

Shopping Centre **News**

JUNE-JULY 2012

DEVELOPING RETAIL IN INDIA

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The Most Innovative and **Unique Concepts** in Indian Malls and How They are Making a Difference

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Why Jewellers Shun Malls?

FUNDAMENTALLY

Global Trends in Mall Design

DEVELOPMENT

Supertech's Supernova

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The Changing Space in Retail

Shopping Centre News

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Cool Concepts Make Malls Hot

Gone are the days in India when malls were objects of curiosity by themselves, with people thronging the structures with cameras to soak in the sophisticated atmosphere. Today, with a huge number of malls already operating in the country and hundreds more in the pipeline, competition for footfalls among mall managements is intensifying. So what is going to decide which malls survive and which ones become also-rans? The answer: unique concepts.

Look at the malls around you – most of them will have almost identical brands with almost identical stores selling almost identical goods. When all properties begin to look similar, only those malls will stand out which house innovative concepts that fulfil the unmet needs of customers or offer something unique that makes them come back for more.

That is why in this edition, we thought of exploring unique and innovative concepts currently being offered by various malls in India. And you know what, we were truly impressed by what we saw – a store specialising in stand-up comedy, a mall built around adventure sports, cinemas that redefine the concept of luxury, stores repairing all types of shoes and bags, chains buying and selling used technology

products, a bar which allows you to pour your own beer using RFID-activated cards, roller coasters, properties built around special themes like Venetian canals, and properties with open-air plazas, ice-skating rinks and even humongous aquariums that can accommodate real sharks.

The consumers, of course, never had it so good – as mall managements jostle with each other for their business, they are being spoiled for choice. Flip over to our cover story to see the power of the unique concepts.

Another crucial factor in the success of a mall is its design. The US mall designer Donna Childs shares with us the latest global trends in how malls are being made worldwide, from Chile to China, and the key learnings for Indian mall developers. One thing is clear though: unique concepts and a good design are a sure-shot recipe to make a mall successful.

More such insights can be gained on May 8-9 in Mumbai at the India Shopping Centre Forum 2012 – the biggest networking and knowledge-sharing opportunity for shopping centre developers and professionals in India. See you there soon!



Amitabh Taneja

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Shopping Centre News

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A look at the newly launched malls in India

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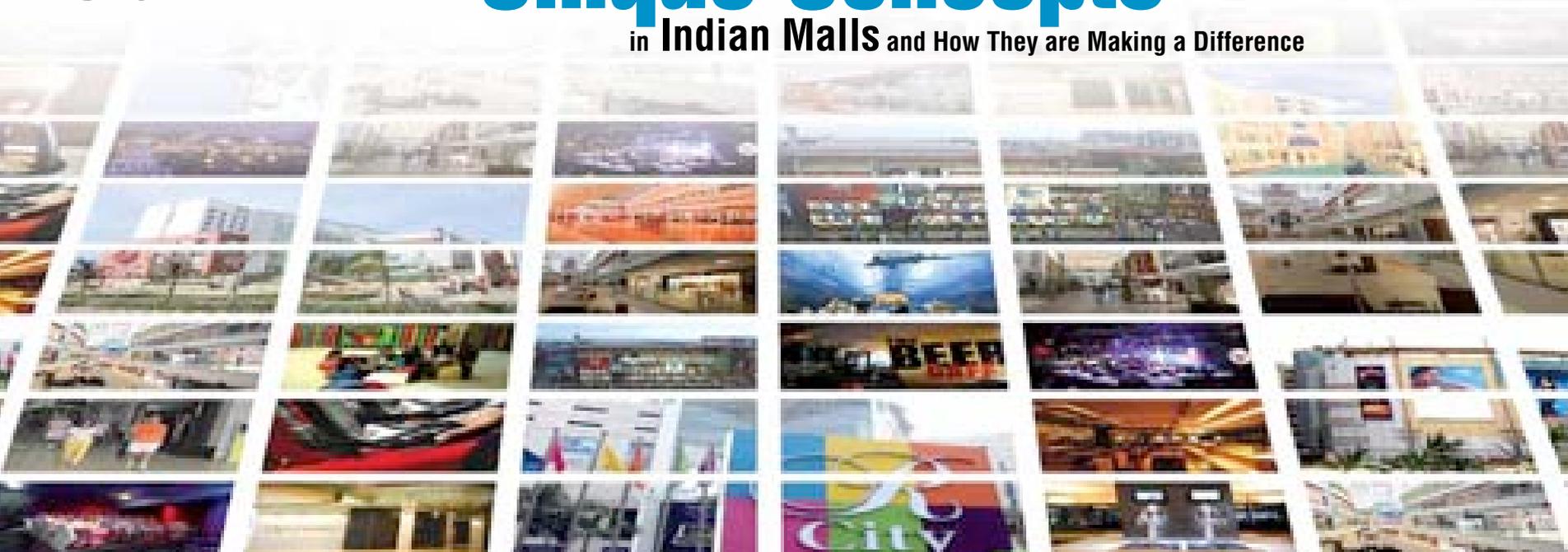
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Drawing upon her vast global experience, Donna Childs of tvsdesign shares some global trends she has witnessed in mall design worldwide

