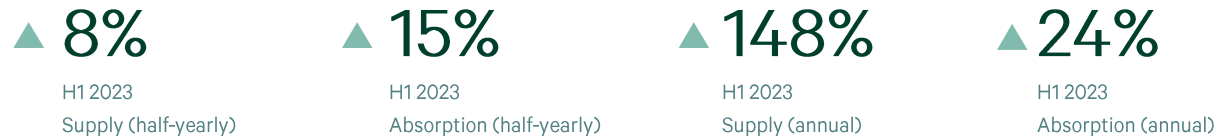


FIGURES | RETAIL SECTOR | H1 2023

About 2.9 mn sq. ft. of leasing recorded in H1 2023, up by 24% Y-o-Y; supply addition crossed 1 mn sq. ft.



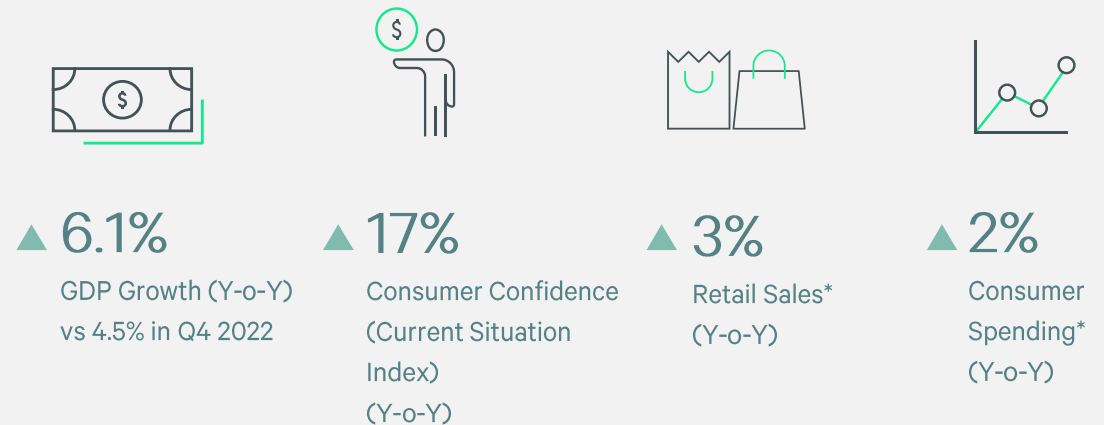
Note: *Arrows indicate half-yearly / annual change.
Leasing denotes space take-up in investment-grade malls, prominent high streets and standalone developments; supply includes investment-grade malls for top 8 cities

RETAIL SENTIMENT TO REMAIN UPBEAT DESPITE PREVAILING HEADWINDS

- Inflation turned sticky at the start of the year, exceeding the RBI’s comfort band of 4% (+/- 2%). It moderated to 4.25% in May owing to a cooling of food prices and a low base effect from the food price surge caused by the European geopolitical crisis in 2022. However, a trend reversal was witnessed in June, as inflation again rose to 4.81% and witnessed another sharp rise in July to reach a 15-month high peak of 7.44%¹. This increase was primarily driven by a substantial uptick in food and vegetable prices, which can be attributed to the adverse effects of heavy monsoons on crops and disrupted supply networks.
- The percent share of private consumption expenditure in the GDP increased marginally from 58.3% in the previous year compared to 58.5% in Q1 2023.² As the trend of “pent-up demand” subsides, the surge in consumer spending and retail sales witnessed last year is expected to rationalise and witness a 2% and 3% Y-o-Y growth respectively by the end of 2023.² However, spending across non-essential categories such as restaurants and hotels; transport services and vehicle purchases and apparel and footwear are expected to witness a Y-o-Y growth of 17%, 7% and 1%, respectively.

¹ MoSPI, July 2023
² Oxford Economics

FIGURE 1.1: MAJOR CONSUMER DRIVERS

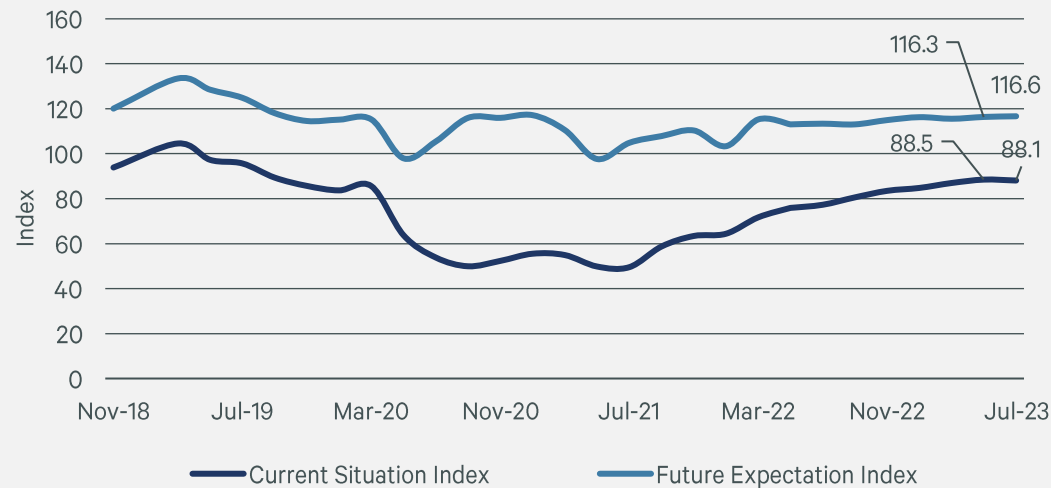


Source: Ministry of Statistics and Programme Implementation (MoSPI), July 2023; RBI; Oxford Economics, Q2 2023;
Note: The * indicates 2023 forecast estimates

Marginal tapering in consumer confidence during H1 2023

- Consumer confidence rebounded, and the RBI's Current Situation Index (CSI) increased to 88.1 in July 2023 from 77.3 in the same period last year. Respondents remain optimistic about the economic situation in the coming year, with the Future Expectations Index (FEI) also improving marginally by 3% Y-o-Y. However, the current situation index witnessed a minor decline compared to May 2023, which could be attributed to a recalibration of respondents' sentiment on income and spending due to their slight scepticism regarding general economic and employment situation.
- It is likely to dip further in H2 2023 due to global macro-economic headwinds, a lagged impact of monetary tightening and the lurking El Nino threat which might lead to continued surge in food prices pushing up inflation expectations.

