

IMPACT OF COVID-19 ON REVENUES AND REAL ESTATE STRATEGY OF RETAIL BUSINESS IN THE INDIAN EMERGING MARKET

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ABSTRACT

The decision to acquire a real estate asset for managing the business operations is critical which can be done either through leasing or owning the property. This would bring us two different perspectives on the operations and financial expenses of the business, both being vital for a business model. The retail store chain 'Shoppers Stop' is looking to expand its business for which it needs space of 25000 sq. ft. at Urban Square, one of the largest malls in Rajasthan (Economic Times, 2019). The primary focus of the study is to select the alternative that will provide the required space at the least net cost and determine whether Shoppers Stop should continue or delay its plan of business expansion basis its revenue forecast in current situation. Primary and secondary survey of the subject property, interviews with brokers and property agents were conducted to derive the necessary data points. It was found out that leasing the property would be the best alternative irrespective of the pre-COVID or post-COVID period. But, due to the COVID-19 pandemic, the retail sector has been hit hard and there has been a sharp decline in the revenues. Hence, Shoppers Stop should delay its plan of expanding the operations.

KEYWORDS: Asset Acquisition, Opportunity Cost, Leasehold Property, Space Market, Tax Shield, Revenue Projections

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