

DEVELOPERS ARE BUILDING SPACES FOR SUPER PREMIUM MNC BRANDS

Luxury of space

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Last week's Merrill Lynch/Capgemini World Health Report that put the country on the global map in the fastest growing high networth individuals category (70,000 millionaires) gives a shot in the arm to premium lifestyle brands with designs on India. Jewellery and watch brand Boucheron to Michelin-star Indian restaurant Tamarind in London to gourmet foodstore Caviar Club are all eyeing the Indian market. Many top-of-the-line international brands are members of the World Luxury Council (WLC), the one-year-old arm of the London-based private investors-backed British Luxury Council. But the question is, does India have the retail space with the right ambience to accommodate so many brands?

Not yet, says Devyani Raman, WLC's director (business development) in India. Her job is to assist foreign players find the right business partner and retail space in the country. "I would not advise our brands to rush in at the moment. The ring of luxury shopping experience is missing and

international standardised luxury floor space is non-existent," she says. Currently, luxury brands such as LVMH, Chanel, Bvlgari and Hugo Boss prefer to locate themselves in the five-star hotel environment. "India has no concept of a luxury street. So though being in the hotel has certain disadvantages such as limited footfalls and visual impact, it's the only choice," says Shatrugit Tikka Singh, advisor, Louis Vuitton, India.

But the retail prospects for the luxury brands may improve next year. After the wave of neighbourhood malls that are sprouting up in the metros (news reports say that 93 malls will be up in 14 cities in the next 18 months, with 14.5 million sq ft of retail new space in Delhi alone), developers are keen to differentiate their products from the run-of-the-mill malls. Companies such as DLF



(Above) A drawing of DLF's luxury mall Emporio that will house 150 top MNC brands. (Left) Select Infrastructure's Arjun Sharma feels the market will grow in five years

Retail Developers Ltd and Select Infrastructure Ltd are building luxury spaces in anticipation of top-of-the-line brands entering India. The buzz in the real estate circles is that even the Bombay Dyeing Group is planning a foray into luxury malls. A source, however, said the company will be ready to offer inputs "when the plans are finalised". The Rahejas, it is learnt, are also keen to develop luxury malls.

Ajay Khanna, executive director, DLF Retail sees a big opportunity: "While the economy is growing at 8.5 per cent, the retail sector is growing by near-

ly 30 per cent. Since most luxury brands have only a token presence in five-star hotels, there is a great opportunity here." The company plans to build a three-floor large format mall called Emporio which will be designed to stock only luxury brands. To be ready in two years and expected to come up in south Delhi's Vasant Kunj area, the 3.5 lakh sq ft mall will have at least 150 stores for top international brands, Indian fashion, day spas and fine-dining restaurants. Select City Walk, a project of Select Infrastructure Ltd, coming up in Del-

hi, will similarly allot 50,000 sq feet to luxury brands.

According to Khanna, the company has approached at least 50 international brands to open stores at the Emporio. "The areas for the international brands will be clearly demarcated from the Indian designer stores. As we don't want mass traffic, we won't have an entertainment centre," says Khanna.

With the five-star hotels getting crowded and their rents moving upwards from anything between Rs 450 per sq and Rs 800 per sq ft, developers are hoping that the luxury malls, offering between Rs 250 to Rs 300 per sq feet, will be attractive for retailers. "There is no single formula for rents. In this business, all kinds of permutations work. Many times a strong brand gets free space at the malls because when they come in, others follow," says Arjun Sharma.

But is the Indian consumer actually ready to pay for the luxury brands? Most WLC brands like Chanel, for instance, will focus on Delhi and Mumbai. Says Sharma, "There is not enough demand in the market and it may take another five to seven years," adding that, most retailers located in congested shopping areas are most likely to aspire to be at a mall. At Select City Walk, nearly 400,000 sq feet will be dedicated to upmarket mass brands as opposed to 50,000 sq ft for luxury brands.

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