

Shopping Centre News

AUGUST - SEPTEMBER 2015

DEVELOPING RETAIL IN INDIA

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INDIA'S HOTTEST EMERGING RETAIL DESTINATIONS REVEALED

- ➔ Growing importance of mixed use developments
- ➔ Foreign brands line up for quality retail malls
- ➔ Divide between successful & unsuccessful malls widens
- ➔ Putting entertainment first- a case study

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In this special cover feature, we bring a lowdown of the most promising emerging malls in India and we also analyse how these malls will change the retail landscape of their regions. In addition, we study at the macro level, how impactful their debut will be for the retail scenario of the country.



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RETAIL MIXED USE DEVELOPMENTS

More than 50 per cent of the world's population now live in Urban Centres, with the lure of employment, proximity to work, shopping, cultural activities and entertainment. And of course with all these asset classes on offer a stone through away from ones front door, a premium must be paid.

BY ZUBIN COOPER

The much coined "LIVE, WORK, PLAY" hubs are becoming more popular than ever and allow developers fortunate enough to acquire large prime city centre sites, a lucrative investment. With demographics changing, lifestyles and attitudes such developments are more popular than ever; more dispensable income and a live for the moment mentality.

Such developments have of course been around for centuries, arguably millennia!!! With the creation of the first cities and market streets in Mesopotamia, and now with successful models rising today all over the world. So why don't we see more of these developments in India? Well, surely we do.....at the heart of India's finance centre South Mumbai is a fine example of all the right ingredients; the creation and need for public

open space, colonnaded walkways, bazaars and markets, street retail with office and residential above, fine boulevards and places to be entertained.

Essentially it is well planned streets and public spaces/ that drive successful mixed use environments and of course putting the right amount of "mix" of use in the right areas is fundamental and needs the right market research. The "gel" of all these components coming together harmoniously is provided by the landscape, creating places for people to rest, to be and be seen.

CREATING SUCCESSFUL MIXED USE DEVELOPMENTS

Active Edges

No vibrant street scape survives without what we call active edges. Providing front doors that face streets be they retail/food and beverage shops or entrances to commercial buildings.

The Landscape

The clarity of the master plan diagram developed is often reinforced by a strong landscape design. The very gel that reinforces the coming together of so many elements.

It defines public squares and reinforces primary boulevards and access routes. Indeed a “structured” framework and parcelling of the land is also defined by the landscape.

Variety In The Offer

Adding “spice, flavor and diversity of experience,” a mix of use and getting the right tenants in is fundamental to the longevity of any given development.

Understanding Demand

What drives potential sales and makes commercial development an economic success is vital.

Early feasibility studies, and understanding social demographics add value at all stages of the process. Not only ensuring the right tenants are in the right places but also informs and drives design philosophy.

The Car

This subject can be debated and thrashed around many times. But the importance of getting a car parking strategy right cannot be stressed. The number of adequate spaces often driven by the amount of “GFA” of any given asset class.

The strategy of organizing the parking and flow of vehicles into any given development has to be carefully monitored and directed. Whether the provision of parking is above or below grade, ease of access and proximity is paramount.

Now being a traditionalist I’m a firm believer of on grade surface parking. Great examples exist of providing well organized street parking. It provides a development with activity, security and immediate convenience. But of course needs to be supported by structured parking to meet the demands of numbers, and well-designed broader and safe street sections. Good modern examples exist in Rodeo Drive, Miami, and Melrose Arch, Johannesburg. Of course, variety and connectivity to public modes of transport need further consideration and integration into the master plan.

Phasing Strategy

A larger site needs great forward thinking and planning in the creation of a phased structured plan. That allows flexibility in its development with time.

Phasing broadly speaking allows dividing the master plan into developable areas that can be grouped and phased over different periods of time.

Environmental Graphics And Way Finding

Urban environments are bare and soulless without the details that make them legible and familiar.

Good signage design and there strategic locations add to user experience by giving clarity to finding destinations and important landmarks.

The theme, positioning and brand of the development can also be reinforced by graphics and other street furniture.

Lighting

Adding not only to security at night but as attractive street furniture during the day, a good quality lighting strategy can change the mood of buildings and surrounding developments.

