



2017

INDIAN REAL ESTATE

Poised for a Paradigm Shift



Indian Real Estate Playing cautiously

2016 has been a mixed year for Indian Real Estate with first half of year showing clear signs of recovery followed by stagnation of market due to demonetization. Market sentiments are low with investors taking a cautious approach towards investment.

Demonetization may affect GDP growth in 2017-18. There is bound to be near term wobble of most sectors, but Indian markets are expected to bounce back at the end of year 2017. In the long run, demonetization and GST would result in a wider tax base and greater participation in the formal economy strengthening India's business climate and financial system in the long run.

The Indian real estate sectors is one of the most affected sectors in demonetization drive. Last 3 – 4 years has been a lacklustre run for Real Estate and demonetization has further dampen demand. The market is expected to witness 15 % - 20% price correction in few major markets particularly in higher-end premium properties. The resale inventory would also be greatly impacted.

The end of the year brought more clarity on demonetisation. With emphasis on cashless economy, real estate is on verge of paradigm shift. Despite certain short term troubles, demonetization is certainly going to give a boost to the Indian economy in the long run particularly to Real Estate sector with improved transparency in every transaction. Further, GST and Real estate Regulatory Bill would add to this transparency. Both central and state govt. are likely to enforce the buyer friendly provisions of the Real Estate Regulatory Act, homebuyers can expect more transparency.



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From CIRIL Team

CIRIL Network, membership-based premier owner operated network of Real Estate Consultants' Companies in India, takes pleasure in presenting its Second Annual, 2016 covering 8 major markets and tracking markets trends of Commercial, Retail, Industrial and Logistic Sectors.

With a strong local presence and seamless networking, CIRIL envisages creating local knowledge platforms across major Real Estate markets. CIRIL network now has 16 offices and works in 280+ locations across India i.e Delhi, Gurgaon, Mumbai, Bengaluru, Kolkata, Pune, Hyderabad, Ahmedabad, Surat, Noida, Chandigarh, Jaipur, Indore, Lucknow, Patna & Bhubaneswar.

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“There may be some decline in growth over the next two quarters, but the impact of Demonetization on the growth rate will be small in FY 2017,”

Arvind Panagariya,
Vice-Chairman, NITI Aayog



INDIAN ECONOMY

Moving Ahead in 2017

Year 2016 saw reconfigure of India's economic architecture through new institutional mechanisms. India's economy gained steam in Q2 FY 2016 riding on positive impulses to consumption from a near normal monsoon and public pay hikes. However, a sharp fall in investment and a muted performance in the external sector prevented growth from hitting market expectations.

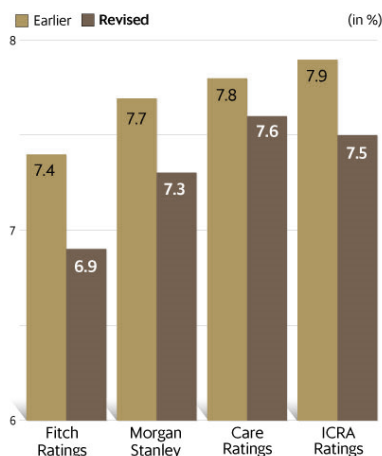
The economy's momentum has faltered in Q3 FY 2016 due to demonetization. Cash shortages has affected sectors that relied heavily on cash transactions, including real estate, construction, gold, gems and jewellery as well as the informal sectors are expected to suffer a near-term decline in consumption demand. The services PMI fell into contractionary territory for the first time in over one year in November.

Economists have slashed growth estimates for India to less than 7% for the current financial year following demonetisation. However, the effect is expected to be transient and the economy should benefit in the longer run from a smaller parallel economy.

India's gross domestic product advanced 7.3% year-on-year in the third quarter of 2016, following 7.1% expansion in the previous period. Private consumption expanded at a faster pace while government spending slowed down and fixed investment dropped further. In the long-term, the India GDP Annual Growth Rate is projected to trend around 6.80% in 2020, 5.50% in 2030 and 4.50% percent in 2050, according to Ministry of Statistics and Program implementation (MOSPI).

Economic impact

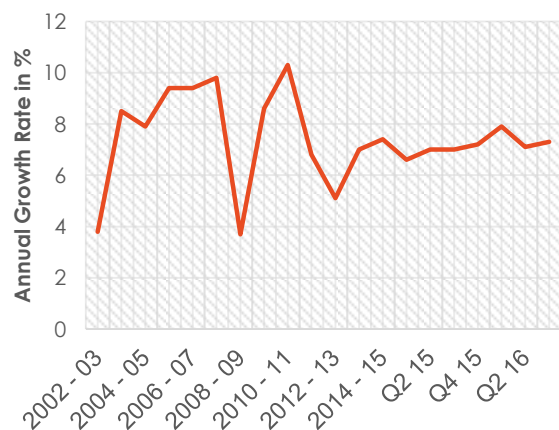
Revised GDP growth outlook by various rating companies for the financial year 2016-17 due to demonetization



Source: Mint research

Annual GDP Growth Rate

Growth Rate of GDP on basis of new definition



source: Mospi

Structural Reforms

Ensuring long term sustenance

The economic ecosystem of India has undergone extreme overhaul at all levels in recent times. Structural reforms has been forefront in Govt. agenda.

The steps taken by the government in recent times have shown positive results as India's gross domestic product (GDP) at factor cost at constant (2011-12) prices 2014-15 is Rs. 106.4 trillion (US\$ 1.58 trillion), as against Rs. 99.21 trillion (US\$ 1.47 trillion) in 2013-14, registering a growth rate of 7.3%. The economic activities which witnessed significant growth were 'financing, insurance, real estate and business services' at 11.5% and 'trade, hotels, transport, communication services' at 10.7%.

"India's economy is projected to sustain a 7.6 percent growth rate in both fiscal years 2016-17 and 2017-18," according to the year-end update of the Economic and Social Survey for Asia and the Pacific (ESCAP) 2016 report of the United Nations.

Reforms Undertaken

- **Make in India** initiative with an aim to boost the manufacturing sector of Indian economy
- **Digital India** initiative with focuses on three core components: creation of digital infrastructure, delivering services digitally and to increase the digital literacy.
- **Ease of Doing Business** rankings with target to be in the top 50 by 2017, based on reforms undertaken in areas like construction permits, enforcing contracts and starting business
- Liberalization of **Foreign Direct Investment (FDI)** norms
- **Bankruptcy law** is a major step in the process of overhauling the country's Rs 101 lakh crore banking sector
- **Goods and Services Tax (GST)** is a proposed system of indirect taxation in India merging most of the existing taxes into single system of taxation. It was introduced by The Constitution (One Hundred and First Amendment) Act 2016
- **The Startup India**, Standup India plan and the rollout of the National Investment and Infrastructure Fund (NIIF) are also being worked on

INDIAN REAL ESTATE

The Balancing Act

Demonetization drive announced on Nov 8th to curb black money has rendered 85% of currency in circulation illegal in one single stroke. Realty sector has been one of the worst hit sector. The day after, the Nifty Realty Index saw a sudden downfall of 12%. While the S&P BSE Mid Cap index was seen falling by 11.2 % as HDIL, India bulls, Prestige Estate and Unitech witnessed a great loss.

The market is expected to see price correction in range of 15% - 25% in the next three to six months. The luxury and the high end segments will see a major impact due to involvement of cash component in transactions. Affordable housing segment is set to gain from Demonetization drive, as many developers are also aggressively turning towards this segment.

Several banks have cut their MCLR-based lending rates after a spurt in deposits following demonetization. Interest rates cut by all the banks will lead to demand being raised substantially. That will definitely help in improving the sentiments as well as purchasing power. Moreover, if project finance is also extended by the banking sector and moratorium on repayment of principal is also allowed, then there will be a huge jump in the number of projects being completed and new supply coming into the market.

In the long term, demonetization along with implementation of Real Estate Regulation Act and single-window clearance system will be positive for the sector leading to higher transparency and investor's confidence

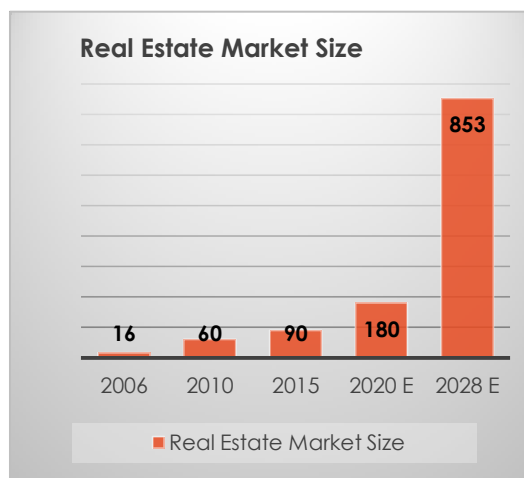


Indian Real Estate Market Size

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The market size of real estate in India is expected to increase at a CAGR of 15.2 per cent during FY2008 – 2028E and is estimated to be worth USD853 billion by 2028. Real estate contribution to India's GDP is estimated to Market size of real estate in India (USD billion) increase to about 13 per cent by 2028.

According to data released by Department of Industrial Policy and Promotion (DIPP), the construction development sector in India has received Foreign Direct Investment (FDI) equity inflows to the tune of US\$ 24.19 billion in the period April 2000-March 2016. The Government of India along with the governments of the respective states has taken several initiatives to encourage the development in the sector. The Smart City Project, is a prime opportunity for the real estate companies.



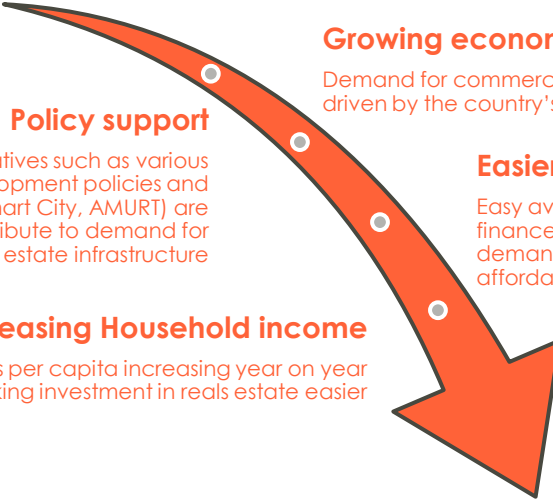
Govt. initiatives for Real estate

- The Cabinet Committee on Economic Affairs (CCEA) has approved various measures to revive the construction sector
- The Make in India initiative has helped to accelerate leasing of commercial property by the manufacturing sector
- The Securities and Exchange Board of India (Sebi) has proposed easier regulations for real estate investment trusts (REITs) and has allowed Foreign Portfolio Investors (FPI) to invest in units of Real Estate Investment Trusts (REITs), infrastructure investment trusts (InvITs), category III alternative investment funds (AIFs), and also permitted them to acquire corporate bonds under default.
- Housing for All by 2022 - Under the Sardar Patel Urban Housing Mission, 30 million houses will be built in India by 2022, mostly for the economically weaker sections and low-income groups, through public-private-partnership (PPP) and interest subsidy.
- The Government of India has relaxed the norms to allow Foreign Direct Investment (FDI) in the construction development sector and Township

Indian Real Estate Market Drivers

Urbanisation

India's urban population as a percentage of total population was around 32.7 percent in 2015 and is expected to rise to 40.0 percent by 2030



Growing economy

Demand for commercial property is being driven by the country's economic growth

Policy support

Government initiatives such as various urban development policies and programmes (Smart City, AMURT) are expected to contribute to demand for real estate infrastructure

Easier financing

Easy availability of project finance by Bank have increased demand for better and affordable infrastructure

Increasing Household income

India's per capita increasing year on year making investment in real estate easier

Growth of Real Estate



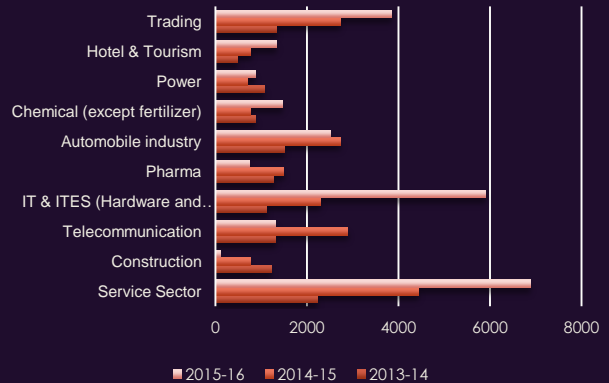
Foreign Direct Investment In Indian Real Estate

Total FDI in construction development sector, during April 2000–March 2016, stood at around USD24.188 billion

During April 2000–Sep 2016, total cumulative inflows in the construction development sector accounted for 10.69% of total inflows into the country

Townships, shopping complexes & business centres – all allow up to 100% FDI under the auto route. FDI policy on Construction Development sector has been liberalised by relaxing the norms pertaining to minimum area, minimum capitalisation and repatriation of funds or exit from the project.

