarily on price.
- **Revitalising night-time and supper culture** was viewed as important to improve vibrancy, increase length of stay in Singapore, and support tourism spending.
- Operators highlighted opportunities to **strengthen Singapore's local dining identity** and **differentiated concepts** to attract both local and inbound consumers.

FGDs | Structural cost & manpower constraints limit Singapore businesses' ability to compete with JB retail and F&B

Key Takeaway 3: Cost pressures and operational constraints limit ability to compete effectively

- Businesses highlighted that **Singapore's higher manpower, rental and compliance costs constrain competitiveness** relative to JB and **limit their ability to scale experiential offerings** or absorb cost pressures.
- **SMEs** were viewed as **more vulnerable due to tighter margins** and **lower ability to respond to cross-border competition** arising from the RTS link

Singapore Retailers

- **Rising operating costs and manpower constraints** limit retailers' ability to invest in customer experience, service quality and differentiated retail concepts
- Participants highlighted **difficulties attracting and retaining frontline workers**, particularly as increased cross-border mobility may intensify labour competition

Singapore F&B Operators

- **Rising manpower, rental and compliance costs** significantly compress margins and affect business sustainability
- **Foreign worker constraints and labour shortages** were raised consistently across operators, with concerns that Malaysian workers may increasingly prefer opportunities in JB following RTS implementation
- Highlighted **limited ability to pass on higher costs to consumers** due to increasing price sensitivity and availability of lower-cost alternatives in JB

FGDs | Need for greater support to remain competitive and adapt to an increasingly integrated Singapore–JB ecosystem

Key Takeaway 4: Businesses call for more support in the face of increased competition from larger retail and F&B players with scale

- Businesses raised concerns that the RTS Link may intensify competition from **larger regional and foreign brands with stronger scale, cost and operational advantages**
- Concerns around the **sustainability of local SMEs** and the **ability of smaller operators to adapt to increasing regional competition**

Singapore Retailers

- **Larger and regional brands** were perceived to be better positioned to **adapt through scale, operational efficiencies** and **regional presence** across both Singapore and JB markets.
- Participants raised concerns around **tenancy mix** and increasing **concentration of larger operators** in malls

Singapore F&B Operators

- **Regionalisation** may increasingly become a **competitive necessity** rather than purely a growth strategy
- For example, production facilities, central kitchens or partnerships in JB could help Singapore restaurants lower operating costs and improve cost competitiveness
- Need for **stronger support** on **regionalisation, overseas expansion, business facilitation and cross-border partnerships** to remain competitive in a more integrated Singapore–JB ecosystem

Implications of Driver Insights

Implication | Key outbound drivers and FGD insights raise important questions on how the Singapore retail and F&B ecosystem can boost local demand and remain competitive

Driver / Insight	Key Questions / Implications
Lower Prices are the main reasons to **travel to JB** (69% cite 'lower prices', 51% cite FX); while **unique SG products or services** not available in JB (cited by 46%) is a key reason to **continue spending in SG** *Source: Consumer survey analysis*	How do we **lift willingness-to-pay** through **differentiation, service quality and unique experiences**? How do we **encourage innovation in the products and offerings** to drive **differentiation and loyalty?**
Restaurants & Cafés is the 3rd top category by outbound impact to JB - More outbound for **Asian** cuisines, in brands that also have presence in both SG and JB, likely **due to prices** - Regulatory / import constraints limit menu and concept innovation *Source: MC impact study and consumer survey analysis , FGDs*	How do we bring **in popular/unique overseas F&B brands and concepts, not available in JB,** into Singapore? How do we **widen the creative space** for our F&B sector to compete without compromising on food safety standards?
Due to limited ability to differentiate, **Groceries & Drug Stores** face the largest absolute impact, with impact spread across SG. **Heartlands** are most impacted due to a larger share of spend contribution by essentials *Source: MC impact study and consumer survey analysis*	How do we **anchor essential-category spend** in SG and **protect heartland merchants** from value-driven outflow?
Mall landlords face **property-tax burden** during Asset Enhancement Initiatives (AEIs); SMEs **lack bandwidth to invest** *Source: FGDs*	How do we make it viable for landlords and their SME tenants **to upgrade assets/rejuvenate malls** as the sector adjusts to RTS-driven shifts in consumer behaviour?
Manpower and rental costs cited by FGDs as top barriers to compete or extend trading hours *Source: FGDs*	How do we **lower cost pressures** so SMEs can pivot business models and trading formats to stay competitive?

