



India Retail Real Estate

**REvived**  
**REshaped**  
**REinforced**

 **rai**  
RETAILERS ASSOCIATION OF INDIA

**ANAROCK**  
VALUES OVER VALUE



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Ahmedabad



Bhubaneswar



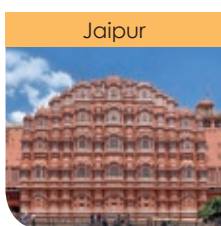
Chandigarh



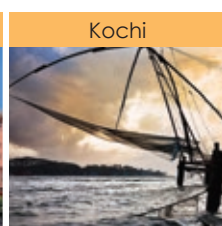
Coimbatore



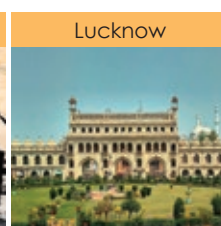
Indore



Jaipur



Kochi



Lucknow



Thiruvananthapuram



Visakhapatnam

**Way Forward** **40**



## Foreword

Major disruptions are often the reason to catalyse business transformations. The Indian retail sector has successfully steered clear of the rough waters post its sub-par performance in recent past due to the unprecedented crisis. The resurgence observed in 2022 stands as testimony to the sector's spirit and vitality. This was mainly driven by the rising consumption and the propensity to spend as the nation was freed from the confinements.

The festive season, devoid of restrictions and any fear of the contagion, was exemplary with record high sales volumes and value. Retail credit in India grew to INR 37.7 Tn in October 2022, recording a growth of 20% y-o-y, despite the rise in interest rates. 2022 recorded 74 Bn UPI transactions of INR 125.94 Tn, compared to 38 Bn transactions valued at INR 71.54 Tn a year ago.

This revival of consumer sentiments and penchant for consumption was promptly acted upon by majority of the brands, retailers, and mall developers. Several national and global retailers quickly re-assessed their portfolios and charted ambitious expansion plans across the country. Tier-II and III also gained much prominence due to the large-scale reverse migration and opening up of employment centres in these cities.

The established retail real estate assets have also witnessed heightened activities as patrons were seen to be thronging again. This is evident from the

significant rise in footfalls and improved occupancy of 94% in established Grade A malls across the major cities. This has caused rental values in malls to appreciate predominantly in cities like Bengaluru, Kolkata, and MMR.

The retail market size is expected to touch USD 2 Tn by 2032, growing from USD 690 Bn in 2021, facilitating 25% CAGR for the organised retail sector. E-commerce is likely to gain further momentum, triggered by convenience and acceptance across the country. Being cognisant of this fact, new malls admeasuring 25 Mn sq ft are likely to be added across the top 7 cities in the coming years. Major supply is likely to be added in NCR and Hyderabad which accounts for nearly 46%.

Private equity investments in the retail real estate segment also recovered with total investment in 2022 estimated to be USD 267 Mn, significantly higher than the previous year and accounted for 5% of the total private equity investments in the real estate sector during the year. The average ticket size of USD 134 Mn is similar to that of 2019. This confirms the investors' continued faith in the potential of the retail sector in India.

I hope you find this report insightful. Always happy to hear your views.



**Anuj Kejriwal**

CEO & MD, ANAROCK Retail

# Indian Retail Real Estate: An Overview








## Malls: Introduction and Evolution in India

The mall culture kicked off in India just before the turn of the 21<sup>st</sup> century with a few places operational in select cities of India. However, the reach and scale were nothing compared to what it is today. In fact, pre-2006 when the retail market was not open to Foreign Direct Investment (FDI), the growth of malls in India was extremely limited. As soon as FDI was allowed in single-brand retail in 2006 and multi-brand in 2012, mall development in India grew by leaps and bounds and the populace at large, began spending a lot of time in these places for shopping, dining, and having a good time with family and friends.



## MALL EVOLUTION TIMELINE IN INDIA

|  | Pre-2006  | 2006-2012   | 2012 and beyond  |
|--|---|---|--|
|  <p><b>REGULATIONS</b></p>            | No FDI allowed  | 51% FDI for single-brand retail   | 100% FDI for single-brand retail<br>51% FDI for multi-brand retail   |
|  <p><b>DOMINANT RETAIL FORMAT</b></p> | Single store  | Shopping centres with multiple stores   | Brand-owned stores<br>Stores-in-store<br>Franchise stores  |
|  <p><b>PRODUCT OFFERINGS</b></p>      | Single brand  | Shopping from a select set of brands  | Multiple brands<br>Dining options<br>Family entertainment centres  |
|  <p><b>BUYER PROFILE</b></p>          | Price conscious<br>Brand inconsiderate<br>Non-impulsive | Driven by discounts<br>Need-based<br>Low brand loyalty                            | Brand conscious<br>Impulsive<br>Convenience driven<br>Limited price conscious                                    |
|  <p><b>MALL MARKETING</b></p>         | Word of mouth<br>Flyers                                 | Loyalty programs<br>SMS campaigns<br>E-mail marketing<br>Billboards and hoardings | Social media<br>Customer engagement channels<br>Brand and mall marketing integration<br>Billboards and hoardings |



## Malls: Demand-Supply Dynamics

The Indian mall story that kicked off around two decades ago has seen several peaks and troughs. Many disturbances came along the way, but the retail real estate sector has been resilient and made a strong comeback after each disruption. The resilience was built along as the sector kept on changing its shape and form to adapt to the changing market conditions.



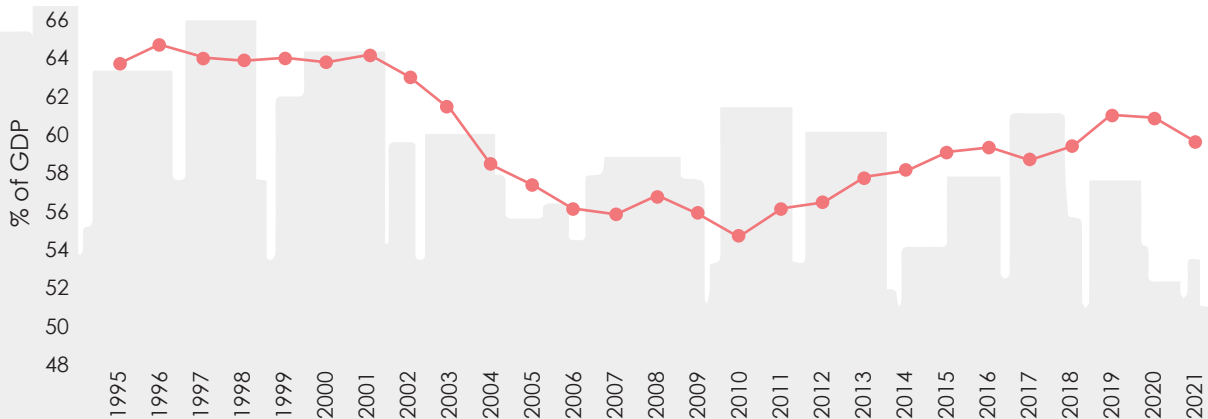
### 1. GLOBAL FINANCIAL CRISIS (GFC)

The Global Financial Crisis of 2008-2009 is widely referred to as 'The Great Recession'. It began with the housing market bubble, created by an overwhelming load of mortgage-backed securities that bundled high-risk loans. India was and continues to be closely knit in the global economy and so had to face the brunt of the crisis.

