

DELHI NCR

Retail Q1 2024

CUSHMAN & WAKEFIELD

26.9 msf

MALL INVENTORY
(Q1 2024)

15.6%

MALL VACANCY
(Q1 2024)

1.0 msf

UPCOMING MALL SUPPLY
(2024F)

Absorption in retail markets slowed in Q1-24; supply constraints are visible

Delhi-NCR received close to 0.26 MSF of leasing across both malls and main streets in Q1-24. The leasing volume in Q1 saw 35% drop compared to the immediately preceding quarter, and a 28% decline compared to same period last year. Mall leasing comprised bulk of the volume with 0.18 msf of leasing activity. Limited availability of space resulted in a 23% q-o-q decline in mall leasing during the quarter. The last time this city witnessed a new supply of mall was in Q1-23, post which no new supply has hit the market so far. Majority of leases in malls during the quarter were attributed to new space stake ups, comprising 52% share. During Q1, fashion segment emerged as the primary driver of demand, capturing a 41% share, followed by accessories & lifestyle with 25%. The F&B sector, which usually dominates the demand with 15 – 20% share since past 5 years (2019 – 23), saw a decrease to merely 9% in Q1-24.

The city received approximately 0.08 msf of leasing activity across prominent main streets during Q1-24, a significant 52% decrease from the previous quarter's historic high volume, although a moderate 7% drop on y-o-y basis. Mainstreet demand remains consistent, though, with the average volume seen in past 8 quarters. F&B category dominated across main street with a 40% share, followed by fashion and CDIT segments with 20% and 14% shares, respectively. Delhi NCT (national capital territory) emerged as the primary market for main street leasing, capturing a dominant share of 69%, with South Delhi zone alone accounting for a 26% share, followed by East Delhi zone with 19% share.

No new mall supply during the quarter; vacancy dips marginally

Mall vacancy rate in Delhi NCR stood at 15.6% during Q1 2024, down by 50 basis points when compared to same period a year ago. There was no new completions during Q1 2024 as slippages in project timelines have occurred with few upcoming supply. However, for the current year, we anticipate about 1.0 msf of new mall supply that could help absorption volumes improve significantly.

Mall rents largely remain stable; select main streets witness rental growth

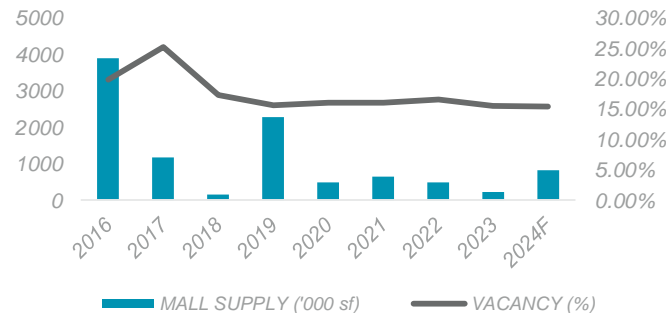
Mall rentals in Delhi NCR remained stable during the quarter. Prime main streets of Gurugram (Galleria Market) witnessed a 5% growth on y-o-y basis, whereas South Delhi markets such as South Extension and Lajpat Nagar witnessed a 7-10% growth on y-o-y basis. Other prime main street markets such as Khan Market, Rajouri Garden, Greater Kailash and Noida Sector 18 remained stable on q-o-q basis as well as y-o-y basis.

ECONOMIC INDICATORS Q1 2024

	2023	2024	2024F 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, IMF, RBI

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
Khan Market	1,500 - 1,600	199.8	217.1	0%	0%
South Extension I & II	800 - 850	106.5	115.8	0%	7%
Lajpat Nagar	275 – 300	36.6	39.8	0%	10%
Connaught Place (Inner)	1,050 - 1,150	139.8	152.0	0%	0%
Greater Kailash I, M Block	425 – 450	56.6	61.5	0%	0%
Rajouri Garden	250 – 260	33.3	36.2	0%	0%
Punjabi Bagh	250 – 260	33.3	36.2	0%	0%
Karol Bagh	390 - 400	51.9	56.5	0%	0%
Kamla Nagar	400 – 425	53.3	57.9	0%	0%
Galleria Market (Gurugram)	1,000 - 1,050	133.2	144.8	0%	5%
Sector 29 (Gurugram)	160 – 175	21.3	23.2	0%	0%
Sector 18 (Noida)	200 - 225	26.6	29.0	0%	0%

*Note: Asking rent (INR/sf/month) on the Super area for ground floor is quoted
US\$ = INR 82.9 € = INR 90.1

SIGNIFICANT LEASING TRANSACTIONS Q1 2024

PROPERTY / MAIN STREET	LOCATION	TENANT	SF
Main Street	Club Road, Punjabi Bagh	Pasta Street	4,000
Main Street	Vikas Marg	Reliance Digital	11,000
Mixed Use	M3M 65th Avenue	Mittyesque	9,636

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

PROPERTY	LOCATION	SF	COMPLETION
Unity One	Netaji Subhash Place, Delhi	450,000	Q3 2024

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