Suggested Policy Responses

1. **Address RTS-induced outbound demand by boosting local retail spend**
2. **Enable local retailers and F&B operators to stay competitive**

Implication | Key inbound drivers and FGD insights raise important questions on how the Singapore retail and F&B ecosystem can remain competitive and seize new opportunities with upcoming RTS link

Driver / Insight	Key Questions / Implications
34% of JB respondents (vs 24% pre-RTS) plan to **attend events** in SG with >2x more **recreation spend** per trip. **Hotel spend** positively correlated with international concert calendar *Source: MC impact study, consumer survey analysis*	How do we **maximise the 'event premium'** — more frequent, bigger and more diverse mega-events?
Central captures ~80% of inbound; non-Central regions under-capture today; East benefits where anchors such as Jewel/Changi exist *Source: MC impact study, consumer survey analysis*	How do we **spread inbound spend beyond Central** — making the rest of SG more event/experiential-ready? How do we embed non-Central retail and F&B offerings in Central, since bulk of tourist footfall would still concentrate in Central?
RTS expected to drive **longer-duration SG trips** from JB consumers who used to drive in (day trips fall 8pp; overnight and 4+ night stays each rise 4pp) *Source: Consumer survey analysis*	How do we **convert longer stays into higher spend** through a **stronger night-time economy**?
RTS incremental outbound trips to JB 11.2M vs inbound trips to SG 3.3M — **total demand pool can be grown, not just contested** *Source: MC impact study, consumer survey analysis*	How do we partner with JB to **grow total cross-border demand** instead of competing over a fixed pool?
Cross-border operations by SG-registered F&B and retail businesses face fragmented **compliance, duplicative checks, working-capital strain** *Source: FGDs and industry consultations*	How do we lower friction so SG **SMEs can scale and capture demand across the SG-JB corridor**?

Suggested Policy Responses

1. **Seize new tourism opportunities arising from RTS**
2. **Enable local retailers and F&B operators to stay competitive**

Contents

10 recommendations across 3 action areas to tackle outbound demand, increase inbound spending and help businesses adapt to a post-RTS integrated market

3 Action Areas	Summary	Recommendations
A. Stimulate Local Spend	Encourage Singaporeans to spend more locally with stronger retail and F&B offerings	**A1 – Support domestic consumption in retail and F&B** **A2 – Review policy and enhance support for differentiated retail and F&B experiences**
B. Boost Tourist Spend	Encourage RTS-enabled visitors to stay longer, explore more and spend more across Singapore.	**B1 – Leverage mega-events to capture RTS-enabled visitor spending** **B2 - De-centralise event infrastructure to areas outside Central** **B3 - Reinvent night-time offerings to support longer stay** **B4 – Create a Twin Cities, One Destination experience** **B5 - Extend tourist tax refund eligibility to land-border travellers to stimulate higher-value retail spending**
C. Support Business Adaptation	Help retail and F&B businesses adapt and seize new opportunities in an integrated cross-border market.	**C1 - Enable Business Asset Enhancements** **C2 - Facilitate Cross-Border Business optimisation** **C3 – Address Longstanding Business Cost Pressures – Manpower, Rentals**

A1. Stimulate Local Spend – Support domestic consumption in retail and F&B

Aim

- Support **domestic consumer spending** and **reduce outbound spend**

Study Findings

Due to limited ability to differentiate, **Groceries & Drug Stores** face the largest absolute impact, with impact spread across SG. **Heartlands** are most impacted due to a larger share of spend contribution by essentials
Source: MC impact study and consumer survey analysis

HK government introduced "consumption vouchers" to stimulate local spending in the aftermath of high-speed rail

Key Details

1. We recommend that the Government introduce time-bound consumption vouchers to support local spending in retail and F&B.
   a. Hong Kong's post-pandemic experience shows that targeted consumption vouchers can provide short-term support for domestic demand, especially when outbound spending rises after Shenzhen border opening. These vouchers helped cushion local retail and F&B operators during a period of intensified cross-border competition.

