

Shopping Centre News

JUNE - JULY 2014

DEVELOPING RETAIL IN INDIA

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INDIA
SHOPPING
CENTRE
FORUM 2014

RETAIL REAL ESTATE STRATEGY 2030

- Futuristic 'Green' Malls
- The Art and Science of Running a Mall
- Food Courts: Adding a Flavour to Mall Business



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ISCF 2014: STUNNING CUSTOMER EXPERIENCES = RETAIL GROWTH

The challenge of aligning with the realities of a fast-paced, tech-empowered consumer universe was front and centre at the seventh edition of India Shopping Centre Forum, India's only knowledge-sharing platform for the shopping centre industry, held at The Renaissance Hotel, Mumbai, on 7th and 8th of May, 2014.



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LOK SABHA ELECTIONS AND IMPACT ON REAL ESTATE

BY ANUJ PURI

An improvement can definitely be expected in the near-term investment sentiment. This will have an impact on the investment growth within the GDP. Over the past few months, we have already seen improvement in the real estate investment scenario. Currently, at least USD 1.8 billion worth of funds are in the process of getting raised.

INVESTMENT SENTIMENT

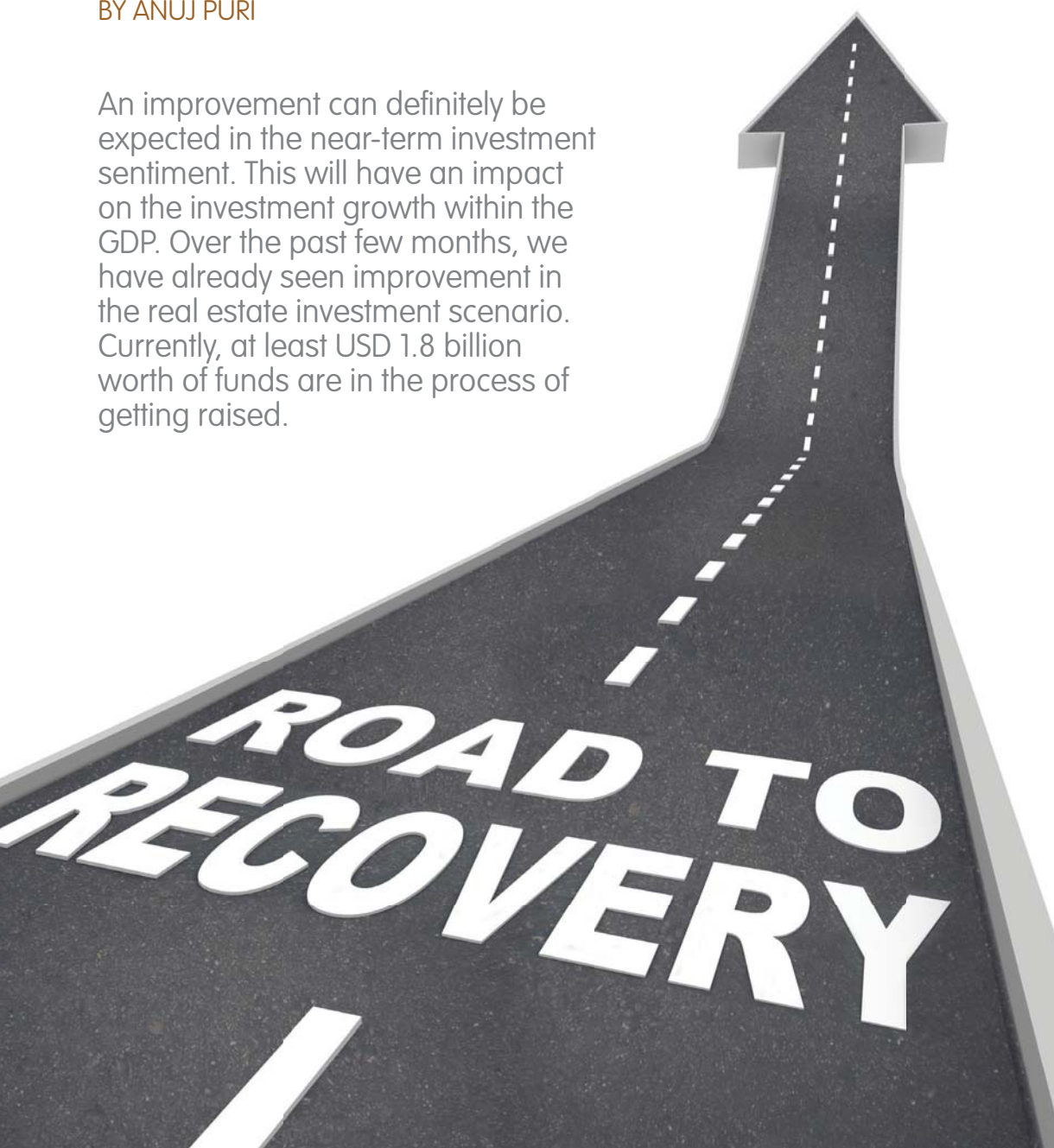
As a testimony to that, industrial GDP (comprising of investment-heavy sectors.) is forecast to grow at 3.5 per cent y/y (consensus of professional forecasters empanelled by the RBI) during current fiscal year 2014-15 as opposed to an abysmal 0.6 per cent y/y in the previous fiscal year.

