

India Retail, H2 2014

Supply remains sluggish amidst steady demand, online retail gaining traction

 Rents Up
1 Market

 Rents Stable
24 markets

 Rents Down
1 Market

 Consumer Confidence

 Supply (Y-O-Y)
68%

RETAIL SPACE DEMAND REMAINED STEADY, NEW SUPPLY WAS SLUGGISH

Retailer demand remained steady across various markets during the second half of 2014, with prominent global as well as domestic players such as Starbucks, Dunkin Donuts, Michael Kors, Brooks Brothers, Krispy Kreme, Naturals Ice cream, Fab India expanding their presence across the country’s leading cities. Global retailers such as Burger King and Fat Burger made inroads in the country by setting up stores in Delhi while Sri Lanka’s premier spa lifestyle brand Spa Ceylon made its India debut by opening its first outlet in Mumbai. Luxury jewelry company Bvlgari re-entered the country (after withdrawing stores in 2011) by opening a store in DLF Emporio, Delhi.

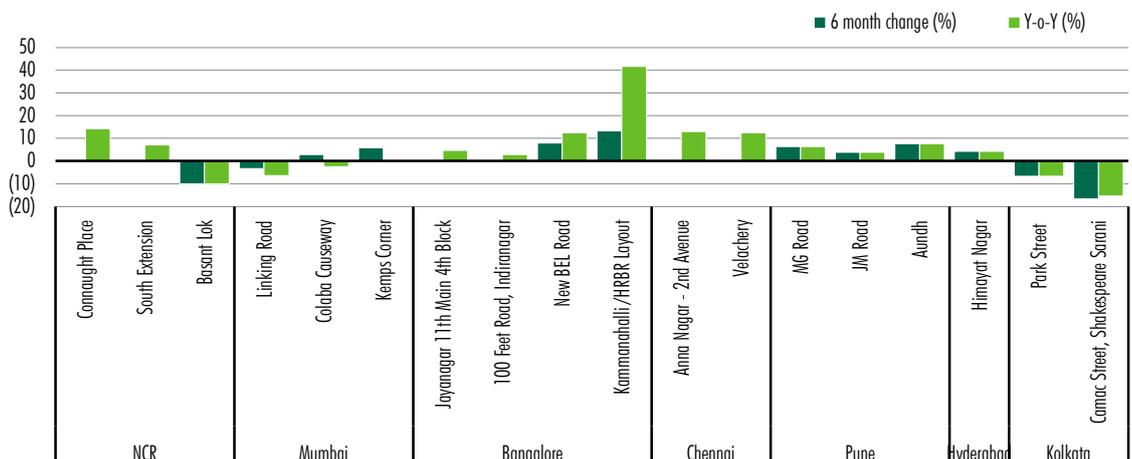
New supply addition remained sluggish in the second half of 2014, with approximately 0.70 million sq. ft. of supply added in Bangalore with

the operationalization of Elements Mall on Thanisandra Road (North Bangalore) and Vaishnavi Sapphire Mall in Yeshwanthpur (North-West Bangalore) during the review period. The year 2014 as a whole witnessed the addition of around 1 million sq. ft. of organized retail supply. All prominent retail projects lined up for completion in Delhi-NCR, Hyderabad, Bangalore and other prominent cities faced delays and were pushed further. Consequently, H1 2015 is expected to be buoyant, with cities such as Bangalore, Hyderabad, Kolkata expected to witness fresh supply during the period.

SELECT PRIME AREAS WITNESSED RENTAL APPRECIATION

Rental trends displayed mixed sentiments across cities during H2 2014. While traditional high street markets—such as Kemps Corner (Mumbai), New BEL Road (Bangalore), Himayat

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



Source: CBRE Research, H2 2014.

Nagar (Hyderabad)—witnessed an increase in rental values due to lack of supply, the shopping hubs of Linking Road (Mumbai), Park Street (Kolkata) and Basant Lok (Delhi) saw a rental decline. Mall clusters witnessed an increase in rents only in South Delhi in NCR as international brands preferred to locate themselves in such prime areas; while malls in the suburban districts of Noida, Gurgaon and Mumbai maintained stability in rentals.

MORE AND MORE BRANDS PREFERRING THE 'ONLINE ROUTE'

A key trend observed during the year was the increased activity observed in the online retail space. Retailers such as Burton, Paper Dolls, G-Star, Scotch & Soda, Xiaomi etc. entered into exclusive tie ups with leading Indian online retailers for selling their merchandise rather than setting up physical stores. Also, brands that are already established in the brick and mortar format such as Mango, Aldo, Superdry have also been keen on establishing their presence online. Domestic brands are also towing the line with brands such as Shoppers Stop, Trendin (website for brands of Madura garments such as Louis Philippe, Van Heusen, Peter England and Allen Solly) setting up dedicated online shopping websites. Shoe brands such as Bata and Clarks have also set up portals for shopping on their respective websites.

GLOBAL RETAILERS CONTINUE TO EXPAND

The year 2014 continued to remain positive for global retailers with close to 16 new brands such as TM Lewin, Johnny Rockets, Fat Burger, and Victoria's Secret amongst the prominent global retailers entering the country. Most of the brand entries were concentrated in New Delhi, with more than 10 of these brands making an entry into the country by setting up a store in the city.

DEVELOPMENT ACTIVITY SHIFTING TOWARDS 'LARGER SIZED – DESTINATION MALLS'

Shopping center development in India has been witnessing a strategic shift in recent years, with the focus shifting from smaller format spaces to large malls. The average mall size in the country has been on the rise across leading cities; expected to almost double in Bangalore and Mumbai between the period 2010 to 2016, while increasing by around 25-30% over the same period in Chennai. The Delhi NCR region has so far witnessed stability on this front as it already boasts of a host of large sized shopping centers all of which were already in operation prior to 2010. Large format malls provide developers greater flexibility towards attaining a complete tenant mix, across various formats and categories. These can also be positioned as 'destination malls', having a much larger footprint than a small to mid-sized shopping center (100,000 – 300,000 sq. ft.).

