

BANGALORE



Demand & Supply of Mall Space in India

RESEARCH STUDIES ON MALLS IN INDIA

November 2011

asipac

SHAPING THOUGHT. BUILDING VALUE.

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BACKGROUND

Retail shops/outlets in any major (modern) city across the world are usually spread across malls or shopping centres, high streets or main streets and neighbourhood strips. For the modern retail industry, and especially malls, to do well, the macro economic theory of demand and supply comes into play.

Needless to say, there is obviously limited demand for retail space anywhere in the world and any oversupply positions, especially in large percentages, are not just unhealthy for property owners, investors, occupants, consumers and other stakeholders, but also for the industry and the overall economy at large.

Table 1 below shows the Per Capita Total Retail Space and the Per Capita Mall Space in different countries around the world.

PER CAPITA TOTAL RETAIL SPACE AND PER CAPITA MALL SPACE Table 1

| Country | Per Capita Total Retail Space (sft) | Per Capita Mall Space (sft) |
|-------------------------|-------------------------------------|-----------------------------|
| Dubai | -- | 25.3 |
| USA | 46.6 | 23.1 |
| Singapore | 15.7 | 7.2 |
| Australia, New Zealand | 24 to 31 | 5.5 to 6.8 |
| Sweden, Netherlands | -- | 4.8 to 5.1 |
| UK | 16.7 to 18 | 3.9 |
| Hong Kong, South Korea | 14 to 16 | -- |
| Japan | 12 to 13 | 3.8 |
| South Africa | -- | 3.2 |
| Spain, France, Italy | -- | 2.7 |
| Russia, Turkey, Belgium | -- | 0.6 to 0.7 |

Globally, there is broad consensus that the per capita mall space (PCMS) is in a huge oversupply position in markets such as Dubai, USA, China and Singapore. On the other hand, Japan, UK, Sweden, Netherlands, Australia and NZ are much better off with the PCMS ranging between 3.8 sft and 6.8 sft.

In any market, there has to be some correlation between the PCMS and the per-capita income. So while 3.8 or 3.9 sft may not be considered as oversupply in Japan or UK, the PCMS of 3.2 sft in South Africa is definitely in an oversupply position.

Taking into account the above comparisons and considering India's current per capita income and spending power, together with estimated growth rates for the next 5 years, Asipac estimates that the ideal PCMS in India's top 20 urban centres is about 1.2 square feet per person, but this can fluctuate from 1.0 sft and 1.5 sft in different micro markets, based on the per-capita income of that particular micro market.

This report studies the demand and supply scenario, both current as well as projected till the year 2015, for mall space in Bangalore, consisting of the following regions:

1. Koramangala
2. Whitefield
3. Outer Ring Road (Marathahalli – Sarjapur Road stretch)
4. Bannerghatta Road
5. Old Madras Road (KR Puram Bridge – Indiranagar 80 Ft Road)
6. Rajajinagar – Yeshwanthpur Area
7. Hebbal
8. Central Business District

sft = square feet; 1 sqm or m² = 10.764 sft

MALLS IN BANGALORE

With an estimated current urban population of 9.59 million people and based on an ideal mall space ratio of 1.25 sft per capita (*as explained in the BACKGROUND section of this Report*), the Greater Bangalore urban area can currently absorb total mall space of 11.988 million square feet in GLA (Gross Lettable Area).

Of this, the 23 operational malls in the city (*developments below 100,000 square feet not considered for this study*) have a total GLA of 6.105 million square feet. See Table below for Existing Malls and Table on the next page for Upcoming Malls.

EXISTING MALLS IN BANGALORE (as of November 2011) Table 2

| Sl. | Name of the Mall | Location | GLA in sft |
|-----|-----------------------------|--------------------------------------------|------------|
| 1 | Mantri Square | Malleswaram | 920,000 |
| 2 | Phoenix Market City | Whitefield | 700,000 |
| 3 | Royal Meenakshi Mall | Bannerghatta Road | 422,000 |
| 4 | Park Square @ ITPB | Whitefield | 400,000 |
| 5 | The Forum | Koramangala | 365,000 |
| 6 | Bangalore Central - 3 | ORR (Marathahalli - Sarjapur Road stretch) | 329,000 |
| 7 | The Forum Value Mall | Whitefield | 300,000 |
| 8 | Garuda Mall | CBD | 286,000 |
| 9 | Bangalore Central - 2 | Jayanagar | 275,000 |
| 10 | Total Mall | Hosur Road (Madivala) | 225,000 |
| 11 | Gopalan Innovation Mall | Bannerghatta Road | 180,000 |
| 12 | Gopalan Legacy | Mysore Road | 180,000 |
| 13 | Oasis Centre | Koramangala | 170,000 |
| 14 | Sri Garuda Swagath Mall | Jayanagar | 170,000 |
| 15 | Total Mall | Old Airport Road | 170,000 |
| 16 | Gopalan Arcade | Raja Rajeshwari Nagar | 163,000 |
| 17 | Cosmos Mall | Whitefield | 145,000 |
| 18 | The Collection @ UB City | CBD | 130,000 |
| 19 | Hypercity @ Embassy Paragon | Whitefield | 125,000 |

