

After big city glut, mall makers seek succour in small towns



■ Malls in cities such as Lucknow (in picture) also cater to the people from neighbouring towns HT FILE

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MUMBAI: With shopping malls slowly shutting down in big cities, pent-up demand for branded goods and limited entertainment zones are pushing developers to smaller towns.

India currently has close to 400 malls. In the last couple of years, more than a dozen malls have shut down or converted to office spaces in cities such as Mumbai, Delhi-NCR and Bengaluru.

However, new malls are coming up in smaller cities such as Rajahmundry, Khamam, Guwa-

hati, Anand, Lucknow and Trivandrum, among several others.

"The main markets are getting saturated, and there is oversupply of malls in some pockets of big cities. The smaller markets will be the new growth engines as the consumption story is evolving and there are few entertainment destinations there," said Pankaj Renjhen, MD, retail services, at realty major JLL India.

For instance, Margami Estates is developing a 150,000-square foot mall in Rajahmundry, Andhra Pradesh, at an investment of about ₹70 crore, excluding the land cost. This will be the

first mall in the town, which will be part of a 22-acre mixed-used development project that will also include a hotel and residential housing. The company hopes to get approvals in a month and complete the mall in two years.

"Rajahmundry may be a tier III town, but there is a latent demand for jewellery, branded apparel and new food outlets. People want entertainment centres here," said Bharat Margami of Margami Estates.

It's a win-win situation. Land costs are low in the small towns as compared to big cities, and there are many local developers who

have large land parcels, said Gautam Vaswani, director, strategy, Pioneer Property Zone, which has been involved in development and management of over 28 million square feet of retail space across India.

Business at Dehradun's Pacific Mall is growing over 20% since it opened about two years ago, and brands such as Dominos and Burger King have moved in. "What we have observed is that our mall has become a destination for people from many neighbouring cities such as Haridwar and Saharanpur," said Abhishek Bansal, owner, Pacific Mall.