

9.4% MALL VACANCY IN Q1 2020

2.2 msf MALL SUPPLY EXPECTED BY 2021

3.3% Y-O-Y GROWTH IN MALL RENTS IN THANE

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

New mall supply added after nearly three years in Mumbai Retail market

The Mumbai retail sector witnessed completion of a mall development after nearly three years in Q1 2020, with Phase II of Seawoods Grand Central becoming operational with nearly 95% occupancy levels. The overall retail leasing activity across the city's malls in Q1 was largely healthy, driven mainly by term renewals of major brands in select malls and fresh leasing in the newly operational mall. The Apparel & Footwear category had a 30% share of leasing in Q1, followed by the F&B segment with a 27% share. Nearly 82% of the leasing recorded by the F&B segment during the quarter was on account of the Seawoods Grand Central Phase II.

The overall mall vacancy has dropped to a time low to 9.4%, a q-o-q decline of 140 bps. Superior grade malls had near 100% occupancy levels with just 0.6% vacancy, while the average malls continue to struggle with average vacancy levels at 24%, which is pushing the overall city level vacancy up. Apparel, F&B and Consumer Electronics brands were the most active during the quarter. Major retail mall transactions during the quarter included Reliance Digital, Reliance Trends and Ethinix at Infiniti Mall, Malad, Miniso at Oberoi Mall, Goregaon and Mr. DIY a Malaysian Brand which marked its entry in to India with multiple stores across Phoenix Marketcity, Kurla, Viviana Mall, Thane and Infinity Mall, Malad. In the wake of the COVID pandemic outbreak and subsequent mall and business shutdowns, the retail segment has been greatly disrupted. We expect the overall leasing activity to become sluggish over the next 1-2 quarters as retailers consider loss mitigation and cost control even as they look to bring back existing stores to working capacity in the post-recovery phase while putting expansion activity on hold.

Muted main street leasing

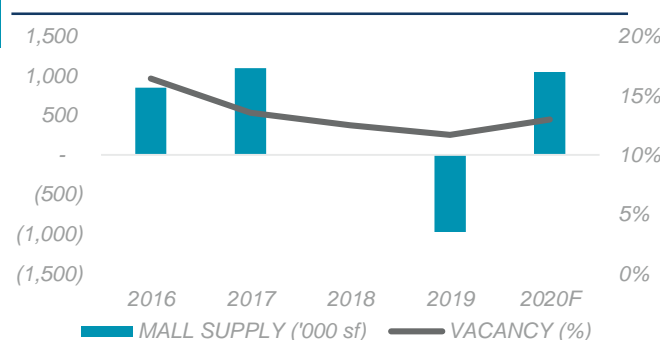
The main street leasing was largely muted in the first quarter of 2020. Retailers from the F&B and Wellness & fitness segments were the most active in main street leasing. The main streets of Fort, Andheri, Bandra and Thane recorded some major main street transactions in Q1, including Arbor taking up 7,000 sf and Brewbot leasing 2,800 sf in Andheri West, Tanishq leasing 5,000 sf, Cultfit taking up 4,000 sf in Bandra and Diva Yoga leasing 2,500 sf in Andheri West. Main street leasing is also expected to take a hit over the next 1-2 quarters as retail establishments are currently focused on getting back to normal business operations and manage their costs.

Rents remained stable; anticipated to remain at same levels in near future

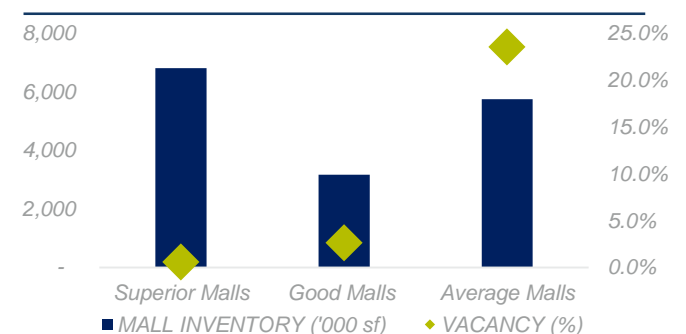
On a q-o-q basis, rents across retail malls and main streets were unchanged during the quarter. On yearly basis, select mall locations like Thane, Goregaon and Lower Parel have already seen rent growth of 1-3% on average, driven by the negligible vacancies in prime malls and continued retailer demand.

Amidst the uncertainty in the retail market, quoted rents across all major malls and main streets are likely to remain stable in the near future.

MALL SUPPLY / VACANCY



CATEGORY-WISE STOCK / VACANCY





Retail Q1 2020

MARKET STATISTICS

PRIME RETAIL RENTS – MAIN STREETS	INR SF/MTH	EURO SF/YR	US\$ SF/YR	Q-O-Q CHANGE	Y-O-Y CHANGE
Linking Road	800	117	126	0.0%	2.6%
Kemps Corner / Breach Candy	430	63	68	0.0%	0.0%
Colaba Causeway	600	88	94	0.0%	-4.0%
Fort Fountain	400	59	63	0.0%	2.6%
Lokhandwala Andheri	400	59	63	0.0%	0.0%
Borivali LT Road	400	59	63	0.0%	0.0%
Chembur	390	57	61	0.0%	0.0%
Vashi	360	53	57	0.0%	0.0%
Thane	260	38	41	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
Lower Parel	890	130	140	1.1%	1.1%
Link Road – Andheri West	410	60	64	0.0%	0.0%
Malad	470	69	74	0.0%	0.0%
Goregaon	525	77	83	2.9%	7.1%
Kandivali	200	29	31	0.0%	0.0%
Kurla	180	26	28	0.0%	0.0%
Ghatkopar	260	38	41	0.0%	0.0%
Bhandup – Mulund	125	18	20	0.0%	0.0%
Vashi – Seawoods	360	53	57	0.0%	2.9%
Thane	310	45	49	0.0%	3.3%

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
Infiniti Mall	Malad	Reliance Digital	15,803	Term Renewal
Viviana Mall	Thane	Mr. DIY	6,500	Fresh Lease
Phoenix Marketcity Mall	Kurla	Mr. DIY	5,052	Fresh Lease
Oberoi Mall	Goregaon	Miniso	1,750	Fresh Lease

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	LOCATION	SF	COMPLETION DATE
Jio World Drive	BKC	450,000	Q4 2020
Jio World Plaza	BKC	475,000	Q1 2021
Oberoi Sky City Mall	Borivali East	1,000,000	Q4 2021

SIGNIFICANT PROJECTS COMPLETIONS

PROPERTY	LOCATION	SF	COMPLETION DATE
Seawoods Grand Central – Phase II	Seawoods, Navi Mumbai	300,000	Q1 2020

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