

5.94% MALL VACANCY RATE (Q1 2020)

0.28 msf UPCOMING MALL SUPPLY (2020)

4.71 msf MALL INVENTORY (Q1 2020)

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

Tight vacancies prevail in premium malls; main streets more active

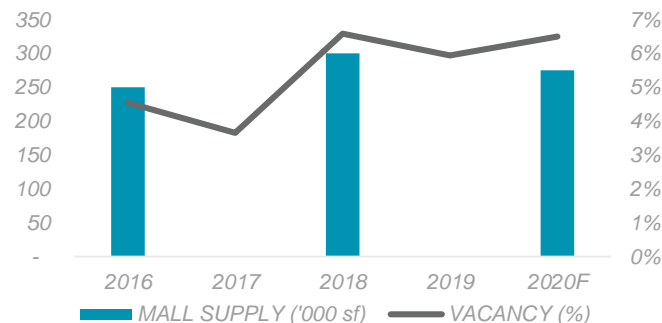
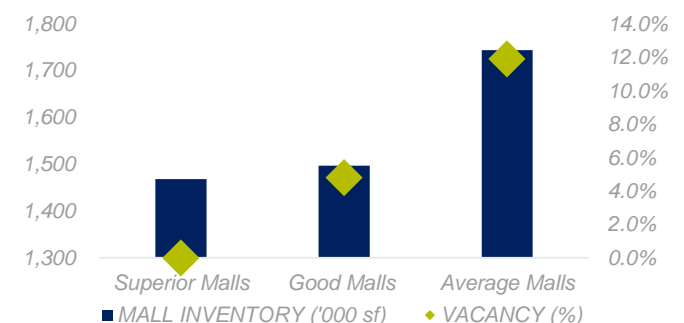
Superior grade malls running at almost full occupancy levels, no new malls getting completed during the quarter, low retailer interest for next-in-line malls and increased traction in the existing and emerging main streets, resulted in overall vacancy in Kolkata malls remaining unchanged at 5.94% in Q1. Kolkata's mall inventory is 4.71 msf and while tightening of vacancies in quality malls may have impacted the overall traction in city's organised retail space, but has contributed extensively to the increased leasing activity in main streets over the last few quarters, with Q1 2020 being no exception. However, superior malls like Acropolis, South City and Quest Mall with almost nil vacancy levels are in constant demand among retailers who are keen to explore spaces which might have been vacated by other brands in these quality malls. In the current situation, while COVID-19 pandemic is expected to have an impact on the retail leasing activity, it might also cause subsequent delays in project completion (of around 0.28 msf) and few mall announcements that were in the pipeline. Upon business openings and lifting of lockdown restrictions, low vacancy in malls and postponement of new projects may push more activity to high streets. However, retailers remain focused on mitigating losses and controlling costs while looking forward to return to normal operations. A demand deferment over the next 2-3 quarters is likely amid expected economic headwinds with recovery and restoration of normal business more critical factors for retailers.

Emerging main streets in city peripheral areas

High rentals and lack of available space in existing and prominent main streets like Park Street/Camac Street, Elgin Road, Gariahat and Hatibagan among others have opened up avenues for newer locations in the peripheral corridors which are currently attracting several retailers across categories. While these emerging main streets in the suburban areas like Narendrapur, Howrah, Sodepur, Madhyamgram are primarily attracting large format hypermarkets and departmental stores like Reliance Mart, More and Spencer's on the back of land availability in these locations, the ones in the closer peripheries of the city like Rajarhat/New Town, Dunlop, Garia are attracting medium and smaller retailers across F&B, Fashion & Apparel and Consumer Electronics categories. Prominent retailers taking up medium to large space formats in these emerging locations during the quarter included Croma, Starbucks, Tanishq among others.

Rents remain unchanged

With leasing activity in the malls and main streets of the city being sluggish this quarter, lease rentals were unchanged on a q-o-q basis. Though we were expecting the city rents to witness some appreciation in the medium term on the back of increasing retailer interest, lack of space in quality malls and moderate addition in supply, however, with the current impact of the COVID-19 outbreak, rents are likely to stagnate as retailers might demand rent deferment during the lockdown period plus over the next 1-2 quarters and renegotiate rental agreements till business operations are normalised.

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
Park Street (CBD)	550	81	87	0%	10%
Camac Street (CBD)	450	66	71	0%	0%
Lindsay Street (CBD)	450	66	71	0%	0%
Elgin Road (CBD)	325	48	51	0%	0%
Theatre Road (CBD)	230	34	36	0%	0%
Gariahat (South)	250	37	39	0%	0%
Shyambazar (North)	160	23	25	0%	0%
Hatibagan (North)	160	23	25	0%	0%
Kankurgachi (North East)	210	31	33	0%	5%
VIP Road (North East)	150	22	24	0%	0%
PRIME RETAIL RENTS – MALLS	INR SF/MTH	EURO SF/YR	US\$ SF/YR	Q-O-Q CHANGE	Y-O-Y CHANGE
South Kolkata	440	65	69	4%	10%
East Kolkata	415	61	65	0%	4%
Rajarhat/New Town	130	19	20	0%	4%
Elgin Road	525	77	83	0%	-5%
Howrah	210	31	33	0%	-7%
Park Circus	600	88	94	0%	0%

Note: Asking rent (INR/sf/month) on carpet area of ground floor Vanilla stores is quoted
 US\$ 1 = INR 76.30, € 1 = INR 81.85

SIGNIFICANT LEASING TRANSACTIONS Q1 2020

PROPERTY	LOCATION	TENANT	SF
Main Street	Elgin Road	Airtel	720
Main Street	Rajarhat	Croma	9,000
Main Street	New Town	Tanishq	3,500
Main Street	New Town	Starbucks	2,000
Main Street	Alipore	Spencer's	2,300

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	LOCATION	SF	COMPLETION
Genexx Square	Joka	275,000	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

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.

©2020 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.

cushmanwakefield.com