

CHENNAI

Retail Q3 2023

CUSHMAN & WAKEFIELD

12.36% MALL VACANCY (Q3 2023)

31% SHARE OF FASHION IN MALL LEASING (Q3 2023)

6% Q-O-Q GROWTH IN PONDY BAZAAR MAIN STREET RENTS

Mainstreet leasing driven by strong leasing in OMR

In the third quarter, the retail leasing activity on main streets amounted to 0.08 msf, recording a drop of 41% on a q-o-q basis. However, on a y-o-y basis, a 2x jump in the quarterly leasing activity was recorded. Mainstreet leasing for YTD 2023 reached 0.34 msf, marking a 77% growth compared to the same period last year.

Mainstreet leasing activity in Suburban South submarket was particularly strong due to OMR, which contributed to a 31% share in the total quarterly leasing. Main streets in Anna Nagar and Perambur (within the Northwest submarket) contributed to 25% of the quarterly leasing. Majority of main street leasing was largely driven by national brands, accounting for 86% of total leasing volume for the quarter. Accessories & Lifestyle brands took the lead in main street leasing activity with a 24% share, followed by Department stores with a 19% share.

Increase in city-level mall vacancy, influx of supply in South-west

The third quarter witnessed a surge in leasing activity within malls, recording nearly 6X of leasing volume recorded in Q2. During the quarter, Entertainment sector accounted for 54% of mall leasing, followed by Fashion brands with a 31% share. International fashion brands played a significant role, contributing to 34% of the quarterly mall leasing activity. YTD gross leasing in malls reached 0.22 msf, indicating a 5X increase when compared to the same period last year. Despite the healthy leasing activity in Q3, the overall mall vacancy at the city experienced a 2% increase, mainly due to the supply infusion in the south-west submarket. This supply influx falls within the 'good malls' category and added 0.3 msf to the city's mall inventory. However, strong traction in malls played a major role in limiting the city-level vacancy rate. Mall vacancies in the superior category continues to remain tight.

Marginal rental growth in prominent main streets

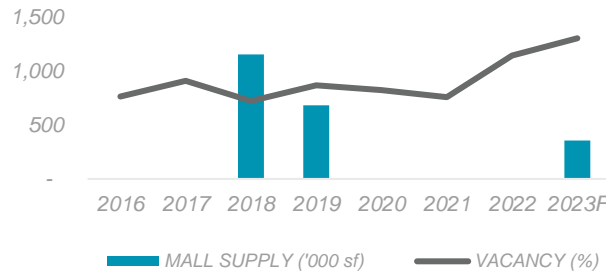
Prominent mainstreets like North Usman Road, Pondy Bazaar, Anna Nagar 2nd Avenue and Velachery witnessed rental growth ranging from 3% to 6% on a q-o-q basis. Furthermore, locations like the Ramapuram-Porur corridor, Adyar main road and Chromepet are also expected to witness slight rental appreciation in the upcoming quarters. This projection is primarily due to steady demand, mainly from national brands. While mall rentals remained largely unchanged during the quarter, marginal rental growth is anticipated in the near term, mainly in superior malls. This expected uptick is attributed to limited space availability and tight vacancy levels.

ECONOMIC INDICATORS Q3 2023

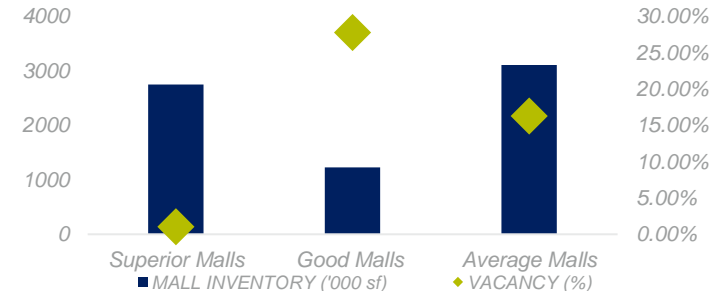
	2022	2023	2024 Forecast
GDP Growth	7.2%	6.1%	6.5%
CPI Growth	6.7%	5.3%	5.0%
Consumer Spending	7.5%	7.0%	6.7%
Govt. Final Expenditure Growth	9.7%	8.1%	7.4%

Source: Oxford Economics, IMF, RBI

MALL SUPPLY / VACANCY RATE



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
Nungambakkam High Road	130	18	19	0.0%	0.0%
Khadar Nawaz Khan Road	135	18	20	0.0%	0.0%
Cathedral Road - R.K. Salai	120	16	18	4.3%	4.3%
Usman Road - South	110	15	16	0.0%	10.0%
Usman Road - North	115	16	17	4.5%	4.5%
Adyar Main Road	150	21	22	0.0%	3.4%
Anna Nagar 2 nd Avenue	155	21	23	3.3%	3.3%
Purasawalkam High Road	115	16	17	0.0%	0.0%
Pondy Bazaar	165	23	24	6.5%	10.0%
Velachery	115	16	17	4.5%	9.5%
Ambattur (MTH Road)	100	14	15	0.0%	5.3%

Note: Asking rent (INR/sf/month) on carpet area of ground floor Vanilla stores is quoted
 US\$ = 82.21 INR AND € = 87.68 INR

SIGNIFICANT LEASING TRANSACTIONS Q3 2023

PROPERTY	LOCATION	TENANT	SF
Mainstreet	Neelankarai	Pantaloons	16,000
Ampa Skywalk Mall	Aminjikarai	Lifestyle	30,000
Aerohub mall	Meenambakkam	PVR Cinemas	41,834

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	LOCATION	SF	COMPLETION DATE
Market of India	Perambur	2,210,023	Q4 2023 (Phase I)

A.M.Lakshmi

Assistant Manager, Research Services
Am.Lakshmi@cushwake.com

Suvishesh Valsan

Director, Research Services
 +91 22 6771555 / suvishesh.valsan@cushwake.com

cushmanwakefield.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in approximately 400 offices and 60 countries. In 2022, the firm reported revenue of \$10.1 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), Environmental, Social and Governance (ESG) and more. For additional information, visit www.cushmanwakefield.com.

©2022 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.