

Mall Re-orientation

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First thoughts of Mall Builders

Mujhe Bhi Mahesh Bhai Jaisa Mall banana hai...A Mumbai Builder 2002 AD

We want to make a Mall like Shoppers Stop...someone in Jaipur 2004 AD

We already have two interested tenants...Guntur Landlord 2008 AD

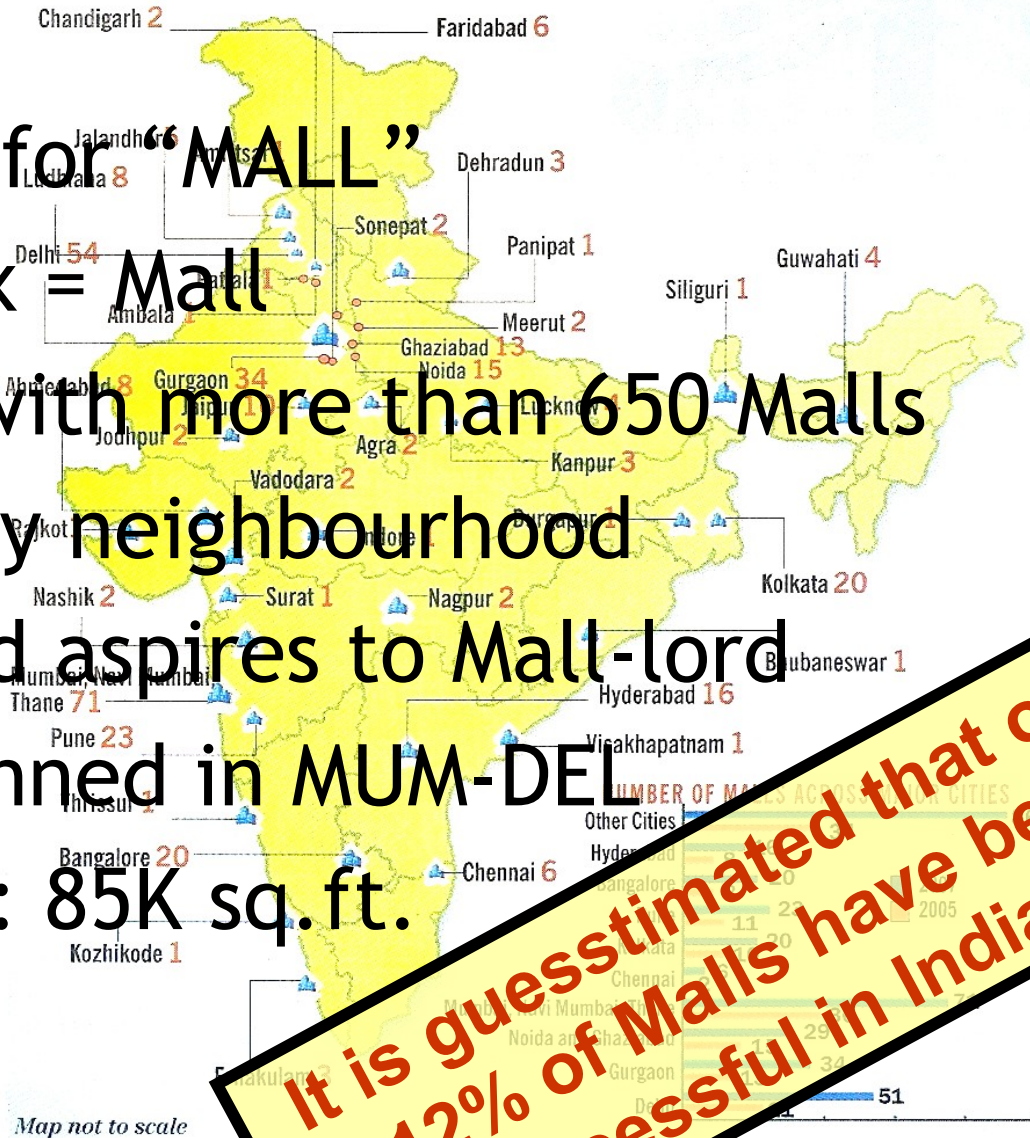
My son has just returned from UK with his MBA &
wants to build Malls...Chandigarh 2005 AD

We will also make a
Mall...Raipur Builder 2007 AD

**Malls give better returns than office space....hence
we will make a Mall...reputed developer, Mumbai**

Scenario...till recently

- No definition for “MALL”
- Suffix / prefix = Mall
- Mall Mania - with more than 650 Malls
- A Mall in every neighbourhood
- Every landlord aspires to Mall-lord
- 150 malls planned in MUM-DEL
- Average size*: 85K sq.ft.