FIGURE 1.2: CONSUMER CONFIDENCE INDICES



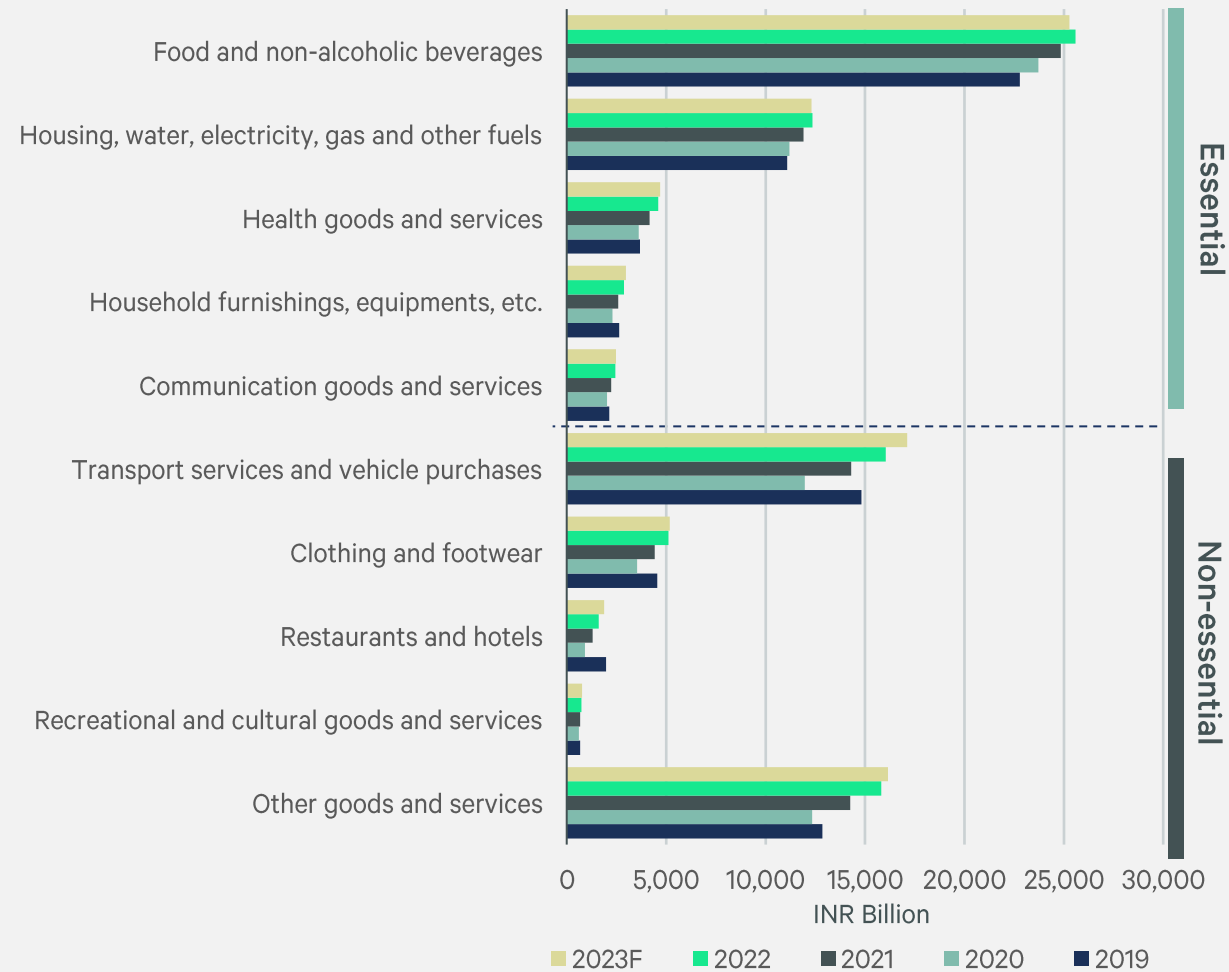
Source: RBI

Consumer confidence survey is a bi-monthly survey which obtains current perceptions (vis-à-vis a year ago) and one year ahead expectations on general economic situation, employment scenario, overall price situation and own income and spending across 19 major cities. The latest round of the survey was conducted during May 2-11, 2023, covering 6,089 respondents.

*CSI / FEI = 100 + Average of Net Responses of (General Economic Situation, Employment Scenario, Price Level, Household income and Overall Spending) 'Net response' is the difference between the percentage of respondents reporting optimism and those reporting pessimisms. It ranges between -100 and 100. Any value greater than zero indicates expansion/ optimism and values less than zero indicate contraction/ pessimism.

Growth in consumer spending expected to temper in 2023 across both essential and non-essential categories

FIGURE 1.3: INDIA - CONSUMER SPENDING IN INR BILLION



Source: Oxford Economics, Q2 2023

An Overview of the Retail Sector in H1 2023

- Despite global headwinds and looming uncertainty, India is poised for a strong economic growth and sustained recovery during the endemic stage. This trend positions India as one of the most promising consumer markets in the Asia-Pacific region. CBRE’s latest [Asia Pacific Leasing Sentiment Survey](#) reveals that retailers have expressed positive leasing sentiments, indicating their strong interest in establishing new setups, expanding operations, and upgrading existing stores.³
- During the first half of 2023, there was a notable upswing in space take-up across tier I cities*, with a Y-o-Y increase of approximately 24%, amounting to 2.9 million sq. ft. The leasing performance displayed positive trends on a half-yearly basis as well, exhibiting a 15% rise in space take-up compared to 2.49 million sq. ft. of leasing recorded during H2 2022. The leasing activity was led by Bangalore, followed by Delhi-NCR and Ahmedabad, accounting for nearly 65% of the total absorption. Going forward, the anticipated growth in mall supply coupled with encouraging consumer spending trends, especially during the festive season, is expected to further augment the sentiment for expansion among both international and domestic retailers who are well positioned in the market.
- Strong demand for fashion and apparel products continued, spanning across opposite ends of the spectrum, which not only included value chain but also luxury brands. Therefore, fashion and apparel retailers drove leasing activity with a 34% share in total absorption during H1 2023. Other prominent categories that dominated absorption during H1 2023 included food & beverage (~15%), along with homeware and department store (~14%) categories. The luxury segment accounted for approximately 9% of the total leased space in H1 2023.
- During H1 2023, there was an increase in supply addition, with an uptick of 8% on a half-yearly basis and 14.8% Y-o-Y growth. This rise in supply can be attributed to the commencement of operations of three investment-grade malls located in Ahmedabad, Delhi-NCR, and Chennai, collectively contributing 1.1 million sq. ft. of new retail space during H1 2023. Several investment-grade malls are slated for completion during H2 2023, which is expected to further augment the total supply for 2023, surpassing pre-pandemic levels.
- Led by strong demand for quality retail space, rental values increased on a half-yearly basis

in select micro-markets across most cities. Among high streets, rents rose by about 4-13% in Pune and Kolkata; by 4-12% in Hyderabad and Ahmedabad; and by 1-5% in Delhi-NCR and Bangalore. While prominent mall clusters in Kolkata reported a rental growth of 7-16%, Delhi-NCR and Bangalore witnessed rental growth of 4-9% and 1-2% respectively.

- Tier II cities** continued to maintain their growth trajectory and the total space take-up increased significantly to touch 0.46 million sq. ft in H1 2023 compared to 0.05 million sq. ft. and 0.19 million sq. ft. during H1 2022 and H2 2022 respectively; the leasing activity was dominated by Indore. Negligible supply became operational in H1 2023 - no change on a yearly basis but a 100% decline compared to H2 2022.
- Recognizing the immense potential of the consumer market in India, international brands continued to reinforce their presence in the country. Apple launched its first two stores in Mumbai & Delhi-NCR and UK based coffee and sandwich chain, Pret A Manger also opened stores in Mumbai and Delhi-NCR. Canadian coffee brand, Tim Hortons which debuted in India last year, strengthened their presence in Delhi-NCR and Punjab, and entered the Mumbai market this year.
- European luxury brand Balenciaga is set to open its first brick-and-mortar store in Delhi-NCR through its partnership with Reliance Brands. Additionally, Galeries Lafayette, a leading shopping centre based in Paris, is also planning to enter India by opening two stores in Mumbai and Delhi-NCR in collaboration with Aditya Birla Fashion and Retail Ltd.
- Several notable investments were reported in the e-commerce along with consumer durables and home furnishing sectors during H1 2023. Some of the key transactions are listed below:

TABLE 1.1: KEY RETAIL INVESTMENTS IN H1 2023

SECTOR	INVESTOR	INVESTEES	DEAL VALUE (USD MILLION)
Consumer Durables and Home furnishing	Warburg Pincus	Watertec India Pvt. Ltd	132
E-commerce	ChrysCapital	Lenskart	100
E-commerce	L Catterton	Drools Pet Food Pvt. Ltd	60

Source: Grant Thornton, CBRE Research, H1 2023

³Asia Pacific Leasing Market Sentiment Survey, June 2023

*Tier I cities include Delhi-NCR, Bangalore, Mumbai, Hyderabad, Chennai, Pune, Kolkata and Ahmedabad

**Tier II cities include Chandigarh, Indore and Kochi

Note: The latest numbers are updated as of 31st July and may vary slightly from the CBRE market monitor released on 25th July

▲ 1.09

SUPPLY (mn sq. ft.)
in H1 2023

▲ ~2.90

ABSORPTION (mn sq. ft.)
In H1 2023

Note: Arrows indicate half-yearly change
Absorption includes leasing in investment-grade malls, high streets and standalone developments; supply includes investment-grade malls only

▲ 8%

H2 2022
SUPPLY (half-yearly)

▲ 15%

H2 2022
ABSORPTION (half-yearly)