Our day-to-day interactions with various investors clearly suggest that domestic money is in the search for good investment options; investors are eager to strike a deal at attractive valuations. However, foreign money has been waiting in the wings and awaiting political stability before entering India. In that respect, a clear majority is the best possible scenario. Most investors are comfortable with a government with clear agendas and strong voice dictating those agendas. What investors are looking for in a ruling government is clear goals and the will and strength to achieve them. With the BJP winning by an overwhelming majority, there now a clear sentiment that this has indeed been achieved.

Over the past few months, we have already seen improvement in the real estate investment scenario. Currently, at least USD 1.8 billion worth of funds are in the process of getting raised. With the BJP now in the driver's seat, we expect the space to see a lot more traction and various investors to enter into the country.

BUSINESS OPTIMISM

- According to a report by Grant Thornton this year, optimism amongst Indian business owners has improved on the back of expectation of a new and stable government
- 69 per cent of businesses expressed optimism over the country's economy in 2014, as compared to 57 per cent in the third quarter of last calendar year.
- 90 per cent of Indian businesses believe their revenues will rise in 2014 while 76 per cent are most optimistic for increasing profitability this year.
- As per a survey of leading recruitment firms by the media, hiring in India has been rising since the advent of the current financial year.
- Expectation is that hiring could rise anywhere in the range of 10-25 per cent in the April-June 2014 quarter over the Jan-Mar 2014 quarter.
- This change reflects the favourable transition of business sentiment rather than hard economic data.



POLICY CHALLENGES FOR THE NEW GOVERNMENT

A stable regime at the centre will ensure that India regains its growth trajectory. There are several areas where reforms and interventions are required to propel this growth. Out of these, two policies which have been delayed for a long time can dramatically change the macro economic scenario - GST and REIT.

BY SUBHANKAR MITRA



GOODS AND SERVICE TAX (GST)

One of the biggest taxation reforms in India, Goods and Service Tax (GST) will integrate State economies and boost overall growth by creating a single, unified Indian market. While presenting his Budget in July 2006, former Finance Minister Pranab Mukherjee had indicated that GST would come into effect from April 2010. However, up to the last budget no decision has been taken.

The implementation of GST will phase out other taxes such as octroi, Central Sales Tax, State-level sales tax, entry tax, stamp duty, telecom licence fees, turnover tax, tax on consumption or sale of electricity, taxes on transportation of goods and services, et cetera. It is the only way out of the multiple layers of taxation that currently exist in India.

WHAT IS GST?

Goods and Services Tax is a comprehensive tax levy on the manufacture, sale and consumption of goods and services at a national level. It employs a tax credit mechanism to collect tax on value-added goods and services at each stage of sale or purchase in the supply chain.

The system allows the set-off of GST paid on the procurement of goods and services against the GST which is payable on the supply of goods or services. However, the end consumer bears this tax as he is the last person in the supply chain. GST is likely to improve tax collections and boost India's economic development by breaking tax barriers between States and integrating the country through a uniform tax rate.

WHAT ARE THE BENEFITS OF GST?

Under GST, the taxation burden will be divided equitably between manufacturing and services through a lower tax rate by increasing the tax base and minimising exemptions. Such a system is a

major step towards transparent and corruption-free tax administration. GST will be levied only at the destination and not at various points (from manufacturing to retail outlets). Currently, a manufacturer needs to pay tax when a finished product moves out of a factory, after which it is again taxed at the retail outlet when sold.