2. In Singapore, the CDC voucher scheme could be one possible mechanism.
   a. The current CDC voucher scheme mainly supports participating heartland merchants, hawkers and supermarkets. However, some business that also serve local residents may not be eligible, including certain convenience stores (e.g. 7-11), drugstores and retailers in heartland malls. These businesses could be more exposed to RTS-related outbound spending.

3. We propose Government provide a tranche of CDC vouchers and expand their use to cover:
   a. A broader range of merchants outside the Central Region, regardless of business category
   b. Merchants in sectors most exposed to outbound spend (Drug Stores & Toiletries; Groceries & Food Products; Restaurants & Cafes)
   c. If a dedicated allocation for heartland merchants is retained, keep the existing 50% set-aside while allowing the remaining 50% to be used across a wider pool of eligible merchants beyond supermarkets

4. Businesses can partner government agencies to maximise the impact of vouchers through promotions, loyalty programmes, shopping festivals and experiential offerings that encourage consumers to spend locally.

A2. Stimulate Local Spend – Review policy and enhance support for differentiated retail and F&B experiences

Aim

- Increase consumer spend in Singapore through **more compelling and differentiated retail and F&B experiences**

Study Findings

Lower Prices are the main reasons to **travel to JB** (69% cite 'lower prices', 51% cite FX); while **unique SG products or services** not available in JB (cited by 46%) is a key reason to **continue spending in SG**
Source: Consumer survey analysis

A segment of JB travellers comes to Singapore for premium shopping, and majority of this is done in shopping malls (57%)

Restaurants & Cafés are amongst top 3 categories by outbound impact to JB
- Regulatory / import constraints limit menu and concept innovation

Source: MC impact study and consumer survey analysis , FGDs

Key Details

1. RTS-induced competition will make it more important for retail and F&B businesses to offer products, services and experiences that are distinctive and difficult to replicate across the border. Stronger local offerings can give consumers more reasons to spend in Singapore, even with easier access to alternatives in JB.

2. We recommend that Government agencies review policies and support schemes to help businesses develop more differentiated retail and F&B experiences. This could include:
   a. Review import frameworks, volume quotas, and accreditation processes for regional food sources to support culinary innovation and business cost-competitiveness, while maintaining food safety and biosecurity standards. For instance, safely expanding farm-level accreditation within nearby markets (e.g., Johor) to include high-demand staples like fresh duck eggs, chilled broiler poultry parts, and chilled regional beef would lower sourcing costs. This enables local F&B operators to viably experiment with authentic regional dining concepts that are increasingly accessible to consumers across the border.
   b. Reviewing regulatory frameworks that constrain provision of value-added services. For example, while certified pharmacists in Singapore's public healthcare system may prescribe medication under defined arrangements, similar capabilities are generally not available in retail pharmacy settings. In countries such as the UK and Canada, community pharmacists can provide selected prescribing and treatment services, creating a more differentiated customer experience.
   c. Ensuring enterprise support schemes keep pace with evolving business models, including integrated retail-F&B concepts and lifestyle destinations where retail, dining and experiential offerings are combined. Examples include Ralph's Coffee within Ralph Lauren stores and GT Bar within Audi House of Progress.

3. TACs can complement government support efforts by aggregating demand, coordinating shared pilot projects and facilitating collaborations across retailers and F&B operators. This can help businesses test new concepts, technologies and customer experiences at lower cost and risk than undertaking such initiatives individually.

