

Internship Report



Analysis of the Residential Market in Kolkata & Evolution of Organized Retail in India

Place: JLL, Kolkata

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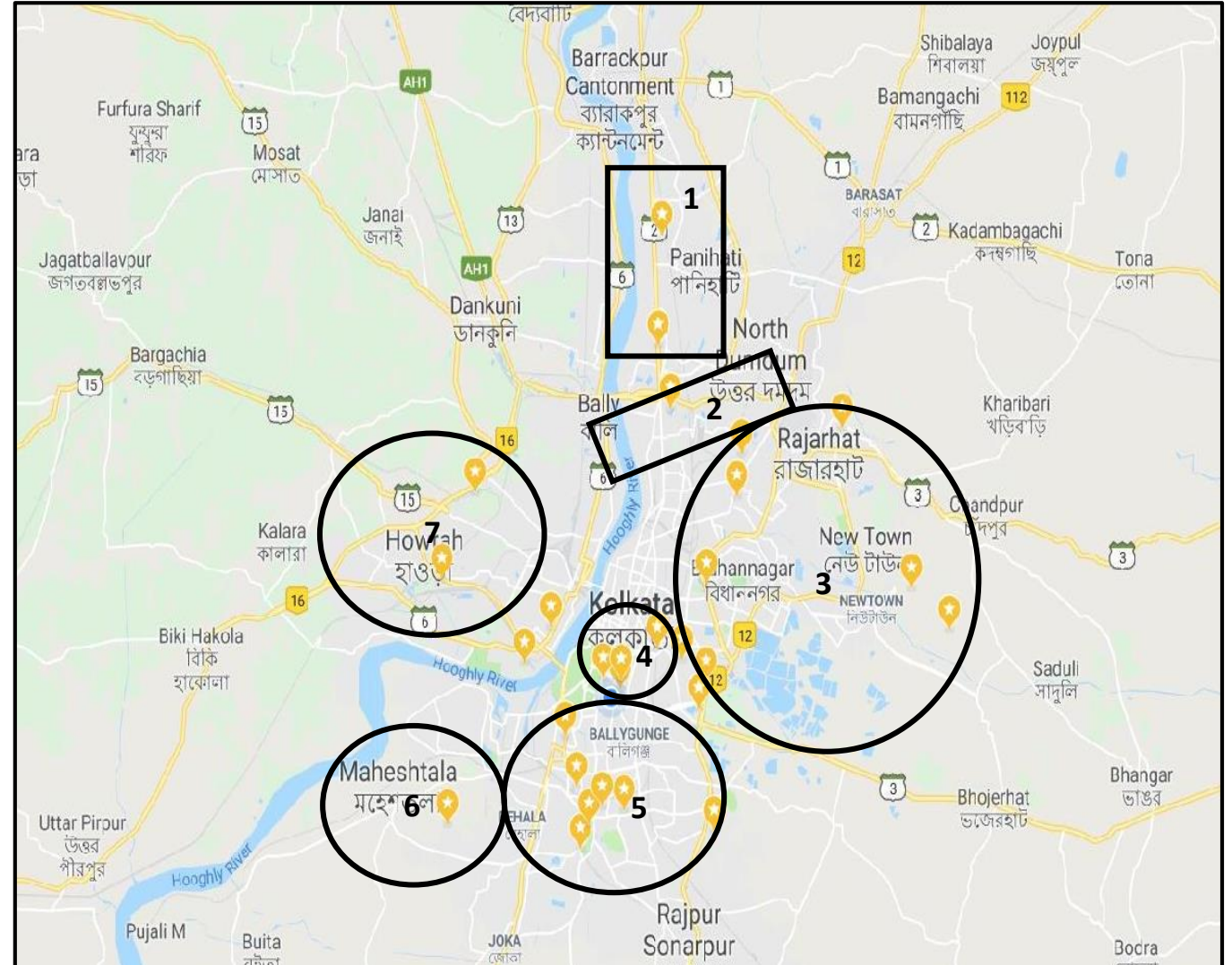
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Residential Market Segmentation



Zones	Important Locations
1. B.T Road	Lake town Northern avenue, Dum Dum park, VIP Road
2. Northern Kolkata	Birati, Madhyamgram, Sinthee, Sodepur
3. New Town	Salt lake, Phool Bagan, Rash Behari Connector, E. M. By-pass
4. Central Kolkata	Park Street, AJC Bose Road
5. South	Lake Gardens, Jadavpur, Santoshpur, Tollygunge Metro, Jodhpur Park
6. South - West Kolkata	Alipore, New Alipore, Naktala, Garia, Baishnabghata
7. Howrah	Bali, Belur, Konnagar

