

H1 2021


SPOTLIGHT
Savills Research

Market in Minutes: India Industrial & Logistics



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INDIAN ECONOMY 2021

OUT OF RECESSION, BUT...

India witnessed a protracted wave of pandemic in 2020, which peaked on 17th September. A technical recession occurred, as two consecutive quarters reported negative GDP growth. However, the new year started with hope, as vaccination was rolled out in India on 16th January 2021, beginning with frontline services personnel. Soon, the country was out of recession with a small but noteworthy 0.4% GDP growth for the Oct-Dec 2020 quarter (Q3 of FY 2020-21). It was followed by 1.6% growth in Q4 of FY 2020-21. This created a belief that India had overcome the virus through a single wave, whereas most large economies around the world had suffered two or more waves. In early March, vaccination was opened to common public, amid rising confidence.

In a strong reversal though, by the end of March, a second wave began and rose to enormous proportions in a matter of weeks. Lockdowns returned as India's daily infection rate peaked at 4.14 lakh in the first week of May. This was almost 4.25 times the single-day peak of the first wave.

Nevertheless, it recorded a steady decline from there, with estimates of complete control in July. Vaccination continued, despite numerous roadblocks during this time, as India overtook the US by administering 32.36 crore doses on 28th June. Anxiety regarding a third wave later this year, hangs heavily on the horizon though.

UNION BUDGET 2021-22 & POLICY

The central government's annual budget, presented before the second wave, had six key elements impacting real estate, as shown in the Annexure. Notable among these was the PLI scheme of approximately INR 2 lakh crores, which aims to significantly boost manufacturing and allied sectors. Further, there was push for affordable housing, through focus on investments, stressed asset resolution and tax holiday extensions. While these announcements were made before the second wave, some others on policy and fiscal fronts came later.

In a virtual follow-up of the three Atma Nirbhar Bharat schemes of 2020, the Finance Minister announced a package scheme of INR 6.29 lakh crores, including help for the beleaguered travel and allied sectors. These are among those key sectors which continue in the negative growth zone (chart-2).

Another key event of the period was the central cabinet's approval to Model Tenancy Act. It is a watershed development which paves the way for rental housing creation in India. Hopefully, it will also create a suitable platform for private sector participation. It is important to look at this in conjunction with the announcement of ARHC Guidelines of July 2020.

SEBI announced a change in application value for REITs and InvITs to INR 10,000 and INR 15,000 respectively, from INR 50,000 and INR 1 lakh earlier. Also, the trading lot size was reduced to one. This move has immense potential to attract retail investors and open more avenues for investment.

Monetary Policy & RBI

The Monetary Policy Committee (MPC) of the Reserve Bank of India contributed by keeping the benchmark lending rate constant at 4% during this period. The RBI also approved a transfer of INR 99,122 crores as surplus to the government.

COVID Specific Support

As measures for COVID specific support, the government announced 100% guarantee cover for loans of up to INR 2 crores for hospitals and nursing homes, for setting up oxygen generation plants. Also, COVID treatment items have been exempted from IGST till August 2021.

REST OF 2021

Contrary to the upbeat sentiment in the early weeks of 2021, the turn of events in March and the rest of H1 has created an atmosphere of uncertainty. A third wave of the pandemic has neither been ruled out nor clearly projected at this stage. Various international and domestic agencies have repeatedly changed India's growth forecast during this period. Towards the close of H1, Moody's and S&P estimated the growth to be approximately 9.6% and 9.5% respectively for FY 2022.

The second wave appears to be receding at the end of H1. Businesses are expected to recover on the strength of advancing vaccinations in the months ahead.

This section contains a narration of the socio-economic scenario of India during January to June 2021 period. It has a direct bearing on all businesses and hence on real estate.

A systematic, sequential and detailed reporting on all events during this period is presented in 12 unique #SavillsRoundUp, which we publish on fortnightly basis.

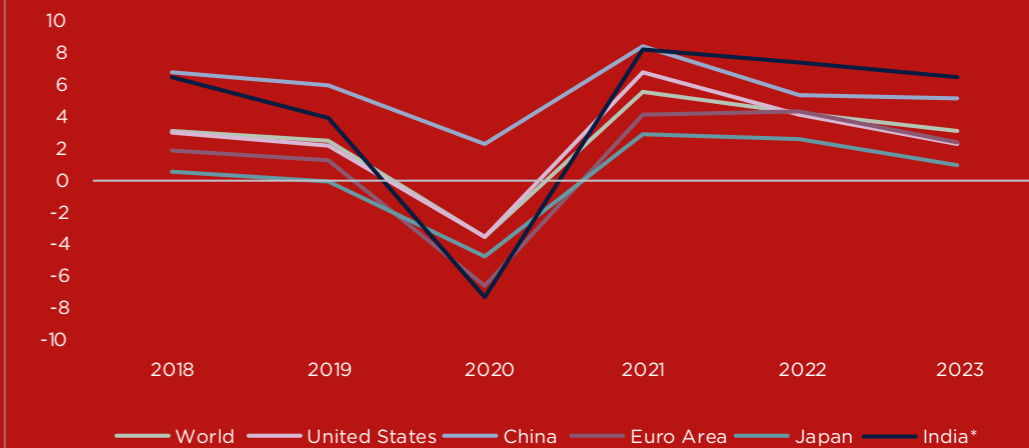
Please refer to the below link and follow #SavillsRoundUp on our social media handles to know about the events chronologically and in real time.



[Click here to read](#)

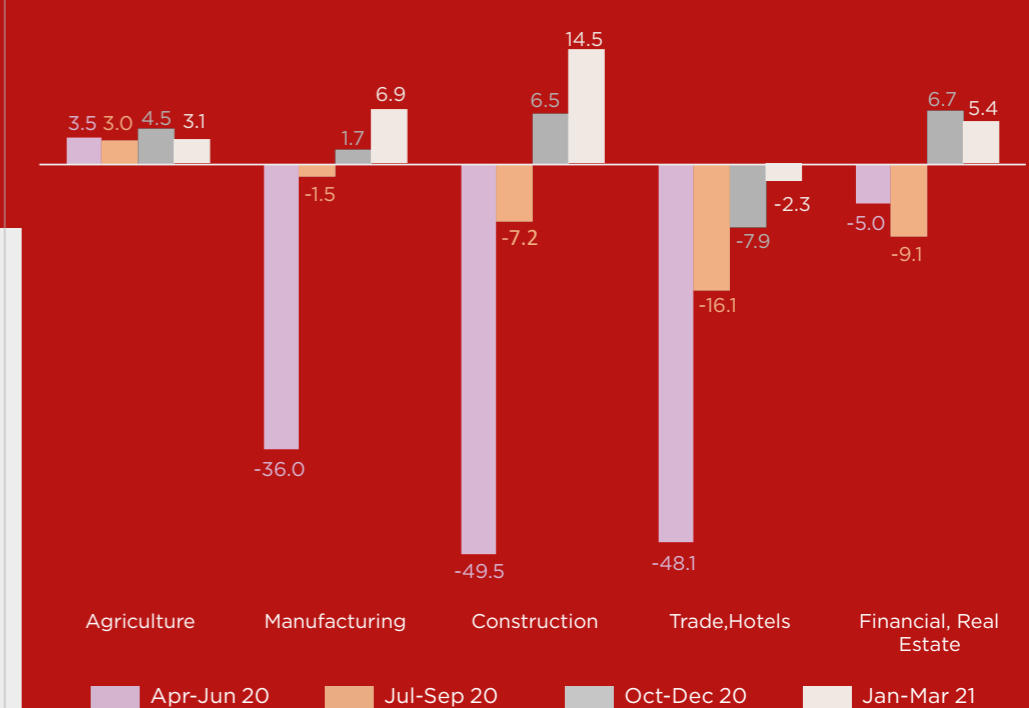
Note: This section contains figures in Indian system of lakhs and crores.
1 USD = Approx. 74.28 INR on June-30, 2021

Chart 1: GDP Growth (annual % change)



Source IMF World Economic Outlook
* The statistics for India are for Financial Year, while for the rest of the countries, its for Calendar Year.

Chart 2: COVID impact on Sectoral GDP (%)



Source MoSPI, Government of India

India's GST collections remained at over INR 1 lakh crore for 8 consecutive months.

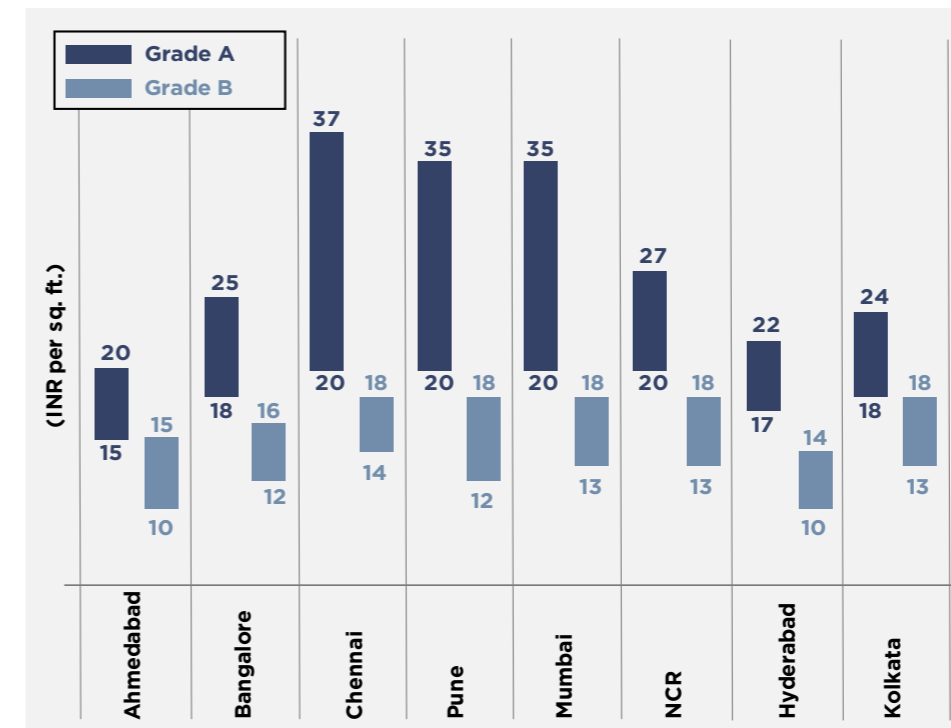
India started with two vaccines, viz., Covishield & Covaxin and added two more, Sputnik-V and Moderna during H1 2021. A fifth one is also expected during the year.



