

Glorietta Mall at the Ayala Center

Makati, Manila

Project Type:
Commercial/Industrial

Case No:
C030004

Year:
2000



SUMMARY

The gradual transformation of a 1970s outdoor suburban shopping center into the premier retail and urban entertainment center in the Philippines. Development was coordinated with the growth of the surrounding high-density, mixed-use commercial district, the Ayala Center in Makati.

FEATURES

- Renovation and expansion
 - Entertainment and retail
 - Mixed-use super regional center with hotels and office and residential space
 - Pedestrian and transit focus
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SPECIAL FEATURES

- Renovation and expansion
- Entertainment and retail
- Mixed-use super regional center with hotels and office and residential space
- Pedestrian and transit focus

PLANNING AND DEVELOPMENT

Ayala Land, Inc.
Tower One
Ayala Triangle, Ayala Avenue
Makati, Manila
Philippines

OPERATIONS AND MANAGEMENT

Ayala Land Commercial Centers Group
Fifth Level
Glorietta 4, Ayala Center
Makati, Manila
Philippines

GENERAL DESCRIPTION

Located in Makati, the heart of metropolitan Manila's business district, Glorietta Mall at the Ayala Center is the Philippines's premier urban entertainment and retail destination. In the 1970s Glorietta Mall was a suburban strip shopping center that attracted customers with its ample parking and imported merchandise. As the Ayala Company developed the land around it into a high-density urban environment, the original outdoor strip mall was enclosed and expanded into Glorietta Mall—the centerpiece of the Ayala Center.

The mall's retail mix attracts both high-end and value-conscious shoppers. The movie theaters, new food court, restaurants, parks, cultural programs, and special events draw from a diverse base of customers from the surrounding hotels, offices, and residential areas. Glorietta Mall's festive atmosphere combined with the urban environment at the Ayala Center makes it Manila's most popular destination for daily outings and nightlife.

THE SITE

The rapid and unplanned growth of metropolitan Manila has resulted in poor air quality, extreme traffic congestion, and cramped conditions. In stark contrast is the Ayala Center in Makati—a carefully planned urban oasis within sprawling metropolitan Manila. Once a suburb of Manila covered by rice fields, Makati has grown into a high-density, mixed-use commercial district; it is the address of choice in the Philippines for domestic and multinational corporations, embassies, luxury hotels, and banks.

The Ayala Center is the heart of Makati, with mixed-use commercial development that includes four hotels, four supermarkets, four high-rise apartment buildings, two malls (Glorietta and Greenbelt), the Philippine's first serviced apartments, a public park, and more than 5,000 parking spaces. Total combined development at the Ayala Center covers 2,801,740 square feet with 2,953,358 square feet of gross leasable area (GLA). Within the Ayala Center, Glorietta Mall is the primary attraction for entertainment, shopping, and nightlife.

The Ayala Company was the impetus for Makati's dramatic transformation from an agrarian suburb to a high-quality urban district unique in the Philippines. Most of the recent land development has been carried out by Ayala Land, the development arm of the Ayala Company created in 1988. Its decision to maintain ownership—offering tenants long-term land leases instead of selling them parcels—has afforded considerable control of land use decisions, allowing Ayala Land to develop according to its own vision. Pert Rodriguez, assistant vice president of Ayala Land, points out, "We have been very successful in creating a quality environment to live, work, and play because we are extremely careful to balance new development with the capacity of the existing infrastructure."

HISTORY

The design of the original shopping center built by the Ayala Company in the 1970s was similar to that of early American suburban strip malls. It was not enclosed, and its two wings (Glorietta I and II) converged at a central area with an outdoor bandstand called the Glorietta. Glorietta is the Spanish word used to describe the public meeting place in Spanish colonial-era designed towns throughout the Philippines. The original design, essentially a collection of competing merchants selling goods imported from Hong Kong, lacked a unified theme. In the beginning the Ayala Company had little retail experience and leased the land to retailers who built their own designs, resulting in little cohesiveness and poor circulation.

As the leases on the stores in Glorietta I and II ended, Ayala Land took the opportunity to redevelop the shops and improve the tenant mix and design. Hellmuth, Obata + Kassabaum (HOK) was commissioned in 1988 to do the redevelopment plan for the Makati Commercial District—the earlier name of the Ayala Center. The HOK plan established a cruciform design by building two more wings and placed anchor stores on the ends of the axes. In response to the increasing density of new commercial development, the plan called for structured parking garages, the first structured garages in the Philippines. The mainly conceptual plan provided a good vision for the Makati Commercial District but lacked details.