MARKET OUTLOOK

The first half of 2015 is likely to witness a shift in development completions from the established hubs of Delhi and Mumbai, towards cities such as Bangalore, Hyderabad and Kolkata. As availability of quality retail space in established markets of Delhi and Mumbai is expected to remain tight, rents in prime malls and high streets are expected to increase marginally. Leasing demand is expected to strengthen on the back of an anticipated improvement in economic performance and many companies are expected to execute their expansion plans as the new year sets in. Influx of international retailers is expected to continue, with F&B and fashion segments expected to remain the dominant sectors in terms of demand. Online retailing, which reached new heights in 2014, is expected to continue to maintain its momentum and many international brands are expected to enter the market via the online- retailing mode.

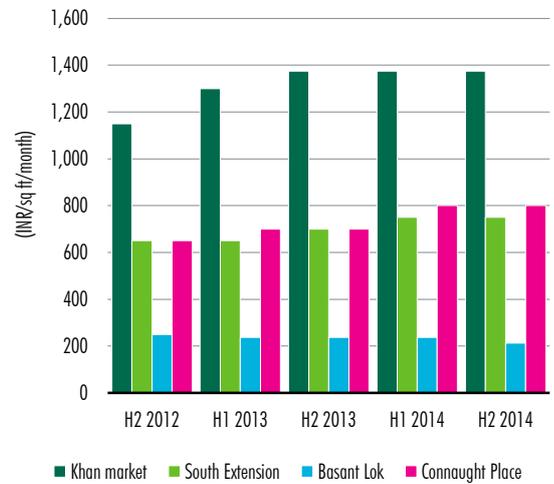
MARKET SUMMARY

Retail activity in NCR surged during the second half of the year, particularly with global brands expanding their footprint across various markets in the region. Both Fashion and Apparel and F&B segments dominated leasing activity across prime shopping centers and high streets. Increased traction was witnessed by retailers in mixed use developments in Gurgaon, which tend to witness high footfalls due to proximity to commercial space.

Prime malls in Delhi remained high on the radar of global retailers with the likes of American fast food chain Burger King entering the country by opening an outlet at Select CityWalk, Saket. Other F&B retailers commencing operations during H2 2014 include Pizza Express and Royce Chocolates at Ambience Mall, Vasant Kunj, and Johnny Rockets at DLF Promenade, Vasant Kunj. Select CityWalk at Saket in particular witnessed several global retailers across different segments commencing operations including Le Creuset, Columbia Sportswear, Furla and Sucre d'Orge. Instances of leading transactions in Gurgaon include American chain Pizza Express opening an outlet in Ambience Mall, which also witnessed French beauty and cosmetics chain Sephora opening an outlet during the present review period. Noida on the other hand, witnessed limited activity by global and local retailers during the second half of the year.

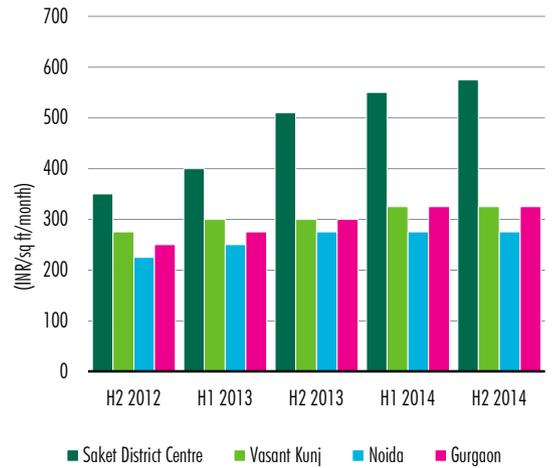
The luxury segment witnessed Swiss beauty and cosmetics brand La Prairie commencing operations at DLF Emporio, Vasant Kunj. The mall also witnessed French brand Villeroy & Boch and Italian jewelry and luxury brand Bvlgari opening outlets during the present review period. F&B retailers remained active across high streets; particularly Connaught Place with operators such as Burger King, Sbarro, Zizo and South African casual dining chain Nando's opening outlets. Several Indian F&B operators such as The Indian Grill Company, Natural's Ice Cream, Vault Café, amongst others also commenced operations in Connaught Place.

Figure 2: High Street Rental Value Movement



Source: CBRE Research, H2 2014.

Figure 3: Shopping Centre Value Movement



Source: CBRE Research, H2 2014.

Table 1: Key Brands Launched

Brand	Category	Presence
La Prairie	Beauty & Cosmetics	DLF Emporio, Vasant Kunj
Villeroy and Boch	Others	DLF Emporio, Vasant Kunj
Pizza Express	F&B	Ambience Mall, Vasant Kunj
Royce Chocolates	F&B	Ambience Mall, Vasant Kunj
Burger King	F&B	Select Citywalk, Saket

Source: CBRE Research, H2 2014.

RENTAL TRENDS

Rental values maintained stability in Khan Market, South Extension and Connaught Place during the current review period. However, rising preference of retailers to operate out of other prime markets led to a 10-12% correction in rental values in Basant Lok during the current review period.

Prime shopping malls in Delhi continued to be high on the radar of retailers, with negligible space availability leading to growth in rentals to the tune of 4-6% in Saket District Centre during H2 2014. Rental values remained stable in Vasant Kunj, Gurgaon and Noida mainly backed by the anticipation of retailers to locate in

prime upcoming developments in Noida and Delhi; which are likely to be completed by next year.

