

India Retail, H1 2015

New retailer expansion gathers pace; F&B dominates retail demand



*Arrows indicate change over H2 2014 rentals in high streets.

PRIME MARKETS DEVOID OF DEVELOPMENT COMPLETIONS; SPACE UPTAKE WITNESSES A HEALTHY MIX OF INTERNATIONAL AND DOMESTIC BRANDS

New retail space addition remained negligible in H1 2015 with most prominent project completions that were expected in cities such as the Delhi National Capital Region (NCR), Bangalore, and Kolkata, getting delayed to the second half of the year. A direct consequence of the same has been an increasing demand for retail space across high streets as leading cities such as Mumbai, NCR and Bangalore witnessed a dearth of quality supply. Most malls have been using the existing churn to replace underperforming brands with better / new brands. Lack of quality space has also given more bargaining power to popular shopping centers, leading to the emergence of the performance guarantee models, where brands are required to guarantee a certain amount of business, failing which the developer can exercise the right to relocate or vacate the brand from the premises.

During H1 2015, retailer demand remained steady across various cities, with prominent global players such as GAP, Barcelos and Wendy's, making inroads into the country, while others such as Forever 21, Steve Madden, and Marks & Spencer continued to expand their

operations. Domestic F&B operators and retailers such as Sodabottle Openerwala, Cafe Coffee Day and Peter England were among the numerous local brands that continued to open stores. In the luxury segment, brands such as Bang & Olufsen, BCBG Max Azria and the Italian luxury retailer, Montegrappa, made inroads into the country during the review period.

GLOBAL F&B BRANDS CONTINUED TO ENTER WHILE LOCAL BRANDS SCALED UP OPERATIONS

The first half witnessed global F&B operators such as Barcelos and Wendy's making an entry into the Indian marketplace, while others such as Starbucks, Dunkin Donuts, Chilli's, McDonalds, Taco Bell, and Burger King continued to expand operations. Besides prominent global F&B brands, domestic F&B operators were also very active across most cities, where local standalone restaurants as well as F&B chains (offering global cuisines and ambiances) took up space in key micro-markets.

Some of these local brands have been scaling up operations and going national—case in point being Sodabottle Openerwala, Shiv Sagar, Naturals Ice creams, and Social, moving out of their “home city” to set up operations in other metropolitan cities.

ENTRY OF GLOBAL BRANDS SEEN AS A BOOSTER FOR SHOPPING CENTERS – CBRE SURVEY

The increasing presence of global retailers has emerged as the single most important factor that has improved shopper experiences across the most frequented shopping centers in India— according to a recent consumer survey, “How we like to shop”, conducted by CBRE Research.

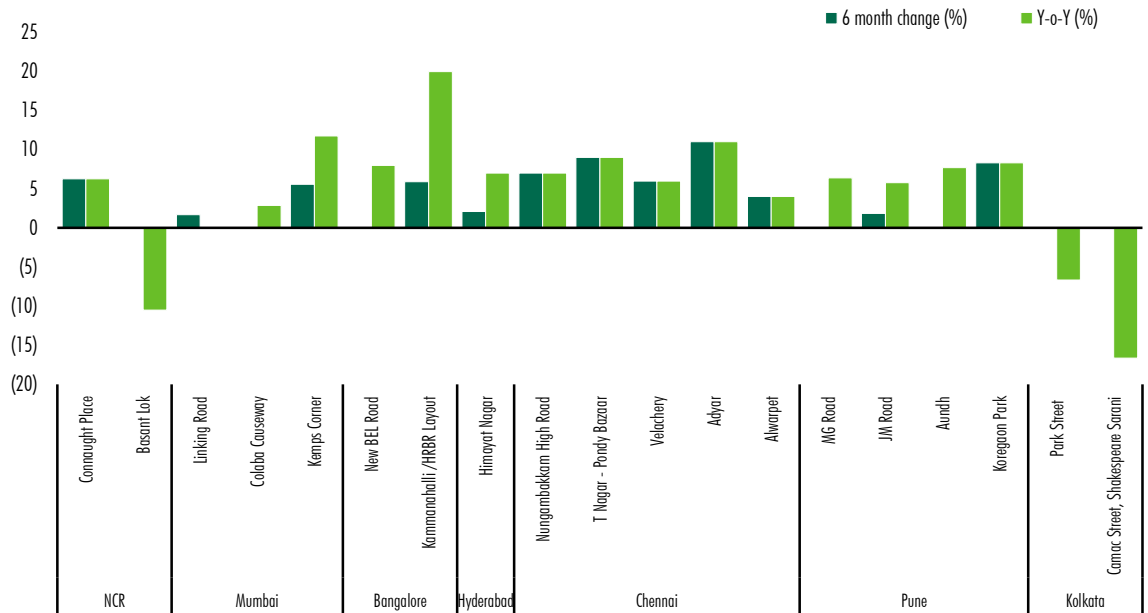
Almost 69% of survey respondents felt that the addition of global brands has been a key improvement in shopping centers over the past three years. As per the survey, other factors that ranked highly in the overall improvement of shopping centers included the addition of more entertainment facilities, the increasing size of malls and availability of more shops/brands, the availability of more and better dining options, as well as more and better loyalty programs, among others.

GLOBAL FAST FASHION RETAILERS CONTINUE TO ENTER ONLINE, DOMESTIC ONLINE BRANDS ALSO OPENING PHYSICAL STORES

Global fashion brands are making a beeline for India not only through the traditional route, but also via the e-commerce route. As highlighted by the recent CBRE survey, 78% of the respondents interviewed shopped online at least once a month—complementing the fact that at least 18 global fashion brands entered the country in H1 2015 via the online mode (utilizing platforms offered by leading fashion e-tailers such as Myntra, Jabong, and Koovs), with brands such as Tom Tailor, RVLT, Girls on Film, DC Shoes and Kas New York being notable entrants.

While global brands were inclined towards entering via online platforms, domestic online players such as Pepperfry and First Cry also set up physical stores to complement their online models.

