

AHMEDABAD

Retail Q1 2020

27.96% MALL VACANCY

3.45 msf MALL INVENTORY

1.35% PRAHLAD NAGAR RENT INCREASE Y-O-Y

Mall vacancy declines amid fresh retailer activity in Q1 before the COVID-19 spread

Mall vacancy declined by 96 bps q-o-q to 27.9%, with retailer activity seen in Mondeal retail Park and Alpha One, as well as in some average malls which have considerable vacant spaces. An instance was of Asia Hypermarket occupying space previously vacated by Big Bazaar in Himalaya Mall. There were also some retailer exits noted during the quarter, particularly in Reliance Iscon Megamall which partially nullified the leasing activity during the quarter. Alpha One largely saw retailer activity in the form of churn during this quarter too, and continues to be favoured by new retail entrants into the city, such as Fossil, Rosso Burnello and Tommy Hilfiger in the apparel category and Taco Bell in F&B, which were the key transactions record in the city in Q1. Brands planning for large retail formats have options available in mixed-use buildings as well as acquisition of entire floors based on current mall vacancy levels. In the wake of the COVID-19 pandemic, retailer activity is expected to be slow in the coming quarters as they wait for normal operations to resume and business to recover slowly once the lockdown is lifted.

Main street leasing rising with availability of quality space in mixed-use building

Mixed use retail spaces are more favoured by retailers specially if available in Grade A office buildings located at key city junctions and prominent business locations. This is quite evident in the quantum of new space take-up recorded in such developments. Retailers have shown interest in the new supply added in the form of mixed-use retail parks in peripheral markets such as Motera in North & Vasana in South and some along the SG Highway apart from existing ones in Prahlad Nagar, Bopal-Ambli Road, Bodakdev & Thaltej Circle. As a result, healthy retailer activity was recorded in Q1 2020 as well. As per prevailing trends, apparel brands were the dominant retailer category in space take-up, with brands such as Ritu Kumar, Bohemian taking space in Privilon, Manyavar in Ratnakar Nine Square and William Hazilt in North Plaza. F&B retailers and those in the health and fitness category especially salons and spas were the next big retailer categories active during the quarter.

Rental stability reigns

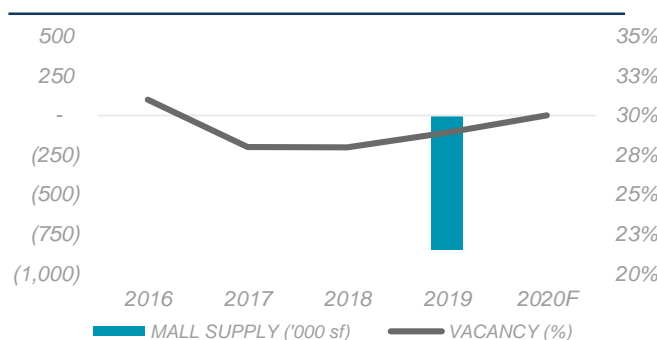
Rents in malls as well as mixed-use retail projects remained range-bound with retailers enjoying greater negotiating power with sufficient supply available in the market. We expect that rents may come under slight stress for such properties amid and in the aftermath of the lockdown due to the COVID-19 outbreak. Although few deals were signed and stores opened during Q1 we expect that the quantum of new space take-up will be subdued in the coming quarter, at least till May-June 2020 in the short-term.

ECONOMIC INDICATORS Q1 2020

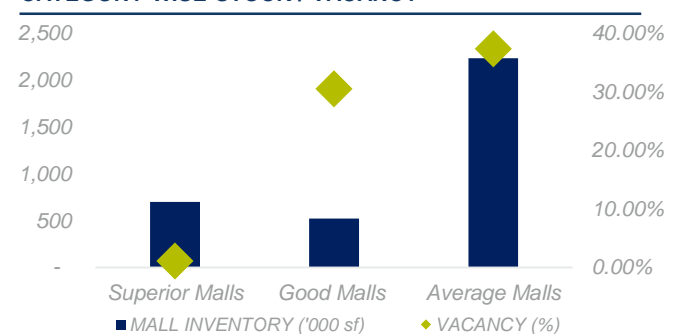
	2019	2020	2021 Forecast
GDP Growth	4.5%	2.5%	5.2%
CPI Growth	3.4%	4.1%	4.2%
Consumer Spending	5.0%	4.5%	6.3%
Govt. Final Expenditure Growth	13.5%	14.2%	12.8%

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
C.G. Road	160	23	25	0.0%	3.23%
Law Garden	120	18	19	0.0%	0.0%
Satellite Road	150	22	24	0.0%	0.0%
Maninagar	145	21	23	0.0%	0.0%
Prahladnagar	150	22	24	0.0%	1.35%
S.G. Highway	117	17	18	0.0%	0.0%
PRIME RETAIL RENTS - MALLS	INR SF/MTH	EURO SF/YR	US\$ SF/YR	Q-O-Q CHANGE	Y-O-Y CHANGE
Vastrapur	175	26	28	0.00%	6.06%
S.G. Highway	115	17	18	0.00%	0.00%
Drive-in Road	99	15	16	0.00%	0.00%
Kankaria Lake	67	10	11	0.00%	0.00%

Note: Asking rent (INR/sf/month) on carpet area of ground floor Vanilla stores is quoted
 US\$ = INR 76.30 AND € = INR 81.85

SIGNIFICANT LEASING TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Himalya Mall	Vastrapur	Asia Hypermarket	25,000	Lease
Jaihind	SG Highway	Peaceful Buddha SPA	7,750	Lease
North Plaza	Motera	Astha Prime Raymond	6,600	Lease
Westgate D Block	SG Highway	Kia Motor	6,500	Lease
Alpha One Mall	Vastrapur	Tacobell	4,500	Lease

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	SF	COMPLETION
Phoenix Mall	S G Highway	900,000	2021

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