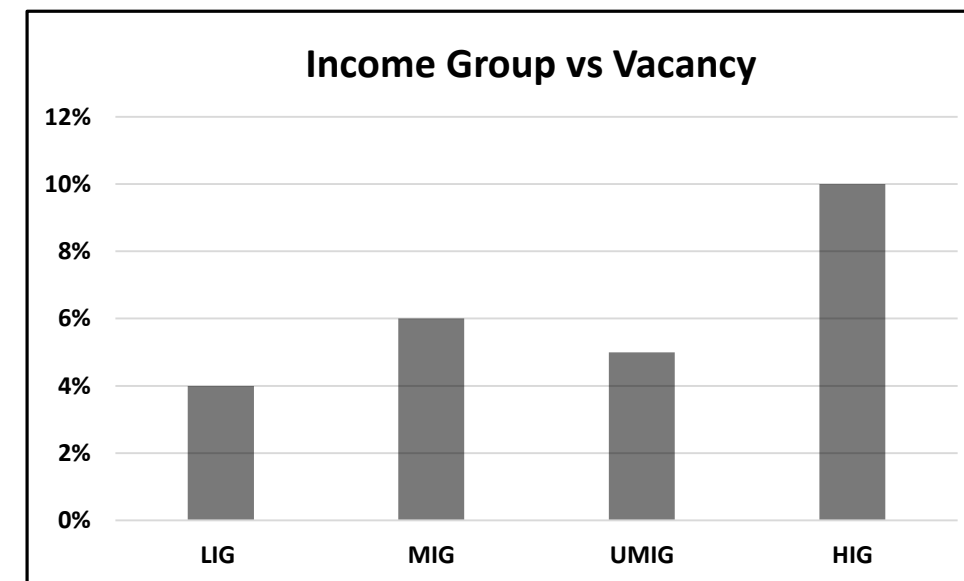


Residential Market Scenario

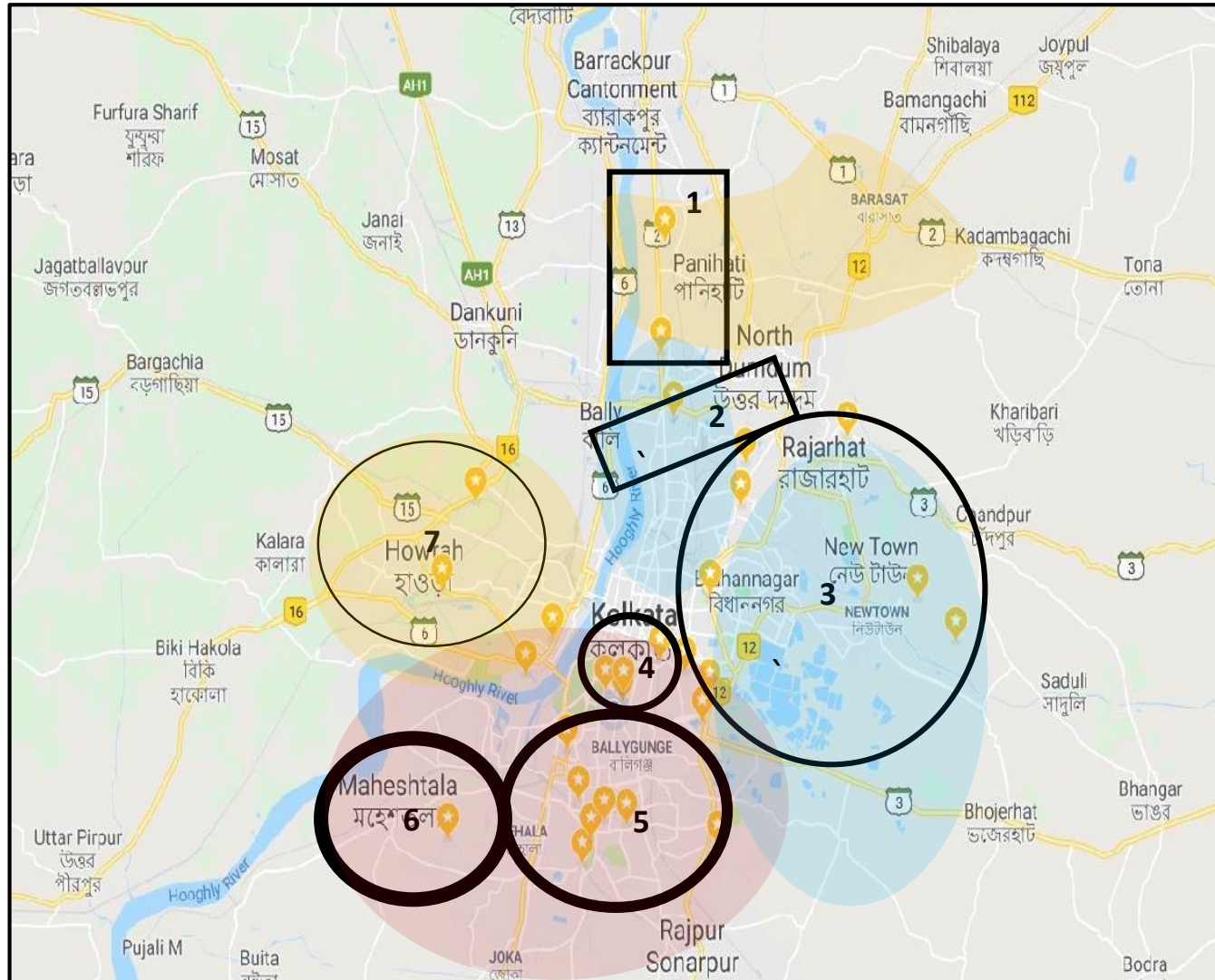


Sr. No.	Name of Developer	Number of Units	Vacancy %	Type
1	Ambuja-Neotia	5408	8%	MIG & LIG
2	Mani Group	883	11%	UMIG & HIG
3	Ideal Group	6349	5%	MIG & LIG
4	Siddha Group	5738	6%	MIG & LIG
5	Forum Group	180	13%	HIG
6	Merlin Group	2120	3%	UMIG & MIG
7	South City Group	82	15%	HIG
8	PS Group	2818	4%	UMIG & MIG
9	Shrachi Group	495	5%	UMIG & HIG
10	Srijan Group	8919	4%	MIG & LIG
11	Alcove Group	633	7%	HIG
12	Fort Group	879	6%	UMIG & HIG
13	Unimark Group	2407	3%	UMIG & MIG
14	RDB Group	667	9%	MIG
