


Request for Proposal - VOLUME III

PROJECT INFORMATION MEMORANDUM

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EXECUTIVE SUMMARY

INTRODUCTION

The development of convention centres, sports facilities, and performing arts venues are increasingly being acknowledged for their role in stimulating local economies and improving the quality of life of citizens. Conference and business tourism is hence a very important sector of the global tourism industry. The booming convention market necessitates creation of not merely a convention centre but a convention destination with exhibition facilities, shopping plazas, cluster of hotels, backward - forward linkages with international airport, mass transit systems and adequate parking.

Delhi Development Authority (DDA) proposes to establish an international convention centre of world standards and state of art facilities in Dwarka on the public-private-partnership model and has identified 14 hectares of land for this purpose. The objectives of the proposed project include:

- Creating an exciting, commercially successful convention centre, thereby improving the region's ability to attract revenue-generating conventions
- Complementing and enhancing the existing convention facilities
- Operating an integrated convention facility accommodating different needs for a variety of user groups
- Integrating current technologies in the field and a plan for future growth

MICE INDUSTRY IN ASIA-PACIFIC

The global Meetings, Incentives, Conventions and Exhibitions (MICE) industry is estimated to be US$280 billion per annum. The domestic MICE market constitutes more than 90% of the same. The Asia-Pacific region is a significant destination for the MICE industry, accounting for a 22% market share (US$60 billion) of the global MICE market.

Upon an analysis of the various convention centres in the Asia-Pacific region, several key points stand out:

- Most centres offer integrated facilities including convention halls, exhibition space, food & beverages and IT & telecom facilities
    - ➔ Most have in-campus hotels or are within walking distance from hotels
- Major centres have a large hall with fixed seating for 1000 or more delegates and associated break-out rooms for smaller meetings
- Most centres offer an exhibition space of over 100,000 sq. ft.
- Facilities in Asia have leveraged their natural advantages and have used the following hooks to attract international meetings and conventions

- ➔ Tourism
- ➔ Work combined with pleasure
- ➔ Technical Expertise
- ➔ Value for money
- ➔ Shopping destination

- There is a coordinated effort among various bodies / associations (including the convention centres, hotels, airlines and the government to promote the city as a MICE destination
- While various business models have been used for establishing convention centres, government support has been a critical driver of success for convention centres in the Asia Pacific region

MICE INDUSTRY IN DELHI

India is ranked seventh among Asia-Pacific countries based on the number of international conventions hosted. It has the potential to become a leading MICE player, but the lack of large integrated convention centres, with state-of-the-art technical and technological services that many international conference organisers and delegates have come to expect ,like those available in other Asia-Pacific countries, hampers the development of India as a MICE destination. In addition there is little or no integrated effort to market India as a MICE destination. The MICE industry in India is estimated to be around Rs. 6000-Rs. 6500 crores, with Delhi being the leading MICE destination with 30-35% volume share of the India market. The industry has been growing at the rate of 10-15% per annum over the last two years.

The MICE industry in Delhi is characterised by stand-alone convention or exhibition centres like Vigyan Bhawan and Pragati Maidan, five-star and four-star hotels, industry association facilities like PHDCCI, and other facilities like Essex farms and Indian Habitat Centre. None of these centres can cater to all kinds of MICE events; some of them can hold exhibitions and others conferences and banquets. There is no integrated convention and exhibition centre of global standards. International conference organisers and delegates expect the availability of high quality technical equipment, flexible, well serviced rooms with ergonomically designed furniture and fittings, close hotel accommodation and good transportation and communication routes. Also present facilities in Delhi cannot cater to conventions of bigger sizes (2000 delegates or above). It is recommended that the proposed facility position itself in this segment – by being able to cater to large conventions and offering an integrated facility with meeting and exhibition space under one roof. The current conference venues in Delhi do not allow the city to compete effectively as a main conference venue for international conferences.

AREA ANALYSIS

The proposed convention site in Dwarka lies in the vicinity of the international airport. Several infrastructure projects are in progress to improve Dwarka's connectivity and give the region a competitive edge. One of the impetuses to real estate in Dwarka is provided by the Delhi Metro project. Metro corridor, flyovers and underpasses are coming up to provide excellent connectivity of Dwarka with central Delhi, Gurgaon, Najafgarh and other NCR regions. The sub-city is also developing and packaging several recreation facilities and green regions near this site.

Other major projects being developed in the vicinity of Dwarka include an IT Park, an Inter-State Bus Terminus and an Integrated Freight Complex. Given the proximity of the site to Gurgaon, a major retail hub with three championship golf courses, Dwarka can leverage this proximity as a 'hook' for attracting international conventions.

The planned infrastructure projects, on fruition, promise to raise Dwarka's profile from a purely residential area to one with well-developed commercial features.

CHAPTER 1

INTRODUCTION

1.1 BACKGROUND

The world is contracting into a global business village and the MICE industry's transit to a large established local and global industry is driving economies worldwide. Convention centres, exhibition centres, sports facilities, and performing arts venues are increasingly being acknowledged for their role in stimulating local economies and improving the quality of life of citizens. Hence, conference and business tourism is a very important sector of the global tourism industry.

The booming convention market necessitates creation of not merely a convention centre but a convention destination integrated with exhibition facilities, shopping plazas, cluster of hotels, connectivity with international airport, mass transit systems, and adequate provisions for parking. With several new state-of-the-art convention centres coming up in different parts of the country and several more in the pipeline, it's not too late in the day for India to pitch for an increased share of the world convention business. Although, India does not have very-large facilities such as the Suntec in Singapore, it has several world class facilities for the not-so-very-large conferences.

The Delhi Development Authority proposes to establish an international convention centre of world standards and state-of-the-art facilities in Dwarka on a public-private-partnership model and has identified 14 hectares of land for this purpose.

1.2 REPORT STRUCTURE

The project information memorandum of the proposed convention centre includes the following modules:

- The MICE Industry in Asia-Pacific – Focus on the market in the Asia-Pacific region and a closer look at some facilities and their operations
- Delhi MICE industry analysis – Estimating the size of the MICE market in Delhi and profiling important players
- Area Analysis – Assessing the attractiveness of the proposed location for the convention centre.
- Drivers for configuration planning of the Facility

CHAPTER 2

THE MICE INDUSTRY IN ASIA PACIFIC

2.1 INTRODUCTION

The MICE industry is the fastest growing segment of the tourism market and caters to groups of individuals getting together for business purposes. A meeting can be defined as an event designed to bring people together for the purpose of exchanging information. Incentive includes domestic or international travel as part of a motivational incentive scheme to increase or reward employee performance. Conferences for the purpose of this report have been defined as meetings with a delegate size of over 300. Exhibitions involve bringing together of people for the purpose of viewing products and services.

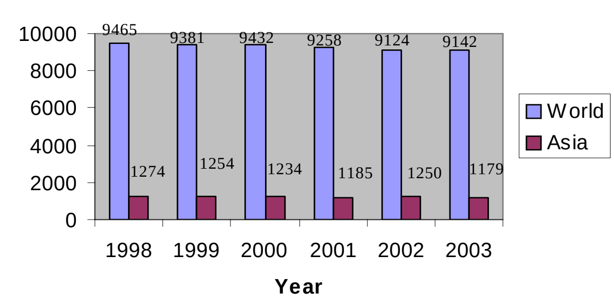
The MICE industry is an important economic contributor to the host economy and has a high multiplier effect. It stimulates tourism and generates revenue for airlines, convention centres, hotels, restaurants, ground transportation and entertainment centres. The multiplier has been which is estimated to be eight for the U.S. MICE industry. It means that for every dollar that is spent on the event directly, seven dollars flow into the economy indirectly through hotel rents, ground transportation charges, food expenses etc.

Definitions and basic characteristics of Convention, Exhibitions, Meetings and Incentives and related concepts are provided in Appendix I.

2.2 SIZE OF THE GLOBAL INDUSTRY

The global MICE industry is estimated to be US$ 280 billion in size[1]. This is based on the total value of output delivered as a result of delegate, association, exhibitor, corporate, and incentive traveller expenditures. The domestic MICE industry constitutes more than 90% of the market. Around 400,000 major conferences are held around the world annually[2]. The size of the meetings and conventions industry in the U.S. was estimated to be US$ 102 billion for the year 2003. In addition, around 12,000 large exhibitions and tradeshows were held in the U.S. in year 2002[3].

Exhibit 2.1 International Conventions and Meetings



Source: Union of International Associations Press

International meetings and conferences are an important element of the global MICE industry. An international meeting or a convention is a meeting or convention held by an international organization or a national meeting with a significant international presence (at least 40%). According to Union of International Associations, 9,142 international meetings and conventions were held around the world in 2003. Europe is the leader with a 58% share of all international meetings and conventions held worldwide (Figures 2.2 & 2.3). Asia-Pacific and North America trail behind Europe with 16% and 15% share respectively[4].

