

Hmlet, diversified

SAMUEL ISAAC CHUA/THE EDGE SINGAPORE



Hmlet Furniture's showroom at 65 Tiong Poh Road is designed like a residence

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Ergonomic chairs and desks have lately stolen the limelight in the furniture world. The demand for having the right posture while typing on a keyboard has been high, and Hmlet Furniture can attest to that. The Eames Desk Chair, for instance, which costs \$9 a month, is sold out. So is its counterpart, the Bradford Study Console featuring a wild oak veneer, at \$15 a month.

Hmlet Furniture is one of the many platforms that co-living player Hmlet has kept itself busy with while the pandemic rages on. It has partnered with local furniture and lighting companies in Singapore and set up its own supply channel with manufacturers in Indonesia, Vietnam and China to provide over 100 rentable items ranging from heavyweights such as bed frames and television consoles, to smaller accessories like mirrors and rugs. Nice-to-haves also include a golden stainless steel cocktail shaker, 210mm in height, for \$2 a month, although this did not make it to the bestseller list.

An entire two-bedroom apartment could be fitted out from \$250 to \$350 a month, just from leasing the furnishings on the platform.

Decoupling from occupancy rates

Hmlet, which started out in 2016 offering co-living apartments to members, has purposefully diversified its offerings. Alongside Hmlet Furniture, the company has rolled out interior design services — called Hmlet Interiors — for developers, or homeowners looking to rent out their units. There is also Hmlet Listed, a property listing platform managed by the firm, where homeowners get to rent their homes directly to tenants, cutting out the need for agents. With the platform, Hmlet is offering “different services that can elevate an apartment to be able to be rented out faster and have a better yield”, says Yoan Kamalski, CEO of Hmlet.

Simply put, the firm has become an end-to-end solution for its real estate partners, and that runs the gamut from developers, homeowners and building owners, to landlords. Hmlet could transform the entire building for a landlord, or help homeowners to fit out their apartments, who then have the choice to rent them out on Hmlet Listed exclusively or non-exclusively. “It’s basically upgrading your property to get a better yield,” says Kamalski.

The company decided to decouple its business from occupancy rates when it could not meet the demand to rent, renovate and operate buildings. Hmlet also took note of specific needs from its real estate partners. “A lot of them were smaller landlords and operators who either wanted us to fit out, or do demand generation, or facilities management. But we were known to do everything. And there was no option for us to not do everything,” he says.

Key to all of Hmlet’s new offerings is convenience. “Our focus is, how do we make [it easy for] a landlord to fit out his apartment if he doesn’t want to spend \$12,000 from day one. That was furniture subscriptions, because it’s easy — it’s \$200, it’s non-committal. If the apartment doesn’t get to be rented out at a price that he wants, he can stop and we can get back everything,” says Kamalski.

“For us, this was basically the most flexible way to scale — more apartments, more supply [while also getting to maintain the same standards of quality across all of Hmlet’s offerings],” he adds.

To boost profitability, the business has also taken an asset-light approach. In the past, Hmlet adopted a hybrid model of leasing and profit sharing with landlords. “A good portion of our buildings had a base rent, which would be between 40% and 60% of the market rate, and then the rest would be a profit share,” says Kamalski.

Hmlet had previously taken up master leases for entire buildings. These include Hmlet @ Joo Chiat, a building in East Coast that is owned by listed property group Oxley Holdings; and Hmlet @ Sarkies, in Newton, where it leased



A pegboard houses the array of fittings clients can choose from

the entire building from ANB Investment. Meanwhile Hmlet at Cantonment, also signed on a master lease, marked the firm’s first foray into revamping commercial buildings, and was developed jointly at a cost of \$5 million with LHN Facilities Management — an indirect subsidiary of LHN Limited, a Singapore-based real estate management services group.

Impact of the pandemic

Demand for co-living has weakened, in large part due to the uncertain economic outlook and travel restrictions. In particular, those who travelled into Singapore for the short term used to contribute to “a lot of demand” for Hmlet’s co-living properties, reveals Kamalski. In line with URA regulations for short-term rentals, all co-living spaces at Hmlet require a stay for at least three months. The exception is at Hmlet at Cantonment in Tanjong Pagar, which is located in a zone that the URA allows for short-term stays of six nights and above.

As the movement of people in and out of the country have been restricted, co-living players have basically had to compete amongst one another for the same share of the pie. To entice members, Hmlet has lowered the rates on its rooms, and is also offering a free first-month stay for those who are interested. At its launch in August last year, Hmlet at Cantonment commanded a range of \$145 to \$320 per night. With its new revised rates — and depending on the dates — prices can now range from \$110 to \$290 a night.

Another blow to the business was the retrenchment exercise of Hmlet’s expatriate clientele who had to leave Singapore, which made up 10% of its customers. Due to most firms implementing a work-from-home policy, occupancy rates at CBD locations have been more impacted than others.

But unexpectedly, the company began to see an uptick in the number of locals who flocked to its properties over the circuit breaker period. The trend has persisted till now, and resulted in a clientele base comprising 25% locals and the remaining 75% expatriates. Previously, its expat base made up 90%, while locals comprised only 10%.

Hmlet’s locations in the East Coast have been “super popular” with Singaporeans, who tend to choose their locations around food and lifestyle, says Kamalski. This is a contrast to expats, who seek convenience and close proximity to coffees and bars.

Despite market conditions, Hmlet has expanded fast. In June, it opened five new properties in Tokyo, with plans to ramp up to 10,000 rooms in major Japan cities like Yokohama, Osaka, and further in Tokyo. Under Hmlet Listed, it currently manages 5,000 listings across Thailand, Malaysia and Singapore. And by end-2020, it will be running 5,000 rooms under its co-living brand across Southeast Asia. But very soon, both its co-living properties and Hmlet Listed will be consolidated under one platform, shares Kamalski.

When that happens, the co-living player will be one step closer in its mission to be a one-stop shop for real estate partners. **E**

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Customers get to choose from all of the furniture at the showroom and create their own design

HMLET



Hmlet's offering at Emerald Hill — a combination of two residential homes — houses a total of 12 rooms