15	Multicon Group	182	11%	UMIG & HIG
16	Tirumala Group	69	12%	HIG
17	Signum Group	487	8%	UMIG & HIG
18	Diamond Group	380	9%	UMIG & HIG
19	Belani Group	77	10%	HIG
20	Orbit Group	238	6%	HIG
21	Space Group	1945	4%	UMIG & MIG
22	Rajat Group	279	5%	HIG
23	Sureka Group	809	7%	UMIG & MIG
24	Primarc Group	1922	3%	MIG

Sr No.	Income Group	Vacancy
1	LIG (upto 25L)	4%
2	MIG(25L-50L)	6%
3	UMIG(50L-1Cr)	5%
4	HIG(>1Cr)	10%



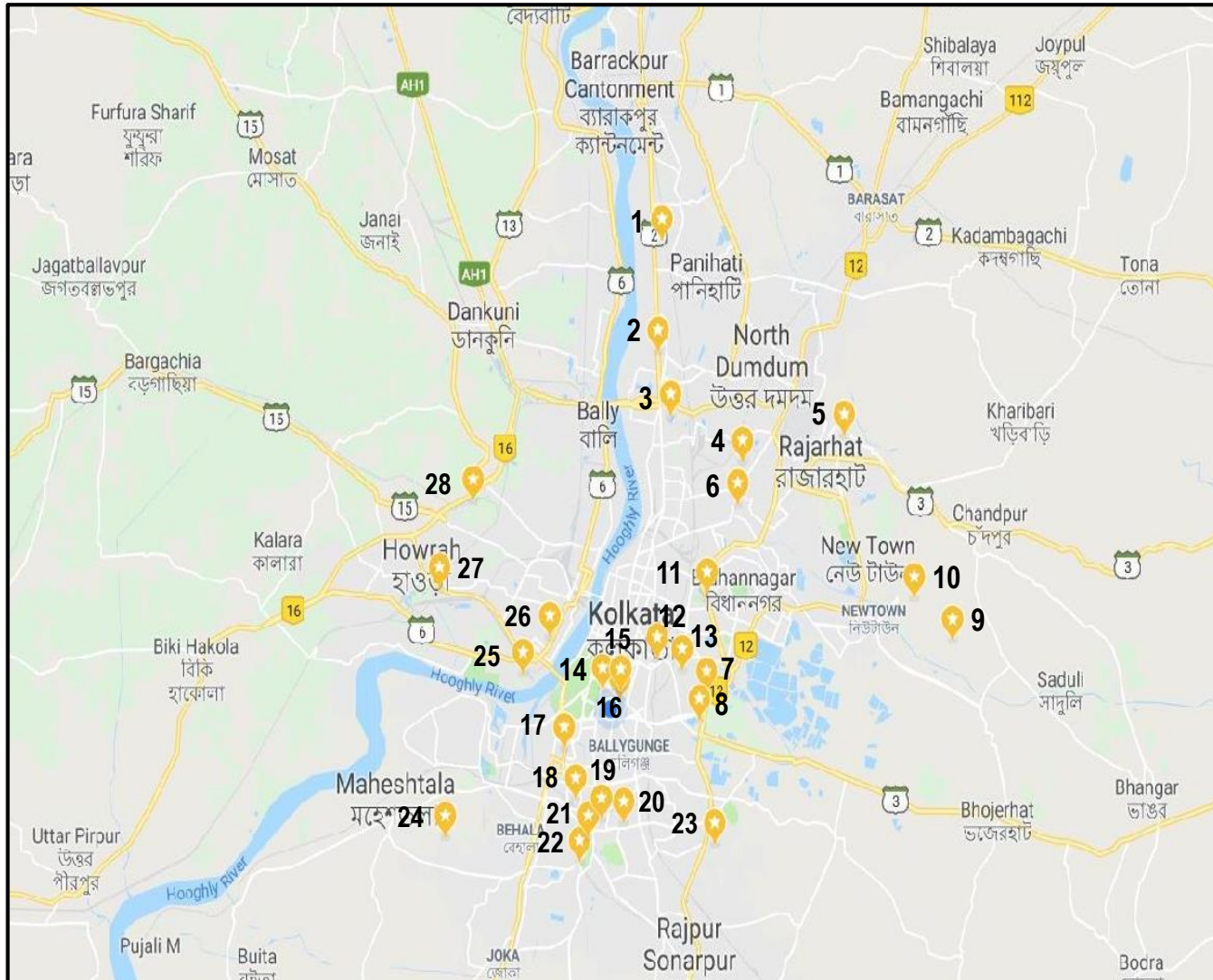
Residential Market Scenario



Zones	Vacancy %
1. B.T Road	4%
2. Northern Kolkata	4%
3. New Town	5%
4. Central Kolkata	7%
5. South	9%
6. South - West Kolkata	11%
7. Howrah	2%

