



FIG CONGRESS 2018 ISTANBUL



**Presented at the FIG Congress 2018,
May 6-11, 2018 in Istanbul, Turkey**

THE EFFECTS OF BAD NEIGHBORHOOD TO THE SHOPS IN MALL

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M1 REAL MALL



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It is opened in February 2003. It consists of prefabricated columns and beams and has old architecture for today.

From bus terminal to shopping mall all along the way remarkably good environment, nice view and fresh air can leap to the eye.

In the area since natural gas is used for warming SO_2 ratio is fairly low, on the other hand since there are no forest or woods around PM_{10} ratio is high.

It is at cross center of three streets and in the middle of dense building site.

It services nearly 40 000 people living in 270 ha area.

Population density is 148 person/ha.

The surrounding area is full of attractions.

In near surrounding area there are 3 hypermarkets, 5 educational facility and a hospital.

Total workplaces inside are 84 and total rentable are is 41 000 m².

Shops in mall consist of local, national and international brands (Map 1).



Map 1: Surroundings of M1 REAL shopping mall

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NOVADA MALL



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It is opened in June 2015.

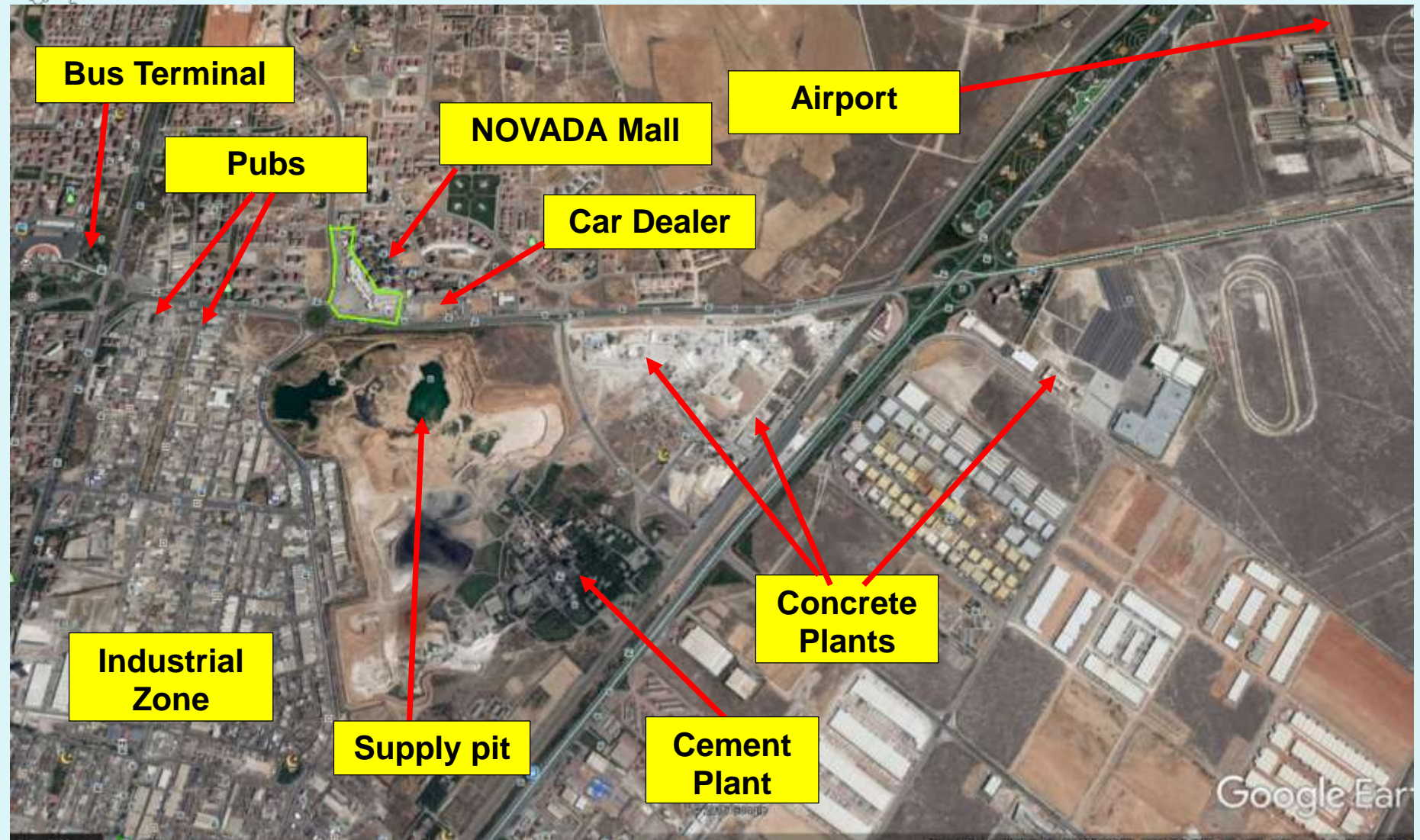
It consists of ferro-concrete columns and beams and reflects today's modern architecture.