INDIA

Industrial & Logistics Market Update

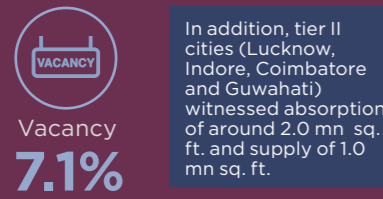
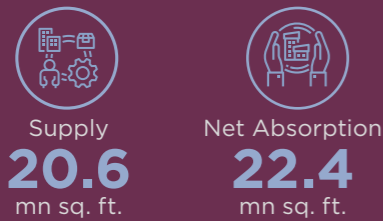
Warehousing Rental Values in H1 2021



Quick Snapshot

- 15% share of Manufacturing in current GDP (FY20)
- 2nd largest Steel producer
- 3rd largest Pharmaceuticals producer
- 4th largest Automotive market by volume
- 5th largest exporter of Textiles
- 6th largest Chemical sales by volume

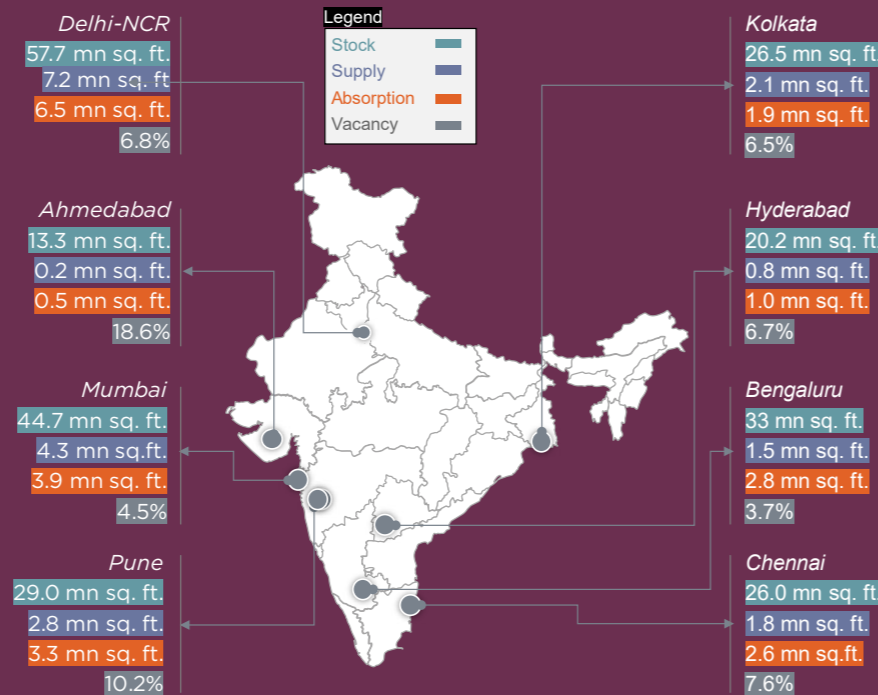
Key Statistics: H1 2021



KEY TRENDS

- Market witnessed absorption of 22.4 mn sq. ft. across top-8 cities in H1 2021.
- Despite construction activities getting affected due to the lockdown, the top-8 cities of India witnessed a fresh supply of 20.6 mn sq. ft. in H1 2021.
- 3PL, e-commerce and manufacturing sectors accounted for 75% of total absorption in H1 2021.
- NCR accounted for 29% of absorption followed by Mumbai (17%), Pune (15%) and Bengaluru (12%).

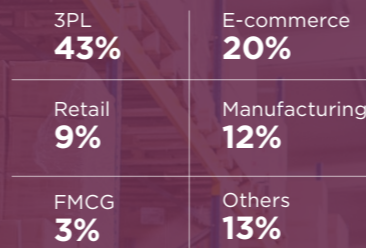
Industrial & Logistics Stock & Vacancy: H1 2021



Total India stock across 8 metros (Grade A & B)
250 mn sq. ft.

Stock in tier II locations (Coimbatore, Guwahati, Jaipur, Lucknow, Bhubaneswar, Nagpur and Patna):
~25 mn sq. ft.

Absorption by sector in H1 2021



Source Savills India Research

Absorption in H1 2021



Source Savills India Research

Supply in H1 2021



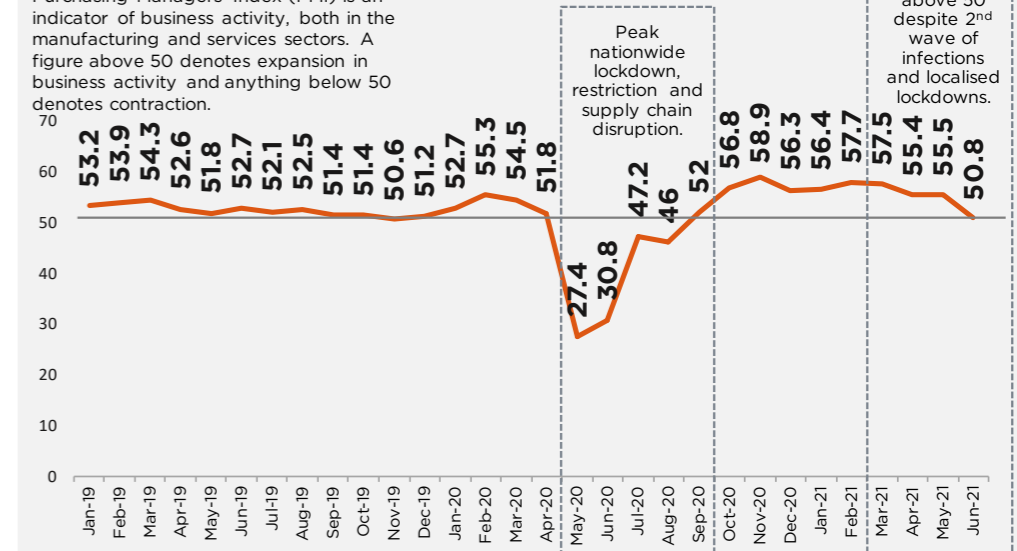
Source Savills India Research

Sector Remains Upbeat Even in the Second Wave

PMI Manufacturing Trend

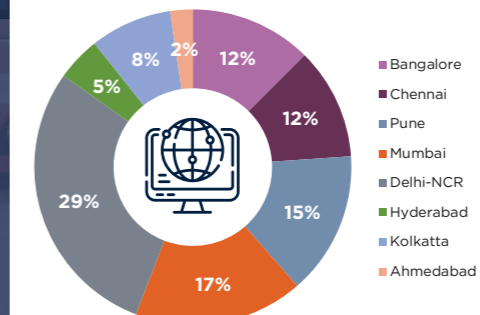
Purchasing Managers' Index (PMI) is an indicator of business activity, both in the manufacturing and services sectors. A figure above 50 denotes expansion in business activity and anything below 50 denotes contraction.

As of June 2021, second wave has started to recede, and restrictions have been curtailed significantly.

