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Market Analysis and Feasibility of Shopping mall in the Micro-market of Whitefield, Bangalore

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Abstract: *Whitefield emerged as an IT Hub in late 1990s and the initial impetus was provided with formulation of Karnataka Industrial Areas Development Board (KIADB) promoted the Export Promotion Industrial Park (EPIP) in 1994. Further, development of International Technology Park Bangalore (ITPB) catalyzed IT development in this micro-market. Sizeable IT/ITES population, availability of land and connectivity to other parts of the city are the primary reasons driving residential development in this micro-market further leading to speculative retail developments within the micro market. This study aims to explore the nature of relation and effect between market analysis and feasibility of establishing new shopping mall development in Whitefield. Different variables were identified for market analysis: location, demand, product mix and competitors. The study area consisted of approximately 16 square kilometers for analysis and primary survey. Basic mapping tool is used to understand and estimate the population, type of developments and land use which was based on primary study within the micro market. The study made a number of conclusions, most important of which is: there is a significant supply of organized retail space in Whitefield for a limited demand offering various product mixes.*

Keywords*: Market analysis, Feasibility study, Retail feasibility, Mapping.*

I. INTRODUCTION

Whitefield is a neighborhood of Bangalore in the state of Karnataka, India. Established in the late 1800s as a settlement for the Eurasians of Bangalore, Whitefield remained a quaint little settlement till the late 1990s when the IT boom of Bangalore reshaped it as a major suburb and is now a major part of Greater Bangalore. Whitefield emerged as an IT Hub in late 1990s and the initial impetus was provided with formulation of Karnataka Industrial Areas Development Board (KIADB) promoted the Export Promotion Industrial Park (EPIP) in 1994. Further, development of International Technology Park Bangalore (ITPB) catalyzed IT development in this micro-market. Sizeable IT/ITES population, availability of land and connectivity to other parts of the city are the primary reasons driving residential development in this micro-market. Over the last one decade, the micro-market has developed as a self sustaining suburban area with development of residential (Apartment & Villa), retail projects and other social infrastructure. Developments in this micro-market are characterized by Premium category & Luxury category apartment projects in Brookefield, Whitefield Main Road & Varthur Main Road; Villa developments in the Luxury category & Super Luxury mostly located along Varthur &Whitefield Main Roads.

Various shopping malls like Forum Value Mall, Phoenix Market City, Park square mall and Inorbit Mall resides in Whitefield area. With these existing and upcoming malls in Whitefield, the area will surely lead to an oversupply situation in retail real estate market.

Objective

The primary objective of this study is to analyze Whitfield micro-market and check the potential of developing a new mall or organized retail space within the micro-market and to estimate the market base based on demographics.

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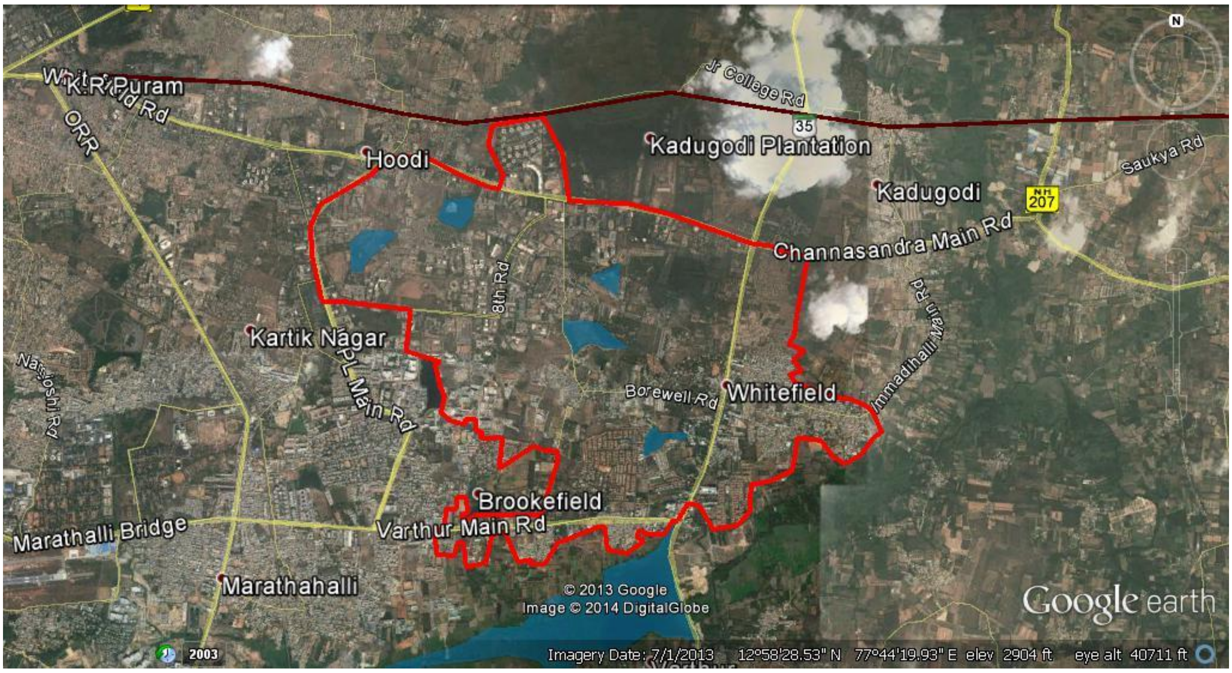
Study Area