Sector attracting highest FDI equity inflow in US\$ million



- Fosun International Limited plans to enter the Indian real estate market by investing US\$ 1 billion through real estate private equity platform.
- Indiabulls Housing Finance has raised over Rs 1,300 crore (US\$ 193.85 million) for its affordable housing segment.
- Altico Capital has invested Rs 200 crore (US\$ 29.82 million) in Bengaluru-based real estate developer Legacy Group
- Ivanhoe Cambridge plans to enter into a Joint Venture (JV) agreement with Piramal Fund Management to set up a US\$ 250 million venture, which will provide equity capital to developers of residential projects in the country.
- Apollo Asia RE Singapore Private Limited and realty firm Salarpuria Sattva Group have entered into a JV to acquire 100 per cent stake in two real estate projects at Bangalore and Vadodara from a consortium of offshore investors in a deal worth Rs 275 crores (US\$ 41 million).
- Mr Nandan Nilekani, co-founder of Infosys Limited, has invested around US\$ 25 million in a real estate NBFC unit of KKR India, one of the local arms of the US-based private equity firm KKR & Co LP.
- Piramal Fund Management has invested Rs 425 crore (US\$ 63.4million) in realty firm Lodha Group's residential project in central Mumbai through the structured debt route.
- Kotak Realty Fund, has raised US\$ 250 million from institutional investors for equity investments in realty projects across India's top six property markets including Mumbai, Delhi, Pune, Bengaluru, Hyderabad and Chennai over the next 24 to 36 months.
- Indospace, a developer of industrial realty and logistics parks, plans to invest US\$ 1 billion in India over the next five years
- Peninsula Brookfield Investment Managers Private Limited, a joint venture of real estate firm Peninsula Land Ltd and global alternative asset management firm Brookfield Asset Management, has invested Rs 100 crore (US\$ 14.91 million) in mid-income housing projects of Bengaluru-based property developer Mahaveer Group.
- Goldman Sachs bought shares worth Rs 255 crore (US\$ 38.02 million) in Vatika Hotels Private Limited, a company owned by real estate and hospitality firm Vatika Group.
- PE firm Warburg Pincus invested Rs 1,800 crore (US\$ 268.4 million) in Piramal Realty for a minority stake in the company.

Foreign Institutional Investment In Indian Real Estate

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India due to its strong fundamentals have gain favour among investors as attractive investment destinations for foreign institutional investors (FIIs). Investors are optimistic on India and sentiments are favourable following discontinuation of minimum alternate tax (MAT) on overseas portfolio investors retrospectively for the years prior to April 01, 2015, thereby providing significant relief to foreign portfolio investors (FPIs). India continues to be a preferred market for foreign investors.

As of December, equities remained positive on inflows for the 2016 calendar. It was the debt market that was witness to massive FPI outflows in December 2016.

Net withdrawal by foreign portfolio investors (FPIs) from equities stood at Rs. 8,176 crore in December, while the same from the debt market was Rs. 18,935 crore, translating into a total outflow of Rs. 27,111 crore (\$3.98 billion), depositories' data showed.

The pullout by FPIs started in October 2016 following uncertainty over the US election results and a similar trend was observed in other emerging markets.

This year, so far, FPIs have invested a net sum of Rs. 20,566 crore in stocks, while they pulled out Rs. 43,645 crore from the debt market, resulting in a combined net outflow of Rs. 23,080 crore.

- Aspire Home Finance Corporation has raised Rs 100 crore (US\$ 14.82 million) debt from International Finance Corporation (IFC) to fund its expansion in the lower and middle income housing market segments.
- The Government of India has signed a US\$ 100 million loan agreement with the Asian Development Bank (ADB) to strengthen key irrigation and drainage system and improve water management in the Vennar sub-basin of Cauvery Delta in Tamil Nadu.
- The World Bank Group has committed to provide US\$ 1 billion for India's solar energy projects and plans to work with other multilateral development banks and financial institutions to develop financing instruments to support future solar energy development in the country.
- Fairfax India Holdings Corporation plans to acquire a 30 per cent stake for US\$ 300 million in Sanmar Chemicals Group, India's major suspension Polyvinyl Chloride (PVC) manufacturer, through a combination of equity and fixed-income securities.
- ReNew Power Ventures Pvt Ltd has signed a debt financing agreement of US\$ 250 million with Overseas Private Investment Corporation (OPIC) to construct up to 400 megawatts (MW) of new solar power projects in India across multiple states.
- Godrej Fund Management (GFM) has raised US\$ 275 million from Netherlands-based APG Asset Management NV to invest in residential projects in India.
- Goldman Sachs has invested Rs 441 crore (US\$ 65.37 million) to acquire an equity stake in Gurgaon-based hotel development and investment start-up SAMHI Hotels which will help fund SAMHI's expansion plans.
- Singapore-based investment firm, Temasek Holding, has acquired 73 per cent stake in Hyderabad-based Care Hospitals, India's fifth largest private healthcare network, for Rs 1,800 crore (US\$ 266.83 million).
- Macquarie Infrastructure and Real Assets (MIRA), the realty investment arm of Australian Macquarie Group Ltd, plans to invest in real estate projects in India

Private Equity Investment in India

A large number of private equity funds had earmarked substantial funds for investment in India. In terms of investments and bullish sentiments, the Indian PE story was second only to China. Success stories for private equity funds in India are Flipkart, Pipavav Shipping, Bharti Airtel, ABG, Punj Lloyd, Pantaloons, and Snapdeal among others.

As per the data from private deal tracker Preqin, the amount of cash with private equity (PE)/venture capital (VC) funds—stands close to a six-year high of \$7.1 billion, suggesting an improved fund-raising environment.

Of the \$7.1 billion dry powder, almost \$5.59 billion or close to 80% is with established funds. The dry powder available with VC funds has almost doubled to \$3.1 billion as of November, compared to a figure of \$1.5 billion at the end of calendar year 2011.

Amongst the new investment firms, the largest funds launched this year include Reliance Jio Digital India Start-up Fund with a corpus target of \$745 million, followed by Maitreyi Digital India Fund with the fund size of \$222 million. Among the established funds, Sequoia Capital leads the pack with a fund-raise of \$920 million followed by Matrix India with a fund size of \$110 million.

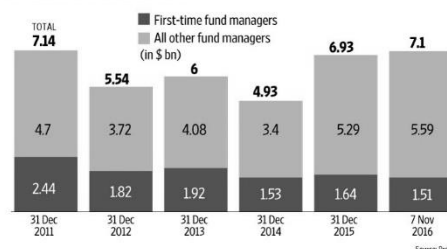
Top PE Investment - 2016

Company	Investors	Date	Amount (\$ mn)
Reliance Infratel	Brookfield	Oct 16	1,650
MphasiS	Blackstone	Apr 16	1,100
Resurgent Power	ICICI Venture, CDPQ, SGRF, KIA, Others	Jun 16	850
Bangalore International Airport	Fairbridge Capital	Mar 16	321
GE Capital Services	AION Capital, Others	Mar 16	300

Source: Venture Intelligence

FLUSH WITH CASH

The high amount of dry powder with India-based funds coincides with a sharp decline in deal volume in the market



PE/VC investments worth about \$16.2 billion were recorded in 2016 across 591 deals, against \$19.6 billion across 767 deals in 2015. This was a decline of 18% in terms of deal value and 23% in terms of deal volume year-on-year, as per data provided by EY.

Private equity (PE) funds in India continue to attract significant investments from limited partners as their overall return on the portfolio is good.

Top Investment Banks (2016) - M&A

Rank #	Company Name	Deal Value (\$ mm)	# Of Deals
1	Arpwood Capital Pvt. Ltd.	21,891.71	4
2	JM Financial Institutional Securities Ltd.	13,599.77	6
3	Morgan Stanley	11,770.00	4
4	Ernst and Young Global Ltd.	10,898.72	4
5	Kotak Mahindra Capital Co. Ltd.	10,149.96	4
6	Ambit Pvt. Ltd.	9,730.00	3
7	DH Consultants Pvt. Ltd.	9,730.00	1
7	Citigroup Global Markets India Pvt. Ltd.	9,730.00	1
8	Lazard Ltd.	9,407.42	4
9	J.P. Morgan Securities LLC	8,000.00	1
9	Evercore Partners Inc.	8,000.00	1
10	Standard Chartered Bank, Investment Banking Division	3,667.80	6
11	Barclays Bank Plc	2,783.00	2
12	Jefferies India Pvt. Ltd.	2,586.37	4
13	ICICI Securities Ltd.	2,436.00	2

Private Equity Funds In Indian Real Estate

- PE firm Warburg Pincus invested US \$ 268.4 million in Piramal Realty for a minority stake in the company.
- Real estate private equity fund of the Kotak group, Kotak Realty Fund, has raised US\$ 250 million from institutional investors for equity investments in realty projects across India's top six property markets including Mumbai, Delhi, Pune, Bengaluru, Hyderabad and Chennai over the next 24 to 36 months.
- Piramal Fund Management, along with Altico Capital India Pvt Ltd., invested US \$77 million dollars in Bengaluru's real estate firm Century Real Estate Holdings Pvt Ltd. The two-part investment includes a major investment divided into two equal parts among both the investors, while an additional amount has been invested by Piramal in construction finance, as quoted by Mint. The invested amount will be used by Century Real Estate for the construction of nine projects and make land payments.
- Asset management company Blackstone Advisors India invested US \$70 million in a commercial project of Salarpuria Sarrva Realty LLP. Located at Knowledge Park, which is an office park Hyderabad, it is the first investment by the firm in the city. The project is being developed into an office space of about six million square feet and its construction is likely to be completed within four to five years.
- Piramal Fund Management Pvt Ltd. invested about US \$63 million in a residential project of Lodha Developers Pvt Ltd. The project, Lodha Azzure, has a saleable area of more than 500,000 square feet. This is the first time that in terms of sales, Lodha has raised money from Piramal.
- Apollo Asia RE Singapore Private Limited and realty firm Salarpuria Sattva Group have entered into a JV to acquire 100 per cent stake in two real estate projects at Bangalore and Vadodara from a consortium of offshore investors in a deal worth US \$ 41 million.
- Singapore's sovereign wealth fund organisation GIC Pvt Ltd. invested US \$49 million in Viviana Mall of Sheth Developers and Realtors India, a subsidiary of Sheth Corp. With 49 per cent stake, GIC added the retail asset to its real estate portfolio. The mall spreads over 50 acres and has a multiplex, large and mini anchor stores and many inline stores.

Private Equity (PE) investments in the Indian real estate sector have seen a steep rise in the last six calendar years (2010-2016). The highest PE investment was seen in Calendar Year 2015 with an investment of US \$2,065 million.

As per PropTiger Datalabs research, PE investment worth US \$717 million took place in the real estate sector until September 2016 (Q3). The highest investment of US \$361 million, took place during Q2.

“April 2017 is when we expect to see market movement get back to normal. The property market will witness fast growth across segments and micro-markets in Indian real estate,”

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Niranjan Hiranandani,
Cofounder & CMD, Hiranandani Group.



Indian Real Estate In path of reforms

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2016 was a watershed year for real estate from a policy perspective, with Benami Property Transaction Prohibition Act, RERA and GST along with demonetisation has redefined the future of Indian real estate.

All of these factors have contributed in laying foundation to take realty, which has so far remained saddled with unethical practices, towards much-needed transparency and providing comfort and legal cushion to homebuyers.

The next year various states will finalise and set up regulator for the sector and developers are expected to focus more on deliveries than new launches to reduce inventory levels. Home buyers will benefit immensely with affordability set to increase and home loan rates trending downwards.

Looking at the reforms, Indian real estate developers have shifted gears and accepted fresh challenges. Real estate developers are increasingly adopting to industry norms and becoming professional driven industry.



Commercial Office space

- The office market witnessed over 43 million sq.ft. in 2016, registering a growth of 9% on a y-o-y basis.
- Rents rose across Indian cities
- Driven by IT/ ITeS, e-commerce, start-ups and large consulting firms
- Demand will remain consistent over most of 2017



Retail Sector

- 2016 saw supply of 5.3 million sq. ft of retail space across major markets
- Retail sector saw consolidation by major brands and retailers
- With relaxed FDI norms, retail saw entry of institutional investors
- In 2017, more mature investors is expected to enter and buy built-up retail space



Industrial and Warehousing sector

- Industrial and warehousing saw brisk activity in 2016 with total cumulative supply reaching 97 million sq. ft
- E-commerce sector is the major demand drive in this segment
- Make in India initiative have triggered off industrial growth across the country
- 2017 is expected to add around 20 million sq.ft to this segment

Policy Reforms in Real estate

1. Real Estate (Regulation and Development) Act, 2016
2. The Benami Transactions (Prohibition) Amendment Act, 2016
3. 100% deduction in profits for affordable housing construction
4. Interest subsidy for first-time homebuyers
5. Change in arbitration norms for construction companies
6. Service tax exemption on construction of affordable housing
7. Dividend Distribution Tax exemption for SPVs to REITs
8. Implementation of Goods and Services Tax structure (GST)
9. Currency demonetisation
10. Permanent Residency Status for foreign investors

MUMBAI

REAL ESTATE TRENDS

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Mumbai is India's largest city (by population) and is the financial and commercial capital of the country. It generates 6.16% of the total GDP of India. The key sectors contributing to the city's economy are: finance, gems & jewellery, leather processing, IT and ITES, textiles, and entertainment. Nariman Point and Bandra Kurla Complex (BKC) are Mumbai's major financial centres.



