

7.8% Y-O-Y GROWTH IN INDUSTRIAL RENTS

1.4% Y-O-Y GROWTH IN WAREHOUSING RENTS

4.1 msf WAREHOUSING / INDUSTRIAL TRANSACTION VOLUMES (H2 2019)

Demand for warehousing and industrial spaces on an upward trajectory

Demand for warehousing and industrial spaces in Delhi NCR was recorded at around 7.6 msf in 2019, with an average transaction size of 0.14 msf. The second half of the year saw leasing volumes of 4.1 msf led by e-commerce, 3PL players and electronics firms like Delhivery, Nykaa, DHL, Ecom Express, TVS Logistics, Udaan, LG and Daikin among others leasing significant warehousing space in Haryana. The current sluggishness in the automobile segment was evident with the lack of industrial/logistics space demand by the sector during the year. On the other hand, large electronics and mobile manufacturers from China and South Korea have been instrumental in driving demand in Noida and surrounding region. While the Samsung plant got completed in 2018, operations of the first phase of the Oppo plant along with ground-breaking for the second plant of Haier were the highlights for Noida and Greater Noida in 2019.

This trend is expected to continue in the coming years with more Chinese firms expressing interest in investing into manufacturing setups in the region, especially with the growing retail demand for these products. As an offshoot, ancillary components manufacturing firms are also increasing their space demand in the area.

Organized supply by large developers an ongoing feature of the NCR market inventory

Large developers including Indospace, Logos and ESR (in a strategic tie-up with Future Group) plan to expand their footprint with industrial and logistics parks in Haryana (particularly in and around Gurugram), which is among the more sought-after markets for warehousing space in Delhi NCR. Further, interest by large private equity investors is propelling the institutionalisation in this segment which bodes well for bringing in best business practices in a fragmented and a largely unorganised market.

Warehousing and industrial rents inch up; land rates up as well across most submarkets

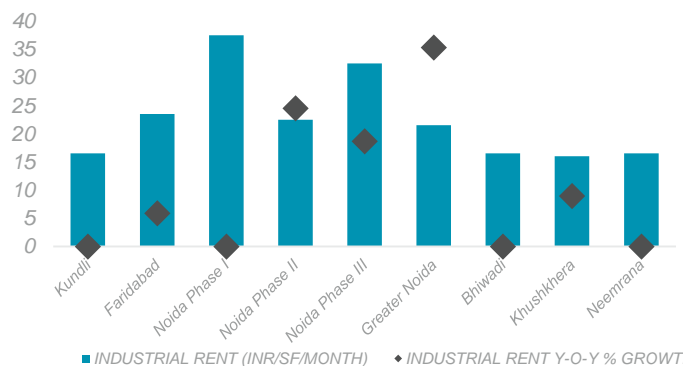
On an overall basis, warehousing rents rose by 1.4% y-o-y on average. Despite the robust demand, rents have inched up at a slower pace due to a healthy supply pipeline. Industrial rents have recorded an average 7.8% y-o-y increase, with the highest increase (in the range of 14 – 26%) being recorded in the Noida and Greater Noida sub-markets, driven by high demand for industrial space in this area.

Land rates have witnessed an average 20% y-o-y increase across the sub-markets in Haryana, while rising by 13% and 11% y-o-y in the regions of Uttar Pradesh and Rajasthan that form part of the NCR market. Large, organized developers with plans to set up warehousing and logistics parks chasing licenced lands is a major cause for the fast growth in land rates across all active sub-markets.

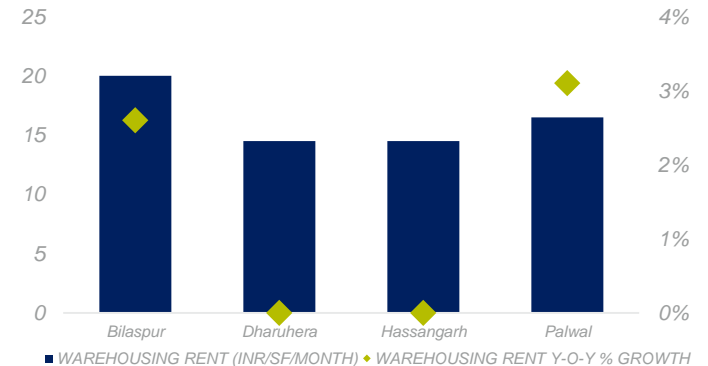
ECONOMIC INDICATORS Q4 2019

	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%

INDUSTRIAL RENT / Y-O-Y GROWTH



WAREHOUSING RENT / Y-O-Y GROWTH



Source: Oxford Economics

LAND RATES - DECEMBER 2019

SUBMARKET	INR MN/ACRE	US\$ MN/ACRE	EURO MN/ACRE	Y-O-Y Change
Haryana - Faridabad	81	1.1	1.0	8.0%
Haryana - Manesar	90	1.3	1.1	28.6%
Haryana - Bawal	46	0.6	0.6	43.8%
Haryana - Rohtak#	31	0.4	0.4	0%
Uttar Pradesh - Noida Phase I	324	4.5	4.1	0%
Uttar Pradesh - Noida Phase II	89	1.2	1.1	9.9%
Uttar Pradesh - Noida Phase III	233	3.3	3.0	9.9%
Uttar Pradesh - Greater Noida	65	0.9	0.8	38.3%
Uttar Pradesh - Yamuna Expressway#	26	0.4	0.3	8.3%
Rajasthan - Bhiwadi	40	0.6	0.5	33.3%
Rajasthan - Khushkhera	26	0.4	0.3	0%
Rajasthan - Neemrana	42	0.6	0.5	0%

Note: Quoted land rates for serviced industrial land parcels are mentioned

#Represents primary land rates by Infrastructure Development Corporation of respective states

Khushkhera includes Khushkhera, Tapukara and Chaupanki

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)
Delhivery	Private Landlord	Warehousing	Malha Majra, Haryana	500,000
Delhivery	Private Landlord	Warehousing	Pataudi Road, Haryana	250,000
Stellar	Corporate	Warehousing	Farukhnagar, Haryana	200,000
Daikin	Private Landlord	Warehousing	Dharuhera, Haryana	100,000
Iron Mountain	Private Landlord	Warehousing	Tauru Road, Haryana	100,000

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