

BENGALURU

Retail Q2 2023

CUSHMAN & WAKEFIELD

14.2 msf MALL INVENTORY (Q2 2023)

13.3% MALL VACANCY RATE (Q2 2023)

1.2 msf EXPECTED GRADE A MALL SUPPLY (2023)

Healthy leasing seen in recently completed malls and prominent main streets

High retailer demand for fresh space in recently operational malls such as Salarpuria Sattva Divinity, Prestige Falcon City Mall and churn leasing in some of the superior grade malls in the city, added up to around 0.15 msf of lease volume during Q2. The first centre of an indoor Adventure Park spread across ~40,000 sf at Brigade Orion mall, has been one of the highlights in mall leasing this quarter. Main streets across the city continued to witness sustained traction with 0.15-0.2 msf of leasing activity during the quarter. Bulk of this demand for new space was recorded in prominent retail hubs like Indiranagar, Jayanagar, Koramangala and Sarjapur Main Road; emerging main streets of Hennur and Kamanahalli too contributed to demand for retail space.

F&B segment sustained growth and accounted for ~45% of leased space in Q2 followed by the Entertainment & Fashion and Accessories retailers with 16% shares each. Opening of Asia's largest pub, Oia (spread across 87,000 sf) at Hennur speaks about the rising demand for F&B options among consumers.

No supply addition amidst continued leasing culminates into fall in vacancy

Bengaluru's mall inventory stood at 14.2 msf, with Grade A mall inventory totalling up to 8.8 msf, as of second quarter. No new mall space got added in Q2 but around 1.2 msf of Grade A supply is expected in the remainder of the year. Backed by healthy fresh leasing in the recently-completed Grade A malls and sustained churn activity in the existing ones, overall mall vacancy in the city dropped by a steep 110 basis points and stood at 13.3%. Grade A malls contributed largely to this vacancy drop and recorded around 7-8% vacancy during Q2. With steady demand for quality retail space and with upcoming Grade A mall largely pre-leased, low vacancy level in superior malls is likely to sustain in the near term.

Rentals appreciate at select main streets; mall rentals remain unchanged

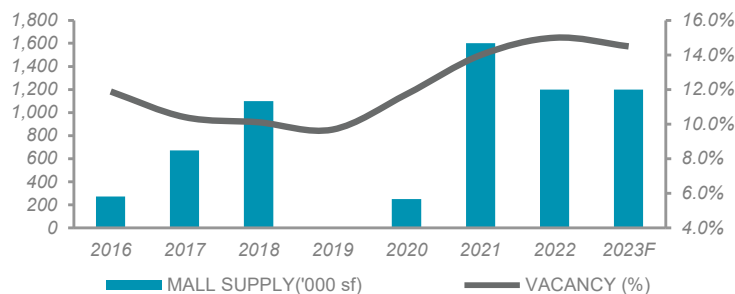
Quoted rentals in malls remained unchanged during first half of the year due to limited opportunity for rental revision amid low availability of fresh space, particularly in the well performing malls. Prominent main streets such as Indiranagar, Koramangala and Jayanagar and Vittal Mallya Road witnessed 4-5% q-o-q rental growth, with overall main street rentals in the city recording an average 2-3% growth during the quarter. Due to lack of quality space across the prominent main streets, rentals are likely to appreciate further in the upcoming quarters.

ECONOMIC INDICATORS Q2 2023

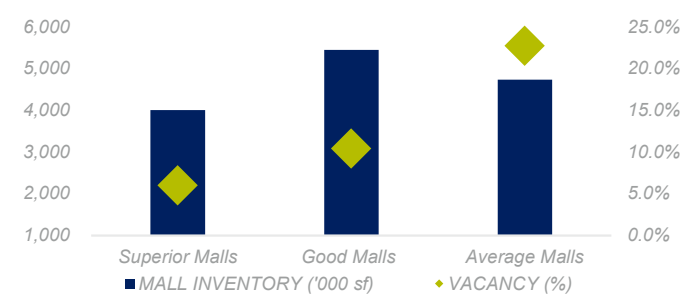
	2022	2023	2024 Forecast
GDP Growth	7.2%	6.1%	6.5%
CPI Growth	6.7%	5.3%	5.0%
Consumer Spending	7.5%	7.0%	6.7%
Govt. Final Expenditure Growth	9.7%	8.1%	7.4%

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
MG Road	240	32	35	0.0%	0.0%
Brigade Road	400	54	58	0.0%	11.1%
Commercial Street	400	54	58	0.0%	11.1%
Indiranagar 100 Feet Road	230	31	34	4.5%	9.5%
Jayanagar 4th Block, 11th Main	390	52	57	5.4%	11.4%
Sampige Road, Malleshwaram	150	20	22	0.0%	7.1%
Koramangala 80 Feet Road	160	21	23	6.7%	14.3%
Vittal Mallya Road	370	50	54	2.8%	5.7%
New BEL Road	150	20	22	0.0%	0.0%
Marathahalli Junction	140	19	20	0.0%	1.4%
Kamanahalli Main Road	195	26	28	5.4%	11.4%
HSR Layout 27th Main	185	25	27	5.7%	15.6%
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	40	44	0%	0%
Garuda Mall, Magrath Road	250	34	37	0%	0%
Phoenix Market City, Whitefield	375	50	55	0%	0%
1 MG Mall, MG Road	250	34	37	0%	0%
Brigade Orion, Rajaji Nagar	225	30	33	0%	0%
Vega City Mall, Bannerghatta Road	200	27	29	0%	0%
Mantri Square, Malleshwaram	180	24	26	0%	0%
RMZ Galleria Mall, Yelahanka	120	16	18	0%	0%
VR Mall, Whitefield	140	19	20	0%	0%

*Note: Average Asking rent (INR/sf/month) on carpet area of malls is quoted
US\$ = INR 82.17 AND € = INR 89.43

SIGNIFICANT LEASING TRANSACTIONS Q2 2023

PROPERTY	LOCATION	TENANT	SF
Phoenix Market City	Whitefield	United Colors of Benetton	~2,670
Phoenix Market City	Whitefield	Houmn	~750
Brigade Orion Mall	Rajajinagar	Bounce Inc.	40,000
Main Street	Indiranagar	Trippy Goat	~4,000
Main Street	Yeshwanthpur	Maserati	~1,200

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

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

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