

CHENNAI

Retail Q4 2022

CUSHMAN & WAKEFIELD

11.41% MALL VACANCY (Q4 2022)

5% Y-O-Y GROWTH IN PURASAIWAKKAM MAIN STREET RENTS

31% SHARE OF F&B IN MAINSTREET LEASING (Q4 2022)

Quantum leap in mainstreet leasing during Q4, driven by F&B and fashion brands

Main streets in Chennai recorded a leasing volume of 0.11msf in Q4, nearly 2.8X of the leasing volume recorded during the previous quarter. Leasing activity was driven by mainstreets in the North-west and Off CBD submarkets, with each accounting for 32% share in volume, followed by South-west mainstreets with a 13% share. Prominent locations in North-west, Off CBD and South-west submarkets that witnessed healthy demand in Q4 were Anna Nagar, T.Nagar, Ashok nagar and Pursaiwalkam. With high footfalls being recorded across F&B outlets in the city, F&B retailers are on an expansion spree and accounted for 31% share in Q4 leasing. Fashion & Apparel segment held a 27% share. The annual gross leasing this year in mainstreets added up to 0.3msf. Retailers in the fashion segment contributed around 26% in annual retail leasing.

Malls witnessed good traction in Q4; marginal drop in mall vacancy

During the quarter, malls in the city recorded a gross leasing of 0.05msf which is about 2.5X of leasing volume recorded in Q3. Prominent malls in the CBD and North-west submarkets cumulatively contributed around 94% of quarterly leasing. Backed by healthy traction in malls during the quarter, city level mall vacancy witnessed a q-o-q drop of 41 basis points and stood at 11.41%. Superior malls continued to enjoy tight vacancies in the range of 1-2% due to strong demand for quality mall space. Among retailer segments that signed up space in malls, department stores performed well with a share of 37% followed by Accessories & Lifestyle brands with a 30% share. On an annual basis, malls in the city witnessed good traction (0.1msf) in 2022, with national brands accounting for more than 78% of the leased space. While no new completion was recorded during the quarter, the city is expected to witness a healthy supply of 2.9msf over the next couple of years.

Mall rentals largely stable; mainstreet rentals saw a y-o-y growth

Mall rentals mostly remained unchanged during the quarter. Going forward, marginal rental strengthening is anticipated, particularly in superior malls amid tight vacancy levels. Rentals in main streets of South Usman Road, Pondy Bazaar and Velachery saw a q-o-q rise of 3-5%. Meanwhile on a yoy basis, Adyar Main Road, Anna nagar 2nd avenue, Purasaiwakkam high road, Pondy Bazaar and Velachery recorded a y-o-y rental appreciation of 5-7% on the back of steady demand at these locations and further rental growth is expected in the upcoming quarters.

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, IMF, RBI

MALL SUPPLY / VACANCY RATE



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
Nungambakkam High Road	128	18	19	-1.5%	-1.5%
Khadar Nawaz Khan Road	132	19	19	-2.2%	-2.2%
Cathedral Road - R.K. Salai	115	17	17	0.0%	0.0%
Usman Road - South	105	15	15	5.0%	5.0%
Usman Road - North	110	16	16	0.0%	0.0%
Adyar Main Road	145	21	21	0.0%	3.6%
Anna Nagar 2 nd Avenue	150	22	22	0.0%	3.4%
Purasawalkam High Road	115	17	17	0.0%	4.5%
Pondy Bazaar	155	22	23	3.3%	3.3%
Velachery	105	15	15	0.0%	5.0%
Ambattur (MTH Road)	100	14	15	5.3%	5.3%
PRIME RETAIL RENTS – MALLS	INR SF/MTH	EURO SF/YR	US\$ SF/YR	Q-O-Q CHANGE	Y-O-Y CHANGE
Phoenix Market City - Velachery	285	41	42	0.0%	0.0%
Nexus Vijaya - Vadapalani	250	36	36	0.0%	0.0%
The Palladium - Velachery	240	34	35	0.0%	0.0%

Note: Asking rent (INR/sf/month) on carpet area of ground floor Vanilla stores is quoted
 US\$ = 82.3 INR AND € = 83.6 INR

SIGNIFICANT LEASING TRANSACTIONS Q4 2022

PROPERTY	LOCATION	TENANT	SF
Citi Centre	Mylapore	West side	20,000
Main Street	Mount Poonamallee Road	Malabar Gold	9,000
Main Street	Perambur	Reliance Digital	9,000

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	LOCATION	SF	COMPLETION DATE
Chennai Airport MLCP	Meenambakkam	327,350	Q1 2023
Market of India	Perambur	5,400,000	Q4 2023 (Phase I)

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