Map 1: Whitefield Study Area (*Map source: Google Earth*)

The red boundary in the above given Map 1 gives a demarcation of Whitefield's study area that is considered to analyze various factors of development and land use and demand-supply scenario within the micro-market. The study area is approximately 16 Sq.Km.

Approach & Methodology

As the primary approach is to estimate the market potential within the study area, the method adopted is based on existing land use mapping and population demographics. Following steps were adopted to arrive at conclusions;

- Demarcation of study area
- Analyzing the existing land-use pattern in the study area (Based on Primary study)
- Estimating the existing population in the study area (Based on Secondary study)
- Segmentation of population based on the housing typologies (Based on Primary study)
- Calculating the demand for organized retail space in the study area.
- Calculating the existing supply in organized retail sector
- Analysis and conclusions

Existing Land-use (Primary Study)

Definition of various land-use based on primary survey is as follows;

Open land: These are the demarcated areas within the study area which are either reserved as open space in the development plan or undeveloped vacant plots.

Water bodies: These are the existing water bodies and lakes in the study area.

Commercial, Industrial, Public buildings: These area are demarcated in the study area based on the field study under various uses, such as existing hospitals, commercial offices, schools and colleges, IT buildings and industrial developments.

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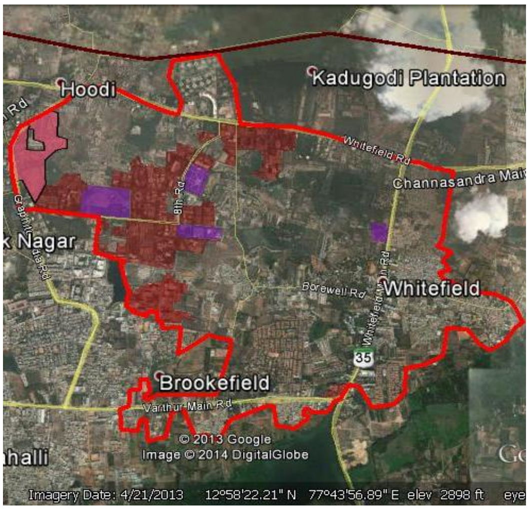
Village: The village or gaothan boundaries are marked as per their existence on the field.

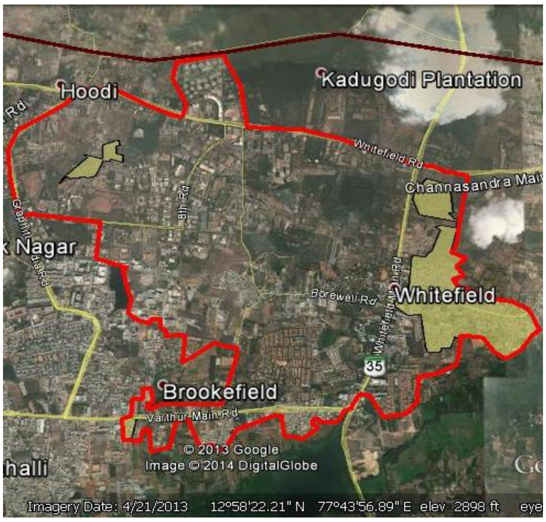
Mid segment residential developments: These areas are marked on the basis on extensive primary survey in the field, identifying residential developments ranging below Rs.3500/sq.ft and are older than 10 years of age.

