

India Retail, H2 2015

Supply of 3.6 million sq. ft.; F&B and Fashion retailers drive demand

 Rents Up
6 Markets

 Rents Stable
21 Markets

 Rents Down
2 Markets

 Consumer
Confidence

 Supply (Y-O-Y)
103%

*Arrows indicate change over H1 2015 rentals in high streets.

LAUNCH OF LANDMARK DEVELOPMENTS; RETAIL SPACE UPTAKE WITNESSES A HEALTHY MIX OF INTERNATIONAL AND DOMESTIC BRANDS

Backed by upbeat economic and consumer sentiments, and a pro-reform Government, the Indian retail real estate market was marked by the foray of international brands, the launch of landmark retail developments, and an overall vibrant demand scenario in 2015. The second half of 2015 witnessed the addition of almost 3.6 million sq. ft. of supply across the seven key cities; majority of which was concentrated in the Delhi National Capital Region (NCR). The second half saw the launch of the DLF Mall of India at Noida (at 1.9 million sq. ft., it is touted to be the largest mall in the country), Garden's Galleria at Noida, Orchard Road in Janakpuri; Virtuous Retail's VR Mall and ETA Namma Mall (phase II) in Bangalore, and the Acropolis Mall in Kolkata. Retailer demand also remained upbeat across various cities, with prominent global players such as Juicy Couture, Aeropostale, H&M, and Carl's Jr, making inroads into the country; while others such as GAP, TM Lewin, Johnny Rockets, Nando's, and Burger King continued to expand their operations.

GLOBAL BRANDS CONTINUE TO ENTER AND FOLLOW UP WITH STORES IN QUICK SUCCESSION

Leading global fashion brands, H&M and Aeropostale, opened their first stores in India at Delhi's Select Citywalk, to long queues and much fanfare. GAP, which opened its first store in the country in the first half of 2015, followed up with two more outlets in quick succession at Ambience Mall, Vasant Kunj and Ambience Mall, Gurgaon, both in Delhi NCR. In fact, brands such as H&M and GAP have already secured prime retail spaces in existing and upcoming malls in major cities—bearing testimony to the fact that India has emerged as an important destination for international retailers. Other global brands to mark their India entry in 2015 included Juicy Couture, G-Star Raw and BCBG Max Azria from the apparel segment, along with La Prairie, Montegrappa, and Motoplex by Piaggio from other retail segments. Delhi NCR remained the most preferred point of entry for brands coming to India during the year.

F&B BRAND CONTINUE TO ENTER AND EXPAND; F&B CENTRIC DEVELOPMENTS ON THE RISE

With an increased appetite for newer concepts and cuisines among Indian consumers, along with the arrival of F&B centric developments such as DLF Cyber Hub at Gurgaon in the NCR and Epicuria at Nehru Place in Delhi, the F&B Segment saw heightened activity in 2015. Established players such as Burger King,

Dunkin Donuts, Starbucks, and Nando’s undertook significant expansion campaigns during the year; while Wendy’s, Jamie’s Italian, Pizza Express, Barcelos and Carl’s Jr were among the new ones to enter the Indian F&B landscape. Local players too continued to expand their restaurant chains with the likes of Soda Bottle Openerwala, Farzi Café, Social, Mamagoto, Paradise Biryani, and Fatty Bao opening multiple outlets across major cities.

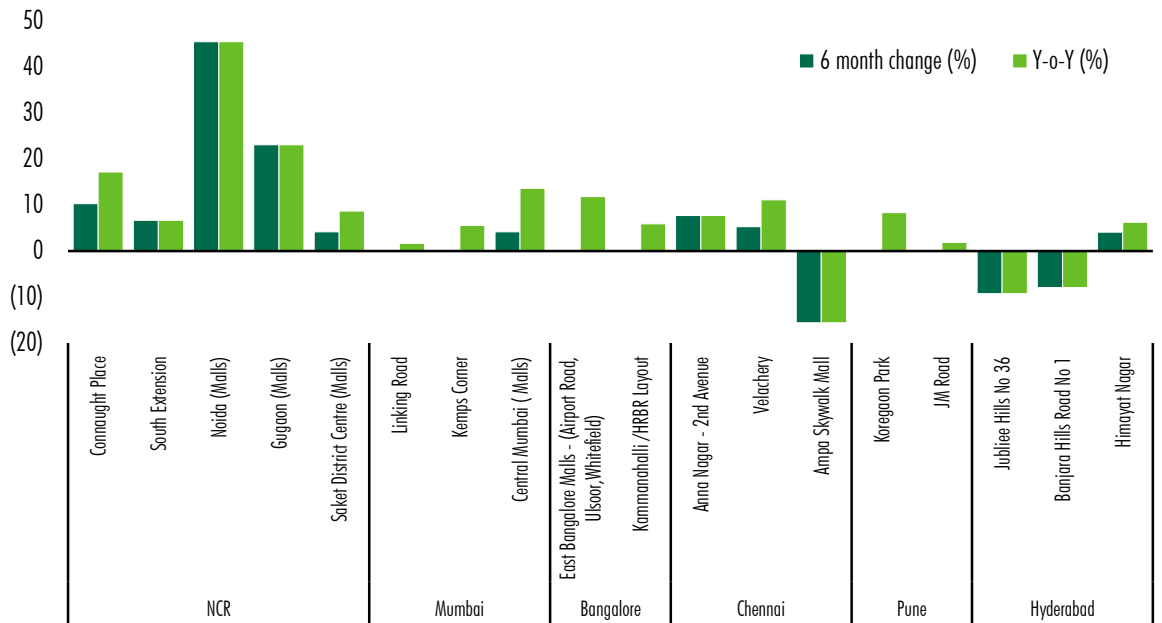
SELECT PRIME AREAS WITNESS RENTAL APPRECIATION

Rental trends displayed mixed sentiments across cities during H2 2015. High street markets—such

as Connaught Place (Delhi), Kammanahalli (Bangalore), Alwarpet and Anna Nagar (Chennai)—witnessed an increase in rental values, while most others witnessed stability with Banjara hills and Jubilee hills (Hyderabad) witnessing a slight dip in rentals.