COVER STORY 30

The Most Innovative and Unique Concepts in Indian Malls and How They are Making a Difference



The views expressed in the guest articles are those of the respective authors. The editor and publisher may not necessarily subscribe to the same.



The Most Innovative and Unique Concepts in Indian Malls and How They are Making a Difference

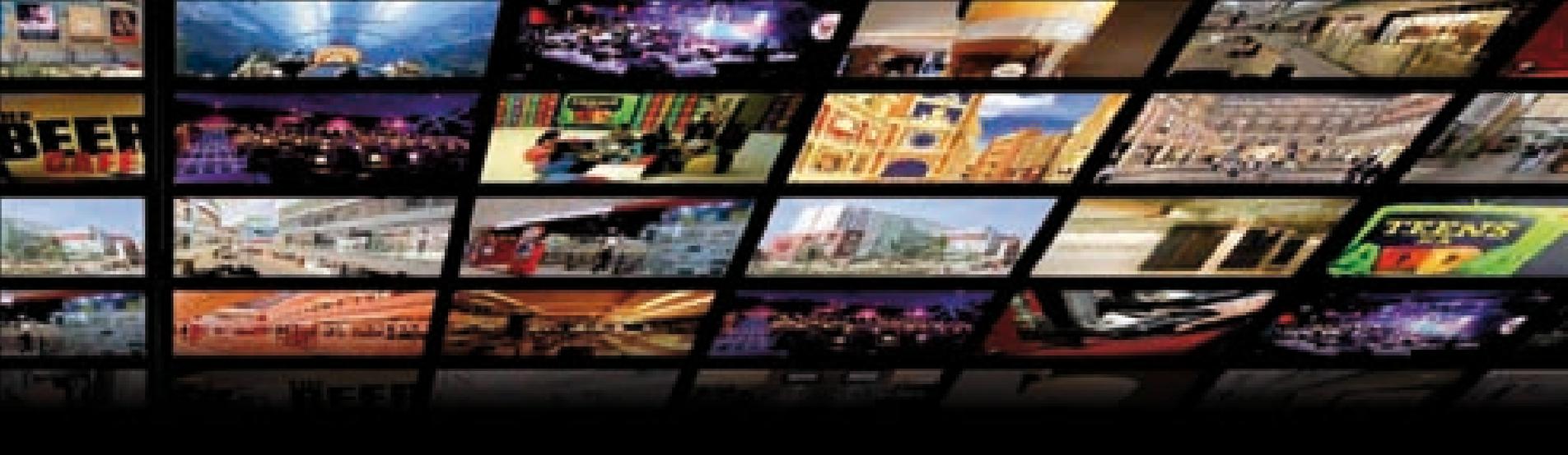
So what's the difference between one shopping centre and the other? From a cursory look at the 250-odd shopping centres operating in the country, there does not seem to be too many, except size. But there are quite a few exceptions. And this cover story dedicated to the 2012 edition of the India Shopping Centre Forum highlights many such unique concepts.

