

INR 24M LAND RATES IN SANAND AND CHANGODAR (INR/ACRE)

4% FALL IN WAREHOUSE LEASING (Y-O-Y)

INR 20 INDUSTRIAL SHED RENT IN CHANGODAR (INR/SF/MONTH)

ECONOMIC INDICATORS Q4 2019

	2018	2019	2020 Forecast
GDP Growth	6.8%	5.0%	5.5%
CPI Growth	3.5%	7.3%	4.5%
Consumer Spending	8.1%	5.5%	7.0%
Govt. Final Expenditure Growth	9.2%	15.0%	14.0%

Source: Oxford Economics, Central Statistics Office, IMF, RBI

Low traction keeps demand for land muted; rates remain stagnant

Demand for industrial land parcels in H2 2019 was largely muted in the Ahmedabad region, with the impact of an economic slowdown esp in manufacturing being felt to a greater extent in such growth markets, compared to the larger cities. A recent amendment in Gujarat Tenancy and Agriculture Land (Amendment) Bill 2019 passed in July 2019, allows MSME and industrial land owners to sell the parcel for non-industrial use if they fail to setup the industry in the stipulated time, is also allowing land owners to stay firm on the current price levels, which is further impacting land sales activity. A sufficient availability of land parcels coupled with muted demand has restricted the price growth so far this year and the trend is likely to sustain through 2020, in case industrial/manufacturing sentiments don't show much improvement during the year.

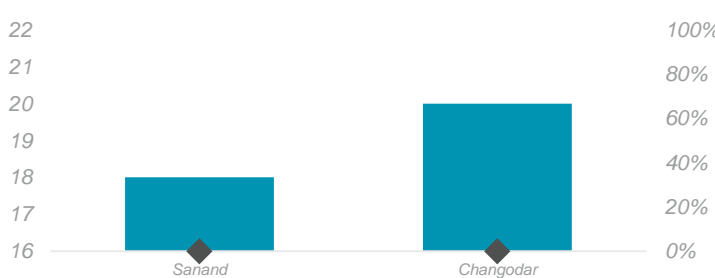
Warehousing demand along Bavla-Changodar Road.

Although warehousing leasing volumes were lower by around 4% y-o-y, demand remained healthy for warehousing space in the Changodar-Bavla Road corridor in the second half of 2019 as well. Companies in the engineering and manufacturing space, retail and consumer electronics were driving demand for warehousing in this corridor with prominent space take-ups noted by Reliance Retail, Croma and Udayan Ltd., with each of them leasing between 110,000 to 175,000 sf in H2 2019. Rentals across all sub-markets have exhibited stability with adequate supply and availability of warehousing space options.

BTS Industrial sheds in demand at Becharaji

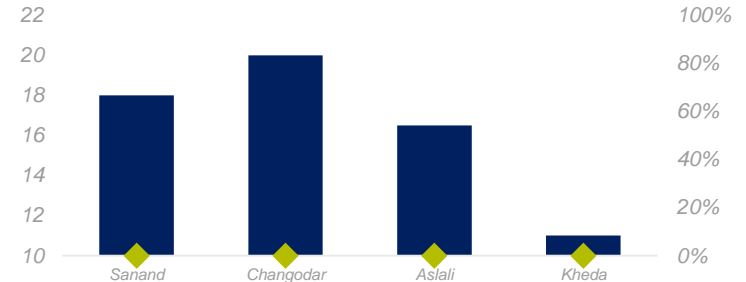
In the second half of 2019, the automotive and engineering sectors were still driving the demand for BTS industrial sheds in Becharaji. With available supply keeping pace with the existing demand levels, rents for industrial sheds remained range-bound across all key industrial sub-market. Rents are further expected to remain largely stable over the next 3-4 quarters as well, given adequate supply to support potential demand.

INDUSTRIAL RENT / Y-O-Y GROWTH



■ INDUSTRIAL RENT (INR/SF/MONTH) ◆ INDUSTRIAL RENT Y-O-Y % GROWTH

WAREHOUSING RENT / Y-O-Y GROWTH



■ WAREHOUSING RENT (INR/SF/MONTH) ◆ WAREHOUSING RENT Y-O-Y % GROWTH

LAND RATES - DECEMBER 2019

SUBMARKET	INR MN/ACRE	US\$ MN/ACRE	EURO MN/ACRE	Y-O-Y Change
Sanand	24	0.35	0.31	0%
Changodar	24	0.35	0.31	0%
Aslali	17	0.24	0.22	0%
Kheda	16	0.22	0.20	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

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

Conversion Rate: US\$1= 71.26 INR and Euro 1 = INR 78.92

SIGNIFICANT LEASE TRANSACTIONS H2 2019

Lessee	Lessor	Type	Submarket	Area (sf)
CMR	NA	Industrial Shed	Bechraji	300,000
Udaan Express	NA	Warehousing	Changodar	175,000
Reliance Retail	NA	Warehousing	Changodar	150,000
Croma	NA	Warehousing	Changodar	110,000
Udaan Express	NA	Warehousing	Aslali	100,000

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