

## AHMEDABAD

Retail Q2 2021

38% MALL VACANCY

3.45 msf MALL INVENTORY

0.9 msf MALL SUPPLY  
EXPECTED BY 2022

## ECONOMIC INDICATORS Q2 2021

	2020	2021	2022 Forecast
GDP Growth	-7.3%	9.5%	7.0%
CPI Growth	6.1%	5.3%	4.5%
Consumer Spending	-8.5%	7.2%	6.3%
Govt. Final Expenditure Growth	5.7%	10.8%	9.7%

Source: Oxford Economics, RBI, IMF

## Mall vacancy soar due to the impact of the Covid second wave

Ahmedabad's mall vacancy has increased to about 38%, which is a substantial rise on an annual basis. Lockdown restrictions, lower footfalls since the beginning of the pandemic have significantly impacted the tenants and most have chosen to exit / shut operations in the short term. Developers are offering revenue sharing arrangements but a considerable slowdown in sales are continuing to impact retailers across several malls. Some of the average malls have vacancies going up to 40-50% levels indicating the stress on retailers for the last few quarters. Adherence to safety measures including adequate physical distancing and stipulated seating capacity in F&B outlets has become a source of concern for some retailers especially in smaller, average grade malls. Retailer churn was an ongoing market phenomenon in some malls even before the pandemic where some brands have vacated spaces across malls and relocated to popular high streets hoping to up their market visibility. We expect several malls to remain under pressure given the continued uncertainty and lower footfalls in the short term. Although, amidst the declining footfall, the only Superior grade mall i.e. Ahmedabad One (previously Alpha One) has been resilient, maintaining a negligible vacancy rate. Upcoming mall supply totaling to about 0.9 msf slated for completion in 2021 has been deferred to 2022. We expect mall vacancies to rise further with the addition of new supply and market is likely to remain in favor of retailers over the next 12-18 months.

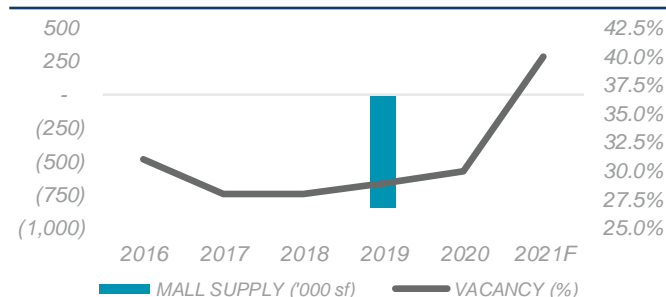
## Main Streets witness limited retailer activity

Leasing activity has gained some momentum towards the end of 2020 and early on in Q1 2021 but the second wave has slowed down the traction considerably in Ahmedabad. Consumer electronics, supermarkets / hypermarkets were active, and some F&B outlets have also leased space, and the overall leasing volume remained significantly below trend. Like malls, main streets too have witnessed store closures given the continued uncertainty for the last 3-4 quarters. A major sporting goods store near S G Highway has given up nearly 90,000 Sf. given the continued decline in footfalls and lack of revenues. With continued addition of new retail / mixed-use establishments and vacancy addition across all major high streets, tenants are expecting deeper discounts from landlords to continue.

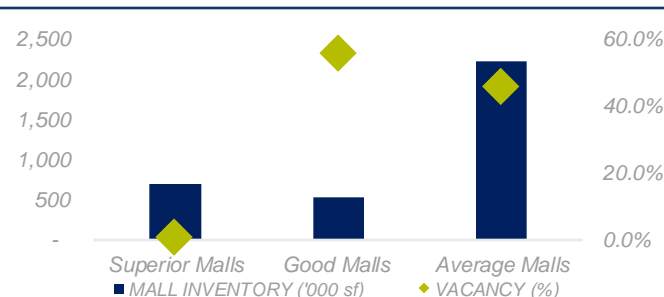
## Rentals succumb to pandemic pressure

Mall and main street rentals have largely remained stable during the quarter but have witnessed a decline of about 10-15% on average across the city over the last 12 months. The rentals in the premium malls were largely unaffected owing to the good occupancy rate. Mall operators and retail landlords have tried to be accommodative over the last 12 months, many retailers continue to face challenges in the current business environment. Rental renegotiations remained a key highlight of landlord – retailer conversations with rent collections coming under pressure. Amidst rising vacancies and lack of footfalls, developers / landlords are forced to re-negotiate in order to retain tenants. Renegotiations and waivers were agreed upon in several cases during the quarter. Wider rollout of vaccinations and improvements in business / consumer sentiments are expected support a gradual recovery over the next 2-3 quarters.

## 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
C.G. Road	140	19	23	0.0%	-12.50%
Law Garden	100	14	16	0.0%	-16.67%
Satellite Road	130	18	21	0.0%	-13.33%
Maninagar	140	19	23	0.0%	-3.45%
Prahladnagar	150	20	24	0.0%	0.0%
S.G. Highway	100	14	16	0.0%	-14.53%
PRIME RETAIL RENTS - MALLS	INR SF/MTH	EURO SF/YR	US\$ SF/YR	Q-O-Q CHANGE	Y-O-Y CHANGE
Vastrapur	175	24	28	0.0%	0.0%
S.G. Highway	100	14	16	0.0%	-13.04%
Drive-in Road	70	10	11	0.0%	-29.29%
Kankaria Lake	67	9	11	0.0%	0.0%

Note: Asking rent (INR/sf/month) on carpet area of ground floor Vanilla stores is quoted  
 US\$ = INR 74.07 AND € = INR 88.38

## SIGNIFICANT LEASING TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Venus Stratum	Satellite	Undisclosed (Toys Manufacturer MNC)	27,000	Pre Commitment
Shreeya Amalga	Satellite	Croma	15,830	Pre Commitment
Shilp Zaveri	SG Highway North	Westside	11,276	Lease

## SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	SF	COMPLETION DATE
Phoenix Palladium Mall	S G Highway	900,000	Q2 2022

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