▲ 148%

2022
SUPPLY (annual)

▲ 24%

2022
ABSORPTION (annual)

Note: Arrows indicate half-yearly / annual change

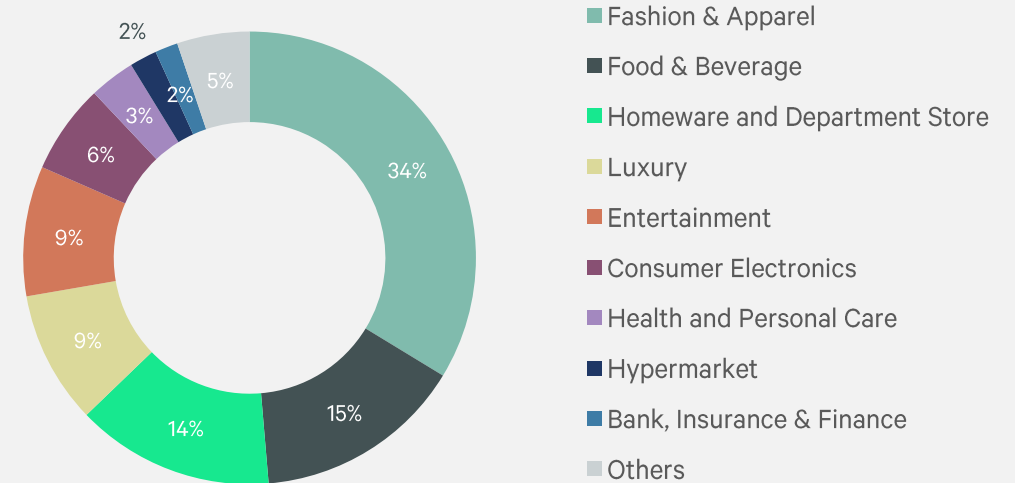
TABLE 1.2: CITY-WISE SUPPLY AND DEMAND IN H1 2023

CITIES	SUPPLY (HALF-YEARLY)	ABSORPTION (HALF-YEARLY)
Delhi-NCR	▲	▲
Bangalore	▼	▼
Mumbai	▶	▼
Chennai	▲	▲
Hyderabad	▶	▲
Pune	▼	▲
Kolkata	▶	▼
Ahmedabad	▲	▲

Source: CBRE Research, H1 2023

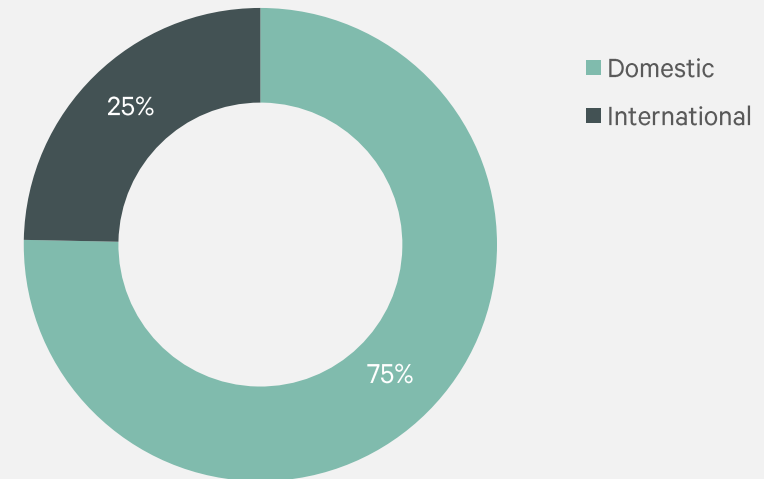
Note: The latest numbers are updated as of 31st July and may vary slightly from the CBRE market monitor released on 25th July

FIGURE 1.4: SEGMENTATION OF TRANSACTION ACTIVITY AS PER INDUSTRY IN H1 2023



Source: CBRE Research, H1 2023

FIGURE 1.5: SEGMENTATION OF TRANSACTION ACTIVITY AS PER REGION OF ORIGIN IN H1 2023



Source: CBRE Research, H1 2023

Delhi-NCR: Leasing activity and supply addition continued to strengthen

▲ 0.22

SUPPLY (MN SQ. FT.)

▲ ~0.70

ABSORPTION (MN SQ. FT.)

Note: Arrows indicate annual change

Absorption includes leasing in investment-grade malls and high streets; supply includes investment-grade malls only

FIGURE 2.1: RENTAL VALUE MOVEMENT – MALL CLUSTERS

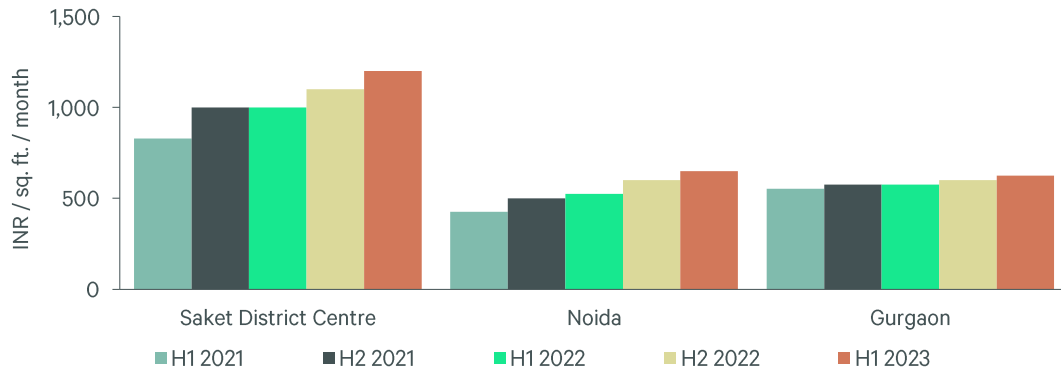
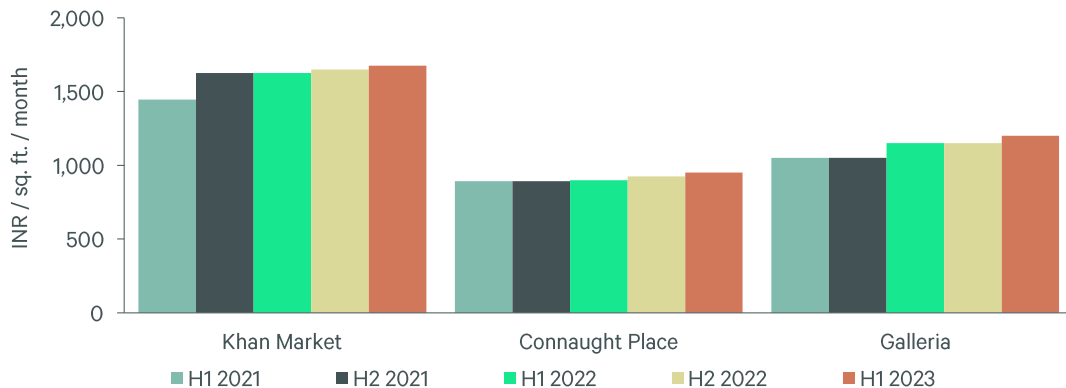


FIGURE 2.2: RENTAL VALUE MOVEMENT – HIGH STREETS



Source: CBRE Research, H1 2023

TABLE 2.1: KEY RETAIL CATEGORIES DRIVING ABSORPTION IN H1 2023

SECTOR	% SHARE	Y-o-Y MOVEMENT
Fashion & Apparel	47%	▲
Luxury	13%	▲
Food & Beverage (F&B)	8%	▲

Source: CBRE Research, H1 2023

TABLE 2.2: KEY LEASING TRANSACTIONS IN H1 2023

PROPERTY	MICRO-MARKET	SIZE (IN SQ. FT.)	TENANT	TENANT SECTOR
South Extension II (High Street)	South Extension	10,000	Twamev	Fashion & Apparel
Select City Walk, Delhi (Mall)	Saket District Centre	8,800	Apple	Consumer Electronics
Select City Walk, Delhi (Mall)	Saket District Centre	1,160	Pret A Manger	Food & Beverage (F&B)

Source: CBRE Research, H1 2023

Bangalore: Leasing led by expansionary demand from domestic brands

▼ 0.0

SUPPLY (MN SQ. FT.)

▼ ~0.75

ABSORPTION (MN SQ. FT.)