By 1990, the Makati Commercial District had changed dramatically, from a rural suburb of Manila to a high-density, mixed-use district. A 1990 plan by the Architects' Collaborative (TAC) followed up on the HOK plan, increasing the floor/area ratio (FAR) of the surrounding office and residential land uses. In addition, the TAC plan recommended enclosing and air conditioning the mall and turning the outdoor bandstand into the mall's main activity center. Until this point, the wings of the cruciform were not connected and the shops still faced outside.

Building a major addition and transforming the original strip center into an enclosed mall while simultaneously maintaining operations was an ambitious undertaking that required careful coordination. Construction was constrained by the existing structures, utilities were repeatedly relocated, staging area space was scarce, and "unknowns" constantly appeared as the project progressed. Ayala Land minimized the impact of the renovation by screening ongoing construction, working at night to reduce noise, and phasing the work. The company also had to be extremely sensitive to its tenants, who were temporarily relocated during construction. In a testament to its success, Ayala Land did not lose one tenant throughout the entire process.

PLANNING AND DESIGN

Now complete, Glorietta Mall's cruciform design radiates from the 43,000-square-foot activity center called the Glorietta. The Glorietta has a domed glass atrium with a fountain at the center that shoots a plume of water to the height of the atrium's 190-foot ceiling. The Glorietta's open floor plan was designed with flexibility in mind and is used for new product launches, cultural exhibits, entertainment, a resting place, and a children's playground. The rest of the mall is divided into four quarters, Glorietta I, II, III, and IV. The individual quarters and the surrounding land uses just outside the mall are further grouped into Quads. For example, Quad I includes the Glorietta I portion of Glorietta Mall and the adjacent Park Square shopping center and the Dusit Nikko Hotel.

Glorietta I and Glorietta II were both part of the original outdoor strip mall, but they underwent a spectacular transformation when the mall was enclosed and renovated. Glorietta I has a gross floor area (GFA) of 214,537 square feet (GLA of 137,481 square feet) of retail space on two levels, appealing to a broad market of value-conscious and mid-range consumers. Many of the tenants are local merchants selling shoes, bags, leather goods, textiles, and books. Glorietta I's original 55,697-square-foot, four-screen multiplex theatre—the first in the Philippines—was maintained after renovations. Glorietta II's GFA of 129,204 square feet (GLA of 78,528 square feet) on three levels caters primarily to children and teens. Oversized toys in the hallway create a playful atmosphere, and a new store called Kids@Work provides a shop-and-play service that allows parents to leave their children supervised in a stimulating environment.

Glorietta III, completed in 1993, consists of 285,627 square feet of all-new construction on three levels and caters to a young and upwardly mobile crowd. It is part of the Quad III complex, which includes the Shangri-La Hotel Manila and the 6750 Ayala Avenue Building, an office high rise with ground-floor retail. Quad III's trendy clubs and restaurants—Zoo and Giraffe—combined with those at Glorietta III—Hardrock Café, TGI Friday, Streetlife, and a microbrewery—make it Manila's premier place for nightlife, balancing the mall's many daytime attractions. Glorietta III also was the first mall to attract high-end international retailers such as Nine-West, Louis Vuitton, Armani, and Prada.

Construction of Glorietta IV was finished in 1999, completing the mall's cruciform layout. Glorietta IV focuses on family entertainment and has 1,053,500 square feet of space (397,750 square feet GLA) that includes a new food court, seven movie theatres, a serviced apartment building, and the Timezone family amusement center. Tenants include California Pizza Kitchen, Warner Bros., Tower Records, Escada, Calvin Klein, and Marks and Spencer.

The serviced apartment building, the first in the Philippines, caters to executives in need of temporary residences close to their business in Makati. The two high-rise apartment towers have 306 units, a business center, conference rooms, and a fitness club. The project was a joint venture of Ayala Land and Rodamco N.V., a Netherlands-based investment company; it is managed by Oakwood Asia Pacific, a U.S. company based in Singapore.

Ayala Land overcame the challenges of renovating the obsolete strip mall and combining it with new construction to create a virtually seamless enclosed mall. Only the most careful observer would notice from the interior that it was not all-new construction. The high level of interior finishes throughout the mall, including marble floors, creates an upscale atmosphere, and the mall's graphics and directories, designed by RTKL in 1996, give the mall a unified theme and make it easier to navigate the hub-and-spoke floor plan.

