

# MARKETBEAT



**3.4 MSF**

MALL INVENTORY

**27%**

MALL VACANCY

**1.35%**

Q-O-Q RENTAL GROWTH IN PRAHLAD NAGAR SUBMARKET

WHAT'S NEXT

## HIGHLIGHTS

### Demand polarization impacting mall performance

Poorly managed and strata-titled malls have been under-performing and facing challenges of retailer exits and virtually non-existent footfalls. Unless a major overhaul is planned, these malls are unlikely to be turned around and in the current context do not fit into the Grade A retail mall definitions. Such malls have been withdrawn from the retail stock which has prompted a change in city's retail stock and mall vacancy levels. Retailers have been exploring mixed-use properties more than the average malls for their store expansion. A recent exception to this was Decathlon's mega store on CG Road. Other than that, there were no significant transactions in malls during the quarter. Brands planning for large retail formats can easily acquire half or an entire floor plate at the current mall vacancy levels. The limited upcoming quality retail supply is also likely to be a key factor for retailer activity for the next few quarters.

### SG Highway leads main street leasing

Significant retail space was added in the form of a mixed-use retail park along the SG Highway, offering brands a good alternative for main streets of Prahlad Nagar, Bopal-Ambli Road, Bodakdev & Thaltej circle. Although there was a lower quantum of leasing activity compared to the previous quarter, yet main streets remained the bigger draw for retailers with prominent malls already at peak occupancy levels. While Starbucks marked its entry in the city during the quarter, F&B, apparel & accessories were the dominant retailer categories active during the quarter.

### Rents largely stable

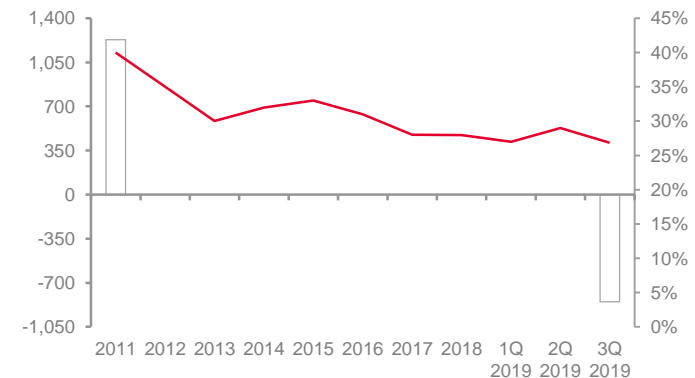
Mall rents were largely stable, except Alpha One (2-3% q-o-q growth), which commands the highest rents on account of its high occupancy and footfalls. High street rents were also stable, except Prahlad Nagar, which saw a marginal rise on a q-o-q basis.

### ECONOMIC INDICATORS

	2017	2018	2019 Forecast
GDP Growth	7.2%	6.8%	6.1%
CPI Growth	3.6%	3.5%	3.4%
Consumer spending	7.4%	8.1%	5.5%
Govt. Final Expenditure Growth	14.2%	9.2%	6.0%

Source: Oxford Economics, RBI, Central Statistics Office

### MALL SUPPLY/ VACANCY



Supply ('000 sf)

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	25	27	0.0%	3.23%
Law Garden	120	19	20	0.0%	0.0%
Satellite Road	150	23	25	0.0%	0.0%
Maninagar	145	22	25	0.0%	0.0%
Prahladnagar	150	23	25	1.35%	3.45%
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	0.0%	3.03%
S.G. Highway	115	18	19	0.0%	4.55%
Drive-in Road	99	15	17	0.0%	4.21%
Kankaria Lake	67	10	11	0.0%	3.08%

*Note: Asking rent (INR/sf/month) on carpet area of ground floor Vanilla stores is quoted  
 US\$ = INR 70.79 AND € = INR 77.81*

### SIGNIFICANT LEASING TRANSACTIONS

PROPERTY	LOCATION	TENANT	SF
CG Square Mall	Navrangpura	Decathlon	15,000
100 Feet Road	Prahlad Nagar	Starbucks	2,000
Uniza	SG Highway	Starbucks	2,000

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