

HYDERABAD

Retail Q1 2022

CUSHMAN & WAKEFIELD

20.2% MALL VACANCY (Q1 2022)

4-5% VACANCY IN SUPERIOR GRADE MALLS (Q1 2022)

~ 0.20 msf OF LEASING ACTIVITY (Q1 2022)

ECONOMIC INDICATORS Q1 2022

	2021	2022	2023 Forecast
GDP Growth	9.0%	7.2%	7.0%
CPI Growth	5.3%	5.7%	5.0%
Consumer Spending	6.3%	7.2%	7.6%
Govt. Final Expenditure Growth	10.8%	9.7%	8.5%

Source: Oxford Economics, IMF, RBI

Healthy leasing activity ensures faster leasing of available space

The first quarter of 2022 witnessed healthy leasing activity across malls of Hyderabad, on the back of expansion plans of brands across fashion & apparel, quick service restaurants, and consumer durable & electronics segments. Hyderabad recorded around 200,000 sf of leasing activity in Q1 2022, across malls and main streets, indicating a revival in business sentiment. Approx. 70 deals were signed during the quarter, 40% higher when compared to the quarterly average for 2021. Malls accounted for nearly 56% of the quarterly leasing activity, registering a staggering growth of 262% from the previous quarter. This was aided by store openings by prominent brands like Inox, Decathlon, Westside, and Pantaloons in Salarpuria Necklace Pride mall, which became operational in Q4 last year. Around 60% of this newly operational mall was occupied in less than 100 days of opening, indicating good demand for quality retail space.

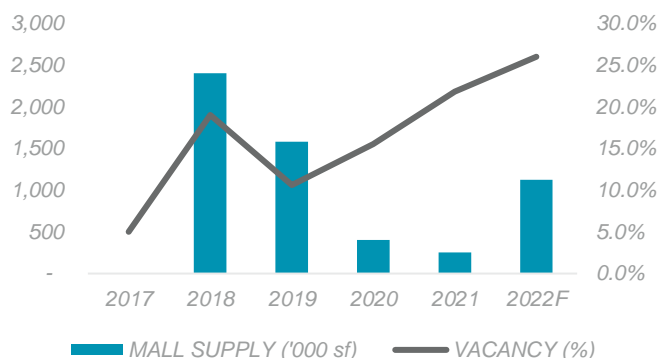
Fashion & apparel category continues to be the leading demand driver

Fashion & apparel segment dominated retail leasing in Q1 and accounted for approx. 50% of the leasing volume. Major fashion & apparel brands such as Westside, Zudio, Mugdha, Max and Reliance Trends have leased retail spaces ranging from 5,000 sf to 10,000 sf in prime high street locations of Ameerpet, Kukatpally, Banjara Hills, Chanda Nagar, and few other prime locations of CBD which got occupied in Q1 2022. The entertainment segment held a 21% share in quarterly leasing, followed by consumer durable & electronics segment which accounted for a 15% share. The hyperlocal delivery platform segment contributed approx. 5% in quarterly retail leasing with brands such as D-Mart Ready, Zepto, Blinkit, Swiggy Instamart, and Dunzo taking up space on prominent main streets during the quarter. These brands are looking to open smaller format stores for their pick-up and drop delivery operations. In addition to the above, retail space enquires have also increased significantly from brands in grocery & food delivery, athleisure, kids-wear fashion, and quick service restaurants (QSR) segments. Demand from these modern formats which are serving the omnichannel strategy for brands through formats such as buy-online-pick at store (BOPIS), quick service format, easy pick-up, and neighbourhood stores, is expected to grow in the coming quarters.

Mall rentals to remain stable, prime main streets may record rental hike

Prime main streets in the city witnessed healthy leasing activity in the last nine to twelve months driven by expansion of local retailers and national brands in the fashion & apparel and consumer durable & electronics categories. This has resulted in lower quality retail space options at prominent main street locations and this is likely to drive rental growth in these main streets in the short to medium term. We anticipate approx. 1.0 msf of new supply to get added to the city's mall inventory by the end of 2022 in Moulali and Miyapur.

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
M.G. Road	130	19	21	4.0%	8.3%
S.P. Road/Begumpet	150	21	24	4.9%	11.1%
Raj Bhavan Road/Somajiguda	100	14	16	0.0%	5.3%
Banjara Hills	150	21	24	7.1%	15.4%
Abids	125	18	20	0.0%	4.2%
Himayathnagar	200	28	32	4.2%	8.1%
Punjagutta	120	17	19	1.7%	4.3%
Ameerpet	120	17	19	3.4%	7.1%
Jubilee Hills	160	23	26	3.9%	10.3%
Kukatpally NH.9	150	21	24	4.2%	13.6%
A.S. Rao Nagar	130	19	21	3.2%	5.7%
Madhapur	110	16	18	0.0%	4.8%
PRIME RETAIL RENTS – MALLS	INR SF/MTH	EURO SF/YR	US\$ SF/YR	Q-O-Q CHANGE	Y-O-Y CHANGE
Forum Sujana, Kukatpally	150	14	16	0.0%	0.0%
GVK One, Banjara Hills	130	21	25	0.0%	0.0%
Inorbit, Madhapur	180	37	43	0.0%	0.0%
Sarath City Capital, Kondapur	130	34	39	0.0%	0.0%
L&T Punjagutta	130	20	23	0.0%	0.0%
L&T Eramanzil	110	17	17	0.0%	0.0%

Note: Asking rent (INR/sf/month) on carpet area of ground floor Vanilla stores is quoted
 US\$ = INR 75.06 AND € = INR 83.82

Note: The above-mentioned asking rentals across malls and main streets have remained stable during the quarter. These do not indicate the actual transacted rental scenario since negotiations between developers/landlords and retailers continue to remain active, basis the day-to-day evolving conditions of the pandemic. We will continue to monitor the rental scenario in the coming quarters with focus on the prevailing transaction momentum in the market.

SIGNIFICANT LEASING TRANSACTIONS Q1 2022

PROPERTY	LOCATION	TENANT	SF
Salarpuria Necklace Pride	Kavadiiguda	Inox	42,000
Salarpuria Necklace Pride	Kavadiiguda	Decathlon	15,000
Main street	Kondapur	Vijay Sales	10,000

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	LOCATION	SF	COMPLETION DATE
AMR Planet Ideal Mall	Moulali	425,000	H2 2022
SMR Vinay Metro Mall	Miyapur	220,000	H2 2022

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