Mall clusters in prime markets such as South Delhi, Noida and Gurgaon in NCR; Central Mumbai and Western Suburbs in Mumbai witnessed an increase in rents as international brands preferred to locate themselves in such prime areas; while malls in the suburban districts of Bangalore and Kolkata maintained stability in rentals.

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



Source: CBRE Research, H2 2015.

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

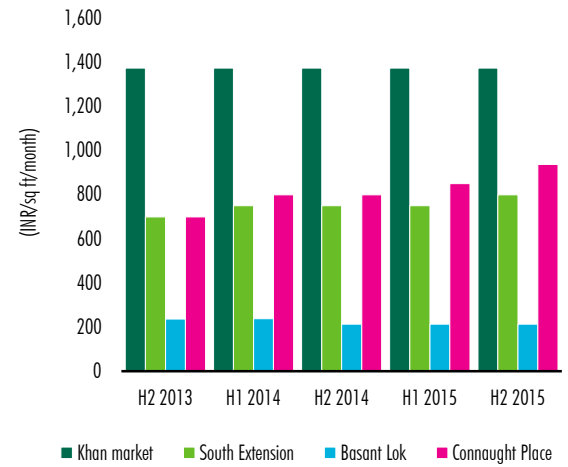
MARKET SUMMARY

The second half of 2015 witnessed the launch of landmark developments such as the Mall of India, Gardens Galleria and Orchard Road at Janakpuri, leading to the addition of almost 2.6 million sq. ft. to the existing shopping center space. Transaction activity during the reviewed period remained inclined towards prime shopping center developments in South Delhi, along with the prominent high streets of Connaught Place and Khan Market. Demand from the fashion and apparel segment dominated transaction activity across the region, closely followed by F&B operators.

Leading fashion retailers such as Sweden’s H&M and US fashion brand, Aeropostale, marked their entry into the region in H2 2015 with outlets at Select CityWalk, Saket. The American Quick Service Restaurant (QSR) player, Carls Jr., also entered the country with its first restaurant at Saket District Centre, before following up with another restaurant at Pacific Mall, Subhash Nagar. Ambience Mall, Gurgaon, remained a preferred choice for global entrants with American fashion label, Juicy Couture, US-based GAP, and UK’s F&B chain, Jamie’s Pizzeria, opening outlets at the development. Also, Spanish home luxury décor marque player, Natuzzi Revive, commenced operations from DLF Emporio in H2 2015.

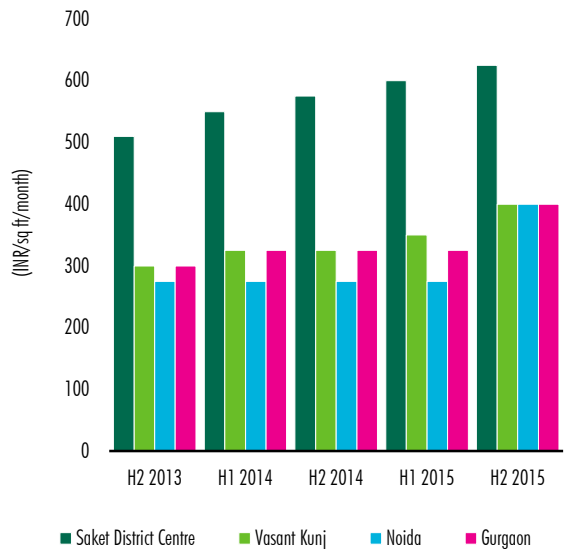
In terms of high streets, Connaught Place continued to be targeted by F&B players such as Chi Asian Cookhouse, Informal, Tamasha, Dalal Street, Farzi Café, Café Public Connection and the Junkyard Café, among others. Khan Market continued to be have low vacancy levels, with vacant spaces being leased out quickly—local retailer Ahujasons, and F&B players such as Smokey’s BBQ & Grill, and The Loft, opened outlets during the period.

Figure 2: High Street Rental Value Movement



Source: CBRE Research, H2 2015.

Figure 3: Shopping Centre Value Movement



Source: CBRE Research, H2 2015.

Table 1: Key Brands Launched

Brand	Category	Presence
Aeropostale	Fashion	Select Citywalk, Saket
Juicy Couture	Fashion	Ambience Mall, Gurgaon
H&M	Fashion	Select Citywalk, Saket
Jamie’s Italian	F&B	Ambience Mall, Vasant Kunj

Source: CBRE Research, H2 2015.

The F&B sector continued to remain a demand driver, with American QSR chain, Burger King, raising its store count in the region to 11 by opening two new stores at Rajouri Garden and Janakpuri. In addition, Johnny Rockets and Warehouse Café bolstered their operations with the launch of outlets at Cyber Hub and Sector 29 in Gurgaon, respectively. Noida witnessed rekindled occupier interest due to the completion of the widely anticipated DLF’s Mall of India (commencing operations with stores such as Big Bazaar, Forever 21 and Max) and Unitech’s Gardens Galleria (with local market leaders such as Hypercity and Central). Hypercity launched its first store ever in the NCR at Noida’s Garden’s Galleria followed by a store at Janakpuri’s Orchard Street Mall. Decathlon launched its store at Omaxe Celebration Mall on Sohna Road in Gurgaon. Cyber Hub Phase II, meanwhile, is under fit-outs for more F&B brands to enter Gurgaon.

RENTAL TRENDS

Limited space availability and high retailer interest led rental values to appreciate by 3-5% and 13-15% in the prime mall developments across Saket District Center and Vasant Kunj, respectively, over H1 2015. Rental values in Noida witnessed an increment of approximately 44-46% in Noida, primarily due to an increase in rental quotations for recently completed prime developments. Gurgaon also witnessed rental appreciation of 22-24%, largely bolstered by demand for space from global retailers in select developments.

Negligible supply addition and the impending completion of the Delhi Metro over the next year, caused rental values to rise marginally by about 5-7% in South Extension. A rental growth of 9-11% was also witnessed in Connaught Place over H1 2015, mainly driven by F&B operators. On the other hand, Khan Market and Basant Lok maintained stability in rentals during H2 2015.

