

Pulse: Monthly Real Estate Monitor

September 2023

 **JLL** SEE A BRIGHTER WAY



Overview



Office Index

Demand for office space increased in most cities



Retail Index

Retail space take-up in shopping malls remained stable



Residential Index

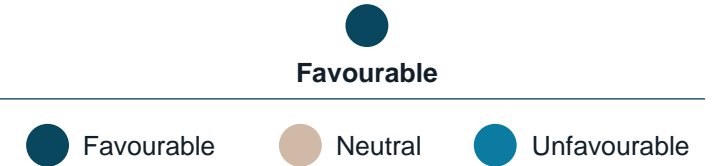
New launches remain stable in most cities



Realeconomics

World Bank's IFC and Sunteck Realty are partnering to create a joint platform with a total investment of up to INR 750 Cr to promote the development of nearly 12,000 high-quality housing units across four to six green housing projects within the Mumbai Metropolitan Region (MMR).

Market sentiment



What's new

Listed real estate investment trusts (REITs) have come together to form The Indian REITs Association (IRA), which was launched under the guidance of the SEBI and the Ministry of Finance. Brookfield India Real Estate Trust, Embassy REIT, Mindspace Business Parks REIT, and Nexus Select Trust are the founding members of IRA.

Policy update

Delhi RERA has made it mandatory for real estate developers to register commercial (Office and Retail) projects even in the case where the intention is to lease the area and not sell it.

India Retail: Evolving to a new dawn

JLL India's latest report titled India Retail: Evolving to a new dawn, states that India continues to be a preferred market for international brands. Increased consumption, rising institutional participation, strategic partnerships of Indian retail chains, and a supportive regulatory environment are making India a lucrative destination for global brands. 24 New International brands have entered India since 2021, making a beeline for superior-quality mall developments in the gateway cities of Delhi NCR, Mumbai, and Bengaluru. Nearly a quarter of these new entrants were in the F&B category.

The report finds that while omnichannel retail is increasingly becoming important, physical stores still play a vital role in providing experiential shopping and social connect experiences to consumers. The operational retail stock as of H1 2023 in the top seven cities (Delhi NCR, Mumbai, Pune, Bengaluru, Kolkata, Chennai, and Hyderabad) stands at 89 million sq ft. More than 50% of the current operational mall stock lies in Delhi NCR (28 million sq ft) and Mumbai (17 million sq ft). Mall completions of around 1.1 million sq ft were recorded in H1 2023, with additions in Hyderabad and Delhi NCR.

Gross leasing across the top seven cities (in shopping malls and leading high streets) stood at 3.16 million sq ft in H1 2023, indicative of consumer confidence translating into expansion by retailers. Bengaluru led with a 34% share followed by Delhi NCR (23%) and Hyderabad (19%). Fashion & Apparel and F&B brands have

dominated the H1 leasing activity. The physical retail space segment has an expected supply pipeline of over 38 million sq ft of retail developments between H2 2023 and 2027, across the top seven cities. Delhi NCR is expected to lead in contribution towards upcoming mall supply with a 31% share, followed by Chennai (16%) and Hyderabad (14%). Around 18% of this upcoming supply (6.7 million sq ft approx.) has institutional participation.

Take care and stay safe.