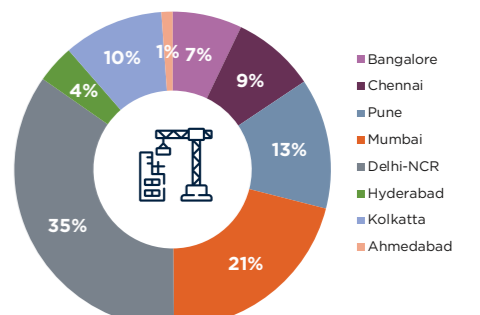


Source investing.com

Absorption by City 1H 2021

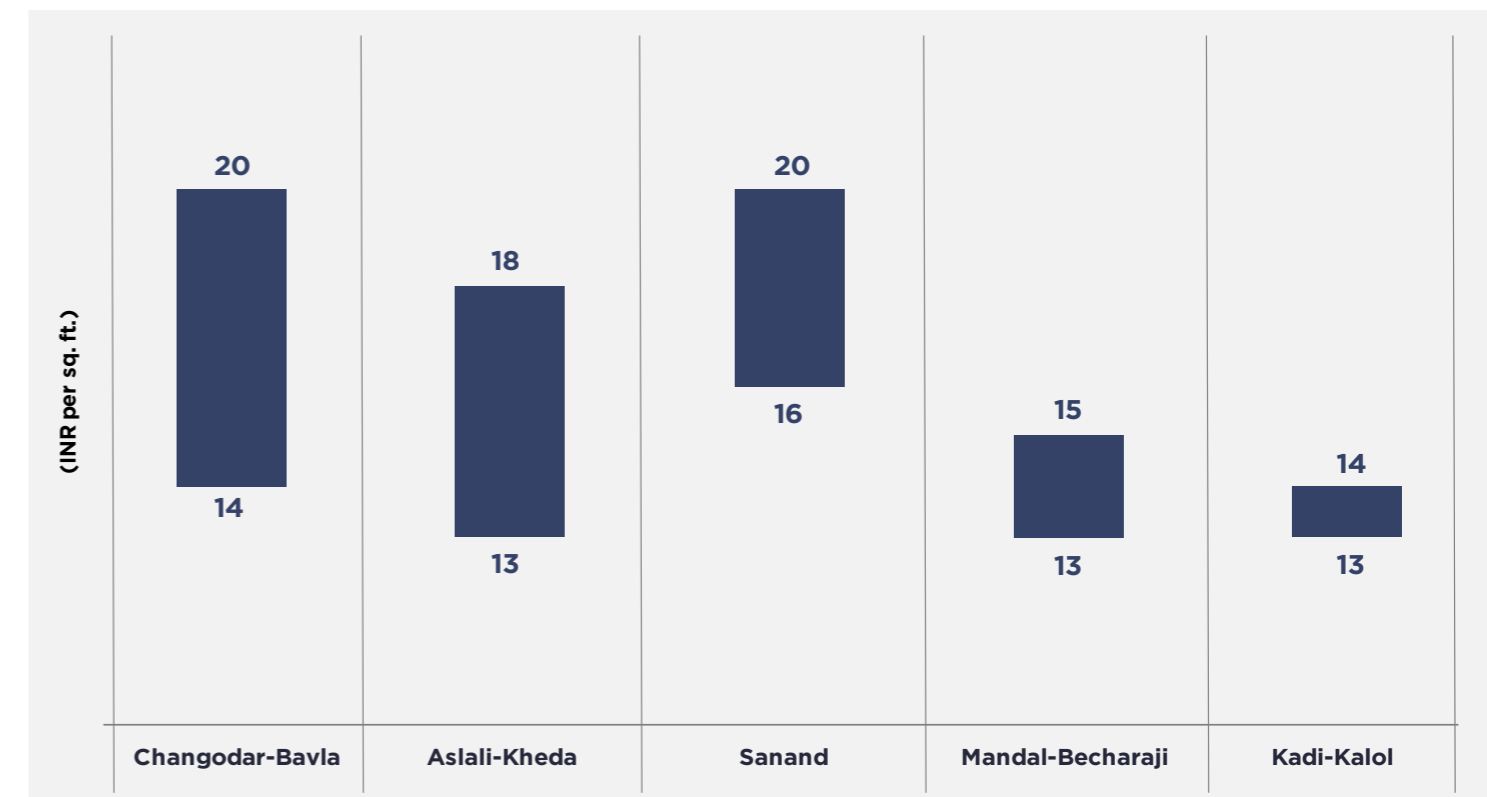


Supply by city (sq. ft.) in 1H 2021

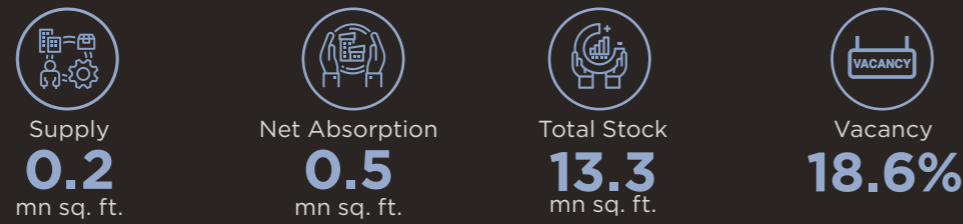




Warehousing Rental Values in H1 2021



Key Statistics: H1 2021



Source Savills India Research

KEY TRENDS

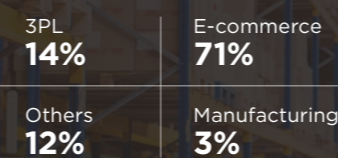
- Aslali-Kheda and Changodar-Bavla belts were the preferred micro markets due to their existing ecosystem, quality, connectivity and new developments.
- 3PL, e-commerce and manufacturing sectors drove demand.
- Vacancy rates declined marginally.
- No significant increase in rental range.

SUPPLY, ABSORPTION AND VACANCY - H1 2021

Ahmedabad market witnessed absorption of 0.5 mn sq. ft. in H1 2021. Grade A space accounted for 61% of the total absorption witnessed in the city. The operational stock stood at 13.3 mn sq. ft. as of H1 2021 and vacancy levels at 18.6%.

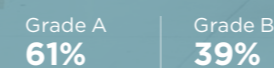
Changodar Bavla micro market accounted for 71% of the total absorption witnessed in the city in H1 2021 followed by Kadi-Kalol (15%). The e-commerce sector accounted for 71% of the total absorption in H1 2021 followed by 3PL (14%) and manufacturing at 3%.

Absorption by sector in H1 2021



Source Savills India Research

Absorption by grade in H1 2021



Source Savills India Research

Supply & Absorption by micro market in H1 2021

Micro market	Absorption	Supply
Aslali-Kheda	14%	30%
Changodar-Bavla	71%	70%
Kadi-Kalol	15%	0%

Source Savills India Research

Major Transactions in H1 2021

Occupier	Micro market	Area leased (sq. ft.)
E-commerce	Changodar Bavla	100,000
E-commerce	Changodar Bavla	165000
Others	Kadi	45,000
3PL	Kheda	70,000
E-commerce	Changodar Bavla	100,000

Source Savills India Research

OUTLOOK

E-commerce and 3PL sectors will continue to drive warehousing demand in Ahmedabad in 2021 and automobile, consumer electronics, food processing and engineering

sectors will continue to drive the manufacturing requirements. The rental and land values are expected to remain stable in 2021.



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BENGALURU

Industrial & Logistics Market Update

Key Statistics: H1 2021



Supply
1.5
mn sq. ft.

Source Savills India Research



Net Absorption
2.8
mn sq. ft.



Total Stock
33.0
mn sq. ft.



Vacancy
3.7%

KEY TRENDS

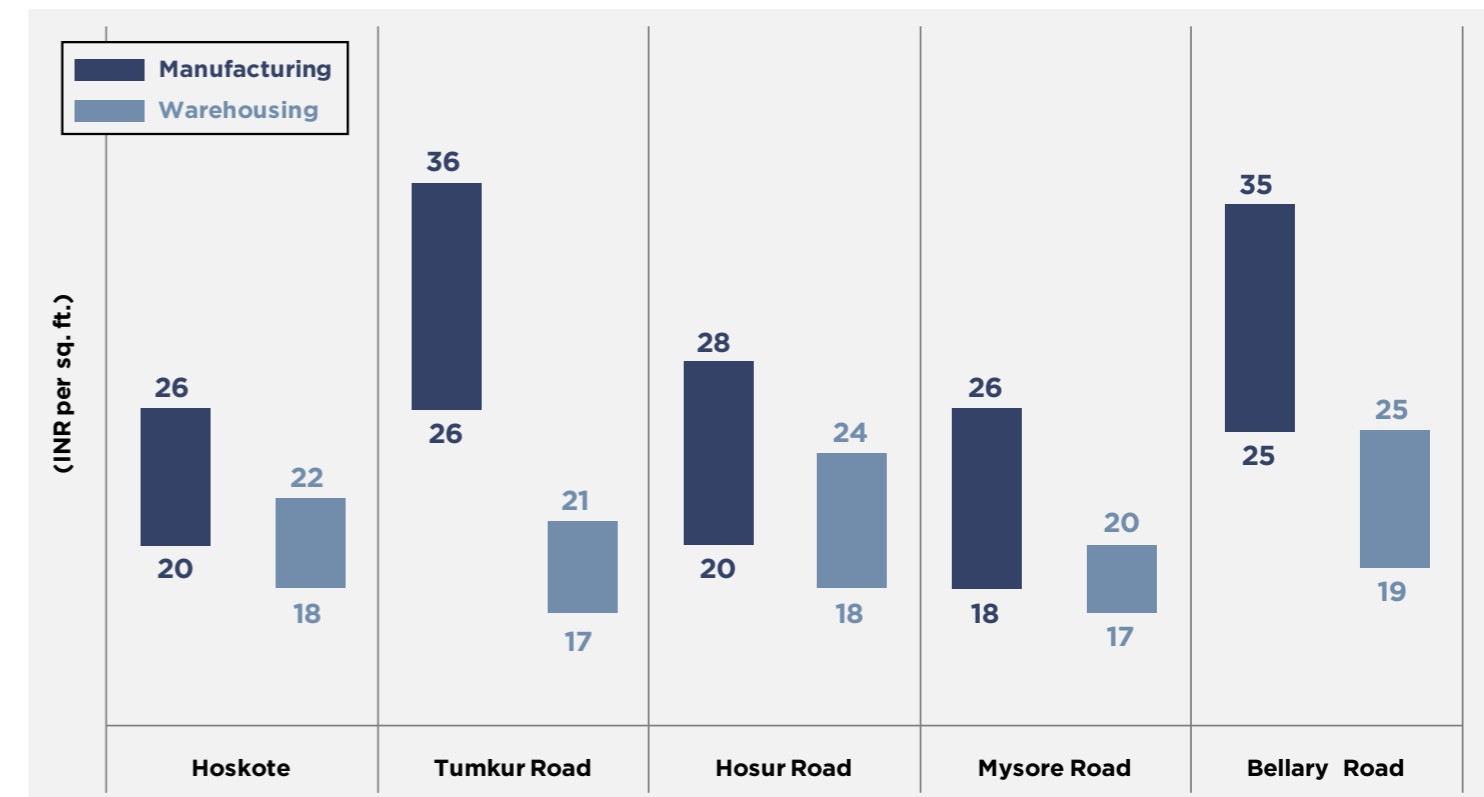
- Major demand was driven by e-commerce followed by 3PL and manufacturing.
- Prominent demand corridors for Bengaluru remained in Hoskote, Hosur Road and Tumkur Road.
- Major push from occupiers and tenants was witnessed on specifications and compliance.
- Vacancy rates decreased marginally.
- No significant increase in rental values.

SUPPLY, ABSORPTION AND VACANCY - H1 2021

Bengaluru market witnessed supply and absorption of 1.5 mn sq. ft. and 2.8 mn sq. ft. respectively in H1 2021. The operational stock stood at 33 mn sq. ft. as of H1 2021 and vacancy levels at 3.7% during the same period.

Hoskote and Tumkur Road micro markets together accounted for 72% of the total absorption witnessed in the city, the other micro markets contributing to the absorption were Hosur Road and Bellary Road. The 3PL sector accounted for 61% of the total absorption in H1 2021 followed by e-commerce (18%) and manufacturing sector at 15%.