Table 2: Selected Leasing Transactions

Property	District	Size (in sq. ft.)	Tenant
Ambience Mall, Vasant Kunj	New Delhi	3,500	Jamie's Italian
Select CityWalk, Saket	New Delhi	26,000	H & M
Select CityWalk, Saket	New Delhi	2,800	Aeropostale
Ambience Mall, Gurgaon	Gurgaon	2,200	Juicy Couture

Source: CBRE Research, H2 2015.

Table 3: Key Retail Project Completions

Property	Developer	District	Size (Sq.Ft)
Mall of India	DLF	Noida	1,980,000
Gardens Galleria	Unitech	Noida	575,000
Orchard Road	Unity Group	Delhi	127,000

Source: CBRE Research, H2 2015.

Table 4: Sub-market Key Stats

High Streets	Average Rent in H2 2015 (INR/sq. ft. / month)	Average Rent in H1 2015 (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	750 – 850	725 – 825	6.7	6.7
Basant Lok	200-225	200-225	0.0	0.0
Connaught Place	900-975	850-950	10.3	17.2
Mall Clusters	Average Rent in H2 2015 (INR/sq. ft. / month)	Average Rent in H1 2015 (INR/sq. ft. / month)	Half Yearly Change (%)	Y-o-Y Change (%)
Saket District Centre	575-675	550-650	4.2	8.7
Vasant Kunj	350-450	325-425	14.3	23.1
Noida	350-450	250-350	45.5	45.5
Gurgaon	350-450	300-400	23.1	23.1

Source: CBRE Research, H2 2015.

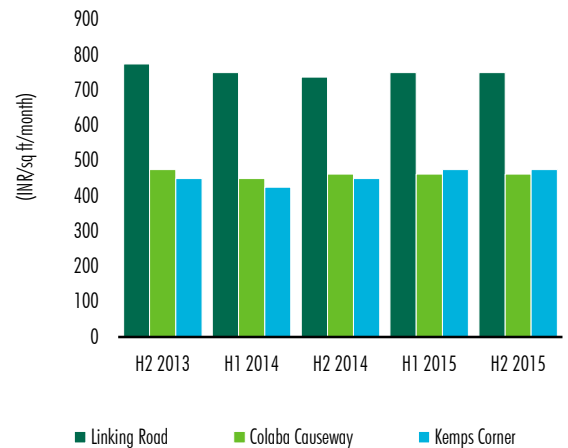
MARKET SUMMARY

Mumbai witnessed strong demand for retail space during H2 2015. Various medium to large sized store openings were observed across prominent mall clusters and high street locations in the city. Store openings during the current review period were a healthy mix of domestic and international brands. Brands from the F&B segment were the most active occupiers of space followed by apparel retailers. Multiplex chains such as Satyam Cinema and Inox and hypermarket retailers D Mart and Big Bazaar were the other active brands during the current review period. New brand entries into the city, however, remained limited. Bandai Namco, a Japanese Family Entertainment Concept (FEC) and building material supplier Danube Buildmart were the only new entrants with store openings at Oberoi Mall in Goregaon.

Across high streets, store openings were observed from international F&B operators such as Pizza Metro Pizza at Kalaghoda, Starbucks at Bandra (W) and Vikhroli and Domino's Pizza at Lokhandwala, Andheri (W). Domestic F&B operators that opened restaurants include Theobroma at Breach Candy and Lower Parel, Wok Express at Bandra (W) and Andheri (W), Café Coffee Day at Versova and Haji Ali and Pennywhistle at Juhu. Brands such as Kama Ayurveda at Juhu, Lenskart and Pepe Jeans at Linking Road Bandra, Art of Time at Waterfield Road Bandra and Ritu Kumar at Kala Ghoda were amongst the other notable store openings during the current review period. Banks such as Punjab National Bank, State Bank of India and ICICI Bank also opened their retail branches at Malad, Colaba and Matunga respectively.

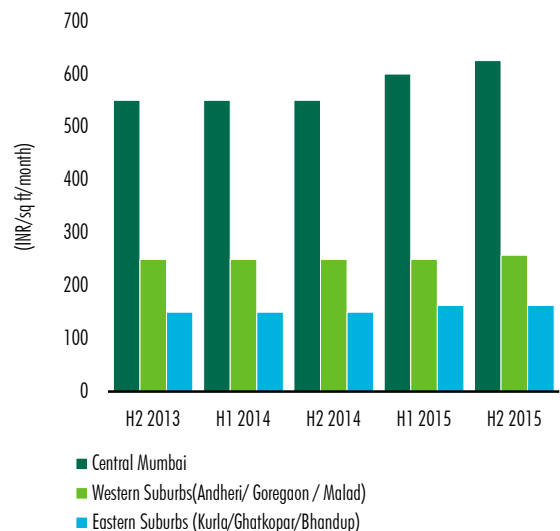
In terms of shopping centers, store openings were observed from brands such as Dune, BCBG and Living Liquidz at Palladium in Central Mumbai; Big Bazaar and Chicco at Infiniti Mall. Fusion Beats and Inox commenced operations from R City Mall, Ghatkopar while Barbeque Nation opened at R Mall, Mulund in the Eastern Suburbs. In Thane, apparel retailer Amante

Figure 4: High Street Rental Value Movement



Source: CBRE Research, H2 2015.

Figure 5: Shopping Centre Value Movement



Source: CBRE Research, H2 2015.

Table 5: Key Brands Launched

Brand	Category	Presence
Bandai Namco	FEC	Oberoi Mall

Source: CBRE Research, H2 2015.

opened an outlet at Viviana Mall. Burger King further strengthened its presence in the city by opening restaurants at Vivana Mall (Thane) and Star Mall (Dadar).

RENTAL TRENDS

Due to the strong demand and limited availability of retail space in Central Mumbai and

Western Suburbs, rental values in the organised mall clusters increased by approximately 3 - 4% as compared to H2 2015, while they continue to remain stable in the Eastern Suburbs. Similarly, rental values across notable high street locations such as Linking Road, Colaba Causeway and Kemps Corner continue to remain stable compared to the first half of 2015.