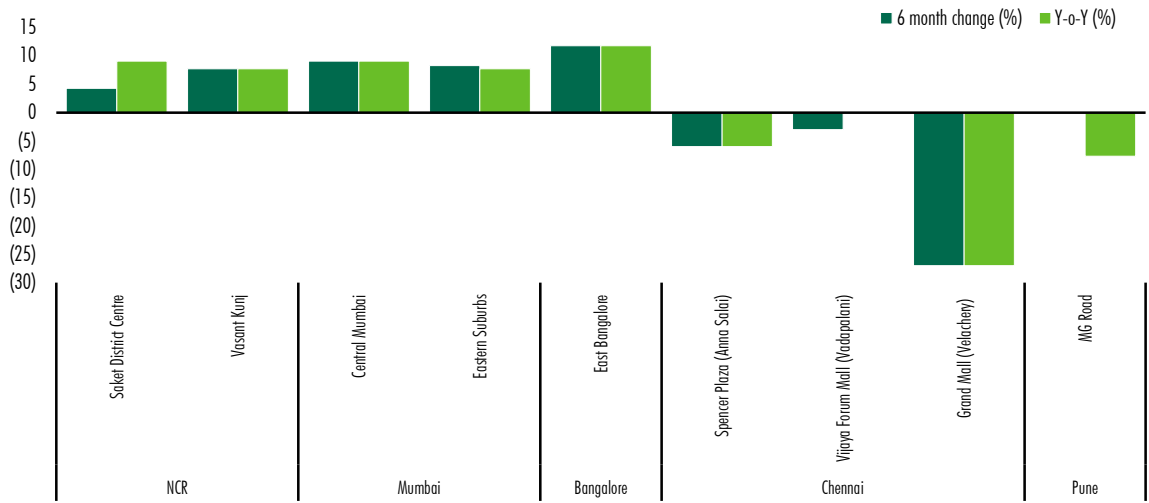
Figure 1: High Street -Annual and Six Monthly Average Rental Movement (%) Across Major Cities



Source: CBRE Research, H1 2015.

**Rents mentioned in the report are indicative rentals based on super / built-up area in both high street locations and mall developments.

Figure 2 Shopping Centre - Annual and Six Monthly Average Rental Movement (%) Across Major Cities



Source: CBRE Research, H1 2015.

**Rental Values in the organized retail market in Hyderabad and Kolkata remained stable during the past one year.

SELECT PRIME AREAS WITNESSED RENTAL APPRECIATION

Rental trends displayed mixed sentiments across leading cities during H1 2015. High street markets—such as Connaught Place (Delhi), Linking Road (Mumbai), Kammanahalli (Bangalore), and Koregaon Park (Pune)—witnessed an increase in rental values, while most others witnessed stability with no high street witnessing a decline in rentals.

Mall clusters in prime markets such as South Delhi in the NCR, Central Mumbai and Mumbai’s Eastern Suburbs, as well as East Bangalore witnessed an increase in rentals as international brands preferred such prime areas; while malls in the suburban districts of Noida and Gurgaon (NCR), Bangalore and Kolkata maintained stable rentals.

MARKET SUMMARY

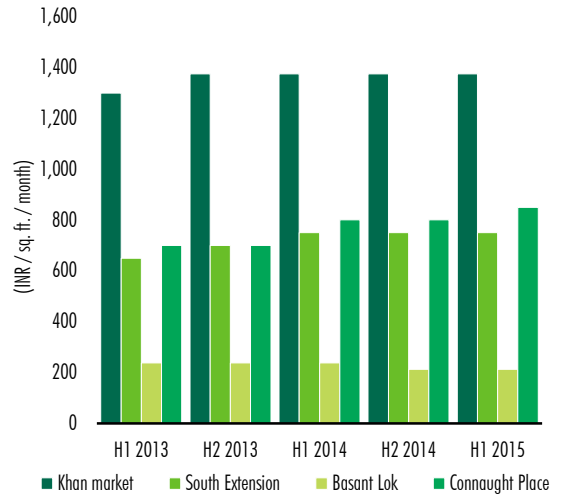
The **Delhi National Capital Region** continued to be high on the radar of retailers in the country, especially with numerous global brands commencing operations from the region in H1 2015. The trend of retailer interest being focused on the prime malls of South Delhi and on the premium high streets of Central Delhi continued during the review period as well. F&B, Fashion Apparel and Accessories segments continued to lead traction across shopping centers and high streets.

Premium malls in Delhi continued to attract interest from global brands with retailers such as the American apparel chain, GAP, entering the region with an outlet at Select CityWalk, Saket. Other much awaited launches in the region were the American fast food chain, Taco Bell, at Ambience Vasant Kunj, and the South African chain, Barcelos, at Khan Market. F&B dominated traction with Starbucks opening outlets at DLF Promenade, Vasant Kunj and Metropolis Mall, Gurgaon, along with popular local brands such as Keventers and DePauls opening outlets at Select Citywalk, Saket. The mall also witnessed the store opening of Nappa Dori, a local leather goods brand. Burger King expanded operations in the city with another outlet at DT City Centre, Gurgaon. Noida, on the other hand, was relatively quiet and witnessed limited retailer activity during the review period.

In the luxury segment, the Danish electronics brand, Bang & Olufsen, commenced operations from DLF Emporio, Vasant Kunj. The mall also witnessed the commencement of operations by the American apparel brand, BCBG Max Azria, and the Italian luxury writing instrument retailer, Montegrappa.

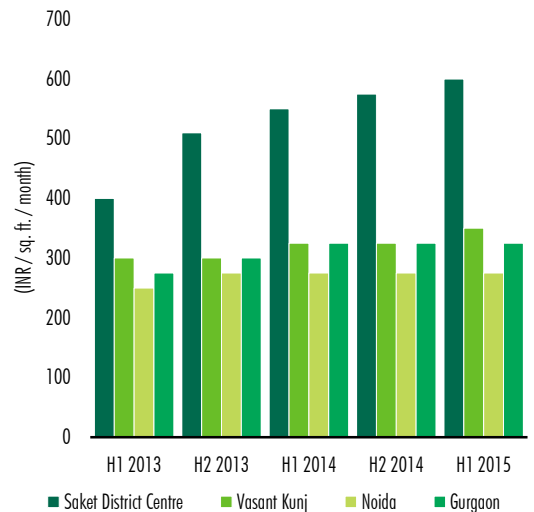
F&B traction remained high across high streets as well, with the American chain, Wendy's, launching its maiden outlet in India at Sector 29, Gurgaon. Other F&B retailers expanding in the city included Smokey's BBQ and Grill, The Loft, and Big Chill Cakery at Khan Market. The most

Figure 3: High Street Rental Value Movement



Source: CBRE Research, H1 2015.