MARKET OUTLOOK

The first half of 2015 is expected to continue to witness global retailers setting up operations/expanding across markets in NCR. The region is likely to be a prime destination for international retailers to enter the country, with several global brands considering commencing operations in the region in the coming few quarters. Going forward, upcoming prime developments at Aerocity and Noida are expected to gain popularity amongst retailers.

Table 2: Selected Leasing Transactions

Property	District	Size (in sq. ft.)	Tenant
Select CityWalk	Delhi	3,200	Burger King
DLF Emporio	Delhi	3,200	Bvlgari
DLF Emporio	Delhi	1,500	Villeroy and Boch

Source: CBRE Research, H2 2014.

Table 3: Key Retail Project Completions

Key Retail Completions
NCR did not witness any project completions in H2 2014.

Source: CBRE Research, H2 2014.

Table 4: Sub-market Key Stats

High Streets	Average Rent in H2 2014 (INR/sq. ft. / month)	Average Rent in H1 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	7.1
Basant Lok	200-225	225-250	-10.5	-10.3
Connaught Place	750-850	750-850	0.0	14.3
Mall Clusters	Average Rent in H2 2014 (INR/sq. ft. / month)	Average Rent in H1 2014 (INR/sq. ft. / month)	Half Yearly Change (%)	Y-o-Y Change (%)
Saket District Centre	525 – 625	500 – 600	4.5	12.7
Vasant Kunj	275 – 375	275 – 375	0.0	8.3
Noida	225 - 325	225 – 325	0.0	0.0
Gurgaon	275 - 375	275 – 375	0.0	8.3

Source: CBRE Research, H2 2014.

MARKET SUMMARY

Leasing activity was largely stable in Mumbai in comparison to H1 2014; new store openings were observed across prominent high streets such as Linking Road, Bandra and Colaba Causeway. Prominent mall developments such as Oberoi Mall and Inorbit Mall (Western Suburbs), R-City Center (Eastern Suburbs) and High Street Phoenix (Central Mumbai) witnessed new store openings by prominent domestic and international brands. Demand was largely observed from F&B operators while brands from segments such as apparel and accessories were also focused on increasing their presence across various e-tailing platforms. The high street of Linking Road witnessed new stores by F&B brands such as Gangsta’s and Sassy Spoon, apparel and accessories retailer Fab India, Zodiac and The Bombay Store. Sri Lanka’s premier spa lifestyle brand Spa Ceylon also made its India debut by opening its first outlet on the high-street.

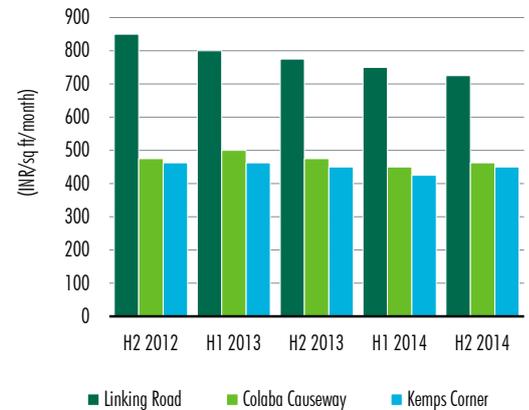
Other prominent brand entries into the city during the second half of 2014 include US based apparel retailer Brooks Brothers and F&B chain Burger King at Palladium Mall and Oberoi Mall respectively. Byblos, The Good Wife, Kipo and Hoppipola - all domestic F&B operators opened their first outlet in the city during the current review period.

Expansion activity was observed by Kalyan Jewelers at Ghatkopar (W) and luxury apparel retailer Ritu Kumar at Inorbit Mall (Malad). Starbucks at The Capital in Bandra Kurla Complex and Krispy Kreme at Powai were amongst the prominent foreign brands that expanded their presence in the city.

RENTAL TRENDS

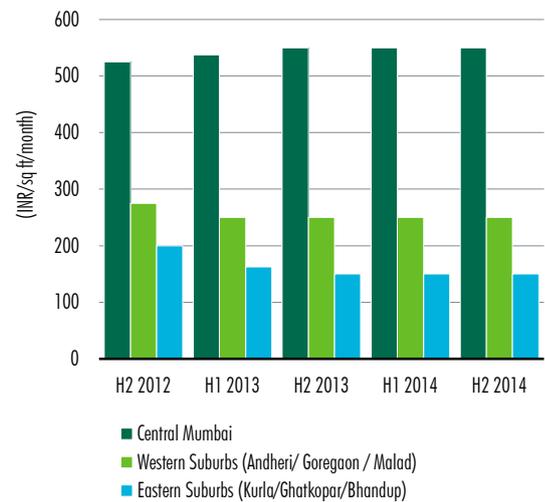
Rental values remained largely stable across prominent malls and established high-street locations. Rentals declined by 3-4% on Linking Road due to availability of large quantum of secondary space as occupiers continue to prefer emerging micro-markets in the city for their expansion activity. However, the

Figure 4: High Street Rental Value Movement



Source: CBRE Research, H2 2014.

Figure 5: Shopping Centre Value Movement



Source: CBRE Research, H2 2014.

Table 5: Key Brands Launched

Brand	Category	Presence
Brooks Brothers	Apparel	Palladium, Lower Parel
Burger King	F&B	Oberoi Mall, Goregaon
Spa Ceylon	Others	Linking Road, Bandra

Source: CBRE Research, H2 2014.

high streets of Colaba Causeway and Kemps Corner witnessed rental appreciation by 3-6% due to an increase in interest from F&B and ethnic wear retailers towards the micro-market.

Rentals across the organized mall clusters remained stagnant. Prominent developments across Mumbai have very limited space and developers have deferred rental revisions in order to achieve full occupancy.