Please refer to Map on Page 13

EXISTING MALLS IN BANGALORE (as of November 2011)

| Sl. | Name of the Mall | Location | GLA in sft |
|-----|-----------------------|------------------|------------------|
| 20 | Lido Mall | CBD | 120,000 |
| 21 | Sigma Mall | CBD | 120,000 |
| 22 | Leela Galleria | Old Airport Road | 110,000 |
| 23 | Bangalore Central - 1 | CBD | 100,000 |
| | | | 6,105,000 |

Please refer to Map on Page 13

UPCOMING MALLS IN BANGALORE (as of November 2011)

Table 3

| Sl. | Name of the Mall | Location | Opening | GLA in sft |
|-----|----------------------------|--------------------------------------------|---------|------------|
| 1 | Karle Town Centre | Hebbal | 2014 | 1,600,000 |
| 2 | Neomall | Electronics City | 2013 | 1,560,000 |
| 3 | NBOC Mall | Devanahalli | 2013 | 1,000,000 |
| 4 | Mantri Mall Project | Hebbal | 2014 | 900,000 |
| 5 | Mantri Mall @ Koramangala | Sarjapur Road | 2014 | 850,000 |
| 6 | Brigade Orion | Rajajinagar /Yeshwanthpur | 2012 | 800,000 |
| 7 | Iskcon Mall | Kanakapura Road | 2014 | 700,000 |
| 8 | Unnamed Mall Project | Manyata Tech Park | 2014 | 700,000 |
| 9 | Sobha Global Mall | City (West) | 2014 | 670,000 |
| 10 | RMZ Galleria | Yelahanka | 2014 | 600,000 |
| 11 | SJR Spectrum Mall | Bannerghatta Road | 2014 | 510,000 |
| 12 | ETA City Mall | City (West) | 2013 | 500,000 |
| 13 | Forum Mall @ Shantiniketan | Whitefield | 2013 | 450,000 |
| 14 | Garuda Mall | Viveknagar | 2015 | 450,000 |
| 15 | Lotus Mall (Plama) | Mysore Road | 2014 | 450,000 |
| 16 | Nitesh Mall | OMR | 2014 | 450,000 |
| 17 | SJR Spectrum Mall | ORR (Marathahalli - Sarjapur Road stretch) | 2013 | 450,000 |
| 18 | Xander Mall | Whitefield | 2014 | 428,000 |
| 19 | Unitech Gardens Galleria | Kanakapura Road | 2013 | 414,000 |
| 20 | IDEB Grand Mall | ORR (Marathahalli - Sarjapur Road stretch) | 2012 | 385,000 |
| 21 | FBD Mall | ORR (Marathahalli - Sarjapur Road stretch) | 2014 | 350,000 |
| 22 | INXS Mall | ORR Central Silk Board Junction | 2014 | 350,000 |
| 23 | Sattva Mall | Hebbal | 2013 | 350,000 |
| 24 | Inorbit Mall | Whitefield | 2012 | 339,000 |
| 25 | Vega Mall | Bannerghatta Road | 2012 | 320,000 |

Please refer to Map on Page 13

UPCOMING MALLS IN BANGALORE (as of November 2011)

| Sl. | Name of the Mall | Location | Opening | GLA in sft |
|-----|------------------------|--------------------------------------------|---------|-------------------|
| 26 | Soul Space Spirit | ORR (Marathahalli - Sarjapur Road stretch) | 2012 | 302,000 |
| 27 | Bulchee Mall | ORR (Marathahalli - Sarjapur Road stretch) | 2014 | 300,000 |
| 28 | Divyasree TP Mall | Old Airport Road | 2014 | 300,000 |
| 29 | G Corp Mall | Lalbagh Road | 2012 | 300,000 |
| 30 | Gopalan Signature Mall | OMR | 2012 | 300,000 |
| 31 | Tata Realty Mall | Yeshwanthpur | 2014 | 300,000 |
| 32 | Brigade Mall | Banaswadi | 2014 | 260,000 |
| 33 | Elements Mall | Thanisandra Main Road | 2012 | 260,000 |
| 34 | Vaishnavi Sapphire | Yeshwanthpur | 2012 | 255,000 |
| 35 | Mall @ Ozone Urbana | Devanahalli | 2015 | 250,000 |
| 36 | Airport Retail Village | BIAL | 2012 | 250,000 |
| 37 | 1 MG Road | Off MG Road | 2012 | 180,000 |
| 38 | Other Miscellaneous | | | 264,000 |
| | | | | 19,097,000 |