Rental Values in H1 2021



Supply & Absorption by micro market in H1 2021

Micro market	Absorption	Supply
Bellary Road	8%	4%
Hoskote	39%	65%
Hosur Road	20%	2%
Tumkur Road	33%	29%

Source Savills India Research

Major Transactions in H1 2021

Occupier	Micro market	Area leased (sq. ft.)
E-commerce	Hosur Road	225,000
3PL	Tumkur Road	171,000
3PL	Hoskote	225,000
3PL	Tumkur Road	125,000
Manufacturing	Hosur Road	100,000
Manufacturing	Tumkur Road	80,000

Source Savills India Research

OUTLOOK

3PL and e-commerce sectors will continue to lead warehousing demand in Bengaluru in 2021 followed by manufacturing sector.

Upcoming infrastructure projects such as Peripheral Ring Road (PRR), Satellite Town Ring Road (STRR) and Bengaluru

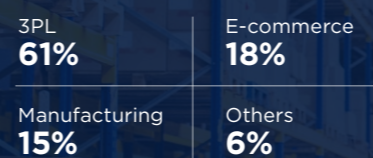
Chennai Expressway will help these markets in the coming years.

Bellary Road micro market comprising of locations such as Doddaballapur and Devanahalli are emerging due to their proximity to Bengaluru International Airport (BIAL).



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Absorption by sector in H1 2021



Source Savills India Research

Absorption by grade in H1 2021



Source Savills India Research



CHENNAI

Industrial & Logistics Market Update

Key Statistics: H1 2021



Supply
1.8
mn sq. ft.

Source Savills India Research



Net Absorption
2.6
mn sq. ft.



Total Stock
26.0
mn sq. ft.



Vacancy
7.6%

KEY TRENDS

- Increasing e-commerce platforms, expanding 3PL sector, pharma & medical equipment, electronics, other sub sectors of manufacturing were growth drivers for warehousing and manufacturing space.
- In NH-16 and North-Chennai, the e-commerce segment drove demand. The locations such as Madhavaram- Redhills belt till Periyapalam cluster high absorption rate.
- Vacancy rates declined marginally.
- No significant increase in rental range.

SUPPLY, ABSORPTION AND VACANCY - H1 2021

Chennai market witnessed supply and absorption of 1.8 mn sq. ft. and 2.6 mn sq. ft. respectively in H1 2021. The operational stock stood at 26 mn sq. ft. as of H1 2021 and vacancy levels at 7.6% during the same period.

Bengaluru Highway micro market accounted for 72% of the total absorption witnessed in the city in H1 2021 followed by GNT Road (20%), CTH Road, GST Road micro markets together accounted for 8%. The 3PL sector accounted for 39% of the total absorption in H1 2021 followed by manufacturing sector (36%) and retail sector at 11%.

Absorption by sector in H1 2021

3PL	39%	E-commerce	6%
Retail	11%	Manufacturing	36%
Others	8%		

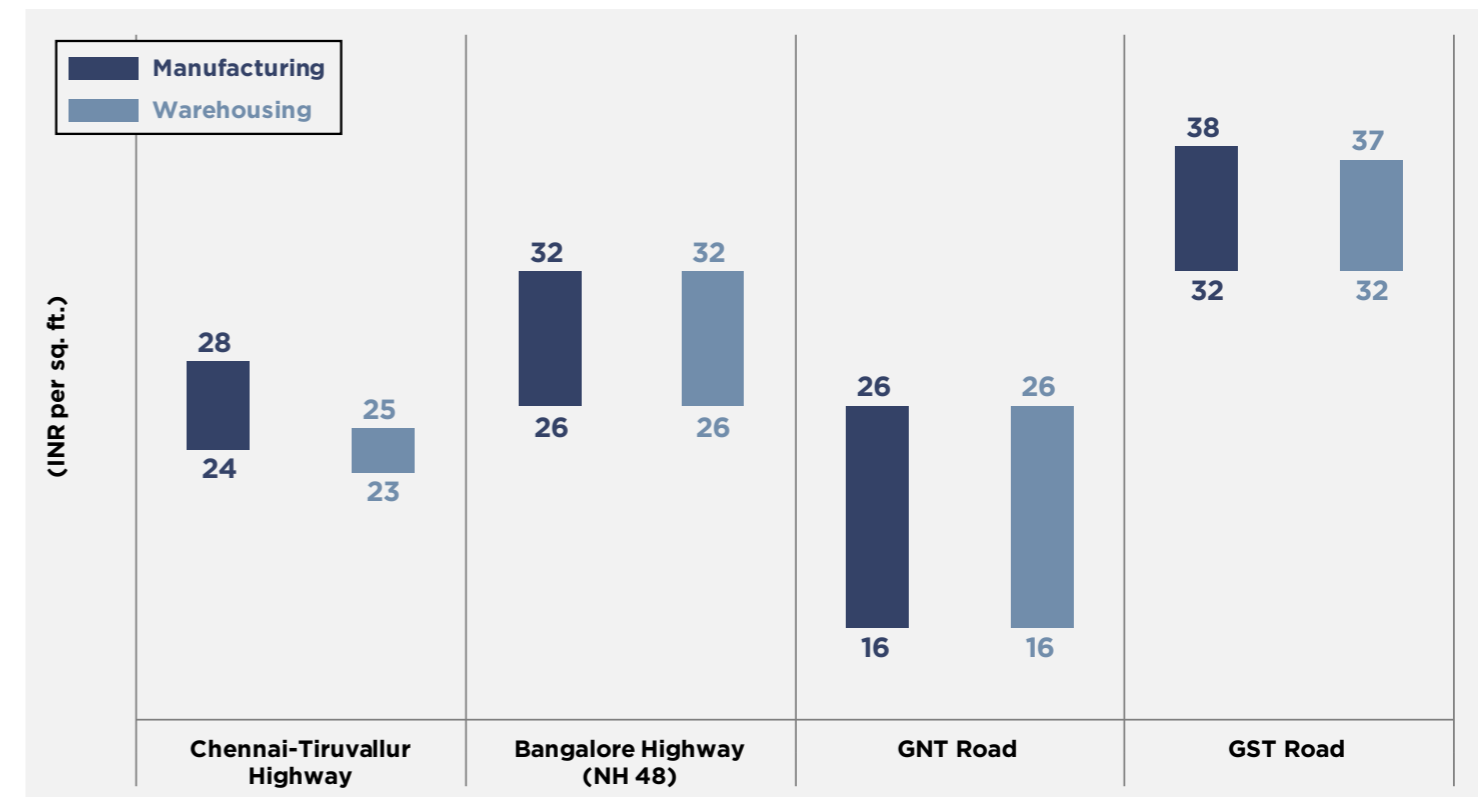
Source Savills India Research

Absorption by grade in H1 2021

Grade A	55%	Grade B	45%
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Source Savills India Research

Rental Values in H1 2021



Supply & Absorption by micro market in H1 2021

Micro market	Absorption	Supply
Bengaluru Highway	72%	71%
CTH Road	7%	0%
GST	1%	0%
NH-16 GNT Road	20%	29%

Source Savills India Research

Major Transactions in H1 2021

Occupier	Micro market	Area leased (sq. ft.)
3PL	Bengaluru Highway	220,000
Retail	Bengaluru Highway	200,000
Manufacturing	Bengaluru Highway	120,000
3PL	GNT Road	100,000
3PL	CTH Road	100,000

Source Savills India Research

OUTLOOK

Investment activity in manufacturing sector and high yielding assets are likely to see an uptick.

Due to limited supply in the pipeline and increased demand for

manufacturing and warehousing spaces in the market, the vacancy level is likely to drop further in H2 2021.

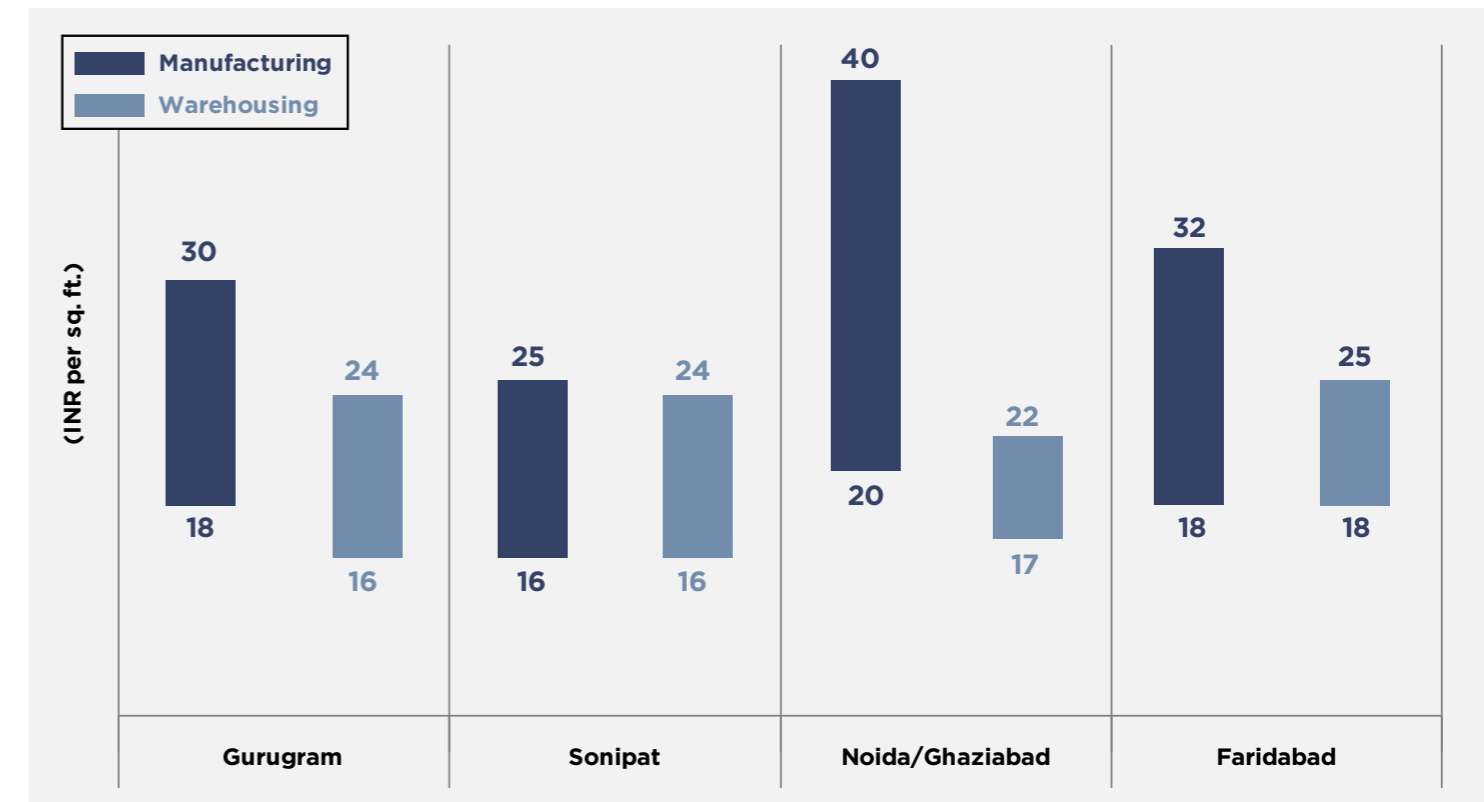
The rental and land values are expected to remain stable in 2021.