The mall story which had kicked off in India, also faced issues as the GFC impacted the consumption pattern. From the World Bank database, a quick look at the Households and NPISHs (Non-Profit Institutions Serving Households) final consumption expenditure (% of GDP) for India indicates that consumption during the GFC days had gone down significantly and then, took a while to recover.



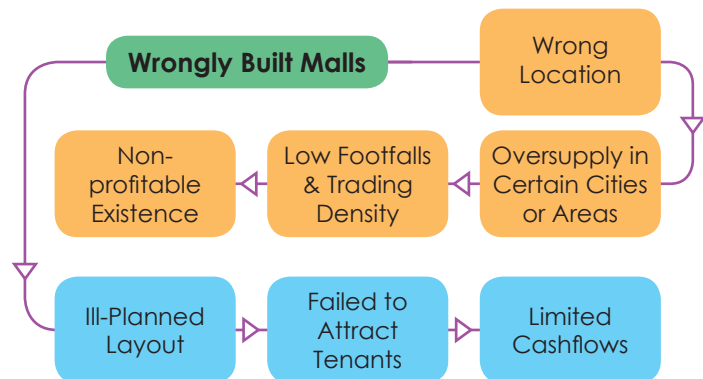
## Households and NPISHs Final Consumption Expenditure (% of India GDP)



Source: World Bank, ANAROCK Research

## 2. WRONGLY BUILT MALLS

As the Government of India relaxed the FDI norms, retailers rushed to make the most out of India's booming story. Concurrently, many new malls popped up across India's metros and tier-I cities. Unfortunately, a lot of these were wrongly built in terms of location or layout.



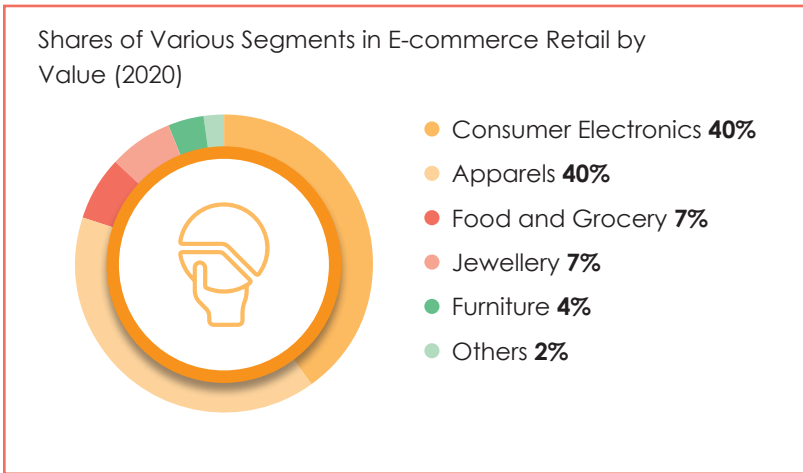
Due to these reasons, India's mall story paused temporarily until the demand-supply equilibrium was established.

## 3. E-COMMERCE BOOM

In India, e-commerce was introduced in the true sense in 2002 when IRCTC launched an online reservation system. It was then that the people at large realised the true potential of the internet and e-commerce. Post 2002, e-commerce started proliferating in India step by step. Subsequently, Flipkart, Amazon, and many other platforms made a mark.

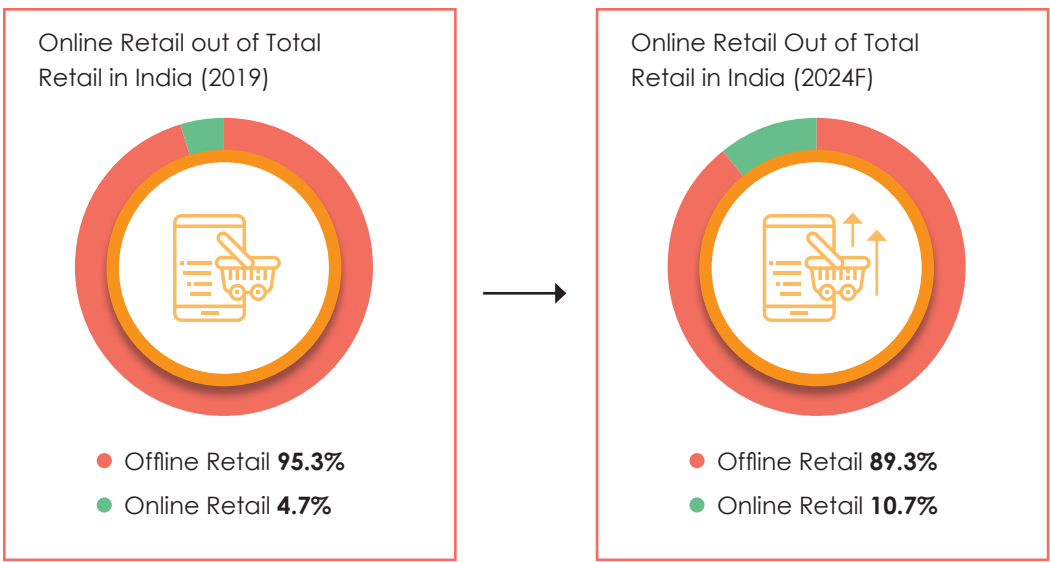
Online retail started flourishing in India a couple of years ago only. Yet, it continues to be a smaller pie of the entire retail market. However, as per industry estimates, the online retail market in India is around 25% of the total organised retail market but is likely to be around 37% by 2030.





Source: India Brand Equity Foundation (IBEF), Compiled by ANAROCK Research

Despite the rising penetration of online retail in the total organised market, it continues to command a very small pie of the overall business as India continues to be a dominant offline retail market, the reason being dearth of community and open spaces.



Source: India Brand Equity Foundation (IBEF), Compiled by ANAROCK Research

Nonetheless, the e-commerce boom in India certainly made the retailers aware of the pros and cons of this segment and so rearranged their offline businesses to ensure that the dependence on physical retail does not jeopardise their existence. Retailers ensured product availability on their websites, marketplaces as well as physical stores.





## 4. COVID-19 PANDEMIC

This was an unprecedented crisis that impacted the world, leading to a large-scale loss of life and livelihoods. First time in the history of mankind, people were confined to their homes, and businesses were shut. The pandemic derailed many businesses, and the retail sector was no different. Both supply and demand were curtailed as construction activities halted and shopping was no longer a priority.

As per Confederation of All India Traders (CAIT) estimates, eight Crore retail and wholesale traders incurred a loss of INR 6.25 Lakh Crore due to the Covid-19 lockdown and restrictions.