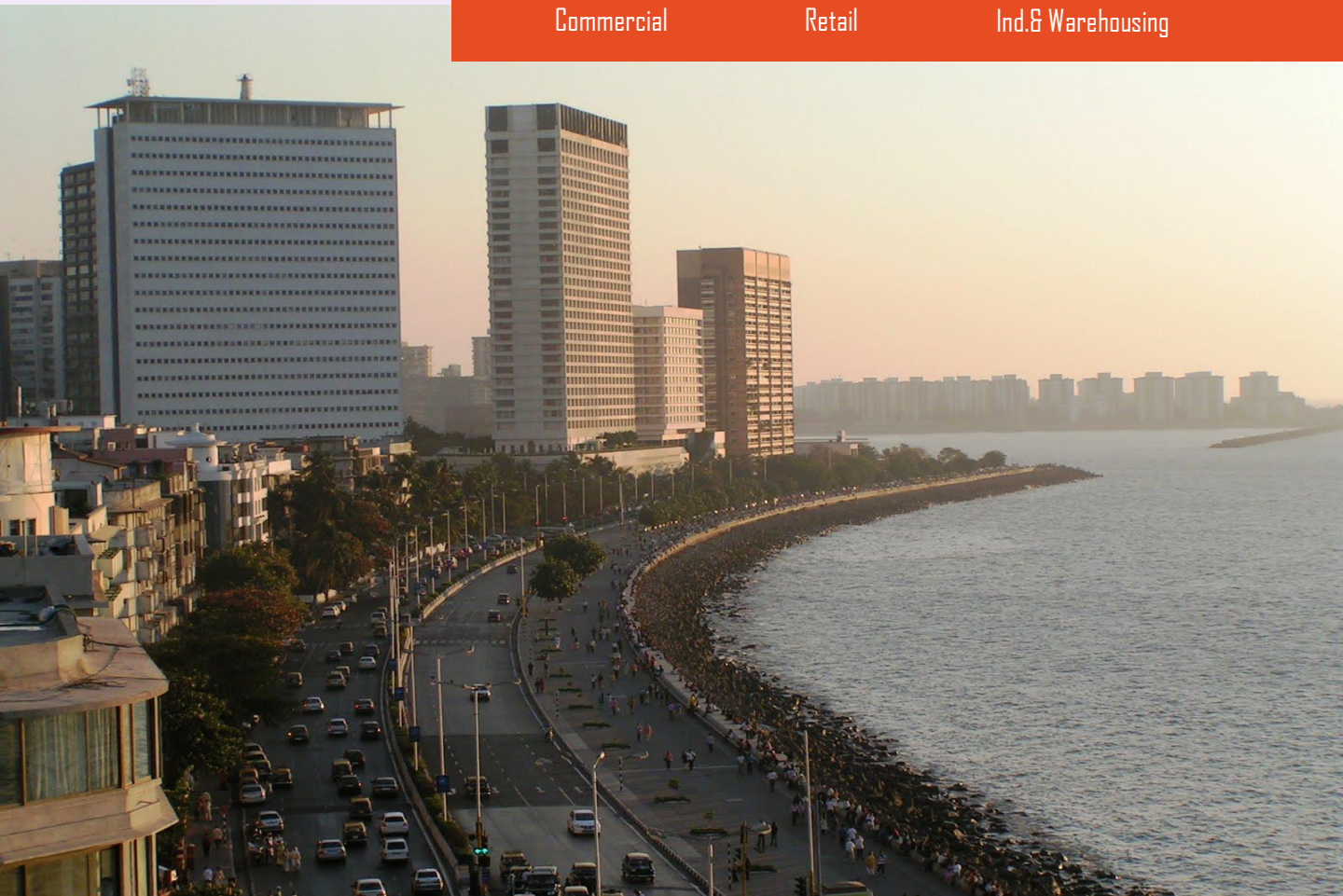
Commercial



Retail



Ind.& Warehousing



Mumbai Commercial Real Estate Trends

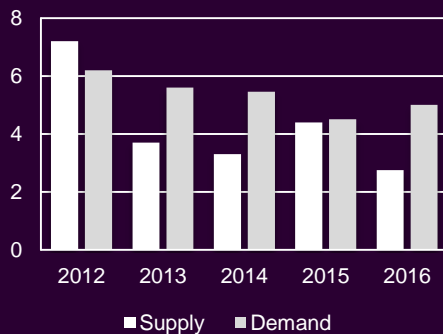
Leasing activity picked up across all micro-markets of Mumbai in year 2016. It has been overall a good year for commercial markets though demonetization at the end of year is expected to slow down the transaction activities in Mumbai in next two quarters.

Mumbai office market saw total absorption of around 2.75 million sq. ft in year 2016. Overall, the submarkets of Worli, Andheri-Kurla Road, and Central Suburbs constituted 60% of Grade A net absorption followed by SBD and Malad/ Goregaon.

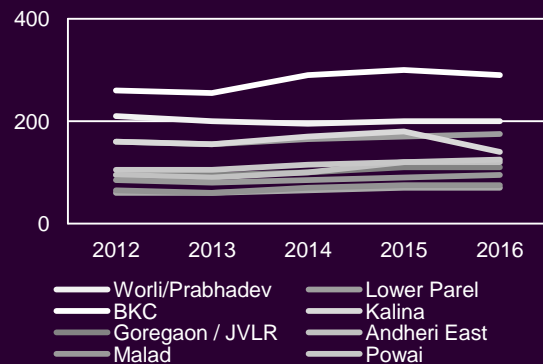
In terms of supply, the Mumbai market witnessed supply of around 5 million sq. ft of commercial space. Grade A average rentals across most markets remained stable and the vacancy levels remained at 18.9%, on the back of relatively sluggish net absorption in relation to fresh supply.

Rental prices will largely remain unchanged in 2017. Demand for office space is less impacted due to demonetization but there will definitely be price correction. Rental market of "Grade A" Mumbai office space will be mostly be flat.

Demand and Supply in Mumbai Commercial market in million sft



Average Rental Trends in Mumbai Commercial Market in INR/sq. ft/ month



Major Deals in Mumbai Commercial Market - 2016

CLIENT	Building Name	Area (SF)	Location	Lease/ Sale
Teva Pharmaceutical Industries	Oberoi Commerz-II	1,25,000	Goregaon	Lease
Tata Communication	Parinee Crescenzo	60,000	Bandra	Lease
Scootsy Company	Todi Mill	10,000	Lower parel	Lease
Narayana Education	K.Raheja Prime	4,800	Andheri	Lease
Renesis Italian Company	Boomerang	5,950	Andheri	Lease
Saint Gobain	Time square	11,461	Andheri	Lease
Link Intime India	247 Park	60,000	Vikhroli	Lease
DBS Bank	Express Tower	1,00,000	Nariman Point	Lease

Mumbai Retail Real Estate Trends

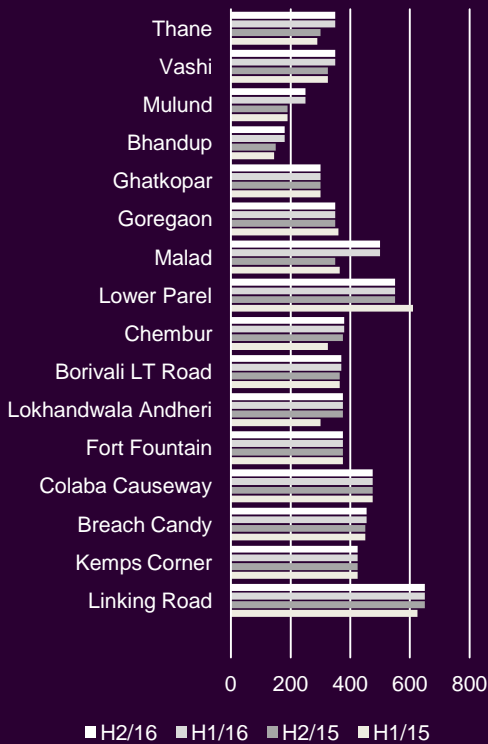
Mumbai retail market witnessed supply of nearly 0.9 million sq. ft of leasable space. One of the biggest influx is seen with opening of a mall measuring 500,000 sq. ft in Dombivali. Being the first Mall in this area, it saw healthy absorption by retail brands such as Big Bazaar, PVR Cinemas, Reliance Digital, etc.

Retail rentals remained stable across most micro markets. Leasing activity saw brisk momentum with retailers across F&B and apparel segments expanding their footprint in select malls. Kemps Corner / Breach Candy, Colaba Causeway and Fort / Fountain saw appreciation of rentals by 1% due to healthy demand.

In short term, Mumbai retail real estate market will take a hit as demonization has created uncertainty over consumers' confidence and has slowed down retail spending given the cash crunch. This may continue till mid year. Malls in Lower Parel and main streets of Fort / Fountain and Linking Road would continue to be the preferred locations amongst international retailers.

Rental prices will largely remain unchanged in 2017. Retail vacancy rate is set to increase as 2017 will see completion of major projects in Mumbai retail markets

Average Rental Rates in Mumbai in INR / sq.ft



Significant Leasing Transaction in Retail Market- 2016

Property	Location	Tenant	Square feet	Lease/Sale
White Hall	Walkeshwar Road	Kotak Mahindra Bank	2,500	Lease
Emore	Khar-West	Edelweiss Tokio LIFE Insurance	1,200	Lease
Jay Apartment	Santacruz -East	Cambridge	650	Lease
The Link	Andheri-West	Bandhan Bank	3,900	Lease
Atria	South Mumbai, Worli	Apple	3,000	Lease
Infiniti Mall	Malad	Big Bazaar	50,000	Lease

Mumbai Industrial and Warehousing Trends

There was a strong increase in demand for warehousing space across the Mumbai particularly in Bhiwandi, Mankoli and Padgha along NH 3 and State Highway 35 (SH 35). Demand for industrial space picked up with leasing activity concentrated across the Trans Thane Creek (TTC) industrial area.

E-commerce players and 3PL companies continued to be the prominent occupiers of warehousing space in the region accounting for 70% of the total space take-up during 2016. Engineering and manufacturing firms and electronics companies were other major demand drivers.

Major lease transaction witnessed are; Pepperfry (260,000 sq. ft.) and Hopscotch (120,000 sq. ft.) at Bhiwandi. Jaguar (125,000 sq. ft.), at Panvel, and Jindal Steels (50,000 sq. ft.) at Taloja. Linde Group (11,000 sq. ft.) at Mahape and NRB Bearings (20,000 sq. ft.) at Rable.

Due to the strong demand levels, rental values increased across most micro markets. However, high costs of land and restriction in land usage (mostly in green zone) have restricted the development of warehouses.

Industrial and warehousing segment will continue its robust performance in 2017.

Mumbai Industrial and Warehousing Trends

Submarkets	Land rates in INR Mn/acre	Industrial Rents INR/sft/month	Warehousing Rents INR/sft/month
Bhiwandi	25 - 30	20 - 25	13 - 15
Thane Belapur Road	115 - 130	30 - 35	25 - 32
Taloja Industrial Estate	65 - 75	20 - 30	20 - 27
Panvel	-	-	20 - 25
JNTP & Uran Road	-	-	17 - 23
Rasayani Patalganga	25 - 30	20 - 25	17 - 20
Pen-Khopoli Road	15 - 20	20 - 24	15 - 20

Significant Transactions in Industrial and warehousing Market 2016

Property	Location	Tenant	Area in sq.ft	Lease/ sale
Warehouse	Bhiwandi	Pepperfry	2,60,000	Lease
Warehouse	Bhiwandi	Hopscotch	1,20,000	Lease
Warehouse	Panvel	Jaguar	1,25,000	Lease
Industrial	Taloja	Jindal Steel	50,000	Lease
Warehouse	Mahape	Linde Group	11,000	Lease
Warehouse	Rable	NRP Bearing	20,000	Lease

NCR DELHI

REAL ESTATE TRENDS

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The **National Capital Region (NCR)** in India is the designation for the conurbation or metropolitan area which encompasses the entire National Capital Territory of Delhi, which includes New Delhi and urban areas surrounding it in neighbouring states of Haryana, Uttar Pradesh and Rajasthan. NCR is India's largest and one of the world's largest urban agglomeration with a population of over 47,000,000 at the 2011 Census.



Commercial



Retail



Ind. & Warehousing



NCR Delhi Commercial Real Estate Trends

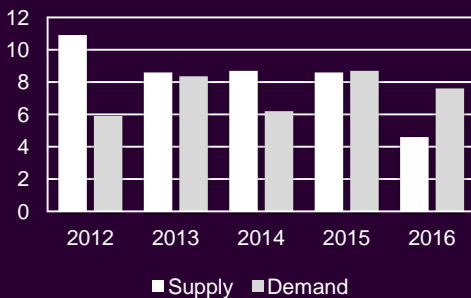
NCR Delhi office real estate segment has remained positive and is expected to grow steadily in year 2017. The NCR office market maintains its lead as most preferable office destination with 7.6 mn sq. ft absorption at the end of 2016. Gurgaon remained the preferred choice for opening offices in the National Capital Region (NCR) with 51% share.

In terms of supply of new Grade A office space only 4.6 mn sq ft entered the office market in 2016 as opposed to 11.5 mn sq ft in 2015. Completion of IT-Special Economic Zone (SEZ) project in Noida added 180,000 sq. ft of new Grade A supply in H2, 2016. Demonetization is expected to further delay projects in different stages of completion due to uncertainty and cash crunch.

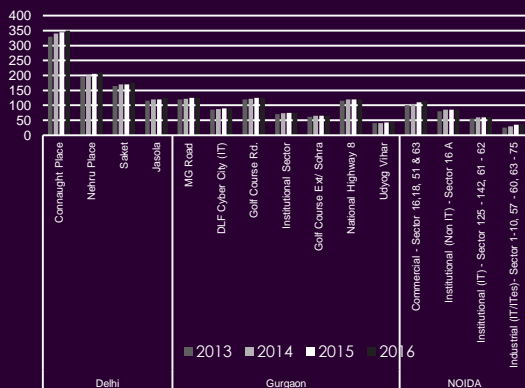
Steady leasing and negligible new completions caused vacancy levels to drop to 19% in H2 2016. IT & ITES leasing saw revival in NCR Delhi market in year 2016. IBM, Genpact and TCS are notable transactions in 2016. About 0.9 million sq. ft of new supply is expected to be operational in the first quarter of 2017 in Gurgaon and Delhi Central Business District (CBD).