High-end residential developments: These areas are marked on the basis on extensive primary survey in the field, identifying residential developments ranging above Rs.3500/sq.ft and are not older than 10 years of age. These areas also include a large no. of villas, row houses and bungalow developments whose price range starts from Rs.5500/sq.ft. This area identified in the study as potential customer base for mall footfalls.

Map 2: **Showing Undeveloped open land and water bodies**

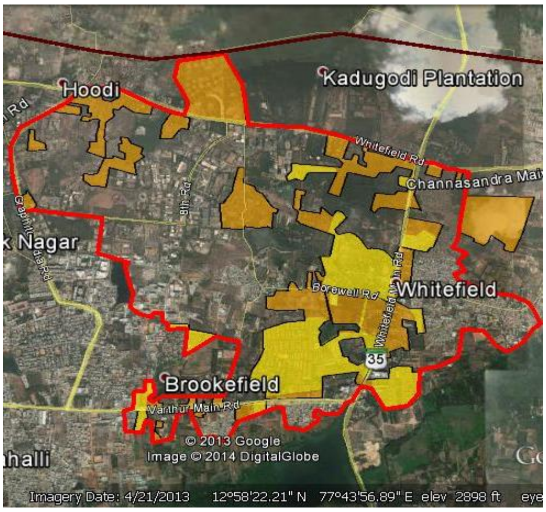


Map 3: Showing existing industrial, commercial and public land use

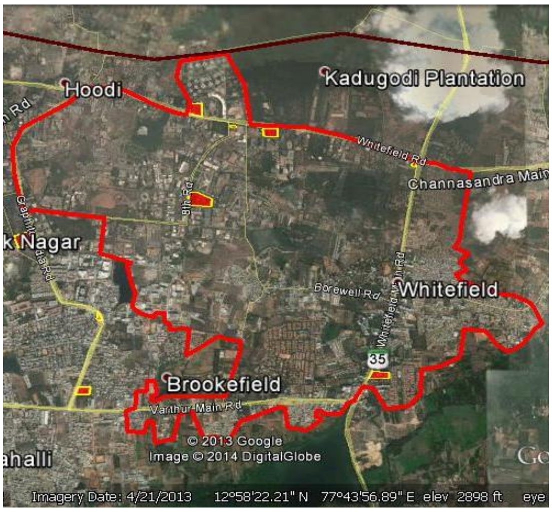


Map 4: Showing mid segment residential developments

Map 5: Showing existing gaothan and villages



Map 6: Showing high end residential developments



Map 7: Showing existing retail developments

Land use distribution

The approximate land use distribution of the study area based on primary survey and analysis is as shown in the Chart 1 below;

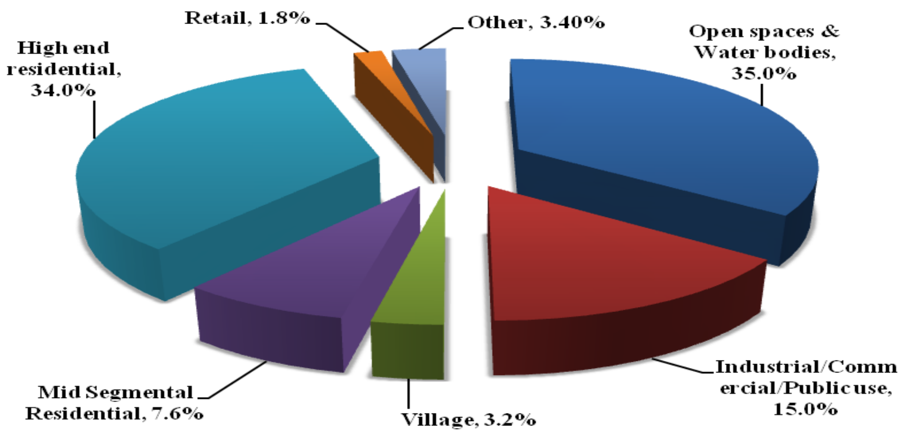


Chart 1: Land-use distribution of study area at Whitefield, Bangalore

Land-use and Demographics

As per the Land use analysis shown in Chart 1, Primary survey of residential projects in the study area, Census 2011 and ward wise population, following are the highlights of the demographics;

