

MUMBAI

Retail Q3 2021

CUSHMAN & WAKEFIELD

9.03% MALL VACANCY IN Q3 2021

3.02 msf MALL SUPPLY EXPECTED BY 2023

1.02% VACANCY % IN SUPERIOR GRADE MALLS

Mall leasing activity improves in Q3; Expected new supply in Q4 to revive activity

Leasing activity in prominent retail malls across Mumbai witnessed improvement during Q3 2021 on the back of Maharashtra government allowing malls to re-open for citizens who are fully vaccinated. Existing tenants at some of the city's prominent malls renewed their leases mainly by supermarkets, departmental stores and fashion segment, thereby driving momentum in lease transactions. Also, some malls witnessed fresh demand from accessories & lifestyle brands as well as F&B players. Major transactions that were concluded in Q3 were Sephora & Tapa Toro leasing space at R City Mall, Hypercity renewing its space at Inorbit Mall (Vashi) and Lifestyle renewing existing space at Inorbit Mall (Malad). The nearly-complete mall in BKC, named Jio World Drive, expected to be operational in October 2021, continues to witness pre-leasing activity during the quarter. We expect total mall supply of 3.02 msf to be delivered by end of 2023, with BKC witnessing nearly 30% of the total upcoming supply. One mall in BKC (Jio World Drive) and another in Vasai (The Capital) are likely to become operational during Q4.

With improvement in leasing activity during the quarter, overall city level mall vacancy dropped slightly to 9.03% in Q3 from 9.11% in the second quarter. Superior malls across the city continue to witness single digit vacancy rates as demand for quality retail space remains intact as is reflected in renewal of existing leases by retailers. With the state government allowing multiplexes across the city to reopen from 22nd October coupled with the onset of festive season, we expect malls to witness significant recovery in footfalls during the last quarter.

F&B, Fashion, Accessories & Lifestyle brands led main street leasing activity

Prominent main streets in Mumbai continued to witness sustained leasing activity during the quarter. Retailers from F&B, fashion and accessories & lifestyle brands drove the momentum. Locations like Bandra, BKC, Powai, Lower Parel and Andheri were preferred locations for majority of F&B operators during the quarter. Apart from prominent main streets, select locations in Navi Mumbai also witnessed main street leasing in Q3. Major transactions recorded during the quarter were Jack & Jones, Only and Recca at Fort, Kalyan Jewellers at Matunga, Pink Wasabi at Juhu, Citroën at Andheri West, iSense at Kharghar and Pizza Hut at Ghansoli. With localized lockdown restrictions eased considerably, restaurants and F&B sectors reached approx. 70-80% of pre-covid turnover levels during the quarter. With state government planning to extend operating time of restaurants and shops towards the end of October, we expect leasing activity across prominent main streets to remain healthy during the remainder of the year.

Short term marginal drop in mall and main street rentals

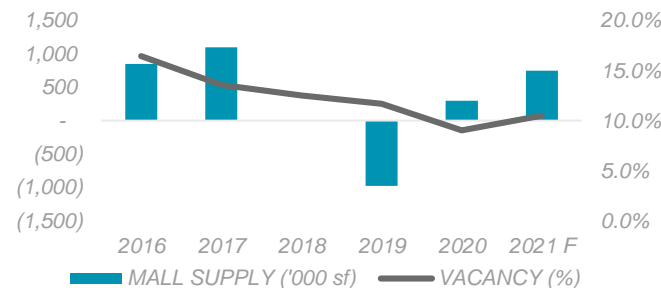
The quoted rental values across all prominent mall and main street locations have witnessed a short-term correction of 2-5% during the quarter. Also, main street landlords are offering better incentives to transaction advisors to help lease out their spaces. The rental values are expected to remain range bound in coming quarters. As economic activity gradually normalizes and leasing activity across malls and main streets gains further momentum, we can expect rental values to rise marginally towards end of 2022.

ECONOMIC INDICATORS Q3 2021

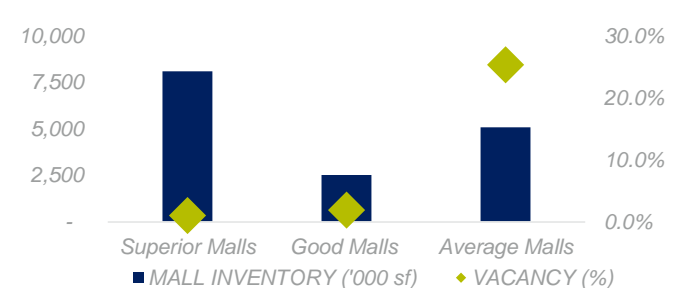
	2020	2021	2022 Forecast
GDP Growth	-7.3%	9.5%	8.5%
CPI Growth	6.1%	5.0%	4.3%
Consumer Spending	-8.5%	6.3%	7.2%
Govt. Final Expenditure Growth	5.7%	10.8%	9.7%

Source: Oxford Economics, RBI, IMF

MALL 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
Linking Road	750	104	121	-1.3%	-1.3%
Kemps Corner / Breach Candy	400	56	65	-2.4%	-2.4%
Colaba Causeway	560	78	91	-1.8%	-1.8%
Fort Fountain	370	52	60	-2.6%	-2.6%
Lokhandwala Andheri	370	52	60	-2.6%	-2.6%
Borivali LT Road	365	51	59	-3.9%	-3.9%
Chembur	360	50	58	-2.7%	-2.7%
Vashi	330	46	53	-2.9%	-2.9%
Thane	240	33	39	-2.0%	-2.0%
PRIME RETAIL RENTS – MALLS#	INR SF/MTH	EURO SF/YR	US\$ SF/YR	Q-O-Q CHANGE	Y-O-Y CHANGE
Lower Parel	820	114	133	-2.4%	-2.4%
Link Road – Andheri West	380	53	61	-1.3%	-1.3%
Malad	430	60	70	-2.3%	-2.3%
Goregaon	490	68	79	-2.0%	-2.0%
Kandivali	180	25	29	-2.7%	-2.7%
Kurla	165	23	27	-2.9%	-2.9%
Ghatkopar	230	32	37	-4.2%	-4.2%
Bhandup – Mulund	110	15	18	-4.3%	-4.3%
Vashi – Seawoods	330	46	53	-2.9%	-2.9%
Thane	290	40	47	-3.3%	-3.3%

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

Note: The above mentioned discounted rentals being offered in malls is a limited period trend to support the retail business in times of sluggish demand. Even with a downward pressure on rentals, such measures are likely to be re-calibrated to normal levels when business scenario improves for the better. 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	TYPE
Main Street – Matunga	Matunga	Kalyan Jewellers	6,000	Fresh Lease
Main Street – Fort	Fort	Jack & Jones	3,600	Fresh Lease
Main Street – Fort	Fort	Only	3,600	Fresh Lease
R City Mall	Ghatkopar	Tapa Toro	6,112	Fresh Lease
R City Mall	Ghatkopar	Sephora	4,686	Fresh Lease

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	LOCATION	SF	COMPLETION DATE
Jio World Drive	BKC	450,000	Q4 2021
Jio World Centre	BKC	475,000	Q2 2022
Oberoi Sky City Mall	Borivali East	1,000,000	Q4 2022

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