



15% AVERAGE GROWTH IN WAREHOUSING RENTS (Y-O-Y)

14% AVERAGE GROWTH IN INDUSTRIAL RENTS (Y-O-Y)

40% RISE IN LAND RATES IN KOTHUR & PATANCHERU (Y-O-Y)

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

City's first Logistics Park becomes operational; more underway

Ancon group in partnership with HMDA opened Hyderabad's first integrated logistics park of about 120,000 sf. at Bongulur (Mamgalpally) in Q4, with additional development of 150,000 sf being added in the second phase. The government has announced plans to develop 8 more logistics parks along the ORR. The second logistics park at Batasingaram is likely to start operations in H1 2020. Other private players such as GMR and Embassy are also developing massive logistics parks in the city. GMR recently partnered with ESR for developing a 66-acre logistics and industrial park near the Shamshabad Airport. Embassy Group has also acquired 50+ acres near Shamshabad-Kothur recently to develop a large-scale warehousing and logistics facility.

Strong growth in warehousing demand

E-commerce, Pharma, FMCG and 3PL players are actively leasing warehousing space in the city to meet their expansion requirements. Availability of quality space options in established corridors such as Medchal-Kompally and Gundlapochampally has considerably declined on the back of growing demand over the last 6-12 months. Both Big Basket and Flipkart have signed more than 100,000 sf each in the Medchal-Kompally corridor expanding their fulfilment center capacity. Jeelo Tyres and Caper India have also leased about 35,000 sf each in Kompally. Udaan has fully occupied the newly opened Ancon logistics park at Bongulur. Meanwhile, e-commerce major Amazon is exploring options for a larger (>300,000-sf) facility to expand their operations further.

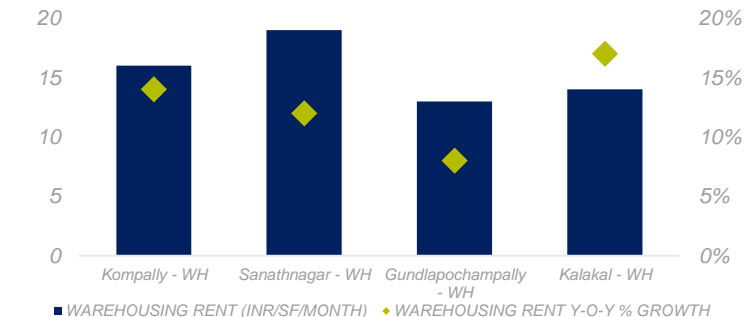
Rents on the rise, steady growth in land rates across major clusters

Prime warehousing and logistics space rents in key locations such as Medchal, Kompally, Gundlapochampally, Shamshabad and Kothur have increased by 12-18% on annual basis driven by strong demand and tightening vacancies. Land rates are steadily on the rise across all major corridors driven by growing investor activity and demand for industrial land parcels. Land prices in the Airport cluster (Shamshabad-Kothur) have increased by 10-20% over the last 6 months (40-50% y-o-y) as aggressive investors are driving up values. Besides investor speculation, strong residential growth has been driving land rates in the surroundings of prime warehousing / industrial locations in the North, North-Western cluster (comprising of Medchal, Shamirpet and Kompally, Patancheru etc.). Land values in these locations have increased by 15-20% in H2 compared to H1 2019 (25-40% y-o-y). We expect land rates across the city to go up further over the next 6-12 months.

INDUSTRIAL RENT / Y-O-Y GROWTH



WAREHOUSING RENT / Y-O-Y GROWTH





LAND RATES - DECEMBER 2019

SUBMARKET	INR MN/ACRE	US\$ MN/ACRE	EURO MN/ACRE	Y-O-Y Change
Medchal	50	0.70	0.63	25%
Shamirpet	12	0.17	0.15	33%
Fab City	15	0.21	0.19	36%
Kothur	12	0.17	0.15	41%
Moulali, Nacharam	90	1.26	1.14	0%
Uppal	150	2.10	1.90	25%
Patancheru	70	0.98	0.89	40%

Note: 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)
Monin	ARL	Industrial	Sangareddy	1,742,400
More	Independent Warehouse	Warehousing	shamirpet	156,250
Big Basket	Independent Warehouse	Warehousing	Medchal-kompally	150,000
Flipkart	Pratap Reddy	Warehousing	Kompally	132,000
Max Life Style	Independent Warehouse	Warehousing	Yellampet	130,000
Udaan	Ancon Kcp Logistics	Warehousing	Bongulur	125,000

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