

**3,600 ACRES** OF INDUSTRIAL PARK  
PROPOSED BY THE GOVERNMENT NEAR SHABAD

**INR 11,000 CR.** OF PROPOSED  
INVESTMENT BY AMAZON FOR TWO DATA CENTRES

**700,000 sqft** LEASED BY MAJOR FMCG,  
ELECTRONICS AND E-COMMERCE PLAYERS IN H1 2020

## 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, IMF, RBI

### Limited transactions in H1 2020; Short-term warehousing demand disruption due to COVID-19

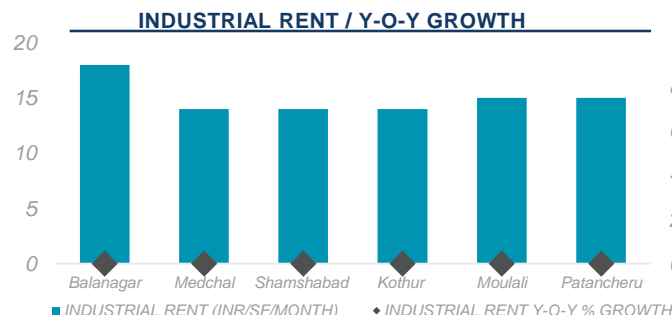
Hyderabad's logistics and warehousing sector was adversely affected in H1 2020 by the COVID-19 pandemic and the subsequent lockdown even though the long-term fundamentals of the segment remain intact. The year started off on a positive note led by sectors such as FMCG, Electronics and e-commerce. During H1, leasing transactions totalling around 700,000 sqft were carried out by clients such as Amazon, Flipkart, Samsung, Myntra and LG. Since the imposition of the lockdown, several transactions have been deferred and put on hold in the short term. However, the medium to long term prospects of the city's logistics and warehousing sector remain healthy. Short term growth in demand from e-commerce, FMCG and electronics is likely to continue on account of several health and safety considerations in the current environment marked by COVID-19. In fact, Amazon has recently announced plans of setting up a new fulfilment centre in the city. There is also a sizeable in-city demand for warehouses and last-mile distribution centers, though that remains unmet due to dearth of correctly priced supply in several locations.

### Government driving the momentum; growing prospects for industries

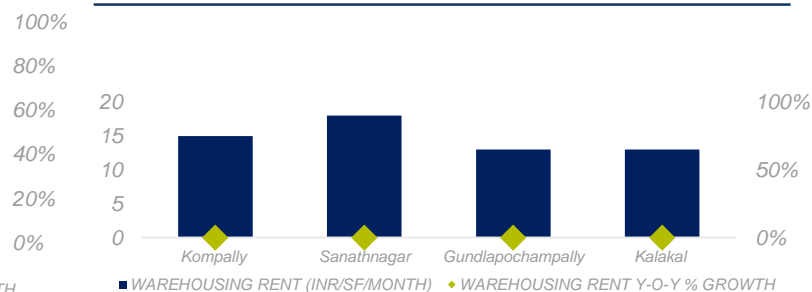
The state government has been a leading force in driving the momentum in industrial, logistics and warehousing sectors. It has made sustained efforts to establish an industrial base in Southern Hyderabad in areas such as Shabad, Kottur, Chevella, Chandanvelly, Hayatabad, Pharma city etc. Welspun Flooring Limited has recently launched a new manufacturing facility spread around 200 acres in Chandanvelly Industrial Park near Shabad. Kundana and Kattera have also made commitments of investing around INR 200-300 crores respectively. Agility India, a part of the Kuwait-based global logistics provider Agility, has also announced plans recently to expand presence in Hyderabad by setting up a distribution centre and explore opportunities in the upcoming pharma city. Amazon has also indicated plans of setting up two data centres in the city with an investment above INR 11,000 crore, one of which is likely in Chandanvelly. The government has also announced plans to set up a larger industrial park of 3,600 acres near Shabad and infrastructure works worth INR 370 crore are already in progress. Addition of new warehousing space over the next 2-3 years will be crucial to cater to the expected rise in demand. Hyderabad is known as the bulk drug capital of the country and the state government is trying to establish the upcoming Pharma city (near Mucherla) as a global manufacturing centre by facilitating investments from major companies across the world. The government has relaxed various regulations across different sectors to attract investments in sectors such as pharmaceuticals and life sciences, electronics and electrical machinery, handlooms and textiles.

### Rentals remain stable; New completions likely in 2021

Warehousing and logistics rents have largely remained stable across key locations such as Kompally-Medchal corridor despite continuous rental negotiations between developers and tenants during the lockdown. Dearth of organized Grade A spaces in integrated logistics and warehousing parks continues to pose a challenge for occupiers in the city. Ancon Group – HMDA logistics park that was completed last year was fully pre-leased. Larger players like GMR-ESR and Embassy-Warburg Pincus are still at an early stage. Other smaller logistics parks developed by private players in partnership with HMDA are under various stages of development, and some of them are likely to get completed in 2021. We expect development of more integrated warehousing and industrial parks over the medium to long term with investments from major global PE funds and operators.



### 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
Medchal	50	0.66	0.59	0%
Shamirpet	12	0.16	0.14	20%
Fab City	16	0.21	0.19	7%
Kothur	15	0.20	0.18	25%
Moulali, Nacharam	90	1.19	1.06	0%
Uppal	150	1.98	1.76	0%
Patancheru	70	0.93	0.82	0%

Note: 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

Buyer/Lessee	Seller/Lessor	Type	Submarket	Sale/Lease	Area (sft)
Amazon	Individual Landlord	Warehousing	Medchal	Lease	400,000
Flipkart	Allcargo	Warehousing	Patancheru	Lease	85,000
Amazon	Allcargo	Warehousing	Patancheru	Lease	61,000
Samsung	Individual Landlord	Warehousing	Kompally	Lease	50,000
LG	Individual Landlord	Warehousing	Kompally	Lease	40,000
Myntra	Allcargo	Warehousing	Patancheru	Lease	29,000

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