

MARKETBEATS

0.45msfNEW MALL SUPPLY
(Q2 2019)**4-6 %**QOQ GROWTH, MAIN STREET RENTS
IN JUBILEE HILLS, HIMAYATHNAGAR,
BANJARA HILLS**1.3 msf**UPCOMING MALL SUPPLY
(H2 2019)

**WHAT'S
NEXT**

HIGHLIGHTS

Strong leasing activity in malls and main streets

Robust leasing activity has continued both across malls and main streets during the quarter. GSM mall, with a total area of 450,000 sf. became operational in Madinaguda with near full occupancy levels indicating an ongoing demand for quality mall space. Brands are snapping up space options in larger malls as vacancies are tightening. Some of the key mall transactions during the quarter include Ski Capital, Hamleys, Taco Bell and Oppo etc. Besides malls, the city continued to demonstrate a strong main street culture as well, largely driven by fast fashion and apparel brands. Retailers in these categories have shown an interest to expand towards the underserved areas of Kothapet, LB Nagar and Vanasthalipuram. Some recent examples include Brand Factory, Westside, Mangalyam and Max etc. Going forward, areas such as Kondapur, Kothapet, Vanasthalipuram and Nallagandla etc. are likely to attract retailer activity on account of availability of quality high street retail supply even as they become strong residential catchments. Similarly, we anticipate increased leasing in malls as nearly 1.3 msf of new supply is expected in the areas such as Gachibowli, Malakpet, Miyapur and Kukatpally over the next two quarters, providing more options for retailers.

International brands continue to favour the city

Q2 2019 saw international brands such as Owndays, Ximi Vogue, MG Motors, Taneira etc. entering the city. Premium smartphone maker, One Plus has leased 16,000 sf in Himayathnagar to set up its largest experience store in the country. Oppo has also launched its first flagship store in South Asia in Sarath City Capital during the quarter. Luxury Italian automotive brand Ducati has opened a 10,000 sf. showroom in Banjara Hills. Meanwhile, popular brands such as Pantaloons, Reliance, Nykaa, Cult fit are actively exploring options to expand their footprint in the city.

Rental growth in select main streets

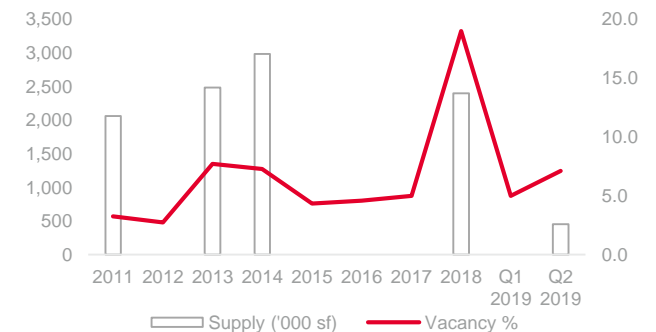
Rental in Himayathnagar high street have increased by 6% q-o-q due to a robust demand and tight vacancies. With completion of metro corridor, provision of bigger setbacks and ample parking in newer properties, demand for smaller but quality retail spaces has increased in the main streets of Banjara Hills and Jubilee Hills over the last 2-3 quarters. As such, high street rentals have gone up by 3-4% during the quarter. Mall rents have remained stable and are expected to be range-bound at least for the next 6-9 months.

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



Source: Cushman & Wakefield Research

Rohan Sharma

Director
Research Services, India
Tel: +91 124 4695555
Rohan.Sharma1@cushwake.com

PRIME RETAIL RENTS – MAIN STREETS	INR SF/MTH	EURO SF/YR	US\$ SF/YR	Q-O-Q CHANGE	Y-O-Y CHANGE
M.G. Road	120	18	21	0%	0%
S.P. Road/Begumpet	110	17	19	0%	0%
Raj Bhavan Road/Somajiguda	90	14	16	0%	0%
Banjara Hills	135	20	23	4%	4%
Abids	120	18	21	0%	0%
Himayathnagar	175	27	30	6%	6%
Punjagutta	180	27	31	0%	0%
Ameerpet	125	19	22	0%	0%
Jubilee Hills	135	20	23	4%	8%
Kukatpally NH.9	140	21	24	0%	0%
A.S. Rao Nagar	120	18	21	0%	0%
Madhapur	110	17	19	0%	10%
PRIME RETAIL RENTS - MALLS	INR SF/MTH	EURO SF/YR	US\$ SF/YR	Q-O-Q CHANGE	Y-O-Y CHANGE
NTR Gardens	100	15	17	0%	0%
Himayathnagar	150	23	26	0%	0%
Banjara Hills	260	39	45	0%	0%
Madhapur	235	36	41	0%	0%
Panjagutta	140	21	24	0%	0%
Somajiguda	120	18	21	0%	0%
Kukatpally	180	27	31	0%	0%

*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
Main Street	Kothapet	Brand Factory	40,000
Sarath City Capital Mall	Kondapur	Ski Capital	35,000

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	LOCATION	SF	COMPLETION
North City Mall	Kompally	200,000	Q4 2019

A Cushman & Wakefield
Research Publication

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

www.cushmanwakefield.com