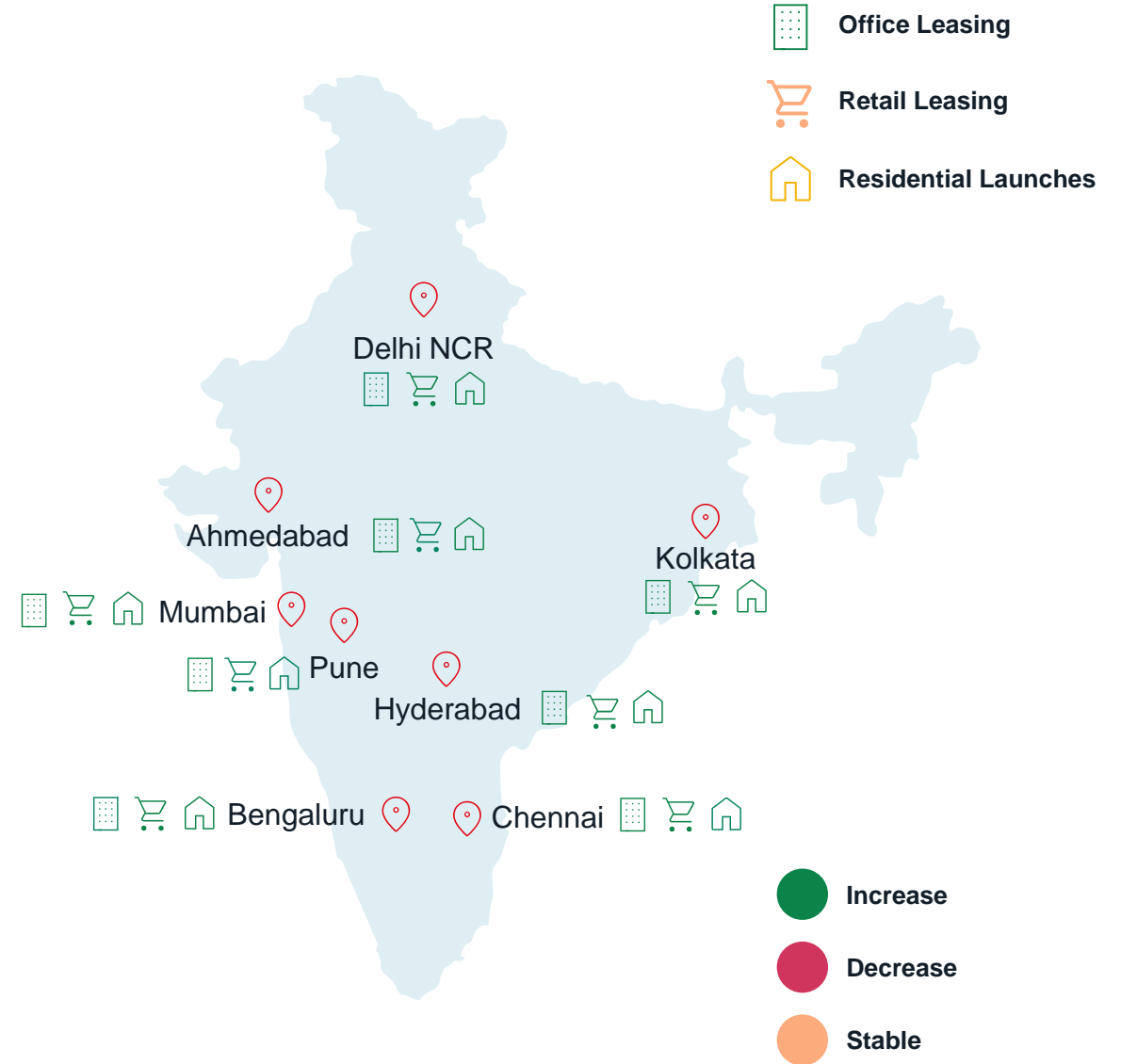
Dr. Samantak Das

Chief Economist and Head Research & REIS, India, JLL

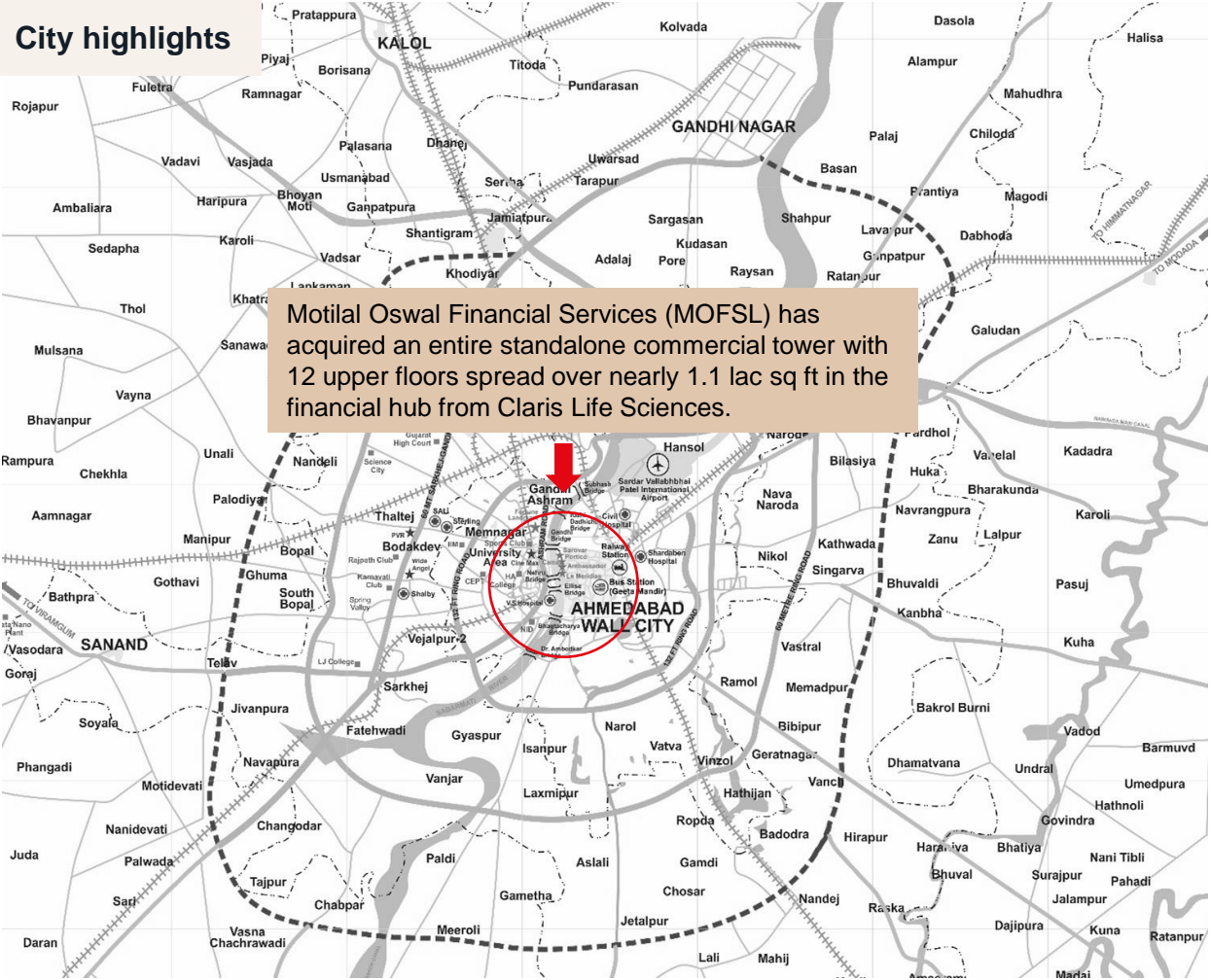
samantak.das@jll.com


Weather map

Cities	Office rent	Retail rent	Residential capital value
Ahmedabad	☀️	☀️	☀️
Delhi NCR	☀️	☀️	☀️
Mumbai	☀️	☀️	☀️
Pune	☀️	☀️	☀️
Bengaluru	☀️	☀️	☀️
Chennai	☀️	☀️	☀️
Hyderabad	☀️	☀️	☀️
Kolkata	☀️	☀️	☀️
Legend			
Growing	Stable	Stagnant	Falling
☀️	☀️ ☁️	☁️	☁️ *



Ahmedabad



Office 


Muted demand for office space witnessed.

Key transaction: JM Financials leased space in CBD.

Retail 


Demand remained stable for malls and Highstreet.

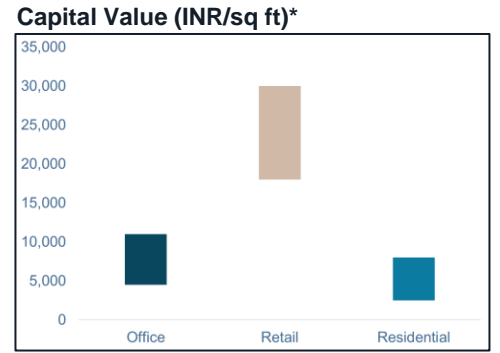
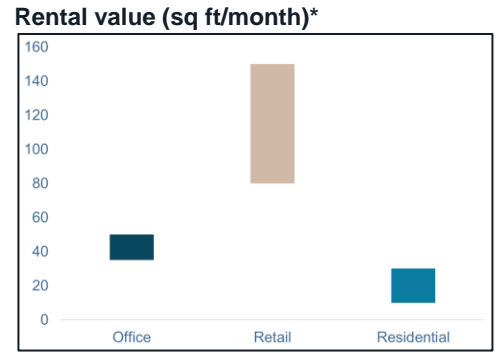
Key transaction: Boss leased space in SBD.

Residential 

Sales decreased while launches remained stable.

Key launch: Marvella launched in Shela.

 No major transactions were recorded.



