

## BENGALURU

Retail Q3 2021

CUSHMAN &amp; WAKEFIELD

12.4% MALL VACANCY RATE (Q3 2021)

11.38 msf MALL INVENTORY (Q3 2021)

~1.6 msf EXPECTED MALL SUPPLY IN 2021

## 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

## Leasing activity shows signs of traction, good demand for space in upcoming quality malls

Post the slowdown in leasing activity in Q2, malls and main streets across the city have started witnessing gradual traction in space take-up during the current quarter. While most of the well performing and superior malls continue to witness market churn like trends from the recent past, increased retailer interest for fresh space has also been noted in upcoming malls like Lulu Global Mall and Bhartiya City Centre. These malls, slated to commence operations in early Q4, have recorded a pre-lease of approx. 55-60%. Anchor brands that signed spaces in these malls are Westside, Cinepolis, Pantaloons while the prominent vanilla ones include Skechers, The Body Shop, Tommy Hilfiger, Vero Moda, Blackberry, Clarks and Crossword to name a few. Prominent main streets in the city like Indiranagar, Jayanagar, Koramangala, Church Street, and HSR Layout have recorded a rise in enquiry for space when compared to the previous quarter. New store openings and ongoing fit-out activity has been much noticed in the prominent main streets, for spaces which were leased prior to the 2<sup>nd</sup> wave. Retailers like FabIndia, Caratlane, Nicobar, Amadora, Aurelia, Chumbak, BIBA, Burger King and Forest Essentials among others opened new stores in these main streets during Q3. Peripheral and less popular locations like Chikjalapur and Magadi Road have also witnessed retail space take ups this quarter. Dash Square leasing ~200,000 sf at Chikjalapur was a key highlight of retail leasing this quarter. Overall, quarterly retail leasing activity in the city has largely been contributed by Fashion, Furniture & Furnishings and Departmental Store retailers accounting for ~25% to 30% of the leased space.

Retailer exits were recorded in few of the average grade malls resulting in quarterly mall vacancy increase by a marginal 30 bps to 12.4% in Q3. Even with an addition of ~1.6 msf space to the city's retail inventory by end of 2021, we anticipate vacancy to remain range-bound in the superior grade malls. This is due to strengthening demand for quality space, as evident from 55-60% of space in these malls already being pre-leased.

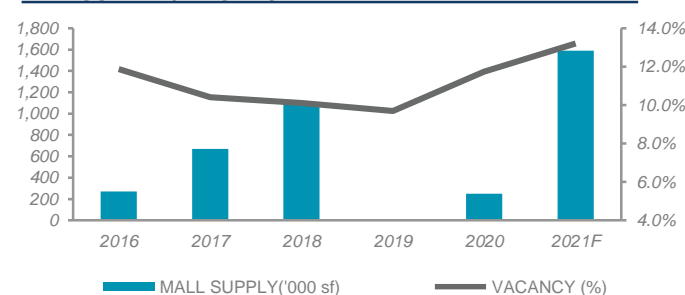
## Early recovery in consumer demand, likely to pace up during festive season

Prominent main streets of Bengaluru, which have not only been the focal point of retailer and consumer activity but also act as entertainment hubs, have started witnessing traction post relaxation in lockdown restrictions since June. Retail stores particularly in the consumer electronics, fashion, hypermarkets and CDIT sector across malls and prominent main streets have witnessed improvement in sales during the quarter. Local restaurants and branded F&B chains too have started recording increased footfalls as rising vaccination rate and precautionary measures being adopted instil confidence in consumers. Prominent main streets like Church Street, Brigade Road, Indiranagar and Koramangala have started to record increased footfalls both during weekdays and weekends. Similarly, superior grade malls in the city like Brigade Orion, Phoenix Market City and Forum Koramangala are nearing ~70-75% of pre-COVID footfalls indicating revival in consumer demand. Several digital retailing measures are being introduced by mall retailers to facilitate customers during their online or in-store purchases, thereby ensuring higher sales.

