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## Retail Projects

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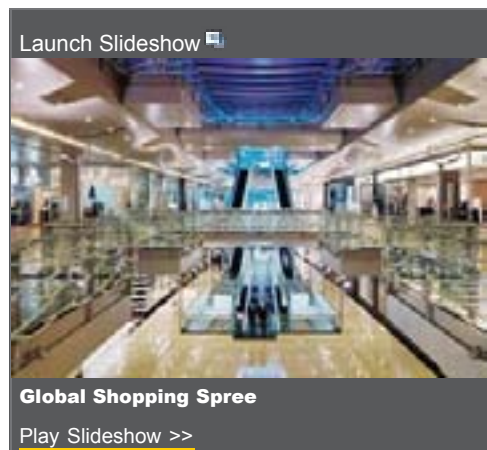
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# Global Shopping Spree

Retail developments are leading the surge in new construction in emerging markets. But shopping malls take very different shapes in China, India, and Brazil.

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China: It's the country at the top of everyone's list when it comes to a robust market for retail architecture. As the well-documented transition from rural to urban continues, major cities are expanding their central business districts (CBDs), and smaller towns are exploding into real cities courtesy of massive government investment. Throughout, retail is at the core of new mixed-use developments, and international architecture firms are providing design direction.

"A few years ago, there were 80 cities with 1 million inhabitants [each]. By 2025, there will be more than 220 cities with over a million people," says Boris Planer, research director for Planet Retail, a global retail-analysis business based in Frankfurt and London.

And many of these cities will have more than one business district with retail at its center. "Typically the American city has one CBD. Cities in China now have two or four CBDs, and they seem to be continuously growing," says Ro Shroff, AIA, a principal in the architecture firm Callison's Seattle office. Couple that with an emerging middle class interested in luxury brands and you get a buying power driving people to malls.

Beyond China, Brazil and India are emerging as top retail markets, while once-booming countries, such as Russia, are no longer major players. "Russia has shot itself out of the group because of corruption, so the Russian market is consolidating primarily among Russians," Planer says. The Middle East has also cooled, owing in no small part to the overspeculation of cities such as Dubai and political upheavals throughout the region. What does this mean for U.S. firms looking to capitalize on the international retail construction boom? One clue comes from the role that retail plays in each of these markets.

### The New Mega-Mall

At 4 million square feet over seven levels, with four subway connections and hundreds of stores, the largest mall in China is now under construction 20 minutes outside Beijing's CBD. The Grand China retail center, designed by Baltimore-based DDG, will be central to a new 9-million-square-foot development that includes a theater, opera house, art museum, library, youth education museum, and natural history museum, all being designed by international firms. "This mall is at the center of a massive development with cultural centers all around it," says Ahsin Rasheed, chairman and CEO of DDG. "It's almost mimicking the National Mall in Washington."

The mall, which connects to Beijing via high-speed rail and subway, will offer something for everyone with an interior separated into different zones, from luxury brands to bargain stores. But it's the high-end brands—Gucci, Prada, Burberry, Cartier—that the Chinese market craves the most, according to Rasheed. "The market has cash, and they want the best of the best."

"Modern shopping centers are under construction everywhere in China," says Paul Lipo Chen, AIA,

principal at Shanghai-based Haipo Architects. Chen is carrying out design development for Grand China's interior and has served as architect of record for several other DDG projects in China. "The government is interested in building modern and glamorous retail centers along the main streets in the city and in the center of newly developed areas. They are looking for modern, international projects to uplift their city images," he says.

### Retail as Catalyst

Chen describes a generation of retail projects that is taking risks not just with form, but also with program. "The whole shopping-mall concept originated in the U.S., but I think it has matured and taken a different spin in Asia, particularly China," adds Callison's Shroff. "It's not just what it [the retail] looks like, but also the placemaking potential of the form. It becomes the nuclei, the real center of town where everything comes together."

When the Chinese government decided to turn the quiet waterfront resort town of Hangzhou into a full-fledged city, they used retail as the first phase in a new central business district called Qianjiang New City. The resultant MixC retail space, designed by Callison and completed last year, is a nine-level podium that anchors a mixed-use master plan including retail, office, and hotel. The retail was the first to go in. "When we started the project, it was in the middle of nowhere," Shroff says. "Today a lot of development is happening. MixC is a catalyst. It invigorates the neighborhoods and creates new opportunities."