Predominantly HIG & UMIG
 Predominantly UMIG & MIG
 Predominantly MIG & LIG

Upcoming Residential Projects



Sr. No	Name	Area	Upcoming/Completed
1	Godrej Prakriti	B.T Road	Completed
2	Space Aurum		Upcoming
3	Siddha Eden Lakeville		Completed
4	Emami City	North	Upcoming
5	Unimark Springfield		Upcoming
6	Diamond City North		Completed
7	Trump Tower	By Pass, Salt Lake, New Town	Upcoming
8	Forum Atmoshpere		Completed
9	DLF Newtown Heights		Completed
10	TATA Housing Avenida		Completed
11	Swarna Mani		Upcoming
12	Merlin Regalia		Upcoming
13	Ideal Niketan	Central	Completed
14	The 42		Upcoming
15	Loudon Star		Upcoming
16	Orbit Victoria		Upcoming
17	The Avenue	South	Upcoming
18	Ideal Exotica		Upcoming
19	Merlin Cambridge		Completed
20	South City Complex		Completed
21	Tolly Towers		Completed
22	Diamond City South		Completed
23	Utalika		Completed
24	Greenfield City	South West	Few Phases Completed, Rest under Construction
25	Ideal Riverview	Howrah	Upcoming
26	Ideal Grand		Completed
27	Unitech Gateway		Completed
28	Joyville Howrah		Upcoming

Brief History



Towards the end of the previous millennium, organised retail as a concept started gaining traction in India. Malls started coming up in the top Indian cities like Mumbai, Delhi and Chennai.

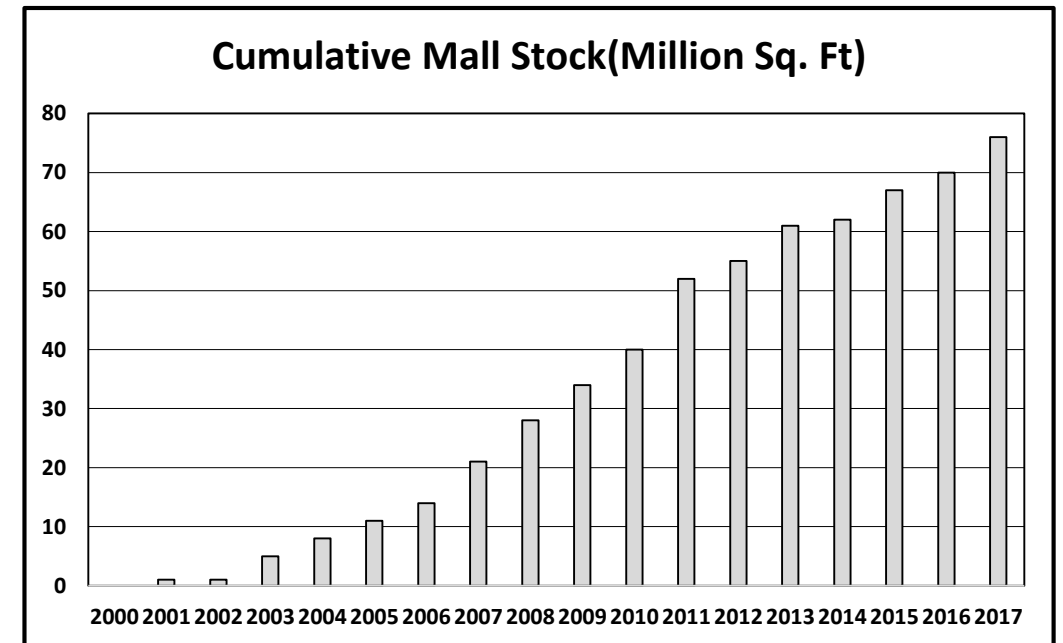
The retail sector started growing at a rapid pace, and with an increase in spending capacity among consumers, developers started sensing an opportunity and developed malls. This led to an increase in the number of malls.

Consumers had the luxury of fulfilling all of their shopping needs – primarily Apparel, Accessories, Food & Beverage, Electronics, etc – in air-conditioned spaces. The mall also became a popular hang-out spot for families and youngsters alike.