Perhaps the most important unique concept is where the entire shopping centre itself is themed. The oldest example of this in the Indian context is the Gold Souk in Gurgaon, which opened way back in 2006. This 180,000 sq.ft. shopping centre has 11 international brands of jewellery, watches, and pens, more than 30 national jewellery retail brands and 30 regional jewellers. It also boasts of one of the highest rentals in the country. (The 300,000 sq.ft. Gold Souk at Jaipur did not really take off as a shopping centre and works more like a trading hub for jewellery exporters and wholesalers.)

The Aerens Gold Souk Group has also developed larger centres named Gold Souk Grande, a hybrid between a regular mall and a Gold Souk. The first Gold Souk Grande (about 550,000 sq.ft.) opened at Ludhiana in 2008, the second (about 500,000 sq.ft.) at Kochi last year, and the third (about 600,000 sq.ft.) is slated to open soon on the outskirts of the Chennai. A fourth one is reportedly under construction at Indore, but it is not clear how much retail space this mega mixed-use development has. Early reports suggest that the Ludhiana and Kochi centres are not doing as well as hoped. Only time will tell whether the hybrid model succeeds or not.

Another themed shopping centre is The Great Adventure Mall in Greater Noida. The website and presentations claim that it is a 1.1 million sq.ft. development, and will comprise adventure sports such as reverse bungee jumping, zipline, zorbing, zero-gravity tunnels, hot air balloons, archery, shooting range, paintball, sky venture, army obstacle course, dirt biking (hope the dirt doesn't deter shoppers!), 4x4 drives, paragliding, rappelling, 9-hole golf putting range, and ice skating. It is also supposed to have an artificial beach (hope there's enough water in Greater Noida!), helicopter joyrides, a New York Film Academy, a wax museum, and a five-star tented resort for pugmark adventure, among other features.

The opening of this mall a few weeks ago was full of not-so-happy adventures. A stuntman rappelling down a 60-foot building plunged to his



death as people watched in horror while at the same time another stunt went wrong when a jeep carrying Bollywood actress Sayali Bhagat turned turtle during the inaugural event. Let us pray and hope that we do not hear about any more such incidents as the idea of such a shopping centre with so much of leisure and entertainment is not bad at all.

Some of the most successful large shopping centres (super-malls) worldwide have multiple attractions for kids and family. The West Edmonton Mall, Canada – with a GLA of 5.3 million sq.ft., 650+ shops, 100+ F&B outlets, nine attractions, and two hotels – is one of the most successful shopping centres in the world. It has six of the world's largest attractions, including the largest indoor amusement park, largest indoor roller-coaster, largest indoor lake, largest indoor wavepool, and the largest indoor bungee tower. The 4.38 million sq.ft. SM Mall of Asia, located 45 minutes from the CBD of Manila in Philippines, has one of the world's biggest IMAX 3D screens, the largest ice skating rink in SE Asia, a sea-facing open-air Music Hall, a Science Discovery Center with a digital planetarium and wide range of technology/science-themed exhibits, a Life Clock (where visitors send e-mails to the future), Transportation Nation (which features the history and future of transportation), LEGO Mindstorms Robotics Center and Philippines' largest private exhibition and convention center, with a capacity of 6,000 people. Mall of America in Minneapolis, USA, attracts 40 million annual visitors. There are 27 rides and attractions (including 3 roller coasters) in the 7 acre Nickelodeon Universe FEC located at its centre. Mall of America has a 4.54 million litre Underwater Adventures Aquarium.

Another unique concept is open air malls or lifestyle centres, where the common areas are not "enclosed" air-conditioned spaces, but open air spaces where shoppers and visitors can experience the natural climate of the city. In the USA, almost 40 per cent of shopping centres are open air, and in Europe, it is now mandatory to build such centres for energy conservation.