Renovating the exterior was equally challenging. Dave Blass, project architect for Ayala Land, points out that the project has some inherent shortcomings: "The exterior evolved incrementally and does not yet have a unified theme. Other factors beyond our control, such as Manila's pollution and harsh weather extremes, make the exterior difficult to maintain." Improving the exterior facade is a priority for Ayala Land, and the company has convinced some tenants to abandon their older facades in favor of newer finishes. Glorietta III's exterior design creates a well-defined space and an exciting atmosphere with bright neon lights and large logos marking entrances to the restaurants and clubs.

TRANSPORTATION

Transportation and pedestrian links are a major part of the Ayala Center's development strategy. Private automobile ownership is not as common in the Philippines as in the United States, so ensuring easy access to the mall by mass transit is critical. A major bus and jeepney (an ornately decorated vehicle smaller than a bus) terminal is located near the entrance of Glorietta Mall, providing easy access for customers, mall employees, and workers in Makati. Because of Manila's notorious traffic, many commuters adjust their shopping schedules around their commute, generating a substantial amount of business after working hours. Ayala Land recently completed a network of elevated covered pedestrian walkways and underground street crossings to protect pedestrians from the monsoon rains and tropical sun, as well as to improve access to the mall from the adjacent offices and hotels. The walkway already has been successful in encouraging pedestrians to walk rather than take short trips by vehicle.

Ayala Land also is a partner with MRT Holdings, Inc., a consortium that won the bid to construct and operate the new Metro Rail Transit System (MRT-3). The MRT-3 is scheduled to open in November 2000 with a station located at the Ayala Center, providing an efficient transit alternative to the congested bus and jeepney thoroughfares and greatly improving access to Glorietta Mall and bolstering its prominence as a super regional center.

More than 5,000 structured, surface, and underground parking spaces shared with adjacent offices and hotels are located at the mall. The above-grade parking structures include retail on the ground level.

ENTERTAINMENT

Entertainment, particularly activities for people of all income and age levels, is a key to the Ayala Center's success. By keeping up on the latest entertainment and retail development trends from around the globe and combining them with its own ideas, Ayala Land has created an entertainment and retail experience well suited to the Filipino market.

Going to the movies has always been a popular Filipino pastime and an ideal way to escape the tropical heat. Ayala Land capitalized on this, making theaters an integral part of its development strategy by locating 15 of them throughout the Ayala Center. The company introduced the Philippines's first multiplex cinema at Glorietta I and recently opened seven state-of-the-art theaters in Glorietta IV; the new theaters' carpeting, plush stadium-style seating, and digital sound offer a higher quality and level of finish than are typically found in the Philippines. The "ArtFilm" program—which reserves one theater solely for noncommercial retrospectives and classic films—attracts a diverse clientele, ranging from students and expatriates to more sophisticated moviegoers. Guaranteed seating is another unique feature at Glorietta Mall. Traditionally theaters in the Philippines oversell seats, leaving people standing in the aisles. Ayala Land also has started advanced screening of selected feature films for more than twice the normal price. This has been a great way to promote new films and to advertise by word of mouth; generally, however, movie prices are kept affordable in order to draw large crowds from all income levels to the mall.

Strategically located adjacent to the theaters is the Timezone entertainment center, a joint venture of Ayala Land and the Australian amusement center operator Leisure and Allied Industries. Timezone has the latest interactive high-tech games, which appeal both to kids and a more mature market. The energetic atmosphere is enhanced by showings of the latest music and sports videos on giant walls. The games are affordably priced and capture impulse spending from shoppers or moviegoers with a little extra time.

No other place in the Philippines offers the variety and quality of restaurants and nightlife found at the Ayala Center. The selection of dining venues is well balanced, supporting both daytime and evening itineraries. The new food court in Glorietta IV, called Food Choices at Glorietta, caters to busy shoppers, students, and the office lunch crowd. In addition to Food Choices, a diverse mix of international and local restaurant chains is located throughout the mall.

The restaurants were clustered together to create a central destination for nightlife as well as to make it easier to control access and security from within the mall. While TGI Friday's, Hardrock Café, Haagen Dazs, Starbucks, Chili's, California Pizza Kitchen, Streetlife, and the microbrewery are open throughout the day, the atmosphere at night is markedly different. Streetlife is a grouping of restaurants modeled on an outdoor urban theme with streetlamps, brick walks, and outdoor cafés; seating. It has a busy lunch crowd during the day and takes on a lively atmosphere during the evenings with dinner and drinks. Many of the theme and signature restaurants play a more significant role in nightlife in the Philippines than in the United States. TGI Friday's, Haagen Dazs, and Starbucks are all packed late-night hangouts. Hardrock Café regularly hosts live concerts with famous musicians, and in addition to being a popular bar it is also a hot dance spot. Numerous other trendy clubs and restaurants such as Tony Roma's Ribs, Zoo, and Giraffe are located just outside the mall.