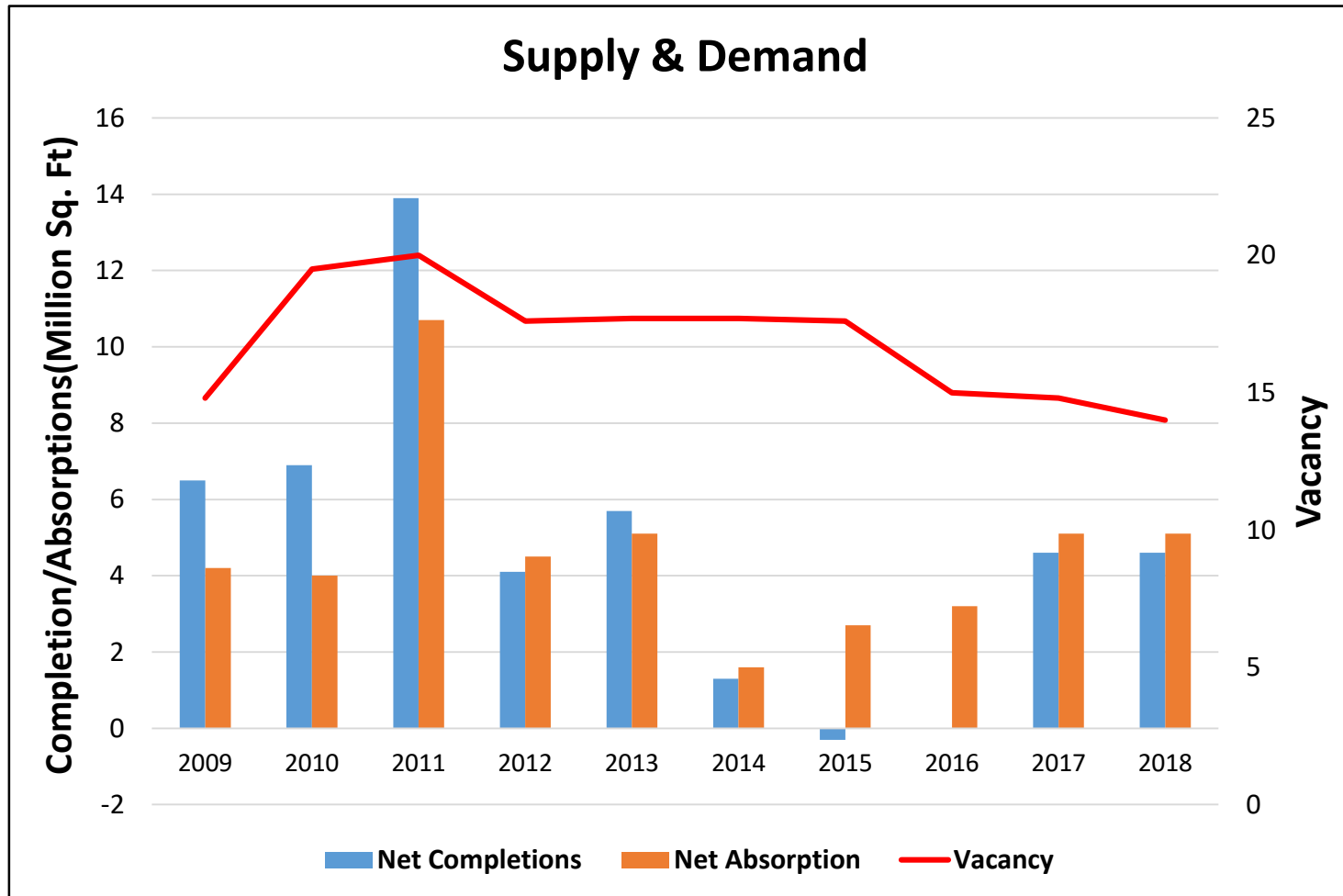
‘Entertainment’ as a concept did not exist in the malls yet, which is why the older malls are seen without any provision for cinemas and entertainment centres. Multiplexes emerged in the first half of the 2000s after which they started occupying space in the malls, offering a new experience to people and generating more footfall.

In 2011, net supply of malls reached a high after which there was a rationalisation in supply in the next few years. From 2012-15, similar levels of absorption and supply were seen.

In the past couple of years, mall management has evolved and is more focused on **experiential retail**. More international brands have entered, the number of promotional activities and events in the malls have increased, and there are also popup stores to generate interest among people.



Supply & Demand



2011 witnessed record supply and absorptions of mall space in India.

Thereafter, there has been a **slow growth** of the sector due to overall GDP slowdown and weaker consumer and investor sentiment.

Net Absorption of Malls is dependent on their Quality or also called **Grade**.

In 2015 many malls particularly in the NCR and Mumbai region were downgraded to Grade B shopping centres and therefore we see a **negative Net Completions** in this year.

