

# BENGALURU

Retail Q3 2023

CUSHMAN & WAKEFIELD

**14.2 msf** MALL INVENTORY (Q3 2023)

**13.3%** OVERALL MALL VACANCY (Q3 2023)

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

## Sustained momentum in retail leasing volumes, driven by main streets

Retail leasing volumes were recorded at ~0.18 msf in Q3, on the back of continued space demand across prominent main streets. Mall leasing slowed down as compared to the previous quarter with main streets contributing nearly 60% of the overall quarterly leasing volumes. Main streets remained active during the quarter with leasing volumes of ~0.11 msf and certain prominent micromarkets such as Indiranagar 100 Ft Road and Sarjapur Road continued to witness a shortage of quality supply amidst rising space demand. Leasing was spread across a number of locations including Indiranagar, Hennur Road, CMR Road and Jayanagar. Unlike in the previous quarters, the CBD micromarket (MG Road, Brigade Road, Vittal Mallya Road) recorded leasing activity too. Fashion retailers dominated leasing with a share of nearly 53% of leases during the quarter across malls and main streets, followed by the F&B and footwear categories with shares of 11% and 10%, respectively. Grade A malls in the city, namely 1mg, Nexus Koramangala and Mantri Square witnessed space take-up by prominent CDIT and F&B players, pointing towards sustained demand for quality mall space.

The upcoming Phoenix Mall of Asia, which is set to be inaugurated in Q4, has received substantial precommitments, particularly in the fashion and apparel segment. Moreover, enquiries from entertainment, F&B, lifestyle brands have continued, thereby showing that demand for space remains strong.

## No new mall supply in Q3; city-wide mall vacancy remains unchanged

Bengaluru recorded no new mall completion in Q3; however, the city will witness significant addition to its Grade A mall inventory in Q4 when Phoenix Mall of Asia will be inaugurated. The mall, with a gross leasable area (GLA) of 1.2 msf will address strong demand for superior mall space among reputed national and international brands across sectors. Overall mall vacancy rate remained unchanged at 13.3% in the quarter due to no supply addition even as availability of space remained constrained due to low single digit vacancies in the city's Superior grade malls. Significant pre-commitments in the upcoming Phoenix Mall of Asia is likely to keep vacancies range bound in the near term.

## City-wide mall rentals stable; prominent main street rentals move higher

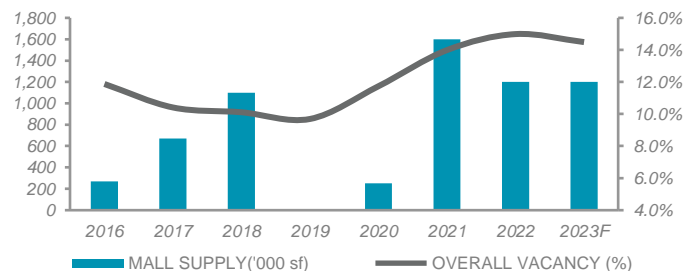
There was no change in quoted mall rentals during the quarter. Main streets such as Indiranagar, Sarjapur Road and Kamanahalli continue to witness strong demand for space amidst low supply of suitable properties. These locations recorded rental growth of 9-11% on a quarterly basis while a rental increase of 4-6% Q-o-Q was witnessed in Koramangala and Jayanagar. Main street rentals are likely to appreciate further in the near term on the back of sustained demand but lack of quality space availability.

### ECONOMIC INDICATORS Q3 2023

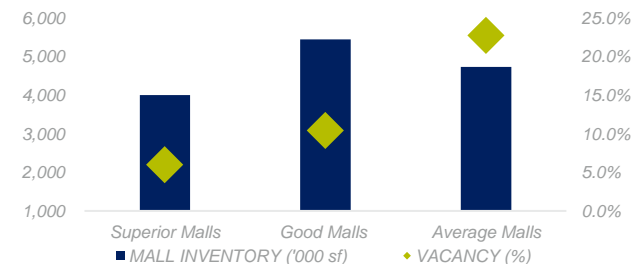
	2022	2023	2024 Forecast
GDP Growth	7.2%	6.1%	6.5%
CPI Growth	6.7%	5.3%	5.0%
Consumer Spending	7.5%	7.0%	6.7%
Govt. Final Expenditure Growth	9.7%	8.1%	7.4%

Source: Oxford Economics, RBI, IMF

### MALL SUPPLY / VACANCY



### CATEGORY-WISE STOCK / VACANCY



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## 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	33	35	0.0%	8.0%
Brigade Road	400	55	58	0.0%	10.0%
Commercial Street	400	55	58	0.0%	9.0%
Indiranagar 100 Feet Road	250	34	36	9.0%	15.0%
Jayanagar 4th Block, 11th Main	405	55	59	4.0%	11.4%
Sampige Road, Malleshwaram	150	21	22	0.0%	7.1%
Koramangala 80 Feet Road	170	23	25	6.2%	14.3%
Vittal Mallya Road	370	51	54	0.0%	5.7%
New BEL Road	150	21	22	0.0%	0.0%
Marathahalli Junction	144	20	21	2.9%	5.6%
Kamanahalli Main Road	215	29	31	10.3%	17.0%
HSR Layout 27th Main	195	27	28	2.6%	7.5%

\*Note: Average Asking rent (INR/sf/month) on carpet area of malls is quoted  
 US\$ = INR 82.21 AND € = INR 87.68

## SIGNIFICANT LEASING TRANSACTIONS Q3 2023

PROPERTY	LOCATION	TENANT	SF
Main Street	RR Nagar	Zudio	15,000
Main Street	CMR Road	Banana Club	10,000
Main Street	Trinity Circle, MG Road	Kohler	10,000
1MG Mall	MG Road	2 Moons	5,500
1MG Mall	MG Road	Juliet	6,500

## SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	LOCATION	SF	COMPLETION
Phoenix Mall of Asia	Bellary Road	1,200,000	Q4 2023

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