The first such centre to open in India was the Nirmal Lifestyle Mall at Mulund, a suburb of Greater Mumbai. This centre has seen reasonable success and is currently on an expansion mode. The second such centre is the Charles Correa designed City Centre at Salt Lake in Kolkata. The Kund at City Centre Salt Lake is a vast multi-stepped plaza designed with a central water body and a fountain. This area is used by visitors to sit, to idle or just for soaking in the atmosphere. The Kund is one reason why people spend a longer time at the centre ... often they get up to buy something

whereby casual interest is translated into an impulse purchase. City Centre Salt Lake has seen even greater success than Nirmal Lifestyle Mall.

The largest open-air mall in the country is currently under construction at Electronics City, a suburb of Bangalore with the highest per capita income, and is slated to open before Diwali of 2013. The Mall of Bangalore has a GLA of 1.2 million sq.ft.. Perhaps the pleasant weather of Bangalore nine months a year will do more justice to an open-air mall than the extreme weather of Mumbai or Kolkata. One advantage that open air malls offer retailers is much lower CAM charges.

Next we move from overall themed shopping centres to unique concepts that form a part of a shopping centre. The upcoming Grand Venezia in Greater Noida has Water World, a themed entertainment area with a 150,000 sq.ft. Aquarium, with Mermaid Shows, Shark Feeding, an Underwater Tunnel, Coral Walk, Penguin Paradise, and a Reptile Park. This idea has been copied from The Dubai Mall and Siam Paragon in Bangkok, and has been very successful in attracting footfalls at both those centres. The Dubai Aquarium and Underwater Zoo had 1.1 million visitors last year.

Grand Venezia also has an 80,000 sq.ft. indoor air-conditioned amusement park with roller coasters and other rides. The centre also has a themed area called The Village, which comprises a showcase of craftsmen and artisans from across India demonstrating their skills and culture, a selection of state run emporiums, carts, kiosks, and mini pavilions of traditional Indian delicacies from across the country, from the chaiwalla to thupka, from dhoklas to dosas, meenmoily to malai curry and more, a World Market which will have a range of ethnic merchandise from Tibetan tankhas to Balinese masks, from Italian leather ware to Turkish lace, a World Food Pavilion, where one can sample delicacies from visiting food stalls from across the world. If this ambitious plan is implemented properly, this shopping centre has the potential to become one of the most successful malls in North India. The Grand Venezia is themed in the venetian style with canals and gondola rides, but a note of precaution – this idea has been implemented in several other shopping centres around the world, but has not really succeeded.

Perhaps one of the most successful entertainment concepts around the world is KidZania from Mexico. KidZania allows kids between the ages of 4 and 12 to do what comes naturally to them: role-playing by mimicking traditionally adult activities. As in the real world, children perform "jobs" and are either paid for their work or pay to shop or to be entertained. The indoor theme park is a city built to scale for children, complete with



Aiming for New Heights!

SCN: When did Supertech start retail operations in India and what has been its contribution to the retail real estate so far?

We started to get into retail real estate five to six years back with our projects in Noida, Vaishali and Vasundhara in the NCR region. We then entered Haridwar and Rudrapur. In Haridwar, we have come up with Uttarakhand's largest mall of about 1 million sq.ft. which got operational in the first week of April. All these retail properties are a part of bigger mixed-use developments which includes hospitality. We are also building a 4,00,000 sq.ft. mall in Meerut which will become operational in the next two months. We have a fairly good amount of retail space in India which we have been developing over the last five years.

Are all your retail projects a part of mixed-use developments? If yes, why is this so?

The concept of mixed use means a place where everything is offered, including residential, commercial and office spaces. Most of our projects are mixed-use developments considering their size. For example, our development at Meerut includes two hotels and a mall. The project in Haridwar also includes two hotels and about 5,00,000 sq.ft. of retail area.

