

9.7% MALL VACANCY (Q1 2021)

7.1 msf MALL INVENTORY (Q1 2021)

6.0% VACANCY IN SUPERIOR GRADE MALLS

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, IMF, RBI

Leasing activity remains sluggish in Q1

Retail leasing activity in Pune remained sluggish in the first quarter of 2021, mainly due to a resurgence in Covid-19 cases in the latter part of the quarter. The Maharashtra government's new guidelines for theatres (single screen/multiplex) and restaurants allowing them to operate only at 50 per cent capacity within specific time limits further affected the city's retail sector. Retailer space demand in Q1 was restricted to select prominent high streets and was mainly dominated by hypermarket, fashion & apparel, furniture & furnishing segments. Demand from hypermarket segment was mainly for peripheral locations like Undri, Wagholi, Hinjewadi while demand for apparel & home décor segment was for locations like Baner, Kharadi, Balewadi. Key transactions recorded during the quarter include Pantaloons & Reliance Footprint at Baner, Reliance Smart at Undri, Star Bazaar at Wagholi, Haldiram at FC Road among others. During the quarter, demand for mall space among retailers was restricted to superior malls like Westend at Aundh, Phoenix Market City at Viman Nagar & the Pavilion at Senapati Bapat Road, though more transactions are still under discussion. The F&B segment continued to be adversely impacted due to imposition of restrictions; however, food takeaway and delivery remained an important revenue generator for a few QSR brands. Rentals across malls as well as high streets were stable during the quarter, but there was continued demand from retailers for rent concessions, minimum guarantee models and revenue share arrangements to tide through the challenging times. The overall mall vacancy was stable at 9.7%, on account of negligible fresh leasing activity in some of the retail malls.

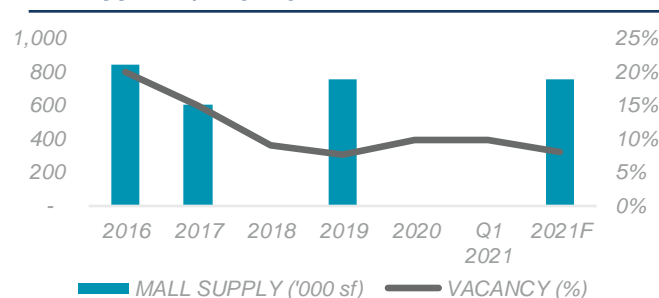
No new mall completions during the quarter

Due to limited retailer activity in the existing malls and developers focussing less on new supply due to the COVID outbreak, Pune did not see any new mall completion in the current quarter. Global Highstreet Mall at Hinjewadi which was anticipated to be operational during the quarter has got deferred to Q2. The mall is expected to become operational with high occupancy levels, as it has witnessed strong pre-commitments in the past. Prominent brands that have signed spaces in the mall include Star Bazaar, PVR Cinemas, Westside, Pantaloons, Lifestyle and Max. Pune is expected to witness mall supply of 2.05 msf between 2021-23, majority of which would be contributed by the Peripheral micro-markets (66%) followed by the Suburban (34%) micro-markets. Prominent upcoming malls to be added to the city between 2021-23 include Phoenix Millennium at Wakad, Solitaire World at Bibewadi and Nyati Plaza at Kharadi.

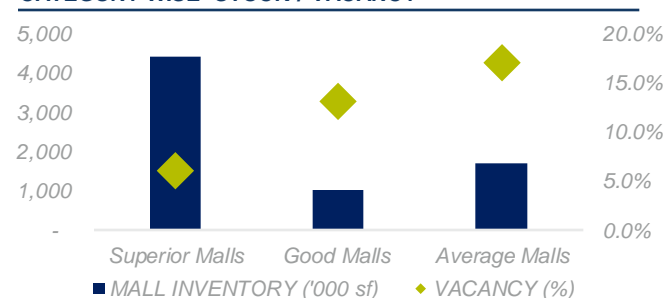
Retailers to remain cautious with new space take-up in coming quarters

Due to the recent rise in Covid-19 cases, we expect retail leasing in Pune to remain slow in the short term, as retailers are likely to defer their space take-up decisions and adopt a 'wait and watch' approach. Rentals across malls as well as high streets are expected to remain under pressure due to limited demand. Future demand for retail space is expected to be driven by hypermarket, electronics & fashion & apparel segments from large, branded retailers like Croma, D Mart, Reliance Smart, Westside and Max to name a few. QSRs are likely to lead the demand for space in F&B segment with a spike in consumer demand in this category. However, the city's retail sector is expected to see only a gradual recovery over the next few quarters as restrictions get eased with rising vaccination levels and subsequent control of the infection.

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	52	0%	-15%
F.C. Road	234	32	39	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	19	23	0%	-12%
Pune Satara Road	113	15	19	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	27	0%	-10%
PCMC	161	22	27	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 72.8 AND € = INR 87.5

SIGNIFICANT LEASING TRANSACTIONS Q1 2021

PROPERTY	LOCATION	TENANT	SF	TYPE
Main Street	Baner	Pantaloons	10,000	Expansion
Main Street	Baner	Reliance Footprint	4,500	Expansion
Main Street	Koregaon Park	Java	2,000	Expansion

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	LOCATION	SF	COMPLETION
Phoenix Millennium	Wakad	1,100,000	Q4 2023
Global High Street	Hinjewadi	250,000	Q2 2021

Ketan Bhingarde
 Manager, Research Services
 +91 22 67715555 /ketan.bhingarde@cushwake.com

Kapil Kanala
 Senior Associate Director, Research Services
 +91 40 40405555 /kapil.kanala@ap.cushwake.com

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 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

©2021 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.