

INR 15M LAND RATES IN CHANGODAR (INR/ACRE)

2.0 msf READY TO MOVE IN SPACE AVAILABLE IN CHANGODAR

INR 17 INDUSTRIAL SHED RENT IN SANAND (INR/SF/MONTH)

Leasing momentum slowed in H1-2021 owing to pandemic; land acquisitions not much affected though

Ahmedabad witnessed a short-term slowdown in industrial/warehousing leasing activity in H1 2021 as compared to previous year's significant leasing by E-commerce and 3PL occupiers. Industrial manufacturers, who were on the track of recovery, were hit by a demand slowdown leaving production capacities unutilised when the second wave of pandemic hit in March. As Changodar-Bavla corridor continues to remain preferred market for manufacturing occupiers, leasing activity in H1 was mainly concentrated in this submarket followed by traction in Aslali-Kheda corridor. Prominent activity includes Cars24 leasing approx. 90,000 sf of space at Changodar. Despite the slowdown, E-commerce occupiers continue to scout for mid-sized warehousing spaces within the city to expedite last mile-delivery. These new warehouses are smaller in size but high on rentals, and they are of great interest to e-commerce companies focusing on enhanced customer experience. Land acquisitions were relatively less affected compared to leasing activity in the warehousing/industrial spaces. But we are likely to witness a decline in land acquisitions due to the built-up volume of unutilised land and a 15% hike in the allotment price by GIDC.

Established corridors of Changodar, Aslali further firms-up; market moving outwards to Bareja-Kheda belt

Though Changodar witnessed subdued leasing in H1 2021, with E-commerce and automobile sectors continuing to look for quality spaces in Kheda and Changodar-Bavla belt, ongoing enquiries remained steady. Rising land prices in Aslali-Kheda belt due to its inclusion within municipal boundary resulted in new occupiers shifting to Bareja-Kheda belt to avoid the impact of increasing prices in Aslali. Demand for land from industrial park developers continues to grow along the Bavla-Changodar Road and Ahmedabad-Kheda Highway. Further, supply chain disruptions have prompted bigger developers to come-up with quality warehousing projects that are better equipped to manage varying levels of operations depending on economic cycles (and crisis situations like the pandemic).

Capital values and rentals record a drop, likely to recover in coming quarters

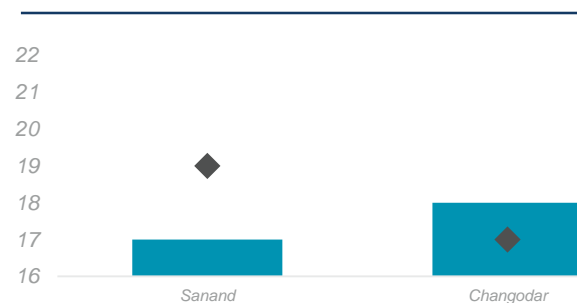
The industrial and warehouse rentals witnessed a marginal drop of 5-10% and average capital values for land parcels dropped by 13% in Ahmedabad in comparison to H1 2020, on the back of slow economic activity impacting occupiers' businesses. However, we expect a recovery in these values as 3PL and e-commerce sectors are likely to drive demand in future. Furthermore, government initiatives are also likely to boost the rental and capital value growth in the long term. Sanand is expecting good traction as GIDC is expanding the Japanese Industrial Park and the government has signed MoU with Adani Ports & SEZ for establishing India's biggest multi-modal logistics Park at Sanand. Moreover, Capitaland Logistic Fund is looking to invest in Ahmedabad warehousing and manufacturing hubs. However, with adequate vacancy across major industrial corridors in Ahmedabad and with significant upcoming supply, we expect capital values and rentals to remain largely stable with an expectation of recovery in the long term. Gujarat recently introduced the State's first Integrated Logistics & Logistics Park Policy which focuses on capital subsidy on development of logistics facilities, assistance related to quality certification, patent, R&D and adoption of disruptive technology to achieve greater efficiency. A logistics masterplan will be developed under this policy to identify strategic locations for new projects. This new policy is expected to boost the warehousing sector further and is likely to strengthen the demand going forward.

ECONOMIC INDICATORS Q2 2021

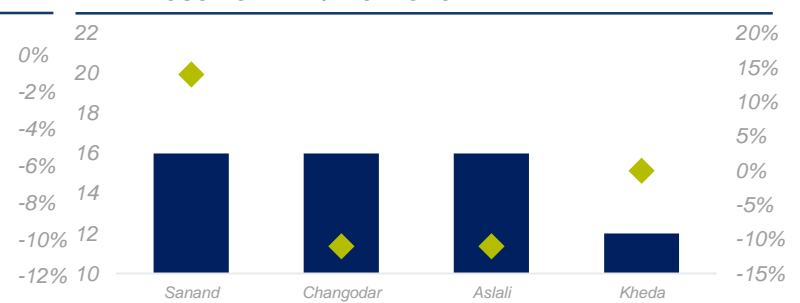
	2020	2021	2022 Forecast
GDP Growth	-7.3%	9.5%	7.0%
CPI Growth	6.1%	5.3%	4.5%
Consumer Spending	-8.5%	7.2%	6.3%
Govt. Final Expenditure Growth	5.7%	10.8%	9.7%

Source: Oxford Economics, RBI, IMF

INDUSTRIAL RENT / Y-O-Y GROWTH



WAREHOUSING RENT / Y-O-Y GROWTH



■ INDUSTRIAL RENT (INR/SF/MONTH)

◆ INDUSTRIAL RENT Y-O-Y % GROWTH

■ WAREHOUSING RENT (INR/SF/MONTH)

◆ WAREHOUSING RENT Y-O-Y % GROWTH

Industrial H1 2021

LAND RATES – June 2021

SUBMARKET	INR MN/ACRE	US\$ MN/ACRE	EURO MN/ACRE	Y-O-Y Change
Sanand	20	0.27	0.23	-11%
Changodar	15	0.20	0.17	-25%
Aslali	12.5	0.17	0.14	-17%
Kheda	12.5	0.17	0.14	0%

Note: quoted industrial and warehousing rents are historically corrected to reflect accurate market conditions.
 Quoted land rates for serviced industrial land parcels are mentioned
 # Represents government owned serviced plots in industrial parks
 Percentage growth are in local currency; Y-O-Y – Year on Year
 Conversion Rate: US\$1= 74.07 INR and Euro 1 = INR 88.38

SIGNIFICANT TRANSACTIONS H1 2021

Lessee	Lessor	Type	Submarket	Area (sf)
Cars24	Shree Rajlaxmi Logistic Park	Industrial	Changodar	90,000

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