OUTLOOK

Demand for retail space is likely to gradually improve in 2015 as occupier sentiments improve and new mall developments are expected to come on stream. Demand for retail space across the prominent and emerging high street locations is also likely to remain strong over the next few quarters. Domestic brands, especially from the F&B segment are likely to continue as prominent occupiers of space in the city.

Table 6: Selected Leasing Transactions

Property	District	Size (in sq. ft.)	Tenant
Palladium, High Street Phoenix	Central Mumbai	800	Truefitt & Hill
Oberoi Mall	Western Suburbs	800	Avirate
Inorbit Mall	Western Suburbs	500	Ritu Kumar
R City Center	Eastern Suburbs	2,000	Dunkin Donuts

Source: CBRE Research, H2 2014.

Table 7: Key Retail Project Completions

Key Retail Completions
Mumbai did not witness any project completions in H2 2014.

Source: CBRE Research, H2 2014.

Table 8: Sub-market Key Stats

High Streets	Average Rent in H2 2014 (INR/sq. ft. / month)	Average Rent in H1 2014 (INR/sq. ft. / month)	Half Yearly Change (%)	Y-o-Y Change (%)
Linking Road	650-825	650-850	-3.3	-6.5
Colaba Causeway	425-500	425-475	2.8	-2.6
Kemps Corner	425-475	400-450	5.9	0.0

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

Source: CBRE Research, H2 2014.

MARKET SUMMARY

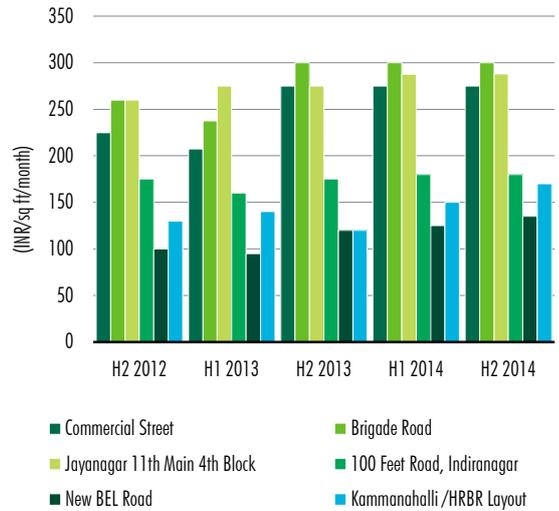
While the prominent high streets of Bangalore continued to attract significant occupier interest, the organized segment received a boost during H2 2014 with the operationalization of two malls – Elements Mall (North Bangalore) and Vaishnavi Sapphire Mall (North-West Bangalore). A number of retailers have expanded their presence in the city through take-up of space within these newly completed malls. At the same time, established high street locations of Brigade Road, Koramangala, Commercial Street, Indira Nagar and Jayanagar continued to witness steady leasing activity during H2 2014.

International apparel and accessories brand Michael Kors entered the city by setting up a boutique at “The Collection” at UB City. Multi-brand fashion and apparel retailer Max opened a store in Elements Mall. Kalyan Jewellers expanded its footprint by setting up two large-format stores at Koramangala and Jayanagar. In the F&B segment, Dunkin’ Donuts made its foray into South India by setting up its first outlet on Brigade Road, followed by a second outlet in JP Nagar. Starbucks opened a new outlet in JP Nagar while Haagen Dazs and Chilli’s opened stores in Indira Nagar. Hypermarket chains such as Spar and More also increased their store-count by setting up new anchor stores in Elements Mall and Vaishnavi Sapphire Mall respectively. From a supply perspective, approximately 0.70 million sq. ft. of mall space was added to the city’s organized retail stock. The operationalization of Elements Mall on Thanisandra Road (North Bangalore) and Vaishnavi Sapphire Mall in Yeshwanthpur (North-West Bangalore) has spurred demand for organized retail space in North Bangalore, which till now had limited organized retail stock. Owing to availability of quality space within these newly completed malls, transaction activity is expected to remain steady during the subsequent quarters.

RENTAL TRENDS

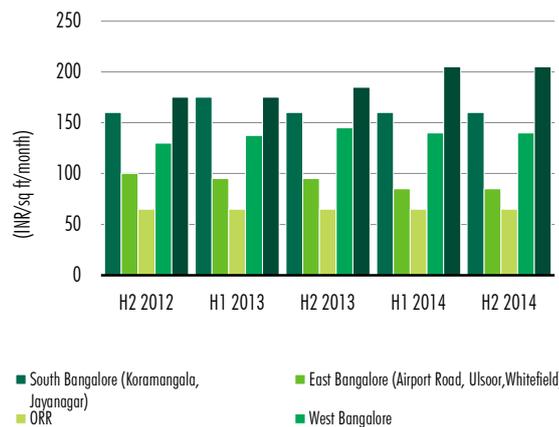
Rental values across key high streets were stable as compared to H1 2014. Owing to absence of

Figure 6: High Street Rental Value Movement



Source: CBRE Research, H2 2014.

Figure 7: Shopping Centre Value Movement



Source: CBRE Research, H2 2014.

Table 9: Key Brands Launched

Brand	Category	Presence
Michael Kors	Fashion & Apparel	VM Road
Giant Starkenn Cycling World	Sports Goods	Indira Nagar
Dunkin’ Donuts	F&B	Brigade Road
Blistering Barnacles	F&B	Indira Nagar
Burrito King	F&B	Indira Nagar

Source: CBRE Research, H2 2014.

supply and sustained enquiries, rentals in the high street locations of New BEL Road and Kammanahalli witnessed appreciation in the range of 8-13% on a q-o-q basis. In the organized segment, rentals remained stable.