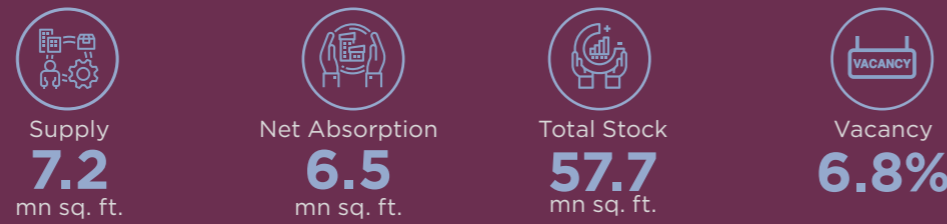
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Rental Values in H1 2021



Key Statistics: H1 2021



Source Savills India Research

KEY TRENDS

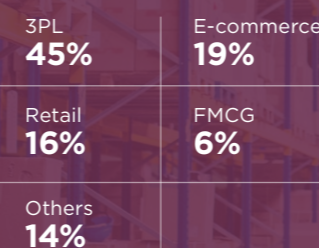
- The presence of major industrial hubs and large-scale manufacturing units drove manufacturing-led warehousing requirements.
- 3PL sector accounted 46% of the total absorption.
- Sohna (Southeast) and Sonipat (North) were the emerging micro markets in Delhi-NCR.
- Rental values remained stable across micro markets.

SUPPLY, ABSORPTION AND VACANCY - H1 2021

The NCR region recorded the highest operational warehousing stock in the country with 57.7 mn sq. ft. in H1 2020. It witnessed absorption of 6.5 mn sq. ft. in H1 2021. On the supply side, the region witnessed completion of 7.2 mn sq. ft. in H1 2021, of which over 77% completions /supply was witnessed in Gurugram micro market. The overall vacancy levels were at 6.8% in H1 2021.

Gurugram micro market accounted for 86% of the total absorption witnessed in the NCR region. The other micro markets contributing to the absorption were Noida, Ghaziabad, Sonipat and Faridabad. 3PL sector accounted for 45% of the total absorption in H1 2021 followed by e-commerce (19%) and retail at 16%.

Absorption by sector in H1 2021



Source Savills India Research

Absorption by grade in H1 2021



Source Savills India Research

Supply & Absorption by micro market in H1 2021

Micro market	Absorption	Supply
Faridabad	2%	0%
Gurugram	86%	77%
Noida /Ghaziabad	7%	12%
Sonipat	5%	11%

Source Savills India Research

Major Transactions in H1 2021

Occupier	Micro market	Area leased (sq. ft.)
3PL	Gurugram	385,000
FMCG	Ghaziabad	130,000
Others	Sonipat	147,000
Retail	Gurugram	345,000
E-commerce	Gurugram	147,000

Source Savills India Research

OUTLOOK

The upcoming major rail and road infrastructure projects in the region will further act as a strong catalyst in the times to come.

E-commerce and 3PL sectors will continue to drive warehousing demand in NCR in 2021, automobile,

consumer electronics, food processing and engineering sectors will continue to drive the manufacturing requirements.

The rental and land values are expected to remain stable in 2021 and likely to appreciate marginally in 2022.



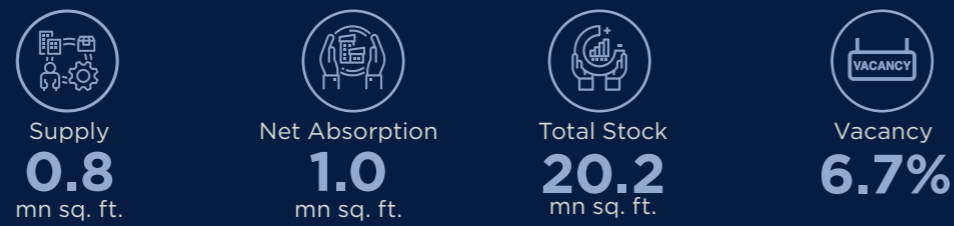
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Warehousing Rental Values in H1 2021



Key Statistics: H1 2021



Source Savills India Research

KEY TRENDS

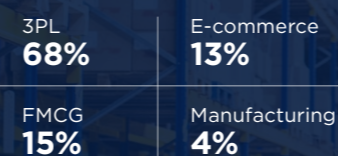
- The Medchal-Kompally became most preferred micro market in the city.
- E-commerce and 3PL sectors drove demand.
- Major push from occupiers and was witnessed on specifications and compliance.
- Vacancy rates declined marginally.
- No significant increase in rental values.

SUPPLY, ABSORPTION AND VACANCY - H1 2021

Hyderabad market witnessed supply and absorption of 0.8 mn sq. ft. and 1.0 mn sq. ft. respectively in H1 2021. The operational stock stood at 20.2 mn sq. ft. as of H1 2021 and vacancy levels at 6.7% during the same period.

Medchal-Kompally micro market accounted for 65% of the total absorption witnessed in the city, followed by Shamshabad (32%) and Patancheru-Balanagar micro market at 3%. 3PL sector accounted for 68% of the total absorption followed by FMCG at 15%.

Absorption by sector in H1 2021



Source Savills India Research

Absorption by grade in H1 2021



Source Savills India Research

Supply & Absorption by micro market in H1 2021

Micro market	Absorption	Supply
Medchal-Kompally	65%	75%
Patancheru-Balanagar	3%	0%
Shamshabad	32%	25%
Uppal-Cherlapally	0%	0%

Source Savills India Research

Major Transactions in H1 2021

Occupier	Micro market	Area leased (sq. ft.)
3PL	Shamshabad	120,000
E-commerce	Kompally - Medchal	40,000
3PL	Kompally-Medchal	80,000
FMCG	Kompally - Medchal	70,000

Source Savills India Research

OUTLOOK

E-commerce and 3PL will continue to lead warehousing demand in Hyderabad in 2021.

The rental and land values are expected to remain stable in 2021 and likely to appreciate marginally in 2022.



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KOLKATA

Industrial & Logistics Market Update

Key Statistics: H1 2021



Supply
2.1
mn sq. ft.

Source Savills India Research



Net Absorption
1.9
mn sq. ft.



Total Stock
26.5
mn sq. ft.



Vacancy
6.5%

KEY TRENDS

- NH-16 and NH-19 were the preferred micro markets, due to proximity, connectivity and presence of Grade A developments.
- Increased demand for mid to large-sized warehouses was recorded.
- Uptick in demand for in-city warehousing.
- Vacancy rates increased marginally.
- No significant increase in rental range.

SUPPLY, ABSORPTION AND VACANCY - H1 2021

Kolkata market witnessed absorption of 1.9 mn sq. ft. mainly in NH-19 and NH-6 micro markets. The operational stock stood at 26.5 mn sq. ft. as of H1 2021. On the supply side, the region witnessed completion of 2.1 mn sq. ft. in H1 2021, of which 59% was witnessed in NH-16 micro market. The vacancy levels stood at 6.5% in H1 2021.

Grade A space accounted for 57% of the total absorption followed by Grade B at 43%. The e-commerce sector accounted for 52% of the total absorption in H1 2021 followed by retail (18%) and FMCG sector at 11%.