Though demand for office space is less impacted due to demonetization but supply side is expected to feel the impact due to deferrals in project completion. Vacancy levels is expected to decrease further owing to limited supply. Rental prices will largely remain unchanged in 2017

Demand and supply in commercial market of NCR in million sqft



Average commercial rental rates in NCR Delhi in INR/ sqft/ month



Major Deals in Commercial Market - 2016

CLIENT	Building Name	Area (SF)	Location	Lease/Sale
Home Credit	Sewa Tower	1,71,834	Sector -18, Gurgaon	Lease
XL Catlin	DLF World Tech Park	1,50,000	NH-8	Lease
Global Logix	ASF Insignia	48,000	Gwal Pahari	Lease
UHG	Brookfield	2,00,000	Tikri	Lease
Make My Trip	DLF Building 5	14,000	DLF Cyber City	Lease
Woori Bank	Salcon Platina	12,000	MG Road	Lease
Pennod Richard	DLF Building 8	70,000	DLF Cyber City	Lease
Aristocrat	DLF Building 8	50,000	DLF Cyber City	Lease
Shell	Two Horizon	19,000	Golf Course Road	Lease
APL Logistics India	Sewa Tower	17,000	Sector -18, Gurgaon	Lease
Kellton Tech Solutions	Ilabs Info Technology Center	45,000	Udyog Vihar, Phase - 3	Lease
The Geroge Institute for Global Health	Elegance Tower	4,445	Jasola	Lease
Apollo Munich Health Insurance	Pearl Beest Height I	4,800	Netaji Subhash Place	Lease
Multi Commodity Exchange of India Ltd	Narain Manzil	2,750	Connaught Place	Lease
Edelweiss Financial Services Ltd	Mercentile House	2500	Connaught Place	Lease
Oriental Consultants India Pvt.Ltd.	Narain Manzil	2800	Connaught Place	Lease
Concentrix	Logix Cyber Park	50,000	Sector-62, Noida	Lease
3 Pillar Global	Candor Techspace	47,000	Sector-62, Noida	Lease
mCarbon	ETT-2	24,000	Sector-132, Noida	Lease
Fairwood Group	Tapasya Corp Heights	20,000	Expressway, Noida	Lease
Healthcare At Home (HCAH)	Nath Tower	14,000	Sector-3, Noida	Lease

NCR Delhi Retail Real Estate Trends

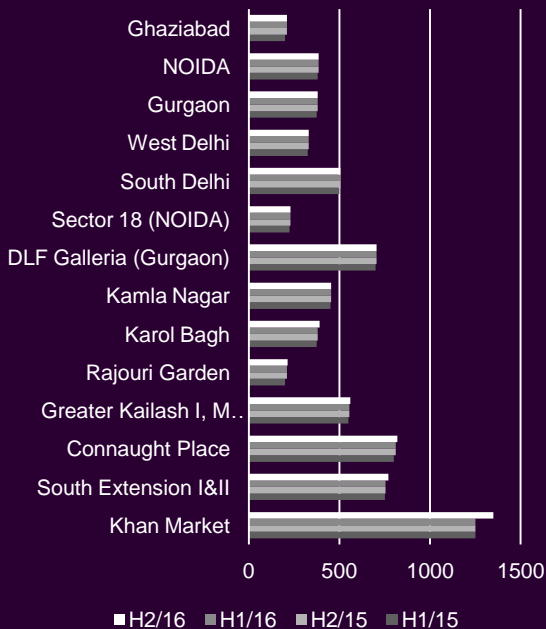
NCR - Delhi Retail market witnessed healthy transaction in year H1 2016 followed by stagnation in H2 2016. This year saw addition of around 1.5 million sq. ft of retail space to NCR market. Limited availability of quality space and corresponding low demand resulted in deferment of mall developments. Apparel and lifestyle segments were the predominant demand driver.

During year 2016, mall rentals remained stable across submarkets. With the increasing presence of international brands, the main street locations of West Delhi are becoming progressively attractive for retailers. NCR - Delhi is expected to add 3 million sq. ft. of commercial space by end of 2017. Main street locations of South Delhi and Gurgaon sector 29 continued to witness high demand.

Robust demand and limited availability may led to rentals appreciation by 3% - 5% in the main street locations. Average rentals vary between Rs. 800 – Rs. 450 per sft/ month for main streets while for Mall the asking price is between Rs. 500 – Rs. 200 per sft/ month.

Retail markets of NCR Delhi are expected to witness sustained demand for quality retail space in 2017. Leasing activity in most micro-markets may decline due to short term impact of demonetization. Demand for quality space by international brands will drive the retail market. South Delhi, Gurgaon and NOIDA is expected to continue as most preferred retail destinations

Average Rental Rates in NCR Delhi in INR / sq.ft / month



Significant Leasing Transaction in Retail Market

Property	Location	Tenant	Square Feet
High Street	Rajouri Garden	Max Lifestyle	10,000
High Street	Lajpat Nagar	Soch	1,800
High Street	Ambedkar Road	The Arvind Store	2,200
Mall	Metropolis Mall, Gurgaon	Pantaloons	20,000
High Street	South Ex	Nalli Sarees	16,000
High Street	NIT, Faridabad	Louis Phillpe	1,500
Ambience Mall,	Gurgaon	H & M	55,000
DLF's Mall of India	NOIDA	Chili's	10,100
DLF's Mall of India	NOIDA	Marks & Spencer	45,900
Pacific Mall	Delhi	Dunkin Donuts	2,300
DLF Emporio	Delhi	La Perla	1,750
A Block, Connaught Place	New Delhi	Raymond - RTW	5,000
RDC, Ghaziabad	Ghaziabad, UP	PC Jeweller	1,700
Karol Bagh	New Delhi	U.S Polo	6,000
Dreams Mall	Gurgaon	Pantaloons	14,700
VG-48, Sohna Road	Gurgaon	Westside	18,000

NCR Delhi Industrial and Warehousing Trends

NCR Delhi is one of the largest warehousing nodes in India due to presence of large consumer and manufacturing base.

Leasing activity remained robust in the NCR, with close to 2.2 million sq. ft. of modern warehousing space being leased across the region. Demand continued to shift towards modernized Pre-engineered Building (PEB) facilities along the NH-8 in areas such as Pataudi, Taru Road and Binola, followed by the industrial areas of Mundka (Delhi), Dadri (Ghaziabad) and Greater Noida. E-commerce and consumer durable players dominated the overall absorption activity in the NCR by leasing close to 75% to the total area leased during 2016.

Approx.. 300,000 sq. ft. is leased by Flipkart at NH-8 and Syscom at Greater Noida, Phillips (150,000 sq. ft.) at Pataudi and LG (110,000 sq. ft.) at Dadri. Other key transactions included prominent FMCG player, ITC Ltd., leasing about 140,000 sq. ft. in Pataudi and approx. 50,000 sq. ft. by Hindware.

Rental values in Delhi witnessed a growth of 5-7% during 2016 due to sustained interest from 3PL and e-Commerce players.

Industrial and warehousing will be the major demand drivers in Delhi NCR market with sustained demand from FMCG, 3PL and e-Commerce players.

NCR Industrial and Warehousing Trends

Submarkets	Industrial Rents INR/sft/ month	Warehousing Rents INR/sft/ month
NOIDA Phase I	35 - 40	36 - 40
NOIDA Phase II	15 - 18	16 - 18
NOIDA Phase III	20 - 25	21 - 25
Greater NOIDA	15 - 18	16 - 18
Faridabad	18 - 22	19 - 22
Kundli	18 - 22	19 - 22
Palwal	14 - 15	15 - 15
Ballabgarh	16 - 18	17 - 18
IMT Manesar	18 - 22	19 - 22
Bawal	15 - 18	16 - 18

Significant Transactions in Industrial and warehousing Market 2016

Property	Location	Tenant	Area in sq.ft	Lease/ sale
Warehouse	Greater NOIDA	Flipkart	3,00,000	Lease
Warehouse	Graeter NOIDA	Syscom	3,00,000	Lease
Warehouse	Pataudi	Phillips	1,50,000	Lease
Warehouse	Dabri	LG	1,10,000	Lease
Warehouse	Mundka	Vulcan Express	1,00,000	Lease
Warehouse	Mundka	LG	90,000	Lease
Warehouse	Alipur	Videocon	1,00,000	Lease
Warehouse	Alipur	Panasonic	60,000	Lease
Warehouse	Gurgaon	Akzo Nobel	80,000	Lease
Warehouse	Dwarka	Grofers.com	20,000	Lease
Warehouse	Kapriwas, Gurgaon	MRF	85,000	Lease
Warehouse	Dasna, Ghaziabad	Croma	30,000	Lease
Warehouse	Dasna, Ghaziabad	Godrej	35,000	Lease

BENGALURU

REAL ESTATE TRENDS

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Bengaluru is known as the "Silicon Valley of India" because of its role as the nation's leading information technology (IT) exporter. With an economic growth of 10.3%, Bangalore is the second fastest-growing major metropolis in India. *Forbes* considers Bangalore one of "The Next Decade's Fastest-Growing Cities" as per its survey carried out in year 2010. It has a population of about 8.42 million and a metropolitan population of about 8.52 million, making it the third most populous city and fifth most populous urban agglomeration in India.



Commercial



Retail



Ind. & Warehousing



Bengaluru Commercial Real Estate Trends

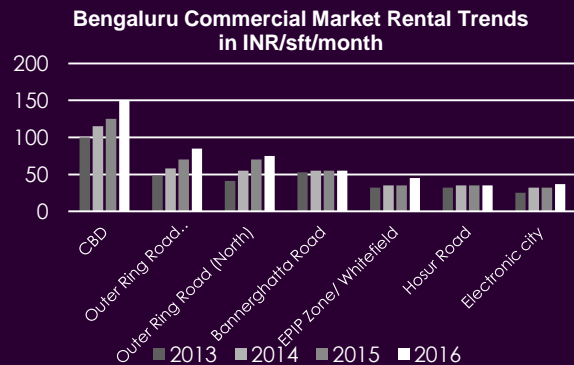
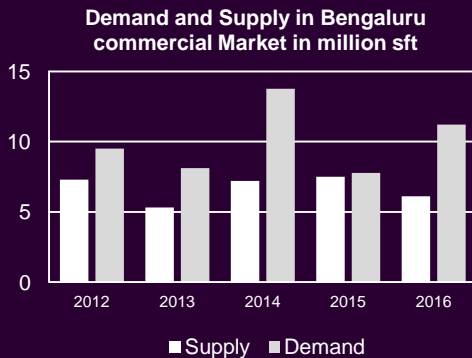
Bengaluru saw highest leasing activity with total absorption of around 11.2 million sq. ft in 2016. Outer Ring Road submarket accounted for almost 55% of the total Grade A leasing, followed by Suburban East (25%) and Peripheral submarkets (10%). Year 2016 witnessed total supply Grade A supply of around 6.1 million square feet (msf). Almost 70% of this supply is concentrated in Outer Ring road and rest in peripheral market.

Vacancy remained stable at 9.9%. The city has a robust new supply pipeline of approximately 20.5 million sq. ft. in the next 3 to 5 years. IT / ITeS sector continues to be the major demand driver followed by E-commerce and BSFI.

Rentals have remained stable across micro markets. The average asking rentals varies between INR 40 per sq. ft/month to INR 65 per sq. ft/month depending on the location.

The office market will remain positive in year 2017 despite the recent demonetisation drive as the city continues to be a key office destination among global and domestic corporates.

Rental prices will largely remain unchanged in 2017. E-commerce and IT & ITeS companies will continue to be the major demand drivers in the Bengaluru commercial office space.



Absorptions in Commercial Markets

CLIENT	Building Name	Area (SF)	Location	Lease/ Sale
Coca Cola	Brigade Magnum	1.4 Lac sft	Hebbal	Lease
Harman	Sattva Eminence	1.2 Lac sft	Marathahalli Ring Road	Lease
Snapdeal	Salarpuria ODONIS	35,000 sft	Old Madras Road	Lease
Children Clinical Research	Prestige Towers	49,000 sft	CBD	Lease
TEC	Prestige Khoday Towers	20,000 sft	CBD	Lease
GE	Prestige Shantiniketan	22,000 sft	Whitefield	Lease
Flowserve	Prestige Shantiniketan	14,000 sft	Whitefield	Lease
Verizon	Prestige Trinity Centre	25,000 sft	Sarjapur Ring Road	Lease
Novo Nordisk	Prestige Featherlite Techpark	30,000 sft	EPIP, Whitefield	Lease
Bajaj Alliance	Prestige Towers	11,000 sft	CBD	Lease

Bengaluru Retail Real Estate Trends

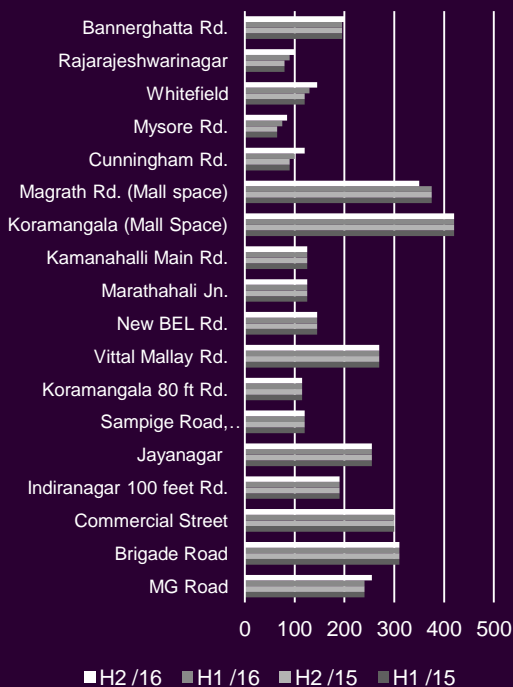
Bengaluru saw steady transaction activities in year 2016. Bengaluru saw absorption of around 3.0 million sq. ft. of prime retail space while the supply was approx. 4.1 million sq. ft. Due to good leasing activity and limited supply, overall mall vacancy levels remained low at 11%.

Hosur-Sarjapur Road has emerged as the new retail destination and has gained significant interest from retailers witnessing high volume of transactions. Retailers from multiple categories such as apparel, food and beverage (F&B), beauty, travel, etc. are driving the demand in submarkets. The majority of leasing activity in the malls was driven by e-commerce, food & beverage and apparel retailers

The rentals have remained stable in all major micro - markets. Average rentals of Mall vary between INR 125 – 450 per sq. ft per month in prime locations while rentals are between INR 80 – 200 per sq. ft. per month in outskirts. The average rentals of High street vary between INR 125 – 325 per sq. ft. per month. Main Street saw to high demand from apparels and F&B brands.

