

Market Highlights

MAY 2014



OFFICE INDEX

Leasing activity improves in Bangalore and drives rent upwards



RETAIL INDEX

Leasing activity remained slow across all cities except Mumbai



RESIDENTIAL INDEX

Capital values remained stable across all cities due to slow demand

Get city Pulse by clicking below

INDIA

BANGALORE

CHENNAI

DELHI NCR

HYDERABAD

KOLKATA

MUMBAI

PUNE

Next

Indian Manufacturing - Changing Trends

India recognised the importance of manufacturing sector in the country's economic growth post independence. In every five-year plan, India, encouraged and incentivised the growth in manufacturing sector. As a result, manufacturing clusters developed along all major infrastructure corridors in India.

India is now largely moving towards high-end manufacturing, while low-end manufacturing continues to grow, with the government announcing multiple reforms and policies in the sector. The key drivers of Indian manufacturing industry are low-cost skilled labour, adequate land laws and the reasonable cost of capital. The government announced a national manufacturing policy in 2011 with the objective of enhancing the share of manufacturing in GDP to 25% within a decade. In order to achieve the desired growth rate for the manufacturing sector, it is necessary to have a high growth rate for the country's exports as well. Considering this, the Department of Commerce has developed a strategy paper on doubling India's exports to accelerate the rate of growth of manufacturing exports.

India offers high growth opportunities for a wide range of manufacturing industries. Land values are generally low in suburban locations of India and rents for manufacturing land or units are also affordable compared to many other manufacturing destinations in Asia Pacific.

However the key driver for the manufacturing sector in India is the cost competitiveness of labour. The cost of labour is cheaper than in many other countries including Japan, the USA, the UK, Poland, Korea, Australia, Germany, Brazil, Taiwan and China. Moreover rising manufacturing wages in China are likely to bring new entrants to India. The entry of foreign manufacturing companies with a technology-based orientation is creating a strong and contemporary manufacturing landscape in India, fed by ancillary industries that rely on simple technical skills. Many multinational companies have already forayed into high-end manufacturing and this trend is expected to continue going forward.

To read more refer to <http://www.joneslanglasalleg.com/APResearch/india/indian-manufacturing-sector-reflects-changing-trends>



Realeconomics

The real estate industry is in an urgent need to reform and speed up the approval process for real estate projects. As state and central agencies act individually on real estate approvals without any correspondence with each other, they lead to delay in getting a project off the ground. Thereby increasing the project cost. The reform is likely to benefit the government as well, as healthy growth in real estate industry will contribute significantly in increasing state and central government's revenue while increasing the nation's GDP.

Market Sentiment

Investment sentiment improving with formation of the new government



Deal of the month

Embassy Group and PE firm Blackstone have completed acquisition of majority stake in 106-acre Vrindavan Tech Village in Bangalore for nearly INR 12 billion

Think About It!!

The new government is likely to push for reducing home loan rates acting as a key for providing housing for all by 2020 and focus on development of 100 smart cities.



