

MARKETBEATS



3.5msf

Expected Mall Supply
(Q4 2020)

4.5%

Mall Vacancy

0.1msf

Main Street
Transactions

WHAT'S
NEXT

HIGHLIGHTS

Low mall vacancy pushes main streets to the forefront

Owing to limited vacancy in existing malls, majority of the transaction activity during the quarter was recorded on the main streets. The F&B and lifestyle retailer segments were the most active with Reliance Trends, FabIndia, Ritu Kumar and Tommy Hilfiger signing up retail spaces in main streets. Swedish home furnishing brand IKEA opened its first India store, spread over 400,000 sf on a key arterial road along the Hyderabad Metro transit corridor of Hitec city, during the quarter as well.

Rents remain largely stable

Lack of activity in malls kept rents largely unchanged. Despite the healthy demand for spaces on main streets, rents remained range-bound during the quarter. We expect mall rents to largely remain stable with activity likely to remain sluggish in the short-term. Additional mall supply is also likely to command rents within the prevailing range.

Healthy mall supply pipeline

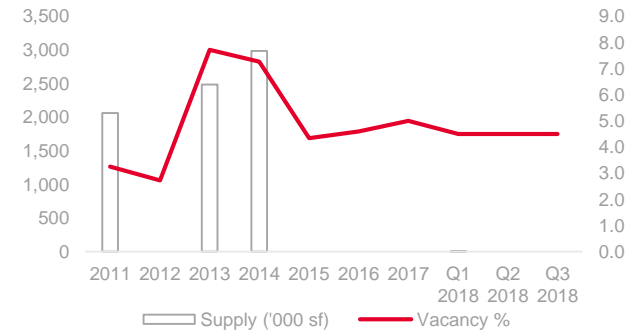
Q4 2018 is likely to see two mall completions totaling 0.6 mn sf. A significant pipeline of 3.5 mn sf is lined up in the city till end-2020, which can potentially double the city's retail stock. With large malls lined up in vicinity of commercial and residential corridors, leasing activity is likely to pick up steam backed by these expected completions.

ECONOMIC INDICATORS

	2016	2017	2018 Forecast
GDP Growth	7.9%	6.2%	7.6%
CPI Growth	4.9%	3.3%	4.8%
Consumer Spending	8.3%	5.9%	7.5%
Govt Final Expenditure Growth	12%	14.2%	4.5%

Source: Oxford Economics

MALL SUPPLY & VACANCY



Source: Oxford Economics

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Research Publication

DATA
INTO
ACTION

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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	120	17	20	0%	9%
S.P. Road/Begumpet	100	16	18	0%	0%
Raj Bhavan Road/Somajiguda	90	13	15	0%	0%
Banjara Hills	130	18	22	0%	0%
Abids	120	17	20	0%	9%
Himayathnagar	165	23	27	0%	18%
Punjagutta	180	26	30	0%	16%
Ameerpet	125	18	21	0%	0%
Jubilee Hills	125	18	21	0%	0%
Kukatpally NH.9	140	20	23	0%	0%
A.S. Rao Nagar	120	17	20	0%	0%
Madhapur	100	14	17	0%	0%
PRIME RETAIL RENTS - MALLS	INR SF/MTH	EURO SF/YR	US\$ SF/YR	Q-O-Q CHANGE	Y-O-Y CHANGE
NTR Gardens	100	14	17	0%	0%
Himayathnagar	150	21	25	0%	0%
Banjara Hills	260	37	43	0%	0%
Madhapur	235	33	39	0%	0%
Punjagutta	140	20	23	0%	0%
Somajiguda	120	17	20	0%	0%
Kukatpally	180	26	30	0%	0%

Note: Asking rent (INR/sf/month) on carpet area of ground floor Vanilla stores is quoted
 US\$ = INR 72.5 AND € = INR 84.4

SIGNIFICANT LEASING TRANSACTIONS

PROPERTY	LOCATION	TENANT	SF
Main Street	Kothapet	Reliance Trends	20,000
Main Street	Vanasthalipuram	Damaro	10,000

SIGNIFICANT PROJECT UNDER CONSTRUCTION

PROPERTY	LOCATION	SF	COMPLETION
L&T Mall	Erramanzil	400,000	Q4 2018