These days, bigger malls do not develop solely as a standalone structure. Some have amusement parks while others have hotels. It is the smaller projects that are mostly standalone. When a project starts becoming bigger, the developers

and authorities want to develop it as a destination project. Nowadays, we are creating business and leisure destinations where people can come and enjoy, stay at a hotel and shop as well.

Tell us something about your Supernova project that is getting so much publicity. What are the features which will differentiate Supernova from other retail spaces?

Supernova is one of the actual mixed-use developments in India where we have 1 million sq.ft. of retail and office space, 700 residential apartments, two five-

star hotels, serviced apartments and luxury retail. It will have five towers – Spira, Nova, Astralis, Radiance Place, and Aurora. In Supernova, people can walk to work and walk to shop – it's like a whole city within a small development. Mid-range and high-end shopping facilities will be available at the property.

There are other USPs too like the location of the mall which is very close to Delhi – it is the first development the moment you enter into Noida through the Kalindi Kunj side. Connectivity is also good, as Supernova will be connected to the Delhi Metro and the Noida Expressway. And the kind of hotels

and brands we are planning to bring in to the property are going to make it a world-class luxury format. Another highlight of Supernova is that it is an integrated development where everything is connected via roads, metro and expressway.

When will the mall become operational? How is the launch planned?

We announced the project in the beginning of 2012 and have already started the construction. We will deliver it phase-wise. The first phase will be complete in three years, and the last in five years. The first phase comprises the

Noida-based real-estate major Supertech is building one of India's biggest mixed-use developments in Noida, called Supernova. Spread over 5 million sq.ft., the project will reserve 1 million sq.ft. of space exclusively for retail. However, the most attractive feature of Supernova is Spira, a 300-metre tall tower, said to be the tallest mixed-use structure in the country.

In a chat with "Shopping Centre News," Supertech Director Mohit Arora discusses the Supernova project (which he says will redefine the concept of luxury in India), the groundwork done and the opportunities in tier II and tier III cities.

mall, the office building and the residential building. Then we have an iconic tower, a 300-metre tall structure, which will be completed in five years.

What kind of investments are you making in Supernova, especially its retail component?

The total investment cost for the project is going to be nearly ₹4,000 crores. However, we are developing Supernova as one single project, so it is difficult to calculate cost of its different components separately. But tentatively, the investment into the retail part of the project is about ₹500 crores.

How do you rate the chances of success of Supernova, considering that other big projects – both operational and upcoming – already exist in Noida?

Many retail projects are coming up in the area but many retail brands will also be entering the market over the long term which will be looking for quality retail spaces. At a glance, it might look like there is going to be an oversupply of retail space, but according to our feasibility study, even the upcoming retail properties will not be enough to satisfy demand of retailers and new brands.

I believe Noida is an upcoming market which will beat Gurgaon, or even Delhi, for that matter. The kind of developments which are coming up and the projects that are planned will make Noida a world city. It will be way ahead of Dubai and Singapore. Hence, the only things that will decide the success or failure of Supernova are delivery and quality. It is actually going to be a competition of delivery and not of brands because I think there will be enough retail brands in the market for all these developments.

Are there any land approval or security issues faced by Supernova, considering the size of the project and the recent mis-happenings in the other big ones in the area?

Supernova is a world-class development. We have 14 consultants just for the designing of the mall. We have taken the world's best consultants in terms of security, traffic, facades, and MEP services because all these things matter a lot. The MEP has to be designed flawlessly to make the mall a safe place. We have a traffic consultant to design the way the public and traffic will move in and around the mall, keeping in mind all the safety and security concerns. We also have a special security consultant on board who will design where to keep the entries and exits and how to manage the whole security of the mall.

It is uncommon to find all these consultants working for a project, but we have hired all these in the initial phase of Supernova itself. The kind of project we are coming up with is an out-of-the-box development which is similar to the big developments all over the world. We have brought in Benoy, the London-based designers, which have worked on successful international malls like Bluewater and Westfield in London.

