

Industrial H2 2023

	Warehouse	Industrial
LEASING in msf (H2 2023)	0.53	NA
AVG RENTALS in INR/sf/month	21	23
LAND VALUE Avg. Y-o-Y growth	3%-6%	3%-6%

Slowdown in H2 leasing activity with limited large-sized space take-ups

Hyderabad warehousing sector recorded a lease volume of 0.52 msf, a drop of 60% from H1 2023 volume and an 80% drop on a y-o-y basis. The second half of the year was slow, thereby taking the annual leasing to merely 2.11 msf in 2023. A key reason for this slowdown can be attributed to a drop in mid-to-large size deals (1 lakh plus space) take-ups, which contributed to more than 60% of annual leasing volume in the previous years, largely from E-commerce, consumer durables & and electronics segment players.

H2 2023 activity was largely driven by small & medium sized deals from FMCG, electronics and chemical companies. For the whole year 2023, FMCG (30%), Electronics (17%) and 3PL (15%) drove warehousing leasing activity.

Medchal submarket dominated warehouse leasing; rentals remain unchanged

Demand for warehousing in the northern corridor (Medchal submarket) witnessed a significant rise, recording 60% share in overall 2023 leasing volume. Activity was driven by 3PL and Electronic warehousing requirements. With limited space take up witnessed during the period, warehouse rentals remained stable across prominent locations such as Shamshabad, Patancheru, and Medchal in 2023. Land rates, however, inched up by an average of 8-12% annual growth in Medchal, Kothur, Shamirpet, and Patancheru submarkets. Limited supply in organized Grade A warehouse spaces continues to pose a challenge for occupiers in the city.

ECONOMIC INDICATORS Q4 2023

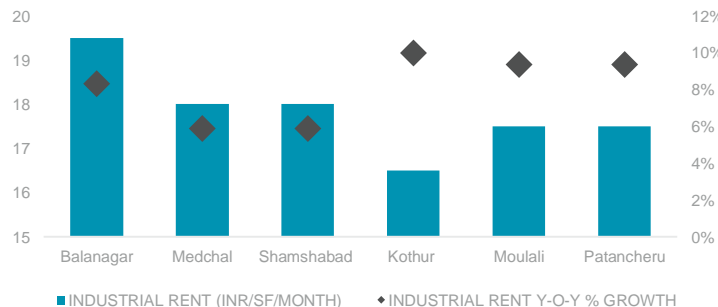
	2022	2023	2024 Forecast
GDP Growth	7.2%	6.5%	7.0%
CPI Growth	6.7%	5.3%	5.0%
Consumer Spending	7.6%	7.0%	6.7%
Govt. Final Expenditure Growth	9.7%	8.1%	7.4%

Source: Oxford Economics, RBI, IMF

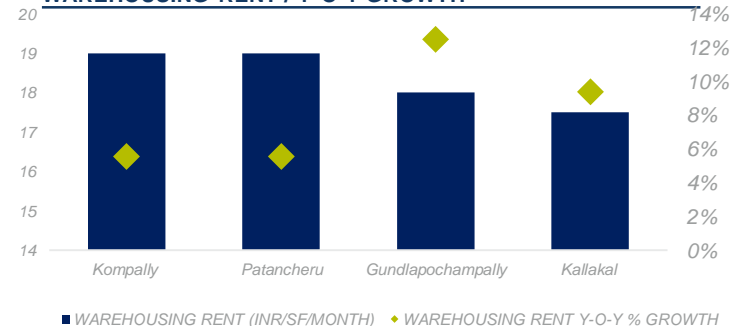
2023 Industrial Policy expected to drive heavy Investments in the Industrial Sector

The state government's industrial policy is trying to provide a framework to attract foreign investments in the market. Hyderabad Metropolitan Development Authority has recently decided to develop six industrial parks along the Outer Ring Road in the next 2 years. Logistics parks are aimed at streamlining freight movement and supporting industrial activity in the Metropolitan Area. Industrial infrastructure is anticipated to have an favourable impact due to the government's new industrial policies and other initiatives.

INDUSTRIAL RENT / Y-O-Y GROWTH



WAREHOUSING RENT / Y-O-Y GROWTH



Industrial H2 2023

KEY WAREHOUSING SUBMARKETS - RENTALS AND LAND RATES – Dec 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
Medchal	18-22	13%	71	0.86	0.85	9%
Shamirpet	18-22	13%	22	0.27	0.26	10%
Fab City	20-24	5%	30	0.36	0.36	20%
Kothur	17-21	6%	25	0.28	0.28	21%
Moulali, Nacharam	24-28	20%	95	1.15	1.14	6%
Uppal	19-23	19%	170	2.07	2.03	6%
Patancheru	21-25	5%	85	1.03	1.02	6%

KEY INDUSTRIAL SUBMARKETS - RENTALS AND LAND RATES – Dec 2023

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Uppal	21-25	19%	170	2.07	2.03	6%
Patancheru	23-27	5%	85	1.03	1.02	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 is in local currency; Y-O-Y – Year on Year

Conversion Rate: US\$1= 83.30 INR and Euro 1 = INR 89.60

SIGNIFICANT INDUSTRIAL / WAREHOUSE TRANSACTIONS H2 2023

Lessee	Lessor	Type	Submarket	Area (sf)
Airtel	-	Warehouse	Medchal	~110,000
Pidilite	-	Warehouse	Medchal	~80,000
Tata	-	Warehouse	Medchal	~82,000

SIGNIFICANT LAND TRANSACTIONS H1 2023- ONLY L&I SECTOR LAND TRANSACTIONS

Buyerna	Seller	Type	Submarket / Location	Area (acre)
No prominent land transactions in Warehouse & Industrial sector recorded during H2 2023				

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