

DELHI NCR

Retail Q1 2020



26.45 msf MALL INVENTORY (Q1 2020)

16.4% MALL VACANCY (Q1 2020)

0.6 msf UPCOMING MALL SUPPLY (2020 – 21)

Robust retailer activity in Q1

The first quarter of 2020 recorded leasing volumes of 0.66 msf across malls and 0.12 msf in main streets in Delhi NCR with retailer churn as well as fresh space take-up driving demand. Apparel and lifestyle, and jewellery segments were the active retailer categories during the quarter along with department stores. Brands including Marks & Spencer, American Eagle, Hush Puppies, Tanishq (DLF Avenue Saket), Emporio Armani (Select City Walk), Lifestyle (Airia Mall), Tiffany & Co. (The Chanakya) leased spaces in Q1. Prominent malls with tight vacancy levels continued to attract both international and domestic retailers through churn activity. However, retail space take-up is expected to remain muted in the coming quarters as retailers focus on resuming normal operations and control costs that have taken a hit due to mall closures during the country-wide lockdown. Retailers might also revisit expansion plans as they re-align business operations after assessing the impact of COVID-19 on revenue streams which are currently closed. Some big retailers are keeping negotiations on hold but their growth plans remain active as they wait out the lockdown. We expect that hypermarkets / gourmet formats and department stores shall pick up space requirements once they see the recovery phase, while F&B may be the most impacted in terms of future activity for the short term.

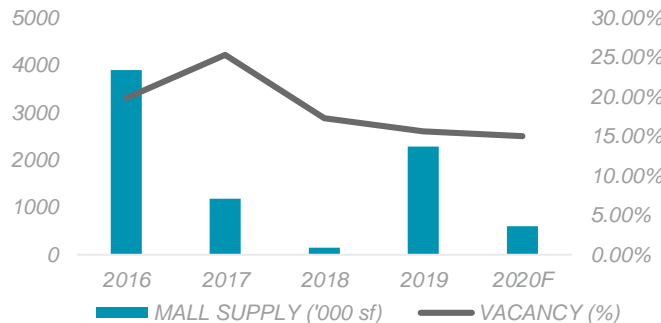
New mall supply added with healthy retailer occupancy levels

Delhi NCR recorded a new mall completion of 0.5 msf in Gurgaon during the first quarter, taking the city's overall mall inventory to 26.45 msf. Apart from this space addition, the quarter also saw refurbishment of another prominent mall in South Delhi which opened with high occupancy levels. The city's overall vacancy rose marginally by 79 bps q-o-q to 16.4%, with the healthy space take-up keeping vacancy in check. The prevailing market uncertainty due to COVID-19 is likely to defer some portion of the supply pipeline which was planned for 2020 as construction activity will take time to resume amidst labour and material shortage along with expected delays on account of obtaining occupancy certificates. The city is likely to see a limited supply addition of 0.1 msf by end of 2020 in Ghaziabad, while another project slated for completion in Gurugram is expected to be deferred to the next year.

Market rents are unchanged

Overall market rents for both malls and main streets remained unchanged during the quarter. The trend is expected to continue over the upcoming quarters, even as retailers negotiate for rent abatements during the lockdown and rework rental agreements to ensure preparedness for such future events.

MALL SUPPLY / VACANCY



CATEGORY-WISE STOCK / VACANCY



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

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	205	220	0%	3.7%
South Extension I & II	700	103	110	0%	0%
Lajpat Nagar	250	37	39	0%	0%
Connaught Place	1,050	154	165	0%	0%
Greater Kailash I, M Block	375	55	59	0%	0%
Rajouri Garden	225	33	35	0%	0%
Punjabi Bagh	225	33	35	0%	0%
Karol Bagh	385	56	61	0%	0%
Kamla Nagar	380	56	60	0%	0%
DLF Galleria (Gurugram)	675	99	106	0%	0%
Sector 29 (Gurugram)	235	34	37	0%	0%
Sector 18 (Noida)	250	37	39	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	88	94	0%	0%
West Delhi	325	48	51	0%	0%
Gurugram	350	51	55	0%	0%
Noida	250	37	39	0%	0%
Greater Noida	125	18	20	0%	0%
Ghaziabad	200	29	31	0%	0%

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

SIGNIFICANT LEASING TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Airia Mall	Gurugram	Cinopolis	55,000	Lease
The Chanakya	Delhi	Tiffany & Co.	2,600	Lease
Bharti Worldmark	Gurugram	Apple	1,500	Lease

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	SF	COMPLETION
IREO Grand Hyatt Retail	Gurugram	300,000	Q1 2021
Signature Global Mall	Ghaziabad	100,000	Q4 2020

SIGNIFICANT PROJECTS COMPLETIONS

PROPERTY	LOCATION	SF	COMPLETION DATE
Airia Mall	Sohna Road, Gurgaon	500,000	Q1 2020

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