

CHENNAI

Retail Q1 2024

CUSHMAN & WAKEFIELD

11.14% MALL VACANCY (Q1 2024)

23% SHARE OF F&B IN MAINSTREET LEASING (Q1 2024)

4% Q-O-Q GROWTH IN USMAN ROAD-NORTH MAIN STREET RENTS

Off CBD and North-West submarkets dominate main streets leasing in Q1

In the first quarter, main streets of Chennai saw significant rise in leasing volume, reaching 0.12 msf, a 36% growth on a q-o-q basis and 9% expansion as compared to the same period last year. The uptick in leasing activity was predominantly driven by Off-CBD and North-west submarkets, which contributed 38% and 24% respectively to the leasing volume. Prominent locations such as T.Nagar, Anna Nagar, Pallavaram-Thoraipakkam Road, Egmore, Pammal and Kottivakkam witnessed good demand in Q1.

Major driver of demand across main streets was the F&B sector, which accounted for 23% of total leasing activity in Q1, nearly quadrupling from the level recorded in the preceding quarter. Following the F&B category, Department Stores emerged as the second major contributor to leasing activity with a 21% share, closely followed by Furniture & Furnishing sector with an 18% share.

With no new supply addition, city's mall vacancy witness sharp drop

Malls recorded healthy traction in Q1, with a leasing volume of 0.08msf, a q-o-q growth of 12%. Prominent malls in Northwest and Peripheral South submarkets contributed to majority (~90%) of the quarterly mall leasing. Owing to healthy activity, city mall vacancy witnessed a q-o-q drop of 117 basis points and stood at 11.14%. Superior malls witnessed healthy demand and saw tight vacancies in the range of 1-3%. Entertainment sector emerged as the primary driver of leasing activities in malls, accounting for 50% of the total, followed by Accessories & Lifestyle sector with a 19% share. While leasing was led by national brands, constituting 78% of the volume, international brands also remained active. The share of international retailers in the quarterly mall leasing volume grew by 32% on a q-o-q basis. The city did not see any new mall additions during the quarter and is expected to witness a mall supply of nearly ~2 msf over the next two years.

Marginal rent growth recorded in prominent main streets

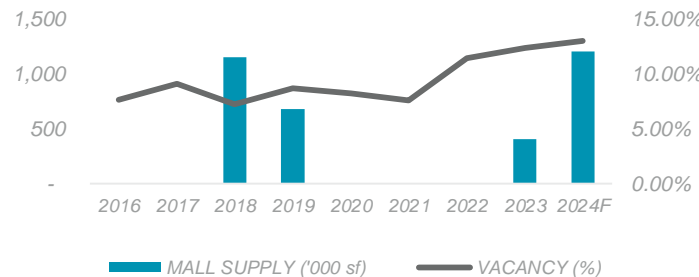
During the quarter, mall rentals remained unchanged. However, a marginal rental growth is anticipated in the near term due to the limited supply of mall space and the drop in vacancy rates. On a q-o-q basis, main street rentals in Usman Road-North witnessed a slight increase of 4%. Y-o-y growth ranging from 3-6% was observed in prominent main streets such as Anna Nagar 2nd Avenue, Pody Bazaar, Usman Road - South and Velachery Main Road. Due to the ongoing healthy demand from national brands in locations such as ECR, OMR and Velachery, a minor rental appreciation is expected in the upcoming quarters.

ECONOMIC INDICATORS Q1 2024

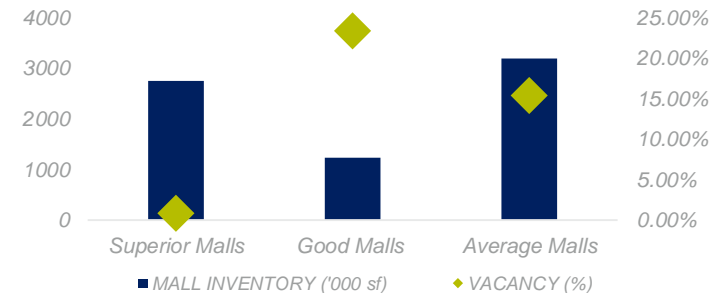
	2023	2024	2025 Forecast
GDP Growth	7.3%	7.0%	6.5%
CPI Growth	5.6%	4.5%	4.2%
Consumer Spending	5.0%	6.1%	6.5%
Govt. Final Expenditure Growth	7.5%	7.0%	6.7%

Source: Oxford Economics, RBI, IMF

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	135	18	20	0.0%	3.8%
Khadar Nawaz Khan Road	135	18	20	0.0%	2.3%
Cathedral Road - R.K. Salai	120	16	17	0.0%	4.3%
Usman Road - South	110	15	16	0.0%	4.8%
Usman Road - North	125	17	18	4.2%	13.6%
Adyar Main Road	155	21	22	0.0%	6.9%
Anna Nagar 2 nd Avenue	155	21	22	0.0%	3.3%
Purasawalkam High Road	115	15	17	0.0%	0.0%
Pondy Bazaar	165	22	24	0.0%	6.5%
Velachery	115	15	17	0.0%	9.5%
Ambattur (MTH Road)	100	13	14	0.0%	0.0%

Note: Asking rent (INR/sf/month) on carpet area of ground floor Vanilla stores is quoted
 US\$ = 82.9 INR AND € = 90.1 INR

SIGNIFICANT LEASING TRANSACTIONS Q1 2024

PROPERTY	LOCATION	TENANT	SF
Mainstreet	T.Nagar	Max	15,000
Marina Mall	Egattur	Decathlon	13,000
Mainstreet	Anna Nagar	Sangeetha Veg Restaurant	12,000
VR Mall	Anna Nagar	Easy Buy	5,480

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	LOCATION	SF	COMPLETION DATE
Market of India	Perambur	2,210,023	Q4 2024 (Phase I)

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