

1.7 msf WAREHOUSE SPACE LEASED (H1 2021)

0.32 msf WAREHOUSE SPACE LEASED BY DELHIVERY (H1 2021)

~0.15 msf INDUSTRIAL SPACE LEASE VOLUME (H1 2021)

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%

Healthy warehouse demand, industrial sector too witnesses traction

Despite the 2nd outbreak of the pandemic and lockdown restrictions, around 1.7 msf of warehousing space has been leased during H1 2021 recording a rise of approx. 60% as compared to H1 2020. Prominent occupiers like Rhenus Logistics, Udaan, Yusen Logistics, Himalaya Drug Company and Lenovo signed warehouse spaces with an average deal size of 90,000-120,000 sf. While short term and mid-sized space requirements had helped this asset class get going during 2020, large sized warehouse spaces getting leased during the first half of 2021 talks about revival in demand among occupiers. Despite high demand for quality and large industrial space, lack of ready to move in properties in several prime industrial localities has been impacting the market over the last 6-12 months. As a result, demand for mid-sized (40,00-60,000 sf) / grade B industrial / warehousing space has picked up steadily across the city. H1 2021 has recorded few space take ups by larger corporates with Miltech taking up 100,000 sf of industrial space on Attibele - Anekal Road and Amplink another 25,000 sf off Soukya Road, in south -eastern and eastern quadrant of the city respectively. Improved business sentiments, a rebound in manufacturing and an expected supply of approx. 0.5 msf over the next 6 months shall also help in sustaining the momentum.

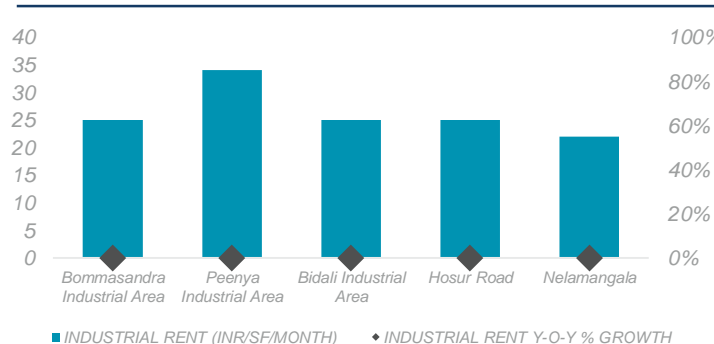
E-commerce drives warehouse demand amid rising interest from other occupier sectors

While giant e-commerce players like Flipkart, Myntra, Grofers, Ecomm and Delhivery have taken up large spaces ranging between 115,000-320,000 sf during H1, demand for smaller in-city warehouses / distribution centres for last mile delivery has also increased manifold among smaller e-commerce players. Despite restrictions in local and domestic travel, deals that were in final stages of negotiation before the outbreak of the 2nd wave, got signed during the lockdown. We expect market activity to pick up further momentum by end 2021 with demand coming back from other occupier sectors as well. While Tumkur Road in the north-western part of the city continues to be an emerging hotspot, the southern corridor along Hosur Road and Attibele - Anekal Road and eastern belt near Hoskote are also witnessing traction with occupiers looking for warehousing space in these quadrants.

Rentals remain stable, growth expected in next 6-9 months

Warehousing and industrial rentals in Grade A projects in the city continued to remain stable in H1 2021 even post the outbreak of the second wave, backed by steady demand for quality space among occupiers. Despite some tenant exits, rents remained largely stable during H1. We anticipate an appreciation particularly in key locations such as Tumkur Road and Hosur Road in the short to medium term, with demand already showing healthy signs of recovery. Increase in construction and operating costs may also result in a rental rise in the short term.

INDUSTRIAL RENT / Y-O-Y GROWTH



WAREHOUSING RENT / Y-O-Y GROWTH



Source: Oxford Economics, RBI, IMF

Industrial H1 2021

LAND RATES - JUNE 2021

SUBMARKET	INR MN/ACRE	US\$ MN/ACRE	EURO MN/ACRE	Y-O-Y Change
KIADB Hitech Zone	26 - 28	0.35 - 0.38	0.29 - 0.32	0.0%
Narsapura	15*	0.21	0.17	0.0%
Bommasandra, Attibele, Jigani	45 -152**	0.61 - 2.05	0.51 - 1.72	0.0%
Bidadi, Kumbalgodu	35-45	0.47 - 0.61	0.40 - 0.51	0.0%
Dabaspeta	25^	0.34	0.28	0.0%
Harohalli	15^^	0.20	0.17	0.0%
Peenya	152 - 196	2.05 - 2.65	1.72 - 2.22	0.0%

Note: Land rates in Bommasandra and Peenya are provided in a range due to difference in rates along the highway and interiors.

Percentage growth are in local currency; Y-O-Y – Year on Year

Conversion Rate: US\$1= INR 74.07 and Euro 1 = INR 88.38

*KIADB allotment rate: INR 13.1 mn/acre

** Emerging micro-markets between Bommasandra and Jigani included

^KIADB allotment rate: INR 15 mn/acre

^^KIADB allotment rate, freehold rate is INR 25 mn/acre

SIGNIFICANT TRANSACTIONS H1 2021

Buyer/Lessee	Seller/Lessor	Type	Submarket	Sale/Lease	Area (sf)
Flipkart	Individual Landlord	Warehousing	Attibele-Anekal Road	Lease	225,000
Amplink	Individual Landlord	Industrial	Off Soukya Road	Lease	25,000
Myntra	Individual Landlord	Warehousing	Attibele-Anekal Road	Lease	120,000
Flipkart	Individual Landlord	Warehousing	Kalkunte (NH-648)	Lease	230,000
Grofers	Individual Landlord	Warehousing	Kalkunte (NH-648)	Lease	120,000
Udaan	Individual Landlord	Warehousing	Attibele-Anekal Road	Lease	100,000
Ecomm	Individual Landlord	Warehousing	Shidlaghatta Road	Lease	116,000
Lenovo	Individual Landlord	Warehousing	Thyamadondlu Road, Off Tumkur Road	Lease	125,000

KEY SALES TRANSACTIONS H1 2021

Buyer	Seller	Type	Submarket	Area
Godrej Fund Management	Puravankara	Commercial	Peripheral East	4.45 acre (1.0 msf sf of development potential)

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