

BENGALURU

Retail Q4 2021

CUSHMAN & WAKEFIELD

14.0% MALL VACANCY RATE (Q4 2021)

12.98 msf MALL INVENTORY (Q4 2021)

1.2 msf EXPECTED MALL SUPPLY IN 2022

ECONOMIC INDICATORS Q4 2021

	2020	2021	2022 Forecast
GDP Growth	-7.3%	9.2%	8.5%
CPI Growth	6.1%	5.3%	5.0%
Consumer Spending	-8.5%	6.3%	7.2%
Govt. Final Expenditure Growth	5.7%	10.8%	9.7%

Source: Oxford Economics, RBI, IMF

Leasing momentum strengthens, healthy footfall levels across malls and main streets

Bengaluru's retail leasing activity witnessed greater traction in Q4 with healthy demand observed across prominent main streets and recently completed malls. Existing Grade-A malls too witnessed space churns backed by steady retailer interest. Main streets of Bengaluru however remained the focal point of activity, with new leases and store openings across prominent retail hubs like Indiranagar, Jayanagar and Koramangala. Occupancy levels at these main streets is rising fast with brands like Puma, Adidas, KFC, Cult Fitness, NYKAA expanding their presence. Emerging main streets such as Kamanahalli, New BEL Road, Hennur Road too contributed towards higher leasing momentum during the quarter. Retailers like Kalyan Jewellers, Levis, Star Market, Jaypore were active in main streets during Q4. Popeyes, a US based QSR brand, leased space at New BEL Road and was a key highlight of leasing during the quarter. Preference for peripheral residential corridors seemed to continue, with D'Mart, Reliance Digital and Trends leasing large store spaces at Magadi Road and New BEL Road during the quarter. Overall, Fashion, F&B and Accessories & Lifestyle were retail categories active in both main streets and malls, accounting for 40% -45% of the quarterly leasing activity.

Prominent malls in the city like Phoenix Market city, Brigade Orion and Forum Koramangala witnessed footfalls as high as 85-90% of pre-COVID levels during weekends, backed by higher spending among consumers during festive season. Categories such as consumer electronics, fashion, hypermarkets segment and branded F&B chains in malls have witnessed improvement in their sales numbers during the quarter. Prominent main streets like Commercial Street, Brigade Road, Indiranagar and Koramangala also recorded increased footfalls both during weekdays and weekends. .

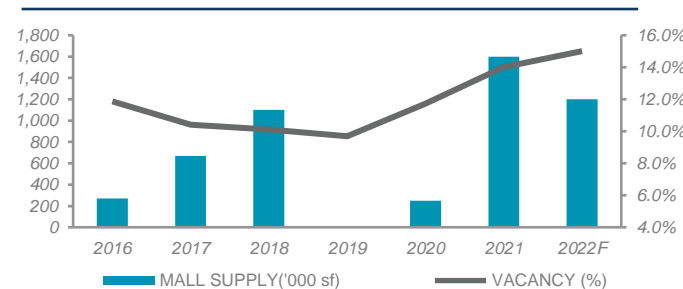
Two new supply gets added to city's organized retail inventory

North and Northwest quadrants of Bengaluru witnessed two new malls during the quarter, adding a supply of 1.6 msf to the city's overall inventory. Bengaluru reached around 13.0 msf of mall inventory by end 2021, with Lulu Mall and Bhartiya City Centre starting their operations towards beginning of Q4. Superior grade malls starting operations in the current market scenario, speaks about improved developer confidence. Approx. 65-70% of these new malls were occupied at the time of completion indicating good demand for quality retail space. Overall vacancy rose by 160 bps (12.4% in Q3 to 14.0% in Q4) across malls as new supply got added and also in few cases retailer exits from certain other non-Grade A malls. Vacancies in quality assets continue to remain low.

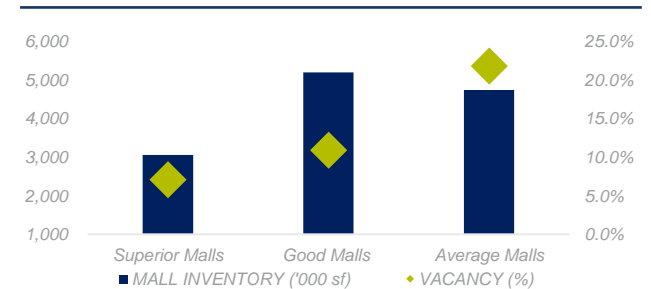
Prime main streets record rental growth, move closer to pre-COVID rentals

At city level, rentals across main streets and malls continue to remain unchanged on a quarterly basis. However, prime main streets in central and south Bengaluru have recorded a rental growth. With an average q-o-q rental growth of 5-8%, the main streets of Brigade Road, Commercial Street, Indiranagar, Jayanagar and Koramangala have reached almost 90-95% of pre-COVID rentals. Main streets at tech corridors of Whitefield, Marathahalli and Outer Ring Road continued to quote Q1 2021 rentals that remained unchanged even during Q4. Retailers at commercial districts in the city continue to negotiate with landlords / developers for revenue share with lower minimum guarantee. Negligible revival in business at these outlets amid work from home of employees have resulted in substantial drop in minimum guarantee rentals offered by retailers.

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
MG Road	240	34	39	4.3%	6.7%
Brigade Road	280	40	46	3.7%	7.7%
Commercial Street	300	43	49	3.4%	7.1%
Indiranagar 100 Feet Road	170	24	28	11.8%	11.8%
Jayanagar 4th Block, 11th Main	280	40	46	11.1%	11.1%
Sampige Road, Malleshwaram	110	16	18	0.0%	1.9%
Koramangala 80 Feet Road	110	16	18	10.0%	10.0%
Vittal Mallya Road	270	39	44	8.0%	8.0%
New BEL Road	120	17	20	0.0%	0.0%
Marathahalli Junction	138	20	23	0.0%	2.2%
Kamanahalli Main Road	140	20	23	0.0%	1.4%
HSR Layout 27th Main	127	18	21	0.0%	1.6%

PRIME RETAIL RENTS - MALLS	INR SF/MTH	EURO SF/YR	US\$ SF/YR	Q-O-Q CHANGE**	Y-O-Y CHANGE
Koramangala	420	60	69	0%	0%
Magrath Road	375	54	61	0%	0%
Cunningham Road	90	13	15	0%	0%
Mysore Road	65	9	11	0%	0%
Vittal Mallya Road	410	59	67	0%	0%
Whitefield	125	18	20	0%	0%
Rajarajeshwari Nagar	80	11	13	0%	0%
Malleshwaram	280	40	46	0%	0%
Bannerghatta Road	195	28	32	0%	0%

Note: Asking rent (INR/sf/month) on carpet area of ground floor Vanilla stores is quoted
 US\$ = INR 73.30 AND € = INR 84.04

SIGNIFICANT LEASING TRANSACTIONS Q4 2021

PROPERTY	LOCATION	TENANT	SF
Main Street	Harlur Road, off Sarjapur Road	Reliance Digital & Reliance Trends	10,000
Main Street	Kamanahalli	Kalyan Jewellers	5,000
Phoenix Market City Mall	Whitefield	Jaypore	3,000
Main Street	New BEL Road	Popeyes	2,500

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	LOCATION	SF	COMPLETION
Salarpuria Sattva Divinity Mall	Mysore Road	250,000	Q2 2022
Mantri Arena Mall	Kanakapura Road	900,000	Q4 2022

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