

# BENGALURU

Retail Q4 2022

**14.2 msf** MALL INVENTORY (Q4 2022)

**15.0%** MALL VACANCY RATE (Q4 2022)

**1.2 msf** EXPECTED GRADE A+B MALL SUPPLY (2023)

## ECONOMIC INDICATORS Q4 2022

	2021	2022	2023 Forecast
GDP Growth	8.7%	6.8%	6.1%
CPI Growth	5.3%	6.7%	5.0%
Consumer Spending	6.3%	7.5%	7.2%
Govt. Final Expenditure Growth	10.8%	9.7%	8.5%

Source: Oxford Economics, RBI, IMF

## New mall supply and emerging mainstreets contribute leasing volume in Q4

Strong leasing momentum during the quarter led to around ~1.0 msf of retail space being leased across prominent malls and main streets in Bengaluru. Opening of a large Grade A mall, Forum Falcon City, has driven leasing volume across the mall leasing segment, which accounted for 65-70% of the space leased during Q4. Large anchor brands across Fashion, Hypermarket, Cinema and Family Entertainment contributed towards high leasing volume in the newly completed mall. As witnessed during the previous quarters, existing superior grade malls namely Phoenix Market City, Brigade Orion and Nexus Koramangala continue to record retailer churns owing to low availability of space. Recently operational Lulu Global Mall and Bhartiya City Centre witnessed sustained demand from retailers and higher consumer footfall.

Main streets like Brigade Road, Koramangala, JP Nagar and Indiranagar were the most active with quite a few leases recorded during the quarter. Emerging main streets such as New BEL Road, Sahakar Nagar and Kamanahalli Main Road also contributed to sustained leasing momentum. F&B segment, which has been witnessing healthy leasing over the last few quarters, was a dominant contributor (~30%) to quarterly demand for retail space. Fashion retailers exhibited steady growth and accounted for around ~25% of leased space in Q4. Electric two-wheeler brands are on an expansion spree in the city with Ola Electric, Hero Vida among others accounting for 10-12% of quarterly lease volume.

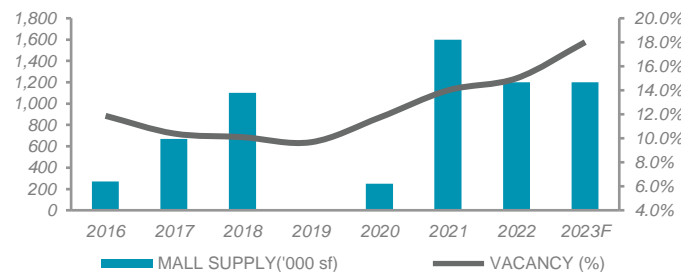
## Quality mall supply in the city's southern quadrant, increase in superior mall vacancy levels

Forum Falcon city mall of approx. 1.0 msf got operational during Q4 in Kanakapura with the city's mall inventory adding up to 14.2 msf by end 2022. While healthy leasing has been recorded in the new mall, higher supply addition led to an increase in city-wide mall vacancy from 13.7% in Q3 to 15% in Q4 2022. With the addition of superior grade mall space, the vacancy in this category of malls recorded an increase from low single digit vacancy levels (3-5%) in Q3 to around 10% in Q4. With no new supply expected during next one or two quarters and with steady demand observed in quality malls, the superior grade vacancy level in the city is likely to see a decline.

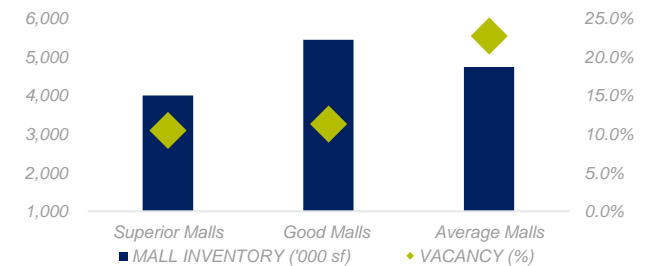
## Mall rentals remain range bound; select main streets witness rental growth

Quoted rentals in malls remained largely unchanged in Q4. Retail hubs such as Brigade Road, Commercial Street in central Bengaluru and HSR Layout 27<sup>th</sup> Main in South Bengaluru witnessed 3-5% q-o-q rental growth backed by strong demand but low availability of quality space. Overall rentals across prominent main streets in the city recorded an average 2-3% q-o-q rental growth. Due to the lack of quality space in the active main streets, rentals are likely to see a further upward movement in the coming quarters.

## MALL SUPPLY / VACANCY



## CATEGORY-WISE STOCK / VACANCY



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CUSHMAN &amp; WAKEFIELD

## 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	35	0.0%	0.0%
Brigade Road	390	56	57	2.6%	39.3%
Commercial Street	390	56	57	2.6%	30.0%
Indiranagar 100 Feet Road	220	32	32	0.0%	29.4%
Jayanagar 4th Block, 11th Main	370	53	54	0.0%	32.1%
Sampige Road, Malleshwaram	150	22	22	0.0%	36.4%
Koramangala 80 Feet Road	150	22	22	0.0%	36.4%
Vittal Mallya Road	360	52	52	0.0%	33.3%
New BEL Road	150	22	22	0.0%	25.0%
Marathahalli Junction	140	20	20	1.4%	1.4%
Kamanahalli Main Road	185	27	27	0.0%	32.1%
HSR Layout 27th Main	175	25	26	6.1%	37.8%
PRIME RETAIL RENTS – MALLS*	INR SF/MTH	EURO SF/YR	US\$ SF/YR	Q-O-Q CHANGE**	Y-O-Y CHANGE
Forum Mall, Koramangala	300	43	44	0%	0%
Garuda Mall, Magrath Road	250	36	36	0%	0%
Phoenix Market City, Whitefield	375	54	55	0%	0%
1 MG Mall, MG Road	250	36	36	0%	0%
Brigade Orion, Rajaji Nagar	225	32	33	0%	0%
Vega City Mall, Bannerghatta Road	200	29	29	0%	0%
Mantri Square, Malleshwaram	180	26	26	0%	0%
RMZ Galleria Mall, Yelahanka	120	17	17	0%	0%
VR Mall, Whitefield	140	20	20	0%	0%

\*Note: Average Asking rent (INR/sf/month) on carpet area of malls is quoted  
 US\$ = INR 82.3 AND € = INR 83.6

## SIGNIFICANT LEASING TRANSACTIONS Q4 2022

PROPERTY	LOCATION	TENANT	SF
Main Street	CMH Road Indiranagar	Ola Electric	15,000
Main Street	Brigade Road	Lee	5,000
Main Street	Koramangala	Zigly	2,500
Main Street	JP Nagar	Jamming Goat	4,000
Main Street	Sahakar Nagar	Taco Bell	2,500
Forum Falcon City Mall	Kanakapura Road	Lulu Hypermarket	70,000

## SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	LOCATION	SF	COMPLETION
Phoenix Mall of Asia	Bellary Road	1,200,000	Q3 2023

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