



# PROPERTY ONE ASIA RESEARCH

**PUNE RETAIL REAL ESTATE  
MAY 2009 UPDATE**

**ASIA RESIDENTIAL**

ANALYST : NEHA JAISWAL

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**Market Outlook**

- At present the total organized retail sector is 3.21 million sq. ft.
- Demand for organized retail space had taken pace in the city but now developments are very slow. There are 8-9 malls on paper but no malls planning to open in this year.
- There is a total supply of approximately 0.5 million sq. ft. going to hit the Pune retail market in the next financial year.
- Lease rates in Pune retail have come down by approximately 10% from last month.
  - Vimannagar: Rs. 35-36 per sq. ft.
  - Yerawada: Rs. 25-28 per sq. ft.
  - Bund Garden: Rs. 70-80 per sq. ft.
  - Ganeshkhind: Rs. 90-100 per sq. ft.
  - S.B Road: Rs. 80-90 per sq. ft.
- Indiabulls Megastore has been replaced by Lifestyle at an area of 25000-30000 sq. ft.
- 2 international brands have entered Pune Central Mall on Ganeshkhind Road i.e. Cielo and Lerros 800 sq. ft. each.
- International apparels brand is planning to come up in areas like MG Road and Kakade Centre Port.
- Demand is still coming from retail brands that have expansion plans.
- The operational occupancy at Kakade Centreport is 65% and it will be 85% from next month.
- Kumar Properties is coming up with a retail space of 225000 and Alfa G. Corp. is coming up with retail space of 325000 sq. ft.



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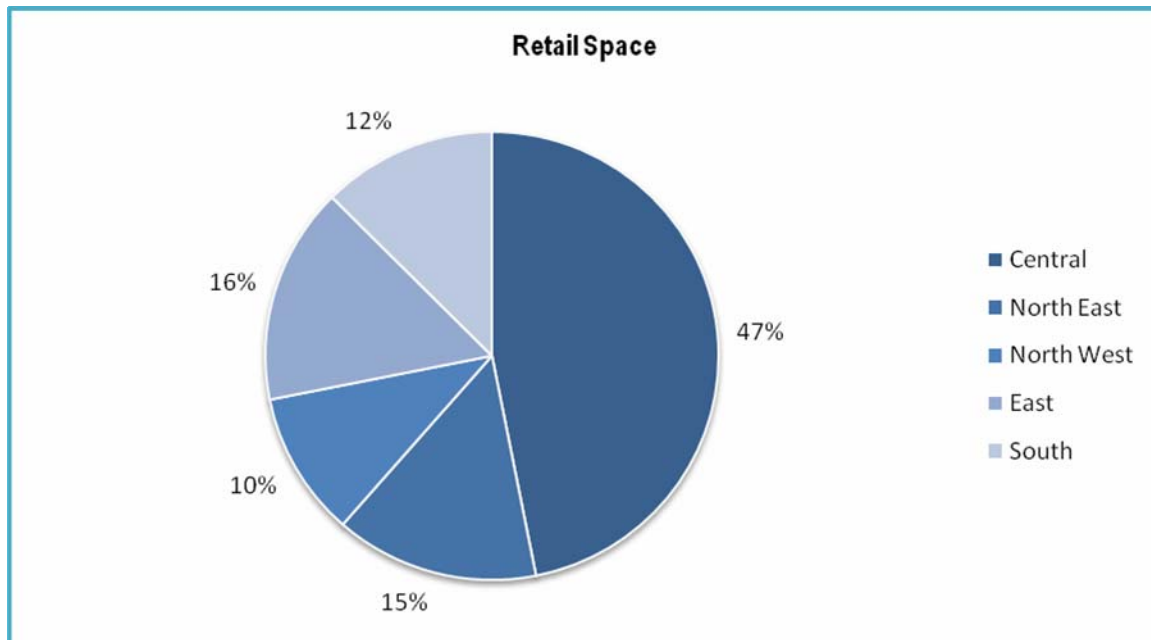
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- One major mall which has come up is by Kakade Group called Kakade Centreport. It has its anchor clients as Westside, Odyssey and Staples. There are many foreign brands also coming up in this mall.
- SGS Magnum mall which is a joint venture has some of its anchor clients like Westside, Pizza hut, Mc. Donald's, Subway. Major foreign clients are Esprit, Guess. But business is done only by the food malls.
- Prime locations for malls are still S.B Road, F.C. Road, M.G Road, and Deccan which have become saturated. If retail malls will come up that will be a redevelopment.
- As stated by one of the leading developers, Kumar Builders, foreign clients have stopped investments and are looking forward to enter India by 2011-2012.

