

HYDERABAD

Retail Q4 2022

CUSHMAN & WAKEFIELD

16.7% MALL VACANCY (Q4 2022)

4-5% VACANCY IN SUPERIOR GRADE MALLS (Q4 2022)

~0.43 msf LEASING ACTIVITY (Q4 2022)

ECONOMIC INDICATORS Q4 2022

	2021	2022	2023 Forecast
GDP Growth	8.7%	6.8%	6.1%
CPI Growth	5.3%	6.7%	5.0%
Consumer Spending	6.3%	7.5%	7.2%
Govt. Final Expenditure Growth	10.8%	9.7%	8.5%

Source: Oxford Economics, IMF, RBI

Robust leasing activity, both in main streets and malls

In Q4 2022, Hyderabad recorded more than 400,000 sf of leasing across malls and main streets, which is almost on par with the leasing volumes of the previous quarter and a growth of 81% on an annualized basis. More than 90 deals were signed during the quarter, a growth of 26% q-o-q, and 86% growth over same quarter of 2021. Total number of deals increased by ~45% in 2022 as compared to the previous year. Main streets sustained a healthy momentum in the last quarter too, and it accounted for two-thirds of total retail leasing volumes in 2022. Contribution of malls in total retail leasing activity increased from single digit in 2021 to around 33% in 2022 and is expected to grow further in upcoming quarters, largely due to new mall supply and robust demand for quality space. A new mall in Moula Ali of about ~220,000 sft has opened with 40 retail stores in Q4 and ~60% of the mall is occupied post opening.

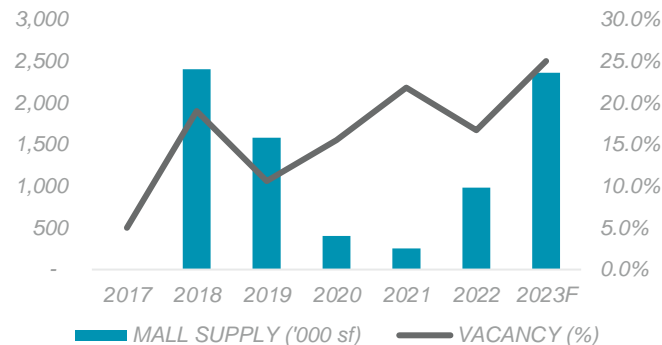
Leasing traction driven by apparel and F&B brands

In Q4 2022, more than 60% of the leasing activity was contributed by Fashion & apparel brands followed by the F&B brands with a 14% share. Though number of deals in both sectors may have been similar, demand for larger spaces was more from apparel brands. For the whole year, apparel brands have accounted for more than 49% of the total leasing area with 90+ deals. Indian Brands like Neeru's, Kalamandir, Westside, Reliance trends, and Zudio were active, having added around 3-8 branches with areas ranging from 30,000 sft to 60,000 sft across prominent main streets such as Kompally, Madinaguda, Manikonda, Miyapur, and Kavadiguda. On the other hand, some premium segments of the same brands preferred malls over main streets. Other prominent sectors that have been active throughout 2022 are Fashion Jewelry, Wellness and clinics, and CDIT that contributed more than 20% of the annual leasing volume.

Main streets of northern submarkets record rental hike; Mall rentals remain largely stable

Sharp rise in demand for retail space across prominent main streets is gradually shifting the market landlord-friendly in certain locations. With some of the prominent branded apparel retailers being on an expansion spree, main street rentals have been showing an uptrend. Main street rentals in A.S. Rao Nagar & Kompally (North) have grown to be nearly at par with the well-established main streets in the city. This trend highlights the development in the northern part of the city, thereby encouraging brands to expand further to such locations. Demand for quality mall space has also been rising steadily but city-wide rentals have remained largely range bound given the higher influx of supply into the market.

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
M.G. Road	130	19	19	0.00%	4.00%
S.P. Road/Begumpet	150	22	22	0.00%	4.90%
Raj Bhavan Road/Somajiguda	100	14	15	0.00%	0.00%
Banjara Hills	180	26	26	12.50%	28.57%
Abids	125	18	18	0.00%	0.00%
Himayathnagar	220	32	32	4.76%	14.58%
Punjagutta	140	20	20	7.69%	18.64%
Ameerpet	135	19	20	3.85%	16.38%
Jubilee Hills	200	29	29	11.11%	29.87%
Kukatpally NH.9	150	22	22	0.00%	4.17%
A.S. Rao Nagar	150	22	22	15.38%	19.05%
Madhapur	135	19	20	12.50%	22.73%

PRIME RETAIL RENTS – MALLS	INR SF/MTH	EURO SF/YR	US\$ SF/YR	Q-O-Q CHANGE	Y-O-Y CHANGE
GVK One	130	21	25	0.0%	0.0%
Inorbit	180	37	43	0.0%	0.0%
Sarath City Capital	130	34	39	0.0%	0.0%
L&T Punjagutta	130	20	23	0.0%	0.0%
L&T Eramanzil	110	17	17	0.0%	0.0%

Note: Asking rent (INR/SF/month) on the carpet area of ground floor Vanilla stores is quoted
 US\$ = INR 82.3 AND € = INR 83.6

SIGNIFICANT LEASING TRANSACTIONS Q4 2022

PROPERTY	LOCATION	TENANT	SF
Ashoka Golden Mall	Kukatpally	Pantaloons	18,000
Sarath City Mall	Kondapur	Azorte	18,000
Sarath City Mall	Kondapur	Snow Kingdom	20,000
Lulu Manjeera	Kukatpally	Lulu Hypermarket and Fashion	55,000

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	LOCATION	SF	COMPLETION DATE
Aparna Mall & Multiplex	Nallagandla	700,000	Q1 2024
Lakeshore mall	Kukatpally	1,660,000	Q2 2025
Lulu Manjeera	Kukatpally	4,500,00	Q1 2023

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