Note: Arrows indicate annual change

Absorption includes leasing in investment-grade malls, high streets & standalone; supply includes investment-grade malls only

FIGURE 3.1: RENTAL VALUE MOVEMENT – MALL CLUSTERS

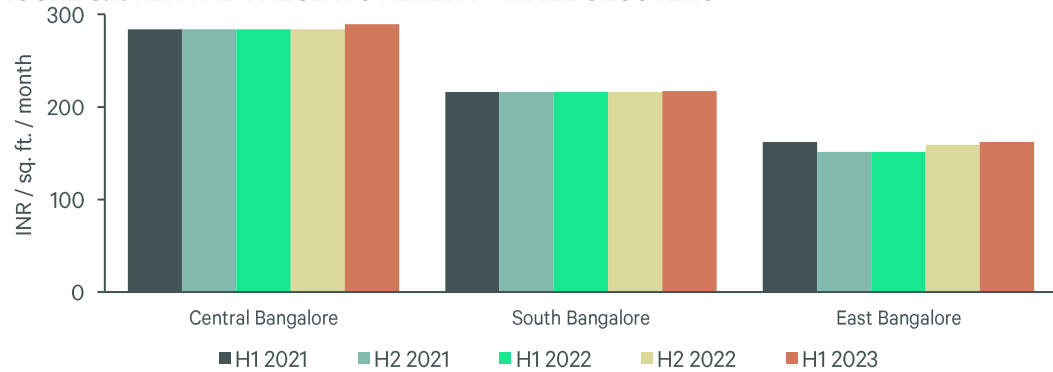
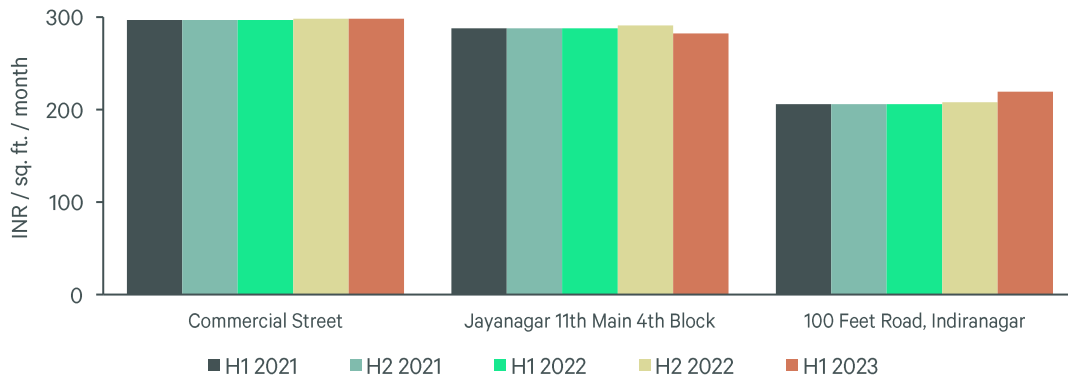


FIGURE 3.2: RENTAL VALUE MOVEMENT – HIGH STREETS



Source: CBRE Research, H1 2023

TABLE 3.1: KEY RETAIL CATEGORIES DRIVING ABSORPTION IN H1 2023

SECTOR	% SHARE	Y-o-Y MOVEMENT
Fashion & Apparel	31%	▲
Food & Beverage (F&B)	26%	▲
Entertainment	17%	▲

Source: CBRE Research, H1 2023

TABLE 3.2: KEY LEASING TRANSACTIONS IN H1 2023

PROPERTY	MICRO-MARKET	SIZE (IN SQ. FT.)	TENANT	TENANT SECTOR
Bhartiya City Mall - Phase 1	North	63,800	PVR	Entertainment
Orion Gateway Mall	West	40,000	Bounce Inc	Entertainment
Garuda Mall	Central	25,000	Sky Jumper	Entertainment

Source: CBRE Research, H1 2023

Mumbai: International brands continued to reinforce their footprint

▶ 0.0

SUPPLY (MN SQ. FT.)

▲ ~0.21

ABSORPTION (MN SQ. FT.)

Note: Arrows indicate annual change

Absorption includes leasing in investment-grade malls, high streets; & standalone; supply includes investment-grade malls only

FIGURE 4.1: RENTAL VALUE MOVEMENT – MALL CLUSTERS

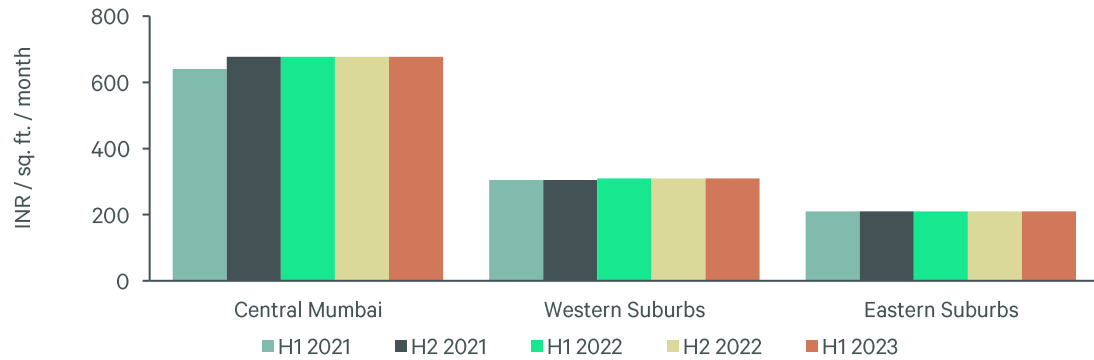
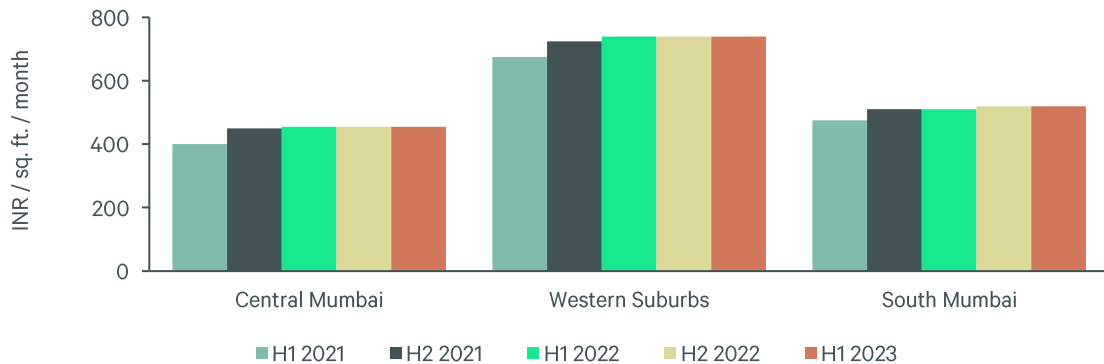


FIGURE 4.2: RENTAL VALUE MOVEMENT – HIGH STREETS



Source: CBRE Research, H1 2023

TABLE 4.1: KEY RETAIL CATEGORIES DRIVING ABSORPTION IN H1 2023

SECTOR	% SHARE	Y-o-Y MOVEMENT
Homeware and Department Store	20%	▼
Consumer Electronics	17%	▲
Fashion & Apparel	17%	▼

Source: CBRE Research, H1 2023

TABLE 4.2: KEY LEASING TRANSACTIONS IN H1 2023

PROPERTY	MICRO-MARKET	SIZE (IN SQ. FT.)	TENANT	TENANT SECTOR
Jio World Drive (Mall)	BKC	20,800	Leading Consumer Electronics Player	Consumer Electronics
Kasturi Regius (High Street)	Navi Mumbai	13,500	Pantaloons	Homeware and Department Store
Vishvaroop IT Park (High Street)	Navi Mumbai	10,800	Croma	Consumer Electronics

Source: CBRE Research, H1 2023

Chennai: Half-yearly leasing doubled in malls; space take-up led by domestic brands

▲ 0.07

SUPPLY (MN SQ. FT.)

▲ ~0.39

ABSORPTION (MN SQ. FT.)

