

8.3% RISE IN WAREHOUSING RENTS (Y-O-Y)
IN PEN KHOPOLI ROAD

1.3 msf WAREHOUSE SPACE LEASED BY
MAHINDRA LOGISTICS (H1 2021)

1.0 msf WAREHOUSE SPACE LEASED BY
AMAZON (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%

Source: Oxford Economics, RBI, IMF

Healthy momentum in leasing activity across Grade-A warehouse segment in H1 2021

Despite rising cases of COVID and subsequent localised lockdown across all major warehousing locations towards end of H1 2021, warehousing leasing activity in Mumbai remained stable during this period. Continued demand from 3PL, E-commerce, FMCG, Retail and Pharma sectors were the major drivers of warehousing space take-ups across prominent locations. Bhiwandi remained the most active sub-market in H1, accounting for a majority share in lease transactions. Apart from Bhiwandi, Taloja warehousing belt is also witnessing improved traction for warehousing space mainly by E-commerce players. Large transactions recorded during H1 included Amazon leasing 1.0 msf in Taloja and Mahindra Logistics leasing a total of 1.34 msf at two different warehousing parks in Bhiwandi and adjacent locations. The demand for temporary, short-term spaces across multiple locations remained high during the first half of the year, as e-commerce players and e-retailers continued to look for such spaces to fulfil increased demand for essential products during the lockdown. Demand for larger warehousing spaces from e-commerce players as well as e-grocers and 3PL players is expected to grow in the near future while FMCG, Healthcare and Pharma companies shall continue to remain the demand drivers for Grade A warehousing space in the city.

The overall rentals for grade A warehousing space across all sub-markets have remained stable but for Pen-Khopoli Road which witnessed growth of 8.3% y-o-y during H1-2021. Amidst muted demand for Grade B warehouses, an increase in its supply has resulted in rising vacancy in this segment, resulting in rental correction to the tune of 5-10%. This trend is expected to continue over the next few quarters. However, grade A projects are expected to exhibit stable rental values over the next 3-6 months.

High demand coming from data centre operators is driving land prices higher in Navi Mumbai

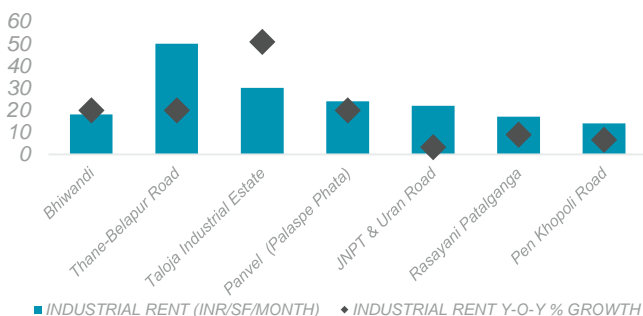
Land prices witnessed a significant rise around Thane-Belapur Road (nearly 2X growth y-o-y), Taloja and neighbouring areas due to high demand from data centre operators in recent times. Given the fast-emerging nature of the sector on the back of growth in digital eco-systems, investments in Data Centres is at record levels and operators are scouting for land parcels in key micro-markets in Navi Mumbai or Thane-Belapur Rd. Mumbai is also home to a large number of submarine cable landing stations, thereby increasing the attractiveness of submarkets such as Navi Mumbai. Continued demand from data centre operators in Navi Mumbai and surrounding areas is expected to drive land rates higher in near future.

Sustained demand from established warehousing operators and institutional players for setting up grade A warehousing parks in Bhiwandi and surrounding areas is expected to put upward pressure on land rates in coming quarters. Apart from Bhiwandi, individual landowners in Taloja and nearby areas are also witnessing increased demand from warehousing operators as this is a key belt for E-commerce and 3PL operators. Besides Bhiwandi and Taloja, other warehousing sub-markets could witness steady land prices in the coming quarters.

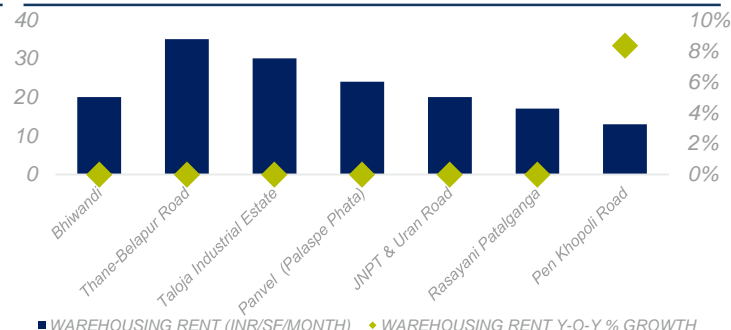
Headline rents in select industrial locations witnessed momentary fall in H1 2021

Industrial space take-up in particular was a bit slow in the H1-2021 owing to a slow economy stemming from impacts of the pandemic. Industrial locations like the JNPT & Uran Road, Rasayani-Patalganga area and Pen-Khopoli road belt witnessed short term fall in the rental values in the range of 5-10%. However, Taloja Industrial area is witnessing improved demand, resulting in y-o-y growth of 10-15% in rental values. We expect near term demand for Grade A industrial space to largely remain stable, though Grade B&C warehouses will continue to witness declining leasing activity. Rental values are likely to remain within a narrow range in near future.

INDUSTRIAL RENT / Y-O-Y GROWTH



WAREHOUSING RENT / Y-O-Y GROWTH





LAND RATES – JUNE 2021

SUBMARKET	INR MN/ACRE	US\$ MN/ACRE	EURO MN/ACRE	Y-O-Y Change
Bhiwandi	25	0.3	0.3	0.0%
Thane-Belapur Road	220	3.0	2.5	100.0%
Taloja Industrial Estate	120	1.6	1.4	33.3%
Panvel (Palaspe Phata)#	55	0.7	0.6	0.0%
JNPT & Uran Road#	25	0.3	0.3	13.6%
Rasayani Patalganga	20	0.3	0.2	0.0%
Pen Khopoli Road	18	0.2	0.2	12.5%

Note: 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 LEASE TRANSACTIONS H1 2021

Lessee	Lessor	Type	Submarket	Area (sf)
Mahindra Logistics	LK Spaces	Warehousing	Bhiwandi	692,000
Mahindra Logistics	Shakti Logistics Park	Warehousing	Bhiwandi	650,000
Amazon	Lodha Group	Warehousing	Taloja	1,000,000
Cars24	Individual Landlord	Warehousing	Bhiwandi	100,000

KEY SALES TRANSACTIONS H1 2021

Buyer	Seller	Type	Submarket	Area
NTT Global Data Centres	Mukund Ltd.	Industrial / Data Centre	Thane	55.0 acre
FM Logistics	Lodha Group	Warehousing	Extended Eastern Suburbs	30.0 acre
Bhandari Group	Dosti Realty	Residential	Thane-Belapur Road	10.0 acre
Greenscape Group	London Pilsner	Commercial	Thane-Belapur Road	6.42 acre

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