B1. Boost Tourist Spend – Leverage mega-events to capture RTS-enabled visitor spending

Aim

- **Increase dwell time and discretionary spending** through more frequent event-driven and destination-wide experiences

Study Findings

34% of JB respondents (vs 24% pre-RTS) plan to **attend events** in SG with >2x more **recreation spend** per trip. **Hotel spend** positively correlated with international concert calendar

Source: MC impact study, consumer survey analysis

Key Details

1. Singapore should continue building a strong pipeline of high-quality, recurring mega-events to attract visitors and drive spending. With the RTS making cross-border travel more convenient, these events can help convert visitor arrivals into longer stays and broader spending across the retail and F&B ecosystem. We recommend:
    a. Bundling mega-events with thematic, place-based and heritage-inspired experiences to encourage RTS visitors to stay longer, visit more precincts and spend across a wider range of retail and F&B businesses.
    b. Involving more retail and F&B businesses, including heartland merchants, so that event-related spending benefits a wider range of businesses.
    c. Improving early coordination and information-sharing between government agencies, TACs, mall operators and businesses, so merchants can plan ahead and participate more effectively in event-related promotions and programmes.

2. Retail and F&B businesses should also be supported to develop offerings that are distinctive to Singapore. This includes:
    a. Encouraging businesses to develop Singapore-first product launches, destination-exclusive collections and limited-edition collaborations
    b. Providing destination marketing support and facilitating brand or IP partnerships to help retailers secure such launches, collections and collaborations.

B2. Boost Tourist Spend – De-centralise event infrastructure to areas outside Central

Aim

- Capture RTS-enabled visitor spending by expanding destination and event infrastructure beyond the Central region.

Study Findings

Central captures ~80% of inbound; non-Central regions under-capture today; East benefits where anchors such as Jewel/Changi exist
Source: MC impact study, consumer survey analysis

Key Details

1. Major concerts, festivals and experiential events remain concentrated in the Central region because suitable venues and supporting infrastructure are limited elsewhere. This restricts the ability of non-Central regions to host high-impact events to attract visitors, increase dwell time and capture discretionary spending after RTS opens.
   a. Historical spending patterns suggest that strong destination anchors can draw people beyond the Central Region. For example, the East has become the second most visited region after Central, supported by attractions such as Jewel.

2. The Northern Gateway offers a significant opportunity to capture RTS-enabled visitor spending. With Woodlands being developed Woodlands as a cross-border economic hub connected to the RTS and the Johor Bahru–Singapore Special Economic Zone, there is scope to add tourism, lifestyle and event infrastructure that encourages visitors to spend more time and money in the area.
   a. This could include flexible venues for regional-scale concerts, festivals and multi-day events, integrated with surrounding retail, F&B and accommodation. Such infrastructure would strengthen the Northern Gateway as both an economic hub and visitor destination at the doorstep of the RTS Link.

3. Singapore should also consider a more distributed event model, where major events are complemented by satellite activations across different precincts. These could include themed F&B experiences, pop-up markets, live performances, retail promotions, cultural showcases and community-led activities. This would extend dwell time, spread visitor traffic more widely and generate spillover spending for surrounding businesses.

B3. Boost Tourist Spend – Reinvent night-time offerings to support longer stay

Aim

- Encourage tourists to extend their length of stay in Singapore and increase overall visitor spending

Study Findings

RTS expected to drive **longer-duration SG trips** from JB consumers who used to drive in (day trips fall 8pp; overnight and 4+ night stays each rise 4pp)
Source: Consumer survey analysis

Key Details

1. The RTS Link is expected to bring more frequent and longer visits to Singapore. This creates an opportunity to convert more day trips into overnight stays and higher visitor spending. To do this, Singapore needs stronger evening and night-time offerings that give visitors a reason to stay beyond daytime activities.