Figure 4: Shopping Centre Value Movement



Source: CBRE Research, H1 2015.

Table 1: Key Brands Launched

Brand	Category	Presence
GAP	Fashion and Apparel	Select Citywalk, Saket
Taco Bell	F&B	Ambience Mall, Vasant Kunj
Wendy's	F&B	Sector 29, Gurgaon
Barcelos	F&B	Khan Market

Source: CBRE Research, H1 2015.

recent store launch was that of Smaaash, a gaming concept, opening up at Gurgaon’s DLF Cyber Hub.

RENTAL TRENDS

Rental values remained stable in Khan Market, South Extension and Basant Lok during the review period. However, an increasing preference of F&B retailers for the centrally located Connaught Place led to a rental appreciation of

6-7% during the first half of the year. Premium shopping malls in Delhi continued to witness sustained traction, with negligible vacancies leading to rental growth of about 3-5% in Saket District Centre and 6-8% in Vasant Kunj.

Rentals continued to remain stable in Gurgaon and Noida; however, as upcoming quality developments in Noida and Delhi are nearing completion, retailer interest for the same is expected to drive retailer activity.

Table 2: Selected Leasing Transactions

Property	District	Size (in sq. ft.)	Tenant
Select City Walk, Saket	New Delhi	9,500	GAP
High Street	Gurgaon	2,200	Wendy's
Metropolis Mall	Gurgaon	2,000	Starbucks
Khan Market	New Delhi	2,000	Smokey's BBQ and Grill

Source: CBRE Research, H1 2015.

Table 3: Sub-market Key Stats

High Streets	Average Rent in H1 2015 (INR/sq. ft. / month)	Average Rent in H2 2014 (INR/sq. ft. / month)	Half Yearly Change (%)	Y-o-Y Change (%)
Khan Market	1,250-1,500	1,250-1,500	0.0	0.0
South Extension	700 – 800	700 – 800	0.0	0.0
Basant Lok	200-225	200-225	0.0	-10.5
Connaught Place	800-900	750-850	6.3	6.3
Mall Clusters	Average Rent in H1 2015 (INR/sq. ft. / month)	Average Rent in H2 2014 (INR/sq. ft. / month)	Half Yearly Change (%)	Y-o-Y Change (%)
Saket District Centre	550 – 600	525 – 625	4.3	9.1
Vasant Kunj	300 – 400	275 – 375	7.7	7.7
Noida	225 – 325	225 - 325	0.0	0.0
Gurgaon	275 - 375	275 - 375	0.0	0.0

Source: CBRE Research, H1 2015.

MARKET SUMMARY

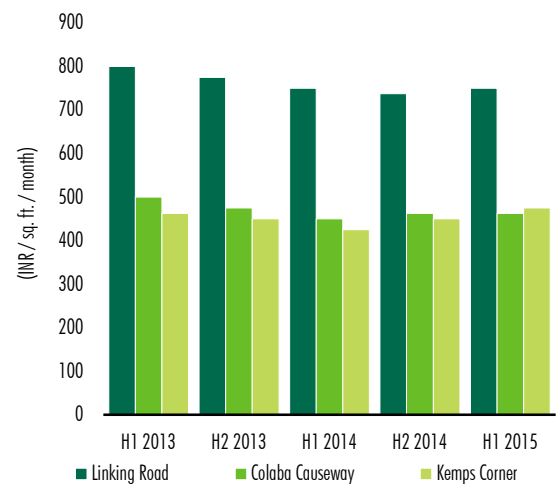
Retail leasing activity remained largely stable in Mumbai, with F&B remaining the most active occupier during H1 2015. Along with F&B brands, demand from Fashion Apparel and Accessories retailers also remained strong. On high streets, demand was largely observed in locations such as Lokhandwala, Borivali, Powai and Kandivali; while demand for organized mall clusters was largely concentrated in Central Mumbai and the Eastern Suburbs. During H1 2015, Italian luxury writing instrument retailer, Montegrappa, entered the country with its maiden store at Palladium Mall. New entrants to the city included cosmetics brand, Bobbi Brown, and accessories retailer, S.T. DuPont, also launching stores at the Palladium Mall. In the Eastern Suburbs, apparel brands such as Superdry and Steve Madden opened stores at R City, while children’s apparel and accessories store, Mom & Me, commenced operations from Phoenix Market City. F&B operators such as Dona Foods and Filling Station opened restaurants at Korum Mall; and cosmetics brand, Revlon, took up space at Viviana Mall.

Across high streets, brands such as AND, Royal Enfield and Go Colors opened stores on Linking Road; while Burger King and Mad Over Donuts opened restaurants at Churchgate. Other store openings on high streets included Chemistry at Lokhandwala, FabIndia at Andheri West, Gangar Eye Nation at Borivali, Oma at Juhu Tara Road, Jean Claude Biguine at Powai, and Kama Ayurveda at Waterfield Road, Bandra.

RENTAL TRENDS

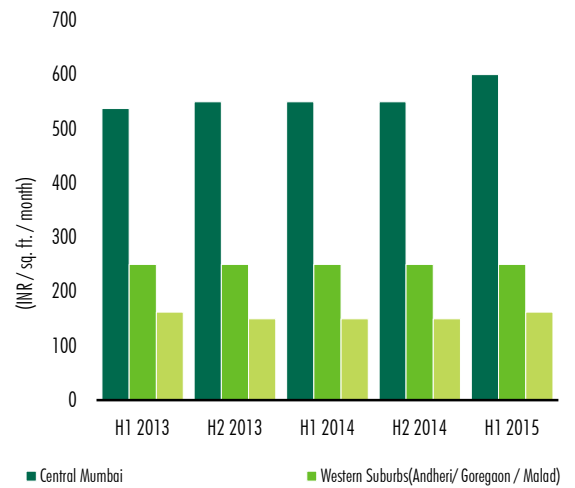
Rental values witnessed a marginal increase of 2–6% over H2 2014 across the high streets of Linking Road and Kemps Corner due to sustained occupier interest. Across mall clusters, rental values remained largely stable across Western Suburbs; however, select prime developments at Central Mumbai and the Eastern Suburbs witnessed a marginal increase of 7–9% in rentals as compared to H2 2014.

