

CHENNAI

Retail Q2 2024

CUSHMAN & WAKEFIELD

0.10 msf OF LEASING ACTIVITY (Q2 2024) IN MAIN STREETS

0.8% VACANCY IN SUPERIOR GRADE MALLS (Q2 2024)

1.2 msf SUPPLY PIPELINE – 2024

Main streets see moderate leasing activity in Q2

Chennai's total retail leasing activity for Q2 2024 dipped 49% QOQ and 38% YOY to 0.1 msf. While malls saw negligible leasing, main streets were the primary contributor. However, even main streets witnessed a slowdown, with leasing activity declining 14% compared to the previous quarter. Domestic brands comprised a significant 77% of the leasing volume, highlighting the strength of local players in Chennai's retail landscape. The leasing activity was primarily concentrated in the city's suburban corridors, particularly Suburban South, Northwest, and Southwest. Prominent locations like Adyar, Perugundi, Valasarvakkam, and Kattupakkam emerged as key demand drivers within these submarkets.

The major driver of demand across main streets was the accessories & lifestyle segment, capturing a substantial 37% share of the total leasing activity in Q2. Following accessories & lifestyle, the automobile sector emerged as the second major contributor to leasing activity, capturing 20% of the market share followed by the consumer durables and information Technology (CDIT) segment with a 17% share.

New supply pushes up vacancy rates

Chennai's mall vacancy rate surged 352 bps to 14.7% in Q2 2024, largely due to the addition of a new mall, Saravana Stores Mall, coupled with low overall mall leasing activity. Supply is poised for further expansion, with an estimated ~2 msf of retail space expected to be operational in Perambur by the end of 2024. However, considering the pre-commitment activity observed in upcoming malls, the vacancy rate is expected to moderate in the coming quarters.

Mall rentals remain flat, prime main street rents move up

While overall mall rental rates remained relatively stable compared to the previous quarter, certain malls witnessed modest YOY increases of up to 4%.

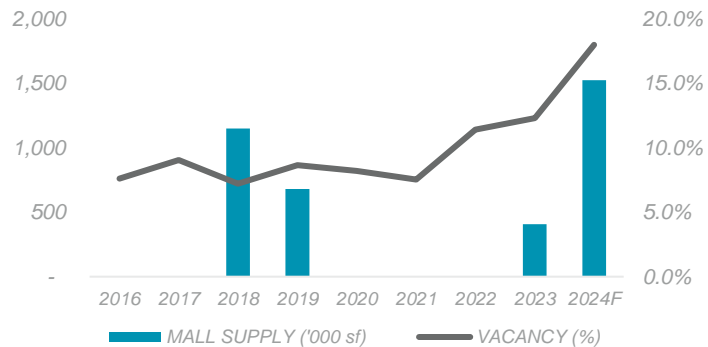
In contrast, prime retail locations on main streets experienced a notable rise in rentals. On average, these locations saw an increase of up to 6% YOY, while maintaining a steady pace compared to the previous quarter. This upward trend was particularly evident in prominent areas like Usman Road (North), Pondy Bazar, Velachery, and Nungambakkam High Road. The limited supply of prime retail space on these main streets, coupled with sustained demand from retailers, is driving the rental growth.

ECONOMIC INDICATORS Q2 2024

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

Source: Oxford Economics, RBI, IMF

MALL SUPPLY / VACANCY RATE



CATEGORY-WISE STOCK / VACANCY



MARKET STATISTICS

| PRIME RETAIL RENTS – MAIN STREETS | INR SF/MTH | EURO SF/YR | US\$ SF/YR | Q-O-Q CHANGE | Y-O-Y CHANGE |
|-----------------------------------|------------|------------|------------|--------------|--------------|
| Nungambakkam High Road | 135 | 18.0 | 19.4 | 0.0% | 3.8% |
| Khadar Nawaz Khan Road | 135 | 18.0 | 19.4 | 0.0% | 0.0% |
| Cathedral Road - R.K. Salai | 120 | 16.0 | 17.3 | 0.0% | 4.3% |
| Usman Road - South | 110 | 14.7 | 15.8 | 0.0% | 0.0% |
| Usman Road - North | 125 | 16.7 | 18.0 | 0.0% | 13.6% |
| Adyar Main Road | 155 | 20.7 | 22.3 | 0.0% | 3.3% |
| Anna Nagar 2 nd Avenue | 155 | 20.7 | 22.3 | 0.0% | 3.3% |
| Purasawalkam High Road | 115 | 15.4 | 16.5 | 0.0% | 0.0% |
| Pondy Bazaar | 165 | 22.0 | 23.7 | 0.0% | 6.5% |
| Velachery | 115 | 15.4 | 16.5 | 0.0% | 4.5% |
| Ambattur (MTH Road) | 100 | 13.3 | 14.4 | 0.0% | 0.0% |

Note: Asking rent (INR/sf/month) on carpet area of ground floor Vanilla stores is quoted
 US\$ = 83.4INR AND € = 89.9 INR

SIGNIFICANT LEASING TRANSACTIONS Q2 2024

| PROPERTY | LOCATION | TENANT | SF |
|------------|-----------------------|------------|-------|
| Mainstreet | Poonamallee High Road | Croma | 9,000 |
| Mainstreet | Anna Nagar | Joyalukkas | 8,000 |
| Mainstreet | T.Nagar | Kia Motors | 6,000 |
| Mainstreet | Ashok Nagar | Tanishq | 6,000 |

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

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

Aloka Majumder

Manager, Research Services

+91 22 67715555 / aloka.majumder@cushwake.com

Suvishesh Valsan

Director, Research Services

+91 22 67715555 / suvishesh.valsan@cushwake.com

cushmanwakefield.com

About Cushman & Wakefield

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