As the pandemic ebbed and markets reopened, the retail sector made a significant comeback. Retailers and mall owners realised the power of technology as during the pandemic, shoppers resorted to the online mode. Consequently, retailers have adopted the omnichannel strategy as a way of life and have made several changes to their procurement, supply chain, and deliveries to ensure that no stone is unturned. Malls also changed their business strategies and ensured that the patrons get a safe experiential shopping environment.



# Indian Retail Real Estate: Key Trends



## The Rise of Tier-II and Tier-III cities

India's economic potential lies in the growth of smaller cities that have been witnessing transformation on all fronts – urban housing, infrastructure, offices, and retail real estate. In recognition of the opportunity in these smaller towns and cities, the retail sector has furthered its penetration to newer markets.

The transformation of the buying behaviour in tier-II and III cities have compelled brands and developers to revisit their portfolio. The rising consumption fuelled by the increase in earnings led to increased discretionary spending. Most of these cities have established main streets and bazaars but discerning buyers today look for an experience where shopping is clubbed with leisure, entertainment, and food. This paradigm shift in the mindset and requirements has led to the thriving demand for retail real estate in these new markets.

Emerging new catchments and increased real estate developments across major asset classes in tier-II and III cities have been triggered due to the rise in commercial and business activities. The availability of large land parcels and lower rentals compared to the larger cities have also been instrumental in attracting many brands. Major developers are also looking to expand their asset footprint in these new locations.

Deeper mobile penetration and an increase in per capita earnings have also enabled the growth of retail in smaller cities. It is observed that the aspirational class is seen to patronise and demand high-end brands. The spending in this category in tier-II cities has increased to over 50% compared to the pre-pandemic period.



## Growth of Organised Retail

The retail sector in India is largely unorganised. However, the share of organised retail is seen to be growing at a rapid pace and accounts for over 18% presently from 9% in FY19. The segment has grown at a CAGR of over 20% and promises a stronger growth in the future, as per IBEF.

The festive season for the current fiscal also witnessed increased volumes and values as reported by the stakeholders. The sales volume of the organised retail segment in FY22 was estimated to be USD 52 Bn and is estimated to grow to USD 136 Bn by 2028 with a CAGR of 17%.

Entry of new brands into the market, changing demographic profiles, and evolving consumer tastes and preferences are expected to sustain this growth in consumption. The long-term outlook of organised retail in India continues to remain promising.



## Rental Revision and Occupier Churn

Mall operators have started to reverse the concessions offered to the occupiers during the pandemic and the renewals are as per the prevailing trends. There has been a rise in rentals in the malls by nearly 15% which is higher than the pre-pandemic levels. This has also led to the churn among the occupiers.

There has been a churning of brands and categories in existing shopping malls to keep up with changing customer demands and accommodate newer global businesses. Brands and tenants that could not sustain the aftermath of the pandemic were replaced by new brands who are now looking for larger spaces as the stores are also used as last mile fulfilment centres, for those who are operating in the omni channel. Currently, a high degree of integration of physical and digital is taking place to provide an interactive and all-inclusive experience. So clearly, phygital is the way forward for the retail sector.



## Retail REIT in the Offing



Globally, retail REITs have been in practice for decades and is a sought-after investment avenue. The combined market cap of top 10 retail REITs traded in NASDAQ is estimated to over USD 200 Bn.

After the success of REITs in office parks, India is awaiting its maiden retail REIT. Nexus Select Trust plans to raise USD 500 Mn from their portfolio, spanning 17 malls with a leasable area admeasuring 9.8 Mn sq ft, two complementary hotels assets with 354 keys, and three office assets with a leasable area of approximately 1.3 Mn sq ft.

While this may just be the beginning of a new era in retail investments, other developers may follow the suit after seeing the success of the maiden REIT.



## Retail Consumption Saga



Indian retail sector has grown multi-fold over the past decade amid rapid socio-economic developments and a conducive environment. E-commerce platforms worked as a catalyst for this precipitous growth of the sector. The sector had taken a momentary pause during the pandemic, diverting from its growth path. However, it recovered and witnessed a 19% rise in sales over pre-pandemic levels during April-November 2022, as per RAI (Retailers Association of India). The sector has immense upside potential. As per BCG, India is anticipated to become the world's third-largest consumer economy by reaching USD 400 Bn in consumption by 2025. Some of the major factors listed below which enable consumption-driven retail growth in India.



## Number of Households & their Income

- Around 30 Crore households as of 2021; increased by 21% compared to 2011<sup>1</sup>.
- Per capita income more than doubled to INR 1.97 Lakh in 2022 compared to 2014<sup>2</sup>.



<sup>1</sup>Global Data. <sup>2</sup>Union Budget 2023

## Rising Prominence of E-commerce Platforms

- Innovative platforms emerged such as e-pharmacy, quick e-commerce, online grocery, and wellness marketplaces.
- Government initiatives to boost e-commerce across the country – ONDC (Open Network for Digital Commerce) enabling, millions of small retailers to participate in digital commerce.
- The pandemic catalysed the sector's growth as the physical movement of goods and services was restricted.
- As per industry estimates, the e-retail market is anticipated to reach USD 120-140 Bn by FY26, increasing at 25%-30% annually over the next five years.



## Innovative Financing & Convenience of Digital Payments

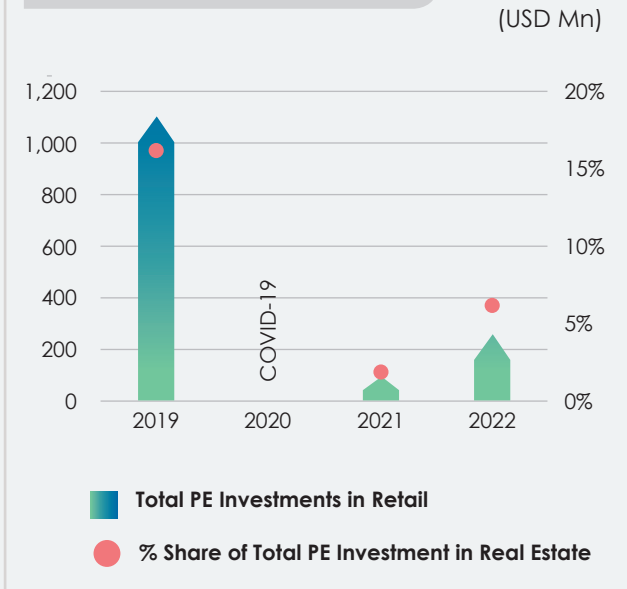
- Credit became easy with no-cost EMI options.
- The rise of digital payments such as UPI and plastic money supported retail growth in India. UPI processed a record of 8.03 Bn transactions in January 2023 (2.7% higher compared to the previous month), worth INR 12.99 Lakh Crore.