Absorption by sector in H1 2021

3PL	6%	E-commerce	52%
Retail	18%	FMCG	11%
Others	13%		

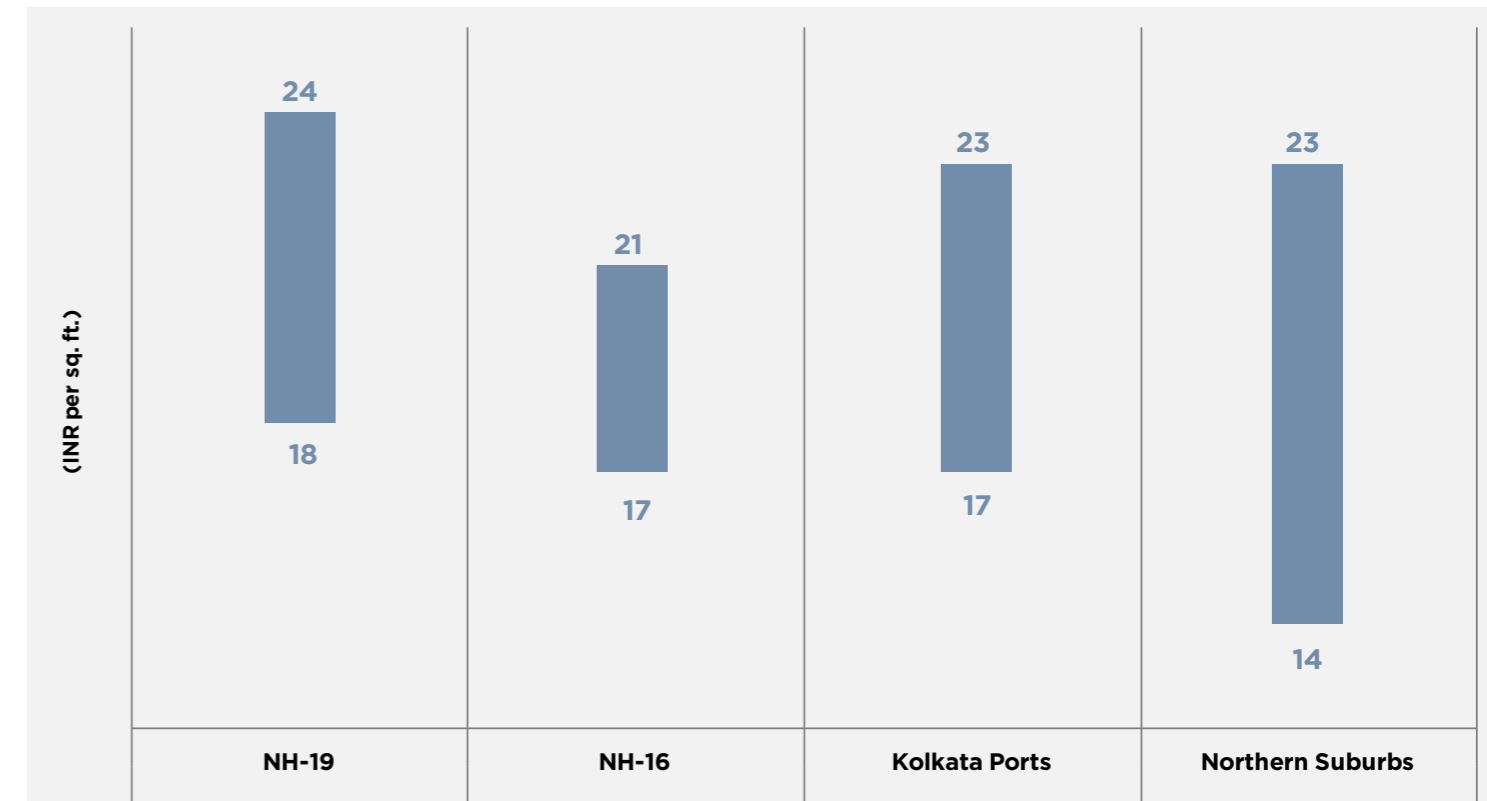
Source Savills India Research

Absorption by grade in H1 2021

Grade A	57%	Grade B	43%
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Source Savills India Research

Warehousing Rental Values in H1 2021



Supply & Absorption by micro market in H1 2021

Micro market	Absorption	Supply
NH-19	50%	41%
NH-16	50%	59%
Kolkata Ports	0%	0%
Northern Suburbs	0%	0%

Source Savills India Research

Major Transactions in H1 2021

Occupier	Micro market	Area leased (sq. ft.)
FMCG	NH-16	145,000
Retail	NH-19	140,000
Retail	NH-16	135,000
E-commerce	NH-19	180,000
Others	NH-19	100,000

Source Savills India Research

OUTLOOK

Locations along NH-19 and NH-16 micro markets are likely to drive demand as most of the supply and absorption is concentrated in these micro markets.

E-commerce, FMCG and 3PL sectors will continue to drive warehousing demand in Kolkata in 2021.

The rental and land values are expected to remain stable in 2021 and likely to appreciate marginally in 2022.



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MUMBAI

Industrial & Logistics Market Update

Key Statistics: H1 2021



Supply
4.3
mn sq. ft.

Source Savills India Research



Net Absorption
3.9
mn sq. ft.



Total Stock
44.7
mn sq. ft.



Vacancy
4.5%

KEY TRENDS

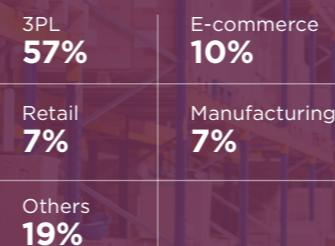
- Increasing e-commerce platforms, expanding 3PL sector, transition from Grade B to Grade A, greater implementation of technology were major growth drivers for warehousing sector.
- Locations such as Bhiwandi and Navi Mumbai drove warehousing demand in Mumbai as these locations are home to many warehousing players.
- Thane-Belapur Road, Taloja, and Ambernath emerged as preferred destinations for R&D and manufacturing developments.
- Rental values remained stable across the micro markets.

SUPPLY, ABSORPTION AND VACANCY - H1 2021

In H1 2021, the city witnessed absorption of 3.9 mn sq. ft. of industrial and warehousing space. Bhiwandi sub-market accounted for around 87% of total absorption during the same period followed by Navi Mumbai at 10% and other locations accounted for 3%. The city had operational industrial and warehousing stock of 44.7 mn sq. ft. as of H1 2021, the second highest in the country.

Grade A space accounted for 29% of the total absorption followed by Grade B at 71%. The 3PL sector accounted for 57% of total absorption witnessed in H1 2021, followed by e-commerce (10%) and manufacturing (7%).

Absorption by sector in H1 2021



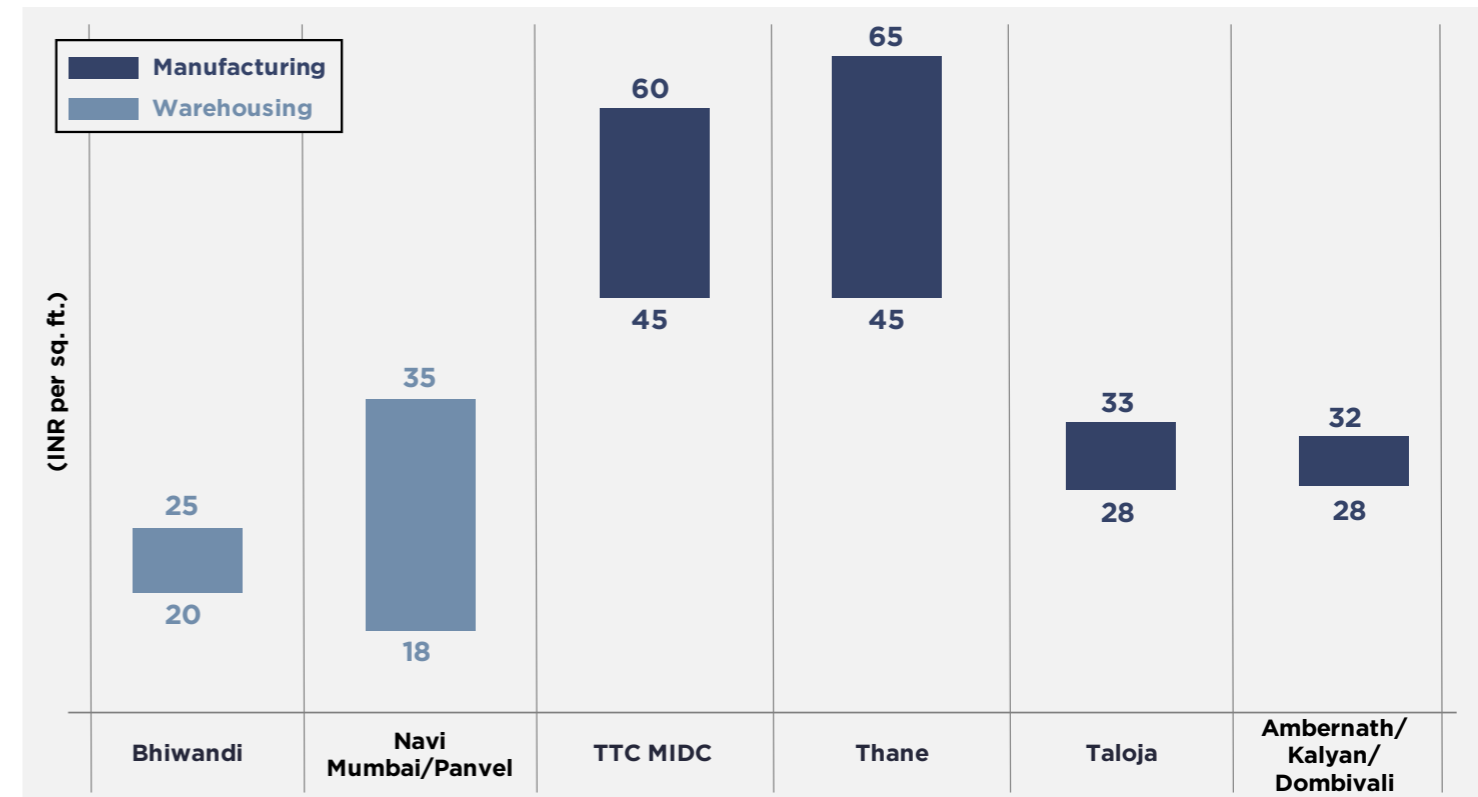
Source Savills India Research

Absorption by grade in H1 2021



Source Savills India Research

Rental Values in H1 2021



Supply & Absorption by micro market in H1 2021

Micro market	Absorption	Supply
Bhiwandi	87%	97%
Mumbai City	3%	0%
Navi Mumbai/Panvel	10%	3%

Source Savills India Research

Major Transactions in H1 2021

Occupier	Micro market	Area leased (sq. ft.)
3PL	Bhiwandi	200,000
Retail	Bhiwandi	171,000
E-commerce	Bhiwandi	260,000
3PL	Bhiwandi	400,000
Manufacturing	Panvel	250,000

Source Savills India Research

OUTLOOK

The Navi Mumbai region is likely to witness increased activity owing to the upcoming international airport and the Mumbai Trans Harbor Link (MTHL).

We foresee that 3PL, e-commerce, and increased demand for in-city

warehousing are likely to drive warehousing demand in Mumbai in 2021.

The rental and land values are expected to remain stable in 2021 and likely to appreciate marginally in 2022.



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PUNE

Industrial & Logistics Market Update

Key Statistics: H1 2021



Supply
2.8
mn sq. ft.

Source Savills India Research



Net Absorption
3.3
mn sq. ft.



