

0.6 msf GRADE A WAREHOUSE SUPPLY ADDED IN 2020

0.87 msf WAREHOUSE SPACE LEASED BY BUSYBEE (H2 2020)

0.98 msf INDUSTRIAL SPACE LEASED BY LICIOUS (H2 2020)

E-commerce and 3PL continue to drive the demand

Demand for logistics and warehousing space has continued on a positive note in H2 with e-commerce and 3PL players driving a significant portion of the market activity. While around 1.2 msf of warehousing space was leased during the year across locations by prominent occupiers like Flipkart, Britannia, Delhivery, Firstcry and Busybee among others, the second half of the year also saw a gradual improvement in industrial transactions by larger corporates. Mercedes has recently leased about 43,000 sf of industrial space in EPIP Whitefield while Licious has taken up approx. 98,000 sf in Chintamani Road. Corporates are also looking at opportunities to divest some of their land and industrial assets on the back of greater investor interest. Demand for smaller warehousing / distribution centres for last mile delivery has also increased by two-folds compared to H1. Nearly 0.6 msf of demand for warehousing and industrial space is currently active and another 1.0-1.5 msf. is deferred in the short term. We expect market activity to pick up further momentum in 2021 with demand coming back from other occupier sectors as well. Tumkur Road in the north-western part of the city including locations such as Nelamangala and Dobbaspeta, is fast emerging as a key industrial location. Other submarkets such as Hosur Road with Bommanahalli and Attibele - Anekal as its primary locations, as well as Hoskote in the eastern belt are gaining traction with large occupiers looking for quality warehousing spaces.

Supply addition with resumption in construction activities

New warehousing supply improved significantly in H2 2020 as construction activity resumed by early Q3 and developers in the last leg of completion expedited projects to meet the growing demand. Around 1.7 msf of new ready-to-occupy warehousing supply was added in 2020 with the Grade A category accounting for 600,000 sf of the total supply. Over half of the new supply was concentrated in the north-western part of the city in Dobbaspeta as well as in the Nelamangala - Doddaballapura and Nelamangala - Hassan Road corridors. The remaining large warehouses were distributed across Hoskote & Chintamani Road in the eastern part of the city and Attibele - Anekal Road in the southern corridor. Supply outlook for 2021 looks healthy and tenants from FMCG and pharmaceutical industries are driving demand across all major corridors. Improved business sentiments and a rebound in manufacturing will continue to sustain the momentum over the next 12-24 months. The proposed 200-acre logistics parks at Dobbaspeta and the industrial corridor at Tumkur are likely to improve market sentiments further.

Stable rents in H2 2020, rental growth likely in 2021-22

Warehousing and industrial/manufacturing rentals in Grade A establishments have remained stable in H2 2020. Despite some tenant exits, rents haven't corrected in smaller Grade B developments either. However, developers were strategically flexible and were selectively offering concessions. Rentals though are likely to remain stable in the short term but we expect a steady upwards trend in line with demand recovery over the next 12-18 months with locations like Peenya, Nelamangala and Whitefield expected to witness higher appreciation in warehousing and industrial rentals.

ECONOMIC INDICATORS Q4 2020

	2019	2020	2021 Forecast
GDP Growth	4.2%	-7.5%	8.8%
CPI Growth	3.4%	6.1%	4.5%
Consumer Spending	5.0%	-8.5%	7.2%
Govt. Final Expenditure Growth	13.2%	5.7%	10.5%

Source: Oxford Economics, IMF, RBI

INDUSTRIAL RENT / Y-O-Y GROWTH



WAREHOUSING RENT / Y-O-Y GROWTH



Industrial H2 2020

LAND RATES - DECEMBER 2020

SUBMARKET	INR MN/ACRE	US\$ MN/ACRE	EURO MN/ACRE	Y-O-Y Change
KIADB Hitech Zone	26 - 28	0.35 - 0.38	0.30 - 0.32	3.8%
Narsapura	15*	0.20	0.17	0.0%
Bommasandra, Attibele, Jigani	45 -152**	0.61 - 2.07	0.51 - 1.74	0.0%#
Bidadi, Kumbalgodu	35-45	0.48 - 0.61	0.40 - 0.51	0.0%##
Dabaspet	25^	0.34	0.29	0.0%
Harohalli	15^	0.20	0.17	0.0%
Peenya	152 - 196	2.07 - 2.67	1.74 - 2.24	0.0%

Note: Land rates in Bommasandra and Peenya are provided in a range due to difference in rates along the highway and interiors.

Percentage growth are in local currency; Y-O-Y - Year on Year

Conversion Rate: US\$1= INR 73.5 and Euro 1 = INR 87.6

KIADB allotment rate: *INR 13.1 mn/acre

** Emerging micro-markets between Bommasandra and Jigani included

^KIADB allotment rate: *INR 15 mn/acre

^^KIADB allotment rate, freehold rate is INR 25 mn/acre

no change in y-o-y land rates, since lower price range reduced due to inclusion of newer micro-markets

no change in y-o-y land rates, since higher price range increased due to inclusion of newer micro-markets

SIGNIFICANT TRANSACTIONS H2 2020

Buyer/Lessee	Seller/Lessor	Type	Submarket	Sale/Lease	Area (sf)
Licious	Individual Landlord	Industrial	Chintamani Road	Lease	98,000
Mercedes	Individual Landlord	Industrial	EPIP, Whitefield	Lease	43,000
Busybee	Individual Landlord	Warehousing	Kalkunte (NH 648)	Lease	87,000
Flipkart	Individual Landlord	NA	Ulsoor	Lease	20,000

KEY SALES TRANSACTIONS H2 2020

Buyer	Seller	Type	Submarket	Area
Godrej Properties Ltd.	Local Landlord	Residential	Peripheral East	18.0 acre
Godrej Properties Ltd.	Local Developer	Residential	South East	15.0 acre

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