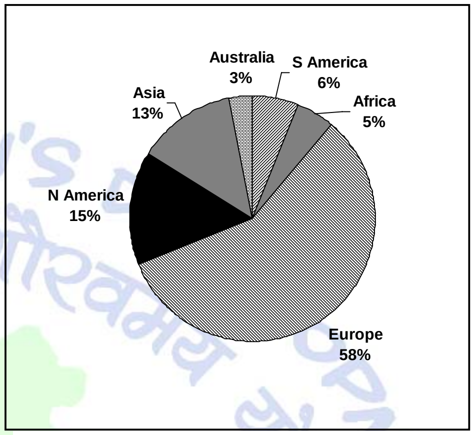


Figure 2.2: Share of international conventions and meetings
Source: Union of International Associations Press release, 2003

2.3 INDUSTRY SIZE IN ASIA PACIFIC

The Asia-Pacific region is a key destination for MICE events. As mentioned earlier, the region hosted 16% of all international conventions and meetings held worldwide in 2003. This share has dropped from its 1998 share of 17.92% with a CAGR of -2.7% for the same period[5]. An important factor for the decrease was the SARS epidemic of 2002-2003. However, there has been an increase in the number of domestic conventions, incentives, and exhibitions being held in the region. The MICE industry in Asia-Pacific is sized at USD 60 billion, a 22 per cent share of the global MICE business[6] (including domestic industry). Australia is another country, which has performed well recently. Over 300,000 business events including 300 large exhibitions were held in the year 2002-03, leading to a size of US$ 12 billion (AU$ 17 billion)[7].

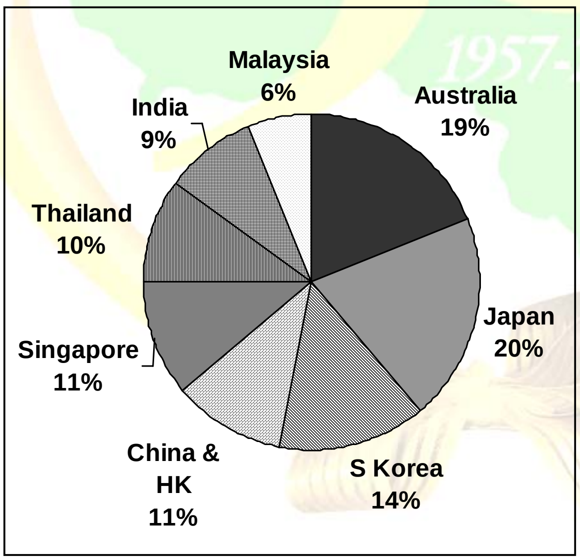


Figure 2.3: Market Share of International Conventions and Meetings in Asia Pacific

Source: Union of International Associations Press

Besides Australia, the other key players in the Asia-Pacific region are Japan, South Korea, and China. In terms of number of international conventions and meetings hosted, Japan leads in the Asia-Pacific region with India lagging behind in 7th place. In terms of cities, Singapore leads in the region and Delhi ranks 9th.

With the MICE industry estimated to be US$ 60 billion and playing host to many international conventions and meetings, Asia Pacific is an important destination for MICE events. Australia, Japan, South Korea, and China are the key players in this region.

2.4 FACILITIES OFFERED BY ASIA-PACIFIC CONVENTION CENTRES

Singapore, Bangkok, Sydney, Bali, Shanghai and Hong Kong have emerged as key destinations for convention centres in Asia Pacific and boast of a number of world-class convention centres. Given the high volume of domestic and international events, convention centres in these locations have shown high utilization rates of 60% - 80%. The utilization statistics of key convention centres of the region have been shown in Appendix II. Most of the convention centres in the Asia Pacific region are integrated facilities with options for stay, entertainment, shopping etc. being provided within the convention centre complex. Most of them have business centres integrated into the convention centre complex (Table 2.1).

Table 2.1: Facilities Configuration at Asia-Pacific Centres

Venue	Main Hall (sq. ft)	Other Halls (sq. ft)	Break out rooms	Break out rooms capacities	Exhibition space (sq. ft)	No. of exhibition halls
Dubai	82,884	41,523	22	50 - 220	340,000	8
Singapore	130,000	23,000	26	10 - 400	130,000	3
Kuala Lumpur	*	45,000	20	43 - 224	105,000	5
BITEC, Bangkok	19,240	20,000	16	60 - 450	272,000	5
QSNCC Bangkok	50,000	9,500	10	50 - 400	114,000	2
Shanghai			19		1,400,000	7
Bali	26,000	**	11	20 - 1500	51,000	3
Jakarta	43,000	42,000	7	40 - 850	96,000	2
Sydney	++	30,000	30	60 - 500	294,000	6
Durban	++	97,113	47	20 - 370	103,334+	6
Sun City	31,403	17,866	15	20 - 780	121,614	2
Hong Kong	41,748	27,000	53	25 - 640	501,499	5

** Plenary Hall capacity of 3000, + Exhibition Hall doubles as Convention space*

*** Auditorium capacity of 500, ++ Auditorium capacity of 3500*

The convention centres themselves are well equipped and the configuration includes flexible convention halls, exhibition halls, food and beverages services, IT facilities, telecom etc. Most convention centres offer video conferencing and wireless connectivity services and have simultaneous interpretation systems that can handle 4 or more languages. These convention centres are thus equipped to handle different kinds of events, from exhibitions to conferences to concerts and more. The configuration of the key centres in Asia Pacific has been detailed in the Tables 2.1 and 2.2. Case studies on key convention centres in the Asia-Pacific region are presented in Appendix III.

Table 2.2: Facilities Configuration at Asia-Pacific Centres

Facility	Exhibition Hall	Convention facility	Food and Beverage	Hotel	Other facilities
Queen Sirikit National Convention Centre, Bangkok	350,000 sq.ft.	Seating capacity - 5000	Food court Full service restaurant Café	No Attached Hotel Easy access to hotels	Meeting rooms Simultaneous translation facilities One stop shopping LCD, Video Projection Parking for 1200 cars
Suntec Singapore	More than 265,000 sq.ft.	Seating capacity - 5000	Food court Full service restaurant	Not available Easy access to hotels	Meeting Simultaneous translation facilities 3200 Parking lots Video Conferencing
Kuala Lumpur Convention Centre	More than 105,000 sq.ft.	Seating capacity - 3000	Full service restaurant Food outlets Cafe	Available Easy access to hotels	Simultaneous translation facilities Meeting rooms, Digital AV facilities, Shopping Centre
Sydney Convention & Exhibition Centre	More than 800,000 sq.ft.	Seating capacity - 3500	Food court Full service restaurant Café & Bars	Not available Easy access to hotels	Meeting rooms Simultaneous translation facilities Business Centre
Dubai International Convention Centre	More than 334,000 sq.ft.	Seating capacity - 2000	Full service restaurant Food outlets Cafe	Available Easy access to hotels	Simultaneous translation facilities Meeting rooms Video Conferencing Shopping Centre

2.5 POSITIONING PLATFORMS USED

Most convention centres have established a positioning platform to differentiate themselves from the others as well as to attract a particular type of customer segment. Most of these centres use their natural advantages as their positioning platforms and have built their facilities to enhance this position. Some use tourism as a hook, others promote technical expertise and value for money and many market themselves as a place to combine work with leisure.

- The Sydney Convention and Exhibition Centre leverages its natural advantages of being located on the Diamond Harbour, which is home to Australia's significant tourist destinations including the Opera House, and the Sydney Aquarium, to promote itself as a MICE destination.
- The Beachside Convention Centre at Bali markets itself as a place where you can combine work with leisure. It has a 6 km long beach, an 18-hole golf course as well as other entertainment facilities.
- The QSNCC in Bangkok uses tourism as a positioning hook and depicts Thailand's culture along with providing state of the art facilities. The centre ensures that the visitors are always aware of being in Thailand. The architecture of the structure and theme of the centre is distinctly Thai and the centre is one of the largest repositories of Thai art with about 1500 items, most of which have been produced specially for the centre.

- Kuala Lumpur's marketing initiatives highlight the nation's technical expertise, the world-class infrastructure as well as it being a value for money destination where the Asian culture can be safely experienced (five star hotels available at less than USD 100 / night).

2.6 MARKETING EFFORTS

A key driver of success for a convention centre is the ability to market itself as a key MICE destination. Given the requirements of its clients, the marketing efforts especially for international events involve marketing the country and the city, highlighting the support infrastructure available and creating a unique experience for the delegates. Given the broad canvass, marketing activities are typically undertaken by a consortium of relevant stakeholders such as the government, the hotel industry, the airlines industry, the convention centres etc. Significant efforts are required for bidding for international conferences and events (such as World Bank conferences, UNESCO, IMF conferences etc.) and the government plays a key role in marketing the country for such events.

The institutional mechanisms created for marketing across various centres in Asia Pacific are outlined in the section below:

Singapore: Suntec Singapore International Convention and Exhibition Centre has formed alliances with airlines, hotels, and visitors bureau to promote Singapore as an event destination. The Singapore Exhibition and Convention Bureau manages Singapore's promotion campaign as a MICE destination

Sydney: Sydney Convention and Visitors Bureau is the official body responsible for promoting Sydney as an event destination. Its members include hotels, restaurants, attractions, event venues, entertainment, professional conference organisers, and other business tourism suppliers.

Thailand: Thailand Incentive and Convention Association (TICA) is a non-profit organisation established jointly by the government and the private sector to aid the growth of Thailand as a preferred MICE destination. TICA members in the private sector include hotels, tour operators, professional convention and exhibition organisers and contractors, convention centres, advertising agencies, local attractions, entertainment establishments and various travel industry suppliers

2.7 OWNERSHIP STRUCTURES

While various business models have been used for establishing convention centres in the Asia Pacific region, government participation in development as well as marketing has been a critical driver of success for the facilities. In Asia Pacific, the government role spans the following areas

- Assistance in development of the facility;
- Marketing the country as a MICE destination;

- Bidding for large international conferences and meetings; and
- Catalysing the development of support infrastructure such as airports, ground transportation, and hotels etc.

