

Warehouse Industrial

LEASING in msf (H1 2023) **1.8-1.9** **0.9-1.0**

AVG RENTALS in INR/sf/month **22-25** **28-34**

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

Warehouse demand on the rise driven by 3PL sectors/Logistics

Bengaluru warehouse sector recorded around 1.8-1.9 msf of leasing in H1-2023, a 3Xgrowth in lease volume when compared to H2 2022 and ~27% on y-o-y basis. This has been primarily driven by rising demand for quality warehouse space from occupiers across sectors. While 3PL & Logistics firms dominated half-yearly demand with a combined share of ~50% in warehousing space take-up, FMCG and retail companies contributed ~47% of the H1 demand. E-commerce and Telecom majors signed up for warehouse spaces as well. Large transactions (75,000-225,000 sf) were the highlights of H1 and held 85-90% bulk share in half-yearly leasing. Established (Nelamangala) and upcoming warehouse hubs in the western quadrant continued to witness strong demand from occupiers across sectors and held ~65% share in half-yearly lease volume with locations like Budihal, Minnapura and Nelamangala-Doddaballapur Road gaining traction. Locations in and around Hoskote (such as Malur, Narsapura and Chintamani Road) in the eastern part of the city has been receiving a higher number of enquiries for warehouse space and accounted for the remaining 35% share. Large-scale built-to-suit transactions are also being observed in this micro-market due to inadequate quality warehouse options.

Warehouse rentals remain unaltered, growth anticipated with supply influx from reputed developers

Rentals remained largely stable but they are anticipated to rise in the medium term backed by rising demand and influx of quality supply. Warehouse clusters like Hoskote-Narsapura Road in the east and Bengaluru-Tumkur Highway in the west and Attibele-Hosur Road in the south of the city are likely to witness supply addition over the next 3-5 years. Some developers are expediting the construction of greenfield, speculative Grade A warehouses, while reputed names like Sumadhura, Ascendas Firstspace, Abhivrudhi, VCNR, NDR Warehousing, Indospace, Logiy Spaces and Mapletree are coming up with BTS warehouse spaces in the medium term. To cater to the current demand, developers are also exploring opportunities to upgrade ageing properties in prominent warehousing micro-markets of Nelamangala-Dabaspete, Hoskote-Narsapura and Malur.

Healthy demand for Industrial spaces; north west prime corridor sees highest traction

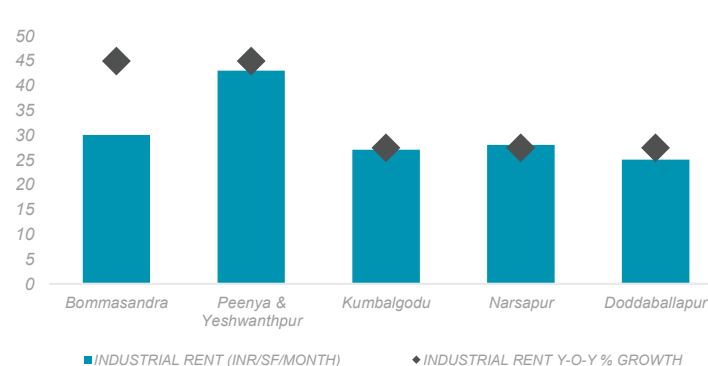
Industrial corridors in and around the city recorded healthy leasing with 0.9-1.0 msf of industrial space getting transacted during H1 2023. Prominent industrial corridors of Nelamangala and Dabaspet in the north-west region accounted for 42-45% of the leasing volume, followed by Jigani and Attibele in the south. Most of the industrial space take-ups during H1 were large deals by fashion and apparel manufacturers, followed by few smaller size deals of 25,000-45,000 sf. The established industrial hubs of Bommasandra-Jigani in south 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 (at select transactions) respectively.

ECONOMIC INDICATORS Q2 2023

	2022	2023	2024 Forecast
GDP Growth	7.2%	6.1%	6.5%
CPI Growth	6.7%	5.3%	5.0%
Consumer Spending	7.5%	7.0%	6.7%
Govt. Final Expenditure Growth	9.7%	8.1%	7.4%

Source: Oxford Economics, RBI, IMF

INDUSTRIAL RENT / Y-O-Y GROWTH



WAREHOUSING RENT / Y-O-Y GROWTH



Industrial H1 2023

KEY WAREHOUSING SUBMARKETS – AVERAGE QUOTED RENTALS AND LAND RATES – June 2023

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 (Jigani, Attibele)	26	5-6 %	90.0 - 130.0	1.10 - 1.58	1.01 - 1.45	8-10 %
Nelamangala (main road)	23	5-10%	50.0 - 100.0	0.61 - 1.22	0.56 - 1.12	8-10 %
Bidadi	24	5-6 %	55.0 - 65.0	0.67 - 0.79	0.62 - 0.73	5 -6%
Hoskote, Malur	25	5-6 %	35.0 – 40.0	0.43 - 0.49	0.39 - 0.45	5 - 6 %
Devanahalli/KIADB Hitech zone	32	5-6 %	60.0 - 100.0	0.73 - 1.22	0.67 - 1.12	8-10 %

KEY INDUSTRIAL SUBMARKETS – AVERAGE RENTALS AND LAND RATES – June 2023

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 %	175-195	2.13 – 2.37	1.96 – 2.18	8-10 %
Peenya	43	5-10 %	220-260	2.68 – 3.16	2.46 – 2.91	8-10 %
Kumbalgodu	27	5-6 %	110-130	1.34 – 1.58	1.23 – 1.45	5-6 %
Narsapur	28	5-6 %	25-30	0.30 – 0.37	0.28 – 0.34	5-6 %
Doddaballapur	25	5-6 %	25-35	0.30 – 0.43	0.28 – 0.39	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

Percentage growth are in local currency; Y-O-Y – Year on Year

Conversion Rate: US\$= INR 82.17 AND € = INR 89.43

SIGNIFICANT INDUSTRIAL / WAREHOUSE TRANSACTIONS H1 2023

Lessee	Lessor	Type	Submarket	Area (sf)
VRL	Individual	Warehouse	Makali	400,000
Himalaya	Individual	Warehouse	Nelamangala	150,000
Swiggy	Individual	Warehouse	Hoskote	130,000
Wildcraft	Individual	Warehouse	Jigani	202,172
Aditya Birla	Individual	Warehouse	Nelamangala	85,000
Kurl on	Individual	Industrial	Dabaspete	60,000
Samsung	Individual	Warehouse	Bidadi	147,000

SIGNIFICANT LAND TRANSACTIONS H1 2023

Buyer	Seller	Type	Submarket / Location	Area (acre)
No prominent Warehouse and Industrial land transaction recorded during H1 2023				

Srija Banerjee

Assistant Vice President, Research Services

+91 080 40465555 /srija.banerjee@cushwake.com

Suvishesh Valsan

Director, Research Services

+91 22 677 15555 /suvishesh.valsan@cushwake.com

cushmanwakefield.com**A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION**

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in approximately 400 offices and 60 countries. In 2022, the firm reported revenue of \$10.1 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), Environmental, Social and Governance (ESG) and more. For additional information, visit www.cushmanwakefield.com.

©2022 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy..