

1.75 msf WAREHOUSING SPACE LEASED
IN H2 2021

66% OVERALL LEASING SHARE BY E-COMMERCE

20-30% AVERAGE ANNUAL GROWTH IN
LAND RATES (H2 2021)

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, IMF, RBI

E-commerce, and consumer durables occupiers drove warehouse demand in H2 2021

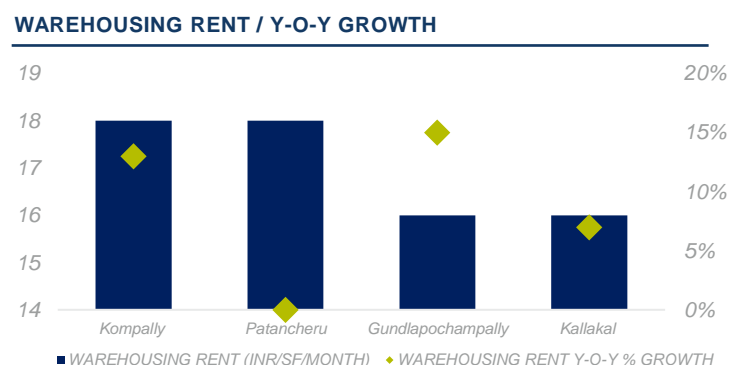
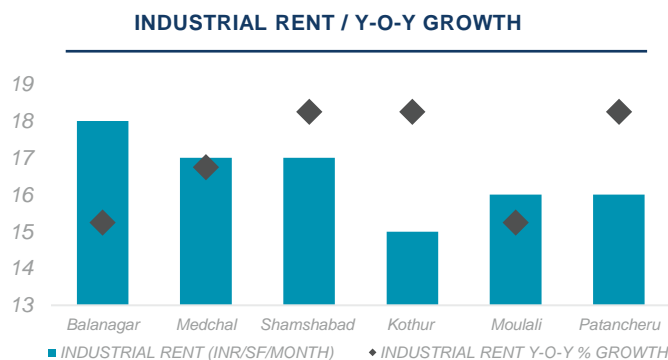
The warehousing sector witnessed significant demand from e-commerce (66%) followed by consumer durables (17%) occupiers during H2 2021. On a half-yearly comparison, warehouse leasing activity recorded growth of around 15%, with 1.75 msf of space getting leased during H2. Further, on an annual basis, leasing activity witnessed significant momentum with ~3.3 msf of space being leased, a growth of over 60% from 2020. Rapidly growing industrial base coupled with healthy demand from e-commerce and 3PL occupiers is expected to drive demand for quality warehousing spaces. The western and north-western corridors, particularly locations such as Patancheru, Edulnagulapally, Gundlapochampally, Medchal, and Kallakal, are expected to witness most of the traction in the short to mid term.

New Logistics Policy expected to strengthen industrial infrastructure

The state government has formulated a new policy for logistics sector in the second half of 2021 to attract an investment of INR 10,000 crores by 2026. Telangana State Logistics Policy, 2021-26, has allocated an area of 1,060 acres of land for mega projects (investment > INR 200 crores) and non-mega infrastructure projects, to attract higher PE investments into the industrial & warehousing sector. The policy expects to build multi-modal logistics parks, dry ports, and integrated logistics parks on a public-private partnership (PPP) model. Post the policy draft, Telangana ranked 10th in the Logistics Ease Across Different States (LEADS, 2021), and has attracted investments from companies such as Liteauto GmbH, Gloster Ltd, MBG Commodities, Kareshwaram Agro Pvt Ltd, and a few reputed defense and life sciences companies have already set up their facilities in the state. Implementation of the policy with proposed incentives for investments is likely to have a positive impact on the industrial, logistics & warehousing sector in the mid to long term.

Rentals witness marginal growth, driven by healthy warehousing demand

Industrial and warehousing quoted rentals across all corridors of the city have witnessed a marginal increase of 3% - 5% during H2 2021, when compared on a half-yearly basis. Prime micro-markets of Kandlakoya and Medchal in the northern quadrant witnessed robust leasing activity during 2021, resulting in limited availability of quality warehousing space by the end of the year. This has led to an appreciation in warehousing rentals at these locations from INR13-15 per sft in 2019 to INR15-INR18 per sft by end of 2021. With rising demand, we expect rentals to rise further in the next 6 to 12 months.





Industrial H2 2021

LAND RATES - Dec 2021

SUBMARKET	INR MN/ACRE	US\$ MN/ACRE	EURO MN/ACRE	Y-O-Y Change
Medchal	65	0.88	0.77	30%
Shamirpet	20	0.27	0.23	33%
Fab City	25	0.34	0.29	56%
Kothur	20	0.27	0.23	33%
Moulali, Nacharam	90	1.22	1.07	0%
Uppal	160	2.18	1.90	7%
Patancheru	80	1.09	0.95	14%

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= 73.30 INR and Euro 1 = INR 84.04

SIGNIFICANT TRANSACTIONS H2 2021

Buyer/Lessee	Seller/Lessor	Type	Submarket	Sale/Lease	Area (sft)
Amazon	GMR	Warehousing	Shamshabad	Lease	1,000,000
Delhivery	Individual Landlord	Warehousing	Shamshabad	Lease	150,000
Flipkart	Individual Landlord	Warehousing	Pudur	Lease	100,000
DealShare	Individual Landlord	Warehousing	Devarayamjal	Lease	100,000
Reliance	Individual Landlord	Warehousing	Pudur	Lease	86,000

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