Note: Arrows indicate annual change

Absorption includes leasing in investment-grade malls, high streets & standalone; supply includes investment-grade malls only

FIGURE 5.1: RENTAL VALUE MOVEMENT – MALL CLUSTERS

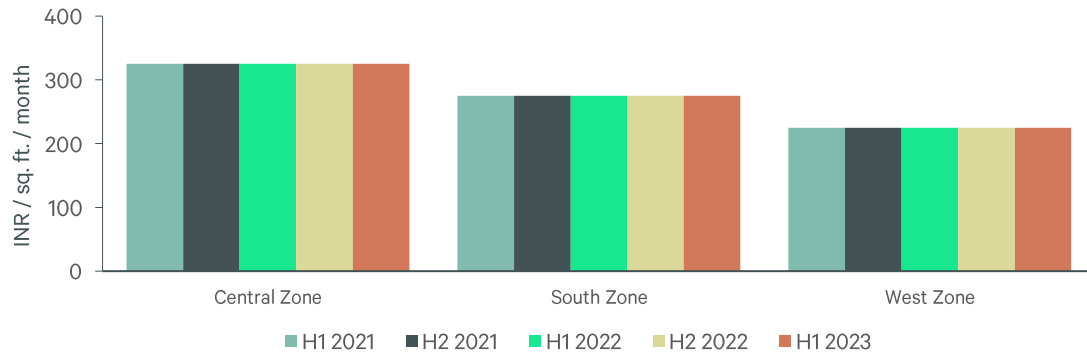
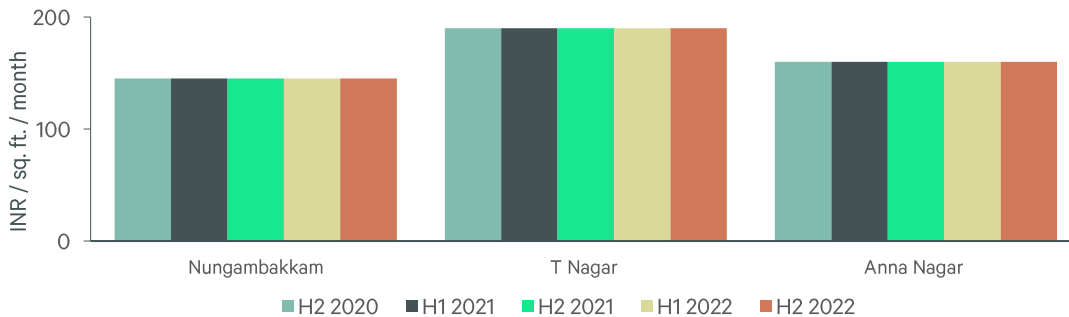


FIGURE 5.2: RENTAL VALUE MOVEMENT – HIGH STREETS



Source: CBRE Research, H1 2023

TABLE 5.1: KEY RETAIL CATEGORIES DRIVING ABSORPTION IN H1 2023

SECTOR	% SHARE	Y-o-Y MOVEMENT
Fashion & Apparel	38%	▲
Entertainment	20%	▲
Homeware and Department Store	15%	▲

Source: CBRE Research, H1 2023

TABLE 5.2: KEY LEASING TRANSACTIONS IN H1 2023

PROPERTY	MICRO-MARKET	SIZE (IN SQ. FT.)	TENANT	TENANT SECTOR
Independent development (High Street)	Anna Nagar	16,500	Westside	Homeware and Department Store
Independent development (High Street)	Anna Nagar	16,000	Avantra By Trends	Fashion & Apparel
Express Avenue (Mall)	Central Zone	13,000	Timezone	Entertainment

Source: CBRE Research, H1 2023

Hyderabad: Leasing improved in highstreets; led by fashion & apparel brands

▶ 0.0

SUPPLY (MN SQ. FT.)

▲ ~0.25

ABSORPTION (MN SQ. FT.)

Note: Arrows indicate annual change

Absorption includes leasing in investment-grade malls, high streets & standalone; supply includes investment-grade malls only

FIGURE 6.1: RENTAL VALUE MOVEMENT – MALL CLUSTERS

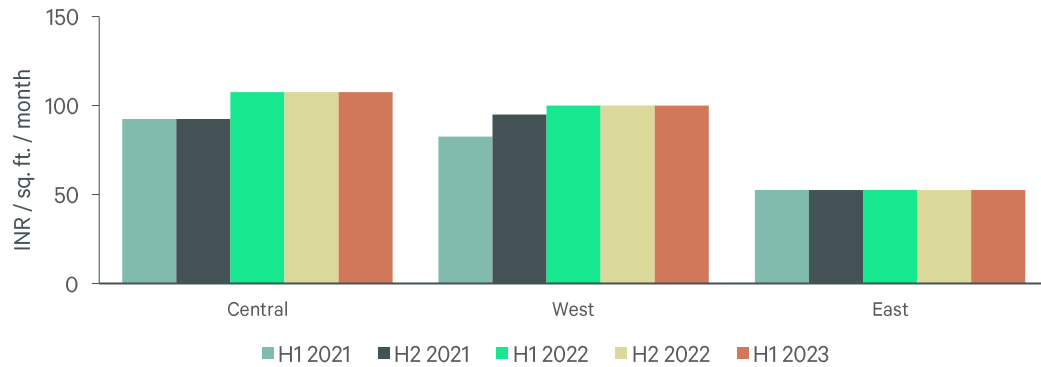
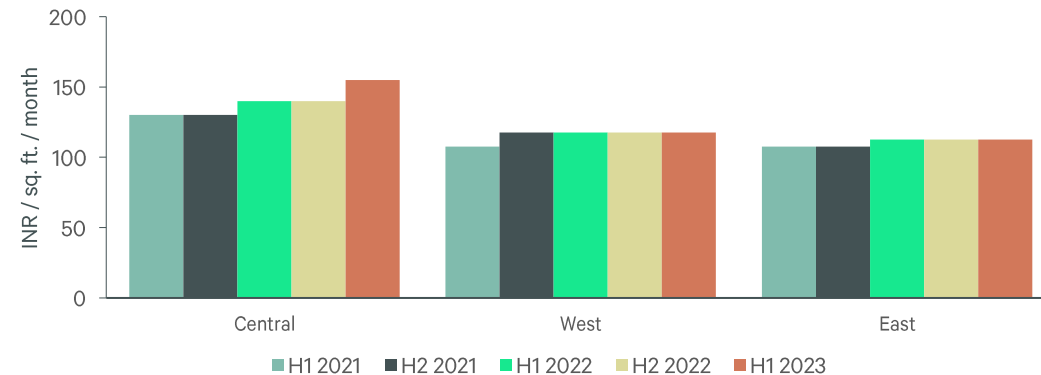


FIGURE 6.2: RENTAL VALUE MOVEMENT – HIGH STREETS



Source: CBRE Research, H1 2023

TABLE 6.1: KEY RETAIL CATEGORIES DRIVING ABSORPTION IN H1 2023

SECTOR	% SHARE	Y-o-Y MOVEMENT
Homeware and Department Store	33%	▲
Fashion & Apparel	30%	▼
Food & Beverage (F&B)	11%	▲

Source: CBRE Research, H1 2023

TABLE 6.2: KEY LEASING TRANSACTIONS IN H1 2023

PROPERTY	MICRO-MARKET	SIZE (IN SQ. FT.)	TENANT	TENANT SECTOR
Independent Building (High Street)	East	25,000	Pantaloons	Homeware and Department Store
Independent Building (High Street)	West	25,000	Westside	Homeware and Department Store
Independent Building (High Street)	West	20,000	FTV Café	Food & Beverage (F&B)

Source: CBRE Research, H1 2023

Pune: Demand led by secondary transactions in malls and highstreets

► 0.0

SUPPLY (MN SQ. FT.)

▼ ~0.12

ABSORPTION (MN SQ. FT.)

Note: Arrows indicate annual change

Absorption includes leasing in investment-grade malls, high streets & standalone; supply includes investment-grade malls only

FIGURE 7.1: RENTAL VALUE MOVEMENT – MALL CLUSTERS

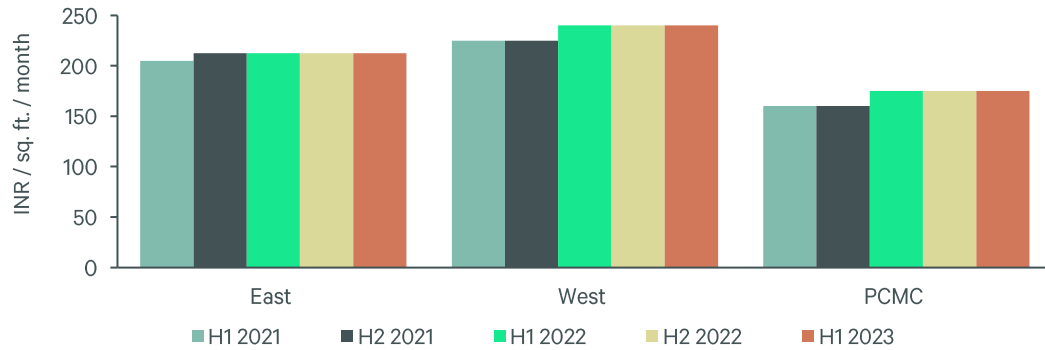
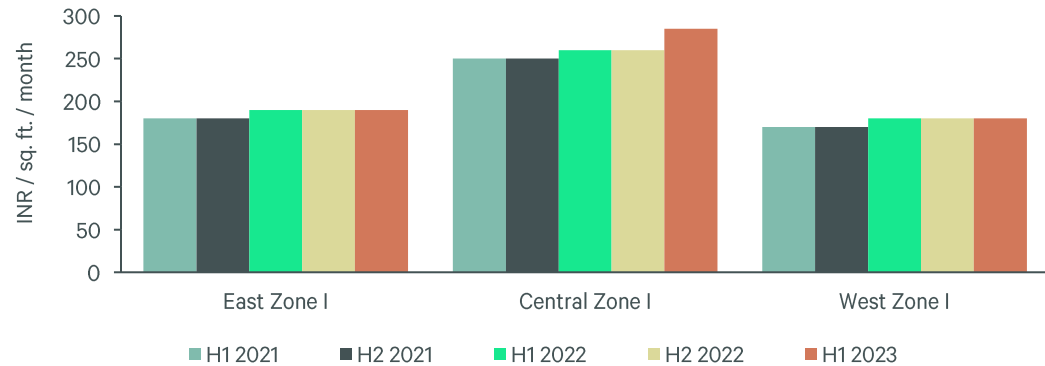