Table 6: Selected Leasing Transactions

Property	District	Size (in sq. ft.)	Tenant
Atria	South Mumbai, Worli	3,000	Apple
High Street Phoenix, Palladium	Central Mumbai	1,500	BCBG
Infiniti Mall	Malad	50,000	Big Bazaar

Source: CBRE Research, H2 2015.

Table 7: Sub-market Key Stats

High Streets	Average Rent inH2 2015 (INR/sq. ft. / month)	Average Rent in H1 2015 (INR/sq. ft. / month)	Half Yearly Change (%)	Y-o-Y Change (%)
Linking Road	650 – 850	650-850	0.0	1.7
Colaba Causeway	425 – 500	425-500	0.0	0.0
Kemps Corner	450 - 500	450-500	0.0	5.6
Mall Clusters	Average Rent inH2 2015 (INR/sq. ft. / month)	Average Rent in H1 2015 (INR/sq. ft. / month)	Half Yearly Change (%)	Y-o-Y Change (%)
Central Mumbai	575-675	550-650	4.2	13.6
Western Suburbs (Andheri, Goregaon, Malad)	225-290	225-275	3.0	3.0
Eastern Suburbs (Kurla, Ghatkopar, Bhandup)	100-225	100-225	0.0	8.3

Source: CBRE Research, H2 2015.

MARKET SUMMARY

The second half of 2015 witnessed the completion of two malls—Vitrous Retail’s VR Mall and ETA Namma Mall (phase II), leading to the addition of approximately 0.67 million sq. ft. of fresh retail space supply in the city. Bangalore observed steady retail leasing activity across both high streets and shopping centers, with the newly operational Virtuous VR Mall and ETA Namma Mall garnering significant attention.

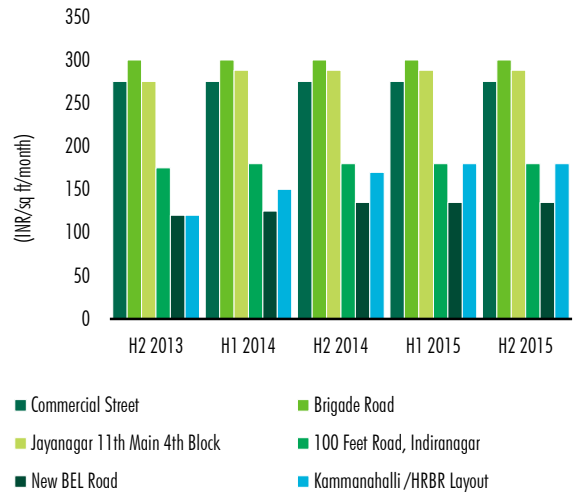
In terms of high streets, Xiomi expanded its footprint with another store on 100 Feet Road, Indiranagar. Maserati launched its first showroom in Bangalore at MG Road. Brands such as Cherry Pick (home and décor), Orra (jewelry retail) and Reliance Trendz (fashion apparel) opened new stores at Koramangala. Color Plus and Nike also launched new stores on Brigade Road and Residency Road, respectively. Renowned F&B operators such as Nando’s, Three Dots and a Dash, and Beer Café, opened restaurants at Indiranagar; Watsons at JP Nagar; and City Bar on MG Road, among others. Burger King was particularly aggressive in opening seven new outlets across high streets and malls during H2 2015. Its high street restaurants were located at Kammanahalli, Jayanagar, Commercial Street, Indiranagar, New BEL Road, and Koramangla. It also opened a restaurant at Mantri Mall, Mallechwaram.

In the organized segment, leasing activity remained largely concentrated towards the newly operational VR Mall and a few other prominent projects. Ducati opened its first exclusive flagship showroom at UB City. At the Virtuous VR Mall, stores such as Basics Life, Citizen Watches, Leilani and PVR IMAX Cinemas expanded their operations.

RENTAL TRENDS

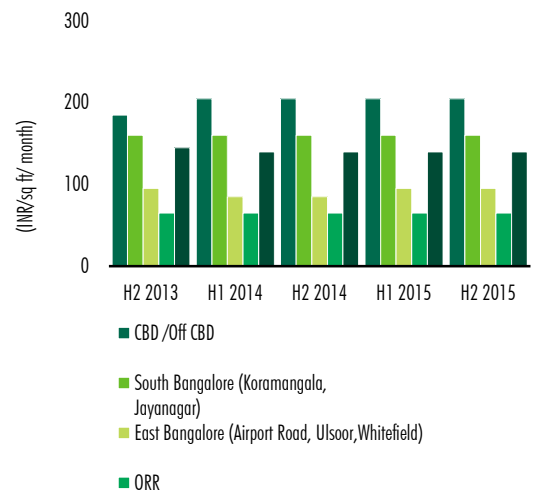
During H2 2015, rental values across all high streets of Bangalore remained stable over that of the first half of 2015, owing to availability of quality space options and sustained occupier demand. High street rents on New BEL Road

Figure 6: High Street Rental Value Movement



Source: CBRE Research, H2 2015.

Figure 7: Shopping Centre Value Movement



Source: CBRE Research, H2 2015.

Table 8: Key Brands Launched

Brand	Category	Presence
Nando’s	F&B	High street
Xiomi	Consumer Electronics	High street
Ducati	Automotive	UB City Mall
Maserati	Automotive	High street

Source: CBRE Research, H2 2015.

remained stable on a half-yearly basis, while the Kammanahalli / HRBR Layout area witnessed a marginal appreciation of 4-6% on a y-o-y basis Rents across prominent high street are likely to remain stable over the coming six months. In the organized segment, rents across all micro-markets remained largely stable on a half-yearly

basis, except East Bangalore, which recorded an increment of 10-12% on a yearly basis due to the presence of popular malls such as Phoenix Market City and the newly opened Virtuous VR Mall. However, demand for space in few prime developments is likely to exert upward pressure on rents in the coming months.