The retail market may witness decline in leasing activities due to demonetisation in short term. Rental prices will largely remain unchanged in 2017. E-commerce and international departmental stores will continue to be the major demand drivers in the Bengaluru commercial office space.

Average Rental Rates in Bengaluru in INR / sq.ft/ month



Significant Leasing Transactions in Retail Market - 2016			
Property	Location	Tenant	Area (Sft)
Independent Property	Lady Curzon Road	IMA Jewels	25000 sft
Independent Property	EPIP Zone, Whitefield	Toyota	20,000 sft
Featherlite the Address	Sarjapur Outer Ring Road	Honda	10,000 sft
Independent Property	Bommanahalli	Dmart	40,000 sft
Featherlite	Mysore Road	Silicon Honda	8,000 sft

Significant Project under construction	Location	Area	Completion
Bren Star Centre	Bannerghatta Road	5.5 Lac sft	2017-18

Bengaluru Industrial and Warehousing Trends

Bengaluru has begun to witness great demand for warehousing with the manufacturing sector dominating the overall space demand. The total warehousing space requirement in the city is estimated to be around 80 mn sq. ft. in next two years while upcoming supply is around 60 mn sq. ft.

Manufacturing sector is the biggest demand drivers with absorption of 55 mn sq. ft. In warehousing segment e- retailers and e-commerce giants have consolidated their presence in this market due to availability of quality warehouse at reasonable costs and relative proximity to high-demand centres (such as Hyderabad, Chennai, Cochin and Mangalore.

Nelamangala – Dabaspete cluster and T Begur to Dabaspete region is emerging as new Industrial and warehousing corridor. Rents across micro-markets remained largely stable. Going forward, sustained occupier demand is likely to keep rents across the prominent industrial and warehousing clusters under pressure in the coming 6-12 months.

Bengaluru Industrial and warehousing market will continue its robust performance in year 2017. Rentals may appreciate owing to healthy demand in certain micro-markets particularly in eastern and western part of Bengaluru

Bengaluru Industrial and Warehousing Trends			
Industrial & warehousing Submarkets	Land rates in INR Mn/acre	Industrial Rents INR/sft/month	Warehousing Rents INR/sft/month
Bengaluru Hardware Park	25- 30	--	--
Narsapura	18 - 22	16 - 18	15 - 20
Bommasandra	45 - 65	25 - 30	23 - 28
Bidadi IDA	20 - 30	18 - 25	17 - 25
Dabaspete	20 - 25	17 - 22	17 - 22
Harohalli	15 - 20	--	--
Peenya IDA	150 - 170	25 - 35	25 - 35
Hosur Rd.	50 - 150	23 - 35	20 - 35
Whitefield	- -	25 - 35	25 - 35
Nelamangala	- -	15 -22	18 -25

Significant Leasing Transactions in Industrial and warehousing Market 2016			
Property	Location	Tenant	Area
Private	Off Old Madras Road	Big basket	55,000 sft
Private	Soukhya Road	Mahindra Logistics	50,000 sft
Private	Soukhya Road	E-Kart	1.2 Lac sft
Private	Whitefield	Whirlpool	70,000 sft
Featherlite Spectrum	Mysore Road	Bella India	36,000 sft

Significant Project under construction		Area	Completion
Soukhya Road		450,000 sft *	Feb - June 2017
jigani-Bommasandra		300,000 sft *	Mar-17
Mysore Road - Bidadi		4,00,000 sft	Apr-17
Makali - Nelamangala		6,00,000 sft *	Mar-17
Hoskote - Narsapur		10,00,000 sft *	Jun-17

* Total combined development

CHENNAI

REAL ESTATE TRENDS

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Chennai is known as the “Detroit of India” for its automobile industry. It is the fifth-largest city and fourth-most populous metropolitan area in the country. Chennai has a broad industrial base in the automobile, computer, technology, hardware manufacturing and healthcare sectors. The city is base to around 30 percent of India's automobile industry and 40 percent of auto components industry. According to the Confederation of Indian Industry (CII), Chennai is estimated to grow to a US\$100-billion economy, 2.5 times its present size, by the year 2025.



Commercial



Retail



Ind. & Warehousing



Chennai Commercial Real Estate Trends

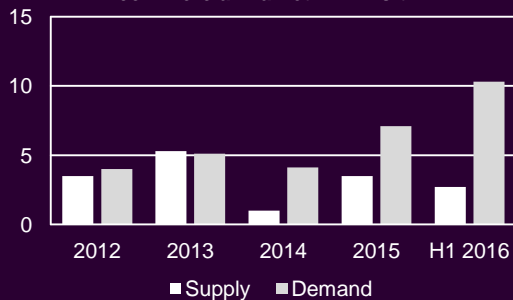
Chennai market saw furious leasing activity despite space crunch. H2 2016 experienced the highest transaction levels owing to big-ticket transactions by TCS, Accenture, General Electric and IVTL Infoview. 2016 saw transaction of 10.3 mn sq. ft while supply was only 2.7 mn sq. ft. This has caused the vacancy to 12.5% level. The SBD, PBD OMR and GST business districts have seen the most transactions in Chennai markets.

The IT/ITeS sector continues to be the largest consumer in the Chennai office space market despite the manufacturing and other service sectors gaining share in recent times. The sector accounted for 55% of office space transactions in 2016.

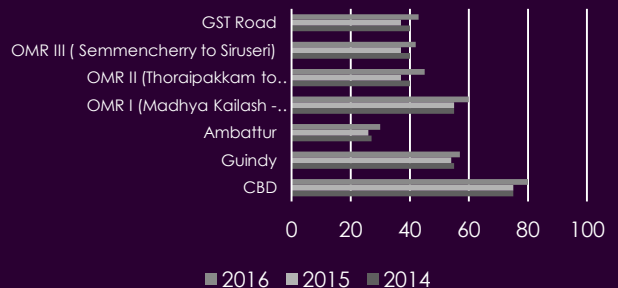
Rentals have remained stable across micro markets. The lack of vacant office stock, coupled with steady demand, has pushed weighted average rentals in the Chennai office space market to INR 55 per sq ft per month at the end of H2 2016. The average asking rentals varies between INR 45 per sq. ft/month to INR 65 per sq. ft/month depending on the location.

Chennai office market is expected to continue its sustained trends in year 2017. Due to low available inventory, the rentals may see appreciation. IT & ITeS and manufacturing will continue to be the major demand drivers in the Chennai commercial office space.

Demand and Supply trends in Chennai commercial Market in MN sft.



Chennai Commercial Market Rental Trends in INR/sft/month



Major Deals in Commercial Market 2016

CLIENT	Building Name	Area (SF)	Location	Lease/ Sale
TCS	Chennai One	330,000	Thoraiyakkam	Lease
IVTL Infoview	Prince Technopark	180,000	Thoraiyakkam	Lease
GE Electric	Ramanujan IT City	174,000	Taramani	Lease
Astra Zenca	Ramanujan IT City	157,000	Taramani	Lease
Accenture	Divyasree Point	3,00,000	Sholinganallur - Siruseri	Lease
Renault Nissan	Ascendas Cybervale	104,600	Sholinganallur - Siruseri	Lease
Icon Clinic	Chennai One	126,000	Thoraiyakkam	Lease
Saravanna Stores	Kalpathi Rantech IT Park	180,000	Sholinganallur - Siruseri	Lease

Chennai Retail Real Estate Trends

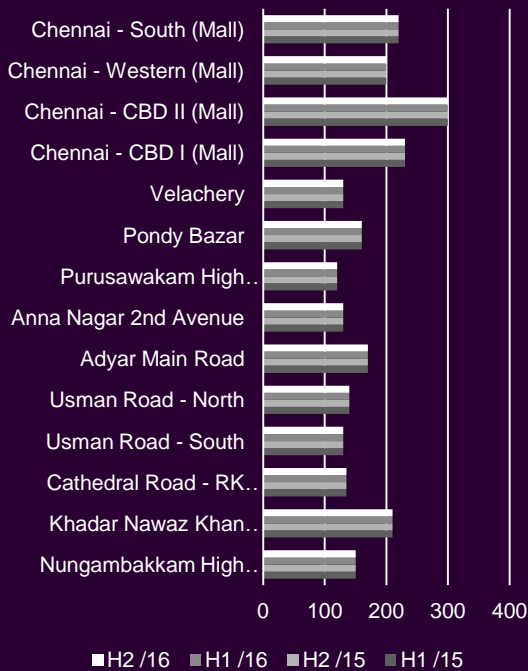
Chennai retail market saw limited transaction in 2016 with approx. 0.8 million sft of retail space absorption. Chennai has not seen supply of any new malls in last three years owing to which the vacancy levels have dropped to 8.6% level.

The rentals remained stable due to low demand and the limited number of new transactions. The prime reason behind limited leasing transactions was the modest availability of quality retail spaces. Main streets saw healthy leasing activity at key locations such as Anna Nagar, TTK Road, Nungambakkam, and Thoraipakkam. Both domestic and international brands like Café Coffee Day, Fabindia, Nike, Tea Trails, Ramraj, Limelite, etc. leased spaces at main streets during 2016.

Rentals have remained stable across micro markets. Most under-construction mall projects are expected to be completed in 2017. All of this new supply is located in the peripheral micro-markets of Velachery and Sholinganallur.

The lack of new supply in Chennai has caused decline in transaction activities in Retail submarkets. With around 2 mn sq. ft of retail space upcoming in 2017, we expect market to pick up leasing activity. Mall rentals are likely to remain stable due to limited leasing activity.

Average Rental Rates in Chennai in INR / sq.ft



Significant Leasing Transaction in Retail Market

Property	Location	Tenant	Square Feet
Standalone (High Street)	Velachery	Prince Jewellers	17000
Phoenix Market City	Velachery	GAP	6000
Standalone (High Street)	Adyar	Biba	1500
Standalone (High Street)	Adyar	Raymond's	5000
Standalone (High Street)	TTK Road	Nike	4000

Significant Project under construction

Marg junction mall	Marg group	Karapakkam, OMR	1.83 mn
Gold souk grande	AGS group	Vandalur	0.8 million

Chennai Industrial and Warehousing Trends

Chennai saw sustained activity in warehousing and industrial segment. Being a traditional industrial and manufacturing base, it houses some of the biggest names in automobile and manufacturing industry. NH-5, Sriperumbudur - Oragadam and Sriperumbudur - Tiruvallur are the main industrial and logistic corridor in Chennai.

Chennai saw close to 1 mn sq. ft of leasing Industrial and warehousing segment. Leading occupiers leasing space during 2016 were e-Commerce, engineering and manufacturing, and 3PL companies. Leasing activity was largely concentrated across projects such as Indospace and Kailash Logistics.

Rental values were largely stable during 2016. NH - 5 (Red Hills – Gummidipoondi), Tada and Sriperumbudur – Tiruvallur stretch remained the most vibrant industrial and warehousing market seeing an appreciation of 8% - 12% year on year. Demand for Grade A & B warehousing have led to rental appreciation in most micro – markets. Manufacturing rents will remain steady across submarkets.

Industrial and warehousing demand will continue to grow in along major industrial and warehousing corridors of Chennai in 2017.

Chennai Industrial and Warehousing Trends

Industrial and warehousing Submarkets	Land rates in INR Mn/acre	Industrial Rents INR/sft/month	Warehousing Rents INR/sft/month
NH 4 - Sriperumbudur - Oragadam SIPCOT	10	20 - 25	20 -22
Sriperumbudur - Tiruvallur	13	18 - 20	20 - 22
NH 5 - Gummidipoondi SIPCOT	8	15 - 18	18 - 20
NH 5 - Red Hills - Gummidipoondi	15	16 - 20	15 - 17
Tada	8		
Ambattur		24 -26	23 - 25
Poonamallee		25 - 30	
Maraimalai		23 - 25	20 - 23

Chennai Industrial and Warehousing Transactions

Property	Tenant	Location	Area in sq. ft
AS Cargo	Indev Logistics	Irrungattukotai	95,000
Indospace	Midas	Oragadam	80,000
Indospace	Delfingen	Oragadam	23,000
Indospace	Hollisol Logistics	Oragadam	25,000

HYDERABAD

REAL ESTATE TRENDS

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Hyderabad, the capital of newly formed state of Telengana is historically known as the “City of pearls” . With an output of US\$74 billion, Hyderabad is the 5th contributor to India's overall gross domestic product. The city is home to more than 1300 IT and ITES firms, including global conglomerates such as Microsoft (operating its largest R&D campus outside the US), Google, IBM, Yahoo!, Dell, Facebook, and major Indian firms including Tech Mahindra, Infosys, Tata Consultancy Services (TCS), Polaris and Wipro. The city and its suburbs contain the highest number of special economic zones of any Indian city.