2. We recommend strengthening Singapore's night-time economy by:
   a. Expanding night-time experiences beyond conventional entertainment to include cultural performances, live shows, family-friendly attractions, light shows, immersive exhibitions, sports and wellness activities, night markets, late-night retail activations and dining experiences.
   b. Developing more large-scale evening activations and seasonal events, such as light festivals, waterfront spectacles, cultural showcases, interactive exhibitions, and precinct-wide programming, drawing reference from successful examples in parts of China.
   c. Using technology to create distinctive night-time attractions, including projection mapping, digital art installations, interactive light experiences, and drone displays.
   d. Enabling businesses and precincts to operate later where demand is viable, including reviewing transport connectivity, operating-hour regulations, and public space usage to support a more vibrant evening economy.

B4. Boost Tourist Spend – Create a Twin Cities, One Destination experience

Aim

- Increase the overall size of the SG–JB visitor and consumer market

Study Findings

RTS incremental outbound trips to JB 11.2M vs inbound trips to SG 3.3M — **total demand pool can be grown, not just contested**
Source: MC impact study, consumer survey analysis

Key Details

1. Singapore and JB business should look beyond competing for the same pool of consumer spending. The RTS Link creates an opportunity to grow total demand through cross-border partnerships, coordinated promotions and complementary experiences that encourage consumers to spend across both destinations.

2. As the RTS Link deepens integration, consumers may increasingly view the two cities as a single retail and lifestyle corridor. Businesses should therefore explore more seamless cross-border offerings, including:
   a. Interoperable loyalty and rewards programmes that allow consumers to earn benefits in one market and redeem them in the other, encouraging repeat visits and spending across the SG-JB corridor.
   b. Cross-border promotions and bundled offers that incentivise consumers to include both Singapore and Johor Bahru in the same trip.
   c. Partnerships between businesses on both sides of the border to create complementary retail, dining and tourism offerings that strengthen the overall SG-JB consumer proposition.

B5. Boost Tourist Spend - Extend tourist tax refund eligibility to land-border travellers to stimulate higher-value retail spending

Aim

- Encourage higher-value retail spending by visitors departing through land checkpoints

Study Findings

- Tourist tax refunds are currently available only to visitors departing via air checkpoints, creating a difference in treatment for visitors leaving Singapore by land.
- This limits access to tax refund mechanisms and may reduce incentive to make higher-value purchases in Singapore before returning to Johor Bahru.

Source: FGDs

Key Details

1. The RTS Link will increase cross-border travel between Singapore and Johor Bahru. As more visitors depart Singapore by RTS link or Causeway instead of by air, Singapore should ensure that retail-spending incentives are not limited mainly to airport departures.
2. To maximise RTS-enabled visitor spending, the Government could consider extending tourist tax refund access to eligible travellers departing through land checkpoints, creating greater parity with visitors departing via Changi and Seletar Airports.
3. We recommend that the Government consider:
   a. Review the eligibility, safeguards and operational requirements for extending tourist tax refunds to eligible land-departing travellers; and
   b. Explore convenient tax refund verification and claim processes at key departure touchpoints along the land-travel journey.

C1. Support Business Adaptation – Enable Business Asset Enhancements

Aim

- Facilitate timely investment in infrastructure and assets to help businesses stay competitive in the post-RTS environment

Study Findings

Retail precinct upgrading is needed to remain competitive, but **landlords face cost pressures during Asset Enhancement Initiatives (AEIs) while SMEs often lack resources to undertake upgrading independently**
Source: FGDs

Key Details

1. As the RTS intensifies cross-border travel and competition for consumer spend, heartland malls will need to enhance their appeal and better support the SMEs operating within them.

2. However, asset enhancement works often involve high upfront costs, temporary business disruption and reduced rental income during upgrading. These factors can delay investments needed to keep retail precincts attractive and competitive.

3. We recommend targeted, time-bound support for major asset enhancement works in heartland retail malls, including:
    a. Temporary property tax relief during significant upgrading periods to encourage investment and support both malls and SME tenants.
    b. Targeted support for malls and precincts undertaking asset enhancement works that introduce stronger experiential, lifestyle and destination-based offerings.

