

MARKETBEATS

4.3 MSF
MALL INVENTORY

29%
MALL VACANCY

3%
Q-O-Q RENTAL GROWTH IN
VASTRAPUR SUBMARKET

WHAT'S
NEXT

HIGHLIGHTS

Demand polarization pushes up mall vacancy; mixed use projects gain ground

With under-performing malls witnessing retailer exits and superior quality malls operating at high occupancies, leasing activity was limited during the quarter. Lack of vacancy in quality malls is restricting new brands from entering the market even as they give a miss to sizeable vacancies available in average performing retail projects. In such a scenario, retail brands prefer to expand through main streets' outlets or flagship stores in mixed-use commercial buildings. Limited upcoming quality retail supply is also likely to remain a key factor for retailer activity for the next few quarters.

West and North regions push main street leasing activity

Main streets saw a higher proportion of leasing activity during the quarter, with the western section of the city becoming a major hotspot. Sindhu Bhavan Road, Satellite Road & Bodakdev region around the SG Highway main street submarket continued to remain the most attractive locations for retailers, with apparel and accessories being the dominant retailer segments. F&B and jewellery retailer categories were seen to be mostly active in the northern peripheral market during the quarter.

Rents largely stable

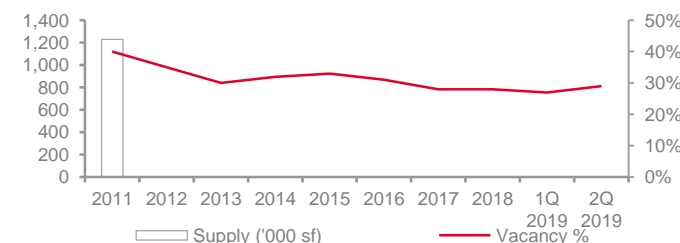
Rents have remained largely stable in operational retail malls, barring Alpha One which saw rent growth in the quarter and remains an outlier in being able to command higher rents on the back of retailer demand amid 100% operational occupancy and high footfalls. Similar trend was visible in main streets, where CG road has seen rents rise by around 3% q-o-q on the back of steady demand and limited supply, with other main streets remaining stable.

ECONOMIC INDICATORS

	2017	2018	2019 Forecast
GDP Growth	7.2%	6.8%	7.0%
CPI Growth	3.6%	3.5%	3.4%
Consumer spending	7.4%	8.1%	7.1%
Govt. Final Expenditure Growth	14.2%	9.2%	15.0%

Source: Oxford Economics, Central Statistics Office

MALL SUPPLY/ VACANCY



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PRIME RETAIL RENTS – MAIN STREETS	INR SF/MTH	EURO SF/YR	US\$ SF/YR	Q-O-Q CHANGE	Y-O-Y CHANGE
C.G. Road	160	24	28	3.23%	3.23%
Law Garden	120	18	21	0.0%	0.0%
Satellite Road	150	23	26	0.0%	0.0%
Maninagar	145	22	25	0.0%	0.0%
Prahladnagar	148	22	26	0.0%	2.07%
S.G. Highway	117	18	20	0.0%	1.74%
PRIME RETAIL RENTS - MALLS	INR SF/MTH	EURO SF/YR	US\$ SF/YR	Q-O-Q CHANGE	Y-O-Y CHANGE
Vastrapur	170	26	29	3.03%	3.03%
S.G. Highway	115	17	20	0.0%	4.55%
Drive-in Road	99	15	17	0.0%	4.21%
Kankaria Lake	67	10	12	0.0%	3.08%

*Note: Asking rent (INR/sf/month) on carpet area of
ground floor Vanilla stores is quoted
US\$ = INR 69.55 AND € = INR 79.10*

SIGNIFICANT LEASING TRANSACTIONS

PROPERTY	LOCATION	TENANT	SF
CG Square Mall	Navrangpura	Marks & Spencer	15,000
ISCON Emporio	Satellite Rd.	H&M	15,000
Palladium Business Hub	New CG Road	Pantaloons	12,000

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