Table 9: Selected Leasing Transactions

Property	District	Size (in sq. ft.)	Tenant
UB City	CBD	3,500	Ducati
Phoenix Market City	Whitefield	8,000	GAP
High Street	MG Road	18,000	Maserati
VR Mall	Whitefield	4,400	L'Occitane Spa

Source: CBRE Research, H2 2015.

Table 10: Key Retail Project Completions

Property	Developer	District	Size (Sq.Ft)
VR Mall	Virtuous Retail	Whitefield	460,000
ETA Namma Mall – Phase II	ETA Constructions Ltd.	Binnypet	219,100

Source: CBRE Research, H2 2015.

Table 11: Sub-market Key Stats

High Streets	Average Rent in H2 2015 (INR/sq. ft. / month)	Average Rent in H1 2015 (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	0.0
Kammanahalli/HRBR Layout	160-200	160-200	0.0	5.9
Mall Clusters	Average Rent in H2 2015 (INR/sq. ft. / month)	Average Rent in H1 2015 (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	90-100	0.0	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, H2 2015.

MARKET SUMMARY

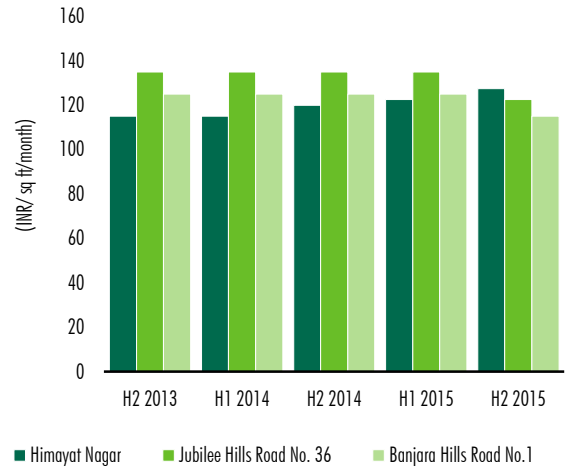
Continuing the trend after the state’s bifurcation, Hyderabad retail witnessed improved leasing activity across high streets as well as organized developments during the second half of 2015. Traction in the organized retail sector was largely driven by the Forum Sujana Mall at Kukatpally, besides major pre-leasing activity observed in the under-construction developments of L&T Constructions as a part of their Transit Oriented Development (TOD) of the Metro Rail in the city. Majority of this supply is expected to become operational during 2018/ 2019.

Various small to medium sized lease transactions were observed from fashion and apparel brands across the high streets of Jubilee Hills and Banjara Hills. Domestic apparel brands such as Reliance Trends, Max, SOCH, and Brand Factory expanded their presence during the review period. Spencer’s Retail also expanded its presence with the launch of two new hypermarkets—at L B Nagar and Ramanthpur. Brands such as the US-based Indian Motorcycles, domestic F&B operator Mamagoto, UK-based apparel brand Superdry, and US-based home furnishing store Bentley Homes, entered the city by opening their first outlets. The fast food restaurant chain Burger King also entered the city with an outlet at the Forum Sujana Mall, before quickly following it up with another one at GVK One Mall.

RENTAL TRENDS

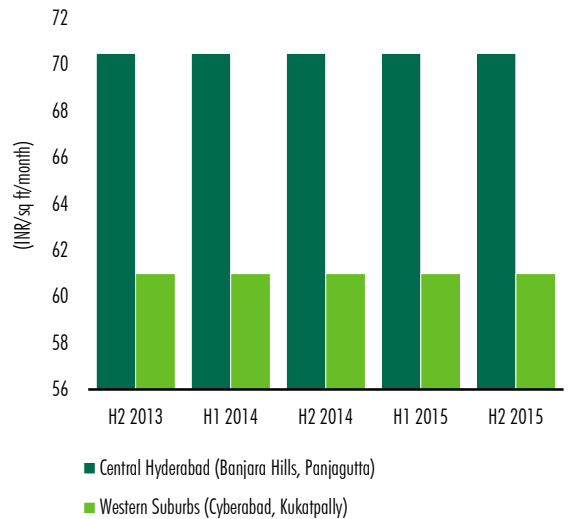
Due to sustained occupier demand for retail space, Himayath Nagar witnessed a 3-5% increase in rental values during the review period. However, lack of availability of appropriate floor plates in the prime high streets of Banjara Hills and Jubilee Hills resulted in a rental decline. Rental values in the organized retail developments of the city remained largely stable during the review period.

Figure 8: High Street Rental Value Movement



Source: CBRE Research, H2 2015.

Figure 9: Shopping Centre Value Movement



Source: CBRE Research, H2 2015.

Table 12: Key Brands Launched

Brand	Category	Presence
Super Dry	Fashion	Jubilee Hills
Indian Motorcycles	Automobile	Jubilee Hills
Burger King	Food & Beverage	Forum Sujana Mall

Source: CBRE Research, H2 2015.

Table 13: Selected Leasing Transactions

Property	District	Size (in sq. ft.)	Tenant
High Street	LB Nagar	30,000	Spencers
High Street	Banjara Hills	2,500	Mamagoto
GVK Mall	Banjara Hills	2,000	Burger King
High street	Kondapur	8,000	Chutneys

Source: CBRE Research, H2 2015.

Table 14: Sub-market Key Stats

High Streets	Average Rent in H2 2015 (INR/sq. ft. / month)	Average Rent in H1 2015 (INR/sq. ft. / month)	Half Yearly Change (%)	Y-o-Y Change (%)
Himayat Nagar	122.5	127.5	4.1%	6.3%
Jubilee Hills Road No. 36	135	122.5	-9.3%	-9.3%
Banjara Hills Road No.1	125	115	-8.0%	-8.0%
Mall Clusters	Average Rent in H2 2015 (INR/sq. ft. / month)	Average Rent in H1 2015 (INR/sq. ft. / month)	Half Yearly Change (%)	Y-o-Y Change (%)
Central Hyderabad (Banjara Hills, Panjagutta)	70.5	70.5	0	0
Western Suburbs (Cyberabad, Kukatpally)	61	61	0	0

Source: CBRE Research, H2 2015.