Used effectively good lighting brings new character to a development at night and changes the nature of the development and experience entirely. And

as with the introduction of graphics and signage, these are equally important design elements that should form an integral part of an urban designer’s vision. Specialised sub consultants working closely with designers ensure a holistic vision for the entire development is met at all stages of the of the master plan development; from the initial visioning, to the preparation of details.

Clear Vehicular And Pedestrian Strategy

Early and clear visioning of how different modes of transport are integrated allows for a well-designed development that caters for easy accessibility, ensures safety and working together with the landscape creates the very framework pattern of the development.

THE STRATEGY OF ORGANIZING THE PARKING AND FLOW OF VEHICLES INTO ANY GIVEN DEVELOPMENT HAS TO BE CAREFULLY MONITORED AND DIRECTED. WHETHER THE PROVISION OF PARKING IS ABOVE OR BELOW GRADE, EASE OF ACCESS AND PROXIMITY IS PARAMOUNT.





INDIA'S HOTTEST EMERGING RETAIL DESTINATIONS REVEALED

India is one of the most potential emerging markets in the world. International brands are queuing up at our doorstep to make an entry. But the big question is: Are we ready? Do we have enough quality retail space in India to adjust the new international entrants? The question is pertinent and so is the answer. In this special cover feature, we bring a lowdown of the most promising emerging malls in India and we also analyse how these malls will change the retail landscape of their regions. In addition, we study at the macro level, how impactful their debut will be for the retail scenario of the country.

For the holistic growth of the retail industry, we need new international brands to foray in India. We also need the national brands, or the already established international brands, to reach out the discerning customers of tier-III and -IV towns. And, for all this to happen we need new malls – malls which can offer quality retail space, which are world class, and which are much awaited. The definition of malls in India has moved beyond just any other shopping destination. Coming 2016, the malls are bringing in newer concepts with cutting-edge infrastructure, technology and mall management strategies. They are shaping into social destinations offering unique shopping, food and entertainment experiences. The idea is to define newer parameters and retail therapies to gain more traction.

The upcoming malls of India are doing things differently than their predecessors; they have accepted that the only way to stay relevant in this digital age is to embrace the change and to convert this change into reality. For example, malls are now emphasising on making food and entertainment, a dedicated and important segment at a mall. At some of these upcoming malls, food and entertainment category is as high as 40 per cent of the total leasable area.

This would significantly enhance the overall customer experience by offering more reasons than ever to come to a mall than for shopping purposes.

“As malls are now trying to accommodate a wide array of retailers and outlets, the average mall size has increased from 275,000 sq. ft. of gross leasable area (GLA) in 2009 to over 415,000 sq. ft. of GLA in 2015, and

is expected to further increase for all the upcoming malls to about 500,000 sq. ft. of GLA,” says Rohit Kumar, Head of India Research, DTZ India.

Susil S. Dungarwal, Promoter and Chief Mall Mechanic, Beyond Squarefeet says: “While there are not too many malls coming up in the immediate future, the first quarter of 2016 may see a few large malls in Noida or Greater Noida region. These malls can probably change some aspects and expectations.”

MALLS REDEFINING THE INDIAN RETAIL LANDSCAPE

Customers in the 21st century are more eager to adapt new and modified style of living due to lack of entertainment avenues. The growing popularity of e-commerce and the constant threat to the physical shopping phenomenon is changing the retail realty landscape. Malls are trying to evolve into an innovative platform to engage with their patrons to make the mall visiting experience more engaging and enriching.

According to Vishal Mirchandani, CEO – Retail & Commercial, Brigade Enterprises: “Some of the key trends in the country’s retail markets are: change in size of malls, change in the average number of stores per mall, and retail product category distribution (per cent total retail area).”

Talking about the USP of their upcoming project, Orion East, Mirchandani says: “Orion East Mall is being positioned as a perfect-sized neighbourhood mall, which will provide an international experience to the shoppers and will satiate their retail, social and entertainment needs. Our endeavour is to be an energetic community



hub and a mall that offers aspirational shopping values to consumers. The mall’s design is international in look, efficient for operations and convenient in location making it attractive for retailers and shoppers alike.”