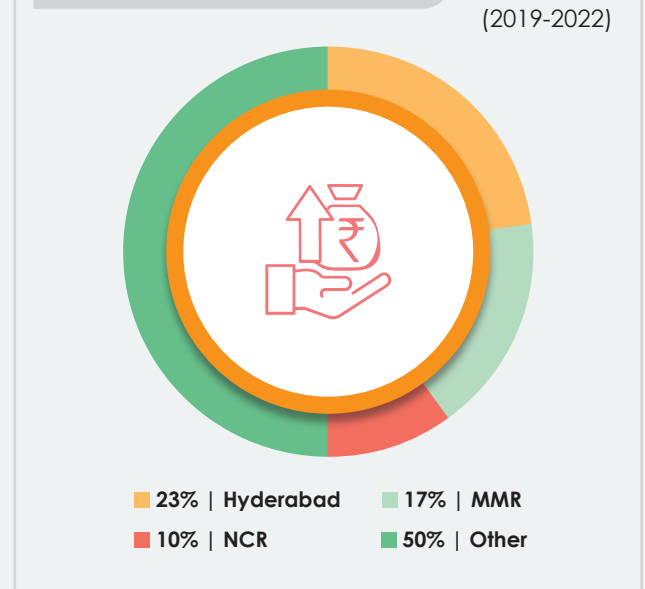


## Private Equity (PE) Investments Started Recovering Post-Covid-19 Outbreak

### PE Investments in Retail



### City-wise PE Investments



Source: ANAROCK Research



- The sector attracted around USD 1,473 Mn between 2019 and 2022.
- The year 2019 alone accounted for 76% of the total investments during the same period stated above.
- Post-pandemic, the PE investments started recovering but still could not reach the pre-pandemic levels. The share of PE investments in retail of the total PE investments in real estate has decreased to 6% in 2022 from 16% in 2019.
- However, the average ticket size of USD 134 Mn is almost equal to the average ticket size in 2019, establishing the fact that larger sized deals have been registered during 2022.
- Equity investment is a preferred choice of investors, accounted for 99% of the total investments between 2019 and 2022.
- Hyderabad and MMR accounted for nearly 40% of the total PE investments in the sector.

# Malls Overview:

## Tier-I Cities



Stock

**51.0 Mn sq ft**

**NCR & MMR: 43% share<sup>3</sup>**



Vacancy

**6%**



Supply

**2.6 Mn sq ft**

**Annual change: 27%**



Avg. Rent

**260 (INR/sq ft/month)**

**Annual change: 13%**



Under Construction

**25.0 Mn sq ft**

**To be completed by 2026**

Note: Details for Grade A malls; Supply for 2022: under-construction, vacancy & avg. rent are as of Q4 2022; Avg. rent is on a chargeable area basis for ground-floor vanilla stores in top malls

Source: ANAROCK Research

<sup>3</sup> Top 7 Tier-I cities included for the analysis are Bengaluru, Chennai, Hyderabad, Kolkata, MMR, NCR, and Pune across all sizes of mall spaces.





## Stock

City-wise Split



- NCR **22%**
- MMR **21%**
- Bengaluru **19%**
- Hyderabad **11%**
- Chennai **10%**
- Pune **10%**
- Kolkata **7%**

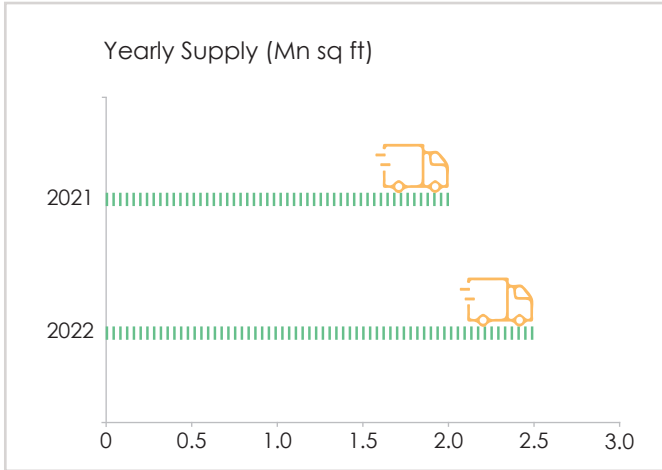
**~51 Mn sq ft**

stock across the country; NCR, MMR, and Bengaluru account for 62% of the total stock.

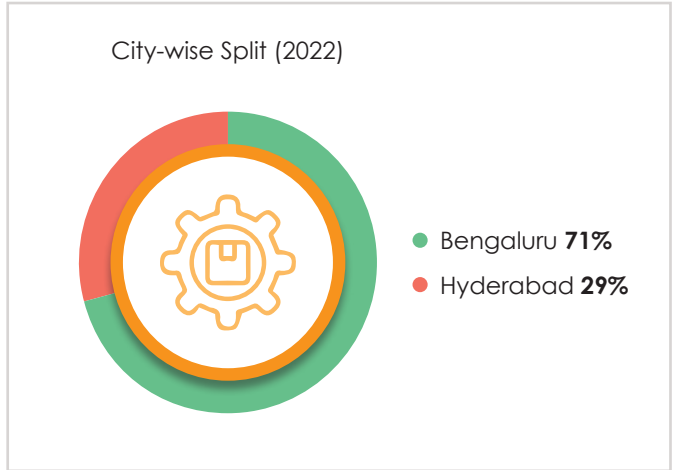
Source: ANAROCK Research



## Supply



Source: ANAROCK Research

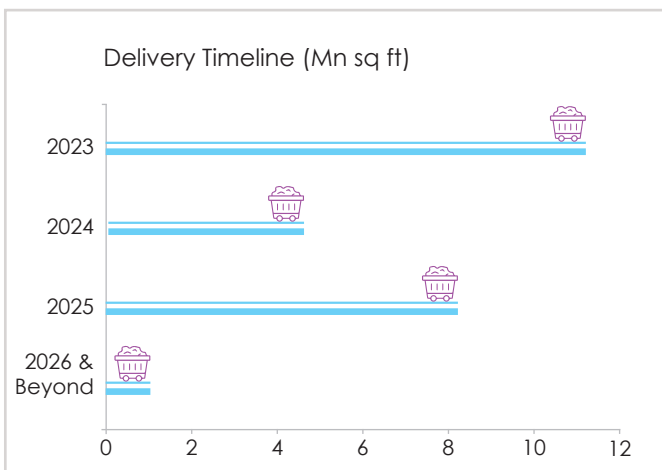


Top 7 cities added **2.6 Mn sq ft** of mall space during 2022, which increased by 27% over the previous year.