Total Stock
29.0
mn sq. ft.



Vacancy
10.2%

KEY TRENDS

- Witnessed increase in manufacturing space requirement driven by PLI scheme for various manufacturing sectors.
- Increasing e-commerce platforms, expanding 3PL sector, greater implementation of technology were major growth drivers for warehousing sector.
- Chakan, Talegaon & Ranjangaon were preferred locations due to quality, proximity, connectivity and new developments. Major logistics and industrial developers proposed their projects in these locations.
- Rental values remained stable across micro markets.

SUPPLY, ABSORPTION AND VACANCY - H1 2021

With increasing manufacturing activities, industrial and warehousing space absorption also rose in the city. Pune market witnessed absorption of 3.3 mn sq. ft. in H1 2021. On the supply side, the city witnessed completion of 2.8 mn sq. ft. of which over 91% completions /supply was witnessed in Chakan-Talegaon micro market. The operational stock stood at 29 mn sq. ft. as of H1 2021 and vacancy levels at 10.2% during the same period.

Chakan-Talegaon micro market accounted for 67% of the total absorption witnessed in the city. The other micro markets contributing to the absorption were Ranjangaon, PCMC and Nagar Road. The manufacturing sector accounted for 33% of the total absorption in H1 2021 followed by 3PL (29%) and e-commerce sector at 21%.

Absorption by sector in H1 2021



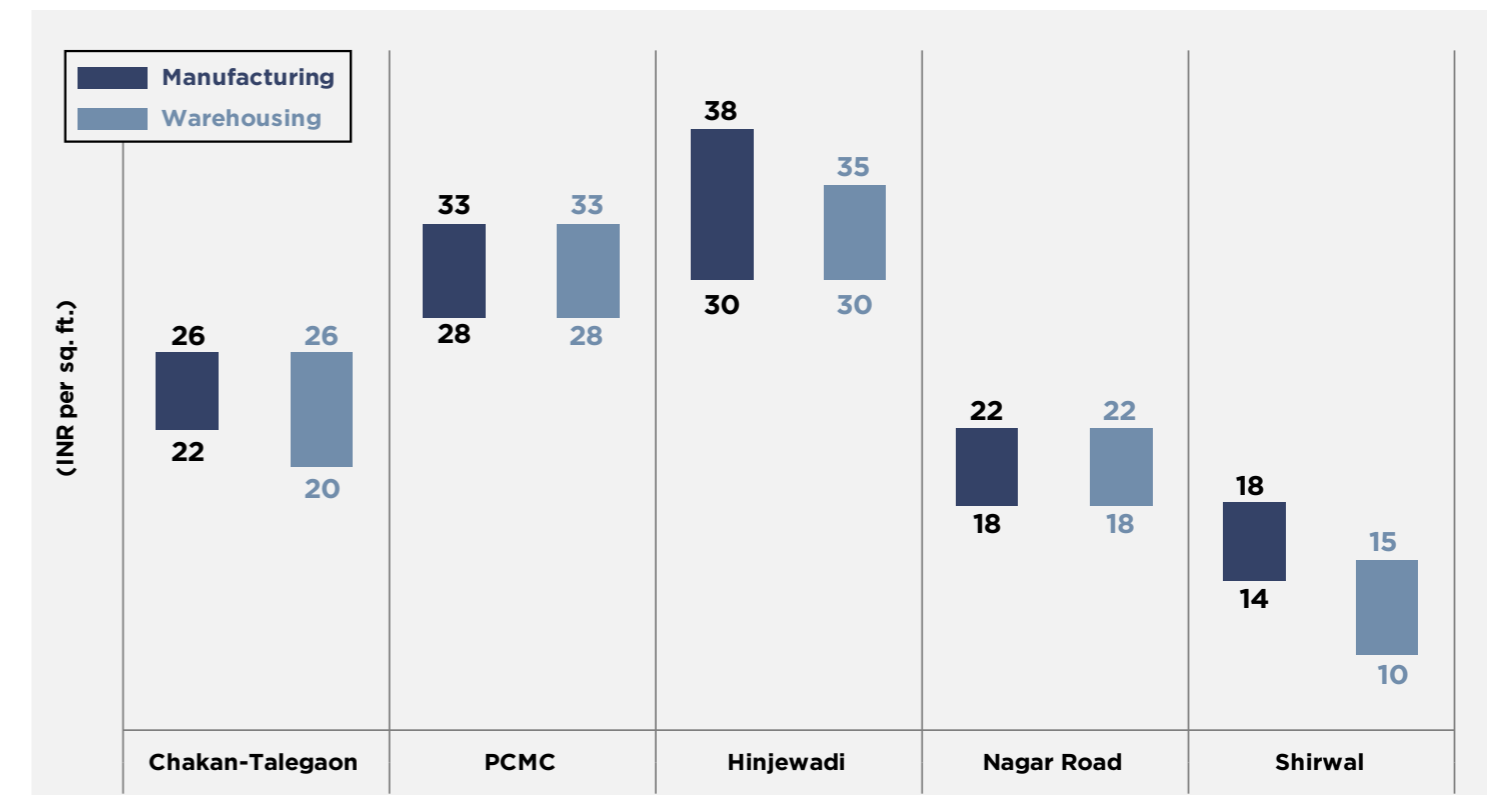
Source Savills India Research

Absorption by grade in H1 2021



Source Savills India Research

Rental Values in H1 2021



Supply & Absorption by micro market in H1 2021

Micro market	Absorption	Supply
Chakan-Talegaon belt	67%	91%
Hinjewadi-PCMC belt	5%	3%
Nagar Road belt	8%	0%
Ranjangaon belt	20%	6%

Source Savills India Research

Major Transactions in H1 2021

Occupier	Micro market	Area leased (sq. ft.)
3PL	Ranjangaon	100,000
3PL	Chakan-Talegaon	120,000
Manufacturing	Chakan-Talegaon	128,000
Manufacturing	Chakan-Talegaon	160,000
Manufacturing	Ranjangaon	385,000

Source Savills India Research

OUTLOOK

Apart from being a large consumer market, factors like steady manufacturing demand, availability of skilled manpower, established vendor base, proximity to the port and international airport have made Pune a preferred destination for industrial sector.

The rental and land values are expected to remain stable in 2021 and likely to appreciate marginally in 2022.

We expect an uptick in investment activity in the manufacturing sector and high-yielding assets.



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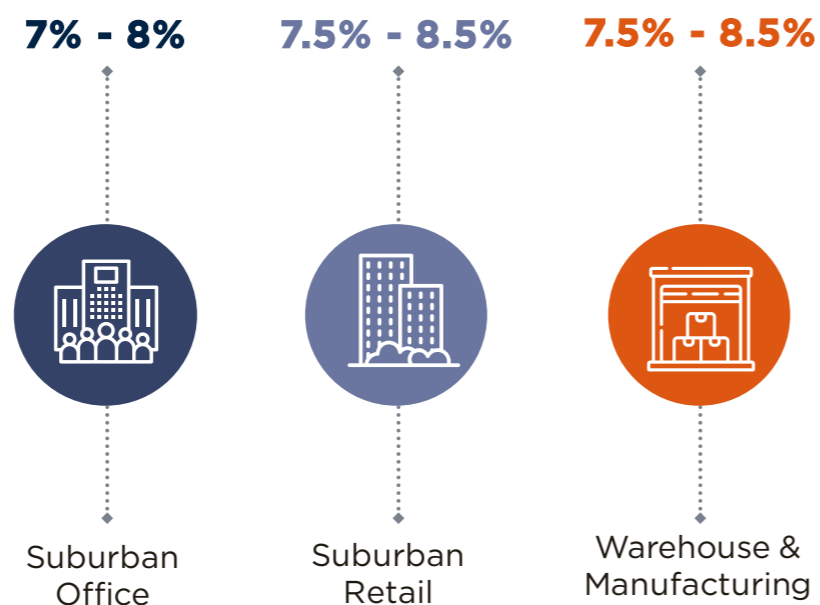
India Investment Scenario

Industrial & Logistics Sector

KEY TAKEAWAYS

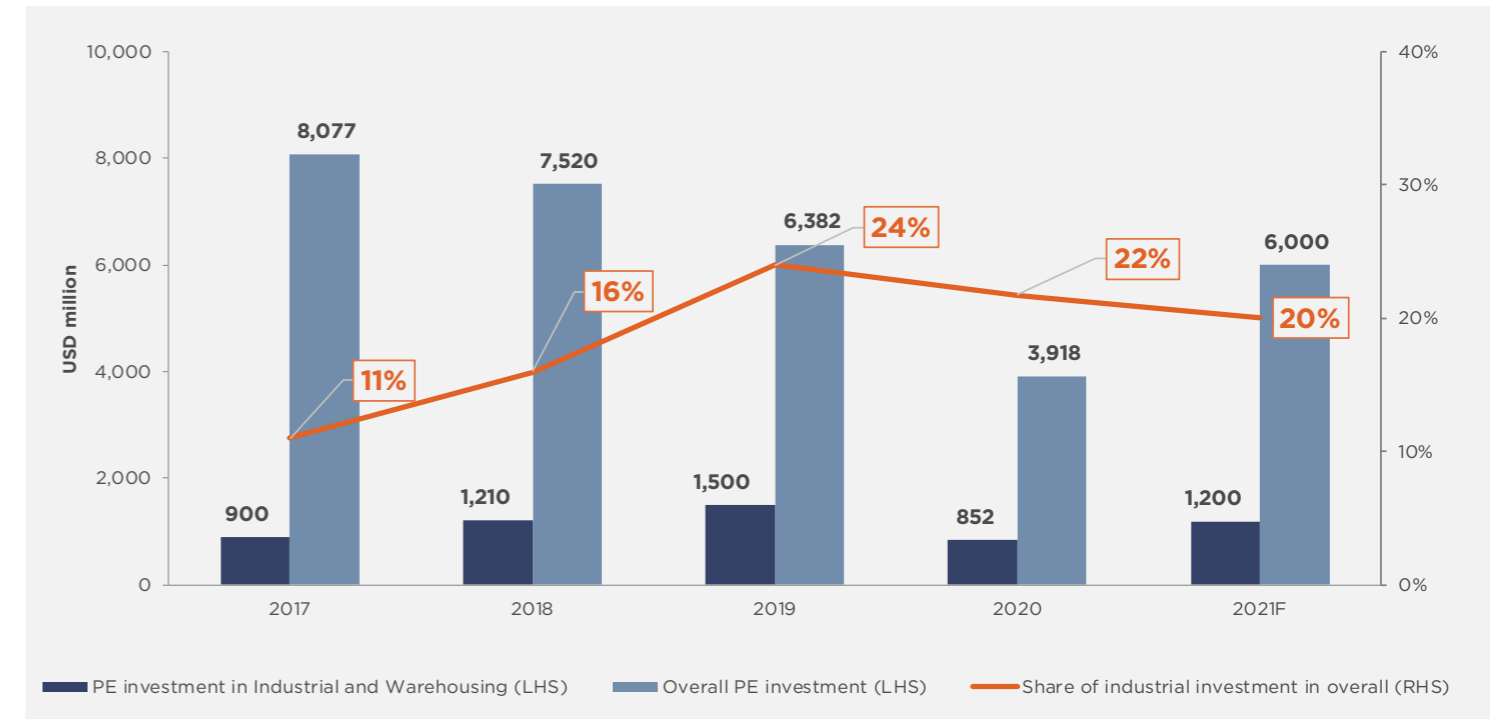
- Since 2017, the sector has garnered interest from multiple large institutional investors, recording investment inflows of USD 5.2 bn (INR 378 bn).
- Between 2017 and Q1 2021, the sector garnered a considerable 19% share.
- Since 2009, in excess of USD 9 bn private equity has been committed.
- A major chunk of investment capital came from foreign funds into this segment.