Green Wall

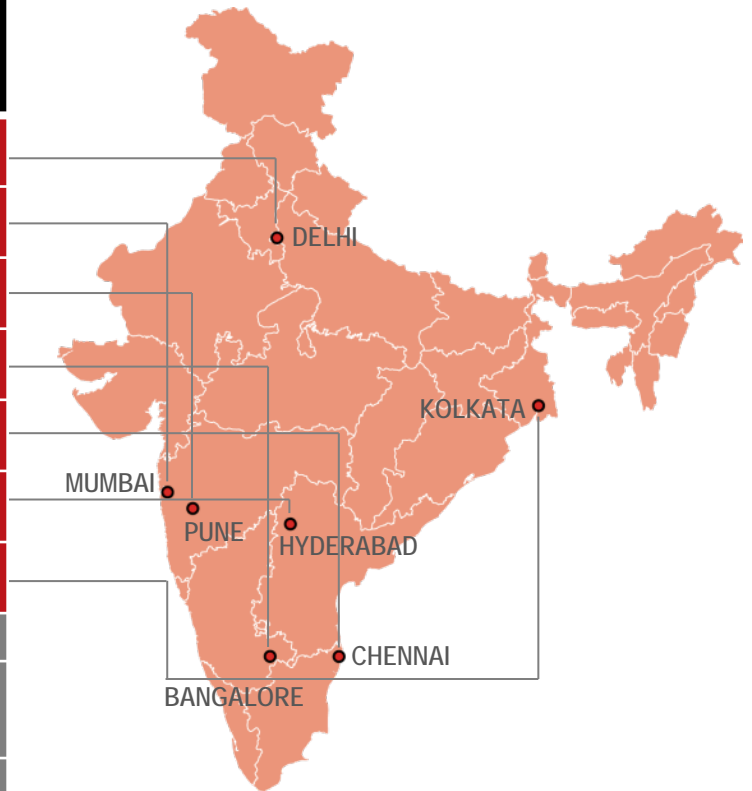
With a large number of developers showing interest in constructing green buildings in Noida, the authority has decided to rope in another agency other than LEED and GRIHA for evaluating and approving design systems of upcoming green building projects in the city.

Legend: Market Sentiment

● Favourable ● Neutral ● Unfavourable

Weather Map

Cities	Office Rental Value	Retail Rental Value	Residential Capital values
DELHI			
MUMBAI			
PUNE			
BANGALORE			
CHENNAI			
HYDERABAD			
KOLKATA			
Legend			
Growing	Stabilise	Stagnate	Falling



Erratum: Please note that there is a spelling error in the last edition of Pulse – Monthly Real Estate Monitor May 2014. In "Deal of the Month" the name of the building is "Cerebrum B2" and not "Centrum B2" in Pune.

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Research Dynamics 2014
 Pulse reports from JLL are frequent updates on real estate market dynamics.

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Bangalore

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OFFICE		<p>Office market witnessed demand being brushed up with transaction activity improving across sub-markets in the city.</p> <p>Major transactions:</p> <ul style="list-style-type: none"> • Flipkart, Amazon and Tata Technologies leased space in SBD • Capita leasing in Whitefield 	Key Precincts	Rental Value (INR per sq ft per month)	Capital Value (INR per sq ft)
Demand	Vacancy		CBD	80–130	10,000–20,000
RV	CV		Old Airport Road	60–75	7,000–10,000
			Outer Ring Road (Eastern)	48–55	5,500–6,500
			Old Madras Road	45–60	5,000–6,500
RETAIL		<p>Bangalore's retail market saw slow demand for retail spaces.</p> <p>Major transactions:</p> <ul style="list-style-type: none"> • Audi leased space on Vittal Mallya Road • Chillies leased space in Indiranagar • Bombay Dyeing leased space in Jayanagar • Hungry Hogs leased space in Yeshwanthpur 	Key Precincts	Rental Value (INR per sq ft per month)	Capital Value (INR per sq ft)
Demand	Vacancy		Koramangala	80–150	9,000–16,000
RV	CV		Indiranagar	90–180	10,000–16,000
			New BEL Road	50–80	6,000–10,000
			Commercial Street	175–250	16,000–20,000
RESIDENTIAL		<p>All the sub-markets across the city witnessed stable residential demand.</p> <p>New Launches:</p> <ul style="list-style-type: none"> • Assetz Marq in Whitefield • Learning to fly to in JP nagar • Mantri Lithos in Hebbal • Nitesh Malibu in Horamavu • Skyline Paradiso in Jakkur 	Key Precincts	Rental Value (INR per month for a 1,000 sq ft 2BHK apartment)	Capital Value (INR per sq ft)
Demand	Launches		Old Madras Road	15,000–25,000	5,000–6,000
RV	CV		Indiranagar	20,000–30,000	10,000–25,000
			Bellary Road	12,000–18,000	4,500–9,000
			Hosur Road	10,000–14,000	3,000–6,500
			Whitefield	18,000–25,000	4,500–8,000
			Tumkur Road	8,000–12,000	3,000–5,000
			Kanakapura Road	8,000–12,000	3,000–5,500
			Mysore Road	8,000–10,000	3,000–4,000

