

7.5% RISE IN WAREHOUSING RENTS (Y-O-Y)

5.0% GROWTH IN INDUSTRIAL RENTS (Y-O-Y)

10% RISE IN LAND RATES IN JNPT & URAN ROAD (Y-O-Y)

ECONOMIC INDICATORS Q2 2020

	2018	2019	2020 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

Muted warehousing leasing activity in H1 2020

Warehousing leasing in Mumbai was slow during the first half of 2020 due to the COVID-19 outbreak and subsequent lockdown across all sub-markets. Bhiwandi was the most active sub-market in terms of warehouse leasing in H1 2020, with 3PL, E-commerce, FMCG, Retail and Pharma firms accounting for a major share in lease transactions. The key transactions recorded during H1 2020 included a major 3PL company (confidential) leasing 340,000 sf and Ecom Express leasing 156,250 sf, both in Bhiwandi sub-market. During this period, demand for temporary spaces was at an all-time high, as supply chains across the board got disrupted even as major e-commerce players such as Amazon and Big Basket had to make arrangements to deliver essential items. Going forward, demand for large warehousing spaces from e-commerce players as well as FMCG, Healthcare & Pharma and 3PL operators will continue to grow over the medium to long term. However, the current lockdown, upcoming monsoon season and labour shortages are likely to delay new completions by 3-6 months.

The overall rentals for grade A warehousing space across all sub-markets remained stable during H1 2020, however, Grade B / C warehouses have witnessed rental correction in the range of 5-10%. We expect rental values for Grade A projects to exhibit stability over the next 3-6 months.

Upcoming Infrastructure and data centres to drive land rates higher in key submarkets

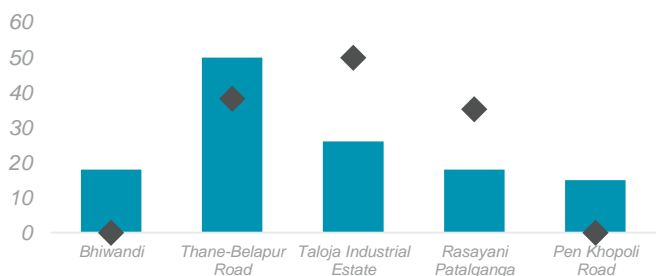
Land prices were stable in H1 2020 across all submarkets, though on an annual basis the land rates in JNPT & Uran Road, Thane-Belapur Road and Rasayani - Patalganga submarkets have risen by 10.0%, 5.6% and 2.0% respectively, driven by continued demand from warehousing and industrial space operators in these corridors. The Thane-Belapur Road submarket is a key location for setting up data centres and this corridor is expected to attract significant investments going forward, as land availability plus the drivers of power reliability and increasing digitization will spur setting up of such data centre parks. In fact, prominent developers who already have land parcels in this submarket are exploring tie-ups with data centre operators to come up with facilities through joint ventures. Land rates will also rise over the medium term with this additional asset class gaining momentum.

With the Navi Mumbai International Airport expected to come up over the next few years, land rates in Panvel and nearby areas along with JNPT & Uran submarkets are expected to rise as well in the near future. Prominent warehousing operators are scouting for land parcels which are strategically located in the vicinity of the airport. Land rates across the other warehousing and industrial corridors in Mumbai are likely to remain steady in the near term.

Stable industrial rents in H1 2020

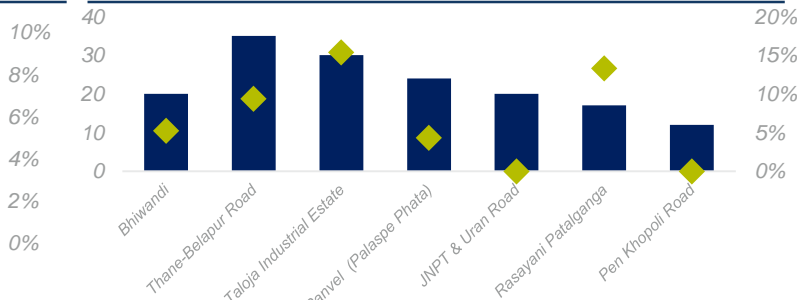
Industrial space leasing activity continued to remain muted across all submarkets during the first half of 2020 with few notable transactions recorded during this period. The prevailing average rental values remained stable during the last six months. However, on a yearly basis industrial rents in Talaja Industrial Estate, Thane-Belapur Road and Rasayani Patalganga corridors rose by 8% and 6% respectively. We expect, the demand for industrial space to be slow during the remainder of the year with rental values remaining range-bound in the coming quarters.

INDUSTRIAL RENT / Y-O-Y GROWTH



■ INDUSTRIAL RENT (INR/SF/MONTH) ◆ INDUSTRIAL RENT Y-O-Y % GROWTH

WAREHOUSING RENT / Y-O-Y GROWTH



■ WAREHOUSING RENT (INR/SF/MONTH) ◆ WAREHOUSING RENT Y-O-Y % GROWTH



LAND RATES – JUNE 2020

SUBMARKET	INR MN/ACRE	US\$ MN/ACRE	EURO MN/ACRE	Y-O-Y Change
Bhiwandi	25	0.3	0.3	0.0%
Thane-Belapur Road	95	1.3	1.1	5.6%
Taloja Industrial Estate	80	1.1	0.9	0.0%
Panvel (Palaspe Phata)#	55	0.7	0.6	0.0%
JNPT & Uran Road#	22	0.3	0.3	10.0%
Rasayani Patalganga	20	0.3	0.2	2.0%
Pen Khopoli Road	16	0.2	0.2	0.0%

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 = 75.60 INR and Euro 1 = INR 85.30

SIGNIFICANT LEASE TRANSACTIONS H1 2020

Lessee	Lessor	Type	Submarket	Area (sf)
Large3PL Client (NDA Signed)	Private Developer	Warehousing	Bhiwandi	340,000
Ecomm Express	Sonadevi Logistics	Warehousing	Bhiwandi	156,250

Rohan Sharma

Director, Research Services

+91 124 4695555 / rohan.sharma1@cushwake.com

Kapil Kanala

Associate Director, Research Services

+91 40 40405555 / kapil.kanala@ap.cushwake.com

cushmanwakefield.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 51,000 employees in 400 offices and 70 countries. In 2018, the firm had revenue of \$8.2 billion across core services of property, facilities and project management, leasing, capital markets, valuation and other services.

©2020 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.