BENEFITS TO CENTRE AND STATES

It is estimated that India will gain \$15 billion a year by implementing the Goods and Services Tax, as it would promote exports, raise employment and boost growth. It will divide the tax burden equitably between manufacturing and services.

BENEFITS TO INDIVIDUALS AND COMPANIES

In the GST system, both Central and State taxes will be collected at the point of sale. Both components (viz. the Central and State GST) will be charged on the manufacturing cost. This will benefit individuals, as prices are likely to come down. Lower prices will lead to more consumption, thereby helping companies.

If implemented the GST regime will revolutionize the logistics sector. It will also help create small and medium size enterprises and thereby create more employment. Various hinterland cities like Nagpur, Indore etc. will emerge as hotspots with robust demand for real estate.

CHALLENGES FOR IMPLEMENTATION OF GST

The biggest impediment on the way of implementing GST is getting all the state government on the board. Various State finance ministers have expressed their apprehension that it will reduce financial autonomy of the States and make them more dependent on the Centre.



IMAGES SHOPPING CENTRE AWARDS 2014



The year 2013 was an action packed one for retail real estate development. More than 25 malls opened last year adding approximately 8 million sq.ft. of quality retail space. At the same time several of the older ones continued to raise the bar in terms of expansion of retail operations within them.

The ISCA jury of distinguished personalities in the field of research, design and consulting included Anuj Puri, Chairman and Country Head, JLL, India, Sanjay Dutt, Executive Managing Director–South Asia, Cushman and Wakefield, Stephen Roberts, Chairman–Bentel Associates and Amitabh Taneja, Chairman and MD, IMAGES Group.

The eminent ISCA awards were also judged by the prominent retailers across different categories, which included Vishak Kumar, MORE Megastore, Aditya Birla Group; Viney Singh, Auchan, Landmark Group; Rajeev Gopalakrishnan, Bata India; Sahil Malik, Da Milano; Mark Ashman, Hypercity; Venu Nair, Marks and Spencer, India; Rajesh Jain, Lacoste India; Ashwin Babbar, Shoppers Stop; Kavindra Mishra, Pepe India; Himanshu Chakrawarti, Mobile Store; R Parthasarathy, Madura Fashion and Lifestyle; and J Suresh, Arvind Brands.

Images Shopping Centre Awards 2014, the shopping centre industry's most sought-after awards organised by the Images Group, concluded by giving away 23 awards in different categories to the country's best shopping centre businesses.

A celebration of excellence in the shopping centre business, the awards applauded those who managed to pull off their business plans with aplomb. The awards were announced at the two-day India Shopping Centre Forum 2014 which was held at the Renaissance Hotel, Mumbai on 7th and 8th May. Professionals from some of the most reputed brands and shopping centres from across the country graced the occasion with their presence.



ISCF 2014:

STUNNING CUSTOMER EXPERIENCES = RETAIL GROWTH

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Organised by IMAGES Group, the two-day event's predominant theme was the consumer – from anticipating his / her expectations from a modern shopping environment to leveraging social media and technology to create awe-inspiring lifestyle 'adventures' that go beyond mere retail experiences, to benefit retail. Speakers at the conference – including India's leading developers, retailers, independent observers and international experts – were unanimous in stating the need for multiple 'Big Ideas' that would catapult the country's shopping centres into the orbit of the world's most unforgettable lifestyle destinations. Tangible and executable solutions to stun the consumer were in focus, as were the foreseeable challenges in the path to achievement. Read on for our 360-degree take on how the shopping centre business in India is going about setting dazzling, next-generation standards in consumer lifestyle experiences...

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INAUGURAL SESSION AND KEYNOTE ADDRESS OF ISCF 2014 STRATEGY 2030: FIVE OF THE WORLD'S TOP MALLS IN INDIA BY 2030 – A VISION TO MAKE IT POSSIBLE

Shopping centre development in India began at the turn of the century with a couple of malls in Chennai, Mumbai and Delhi. Today, there are close to 500 malls across the country. Actually, 600 were built and 100 or so have shut down and some more are expected to close down soon. And, while old ones may close, there is no stopping shopping centre development in India. In the next couple of years, the number of malls is expected to cross 1000. Interestingly, while even in the early 2000s, India was no stranger to knowledge of sound shopping centre principles and practices, yet in the first phase, many were ignored by the players. The lessons have since been learnt, says the recently published 660-page research volume titled Malls of India.

