

26.8 msf MALL INVENTORY (Q2 2021)

16.96% MALL VACANCY (Q2 2021)

0.7 msf UPCOMING MALL SUPPLY (2021-22)

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

Main streets took the limelight for retail activity in Delhi NCR during the quarter

Main streets were the bright spot in Delhi NCR's retail sector, which was hit by a second lockdown owing to resurgence of COVID. The city recorded 0.1 msf of new store openings in main streets with fashion & apparel and home décor & furnishing as the key demand drivers. Retailers including Fabindia, Redtape, Aether among others opened new stores in the city's main streets. A large B2C concept store in West Delhi providing a one-stop shop for building material products was a key highlight of retail leasing during the quarter. Furniture e-retailer WoodenStreet opened two experience stores in Golf Course Road, Gurugram and sector 104, Noida. Online retailers opening physical stores despite the shift in consumer purchase behavior patterns during the pandemic is testimony to the resilience of this space. Tata Motors inaugurating ten new showrooms on a single day across Delhi NCR was another major highlight for main street retail leasing during the quarter. Hypermarkets, which have continued to scout for good space opportunities despite the pandemic, also drove a part of the main street leasing demand. The coming quarters are likely to see more leasing activity from this segment as hypermarket brands continue to expand their space footprint on the back of strong demand. Limited activity was witnessed in malls, especially as these remained closed due to lockdown for a large part of the second quarter. Adidas Originals inaugurated its first company-owned Exclusive Brand Outlet in Ambience Mall, Gurugram. Nature's Basket opened store in South Point Mall, Gurugram during Q2. Prominent malls in the city have begun to witness footfalls as high as 60 – 65% during weekends. Adherence to safety measures including adequate physical distancing and stipulated seating capacity in F&B outlets are added advantages with malls that lend an assurance to the customers and aid footfalls. Multiplexes are opened selectively in malls across the city and dearth of new content continues to be one of the challenges faced by them. Retailer churn was an ongoing market phenomena with some brands vacating spaces due to the challenging business environment. This in turn presented lucrative space opportunities for some of the stronger brands that are eyeing the current tenant-favorable market conditions as an opportune time to expand their presence. Integration between online and offline retail models continues to be seen as a necessary condition to thrive in the current times and brands continue to formulate strategies for the same.

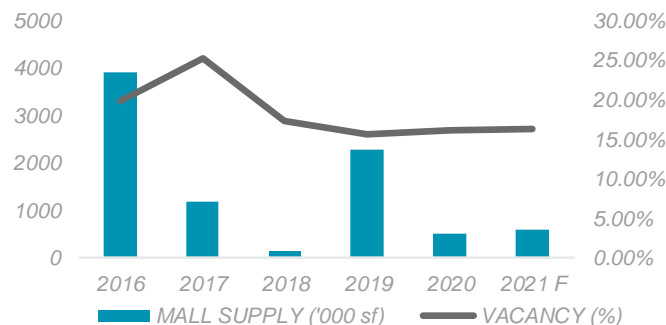
No new supply addition in the city; vacancy largely stable

No new mall supply was added to the city's mall inventory which stood at 26.8 msf. The city's overall vacancy was largely stable at 16.96% in the second quarter. North Delhi is expected to see addition of a new development by the end of Q4, and that is in advanced stages of completion currently.

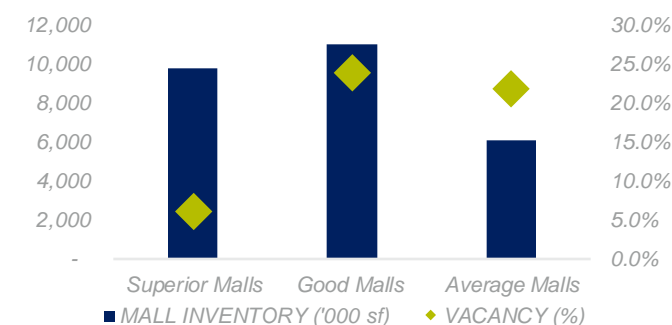
Rental negotiations remained a tricky issue between retailers and landlords

Rental renegotiations remained a key highlight of landlord – retailer conversations coming under pressure. The situation is equally challenging for both sides due to the prolonged market uncertainty. While mall operators and retail landlords have tried to be accommodative since the start of the pandemic, many retailers continue to face challenges in the current business environment. Renegotiations and waivers were agreed upon a case-to-case basis during the quarter. Some of the new transactions closed at staggered rentals, with the agreed upon rental increasing gradually on a periodic basis. However, the extent for such accommodation is expected to shrink as business activity revives going forward.

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	163	194	0%	0%
South Extension I & II	600	81	97	0%	0%
Lajpat Nagar	250	34	41	0%	0%
Connaught Place	900	122	146	0%	0%
Greater Kailash I, M Block	375	51	61	0%	0%
Rajouri Garden	225	31	36	0%	0%
Punjabi Bagh	225	31	36	0%	0%
Karol Bagh	385	52	62	0%	0%
Kamla Nagar	380	52	62	0%	0%
DLF Galleria (Gurugram)	675	92	109	0%	0%
Sector 29 (Gurugram)	180	24	29	0%	(23%)
Sector 18 (Noida)	180	24	29	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	81	97	0%	0%
West Delhi	325	44	53	0%	0%
Gurugram	350	48	57	0%	0%
Noida	250	34	41	0%	0%
Greater Noida	125	17	20	0%	0%
Ghaziabad	200	27	32	0%	0%

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

SIGNIFICANT LEASING TRANSACTIONS Q2 2021

PROPERTY / MAIN STREET	LOCATION	TENANT	SF
South Point Mall	Golf Course Road, Gurugram	Nature's Basket	8,200
DLF Cyber Hub	Cyber City, Gurugram	Adidas	3,200
Main Street	Khan Market, Delhi	Fabindia	2,000

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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