CHAPTER 3

THE MICE INDUSTRY IN DELHI

3.0 INTRODUCTION

Over the last few years, India has emerged as a key MICE destination. Though the country is ranked 7th in the Asia Pacific region, cities such as Delhi and Mumbai have emerged as key centres for domestic as well as international events. Given the increase in the number of multinational companies in the country as well as the increasing size of the population with high spending power, the MICE market is set to grow at a high rate.

3.1 THE INDIAN MICE INDUSTRY

The MICE industry in India is sized at Rs. 750-800 crores p.a.[8] (for space, food and beverages only) excluding the contribution of social gatherings such as weddings and receptions (Table 3.2). Assuming a multiplier effect of eight (the multiplier in the U.S.), the MICE industry can be sized at Rs. 6000-6500 crores (~USD 1.5 billion). Comparing that with the size of the MICE industry in Asia-Pacific of US$ 60 billion or that in Australia being US$ 12 billion, India is a small player. Nonetheless, India hosts approximately 100 international conventions and meetings, and exhibitions[9], nearly 1500 major domestic conventions and about 43,000 meetings every year[10]. Though it is ranked seventh in the Asia-Pacific region by the number of international conventions hosted every year (Table 2.2), India's share of the market for hosting international conventions has been increasing at the rate of 9% per annum for the past two years. India is still a small player in the MICE industry but it has the potential to become a leading MICE player.

The potential for growth in the exhibition industry in India, the worlds 4th largest purchasing power is large. In a country whose economy has been growing at an average rate of 5.7% over the past 20 years, exhibition space is expected to increase by 40% in the next three years. But the issues relevant to developing business are not unique to India. The potential for both organisers and venue operators in India and elsewhere will depend on the development of new business models and new business tools. Options as varied as partnering for the launch of new events, public private relationship building, theme protection, and architectural design for maximum exhibition efficiency would need to be considered.

A few stand-alone convention and exhibition centres, five star hotels and stand-alone banquet halls characterize the supply of centres hosting MICE events in India (Table 3.1). There is a shortage of integrated facilities offering state of the art facilities.

Table 3.1: Facilities Configuration at Indian Centres

Facility	Exhibition Hall	Convention Facility	Food & Beverage	Hotel	Other Facilities
Chennai Trade Centre	More than 207,000 sq.ft.	Seating capacity 1500	Food court	N.A. Easy access to hotels	Infrared Digital, Interpretations Systems, Business Centre, Sound Proof Foldable, Siding partition
Hitex, Hyderabad .	More than 654,000 sq.ft.	Seating capacity 1350	Planned Restaurant	N.A. Easy access to hotels	Business Centre, Parking, Media Centre
Pragati Maidan	More than 1,345,000 sq.ft.	Only exhibition	Fully service restaurant, Food outlets, Cafe	N.A. Easy access to hotels	Business Information, Centre Parking, Media Centre, Central Control Room

Key centres include Pragati Maidan, Vigyan Bhawan, Ashoka Hotel, etc. in Delhi, the Grand Hyatt, the World Trade Centre in Mumbai, HITEX in Hyderabad and Chennai Trade Centre in Chennai. Pragati Maidan, the flagship exhibition centre is expected to have a utilisation rate of 57% for year 2005, based on the bookings received for the year. Chennai Trade Centre is has an expected utilisation rate of 65% for 2005-2006 while the same for HITEX is expected utilisation to be just 17% for 2005. Details on the configuration of the facilities in India as well as utilisation rates of centres are presented in Appendix III and Appendix II respectively.

3.2 KEY DRIVERS POSITIONING INDIA AS A KEY MICE PLAYER

India is likely to become a key destination for MICE events, given the factors supporting the growth of the MICE industry.

Table 3.2 MICE Market in India

Event type	Number of events per annum	Revenue/year in Rs. lakhs
Conventions	1600	6,201
Meetings	43,000	16,057
Exhibitions	300	56,000
Total		**78,258**

- It is home to more than 100 multinational companies in IT, ITES, BT etc. Since companies have displayed a preference for hosting events in countries where they have presence, India is likely to emerge as a destination for events in the industry.
- The domestic industry and services sector have shown robust growth, a growth rate of 7.8% and 8.9% respectively for the year 2004-2005.
- India is emerging as a tourist destination; foreign tourists growing at the rate of about 19% per annum and foreign exchange earnings at the rate of 24% per annum[11.]
- The Indian population is increasing, and the relevant population with high disposable incomes is growing at an even faster rate. India is the second largest market in terms of number of people and therefore, a sought after destination for exhibitions.
- There is improved connectivity within the country and that of the commercial centres with the rest of the world.
- In addition to these factors, there is a favourable regulatory environment. Airports, and convention centres have been given the status as well as the benefits of 'core infrastructure' and government provides viability gap funding to promote private-public partnerships in international convention centres.

India is thus set to emerge as a significant MICE destination, however the following factors hinder its growth.

3.3 KEY ISSUES HINDERING GROWTH OF THE INDIAN MICE INDUSTRY

Absence of large state of the art convention centres: A few stand-alone convention and exhibition centres, five star hotels and stand-alone banquet halls characterize the supply of centres hosting MICE events in India. These centres do not offer-integrated facilities and the hotels cater to the needs of the MICE industry that the stand-alone centres are not able to fulfill. The banquet halls host small meetings and social gatherings such as weddings and birthdays. In fact, there is no integrated convention centre that can cater to more than 2000 people. The absence of world-class integrated convention centres has impeded India's growth as a MICE destination. However, convention centres are being established in Bangalore, Hyderabad, and Pune to address this gap. In Bangalore, an international convention centre is being planned as part of the 1500 crore, 105-acre township project proximate to the international airport. There are plans to expand the HITEX exhibition centre in Hyderabad by adding convention facilities and an attached hotel. In Pune, the International Convention Centre (ICC) is being established and is expected to span 1.2 million sq. ft. Integrated convention centres are also planned in Thiruvananthpuram, Chandigarh and Kolkata. The government is facilitating the construction of convention centres by the private sector through a viability gap funding of 20% of project cost.

The expectations of the event organisers (mainly exhibition organisers) with regard to convention and exhibition facilities are mainly as provided below:

- Large integrated facilities in one location
- Efficient air-conditioning and ventilation
- Ground floor & large exhibition areas with column less spans.
- Convention size of 1000-1500 pax
- Adequate public transportation and car parking facilities.
- Good ancillary facilities & services such as F&B facilities, housekeeping, security, airport facilitation counters etc

The selection criteria of convention and meeting planners, based on a survey conducted by Bangkok International Trade & Exhibition Centre, prioritises the most desired attributes of a venue are as follows:

- Overall cost (including hotel, food and other elements)
- Ease of transporting delegates between destinations
- Availability of meeting facilities including hotels
- Distance and travel/transfer time
- Transportation cost
- Climate
- Sightseeing and other attractions
- Perception of the destination
- Recreational, sports and leisure opportunities

Delhi is a key MICE destination in India and contributes nearly 30% of the industry in India. The following parts of this chapter look at the Delhi MICE market –the size of the market, types of facilities, services offered, the key players etc.

3.4 THE MICE INDUSTRY IN DELHI

The MICE industry in Delhi is sized at Rs. 200 crores, (considering only space and food and beverages) excluding the size of the social events market[12]. Assuming a multiplier of eight, the total MICE market size in Delhi is estimated at Rs. 1600 crores. The industry has been growing at the rate of 10-15% per annum over the last two years[13].

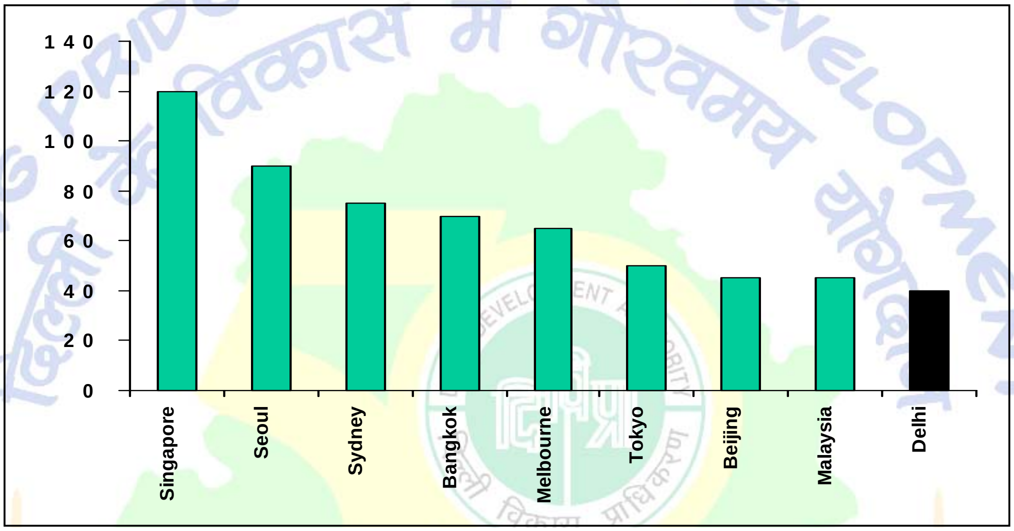


Figure 3.1: International Conventions and Meetings Hosted by Asia-Pacific Cities

Source: Union of International Associations Press Release, 2003

Delhi has a 35% share of the international conventions and meetings being hosted in India. It hosted 37 international conventions in 2003 out of a total of 101 international conventions hosted in India (Figure 3.1). It hosts approximately 110 exhibitions (Figure 3.2)[14], 525 major conventions, and nearly 11,000 meetings every year[15]. Five star hotels are the preferred destinations for hosting conventions in Delhi, while Pragati Maidan hosts 65 - 70% of the exhibitions held in Delhi (Figure 3.2). Leading industry segments for exhibitions in India, particularly in Delhi, are Information technology, business, consumer, beauty and fashion, hospitality, hardware & machinery, environment, printing and packaging, gifts, medical, textile and garments, furniture & interiors, construction, media, and engineering.