Commercial

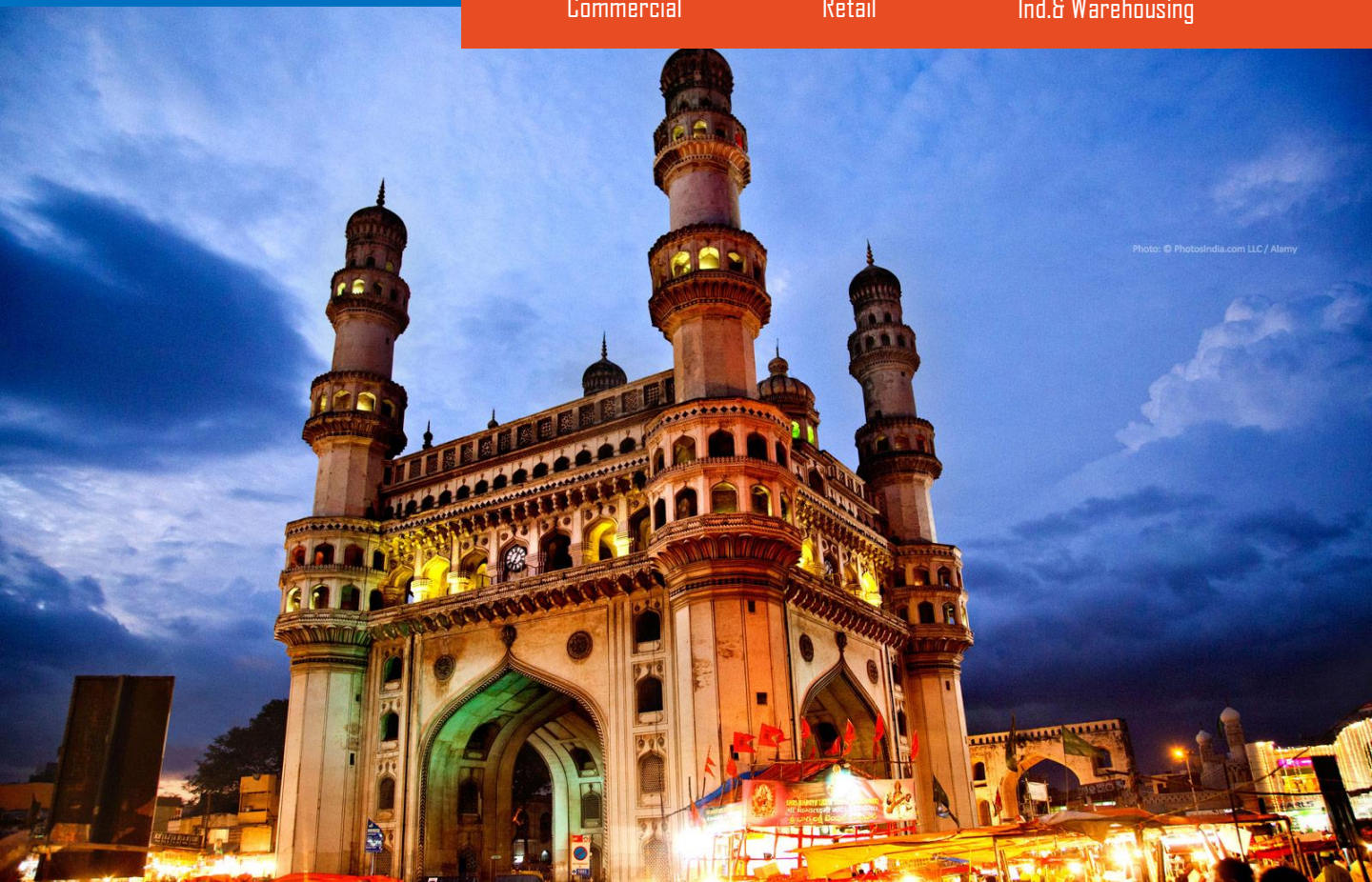


Retail



Ind. & Warehousing

Photo: © PhotosIndia.com LLC / Alamy



Hyderabad Commercial Real Estate Trends

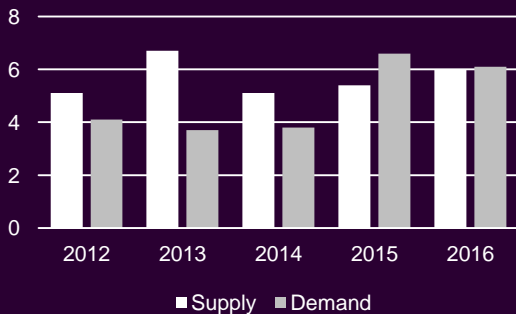
Nearly 6 mn sq ft of office space was transacted during 2016, making it one of the best figures in recent past. In terms of new completions, approximately 6 mn sq ft of office space was delivered during the year, mostly in SBD and PBD West. The vacancy ranges between 9–10% driven by continued occupiers interest and limited availability of Grade A space.

A large share New completions are witnessing furious pre-leasing activity with most of the space already pre-committed in the previous quarters. The IT/ITeS sector continues to be the largest consumer in the Hyderabad office space market with share of almost 85%

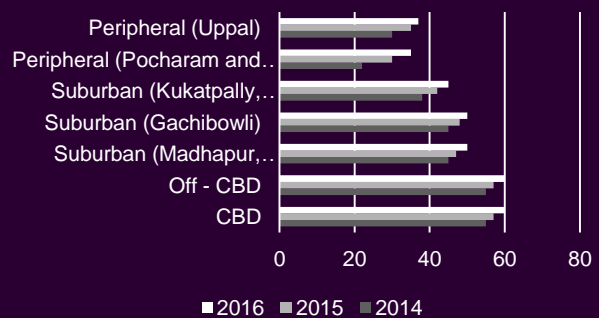
Due to sustained demand since last two years, the rentals in most micro markets have seen appreciation. have remained stable across micro markets. The lack of vacant office stock, coupled with steady demand, has pushed weighted average rentals in the Hyderabad office space market to INR 47 per sq ft per month at the end of 2016

Hyderabad office market is expected to continue its sustained trends in year 2017. The rentals may see further appreciation due to limited availability of quality office space. IT & ITeS will continue to be the major demand drivers in commercial office space.

Demand and Supply Trend in Hyderabad Commercial Market in MN sft



Hyderabad Commercial Market Rental Trends in INR/sft/month



Major Deals in Commercial Market 2016

CLIENT	Building Name	Area (SFT)	Location	Lease/Sale
Mercer Group	Waverock	1,50,000	Gachibowli	Lease
The Executive Center	Salarpuria IT Park	25,000	Madhapur	Lease
Servicenow	I Labs Center	1,50,000	Madhapur	Lease
Evoke Technologies	Ascendas	10,000	Madhapur	Lease
CGS	Independent Building	15,000	Madhapur	Lease
Anewa	Manjeera Trinity Corporate	50,000	Kukatpally	Lease
M+W	SS IT Park	27,000	Gachibowli	Lease
Wells Fargo	Divyasree IT Park	3,50,000	Raidurg	Lease
Cognizant	Divyasree IT Park	1,65,000	Raidurg	Lease
CapGemini	Avance Business Hub	5,26,000	Madhapur	Lease

Hyderabad Retail Real Estate Trends

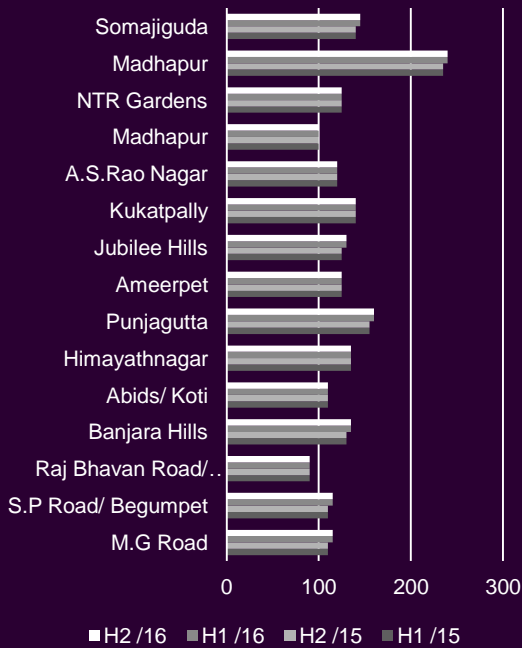
Hyderabad retail market witnessed very limited transaction activity due to non availability of quality space. Last two years have seen only addition of 1 mn sq. ft of retail space. Most of the under construction projects have been deterred for 6 – 12 months. With no new supply, the vacancy rate declined to 4.5 % in 2016. Prominent malls at Banjara Hills, Madhapur and Kukatpally, currently have no vacancy and most other malls have under 5% of vacant spaces.

F&B and apparel segments were the key demand drivers for mall spaces. Brands such as Burger King, Dunkin Donuts, Satyapaul, Vans, etc. opened their stores in malls during 2016.

Lack of availability in preferred malls, coupled with subdued demand kept mall rents largely stable during the year. There is surge in demand from supermarkets, who are seeking expansion opportunities across major residential colonies in the city.

Hyderabad retail market is expected to witness addition of 3.0 mn sq. ft of space in next two years. Rentals may appreciate in few micro markets owing to demand driven by supermarkets and F&B. Retail markets of Hyderabad is expected to see healthy growth of pre-leasing activities in 2017.

Average Rental Rates in Hyderabad in INR / sq.ft/ month



Significant Leasing Transactions in Retail Market

Property	Location	Tenant	Area
Independent Building	Banjara Hills	Flying Machine	8,400
Independent Building	Karakhana	Brand Factory	21,000
Inorbit Mall	Madhapur	Haagen-Dazs	1,120
Independent Building	Banjara Hills	Pepperfry	2,780
Independent Building	Banjara Hills	US Polo	8,000
Independent Building	Banjara Hills	Schullers	1,500
Independent Building	Madhapur	Burger King	2,500
Upcoming Mall	Kondapur	Big Bazar	40,000

Hyderabad Industrial and Warehousing Trends

The major industrial and warehousing corridors in Hyderabad are Shamshabad, Mahabubnagar and Medchal. These areas have the presence of almost all major FMCG and e-retail players.

The Hyderabad logistics market witnessed strong increase in leasing activity in 2016. Besides a few large scale transactions, the leasing activity during 2016 was driven by small to medium sized space take-up by 3PL, FMCG, e-Commerce and pharmaceutical companies. Majority of the leasing activity was concentrated across independent warehouses. Among the notable transactions in 2016 were Pantanjani Ayurveda (50,000 sq. ft.), Jeyam Warehousing (40,000 sq. ft.), Snapdeal (74,600 sq. ft.), etc.

Shamshabad has emerged as a preferred e-commerce destination due to proximity to airport. e-Commerce player leased out close to 400,000 sq. ft. of built-to-suit (BTS) option at Shamshabad. Rentals have remained stable across micro markets. The Medchal area saw appreciation of rentals due to steady demand and sustained leasing activities. Industrial and warehousing demand will continue to grow in along major industrial and warehousing corridors of Hyderabad in 2017 particularly in Medchal, Shamshabad and Kothur areas

Policy reforms and political stability has triggered off growth in Hyderabad Industrial and warehousing markets.

Hyderabad Industrial and Warehousing Trends

Industrial and warehousing Submarkets	Land rates in INR Mn/acre	Industrial Rents INR/sft/month
Jeedimetla	25-35	12 - 14
Gunda-Pochampally	20-30	12 - 14
Kandlakoya	20-30	12 - 14
Kompally	30-40	12 -14
Bowrampet	15-30	10 - 12
Gajularamaram	15-30	10 - 12
Medchal	35-40	12 - 14
Turkapally	30-35	12 - 14
Dandupally	25-30	10 - 12

Hyderabad Industrial and Warehousing Transactions

Property	Tenant	Location	Area in sq. ft
Independent Development	Patanjali Ayurveda	Dever Yamzal	50,000
Independent Development	Jayem Warehousing	Dever Yamzal	40,000
Independent Development	TCI XPS	Dever Yamzal	27,600
Independent Development	Dabur India	Kondlakoya	75,000
Independent Development	Ratnadeep	Kompally	80,000
Independent Development	Airtel	Kondlakoya	67,000
Independent Development	Nestle	Kondlakoya	70,000

KOLKATA

REAL ESTATE TRENDS

Kolkata is the main commercial and financial hub of East and North-East India and home to the Calcutta Stock Exchange. Kolkata is home to many industrial units operated by large public and private-sector corporations; major sectors include steel, heavy engineering, mining, minerals, cement, pharmaceuticals, food processing, agriculture, electronics, textiles, and jute. Information technology became a high-growth sector in Kolkata starting in the late 1990s; the city's IT sector grew at 70% per annum—a rate that was twice the national average.