Policy/ Infrastructure

No new policy was introduced in May

Chennai

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OFFICE		Office leasing grew amid improved demand witnessed for small and medium sized office modules. Major transactions:	Key Precincts	Rental Value (INR per sq ft per month)	Capital Value (INR per sq ft)
Demand 	Vacancy 	<ul style="list-style-type: none"> • Kellogg Brown & Root leased space in CBD • Xodus and Photon leased space in SBD • J&J leased space at pre-toll OMR • Scope International leased space at post-toll OMR 	Mount Road	60-85	9,000-15,000
RV 	CV 		RK Salai	65-85	10,000-15,000
RETAIL		High street witnessed stable demand while supply constraints limited the demand in malls. Major transactions:	Pre-toll OMR	40-67	5,000-6,500
Demand 	Vacancy 	<ul style="list-style-type: none"> • Reliance Trends opened in T Nagar • Nilgiris Supermarket opened in Velachery • Reebok store leased space in Nelson Manickam Road 	Post-toll OMR	25-35	3,500-5,000
RV 	CV 		Guindy	40-65	6,500-9,000
RESIDENTIAL		Chennai saw notable improvement in the home buying sentiment during the month of May. New Launches	Key Precincts	Rental Value (INR per sq ft per month)	Capital Value (INR per sq ft)
Demand 	Launches 	<ul style="list-style-type: none"> • Bollineni Hillside Phase II at Sholinganallur • Color homes Kanchi Pattinam near Sunguvarchathiram • KRM Enclave at Kolathur 	T.Nagar	120 - 180	12,000-15,000
RV 	CV 		Nungambakkam	130 - 150	13,000-16,000
			Velachery	80 - 120	10,000-12,000
			Pre-toll OMR	80 - 100	8,000-11,000
			Anna Nagar	120 - 150	11,000-13,000
			LB Road (Adyar)	120 - 150	10,500-13,500
			Key Precincts	Rental Value (INR per month for a 1,000 sq ft 2BHK apartment)	Capital Value (INR per sq ft)
			Adyar	20,000 – 30,000	15,000-22,000
			Medavakkam	7,000-14,000	3,750-5,500
			Tambaram	6,000-12,000	3,500-4,500
			Anna Nagar	15,000 – 25,000	9,000-15,000
			Porur	5,000-10,000	4,000-6,200
			Sholinganallur	9,000-12,000	4,250-5,800

Policy/ Infrastructure

LB Road, SP Road, Santhome High Road, Paper Mills Road, Kodambakkam Salai, NSK Salai, Nelson Manickam Road and Kalliamman Koil Street would see improved traffic condition in future as Chennai Municipal Corporation would soon start the road widening work on the narrow portions of these stretches. The work shall start once the land acquisition is completed.

