

KOLKATA

Retail Q4 2020

CUSHMAN & WAKEFIELD

6.16% MALL VACANCY RATE (Q4 2020)

0.28 msf MALL SUPPLY DEFERRED TO 2021

4.71 msf MALL INVENTORY (Q4 2020)

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, IMF, RBI

Improved consumer sentiment in the festive season and post unlock drives retail recovery

The last quarter of the year, which marked the onset of the festive season saw shoppers moving out for physical retail activity and this helped in bringing some semblance of recovery to the retail sector in the city. A gradual drop in infection numbers in the city also supported the demand recovery in the quarter. While hypermarkets, consumer durables, electronics and other essential item stores witnessed steady demand like in Q2-Q3, fashion apparel, ethnic wear & footwear brands regained some traction due to improved shopper footfalls in the festive season. QSRs and dine-in restaurants, both have witnessed a gradual business recovery with increase in number of casual dine-outs and home deliveries particularly during the festive season. However, demand for formal wear and luxury products continued to remain sluggish. While main streets witnessed better traction, malls too experienced a rise in footfalls (at 50-55% of pre-COVID levels) with the opening of multiplexes, entertainment centers and salon, spa & wellness centres. Footfall conversion rates which had also been significant during Q3 due to focused and largely need based shopping behaviour of consumers, have improved further with increase in sale volumes across retail categories. Pandemic induced e-commerce sales continue to witness steady increase and online shopping has gained greater mainstream acceptance for fulfilling all kinds of shopping needs.

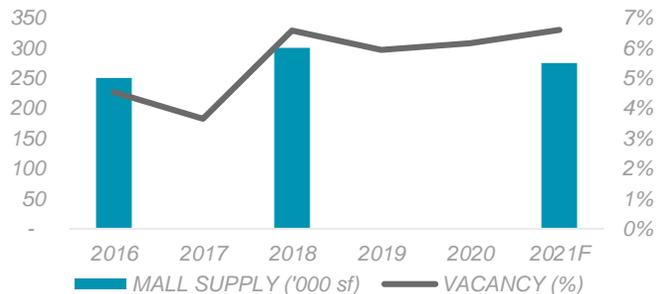
Limited retailer interest for expansion, negligible new space enquiry

While a revival in consumer demand is good news, retailers in the city continue to remain cautious and hold back their expansion plans resulting in negligible demand for new retail space in the city. This has been evident from the negligible number of transactions that got recorded during Q4. The sentiment of low retail space enquiries as observed in Q3 was carried over to the last quarter of the year as well, with only few space take-ups being recorded in the main streets by brands like Reliance Trend, CaratLane and Croma. Superior malls too have witnessed less of churn activity this quarter since most of the existing brands in the malls are also evaluating market conditions and looking for mitigating the losses of 2020 and sustained demand recovery to arrive at new store opening decisions. Few of the smaller brands in average grade malls have however exited resulting in a quarterly increase in overall mall vacancy (5.94% in Q3 to 6.16% in Q4).

Rentals remain stable at post COVID rates

With footfalls improving, consumer demand getting better and sale volumes showing signs of improvement, landlords / developers are reviewing their rental strategies and discounts that were being offered to existing retailers during Q2-Q3, with a possibility of some of them getting revised / rolled back in H1 2021. Pure revenue share arrangements in place of fixed rentals continue as earlier negotiated, with no further drop in share of minimum guarantee. However, the scenario seems to differ between prime core city and suburban/peripheral main street locations in case of new tenants. At the micro market level, with prime main streets like Park Street, Camac Street and Lindsay Street being the ones experiencing demand from retailers for available space, landlords here continue to offer a discount (4-5%) on quoted rentals, depending on the scale of operation and tenant profile. In the suburban and peripheral markets, negligible demand for space and stagnancy in market conditions has resulted in rentals being unchanged with a higher degree of flexibility in negotiations. With no enquiries for retail space, landlords/developers though extending necessary support to existing retailers are willing to wait and watch for the situation to evolve, instead of offering further discounts on quoted rentals. Superior grade malls which have not been offering discount on quoted rentals backed by tight vacancy levels, continue to do so during the last quarter of the year as well.

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)	460	66	79	-5%	-16%
Camac Street (CBD)	375	53	64	-4%	-17%
Lindsay Street (CBD)	375	53	64	-4%	-17%
Elgin Road (CBD)	270	37	44	0%	-17%
Theatre Road (CBD)	195	27	32	0%	-15%
Gariahat (South)	250	33	40	0%	0%
Shyambazar (North)	120	16	20	0%	-25%
Hatibagan (North)	125	17	20	0%	-22%
Kankurgachi (North East)	165	23	27	0%	-21%
VIP Road (North East)	117	16	19	0%	-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	60	72	0%	0%
East Kolkata	415	57	68	0%	0%
Rajarhat/New Town	130	18	21	0%	0%
Elgin Road	500	68	82	0%	-5%
Howrah	190	26	31	0%	-10%
Park Circus	600	82	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 87.6

Note: The above mentioned rentals in main streets were discounted ones that were being offered during Q3-Q4 to support the retail business in times of sluggish demand. This is however a limited period trend and 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 Q4 2020

PROPERTY	LOCATION	TENANT	SF
Main Street	Bansdroni	CaratLane	800
Main Street	Ultadanga	Reliance Trends	12,000
Main Street	Rajdanga Main Road	Croma	10,000

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

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

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