

MARKETBEAT



0.93 msf

NEW MALL SUPPLY
(Q3 2019)

4-6 %

Q-O-Q RENTAL GROWTH ACROSS
PROMINENT MAIN STREETS

3.3 msf

UPCOMING MALL SUPPLY
(BY THE END OF 2020)

WHAT'S
NEXT

HIGHLIGHTS

Sustained leasing momentum, big transactions on rise

Leasing activity continues to remain strong in the city with the quarter recording store count increase from apparel brands such as Westside, Lifestyle and local retailers like Mangalyam, KLM Fashion etc., all of whom took up sizeable retail areas ranging between 20,000 – 40,000 sf across both malls and main streets. Key mall transactions include Tupperware and Tridom, both leasing 40,000 and 44,000 sf respectively in Sarath City Capital Mall. Besides strong leasing in prominent malls, main street leasing gained traction in the growing corridors of Suchitra - Kompally, Suncity – Kalimandir, Narepally, Boduppal, Kothapet etc. accounting for space take-up of about 200,000 sf. in total in the main streets. The city is seeing increased FEC formats with the opening of Tridom and Flipside this quarter. The quarter also saw opening of new exclusive outlets by brands such as Sugar Cosmetics, Hidesign – Atelier and BoConcept. We anticipate the influx of premium brands to continue as brands such as Bath and Body works, Latt Liv, Hummel, Lenin house etc. are actively looking for quality space options across both malls and main streets.

New mall supply in Q3; healthy mall supply pipeline

Additional mall supply of 0.9 msf was added to the city's retail stock in Q3. This provided some relief with three new malls becoming operational in the underserved areas of Uppal, Malakpet and Narepally with 85 - 90% occupancy, indicating the strong demand in these areas. Brands such as Trends, Reliance Digital, Max, Homecentre, Lifestyle etc have expanded for the first time in these areas bringing quality retail to these underserved locations. Developers being mindful of the absence of quality retail spaces have already planned new retail developments (totaling around 2 msf) till the end of 2020; mostly in areas such as Balanagar, Miyapur, Nallagandla, Chikkadpally etc. where organized retail formats are currently in short supply.

Rents strengthen across main streets

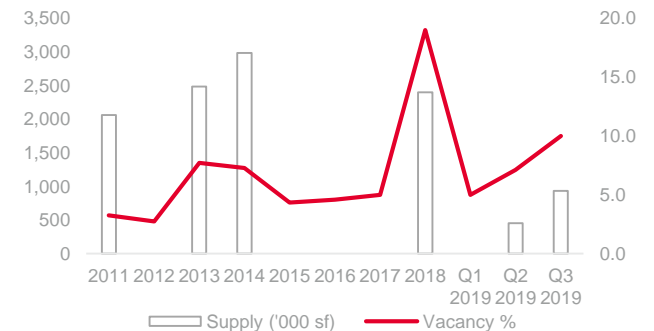
With rental growth of about 4-6% q-o-q in Q3, the established main streets of Jubilee Hills, Banjara Hills, Madhapur, Himayathnagar and MG Road have seen their rents move by 6-12% y-o-y in a space constrained, high demand environment. A healthy quantum of ongoing enquiries from retailers has also resulted in rents rising by 3-4% q-o-q across other upcoming main streets such as Kothapet, LB Nagar, Vanasthalipuram, Kompally, Attapur, Kondapur etc. Meanwhile, mall rentals remained unchanged in this quarter.

ECONOMIC INDICATORS

	2017	2018	2019 Forecast
GDP Growth	7.2%	6.8%	6.1%
CPI Growth	3.6%	3.5%	3.4%
Consumer spending	7.4%	8.1%	5.5%
Govt. Final Expenditure Growth	14.2%	9.2%	6.0%

Source: Oxford Economics, RBI, 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
M.G. Road	125	19	21	4%	4%
S.P. Road/Begumpet	110	17	19	0%	0%
Raj Bhavan Road/Somajiguda	95	15	16	6%	6%
Banjara Hills	140	22	24	4%	8%
Abids	125	19	21	4%	4%
Himayathnagar	180	28	31	3%	9%
Punjagutta	140	22	24	0%	0%
Ameerpet	130	20	22	4%	4%
Jubilee Hills	140	22	24	4%	12%
Kukatpally NH.9	140	22	24	0%	0%
A.S. Rao Nagar	125	19	21	4%	4%
Madhapur	115	18	19	5%	15%
PRIME RETAIL RENTS - MALLS	INR SF/MTH	EURO SF/YR	US\$ SF/YR	Q-O-Q CHANGE	Y-O-Y CHANGE
NTR Gardens	100	15	17	0%	0%
Himayathnagar	150	23	25	0%	0%
Banjara Hills	260	40	44	0%	0%
Madhapur	235	36	40	0%	0%
Panjagutta	140	22	24	0%	0%
Somajiguda	120	19	20	0%	0%
Kukatpally	180	28	31	0%	0%

Note: Asking rent (INR/sf/month) on carpet area of ground floor Vanilla stores is quoted
US\$ = INR 70.79 AND € = INR 77.81

SIGNIFICANT LEASING TRANSACTIONS

PROPERTY	LOCATION	TENANT	SF
Main Street	Kukatpally	Mangalyam	25,000
Sarath City Capital Mall	Kondapur	Tupperware	40,000

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	LOCATION	SF	COMPLETION
SMR Vinay Metro mall	Miyapur	150,000	Q1 2020

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