Figure 5: High Street Rental Value Movement



Source: CBRE Research, H1 2015.

Figure 6: Shopping Centre Value Movement



Source: CBRE Research, H1 2015.

Table 4: Key Brands Launched

Brand	Category	Presence
Montegrappa	Accessories	Palladium, Lower Parel
S.T. Dupont	Accessories	Palladium, Lower Parel
Bobbi Brown	Cosmetics	Palladium, Lower Parel

Source: CBRE Research, H1 2015.

Table 5: Selected Leasing Transactions

Property	District	Size (in sq. ft.)	Tenant
R City	Eastern Suburbs	1,500	Superdry
R City	Eastern Suburbs	1,500	Quick Silver
Palladium	Central Mumbai	600	Bobbi Brown
Viviana	Eastern Suburbs	400	Revlon

Source: CBRE Research, H1 2015.

Table 6: Sub-market Key Stats

High Streets	Average Rent in H1 2015 (INR/sq. ft. / month)	Average Rent in H2 2014 (INR/sq. ft. / month)	Half Yearly Change (%)	Y-o-Y Change (%)
Linking Road	650 – 850	650-825	1.7	0.0
Colaba Causeway	425 – 500	425-500	0.0	2.8
Kemps Corner	450 - 500	425-475	5.6	11.8

Mall Clusters	Average Rent in H1 2015 (INR/sq. ft. / month)	Average Rent in H2 2014 (INR/sq. ft. / month)	Half Yearly Change (%)	Y-o-Y Change (%)
Central Mumbai	550-650	475-625	9.1	9.1
Western Suburbs (Andheri, Goregaon, Malad)	225-275	225-275	0.0	0.0
Eastern Suburbs (Kurla, Ghatkopar, Bhandup)	100-225	100-200	8.3	7.7

Source: CBRE Research, H1 2015.

MARKET SUMMARY

Steady leasing activity was witnessed across high streets and shopping centres in Bangalore during the first half of the year. Traction in the organised segment largely occurred in the malls that were completed in H2 2014—viz. Elements Mall in North Bangalore and Vaishnavi Sapphire Mall in North West Bangalore. While retailers from F&B, Fashion Apparel and Accessories segments remained fairly active, the city also witnessed traction from automotive retailers. In terms of retailer demand for high street space, American brand Ed Hardy expanded its operations in the city with another store on Indira Nagar. The city also witnessed several domestic brands opening stores—Peter England on Brigade Road, Splash on Commercial Street, and Latin Quarters on Indira Nagar. Additionally the popular online home products brand, Pepperfry, set up a store on Indira Nagar 100 Feet Road.

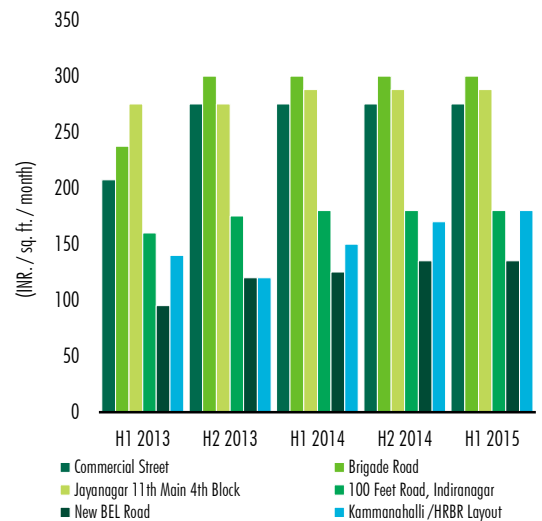
In the F&B segment, domestic retailers continued to expand operations in the country, with Sodabottle Openerwala opening its first restaurant in the city on Lavelle Road. Indira Nagar continued to be a popular high street destination for restaurants such as Beer Café and Paradise, the Hyderabad Biryani restaurant commencing operations from the high-street during H1 2015.

In the organised segment, leasing activity was concentrated in recently completed developments, with Reliance Trends, Adidas and PVR Cinemas commencing operations in MSR Elements Mall on Thanisandra Main Road. Fashion store Max increased its store count by setting up a new outlet at Vaishnavi Sapphire Mall. The mall also witnessed KFC and Best Price Electronics launching operations during the review period.

RENTAL TRENDS

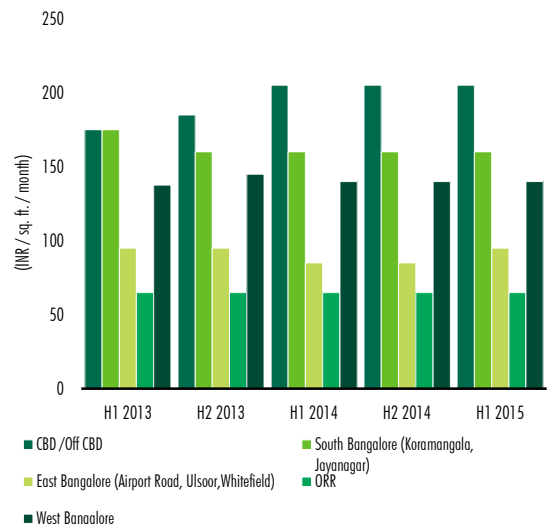
Rental values across high streets remained largely stable—an exception being Kammanahalli / HRBR Layout, which witnessed

Figure 7: High Street Rental Value Movement



Source: CBRE Research, H1 2015.

Figure 8: Shopping Centre Value Movement



Source: CBRE Research, H1 2015.

an increase of 5–7% over H2 2014 due to sustained demand and limited availability of quality stores. Rentals on the high street of New BEL Road were also stable on a half yearly basis; while witnessing an increase in the range of 7–9% on a y-o-y basis.

In the organized segment, rentals across most micro-markets remained stable as compared to the previous review period, with the exception of developments in East Bangalore. Rental values in shopping centres in East Bangalore witnessed an increment of 10–12% on a half yearly basis, driven by retailer demand for space in prime developments.

Table 7: Selected Leasing Transactions

Property	District	Size (in sq. ft.)	Tenant
High Street	Indira Nagar	5,000	Ed Hardy
Vaishanvi Sapphire	Yeshwantpur	2,000	KFC
High Street	Indira Nagar	2,000	Beer Café
Mantri Mall	Malleswaram	1,500	Royal Enfield

Source: CBRE Research, H1 2015.

Table 8: Sub-market Key Stats

High Streets	Average Rent in H1 2015 (INR/sq. ft. / month)	Average Rent in H2 2014 (INR/sq. ft. / month)	Half Yearly Change (%)	Y-o-Y Change (%)
Commercial Street	250-300	250-300	0.0	0.0
Brigade Road	250-350	250-350	0.0	0.0
Jayanagar 11th Main 4th Block	275-300	275-300	0.0	0.0
100 Feet Road, Indira Nagar	160-200	160-200	0.0	0.0
New BEL Road	120-150	120-150	0.0	8.0
Kammanahalli/HRBR Layout	160-200	160-180	5.9	20.0
Mall Clusters	Average Rent in H1 2015 (INR/sq. ft. / month)	Average Rent in H2 2014 (INR/sq. ft. / month)	Half Yearly Change (%)	Y-o-Y Change (%)
CBD/Off CBD	170-240	170-240	0.0	0.0
South Bangalore (Koramangala, Jayanagar)	140-180	140-180	0.0	0.0
East Bangalore (Airport Road, Ulsoor, Whitefield)	90-100	80-90	11.8	11.8
Outer Ring Road	60-70	60-70	0.0	0.0
West Bangalore	130-150	130-150	0.0	0.0

Source: CBRE Research, H1 2015.

MARKET SUMMARY

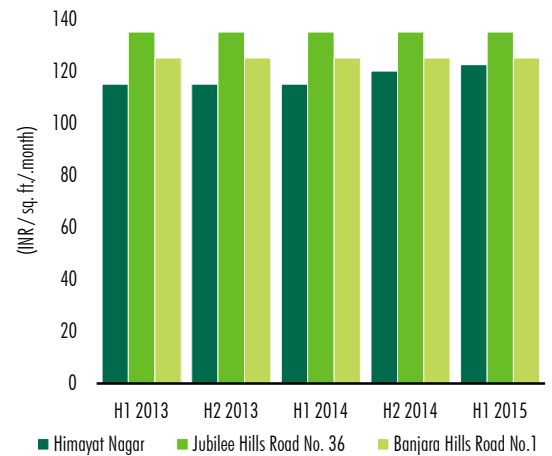
The city witnessed encouraging leasing activity during the first half of 2015, with numerous retailer expansions and entries witnessed during the review period. Most of the activity was witnessed from F&B operators—Dunkin Donuts made an entry into the city, while Starbucks and Chili’s expanded their presence. Domestic brands were also seen to be active as restaurant chain Olive Bar and Kitchen opened its second restaurant in the city with its Parsi restaurant brand, Sodabottle Openerwala, while other domestic players such as Stone Water Grill and Habanero made inroads into the city as well.

In the organized segment, GVK One Mall in Banjara Hills witnessed commencement of operations by Starbucks, Only, Nike, Body Shop, etc. As supply addition remains muted, existing shopping centers are accommodating new brands partly through regular churn and partly through the creation of additional space by downsizing existing brands. For instance, Inorbit, Cyberabad, created around 40,000 sq. ft. of space by downsizing an existing Hypermarket (Hypercity), where they have accommodated new brands such as Nautica, Being Human, Starbucks, Vero Moda, Jack & Jones and Only, and by shifting existing F&B operators such as Dialogue in the Dark and The Village to smaller units. The additional space has been utilized to accommodate Smash, an entertainment player. Activity in under-construction properties was subdued as no major pre-commitments were reported.

RENTAL TRENDS

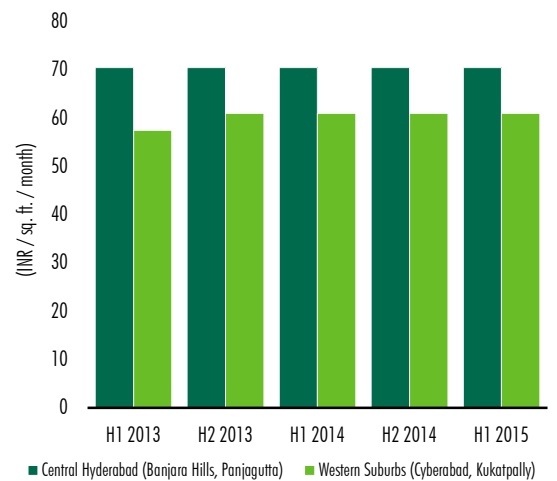
Rentals across the high streets of Jubilee Hills and Banjara Hills remained largely stable; however, Himayat Nagar witnessed an increase of approximately 1–2% due to increasing demand. On the other hand, rentals in the organized segment remained largely stable during H1 2015.

Figure 9: High Street Rental Value Movement



Source: CBRE Research, H1 2015.

Figure 10: Shopping Centre Value Movement



Source: CBRE Research, H1 2015.

Table 9: Key Brands Launched

Brand	Category	Presence
Dunkin Donuts	F&B	Inorbit Mall

Source: CBRE Research, H1 2015.

Table 10: Selected Leasing Transactions

Property	District	Size (in sq. ft.)	Tenant
High Street	Banjara Hills	3,200	Arrow
GVK One Mall	Banjara Hills	1,100	Nike
High Street	Jubilee Hills	1,000	Pepe Jeans

Source: CBRE Research, H1 2015.

Table 11: Sub-market Key Stats

High Streets	Average Rent in H1 2015 (INR/sq. ft. / month)	Average Rent in H2 2014 (INR/sq. ft. / month)	Half Yearly Change (%)	Y-o-Y Change (%)
Himayat Nagar	120-125	115-125	2.1	7.0
Jubilee Hills Road No. 36	130-140	130-140	0.0	0.0
Banjara Hills Road No.1	120-130	120-130	0.0	0.0
Mall Clusters	Average Rent in H1 2015 (INR/sq. ft. / month)	Average Rent in H2 2014 (INR/sq. ft. / month)	Half Yearly Change (%)	Y-o-Y Change (%)
Central Hyderabad (Banjara Hills, Panjagutta)	66-75	66-75	0.0	0.0
Western Suburbs (Cyberabad, Kukatpally)	60-62	60-62	0.0	0.0

Source: CBRE Research, H1 2015.