The malls are a by-product of passion, sincerity and dedication of the developers, mall management teams and everyone involved in the process. Talking about one such upcoming and soon-to-be-launched retail realty project, DLF Mall of India, Pushpa Bector, Senior Vice President and Head (Leasing and Mall Management), proudly says: “DLF Mall of India is going to be the largest destination mall of the country with a dedicated retail space of 2 million sq. ft. The mall is introducing the concept of ‘Zoning’ in India and would offer an eclectic ensemble of retail offerings spread across five zones defined as Marketplace, International Boulevard, The High Street, Family World, and Leisure Land.”

The new-age malls are aiming at being the social spaces, and pioneering this aspect is the mall that believes in the ideology of ‘Un-malling’ and breaking the clutter of stereotype shopping centres to create its own niche is VR, Bengaluru. It is an integrated metropolitan community centre that offers consumers the space to get together and bond, way beyond what the existing retail environments provide. More than just a retail hub, it is meant to be a getaway for families – a place to soak up the arts, theatre, music and culture. The USP of VR Bengaluru is how they ‘UNMALL’ from the regular shopping centres.

Apart from innovating in terms of design and offering aspects, new-age malls will also focus on being technology centric. Talking about the importance of technology in malls, Vijay Kumar, Executive Director, Virginia Mall says: “Each location of Virginia Malls has a unique theme built on the catchment. Technology being the centre of the whole approach, Virginia Whitefield is themed around sports, adventure and entertainment, considering the young, globally aware, health-conscious and premium catchment we are located in. Virginia Patnycircle is themed around Hyderabad’s love for Tollywood.”

With the increase in population, each city is expanding at its own pace, thereby necessitating the government to change norms and improve the available





SMALL IS THE NEW BIG!

Kiosks are an important part of a mall, opines, Puneet Varma, AVP, Marketing and Corp. Comm, Inorbit Malls: "Through kiosks, a mall can extend its product offerings and increase its retailing space. They also help in expanding the gamut of services and products offering to the customers. This in turn results in more choice for customers visiting the mall and better earnings for the mall management. Certain impulse buy categories like the florist, gifts segment, forex counter or a hair products stand cannot afford an in-line store format. For these categories, kiosks are a perfect fit. They actually make a mall's offerings complete by adding the local flavour and providing for every need of the catchment all under one roof."

As Varma informs further: "We have around 50 kiosks on an average in each of our mall. The categories are usually services and impulse purchases in fashion, accessories, personal care and fast food categories."

Sharing similar opinion as Varma, Yogeshwar Sharma, Executive Director, Select CITYWALK says: "Kiosks are an important part of the shopping centre as they add an element of uniqueness to the ambience where the shops are leased on long terms basis catering to particular types of products. However, small kiosks are leased out on temporary basis to add an essence of freshness that can be pertained in the centre throughout the year. Also at Select CITYWALK we believe

Kiosk is an excellent way for the small-size retailers to mark their presence in upscale retail environment. On the other hand, it also provides local flavouring to malls, which just adds on the significance of high-end retail establishment.

BY SHIPRA SRIVASTAVA

in giving a chance to new entrepreneurs to showcase their products and work in an organised environment to get customer feedbacks before opening stores, which entail higher investments."

Select CITYWALK has around 12-15 kiosks in the shopping centre, which display unique products ranging from dog accessories, handicrafts, organic products, aam papad kiosk from Amritsar, souvenirs, etc."

According to Sudarshana Gangulee, Sr. GM – Marketing, Mani Group: "In any standard mall, the typical conventional retailer mix comprises of a few big-format anchor players (exact numbers depending on the overall leaseable area of the property), a larger number of regular vanilla outlets, usually some family entertainment format or multiplex, and a range of F&B options (food court, QSRs and fine dining formats). Typically, the larger

well-known brands are found at multiple locations across different malls. Hence, what creates a differentiation is the leasing mix, as well as the look and feel of a particular mall; this is so only because of the colour and variety added by small local retailers present through kiosk formats. So it is in this area where kiosks play a crucial role in the overall ambience of a mall – they create the differentiation in the 'feel' of the place.

