

DELHI NCR

Retail Q1 2021

CUSHMAN & WAKEFIELD

26.8 msf MALL INVENTORY
(Q1 2021)16.97% MALL VACANCY
(Q1 2021)0.7 msf UPCOMING MALL SUPPLY
(2021-22)

Retail activity sees signs of improvement; momentum expected to continue

Delhi NCR's retail sector experienced a strong start to the year with new store openings (including some stores with fit-outs in progress) of around 0.22 msf in the city's malls. Fashion & apparel emerged as a major demand driver, while accessories & lifestyle, consumer electronics, F&B were the other segments that leased space in malls. Demand for quality mall space held up with retailer churn constituting majority of the space take-up in malls as brands shifted to better locations in a development. Nike, Reebok, United Colors of Benetton, Lacoste, Monte Carlo, Hamleys were among the new stores that opened their new outlets during the quarter. Retailers vacated spaces in select malls due to continuing business uncertainty as the ongoing pandemic has brought a major shift in the consumer purchase behavior towards online retail. Need-based shopping with specific purchase targets still dominates mall visits of the customers, even though footfalls have been improving. Lack of new content for cinemas, audience switching to OTT platforms for entertainment and rising Covid cases are the near-term challenges in attracting higher footfalls to malls. However, certain malls are introducing innovative concepts to provide safe and superior experience to customers. For instance, Pacific Mall (Dwarka) inaugurated a drive-in cinema facility at the mall rooftop for people to watch movies safely from their cars, a concept introduced for the first time in India. With Covid accelerating digital transformation and omnichannel strategies, concepts like dedicated apps for malls with interactive features for customers to browse new collections on offer and facilitate purchases have gained momentum. Main streets saw new store openings of close to 0.08 msf led by F&B and supermarkets as the prominent retail categories. A leading international coffee chain opened its 50th store in Greater Kailash market during the quarter. Blue Tokai, Fat Lulu's, D'vasa were among the new stores opened in Khan Market. High retailer churn is being recorded in Connaught Place that saw the opening of a flagship store of Adidas apart from Crocs, Levi's, Manyavar opening their stores in the area.

New supply addition in Gurugram; marginal increase in vacancy

The quarter recorded new supply addition of 0.35 msf at Golf Course Extension Road, Gurugram taking the city's mall inventory to 26.8 msf. The city's overall vacancy increased by 86 basis points to 16.97% at the end of the first quarter. Reduction in store sizes by some retailers coupled with a few brands vacating spaces on the back of sluggish market conditions contributed to this rise in overall vacancy, apart from the addition of new supply in the city. North Delhi is expected to see addition of a new development, which is in advanced stages of completion, in the year ahead.

Less support with respect to further rental waivers offered to retailers

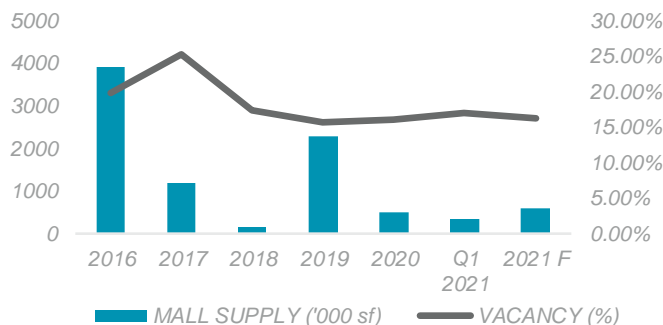
Even though the market is likely to pick up gradually with the pandemic situation still evolving, landlords are not willing to offer further rental waivers to retailers as their cash flows took a severe hit in 2020. Despite this, retailers are still negotiating to switch to revenue sharing arrangements with developers which is happening on a case-to-case basis depending on the retailer brand and their ability to attract customer traffic towards the development. The market rebound is likely to be led by expansion and new space take-up by select categories including value formats of lifestyle chains, athleisure, consumer electronics and supermarket stores that are on the scout for opportunities to expand in the market.

ECONOMIC INDICATORS Q1 2021

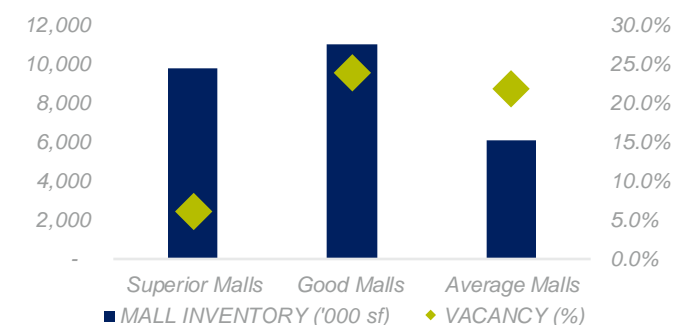
	2020	2021	2022 Forecast
GDP Growth	-7.7%	10.2%	7.0%
CPI Growth	6.1%	5.0%	4.3%
Consumer Spending	-8.5%	6.3%	7.2%
Govt. Final Expenditure Growth	5.7%	10.8%	9.7%

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	165	198	0%	(14%)
South Extension I & II	600	82	99	0%	(14%)
Lajpat Nagar	250	34	41	0%	0%
Connaught Place	900	123	148	0%	(14%)
Greater Kailash I, M Block	375	51	62	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	63	0%	0%
DLF Galleria (Gurugram)	675	93	111	0%	0%
Sector 29 (Gurugram)	180	25	30	0%	(23%)
Sector 18 (Noida)	180	25	30	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	99	0%	0%
West Delhi	325	45	54	0%	0%
Gurugram	350	48	58	0%	0%
Noida	250	34	41	0%	0%
Greater Noida	125	17	21	0%	0%
Ghaziabad	200	27	33	0%	0%

*Note: Asking rent (INR/sf/month) of ground floor Vanilla stores is quoted
 US\$ = INR 72.8 € = INR 87.5

SIGNIFICANT LEASING TRANSACTIONS Q1 2021

PROPERTY / MAIN STREET	LOCATION	TENANT	SF
Main Street	Connaught Place - Central Delhi	Adidas	6,000
Main Street	Green Park- South Delhi	Modern Bazaar	5,500
Main Street	Kirti Nagar- West Delhi	BoConcept	3,000

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	LOCATION	SF	COMPLETION
Gulshan One 29	Noida	244,222	Q1 2022
Pacific Mall	Netaji Subhash Place - North Delhi	250,000	Q4 2021

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