MARKET SUMMARY

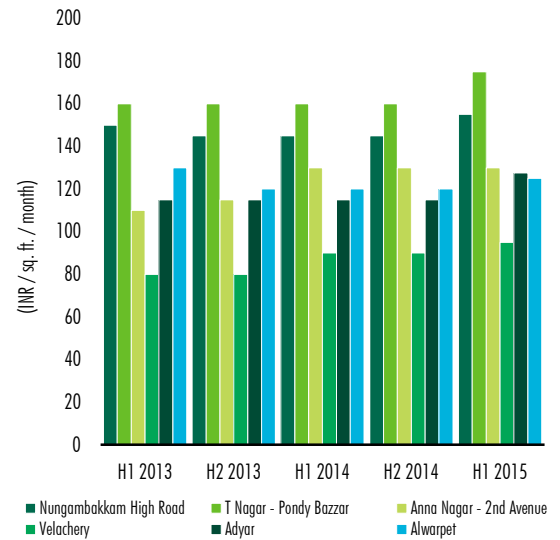
Chennai witnessed significant occupier interest during H1 2015, mostly for space across prominent high streets. Domestic apparel brands expanded their footprint from the traditional high street of T Nagar towards the suburban high streets of Velachery and GST Road. For instance, domestic retail brands such as Chennai Silks and Saravana Stores opened outlets in these suburban markets during the review period. Kalyan Jewelers opened a 40,000 sq. ft. showroom on T Nagar, which is publicized to be the largest jewelry outlet in India. In addition, F&B operators such as the Malaysian restaurant chain, Manhattan Fish Market, made an entry into the city with an outlet at RK Salai, while the Gurgaon-based F&B restaurant, Double Roti, opened an outlet on Cenotaph Road. Chennai also witnessed the entry of automobile players such as DSK Benelli and Volvo.

In terms of the organized retail segment, Dunkin Donuts made an entry into the city with a restaurant at Phoenix Market City, with Bangalore-based Tex-Mex restaurant, Habanero, also opening a restaurant at the same mall. Express Avenue witnessed the launch of the Middle Eastern fashion retailer, Splash, with an approximately 8,000 sq. ft. store. On the supply front, Chennai did not witness any fresh supply addition.

RENTAL TRENDS

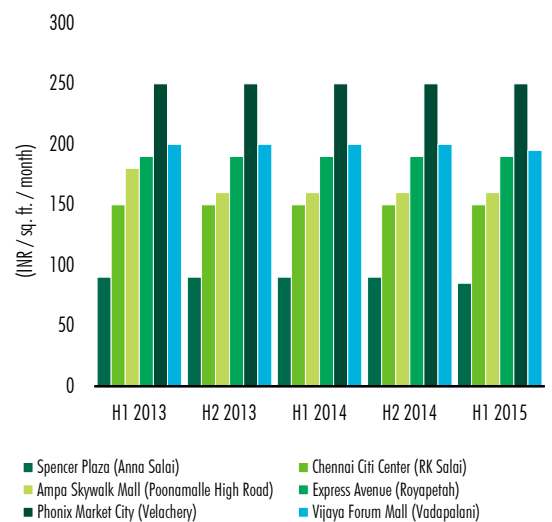
The rising preference of retailers for opening high street outlets, coupled with the shortage of organized shopping center space, has led to an increase in high street rentals by 5–11% on a half yearly basis. In contrast, rentals in the organized shopping center segment remained largely stable across most prominent developments. However, certain organized retail centers such as Spencer Plaza and Grand Mall witnessed a dip in rentals due to dwindling footfalls because of an inefficient tenant-mix.

Figure 11: High Street Rental Value Movement



Source: CBRE Research, H1 2015.

Figure 12: Shopping Centre Value Movement



Source: CBRE Research, H1 2015.

Table 12: Key Brands Launched

Brand	Category	Presence
Manhattan Fish Market	F&B	RK Salai
DSK Benelli	Automotive	Mt Road
Dunkin Donuts	F&B	Phoenix Market City
Volvo	Automotive	Anna Salai

Source: CBRE Research, H1 2015.

Table 13: Selected Leasing Transactions

Property	District	Size (in sq. ft.)	Tenant
High Street	Chennai	10,000	Reliance Trends
High Street	Chennai	1,600	Essensual's
High Street	Chennai	1,200	Café Coffee Day

Source: CBRE Research, H1 2015.

Table 14: Sub-market Key Stats

High Streets	Average Rent in H1 2015 (INR/sq. ft. / month)	Average Rent in H2 2014 (INR/sq. ft. / month)	Half Yearly Change (%)	Y-o-Y Change (%)
Nungambakkam High Road	140-170	130-160	7.0	7.0
T Nagar - Pondy Bazaar	165 -185	150 -170	9.0	9.0
Anna Nagar - 2nd Avenue	120 – 140	120 - 140	0.0	0.0
Velachery	90 – 100	80 - 100	6.0	6.0
Adyar	120 – 135	100 - 130	11.0	11.0
Alwarpet	120 – 130	110 - 130	4.0	4.0
Mall Clusters	Average Rent in H1 2015 (INR/sq. ft. / month)	Average Rent in H2 2014 (INR/sq. ft. / month)	Half Yearly Change (%)	Y-o-Y Change (%)
Spencer Plaza (Anna Salai)	75 – 95	80 – 100	-6.0	-6.0
Chennai Citi Center (RK Salai)	140 - 160	140 – 160	0.0	0.0
Ampa Skywalk Mall (Poonamallee High Road)	155 – 165	150 – 170	0.0	0.0
Express Avenue (Royapettah)	180 – 200	180 – 200	0.0	0.0
Phoenix Market City (Velachery)	240 – 260	240 – 260	0.0	0.0
Vijaya Forum Mall (Vadapalani)	190 – 200	190 – 210	-3.0	-3.0
Grand Mall (Velachery)	100 – 120	140 – 160	-27	-27.0

Source: CBRE Research, H1 2015.