MARKET OUTLOOK

Bangalore is expected to witness sizable supply infusion of organized retail space during the first half of 2015. Expected completions

include projects such as Virtuous Xander Mall (0.45 million sq.ft.) in East Bangalore, RMZ Galleria (0.50 million sq. ft.) in North Bangalore ,Neo Mall (1.2 million sq. ft.) in South Bangalore, ETA Namma Mall-Phase2 (219,100) in West Bangalore among others. Completion of the above malls is expected to spur demand for organized retailing in their respective micro-markets, resulting in a pick-up in transaction activity.

Table 10: Selected Leasing Transactions

Property	District	Size (in sq. ft.)	Tenant
Elements Mall	Thanisandra Main Road	50,000	Spar
Elements Mall	Thanisandra Main Road	17,000	Max
Vaishnavi Sapphire Mall	Yeshwanthpur	48,000	More

Source: CBRE Research, H2 2014.

Table 11: Key Retail Project Completions

Property	Developer	District	Size (Sq.Ft)
Elements Mall	Regaliaa Buildtech	Thanisandra Main Road	350,000
Vaishnavi Sapphire Mall	Vaishnavi Group	Yeshwanthpur	340,000

Source: CBRE Research, H2 2014.

Table 12: Sub-market Key Stats

High Streets	Average Rent in H2 2014 (INR/sq. ft. / month)	Average Rent in H1 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	4.7
100 Feet Road, Indira Nagar	160-200	160-200	0.0	2.9
New BEL Road	120-150	110-140	8.0	12.5
Kammanahalli/HRBR Layout	160-180	140-160	13.3	41.7
Mall Clusters	Average Rent in H2 2014 (INR/sq. ft. / month)	Average Rent in H1 2014 (INR/sq. ft. / month)	Half Yearly Change (%)	Y-o-Y Change (%)
CBD/Off CBD	170-240	170-240	0.0	10.8
South Bangalore (Koramangala, Jayanagar)	140-180	140-180	0.0	0.0
East Bangalore (Airport Rd, Ulsoor, Whitefield)	80-90	80-90	0.0	-10.5
Outer Ring Road	60-70	60-70	0.0	0.0
West Bangalore	130-150	130-150	0.0	-3.4

Source: CBRE Research, H2 2014.

MARKET SUMMARY

While retail activity in the city remained largely stable, however the market has responded positively post the bifurcation of the state. The new government in its quest of making the city business friendly spelt out new economic policies to attract businesses, which in turn helped improve the general sentiment in the market.

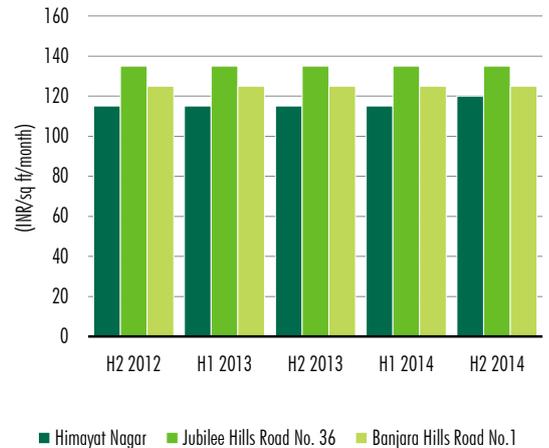
Despite the positive sentiments in the market, the real effect on retail real estate still remains to be seen. The retail real estate market has largely been stable during the review period and bulk of the activity was confined to markets such as Banjara Hills and Jubilee hills. The key entry in Hyderabad was by Starbucks on Banjara Hills and Madhapur and Brooks Brothers on Banjara Hills. There were few other notable expansions such as Jack & Jones & Jade Blue in Himayat Nagar; Marks & Spencer on Road No. 36, Jubilee Hills; and CITIBANK in Gachibowli.

In terms of organized retail, limited leasing was observed - GVK One Mall got Marks & Spencer on board as it mini anchor tenant thereby elevating the project's brand positioning. Inorbit Cyberabad created 20,000 sq ft of additional vanilla retail space by reducing Hypercity's size and managed to lease the space to tenants such as Nike, Nautica, Vero Moda, Jack & Jones and Starbucks. Other malls witnessed very limited activity during the review period.

RENTAL TRENDS

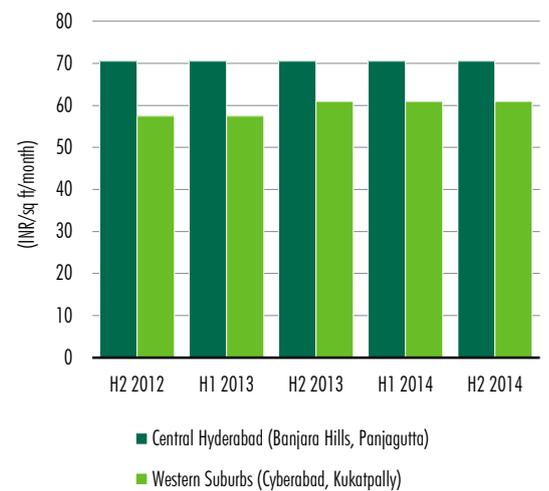
Apart from Himayat Nagar where the rentals rose by 4-5% on a half yearly basis, rentals largely remained stable in most of the high-streets across the city. Rentals in the organized segment also continued to maintain stability.

Figure 8: High Street Rental Value Movement



Source: CBRE Research, H2 2014.

Figure 9: Shopping Centre Value Movement



Source: CBRE Research, H2 2014.

Table 13: Key Brands Launched

Brand	Category	Presence
Starbucks	F&B	Madhapur, Banjara Hills
Marks & Spencer	Fashion & Apparel	Banjara Hills
Jack & Jones	Fashion & Apparel	Himayat Nagar

Source: CBRE Research, H2 2014.