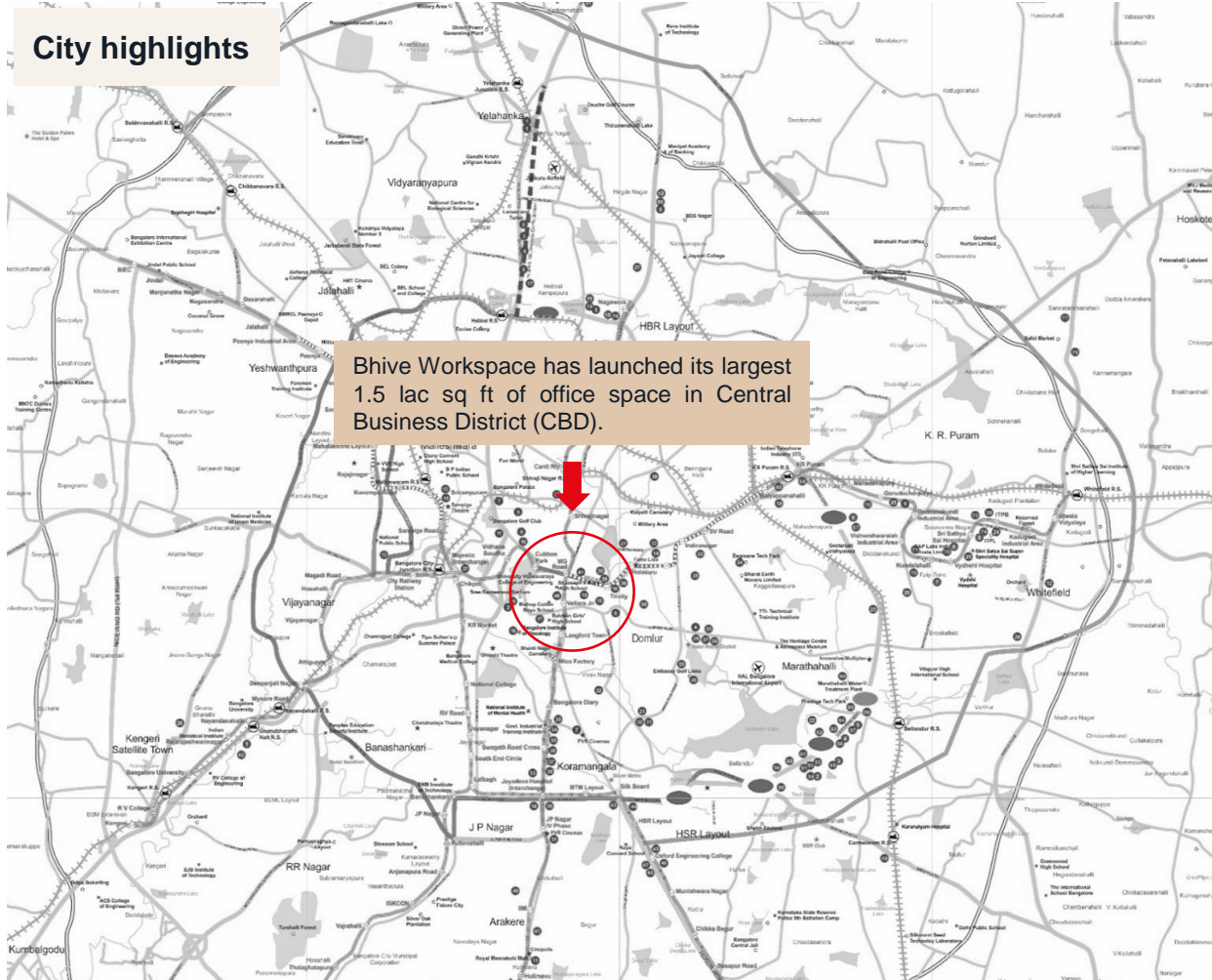
*The above graphs show the values in ranges

Infrastructure / policy update

No major infrastructure or policy were recorded.

Bengaluru

City highlights



Office



Large deals were closed at Whitefield and Outer ring road submarkets.

Key transaction: Schneider absorbed space in Whitefield.

Retail



Retail leasing activity in the shopping malls remained stable.

Key transaction: Bluestone opened at Dickenson Road.

Residential



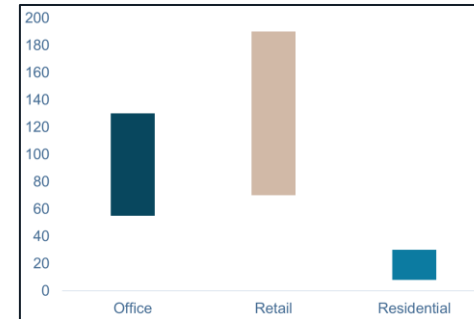
New launches and sales improved.

Key launch: Birla Trimaya Phase 1 launched at Bellary Road.



Sumadhura Infracon plans to invest INR 5,000 Cr over the next three years to more than double its residential and commercial portfolio.

Rental value (INR/ sq ft/ month)*



Capital value (INR/ sq ft/ month)*



*The above graphs show the values in ranges

Infrastructure / policy update

The Karnataka state government has increased the guidance value for properties in Bengaluru from October 1st. The rates will be raised by an average of 25% to 30%, with some areas seeing an increase of up to 50%.

Chennai

City highlights



Office



Leasing activity remained strong, with PBD OMR leading the way.

Key transaction: WorkEz leased space in Velachery.

Retail



Healthy traction was observed in few prominent high streets.

Key transaction: Decathlon's new store in Grand Marina Mall.

Residential

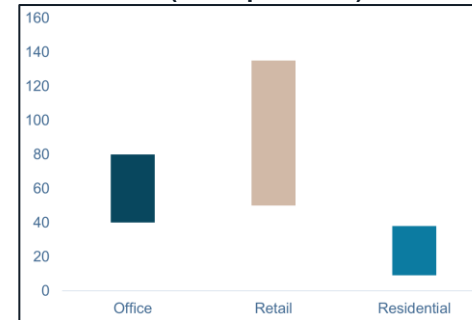


Launches and Sales remained healthy.

Key launch: L&T Realty Avinya Enclave launched in Manapakkam.

Casagrand Bizpark acquired 14 acres of land in OMR WIPRO along with a 20-year-old building for about INR 266 cr from