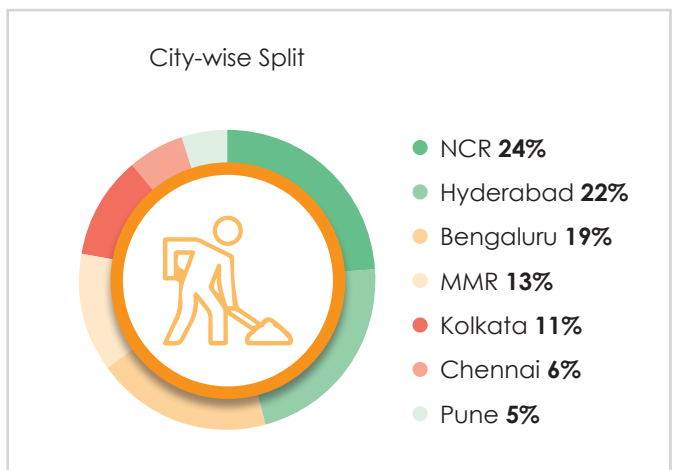
**Bengaluru and Hyderabad** were the only cities which reported the supply addition during 2022.



## Under Construction Supply



Source: ANAROCK Research



Nearly **25 Mn sq ft** mall space is likely to be added in the next 4-5 years.

**NCR and Hyderabad** account for 46% of the total upcoming supply, closely followed by Bengaluru at 19%.



## Absorption

Size-wise (No. of Deals)



Inner Circle:  
**2021**

Outer Circle:  
**2022**

| 2021 (%) | Size Category               | 2022 (%) |
|----------|-----------------------------|----------|
| 64%      | < 2,000 sq ft               | 59%      |
| 24%      | 2,000 sq ft - 5,000 sq ft   | 28%      |
| 5%       | 5,000 sq ft - 10,000 sq ft  | 6%       |
| 3%       | 10,000 sq ft - 15,000 sq ft | 2%       |
| 4%       | > 15,000 sq ft              | 5%       |

Category-wise Split



Inner Circle:  
**2021**

Outer Circle:  
**2022**

| 2021 (%) | Category         | 2022 (%) |
|----------|------------------|----------|
| 22%      | Apparel          | 28%      |
| 2%       | Entertainment    | 28%      |
| 16%      | F&B              | 15%      |
| 6%       | Footwear         | 6%       |
| 11%      | Home & Lifestyle | 5%       |
| 43%      | Others           | 18%      |

Source: ANAROCK Research

Leases admeasuring less than **2,000 sq ft** continued to dominate across Tier-I cities with 59% share in 2022; However, it has decreased from 64% in 2021.

The share of transactions sized between **2,000 sq ft to 5,000 sq ft** increased from 24% in 2021 to 28% in 2022.

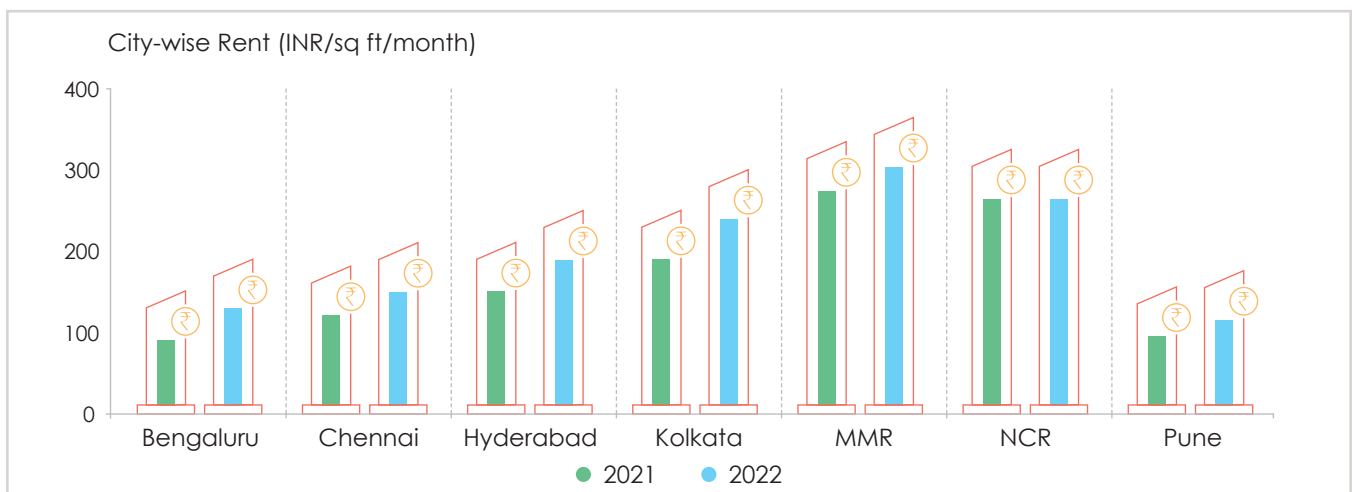
The share of entertainment in absorption increased from **2% in 2021 to 28% in 2022** as COVID-19 receded and consumers started to flock to malls more often.

Apparel, Entertainment, and F&B together accounted for **70%** of the total absorption in 2022.





## Rentals



Note: Avg. rents are as of Q4 2022 and on a chargeable area basis for ground-floor vanilla stores in top malls  
Source: ANAROCK Research

For all the cities, **rentals moved northward** as demand for mall space increased significantly.

**Bengaluru** registered the highest uptick in rentals, around 27%, followed by Kolkata at 20% in 2022 over the previous year.

Rentals increased by **9%** in MMR during 2022 over the previous year – the lowest hike among the Tier-I cities.

# Malls Overview:

## Tier-II Cities



### AHMEDABAD

Emerged as an important economic and industrial hub in India



## Growth Drivers



Population

**5.6 Mn**

**The Most Populous City of Gujarat**



International Airport

**Yes**

**7<sup>th</sup> Busiest in India**



Distance from Mundra Port

**350 KM**

**Largest Private Port in India**



Economic Activities

**Textile & Garments Industry**

**Major Growth Drivers of the Economy**



Smart Cities Mission

**One of the Hundred Cities Infused Growth**



Working Population

**67%**

**15-59 Age Group**



Distance from Capital City

**25 KM**

**Known as the Twin City of Gandhinagar**



Culture

**Kite Flying & Navratri**

**Attract Tourists from the World**



Metro Rail

**~38 KM long**

**Stretch of Phase-1 Operational**



Ease of Living Index

**3<sup>rd</sup> Rank**

**Within the Cities with Mn+ Population**

Source: Census 2011, Gujarat Metro Rail, Compiled by ANAROCK Research

## Malls Overview



Stock

**2.4 Mn sq ft**

**11% of Tier-II Cities<sup>4</sup>**



Supply

**Nil**

**Annual Change: NA**



Under Construction

**0.8 Mn sq ft**

**To be Completed by 2023**



Avg. Rent

**230 (INR/sq ft/month)**

**Annual Change: 15%**



Vacancy

**9%**



Mall Space per Capita

**0.4 sq ft**

Note: Details for all grade malls; Supply for 2022; under-construction, vacancy & avg. rent are as of Q4 2022; Avg. rent is on a chargeable area basis for ground-floor vanilla stores in top malls

Source: ANAROCK Research

<sup>4</sup>Top 10 Tier-II cities included for the analysis are Ahmedabad, Bhubaneswar, Chandigarh, Coimbatore, Indore, Jaipur, Kochi, Lucknow, Thiruvananthapuram, and Visakhapatnam