Please refer to Map on Page 13

MALLS ON HOLD IN BANGALORE (as of November 2011)

Table 4

| Sl. | Name of the Mall | Location | GLA in sft |
|-----|----------------------|--------------------------------------------------------|------------------|
| 1 | Phoenix Market City | Rajajinagar/Yeshwanthpur | 1,200,000 |
| 2 | Kirloskar Mall | Hebbal | 1,000,000 |
| 3 | Century Mall | Hebbal | 700,000 |
| 4 | Sattva Platinum Mall | Old Madras Rd (KR Puram Bridge - Indiranagar 80 Ft Rd) | 700,000 |
| 5 | Sattva Fortune Mall | Rajajinagar/Yeshwanthpur | 500,000 |
| | | TOTAL | 4,100,000 |

Please refer to Map on Page 13

As of now, as per available information, there are 37 upcoming malls in Bangalore (refer to Table 3) planned till 2015, totaling a GLA of 19.097 million square feet (*including developments less than 150,000 sft under the heading 'Other Miscellaneous'*). In addition, there are 5 malls on hold, with approximate retail space of 4.10 million sft. There may be a few more projects on the planning sheets or drawing boards of developers which are not yet public information. We shall now analyse the following two scenarios:

- A) When only 37 confirmed malls come up by the end of 2015
- B) When (or if), along with these 37 confirmed malls, the 5 malls on hold come up by the year 2015

Scenario A

If all the 37 projects (listed in Table 3) were to come up, Bangalore will have 60 malls with total GLA of 25.202 million square feet by 2015, leading to an oversupply of 111%.

Table 5 below shows the total serviceable demand (based on population) and the total Stock (scheduled supply plus the total GLA of existing operational malls) for the next four years. Since all the existing and planned/upcoming malls put together only cover about 85% of the city's geographical expanse, it is important to consider the Adjusted Demand rather than the Total Demand.

BANGALORE MALL SPACE DEMAND & SUPPLY - I (2011 to 2015)

Table 5

| YEAR | 2011 | 2012 | 2013 | 2014 | 2015 |
|-----------------------------------------------------|--------|--------|---------|----------|----------|
| (Figures below in Millions of Square Feet except %) | | | | | |
| Total Demand in Greater Bangalore | 11.988 | 12.467 | 12.966 | 13.484 | 14.024 |
| Adjusted Demand in 85% Area | 10.189 | 10.597 | 11.021 | 11.462 | 11.920 |
| New Supply during the year | 0.000 | 3.691 | 4.844 | 9.862 | 0.700 |
| Total Stock at year end | 6.105 | 9.796 | 14.640 | 24.502 | 25.202 |
| Shortfall or (Oversupply) | 4.084 | 0.801 | (3.619) | (13.040) | (13.282) |
| Shortfall % | 40% | 8% | NA | NA | NA |
| Oversupply % | NA | NA | 33% | 114% | 111% |