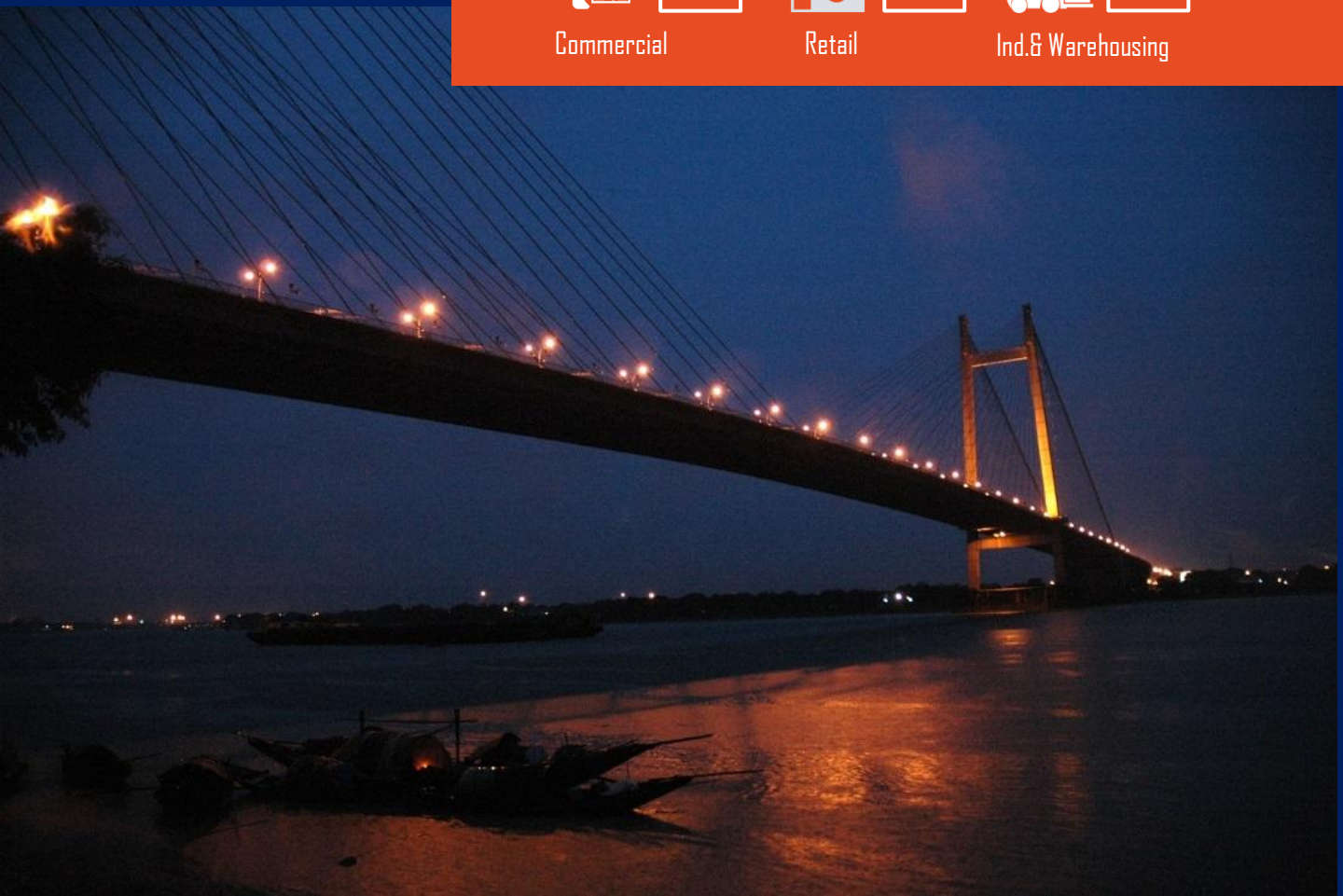
Commercial



Retail



Ind.& Warehousing



Kolkata Commercial Real Estate Trends

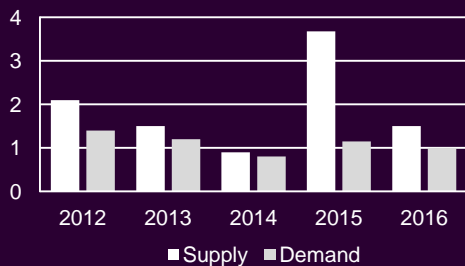
Year 2016 was yet another year wherein Kolkata commercial markets saw moderate transaction activity with total absorption of approx. 1.0 million sq. ft due to subdued demand. Salt Lake submarket accounted for 65% of the total Grade A net absorption, followed by Rajarhat (25%).

The city saw supply of around 1.5 million sq. ft of grade A office space in 2016. About 2.5 million square feet (msf) of space is scheduled for completion by mid 2017, primarily in the peripheral submarkets of Rajarhat and Salt Lake. IT developments constitute about 85% of this new supply. Some projects were deferred to next quarter due to low demand.

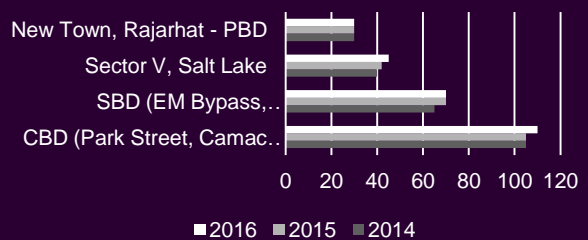
Due to surge of supply, the commercial rentals saw stagnation / marginal decline in most micro - markets. Vacancy level remained high at 35%. Considering the moderate demand and increase in enquiry level in the market, net absorption is expected to improve going forward. Rentals are likely to remain stable / negligible movement due to increase in supply in the next quarter.

We anticipate that the rents will remain on the same levels in CBD locations however SBD like Salt Lake and New Town may witness resistance due to the consistent increase in supply of Grade A office spaces.

Demand and Supply Trends in Kolkata Commercial Market in Mn sft



Kolkata Commercial Market Rental Trends in INR/sft/month



Major Deals in Kolkata Commercial Market - 2016

CLIENT	Building Name	Area (SF)	Location	Lease/ Sale
ICFAI B. School	Plot No Y – 1	26,000	Sec V	Lease
Nestle	DLF IT Park	16,000	Rajarhat	Lease
Fosma Meritime	Godrej Waterside	30,350	Sec V	Salr
Quick Heal	Diamond Heritage	8,000	Dalhousie	Sale
Destimony	Sugam Business Park	14,000	Sec-V	Lease
Senrysa Technologies	Godrej Waterside	18,000	Sec-V	Lease
Balaji Group	23 Circus Avenue	19,000	Sec-V	Lease
ATO Engineering	PS Srijan Corporate Park	10,700	Sec-V	Lease
ITC	Kanak Building	7,000	CBD	Lease
PWC	PS Srijan Corporate Park	35,000	Sec-V	Lease
Uber	Infinium Digispace	16,000	Sec-V	Lease
Cipla	PS Srijan Corporate Park	6,500	Sec-V	Lease
GE Alstom	Millennium City	21,165	Sec-V	Lease

Kolkata Retail Real Estate Trends

Kolkata Retail markets saw revival with addition of new supply in 2016. Kolkata witnessed numerous store openings during 2016 particularly driven by high street transactions due to non availability of mall space. Most transactions on high streets were by retailers belonging to the apparel, jewellery and QSR segments.

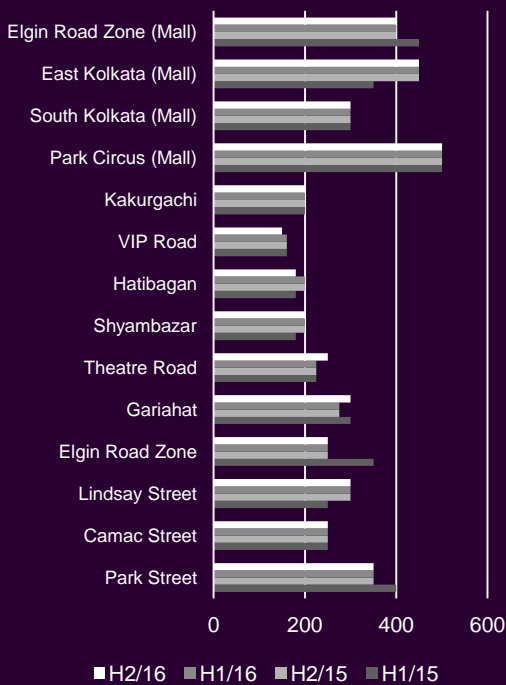
Renowned retailers such as 'Harman Kardon', Jimmy Choos and restaurant chain 'Hoppipolla' entered the market followed by other local retailers establishing their presence in the city. Paharpur Mall is the new upcoming mall in Kolkata market; located on DH Road, it would infuse fresh supply in this market

Rental values across all micro markets remained stable for both – the organized segment as well as high streets, a trend which is likely to continue in the short to medium term.

Neighbourhood Centers with Anchor, Multiplex, F&B and selective few vanilla retailers within the total size range of approx. 80,000 sq ft to 1,50,000 sq ft of space is becoming a trend for outskirts Kolkata market.

Healthy Retail space transaction is expected to continue in year 2017. Demand for high street properties will drive the retail markets in Kolkata.

Average Retail Rental Rates in Kolkata in INR / sq.ft/ Month



Significant Leasing Transactions in Retail Market - 2016

Property	Location	Tenant	Area	Lease / Sale
Standalone	Triangular Park	Manyavar	7,000	Lease
Standalone	Baruipur	Pantaloons	12,000	Lease
Standalone	R.B. Avenue	Khazana Sarees	7,700	Sale
Standalone	Maniktala	Maruti One Auto	6,400	Sale
Standalone	Salt Lake	Kalyan Jewelers	10,000	Lease
Standalone	Camac Street	D'Decor	4,200	Lease
Standalone	Sec 5, Salt Lake	Pantaloons	9,000	Lease
Standalone	Woodburn Park	Indian Terrain	2,250	Lease
Standalone	Camac Street	Mochi and Crocs	3,700	Lease
Standalone	Sodepur	Reliance Digital	6,885	Lease
Standalone	Salt Lake	D'Décor	1,500	Lease
Standalone	Camac Street	BIBA	5,000	Lease
Standalone	184 CIT Road	Chai Break	2000	Lease
Standalone	New Town	Big Bazar	40,000	Lease
Standalone	New Town	Life Style	35,000	Lease
Standalone	Chitpur	Big Bazar	36,000	Lease
AXIS Mall	New Town	Home Center	15,000	Lease
Lake Malls	Rash Behari	MAX Fashion	14,000	Lease

Kolkata Industrial and Warehousing Trends

Major industrial and warehousing pockets in Kolkata are located in Bombay Road, Old Delhi Road, Taratala, Budge Budge, Madhyamgram, Barasat and B.T. Road. Kolkata industrial and warehousing market witnessed an appreciation of 5% -10% in most micro markets due to increased demand from warehousing developers/ landlords.

The micro market of Dhulagarh, Sankrail and Uluberia along NH-6 witnessed close to 67% of overall transaction activity. Domestic companies from the electronics, 3PL, e-Commerce and media sectors were the major occupiers of space.

No new project completions were witnessed; however, close to 360,000 sq. ft. of space is currently in the final stages of completion and is expected to be completed by Q1 2017.

Few notable transactions during 2016 included Bajaj Electricals (75,000 sq. ft.), Jubilant Logistics (25,000 sq. ft.) and Bigbasket, (70,000 sq. ft.) along NH-6.

Industrial and warehousing demand will continue to grow in along major industrial and warehousing corridors of Kolkata in 2017

Submarkets	Land rates in INR per acre	Warehousing Rents INR/sft/month
Dankuni – Delhi Road	3 Cr – 6 Cr	15 – 20
Dhulagarh – Bombay Road	1.8 Cr – 6 Cr	13 – 17
Taratala – Maheshtala	6 Cr – 9 Cr	17 – 22
Madhyamgram, Barasat	1.8 Cr – 3 Cr	18 – 25

Significant Leasing Transactions in Industrial and Warehousing 2016

Property	Location	Tenant	Area	Lease / Sale
Individual	Dankuni	Aditya Birla Group	60,000	Lease
Individual	Dankuni	American Tourister	80,000	Lease
Individual	Bombay Road	CVC	44,000	Lease
Individual	Dankuni	TATA Group	50,000	Lease
Individual	Shalimar	TATA Group	30,000	Lease
Srijan Industrial Logistic Park	Bombay Road	Mr. Jalan	27,000	Outright
Individual	Bypass	Grofers	30,000	Lease
Individual	Bypass	Individual	15,000	Lease

PUNE

REAL ESTATE TRENDS

Pune is considered the cultural capital of Maharashtra. Pune is one of the fastest growing cities in the Asia-Pacific region. The 'Mercer 2016 Quality of Living rankings' evaluated local living conditions in more than 440 cities around the world where Pune ranked at 144, second in India after Hyderabad(139). It also highlights Pune among evolving business centres and emerging 9 cities around the world with citation "Hosts IT and automotive companies".



Commercial



Retail



Ind.& Warehousing



Pune Commercial Real Estate Trends

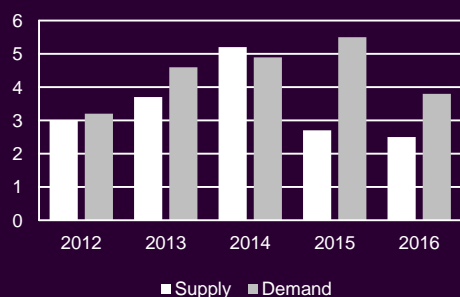
Pune commercial real estate saw moderate transaction activities in year 2016. Market witnessed moderate transaction activity with total absorption of approx. 3.8 million sq. ft due to shortage of quality space. The supply was only 2.5 mn sq ft during the year.

This has led to sharp fall in vacancy levels which stands at just 8.2%, which is at its historic low for the Pune office market. In commercial locations such as Kharadi, Viman Nagar, Yerwada and Nagar Road, it is even lower with absolutely no availability of good quality office space. Such a scenario of excess demand over supply has accentuated the problem of availability of leasable office space in the city.

Majority of supply is concentrated in western locations of Suburban West (35%) and Off-CBD West (30%) submarkets. IT & ITeS and BFSI sector continues to be major demand driver. Rental values have been rising steadily since 2013 driven by healthy demand outstripping the supply. Currently, the rentals in the market varies between INR 55 – INR 70 per sq. ft per month depending on the location.

Going forward, we expect 2017 to be in a similar situation as no major new supply has been lined up at present. Rentals are expected to appreciate further due to supply constraints.

Demand - Supply Trends in Pune Commercial Market in MN sft



Pune Commercial Market Rental Trends in INR/sft/month



Major Deals in Commercial Market - 2016

CLIENT	Location	Area (SF)	Lease/Sale
Barclays Bank	Yerwada	1,00,000	Lease
HSBC Bank	Yerwada	1,00,000	Lease
Media Ocean	Balewadi	45,000	Lease
Crosscountry	Aundh	11,000	Lease
Bajaj Finserv	Vimannagar	50,000	Lease
T system	Shivajinagar	40,000	Lease
Net Cracker	Yerwada	40,000	Lease
Syngenta	Baner	35,000	Lease
Yardi	Shivajinagar	15,000	Lease
Selling Simplified	Bund Garden	15,000	Lease
Zensar	Kharadi	95,000	Lease
Nitor	Hinjewadi	55,000	Lease
Xoriant	Baner	23,200	Lease
Credence	Kharadi	42,000	Lease

Pune Retail Real Estate Trends

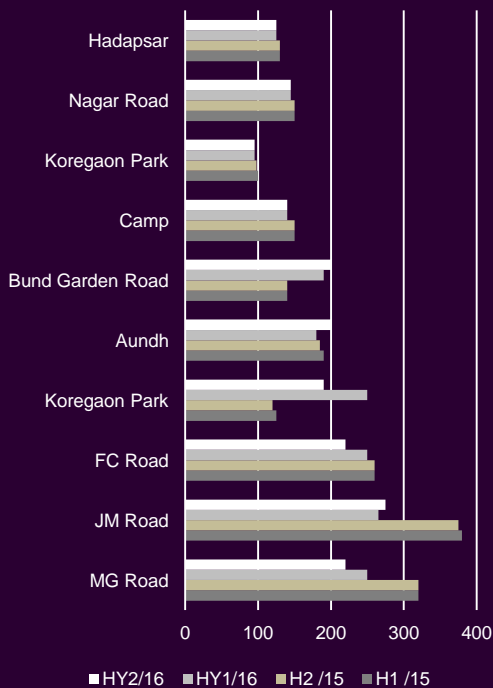
Pune retail market witnessed healthy leasing activity in year 2016 particularly in Mall segment. Major retail destination such as Koregaon Park and Hadapsar, the leasing activity was dominated by apparel retailers with brands such as Max, Central and H&M expanding their footprint in the city.