Sharing his thoughts on the event, Arjun Sharma, Chairman, ISCF and Director, Select CITYWALK, observed: "As the only dedicated show for Shopping Centres, ISCF 2014 brings together the best minds in the industry with an endeavour to work towards creating the best possible future for retail and retail real estate industry in India. This year, ISCF has an ambitious mission to build the blueprint of success for the Shopping Centre industry for developing world class retail and social spaces. Under the motto of Driving profitable development of Shopping Centre industry for India's Retail Growth Story, we will witness industry leaders arrive at a new paradigm to have 'FIVE OF THE WORLD'S TOP MALLS IN INDIA BY 2030'. ISCF indeed is a unique opportunity to converge and network," he added.

Given that India is now ready for the much bigger and more critical second phase of Shopping Center development and ISCF is committed to being at the very forefront of promoting excellence in the retail real estate sector. The forum seeks to strengthen the core belief that shopping centers play a key role, not only in driving profitable growth of modern retail, but also by being an integral part in shaping the urban landscape and social fabric of every town and city.

Amitabh Taneja, Chief Convener, India Shopping Centre Forum, and Founder Director, Shopping Centre Association of India, said: "The future shopping centres will be with a soul. People like to gather, to wander, to experience and to be with one another. It is one of the primary reasons that cities exist. They are places for us—as individuals—to be a community. True, not all shopping centers will survive, but the ones that can create a communal experience, create a social space that transcends the transaction will thrive."

The mega congregation of shopping centre developers and retailers brought together the brightest



As the only dedicated show for Shopping Centres, ISCF 2014 brings together the best minds in the industry with an endeavour to work towards creating the best possible future for retail and retail real estate industry in India.

– Arjun Sharma, Chairman, ISCF 2014;
Director, Select CITYWALK and MD, Select Group

brains in the business to talk fresh and green and discuss tangible ideas for positive developments with the investors, developers, project operators, retailers and service providers.

Loaded with business opportunities and rewarding insights and deliberating on challenges and opportunities present in this high-growth sector, the sessions were focused on areas of research, location, planning, funding, architecture/design, tenant-mix,



It is not always about each component to be churning money but for the entire mix to be wholesome. For Properties have to be created with the mind-set of making something unique for the next 20–30 years.