Delhi NCR

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OFFICE		<p>Demand continued to see momentum with large space requirements becoming active. New queries were coming in to the market as tenants' 9 year lease terms near expiration. Legend Heights in NH 8-Gurgaon was a major completion.</p> <p>Major transactions:</p> <ul style="list-style-type: none"> Mitsubishi Electric and Myntra.com in MG Road-Gurgaon 	Key Precincts	Rental Value (INR per sq ft per month)	Capital Value (INR per sq ft)
Demand	Vacancy		Barakhamba Road	170-400	28,000-35,000
RV	CV		Jasola	110-170	17,000-21,000
			DLF Cybercity	80-84	NA
			MG Road	115-140	17,000-19,000
RETAIL		<p>Demand remained slow with some activity seen in under construction malls, Retailers were looking at portfolio rationalisation and pre-commit in upcoming malls as part of new expansion plans .</p> <p>Major transactions:</p> <ul style="list-style-type: none"> Kirti Creations in Gurgaon Motimahal Delux and Global Desi in Ghaziabad 	Key Precincts	Rental Value (INR per sq ft per month)	Capital Value (INR per sq ft)
Demand	Vacancy		South Delhi	180-330	24,000-32,000
RV	CV		West and North Delhi	140-230	15,000-23,000
			Gurgaon-MG Road	140-270	17,500-23,000
			Rest of Gurgaon	60-100	8,000-14,000
RESIDENTIAL		<p>Residential sales continue to exhibit a slowing trend in May.</p> <p>New Launches:</p> <ul style="list-style-type: none"> Supertech Hues by Supertech & CHD Vann by CHD Developers in Gurgaon Ecovillage IV by Supertech in Noida 	Key Precincts	Rental Value (INR per month for a 1,000 sq ft 2BHK apartment)	Capital Value (INR per sq ft)
Demand	Launches		Golf Course Road	26,000-32,000	13,000-19,000
RV	CV		Sohna Road	16,000-20,000	5,800-7,500
			Golf Course Extension Road	18,000-22,000	8,500-11,000
			Dwarka Expressway	NA	5,500-7,500
			Noida- Greater Noida Expressway	13,000-15,000	4,300-6,500
			Noida City	12,000-14,500	4,700-6,000
			Indirapuram	11,000-12,000	4,500-5,300

Policy/ Infrastructure

Land allotment rates hiked by 10 per cent in Noida and Yamuna Expressway

Hyderabad

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OFFICE		<p>Demand improved in Hyderabad in May. As the city witnessed political stability coming in leasing activity improved marginally</p> <p>Major transactions:</p> <ul style="list-style-type: none"> Tech soft, Versant technologies and AOL Channel leased space at Hitec City 9FX leased space at Banjara Hills SBD 	Key Precincts	Rental Value (INR per sq ft per month)	Capital Value (INR per sq ft)
Demand	Vacancy		Begumpet	45-55	4,500-6,500
RV	CV		Banjara Hills	50-60	4,500-7,500
RETAIL		<p>Demand continued to remain stable on high streets and malls of Hyderabad in May.</p> <p>Major transactions:</p> <ul style="list-style-type: none"> Mochi leased space at Begumpet PHD leased space at Miyapur and Malakpet Revlon and Zodiac leased space at Manjeera Trinity Mall 	Hitec City	38-42	4,000-5,200
Demand	Vacancy		Gachibowli	36-42	4,000-5,200
RV	CV		Uppal	25-35	3,000-4,000
RESIDENTIAL		<p>Residential sales continued to remained moderate in May. New launches in both apartments and villas were relatively slow over the month. There were two major launches in May</p> <ul style="list-style-type: none"> Armsburg Koundinya an apartment project located at off Suchitra Junction Manbhoom Avlon apartments at East Marredpally 	Key Precincts	Rental Value (INR per sq ft per month)	Capital Value (INR per sq ft)
Demand	Launches		Banjara Hills	100-130	10,000-13,000
RV	CV		Jubilee Hills	110-140	11,000-14,000
			Secunderabad	80-100	8,000-10,000
			Hitec City	100-130	10,000-13,000
			Kukatpally	100-120	10,000-12,000
			Dilsukhnagar	100-120	10,000-12,000
			Key Precincts	Rental Value (INR per month for a 1,000 sq ft 2BHK apartment)	Capital Value (INR per sq ft)
			Banjara Hills	20,000-25,000	7,500-14,000
			Begumpet	12,000-16,000	4,000-5,500
			Kondapur	8,000-16,000	3,200-5,000
			Gachibowli	8,000-16,000	3,500-4,200
			Tellapur	6,000-12,000	2,800-3,500
			Kukatpally	7,000-10,000	3,500-3,800
			Miyapur	5,000-8,000	2,400-3,500

Policy/ Infrastructure

The Union Minister of Urban Development Mr. M Venkaiah Naidu has hinted to include Hyderabad in the government's mission to build 100 smart cities. These smart cities will have a GIS (Geographic Information Systems)-based town planning. There are plans to have integrated waste management systems and advanced transportation systems within these cities.