Rental value (INR/sq ft/month)*



Capital value (INR/sq ft)*



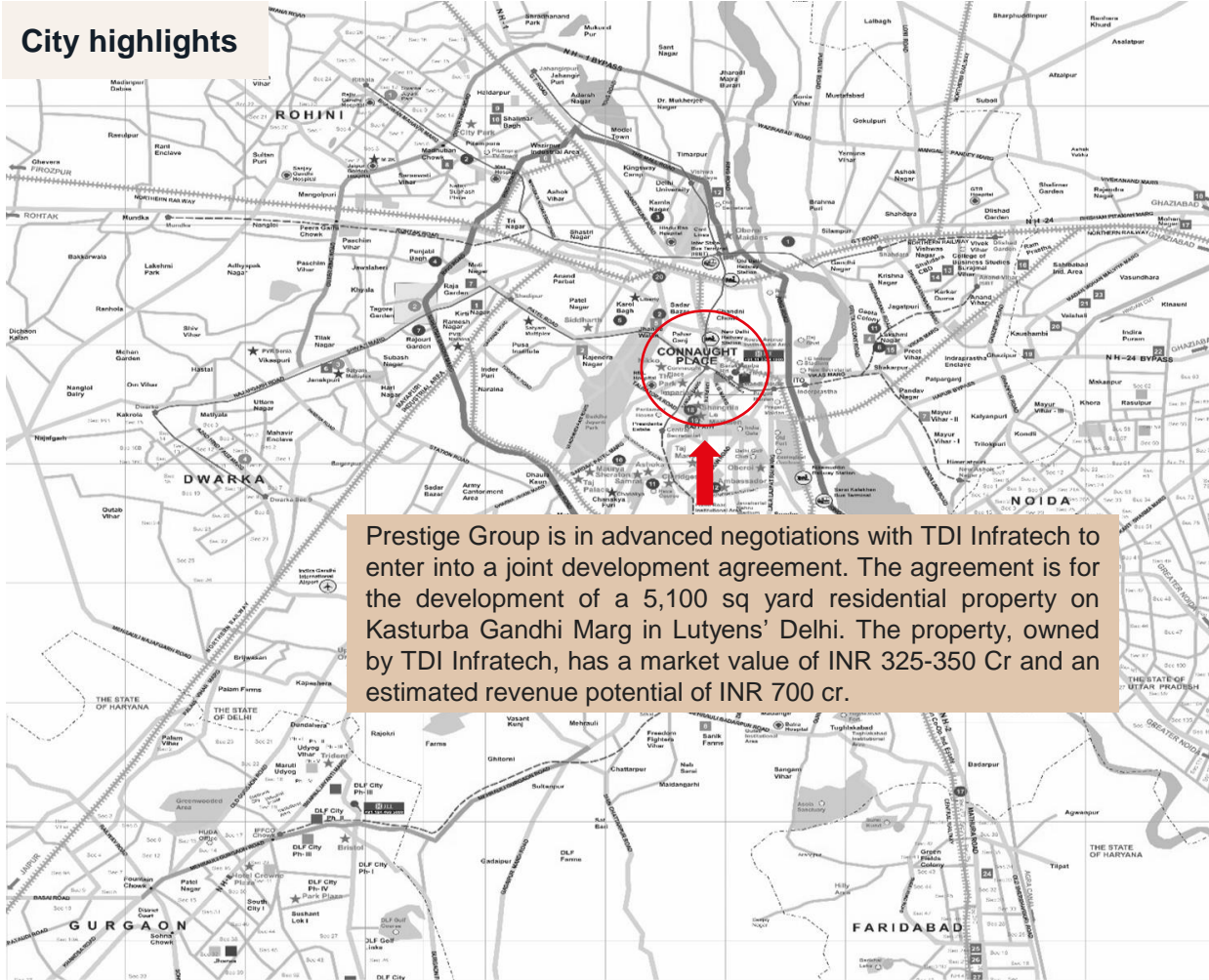
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Infrastructure / policy update

No new policy or infrastructure updates.

Delhi

City highlights



Prestige Group is in advanced negotiations with TDI Infratech to enter into a joint development agreement. The agreement is for the development of a 5,100 sq yard residential property on Kasturba Gandhi Marg in Lutyens' Delhi. The property, owned by TDI Infratech, has a market value of INR 325-350 Cr and an estimated revenue potential of INR 700 cr.

Office



Healthy office leasing momentum

Key transaction: Citibank leased space in NH8.

Retail



Leasing activity continued to remain strong in malls

Key transaction: Masaba leased space at Select City Walk in Saket.

Residential



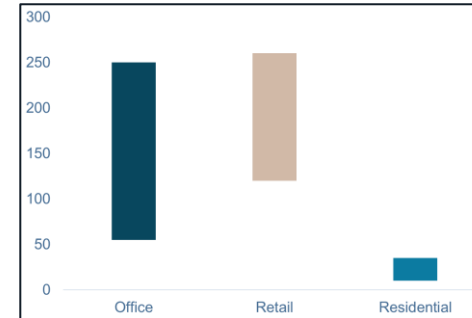
Growth in sales supported by increased launches

Key launch: Ivory County in Sector 115, Noida



Godrej Properties has bought about 15 acres of land in Sector 103 of Gurugram for an agreement value of INR 403 cr from Microtek Infratech. The land parcel measuring 14.8 acres is situated near Daulatabad village in Sector 103 of Gurugram.

Rental Value(INR/ sq ft/ month)*



Capital Value(INR/ sq ft)*



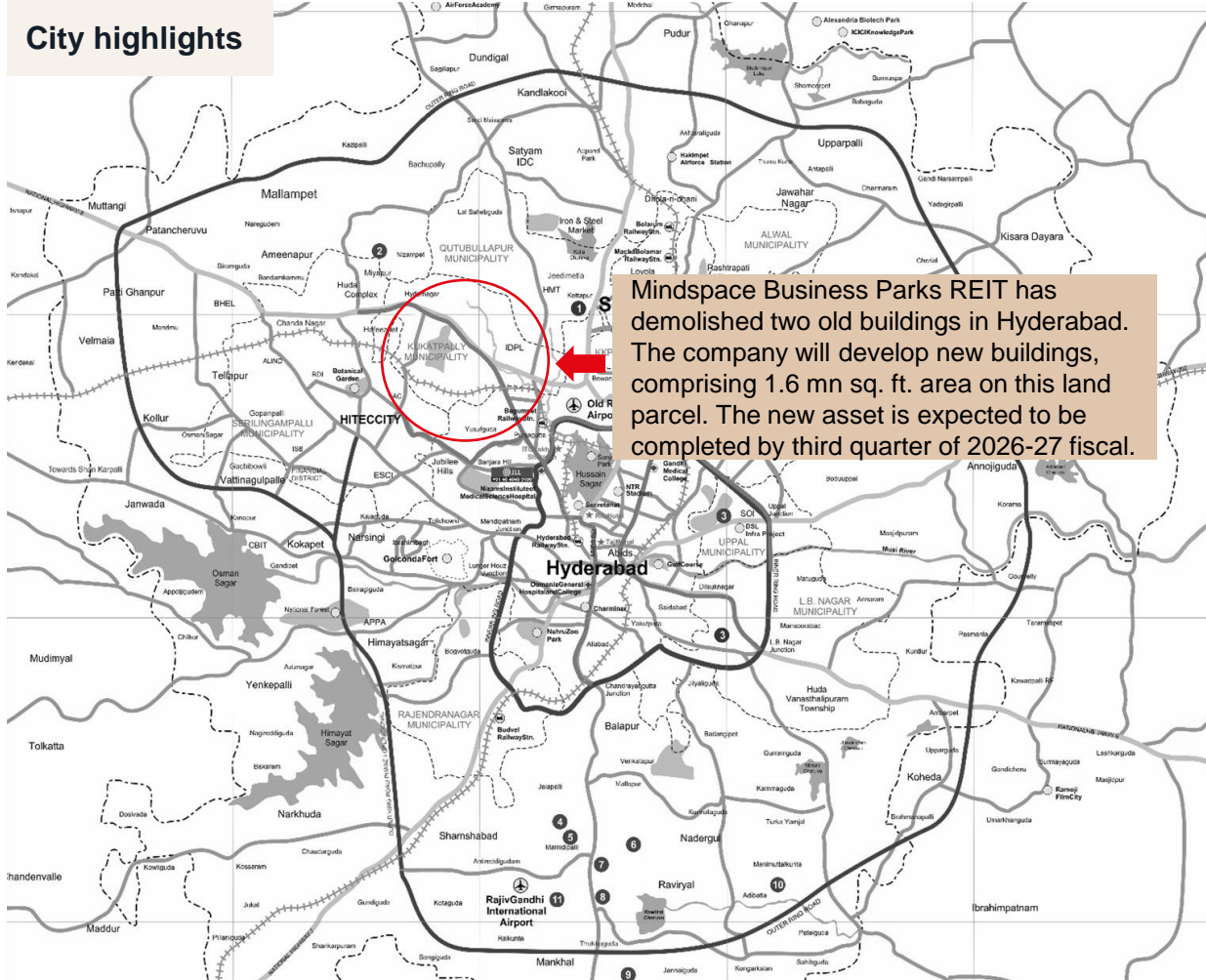
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Infrastructure / policy update

Delhi RERA has made it mandatory for real estate developers to register commercial (office and retail) projects even in the case where the intention is to lease the area and not sell it. Currently the developer cannot sell without registration of project with RERA if it is being developed on more than 500 sq m area or the number of unit is more than 8.

