

# Last orders: Why are so many Singapore eateries shutting down?

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# Last orders: Why are so many Singapore eateries shutting down?



When brands such as (from left) Prive, Burger & Lobster and Eggslut announced their closures last year, attention quickly settled on familiar explanations: rising rents, manpower shortages and escalating utility costs. But what is often missing from this conversation is an examination of how F&B outlets are structurally designed to operate, and how labour, space and workflows translate into value at the outlet level, says the writer. PHOTOS: KUA CHEE SIONG, LIANHE ZAOBAO, EGGLUT

The sector is generating more topline revenue but productivity gains remain low and cost pressures then make businesses unsustainable.

Lee Kuan-Huei

The wave of closures in Singapore's food and beverage scene has not slowed with the turn of the year. British casual dining chain PizzaExpress announced that it shuttered two outlets on the last day of 2025, while early 2026 saw home-grown Kith Cafe announce the closure of two stores on Jan 5. These developments follow a series of high-profile exits in 2025, showing that the sector's challenges are neither isolated nor seasonal.

Public reaction to these closures has been consistent. When well-loved brands such as Prive, Burger & Lobster and Eggslut announced their closures last year, attention quickly settled on familiar explanations: rising rents, manpower shortages and escalating utility costs. These pressures are real, but they do not tell the full story.

What is often missing from this conversation is an examination of how F&B outlets are structurally designed to operate; how labour, space and workflows translate into value at the outlet level.

New evidence suggests that what we are witnessing is not a cyclical downturn or a temporary cost shock, but a deeper structural problem embedded in the way much of Singapore's F&B sector still operates. Unless these

capability gaps are addressed, closures will not be episodic events but a persistent feature of the industry landscape.

### GROWING ACTIVITY, WEAK PRODUCTIVITY

Adopting an outlet-level benchmarking approach, the Food Services Productivity Report, launched jointly by the Singapore Productivity Centre (SGPC) and Enterprise Singapore, collected data across 380 establishments, spanning full-service restaurants, cafes, quick-service restaurants, kiosks, and fast-food outlets.

As SGPC chief research officer, this academic was closely involved with the study which provides Singapore with a new granular, operational view of how outlets truly function, how many staff are deployed, how space is used and how much value is generated per hour of work.

The patterns that emerge are remarkably consistent. The sector is working harder, serving more customers and generating higher topline revenue but it is not working smarter. Productivity gains have lagged behind activity growth, leaving many outlets operating on increasingly fragile foundations.

Between 2018 and 2023, operating revenue in the F&B sector grew by nearly 10 per cent. Over the same period, value added, which is the clearest indicator of productivity, grew by only about 4 per cent.

This widening gap signals a fundamental imbalance: more effort and resources are being deployed without proportionate economic returns. In practical terms, operators are running faster just to stay in place.

This mismatch is the first

warning sign that the prevailing operating model is under strain. Growth alone is no longer sufficient to sustain businesses when productivity fails to keep pace.

### COSTS TIP SECTOR OVER EDGE

Cost pressures then push this fragile model into outright unsustainability. From 2018 to 2023, operating expenditure rose by approximately 12 per cent, outpacing revenue growth. The cost of goods sold has increased rapidly after Covid-19, while profitability turned negative during the pandemic and has yet to recover.

Under these conditions, operators cannot simply "scale their way out" of trouble. When productivity plateaus, every additional dollar of revenue demands disproportionately more labour, space and operational complexity, precisely when these inputs are becoming scarcer and more expensive.

These pressures are intensified by a highly competitive and increasingly saturated market. Some 3,793 new F&B businesses were set up in 2024 and 3,047 ceased operations, indicating that for every 10 new businesses set up, eight are leaving. At the same time, foreign brands continue to

enter Singapore, often bringing stronger systems, tighter workflows and greater operational discipline.

Competition alone does not cause closures. Instead, it raises the minimum capability threshold required to survive. In an oversupplied market, there is little tolerance for capability gaps. Operators with weaker productivity foundations are the first to be squeezed out.

Labour constraints are no longer temporary or cyclical; they are structural. Nearly one-third of the F&B workforce is now aged 60 and above. Yet many outlets still rely on labour-intensive, physically demanding workflows designed for a younger, more abundant workforce.