MARKET SUMMARY

Retail leasing activity largely remained stable in Chennai, with F&B remaining the most active sub-segment during H2 2015. Along with F&B operators, expansion by jewelry retailers, and fashion apparel and accessories retailers remained strong. In the case of high streets, demand was largely observed in locations such as Nungambakkam (Khader Nawaz Khan Road), OMR Road, Adyar and Velachery. The demand for space in mall clusters was largely observed at the Express Avenue and Phoenix Market City developments.

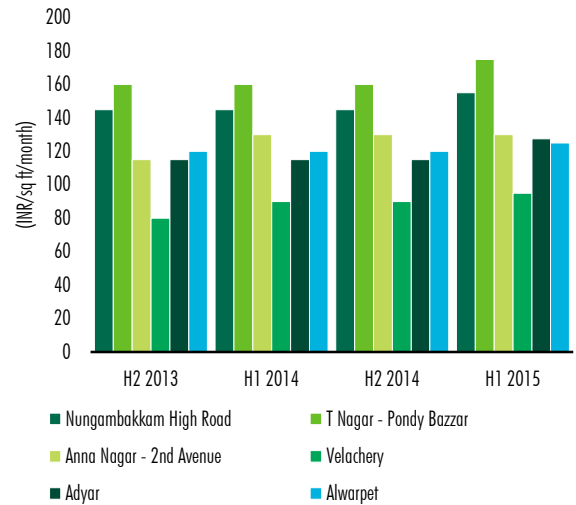
During H2 2015, US-based fast food restaurant chain Burger King entered Chennai by opening restaurants at Express Avenue Mall and Phoenix Market City Mall. New entrants to the city included US-based Indian Motorcycles, and Mamagoto. Chennai also witnessed the opening of Pallazzo, a nine-screen multiplex from SPI Cinemas at the Vijaya Forum Mall, and a five-screen multiplex from PVR Cinemas at the Grand Mall. Jewelry retailers such as Kalyan Jewelers and NAC Jewelers expanded their presence in H2 2015 with outlets in the suburban high streets of Velachery and Adyar.

Across high streets, retailers/operators such as Shree Mithai, Harley Davidson, Barbeque Nation, Mamagoto, and Oryza commenced operations at Nungambakkam; while McDonalds and Kalyan Jewelers launched outlets at Adyar. Other store openings on the city's high streets included Zuka at RK Salai, Veneta Cuisine on Mount Road, and Toni & Guy on OMR Road.

RENTAL TRENDS

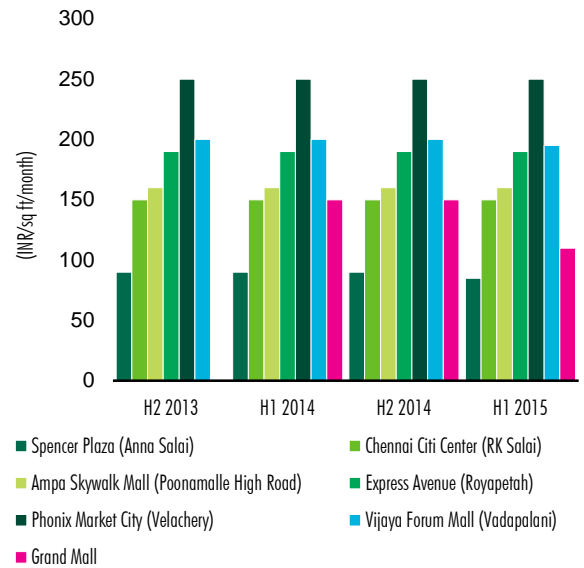
Rental values witnessed marginal appreciation of approximately 2–8% during H2 2015 across the high streets of Adyar, Anna Nagar, Velachery and Alwarpet due to sustained occupier interest and limited availability of quality space. In contrast, select malls such as Spencer Plaza, Ampa Sky Walk, City Center, Grand Mall and Vijaya Forum Mall witnessed marginal decline due to

Figure 10: High Street Rental Value Movement



Source: CBRE Research, H2 2015.

Figure 11: Shopping Centre Value Movement



Source: CBRE Research, H2 2015.

Table 15: Key Brands Launched

Brand	Category	Presence
Burger King	F&B	Phoenix Market City, Express Avenue
Indian Motorcycles	Automobile	Chetpet

Source: CBRE Research, H2 2015.

challenges like lower foot falls, age of development, and traffic snarls, etc. The rentals at Express Avenue and Phoenix Market City were observed to be stable

due to a healthy tenant mix and footfalls. The opening of multiplexes at the Grand Mall and Vijaya Forum Mall could provide a fillip to rentals in the coming months.

Table 16: Selected Leasing Transactions

Property	District	Size (in sq. ft.)	Tenant
Sathak Center	Nungambakkam	5,000	Harley Davidson
Grand Mall	Velachery	6,500	Barbeque Nation
High Street	Velachery	12,000	NAC Jewelers
Bergamo Mall	Nungambakkam	6,000	Barbeque Nation

Source: CBRE Research, H2 2015.

Table 17: Sub-market Key Stats

High Streets	Average Rent in H2 2015 (INR/sq. ft. / month)	Average Rent in H1 2015 (INR/sq. ft. / month)	Half Yearly Change (%)	Y-o-Y Change (%)
Nungambakkam High Road	140-170	140-170	0.0	6.9
T Nagar - Pondy Bazaar	165 – 185	165 -185	0.0	9.4
Anna Nagar - 2nd Avenue	135-145	120 – 140	7.7	7.7
Velachery	95-105	90 – 100	5.3	11.1
Adyar	125-135	120 – 135	2.0	13.0
Alwarpet	125-145	120 - 130	8.0	12.5
Mall Clusters	Average Rent in H2 2015 (INR/sq. ft. / month)	Average Rent in H1 2015 (INR/sq. ft. / month)	Half Yearly Change (%)	Y-o-Y Change (%)
Spencer Plaza (Anna Salai)	65-85	75 – 95	-8.8	-13.9
Chennai Citi Center (RK Salai)	120-130	140 – 160	-11.7	-11.7
Ampa Skywalk Mall (Poonamallee High Road)	140-160	145 – 155	-15.6	-15.6
Express Avenue (Royapettah)	180 - 200	190 – 210	0.0	0.0
Phoenix Market City (Velachery)	240-260	190 – 210	0.0	0.0
Vijaya Forum Mall (Vadapalani)	180-190	190 – 200	-5.1	-7.5
Grand Mall (Velachery)	100-110	100 – 120	-4.5	-30.0

Source: CBRE Research, H2 2015.