Hyderabad

City highlights



Mindspace Business Parks REIT has demolished two old buildings in Hyderabad. The company will develop new buildings, comprising 1.6 mn sq. ft. area on this land parcel. The new asset is expected to be completed by third quarter of 2026-27 fiscal.

Office



Office leasing remained strong, led by healthcare and manufacturing sector

Key transaction: Bristol Myers Squibb leased space at Hitec City.

Retail



Retail leasing in malls picked up on the back of new completion. Highstreets experienced healthy traction.

Key transaction: Pantaloons leased space in Bandlaguda Jagir.

Residential



Launches and sales remained healthy.

Key launch: My Homes Apas in Kokapet.



Prestige Group plans to develop Hyderabad's largest mixed-use township with a total investment of INR 5,000 cr. The project, christened Prestige City Hyderabad, will be spread over 64 acres and have a development potential of 14 mn sq ft

Rental Value(INR/ sq ft/ month)*



Capital Value(INR/ sq ft)*

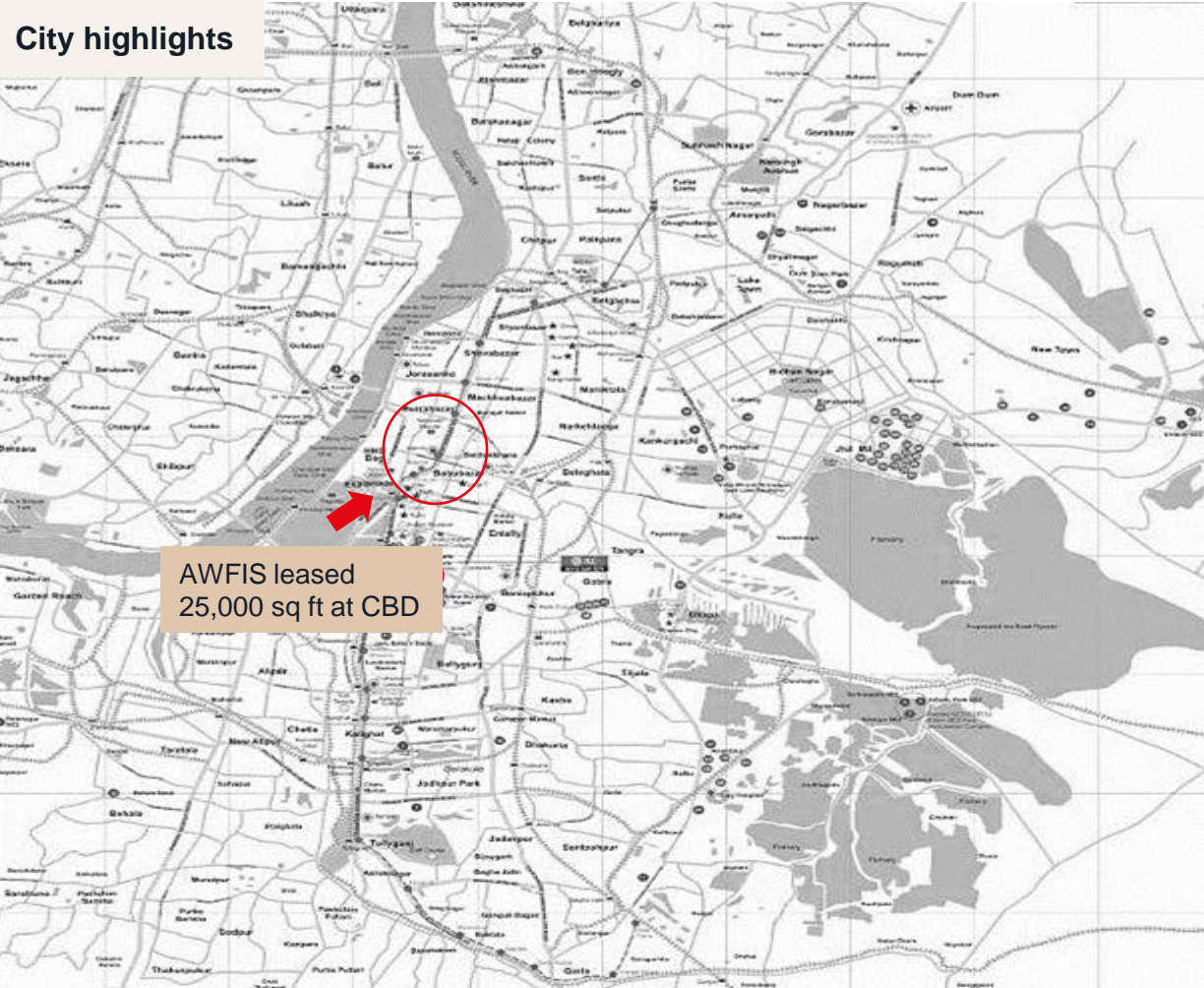



*The above graphs show the values in ranges

Infrastructure / policy update

No new policy/infrastructure update.


Kolkata



Office 

Moderate leasing offtake.

Key transaction: AWFIS leased space in Siddha Esplanade at CBD

Retail 


Moderate leasing in malls. Leasing in High streets remained strong

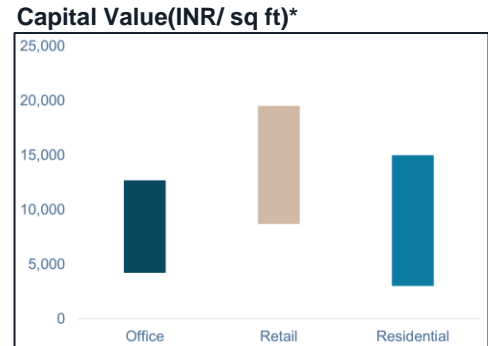
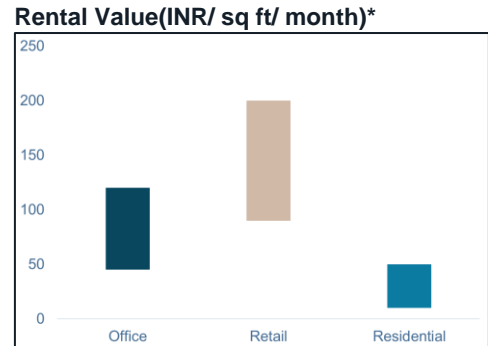
Key transaction: Pantaloons leased space at RB Avenue

Residential 

Increase in both launches and sales.