As far as the various approvals are concerned, with the kind of property development happening in Noida, the support of the Government and the local authorities is a key factor. In fact, we are very happy with the kind of support the Noida authorities have



Mohit Arora – director, Supertech

“ I BELIEVE THAT IN THE NEXT FIVE YEARS, INDIA WILL EMERGE AS THE BIGGEST RETAIL DESTINATION IN THE WORLD BECAUSE OF THE KIND OF PURCHASING POWER CONCENTRATED IN ITS METROS ”

extended to us. The Government is very optimistic about the development of the entire Noida region. In terms of retail, FDI policies and taxes, we have a big wishlist from the Government, but in the case of development, they are doing their best.

What will be the leasing/rental model to be adopted by the mall at Supernova and why?

It will depend upon negotiations and deals with the retailers. We have already signed deals and those are a mix of everything – some are pure revenue share model, some MG+ revenue share, while others are pure rental. We have some kind of leverage because of the location advantage of the property. We will follow different models for different retailers.

Jewellery Retail: Why do Indian jewellers shun malls?

With India becoming the third largest jewellery & watches retail market in the world, are shopping centres doing justice to the consumer fancy for jewellery?

By Amit Bagaria

The jewellery and watches (J&W) retail market in India is worth ₹180,500 crores, making it the third largest in the world. The US market was estimated at \$85 billion (₹436,000 crores) in 2011, more than 2.4 times the size of the Indian market. The Chinese market was estimated at 300+ billion Yuan (₹244,000+ crores) in 2011, about 35 per cent larger than India's. The Japanese market, at ¥910 billion (₹57,700 crores) in 2010, is less than a third of the Indian market. It has fallen almost 70 per cent in 20 years, showing the decline of Japan as a major economy.

The overall consumption of jewellery (including gold) in India is much higher at ₹278,000 crores and represents almost 6 per cent of our nation's private consumption expenditure – the difference between consumption expenditure and the retail market size being accounted for by gold or custom-made jewellery which is not sold in retail outlets.

Within the overall Indian retail market for jewellery and watches, organized retailers (those with a minimum of 10 outlets or minimum turnover of ₹50 crores) account for ₹76,800 crores, or a whopping 42.5 per cent – the second largest

organized retail penetration after automobiles. There are about 80 J&W retailers in the organized sector, with 3,150 retail outlets. The top 20, with over 2,250 outlets, account for ₹56,700 crores in sales, which translates to almost three-fourths of the organized sector market and almost one-third of the total market.

The top two spots in J&W retailing in India go to Kerala-based jewellers. The Kozhikode-based Malabar Gold & Diamonds is the No.1 jewellery retailer in the country, followed by the Thrissur-based Kalyan Jewellers. The two major national players – Titan-Tanishq (including Gold Plus) and the Gitanjali Group – follow at No. 3 and No. 4, respectively. India's top three J&W retailers – Malabar Gold & Diamonds, Kalyan Jewellers and Titan-Tanishq – will rank amongst the Top 10 J&W retailers in the world, based on their sales.

Malabar Gold & Diamonds is expected to have an estimated turnover of ₹8,800 crores in the just-ended fiscal year from 44 outlets in India (it also has 20+ outlets in the Middle East). Kalyan Jewellers' sales are estimated at ₹8,500 crores from 30 outlets across South India. It was recently in the news for buying an Embraer jet worth ₹30 crores. Both are expanding rapidly. Malabar Gold & Diamonds, currently present in South India and the Middle East, is expanding nation-wide in India and also has plans to open stores in South East Asia.

Eleven of the top twenty J&W players are based in South India. It is therefore surprising that most published research reports about this sector do not even recognize the existence of the South Indian jewellery retail giants, which have a combined turnover of more than ₹40,000 crores.

