

6.3% MALL VACANCY RATE (Q3 2021)

0.28 msf MALL SUPPLY BY Q2 2022

4.71 msf MALL INVENTORY (Q3 2021)

ECONOMIC INDICATORS Q3 2021

	2020	2021	2022 Forecast
GDP Growth	-7.7%	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

Mainstreet witness greater traction; malls start seeing footfall recovery

Kolkata's retail leasing activity witnessed greater traction in Q3 in some of the city's prominent main streets, as the impact of the second Covid wave gradually receded, vaccinations gained momentum and consumer demand revived. However, malls continued to report muted leasing activity though the on-going festive season has led to ~60-70% recovery in footfalls as compared to the pre-Covid period. The quarter saw 26,500 sf worth of leasing, with just 4500 sf in malls and the rest at various main streets. For instance, Nykaa and Mojo took up space in Quest Mall at Park Circus (CBD micromarket) and this was the only major mall that reported lease deals in the quarter. On the other hand, the highlight for the quarter was the performance of mainstreets, which cornered a large share of the transaction volume, with Decathlon, Citroen and Studio Pepperfry completing lease transactions at CBD main streets such as Theatre Road, Park Street and Chowringhee respectively. Prominent brands across categories including footwear, accessories, automobiles, furniture and sports goods were active during the quarter. Overall, with retail sales improving sequentially in the quarter (though still lower than pre-Covid levels) and consumers increasing their discretionary spending in the festive season, leasing activities are likely to improve further in the next couple of quarters.

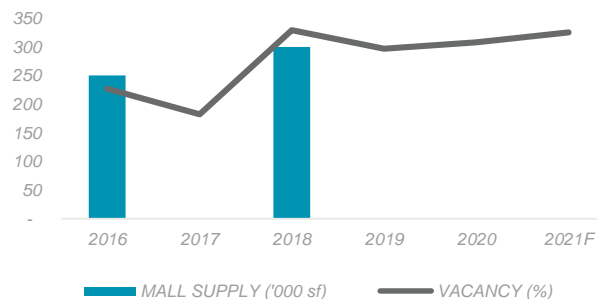
Limited upcoming supply in short run; healthier medium-term prospects

Kolkata did not report any new mall completion in Q3 and is expected to see 0.28 msf of mall supply in Q2 2022. While short term supply activity is likely to remain muted, the medium-term prospects look better. A new plan was unveiled by Phoenix Mills in partnership with Canadian Pension Plan Investment Board (CPPIB) to develop a mall at Alipore in South Kolkata. This new mall, expected to be completed by 2024/25, will have a development potential of 1 msf and the land has been acquired. Physical stores, particularly at Grade A malls, continue to play an important role with retailers recognizing the importance of providing superior experience at its outlets. This also explains why retailers such as Nykaa and Studio Pepperfry, which are largely online brands, have also embarked on expansion of physical stores and this can be seen in their Kolkata leasing activity. Space enquiries in the city's superior malls and prominent main streets are likely to remain healthy with electronics, apparel (casual wear, kids' wear) and accessories been major participants in lease deals as observed in recent quarters.

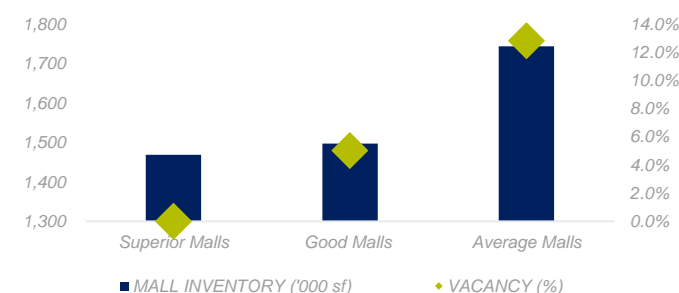
Rentals and vacancy rates unchanged

City-wide quoted mall rentals were largely unchanged on a quarterly basis. However, certain micromarkets in CBD and North Kolkata witnessed marginal rental appreciation due to relatively better demand coming-in. As demand is expected to slowly pick-up at the onset of festive season, mall developers will look to gradually move to pre-Covid rentals. Having said that, retailers continue to negotiate and stand in favour of revenue share model with limited minimum guarantee until the time the business recovers at level close to pre-Covid times. Some landlords have shown an intention to undertake a periodic review of retailer business and then decide on the possible rental incentives to support the tenants until sustainable business recovery. City wide mall vacancy rates remained unchanged at 6.3% in the quarter with demand for space in superior malls remaining healthy and these properties continuing to report low single digit vacancies.

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
Park Street (CBD)	460	64	74	0%	-7%
Camac Street (CBD)	375	52	61	0%	-6%
Lindsay Street (CBD)	375	52	61	0%	-6%
Elgin Road (CBD)	270	38	44	0%	-2%
Theatre Road (CBD)	200	28	32	3%	0%
Gariahat (South)	250	35	41	0%	0%
Shyambazar (North)	125	17	20	4%	-11%
Hatibagan (North)	130	18	21	4%	-7%
Kankurgachi (North East)	165	23	27	0%	-11%
VIP Road (North East)	120	17	19	3%	-8%
PRIME RETAIL RENTS - MALLS	INR SF/MTH	EURO SF/YR	US\$ SF/YR	Q-O-Q ** CHANGE	Y-O-Y CHANGE
South Kolkata	440	61	71	0%	0%
East Kolkata	415	58	67	0%	0%
Rajarhat/New Town	130	18	21	0%	0%
Elgin Road	500	70	81	0%	-5%
Howrah	190	26	31	0%	-10%
Park Circus	600	84	97	0%	0%

Note: Asking rent (INR/sf/month) on carpet area of ground floor Vanilla stores is quoted
 US\$ 1 = INR 74.24, € 1 = INR 86.16

Note: The above mentioned asking rentals are similar to those that were prevalent during Q1 2021, post a marginal recovery from the discounted ones being offered during H2 2020. While Q1 2021 witnessed a marginal recovery from post-COVID rentals in some of the main streets, rentals largely remained stable during Q3 2021 on a quarterly basis. 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	Theatre Road	Decathlon	15000
Main Street	Park Street	Citroen	3000
Quest Mall	Park Circus	Nykaa	2000
Quest Mall	Park Circus	Mojo	1000

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	LOCATION	SF	COMPLETION
Genexx Square	Joka	275,000	Q2 2022

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