Note: Figures are in Million Square Feet except %

Demand & Supply of Mall Space in Bangalore

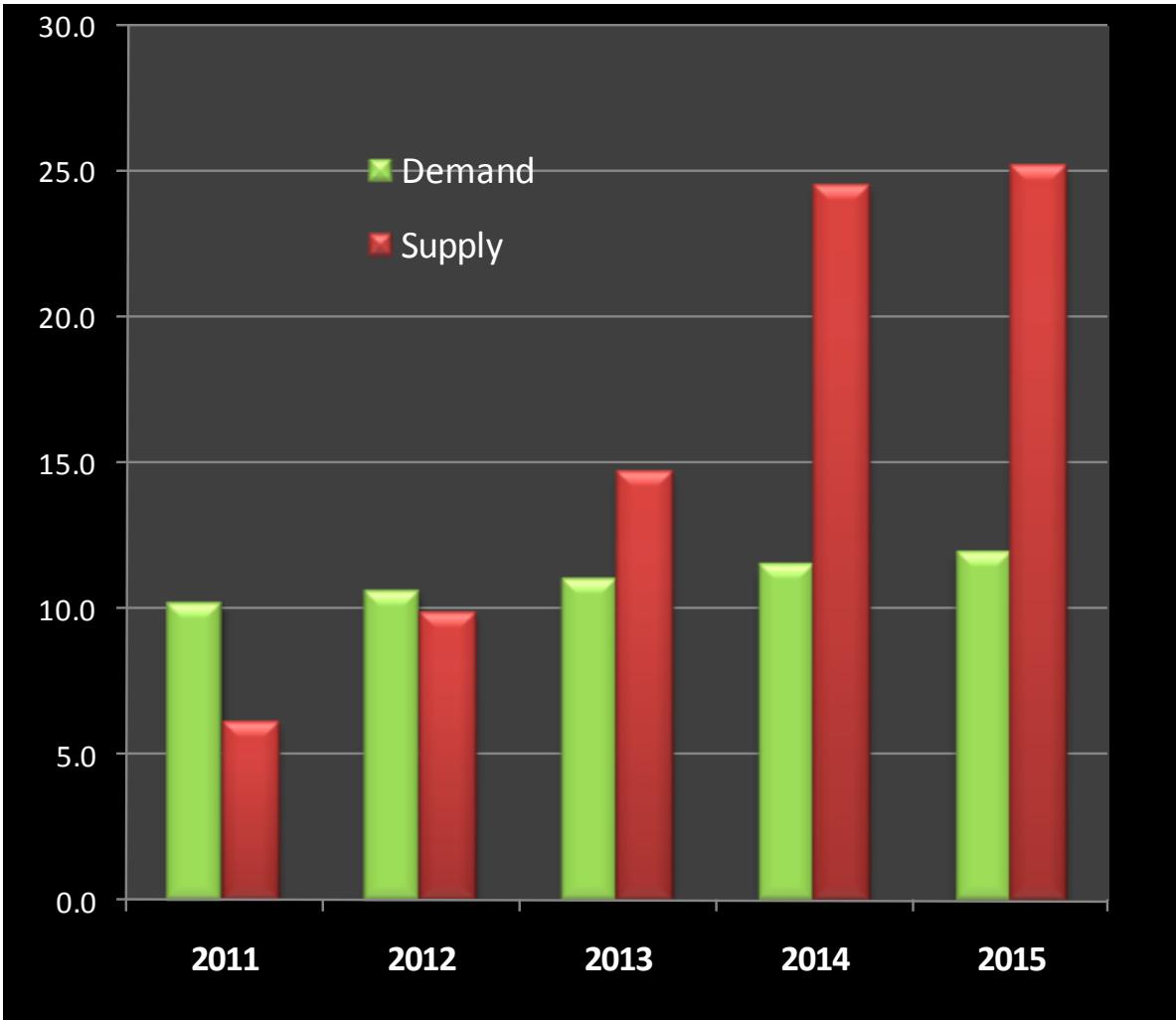
November 2011

As is evident from Table 5 on the previous page, there is an estimated shortage of mall space of 4.084 million square feet in Bangalore by the end of 2011, resulting in an undersupply of 40%.

However, next year itself, the 40% undersupply is expected to move closer to the ideal situation with an 8% undersupply. The situation is likely to reverse in 2013 with a 33% oversupply. This situation may not change much since most of these malls are already under construction. The scenario is likely to be worse in 2014 and 2015 with an expected oversupply of more than 110%. The scariest part is that, apart from these, there are definitely bound to be some more projects that we do not know about as yet.

The data presented in Table 5 is shown graphically in Chart 1 below for those who are more inclined to analyze graphically represented data.

BANGALORE MALL SPACE DEMAND & SUPPLY - I (2011 to 2015) Chart 1



Scenario B

If, along with the 37 upcoming malls, all of the 5 malls on hold come up by 2015 (we have assumed 3.10 million sft of supply in 2014 and 1.00 million sft in 2015), Bangalore will have 65 malls with total approximate GLA of 29.302 million sft by 2015.

Table 6 below shows the total serviceable demand (based on population) and the total Stock (scheduled supply plus the total GLA of existing operational malls) for the next four years. Since all the existing and planned/upcoming malls put together only cover about 85% of the city's geographical expanse, it is important to consider the Adjusted Demand rather than the Total Demand.

BANGALORE MALL SPACE DEMAND & SUPPLY - II (2011 to 2015)

Table 6

| YEAR | 2011 | 2012 | 2013 | 2014 | 2015 |
|-----------------------------------------------------|--------|--------|---------|----------|----------|
| (Figures below in Millions of Square Feet except %) | | | | | |
| Total Demand in Greater Bangalore | 11.988 | 12.467 | 12.966 | 13.484 | 14.024 |
| Adjusted Demand in 85% Area | 10.189 | 10.597 | 11.021 | 11.462 | 11.920 |
| New Supply during the year (Confirmed) | 0.000 | 3.691 | 4.844 | 9.862 | 0.700 |
| New Supply from projects on hold | 0.000 | 0.000 | 0.000 | 3.100 | 1.000 |
| Total Stock at year end | 6.105 | 9.796 | 14.640 | 27.602 | 29.302 |
| Shortfall or (Oversupply) | 4.084 | 0.801 | (3.619) | (16.140) | (17.382) |
| Shortfall % | 40% | 8% | NA | NA | NA |
| Oversupply % | NA | NA | 33% | 141% | 146% |