This demographic reality makes productivity, not headcount, the central lens through which sustainability must be assessed. Without redesigning jobs, processes and workflows, manpower shortages will continue to undermine operational viability.

### A PRACTICAL PRODUCTIVITY BENCHMARK

The widening gap between effort and value makes it clear that operators need a concrete way to measure efficiency. One of the

most important contributions of the Food Services Productivity Report is the establishment of a simple, actionable benchmark: A typical F&B outlet in Singapore generates approximately \$60 to \$65 in sales per man-hour.

This single metric allows meaningful comparison across outlets, formats and locations, revealing where structural gaps truly lie. For policymakers, investors and operators alike, this metric provides a clearer signal of outlet viability than topline revenue growth alone.

To move the sector forward, operators must track productivity metrics such as sales per man-hour and sales per square foot on a regular basis. Capability uplift should prioritise workflow redesign, job redesign and menu engineering, not technology adoption for its own sake.

Public initiatives such as FoodX, the Process Optimisation Programme and Career Conversion Programmes can help small and medium-sized enterprises transition from labour-heavy models to capability-led operations. Broad adoption of these practices will raise the sector's median performance, not just that of its top percentile.

### WHAT TOP PERFORMERS HAVE IN COMMON

The data from the report shows a strong correlation between manpower efficiency and space efficiency. High-performing outlets do not excel in one dimension alone; they optimise layout, workflow, staff deployment and basic technologies as an integrated system. Productivity, in other

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## Shift focus from containing costs to long-term capability building

### FROM B1

words, is not a tool or a piece of equipment – it is an operating philosophy.

High performers also simplify what kitchens are asked to execute under pressure. For example, Chicco Pasta Bar focuses on high-margin dishes designed for fast, consistent cooking, while Minor Food reduces outlet workload by outsourcing labour-intensive preparation to central kitchens and specialist suppliers.

Menu design and preparation strategy directly shape speed, quality and manpower requirements.

Also, contrary to popular belief,

cafes, kiosks, quick-service restaurants and full-service restaurants exhibit similar median productivity levels. What differs dramatically is the spread between top and bottom performers. A top-performing cafe or quick-service outlet can produce two to four times the value per unit of labour compared with a poorly performing outlet of the same type.

Sushi Express illustrates this clearly. Through targeted automation, the time required to mould sushi was reduced to under 15 seconds, while output in takeaway kitchens doubled or tripled. The lesson is clear: Success is driven by throughput and execution capability, not by

concept type.

The analysis also challenges another industry myth: that location determines productivity. While prime locations offer visibility, the data shows no consistent relationship between location and outlet-level productivity. Well-designed heartland outlets can outperform poorly organised city-centre operations.

HarriAnns demonstrates this principle. By allocating only 25 per cent of space to the kitchen, adopting QR ordering and shifting prep work to a central kitchen, some outlets have cut production time by up to 50 per cent. Workflow design, not geography, drives performance.

Another thing to bear in mind is that people strategy is not an HR footnote; it is a core productivity lever. Shake Shack Singapore improved retention and execution by shifting to a five-day workweek, rebalancing full-time and part-time staffing, and cross-training staff across multiple stations. Older workers are integrated into lighter-duty roles, stabilising manpower while preserving service consistency. Steady, well-trained teams outperform larger but fragmented workforces.

### A NECESSARY RESET

F&B closures in Singapore are not isolated accidents driven solely by

cost shocks. They reflect deeper structural weaknesses in operating models that no longer align with economic, demographic and competitive realities.

The evidence shows that productivity uplift is both possible and replicable. Outlets that redesign workflows, simplify menus, optimise space and deploy manpower strategically consistently outperform peers operating under traditional labour-heavy models.

Productivity, in this context, is not about working harder or adopting technology for its own sake; it is about redesigning how value is created at the outlet level. If Singapore is to preserve its

diverse and vibrant food scene, a structural reset is unavoidable.

Operators, investors and policymakers must shift their focus from short-term cost containment to long-term capability building.

The sector now stands at a clear inflection point: Adapt operating models deliberately to meet new realities, or accept that more familiar names will continue to disappear from Singapore's dining landscape.

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