FIGURE 7.2: RENTAL VALUE MOVEMENT – HIGH STREETS



Source: CBRE Research, H1 2023

TABLE 7.1: KEY RETAIL CATEGORIES DRIVING ABSORPTION IN H1 2023

SECTOR	% SHARE	Y-o-Y MOVEMENT
Homeware and Department Store	44%	▲
Fashion & Apparel	24%	▼
Luxury	5%	▲

Source: CBRE Research, H1 2023

TABLE 7.2: KEY LEASING TRANSACTIONS IN H1 2023

PROPERTY	MICRO-MARKET	SIZE (IN SQ. FT.)	TENANT	TENANT SECTOR
Voyage to the Stars (High Street)	West III	19,850	Westside	Homeware & Department Store
Amanora Mall	East	1,200	Mumuso	Health and Personal Care
Independent development (High Street)	West III	500	Silvostyle	Luxury

Source: CBRE Research, H1 2023

Kolkata: Demand for quality space led by domestic F&B brands

▶ 0.0

SUPPLY (MN SQ. FT.)

Note: Arrows indicate annual change

Absorption includes leasing in investment-grade malls, high streets & standalone; supply includes investment-grade malls only

▲ 0.06

ABSORPTION (MN SQ. FT.)

FIGURE 8.1: RENTAL VALUE MOVEMENT – MALL CLUSTERS

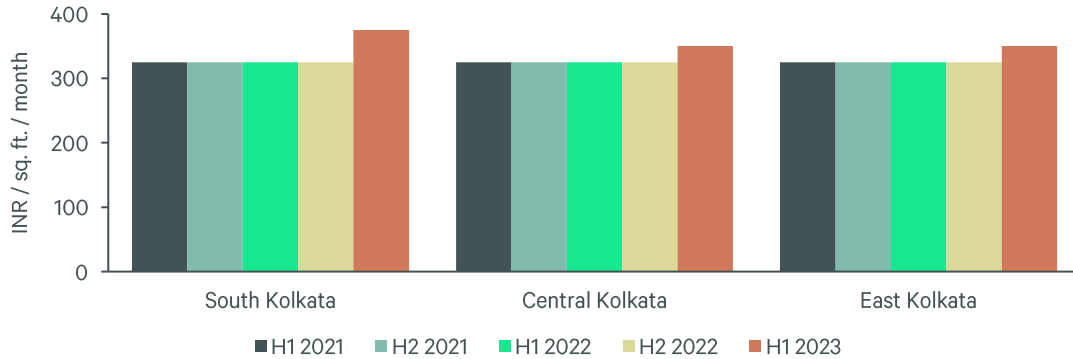
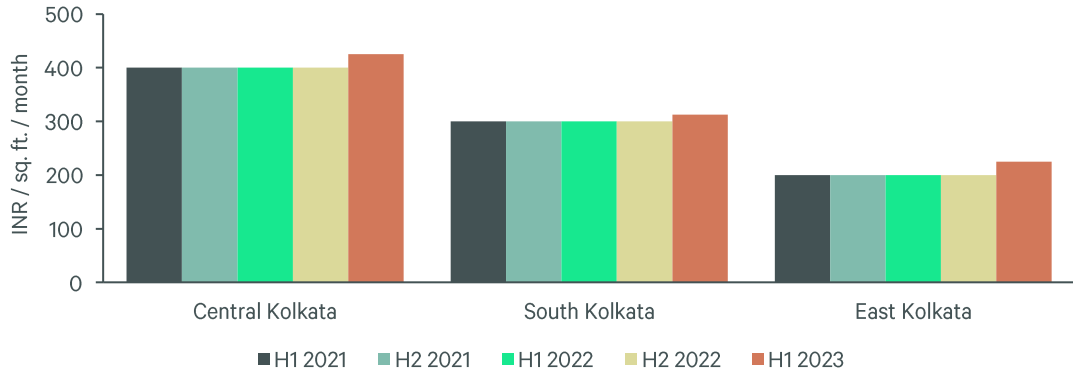


FIGURE 8.2: RENTAL VALUE MOVEMENT – HIGH STREETS



Source: CBRE Research, H1 2023

Note: The latest numbers are updated as of 31st July and may vary slightly from the CBRE market monitor released on 25th July

TABLE 8.1: KEY RETAIL CATEGORIES DRIVING ABSORPTION IN H1 2023

SECTOR	% SHARE	Y-o-Y MOVEMENT
Food & Beverage (F&B)	51%	▲
Luxury	16%	▲
Consumer Electronics	15%	▲

Source: CBRE Research, H1 2023

TABLE 8.2: KEY LEASING TRANSACTIONS IN H1 2023

PROPERTY	MICRO-MARKET	SIZE (IN SQ. FT.)	TENANT	TENANT SECTOR
Independent development (High Street)	South Kolkata	9,000	Reliance Digital	Consumer Electronics
Independent development (High Street)	Central Kolkata	7,500	Hedonne	Food & Beverage (F&B)
Independent development (High Street)	South Kolkata	6,500	AZA	Luxury

Source: CBRE Research, H1 2023

Ahmedabad: Leasing activity dominated by primary space take-up

▲ ~0.80

SUPPLY (MN SQ. FT.)

▲ ~0.41

ABSORPTION (MN SQ. FT.)

Note: Arrows indicate annual change

Absorption includes leasing in investment-grade malls, high streets; & standalone supply includes investment-grade malls only

FIGURE 9.1: RENTAL VALUE MOVEMENT – MALL CLUSTERS

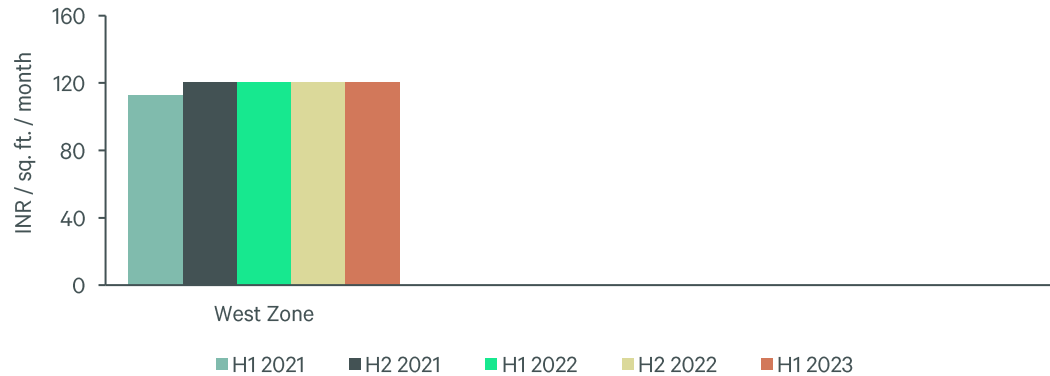
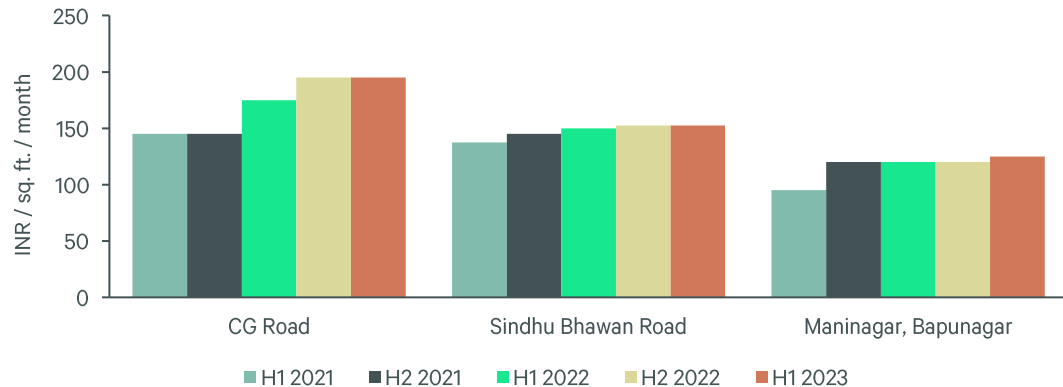