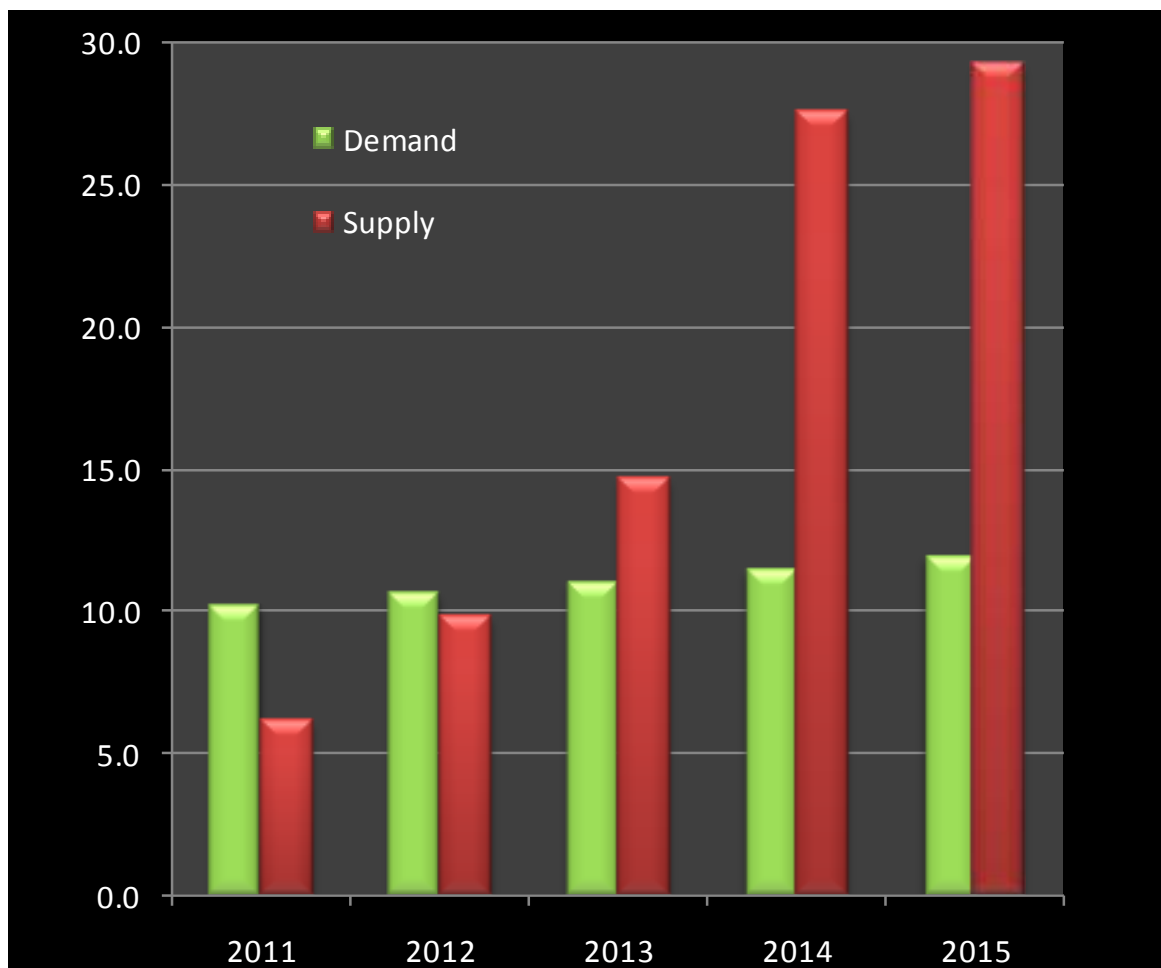
Note: Figures are in Million Square Feet except %

It is quite evident from the above Table that the demand-supply situation will be worse if the malls on hold are also kicked off and subsequently completed. The undersupply of 40% in 2011 will shoot up to as-high-as 146% in 2015.

The data presented in Table 6 is shown graphically in Chart 2 below for those who are more inclined to analyze graphically represented data.

BANGALORE SPACE DEMAND & SUPPLY - II (2011 to 2015)

Chart 2



This means that if all the mall projects in the offing were to come up, Bangalore is headed for an unhealthy retail property situation and a colossal waste of billions of rupees.

We hope that this report will serve as a warning signal for real estate developers and their stakeholders (including investors and bankers), that better sense will prevail and at least some part of the ongoing “Mall Mania” will be controlled by doing one of the following things:

- entirely calling off unnecessary projects
- postponing some projects by a few more years
- downsizing some projects, as some have already done
- changing the tenancy mix of some projects to make them better fit the catchment

ANALYSIS BY MICRO MARKETS

From the Table of Upcoming Malls in Bangalore, it is evident that while some micro markets (geographical areas) are headed for a drastic oversupply, some others may yet be safe. The Map shows a much clearer picture.

For the purpose of this analysis, we have considered the catchment of any micro market to be areas within a 20-25 minute drive time, as consumers will generally not drive longer than this, unless a particular mall has striking features that differentiate it from others which are closer to the consumer.