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Distribution of Current Retail Space in Pune

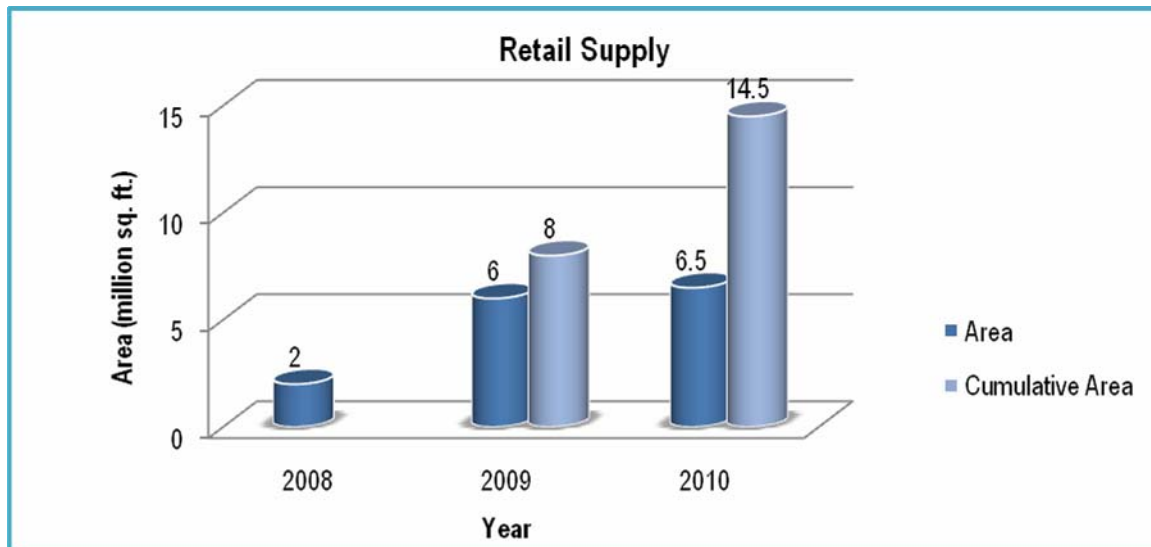


- Central- Shivaji Nagar, F.C Road, J.M. Road, S.B. Road.
- North East- Koregaon Park, Bund Garden, Kharadi, Pimpri, Chinchawada
- North West- Aundh, Baner, Wakad, Hinjewadi
- East- Kalyani Nagar, Vimannagar, Hadapsar
- South East- Wanowrie, Satara Road, Kothrud, Warje

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**New Retail Supply Year Wise**



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**MALL RENTALS**

An overall vacancy of 19% is seen across malls in Pune. This overall vacancy has led to the steepest decline of lease rates in Pune. In the North East region vacancy has increased to 15% and due to this the lease rates have come down by 24%. There is limited leasing activity in the central zone has led to increase in vacancy rates upto 20% and the lease rates have come down to as low as Rs. 140 per sq. ft. in malls.

M.G. Road which is almost saturated for retail development had witnessed stable lease rate trends as in March '09. SGS Magnum Mall is 100% occupied hence there is lack of leasable area.

Location	RENT	% GROWTH
Koregaon Park	145	-15%
Bund Garden	200	-10%
M.G. Road	250	-20%
J.M Road	225	-24%
F.C. Road	180	-3%
S.B. Road	200	-5%
Aundh	135	-21%
Kothrud	120	-19%
Laxmi Road	80	-15%
Fatimanagar	80	-23%