FIGURE 9.2: RENTAL VALUE MOVEMENT – HIGH STREETS



Source: CBRE Research, H1 2023

TABLE 9.1: KEY RETAIL CATEGORIES DRIVING ABSORPTION IN H1 2023

SECTOR	% SHARE	Y-o-Y MOVEMENT
Fashion & Apparel	32%	▲
Homeware and Department Store	24%	▲
Food & Beverage (F&B)	13%	▲

Source: CBRE Research, H1 2023

TABLE 9.2: KEY LEASING TRANSACTIONS IN H1 2023

PROPERTY	MICRO-MARKET	SIZE (IN SQ. FT.)	TENANT	TENANT SECTOR
Phoenix Palladium Mall	West Zone	20,000	Marks & Spencer	Homeware and Department Store
Phoenix Palladium Mall	West Zone	18,180	Lifestyle	Homeware and Department Store
Phoenix Palladium Mall	West Zone	12,720	Timezone	Entertainment

Source: CBRE Research, H1 2023

Chandigarh: Space take-up driven by domestic brands across highstreets

▶ 0.0

SUPPLY (MN SQ. FT.)

▲ ~0.05

ABSORPTION (MN SQ. FT.)

Note: Arrows indicate annual change
Absorption includes leasing in investment-grade malls and high streets; supply includes investment-grade malls only

FIGURE 10.1: RENTAL VALUE MOVEMENT – MALL CLUSTERS

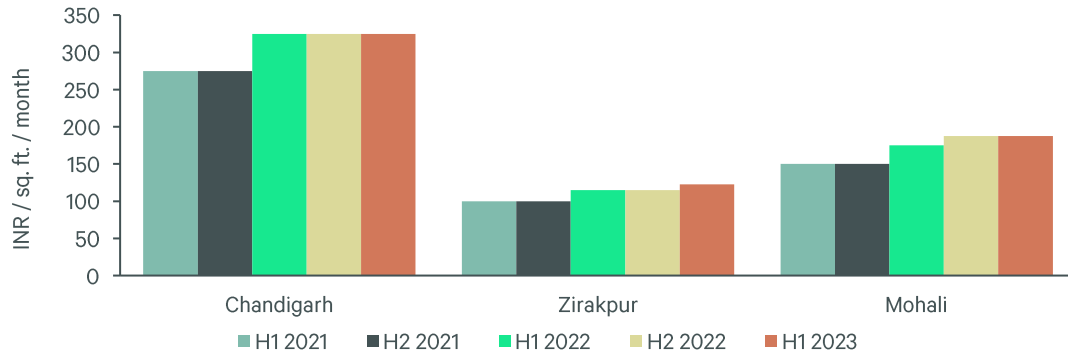
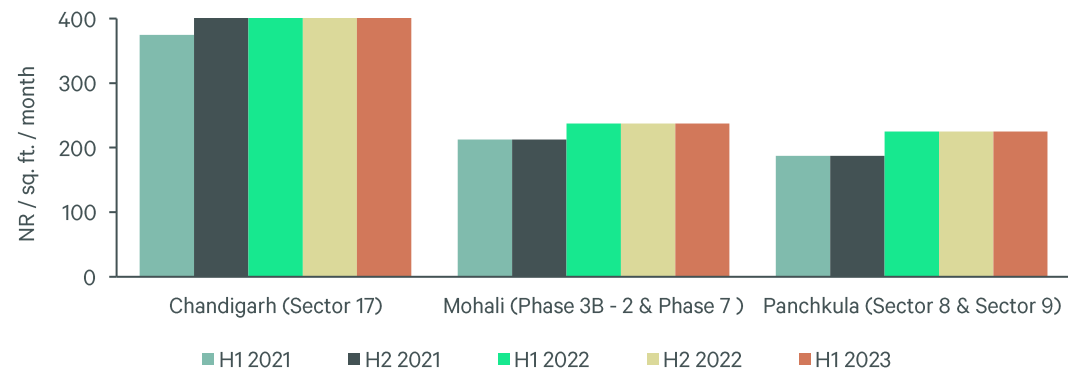


FIGURE 10.2: RENTAL VALUE MOVEMENT – HIGH STREETS



Source: CBRE Research, H1 2023

TABLE 10.1: KEY RETAIL CATEGORIES DRIVING ABSORPTION IN H1 2023

SECTOR	% SHARE	Y-o-Y MOVEMENT
Bank, Insurance & Finance	22%	▲
Fashion & Apparel	20%	▼
Consumer Electronics	11%	▲

Source: CBRE Research, H1 2023

TABLE 10.2: KEY LEASING TRANSACTIONS IN H1 2023

DEVELOPMENT NAME	MICRO-MARKET	SIZE (IN SQ. FT.)	TENANT	TENANT SECTOR
Sector 9 Chandigarh (High Street)	Chandigarh	8,000	Kotak Bank	Bank, Insurance & Finance
Sector 35 Market (High Street)	Chandigarh	6,000	Croma	Consumer Electronics
Phase 3B2 market (High Street)	Mohali	2,800	Bluestone	Luxury

Source: CBRE Research, H1 2023

Indore: Leasing driven by newly completed investment-grade development

▶ 0.0

SUPPLY (MN SQ. FT.)

▲ ~0.30

ABSORPTION (MN SQ. FT.)

Note: Arrows indicate annual change

Absorption includes leasing in investment-grade malls, high streets & standalone; supply includes investment-grade malls only

FIGURE 11.1: RENTAL VALUE MOVEMENT – MALL CLUSTERS

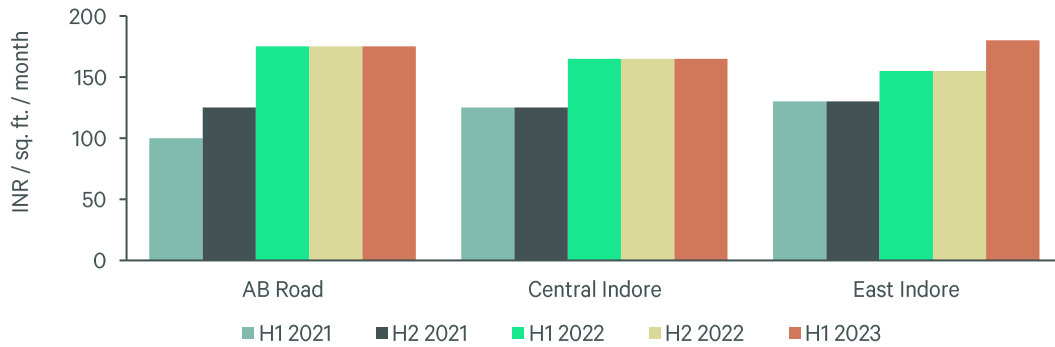
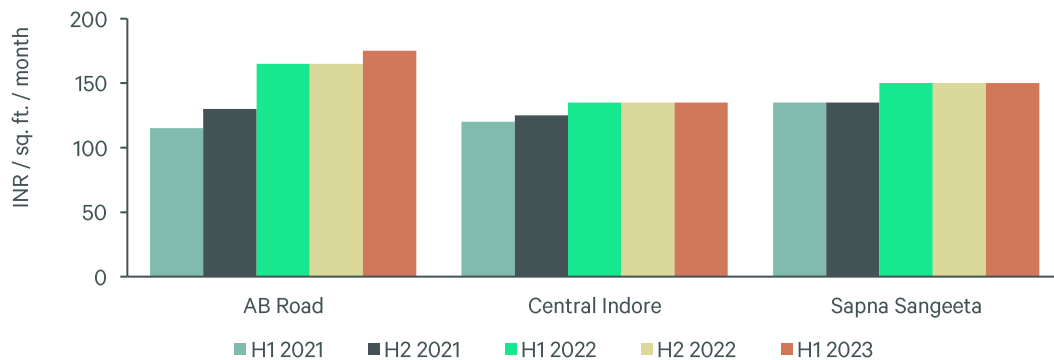