Different Grade of Malls



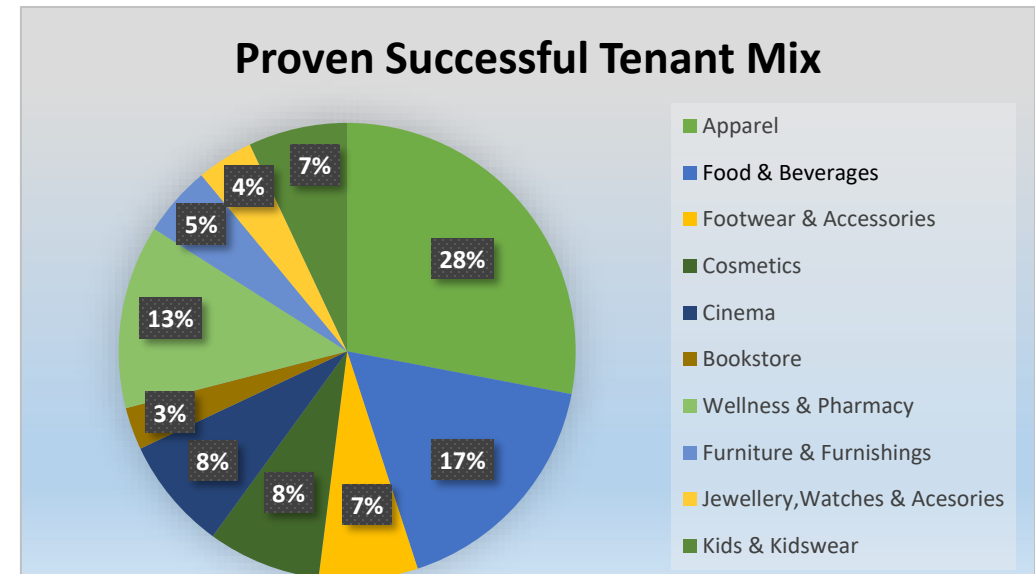
Malls are classified into 3 categories: Poor, Average and Superior. They are classified into these categories based on:

- Rental Values
- Vacancy Levels
- Tenant Mix
- Design
- Level of mall management
- Choice of Location
- Rental/Strata sale model

	Superior Grade	Average Grade	Poor Grade
NCR Delhi	10%	15%	44%
Mumbai	8%	18%	39%
Bangalore	5%	7%	71%
Chennai	2%	23%	41%
Pune	14%	31%	46%
Hyderabad	3%	14%	17%
Kolkata	12%	16%	39%
India	9%	15%	41%

Here Tenant Mix comprises of

- Apparel
- Food & Beverages
- Footwear & Accessories
- Cosmetics
- Cinema
- Bookstore
- Wellness & Pharmacy
- Furniture & Furnishings



Success Factors in a Mall



1) Product:

- Mall design makes a difference with internal **ease of access**, appropriate positioning of stores, and strategic positioning of escalators and elevators.
- Malls which follow the **lease only model** tend to perform better as it becomes easier for asset quality control and mall management.
- Catering to a **varied tenant mix** draws in crowds to the mall with keeping visitors interested
- Frequent events and **promotional activities** improve the scope of walk-ins.

2) Catchment:

- Size of the residential population must be looked at, **targeting densely populated** areas before constructing a mall.
- The **income profile** of the target catchment is another important factor to study before a mall comes up with a launch strategy.
- **Accessibility** is another key factor, as the mall should be conveniently located.
- Developers will also have to identify whether they would like the malls to cater to people in **commercial districts, residential districts** or a mixture of both.

3) Customer Experience:

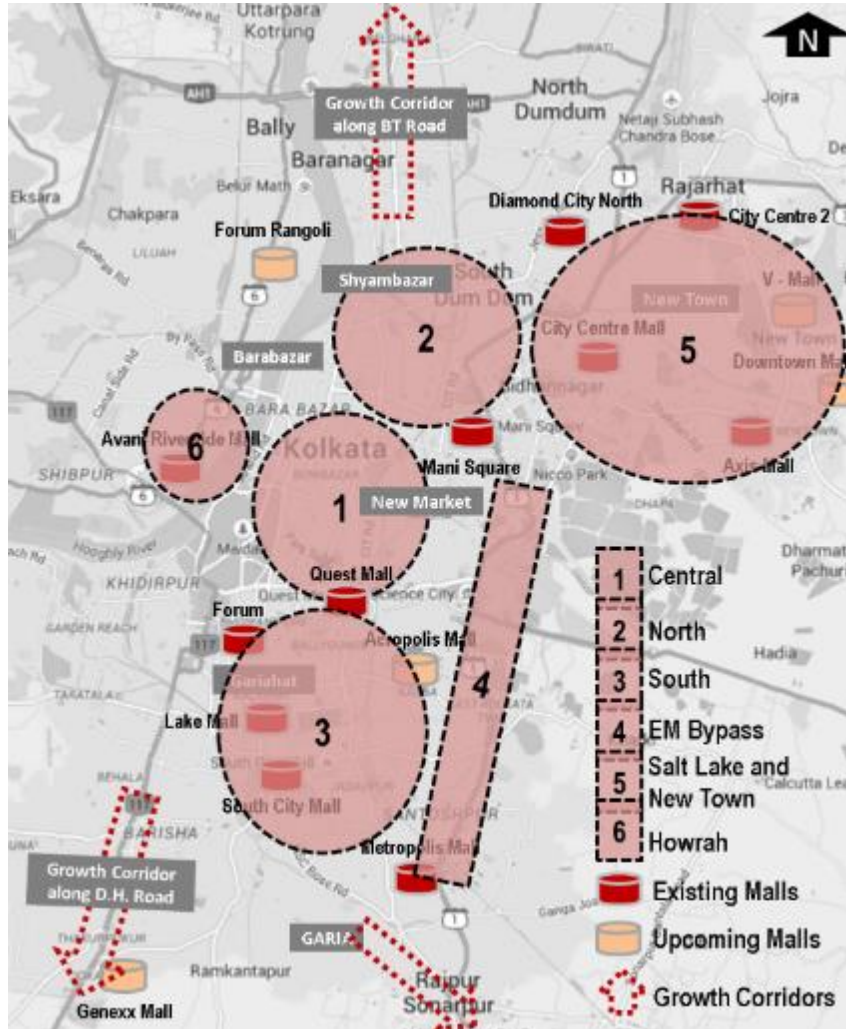
- Retailers experimenting with newer formats are adopting **technology** to engage shoppers.
- Newer formats effectively use technology for **in-store experience**, faster check-out, better displays and digital trial rooms.
- Space share of **experiential retail** - restaurants, cafes, QSRs, theme-based entertainment etc. has gone significantly up over last 5 years in the top malls.
- Experiential retail enhances repeat visits, provides a solid moat against e-commerce which can only over merchandise.
- Examples include Big Bazaar Gen Next, Van Heusen Style Studio, Benetton On-Canvas Family Store, Max Millennial stores, Future Group Cover Story, McDonalds McCafe

