

Warehouse Industrial

LEASING in msf (H2 2022) **1.0-1.10** **0.9-1.0**

AVG RENTALS in INR/sf/month **26-28** **24-26**

LAND VALUE Avg. Y-o-Y growth **8-10%** **8-10%**

Demand for warehouse space soar, driven by 3PL and retail sector activities

Around 1.0-1.10 msf of warehouse space was leased in H2-2022, adding up to a total of approx. 1.75- 2.0 msf lease volume for the entire year. Demand for quality warehouse space has been witnessing traction in the post Covid period. While demand was largely driven by 3PL & Logistics firms with a combined share of ~50% in warehousing space take-up, anchor retailers contributed ~40% of the H2 demand. Large transactions (75,000-225,000 sf) included deals done by SafeXpress, Tata Trent, Reliance Retail, DB Schenker and Croma among others. Established warehouse hubs in the western quadrant (Nelamangala) continued to witness strong demand from occupiers across sectors and held ~50% share in half yearly lease volume. Hoskote-Narsapura Road, a prominent emerging corridor in the eastern part of the city has been receiving higher number of enquiries for warehouse space. However, lack of quality options has resulted in large scale built-to-suit transactions happening there. Amid limited availability of quality space, developers are demanding lock-ins from occupiers for longer tenures.

Lack of quality space attracting institutional developers; rentals remain stable

To meet rising demand for quality supply, developers are expediting construction of greenfield, speculative Grade A warehouses. Emerging clusters like Hoskote-Narsapura Road in the east, Nelamangala-Dabaspete and Bengaluru-Tumkur Highway in the west and Attibele-Hosur Road in the south of the city are likely to witness supply addition by both small to mid scale local landlords as well as reputed large scale developers over next 3-5 years. Reputed developers like Indospace, Sumadhura, Ascendas Firstspace, Abhivrudhi, NDR Warehousing, Logiy Spaces and Maple tree are coming up with BTS warehouse spaces of around 8-10 msf in the eastern quadrant (Hoskote-Narsapura Road) in the medium term. Along with new supply addition, developers are also exploring opportunities to upgrade ageing properties in prominent and established warehousing corridors of Nelamangala-Dabaspete, Hoskote-Narsapura to cater to the rising demand. Though rentals largely remained stable, they are anticipated to rise in the medium term backed by rising demand and influx of quality supply.

Demand for Industrial spaces rise; prime corridors command higher rentals

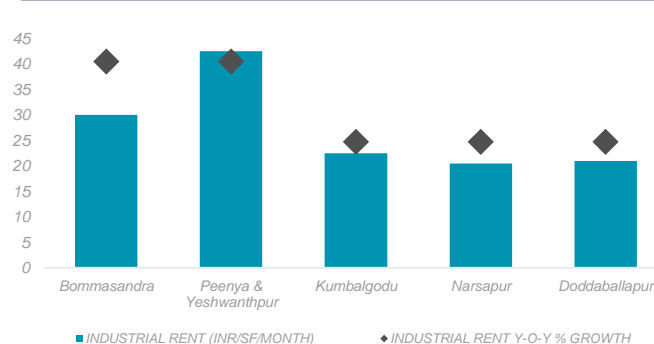
Leasing of industrial space remained strong with 0.9-1.0 msf of deals getting signed in H2 2022. As a result, close to 2.0 msf of space got transacted during entire year 2022. Prominent industrial corridors of Jigani and Bommasandra in the south-east region accounted for 75-80% of the leasing volume, followed by Hoskote Narsapura belt in the east. Some large deals (55,000-120,000 sf) of industrial spaces during H2 was done by Iron Mountain, Aditya Birla Group and Ashirwad Pipes among few others. Other segments that formed major contributors to H2 industrial leasing were manufacturers of chemicals & paints, automobile parts and sanitary hardware. The established industrial hubs of Bommasandra-Jigani and Peenya and Nelamangala in west continue to enjoy tight vacancy levels amid steady demand and have been quoting higher rentals ranging between INR 30-35/sf/m and INR 42-44/sf/m respectively.

