

MARKETBEATS



11.6%
MALL VACANCY
IN Q2 2019

2.5 msf
MALL SUPPLY
EXPECTED BY 2021

10.7%
Y-O-Y GROWTH IN RENTALS
IN THANE SUB-MARKET MALLS

WHAT'S NEXT

HIGHLIGHTS

Lukewarm leasing activity during the quarter

Fresh retailer demand was slow during the quarter, with most deals being term renewals. As a result, the overall vacancy was unchanged at 11.6%. Apparel and F&B retailers continued to dominate the quarterly leasing activity. International brands in the cosmetics, stationery, gifts & accessories sectors have been recent entrants into the Indian market, but are yet to add up to a sizeable presence. Key mall transactions during the quarter included Go Sports at Seawoods Grand Central Mall and Cultfit at Cubic Mall Chembur.

F&B and Apparel also active in main streets

Main street leasing continued to see a healthy demand push during the quarter from F&B, apparel and electronics retail segments. The Orb in Andheri East saw significant leasing from F&B brands totaling 14,500 Sf, including 7,000 sf by Dragon Fly, indicating healthy demand for retail areas in such properties. Reliance Digital took up 8,000 sf in Andheri Link Road, among key main street transactions during the quarter. Link Road along Andheri and Bandra West shall continue to be active, amid the tight vacancy. With the trend of cloud kitchens picking up, they are expected to be major movers in taking up space in key main streets in the upcoming quarters.

Rents remained stable

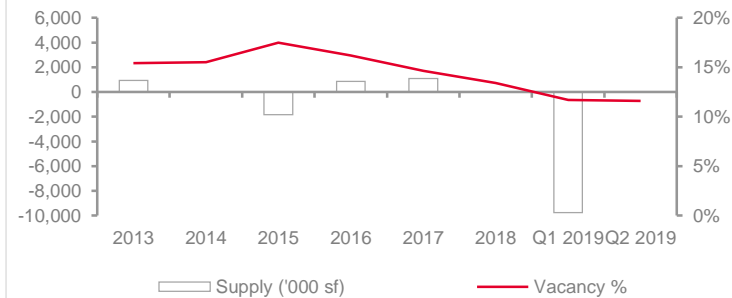
Mall and main street rentals were largely stable across most submarkets during the quarter. However, select mall locations like Thane and Kurla have witnessed y-o-y growth in rentals, mainly due to constrained supply and good demand levels. We expect the upcoming mall supply at BKC to command higher than average rents due to its premium positioning.

ECONOMIC INDICATORS

	2017	2018	2019 Forecast
GDP Growth	7.2%	6.8%	7.0%
CPI Growth	3.6%	3.5%	3.4%
Consumer Spending	7.4%	8.1%	7.1%
Government Final Consumption Expenditure	14.2%	9.2%	15.0%

Source: Oxford Economics, Central Statistics Office

MALL SUPPLY / VACANCY



Source: Cushman & Wakefield Research

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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
Linking Road	800	121	138	0.0%	2.6%
Kemps Corner/ Breach Candy	430	65	74	0.0%	0.0%
Colaba Causeway	600	91	104	0.0%	-4.0%
Fort Fountain	400	61	69	0.0%	3.9%
Lokhandwala Andheri	400	61	69	0.0%	0.0%
Borivali LT Road	400	61	69	0.0%	0.0%
Chembur	390	59	67	0.0%	2.6%
Vashi	360	55	62	0.0%	0.0%
Thane	260	39	45	0.0%	0.0%
PRIME RETAIL RENTS - MALLS	INR SF/MTH	EURO SF/YR	US\$ SF/YR	Q-O-Q CHANGE	Y-O-Y CHANGE
Lower Parel	880	134	152	0.0%	0.0%
Link Road (Andheri W)	410	62	71	0.0%	2.5%
Malad	470	71	81	0.0%	0.0%
Goregaon	510	77	88	0.0%	4.1%
Kandivali	200	30	35	0.0%	0.0%
Kurla	210	32	36	0.0%	16.7%
Ghatkopar	260	39	45	0.0%	0.0%
Bhandup-Mulund	125	19	22	0.0%	0.0%
Vashi	360	55	62	0.0%	2.9%
Thane	310	47	53	3.3%	10.7%

Note: Asking rent (INR/sf/month) on carpet area of ground floor Vanilla stores is quoted
 US\$ = INR 69.55. AND € = INR 79.10

SIGNIFICANT LEASING TRANSACTIONS

PROPERTY	LOCATION	TENANT	SF
Seawoods Grand Central Mall	Seawoods	Go Sports	15,000
Link Road	Andheri West	Reliance Digital	8,000
The Orb	Andheri East	Dragon Fly	7,000

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	LOCATION	SF	COMPLETION
Maker Maxity Mall	BKC	500,000	Q3 2019
Reliance Mall	BKC	450,000	Q1 2020
Oberoi Sky City Mall	Borivali	1,000,000	Q4 2021

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