**It is guesstimated that only
12% of Malls have been
successful in India !!!**

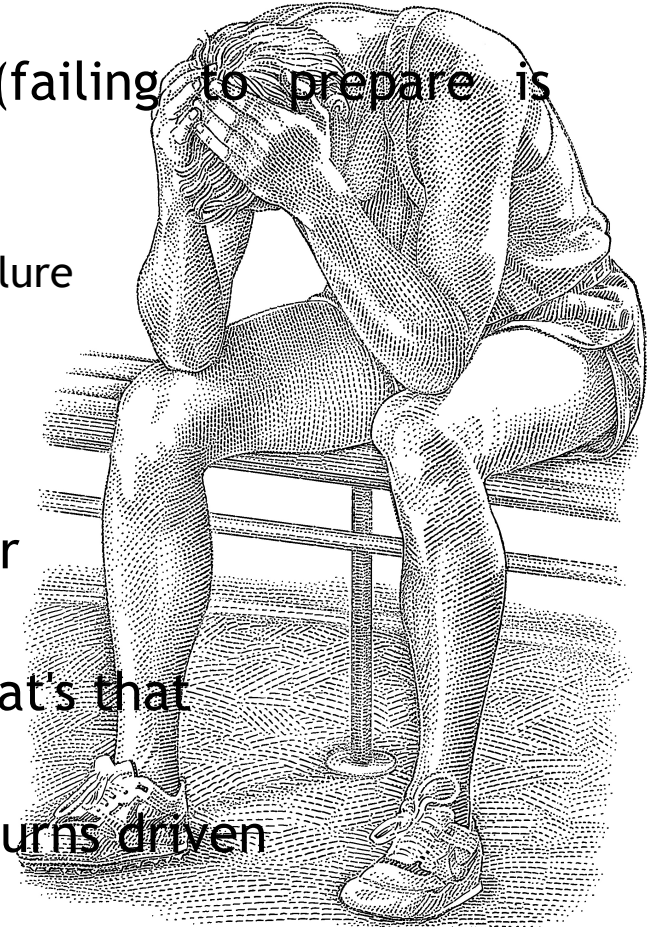
* Based on industry reports

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adding value... every
SQUAREFEET

Why Malls Fail?

- No Research / Feasibility done (failing to prepare is preparing to FAIL)
- Sell & make Money
 - » 85% of SOLD Malls are a failure
- Mall Builder v/s Mall Developer
- No positioning & wish list of tenants
- Unbalanced segmentation
- Space allocation: First highest bidder
- Zoning & tenant mix
- Parking, Services, Value Adds?....what's that
- Accessibility....never thought
- High rentals...market driven than returns driven
- No Maintenance OR steep CAM
- Poor Mall Management
- No consumer focus



Signs of Failure

- > 10% of occupants have moved-out within 24 months
- staff entry is more than customer entry
- Retailers don't want to pay CAM & Rentals
- >more cobwebs than Bulbs
- Cost cutting:
 - » Lights ON when you enter
 - » AC / escalators switched off
 - » Cleaning is done on alternate days
 - » Wait for monsoon for glass façade cleaning
 - » security & house keeping person is same.
- Rent recovery agent

Next 5 Years...