In the area since natural gas is used for warming SO_2 ratio is fairly low, on the other hand since there are no forest or woods around, PM_{10} ratio is high.

The street it is located in is populated 27 200 and population density is 49 person/ha (Map 2). The mall has free transportation service for its customers.

In near surrounding area there are 3 hypermarkets, 5 educational facilities, a public institution and a community clinic.

Shops in mall consist of local, national and international brands.



Map 2: Surroundings of NVD shopping mall



Cement Plant



Pubs

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SALE AND RENTAL PRICES OF WORKPLACES IN SHOPPING MALLS

M1 REAL shopping mall management adopted the method of renting the workplaces inside the mall instead of property sale.

The shopping mall consists of only ground level and indoor. For this reason there is no difference between workplaces because of level difference or outdoor attraction.

26 corners are generated and since middle block fronts are held short there is no exaggerated location differences yet workplace areas are much different in size (22 – 10 000 m²).

For this reason workplaces needing larger areas and serve large amount of people are given blind facades.

NOVADA shopping mall management both sales properties and rents for guaranteed customer.

Mall is designed as 1 basement, 3 full level and 1 half terrace because of mall location's parcel's narrowness.

Attraction centers are occurred at the crescent's corners where stairs are located.

When considered the ones at ground level two fronted and one fronted at top level, the superiority of location is very high.

Though the area sizes are not as different as in M1 REAL (70 – 2 500 m²).

The data which will be basis of valuation is shown in Table 1.

Table 1: Comparison of Real and Novada shopping malls (attractional and locational)

DATA	M1 REAL MALL	NOVADA MALL
Mall area (m ²)	58 500	(3x15 000) + 4 000
Mall perimeter (m)	1260	746
Car park area (m ²)	38 500	10 000 + 8 000
Distance to Bus Terminal intersection (m)	1 600	1 200
Distance to Bus Terminal (m)	1 280	1 600
Number of Storeys	Only ground floor	<ul style="list-style-type: none"> • ½ Basement, • 3 storeys, • ½ Mezzanine
Neighborhood Name	Yazır	Sancak
Neighborhood population (person)	44 850	27 200
Neighborhood area (ha)	737	560

Table 1: Comparison of Real and Novada shopping malls (attractional and locational)

DATA	M1 REAL MALL	NOVADA MALL
Population Structure	-	-
05 – 14 age	7 500	4 500
15 – 19 age	4 180	2 540
20 – 29 age	8 050	4 840
30 – 44 age	10 120	6 110
Population density (person/ha)	60,85	48,57
Surrounding markets	<ul style="list-style-type: none"> • Adese, • Makro, • Sincap 	<ul style="list-style-type: none"> • Akmar, • Kavruk, • Sincap
Surrounding educational facilities	<ul style="list-style-type: none"> • Primary school, • Preschool, • Study center (2), • High school (2) 	<ul style="list-style-type: none"> • Primary school, • Middle school, • High school (2)

Table 1: Comparison of Real and Novada shopping malls (attractional and locational)

DATA	M1 REAL MALL	NOVADA MALL
Surrounding business centers	<ul style="list-style-type: none"> Mustaş, Kızılkaya, Konya Park 	-
Surrounding attraction centers	<ul style="list-style-type: none"> Football stadium (42 000 capacity), Selçuklu Municipality building, Dispensary, Olympic swimming pool 	<ul style="list-style-type: none"> Airport, Organized industrial zone,
Front direction	North – West	North - West
Prevailing Wind Direction	West to east	Northwest to southeast
Air pollution	<ul style="list-style-type: none"> SO₂ =7,1 Mg/m³ (must be <350), PM₁₀ =81,3 Mg/m³ (must be <50) 	<ul style="list-style-type: none"> SO₂ =16,50 Mg/m³ (must be <350), PM₁₀ =108,00 Mg/m³ (must be <50)