OUTLOOK

The city is expecting an increase in retailer activity in the wake of conducive government policies which should also boost new organized real estate developments.

Retail business confidence is most definitely expected to rise in the coming months which is expected to bring in more and more conclusive transactions instead of retailers just testing waters.

Table 14: Selected Leasing Transactions

Property	District	Size (in sq. ft.)	Tenant
High street	Jubilee Hills	3,500	Starbucks
High street	Madhapur	2,500	Starbucks
GVK One Mall	Banjara Hills	11,000	Marks & Spencer
High Street	Gachibowli	3,630	CITIBANK

Source: CBRE Research, H2 2014.

Table 15: Key Retail Project Completions

Key Retail Completions
Hyderabad did not witness any project completions in H2 2014.

Source: CBRE Research, H2 2014.

Table 16: Sub-market Key Stats

High Streets	Average Rent in H2 2014 (INR/sq. ft. / month)	Average Rent in H1 2014 (INR/sq. ft. / month)	Half Yearly Change (%)	Y-o-Y Change (%)
Himayat Nagar	120-125	115-120	4.3	9.0
Jubilee Hills Road No. 36	130-140	130-140	0	0
Banjara Hills Road No.1	120-130	120-130	0	0
Mall Clusters	Average Rent in H2 2014 (INR/sq. ft. / month)	Average Rent in H1 2014 (INR/sq. ft. / month)	Half Yearly Change (%)	Y-o-Y Change (%)
Central Hyderabad (Banjara Hills, Panjagutta)	66-75	66-75	0	0
Western Suburbs (Cyberabad, Kukatpally)	60-62	60-62	0	0

Source: CBRE Research, H2 2014.

MARKET SUMMARY

Retail activity across various high street locations of Chennai remained largely stable during the second half of 2014. Transaction activity across the high streets of T. Nagar, Velachery gained traction largely driven by F&B operators. Retailers such as Nuts & Spices, Nilgiris, Nando's, amongst others leased space across the high street locations of Velachery, T. Nagar, and Adyar during the review period. While high streets displayed buoyancy, activity in the organized segment remained muted with limited retailer activity. Chennai did not witness the addition of any retail supply during the review period.

RENTAL TRENDS

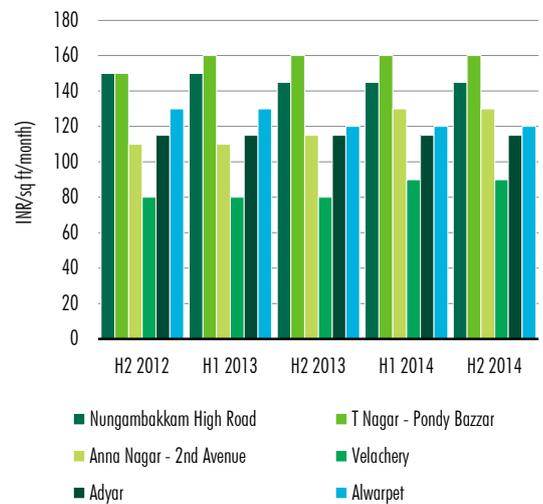
During the review period, rental values across all high streets locations witnessed stability when compared to the first half of 2014. In the organized segment also, rental values remained largely stable as compared to the previous review period.

OUTLOOK

The retail market in Chennai is expected to gain traction during 2015, owing to strong demand for retail space across high street locations. Sufficient availability of space and sustained demand across high street locations is expected to stabilize rental values in the short to medium term.

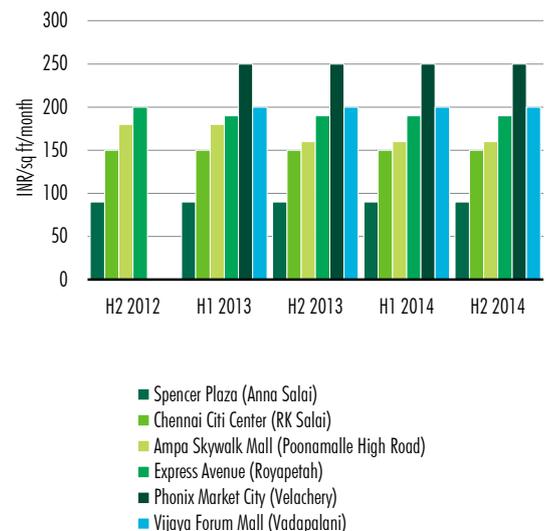
In the organized segment, Gold Souk Grande Mall developed by Aerens Realty and a Luxury Mall Development by Phoenix Mills in South Chennai is expected to become operational in 2015, thus expected to add 0.7 million sq. ft. of retail space. However, due to delay in construction and the location of the mall, pre-leasing activity has remained subdued.

Figure 10: High Street Rental Value Movement



Source: CBRE Research, H2 2014.

Figure 11: Shopping Centre Value Movement



Source: CBRE Research, H2 2014.

Table 17: Key Brands Launched

Brand	Category	Presence
Triumph Motors	Others	Egmore
Mother Earth	Ethnic wear	Phoenix Market City
Iris Aroma	Others	Phoenix Market City

Source: CBRE Research, H2 2014.

Table 18: Selected Leasing Transactions

Property	District	Size (in sq. ft.)	Tenant
Standalone	Chennai	5,000	Nando's Restaurant
Standalone	Chennai	4,200	Nilgiri's
Standalone	Chennai	2,000	The Rock Restaurant

Source: CBRE Research, H2 2014.

Table 19: Key Retail Project Completions

Key Retail Completions

Chennai did not witness any project completions in H2 2014.

Source: CBRE Research, H2 2014.

