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Tapping the retail space potential

M.SOUNDARIYA PREETHA.

Cities such as Coimbatore, Madurai and Tiruchi are now in the expansion plans of several retailers, writes M.SOUNDARIYA PREETHA.



Not long ago, families used to have travel plans to visit larger cities for shopping when there was a celebration at home or for festivals. Realising the potential in smaller cities, National retail brands are rapidly expanding in the tier-two and tier-three cities in the country and local brands are also expanding their presence. Thus, cities such as Coimbatore, Madurai and Tiruchi are now in the expansion plans of several retailers.

During the last financial year, retailers grew by 30 per cent to 35 per cent in the Southern States and retail space occupation increased by nearly 50 per cent, says Susil Dungarwal, founder of Beyond Square Feet – a mall advisory company.

According to him, there is tremendous growth in mall development in the South. Retailers are seeing the potential here and are moving into the tier-two cities too in the Southern States. Local players also want larger market share and are expanding. While high streets will continue to have their demand, malls will also see rapid development, he says.

Shubranshu Pani, Managing Director – Retail, Jones Lang LaSalle India, says key factors for retail space development are wide access roads, adequate catchment (shoppers in the neighbourhood), and parking area. Retail space development is mostly based on the risk and revenue sharing model now. Several retailers are looking at Tamil Nadu. “Every one is hungry for more space. Hence, the potential is huge for retail space development in Tamil Nadu,” he says. Retail space availability should go up across the State.

Retail space development is different from other segments as the retailer looks at the revenue potential in the location. In cities such as Chennai, there is a demand for space for projects that need more than a lakh sq.ft. Land owners and developers should tap the potential.

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