MARKET SUMMARY

Retail leasing activity remained subdued in Pune during H2 2015 with most store openings being concentrated across key high streets. Domestic apparel and accessories brands, department stores and QSRs were the prominent occupiers of retail real estate space. Automobile brands such as KTM Duke and Audi were among the key foreign brands that opened stores in the city. Majority of the store openings were observed as a part of the expansion strategy of existing brands; while new store openings were limited to domestic F&B brand, Café 212, and a leading online furniture retailer.

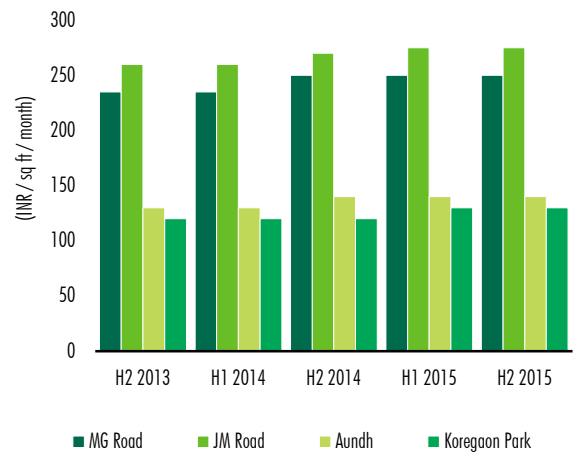
During the period, store openings were observed from F&B operators such as Apache at Bavdhan, Burger King at FC Road, AFK at Nagar Road, and Café Coffee Day at Baner. Jewelry retailer Tanishq at Lakshmi Road, PN Gadgil at Lullanagar, Ranka Jewellers at Baner, and department store chain, Pantaloons, at Baner and MG Road were among the other notable store launches noted across high streets during the review period.

Demand for retail space across mall clusters remained limited. Women’s clothing and fashion brand, Forever New, and F&B operator Café 212 commenced operations at Phoenix Market City; while Raymond Made to Measure and electronics retailer, Apple, opened outlets at City One in Pimpri. Burger King also commenced operations from Pune’s Vivana City Mall.

RENTAL TRENDS

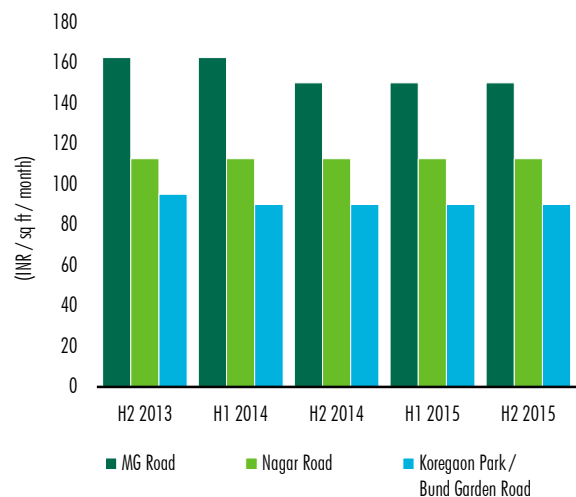
Due to subdued leasing activity, rental values were largely stable across prominent micro-markets in the city. Rental values for Grade A properties across high streets such as Koregaon Park, Aundh, JM Road and MG Road were in the range of INR 110–275 / sq. ft. / month. Similarly, across prominent mall clusters, rental values were stable over H1 2015, in the range of INR 85–175 / sq. ft. / month across Grade A developments at MG Road, Nagar Road and Koregaon Park / Bund Garden.

Figure 12: High Street Rental Value Movement



Source: CBRE Research, H2 2015.

Figure 13: Shopping Centre Value Movement



Source: CBRE Research, H2 2015.

Table 18: Selected Leasing Transactions

Property	District	Size (in sq. ft.)	Tenant
High street	Singhad Road	15,000	Unlimited
Phoenix Market City	Viman Nagar Road	1,200	Café 212
High street	Laxmi Road	12,000	Tanishq
High street	Koregaon Park	3,800	Pepperfry

Source: CBRE Research, H2 2015.

Table 19: Sub-market Key Stats

High Streets	Average Rent inH2 2015 (INR/sq. ft. / month)	Average Rent in H1 2015 (INR/sq. ft. / month)	Half Yearly Change (%)	Y-o-Y Change (%)
MG Road	225 – 275	225 – 275	0.0	0.0
JM Road	250 – 300	250 – 300	0.0	1.9
Aundh	120 – 160	120 – 160	0.0	0.0
Koregaon Park	110 – 150	110 – 150	0.0	8.3

Mall Clusters	Average Rent inH2 2015 (INR/sq. ft. / month)	Average Rent in H1 2015 (INR/sq. ft. / month)	Half Yearly Change (%)	Y-o-Y Change (%)
MG Road	125 – 175	125 -175	0.0	0.0
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, H2 2015.

