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Luxury retail demand boom in Bangalore

Anil Urs in Bangalore | BS | January 30, 2007 | 02:19 IST

Luxury or top-end retailing is arriving in Bangalore and those looking for such space are emerging as a well-defined demand segment.

As a result, the commercial space market is getting more and more organised and quality conscious, setting new quality benchmarks incorporating international look and appeal. Such demand is leading to expansion of the list of "Do's and Don'ts" that builders and sellers have to follow. The prime considerations for buyers are sufficient space for large format stores.

In other words, micro space for boutiques is not what is needed. In addition, buyers want enough parking spaces for high-end spenders, a good retail mix in the neighbourhood and sufficient distance between shops. A large luxury store must be near to other such stores but not bang next to one another.

Builders have woken up to this demand and have begun to address issues, which have made large luxury shop owners look away from malls and traditional high streets.

This new demand has led to the emergence of non-CBD areas like Koramangala, Indiranagar, Malleswaram and Jayanagar as potential locations for such stores. □ It is in these areas that new development and fresh construction are taking place.

Such developments are happening despite the commissioning of four malls, Forum, Garuda, Sigma and Prestige Eva, totalling one million square feet of retail space. All these have come up in and around the traditional prime shopping areas like Commercial Street, Brigade Road and M G Road.

"All these developments are leading to emergence of luxury retailing in Bangalore," said Mayank Saksena of TrammellCrow Meghraj. The city's retail real estate prices across CBD, non-CBD and peripheral areas, have seen an appreciation in rental and capital values of 10 to 15 per cent in 2006, compared to 8 to 10 per cent in 2005. □

The prime high-street location of Brigade Road, MG Road, Commercial Street (all in CBD) has been stable and witnessed about 15-20 per cent appreciation. On the other hand, the non-CBD areas like Koramangala, Indiranagar, Malleswaram and Jayanagar have witnessed appreciation of up to 15 per cent.

"The way market is shaping-up in Bangalore, it is hard for CBD to sustain at these levels," said Saksena.

On the supply side, the city witnessed 5,00,000-6,00,000 square feet of leasing activity across all the micro markets in 2006 and an equal amount is expected in 2007, he added. □

Supply is rising but at a slow pace. Most of the retail projects are behind schedule because of land conversion hassles. The emerging non-CBD areas were largely residential till a few years ago and change in bylaws are needed to re-designate them for commercial use, said Shivram Malakala of Habitat Ventures.

The Hundred Feet Road in Indiranagar has been re-designated, resulting in an explosion of new shops.

Where such conversion is taking longer time, most of the retail space which will become available in 2007 will be through re-positioning of office space into retail space, he added.

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