- As per Ward wise population & Density calculations the approx. population comes out to be 100,000
- Approximately 18,000 residential households in Whitefield
- 227 Total residential projects in Whitefield, comprising of 42 new projects in it.
- Over 8,000 residential units are available in Whitefield
- 2,500 Residential units are consumed every year in Whitefield
- Only 35% land use is Residential out of that 45% is Low density
- Out of the total residential development 50% is 3Bhk, 35% is 2Bhk and 15% is 4Bhk
- Average occupancy of 88% was observed within the catchment
- Almost 22% of the Residential units are villas, row houses or bungalows.
- Approximate Potential Catchment Population is around 60,000

Demand Estimation

Based on population demographics and density we get an approximate potential catchment of 60,000. As per the article dated August 26, 2013 in DNA, Bangalore titled as "Bangalore-A mall too many", in any market, there has to be some correlation between the per capita mall space (PCMS) and the per capita income. So while a PCMS of 3.9 sq ft may not be considered an oversupply in a developed market like Japan; considering India's spending power, a PCMS of even 1.2 sq ft can be considered an oversupply. Assuming on the higher side, if we consider a PCMS of 1.5 sq.ft for study area, the demand for mall space will be around 90,000 sq.ft (Say 1 lakh or 0.1 million sq.ft).

Existing Supply

Consumers prefer visiting malls that are within a 30-minute drive from their residences, unless a particular mall has some striking features not seen in other malls. But overall a mall design is more or less similar and rigid in nature. Hence the competitive factor remains constant. The malls that are present in Whitefield area are as follows; Forum Value Mall of 4,70,000 Sq.ft, The Cosmos Mall of 1,40,000 Sq.ft, Inorbit Mall of 3,39000 Sq.ft, Ascendas Park Square of 6,00,000 Sq.ft, Brigade Arcade of 80,000 Sq.ft, The Forum Mall of 11,00,000 Sq.ft., Phoenix Market City of 11,50,000 Sq.ft, Total Mall of 1,50,000 Sq.ft, Xander Mall of 4,20,000 Sq. ft, totaling to around 44,49,000 Sq.ft. (i.e. 4.45 million sq.ft).

Analysis and Conclusions

The above demand and supply analysis clearly shows that there is over supply of mall space in Whitefield area by almost 40 times. The reasons observed and the conclusions derived are as follows;

- Mall space in Whitefield has developed on the speculation of IT growth and rapid premium residential developments.
- An important observation made in the study is that almost 22% area is under low density housing i.e. villas, row houses and bungalows limiting the no. of persons in the area.
- 35% area is open land and water bodies giving clear indication of land use distribution between developed and un-developed areas.
- Facilities provided my all the malls in the study area are almost same with almost similar product mix leading to limited foot falls in each mall.
- Direct connectivity with passages and travelleters of surrounding IT buildings has helped Ascendas Park Square mall to get more foot falls during the day as well as the night time.
- Powerful Branding, various events and offers should be introduced as a marketing tool, so that the mall gets the attention of its presence in Whitefield.
- Re-positioning of Mall in context with the neighborhood. Local stores & food to be introduced.
- More dynamic product mix offering should be made that offers something to everybody.
- Active & Passive entertainment facilities should be developed to pull more customers and to develop it as a destination center.
- Variety in food should be added at the food court with more fine dining options and local flavors.
- Aggressive competitive strategies should be incorporated to retain the existing customers and to deal with the potential business threats from the competition.
- Sustenance of malls in the future will depend on the services that each mall offers and the buying experience within the mall.