Key launch: Antares by PS Group in CBD area.

 Essar Oil & Gas Exploration and Production Ltd (EOGEP) announced an investment of INR 20 billion in its Coal Bed Methane (CBM) project at Asansol for drilling 200 more wells.



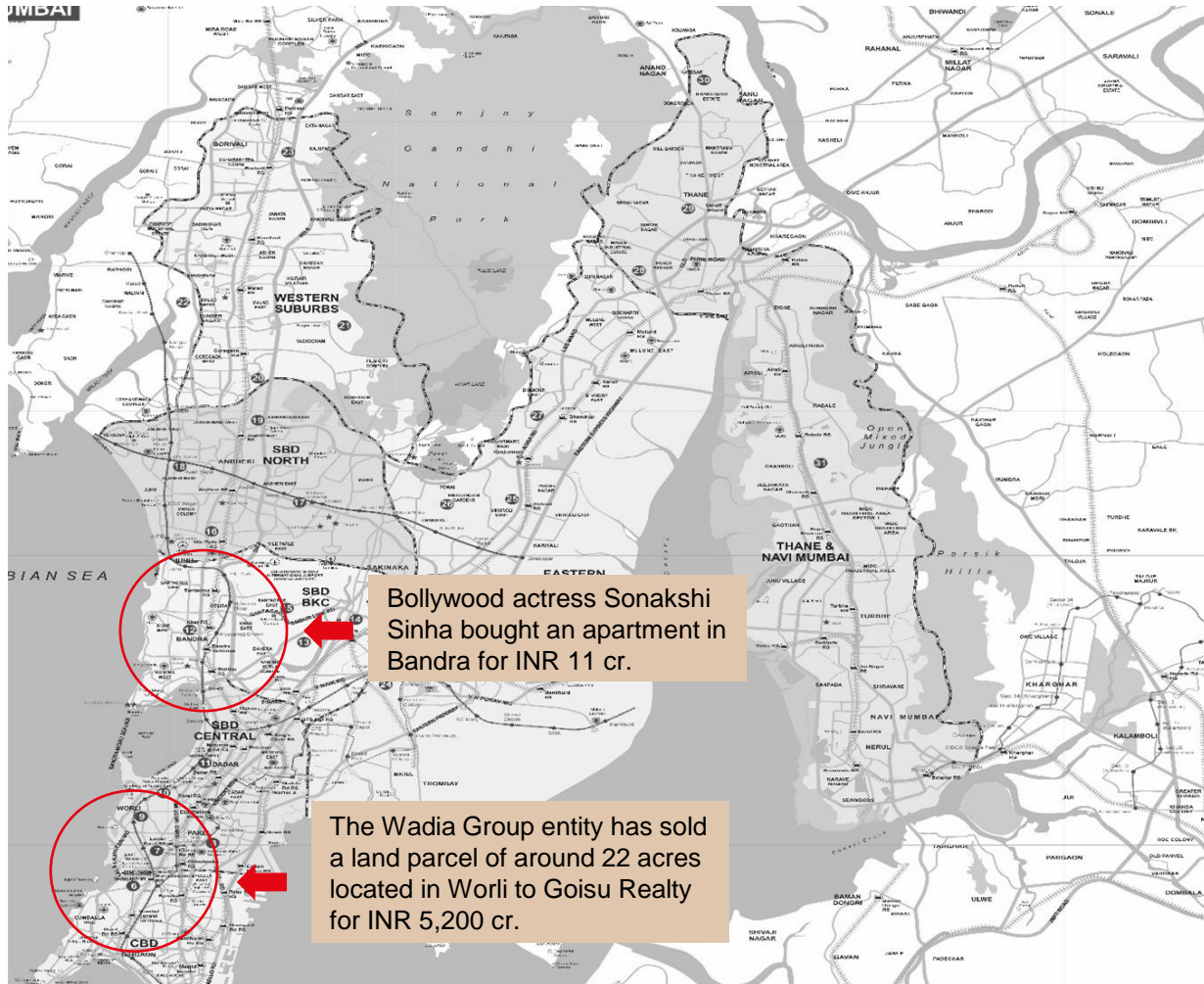
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Infrastructure / policy update

Work on the 7.2 kms long 6-lane elevated corridor on Kona Expressway connecting Vidyasagar Setu with NH6 commenced. The 840 Cr project set to transform the entry-exit corridor of Kolkata was commissioned by NHA (executed by RITES) earlier this year.

Mumbai

City highlights



Office



Demand remained robust.

Key transaction: IDFC First Bank leased space in Thane.

Retail



Sustained demand witnessed in malls and high streets.

Key transaction: Azorte leased space in Malad.

Residential



The new launches and sales increased significantly.

Key launch: Hiranandani Empress Hill in Powai.



- The Mumbai Metropolitan Region Development Authority (MMRDA) has extended the bidding date for the lease of two land parcels in India's costliest commercial district, the Bandra Kurla Complex (BKC). The land parcels measure 13,168 sqm in total.