- Failure Fever
- Owner changes
- Reduced footfalls
- Competition
- Better options
- Learning curve
- Worried Retailers



How to re-invent / Re-orient

- Don't panic / shy / confuse
- Don't repeat mistakes
 - research, research & research
- Create options
- seek professional help
- Leasing guys are not “consultants”
- Study cautiously & in-depth

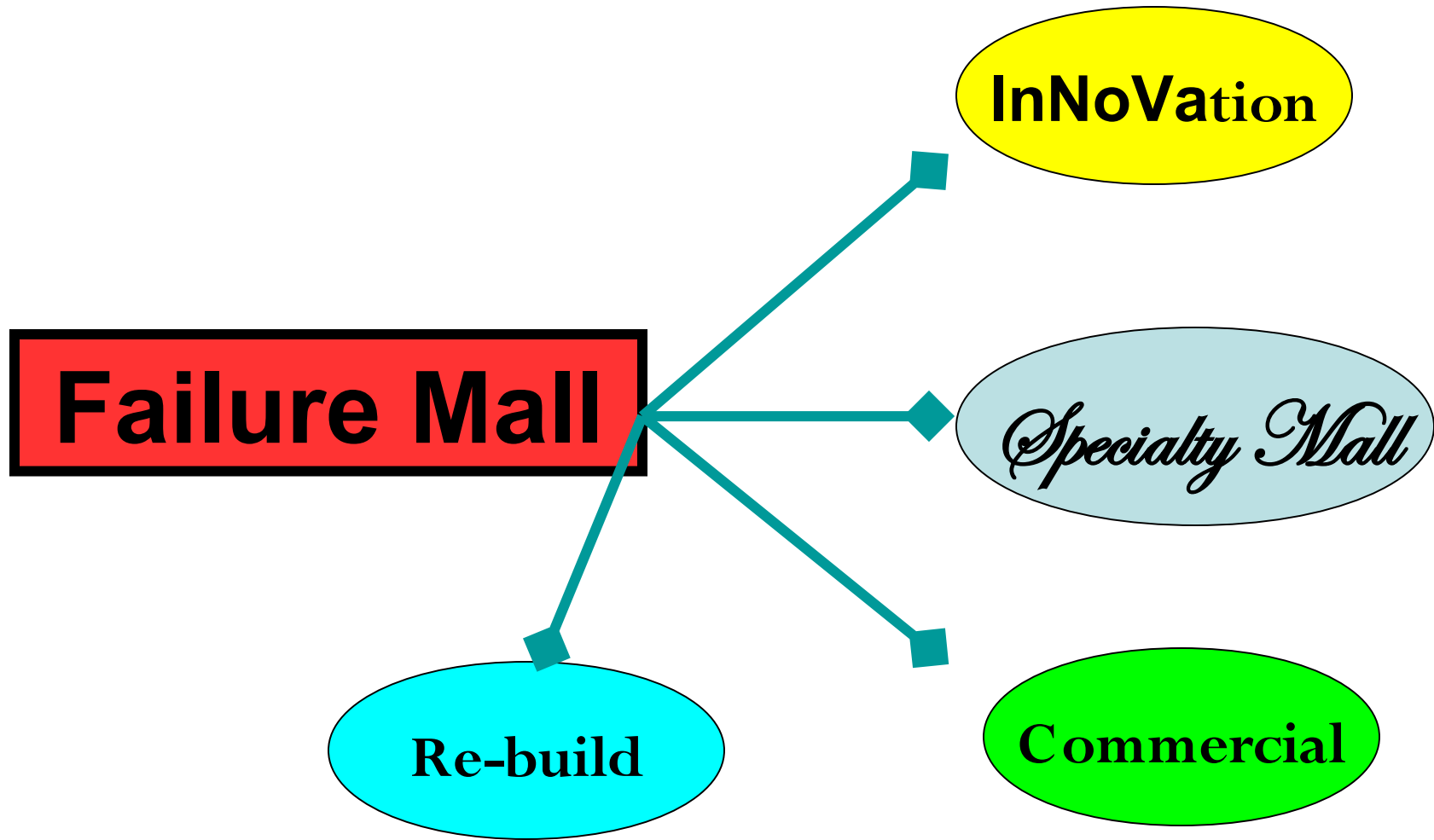


Relax: You are wiser now !!!

Option- I (Pain Killers)

- Re-align the tenant mix
- Add missing category
- Create more Anchors / mini anchors
- Create community services
- Get customer focused

Option II ...based on findings



Post Re-orientation Benefits

- NEW identity
- Better branding & positioning
- Better footfalls
- Idea appreciation
- Better valuation
- Better returns



Smart Questions....please ?

Thank you