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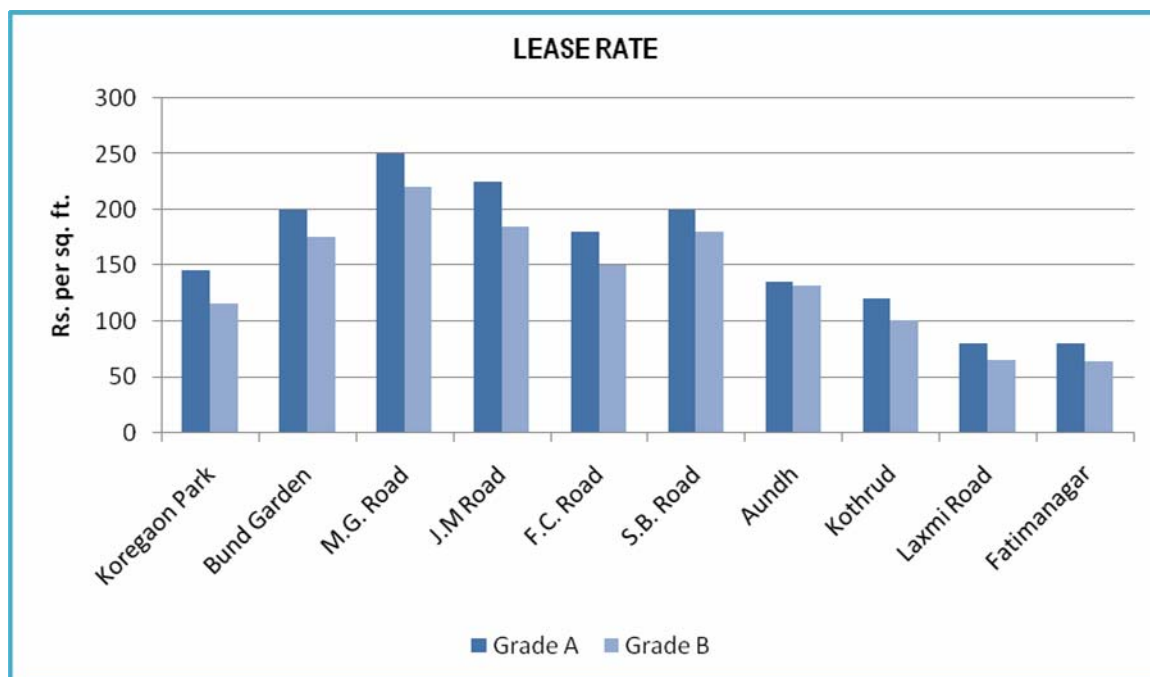
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Mall rentals had consistently been increasing but now there has been a major drop. Though the existing malls are charging the same rentals, tenants in the new malls are renegotiating their rentals and pulling it down. Lease rentals prevalent in the central zone are Rs. 80-100 per sq. ft.

Malls located in Eastern Zone such as Lifestyle, Mariplex are 90% occupied. Lease rentals prevalent in this region range from 90-120.

Connaught Place rentals range from 80-100.

J.M Road, F.C. Road, Koregaon Park , Camp, Aundh which account for the high streets in Pune charges a rental of 100-120.

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**HIGHSTREET RENTAL**

Reduced demand of retail spaces in highstreet has also led to the fall in highstreet prices. Prominent highstreet in Pune are, J.M. Road, F.C. Road, Koregaon Park, Laxmi Road, and Aundh. All these have experienced a fall in rental to an extent of approximately 25%.

Location	RENT	% Growth
M.G. Road	260	3%
Bund Garden Road	210	-22%
Koregaon Park	150	-19%
Ganeshkhind Road	100	-22%
Vimannagar Road	80-100	-7%

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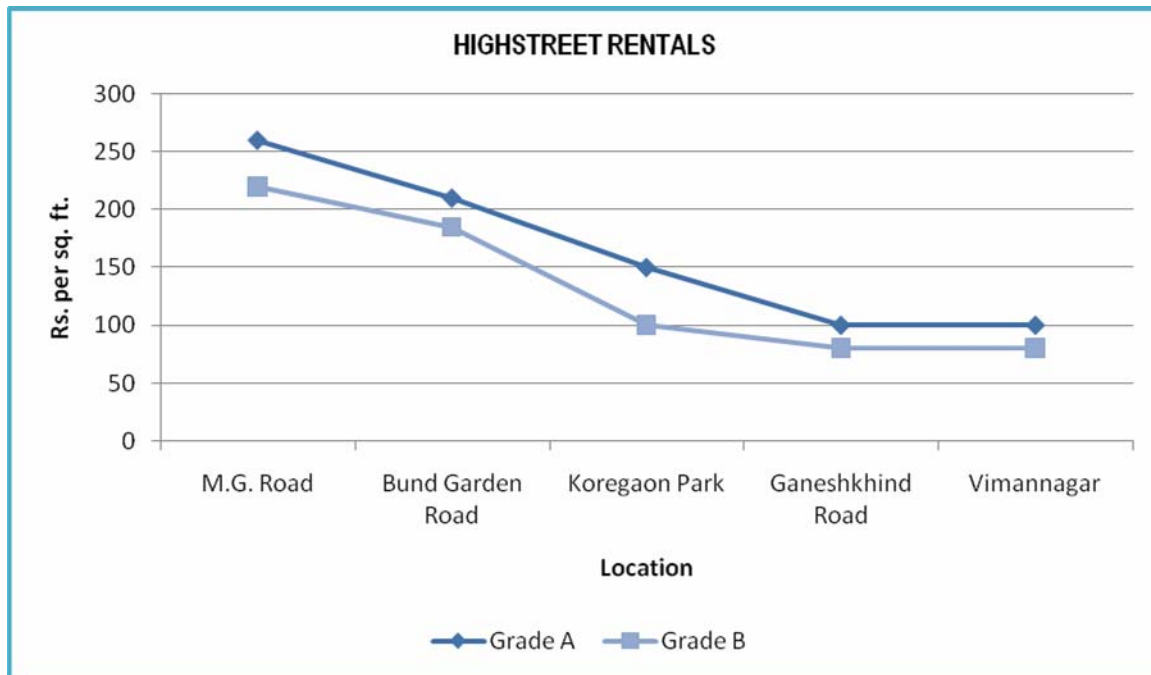
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**Supply and Demand**