The world's largest retailer Walmart was also the largest jewellery retailer in USA, with estimated jewellery sales of about \$2.9 billion (₹14,880 crores) last year. Signet Jewelers is No.2, with domestic sales of \$2.74 billion (global sales: \$3.44 billion) from 1300-odd stores. The No. 3 is Zale Corporation, with 1,160+ retail stores, 670+ kiosks and 5 online stores, and annual revenues of \$1.74 billion, roughly the size of Malabar Gold & Diamonds.

China's largest jewellery retailer, Chow Tai Fook, with 1450+ points of sale across 320 cities in China and 60+ stores in Hong Kong, and sales of \$4.5 billion (₹23,000 crores), is also the world's largest jewellery retailer. Chow Tai Fook has a market cap value of ₹79,300 crores, 3.75 times that of Titan.

The second largest Chinese jewellery retailer Lao Feng Xiang has estimated sales of \$1.8 billion and the No. 3, Chow Sang Sang, of about \$1.65 billion, which is less than that of Malabar Gold & Diamonds of India. Tiffany & Co., with global sales of \$3.6 billion, is the second largest jewellery retailer in the world. Only half of its sales are in the US, where it is the fifth largest domestic retailer.

The top two Japanese retailers, As-me Estelle, with sales of ¥27.07 billion (₹1717 crores), and Kuwayama, with sales of ¥25.06 billion (₹1588 crores), would not even make it to India's Top 10 in terms of sales.

The per capita consumption of jewellery in India is only ₹1,480, compared to ₹12,500 in the USA, ₹10,700 in the EU, ₹4,850 in Hong Kong, ₹4,530 in Japan and ₹1,825 in China. In urban India, it is ₹3,735 and, if we account for only the urban middle and upper classes, it goes up to ₹8,360 per person.

Retailing of jewellery and watches accounts for 7.2 per cent of the total Indian retail market (including automobiles), whereas organized J&W retailing forms 19.8 percent of the total Indian organized retail market. Yet we do not see this phenomenon represented in Indian shopping centres – one has to wonder, why?

Based on different trading densities in different retail categories, the mall development consultancy Asipac has estimated that about 7.8 per cent of the total carpet area in an Indian shopping centre should be dedicated for the retailing of jewellery and watches. Therefore, in a shopping centre with 350,000 of total carpet area (GLA of 500,000 sq.ft.), as much as 27,300 sq.ft. should be dedicated to J&W. Assuming that a centre of this size caters to a catchment of 200,000 people in the middle and upper classes, we are talking about annual expenditure of ₹167.2 crores



The Changing Space in Retail

The modern retail segment in India is projected to comprise nine per cent of the total retail market by 2015 and 20 per cent by 2020. This indicates that the retail industry in the country has gathered a new momentum with the establishment of various global brand outlets, hypermarkets, supermarkets, shopping malls and departmental stores

By Shashank Pathak

India has been a lucrative market for the world for some time now. The retail sector in particular has gathered the attention of many international players in the market. There is a growing awareness among Indian youth about lifestyle and brand choices they make. People from different socio-economic backgrounds and cultural landscape belonging to the urban and semi-urban markets are driving the current significant growth of the country's retail sector.

India's growing population and urbanization provide a huge market for modern retail. The rising economic prosperity and transformation in the consumption patterns are driving the retail demand. India ranks fourth among the 30 countries that were surveyed in the Global Retail Development Index. It also ranked sixth in the 2011 Global Apparel Index.

The contemporary retail sector in India is reflected in sprawling

shopping centers, huge malls and huge complexes offering shopping, entertainment and food, all under one roof. The concept of shopping has altered in terms of format and consumer buying behavior, ushering in a retail revolution in India. This has also contributed to large-scale investments in the real-estate sector, with major national and global players investing in developing the infrastructure and construction of the retailing business.

Growth Forecast

The modern retail segment in India is projected to be nine per cent of the total retail market by 2015 and 20 per cent by 2020. Hypermarkets would emerge as the largest retail segment, accounting for 21 per cent of the total retail space in the country by 2013-14. India has one of the largest numbers of retail outlets in the world.