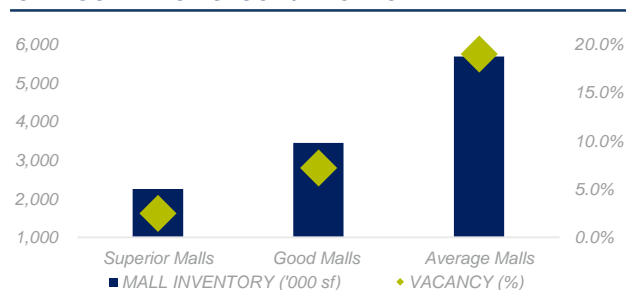
## No movement in rentals across main streets and malls

Rentals across main streets and malls in the city continue to remain unchanged from Q1 2021 levels. Citing a festive season revival, developers have opted not to offer waivers during the current quarter. Select markets like Indiranagar and Jayanagar have recorded a marginal y-o-y increase of 0.5-1.5% indicating slight recovery from rentals in recent past. However, retailers continue to negotiate with landlords / developers on revenue sharing with lower minimum guarantees. As against that, landlords are showing preference for fixed rental arrangements, especially across prominent main streets of the city like Indiranagar, Koramangala, Brigade Road and Malleshwaram. Though there has been no rental movement in the short term, rentals are likely to be re-calibrated to normal levels with anticipated improvement in business sentiment in H2 2021 / early 2022.

## MALL SUPPLY / VACANCY



## CATEGORY-WISE STOCK / VACANCY



## BENGALURU

Retail Q3 2021

CUSHMAN &amp; WAKEFIELD

## MARKET STATISTICS

PRIME RETAIL RENTS-MAIN STREETS	INR SF/MTH	EURO SF/YR	US\$ SF/YR	Q-O-Q CHANGE**	Y-O-Y CHANGE
MG Road	230	32	37	0%	0.0%
Brigade Road	270	38	44	0%	0.0%
Commercial Street	290	40	47	0%	0.0%
Indiranagar 100 Feet Road	152	21	25	0%	1.3%
Jayanagar 4th Block, 11th Main	252	35	41	0%	0.8%
Sampige Road, Malleshwaram	110	15	18	0%	0.0%
Koramangala 80 Feet Road	100	14	16	0%	0.0%
Vittal Mallya Road	250	35	40	0%	0.0%
New BEL Road	120	17	19	0%	0.0%
Marathahalli Junction	138	19	22	0%	-1.4%
Kamanahalli Main Road	140	19	23	0%	-6.7%
HSR Layout 27th Main	127	18	21	0%	-2.3%
PRIME RETAIL RENTS - MALLS	INR SF/MTH	EURO SF/YR	US\$ SF/YR	Q-O-Q CHANGE**	Y-O-Y CHANGE
Koramangala	420	58	68	0%	0%
Magrath Road	375	52	61	0%	0%
Cunningham Road	90	13	15	0%	0%
Mysore Road	65	9	11	0%	0%
Vittal Mallya Road	410	57	66	0%	0%
Whitefield	125	17	19	0%	0%
Rajarajeshwari Nagar	80	11	13	0%	0%
Malleshwaram	280	39	45	0%	0%
Bannerghatta Road	195	27	32	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

Note: The above mentioned rentals are of Q1 2021, that remained stable during the current quarter as an after effect of the 2<sup>nd</sup> wave. These rentals indicated a marginal recovery from the discounted ones that were being offered during H2 2020 to support the retail business in times of sluggish demand. Though these rentals remained stable in Q3, we shall continue to monitor the retail rental scenario in the coming quarters with focus on the prevailing transaction momentum in the market

## SIGNIFICANT LEASING TRANSACTIONS Q3 2021

PROPERTY	LOCATION	TENANT	SF
Main Street	Indiranagar	Madura Garments	5,000
Main Street	Jayanagar	Caratlane	4,000

## SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	LOCATION	SF	COMPLETION
Sobha Global Mall / Lulu Mall	Rajaji Nagar	790,000	Q4 2021
Bhartiya City Centre	Thanisandra Road	800,000	Q4 2021

## Srija Banerjee

Senior Manager, Research Services

+91 080 40465555 / [srija.banerjee@cushwake.com](mailto:srija.banerjee@cushwake.com)

## Suvishesh Valsan

Director, Research Services

+91 22 67715555 / [suvishesh.valsan@cushwake.com](mailto:suvishesh.valsan@cushwake.com)[cushmanwakefield.com](http://cushmanwakefield.com)

## A CUSHMAN &amp; 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 53,000 employees in 400 offices and 60 countries. In 2019, the firm had revenue of \$8.8 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services. To learn more, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com) or follow @CushWake on Twitter.

©2020 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.