

9.7% MALL VACANCY (Q4 2020)

7.1 msf MALL INVENTORY (Q4 2020)

2.0 msf UPCOMING SUPPLY TILL 2023

Leasing activity regains ground in Q4

Q4 saw improved leasing activity in the city's retail segment, primarily concentrated in select malls and main streets, driven by retailer categories in the hypermarkets, electronics & apparel segments. The consumer demand was also high in certain malls and main streets evidenced by increased footfalls and conversion rates and driven by the onset of the festive season. Key transactions recorded during the quarter include Levi's & Jockey at JM Road, Babyhug at Baner, Biba at FC Road, while key mall transaction include Mr. DIY at Phoenix Marketcity, Viman Nagar. With a gradual improvement in consumer sentiment, more people venturing out for physical retail therapy and pickup in retail sales growth, most retailers sought to focus on business recovery still instead of acting on their expansion plans. The lockdown in the wake of COVID-19 has led to pent-up demand, which drove retailer sales activity during this period with categories like electronics and apparel witnessing good sales. However, the average footfalls for prominent malls and main streets in the city post the festive season continued to be in the range of 50-55% of the pre-COVID levels. In Q3, the Maharashtra govt permitted hotels, restaurants and bars to open dine-in services, but the overall F&B segment remained adversely impacted in Q4 as well, as customers remained cautious due to social distancing norms, despite some improvement in number of people exploring the dining out option. Short term discounts on rentals and flexibility in rent repayment period, which were earlier offered by developers, are no longer being offered, but, in certain cases, mall and main street landlords are offering benefits like staggered rentals as mitigating measures. During the quarter, the overall mall vacancy saw a decline of 40 bps q-o-q and was recorded at 9.7%. Rentals across key malls and main streets remained range-bound during the quarter.

Strong retailer demand for select malls & main streets

Majority of the transactions recorded during the quarter were concentrated in prominent malls and main streets. Select malls like Phoenix Marketcity at Nagar Road, Westend at Aundh, Pavilion Mall at Senapati Bapat Road and main streets like MG Road, JM Road & Koregaon Park continue to witness moderate retailer demand despite the prevailing business uncertainty. These malls and main streets continue to remain the gateway locations for new brands entering the city. Presently, retailers are also trying to take advantage of the propensity of mall developers/landlords to offer incentives and willing to lock-in rentals and strike bargain deals in prominent malls and main streets. Main streets like Satara Road also continued to witness demand in Q4, mainly for factory outlets of footwear and apparel brands. In the current scenario as well, certain highstreets in Pune continue to remain supply starved. For instance, Sinhgad Road in south west Pune continues to remain underserved in terms of quality supply, despite healthy demand from leading retailers. Pune did not witness any fresh mall supply in the fourth quarter. However, Global Highstreet Mall at Hinjewadi is presently in an advanced stage of construction and it is expected to be operational in the first quarter of 2021. The mall is expected to come on-stream with high occupancy levels, as it has witnessed strong pre-commitments in the past.

Hypermarket, electronics & apparel segments to drive future demand

We expect retail demand to pick up further momentum in H1 2021 driven by hypermarket, electronics and apparel segments. Demand for hypermarkets would be largely at peripheral locations like Undri, Wagholi, Hinjewadi etc., while demand for electronic & apparel segments would be at prominent and upcoming highstreets. Rentals across malls as well as high streets are expected to remain under pressure largely due to short-term vacancy despite gradual improvement in consumer demand and faster economic recovery. Moreover, with the vaccine rollout, we foresee an improvement in consumer sentiment and increase in mall footfalls in the medium term.

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

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	298	41	49	0%	-15%
J.M. Road	315	43	51	0%	-15%
F.C. Road	234	32	38	0%	-15%
Koregaon Park	132	18	22	0%	-12%
Aundh	158	22	26	0%	-12%
Bund Garden Rd	128	17	21	0%	-15%
Mumbai-Pune Highway – PCMC	106	14	17	0%	-12%
Baner- Balewadi	153	21	25	0%	-10%
Kothrud, Karve Road	141	29	23	0%	-12%
Pune Satara Road	113	15	18	0%	-10%
PRIME RETAIL RENTS – MALLS	INR SF/MTH	EURO SF/YR	US\$ SF/YR	Q-O-Q CHANGE	Y-O-Y CHANGE
Camp	193	27	32	0%	-10%
Koregaon Park	121	17	20	0%	-10%
Nagar Road	220	30	36	0%	-12%
Hadapsar	162	22	26	0%	-10%
PCMC	161	22	26	0%	-15%
Aundh	220	30	36	0%	-12%
S. B. Road	203	28	33	0%	-12%

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

SIGNIFICANT LEASING TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Phoenix Marketcity	Viman Nagar	MR D.I.Y.	8,600	Expansion
Main Street	JM Road	Jockey	1,500	Expansion
Main Street	FC Road	Biba	1,300	Expansion

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	SELLER / BUYER	SF	COMPLETION
Phoenix Market City	Wakad	Phoenix Mills	1,100,000	Q1 2023
Global High Street	Hinjewadi	Global group	250,000	Q1 2021

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