

DELHI NCR

Retail Q3 2021

CUSHMAN & WAKEFIELD

27.1 msf MALL INVENTORY (Q3 2021)

16.58% MALL VACANCY (Q3 2021)

0.45 msf UPCOMING MALL SUPPLY (2021-22)

Delhi NCR records improved retail activity during the quarter

Early signs of recovery could be seen with a pick-up in retail leasing in Delhi NCR during the quarter. Main streets recorded new leases and store openings of close to 0.13 msf across prominent markets including Khan Market, South Extension, Green Park, Defence Colony among others. Occupancy levels in prominent main streets is rising fast with resumption of business activity. Malls also recorded a significant improvement as retailers opened new stores in some of the recently completed developments coupled with few store relocations, totaling 0.43 msf. There have been instances of store resizing with a few retailers demanding smaller stores. Fashion & Apparel (particularly athleisure) and Food & Beverages (F&B) were the prominent retail categories active in both main streets and malls. Adidas, Nike, Skechers, Puma, Reebok expanded their retail presence across multiple locations. Khan Market, which saw an exodus of retailers during 2020, recorded new space take-up by F&B retailers during this quarter. Big Chill, Third Wave Café, Dighent Café were among new cafes that took space in Khan Market. Traction in retail leasing signals cheer for the upcoming festive season, especially as the sector was hit the hardest by the pandemic. Prominent malls have now begun to witness footfalls as high as 70 - 75% of pre-COVID levels during weekends. Retail sales have also witnessed an improvement with expectation of further increase as the city gears up for the festive months. Discretionary spending that took a hit last year is also on the rise. Increased vaccination and a low caseload have certainly played an important role in the return to normalcy and higher consumer confidence.

New supply added in North Delhi

North Delhi recorded the addition of new mall supply of 0.3 msf taking the overall mall inventory for Delhi NCR to 27.1 msf at the end of Q3. Robust leasing by several brands in the new development along with additional space take-up by retailers in the existing malls led to a 37-basis points reduction in city vacancy, which now stands at 16.58% in the third quarter.

Rentals inching back to pre-COVID levels as market activity strengthens

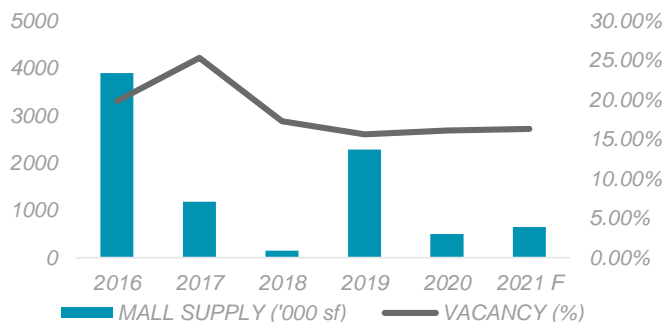
Accommodation on rentals and other commercial terms provided to retailers during the last few quarters is gradually getting withdrawn with revival in business. Landlords are demanding the pre-COVID rents after supporting retailers with rent waivers or staggered rentals to tide over the pandemic period. With third wave fears subsiding to a great extent, landlords want to limit any further rent waivers, especially after the income loss borne by them during last 5 quarters. Normal lease terms are likely to resume as the pandemic abates and business outlook improves. Retailers with a revenue-share arrangement with landlords have also begun to share a higher proportion of the revenue with increased consumer spending. However, some new transactions are being structured at staggered rentals on a case-to-case basis depending on the negotiations between retailers and landlords. Although, the time window provided for such restructuring has been curtailed compared to last year (with normal rents resuming after a few quarters) due to a positive outlook for business and consumer demand.

ECONOMIC INDICATORS Q3 2021

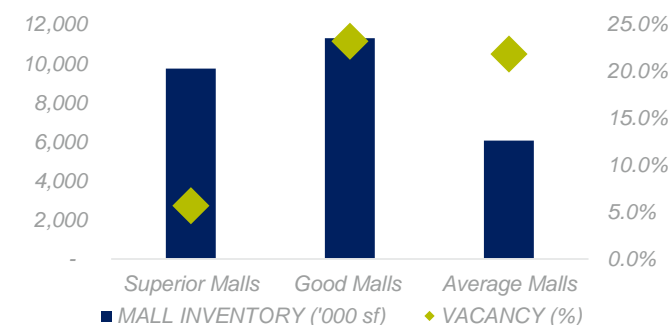
	2020	2021	2022 Forecast
GDP Growth	-7.3%	9.5%	8.5%
CPI Growth	6.1%	5.0%	4.3%
Consumer Spending	-8.5%	6.3%	7.2%
Govt. Final Expenditure Growth	5.7%	10.8%	9.7%

Source: Oxford Economics, 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
Khan Market	1,350	188	218	12.5%	12.5%
South Extension I & II	700	97	113	16.7%	16.7%
Lajpat Nagar	250	35	40	0%	0%
Connaught Place	1,000	139	162	11.1%	11.1%
Greater Kailash I, M Block	375	52	61	0%	0%
Rajouri Garden	225	31	36	0%	0%
Punjabi Bagh	225	31	36	0%	0%
Karol Bagh	385	54	62	0%	0%
Kamla Nagar	380	53	61	0%	0%
DLF Galleria (Gurugram)	675	94	109	0%	0%
Sector 29 (Gurugram)	180	25	29	0%	0%
Sector 18 (Noida)	180	25	29	0%	0%

PRIME RETAIL RENTS – MALLS	INR SF/MTH	EURO SF/YR	US\$ SF/YR	Q-O-Q CHANGE	Y-O-Y CHANGE
South Delhi	600	84	97	0%	0%
West Delhi	325	45	53	0%	0%
Gurugram	350	49	57	0%	0%
Noida	250	35	40	0%	0%
Greater Noida	125	17	20	0%	0%
Ghaziabad	200	28	32	0%	0%

*Note: Asking rent (INR/sf/month) of ground floor Vanilla stores is quoted
 US\$ = INR 74.238 € = INR 86.157

SIGNIFICANT LEASING TRANSACTIONS Q3 2021

PROPERTY / MAIN STREET	LOCATION	TENANT	SF
DLF Cyber Hub	Cyber City, Gurugram	Puma	4,800
Main Street	South Extension, Delhi	Van Heusen	3,800
Main Street	Khan Market, Delhi	Third Wave Cafe	1,500

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	LOCATION	SF	COMPLETION
Gulshan One 29	Noida	244,222	Q1 2022
Brahma Bestech Athena	Gurugram	600,000	Q1 2023

Purnima Kumar

Senior Manager, Research Services

+91 124 4695555 / Purnima.kumar@cushwake.com

Suvishesh Valsan

Director, Research Services

+91 22 67715555 / Suvishesh.valsan@cushwake.com

cushmanwakefield.com

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