MARKET SUMMARY

Retail leasing in Pune improved during the first half of 2015. Various small to medium sized transaction closures were observed from F&B, Fashion Apparel and Accessories brands. Majority of these store openings were concentrated across the prime high streets of JM Road, MG Road and Kalyani Nagar. Even though leasing activity improved at a city level, demand for space in organized mall clusters remained subdued.

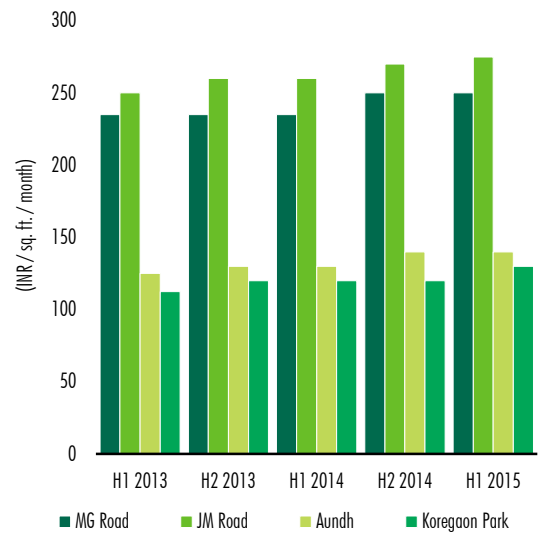
In terms of high streets, multi-brand time wear retailer, Just in Time, domestic F&B chain, Bagicha, and apparel retailer Wildcraft were among the notable store openings on MG Road. Dinshaw Express Café at Koregaon Park, Persian Bakery, Classic Rock Coffee and Heath Springs at Kalyani Nagar, and Starbucks, Shoe Xpress and Wellness Forever at FC Road were among the other prominent outlet launches during the review period.

With respect to mall clusters, international F&B operator, Burger King, and apparel retailer, Forever 21, forayed into Pune with outlets at Phoenix Market City. Dunkin Donuts and Health Springs also launched their outlets at Amanora Mall; while Big Bazaar, Brand Factory and Ezone opened stores at Xion Mall; and Felicita took up space at SGS Mall, among other notable retailers in H1 2015.

RENTAL TRENDS

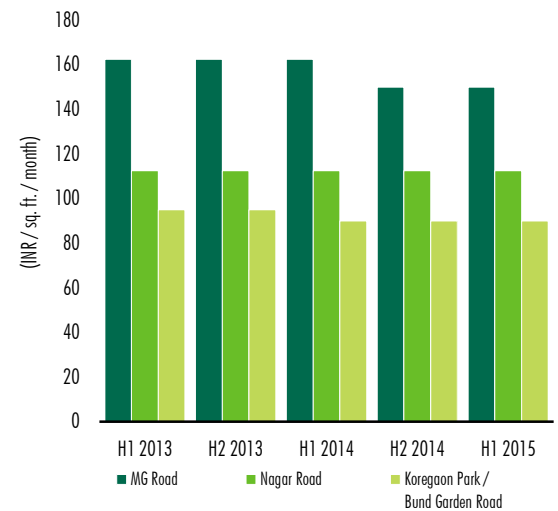
Rental values increased marginally across prime high streets, while remaining largely stable across mall clusters. On JM Road, rental values increased by 1–2% over H2 2014 due to strong occupier demand amid a dearth of quality retail space. Similarly, rentals for Koregaon Park also increased by 8–10% due to an increase in occupier interest—especially from F&B operators. For the organised segment, rental values remained largely stable mainly due to subdued demand and existing high vacancy levels.

Figure 13: High Street Rental Value Movement



Source: CBRE Research, H1 2015.

Figure 14: Shopping Centre Value Movement



Source: CBRE Research, H1 2015.

Table 15: Key Brands Launched

Brand	Category	Presence
Forever21	Apparel	Phoenix Market City
Burger King	F&B	Phoenix Market City

Source: CBRE Research, H1 2015.

Table 16: Selected Leasing Transactions

Property	District	Size (in sq. ft.)	Tenant
Kumar Pacific Mall	Swargate	15,000	Pantaloons
High street	Bund Garden Road	10,000	Ranka Jewelers
High street	Aundh	600	American Tourister

Source: CBRE Research, H1 2015.

Table 17: Sub-market Key Stats

High Streets	Average Rent in H1 2015 (INR/sq. ft. / month)	Average Rent in H2 2014 (INR/sq. ft. / month)	Half Yearly Change (%)	Y-o-Y Change (%)
MG Road	225-275	225-275	0.0	6.4
JM Road	250-300	240-300	1.9	5.8
Aundh	120-160	120-160	0.0	7.7
Koregaon Park	110-150	110-130	8.3	8.3
Mall Clusters	Average Rent in H1 2015 (INR/sq. ft. / month)	Average Rent in H2 2014 (INR/sq. ft. / month)	Half Yearly Change (%)	Y-o-Y Change (%)
MG Road	150-175	150-175	0.0	7.7
Nagar Road	100-125	100-125	0.0	0.0
Koregaon Park/ Bund Garden Road	85-95	85-95	0.0	0.0

Source: CBRE Research, H1 2015.

MARKET SUMMARY

The Kolkata retail market witnessed stable retail activity with multiple retailers expanding their footprint in the city. Most of this space uptake, however, was witnessed across high streets due to limited quality organized retail space, as well as a delay in the completion of the much anticipated Acropolis Mall.

However, various pre-commitments by retailers such as Marks & Spencer, W, Biba, Jashan, Shoppers Stop, and Cinopolis have been recorded for retail space in Acropolis Mall. In terms of fresh supply, the city did not witness any new addition to the existing organized retail stock.