The worst case seems to be in Koramangala, where a supply of 1.650 million sft is planned till 2015, of which Mantri Mall itself has a GLA of 0.850 million sft. It is clearly a sign of huge oversupply which is almost eight times the estimated demand.

Koramangala

| | |
|---------------------------------------------|-------------------------|
| Estimated Demand | approx. 370,669 sq.ft. |
| Total Stock (including fresh Supply) | 2,410,000 sq.ft. |

In Whitefield, 1.217 million sft of supply is planned till 2014, which when added to the existing 1.670 million sft, totals up to 2.887 million sft. In our estimate, Whitefield (and its surrounding areas) can absorb only about 1.077 million sft, so we are headed for close to 200% oversupply in this micro market.

Whitefield

| | |
|---------------------------------------------|--------------------------|
| Estimated Demand | approx. 1,077,275 sq.ft. |
| Total Stock (including fresh Supply) | 2,887,000 sq.ft. |

A similar case is in the 8-9 km stretch of the Outer Ring Road between Marathahalli and Sarjapur Road. Six malls totaling a GLA of 2.087 million sft are planned here, against an estimated demand of about 1.497 million sft. Only two (or max. three) of the six malls will eventually survive.

Outer Ring Road (Marathahalli – Sarjapur Road stretch)

| | |
|---------------------------------------------|--------------------------|
| Estimated Demand | approx. 1,496,846 sq.ft. |
| Total Stock (including fresh Supply) | 2,416,000 sq.ft. |

Bannerghatta Road and Kanakapura are no different. At least four malls with 1.944 million sft are planned here, while the demand is no more than 1.667 million sft.

Bannerghatta Road

| | |
|--------------------------------------|--------------------------|
| Estimated Demand | approx. 1,666,942 sq.ft. |
| Total Stock (including fresh Supply) | 2,991,000 sq.ft. |

The stretch of Old Madras Road between KR Puram Bridge and Indiranagar's 80 Feet Road will get two new malls in addition to the Big Bazaar Supercentre and retail section of RMZ infinity already operating here. One more mall is currently on hold here. One does not have to be a retail expert or an astrologer to predict that only one out of these two malls will survive.

Old Madras Rd (KR Puram Bridge – Indiranagar 80 Ft Rd)

| | |
|--------------------------------------|------------------------|
| Estimated Demand | approx. 476,269 sq.ft. |
| Total Stock (including fresh Supply) | 750,000 sq.ft. |

Rajajinagar-Yeshwanthpur belt currently seems to be in an equilibrium situation. Although three malls are planned here, these total up to a GLA of 1.355 million sft which is just right for the demand of 1.315 million sft. However, there are two more malls currently on hold in this area which total to a GLA of 1.700 million sft.

Rajajinagar – Yeshwanthpur Area

| | |
|--------------------------------------|--------------------------|
| Estimated Demand | approx. 1,315,410 sq.ft. |
| Total Stock (including fresh Supply) | 1,355,000 sq.ft. |

The micro-market of Hebbal currently doesn't have any operational malls within its premises, but by 2014 this area is likely to experience an oversupply situation of more than 300% with launch of six new malls within next 3 years.

Hebbal

| | |
|--------------------------------------|--------------------------|
| Estimated Demand | approx. 1,000,097 sq.ft. |
| Total Stock (including fresh Supply) | 4,410,000 sq.ft. |

The western part of the old city area is getting three malls, totaling 1.470 million sft. Mantri Square (*Asipac was the retail planning consultants and sole leasing agents for this mall*) is located more towards the Majestic area, on the periphery of Malleswaram. The catchment is providing fantastic footfalls to Mantri Square. Of the three new planned malls in this area, only one can really take off.

Central Business District

| | |
|---------------------------------------------|--------------------------|
| Estimated Demand | approx. 1,791,679 sq.ft. |
| Total Stock (including fresh Supply) | 1,216,000 sq.ft. |

While there is a clear case of oversupply in many micro markets, the CBD is still expected to remain gross underserviced. One must note that, as more malls come up in the various micro-markets, consumers will simply stay closer home and tend not to visit the CBD if their needs are met within the micro-market itself.

Other under-serviced areas is the belt comprising Indiranagar, Domlur and Cambridge Layout, and also most of Jayanagar.

ANALYSIS BY FOOTFALLS

The total GLA of the 23 existing malls is 6.105 million sft. By end of the year 2015, 37 planned malls are expected to add another 19.097 million sft of GLA. Hence, by the end of 2015, there will be total mall GLA of 25.202 million sft. A few other projects may be announced in the coming months, which will further push the total GLA upwards.

