

HYDERABAD

Retail Q3 2021

CUSHMAN & WAKEFIELD

19.85% MALL VACANCY (Q3 2021)

25% SHARE OF FASHION IN GROSS LEASING (Q3 2021)

~ 1.1 msf OF LEASING ACTIVITY (YTD 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, IMF, RBI

Gradual signs of recovery in the city's retail sector

Hyderabad retail market witnessed gross leasing of 0.34 msf in Q3, recording a rise of 5% on a q-o-q basis. Unlike the slow market sentiments in 2020, YTD gross leasing in 2021 was nearly 2x when compared to the gross leasing recorded during the same period last year. While activity in malls remained subdued, leasing was primarily driven by main streets which accounted for around 97% (0.33msf) of the total gross leasing in Q3. Locations in the off-CBD submarket such as A.S Rao Nagar, Hayathnagar, Shaikpet, Vanasthalipuram were active contributors and held a share of 61% in quarterly gross leasing. Other locations such as Kondapur, Kompally and Miyapur contributed to nearly 29% of the Q3 gross leasing activity.

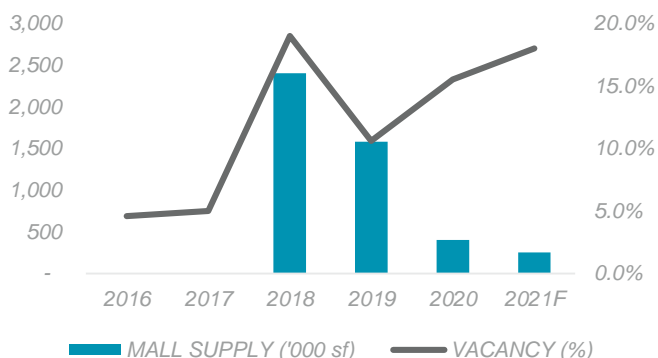
Departmental store and fashion brands were the chief demand drivers

Retailers in the departmental store and fashion categories carried out their expansion plans, accounting for nearly 50% (0.17msf) of Q3 gross leasing. CDIT brands followed with a 19% share while Accessories & Lifestyle accounted to around 12% of gross leasing. Prominent brands who leased space in this quarter included Fab India, Pantaloons, Croma, Reliance Digital, Malabar Jewellery and West side among others. Demand from international brands continued to remain low while domestic brands continued to be the demand drivers. Going forward, with gradual improvement in market conditions, demand from retailers across categories may be expected to increase with many of them continuing with their footprint expansion plans.

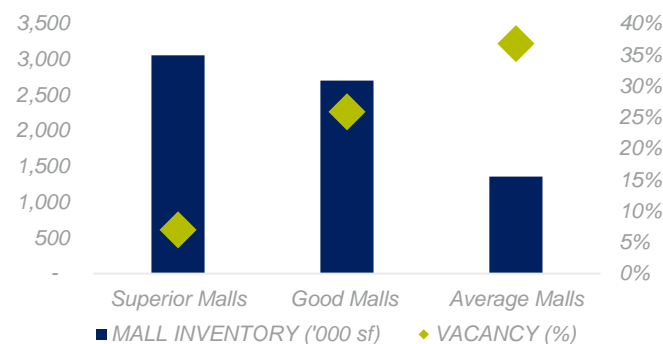
Mall vacancy remains stable; Rentals too remain unchanged

Despite demand being slow in the malls, due to no major retailer exit vacancy remained largely unchanged across malls, when compared to the previous quarter. Some retailers have continued to maintain a cautious stance and put their expansion plans on hold for the time being though they have not given up their existing spaces. They are likely to pursue growth opportunities once they witness sustainable business recovery and sales traction. Hyderabad is set to witness healthy supply of around 4.32msf over the next three years. Nearly 0.5 msf supply, which was scheduled over the next three months, has been deferred by three to four quarters due to delay in construction activity. Quoted rentals across malls and main streets continued to remain unchanged during the quarter. Prominent main streets such as Himayathnagar, Punjagutta and Jubilee Hills which have been witnessing leasing traction too have not witnessed any rental movement. Small discounts and revenue share models are still being discussed between landlords/developers and retailers.

MALL SUPPLY / VACANCY



CATEGORY-WISE STOCK / VACANCY



HYDERABAD

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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	110	15	18	0.0%	0.0%
S.P. Road/Begumpet	95	13	15	0.0%	0.0%
Raj Bhavan Road/Somajiguda	85	12	14	0.0%	0.0%
Banjara Hills	120	17	19	0.0%	0.0%
Abids	120	17	19	0.0%	0.0%
Himayathnagar	170	24	27	6.3%	6.3%
Punjagutta	125	17	20	4.2%	4.2%
Ameerpet	110	15	18	0.0%	0.0%
Jubilee Hills	125	17	20	4.2%	4.2%
Kukatpally NH.9	120	17	19	0.0%	0.0%
A.S. Rao Nagar	120	17	19	0.0%	0.0%
Madhapur	110	15	18	0.0%	0.0%
PRIME RETAIL RENTS – MALLS	INR SF/MTH	EURO SF/YR	US\$ SF/YR	Q-O-Q CHANGE	Y-O-Y CHANGE
NTR Gardens	100	14	16	0.0%	0.0%
Himayathnagar	150	21	24	0.0%	0.0%
Banjara Hills	260	36	42	0.0%	0.0%
Madhapur	235	33	38	0.0%	0.0%
Panjagutta	140	19	23	0.0%	0.0%
Somajiguda	120	17	19	0.0%	0.0%
Kukatpally	180	25	29	0.0%	0.0%

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

SIGNIFICANT LEASING TRANSACTIONS Q3 2021

PROPERTY	LOCATION	TENANT	SF
Main street	Kompally	Pantaloons	22,000
Main street	A S Rao Nagar	Mangalam Shopping Mall	40,000
Main street	Hayathnagar	Metro Cash & Carry	30,000

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	LOCATION	SF	COMPLETION DATE
Praga Mall	Kavadiguda	250,000	H2 2021
North City Mall	Kompally	600,000	H2 2022

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