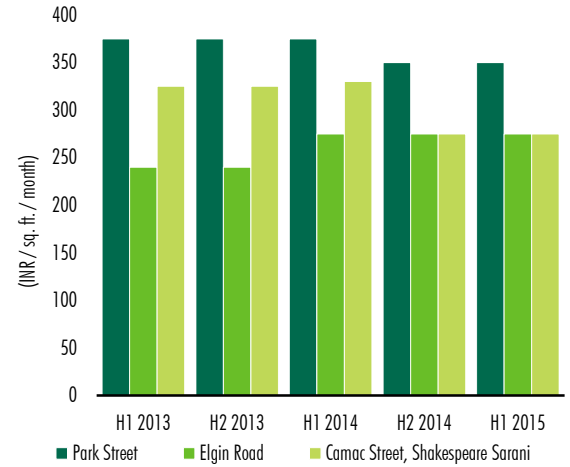
During the first six months of the year, local restaurants such as Jaisalmer and Darbaar- E - Khass commenced operations; while global brands such as the automobile giant Volvo, and Steve Madden made an entry into the Kolkata market.

Other retailers such as Spencer’s and Reliance Footprints were the other prominent brands that expanded their presence across the city.

RENTAL TRENDS

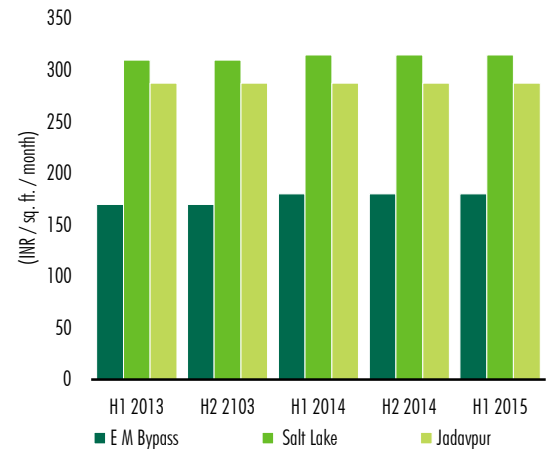
Rental values across all retail real estate micro-markets in the city remained stable for both organized retail space as well as high streets.

Figure 15: High Street Rental Value Movement



Source: CBRE Research, H1 2015.

Figure 16: Shopping Centre Value Movement



Source: CBRE Research, H1 2015.

Table 18: Key Brands Launched

Brand	Category	Presence
Volvo	Automobile	Topsia
Steve Madden	Footwear	Quest Mall

Source: CBRE Research, H1 2015.

Table 19: Selected Leasing Transactions

Property	District	Size (in sq. ft.)	Tenant
High street	B.T Road	27,000	Spencer’s
Quest Mall	Syed Amir Ali Avenue	1,500	Steve Madden
High street	Topsia	3,000	Volvo
Quest Mall	Syed Amir Ali Avenue	300	Insignia

Source: CBRE Research, H1 2015.

Table 20: Sub-market Key Stats

High Streets	Average Rent in H1 2015 (INR/sq. ft. / month)	Average Rent in H2 2014 (INR/sq. ft. / month)	Half Yearly Change (%)	Y-o-Y Change (%)
Park Street	300 – 400	300 – 400	0.0	-6.7
Elgin Road	250 – 300	250 – 300	0.0	0.0
Camac Street, Shakespeare Sarani	200 - 350	200 - 350	0.0	-16.7
Mall Clusters	Average Rent in H1 2015 (INR/sq. ft. / month)	Average Rent in H2 2014 (INR/sq. ft. / month)	Half Yearly Change (%)	Y-o-Y Change (%)
EM Bypass	160 – 200	160 – 200	0.0	0.0
Salt Lake	300 – 330	300 – 330	0.0	0.0
Jadavpur	275 - 300	275 – 300	0.0	0.0

Source: CBRE Research, H1 2015.

SUPPLY OUTLOOK – PRESENT PIPELINE AND NEW PROJECT ANNOUNCEMENTS

The second half of 2015 is likely to witness fresh supply addition to the tune of 6 million sq. ft. in cities such as the NCR, Bangalore, Pune, Hyderabad, Mumbai and Kolkata.

A major chunk of this supply in H2 2015 is expected to come up in the NCR (~4 million sq. ft.) which is likely to witness the completion of key developments such as the DLF Mall of India, Worldmark and Gardens Galleria, among others. Hyderabad has seen the announcement of a 1.2 million sq. ft. development by L&T through the land made available to them as concession for the Metro Rail project in Hitec City. This is in addition to four other under-construction developments in various parts of the city—the combined size of which is close to 1.5 million sq. ft. These developments are expected to become operational in the next two to five years.

Meanwhile, Chennai is expected to be sluggish in terms of organized retail supply, as under-construction developments are not expected to become operational before 2016.

HIGH STREETS TO REMAIN POPULAR

Due to lack of sufficient organized supply, most lease transactions in the existing organized segment are a result of tenant movement and churn. Limited supply is likely to cause retailers to locate themselves on high streets, since supply addition is expected to be sporadic and unlikely to accommodate retailer entry and expansion plans. This is likely to lead to rental appreciation in key high streets, especially in cities such as Delhi, Mumbai and Bangalore.

GLOBAL BRANDS TO CONTINUE TO EXPAND – F&B TO REMAIN A FOCUS SEGMENT

The second half of 2015 will continue to witness the entry and expansion of global as well as domestic brands, with cities such as Mumbai and the NCR expected to remain on the radar of brands such as GAP and H&M that are planning to enter/expand over the next couple of months. Domestic F&B brands are also likely to continue to expand. The recent decision by the Delhi Government to permit micro-breweries in the city is likely to provide an added impetus to the already thriving pub culture in the city. Mumbai, on the other hand, has been looking at relaxing its norms for restaurants that have an inbuilt mechanism for safety and parking to be allowed to operate 24X7.

E-TAILING LIKELY TO GAIN FURTHER MOMENTUM

The online retail trend is fast catching up—a fact that was further highlighted by the recent CBRE survey, “*How we like to shop*”. Rather than focusing on combating the boom in online shopping, Indian retailers need to accept that online shopping is not a passing fad, but will remain as a driver for retail sales in the country. Therefore, brick and mortar retailers should be devising ways to ride the e-commerce wave. This means that the barriers between online and offline channels must be broken; and instead, retailers must seek opportunities in merging the two channels together to reap the benefits of creating an ‘Omni’ channel, wherein the two channels complement and complete each other. A strong foundation (as in a physical shop) that is also connected to a customer-friendly, easy-to-use online shopping channel could be instrumental in ensuring synergy between online and offline retail trends in the Indian marketplace.

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