F&B operators were the prominent occupiers of space across high streets with Bar Stock Exchange and Elephant & Co opening their first restaurant in Koregaon Park and Kalyani Nagar respectively. The city also witnessed the entry of new brands such as Bang & Olufsen on Bund Garden Road and Playboy Beer Garden at Balewadi High Street.

Rental values were largely stable across prominent micro-markets in the city such as Koregaon Park, Aundh, JM Road and MG Road. The rentals were in the range of INR 110 - 275 / sq. ft. / month for Malls and were in range of INR 85 - 175 / sq. ft. / month across Grade A developments in MG Road, Nagar Road and Koregaon Park

Retail rentals are expected to remain stable in 2017. In terms of transactions, retail market will see moderate activity in 2017. Demand for high street properties will drive the retail markets in Pune.

Average Retail Rental Rates in Pune in INR / sq.ft



Major Deals in Retail Market 2016

CLIENT	Location	Area (SF)	Lease/ Sale
Bandhan Bank	Aundh	1,500	Lease
Bandhan Bank	Chinchwad	1,500	Lease
Titan	Kharadi	1,000	Lease
PNG	Aundh	3000	Lease
Maratha Samrat	Baner	2500	Lease
LG	Baner	2000	Lease
Wadeshwar	Baner	2000	Lease
Idea	Baner	1500	Lease
Tea Trails	Baner	2000	Lease
Pantaloons	Baner	6,000	Lease
Baby Oye	Baner	1,500	Lease
Fab India	Aundh	3,400	Lease
Pravin Agencies	Hadapsar Solapur Road	2,000	Lease
Crocs	JM Road	1,200	Lease

Pune Industrial and Warehousing Trends

Pune has emerged as the most vibrant industrial and warehousing market in Western India. The large consumer and manufacturing base and affordable prices have helped Pune become a major warehousing location.

Pune witnessed strong demand for warehousing space during 2016 driven by engineering and manufacturing sector companies and 3PL operators. Investment activity by High Net-worth Individuals (HNIs) and domestic companies for industrially zoned land parcels also witnessed growth across locations such as Chakan, Sanaswadi and Hinjewadi.

Rental values continued to remain stable across micro-markets. Notable leasing transactions included leasing by automotive components and precision engineered products manufacturer, Pricol (80,000 sq. ft), at Phulgaon, Swiss 3PL operator (50,000 sq. ft) at Kuehne Nagel, and 25,000 sq. ft. lease by the Swedish multinational food packaging and processing firm, Tetra PaK, at Chakan /Bund Garden.

Industrial and warehousing demand will continue to grow in along major industrial and warehousing corridors of Pune in 2017 particularly along Chakan -Talegaon area.

Pune Industrial and Warehousing Trends

Industrial and warehousing Submarkets	Land rates in INR Mn/acre	Industrial & Warehouse Rentals in INR/ sq.ft /month
Telegaon	1.5cr/ acre	16-24
Chakan	2.2-3cr/ acre	17-26
Pimpri Chinchwad	8-10cr/acre	25-35
Pirangut	3.5cr/acre	16-22
Hinjewadi	6-7cr/acre	25-35
Lonikand	2cr/ acre	14-20
Sanaswadi	2.5cr/acre	14-20
Ranjangaon	1.8cr/acre	20-24
Khed City	1.7cr/acre	17-26
Shirwal	1.5cr/acre	12 -16
Wagholi	3.5cr/acre	

Major Deals in Industrial and Warehousing Market 2016

CLIENT	Location	Area (SF)	Lease/ sale
JABIL	Chakan	1,00,000	Lease
Next India	Chakan	50,000	Lease
Klingspor	Talegaon	45,000	Lease
UTI	Chakan phase-2	50,000	Lease
Thermoficher	Chakan	45,000	Lease
Gayatri paints	Chakan phase-2	20,000	Lease
GKN driveline	Chakan	21,000	Lease
Pricol	Phulgaon	80,000	Lease
Kuehne Nagel	Chakan	50,000	Lease
Tetra PaK	Chakan	25,000	Lease

AHMEDABAD

REAL ESTATE TRENDS

40

Ahmedabad has emerged as an important economic and industrial hub in India. It is the second largest producer of cotton in India, and its stock exchange is the country's second oldest. Two of the biggest pharmaceutical companies of India — Zydus Cadila and Torrent Pharmaceuticals – are based in the city. The Nirma group of industries, which runs a large number of detergent and chemical industrial units, has its corporate headquarters in the city. The city also houses the corporate headquarters of the Adani Group, a multinational trading and infrastructure development company.



Commercial



Retail



Ind.& Warehousing



Ahmedabad Commercial Real Estate Trends

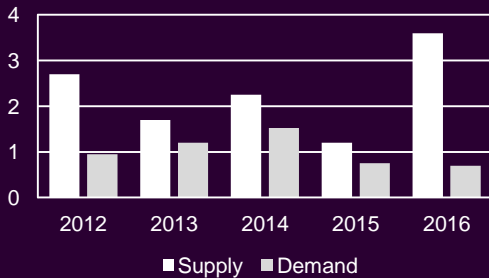
Ahmedabad real estate saw transaction of around 0.7 mn sq. ft of commercial space in year 2016. Grade A leasing activity was dominated by the banking, financial services and insurance (BFSI) sector with a 50% share, followed by the 25% share of the healthcare and pharmaceuticals sector. Majority of the leasing activity was concentrated in the suburban business district of S.G. Highway (55%).

Ahmedabad witnessed supply of approx. 3.6 million sq. ft, in 2016. The supply addition, coupled with moderate leasing activity, led to an increase in Grade A vacancy levels, which was noted at 48.0%.

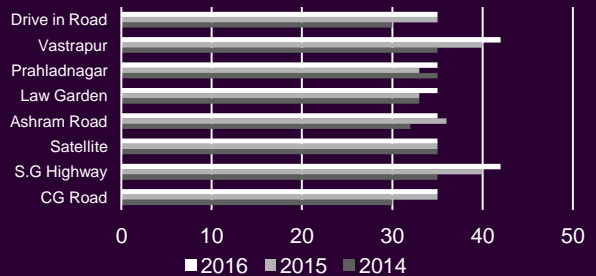
Nearly 1.5 million square feet (msf) of Grade A supply is expected to be operational during the first quarter of 2017, which is set to increase overall vacancy levels in the city. Rentals may witness a period of correction due to oversupply scenario in the market especially in the submarkets of S.G. Highway and Satellite/ Prahladnagar. Average rentals varies between INR 30 – INR 45 per sq. ft per month depending on the location.

We expect 2017 to be in a similar situation with moderate leasing activity and addition of new supply. Rentals are expected to decline further due to demand - supply mismatch.

Demand - Supply Trends of Ahmedabad Commercial Market in Mn sft



Ahmedabad Commercial Market Rental Trends in INR/sft/month



Major Deals in Ahmedabad Commercial Market - 2016

CLIENT	Building Name	Area (SFt)	Location	Lease/ Sale
SNL Finance	Campus Corner	26,000	Prahladnagar	Lease
Elite Core	Magnet Business Park	90,000	SG Highway	Lease
Intas	Magnet Business Park	2,00,000	SG Highway	Sale
Indusa	Mondeal Heights	27,000	SG Highway	Sale
Qualitrol	West Gate	14,000	SG Highway	Lease
Delhivery	Sun square	9,000	CG Road	Lease
RBL Bank	Sun city House	4500	Mithakhali	Lease
Bariatric Hospital	Sheetal Varsha	25,000	Vijay Cross Road	Lease
Investor	Mondeal Business Park	13,000	SG Highway	Pre- Leased
Investor	Individual Building	18,500	Satellite	Sale
Navkar Institute	Individual Building	30,000	Gulbai Tekra	BTS Sale
GTPL	Individual Building	40,000	Sinhubhavan Road	Lease

Ahmedabad Retail Real Estate Trends

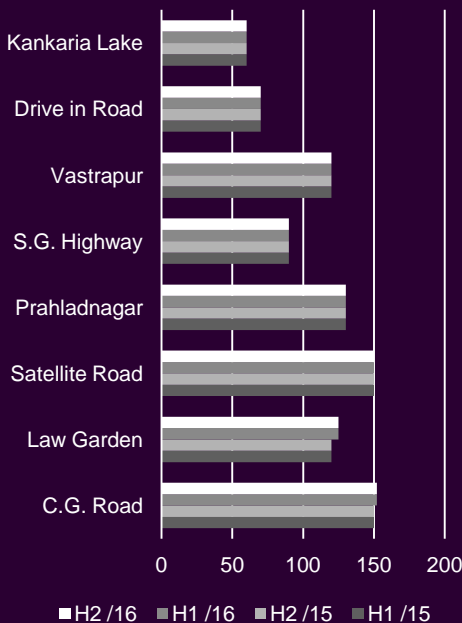
Contrary to commercial market, Ahmedabad retail real estate saw healthy transaction of around 0.5 mn sq. ft in year 2016. Malls at S.G. Highway witnessed robust leasing activity during the year, primarily by retailers from the apparel category. The demand was mainly driven by apparel retailers, which continued to strengthen their presence across various locations such as C.G. Road and S.G. Highway.

On supply front, the market witnessed supply of around 0.3 mn sq. ft of retail space. Due to robust transaction activities, vacancy rate declined to 31.1%. The vacancy may further decline in 2017 as no major supply is expected in this market.

The rental values remained stable owing to higher availability than demand. Rise in enquiries from food and beverage (F&B) and apparel retailers for spaces in malls is likely to strengthen rental values at S.G. Highway, in the upcoming quarter. However, malls at other locations may witness stable rental values. High street locations are witnessing increasing level of enquiries and are expected to healthy transactions in coming quarters

Retail transactions are expected to remain moderate in 2017. Demand for high street properties will drive the retail markets in Ahmedabad.

Average Retail Rental Rates in Ahmedabad in INR / sq.ft



Significant Transactions in Retail Market - 2016

Property	Location	Client	Area	Lease/Sale
Arista	Bodakdev	Somani Tiles	7000	Lease
Arista	Satellite	Pantaloons	16,000	Lease
Shilp aaron	Bodakdev	Marina Home Furniture	23000	Lease
Arista	Bodakdev	Chair Saloon	5000	Lease
Maruti Vertex	Sindhubhavan Road	Freeze Land	2600	Lease
Maruti Vertex	Sindhubhavan Road	Varanasi Restaurant	2600	Lease
Sun city House	Mithakhali	RBL Bank	4500	Lease
Ten 11	CG Road	Colour Plus	2600	Lease
Ten 11	CG Road	AND	2600	Lease
Individual Building	Vastrapur	Wholesale Hub	4000	Lease
Individual Building	Vijay Cross Road	Hyundai	40000	Lease
One World West	Ambli Bopal Rd	Investor	35,000	Lease
Titanium One	S.G Highway	Sun Heart Tiles	20000	Lease

Ahmedabad Industrial and Warehousing Trends

Being the commercial capital of Gujarat and the second largest industrial center in western India after Mumbai, Ahmedabad has a very strong industrial and manufacturing base. Sanand, Bavla and Changodar along NH 8A have emerged as industrial and warehousing hubs due to saturation of Aslali and Kheda. All major FMCG players have their warehouses in Ahmedabad market. Domestic FMCG and retail companies were the major occupiers of space.

Aslali, located on the Ahmedabad – Mumbai National Highway, witnessed the bulk of leasing activity. Close to 1 mn sq. ft of industrial and warehousing space was completed in Ahmedabad market.

During 2016, Asian Paints (70,000 sq. ft.), Onida (60,000 sq. ft.) and Philips (40,000 sq. ft.) were among the mid-sized transactions that were concluded. JK Paper (7,000 sq. ft.) and Big Basket (13,500 sq. ft.) were among the other notable small sized transactions concluded.

Rental values remained largely stable across micro-markets, with the exception of Aslali which saw appreciation due to sustained demand.

Industrial and warehousing demand will remain robust in major industrial and warehousing corridors of Ahmedabad in 2017 particularly along Aslali, Sanand, Bavla and Changodar corridors.

Ahmedabad Industrial and Warehousing Trends

Industrial and warehousing Submarkets	Land rates in INR Mn/acre	Industrial Rents INR/sft/month	Warehousing Rents INR/sft/month
Sanand	25 - 30	20 -24	15 -18
Changodar	30 - 35	25 -27	18 -25
Aslali			13 -16
Kheda			13 -15

Major Deals in Industrial and Warehousing Market 2016

CLIENT	Location	Area (SF)	Lease/ sale
Spear Logistics	Aslali	60,000	Lease
Snapdeal	Changodar	50,000	Lease
P&G India	Aslali	40,000	Lease
Onida	Changodar	60,000	Lease
Asian Paints	Changodar	70,000	Lease
Philips	Aslali	40,000	Lease



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