

9.7% MALL VACANCY (Q2 2021)

7.1 msf MALL INVENTORY (Q2 2021)

6.0% VACANCY IN SUPERIOR GRADE MALLS

Leasing activity remained sluggish in Q2

Retail leasing activity in Pune declined in the second quarter of 2021, due to the second wave of COVID-19. Due to rising COVID cases and the subsequent strict lockdown guidelines, including shutting down of malls, retail transactions were negligible. Transactions that were under discussion in Q1 were either put on hold or cancelled, as most retailers adopted a cautious approach amidst prevailing business uncertainty and low sales.

As malls and main streets remained shut for major part of Q2, footfalls and revenues fell sharply, and tenants approached mall owners and landlords for rental renegotiations, discounts and even possible waivers until the period of lockdown. City-wide mall vacancy largely remained stable at 7.5% in Q2. Superior malls continued to report low vacancies, but smaller, average malls did witness some retailer exits.

Mall supply deferred due to market uncertainty

While the city's mall inventory is expected to remain unchanged in 2021 with no new supply visible, overall vacancy levels are expected to rise in the short term as retailers may look at strategic store exits from non-performing malls and main streets to mitigate losses. Rentals are likely to remain stable, across main streets and malls, in the short-term.

Near-term completions like the Global Highstreet Mall at Hinjewadi have been deferred. Around 0.25 msf of retail space spread across Global Highstreet, which was expected to become operational by H2 2021, has now got deferred to H1 2022 on account of market uncertainty.

Unexplored residential corridors provide new opportunity for retail to thrive

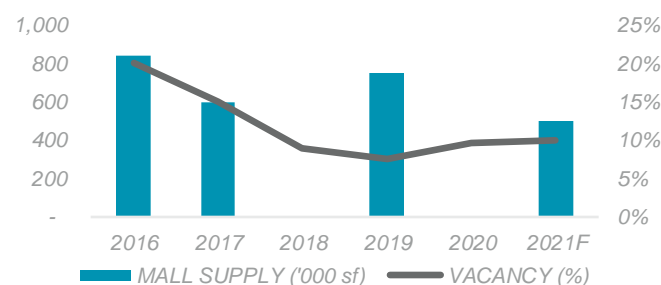
Recent investment made by Mall developer Phoenix Mills Ltd and GIC Pte. Ltd. in the city's retail sector over the medium term, will create opportunities for new brands to enter the market. Considering the usual growth cycle of big retailers, developers should have fresh stock ready when foreign players expand. With developed residential catchments in the vicinity, mall developers can look for unexplored locations in NH Bypass North and East of Pune city. Established residential locations of the city such as Wakad, Hinjewadi and Undri, which are expected to witness a rapid recovery given captive demand in these micro markets, shall also drive future retail growth along these corridors. Supermarkets, home improvement suppliers, consumer durable electronics are few of the retail categories that are likely to thrive well in these micro markets backed by steady demand from residential pockets in these catchments.

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, 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	40	48	0%	0%
J.M. Road	315	43	51	0%	0%
F.C. Road	234	32	38	0%	0%
Koregaon Park	132	18	21	0%	0%
Aundh	158	21	26	0%	0%
Bund Garden Rd	128	17	21	0%	0%
Mumbai-Pune Highway – PCMC	106	14	17	0%	0%
Baner- Balewadi	153	21	25	0%	0%
Kothrud, Karve Road	141	19	23	0%	0%
Pune Satara Road	113	15	18	0%	0%
PRIME RETAIL RENTS – MALLS	INR SF/MTH	EURO SF/YR	US\$ SF/YR	Q-O-Q CHANGE	Y-O-Y CHANGE
Camp	193	26	31	0%	0%
Koregaon Park	121	16	20	0%	0%
Nagar Road	220	30	36	0%	0%
Hadapsar	162	22	26	0%	0%
PCMC	161	22	26	0%	0%
Aundh	220	30	36	0%	0%
S. B. Road	203	28	33	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

No transactions could be recorded in Q2, with malls being closed since beginning of the 2nd quarter followed by a strict lockdown resulting in closure of activity in main streets as well. However, post mid of June, discussions between landlords/developers and retailers have resumed though at a slower pace on sector specific demands for retail space.

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	LOCATION	SF	COMPLETION
Global Highstreet	Hinjewadi	250,000	Q1 2022
Phoenix Marketcity	Wakad	1,100,000	Q4 2023
Solitaire World	Bibwewadi	500,000	Q4 2021
Nyati Plaza	Kharadi	200,000	Q2 2023

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

Kapil Kanala
 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.