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8M Real Estate reinterprets shophouse living

By Amy Tan / EdgeProp Singapore | May 10, 2019 11:40 AM SGT

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Real estate entrepreneur Ashish Manchharam launches KēSa House on Keong Saik Road – his new flexible living concept in the city.

In recent years, the [Keong Saik Road](#) area has seen a revival with the opening of co-working space [The Working Capitol](#), Michelin-starred barbeque restaurant [Burnt Ends](#) and multi-concept F&B establishment [Potato Head Singapore](#). At the same time, classics such as “zi char” restaurant [Kok Sen Restaurant](#) and traditional coffeeshop [Tong Ah Eating House](#), known for its kaya toast, still remain.

This mix of traditional and new concepts was what drew [Ashish Manchharam](#), founder and managing director of property investment and development group, [8M Real Estate](#), to purchase 10 adjoining shophouses along Keong Saik Road in 2017 for around \$75 million, or \$2,750 psf. Comprising a total gross floor area (GFA) of around 27,300 sq ft, the shophouses previously housed the 79-room boutique hotel [Naumi Liora](#).

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In April, 8M Collective unveiled 60-room flexible living concept KēSa House on Keong Saik Road (Pictures: Albert Chua/EdgeProp Singapore)

Manchharam also created 8M Collective to hold his growing portfolio of such conservation shophouses that formerly housed boutique hotels. They include the former Club Hotel on Ann Siang Road, which he rebranded as [Ann Siang House](#) last year; and [Wanderlust on Dickson Road in Little India](#).

The latest addition is KēSa House along Keong Saik Road that soft-launched in April. The name was derived from the street name. “We are on Keong Saik Road, hence KēSa,” says Manchharam. “We found that for people new to Singapore, Keong Saik may not be the easiest words to pronounce, so we made it easier.”

Boasting a striking turquoise exterior, the row of three-storey shophouses along Keong Saik Road feature 10 F&B outlets on the first level, with 60 suites for lease on the two upper floors. The accommodation was designed to cater to young professionals and business travellers who want the amenities and comforts of home.

With three different room types and sizes ranging from 200 to 322 sq ft, the property features a complimentary launderette and a fully-equipped communal kitchen that offers complimentary coffee from local café Sarnies. There is also a lounge fitted out with charging stations where guests can work, and a terrace that overlooks the Duxton Plain Park

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‘An alternative housing option’

The accommodation at KēSa House is available for lease from as short as a week to two months. “It’s very much in line with our strategy in terms of having accommodation for short- and long-term stays,” says Manchharam. “Being very close to the CBD is something that a lot of people would like, and we have an opportunity to do that with KēSa House.”



The property has three room types and has a complimentary launderette and a fully-equipped communal kitchen that offers complimentary coffee from local café Sarnies

Such flexible living hasn’t really existed in the past, observes Manchharam. “This is something we would like to develop – a different type of product – within our portfolio.”

He emphasises that KēSa House’s concept differs from [co-living](#) – KēSa House is a hospitality property. Hence, guests are not locked into a lease but can choose between a daily, weekly or monthly rate that covers utilities and wifi, he adds. Its soft opening daily rates start from \$150++ per night.

“In my view, co-living is about apartments with multiple bedrooms and shared amenities,” he says. “What we are offering is designed around the flexibility in the way you live. It’s more of having your own space and [access] to common spaces.”

Since its opening, there have been guests who had booked to stay for a few nights at first, and then extended their stay to two or three months, notes Manchharam.



The common terrace that overlooks Duxton Plain Park

He has also struck an agreement with [Singapore’s biggest co-living operator Hmlet](#), to offer short-term stays to the latter’s clients at KēSa House. As [Hmlet is a co-living operator](#), its leases have to be at least three months, in keeping with URA’s rules of tenancy for residential units.

Over time, Manchharam hopes KēSa House will appeal to young Singaporeans in addition to expatriates and international travellers. “We want to attract young

families. Hopefully, this gives them the ability to be a bit more independent while being

close to their workplace. That is our eventual goal. We want to provide an alternative housing option.”

Filling a gap

Govinda Singh, executive director of valuation and advisory services at Colliers International, believes that 8M Collective is filling a gap in the market. He sees the concept at KēSa House as “effectively a hybrid between co-living and [serviced apartments](#)” but with an added appeal to millennials of being a boutique project with character, given that it’s a conservation shophouse.



KēSa House features a lounge fitted out with charging stations where guests can work or hold meetings

Singh expects short-term leases to become more prevalent as companies are sending younger employees to Singapore for shorter stints due to the expenses incurred for longer stays. In the private residential space, leases are typically two years, which some

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day stay are much more appealing, adds Singh. However, he feels the mainstream

product tend to be “very corporate and geared towards an older generation”.

8M Real Estate’s Manchharam says the hotel segment has become increasingly “commoditised”. “There is no loyalty,” he laments. “People just choose the best deals out there, and you can do everything from your phone. There is no value-add. We didn’t really want to compete in that space.” Focusing on longer-term stays instead of a pure hotel operation also means greater income security, he adds.

Another reason for steering clear of a pure hotel play is manpower issues in the hospitality sector. In February, the Singapore government further reduced the foreign worker quota for the services sector.

KēSa House currently has 14 operation staff. If it were to operate as a hotel, the headcount would double. “Our setup gives us the ability to work with fewer people so we are more productive,” explains Manchharam.