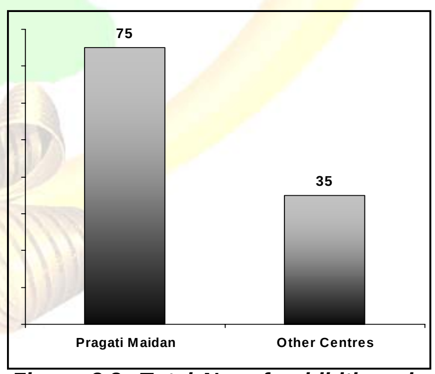


Figure 3.2: Total No. of exhibitions in Delhi

Source: Primary contact, Secondary data

Table 3.3 Size of the MICE Market in Delhi

Event type	Number of events p.a.	Revenue / year in Rs. lakhs
Conventions	525	2171
Meetings	11,000	4014
Exhibitions	110	14000
Total	**11,635**	**20185**

The exhibitions market dominates the Delhi MICE market (Table 3.3). It is a Rs.140 crores market (based on primary data and Feedback research). The meetings and conventions market has a share of about Rs 62 crores. It must be mentioned that the meetings and convention market does not include the business generated from some social events like weddings, and very small corporate and other meetings (< 25 delegates). The size of the market has been estimated based on data collected from key centres through primary contacts and then extrapolating the same to the rest of Delhi.

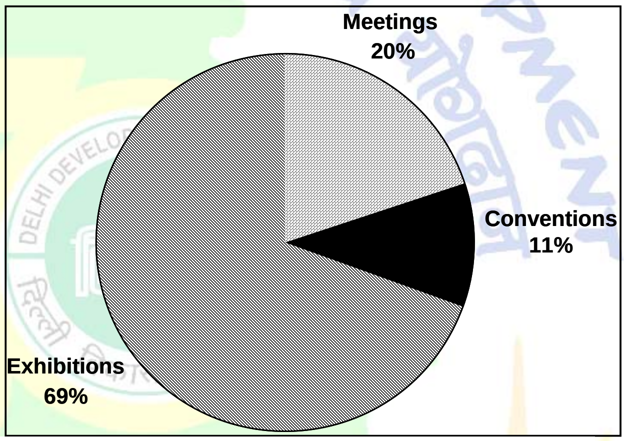


Figure 3.3: Delhi MICE Market (Rs. Lacs)

Source: Primary Contacts, Secondary Data

The supply in Delhi is characterised by the following:

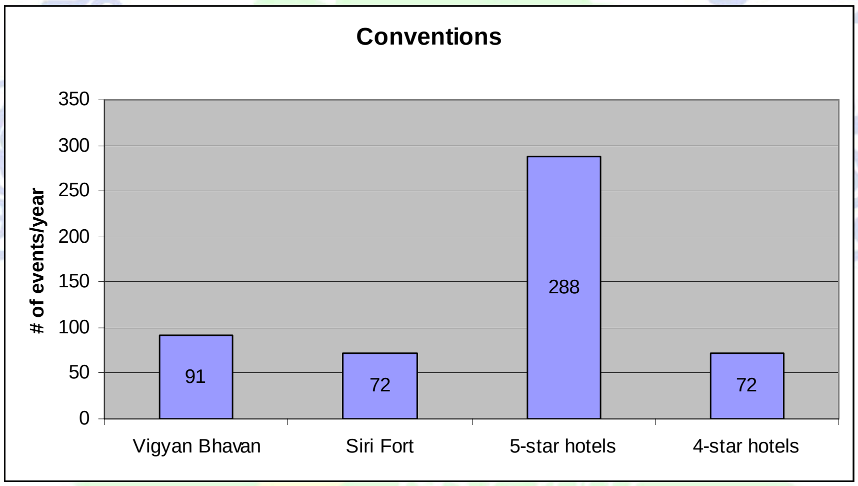
- Stand-alone convention or exhibition centres like Vigyan Bhawan and Pragati Maidan,
- Five-star and four-star hotels,
- Industry association facilities like FICCI auditorium, PHDCCI auditorium as well as other facilities like Essex farms and Indian Habitat Centre.

None of these centres can cater to all kinds of MICE events, some host exhibitions and others host conferences and banquets. Delhi has about 25 facilities catering to the conventions industry, nearly 75 centres catering to the meetings industry and 1 big centre, in the form of Pragati Maidan, catering to the exhibition industry. In addition, there are 4-5 other small facilities such as Ashoka Hotel, Taj

Key MICE centres in Delhi
Ashoka Hotel
India Convention Promotion Bureau
India Trade Promotion Organization
Pragati Maidan
Le Meridien
Maidens Hotel
Vigyan Bhawan
FICCI
PHDCCI
Siri Fort Auditorium
Taj Palace Hotel
Tivoli Garden

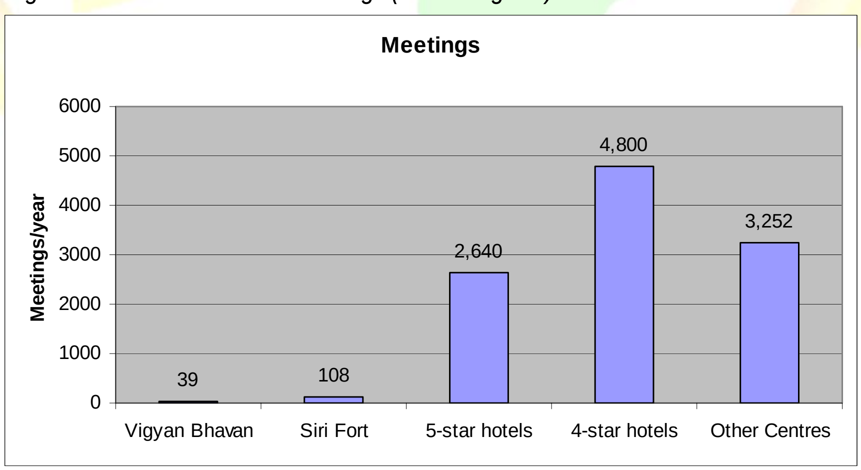
Palace hotel also cater to the requirements of the exhibitions industry. Though Pragati Maidan offers convention facilities, however it has not developed as a key convention centre destination due to the small size of the convention hall as well as the poor quality of other support facilities available. The largest convention hall has a maximum capacity of 200 delegates. There is a clear lack of an integrated convention and exhibition centre of global standards in Delhi. The facilities offered and the configuration of key centres in Delhi has been detailed in Appendix III. The break up of conferences and meetings across key convention centres in Delhi has been presented in the Figures 3.4 and 3.5.

Figure 3.4: Total No. of Large Meetings (>250 delegates) in Delhi



Source: Primary contact, Secondary data

Figure 3.5: Total No. of Small Meetings (<250 delegates) in Delhi



Source: Primary contact, Secondary data

3.5 CHARACTERISTICS OF THE DELHI MARKET

Delhi has its own unique climate and culture that impact the timing of the conventions and exhibitions held in the city. Given the extreme heat experienced by Delhi during April – Aug, the international conventions are held from September to March (the peak season). More than 70% of the domestic events are also held in these months. Trade shows follow a distinctly seasonal pattern with the peak periods being from September to March and January, February, October, and November being the peak months every year. Major international fairs are held in these months. Nearly 75% of all exhibitions held in Delhi are hosted in the peak season.

Facilities typically offer substantial discounts of more than 30% in the off peak season to ensure better utilization. Bookings for the peak season are accepted more than a year in advance. Some events such as the India International Trade Fair have fixed dates. Given that most weddings are also held in the months of October – February, there is typically a shortage of venues for all types of events in the peak season. Most hotels have occupancy of 100% during this season.

The key parameters examined for feasibility of establishing a C&EC are location, demographics, air seat capacity and hotel room availability. Delhi is only second to Mumbai with regard to the current availability of hotels, number of hotel rooms including first class hotel rooms and air seat capacity, This makes Delhi one of the best locations in India to host Conventions and Exhibitions.In1999-2000, Delhi had an air seat capacity per day of 14,179 as against 18,981 in Mumbai.

CHAPTER 4 AREA ANALYSIS

4.0 INTRODUCTION

The proposed convention centre project is to be located in Dwarka, one of the fast growing urban sub-cities located in southwest Delhi. The design of Dwarka reflects contemporary concepts of urban planning and environmental design along with the socio-economic context of modern Delhi. Envisaged as a model sub-city of the 21st century, Dwarka has organized green spaces and adequate social & physical infrastructure including mass rapid transport system (which is well integrated with the rest of Delhi), planned work places, cultural centres, educational institutions, etc.

