

**1.1 msf** WAREHOUSING SPACE LEASED  
IN H1 2022

**37%** OVERALL LEASING SHARE BY CONSUMER  
DURABLE

**5-7%** AVERAGE ANNUAL GROWTH IN  
RENTALS (H1 2022)

**ECONOMIC INDICATORS Q2 2022**

	2020	2021	2022 Forecast
GDP Growth	8.9%	7.2%	7.0%
CPI Growth	5.3%	6.7%	5.0%
Consumer Spending	6.3%	7.5%	7.8%
Govt. Final Expenditure Growth	10.8%	9.7%	8.5%

Source: Oxford Economics, IMF, RBI

**Consumer durables and 3PL drove warehouse demand in H1 2022**

H1-22 witnessed healthy demand for warehousing driven by consumer durables, 3PL players and manufacturing occupiers. Despite limited availability of high-quality Grade-A warehousing space, H1 2022 recorded more than 1.1 msf of warehouse leasing, driven by robust leasing activity at Grade-B facilities. Consumer durables accounted for 37% of warehouse space leasing during H1, followed by 3PL companies and Industrial segments contributing 30% and 21% shares, respectively. Established warehouse hotspots of Northern and Southern corridors that offer high-quality warehousing space contributed to approx. 80% of total leasing activity in H1. However, the availability of quality projects in such locations have been on a constant decline due to robust leasing activity recorded in the recent past.

During H1 2022, established locations witnessed around 350,000 sf of new supply with 100% pre-commitment from reputed 3PL and consumer durables occupiers. We anticipate these locations might continue to cater to the warehousing demand with Grade-A developers having their expansion plans in the pipeline with ongoing active enquiries.

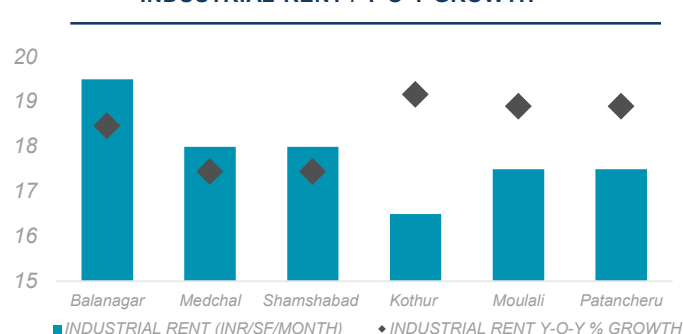
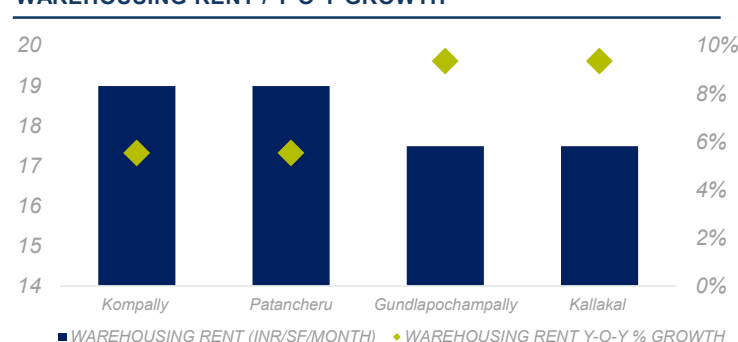
**Plethora of initiatives from state government spurring growth in investment & market activity**

The state government has been actively focusing on attracting investments in the electronics, defence, pharmaceuticals, data centers, manufacturing, and R&D sectors over the last few years and has rolled out several incentives. Policies such as GRID (growth in dispersion), TS-iPASS and the recent State Logistics Policy 2021-26 (placing logistics sector in the 14 thrust areas) are key initiatives of the government. By the end of H1 2022, Telangana state climbed two spots to reach 8<sup>th</sup> rank in the 'Logistics Ease Across Different States' (LEADS, 2021), from 10<sup>th</sup> spot in H2 2021. With such policies and initiatives, there has been growth in investments as the peripheral locations along ORR (outer ring road) is witnessing a steady rise in warehousing and Industrial activity.

Some of the recent investments are VEM Technologies Pvt Ltd at NIMZ (National Investment and Manufacturing Zone), Zaheerabad, GMR Hyderabad Aviation SEZ Ltd (GHASL) and Schneider Electric's agreement to build a manufacturing facility at Shamshabad and Safran's plans to set up largest aircraft engine MRO (maintenance, repair and overhaul) facility at GMR Industrial Park, Shamshabad are expected to strengthen the investment and market activity.

**Rents on the rise; land rates remain stable**

Quoted rentals for Industrial and warehousing space across all corridors in the city have witnessed 5% - 7% increase in H1 2022 over H2 2021 and recorded around 10% growth on a y-o-y basis. Factors contributing to rental growth include rising cost of construction, limited availability in Grade-A facilities and robust leasing activity in the independent Grade-B warehousing units. Warehousing deals in Grade-B / Independent space account for more than 50% of the total leasing activity in H1 2022, recording a significant growth over the last 12 to 18 months. Warehousing rents are also driven by growing number of active enquires from F&B, FMCG, pharmaceutical and industrial sectors. Land rates, however, have remained stable in the key warehousing locations of the city due to the healthy availability of suitable land parcels beyond ORR.

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

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


MARKETBEAT

## HYDERABAD

Industrial H1 2022



## LAND RATES - June 2022

SUBMARKET	INR MN/ACRE	US\$ MN/ACRE	EURO MN/ACRE	Y-O-Y Change
Medchal	68	0.88	0.77	5%
Shamirpet	21	0.27	0.23	5%
Fab City	27	0.34	0.29	8%
Kothur	20	0.27	0.23	0%
Moulali, Nacharam	90	1.22	1.07	0%
Uppal	165	2.18	1.90	3%
Patancheru	85	1.09	0.95	6%

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= 77.30 INR and Euro 1 = INR 82.2

## SIGNIFICANT TRANSACTIONS H1 2022

Buyer/Lessee	Seller/Lessor	Type	Submarket	Sale/Lease	Area (sft)
Reliance	Zeromile	Warehousing	Devarayamjal	Lease	220,000
Fosroc Chemicals	JCK Embassy	Warehousing	Shamshabad	Lease	200,000
Ecom Express	Individual Landlord	Warehousing	Medchal	Lease	200,000
FirstCry	JCK Embassy	Warehousing	Shamshabad	Lease	150,000
Mahindra Cero Recycling	Individual Landlord	Warehousing	Toopran	Lease	45,000

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