Typical Yield Rates



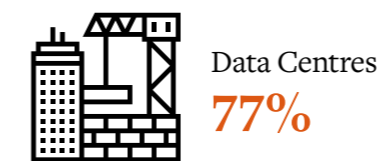
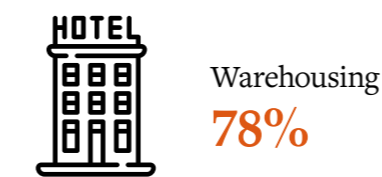
Source Savills India Research

Private Equity Investment in Industrial and Warehousing vis-à-vis overall



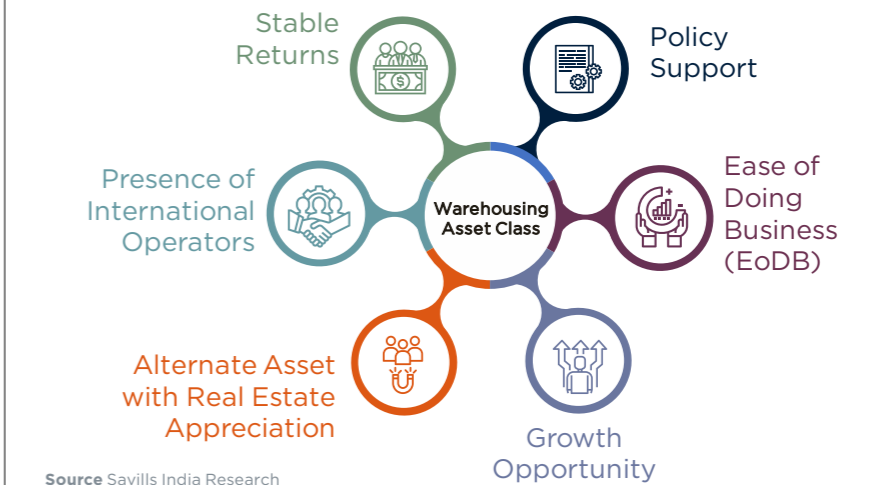
Source Savills India Research

Sector preference by investors in 2021



Source Savills Investor Survey, May 2020

Growth Enablers



Source Savills India Research

Major Investments in Logistics - 2020 & 2021

Investor	Developer	Amount (USD mn)
ESR	GMR (Hyderabad)	100
IFC (World Bank)	Indospace	75
Strata (HNI Investors)	Pre-Leased Logistics parks	20
Blackstone	Embassy Industrial Parks	700
CDC	TVSILP	50
GIC	ESR	750
Blackstone	AllCargo	53.5
Mapletree	KSH Infra	50
Xander	Jalan Group	30
Domestic HNIs & Family Offices	WelspunOne Industrial	75

Source Savills Research and Secondary Sources

ANNEXURE: KEY BUDGETARY ANNOUNCEMENTS AND REAL ESTATE IMPLICATIONS



PLI schemes of INR 2 Tn

- Major step for making India a hub for manufacturing and exports
- **Key sectors:** Pharma, Auto, Textiles, Electronics, Telecom and Food products
- **Pharma one of the favourites:** Local advanced pharmaceutical ingredient manufacturers already received PLI approvals
- Sector specific parks to be set up as well

01

Sector Impact Manufacturing & Warehousing



Professionally managed Development Financial Institution; Debt route for REITs

- Better monetisation of real estate assets
- Expectation of greater participation by institutional investors

02

Sector Impact Infra sector including Manufacturing, Logistics, and Warehousing



Infra Push: 35% allocation increase

- Proposed building of 8,500 kms of National Highways by March 2022
- Additional 11,000 kms by March 2024

03

Sector Impact New RE development corridors Industrial & Logistics push



Disinvestment of land and monetisation of non core PSU assets

- Model Tenancy Act approved to create inclusive rental housing market
- Stake sales of PSUs including banks and insurance
- SPVs to monetise land owned by PSUs
- Crucial land availability for housing sector
- Favourable for Model-1 of ARHC scheme

04

Sector Impact Affordable Housing



Affordable housing focus and tax holiday extensions

- Tax holiday extension and interest benefits on affordable housing home loans
- Boost investor confidence in recently launched ARHC scheme

05

Sector Impact Affordable Housing

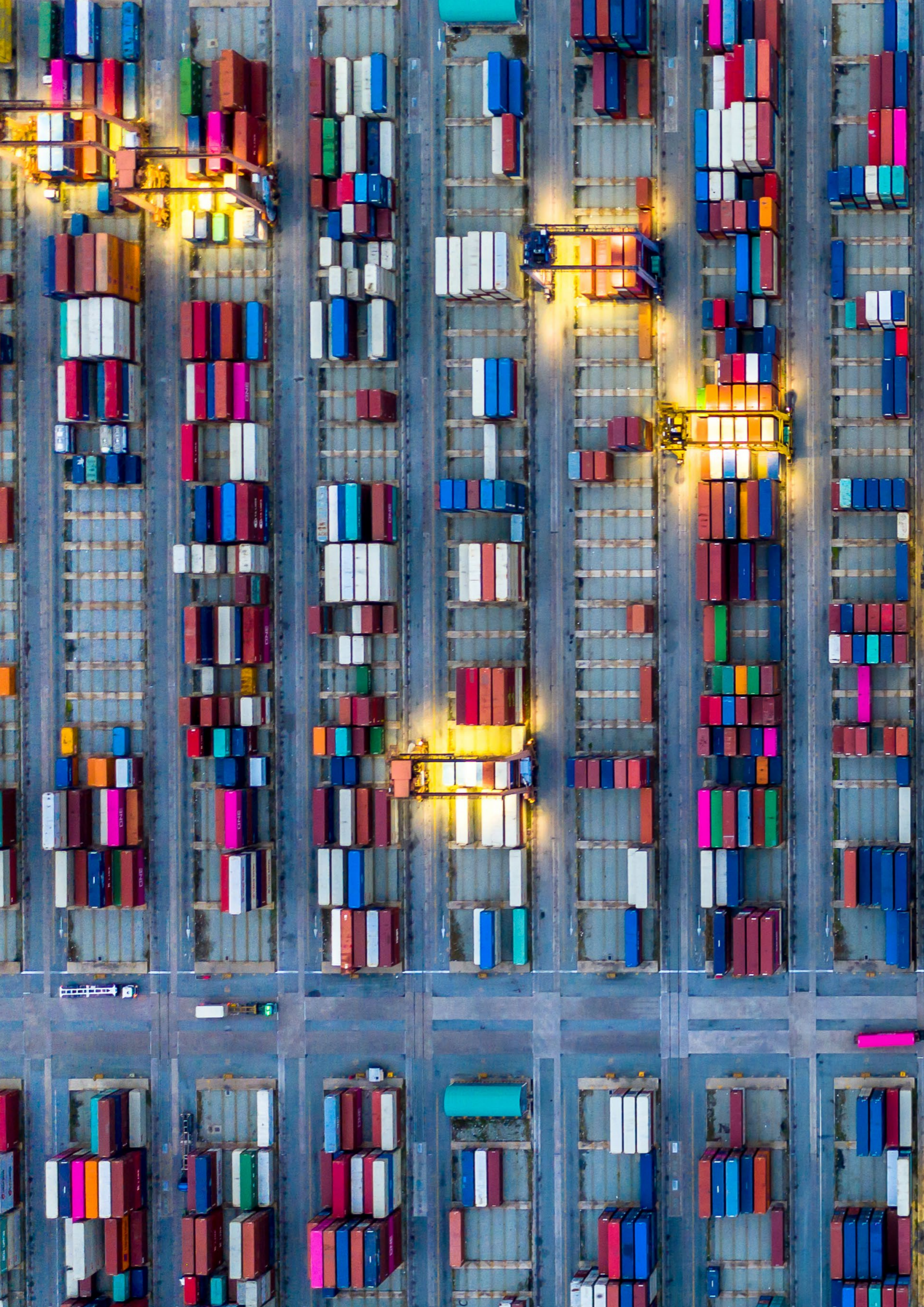


Speeding up stressed asset resolution

- New bad loan bank to be set up
- Faster revival or disposal of stuck projects in RE sector

06

Sector Impact Residential & Urban Development



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