The planning of the sub-city of Dwarka (earlier known as Papankala) was undertaken as part of the Urban Expansion Area Development Programme of DDA in the late eighties-early nineties. The sub-city has been planned for an ultimate population of 1 million, covering an area of about 56.48 sq.km. The first phase of the development is likely to be spread over 1964 ha. The Master Plan divides the city into 29 sectors, each with a population of approximately 30,000. The land use distribution is shown in Table 4.1.

Table 4.1: Land Use Distribution in Dwarka

Land use	Share (%)
Gross Residential	48.54%
Commercial	7.05%
Government	0.94%
Public / Semi-Public	6.20%
Recreational	19.94%
Transport	14.33%
Utilities	3.00%

Dwarka has been conceived primarily as a residential area. DDA has followed the approach of developing the basic infrastructure and allotting plots to registered cooperative societies for Group Housing. A significant share of housing has and is being developed by DDA as well. The number of members in a society varies from about 80 to 250, with an average membership base of 100-120. There is a provision for about 450 societies of which more than 350 have so far been allotted plots in 4 phases, by DDA. 40% of the societies have completed construction and have given possession of the flats to their members. The total housing stock in Dwarka today is estimated to be of the order of 50,000 units. The balance supply has come from DDA, which is setting up colonies of 900-1000 dwelling units in nearly all the sectors.

On an average about 4-5 societies hand possession every month i.e. housing stock of about 5000 flats is being added every year.

Dwarka has good connectivity with Indira Gandhi International Airport (1 km) as well as the domestic airport (7km), Connaught Place (CP) (18km), Dhaula Kuan (13km), Railway Station (23km), and Inter-State Bus Terminus (ISBT) (25km). Various infrastructure projects are currently underway to ensure excellent connectivity of Dwarka to the rest of the NCR. Metro corridor, flyovers and underpasses are in various stages of completion and will improve Dwarka's connectivity to the airport, Gurgaon and the central part of Delhi. DMRC Line 3 connecting Dwarka and Barakhamba Road is expected be one of the busiest sections of Delhi Metro Rail Corporation (DMRC).

Gurgaon, which is about 10 k.m. from Dwarka has emerged as a bustling and preferred residential and commercial destination in the National Capital Region. Over 20 million square feet of residential space has been built and about 100,000 new families have moved to Gurgaon over the last decade. Gurgaon has emerged as the prime commercial hub of the NCR with more than 7.5 million square feet of quality commercial space available and the city housing MNCs, Fortune 500 companies and large Indian corporates. The city today boasts of the highest MNC density nationwide with large players like General Electric, Hindustan Levers, Nestle, IBM, Hughes Software etc. establishing significant presence in the city. Gurgaon has also emerged as a key IT and ITES destination. Retail malls, shopping complexes and family entertainment centres in Gurgaon occupy another 6– 8 million sq. ft. of space.

4.1 LOCATION ANALYSIS

The 14 ha site for the proposed project is located in Sector 24, Dwarka Phase II along a 100-meter right of way road connecting Dwarka with NH 8 via the airport. The proposed site is also proximate to the international airport.

Figure 4.1: Location of Dwarka within Delhi

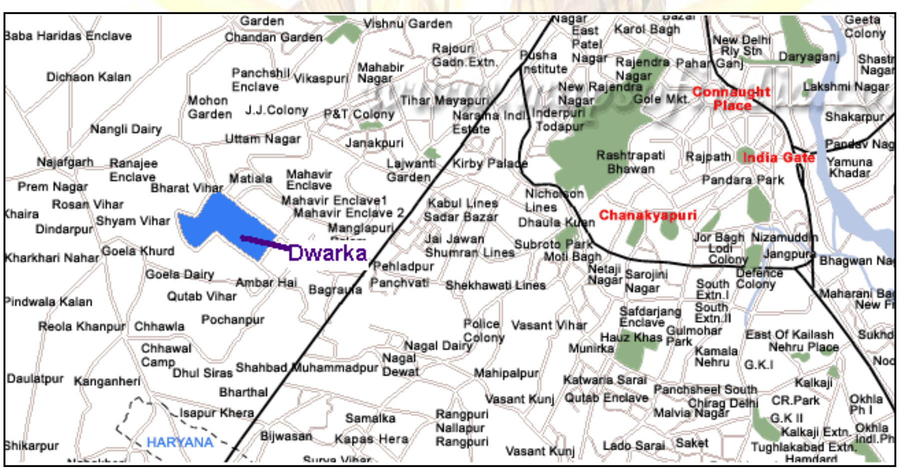


Figure 4.2: Location of the Proposed Site Within Dwarka

The location of Dwarka within Delhi, and the location of the site within Dwarka are shown in Figures 4.1 and 4.2. On one side a 130 acre green area abuts the site, and this area is proposed to be developed as a golf course by the DDA. Development of a water body in the green areas is also proposed. Around 250 metres from the site is Najafgarh Drain. The site is also abutting a 30 meter wide sector road, connecting the site to M.P. Greens. The site is almost level, and there are no major changes in elevation in the site. Site drawings and features of the site are presented in Appendix IV. The land adjacent to the convention centre has been earmarked for developing a golf course. Several recreation facilities and green areas are being developed in the vicinity of the site. Bharat Vandana is one such project over 200 acres in Sector 20 in Dwarka.

4.2 ACCESS TO THE SITE

Table 4.2 outlines the existing as well as proposed access routes to the site.

Table 4.2: Access routes

Road		Rail	
Existing	**Proposed**	**Existing**	**Proposed**
▪ 100 m wide road from the NH – 8. 30 m wide road no. 226	▪ Road connecting site to the service centre (in sector-25) leading to road no. 213 Najafgarh to	▪ The eight-lane railway underpass connecting Dwarka in	▪ The extension of metro line 3 services from Dwarka Sector 9 to Sector 22

Table 4.2: Access routes

Road		Rail	
Existing	**Proposed**	**Existing**	**Proposed**
connecting M.P. Green ▪ Flyover has been constructed near DDA office in Palam Village	Brijwashan link road is also proposed ▪ A network of roads connecting site with the rest of Dwarka ▪ Road from site going parallel to the Najafgarh drain & connecting with Dwarka ▪ Construction of ISBT adjacent to the road connecting to NH- 8	Delhi's South-West with the Delhi-Gurgaon-Jaipur highway NH-8 ▪ The Delhi Metro Rail's Connaught Place to Dwarka line 3.	▪ The extension of metro line 3 services from Dwarka Sector 9 to Sector 22 ▪ DDA plans to further extend metro to IT park (Sector 25) at a later stage. ▪ A Metro station is proposed in Sector 10 & Sector 21.

These infrastructure improvements are going to play an important role in improving Dwarka's connectivity and giving the region a competitive edge. A Metro station is proposed to be located at about 2 km from the project site. Further details on connectivity of Dwarka are set out in Appendix V.

4.3 STATUS OF KEY INFRASTRUCTURE PROJECTS

DDA's planned interventions in the area surrounding the convention centre site include sub city Central Green Bharat Vandana Prangan Project, Metropolitan Passenger terminal (ISBT, Metro), Integrated freight complex, IT park, Mixed land use centre, high end luxury apartments and five star hotels. The status of some of these projects is summarized below in Table 4.3.

Table 4.3: Key infrastructure projects

Metro	Dwarka has been linked by the Metro in December 2005. Metro Rail has connected Dwarka with Connaught Place (CBD of Delhi).
ISBT (16 ha)	Land has been allotted to Delhi Transport Corporation. Design being finalised by a consultancy firm.
Freight Complex (160 ha)	Drawing for the terminal to be finalised by a consultant within a year. Service area will be finalised by DDA and auctioned, or auctioned as separate land parcels.
Bharat Vandana Park (81 ha)	Assembly space intended for recreational and social gatherings along with an open air theatre
Software Technology Park (10 ha)	Area of 10 ha in sector-25. Bids have been invited for the project design.
Commercial development along Metro line (55 ha)	Include malls, a science centre, planetarium and libraries. Knight Frank has done a study on development along the metro line.
Golfcourse	Proposed adjacent to allotted plot on sector-24

Dwarka sub-city is geared up in terms of the Power, Water Supply, Communication, Drainage and Sewage Disposal. A detailed assessment of Dwarka w.r.t. connectivity, access, power, water, sewage disposal is presented in Appendix V.

4.4 LOCAL POPULATION DEMOGRAPHICS

Delhi with a population in excess of 1.4 crores is the third richest city in the country. Per capita incomes are in excess of Rs. 51,000 and average household income is more than Rs. 2,50,000 per annum. More than 50% of the Delhi population has a Household (HH) income greater than Rs. 3 lakhs per annum. This segment of population (more than 70 lakh people) has high disposable incomes and therefore high spending power.

Dwarka sub-city has a population of about 5.7 lakhs today. However, when complete the city is likely to have a population of one million. Professional and salaried employees in the middle to upper middle-income segments inhabit the sub city. Most have a Household income in excess of Rs. 4.5 lakhs per annum (The average cost of acquisition of a 2 Bedroom Housed with Kitchen house in Dwarka is about Rs. 20 lakhs with the rentals being in the range of Rs. 6000 – 8000 per month. Assuming an Equated Monthly Instalment of 40% of the HH income and the rental to be between 15 – 10% of HH income the population profile has been estimated.)