The Indian retail sector is experiencing exponential growth,



with retail development taking place not just in major cities, but also in tier-II and tier-III cities. When it comes to the development of retail spaces, specially the malls, the tier II cities are no longer behind in the race. If we study the development plans until 2007, they show the projection of 220 shopping malls, with 139 of them in metros and the remaining 81 in the tier II cities.

The government of Delhi and National Capital Region (NCR) is quite upbeat about permitting the use of land for commercial development, thus increasing the supply of real estate for retail spaces. This will make sure that the Delhi-NCR accounts for 50 per cent of all malls in India.

The demand and absorption of real estate for the retail segment in the country has seen a rise in recent months. This segment, which was languishing for a long time, has finally begun to show

signs of a comeback, thanks to the appropriate property spaces becoming available, many reports have indicated. The asking rentals for retail spaces have however remained stable or even declined in certain locations.

The India Retail Report of Business Monitor International (BMI) for the fourth quarter of 2011 forecasts that the total retail sales will grow from \$411.28 bn in 2011 to \$804.06 bn by 2015. Robust economic growth, population expansion, the increasing wealth of individuals and the speedy construction of modern retail infrastructure are some of the key factors behind the forecast. Apart from the expanding middle and upper-class consumer base, there will also be opportunities in India's tier-II and tier-III cities. The greater availability of personal credit and a growing vehicle population resulting

THE TIER-II AND TIER-III CITIES OF INDIA ARE NOT ONLY ONE OF THE FASTEST GROWING IN THE COUNTRY BUT THEY ALSO HAVE A VIBRANT RETAIL LIFE, CONTRARY TO POPULAR BELIEF.

in improved mobility also contribute to a trend of 11.9 per cent annual retail sales growth in India. The country's franchise market is also growing at a healthy pace of over 30 per cent per annum, with tier-II and tier-III cities gradually getting attracted to the network of retailers and franchisers.

Retail Versus Real Estate

According to The India Retail Market Review for July-December 2011 by the real-estate advisory firm CB Richard Ellis (CBRE), mall developments witnessed absorption of almost 30 lakh sq.ft. of retail space during the review period, which was an increase from the previous review period. Most importantly, the malls that have come up in tier-II cities witnessed the entry of a large number of premium overseas brands.

The trend is in keeping with the emerging national picture that shows a higher confidence in retail segment on the back of hints of policy liberalisation. According

to the CBRE, India witnessed the addition of more than 15 million sq.ft. of modern retail mall space in 2011. Of this, more than 9 million sq.ft. entered the country across various primary and secondary locations during the July-December 2011 period, the firm said. This phenomenon was led by cities such as Mumbai, Pune, Bangalore and Chennai, accounting for 90 per cent of the entire modern mall supply during the review period.

Thus, it can be said that increased retail activity across key cities is an indication of the growing confidence of both domestic and international retailers in India. On the back of the rapidly rising urbanisation and acceptance of modern retail in India, retailers have been expanding their operations across the country. The government allowing 100 per cent FDI in single-brand retail has been

hardly any global retailer has come forward to apply for single-brand retail license from the government.

Tier-II and Tier-III Story

The tier-II and tier-III cities of India are not only one of the fastest growing in the country but they also have a vibrant retail life. Previously, these places were considered very traditional and conservative, with very price-conscious buyers. However, over the past couple of years, there has been a sea change in the behavioral pattern of consumers residing in tier-II and tier-III cities due to changing lifestyles, higher disposable incomes and greater affordability. As a result, these places have also evolved in the retail category with increasing number of customers preferring modern retail instead of traditional small shops, as earlier.

Growth in the tier-II and III cities has primarily been driven by the IT/ ITeS sector that has triggered an increase in demand for commercial office space. There are various companies of different sectors looking at options for expanding their operations beyond the metros, which is primarily due to the relatively lower cost of expansion of their businesses in smaller locations and availability of cheaper labor force.

a welcome step. However, the regulatory caveats such as making it mandatory for retailers to source 30 per cent of their requirements locally are a dampener. As a result,



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