Successful Malls Comparison



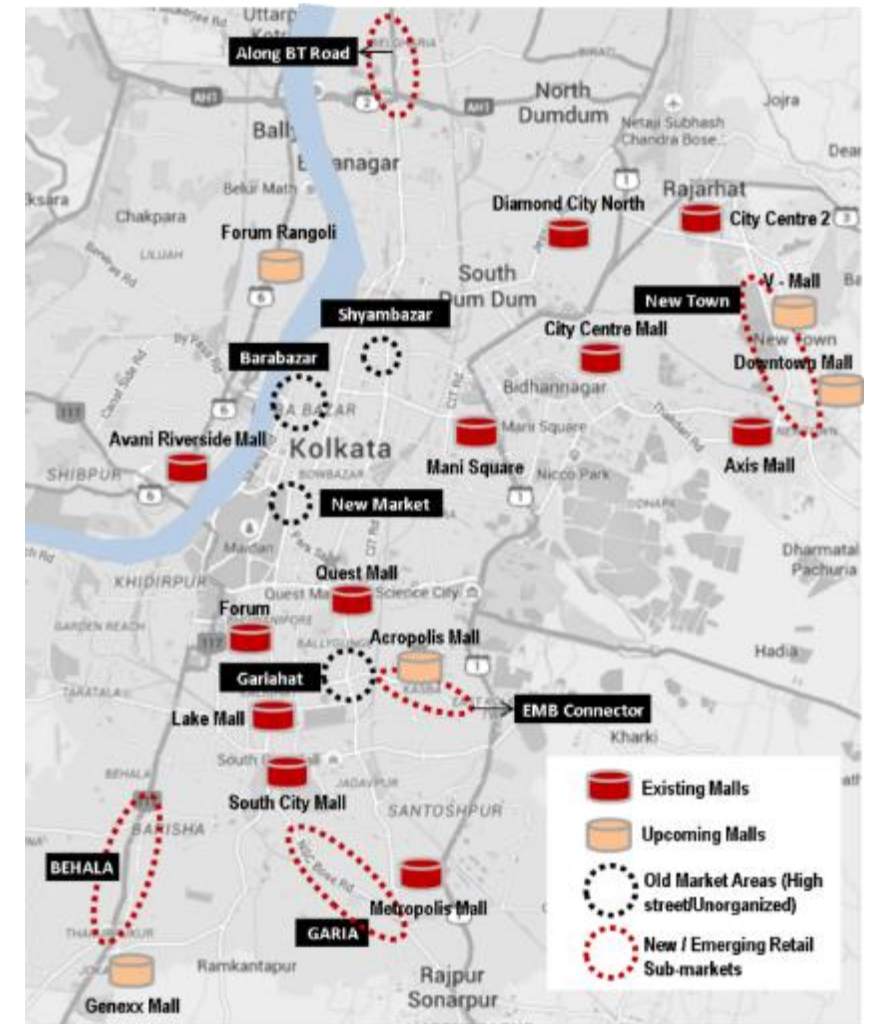
Accessibility/Location		Catchment Profile	Strategy	Tenant Mix
Infiniti Mall	Infiniti mall is situated on the Link road (Another prominent road for the suburbs of Mumbai). This mall also has easy access for people living in Malad, Kandivali and Goregaon.	Lower Middle Income to Upper Middle Income group	Known for leading CSR-based events that attract people from both Middle and Upper Middle Income groups. The mall, in association with The Street Store (TSS) , has put set up kiosks that enable mall patrons to deposit their unused clothes, accessories that in turn help in distribution to the poor and needy. Infiniti mall is the only one in the area to have introduced an indoor roller coaster.	All 3 malls have a unique tenant mix from all categories including high-end brands, fashion, accessories etc. with a proper mix of entertainment and F&B which is a critical category now-a-days for the success of any mall.
Oberoi Mall	Oberoi is situated on the western highway, and hence provides easy access even to shoppers from the eastern locations like Malad, Goregaon and Kandivali	Middle Income to Upper Middle income group	Oberoi Mall has been instrumental in bringing in many International brands like Forever 21(no longer present), Forever New, Starbucks, Aeropostale, United Colours of Benetton, Burger King, and	
InOrbit Mall	Inorbit mall is again situated on Link road capturing nearby crowd from Malad & Goregaon as well as far off areas like Kandivali East and Lokhandwala Township	Lower Middle Income to Upper Middle Income group	This mall is amongst the early adopters for omni channel supply (currently houses 10% online and 90% offline stores).They have introduced India's first Omni channel Online Shopping program merging the online shopping convenience with the brick & mortar space where the offer is made on website as well as an app based feature.	