Table 20: Sub-market Key Stats

High Streets	Average Rent in H2 2014 (INR/sq. ft. / month)	Average Rent in H1 2014 (INR/sq. ft. / month)	Half Yearly Change (%)	Y-o-Y Change (%)
Nungambakkam High Road	130-160	130-160	0	0
T Nagar - Pondy Bazaar	150 -170	150 -170	0	0
Anna Nagar - 2nd Avenue	120 - 140	120 - 140	0	13
Velachery	80 - 100	80 - 100	0	13
Adyar	100 - 130	100 - 130	0	0
Alwarpet	110 - 130	110 - 130	0	0

Mall Clusters	Average Rent in H2 2014 (INR/sq. ft. / month)	Average Rent in H1 2014 (INR/sq. ft. / month)	Half Yearly Change (%)	Y-o-Y Change (%)
Spencer Plaza (Anna Salai)	80 - 100	80 - 100	0.0	0.0
Chennai Citi Center (RK Salai)	140 - 160	140 - 160	0.0	0.0
Ampa Skywalk Mall (Poonamalle High Road)	160 – 180	160 – 180	0.0	0.0
Express Avenue (Royapetah)	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 – 210	190 – 210	0.0	0.0

Source: CBRE Research, H2 2014.

MARKET SUMMARY

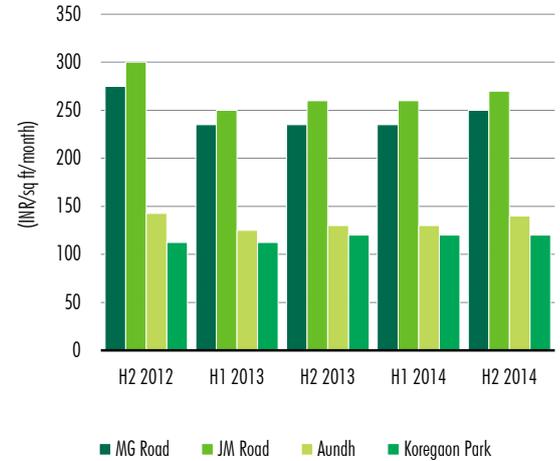
Retail leasing activity maintained stability in Pune however enquiries for retail space has increased as a large number of brands are looking to chalk out their 2015 investment plans. High-street locations of JM Road, Koregaon Park and MG Road continue to remain as the preferred location for retailers while demand in organized mall clusters was limited to few prominent developments. F&B brands Venkys at Dhole Patil Road, Mayur Thali at MG Road, Café Coffee Day and Durban bunnyChow at FC Road were amongst the notable store openings during the current review period. Other brands that opened stores were apparel retailer Kudos, Aurelia and footwear retailer Footin, Rocia and Sketchers at MG Road.

In terms of demand for organized space, apparel retailer Jade Blue at Nucleus Mall and Mustard at SGS Mall commenced operations while F&B retailer WTF and KFC leased space at Seasons Mall and City One respectively.

RENTAL TRENDS

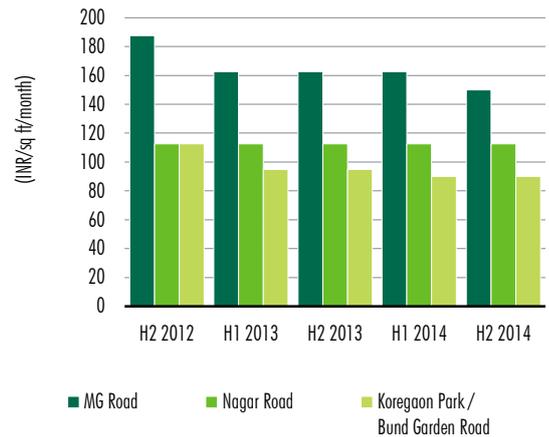
Rental values have increased across the prominent high street locations of the city when compared to the first half of 2014. An increase in enquiry levels for high street retail space from existing retailers and also from brands keen on entering the city was the primary reason for the increase in rental expectation from landlords. At MG Road and Aundh, rental values have increased by 6-8% compared to H1 2014 while at JM Road rental values increased by approximately 4-5%. In the organised retail segment, rental growth remained subdued due to large vacancy levels across malls, especially in the Eastern Region of the city. Rental values remained stable across mall developments in Nagar Road, Koregaon Park and Bund Garden, while witnessing a decline of 7-8% on MG Road.

Figure 12: High Street Rental Value Movement



Source: CBRE Research, H2 2014.

Figure 13: Shopping Centre Value Movement



Source: CBRE Research, H2 2014.

Table 21: Key Brands Launched

Brand	Category	Presence
Aurelia	Apparel	MG Road
Jade Blue	Apparel	Nucleus Mall
Durban Bunny Chow	F&B	FC Road

Source: CBRE Research, H2 2014.

OUTLOOK

Leasing activity is likely to increase by the first half of the year as brands revisit their investment decisions. The city is also likely to witness the addition of approximately 1 million sq. ft. of space by early 2015 which may further support in increasing the absorption activity in the city.

Amongst other retailers, brands such as Dunkin Donuts, Burger King, Metro (Cash and Carry) etc. are likely to enter / expand in the city during 2015.

Table 22: Selected Leasing Transactions

Property	District	Size (in sq. ft.)	Tenant
Nucleus Mall	Koregaon Park	13,000	Jade Blue
Independent structure	Karve Road	1,200	Kesari
Independent structure	Koregaon Park	2,000	Café Moshes

Source: CBRE Research, H2 2014

Table 23: Key Retail Project Completions

Key Retail Completions
Pune did not witness any project completions in H2 2014.

Source: CBRE Research, H2 2014.