Rental Value(INR/ sq ft/ month)*



Capital Value(INR/ sq ft)*



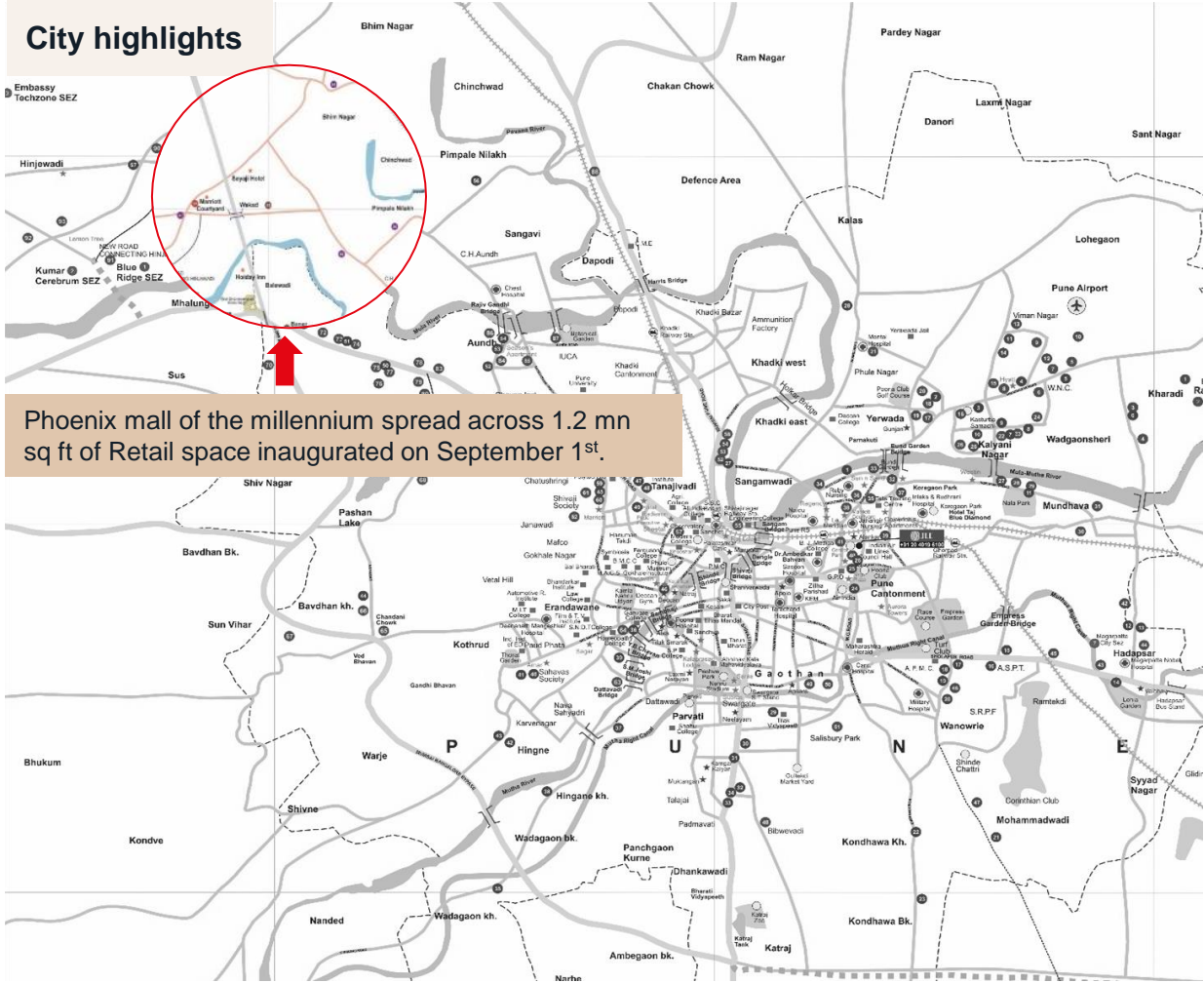
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Infrastructure / policy update

- In a move aimed at making the real estate sector more responsible towards home buyers, MahaRera will grade every project based on technical, legal, financial and general project. It is mandatory for developers to furnish these details through the online system every six months.
- The Mumbai Metropolitan Regional Development Authority (MMRDA) has proposed to develop a 350 sq km settlement across the city harbour.

Pune

City highlights



Phoenix mall of the millennium spread across 1.2 mn sq ft of Retail space inaugurated on September 1st.

Office



Office space take-up increased.

Key transaction: 315 Work Avenue leased space in Kalyani nagar in SBD sub-market.

Retail



Demand in retail malls increased with the completion of one new mall in Wakad.

Key transaction: Westside leased space in Wakad in the Secondary sub-market.

Residential



New launches increased.

Key launch: Gera Island of Joy launched in Kharadi.



No notable transaction

Rental Value(INR/ sq ft/ month)*



Capital Value(INR/ sq ft)*



*The above graphs show the values in ranges

Infrastructure / policy update

The new terminal building on the Pune International Airport in Lohegaon is set to be operational from October 2023. It is spread across 500,000 sq ft and will have 10 aero-bridges and 72 check-in counters, thus easing the passenger traffic on the existing airport terminal.

Industrial

Primary warehouse locations across India

Key Transaction: Take-up by major 3PL/ Logistics and E-commerce companies (0.76 mn sq ft) in NH-8.

Select Supply Additions: New supply added in ESR, Indospace, SAS warehousing in Gurgaon and standalone projects majorly in Ghaziabad-Noida.

Key Transaction: Take-up by major Auto & Ancillary and Engineering companies in Sanand-Becharaji(0.19 mn sq ft) and 3PL companies in Aslali-Kheda (0.1 mn sq ft)

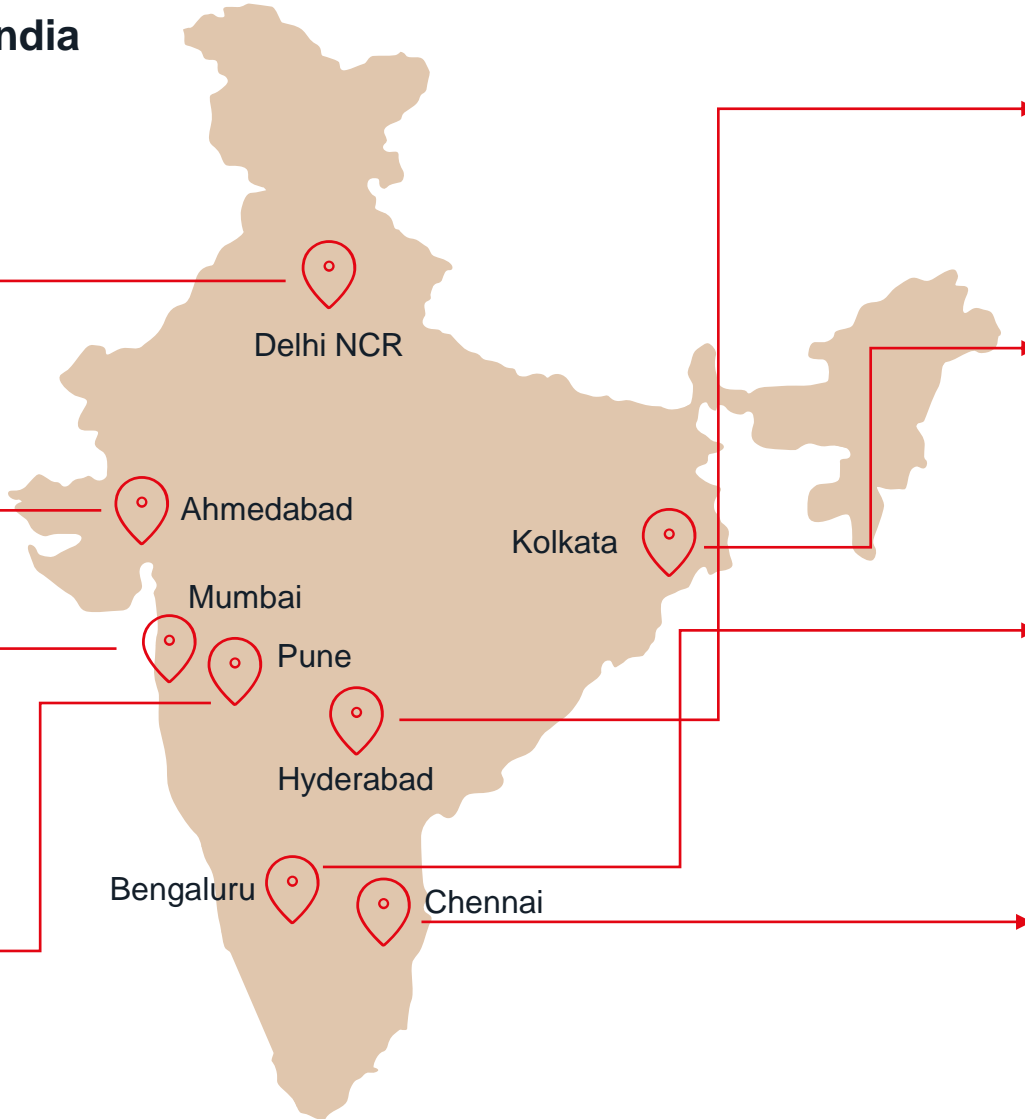
Select Supply Additions: New supply in ESR Jalisana in Sanand- Becharaji and Zeal Warehouse in Aslali- Kheda