The key findings of a sample based demographic study conducted by Knight Frank on consumer demographics in the year 2004 are as follows:

- 57% of the respondents were in the age group of 19 –45 years
- 68% of the respondents were married
- The occupation profile of the respondents was as follows: Professionals – 34% , Government Service – 27%, Business – 9%, Students – 10%, Housewives – 10% and Others – 10%
- 79% of the respondents were owners of their apartments in Dwarka
- 54% of the respondents had 2 or more working members in the household
- 64% of the respondents had an annual HH income of between 3 lakh and 9 lakhs.
- 51% of the respondents used a car to travel to office
- 50% of the respondents had two or more vehicles in the HH.

4.5 REAL ESTATE SCENARIO

Dwarka is a self-sufficient sub-city, with efficient land use and green areas. Commercial properties have retail space on ground and first floors and office space on the other floors. The realty prices in Dwarka have gone up significantly (more than 50% over the last 2 years) post the completion of DMRC Line 3 connecting Dwarka to Connaught Place.

The cost of a two-bedroom house (1000 sq.ft.) varies between Rs. 17 to 27 lakh, while a three-bedroom house (1500 sq.ft.) costs between Rs. 27 to 40 lakh depending upon the location and the quality of the finishes provided. Prices of commercial space have gone up significantly since 1996. (The price for a 210 sq.m. of commercial plot has reportedly increased from Rs 5 lakh in 1996 to Rs 7 crore in 2005). The market rates for commercial land vary from Rs. 30,000 per sq.m. to as high as Rs. 1 lakh per sqm depending on the location as well as the land use allowed.

4.7 SWOT ANALYSIS

A SWOT analysis was carried out to assess the attractiveness of the site for setting up a convention centre. The results of the same are as follows:

STRENGTHS

- Proximity to international and domestic airport: travel time of less than 15 minutes
- Good connectivity to Gurgaon (an urban residential and commercial area) as well as Central and South Delhi (commercial and residential hubs respectively)
- Gurgaon has 3 international standard Golf Courses, at a distance of 15 -25 Kms which would be an important tourism hook for international convention organisers
- Line 3 of DMRC has improved connectivity
- A large population base of more than 1 million with high disposable incomes will provide a captive audience for consumer focused exhibitions and fairs

- In close proximity to Gurgaon, which has emerged as a key commercial business district in the NCR and is home to the highest MNC density in the country
- Presence of a large number of IT and ITES industry in the neighbourhood. This industry is one of the largest users of conference and exhibition facilities worldwide.
- More than 54 hectares of land available for development of commercial space in Dwarka.
- There are several provisions for recreational facilities in the Dwarka Master Plan including a 18 hole golf course adjacent to the site.
- Delhi is home to a large number of domestic as well as multinational companies, which will be users of this facility
- Delhi, the seat of power organises the largest number of international conferences as well as conferences that have significant international presence. The proposed facility can target to capture at least 30% of such conferences
- Absence of any other similar development in a radius of 15 kms The nearest competing facility is likely to be Taj Palace at Dhaula Kuan.
- Absence of facilities with large seating capacity in Delhi.

WEAKNESSES

- Absence of a major tourism hook in Dwarka, There is a need to create recreational options for the delegates who come for conventions and meeting.
- Within Dwarka, currently there are no recreational / commercial developments to attract a large domestic footfall from Delhi.
- Absence of adequate hotel rooms in the vicinity. The nearest 5 star hotels are at least 15 kms away. In peak season most of the 5 – star hotels have 100% occupancy
- Dwarka is right now positioned as a residential locality. Developing a commercial identity is likely to take some time
- The Najafgarh drain flows very close to the site – the same will need to be cleaned to reduce bad odour / mosquitoes etc.
- Need for access from the west side of the site also. A ring road is proposed

OPPORTUNITIES

- Strong growth in the conventions and meetings market in Delhi
- Increased international tourist traffic expected as a result of increases number of overseas flights
- Absence of any major competing facilities in the neighbourhood
- Gurgaon is developing as a major commercial centre

THREATS

- Large state of the art convention centres are planned in Thiruvananthpuram, Kolkata, Pune, Chandigarh, Bangalore, Hyderabad etc. The MICE market is likely to get split among all these players
- Large tracts of commercial space are available in Gurgaon. If a convention centre is established in Gurgaon, it could eat into the share of the proposed facility.
- There is a proposal for upgradation of the ITPO into convention facility. There is also a proposal for large convention facilities for Commonwealth Games likely in the heart of the city.
- Large tracts of land owned by AAI near the airport could be developed in future into competing facilities.

CHAPTER 5

DRIVERS OF PROJECT CONFIGURATION

5.0 DRIVERS OF CONFIGURATION

DDA's vision of creating a world-class, landmark convention and exhibition centre offering best in class facilities should be the driving force in configuring the project. Learnings from the experience of the convention centres in the Asia Pacific region as well as the existing facilities in India, inputs from the existing demand and supply scenario in Delhi should be used for planning the configuration of various elements of the project. Key learnings that could be incorporated into the configuration include the following:

- Most convention centres in the Asia Pacific offer integrated facilities – meeting space, exhibition space, commercial space, retail complexes, hotel rooms etc. in the same complex
- Most centres have a seating capacity of at least 1000 and exhibition space of at least 100,000 sq.ft.
- Less than 5% of the conventions have a delegate size of more than 3000.
- Most convention centres have chosen their positioning platforms based on their natural advantages
- Coordinated marketing efforts by all the relevant stakeholders such as hotel operators, airline operators, convention centre operators, the government etc. have been a key driver of success for the convention centres
- Government support is a key driver of success of a convention facility. Support could be along the following dimensions:
  - ➔ Financial support in establishing the facility
  - ➔ Marketing support in marketing the country as well as the destination
  - ➔ Bidding for large conferences and events
  - ➔ Providing a minimum fixed events per annum – venue for government events
  - ➔ Catalysing development of related infrastructure such as airports, hotels, road and rail linkages etc.
- Absence of large well-equipped convention centres is a key reason for the low market size of the MICE industry in India.
- India has potential to become a key MICE destination
  - ➔ Is home to a more than 100 multinational companies and a large number of domestic corporates
  - ➔ The industry and services sectors have been growing at a high rate of more than 8% over the last two years

- ➔ The country is emerging as a key tourist destination, with foreign tourists growing at more than 18% p.a.
- ➔ A favourable regulatory environment – the government provides viability gap funding for infrastructure projects and convention centres

The five governing principles for the planning and design of the layout of the facility are:

- Access to urban transit systems
- Iconic status to the programme
- Road network - access and egress to the programme
- Segregation of the programmatic space use
- Green areas as environmental differentiator and buffer

5.3 CONVENTION CENTRE

The key inputs which could be useful to work out the configuration of the Convention Centre are:

- Distribution of delegate size at international conventions
- Configuration / capacity benchmarks in international (SE Asian) facilities
- Demand Analysis for various types of events in Delhi

5.3.1 DELEGATE SIZE AT INTERNATIONAL CONVENTIONS

The distribution of delegate size at international meetings/conventions (as tracked by UIA) is shown in Table 5.2.

Table 5.2: Distributions Of Delegate Sizes At International Conventions

	n<100	100<n<500	500<n<1000	1000<n<3000	n>3000
1997	11.5%	60.8%	14.7%	9.5%	3.5%
1998	12.8%	54.7%	17.2%	11.2%	4.1%
1999	13.1%	57.4%	15.4%	11.2%	4.5%
2000	9.7%	53.4%	17.7%	13.6%	5.6%
2001	11.5%	47.7%	18.1%	14.5%	4.9%

As per ICCA data, the average number of delegates at international conventions and conferences was 714 in 2003, compared to 580 in 2002. Fewer than 5% of all conventions have delegate strength greater than 3000. A somewhat similar picture is seen for *national* conventions in countries where data is available, a summary of which is given below:

- Canada (2002) – 80% of conventions had a delegate strength between 300 and 500
- UK (2001) – 77% of conventions had a delegate strength under 500

While national-level data is not available for India, the average size of conventions (based on primary research undertaken by Feedback Ventures) in Delhi facilities:

- 5-star hotels: 150-200 (15% of the conventions have a delegate size of more than 300)
- 4-star hotels: 75-100
- Ashoka Hotel (Delhi): Holds about 70 conventions / year of delegate strength between 500 and 2000

Feedback Ventures' estimates based on primary and secondary sources (shown in Table 5.3) indicates the break-up of meetings and convention demand in Delhi (ignoring very small meetings of < 25, as well as social gatherings such as weddings, birthday celebrations etc.).

Table 5.3: Numbers Of Conventions & Meetings (Delhi)

Size	Avg. size	2004-05	% revenue
< 50	30	5760	3%
50 - 250	150	3836	30%
250 - 500	350	196	5%
500 - 1000	700	145	11%
1000 - 2000	1500	116	34%
> 2000	2000	44	17%

While large conventions (500 and above) comprise a small proportion of the total number of events, the larger attendance results in a much higher share of the revenue. Apart from conventions and corporate meetings, weddings and banquets (attendance 500-700) form a significant source of revenue for Indian facilities (in some cases, the largest source of revenue). The utilisation of facilities is very high during the wedding season which incidentally also coincides with the peak season for conventions.

5.4 EXHIBITION CENTRE

Delhi is home to India's largest and premier exhibition centre Pragati Maidan, which has a total exhibition space of around 1.4 million sq. ft. and which hosts exhibitions of various sizes throughout the year. Pragati Maidan is managed by ITPO under the Ministry of Commerce. Exhibitions at Pragati Maidan (PM) can be broadly classified in two categories:

- ITPO organized events
- Non-ITPO organized events

The former are typically large multi-day events, like the India International Trade Fair, which often take up the entire available exhibition space at Pragati Maidan for 14 days every year. The ITPO organized events have a permanent venue and are unlikely to be held at any other location. The non-ITPO organized events are usually held over 3-5 days and typically occupy two halls at PM (between 5,000-7,000 sq. m. per hall). Feedback Venture's analysis reveals that exhibitions at the Chennai Trade Centre and at HITEX Hyderabad occupy an average area of 6,000 sq. m.

