

DELHI NCR

Retail Q4 2019



25.95 msf MALL INVENTORY (2019)

15.6% MALL VACANCY (2019)

1.65 msf UPCOMING MALL SUPPLY (2020 – 21)

Retail leasing in Q4 imparts a strong finish to 2019

The fourth quarter recorded leasing volumes of 1.79 msf across both malls and main streets in Delhi NCR, taking the annual leasing numbers to 3.24 msf. Apparel and lifestyle segments were the active retailer categories during the quarter. Brands including Marks & Spencer, Louis Philippe, Central, Lifestyle, Max, Biba, Pantaloons and American Eagle leased spaces in Q4, expanding their presence in the city's malls. Prominent malls are operating at near 99-100% occupancy levels and most transactions in them were a result of retailer churn. Prominent among those in Q4 were Zara, Miniso, Charles & Keith in key malls including Ambience Mall, Gurugram and DLF Promenade. The annual leasing activity was also headlined by large space take-ups by Uniqlo, Shoppers Stop, Lifestyle, Decathlon and Big Bazaar apart from the spaces leased by PVR, Cinopolis and Inox in new completions. Space take-up by the F&B segment continued to remain robust, with highlights being international bakeries like Singapore's BreadTalk, French L'Opera and Paul French Bakery expanding during the year. NCR remains one of the foremost gateway cities for brands entering India with global brands across the fast fashion, lifestyle and F&B formats being the most active through the year.

New completions recorded in underserved retail markets, rents hold their ground

Delhi NCR recorded 0.95 msf of new completions across two malls in Dwarka, Asia's largest planned sub-city, which so far had no operational retail malls. Retail space was also added in Gurugram, taking Delhi NCR's overall mall inventory to 25.95 msf by end-2019. All new supply additions, recorded healthy leasing activity and achieving average occupancy levels of 75-80%. The city's overall vacancy declined by 240 bps q-o-q to 15.6% with most quality malls operating on 95-99% occupancy levels. While 3.2 msf of new malls are scheduled for completion in Gurugram and Noida over the next three years, the trend of retail space in office complexes is also catching up with 1.9 msf coming up as part of such projects over this period. With rents in prime malls already at high levels, overall rental values were largely unchanged in the quarter. There is likelihood of a slight increase in rents over the next year, largely driven by superior grade malls where retailer churn shall occur at higher than prevailing rental range.

Omni-channel retailing continues to thrive in the city

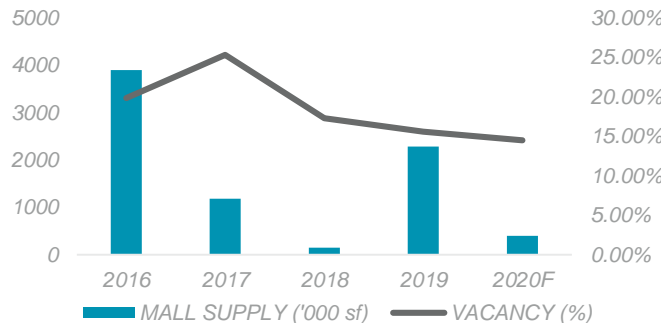
Several retailers with a prominent online presence continued to open their brick-and-mortar stores in Delhi NCR during 2019, exhibiting a healthy co-existence of omni-channel retail formats. Brands like Nyka, Caratlane, Lenskart, Cashify, and Cars24 opened multiple stores in both malls and main streets during the year, with the trend expected to continue in the subsequent quarters.

ECONOMIC INDICATORS Q4 2019

	2018	2019	2020 Forecast
GDP Growth	6.8%	5.0%	5.5%
CPI Growth	3.5%	7.3%	4.5%
Consumer Spending	8.1%	5.5%	7.0%
Govt. Final Expenditure Growth	9.2%	15.0%	14.0%

Source: Oxford Economics, Central Statistics Office, IMF, RBI

MALL SUPPLY / VACANCY



CATEGORY-WISE STOCK / VACANCY



MARKET STATISTICS

PRIME RETAIL RENTS – MAIN STREETS	INR SF/MTH	EURO SF/YR	US\$ SF/YR	Q-O-Q CHANGE	Y-O-Y CHANGE
Khan Market	1,400	213	236	0%	3.7%
South Extension I & II	700	106	118	0%	0%
Lajpat Nagar	250	38	42	0%	0%
Connaught Place	1,050	160	177	0%	0%
Greater Kailash I, M Block	375	57	63	0%	0%
Rajouri Garden	225	34	38	0%	0%
Punjabi Bagh	225	34	38	0%	0%
Karol Bagh	385	59	65	0%	0%
Kamla Nagar	380	58	64	0%	0%
DLF Galleria (Gurugram)	675	103	114	0%	0%
Sector 29 (Gurugram)	235	36	40	0%	0%
Sector 18 (Noida)	250	38	42	0%	0%

PRIME RETAIL RENTS – MALLS	INR SF/MTH	EURO SF/YR	US\$ SF/YR	Q-O-Q CHANGE	Y-O-Y CHANGE
South Delhi	600	91	101	0%	0%
West Delhi	325	49	55	0%	0%
Gurugram	350	53	59	0%	0%
Noida	250	38	42	0%	0%
Greater Noida	125	19	21	0%	0%
Ghaziabad	200	30	34	0%	0%

*Note: Asking rent (INR/sf/month) on carpet area of ground floor Vanilla stores is quoted
 US\$ = INR 71.26 € = INR 78.92

SIGNIFICANT LEASING TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Vegas Mall	Dwarka	PVR Superplex	100,000	Lease
Gaur City Mall	Greater Noida (West)	Shoppers Stop	68,500	Lease
Pacific Mall	Dwarka	Lifestyle	30,000	Lease

SIGNIFICANT PROJECTS UNDER CONSTRUCTIONS

PROPERTY	SUBMARKET	SF	COMPLETION DATE
IREO Grand Hyatt Retail	Gurugram	300,000	Q2 2020
Signature Global Mall	Ghaziabad	100,000	Q4 2020

Rohan Sharma

Director, Research Services

+91 124 4695555 /rohan.sharma1@cushwake.com

Kapil Kanala

Associate Director, Research Services

+91 40 40405555 /kapil.kanala@ap.cushwake.com

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