

7.5% MALL VACANCY (Q1 2020)

7.1 msf MALL INVENTORY (Q1 2020)

1.4 msf UPCOMING SUPPLY TILL 2022

Apparel & Electronic segments drive Q1 leasing

The city continued to witness a healthy amount of main street leasing activity, mainly concentrated in peripheral locations like Pimple Saudagar, Katraj & Hinjewadi, driven by the apparel, electronics & hypermarket segments. The quarter also saw domestic retailers in the F&B, electronics and apparel segments actively exploring opportunities in emerging residential catchments like Wagholi, Chikhali, Moshi, Ambegaon, Undri etc. Key transactions concluded during the quarter were Reliance Trends & Reliance Smart at Pimple Saudagar & Croma at Katraj. Due to COVID-19 outbreak, the Global Highstreet Mall which was anticipated to be operational during the first quarter has got deferred to the second half of the year.

The overall mall vacancy was stable at 7.5%, on account of limited leasing activity in retail malls. Rentals across key malls and main streets remained range-bound during the quarter.

F&B retailers continue to remain cautious on expansion

Over the last few quarters, the F&B retailers have continued to remain cautious with their expansion plans in Pune. The QSR formats have restricted their focus on select commercial locations like Hinjewadi, Kharadi, Yerwada etc, while the fine-dine restaurants continue to focus on residential catchments like Pimple Saudagar, Wakad, Aundh, Baner, Balewadi etc. Key transactions in the F&B segment concluded during the quarter include Yana Sizzlers at FC Road.

In the current lockdown situation and an evolving scenario, we expect demand for F&B segment to be the most impacted over the next few quarters, as consumers are likely to avoid travel and crowded places in the post-lockdown days in initial days.

Leasing to be sluggish in Q2

We expect retail leasing to remain slow in the short-term, and most ongoing transactions currently put on temporary hold, before picking up in the second half of the year. Large retailers are expected to defer their space take-up in the short-term, while they address the more immediate impacts to their business. We expect future retail demand to be largely driven by apparel & electronics segments as well as by hypermarkets in peripheral residential catchments like Wagholi, Ambegaon, Chikhali, Moshi, NIBM-Undri & Dhanori when retailers are ready.

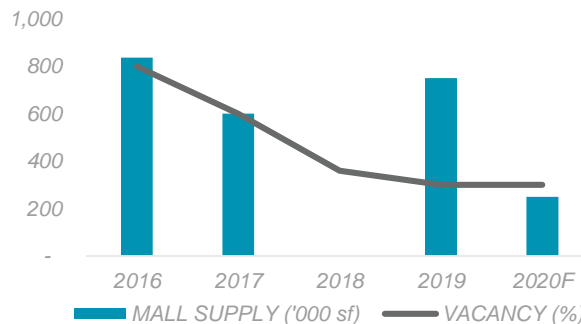
Mall rentals are expected to remain stable over the remainder of the year, due to tight vacancies & limited supply pipeline (0.3 msf till 2020). For main streets, we expect rentals to remain stable for vanilla format retail, while large format retail may witness a marginal correction over the next few quarters. Retailers are using the opportunity to ask for rent deferments and shall use the learnings to rework their rental agreements going forward.

ECONOMIC INDICATORS Q1 2020

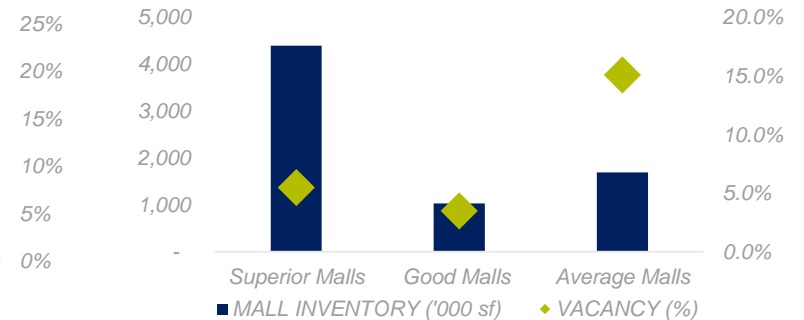
	2019	2020	2021 Forecast
GDP Growth	4.5%	2.5%	5.2%
CPI Growth	3.4%	4.1%	4.2%
Consumer Spending	5.0%	4.5%	6.3%
Govt. Final Expenditure Growth	13.5%	14.2%	12.8%

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
M.G. Road	350	51	55	0%	0%
J.M. Road	370	54	58	0%	0%
F.C. Road	275	40	43	0%	0%
Koregaon Park	150	22	24	0%	0%
Aundh	180	26	28	0%	0%
Bund Garden Rd	150	22	24	0%	0%
Mumbai-Pune Highway – PCMC	120	18	19	0%	0%
Baner- Balewadi	170	25	27	0%	0%
Kothrud, Karve Road	160	23	25	0%	0%
Pune Satara Road	125	18	20	0%	0%
PRIME RETAIL RENTS – MALLS	INR SF/MTH	EURO SF/YR	US\$ SF/YR	Q-O-Q CHANGE	Y-O-Y CHANGE
Camp	215	32	34	0%	0%
Koregaon Park	135	20	21	0%	0%
Nagar Road	250	37	39	0%	0%
Hadapsar	180	26	28	0%	0%
PCMC	190	28	30	0%	0%
Aundh	250	37	39	0%	0%
S. B. Road	230	34	36	0%	0%

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
Main Street	Katraj	Croma	11,000	Expansion
Main Street	Pimple Saudagar	Reliance Trends	10,000	Expansion
Global Highstreet	Hinjewadi	FBB	8,100	Expansion

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	SELLER / BUYER	SF	COMPLETION
Phoenix Market City	Wakad	Phoenix Mills	1,100,000	Q1 2022
Global High Street	Hinjewadi	Global group	250,000	Q3 2020

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