The average size of exhibitions at these venues has been used as an input to arrive at the total exhibition area of 200,000 sq. ft. (fully air-conditioned) at the Dwarka Centre. This size caters for the average exhibitions at other centres while also providing enough space for larger exhibitions. The fully air-conditioned exhibition rooms also open up the possibility of having more exhibitions during the lean summer months – the off-season at Pragati Maidan.

5.5.1 HOTELS: TRENDS IN DELHI

Occupancy rates in Delhi have been increasing over the past few years (Table 5.11). The average occupancy (across peak and lean seasons) is depicted in figure 5.2. In the peak season (September to March), the occupancy of the five star hotels in the city hovers around the 90% mark.

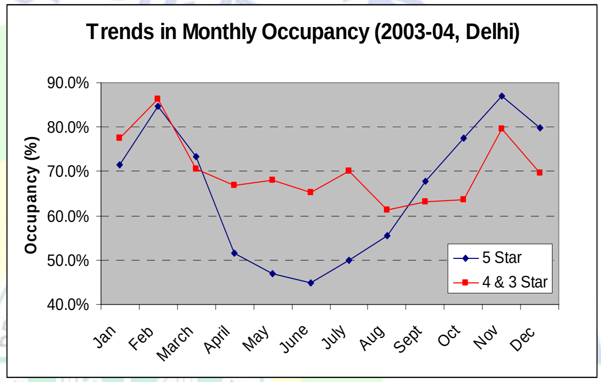


Figure 5.2: Monthly Occupancy Trends in Delhi Hotels

As per the 2004 HVS International report on the Indian hotel industry, the room supply in Delhi was 5,303 in Apr-Aug 2004 compared to 5,107 in the same time in the previous year. In this period, while the number of available rooms grew less than 4%, the occupancy in the same period grew by almost 13%, signifying an increase in revenue per available room.

As per the same report, there are around 26 branded hotels in the Delhi region and 13 more of various categories are proposed to be built.

Table 5.11: Occupancy and Room Rates in Delhi Hotels

	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
Occupancy						
Delhi (all Hotels)	60.1%	59.3%	55.9%	60.1%	69.1%	80.0%
Delhi - 5 Star & 5 Star Deluxe					73.1%	
Average Rate (Rs)						
Delhi (all Hotels)	4,616	3,911	3,434	2,918	4,247	
Delhi - 5 Star & 5 Star Deluxe					4,330	

Source: Indian Hotel Industry Survey 2003-04, FHRAI

Given the encouragement received from central and state governments in preparation for the Commonwealth Games to be held in 2010, the NCR is expected to see the development of around 17 hotels in various categories over the next three to four years (including 11 in Gurgaon).

5.6 COMMERCIAL SPACE

Demand for commercial space (both office and retail) is quite high both in Delhi and Gurgaon. While more than 3.3 million sq.ft. of office space was absorbed in 2004, the same is likely to increase by 25% in the year 2005. Dwarka offers proximity to Gurgaon, which is emerging as the commercial capital, while providing the benefits of being located in Delhi. DDA plans to develop a District Centre in Dwarka in Sector 10-14. More than 637,283 sqm area is likely to be developed as retail, commercial offices, hotels/service apartments and Institutional, Cultural and Exhibition space.

DEMAND FOR OFFICE SPACE IN THE NCR

Some of the important business districts in the NCR include Connaught Place, Bhikaji Kama, Nehru Place, Greater Kailash, Nehru Place, Okhla and small pockets such as Basant Lok and Friends Colony in Delhi as well as the suburbs of Gurgaon & Noida. The office space absorption in NCR in the year 2004 was estimated to be more than 3.3 million sq ft.[1]. Key drivers of this space utilization were the IT and ITES sectors, as has been depicted in figure 5.3.

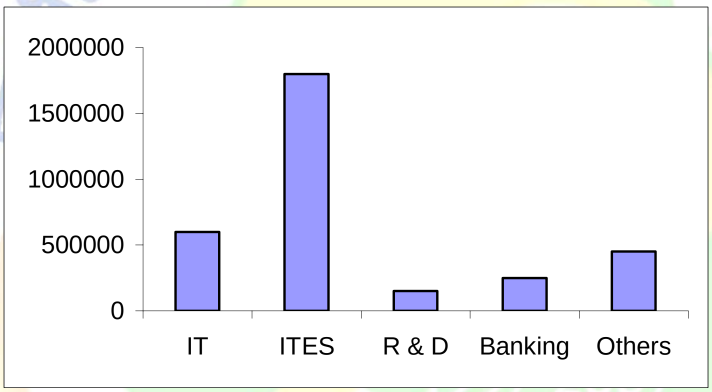


Figure 5.3: Space Utilization in NCR

In 2005, demand for office space is expected to grow by 20-25 % over the last year, driven essentially by the second stage of growth of technology firms already established in the NCR. Vacancy rates in the above mentioned markets have remained stable at between 17 – 20% over the last quarter. Over the last decade Gurgaon has become the preferred commercial destination surpassing Delhi thanks to availability of high-quality, premium commercial space at prices 40 - 60 % lower than those in the metro. An indication of this is the fact that about 1.4 million square foot of commercial space was leased out in Gurgaon in the year 2004 as against only 0.4 million in Delhi.

Figure 5.4: MNCs in Gurgaon

[1] Source: Cushman and Wakefield

The trend in the recent past has pointed towards a relocation of large space users from Delhi to Gurgaon. Such companies have relocated from costlier Central Business Districts (CBD) like the Connaught Place, Nehru Place and Bhikaji Cama Place to move into commercial buildings in Gurgaon offering better infrastructure, specifications, floor space and ample parking facilities, essential for a modern office. In the last decade a large number of high profile multinationals and large India corporates like General Electric, Nestle, Hindustan Levers, BILT, Ranbaxy, Blue Star, Citibank, Gillette, KPMG, SmithKline, Coca-Cola, Xerox, IBM, ICI, Pepsi, Electrolux, Fluor Daniel, Motorola etc. have relocated to Gurgaon (figure 5.4).

Demand in the market for office space is quite high with premium properties enjoying an occupancy of 80-90 % while the next level of properties have an occupancy of 60 –70%. The average vacancy rate for year 2004 was 15%. Prices have remained stable for high-end properties. The rentals for high quality (prime) commercial space in Gurgaon varied from Rs. 40 – 50 per square feet in year 2004 while sale prices were between Rs. 4000 – 5000/ sqm.

5.6.3 IMPLICATIONS FOR THE PROPOSED COMMERCIAL CENTRE

Key conclusions from the overview of the office space scenario in Gurgaon and Delhi that are relevant for the proposed commercial centre include the following:

- Demand for office space is likely to increase by 15 –20% every year over the next three to four years
- The Nasscom Mckinsey study predicts that the ITES sector will provide employment to 1.1 million people by 2008. This translates into a requirement of approximately 100 mn. sq.ft. of Grade A office space. Gurgaon and Delhi have already emerged as key centres for the ITES industry and given the availability of the desired manpower are likely to attract players in future also. The proposed facility can position itself as a key destination for the ITES industry by providing adequate infrastructure (large floor plates, connectivity etc.) at reasonable prices. Metro connectivity will provide easy access to the manpower of these companies.
- Healthcare and Biotechnology sectors are also gaining momentum. Gurgaon is likely to become a healthcare destination given the plans of key healthcare players such as Escorts, Max, Fortis etc. Players like Ranbaxy, Dr. Reddy's etc are also expanding presence. These players can also be attracted to the proposed office space development.
- The proposed target segment of IT & ITES, Biotechnology and Healthcare companies will also contribute to the utilization of the convention centres and the exhibition hall given the high volume of events held in this sector.
- Private Insurance companies are also expanding and require Grade A facilities. These can also be a target segment for the proposed development.

5.6.4 DEMAND FOR RETAIL SPACE IN THE NCR

The Indian retail industry is growing at a fast pace driven essentially by increasing disposable incomes with the consumers. Organised retail is expected to increase significantly from is current size of Rs. 18000 cr. (between 2 –3% of total retail industry) now to nearly 20% of the retail industry by the end of the decade. To meet the needs of this industry a large number of real estate developments have come up over the last few years. Delhi and Gurgaon in the NCR have been leading the development of various shopping cum entertainment centres while Noida has recently joined the bandwagon.

Delhi has been a leader in the retail industry with South Extension, Greater Kailash, Connaught Place, Defence colony, Rajouri Garden etc. being high profile markets. Over the last 5 years however shopping malls have been developed in West Delhi, North Delhi, East Delhi as well as in South Delhi to cater to the increasing requirements of the organised retailers and the consumers. Presence of international players has added to the requirement for Grade A retail premises.

Gurgaon has seen an explosion in this area with 5 shopping with multiplexes being established along the Mehrauli Gurgaon road in addition to stand alone branded outlets. The performance of these malls has however been less than satisfactory with key tenants moving out.

