live mint

Tue, Nov 20 2012. 12 03 AM IST

Colaba Causeway sees highest retail rental growth

Rents in Colaba Causeway grew 75%, faster than those at any of the world's top high streets, says report

Madhurima Nandy

Rents at retail stores in south Mumbai's Colaba Causeway rose primarily on the back of strong retailer demand and preference for high street properties in Mumbai. Photo: Lonely Planet

Bangalore: Rents at retail stores in south Mumbai's Colaba Causeway street grew faster than those at any of the world's top high streets, rising 75%, said a report by **Cushman and Wakefield** (C&W).

This was primarily on the back of strong retailer demand and preference for high street properties in Mumbai, the property consultancy said in its annual report, titled *Main Streets across the World*, released on Monday. Its listing takes a July-June year.

Kolkata's Park Street with 53.8% growth in retail rents is fifth in the list and Chennai's Khader Nawaz Khan Road is at the 10th slot with a 36.7% rise in rents.

Second and third in the high street rental growth list are Rio de Janeiro's Garcia d'Avila street (64.70%) and Times Square in New York (55.60%).
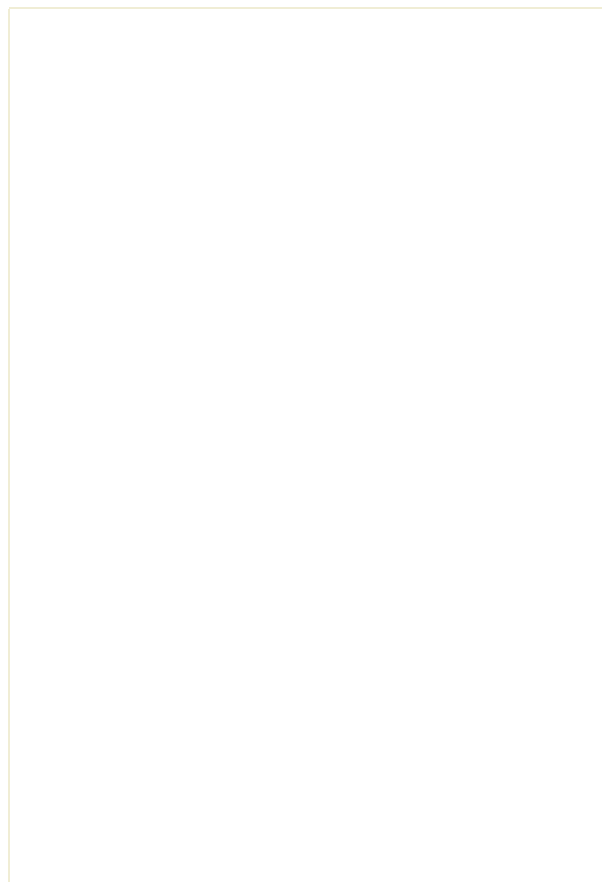
While rents in India rose by 12.5% on the back of strong occupier demand across sub-sectors, retailers favoured high street properties over shopping centres, the report indicates.

Despite the backdrop of a slowing global economy and continued uncertainty in the euro zone, global retail rents were resilient in the year to June. The rental growth was driven by strong performances in north and south America and the Asia-Pacific region alongside emerging South American markets, which benefited from higher incomes and increasing retailer demand, C&W said in the report.

While Asia-Pacific and South America will remain the main focus of international retailers as they take advantage of new modern supply and gradually maturing retail markets, India and China potentially may alter the growth dynamics, it said.

Another C&W listing in the same report, on the world's most expensive retail locations, features New Delhi's Khan Market at No. 26—down five slots, but still the most expensive in India with rents at about `1,225 per sq. ft a month. Mumbai's Linking Road is the second most expensive high street in India with monthly rents at `850 per sq. ft.

"Traditional high streets across India have been witnessing renewed interest from retailers, thereby keeping rental values high in these locations," said **Jaideep Wahi**, director, retail services, Cushman & Wakefield. "Additionally, (with) the possibility of a boom in global retailers in India, existing global brands have been showing urgency to occupy prime retailing locations. Thus, prime retailing locations of Mumbai, Kolkata and Chennai have recorded high growth in rental values in the last year."

Among popular high streets in India that didn't show signs of rental growth is Bangalore's traditional retail hot spot, Brigade Road, where monthly rents declined by 9% to `400 per sq. ft on account of extensive development work in the area for a Metro railway line and station. It's the 10th most expensive high street in the country.

C.G. Road in Ahmedabad registered a 7% fall in rents to `130 per sq. ft a month and stands at No.21 in India.

The world's most expensive high streets are Causeway Bay in Hong Kong and Fifth Avenue in New York.

Susil Dungarwal, chief managing officer, **Beyond Squarefeet Mall Management Pvt. Ltd**, said that during the course of this year, retail rents in malls increased 8-10%, while high street rents in Mumbai, Bangalore, Delhi and Chennai rose 12-15%.

Rents in high streets increased more than in malls due to the limited supply of space in these locations, compared with the fresh mall space coming up, he said. But he also added that following a muted Diwali, "retail sales may not support the growth in rentals".

C&W, however, said the demand for retail spaces from both domestic and international retailers is not expected to weaken and, in fact, may be boosted by the government's recent measures to encourage foreign investment.