Table 24: Sub-market Key Stats

High Streets	Average Rent in H2 2014 (INR/sq. ft. / month)	Average Rent in H1 2014 (INR/sq. ft. / month)	Half Yearly Change (%)	Y-o-Y Change (%)
MG Road	225 - 275	220 - 250	6.4	6.4
JM Road	240- 300	220- 300	3.8	3.8
Aundh	120-160	120-140	7.7	7.7
Koregaon Park	110-130	110-130	0.0	0.0
Mall Clusters	Average Rent in H2 2014 (INR/sq. ft. / month)	Average Rent in H1 2014 (INR/sq. ft. / month)	Half Yearly Change (%)	Y-o-Y Change (%)
MG Road	125-175	150-175	-7.7	-7.7
Nagar Road	100-125	100-125	0.0	0.0
Koregaon Park/ Bund Garden Road	85-95	85-95	0.0	-5.3

Source: CBRE Research, H2 2014

MARKET SUMMARY

The Kolkata retail market witnessed increased retail activity with multiple retailers expanding their footprint in the city. Due to low availability of quality organized retail space, retailers are displaying an inclination towards setting up stores across high streets. In terms of supply, the review period did not witness any new addition to the existing organized stock.

During the review period, Kolkata witnessed the launch and expansion by prominent national and international F&B operators such as Serafina, Yauatcha which commenced operations in Quest Mall followed by retailers such as Max Apparels, Just Watches, Kama Ayurveda, Prime Watch, etc. opening stores across different locations in the city. High streets also witnessed enhanced retailer activity with retailers such as Dominos, Reliance Digital Express, Pizzahut Delivery having opened stores across the high street locations of the city.

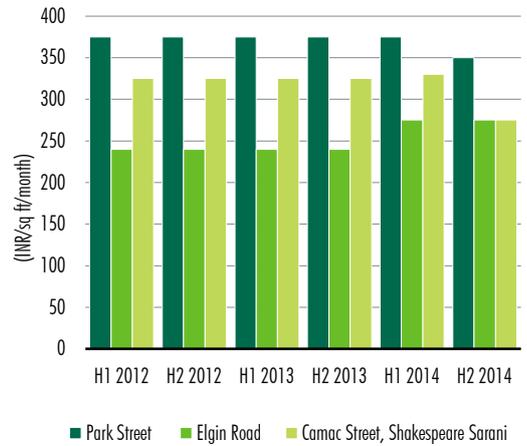
RENTAL TRENDS

Rental values across the high streets of Camac Street and Park Street declined by 6-7% during the review period owing to unavailability of suitable retail options. In the organised segment, values remained largely stable across all micro - markets.

OUTLOOK

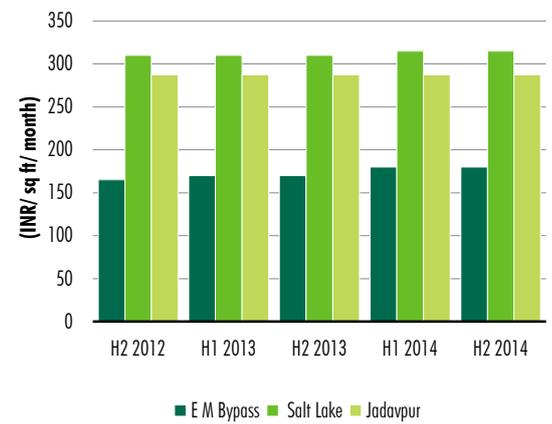
The first half of 2015 is expected to be equally vibrant for the Kolkata retail market as brands such as Starbucks, Zara and Forest Essentials are keen on entering Kolkata after the commencement of operations by Quest Mall and the much awaited Acropolis mall expected to commence operations in H1 2015. Rentals are expected to remain more or less stable across high streets as well as mall developments in the short term. Considerable availability of organized retail supply is likely to stabilize rentals across malls over the coming months. While demand in certain high streets is expected to surge, however no rental appreciation is likely.

Figure 14: High Street Rental Value Movement



Source: CBRE Research, H2 2014

Figure 15: Shopping Centre Value Movement



Source: CBRE Research, H2 2014

Table 25: Key Brands Launched

Brand	Category	Presence
Forever New	Fashion & apparel	Quest Mall
Serafina	F&B	Quest Mall
Yauatcha	F&B	Quest Mall

Source: CBRE Research, H2 2014

Table 26: Selected Leasing Transactions

Property	District	Size (in sq. ft.)	Tenant
BIPL	PBD	50,000	On Process Technology
BIPL	PBD	14,000	Viacom – 18 Media
Godrej Waterside	PBD	5,000	Indus Tower

Source: CBRE Research, H2 2014.

Table 27: Key Retail Project Completions

Key Retail Completions
Kolkata did not witness any project completions in H2 2014.

Source: CBRE Research, H2 2014.

Table 28: Sub-market Key Stats

High Streets	Average Rent in H2 2014 (INR/sq. ft. / month)	Average Rent in H1 2014 (INR/sq. ft. / month)	Half Yearly Change (%)	Y-o-Y Change (%)
Park Street	300 – 400	320 – 430	-6.7	-6.7
Elgin Road	250 – 300	250 – 300	0.0	14.6
Camac Street, Shakespeare Sarani	200 - 350	250 – 410	-16.7	-15.4

Mall Clusters	Average Rent in H2 2014 (INR/sq. ft. / month)	Average Rent in H1 2014 (INR/sq. ft. / month)	Half Yearly Change (%)	Y-o-Y Change (%)
EM Bypass	160 – 200	160 – 200	0.0	5.9
Salt Lake	300 – 330	300 – 330	0.0	1.6
Jadavpur	275 - 300	275 – 300	0.0	0.0

Source: CBRE Research, H2 2014.

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