FIGURE 11.2: RENTAL VALUE MOVEMENT – HIGH STREETS



Source: CBRE Research, H1 2023

TABLE 11.1: KEY RETAIL CATEGORIES DRIVING ABSORPTION IN H1 2023

SECTOR	% SHARE	Y-o-Y MOVEMENT
Fashion & Apparel	52%	▼
Homeware & Department Store	13%	▲
Food & Beverage (F&B)	11%	▲

Source: CBRE Research, H1 2023

TABLE 11.2: KEY LEASING TRANSACTIONS IN H1 2023

PROPERTY	MICRO-MARKET	SIZE (IN SQ. FT.)	TENANT	TENANT SECTOR
Independent development (High Street)	Central Indore	30,000	Reliance (RBL)	Fashion & Apparel
Phoenix Citadel (Mall)	East Indore	15,000	Eazy Buy	Fashion & Apparel
Independent development (Standalone)	Central Indore	12,000	Westside	Homeware & Department Store

Source: CBRE Research, H1 2023

Kochi: Leasing strengthened in highstreets; driven by domestic brands

▶ 0.0

SUPPLY (MN SQ. FT.)

▲ ~0.11

ABSORPTION (MN SQ. FT.)

Note: Arrows indicate annual change

Absorption includes leasing in investment-grade malls, high streets & standalone; supply includes investment-grade malls only

FIGURE 12.1: RENTAL VALUE MOVEMENT – MALL CLUSTERS

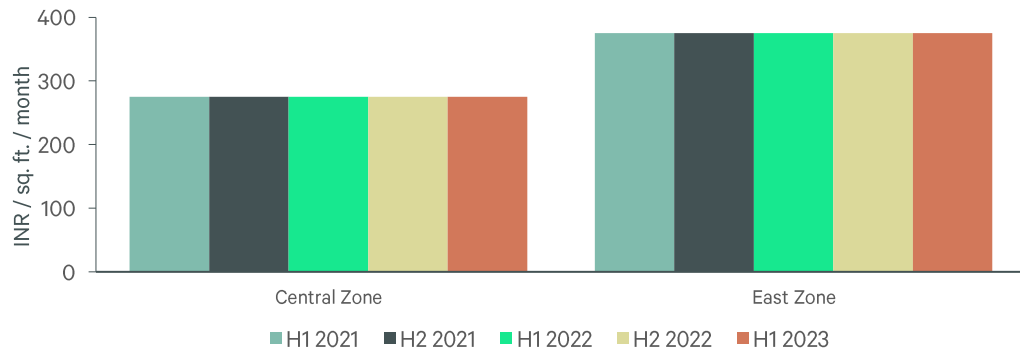
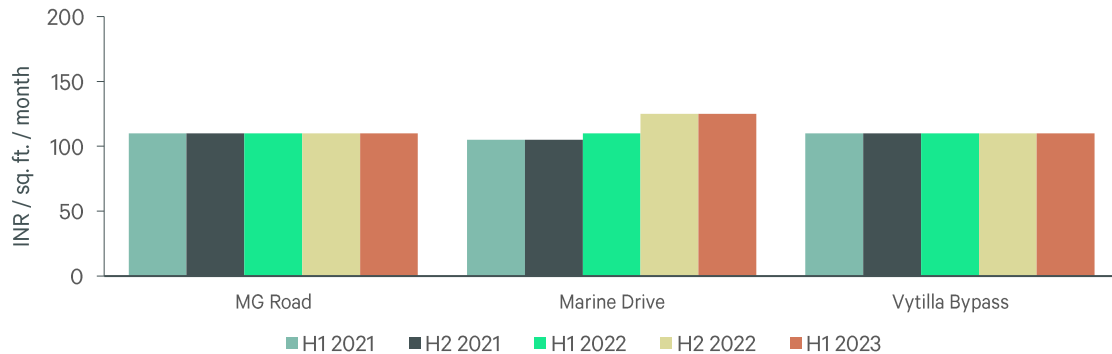


FIGURE 12.2: RENTAL VALUE MOVEMENT – HIGH STREETS



Source: CBRE Research, H1 2023

TABLE 12.1: KEY RETAIL CATEGORIES DRIVING ABSORPTION IN H1 2023

SECTOR	% SHARE	Y-o-Y MOVEMENT
Fashion & Apparel	57%	▲
Homeware and Department Store	23%	▼
Luxury	7%	▲

Source: CBRE Research, H1 2023

TABLE 12.2: KEY LEASING TRANSACTIONS IN H1 2023

PROPERTY	MICRO-MARKET	SIZE (IN SQ. FT.)	TENANT	TENANT SECTOR
Independent Development (Standalone)	Vytilla Bypass	30,000	Max	Fashion & Apparel
Independent development (Standalone)	MG Road	25,000	Westside	Homeware and Department Store
LuLu International Shopping Mall (Mall)	East Zone	1,200	Campus	Fashion & Apparel

Source: CBRE Research, H1 2023

India Retail Outlook 2023

Leasing activity will continue to inch up

Despite global headwinds, sustained discretionary spend and strong retail consumption amid easing inflationary pressures is likely to drive retail leasing activity. CBRE's [APAC Retail Flash Survey 2023](#)⁴ has tracked stronger expansionary sentiment among retailers since mid-2022. In this survey, nearly 71% retailers stated that they planned to expand in 2023 and India emerged as one of the top 10 destinations for cross-border expansion. However, the survey also revealed that retailers would remain prudent in extending their presence in new markets. It also revealed that they would adopt a highly disciplined approach to portfolio planning as they seek to navigate economic uncertainty.

Retail leasing in India is expected to touch 5.5 – 6.0 million sq. ft. in 2023, the highest level after the 2019 peak of 6.8 million sq. ft. It is expected that primary leasing in newly completed malls would remain the key driver of retail space demand in 2023. We expect fashion & apparel, homeware and department store, hypermarkets, food & beverage, and consumer electronics segments to lead retail leasing activity in 2023.

Supply scenario set to improve

Significant amount of pent-up supply lined up for completion is set to improve the supply scenario in 2023. We also expect several investment-grade projects launched by reputed players in the past 2 years to become operational during the year.

Nearly all major cities which include Chennai, Hyderabad, Bangalore, Delhi-NCR, Mumbai and Pune are expected to witness investment-grade supply addition towards the end of the year. Reputed investment-grade players are also expected to strengthen their presence across tier II cities to explore the untapped potential of organized retail in these markets.

Key Retail Trends Taking Shape in 2023

Prime assets will continue to gain traction: Strong flight-to-quality demand will continue to prompt retailers to seek high quality retail spaces in city centres and along prime high streets. While decentralised properties will also continue to attract interest, we expect assets in prime locations to outperform in 2023. Cost sensitive/market-testing retailers are likely to seek opportunities to add new stores in secondary locations.

Experience to remain at the helm of retailer strategies: The retail equation is more evolved than ever with the elements of experience, leisure and customer-centric strategies gaining greater significance. Experiential retail has emerged as a compelling response to the prevalent accessibility of e-commerce, offering a strategic avenue for brands to optimize their physical presence and yield substantial returns by prioritizing immersive and engaging in-store experiences.

Retail supply chain optimization to become a new normal: As the final 50 feet remains one of the most expensive legs of the logistics journey, retailers can thus hedge against rising transportation costs by assigning a more active supply chain role to their brick-and-mortar stores. As consumers increasingly expect to be able to shop for any product, any time, retailers will not only look to manage their expectations in-store but also upstream throughout the supply chain.

Retailers will continue to explore tier II, III and IV markets: Population with increased spending potential, smart city recognition by the government, developing infrastructure and airport connectivity, availability of land and successful brand launches in tier II, III and IV markets are some of the factors that are elevating preference for these markets. The surge in online shopping during the pandemic led stakeholders to move operations closer to the end-user markets. India's transition into an organized retail market will be driven by the continued growth in these cities and it will become vital for retail stakeholders to harness their economic and development potential.

⁴Asia Pacific Retail Flash Survey, January 2023

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