The mall weds Qianjiang's resort past with its urban future through aesthetic choices that include an undulating façade mirroring the nearby Qiantang River and a rooftop park with river views and a landscaped connection to residential, hotel, and office towers.

Ronald Altoon, FAIA, partner with Altoon + Porter Architects, has 10 projects in China that are either completed or under way and that range from 1 million square feet to 8.5 million square feet. "By and large in Asia, China specifically, almost everything is mixed use and transit oriented. There will be a subway stop and bus lines nearby. There will be a retail podium with residential, office, hotel above it. They are pretty intense uses," Altoon says.

For Marina City, completed last year, Altoon + Porter designed a four-level retail project on the water in Qingdao, next to the sailing venue used in the 2008 Olympics. Glass canopies on the exterior reference the sails of boats in the nearby marina, and a tall glass-and-steel lighthouse creates a visual reference for visitors. There are 150 specialty stores, restaurants, and bars, a cinema, a health club, 200 service apartments, and a rooftop food court overlooking the Qingdao Bay.

Often, these complex projects move at a whiplash speed from design conception to construction. "If you insist on applying your tried-and-true process, you'll never get off the ground in China," Altoon says. "You have to deal with it like you're playing water polo. You'll never get your feet on the ground, so you have to tread water and figure out how to do it as you go."

Rasheen says the speed of development requires nimble business methods. "Chinese sites run 24 hours a day and the first thing to get built on a construction site is worker housing," he says. Rasheen likes to tell about the time he entered a new development for a three-hour meeting via a dirt road and left on a street that had been fully planted, lit, and nearly paved. "It was like driving out of a completely different place," he says.

## Emerging Markets

Whereas China moves at a breakneck pace, retail development in India is slower. Malls are a new concept to this emerging market, with the first opening around 2003. After a dip in retail development owing to the global recession, retail is now reviving, according to analyst Boris Planer. But this revival comes with challenges.

"Ownership of foreign retailers is tricky in India," Planer says. "Every state has different governments with a say in retail and it's hard to create large, coherent store networks."

Sanjay Kataria is director of New Delhi-based La Archplan and he has served as architect of record for DDG on several retail projects. "Typically in India, developers like to collaborate with an

international architect, especially from the U.S. or Southeast Asia," he says.

This is done for two reasons. First, experienced developers want the international expertise. And there are developers "who have sprung up overnight, and they feel by hiring an international architect it helps bring prestige to their project," Kataria says.

Because the mall is a new typology for the market, management has been spotty. Initially, many untested developers did not use a leasing model; rather, they sold the retail space without any mall management. "They were basically trying to build a mall and make a quick buck," Kataria says—but that backfired, and many of these malls have now closed.

This is changing as experienced developers tackle increasingly complex projects. Viva City, located in Thane, a northern suburb of Mumbai, India, is a mixed-use project designed by DDG and set to open in September. The new town center includes retail, entertainment, and dining in the first phase, followed by residential and office space in subsequent phases. The mall is meant to be the hub of this new community.

In Brazil, the design aesthetic and consumer taste is much more experienced than in India. Developers understand sophisticated retail management, and with the World Cup and Olympics bound for Brazil, the government is investing heavily in infrastructure.

"Brazil is under-retailed as compared to the U.S.," says Jeff Gunning, AIA, a senior vice president at RTKL. A first wave of retail came in the form of suburban-style shopping centers, but now the building type is becoming a sophisticated component of new transit-oriented development and mixed-use projects in cities such as São Paulo.

RTKL completed schematic design last year for a new retail project called Panambi in an upscale neighborhood of São Paulo. In this case, an aging market on a sloping site needed to be updated, and RTKL transformed the market into a four-story structure with a string of box-shaped buildings threading through a curvaceous glazed curtainwall like a string of pearls. "Each box has different materials on the façade, so they are of a piece but unique," Gunning explains. Inside, white-and-cream colored finishes and sustainably grown Brazilian hardwoods give luxury stores a museumlike environment. A transparent roof system will flood public spaces with light.

"In Brazil, there is a tendency to want to create a modern statement and something that is very fashion-forward. There is no desire to create nostalgia in [retail] design, as there has been in the U.S. in the past few years," Gunning says. "Brazil has never been afraid to make modern statements and as architects we like working there because there is an expectation that we will be bold."