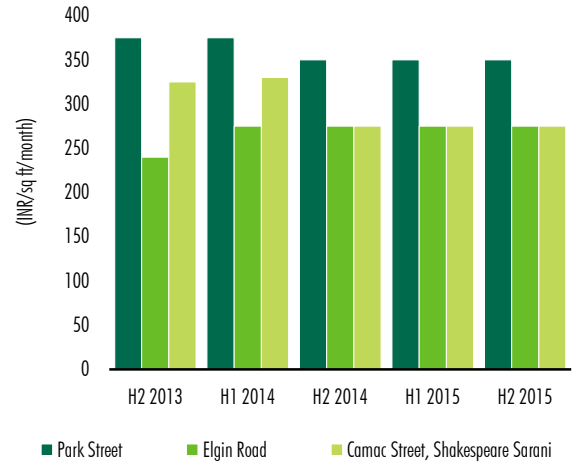
MARKET SUMMARY

The Kolkata retail market picked up during the second half of the year with multiple retailers expanding their footprints in the city. During the review period, the much awaited Acropolis Mall became operational, resulting in the addition of approximately 250,000 sq. ft. to the city’s existing shopping center space. While various retailers such as Cinopolis and Steve Madden, along with restaurant chains and QSRs such as Auntie Anne’s, Cinnabon and Vaango entered the market, other retailers such as ONLY, Turtle, W, Being Human, Jack & Jones, among others, expanded their presence in the city. With the completion of the Acropolis Mall, transaction activity is likely to maintain an upward trend as key brands/operators such as Zara, Mamagoto and Starbucks are keen on expanding within/entering Kolkata.

While the launch of the Acropolis Mall spurred transaction activity, the city still remains challenged by the availability of quality shopping space supply. This limited availability of organized retail space in the city has been prompting brands and retailers to evaluate high street options as well. During H2 2015, high streets also witnessed significant transaction activity, primarily from the F&B segment. Even South City Mall is planning and working towards an addition of approximately 1,00,000 sq. ft. of retail space.

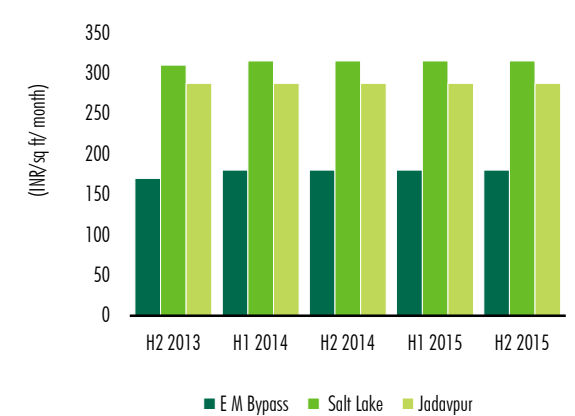
During the first six months of the year, local restaurants such as Jaisalmer and Darbaar- E - Khass commenced operations; while global brands such as the automobile giant Volvo, and Steve Madden made an entry into the Kolkata market. Other retailers such as Spencer’s and Reliance Footprints were the other prominent brands that expanded their presence across the city.

Figure 14: High Street Rental Value Movement



Source: CBRE Research, H2 2015.

Figure 15: Shopping Centre Value Movement



Source: CBRE Research, H2 2015.

Table 20: Key Brands Launched

Brand	Category	Presence
Volvo	Automobile	Topsia
Steve Madden	Footwear	Quest Mall

Source: CBRE Research, H2 2015.

RENTAL TRENDS

Rental values across all micro-markets in Kolkata remained stable for both organized retail space as well as high street properties. Rentals are expected to remain more or less stable across

high streets as well as mall developments in the short term. While demand in certain high street markets is expected to remain high, no increment in rentals is anticipated. High streets are also not expected to witness any huge surge in rentals over the next six months.

Table 21: Selected Leasing Transactions

Property	District	Size (in sq. ft.)	Tenant
Acropolis Mall	Kasba	45,000	Shopper's Stop
Acropolis Mall	Kasba	32,000	Cinapolis
Stand Alone	Camac Street	10,000	Tanishq

Source: CBRE Research, H2 2015.

Table 22: Key Retail Project Completions

Property	Developer	District	Size (Sq.Ft)
Acropolis	Merlin Group	Kasba	250,000

Source: CBRE Research, H2 2015.

Table 23: Sub-market Key Stats

High Streets	Average Rent inH2 2015 (INR/sq. ft. / month)	Average Rent in H1 2015 (INR/sq. ft. / month)	Half Yearly Change (%)	Y-o-Y Change (%)
Park Street	300 – 400	300 – 400	0.0	0.0
Elgin Road	250 – 300	250 – 300	0.0	0.0
Camac Street, Shakespeare Sarani	200 - 350	200 – 350	0.0	0.0
Mall Clusters	Average Rent inH2 2015 (INR/sq. ft. / month)	Average Rent in H1 2015 (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, H2 2015.

OUTLOOK

Major shopping center developments such as Logix City Centre at Noida, L&T Seawoods Mall at Navi Mumbai, Westend Mall in Pune, and Neo Mall in Bangalore are scheduled to become operational in 2016. Consequently, a surge in shopping center supply is indicated across the metro cities.

Given the rising popularity of online shopping, a growing volume of retailers are adopting an Omni-channel strategy—by establishing online portals as well as strengthening their network of physical stores. The e-Commerce boom has also led mall developers to re-imagine and enhance the ‘offline’ shopping and mall-going experience of consumers in the country. They are effectively bringing in a variety of international brands and offering a mix of vibrant entertainment and F&B options for shoppers. The brick-and-mortar format of retail real estate is all set to compete with today’s virtual shopping space as the former focuses on ‘experience’ and ‘entertainment’.

While challenges still exist, specifically for Foreign Direct Investment (FDI) in multi-brand

retail, 2016 is expected to be a buoyant year for the retail real estate market in India. With international anchor tenants increasingly willing to explore big-box formats in shopping centers as well as customized, smaller store formats on high streets, demand from global brands is expected to drive organized retail space absorption in 2016. With premium developments focused on luxury retail planned in Delhi (Chanakyapuri) and Mumbai (Bandra-Kurla Complex), the luxury segment is also expected to bounce back stronger. In fact, the demand for retail space will most likely exceed supply, and exert further pressure on rentals for major high streets as well as investment-grade shopping centers.

As global brands pursue their India entry plans and domestic players continue to expand their footprints, the retail real estate market in India will be dependent on a more open FDI policy regime, and the timely delivery of quality space by developers, to be able to reach its optimum potential of becoming a leading retail market in Asia.

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