PRIME COMMUNIQUÉ

Direct News	
Client: Beyond Squarefeet	
Publication: Hindu Business Line	Date: 17th February, 14
Edition: Mumbai	Page No: 15

To save costs & time, mall developers eye stalled projects

Move to help save interest outgo on construction

PRIYANKA PANI

Mumbai, February 16

High interest costs, rising land prices, and a widening demand-and-supply gap in the retail real estate space are expected to lead mall developers to the acquisition route to consolidate their operations as it would help them save both money and time.

Companies such as DLF, Prestige Group and K Raheja Group-owned Inorbit Mall plan to acquire either stalled/unfinished projects or unmanaged malls, say sources. While Kishore Bhatija, Managing Director, Inorbit Malls, confirmed the trend, other players were not available for comments.

"We need to reduce interest cost on construction. So, an acquisition will help. We are looking at four-five malls in South India," said Bhatija.

Inorbit will finalise a deal in the next two months, he added.

Susil Dungarwal, founder of mall management and consultancy firm Beyond SquareFeet, said there are at least 50 malls across major markets in India, which are waiting to get acquired by larger players. The value of these malls will be in range of ₹250-300 crore each. Most mall owners have only one mall in their portfolio and want to get rid of them as it is not their core business. For bigger players, acquisitions save on cost and time of construction, which can extend to five years. Developers can reorient acquired malls by investing just 10 per cent of the total value, Dungarwal added.

However, Sobhit Agarwal, Managing Director (Capital Markets) Jones Lang LaSalle, a professional service company, said mall developers will go for inorganic growth to build their portfolio within 1.5 years.

This is required to show a fast growth, since some players are mulling a public offer, he added.

A number of shopping centres or malls came up in the country during 2009-10 when the market was booming with surging consumer confidence and anticipation of allowing opening up of FDI in retail.