Malls in Kolkata

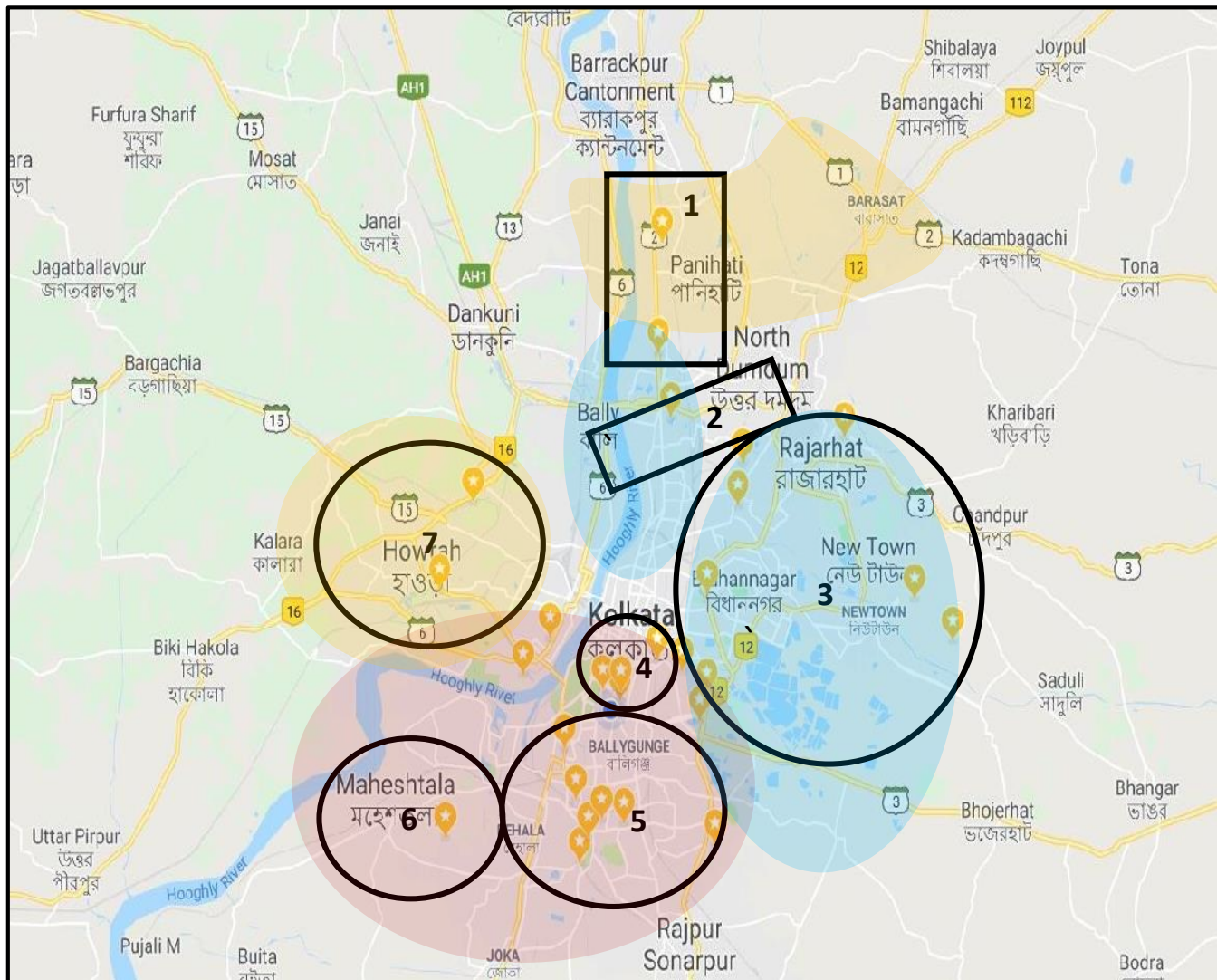


Kolkata City can be divided into six broad retail zones –

- **Central Kolkata** – mainly high street activities along with organized mall development (Quest Mall).
- **North Kolkata** is largely conservative area and culturally more active than rest of the city. Lacks organized retail.
- **South Kolkata** has been most active in retail business especially with respect to success of malls like South City and Forum.
- **EM Bypass** is a growing zone and has potential for more.
- **Salt Lake and New Town** are the new areas of Kolkata which are planned and have many upcoming retail malls.
- **Howrah** is densely populated and has unorganized retail hubs. Organized retail is paving its way, but slowly.



Analysis of Malls in Kolkata



Zones	Superior Grade		Average Grade		Poor Grade	
1. B.T Road	1	11%	2	16%	1	32%
2. Northern Kolkata	2	8%	4	10%	NIL	
3. New Town	3	16%	2	19%	NIL	
4. Central Kolkata	2	9%	1	11%	1	34%
5. South	3	15%	3	13%	2	37%
6. South - West Kolkata	NIL		2	17%	1	31%
7. Howrah	1	14%	NIL		3	16%