ANALYSIS BY FOOTFALLS

Table 7

| Sl. | Name of the Mall | Location | Footfalls | | | GLA | Footfalls | |
|-----|----------------------|-------------------|---------------------------|---------------|-----------|---------|-------------------|-----------------------|
| | | | Weekend and Holiday (WHF) | Weekday (WDF) | Monthly | | Per sft per month | Avg per sft per month |
| 1 | Mantri Square | Majestic | 80,000 | 45,000 | 1,704,167 | 920,000 | 1.85 | 2.09 |
| 2 | Royal Meenakshi Mall | Bannerghatta Road | 30,000 | 15,000 | 600,000 | 422,000 | 1.42 | |
| 3 | The Forum | Koramangala | 55,000 | 35,000 | 1,256,250 | 365,000 | 3.44 | |

The average Footfalls Per Square Foot Per Month (FPSPM) for the three largest malls in Bangalore listed above comes to 2.09. (We have not considered Phoenix Market City, Whitefield and Park Square @ ITPB, Whitefield for this analysis as they have commenced operations only recently and footfall data might not be accurate).

By the year 2015, the GLA of confirmed malls is expected to be 25.202 million sft. At an average of 2.09 footfalls/SFT/month (as calculated above), the desired footfalls for sustainable operations of malls in the region would be around 52.672 million. Assuming the annual growth rate of Bangalore’s population to be 4%, the population of Bangalore will be 11.219 million in 2015. If 54% (assumed to be the proportion of the population of SEC A and B) visit malls at least twice a month, the total footfalls per month in 2015 may barely cross 12.117 million, creating a footfall shortage of 77%.

So, here’s the big question, "Where will the footfalls come from, to make all of these malls successful?"

MALL MANIA

One of the most shocking findings of our survey is that as many as 12 of the upcoming malls have a GLA of 0.5 million square feet or more. Currently, there are only 15 malls in the entire country above this size. If this is not mall mania, what is?

And this is despite the fact that, of the 23 existing malls in Bangalore, as many as ten are considered to be failures.

What may be a boon in disguise for many developers is the fact that many of the new planned malls will be stillborn, because they will not find tenants. Developers get excited when they sign up a hypermarket anchor or a multiplex anchor or both. They think that they're well on their way to leasing success. What they fail to realize is that, while there are nine national Hypermarket players and Multiplex operators, there are only five national players in the Home Megastore and Leisure Megastore categories, four in Small Department Store and CDIT Megastore and only three in the all-important Large Department Store and FEC categories. Even of these national players, some are averaging lower trading Densities than others.

What is the differentiation amongst all these 37 new malls, or the 31 amongst them which have a GLA greater than 300,000 square feet?

As one of the leading mall / retail real estate consultants in India, Asipac got an opportunity to see the architectural plans of 22 malls. Most have five floors or more. Almost all have a hypermarket planned in the Lower Ground Floor and a 4 screen (or larger) Multiplex and Food Court on the top 2 levels. All have 2-4 other anchor spaces. Even blind men can walk through these malls (when built) and find their way around easily. Most of these malls will die crawling, before they learn how to stand or walk.

The one exception that stands out is Neomall. This mall is being built on the theme of a lifestyle centre, with roads and parking on all four sides. It will have 605,000 square feet dedicated to leisure and entertainment (many of them will be experienced for the first time in India) and another 140,000 square feet dedicated to food and beverage outlets. This will drive footfalls from not just other parts of the city, but from the entire southern region .

This is one of the things that malls have to do in order to succeed. They have to differentiate. They have to stand out from the competition. Because only **40%** of the malls will survive.

METHODOLOGY

The data for this survey/study was collected by Asipac consultants through direct contact with executives working with most of the developers whose projects have been listed as well as through the developers' current websites in October 2011 and November 2011.

Further information was obtained from 40+ retailers who have either been contacted to take up retail spaces in one or more of the project listed or were just aware of the project/s.

Retail real estate projects below a GLA of 100,000 square feet have not been considered.

Some of the projects listed in the Upcoming Malls Table may be temporarily on hold, but developers are looking for the first possible opportunity to get them off the ground. Many others have been re-sized (mostly downsized). There are several others (on the planning tables or drawing boards) currently on hold which do not find a place on the Table.

In any study of this nature, there are bound to be errors & omissions. While Asipac believes that the information presented herein is reasonably correct, Asipac does not make any warranty to that effect.

If anyone reading this report comes across any such errors or omissions, we will be happy to receive your comments on research@asipac.com and will incorporate necessary corrections after verifying its/their accuracy.

PRESS PAGE

A survey done by Bangalore-based retail real estate consultancy Asipac points out that Bangalore may have 60 malls in four years. As many as 37 new malls are under construction or have been planned in Bangalore with a combined gross lettable area (GLA) of 19.097 million square feet, to add to the existing 23 malls, which together have a GLA of 25.202 million square feet. Gross Lettable Area is the total area in a mall or shopping centre which can be rented to tenants.

While a few of the planned mall projects are temporarily on hold, developers are looking for the first possible opportunity to get them off the ground. Many other projects have been re-sized (mostly downsized). There are several others (apart from the 37 considered in the Study) on the planning tables or drawing boards of developers.