C2. Support business adaptation – Facilitate Cross-Border Business Optimisation

Aim

- Support Singapore businesses in capturing cross-border growth opportunities

Study Findings

Cross-border operations by SG-registered F&B and retail businesses face fragmented compliance requirements, duplicative checks and working-capital strain that **increase the cost and complexity of operating across both markets**.
Source: FGDs and industry consultations

Key Details

1. The RTS link creates a new internationalization opportunity by giving Singapore businesses easier access to a larger integrated market close to home. Existing internationalisation schemes and facilitation efforts should be adapted to support RTS-related expansion.

2. We recommend the Government consider:
   a. Prioritising RTS-related projects within existing internationalisation support schemes, including the forthcoming EDGE programme, to help Singapore retail and F&B businesses establish or expand complementary operations across the RTS corridor.
   b. Introducing a "green lane" facilitation framework for qualifying Singapore businesses operating across the RTS corridor, including streamlined approvals, faster regulatory processes and dedicated support for cross-border business activities.

C3a. Support business adaptation – Address manpower cost pressures

Aim

- **Strengthen manpower flexibility** and **workforce access for retail and F&B businesses** in a more integrated Singapore–Johor market

Study Findings

Manpower and rental costs cited by FGDs as top barriers to compete or extend trading hours
Source: FGDs

Key Details

1. Manpower is one of the highest cost components for businesses in the F&B and retail sectors. Rising labour costs, including higher foreign worker and S Pass levies, have added to these pressures. Greater manpower flexibility would help businesses manage costs, transform operations and remain competitive as RTS-related competition increases.

2. New business models, including extended or night-time operations, will require additional staffing and will raise wage costs. As Singapore seeks to re-invent its night-time economy, businesses need temporary support to manage these costs while they transition towards more productive, manpower-lean operating models and grow the market.

3. We recommend:
   a. Allowing cross-deployment of foreign workers across related roles or commonly owned entities, so firms can better match manpower to operational demand.
   b. Providing targeted time-bound wage support to defray additional costs from night-shift or third-shift staffing.
   c. Introducing temporary manpower support, such as S Pass levy offsets or deferments for firms undertaking transformation and productivity initiatives.
   d. Reviewing how retail businesses are treated under the Services sector Dependency Ratio Ceiling (DRC) framework, given their distinct operating models and manpower needs.
   e. Expanding the Non-Traditional Sources Occupation List (NTS-OL) to help retail and F&B businesses access manpower for hard-to-fill operational roles as they adapt to RTS-related competition

C3b. Support business adaptation – Address rental cost pressures

Aim

- Support business **continuity and tenant** diversity in Singapore's retail ecosystem

Study Findings

Manpower and rental costs cited by FGDs as barriers to compete or extend trading hours
Source: FGDs

Key Details

1. Rental costs remain a significant concern for retail and F&B businesses amid rising business costs and competitive market conditions. While many mall operators and larger commercial landlords strive to maintain a diverse and vibrant tenant mix through sustainable leasing practices, approaches may vary across different ownership structures and property types.

2. Sustained rental pressures may constrain some SMEs' ability to invest in business upgrading, innovation, and new customer experiences. Over time, this could significantly affect business resilience and the diversity of offerings available to consumers.

3. There may be scope to explore targeted measures that help local retail and F&B SMEs manage rental pressures, including expanding access to subsidised commercial spaces or other affordable retail formats that help local F&B and retail businesses remain competitive in high footfall locations.

SUMMARY OF JOINT RECOMMENDATIONS

A. Stimulate Local Spend
1. Support Domestic Consumption in Retail and F&B
2. Review policy and enhance support for differentiated retail and F&B experiences

B. Boost Tourist Spend
1. Leverage mega-events to capture RTS-enabled visitor spending
2. De-centralise event infrastructure to areas outside Central region
3. Reinvent night-time offerings to support longer stay
4. Create a “Twin Cities, One Destination” experience
5. Extend tourist tax refund eligibility to land-border travellers to stimulate higher-value retail spending

C. Support Business Adaptation
1. Enable Business Asset Enhancements
2. Facilitate Cross-Border Business Optimisation
3. Address Longstanding Business Cost Pressures – Manpower, Rentals

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