

● MUMBAI MALLS LIKE MEGA AND CRYSTAL HAVE VACANCY RATES AT 50%

# Average vacancy across malls up 20%

Pune city remains the graveyard of Indian retail with about one-third of its malls vacant. Unable to pull in the crowds, 15 malls have closed down in past one year

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**AVERAGE VACANCY ACROSS** malls in top cities has hit 20% up from 13% in the past five years, according to data sourced from JLL, India.

In Mumbai, for instance, malls like Mega Mall and Crystal Mall have vacancy rates, approximately at 50%. In south Mumbai, Atria Mall, which was once the country's first luxury mall is now 80% vacant. In Pune, Amanora Mall is losing clients to nearby competition and channel checks suggest the mall is now 20% vacant. Ishanya Mall, also in Pune, has been struggling with high vacancy rates and is believed to be 40% empty.

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Unable to pull in the crowds, 15 malls, covering a combined space of 3.5 million sq ft have closed down in the past one year, re-

## Vacancy in operational malls



(%)	SUPERIOR	GRADE AVG	POOR
NCR Delhi	10	15	44
Mumbai	8	18	39
Bengaluru	5	7	71
Chennai	2	23	41
Pune	14	31	46
Hyderabad	3	14	17
Kolkata	12	16	39
<b>India</b>	<b>9</b>	<b>15</b>	<b>41</b>

Source: JLLREIS

sulting in a net negative supply of malls in 2016 for the first time. This has led to a shortage of grade A mall space and steeper rentals. "The churn in the top 8% malls in the country will intensify because that's where all the brands want to be seen," said Gautam Vaswani, executive director at PPZ.

In the past five years, rentals in the best performing, with less than 5% vacancy, have increased by 10% per year on an average, driven by high demand from multinational apparel giants like H&M, Gap, Massimo Dutti, Uniqlo and Zara. But such malls are in short supply, scuttling expansion plans of large

brands. Govind Shrikhande, managing director of Shoppers Stop said velocity of store openings could accelerate if there were more location options. Even when developers were desperate to accommodate Swedish brand, H&M, it had to scout for a fitting launchpad in Mumbai for over a year. "The annual churn rate is now about 7% to 10%," said Rajneesh Mahajan, executive director at Inorbit malls. Anchor stores come with a specific store size in mind, in keeping with the brand positioning and it becomes tough to accommodate, Mahajan added.

According to JLL, India's report, in Bengaluru, nearly 71% malls are categorised as "poor grade," based on parameters such as location, tenant mix, vacancy rates, amenities and ownership status. In NCR, Chennai and Pune, such malls comprise 40% of the market. In contrast, 9% malls were categorised as superior grade in the country and 15% malls were categorised as average per-

forming.

Some malls that shut down are being revived as either office buildings or housing projects. In Pune, Inorbit, the Kakade Center Port, Jewel Square and East Court are now office compounds. In suburban Mumbai, Vashi, City Centre, Centre One and Palm Beach Galleria are now housing or mixed-use projects. Gold Souk Mall and the Wedding Mall, which were planned as specialty malls are residential complexes. Hyderabad's Metropolitan Mall and Delhi's Ansal Plaza have already changed to commercial buildings. In NCR of Gurgaon, MGF Metropolis Mall also converted its top decks to house offices.

But still the fate of a large number of other malls hangs in balance, especially those that were strata sold – where developers had sold floors or a few shops to investors. This is because once ownership is fragmented, consensus building becomes a challenge, said Vaswani.