ECONOMIC INDICATORS Q4 2022

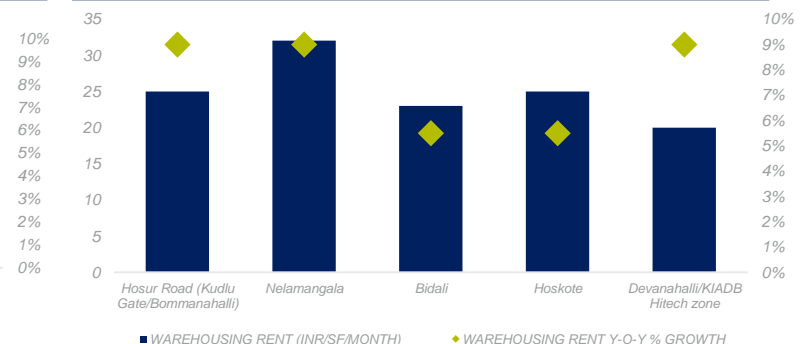
	2021	2022	2023 Forecast
GDP Growth	8.7%	6.8%	6.10%
CPI Growth	5.3%	6.7%	5.0%
Consumer Spending	6.3%	7.5%	7.2%
Govt. Final Expenditure Growth	10.8%	9.7%	8.5%

Source: Oxford Economics, RBI, IMF

INDUSTRIAL RENT / Y-O-Y GROWTH



WAREHOUSING RENT / Y-O-Y GROWTH



KEY WAREHOUSING SUBMARKETS – AVERAGE RENTALS AND LAND RATES – December 2022

SUBMARKET	WAREHOUSE RENT		LAND RATES			
	INR/SF/MONTH	Y-O-Y Change	INR MN/ACRE	US\$ MN/ACRE	EURO MN/ACRE	Y-O-Y Change
Hosur Road (Kudlu Gate/Bommanahalli)	32	5-6 %	43.0 - 45.0	0.52 - 0.55	0.51 - 0.54	8-10 %
Nelamangala	22	5-10%	25.0 - 28.0	0.30 - 0.34	0.30 - 0.33	8-10 %
Bidadi	24	5-6 %	50.0 - 52.0	0.61 - 0.63	0.60 - 0.62	5 -6%
Hoskote	22	5-6 %	18.0 – 20.0	0.22 - 0.24	0.22 - 0.24	5 - 6 %
Devanahalli/KIADB Hitech zone	32.5	5-6 %	58.0 - 60.0	0.70 - 0.73	0.69 - 0.72	8-10 %

KEY INDUSTRIAL SUBMARKETS – AVERAGE RENTALS AND LAND RATES – December 2022

SUBMARKET	INDUSTRIAL RENT		LAND RATES			
	INR/SF/MONTH	Y-O-Y Change	INR MN/ACRE	US\$ MN/ACRE	EURO MN/ACRE	Y-O-Y Change
Bommasandra	30	5-10 %	150-155	1.82 – 1.88	1.79 – 1.85	8-10 %
Peenya	42.5	5-10 %	130-195	1.58 – 2.37	1.56 – 2.33	8-10 %
Kumbalgodu	22.5	5-6 %	108-110	1.31 – 1.34	1.29 – 1.32	5-6 %
Narsapur	20.5	5-6 %	28-30	0.34 – 0.36	0.33 – 0.36	5-6 %
Doddaballapur	21.0	5-6 %	30-50	0.36 – 0.61	0.36 – 0.60	5-6 %

Note: quoted industrial and warehousing rents are historically corrected to reflect accurate market conditions.

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\$= INR 82.3 AND € = INR 83.6

SIGNIFICANT INDUSTRIAL / WAREHOUSE TRANSACTIONS H2 2022

Lessee	Lessor	Type	Submarket	Area (sf)
SafeXpress & Jockey	Individual	Warehouse	Hoskote	225,000
Tata Trent	NDR Warehousing	Warehouse	Hoskote	150,000
DB Schenker	Individual	Warehouse	Nelamangala	99,000
Aditya Birla Group	Indospace	Industrial	Narsapura	110,000
Iron Mountain	RP Metal	Industrial	Dabaspur	100,000
Ashirvad pipes	Laxmi Rolling	Industrial	Bommasandra-Jigani	55,000

SIGNIFICANT LAND TRANSACTIONS H2 2022

Buyer	Seller	Type	Submarket / Location	Area (acre)
Yonex	Individual Landlord	Industrial	Kumbalgodu Industrial Area	5.27

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