## BHUBANESWAR

A regional gateway to the Golden Tourist Triangle of Puri, Konark and Chilika Lake





## Growth Drivers



Population

**0.8 Mn**

**The Largest City of Odisha**



Working Population

**70%**

**15-59 Age Group**



International Airport

**Yes**

**1.9 Mn Passengers Handled<sup>5</sup>**



Distance from Nearest Metro City

**450 KM**

**Connected via Air, Road, Rail, & Sea**



Smart Cities Mission

**One of the**

**Hundred Cities**

**Infused Growth**



Distance from Nearest Port

**Dhamra Port**

**Boost to the Economy Through EXIM**



Economic Activities

**Tourism**

**Known as the 'City of Temples'**



Ease of Living Index

**2<sup>nd</sup> Rank**

**Within the Cities with < Mn Population**

Source: Smart City, Census 2011, Compiled by ANAROCK Research

<sup>5</sup>FY22

## Malls Overview



Stock

**1.7 Mn sq ft**

**7% of Tier-II Cities<sup>6</sup>**



Avg. Rent

**145 (INR/sq ft/month)**

**Annual Change: Nil**



Supply

**Nil**

**Annual Change: NA**



Vacancy

**8%**



Under Construction

**Nil**



Mall Space per Capita

**2.1 sq ft**

Note: Details for all grade malls; Supply for 2022; under-construction, vacancy & avg. rent are as of Q4 2022; Avg. rent is on a chargeable area basis for ground-floor vanilla stores in top malls

Source: ANAROCK Research

<sup>6</sup>Top 10 Tier-II cities included for the analysis are Ahmedabad, Bhubaneswar, Chandigarh, Coimbatore, Indore, Jaipur, Kochi, Lucknow, Thiruvananthapuram, and Visakhapatnam



## CHANDIGARH

Among the finest examples of urban planning and modern architecture in a city



## Growth Drivers



Population

**1.1**

**Population Density of 9,258 – Almost Equal to Delhi's**



International Airport

**Yes**

**2.0 Mn Passengers Handled<sup>7</sup>**



Distance from National Capital

**245 KM**

**Connected via Air, Rail, and Road**



Economic Activities

**Government Administrative Jobs**

**Known as the 'Pensioner's Paradise'**



Smart Cities Mission

**One of the Hundred Cities Infused Growth**



Working Population

**68%**

**15-59 Age Group**



Well-Planned City

**Joint Capital of Punjab & Haryana And a Union Territory (UT)**



Per Capita GSDP (FY'20)

**USD 5,220**

**Higher than India's USD 1,983<sup>8</sup>**



Proposed Metro Rail

**~64 KM Long To Decongest the Tricity<sup>9</sup>**



Ease of Living Index

**29<sup>th</sup> Rank**

**Within the Cities with Mn+ Population**

Source: Census 2011, IBEF, Compiled by ANAROCK Research  
<sup>7</sup>FY22 | <sup>8</sup>Data for FY'19 | <sup>9</sup>Tricity includes Chandigarh, Mohali, & Panchkula

## Malls Overview



Stock

**1.7 Mn sq ft**

**7% of Tier-II Cities<sup>10</sup>**



Supply

**Nil**

**Annual Change: NA**



Under Construction

**Nil**



Avg. Rent

**175 (INR/sq ft/month)**

**Annual Change: 17%**



Vacancy

**11%**



Mall Space per Capita

**1.5 sq ft**

Note: Details for all grade malls; Supply for 2022; under-construction, vacancy & avg. rent are as of Q4 2022; Avg. rent is on a chargeable area basis for ground-floor vanilla stores in top malls

Source: ANAROCK Research

<sup>10</sup>Top 10 Tier-II cities included for the analysis are Ahmedabad, Bhubaneswar, Chandigarh, Coimbatore, Indore, Jaipur, Kochi, Lucknow, Thiruvananthapuram, and Visakhapatnam



## COIMBATORE

One of the most industrialised cities  
in Tamil Nadu



## Growth Drivers



Population

**1.1 Mn**

**2<sup>nd</sup> Largest in Tamil Nadu (TN)**



Working Population

**68%**

**15-59 Age Group**



International Airport

**Yes**

**1.1 Mn Passengers Handled<sup>11</sup>**



Contribution to TN's GSDP

**7%**

**2<sup>nd</sup> Largest City After Chennai**



Ease of Living Index

**7<sup>th</sup> Rank**

**Within the Cities with Mn+ Population**



Distance from Nearest Port (Kochi)

**190 Km**

**Handles 13.5 Mn tons of Cargo**



Economic Activities

**Textile & Tourism**

**Known as the 'Manchester of South India'**



Proposed Metro Rail

**~139 KM long**

**DPR Completed**



Smart Cities Mission

**One of the**

**Hundred Cities**

**Infused Growth**

Source: Government of Tamil Nadu, Census 2011, Compiled by ANAROCK Research

<sup>11</sup>FY22

## Malls Overview



Stock

**1.3 Mn sq ft**

**6% of Tier-II Cities<sup>12</sup>**



Avg. Rent

**90 (INR/sq ft/month)**

**Annual Change: 13%**



Supply

**Nil**

**Annual Change: NA**



Vacancy

**9%**



Under Construction

**0.4 Mn sq ft**

**To be Completed by 2023**



Mall Space per Capita

**1.2 sq ft**

Note: Details for all grade malls; Supply for 2022; under-construction, vacancy & avg. rent are as of Q4 2022; Avg. rent is on a chargeable area basis for ground-floor vanilla stores in top malls

Source: ANAROCK Research

<sup>12</sup>Top 10 Tier-II cities included for the analysis are Ahmedabad, Bhubaneswar, Chandigarh, Coimbatore, Indore, Jaipur, Kochi, Lucknow, Thiruvananthapuram, and Visakhapatnam



## INDORE

Known as 'Mini Bombay' due to its rapid economic growth



## Growth Drivers



Population

**2.0 Mn**

**Largest by Population in Madhya Pradesh (MP)**



Working Population

**65%**

**15-59 Age Group**



International Airport

**Yes**

**1.4 Mn Passengers Handled<sup>14</sup>**



Cleanest City

**1<sup>st</sup> Rank<sup>13</sup>**

**For the 6<sup>th</sup> Consecutive Year**



Culture

**Street Food & Multi-Religious**

**Night Food Markets (Sarafa Bazaar)**



Distance from Economic Capital (Mumbai)