Adam Bury, senior vice president of sales at JLL, concurs. “Whether you are a large or small hotel operator in Singapore, staffing is very difficult,” he says. “As advisers, we see staff costs increasing for hotel operators and this is unlikely to decrease in the next couple of years. As a result, most operators are running with a lot less staff than they would like to.”

Flexibility of short-term leases

8M entered the accommodation sector with BASE Residences at 31 Hong Kong Street. Launched in June 2017, the three-storey conservation shophouse was converted into four units: a 300 sq ft studio and three two-bedroom apartments with sizes of 700 to 800 sq ft.

“We were testing the concept at BASE Residences,” says Manchharam. As it’s successful, he is in the process of adding eight more units to the building, bringing the total to 12.

He had also purchased the former The Club Hotel at 28 Ann Siang Road for \$52 million, or \$2,167 psf based on GFA of 24,000 sq ft in June 2017. Following extensive renovation, it reopened as Ann Siang House with 20 rooms on the upper floors, a new rooftop bar and

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three or four nights, BASE Residences has longer stays typically averaging one to two

months. This is because the latter is designed as fully-fitted, serviced apartments. Manchharam is also expecting longer-term stays at KēSa House.

“We feel that the locations our properties are on – Ann Siang Road, Keong Saik Road and Hong Kong Street – are those that people would like to live in because they are very vibrant,” he adds.



Guests of Ann Siang House typically stay for three to four nights

Last July, he bought boutique hotel Wanderlust Hotel on Dickson Road in Little India for \$37 million. Based on the GFA of 15,500 sq ft, this translates into \$2,387 psf. According to him, the property is currently undergoing redesign and rebranding, and it will be unveiled at the end of the year.

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includes those at the former Wanderlust property, as well as two other conservation shophouses – located at Carpenter Street and New Bridge Road – which 8M had

purchased last year. The Carpenter Street and New Bridge Road properties will be redeveloped later this year with acclaimed architectural firm WOHA Architects as the designer.

Earlier this year, 8M Real Estate paid \$80 million for six conservation shophouses at Tanjong Pagar, which had already received URA approval for hotel operations on the upper floors. Manchharam intends to convert the upper floors into studios.

Placemaking

To create a unique experience for guests, 8M's Manchharam takes time to curate the F&B tenants at each of his properties. He spent almost a year speaking to potential tenants for the F&B space on the ground floor of KēSa House. One such tenant is Hong Kong-based cocktail bar The Old Man – ranked No 5 on the Asia's 50 Best Bars and No 10 on The World's 50 Best Bars lists. Its outlet at KēSa House is its first one overseas.

There is also homegrown modern French bistro Mag's Wine Kitchen that was previously located on Circular Road for 25 years. The owner had intended to leave her premises at Circular Road, and Manchharam convinced her to move to Keong Saik Road. "She thought it would be too quiet here but now she realises it's not," he says.

Other F&B offerings at KēSa House include Olivia Restaurant & Lounge, conceived as an all-day dining destination as Keong Saik Road typically draws a dinner crowd. There's also Pasta Bar and Affogato Lounge. Affogato Lounge is a partnership between 8M Real Estate and Affogato Bar at Cluny Court.

Having a good mix of F&B tenants not only helps to improve guest experience, but also plays a broader role in rejuvenating the neighbourhood, says Manchharam.

"Placemaking takes time."

Millennial and luxury travellers alike are seeking unique experiences. "Increasingly, this is what people are looking for even in business travel," observes JLL's Bury. "This is not just about a room but the people you interact with, and the F&B offerings." In Singapore, for example, more hotels are introducing elements such as local design and food that is

Beyond the city area

In March last year, Manchharam purchased nine conservation shophouses and a commercial building at Boat Quay and Circular Road as well as New Bridge Road near the Singapore River. He paid \$82.5 million for the portfolio.



Manchharam: *We know Singapore and we know it well. I think there's enough opportunities here for us to grow [our] portfolio in different ways.*

“We are also heavily invested in Boat Quay and Circular Road,” he says. “It’s another location we think has long-term potential.” For now, Boat Quay is still heavily focused on tourists. He feels that perception needs to be changed in order to draw locals to the area. “We are trying to introduce some new concepts there to bring the locals back,” he adds.

Around the same time that 8M Real Estate purchased the six conservation shophouses in Tanjong Pagar earlier this year, the group also purchased four shophouses – located on Arney Street and Crosshill Lane in the CBD as well as at the end of Lorong Merah in

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While 8M Real Estate has steered away from the residential sector and focused mainly on acquiring shophouses with a hospitality and F&B focus, Manchharam says that his

business has been affected by the property cooling measures introduced last July as investors switched their focus from the residential market. “We are kind of affected because a lot of people have come into this space [shophouses] since last year,” he laments. “People were jumping into this market because of the cooling measures in the residential sector. That’s what has driven up transaction volume and prices of shophouses towards the end of last year.”

Manchharam understands the rationale. A foreigner buying a residential property in Singapore that’s more than \$1 million will be hit by a buyer’s stamp duty of 24%. “They would rather pay 20% more for a prime commercial property than pay the 24% tax,” he says.

While many Singapore developers and investors are looking offshore in the wake of the latest property cooling measures, Manchharam says he intends to stay focused on the local market. “We know Singapore well,” he says. “I think there are enough opportunities here for us to grow our portfolio. Right now, we are focused in the city area, but we will move out to other areas. That would be the natural progression – to move out of the city but not outside of Singapore.”



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