MARKETBEAT

PUNE

Industrial H2 2020

2.7 msf TOTAL LEASING (H2 2020)

72% SHARE OF CHAKAN SUBMARKET IN H2 LEASING

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

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

Strong industrial & warehousing leasing activity in H2

With a gradual reopening of the economy and manufacturing activity, Pune witnessed significant industrial/warehousing leasing in the second half of the year. Moreover, the heavier reliance on e-commerce in the post-COVID era has led to an incremental transition from offline to online retail, leading to larger inventories held by e-commerce players, which has given a further push to the industrial/warehousing sector. The other notable trend to emerge in the post-COVID era, is the increased demand for cold storage facilities, as online demand for perishable items, including groceries has increased substantially. Pune's warehousing and industrial leasing was recorded at 2.7 msf in H2 2020. The Chakan submarket continued to dominate leasing activity with a 72% share, followed by Ranjangaon submarket with an 11% share. Locations like Mahalunge, Kuruli, Nighoje & Sawardari in the Chakan submarket and Ranjangaon, Karegaon in the Ranjangaon submarket were the most active in terms of leasing in H2. Companies in the manufacturing, e-commerce, retail, automobiles and 3PL sectors emerged as the major space takers during this period. Major industrial/warehousing occupiers who leased large spaces in H2 include Aptiv Components, Stellar Value Chain Solutions & Tata AutoComp Systems at Chakan, Haier Appliances & Whirlpool at Ranjangaon and General Motors at Talegaon. Despite the pandemic outbreak and the subsequent lockdown, leasing volumes in Pune have remained stable in 2020 with 4.65 msf worth of leasing activity compared to 4.80 msf in the previous year. The overall rents and capital values for industrial and warehousing were largely stable during H2 2020 with a steady demand-supply scenario keeping rents and capital values within range.

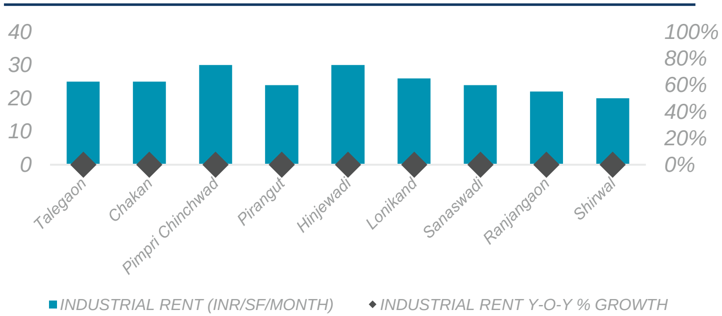
Significant upcoming supply in Chakan & Talegaon submarkets

Pune is expected to witness significant supply in the next 3 to 5 years, as multiple local and national developers like Indospace, Ascendas Singbridge, Musaddilal Group etc. have accumulated land parcels in prominent submarkets. Also, there are several other developers and investors currently scouting for large land parcels ranging from 50 to 100 acres for acquisition/JVs in corridors like Talegaon, Chakan & Nagar Road for setting up industrial parks. Thus, with significant upcoming supply and stable demand, we expect capital values and rentals to remain stable in the short to medium term.

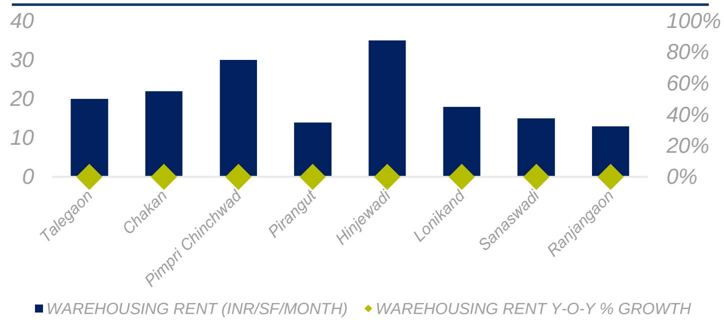
E-commerce, auto & 3PL sectors to drive future demand

We expect overall demand for warehousing and industrial leasing in Pune to remain strong in the short to medium term. Presently, around 2 msf of active leasing demand is in the market for space. Also, there are several active enquiries for land acquisitions by manufacturing occupiers in locations like Chakan, Talegaon & Nagar Road. However, these locations continue to remain underserved in terms of quality supply, due to unavailability of fully compliant and clear-titled land parcels. With the limited supply in prominent submarkets, certain locations like Supa & Shirwal are also being actively considered by industrial occupiers, mainly due to the availability of land parcels, presence of strong physical infrastructure and availability of government incentives like interest subsidy on loans, electricity duty exemption, waiver of stamp duty, power tariff subsidy etc. Post-COVID, companies are also trying to focus more on core business products, thus, there is higher preference towards third-party logistics (3PL) companies to enable better transportation and logistics control. Going forward, we expect future warehousing/industrial demand to be largely driven by 3PL, e-commerce and manufacturing occupiers mainly in Chakan, Talegaon and Nagar Road submarkets. There may also be significant demand for cold storage facilities in the near-term due to higher space needs from perishable foods and pharma industries. We also anticipate closure of a few large warehousing transactions which have got deferred in 2020, during the first half of 2021.

INDUSTRIAL RENT / Y-O-Y GROWTH



WAREHOUSING RENT / Y-O-Y GROWTH



MARKETBEAT

PUNE

Industrial H2 2020

LAND RATES - December 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	0.3	0.0%
Pimpri-Chinchwad	74	1.0	0.8	0.0%
Pirangut	30	0.4	0.3	0.0%
Hinjewadi	65	0.9	0.7	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= 73.5 INR and Euro 1 = INR 87.6

SIGNIFICANT TRANSACTIONS H2 2020

Buyer/Lessee	Seller/Lessor	Type	Submarket	Sale/Lease	Area (sf)
Aptiv Components India	Indospace Park 1	Industrial	Chakan	Lease	2,56,378
General Motors	Vivan Group	Industrial	Talegaon	Lease	1,20,686
Tata AutoComp Systems.	Embassy Industrial Park	Industrial	Chakan	Lease	1,06,204
Whirlpool	Indospace - Ranjangaon	Warehouse	Ranjangaon	Lease	86,665
Haier Appliances	Indospace Park 1	Warehouse	Ranjangaon	Lease	76,640

KEY SALES TRANSACTIONS H2 2020

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

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