Kiosk retailing is referred to as '360-degree retail'; the product, presentation or service exposed for viewing from all four sides. While conventional mall stores need window displays to coax customers across their thresholds, carts and kiosks are retailing islands awash in a constant flow of potential customers.

Expressing her views, Benu Sehgal, Vice President, Mall Head of DLF Place Saket says: "Whenever we

A KIOSK IS FED ON THE BASIS OF FOOTFALL GENERATED BY THE BIG RETAILERS; WE CANNOT GIVE THEM DEAD SPACES. IF WE GIVE THEM DEAD SPACES, THE KIOSK WILL DIE. IT WILL HAVE NOTHING OF ITS OWN. A KIOSK NEEDS SUPPORT TO SURVIVE. EVEN CATEGORIES LIKE ATMS ARE NOT EASY TO LEASE OUT, IF WE DO NOT PROVIDE A STRATEGIC LOCATION.

adorn a dress even worth of lakhs of rupees, it is not the main dress that makes a difference, but the accessories that really create the difference in enhancing the overall looks. Kiosks can be compared to those accessories that add a sense of completeness to the retail tenancy of the mall. Additionally, mall tenancy is more long duration so they cannot change or influence the local flavouring of the mall that kiosks do for sure."

"Most of the times, a kiosk comes with very niche offerings that cater to the needs of patrons. At the same time, they are a boon for those retailers who cannot afford the rental of a huge shop. That is how casual licensing like kiosk comes into place," she adds.

NOT A FILLER FOR DEAD SPACES

Just like any retail brand positioning, the positioning of a kiosk is extremely important, and it should not be considered as the medium to fill up the dead spaces. Rightly placed kiosks can churn out good some substantial revenue. Speaking on same, Sehgal says: "This is a wrong notion that kiosks can be used as mediums to fill up dead spaces. A kiosk is fed on the basis of footfall generated by the big retailers; we cannot give them dead spaces. If we give them dead spaces, the kiosk will die. It will have nothing of its own. A kiosk needs support to survive. Even categories like ATMs are not easy to lease out, if we do not provide a strategic location."

However, she clarifies that ATM is not a kiosk because leasings for ATMs are done on long term. Dr. Prodipta Sen, Executive Director, Alpha G:Corp rightly says: "Positioning a kiosk is quintessential to the success of the mall business. Kiosks facilitate impulse buying and act like low-cost show windows for brands. Malls or city centres have highly variable customer traffic and retail kiosks help to meet different demands as they are high revenue generators for all kinds of products in the retail sector. However, the size and placement of each kiosk has to conform to the brand mix, zoning and, of course, the demand and movement of the product or service category in question. The kiosk should not obstruct visibility of stores or open spaces, and it should certainly not clog an area that has high footfalls. All kiosks should be of consistent quality as per the quality of the development. Finally, the format and proposed merchandise should add to the category mix and not distract traffic from vanilla stores."

Mukesh Kumar, Vice President, Infiniti Malls says: "All our kiosk spaces are as per the zoning of the floor as far as possible. Very few consumers knew about specialty retail kiosks and carts in the early days of modern retail, as these unorthodox retailers were just starting to make their way into shopping centres. Now, years later, it is almost impossible to walk through a mall without coming

across a cart or kiosk selling cell phone cases, sunglasses, seasonal trinkets and much more. Located in common areas of large malls and centres, carts and kiosks offer local entrepreneurs and national retailers an opportunity to showcase and sell their products in prime, high-traffic locations at a fraction of the cost of an in-line store."

As Kumar informs: "Infiniti currently has 16 kiosks at the mall. The kiosks are mostly related to food and beverage, cosmetics, eyewear and accessories."