Kolkata

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OFFICE		Demand witnessed marginal upward movement in May. Projects with better facilities remained the key behind the market activities. Major Transactions: <ul style="list-style-type: none"> • Otis in Salt Lake • Xoriant Technologies in Rajarhat 	Key Precincts	Rental Value (INR per sq ft per month)	Capital Value (INR per sq ft)
Demand	Vacancy		Park Street	110-140	13,500- 22,000
RV	CV		Topsia	70-90	7,500-10,000
			Kasba	75-90	8,000-11,000
RETAIL		Demand for retail spaces in organised malls remained stable with while transactions witnessed pace all over the city. Major Transactions: <ul style="list-style-type: none"> • Shoppers Stop at Suburbs • Dominos at Prime Others • Bombay Dyeing at Prime Others and Suburbs 	Key Precincts	Rental Value (INR per sq ft per month)	Capital Value (INR per sq ft)
Demand	Vacancy		Elgin Road	300-350	24,000-30,000
RV	CV		Park Street (high street)	325-400	26,000-33,000
			Prince Anwar Shah Road	125-160	12,000-15,500
RESIDENTIAL		Residential demand in May was stable mostly on the back of good activity in by projects in low and mid categories. New Launches <ul style="list-style-type: none"> • PS Presidential by PS Group near Paddapukur • Soft launch of Ideal Greens by Ideal Group near Tollygunge • Soft launch of Meridian Spendora by Meridian Group near Paikpara 	Key Precincts	Rental Value (INR per month for a 1,000 sq ft 2BHK apartment)	Capital Value (INR per sq ft)
Demand	Launches		Salt Lake	185-225	15,000--20,000
RV	CV		New Town and Rajarhat	60-80	6,500-8,000
			Gariahat (high street)	200-250	16,000-22,000
			Key Precincts	Rental Value (INR per month for a 1,000 sq ft 2BHK apartment)	Capital Value (INR per sq ft)
			Alipore	43,000-52,000	14,000-22,000
			Prince Anwar Shah Road	19,000-30,000	7,000-14,000
			EM Bypass (Topsia)	15,000-25,000	6,000-10,000
			Lake Town	11,000-17,000	3,800-7,500
			New Town (AA- I, II & III)	10,000-16,000	3,500-6,000
			Rajarhat	8,000-14,000	2,500-4,700
			Behala	8,000-14,000	3,000-5,500

Policy/ Infrastructure

The Chief Minister inaugurated Nazrul Tirtha at New Town, Rajarhat in May on the occasion of 115th Birth Anniversary of Bengali poet Kazi Nazrul Islam. The building would house an archive, an audio-visual arena, a library, a reading room and a research centre besides a display area for the poet's works.

Mumbai

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OFFICE		<p>Office demand increased marginally in May. The occupiers took the advantage of stagnated real estate rental values and were seen relocating into bigger office spaces especially in SBD BKC & SBD North submarkets.</p> <p>Major transactions:</p> <ul style="list-style-type: none"> Pfizer leasing in SBD BKC Grasim industries leasing in SBD North 	Key Precincts	Rental Value (INR per sq ft per month)	Capital Value (INR per sq ft)
Demand 	Vacancy 		Lower Parel	155 - 185	17,000 - 21,000
RV 	CV 		BKC	250 - 330	25,000 - 34,000
			Andheri	105 - 135	10,000 - 14,000
			Goregaon-Malad	85 - 105	9,000 - 10,500
		Wagle Estate	50 - 65	5,200 - 6,800	
RETAIL		<p>F&B and Apparel brands dominated leases, while auto, banking and healthcare too had contributions. Both high streets and malls garnered almost equal share of demand.</p> <p>Major transactions:</p> <ul style="list-style-type: none"> Go Colors and Auto Hangar leasing in Suburbs Zafran leasing in Suburbs and North Mumbai 	Key Precincts	Rental Value (INR per sq ft per month)	Capital Value (INR per sq ft)
Demand 	Vacancy 		Lower Parel	260-380	22,000-32,000
RV 	CV 		Malad	160-250	12,500-20,000
			Ghatkopar	130-200	10,100-18,000
			Mulund	125-200	9,500-15,500
		Thane	100-175	8,000-14,000	
		Navi Mumbai	75-150	7,000-12,000	
RESIDENTIAL		<p>The demand for residential sector in Mumbai did not witness much movement since last month.</p> <p>New Launches:</p> <ul style="list-style-type: none"> Rajveer Apartments at Andheri Omkar Veda Exclusive at Parel Casa Paseo at Dombivali 	Key Precincts	Rental Value (INR per month for a 1,000 sq ft 2BHK apartment)	Capital Value (INR per sq ft)
Demand 	Launches 		Lower Parel	60,000-1,10,000	25,000- 40,000
RV 	CV 		Wadala	35,000-60,000	15,000-23,000
			Andheri	32,000-55,000	12,500-21,500
			Ghatkopar	30,000-45,000	11,500-16,000
			Ghodbunder Road	12,000-26,000	6,000-9,500
			Kharghar	10,000-18,000	6,000-9,000