Key Transaction: Take up by 3PL/ logistics, Durable Goods and Chemical companies in Bhiwandi (1.13 mn sq ft)

Select Supply Additions: New supply added in Antariksh Logiworld, Global Realty, and Sairaj Logistics Hub in Bhiwandi

Key Transaction: Major Auto & Ancillary, Engineering and Retail companies in Chakan – Talegaon (1.32 mn sq ft)

Select Supply Additions: New supply added in Greenbase Logistic Park, KSH, ESR and NDR in Chakan - Talegaon



Key Transaction: Major Electronics & White Goods,3PL, and Chemicals in Kompally – Medchal (0.22 mn sq ft).

Select Supply Additions: New supply added in standalone projects in Kompally-Medchal.

Key Transaction: Take up by FMCG, Electronics & White Goods companies in NH06 (0.17 mn sq ft) and 3PL, Engineering and FMCG companies in NH02 (0.31 mn sq ft).

Select Supply Additions: New supply added in Prospace Park, CCI in NH02 and NDR in NH06.

Key Transaction: Take-up by 3PL/ Logistics & Retail companies in Hoskote- Devanahalli (0.55 mn sft), 3PL,Chemical E-commerce in Tumkur Road (0.37 mn sq ft) and Electronics company in Mysore Rd. (0.13 mn sq ft).

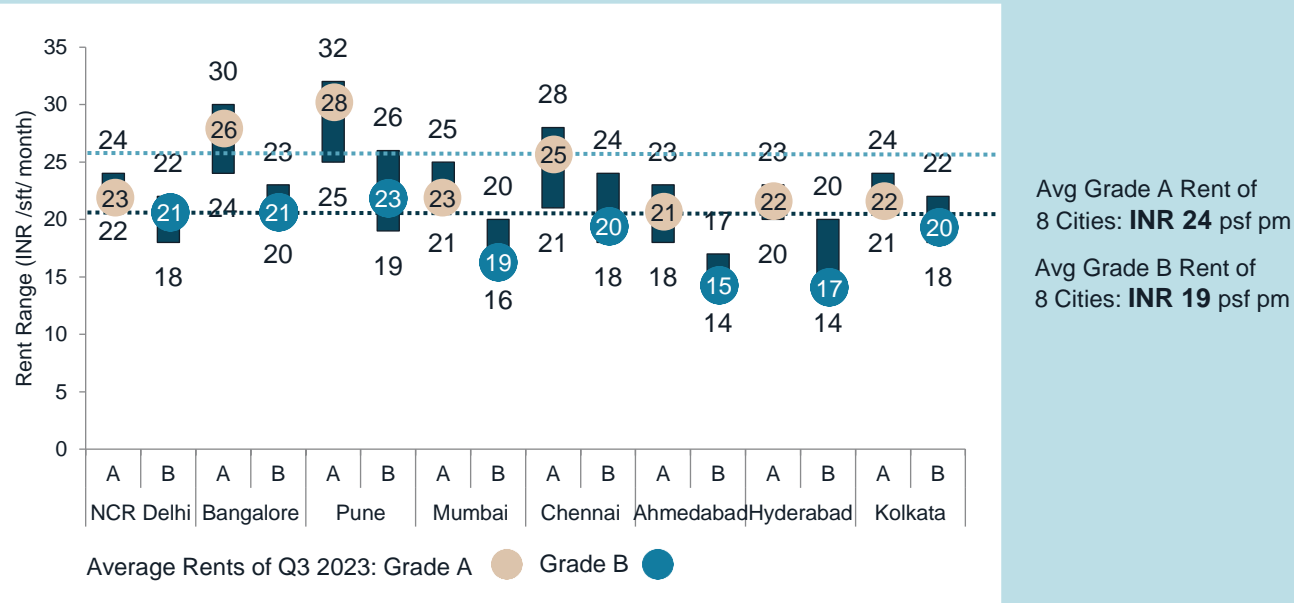
Select Supply Additions: New supply added in standalone projects, majorly in Tumkur Road, Hoskote and Hosur.

Key Transaction: Take-up by 3PL/ Logistic companies, Engineering, Auto & Ancillary companies (0.36 mn sq ft) in Irungattukottai- Poonamallee- Sriperumbudur.

Select Supply Additions: New supply added in Logos and standalone projects in Irungattukottai- Poonamallee- Sriperumbudur.

Industrial

Rents (INR / sq ft/ month)*



Policy update

- Punjab Integrated Logistics Policy 2023 has been approved. It aims to create an effective, efficient and sustainable logistics network in the state. The major objectives include:
 - Improve first and last mile logistics
 - Promote green logistics for de-carbonization of the sector
 - To improve and upgrade warehousing and logistics facilities in the state and create plans to build new ones
 - To promote technology and innovation for development of logistics facilities

*In NCR Delhi, warehouse rental can go high up to INR 30/sq.ft. / month because being in commercial areas

In Bangalore the Peenya region is not included.

Rental ranges are indicative with variation / aberrations across different markets in different corridors. Actual rentals would vary as per specifications provided in a specific property. Rentals are on BUA.

Industrial snapshot

- Industrial demand in this quarter has remained positive with stable demand in Grade A.
- This demand is majorly driven by 3PL/ Logistics, Retail and Manufacturing sectors (Auto & Ancillaries, Electronics & White Goods, and Engineering) contributing more than 70% of the total demand.

Market sentiment

Investment sentiment



Investment update

- Hyundai has signed an agreement with GM to acquire their Talegaon unit. Hyundai plans to invest ~INR 5000 Cr. in next decade in the plant to achieve a target to manufacture 1 Mn Units p.a.
- DP World to invest INR 600 Cr. in Mumbai for Phase 2 of the FTZ at JNPT, Phase 1 worth INR 1200 Cr. operational.

Logistics news

- India's Cabotage law has been relaxed, making coastal shipping more feasible and will intensify foreign competition in India's container logistics sector. This will drive down shipping costs and potentially boost India's global trade presence.
- In the recent G20 summit, India, the U.S., UAE, EU, France, Italy and Germany signed a MoU to establish the India-Middle East-Europe Economic Corridor (IMEC), to transform the integration of Asia, Europe, and the Middle East by facilitating trade and connectivity.

*The data is given as of Q3 2023

About JLL

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Pulse reports from JLL are regular updates on real estate market dynamics.

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