

**1.5 msf** TOTAL LEASING (H1 2020)

**66%** SHARE OF CHAKAN SUBMARKET IN H1 LEASING

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

**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

**3PL, manufacturing occupiers drive demand in H1**

Despite the COVID-19 outbreak and the subsequent lockdown, Pune continued to witness a healthy amount of warehousing and industrial leasing activity in H1, mainly in the Chakan, Talegaon and Nagar Road submarkets. A major proportion of the transactions recorded during this period were driven by 3PL and manufacturing occupiers. The first half of 2020 also saw significant investments in Pune's warehousing market, as 0.7 msf of space in upcoming logistics park of KSH Infra in Chakan was bought by Mapletree Investments. Land acquisitions were relatively subdued during the first half of the year, as few of the transactions which were under discussion before the pandemic outbreak, were deferred. Moreover, a number of companies shelved their land acquisition plans due to an uncertain outlook on business recovery. Land transactions in H1 were also affected due to unavailability of land parcels with clear titles in prominent industrial submarkets within Pune. The overall rents and capital values for industrial and warehousing assets were largely stable during H1 2020 with a steady demand-supply scenario keeping rents and capital values within range.

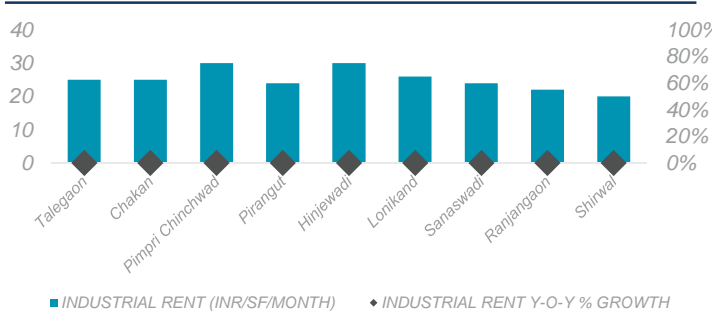
**Chakan submarket dominates leasing activity**

The Chakan submarket accounted for the highest proportion (66%) of the overall leasing in H1 2020 followed by Talegaon submarket (19%). Major occupiers with large space take-ups in Chakan & Talegaon during H1 2020 were KSH Logistics, Sika India, Ramson Heaters Industries, Mahindra Logistics & Dana TM4 among others. Good connectivity with major state highways, the PCMC industrial belt, presence of multinational companies, proximity to the JNPT port and the upcoming Navi Mumbai International Airport have all contributed towards creating increased demand momentum and preference for the Chakan submarket among major occupiers.

**Leasing activity to remain buoyant**

The demand for industrial & warehouse leasing in Pune is expected to remain strong in the short term, with around 2 msf of active demand currently scouting for space in the market. Concurrently, a number of institutional developers & investors are also scouting for large land parcels ranging from 50 to 100 acres for acquisition/ JVs in Pune's prominent corridors like Talegaon, Chakan & Nagar Road for setting up warehousing/logistics/industrial parks. Corridors such as Hinjewadi and Pimpri Chinchwad are emerging as dense residential catchments and we expect a few industrial occupiers with lock-in expiry in the near-term to move out of these locations due to the rising rentals. We also anticipate land acquisition decisions of a few companies to be deferred in the short term, leading to spill over of demand to H1 2021. Moreover, ongoing construction activity is expected to face delays due to labour and raw material shortages with construction gaining substantial momentum by early next year. Going forward, industrial demand for locations like Shirwal on Satara Road and Supa on Nagar Road may witness greater traction due to lower land prices. Presently, these are the only locations in proximity to Pune with government incentives like interest subsidy on loans, electricity duty exemption, waiver of stamp duty, power tariff subsidy etc. We expect future warehousing demand to be largely driven by 3PL, e-commerce and manufacturing occupiers mainly in Chakan, Talegaon and Nagar Road submarkets. Capital values and rentals are expected to remain range-bound in short to medium term due to the steady demand supply scenario.

**INDUSTRIAL RENT / Y-O-Y GROWTH**



**WAREHOUSING RENT / Y-O-Y GROWTH**



## LAND RATES - JUNE 2020

SUBMARKET	INR MN/ACRE	US\$ MN/ACRE	EURO MN/ACRE	Y-O-Y Change
Talegaon	20	0.3	0.2	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	0.3	0.3	0.0%
Sanaswadi	20	0.3	0.2	0.0%
Ranjangaon	16	0.2	0.2	0.0%
Khed	15	0.2	0.2	0.0%
Shirwal	12	0.2	0.1	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= 75.6 INR and Euro 1 = INR 85.3

## SIGNIFICANT TRANSACTIONS H1 2020

Buyer/Lessee	Seller/Lessor	Type	Submarket	Sale/Lease	Area (sf)
Mahindra Logistics	Guari Group	Warehouse	Talegaon	Lease	2,60,000
KSH Logistics Pvt Ltd	Indospace Park 1	Warehouse	Chakan	Lease	1,25,700
Ramson Heaters Industries	Individual Landlord	Industrial	Chakan	Lease	59,636
Dana TM4 India Pvt Ltd	Global Group	Industrial	Chakan	Lease	51,015
Kuehne + Nagel	Individual Landlord	Warehouse	Nagar Road	Lease	47,640

## KEY SALES TRANSACTIONS H1 2020

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/INR PSF
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No transactions recorded

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