Policy/ Infrastructure

No new policy introduced in May.

Pune

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OFFICE		<p>Office leasing remained stable during May, while occupancy levels improved in SBD Sub-Market. Enquiries increased from the office space occupier during the month</p> <p>Major transactions:</p> <ul style="list-style-type: none"> • Webonise in leased in Galore IT Park • Mobisoft in Pesh Infotech • A Multinational Bank in Yerwada 	Key Precincts	Rental Value (INR per sq ft per month)	Capital Value (INR per sq ft)
Demand	Vacancy		Hadapsar	45-65	5,500-7,500
RV	CV		Kharadi	40-55	4,500-6,000
			Hinjewadi	33-40	4,000-5,500
			Viman Nagar	55-65	6,500-7,500
			SB Road	55-75	6,500-8,000
RETAIL		<p>The leasing activity of retail space remained subdued during the month. Transactions were restricted to only small leases on high streets retail areas</p>	Key Precincts	Rental Value (INR per sq ft per month)	Capital Value (INR per sq ft)
Demand	Vacancy		MG Road	100-160	15,000-21,000
RV	CV		Bund Garden Road	90-130	13,000-17,000
			FC Road	100-150	15,000-20,000
			JM Road	100-150	15,000-20,000
			DP Road	90-130	12,000-16,000
			SB Road	80-140	13,000-16,000
RESIDENTIAL		<p>Demand for the residential properties remained stable over the month. A few large projects and integrated townships would come on stream over the next 2-6 months.</p> <p>New Launches:</p> <ul style="list-style-type: none"> • Evita and Urban Homes in North East submarket • The Westford in North West submarket 	Key Precincts	Rental Value (INR per month for a 1,000 sq ft 2BHK apartment)	Capital Value (INR per sq ft)
Demand	Launches		Wakad	10,000-13,000	4,700-5,700
RV	CV		Hinjewadi	9,000-11,000	4,800-6,500
			Kharadi	11,000-15,000	4,800-5,800
			Hadapsar	13,000-18,000	5,000-7,500
			Undri	8,000-11,000	4,000-5,200
			Pimri-Chinchwad	8,000-13,000	4,500-6,000

Policy/ Infrastructure

INR 4.9 billion was sanctioned by the Centre for improvement of rural road network in Maharashtra under the Pradhan Mantri Gram Sadak Yojana (PMGSY)-II. Solapur (126 km), Pune (88 km), Latur (71 km) and Osmanabad (53.35 km) are the largest beneficiary districts. .

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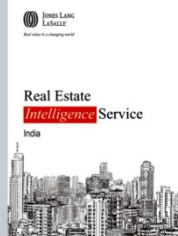
The firm was named the Best Property Consultancy in India (5 Star Winner) at the International Property Awards – Asia Pacific for 2012-13.

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Research Dynamics 2014

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