According to Asipac's research, this will lead to a total mall space supply of 25.202 million square feet covering only 85% of the city's geographical area by 2015, against an estimated demand of only 11.920 million square feet in this area, a case of 111% oversupply.

The study shows that the worse affected areas are Koramangala, the Outer Ring Road between Marathahalli and Sarjapur Road, the Rajajinagar-Yeshwanthpur belt, Bannerghatta Road, Whitefield and the Hennur - Hebbal – Yelahanka belt.

“This is despite the fact that, of the 23 existing malls in Bangalore, as many as ten are failures,” says Asipac Chairman Amit Bagaria, “What may save many developers from looming disaster is the fact that many of the new malls will be stillborn, because they will not find tenants – there simply aren't enough tenants today. Even if you consider the possibility of changes in the regulatory framework relating to the opening up of FDI in retail, many of the malls being planned will not find favour with international brands.”

Many of the 37 planned malls which have been in the market for three years or more have not even achieved 50% pre-occupancy.

The largest mall currently operating in Bangalore is Mantri Square with a GLA of 920,000 followed by the recently opened Phoenix Market City in Whitefield with a GLA of about 700,000 square feet.

“One of the most shocking findings of our survey is that as many as 12 of the planned new malls have a GLA of 0.5 million square feet or more. Currently, there are only 15 malls in all of India above this size. If this is not mall mania, what is?” asks Bagaria.

According to Asipac, there is hardly any product differentiation amongst the majority of the 37 upcoming malls which have a GLA of more than 300,000 square feet. Most have five floors or more. Almost all have a hypermarket on the lowest level, a four screen (or larger) Multiplex and a Food Court on the top level and 2-4 other anchor spaces.

According to Asipac, in order for any mall to succeed, it has to have a proper catchment, good tenancy planning that caters to the specific needs of the catchment, an excellent internal layout and good management. And malls need to differentiate from each other, instead of following a common cookie-cutter design that most seem to be doing.

“Even blind men can walk through these malls and find their way around easily,” Bagaria commented, *“most of these malls will die crawling, even before they learn how to walk.”*

Asipac is currently handling seven mall projects in five cities, with a GLA of 5.58 million square feet. These include the country’s largest mall project – City Capital Mall in Hyderabad, which has a GLA of 1.80 million square feet – and the country’s third largest mall project – Neomall in Bangalore, which has a GLA of 1.56 million square feet.

ABOUT ASIPAC

Established in 1996, Asipac Group comprises India's largest Mall Planning & Leasing Consultants (by volume of work), multiple award winning real estate marketing strategy consultant, a highly respected retail research & consulting firm and India's fastest growing mall management company.

Our services include:

- Project Conception
- Comprehensive Mall Planning
- Design Process Management
- Letting and Lease Management
- Retail Research and Consulting
- Mall Marketing Consultancy
- Mall Management
- Rental Yield Maximization
- Conception of New Retail Formats
- Marketing Strategy, Ideas and Programs for Real Estate Projects

In 15 years, we have provided high level strategic advice to RE developers on projects with a combined built-up area of 380 million square feet valued at more than US\$24 billion.

In retail real estate, we have advised developers on retail / shopping centre projects of over 16.42 million square feet, including seven of the 15 largest shopping centres in India. We have leased more than 8.45 million square feet of retail real estate across India in just five years. We have leasing mandates for seven malls in five cities, with GLA of 5.58 million square feet. We also have Mall Management mandates of 5.1 million square feet.

Asipac undertakes strategic research on the retail as well as the retail real estate sectors. Our study of trading densities of modern retail formats was featured twice in *The Economic Times* and was cover story of *Images Retail's* February 2010 issue. Our study on India's largest malls featured in *The Economic Times*, *The Times of India* (twice), *The New Indian Express*, *Business Today* and *Shopping Centre News*. Our study of Revenue Share Rent was published in *Shopping Centre News*. Our studies on Demand and Supply of mall spaces in Bangalore, Chennai, Hyderabad, Pune and Delhi and NCR were all published in *Shopping Centre News*.

Asipac was voted at GIREM as **Best Marketing Firm 2008** competing against 3 IPCs and has won **3 Remmy Awards** from Times of India. One of our projects broke a **Guinness World Record** and was a finalist in Mixed Use Project category of **Cityscape Asia 2008 RE Awards**. A project launch won a **Bronze at 2009 EEMAX Awards**. An unpublished campaign won **GOLD at the Big Bang Awards** of Ad Club, Bangalore.

With **225+ media articles** and **40+ TV features**, including **20+ front page/cover stories**, our credentials are well known in Indian real estate.

ACKNOWLEDGMENTS

We wish to acknowledge the contributions of all retailers, mall owners, mall managers and leasing professionals with other firms who have cooperated in sharing data with us.



SHAPING THOUGHT. BUILDING VALUE.

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