**Central Zone**

Central zones include Senapati Bapat Road, F.C Road, J.M. Road, and Deccan. These are the prime destinations for shopping in Central Zones. It witnesses increasing footfalls because of presence of colleges and offices. This zone is expected to have a supply of around 2.09 million sq. ft. by the end of 2010. 6 malls are proposed to come up in this region.

Of the six malls which were proposed to come up in Pune in the year 2008, only one has come up so far i.e. Kakade Centreport. It spreads at an area of 200000 sq. ft. Occupancy in this mall is around 65% till date. One month down the lane the occupancy is supposed to increase to 75%.

Another major mall just ahead of Kakade is Pune Central with occupancy of approximately 90%.

Properties such as Sudev Axis at Wakdewadi and Kalpataru in Camp were supposed to be operational in the year 2009 but after talking to the respective developers we come to know that these projects have not yet commenced operations.

**North Zone**

It comprises of areas like Pimpri, Chinchawada, Wakad, Bhosari. The famous IT Hub is located in North Zone in Hinjewadi and Talwade. The presence of these IT Parks have led to the emergence of organized retail sectors in these regions.

Around 5 malls are coming up in this region. Prime Mall (350000 sq. ft.) is expected to come up next year. Park Street Mall (500000 sq. ft.) and Rainbow Mall (140000 sq. ft.) are under construction at Wakad and is expected to be operational in 2010.

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**South Zone**

South Zone is a residential concentration with locations like Swargate, Bibwewadi, Satara Road, Kothrud, Warje, Karve Nagar and Bavdhan. 5 malls are coming up in this zone which would add 1.36 million sq ft. Downtown at Erandwane is being as an important project.

**East Zone**

The east zone, which comprises areas like Kalyani Nagar, Hadapsar, Viman Nagar, Nagar Road, Airport Road, will witness the maximum infusion of 45 per cent of the total organized retail space and 11 malls have been proposed here, adding 5.43 million sq ft areas. A new project called Phoenix Market City has been launched on Nagar Road, which proposes commercial development of 1.07 million sq ft.

Connaught Place is coming up this year at Bund Garden Road with occupancy of 75%.

Of the malls which were expected to commence operation this year have postponed their projects and only one mall coming in this region i.e. Business Bay at Yerawada.

Dolphin Mall and Fun N Shop at Fatimanagar and Venus Plus at Bibwewadi are 40% complete and expecting a lease rental of Rs. 40-45 per sq. ft.

The anchor client at Fun N Shop is Big Bazaar which pays a lease rental of Rs. 20 per sq. ft.

**North West Zone**

Organized retailing is shifting in this region of Aundh, Baner, Balewadi, Bavdhan and Hinjewadi due to the presence of major IT companies.

Croma has recently moved in an area of 160000 sq. ft. in Aundh. Meanwhile Baner has seen major developments like Staples, Food Bazaar.

One major project coming up in Balewadi is by S.N.Joshi and the anchor client is E2, the famous multiplex which is also present in Ganeshkhind road.

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**Upcoming Malls in Pune**

Project/Developer	Location
Dolphin Mall	Fatimanagar
Venus Plus	Bibwewadi
Phoenix Market City	Nagar Road
S.N Joshi	Balewadi
Blue Ridge	Hinjewadi
Prime Mall	Pimpri
Park Street	Wakad
Rainbow Mall	Wakad
Inorbit Mall	Mumbai Pune Highway
Kakade City Mall	Kothrud
Jai Hind Mall	Aundh



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### **LATEST DEALS**

- 6000 sq. ft. has been leased out to oriflamme in Wakdewadi
- 800 sq. ft. has been leased out to Lerros in Pune Central at Ganeshkhind
- 800 sq. ft. has been leased out to Cielo in Pune Central at Ganeshkhind.
- 25000-30000 sq. ft. of retail space i.e. Lifestyle Mall is coming up on S.B. Road in place of Indiabulls Megastore which is closed down.

### **OPINION**

Pune should come up with more luxury malls catering to different income levels. Due to the absence of organized retail malls in places like F.C Road, J.M Road, Aundh, Camp these areas will demand high rentals for highstreet space.



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## **ABOUT PROPERTYONE ASIA**

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