



MindCept

# REAL ESTATE MARKET PULSE

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PUNE - INDIA

July 2020



# Outlook **Mid 2020**

As we pass the half-way point of 2020, the covid-19 pandemic crisis has affected one & all and the world economic cycles have been heavily disrupted and left in limbo. With most global markets gradually and cautiously open up; India too with Unlock 1.0 began to slowly allow all possible economic activity.

The current country-wide lockdown which began in March & got extended multiple times saw most real estate activity either shutting down or delayed. Commitments on commercial as well as industrial project front have been pushed forward anywhere between 3 to 6 months. The same was attributed primarily due to labour issues faced because of the lockdown along with restrictions on construction activities.

With June, came first phase of unlock, which has seen gradual easing of restrictions on activities and opening up of businesses while following guidelines on social distancing. From an economic standpoint it is key to live with Covid as a part of our lives and restart activities while following all precautions necessary to fight the Virus!

## H1 2020

### GROSS ABSORPTION

~ 15 million Sq.Ft  
across top 7 cities\*

~ 40 %  
Drop YoY

### SUPPLY

2%  
Growth YoY

~ 21 million Sq.Ft of  
project completion

## CURRENT IMPACT

- Corporates seen to re-evaluate/audit their commercial **real estate strategy** to make it more resilient to such situations from an operational & legal standpoint.
- Government issued state-wise and sector wise **guidelines** to open up economy in a phased wise manner, however most sectors saw below average occupancy of work-places.
- **Work from home**, cannot replace the traditional way of working from office; yet expected to impact office market demand by an estimated 10% -15%.
- Increased **focus on health, safety and wellness** features; importance of property management to grow with forces getting back to offices in a gradual and phased manner.
- Well-being and **safety of employees**, a key measure being followed by corporates with increased focus on sanitization of premises; it is important for developers/landlords to focus on actively maintaining protocols at their properties.

## PUNE - STANDPOINT

Active Demand of approx. 0.7 million Sq. ft from Q1 2020 saw movement to LOI/Pre-commitments in Q2. Key markets that saw demand maturing were Kharadi in East Pune & Baner-Balewadi in West.

### H1 ABSORPTION

~ 2.4\* M Sq.Ft

### CURRENT SUPPLY

~ 3 M Sq.Ft

\* Including few Pre-commitments

# SNAPSHOT

## Industrial & Warehousing

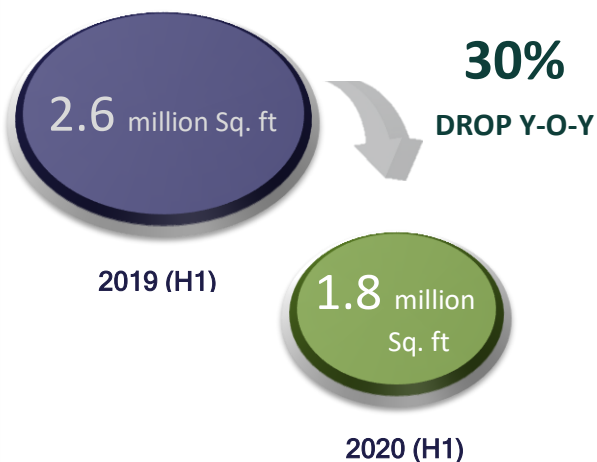
Real Estate (Pune)

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### BRIEFING

Industrial and warehouse sector has shown strong resistance to the Covid 19 pandemic and associated lockdowns. A consistent increase in enquiries has been noticed as lockdowns were gradually eased; taking the total demand in the market closer to the pre Covid levels. As the pandemic spike starts settling and as emerging Warehouse & Manufacturing trends start to unfold, investors & clients would return to the sector with new potency.

ABSORPTION



4.2 million Sq. ft  
**Ready Stock**

1.95 million Sq. ft Approx.  
**Under Construction**

SUPPLY

### PUNE - STANDPOINT

A forced subdued market during the months of April & May was evident, however situation is in recovery mode since June 2020. **Demand during Q2 2020** was sluggish during the first half (April to Mid-May), while there has been a steady rise henceforth. There was a steep fall in construction workforce in early part of Q1 2020 due to **reverse migration of labour**, however the situation seems to be improving since June 2020. Requirements that were primarily placed on hold, have started to bounce back and simultaneously the paused space evaluations for relocation/lease expirations etc. have also regained momentum. Post easing of restrictions, favorable Govt. policies along with the pent-up demand of previous months, saw the market buzzing with fresh activity.

**Active and buoyant demand** was around **2 million Sq. Ft.** at the inspection/negotiation stage. On the land hunt front multiple requirements ranging from 10 acres to 50 acres from MNC's (end users) and developers alike were witnessed in the **Chakan & Talegaon region to the North and Lonikand - Sanaswadi belt on the Eastern side of Pune.**

There has been renewed interest from investors and developers wanting to buy land/sign JV's to enter the warehousing & industrial leasing market for a diversification in their portfolio. This demand would ensure stability in capital rates in the near term.

# VERTICAL WATCH

## Industrial & Warehousing

Real Estate (India)

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**EXIT THE DRAGON** - The industry is likely to benefit from the shift in manufacturing units outside China. Though multiple countries are competing directly with India to entice these industries, each country would boast its own advantages and face its own set of challenges. A lot of companies from USA, Japan, Korea and Europe having base in China have started to evaluate alternate markets. There are some new enquiries and new names floating in the market scouting for stock – Land or space on lease.

### SPOTLIGHT *Ecommerce Warehousing*

The current scenarios have helped push the ever-evolving warehousing business even further with the focus on certain new trends that will further drive growth...

**1 - Multi-Storey & In-city Distribution:** With e-commerce rush the concept of in city distribution & multistory warehouses is slowly gaining traction in densely populated tier 1 cities. However, due to high cost of land, it is very difficult to get the model right and developers have to think differently and develop a low-cost model. Thus, we are likely to witness an entirely new asset segment emerging within the warehousing industry.

**2 - Fulfillment & Sorting Centers:** With the rise in demand, all large and mid – sized E-commerce firms in order to meet delivery timelines, meet service levels, retain market share companies would need to have a warehouse or large fulfilment centers which is pushing the demand for large warehousing spaces. The surge in demand for online market place/E – Commerce continues and there are enquiries and closures that can be witnessed in the current market scenario.

**“Opportunities to be construed are plenty.** Joint initiatives by all stake-holders of economy alike would be fundamental in reviving businesses and help boomerang the situation to earlier levels. Government relief measures and relaxing of policies can play a key role in enticing new entrants to the market. True self-reliance can only occur if government, business houses & citizens all come together to drive the growth with positive intent. Indian businesses should seize the opportunity to increase production capacity and give a thrust to the **Make in India** campaign.”



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COMMERCIAL



INDUSTRIAL



WAREHOUSING



LAND

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***We Analyze, We Adapt, We Strategize "WE DELIVER"***

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