The Ayala Center is a major destination for nonshoppers as well. Just outside the mall is Greenbelt Park, with landscaped grounds and mature trees reserved in perpetuity by the Ayala Company for use as a public park. The park has an open-air church, which draws many worshipers to the Ayala Center. The Ayala Company also built the History Museum of the Philippines at the Ayala Center. These "gifts" to the public are located on some of the highest-priced land in the country and demonstrate the Ayala Company's commitment to the community. Other smaller parks with rich landscaping and sculptures are located just outside the mall, creating an attractive transition to the mall's entrances.

As pollution increases in Manila and green space becomes increasingly scarce, a trip to the Ayala Center has replaced traditional family outings to the park for many residents. No other place in Manila offers the excitement, options, safe and clean environment, and relaxing atmosphere that the Ayala Center does.

MARKETING AND MANAGEMENT

The Ayala Company's Commercial Centers Group manages operations and marketing of the mall. Its in-house services include construction and property management; cinema, family entertainment, and food court operations and leasing; advertising and promotional campaigns; and maintenance.

Promotional events are continuously being held in the mall. "Midnight Madness," during which all of the shops offer big discounts, is held three times a year. Another major event is "Bank of the Philippines (BPI) Appliance Madness," when the major appliance stores sell their products at a large discount and all items purchased with a BPI credit card are interest free. The popular chocolate festival allows customers to turn in their receipts for Toblerone candy. In addition to many promotional events, the Commercial Centers Group also organizes entertainment, including a millennium party that was televised around the world through a partnership of a local television channel, BBC, and ABC. Its annual Christmas show featuring Warner Brothers characters is very popular and draws an audience from outside its normal capture area. During Valentine's Day, the mall sponsors "Moonlight Serenade," bringing some of the top performers in the Philippines to the mall. To keep the public informed, the Ayala Center started "Ayala on Air"—a daily three-minute radio program to showcase events at the mall.

The management emphasizes safety and service. The presence of large numbers of armed guards throughout the Ayala Center may seem intimidating at first, but most customers find it reassuring. The guards also are trained to assist customers and to provide information about the mall. The management also provides customer service training for the personnel at some of the smaller stores, realizing that the center's long-term viability is tied to tenants' success.

The Ayala Center's location in the heart of the business district, which has 1 million workers, draws a high volume of foot traffic averaging 500,000 visitors a day. Fifteen to 30 percent of the market enters the mall after office hours. Although many Filipino office workers do not have high salaries, traditionally many single adults still live at home and thus have high disposable incomes.

No other area in the Philippines has an equivalent concentration of persons with high incomes living and working nearby. Because of this, most foreign companies—such as Hardrock Caf&233;, TGI Friday's, California Pizza Kitchen, Starbucks, Warner Brothers, Tower Records, Prada, and Louis Vuitton—make the Ayala Center their first location when entering the Philippine market. The Ayala Center is considered the prime location for luxury retailers.

EXPERIENCE GAINED

- Innovation and high-quality development are the keys to keeping ahead of the competition. The Ayala Company was the first in the Philippines to build a fully planned and integrated shopping center, the first to introduce theme entertainment, and the first to build multiplex theaters.
- By carefully coordinating the development of the surrounding area through long-term planning, the Ayala Company was able to create the demographics needed for success as a super regional center and entertainment destination. The results have been a good mix of office and residential uses that support the activities of the mall, keeping it vibrant and active throughout the day and night.
- The surrounding office and residential uses create a solid customer base with a concentration of residents with relatively high disposable incomes. The result has been that the Ayala Center has been able to position itself as "the" location for high-end retailers and businesses that probably could not operate successfully anywhere else in the Philippine market.
- Providing shopping, entertainment, and services for all income groups is critical. Compared to those in the United States, incomes are less evenly distributed in the Philippines. The Ayala Company has carefully mixed in stores for value-conscious shoppers and offers many activities that are free or affordable.
- It is important to balance development with infrastructure capacity for long-term success. Ayala Land has refrained from overbuilding in order to avoid increased traffic congestion; it also has taken a proactive approach—such as by integrating a new light-rail transit system with the Ayala Center and building pedestrianwalkways—to improve the existing infrastructure and to allow for future growth.
- Renovating the original strip mall instead of starting all new construction was challenging. However, renovating allowed the center to grow incrementally and to develop with an appropriate scale and design. A downside of incremental growth is the noticeable lack of a unified exterior theme and finish for the mall
- Glorietta Mall at Ayala Center represents the transformation of a mall over time and along with the growth of the surrounding area. Mixing entertainment and retail is a key component of the Ayala Company's strategy and one that it plans to intensify in the future as the mall continues to evolve.