Over 2 million sq.ft. of space is available in the shopping malls in the NCR. The same is expected to increase to 20 million by the end of the decade. The rentals in the malls vary from Rs.125 / sq.ft to Rs. 250 / sq.ft. in Connaught Place, South Extension, Greater Kailash etc. and between Rs. 60 –75 / sq.ft. in North and West Delhi. Rentals in Gurgaon are in the region of Rs. 120/sq.ft.

5.6 POSITIONING PLATFORM FOR THE FACILITY

As has been seen in Chapter 2, most convention centres in Asia Pacific have established a positioning platform to differentiate themselves from the others as well as to attract a particular type of customer segment. Most of these centres have used their natural advantages as their positioning platforms and have built their facilities to enhance this position.

The biggest advantage for the proposed centre is its location – Delhi and within Delhi – Dwarka. The advantages offered by the location of the proposed convention centre include the following:

- Delhi has a 30% share of the international as well as domestic conventions and meetings market – it is thus a recognised and established MICE destination
- Delhi is the seat of government and a large number of government events as well as events with international presence are organised in the city
- Delhi is the hub for all international tourists and forms the apex of the golden triangle Delhi – Jaipur – Agra.

- Delhi has a large presence of Indian corporates as well as multi national companies – a large number of whom are headquartered in the city.
- Dwarka is located close to Gurgaon (12 k.m.), a bustling commercial centre that has seen enormous growth over the last few years and which has become the preferred destination for new age industries such as IT, ITES, Biotech, Insurance, Banking etc.
- The convention centre is located close to the international and domestic airports and thus provides easy access, which is a key requirement of most clients
- The one million plus population of Dwarka has high disposable incomes and will form the target segment for the exhibitions and other events organised in the centre

5.8.1 MARKET SEGMENTATION

CONVENTIONS

The conventions and meetings markets can be broadly segmented as below:

- International Events – events with at Least 40% delegates from abroad
- Domestic Events

Each of the above categories can be further segmented as depicted in table 5.13 below:

Table 5.13: Segmentation of Events in Delhi

Organizer	Government Events	Key Industry Associations events with significant government presence	Key Industry Association events	Private sector corporate events
Typical Size	300 – 750	500 –750	300 – 500	10 – 2000
Volumes in Delhi - size > 300	70	20	55	350
Volume in Delhi – Total	114	25	90	9800
Preferred locations	Vigyan Bhawan, Siri Fort	Vigyan Bhawan, Siri Fort	Owned Auditoriums, Five Star Hotels	Four and Five star hotels
Target Segment	NO	NO	YES	YES

Given that all government events and events with significant government presence are typically held in the government owned and managed facilities such as Vigyan Bhawan, Siri Fort Auditorium, etc. the same has been excluded from the target segment. The convention centre will therefore target Industry association events and events organised by the private sector corporates. Both international as well as domestic meetings and conventions in the above segments will be targeted. Though the international meetings and convention constitute less than 5% of the total market, the same will have a high contribution to the realizations given the larger size as well as need for residential facilities for the international delegates. Hosting international events also increases the visibility of the facility thereby acting as a marketing tool for the destination.

The private sector corporates and the industry associations market can be further segmented by industry type – i.e. Information Technology, FMCG etc. While no published information on the number of events organised in each of the industries is available, according to experts the key segments include

- Information Technology and related sectors
- Medical Conferences and Scientific conferences
- Pharmaceutical Industry
- FMCG events – product launches, dealer meets, sales colleges, training, business reviews etc.
- Events organised by consumer durable companies - product launches, dealer meets, sales colleges, trainings, business reviews etc.
- Automobile manufacturers
- Entertainment Industry
- Education

Given the location of the convention centre as well as the support services proposed, the facility will target the Knowledge Industry – including IT, ITES, Electronics, Medicine, Biotechnology, Education etc. For the < 50 delegate meetings market the focus will be on targeting the corporates in and around Delhi and Gurgaon.

These conventions and meetings are being organized at four star and five star hotels in the city.

EXHIBITIONS

Exhibitions in Delhi can be segmented broadly as follows:

- Exhibitions organised by India Trade Promotion Organisation (ITPO) – 16% of the market (volume)
- Exhibitions organised by other organisations – 84% volume share of the market

The ITPO exhibitions are organised at Pragati Maidan only and they cannot be targeted by the proposed facility especially in the initial years. Thus the proposed facility will target only non-ITPO exhibitions.

The exhibitions can also be segmented by type of industry. Industry segmentation (top 15 industries) of the exhibitions held in Delhi has been displayed in the figure 5.5. The Information Technology, Consumer, Banking and Finance, Hospitality industry are key participants in the exhibition industry. Given the focus of the convention centre on the Knowledge Industry the same would be a target for the exhibition centre also. In addition given the large population with high paying power in the hinterland, consumer exhibitions will also be targeted.

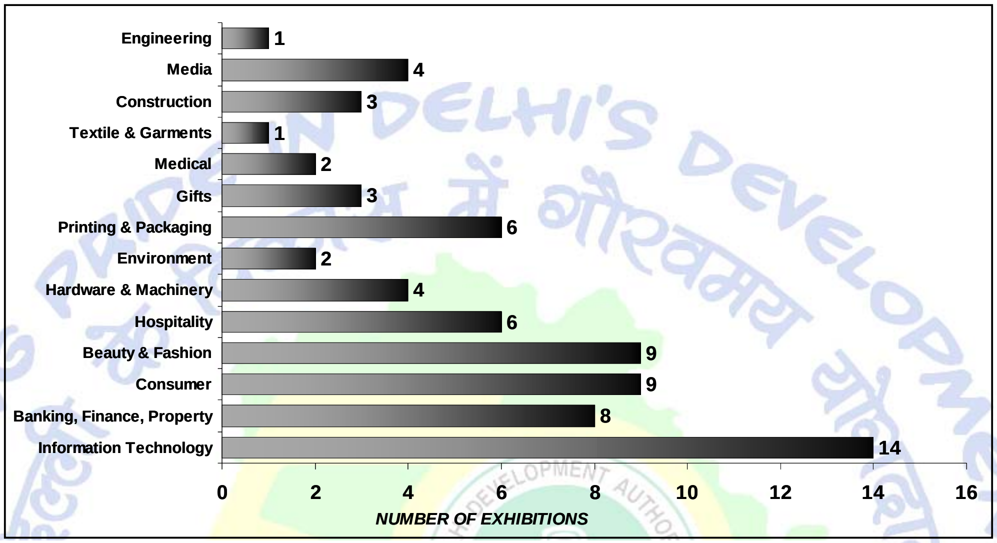


Figure 5.5: Exhibitions split by industry

CHAPTER 6

PROJECT CONFIGURATION

Development guidelines have been formulated to address the permissible development aspects and environmental considerations. The proposed project site has been allotted for the purpose of construction of an International Convention and Exhibition Centre, Hotels and Allied Commercial Facilities and the area earmarked for the Project is 14 hectares. The Development Guidelines for the proposed site are set out by DDA. Based on the directions from the Ministry of Urban development, the market research conducted and feasibility considerations the following is the proposed Final Configuration that the Bidders may use as a benchmark as required under the Terms of this Request for Proposal Document.

6.1 FINAL CONFIGURATION OF THE PROJECT FACILITY

Thus to summarize, the configuration of the facility should be as shown in Table 6.1.

Table 6.1 : Configuration of the Facility

Element	FSI Area in sqm
Convention & Exhibition Centre	86400
5 star hotel – 300 keys	30,000
3 star hotel – 250 keys	15,000
Budget hotel – 250 keys	15,000
Commercial and Retail space	36600
Total built up area	1,83,300
Basement parking for cars	As per standards specified by DDA

The land corresponding to the above configuration amounts to about 35 acres. Additional facilities that may be built by the private sector developer are as following and as permitted by DDA:

- Increasing capacity of the convention centre or the exhibition hall
- Expansion of the existing convention and exhibition centre in future
- Development of any of Socio Cultural and Community Facilities

6.2 FINAL CONFIGURATION OF THE C&EC FACILITY

It is proposed that the Facility is among the largest in Asia and it is being benchmarked with the Suntec Convention Centre at Singapore.

The configuration of the proposed facility is as depicted in table 6.2 below:

	Area (sq ft)	Area (sq. m.)
Total Convention / Meeting Area	**221,976**	**20629**
Total Exhibition Area	**129,120**	**12000**
Public Services Area	**81,600**	**7583**
Back Office/Service Area	**46,000**	**4275**
Total Other Area	**229,774**	**17354**
Total C&EC Complex	**708470**	**61843** [2]

The main elements of the configuration include

- Large Convention Hall of capacity: 12000 delegates in the Main Convention Hall
- Two exhibition halls of 5000 delegates each
- Meeting spaces for 2000 persons (minimum 4750 sqm)
- Dining facilities & Fine dining area to complement
- Support spaces matching international norms

[2] This is without the engineering / utilities areas that may be located elsewhere / basement etc.,

SOURCES

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[6] Business Times, Kuala Lumpur, August 5, 2004

[7]http://www.travelbiz.com.au/articles/af/0c029baf.asp

[8] Feedback research

[9] www.eventseye.com, www.biztradeshows.com

[10] Feedback research and analysis based on information from ICPB and major hotels

[11] Ministry of tourism annual report

[12] Feedback research and analysis based on information from ICPB and major hotels

[13] Feedback research and analysis based on information from ICPB and major hotels

[14] Based on exhibitions organized at Pragati Maidan

[15] Feedback research and analysis based on information from ICPB and major hotels