

28 % MALL VACANCY

3.45 msf MALL INVENTORY

0.9 msf MALL SUPPLY EXPECTED BY 2022

ECONOMIC INDICATORS Q3 2021

	2020	2021	2022 Forecast
GDP Growth	-7.3%	9.5%	8.5%
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, IMF

Mall vacancy declines, driven by leasing from Fashion & Lifestyle brands

Ahmedabad's mall vacancy has dropped to 28% (a decline of 70 bps on a q-o-q basis) on the back of fresh leasing activity in Ahmedabad One and Agora Mall. The leasing activity is mainly driven by stores from Fashion and Lifestyle categories. Prominent malls saw activity in the form of churns during this quarter, especially by apparel brands such as Calvin Klein, Superdry, Van Heusen, which were key transactions recorded in the city. Average footfall in the malls has reached to ~60% on weekdays and weekend footfall has recovered to ~75% compared to the pre covid levels. One of the multiplexes has resumed its expansion plans, particularly in a good mall that has started witnessing better footfalls since restrictions were removed during the quarter. Similarly, food courts have also started seeing healthy footfalls and this is expected to contribute to faster recovery going forward. Ahmedabad One, which maintained high occupancy levels even during the pandemic, is planning an expansion to accommodate more brands looking to open an outlet with them. The expansion will add 0.2 msf of space and is estimated to be operational in the beginning of next year. Overall mall supply of about 0.9 msf is expected by mid 2022 which can marginally increase mall vacancy in Ahmedabad in the near term.

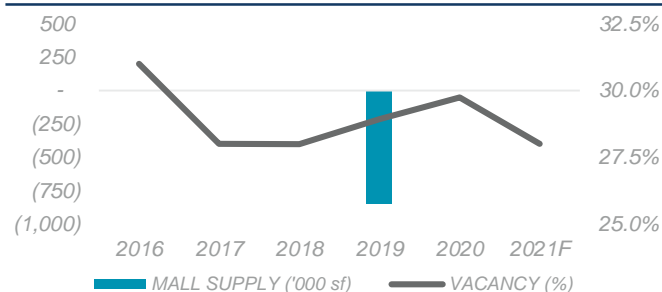
Mainstreet leasing gains momentum as festive season begins

Leasing activity has regained momentum in the main streets of Ahmedabad after lockdown restrictions were eased following the second wave. The beginning of festive season has played an important role in improved footfalls and consumerism is expected to exceed pre-covid levels in Q4. Consumer electronics stores and F&B outlets such as Croma, McDonalds and local food joints were the main demand drivers during the quarter. Restaurants which had shut down in the pandemic have now restarted operations and have been reporting a surge in consumer activity. Leasing in the automobile sector has received a boost as a major Indian Automobile brand has opened 8 new showrooms covering all of the major submarkets around the city. With the diminishing effect of the pandemic and improving consumer confidence, we expect sales transactions and leasing activity to improve further in next 3-6 months.

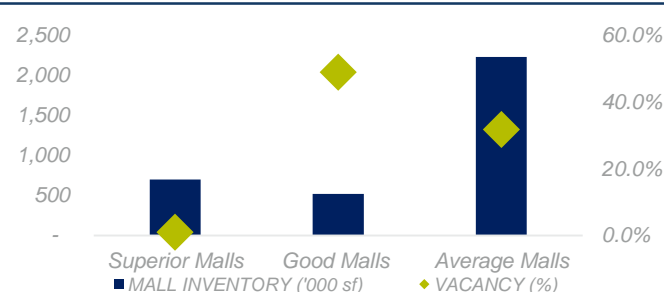
Quoted Rentals across the city remain stable

Mall and main street rentals have largely remained stable quarter-on-quarter but have witnessed a decline of about 10% on average on an annualized basis. Rentals in the premium malls were largely unaffected owing to good occupancy rate. Mall operators and landlords have been accommodative over the past year but are now looking to raise rentals to compensate for their revenue loss. However, rental negotiations have continued in certain cases, depending on the tenant profile and scale of operations. During the advent of the pandemic, landlords and tenants had agreed on revenue-sharing leasing contracts, which were previously not a norm in Ahmedabad. Revenue sharing arrangements are likely to continue until there are signs of sustainable business recovery though tenants are expecting a greater share of revenue going forward. With the improvement in business / consumer sentiments, we expect the pressure on rentals to drop 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	21	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 74.24 AND € = INR 86.16

SIGNIFICANT LEASING TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
CBD – The Grand	North Ahmedabad	McDonalds	4,500	Pre Commitment
Shalin Square	East Ahmedabad	Croma	16,000-18,000	Pre Commitment
Dev Aurum	SG Highway South	Mad Over Grills	5,000	Lease

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	SUBMARKET	SF	COMPLETION DATE
Phoenix Palladium Mall	S G Highway	700,000	Q3 2022
Ahmedabad One (Expansion)	Vastrapur	200,000	Q1 2022

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