PROJECT DATA				
LAND USE INFORMATION				
Use	Lot area (square feet)	GFA (square feet)	GLA (square feet)	Parking spaces
QUAD I				
Glorietta I	113,305	0	0	
Retail	0	214,538	137,482	
Cinema	0	55,696	45,161	
Parking lot	63,124	514,517	0	254
Park Square I	167,636	140,793	90,289	1,225
Hotel Nikko Manila Garden	134,117	696,149	62,726	92
Kowloon House	14,577	26,735	26,735	
Total	492,759	1,648,427	362,393	1,471
QUAD II				
Glorietta II	60,469	129,204	78,529	843
Makati Supermarket	41,893	83,667	80,808	
Park Square II	36,163	33,529	28,735	
Anson's Arcade	17,415	69,660	69,660	
Ayala Center Terminal	82,463	0	0	
Goldcrest	20,027	39,216	34,873	
Parking lots	89,623	0	0	209
Total	348,053	355,277	292,604	1,052
QUAD III				
Glorietta III	87,537	285,628	196,123	
Landmark Department Store	102,329	577,297	577,297	
Glorietta III Park	48,827	0	0	
Northmall	50,450	166,313	166,313	
Shangri-La Hotel	180,589	860,645	75,035	484
6750 Ayala Avenue	51,159	387,591	23,510	532
Parking lots	92,278	755,424	0	488
Total	613,169	3,058,870	1,038,278	1,504
QUAD IV				
Glorietta IV	121,142	1,053,500	400,653	
Hotel Intercontinental Manila	167,367	374,573	37,303	37
Shoemart Makati	63,124	370,553	370,553	
Shoemart Makati Annex	35,959	228,223	228,223	
Rustin's Department Store	44,742	222,815	222,815	6
Glorietta IV Park	50,536	538	538	518
Parking	98,019	0	0	445
Total	621,361	2,250,201	1,260,083	1,081
Additional				
Additional	108,984	139,428	0	
Right-of-way	617,426	0	0	
Total	726,410	139,428	0	

GRAND TOTAL	2,801,740	7,452,201	2,953,358	5,108
DEVELOPMENT SCHEDULE				
Original mall built: 1970s Planning for renovations started: 1988 Renovations finished (Phase I & II): 1990 Phase III finished (Glorietta III): 1993 Phase IV finished (Glorietta IV): 1999 Serviced apartments finished: 2000 Light rail in service: 2000				

DIRECTIONS

From Ninoy Aquino International Airport: Go North on Roxas Blvd. Go right at the intersection of Roxas Blvd. and EDSA (Epifanio de los Santos Avenue), and proceed past the intersection of EDSA and the South Superhighway. Turn left at the intersection of EDSA and Pasay Road, go two blocks and park at the Park Square I complex.

Driving time: Varies from 15 to 45 minutes, depending on traffic and construction.

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This Development Case Study is intended as a resource for subscribers in improving the quality of future projects. Data contained herein were made available by the project's development team and constitute a report on, not an endorsement of, the project by ULI-the Urban Land Institute.

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The exterior of Glorietta III, Ayala Center's main venue for nightlife.



The new serviced apartment buildings under construction-the first in the philippines-articulate the entrance to Glorietta IV.



The carpeting, plush stadium-style seating, and digital sound of the new theaters' offer a higher level of quality than is typically found in theaters in the philippines.



The Ayala Center was Tower Record's first choice when it entered the philippine market.



The 44,000-square-foot activity center called the Glorietta is the center point of the mall's radiating cruciform design. Before the mall was enclosed, the Glorietta was the site of the outdoor bandstand.



Timezone has the latest high-tech games for interactive entertainment, appealing to both children and adults. The energetic atmosphere is enhanced by giant video walls displaying the latest music and sports clips.



Site plan.