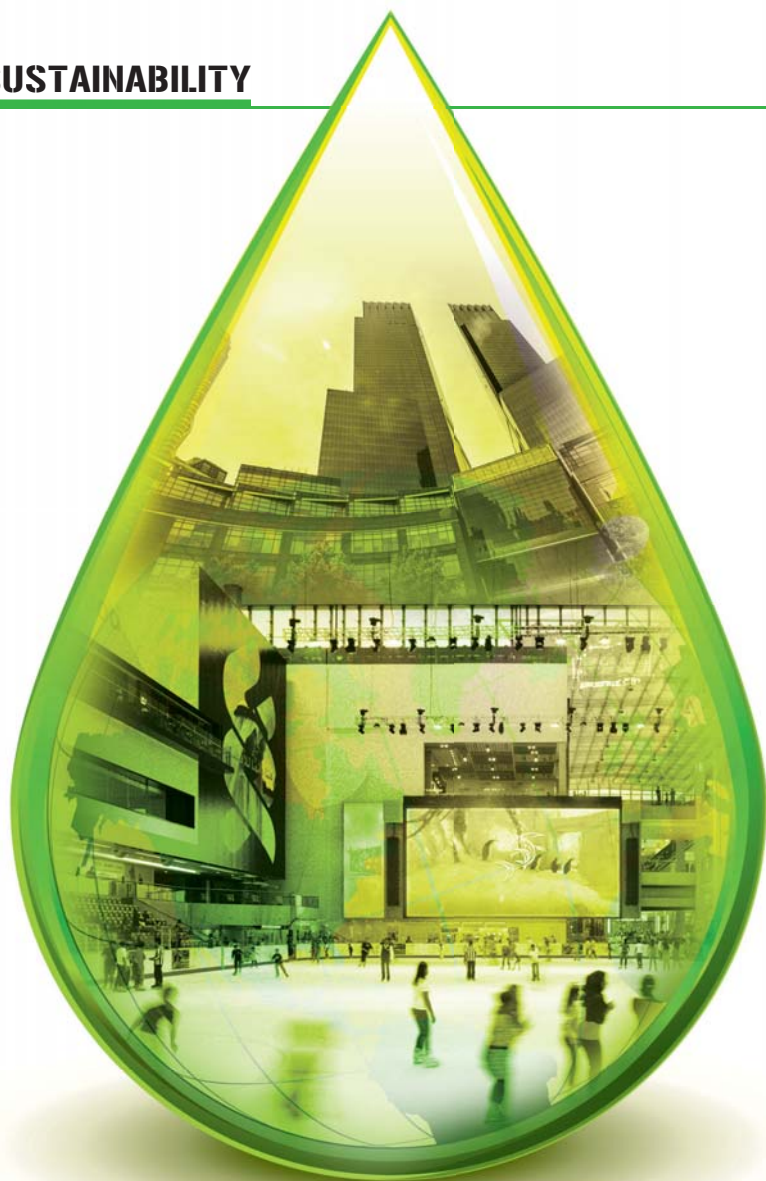
– Irfan Razack, CMD, Prestige Group

leasing and marketing, mall management, facility management, events and promotions, support services, staff training and security, amongst others.

The inaugural session and the keynote address of ISCF 2014 was titled 'Five of the World's Top Malls in India by 2030—A Vision to Make it Possible.' The session was addressed by Arjun Sharma, Chairman, ISCF 2014; Director, Select CityWalk and MD, Select Group, following which there was a discussion



L TO R ARJUN SHARMA; SELECT CITYWALK, ATUL GOEL; FUN REPUBLIC, AJIT JOSHI; INFINITI RETAIL, ANUJ PURI; JLL, IRFAN RAZACK; PRESTIGE GROUP



FUTURISTIC 'GREEN' MALLS

Sustainability is not just a goal, it is a necessity, but Indian mall developers are only just starting to think green where their counterparts across the world have already put their sustainable strategies in place. It is high time for Indian malls to start thinking green, but is it still a long road ahead for Indian malls to turn green? Let's explore...

BY SHUBHRA SAINI

Sustainability is directly linked to resources and resourcefulness demanding an all-encompassing and holistic approach. In India, a sizeable portion of the unorganised players in the retail sector do not prioritise the environment sustainability factor though developers and retailers can reduce costs by 20–25 per cent by adapting to feasible environment sustainability initiatives. The successful adoption of green building strategies can maximise both the economic and environmental performance of the buildings. The basic principles of sustainable development, such as building configuration, energy use, water conservation, air quality, maintenance, recycling and material specifications are the key parameters of turning any project into a green project.

Talking about the same, Dr Prodipta Sen, Executive Director, Alpha G:Corp, says: "AlphaOne in Ahmedabad and Amritsar have world class facility management services that have also been adapted on the macro scale at both destinations so that the sustainable integration of the development with the respective city and especially neighbouring areas adds real value to everyone's life. The state-of-the-art infrastructure for both the spaces is based on an established town-planning model. We are keeping a track of ecological accounting by covering a wide range of ecological impacts, including reduction of sound levels.

Further talking on the same, he said: "AlphaOne is contributing to the wholesome betterment of the community through our monthly cleanliness and greening drive, 'Let's Make Amritsar Sparkling', with the concerned local municipal authorities of Amritsar. Since 2011, AlphaOne, along with like-minded partners, has been diligently carrying out this monthly drive. The team also educates residents about the municipal facilities available to them to maintain clean and hygienic surroundings, e.g., not dumping garbage on road-sides, spitting, etc. Taking 'Amritsar Sparkling' to the next level, AlphaOne introduced 'Be the Change Club', an initiative towards youth development and wellness in Amritsar. This initiative has mobilised Amritsaris and the city authorities about a healthy and meaningful life without drug abuse."

The need of being sustainable is more important and significant now than ever before. Sustainability should be a key priority while planning and developing a mall, as malls have become an integral part of our society and looked up as community centres. Indian mall developers need to be well educated on the benefits of being sustainable than just running behind the 'Green' tag. Sustainability not only helps from an environment perspective but also adds on to the social responsibility of the mall developer.

Dinaz Madhukar, Senior Vice President and Mall Head, DLF Promenade, says: "As responsible corporate citizens, we believe it is our duty to enrich and give back to the community. The icing on the cake is that certain green initiatives translate directly into the bottom line. In India, the sustainability drive can be restricted to a few big niche players, as most chains here are still suffering losses. They first need to gain maturity in business to be able to focus on other such initiatives. By implementing sustainable practices, retail businesses can become more efficient and save money in the process."

