

2.5 msf TOTAL LEASING (H2 2019)

1.0 msf UPCOMING SUPPLY IN 2020

0% Y-o-Y INCREASE IN RENTALS & CAPITAL VALUES

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

3PL & retail occupiers drive demand in H2

Industrial leasing in the second half of the year was mainly concentrated in Bhambholi, Mahalunge, Kurali, Sanaswadi, Lonikand and Phulgaon locations in the Chakan and Nagar Road sub-markets, led by strong demand from large retailers & 3PL occupiers. Major occupiers with large space take-ups in H2 2019 were DHL Supply chain, Tata Trent, Dana India, Whirlpool among others. The second half of 2019 also saw prominent developers announcing new industrial park developments in Pune. Some examples included Hiranandani Developers entering a JV with Blackstone to develop an industrial park at their 267 acre land parcel at Talegaon with Cooper-Standard Automotive having already signed a BTS space in the development. The overall rents across industrial & warehousing developments were largely stable during H2 2019 with a steady demand-supply scenario keeping rents within range.

Talegaon & Chakan sub-markets continue to dominate

The Talegaon and Chakan sub-markets continued to dominate the overall leasing in 2019, on the back of strong demand from 3PL, E-commerce & original equipment manufacturers (OEM) occupiers. Good connectivity to major state highways, the PCMC industrial belt, proximity to the JNPT port and the upcoming Navi Mumbai International Airport are major drivers for industrial growth in these sub-markets. The connectivity between these two corridors is anticipated to improve further with the proposed road connecting Talegaon MIDC Phase 2 and Chakan MIDC Phase 2, which will reduce the travel time to a third of the current.

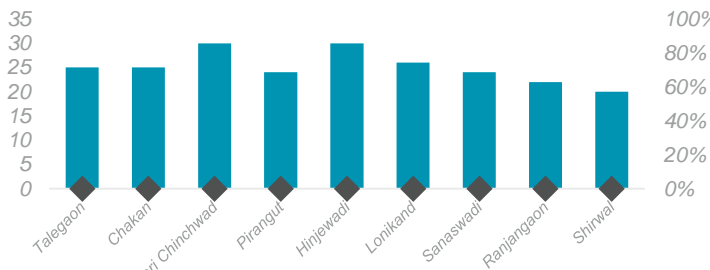
The strong demand for these sub-markets can also be further emphasized with China's Great Wall Motors (GWM) having recently entered the Indian market by acquiring General Motors' (GM) manufacturing plant at Talegaon.

Land rates and rentals likely to remain stable

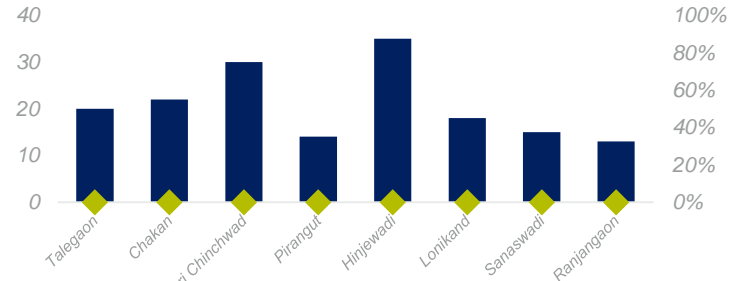
Going forward, we expect the Chakan, Talegaon and Nagar Road sub-markets to witness continued interest from industrial/warehousing occupiers and developers alike, owing to their locational advantage and excellent infrastructure. Leading national and international developers like Embassy, Hiranandani, Indospace, Ascendas Firstspace, ESR, KSH etc. also hold large land holdings in these sub-markets which are likely to translate into a healthy supply pipeline of quality assets in the short to medium term. The demand for industrial corridors like Shirwal & Pirangut is expected to remain subdued due to weak connectivity and physical infrastructure. Corridors like Hinjewadi & Pimpri Chinchwad are emerging as dense residential catchments now, leading to limited land availability and higher land costs, thereby limiting their overall industrial growth.

We expect BTS leasing to gain further momentum in 2020 due to strong demand from E-commerce, OEM & 3PL players backed by sufficient supply. The rents and capital are expected to be range-bound in the short-term with adequate supply supporting the incremental demand.

INDUSTRIAL RENT / Y-O-Y GROWTH



WAREHOUSING RENT / Y-O-Y GROWTH



■ INDUSTRIAL RENT (INR/SF/MONTH) ◆ INDUSTRIAL 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
Talegaon	20	0.3	0.3	0.0%
Chakan	30	0.4	0.4	0.0%
Pimpri-Chinchwad	74	1.0	0.9	0.0%
Pirangut	30	0.4	0.4	0.0%
Hinjewadi	65	0.9	0.8	0.0%
Lonikand	25	0.4	0.3	0.0%
Sanaswadi	20	0.3	0.3	0.0%
Ranjangaon	16	0.2	0.2	0.0%
Khed	15	0.2	0.2	0.0%
Shirwal	12	0.2	0.2	0.0%

Note: Quoted land rates for serviced industrial land parcels are mentioned
Pimpri Chinchwad includes Bhosari; Lonikand also includes Phulgaon, Sanaswadi also includes Shikrapur, Kondhapuri and Koregaon Bhima
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)
Dana India	Global Group	Industrial	Chakan	220,000
Dhoot Transmission	Individual	Industrial	Chakan	100,000
Whirlpool	Indospace	Warehouse	Ranjangaon	300,000
DHL Supply Chain India Pvt Ltd	Indospace Park 1	Warehouse	Chakan	128,000
Tata Trent	Individual	Warehouse	Nagar Road	100,000

KEY SALES TRANSACTIONS H2 2019

Buyer	Seller	Type	Submarket	Area
Renishaw Metrology Systems	Aisa Packaging	Land	Hinjewadi	4.24 acre

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