

Airports to emerge as business hubs: Study – 19th May 2008

New Delhi: All new airports in the country will emerge as business hubs with world class office, hospitality and retail space. The modernization and development of airports will not only provide the facelift to respective cities but also boost the real estate sector, said a report by Cushman & Wakefield.

To exploit the trend of developing city centres around airports, the Airport Authority of India has provided huge land for development of commercial realty and retail space. For airports in Mumbai and Delhi, the report said, 50% of the total real estate space has been allocated for commercial development.

India has emerged as one of the most favoured destination in Asia-Pacific region for strong performance of businesses, which led to an influx of MNCs. This has sustained the demand for commercial office space in large cities. The high economic growth across the country also made the smaller cities like Lucknow, Kochi, Coimbatore, Mysore, Jaipur and Indore among others attractive destinations to do businesses.

The report said apart from commercial office space supply, these airport projects will also allow time saving between business meetings during the transit/ waiting period with the proposed convention and business centers that form part of the overall development plan.

In the retail sector also, the report said, huge opportunities are awaited. It said, "With changes in airport security, passengers today are required to arrive early, consequently finding themselves with adequate time to spend before departing." This provides the opportunity to tap the captive consumer base with high spending power.

According to C&W report, airport is emerging as new retail format in India, though it is already a big business in the global arena. If all airport projects under development are modernised as per schedule, non-aeronautical revenues might increase from the current 35% to 54% of total revenue by 2015. It is estimated that rent from retail, office and hospitality space will constitute around 45% of the total non aeronautical revenue by 2015.

JMD of C&W, Anurag Mathur, said, "Globally airports derive a large portion of income from non-aeronautical revenue sources. Heathrow, San Francisco, Vancouver and Brisbane, bring in as much as 50 % of their revenues from retail and other non-aeronautical resources.

Source: The Times of India