Talking about the measures taken by Select Citywalk, Yogeshwar Sharma, COO of the mall, says: "One of the major initiatives that we have started is that we do not waste water at all; 100 per cent water is recycled. We have ETP and STP plants, so whatever waste we generate, we convert it into manure, which is used in the horticulture department of the mall. Also, we do not sell our garbage. We have tied up with an agency, which takes it out. It is not practically possible to generate electricity from solar these days as the requirements are huge but to some extent, we use solar energy. We also have many plants in and around the building so

that the heat load is less. We have a building, which is double glazed just to restrict the heat load in the building. All our glasses in and around the building are heat insulated. We use the free food in the mall just to generate manure. For creating awareness amongst the consumers about the long-term benefits of patronising green developments, malls can participate in eco-friendly events or programmes, like Earth Day. We show our concern and request people to participate in such events. If anyone approaches us for any eco-friendly initiative or promotion in the mall, we happily participate in it.”

HIGH-PERFORMING GREEN BUILDINGS PROVIDE THE BEST VALUE FOR THE TAXPAYER AND FOR THE PUBLIC THROUGH BOTH LIFE CYCLE COST BENEFITS AND POSITIVE EFFECTS ON HUMAN HEALTH AND PERFORMANCE. PROPER PLANNING CAN HELP TO REDUCE THE COST OF GREEN BUILDINGS.



DLF PROMENADE MALL, DELHI

ADVANTAGES OF GREEN SUSTAINABLE BUILDINGS

There are many advantages to green sustainable architecture as it helps sustain the environment. Additionally, it proves beneficial to the mall developers as it helps in reducing day-to-day operating expenditure.

Discussing this issue further, Susil Dugarwal, Director–Marketing, Terracon Ecotech, opines: “It is a myth amongst mall developers that creating a mall with the vision of sustainability is an expensive affair, as the mall developer lacks the knowledge of creating such malls. In fact, if a mall is created with a strategy of sustainability, it will not only be environmentally sustainable but financially sustainable too. However, we should also accept the fact that there is a dearth of professionals, consultants, and architects, etc. who have considerable knowledge on creating malls with the sustainability approach.”

He further adds: “Contrary to the myth of green malls being more expensive, if a scientific approach and planning is done at the nascent stage, developing malls can be more cost-effective and reduce long-term recurring cost, which will make the mall more profitable than an ordinary mall.”

According to Madhukar: “It is estimated that buildings account for nearly one-half of all greenhouse gas emissions and over 75 per cent of all electricity produced by power plants. The construction industry can and should play a significant role in combating

the symptoms related to climate change. In addition, sustainable design projects can create a market advantage for the design professional, as well as improve the productivity and livability of the buildings occupant. The whole purpose behind sustainable building is to preserve our environment and avoid depletion of the earth’s natural resources. High-performing green buildings provide the best value for the taxpayer and for the public through both life cycle cost benefits and positive effects on human health and performance. Proper planning can help to reduce the cost of green buildings. As costs for sustainable materials and products drop, building green is really the most cost-effective tool of design and construction. The biggest energy decision in a new building is the building shape and orientation. The building must be oriented to take advantage of day lighting, passive heating or cooling, and naturally ventilated spaces, to name a few.”

Many mall developers believe that green malls are not just good for the environment but are also cost-effective for their businesses.

Dr Sen, talking about AlphaOne Malls, says: “Mounting evidence suggests that greener buildings have the ability to command higher rents, asset values, improve the health and well-being of occupants, improve employee productivity, attract tenants, reduce tenant turnover, and cost less to operate and maintain. In the long run, adhering to environmental guidelines and incorporating



ADHERING TO ENVIRONMENTAL GUIDELINES HELPS IN BRINGING DOWN OPERATIONAL COST



conservation practices helps in bringing down operating costs for both developers and retailers. At AlphaOne, private environmental agencies are deployed for greening and maintenance of trees and parks, entailing 15 per cent of the total area at both developments. Dedicated sewage treatment plants for each component of the development are operating at both, AlphaOne, Ahmedabad and Amritsar, and the sewage is treated in designated STPs before discharge. Intelligent and efficient use of water in the most precise and even manner possible, by minimising waste is adopted by using two separate waste water treatment plants for the city centres; the treated water is further used for gardening and greening purposes. The infrastructural facilities include ventilation systems for basements with 100 per cent power backup and CO² extraction. Air-conditioning systems are maintained at an ambient temperature. On the civil side, both AlphaOne Ahmedabad and Amritsar, have used energy-efficient building material, thermal coefficient practices, and energy-efficient light systems that result in less consumption of power (10–12 per cent) in these developments.”

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