

~2.5 msf WAREHOUSE SPACE LEASED (H2 2021)

55-60% SHARE OF 3PL FIRMS IN WAREHOUSE SPACE LEASED (H2 2021)

45-50% SHARE OF EAST & WEST BENGALURU IN WAREHOUSE SPACE LEASED (H2 2021)

Healthy activity in 3PL and e-commerce drive warehousing demand during H2 2021

Bengaluru's warehousing market remained resilient during 2nd half of 2021 amid sustained occupier interest from 3PL and e-commerce sectors. Prominent occupiers who leased large (around 70,000-85,000 sf) warehouse spaces were Robinson Logistics, Mahindra Logistics, Busybees Logistics and Grofers. The 3PL and e-commerce players leased ~2.0 msf and ~1.5 msf of space respectively during the year, together contributing for 70-75% of the total warehouse space take up in 2021. Emerging clusters like Soukya Road, Malur, Hoskote, Attibele-Anekal Road, Sidlaghatta Road contributed for a major share of 60-65% in leased space during 2021. Locations in and around Nelamangala in the west (towards Dabaspete as well as Mangalore) and Bommasandra in the south east continued to record space enquiries during H2 and accounted for 20-25% of the total warehouse space leased during 2021. Amid healthy leasing sentiments and a dearth of quality warehousing space particularly in these active corridors, developers are showing preference for large-sized space lock-ins from occupiers on a long-term basis.

Both 3PL and e-commerce will drive further warehousing demand in the market with active and ongoing requirements in place for both speculative and built-to-suit projects. Enquiries for warehouse space from Electric vehicles sector got recorded with demand for EVs for commercial use likely to witness a surge in next 6-9 months. Ecommerce firms placing orders for EVs to electrify their delivery fleet has resulted in higher demand.

Quality supply expected to increase in Bengaluru market amid rising demand

Developers have been expanding their footprint in both, first and last mile delivery warehouses, to meet rising demand from e-commerce and 3PL firms. While developers continue to explore opportunities to upgrade ageing properties in prominent warehousing corridors, some of the larger developers were looking to start construction of their planned warehouse/logistics projects during H2 2021. Prior anticipation of this trend had already resulted in land purchases made by local and regional developers in the Bengaluru Metropolitan Region (BMR) over past few years. Limited availability of quality space has boosted construction of greenfield and speculative Grade A warehouses. While established warehousing hubs like Nelamangala-Dabaspete, Hoskote-Narsapura are likely to witness higher supply, emerging clusters like Bidadi, Soukya Road, Attibele, Jigani and Malur shall be hot spots, recording 1.5-2.0 msf of space addition during 2022-2023. Expansion of footprint by large developers indicate a strong revival in their confidence in the sector. The state's industrial development board's (called KIADB) recent policy amendment in H2 allowing land allotment to private industries or institutions on a 10-year "lease-cum-sale" basis, will encourage expansion of quality supply and also investments as allotted land will be under ownership.

Rentals remain resilient, growth expected in short to mid term

The overall rentals for industrial and warehousing space across submarkets remained unchanged during H2 2021. Land rates too remained stable during the period. However, an appreciation in rentals is anticipated in the short to medium term owing to steady increase in construction & operating costs.

ECONOMIC INDICATORS Q4 2021

	2020	2021	2022 Forecast
GDP Growth	-7.3%	9.2%	8.5%
CPI Growth	6.1%	5.3%	5.0%
Consumer Spending	-8.5%	6.3%	7.2%
Govt. Final Expenditure Growth	5.7%	10.8%	9.7%

Source: Oxford Economics, RBI, IMF

INDUSTRIAL RENT / Y-O-Y GROWTH



WAREHOUSING RENT / Y-O-Y GROWTH



Industrial H2 2021

LAND RATES - DECEMBER 2021

SUBMARKET	INR MN/ACRE	US\$ MN/ACRE	EURO MN/ACRE	Y-O-Y Change
KIADB Hitech Zone	28-45*	0.38 - 0.61	0.33 – 0.54	0.0%
Narsapura	20-25**	0.27 – 0.34	0.23 – 0.30	0.0%
Bommasandra, Attibele, Jigani	70 -155#	0.95 - 2.11	0.83 - 1.84	0.0%
Bidadi, Kumbalgodu	35-45	0.48 – 0.61	0.42 – 0.54	0.0%
Dabaspet	25^	0.34	0.30	0.0%
Harohalli	15^^	0.21	0.18	0.0%
Peenya	195-220	2.66 – 3.00	2.32 – 2.62	8-10%

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 73.3 and Euro 1 = INR 84.04

*KIADB allotment rate: INR 28 mn/acre

**KIADB allotment rate: INR 15-16 mn/acre

#Emerging micro-markets between Bommasandra and Jigani included

^KIADB allotment rate: INR 15 mn/acre

^^KIADB allotment rate, freehold rate is INR 20-25 mn/acre

SIGNIFICANT TRANSACTIONS H2 2021

Buyer/Lessee	Seller/Lessor	Type	Submarket	Sale/Lease	Area (sf)
Simple Energy	Individual Landlord	Industrial	Hosur	Lease	150,000
Storespace	Individual Landlord	Warehousing	Off Shidlaghatta Road	Lease	100,000
PharmEasy	Individual Landlord	Industrial	Bommasandra-Jigani Link Road	Lease	100,000
CARS24	Individual Landlord	Warehousing	Off Shidlaghatta Road	Lease	100,000
Grofers	Individual Landlord	Warehousing	Chandapura	Lease	119,000
Robinson Logistics	Individual Landlord	Warehousing	Off Tumkur Road	Lease	70,000
Mahindra Logistics	Individual Landlord	Warehousing	Anugondanahalli	Lease	60,000
Nestle	Individual Landlord	Warehousing	Nelamangala	Lease	50,000

KEY SALES TRANSACTIONS H2 2021

Buyer	Seller	Type	Submarket	Area
Godrej Properties	Individual landlord	Residential	Sarjapur Road	16.0 acre (1.5 msf of potential saleable area)

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