

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

0% WAREHOUSING RENT GROWTH IN SANAND

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

ECONOMIC INDICATORS Q2 2020

	2019	2020	2021 Forecast
GDP Growth	4.2%	-3.0%	6.2%
CPI Growth	3.4%	4.1%	4.2%
Consumer Spending	5.0%	-0.5%	5.8%
Govt. Final Expenditure Growth	13.2%	12.8%	11.5%

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

Low traction keeps demand for land muted; rates remain stagnant

Demand for industrial land parcels in H1 2020 was largely muted in the Ahmedabad region, with the impact of an economic and manufacturing slowdown being felt to a greater extent in this growth market as compared to the larger cities. Prospective buyers/investors have stated that the current land cost remains high amid the ongoing slowdown and the prolonged timelines for title clearances is also impeding land sales activity. Sufficient availability of land parcels coupled with muted demand restricted land price growth in H1 and the trend is likely to sustain through the remainder of 2020, in case industrial and manufacturing sentiments do not witness substantial improvement during the year.

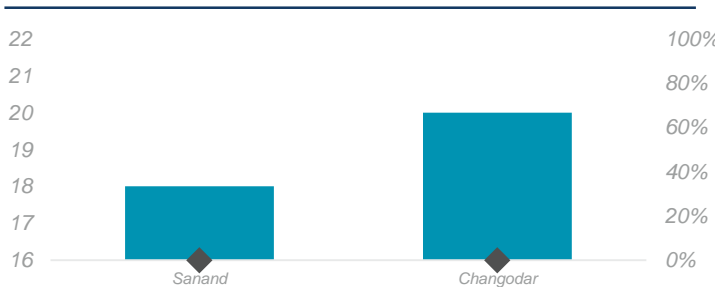
Sharp fall in warehousing demand due to COVID-19

Warehouse leasing volumes were negligible during the first half of the current year, with the pandemic and the lockdown shock impacting market activity very significantly. Factories/industrial units are operating at a fraction of their production capacity coupled with disruptions in the transport and supply chain systems, which has caused a temporary reduction in demand for warehousing storage space. Alternatively, micro storage facilities within the city have emerged, with showrooms and shops being converted on a temporary basis for inventory management. With consumers shifting to digital retail and ordering of essential items rising substantially on e-commerce platforms, companies in the FMCG, pharma and consumer electronics industries will drive future demand for warehousing. In fact, demand for warehousing facilities, like cold storage is also ramping up driven by such specialised needs of firms. An associated rise in demand from 3PL and logistics players will also push aggregate demand for Grade A warehousing and logistics parks. In particular, demand for third party logistics in supply chain management is expected to grow on account of the higher compliance cost for COVID-19 protocols, which will lead to more multinational companies outsourcing their logistics operations. On the point of rents, occupancy costs were largely stable across all submarkets with adequate supply and availability of warehousing space options. Rent movement trends are likely to be visible once market activity opens up to a greater extent though occupiers will negotiate hard and developers will be keen to remain flexible in commercial negotiations.

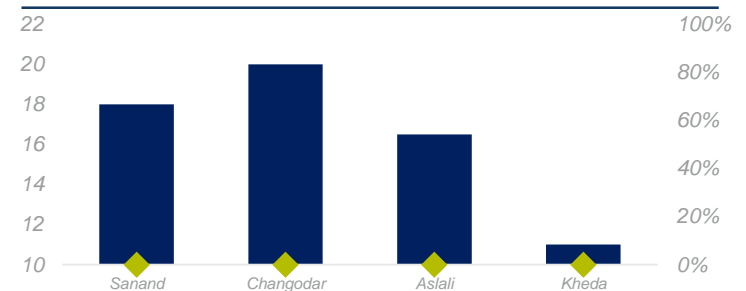
Industrial sheds supply and demand disrupted

There were no transactions for industrial sheds/premises during the first half of 2020. Moreover, the COVID-19 outbreak coupled with the monsoon season and labour shortages have slowed down construction activity substantially. Upcoming supply for Q3 and Q4 2020 is also likely to be deferred to next year. Rents for industrial sheds remained range-bound across all key industrial submarkets and are expected to remain largely stable with some downward pressure over the next 3-4 quarters as well, given that supply is adequate to support potential 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

Industrial Q2 2020

LAND RATES – June 2020

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
Represents government owned serviced plots in industrial parks
Percentage growth are in local currency; Y-O-Y – Year on Year
Conversion Rate: US\$1= 75.6 INR and Euro 1 = INR 85.3*

SIGNIFICANT TRANSACTIONS H1 2020

Note: H1 2020 did not record closure of any significant warehousing transactions.

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