

5.94% MALL VACANCY RATE (Q3 2020)

0.28 msf MALL SUPPLY DEFERRED TO 2021

4.71 msf MALL INVENTORY (Q3 2020)

ECONOMIC INDICATORS Q3 2020

	2019	2020	2021 Forecast
GDP Growth	4.2%	-5.8%	6.5%
CPI Growth	3.4%	4.5%	4.2%
Consumer Spending	5.0%	-5.2%	6.3%
Govt. Final Expenditure Growth	13.2%	12.8%	11.5%

Source: Oxford Economics, Central Statistics Office, IMF, RBI

Sluggish momentum in retail sales as retailers eye the festive season for some recovery

With continuing restrictions on F&B, Entertainment and Multiplexes, gymnasiums, salon, spa & wellness centres during the third quarter as well, the footfalls have been very limited (35-40% of pre-COVID levels) across malls and main streets, even though it has improved in comparison to the Q2 levels. Despite hypermarkets, consumer durables, electronics and other necessary/essential item stores witnessing a surge in demand from consumers, the rise in infection levels in the city has largely kept consumers home bound. However, the footfall conversion rates have been quite significant due to focused and largely need based shopping behaviour of consumers. Retailers/brands of varied scale and categories present across main streets and malls are however looking forward to the upcoming festive season, in the hopes of much higher sales, which might enable them to partially recover the revenue loss incurred over the last few months. The F&B segment comprising the small scale players and start-ups has been largely affected since March, but is also hopeful of a revival over the next 2 months. However, with cases increasing, a section of the consumers are likely to maintain restrictions on their movement even during the festive season. E-commerce sales, particularly for consumer durables and electronics goods, have been on the rise and similar trends are likely to be visible to a greater extent in the apparel and lifestyle product categories as well.

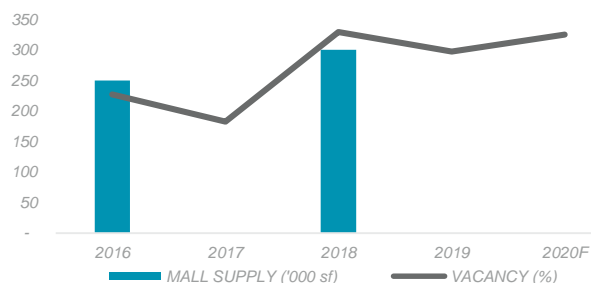
Limited retailer activity; virtual standstill on new space enquiries

Despite the relaxation in lockdown norms, like other cities, Kolkata's retail sector too has not seen much of revival in terms of retailer activity since majority of the brands/retailers across malls and main streets continue to be at status quo and have put their plans of store expansions on hold for the next 6-9 months. Exits have however been recorded with some of the smaller brands closing down their business, particularly in malls, on the back of higher rental expenditure. But with majority of the grade A mall developers being willing to hold back tenants through rent abatements, discounts and lease term reworkings and with a moderate degree of churn, the city level mall vacancy continues to remain unchanged during the quarter.

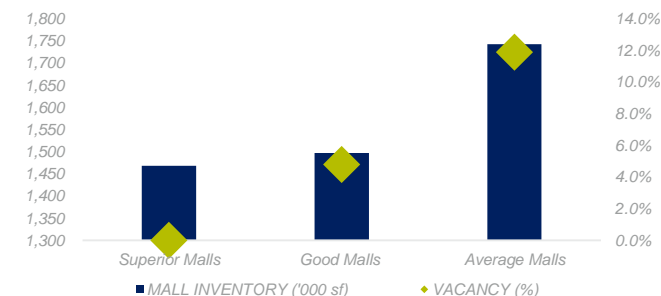
Rental renegotiations continue with prevailing market uncertainty

With lockdown restrictions in the city on pre-scheduled dates during the months of July-August, the retail market continued to struggle with rising uncertainty among stakeholders. Slow business volumes have pushed anchor and vanilla retailers to renegotiate for pure revenue share arrangements instead of fixed rentals and extended rent free/rent abatement periods. Landlords/developers though extending necessary support to retailers are willing to wait and watch for the situation to evolve, instead of offering further waivers and discounts. However, the scenario varies based on the negotiating power of both parties. Hypermarket brands have been witnessing a surge in consumer demand and those with active growth plans are pushing for a pure revenue share with 2-2.5% minimum guarantee (much lower than pre-COVID levels) on the back of their higher negotiating power. Landlords in prime high streets with limited availability are willing to wait for the market to revive, and are offering rental discounts of only 2-5% in case of new retailer enquiries. The suburban and peripheral markets which are experiencing low to negligible demand from retailers/brands continue to offer 10-15% discount on quoted rents, a trend which is likely to continue over the next 6-9 months till the market revives. Superior grade malls with tight vacancy levels have not been offering noticeable discount on quoted rentals, while in case of average ones, developers are willing to offer 8-10% discount, in order to ensure stable occupancy levels.

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)	485	67	79	-2%	-10%
Camac Street (CBD)	390	54	64	-3%	-13%
Lindsay Street (CBD)	390	54	64	-3%	-13%
Elgin Road (CBD)	270	38	44	-2%	-17%
Theatre Road (CBD)	195	27	32	-3%	-15%
Gariahat (South)	242	34	40	-3%	-3%
Shyambazar (North)	120	17	20	-14%	-25%
Hatibagan (North)	125	17	20	-11%	-22%
Kankurgachi (North East)	165	23	27	-11%	-21%
VIP Road (North East)	117	16	19	-10%	-22%
PRIME RETAIL RENTS – MALLS	INR SF/MTH	EURO SF/YR	US\$ SF/YR	Q-O-Q CHANGE**	Y-O-Y CHANGE
South Kolkata	440	61	72	0%	4%
East Kolkata	415	58	68	0%	0%
Rajarhat/New Town	130	18	21	0%	0%
Elgin Road	500	70	82	-5%	-5%
Howrah	190	26	31	-10%	-10%
Park Circus	600	83	98	0%	0%

Note: Asking rent (INR/sf/month) on carpet area of ground floor Vanilla stores is quoted
 US\$ 1 = INR 73.5, € 1 = INR 86.3

Note: The above mentioned discounted rentals being offered in main streets and average category malls is a limited period trend to support the retail business in times of sluggish demand. Even with a downward pressure on rentals, such measures are likely to be re-calibrated to normal levels when business scenario improves for the better. We shall continue to monitor the retail rental scenario in the coming quarters with focus on the prevailing transaction momentum in the market.

SIGNIFICANT LEASING TRANSACTIONS Q3 2020

PROPERTY	LOCATION	TENANT	SF
Acropolis Mall	Rajdanga Main Road	Skechers	1,400
Main Street	Naktala	Lenskart	700
South City Mall	Prince Anwar Shah Road	Crocs	450-500
Narendrapur	Narendrapur	Lenskart	850

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	LOCATION	SF	COMPLETION
Genexx Square	Joka	275,000	Q3 2021

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