**583 Km**

**Provides a Large Consumption Market**



Economic Activities

**Pithampur**

**Industrial Area**

**Known as the 'Detroit of MP'**



Under Construction Metro Rail

**~32 KM Long (Phase-1)**

**Expected to be Completed by Sept. 2023**



Smart Cities Mission

**One of the**

**Hundred Cities**

**Infused Growth**



Ease of Living Index

**9<sup>th</sup> Rank**

**Within the Cities with Mn+ Population**

Source: MP Metro Rail Corporation, Census 2011, Compiled by ANAROCK Research

<sup>13</sup>In Swachh Survekshan Awards 2022 | <sup>14</sup>FY22

## Malls Overview



Stock

**2.4 Mn sq ft**

**11% of Tier-II Cities<sup>15</sup>**



Avg. Rent

**150 (INR/sq ft/month)**

**Annual Change: 25%**



Supply

**1.1 Mn sq ft**

**Annual Change: NA**



Vacancy

**20%**



Under Construction

**0.5 Mn sq ft**

**To be Completed by 2024**



Mall Space per Capita

**1.2 sq ft**

Note: Details for all grade malls; Supply for 2022; under-construction, vacancy & avg. rent are as of Q4 2022; Avg. rent is on a chargeable area basis for ground-floor vanilla stores in top malls

Source: ANAROCK Research

<sup>15</sup>Top 10 Tier-II cities included for the analysis are Ahmedabad, Bhubaneswar, Chandigarh, Coimbatore, Indore, Jaipur, Kochi, Lucknow, Thiruvananthapuram, and Visakhapatnam



## JAIPUR

Part of the golden triangle (tourist circuit) of India





## Growth Drivers



Population

**3.0 Mn**  
Estimated to Reach  
**8.1 Mn by 2031**



International Airport

**Yes**  
**2.5 Mn Passengers Handled<sup>16</sup>**



Distance from National Capital

**274 Km**  
**Connected via Air, Rail, and Road**



Economic Activities

**Tourism & Handicrafts**  
**220 Mn Tourists in 2021<sup>17</sup>; Jaipur is a Major Attraction**



Smart Cities Mission

**One of the Hundred Cities**  
**Infused Growth**



Culture

**Multi-Religious & Multi-Lingual**  
**Known as the 'Pink City'**



Capital City

**Capital of Rajasthan**  
**Included Under DMIC Project**



Distance from Mundra Port

**900 Km**  
**Largest Private Port in India**



Metro Rail

**~12 KM long**  
**23 KM Stretch Proposed Under Phase-2**



Ease of Living Index

**23<sup>rd</sup> Rank**  
**Within the Cities with Mn+ Population**

Source: Census 2011, IBEF, Rajasthan Transport Department, Compiled by ANAROCK Research

<sup>16</sup>FY22 | <sup>17</sup>Data for Rajasthan

## Malls Overview



Stock

**2.3 Mn sq ft**  
**10% of Tier-II Cities<sup>18</sup>**



Supply

**0.3 Mn sq ft**  
**Annual Change: NA**



Under Construction

**2.0 Mn sq ft**  
**To be Completed by 2028**



Avg. Rent

**180 (INR/sq ft/month)**  
**Annual Change: Nil**



Vacancy

**13%**



Mall Space per Capita

**0.8 sq ft**

Note: Details for all grade malls; Supply for 2022; under-construction, vacancy & avg. rent are as of Q4 2022; Avg. rent is on a chargeable area basis for ground-floor vanilla stores in top malls

Source: ANAROCK Research

<sup>18</sup>Top 10 Tier-II cities included for the analysis are Ahmedabad, Bhubaneswar, Chandigarh, Coimbatore, Indore, Jaipur, Kochi, Lucknow, Thiruvananthapuram, and Visakhapatnam



## KOCHI

Known as the financial, commercial & industrial capital of Kerala



## Growth Drivers



Population

**0.6 Mn**

Likely to Reach 1 Mn by 2031



Working Population

**66%**

15-59 Age Group



International Airport

**Yes**

31+ Countries Connected



Distance from Capital City  
(Thiruvananthapuram)

**200 Km**

Connected via Air, Road, Rail, and Sea



Culture

**Blend of Traditional & Modern**

Cosmopolitan Culture is Evolving



Port City

**Kochi Port**

Boost to the Economy by EXIM



Economic Activities

**Tourism & EXIM**

Known as the 'Queen of the Arabian Sea'



Metro Rail

**~27 Km Long**

Phase 1 (B) & 2 are Under Construction



Smart Cities Mission

**One of the Hundred Cities**

Infused Growth



Ease of Living Index

**39<sup>th</sup> Rank**

Within the Cities with < Mn Population

Source: Kochi Metro, Census 2011, Compiled by ANAROCK Research

## Malls Overview



Stock

**1.9 Mn sq ft**

8% of Tier-II Cities<sup>19</sup>



Avg. Rent

**270 (INR/sq ft/month)**

Annual Change: 13%



Supply

**Nil**

Annual Change: NA



Vacancy

**12%**



Under Construction

**0.6 Mn sq ft**

To be Completed by 2023



Mall Space per Capita

**3.2 sq ft**

Note: Details for all grade malls; Supply for 2022; under-construction, vacancy & avg. rent are as of Q4 2022; Avg. rent is on a chargeable area basis for ground-floor vanilla stores in top malls

Source: ANAROCK Research

<sup>19</sup>Top 10 Tier-II cities included for the analysis are Ahmedabad, Bhubaneswar, Chandigarh, Coimbatore, Indore, Jaipur, Kochi, Lucknow, Thiruvananthapuram, and Visakhapatnam



## LUCKNOW

A seamless blend of medieval and modern architecture



## Growth Drivers



Population

**2.8 Mn**

**2<sup>nd</sup> Largest in Uttar Pradesh (UP)**



International Airport

**Yes**

**USD 1.2 Bn to be Invested for Expansion**



Distance from National Capital

**500 Km**

**8 Hours Far via Yamuna Expressway**



Economic Activities

**Agriculture & SMEs**

**(Handicrafts, Embroidery) Known for Embroidery Work – Chikankari & Zardozi**



Smart Cities Mission

**One of the**

**Hundred Cities**

**Infused Growth**



Culture

**Multi-Cultural & Multi-Lingual**

**Amalgamation of Hindu and Muslim Rulers**



Capital City

**Capital of UP**

**Largest City by Area in UP**



GSDP (Lucknow District)

**INR 44,206 Crore**

**4% of UP**



Metro Rail

**~23 KM long**

**Daily Ridership Crossed 91,000 as of Oct'22**



Ease of Living Index

**26<sup>th</sup> Rank**

**Within the Cities with Mn+ Population**

Source: Government of UP, Census 2011, Uttar Pradesh Metro Rail Corporation, Compiled by ANAROCK Research

## Malls Overview



Stock

**6.3 Mn sq ft**

**28% of Tier-II Cities<sup>20</sup>**



Supply

**1.6 Mn sq ft**

**Annual Change: NA**



Under Construction

**Nil**



Avg. Rent

**160 (INR/sq ft/month)**

**Annual Change: 14%**



Vacancy

**7%**



Mall Space per Capita

**2.2 sq ft**

Note: Details for all grade malls; Supply for 2022; under-construction, vacancy & avg. rent are as of Q4 2022; Avg. rent is on a chargeable area basis for ground-floor vanilla stores in top malls