Speaking on kiosk spacing, Dr. Sen says: "Placing of kiosks needs to be decided strategically, as multiple factors go into turning a mixed-use development into a profitable venture. Based on the facts of studies and research about the market and catchment areas, developers need to adjust their zoning mix. It is also important specifically in retail to have the right mix of tenants including kiosks at the right place, so as to ensure constant smooth flow of customers. The mall management needs to identify high footfall and low footfall areas of the city centre. The kiosks should help in attracting footfalls into the low footfall areas and certainly not obstruct the way in high footfall areas. There is a need to identify perfect zoning, as well as better understanding of the missing merchandise mix in the offering that the zoning represents. In addition,

there is dire need for the marketing that drives this on the basis of constant facilitation."

"Through research and category mapping exercises, we figure out the product or services categories that we are not able to cater to through our stores and try and fill in those gaps by providing them to our customers in the kiosk format. The placement of the kiosks is also dependent on their relevance in that particular zone," adds Varma.

LEASING TERM

As per Dr. Sen: "The charges for having a kiosk in a city centre are jointly decided by the mall management and kiosk operators in accordance with the market dynamics prevalent at the time of signing as well as during renewal of terms. There is also a short-term tenancy agreement of about 11 months or even for 3 months. At AlphaOne City Centres, the rental model we have adopted is revenue share and minimum guarantee, whichever is higher."

While Varma shares: "Since most of the kiosk operators are not looking at a long-term lease, the term sheet is signed for a year. The performance of the kiosk is monitored continuously and the lease is renewed based on its performance at the mall."

"Kiosks are usually leased for a short term and the duration ranges from 4 weeks to 4 months. The agreement with the occupier is majorly driven by product category," informs Sharma.

Shibu Philips, Business Head, Lulu Shopping Mall says: "We do one-year lease and license agreement, and fixed rentals. The mall allows per kiosk 70 sq. ft. and space for around 40 kiosks."





RETAILERS BET BIG ON LODHA XPERIA'S UNTAPPED CATCHMENT AREA

Lodha Xperia, an upcoming mall by Lodha Developers, is situated at what is being pegged as one of the hottest catchments for organised retail within Mumbai Metropolitan Region. Sited at one of the vantage entrances to the 4500 acre Palava City, just off the arterial Kalyan Shil road, Xperia has the advantage of being at the centre of economic activity between Thane, Navi Mumbai and Kalyan.

The upcoming mall has a 20 minute proximity and sound connectivity to areas panning right up to Thane-Belapur road, Thane and Navi Mumbai ITes corridor, as well as Kalyan and Ulhasnagar. With areas such as these being starved of leisure and entertainment options, Xperia becomes a compelling bet for retailers tapping into this upcoming residential destination. The mall has received significant interest from leading modern brick & mortar retailers. Xperia has already roped in major anchors like Future Group, PVR, Reliance, and an array of big brand vanilla stores. Fit-outs have begun and a mega launch is slated around January 2016.

MALL ZONING

Lodha Xperia will offer its customers an ideal anchor mix across apparel, grocery, entertainment and consumer durables. 100 per cent of the space is on leasing model. The mall has a significant FEC including a 6 screen cinema, a kids play area, and a food-court with six fine diners and several other food stalls. The 4,50,000 sq. ft. mall boasts of modern design, planning, ample parking space, and most importantly, will be managed and run by Lodha Group.

Xperia will comprise of more than 135 stores, including 8 anchor stores, making it a perfect blend of anchor and vanilla stores. Each floor will have a

ubiquitous theme. The premium unisex brands on the ground floor, while the 1st floor caters to ethnic and formal wear. The 2nd floor will house a variety of stores for kids, and for other needs such as electronics and home furnishing. The top floor comprises of 6 screen multiplex, a kids play area, and a food court. The basement and lower ground floor will have a hypermarket with parking.

The foodcourt of the mall is spread across a lavish 20,000 sq.ft. area and will be home to 6 dine-in restaurants and a multitude of quick service brands and snacking options

"We see Xperia bringing back the mall hysteria to the city suburbs. It's a potentially nascent yet ready location and has the right quotient to make it a 'go to premium' mall, bringing world class shopping and entertainment experience for the entire family. We are happy that some of the foremost retail names in the country have joined us in our endeavour to make Lodha Xperia a huge success." Says, Shaishav Dharia, Development Director, Lodha Group.

Talking about the expected footfall for the mall, Dharia, opines: "Estimated total population of the entire

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