

# Malls set to get larger

Will help enable a mixed-use format of the space; more revenue-sharing patterns likely

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Real estate developers and retail planners are working on mall designs which are much more spacious than the existing ones.

This seems contrary to the recent trend of several malls around the country closing due to poor sales but experts say larger shopping areas make good business sense. People now prefer to acquire larger properties and build bigger malls because owners want to avert competition in the neighbourhood, said Anand Sundaram, chief executive officer, Pioneer Property Zone.

The company is developing a little over 30 retail projects, to be functional in one to four years. Sundaram says the average mall size in 2015 will be 47,000 sq ft, compared to the current 38,000 sq ft.

Also, sectoral estimates show the largest malls in India are now well over a million sq ft each. For instance, Kochi's Lulu Mall is 1.7 mn sq ft of gross leasable area; the DLF Mall of India coming up at Noida is expected to be 1.9 mn sq ft.

Another reason prompting larger malls is the entry of established international retail brands such as H&M and IKEA, and expansion of the likes of Zara and Marks & Spencer.

The mall industry in India has come of age and is a long-term game, say consultants. "The learning has been that building malls is not only (about) real estate but planning (of) retail business. In the next five to 10 years, many international brands will come into the country and malls have to be built with their size requirement in mind," says Sanjay Dutt, executive managing director, South Asia, Cushman & Wakefield. The idea is to have sustainable models of the right design, size and quality of tenant, he says.

Also, the focus now is on the hybrid or mix-use format — residential, office, hotels,



## KEY UPCOMING MALL/RETAIL PROJECTS

Name of the project	City	GLA
Lotus	Mangalore	5,13,402
Trillium	Amritsar	4,62,217
Manjeera mall	Hyderabad	4,50,000
BHH	Bangalore	3,50,000
Shanta Sriram	Hyderabad	2,29,346
Celebrations mall	Amritsar	1,38,504
Destination 18	Vashi - Navi Mumbai	1,25,728
City Capitol	Delhi	80,014

GLA - Gross leasable area in square feet

Source: Companies

all together. "The retail business will yield results in the next five years. Till then, the owners can cross-subsidise from other properties to sustain it," said Dutt.

Malls are expected to grow in tier-II and tier-III cities, with projects in cities Meerut, Mangalore, Amritsar and Cuttack, for example. Tenant-friend-

ly revenue sharing patterns are also likely to emerge, as the experience in India has shown developers which sold space in malls haven't survived long, said Sundaram. Revenue sharing will be the

key model for most upcoming projects, is the belief.

A recent report from Cushman & Wakefield projects better times ahead for mall development. The total new mall supply by the end of 2014 is projected at approximately 14 mn sq ft in the top eight cities. This is about 200 per cent more than the supply received in 2013, of almost 4.6 mn sq ft.

The Delhi/National Capital Region will lead, getting 60 per cent of the total new supply or 8.2 mn sq ft. Bangalore is likely to add 2.86 mn sq ft.

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