

26.45 MSF MALL INVENTORY (Q4 2020)

16.1% MALL VACANCY (Q4 2020)

0.4 msf UPCOMING MALL SUPPLY (2021)

Retail activity maintains steady pace; continued retailer churn to leverage market conditions

The temporary disruption caused by COVID-19 brought opportunities for several retailers in both malls and main streets who relocated to more favorable locations/shopfronts in the same project/main streets. The quarter recorded new store openings of around 0.23 msf across malls with apparel and accessories, particularly athleisure, emerging as the prominent retail categories. Levi's, Onitsuka Tiger, Decathlon, Nike, Fabindia, Woodland was among the new stores that opened during the quarter. Italian lifestyle brand Carpisa Ventures marked its entry in the country with a store in Mall of India, Noida. Main streets saw new store openings of close to 0.03 msf with various instances of retailers relocating to better shopfronts in the main street. Khan market saw transactions by Manan Design, Ruwaa, Karigari, Rule the Rolls and Café Turtle. However, landlords in the city's popular market are now becoming cautious against leasing at discounted rentals, in anticipation of a recovery in the coming quarters, despite spaces still being available here. Mall footfalls remained limited and need based, though the festive period of Diwali saw a welcome response with weekend footfalls for some prominent malls in the city reaching upto 70% of the pre-COVID levels with conversion rates seeing an 8-10% improvement. The quarter also saw re-opening of cinemas, though lack of fresh content and stringent operating protocols are challenges on the road to recovery for this segment. In anticipation of low occupancy, multiplex operators restarted with limited number of movie screenings in auditoriums to save running costs. Hypermarkets, electronics, gym equipment stores, athleisure wear retailers and take-away and home delivery in F&B continued to outperform other segments during the year as consumer purchases were higher for these products. Store resizing, retailer churn and acquisition of strategic spaces by select large retailers largely defined the retail demand for Delhi NCR in 2020.

Mall vacancy increased during the quarter; no new supply addition

No new mall supply was added to Delhi NCR during the quarter. Mall vacancy increased marginally by 6 bps q-o-q to 16.1% due to some spaces being vacated along with downsizing by a few retailers. Behavioral shift towards online purchases and the challenging business conditions are compelling some retailers to re-align with new strategies like 'Phygital', which integrates online and offline models and is highly relevant in the current times. Outdoor dining with permissions and upon payment of a fee is another change in the operational plans for some F&B retailers, particularly in South Delhi, and is likely to augur well for this segment that has been hit hard by the pandemic.

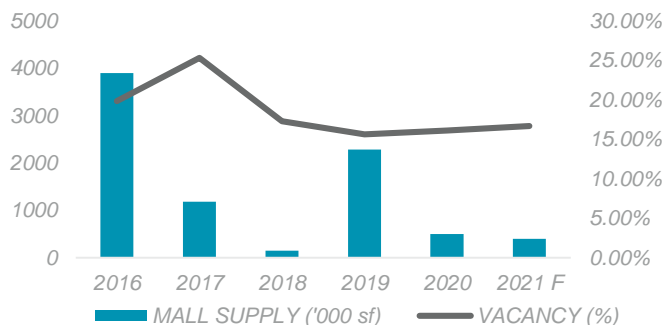
Rental waivers coming to an end; developers and landlords to decide on the way forward

Renegotiations, partial rent waivers and revenue sharing arrangements on a case-to-case basis helped retailers and developers navigate through 2020 which incurred a severe blow on revenues for retailers amidst tight liquidity position for developers. Many of these waivers, which are likely to come to an end post Q4 20 / Q1 21, may be revisited next year with some modifications and rollback depending on the improvement in business and consumer sentiments. The evolving COVID situation along with the rollout of the vaccine will be the key determinants of business activity, footfalls and demand for physical retail and in turn the gradual shift towards pre-COVID market rents, a call that is yet to be taken by developers.

ECONOMIC INDICATORS Q4 2020

	2019	2020	2021 Forecast
GDP Growth	4.2%	-7.5%	8.8%
CPI Growth	3.4%	6.1%	4.5%
Consumer Spending	5.0%	-8.5%	7.2%
Govt. Final Expenditure Growth	13.2%	5.7%	10.5%

Source: Oxford Economics, 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
Khan Market	1,200	164	196	0%	(14%)
South Extension I & II	600	82	98	0%	(14%)
Lajpat Nagar	250	34	41	0%	0%
Connaught Place	900	123	147	0%	(14%)
Greater Kailash I, M Block	375	51	61	0%	0%
Rajouri Garden	225	31	37	0%	0%
Punjabi Bagh	225	31	37	0%	0%
Karol Bagh	385	53	63	0%	0%
Kamla Nagar	380	52	62	0%	0%
DLF Galleria (Gurugram)	675	92	110	0%	0%
Sector 29 (Gurugram)	180	25	29	0%	(23%)
Sector 18 (Noida)	180	25	29	0%	(28%)

PRIME RETAIL RENTS – MALLS	INR SF/MTH	EURO SF/YR	US\$ SF/YR	Q-O-Q CHANGE	Y-O-Y CHANGE
South Delhi	600	82	98	0%	0%
West Delhi	325	45	53	0%	0%
Gurugram	350	48	57	0%	0%
Noida	250	34	41	0%	0%
Greater Noida	125	17	20	0%	0%
Ghaziabad	200	27	33	0%	0%

*Note: Asking rent (INR/sf/month) of ground floor Vanilla stores is quoted
 US\$ = INR 73.5 € = INR 87.6

SIGNIFICANT LEASING TRANSACTIONS Q4 2020

PROPERTY / MAIN STREET	SUBMARKET	TENANT	SF	TYPE
South Extension Part I	South Delhi	Nalli	10,000	Lease
Mall of India	Noida	Carpisa Ventures	1,689	Lease
Khan Market	Central Delhi	Rule the Rolls	1,000	Lease

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	SF	COMPLETION
IREE Grand Hyatt Retail	Gurugram	300,000	Q3 2021
Signature Global Mall	Ghaziabad	100,000	Q1 2021

Rohan Sharma

Director, Research Services

+91 124 4695555 /rohan.sharma1@cushwake.com

Kapil Kanala

Senior Associate Director, Research Services

+91 40 40405555 /kapil.kanala@ap.cushwake.com

[cushmanwakefield.com](https://www.cushmanwakefield.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 53,000 employees in 400 offices and 60 countries. In 2019, the firm had revenue of \$8.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©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.