Table 2: Sale and rental values in shopping malls

FLOOR		M1 REAL		NOVADA	
Floor	Area (m ²)	Rent (TL/m ²)	Sale (TL/m ²)	Rent (TL/m ²)	Sale (TL/m ²)
Ground	<50	260	20 000	90	17 000
	50<100	240	18 500	80	15 000
	100+	200	13 000	65	12 000
1 st Floor	<50	-		80	15 500
	50<100	-		70	13 000
	100+	-		55	10 000
2 nd Floor	<50	-		70	13 000
	50<100	-		60	11 000
	100+	-		50	8 000

Both shopping malls have adopted the policy of corporate rental system and are charging %20 extra for common expenditures (security, cleaning, maintenance, repairs, raffles, car park ...).

M1 Real holds the property of workplaces and rents them by itself.

NOVADA on the other hand haven't set any limit to sales or rentals.

However it manages the mall as corporate.

VALUATION CALCULATION AND RESULT

While valuing a real estate, the most important factor is its “market value”.

Coefficient comparison or other market comparison should be sourced by observations of the market.

Environmental depreciation is a loss in value sourced by external factors.

Environmental depreciation effects are mostly cannot be eliminated because they are occurring without our effect.

Environmental depreciation affects building and land value.

For this, effects of environmental depreciation to building and land value should be separated.

Income loss sourced by environmental depreciation is capitalized, while income method is used.

Environmental depreciation can be at a premises located at a natural disaster zone.

To calculate environmental depreciation table 3 can be used which is prepared based on the data at table 2.

Table 3: k capitalization and ratios

FLOOR		M1 REAL	NOVADA	Ratios (M1RL/NVD)			
Floor	Area (m ²)	$k=G_{net}/D_{sale}$	$k=G_{net}/D_{sale}$	k	Rent	Sale	Population Density
Ground	<50	0,156	0,063	2,48	2,89	1,18	3,02
	50<100	0,156	0,064	2,44	3,00	1,23	
	100+	0,185	0,071	2,61	3,08	1,08	
1 st floor	<50		0,061				
	50<100		0,065				
	100+		0,066				
2 nd floor	<50		0,065				
	50<100		0,065				
	100+		0,075				

When Table 3 is scrutinized, it is seen that M1REAL shopping mall is 2.5 times more valuable than NOVADA shopping mall according to k capitalization, 3 times more valuable according to rent value.

We may see the reason as environmental at first sight.

However, according to population density M1 REAL shopping mall is in 3.02 times more crowded area than NOVADA shopping mall is in.

From this aspect, one can say that bad neighborhood effect to workplaces inside shopping mall of

- a) Concrete plants,
- b) Supply pit of cement plant (filled with water, seen as a pond),
- c) Pubs fronted to main way,
- d) Industrial zone behind the pubs

which are located at southeast, south and southwest of NOVADA shopping mall, has no negative effect.

In master thesis study, researching sale and rental prices of houses around the both shopping malls, the ones around M1 REAL are found 1.3 times more valuable than the ones around NOVADA shopping mall.

In this study, it is researched that whether there is same negativity upon the workplaces inside shopping mall.

When the data in Table 2 is taken into consideration one can pass judgement on these facts;

- a) It can be said that M1 REAL shopping mall is 1.2 times more valuable than NOVADA shopping mall according to workplace sale value,
- b) NOVADA shopping mall is 2.5 times more valuable than M1 REAL shopping mall when k capitalization is taken into consideration(property owning),
- c) Population density of M1 REAL shopping mall's location is 3 times more than the one of NOVADA shopping mall's location,
- d) M1 REAL shopping mall is approximately 3 times more valuable than NOVADA shopping mall according to rentals,

When these all are taken into consideration, bad neighborhood of NOVADA shopping mall has no negative effect on workplaces inside the mall.

Thank you for your patience listening

FOR QUESTIONS

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