Source: ANAROCK Research

<sup>20</sup>Top 10 Tier-II cities included for the analysis are Ahmedabad, Bhubaneswar, Chandigarh, Coimbatore, Indore, Jaipur, Kochi, Lucknow, Thiruvananthapuram, and Visakhapatnam



## THIRUVANANTHAPURAM

The capital city of Kerala possesses inherent demand due to the large consumer base

## Growth Drivers



Population

**0.7 Mn**

**Highest Population in Kerala**



Working Population

**66%**

**15-59 Age Group**



International Airport

**Yes**

**1.4 Mn Passengers Handled<sup>21</sup>**



Largest City by Area

**215 sq km**

**Capital City of Kerala**



Culture

**Multi-Cultural**

**Known as the 'Evergreen City of India'**



Port City

**Vizhinjam Port**

**Transhipment Deepwater  
Multipurpose Port**



Economic Activities

**Tourism & Aerospace**

**Vikram Sarabhai Space Centre**



Proposed Light Metro Rail

**~22 Km Long**

**DPR Approved**



Smart Cities Mission

**One of the  
hundred cities**

**Infused Growth**



Distance from Economic Capital (Kochi)

**200 Km**

**Connected via Air, Road, Rail, and Sea**

Source: Census 2011, Compiled by ANAROCK Research

<sup>21</sup>FY22

## Malls Overview



Stock

**2.5 Mn sq ft**

**8% of Tier-II Cities<sup>22</sup>**



Avg. Rent

**80 (INR/sq ft/month)**

**Annual Change: 7%**



Supply

**Nil**

**Annual Change: NA**



Vacancy

**11%**



Under Construction

**Nil**



Mall Space per Capita

**3.6 sq ft**

Note: Details for all grade malls; Supply for 2022; under-construction, vacancy & avg. rent are as of Q4 2022; Avg. rent is on a chargeable area basis for ground-floor vanilla stores in top malls

Source: ANAROCK Research

<sup>22</sup>Top 10 Tier-II cities included for the analysis are Ahmedabad, Bhubaneswar, Chandigarh, Coimbatore, Indore, Jaipur, Kochi, Lucknow, Thiruvananthapuram, and Visakhapatnam



## VISAKHAPATNAM

Largest and most populous city of  
Andhra Pradesh





## Growth Drivers



Population

**1.7 Mn**

**Largest City in Andhra Pradesh**



International Airport

**Yes**

**1.4 Mn Passengers Handled<sup>23</sup>**



Ease of Living Index

**15<sup>th</sup> Rank**

**Within the Cities with Mn+ Population**



Economic Activities

**Manufacturing & Tourism**

**Ship Building and Steel Plants;  
Pristine Beaches**



Smart Cities Mission

**One of the**

**Hundred Cities**

**Infused Growth**



Working Population

**68%**

**15-59 Age Group**



Distance from Capital City (Hyderabad)

**618 KM**

**Connected via Air, Road, and Rail**



Port City

**Visakhapatnam Port**

**One of the 12 Major Ports of India**



Proposed Metro Rail

**~80 KM Long**

**Yet to Submit DPR  
for Approval**

Source: Government of Andhra Pradesh, Greater Visakhapatnam Municipal Corporation, Census 2011, Compiled by ANAROCK Research

<sup>23</sup>FY22

## Malls Overview



Stock

**0.3 Mn sq ft**

**2% of Tier-II Cities<sup>24</sup>**



Supply

**Nil**

**Annual Change: NA**



Under Construction

**0.7 Mn sq ft**

**To be Completed by 2026**



Avg. Rent

**125 (INR/sq ft/month)**

**Annual Change: 14%**



Vacancy

**13%**



Mall Space per Capita

**0.2 sq ft**

Note: Details for all grade malls; Supply for 2022; under-construction, vacancy & avg. rent are as of Q4 2022; Avg. rent is on a chargeable area basis for ground-floor vanilla stores in top malls

Source: ANAROCK Research

<sup>24</sup>Top 10 Tier-II cities included for the analysis are Ahmedabad, Bhubaneswar, Chandigarh, Coimbatore, Indore, Jaipur, Kochi, Lucknow, Thiruvananthapuram, and Visakhapatnam

# Way Forward

The retail sector has yet again proved its resilience and dynamism to recover from the disruption. The rebound has been exemplary, driven by the rising consumption. This had a favourable impact on retail real estate across the country.

The rapid growth in organised retail is expected to continue in the future since India is the fastest-growing major economy in the world, at present. Rising consumption is likely to continue fuelling demand for the retail sector across geographies, thereby creating opportunities for further improvement in real estate-related activities.

It is anticipated that, as technological advancement and adaptation gain momentum in the retail sector, the need for real estate space is also likely to undergo some alteration. The stores are likely to evolve and double up as warehouses for the last-mile connectivity will require larger spaces. Omnichannel is seriously on the mind of every retail brand.

Despite new supply addition admeasuring 25 Mn sq ft of malls across tier I cities, the prevailing low vacancy levels will be the primary driver of rental values. It is

anticipated that the established malls and major high streets will witness rental appreciation in the range of 10% to 20%.

As the retailers and brands are seen to be aggressively expanding their footprint in newer geographies, developers are also expanding their retail portfolio across the country. Owing to this trend, it is expected that new retail catchments will emerge across tier-II and III cities.

The country's maiden retail focussed REIT is expected to open new opportunities for investors. It is expected to be a game changer as evidenced by the improving leasing patterns leading to high occupancy across the established malls in the country.

While the future of the retail sector looks bright, one needs to be mindful of a few factors. The threat of untamed inflation and the fear of a global recession could have an unfavourable impact. The recurrence of the pandemic, leading to the momentary imposition of restrictions, if any, may also pose a challenge.







ANAROCK is India's leading independent real estate services company with a presence across India and the Middle East. The Company has diversified interests across the real estate lifecycle and deploys its proprietary technology platform to accelerate marketing and sales. The ANAROCK services suite includes Residential Broking & Technology, Retail (in partnership with Vindico), Commercial, Investment Banking, Hospitality (in partnership with HVS), Land Services, Industrial and Logistics (in partnership with Binswanger), Investment Management, Research, Strategic Advisory & Valuations and Project Management Services (in partnership with Mace), Flexi Spaces (in partnership with myHQ & Upflex) and Society Management Services (acquisition of ApnaComplex-India/ANACITY-EMEA).

ANAROCK has a team of over 2200+ certified and experienced real estate professionals who operate across all major Indian and Middle East markets. ANAROCK also manages over 80,000 established channel partners to ensure global business coverage. Please visit [www.anarock.com](http://www.anarock.com).

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Retailers Association of India (RAI) is the unified voice of Indian retailers. RAI works with all the stakeholders for creating the right environment for the growth of the modern retail industry in India. It is a strong advocate for retailing in India and works with all levels of government and stakeholders to support employment growth and career opportunities in retail, promote and sustain retail investments in communities from coast to coast, and enhance consumer choice and industry competitiveness.

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