



Pulse

Monthly Real Estate Monitor

JANUARY
2020

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OFFICE INDEX



Office space leasing increased in most cities, with IT/ITeS occupying a large share.

RETAIL INDEX



Most of the leasing recorded in the high streets followed by increased activity in malls.

RESIDENTIAL INDEX



The residential launches increased in some cities and remained moderate in the others.



*The details mentioned in the document are for the month of July

Residential market holds ground despite headwinds



2019 has been a turbulent year for the Indian economy. Retail inflation was high at 5.5% in November and the GDP slumped to a six year low for the July-September quarter. The residential real estate sector, however, remained resilient as the sales surged by 6% y-o-y despite muted consumption expenditure. Remarkably, the sales exceeded launches for the first time post 2016 and reached 143,923 units which demonstrates the innate growth potential of the sector.

On the supply front, launches decreased by 14% in the current year due to the liquidity crisis underlying the sector that resulted in developers adopting a cautious stance to launching new projects. Developers focussed on launches in the affordable and mid-segment category. With smaller players not finding it viable to operate in the current scenario, the market share of reputed developers has been increasing.

Going ahead, new unit launches are expected to remain modest as developers, grappling with the liquidity crisis, continue to realign themselves with policy reforms and focus on clearing their unsold inventory. Consolidation in the residential market with an increasing number of joint developments will continue to be a major trend in the near term with the size of pie belonging to reputed developers increasing consistently.

Given the market dynamics, it is important at this juncture to take stock of how the residential market has performed over the last year. In January 2020, we released a report titled India Real Estate Market 2019: Residential to shed light on the performance of the residential sector amidst the slowing economy and offering a detailed analysis of city wise trends in launches, sales, prices and unsold inventory. We estimate the growth momentum to continue as buyer confidence improves.

Download the complete report [here](#).

Happy reading!

Ramesh Nair
CEO & Country Head, India, JLL

REALESTONOMICS



RMZ Corp and Japan's Mitsui Fudosan have entered into a joint venture of up to USD 1 bn to set up commercial office spaces in Bengaluru, Mumbai and Delhi. The venture is in line with the 'Hyper Growth - Vision 2025' of RMZ Corp. The joint venture is expected to add 15 mn sq ft to the portfolio.

MARKET SENTIMENT



Favourable



● Favourable ● Neutral ● Unfavourable

WHAT'S NEW



Real estate major Embassy Group launched its newest asset class, Olive by Embassy, a next-gen living community in India. Olive is purpose built for young working professionals and students in a world-class safe and secure environment. The first phase will see the launch of 20,000 beds in total in Bengaluru, Chennai and Pune with an investment of INR 2,000 cr.

POLICY UPDATE

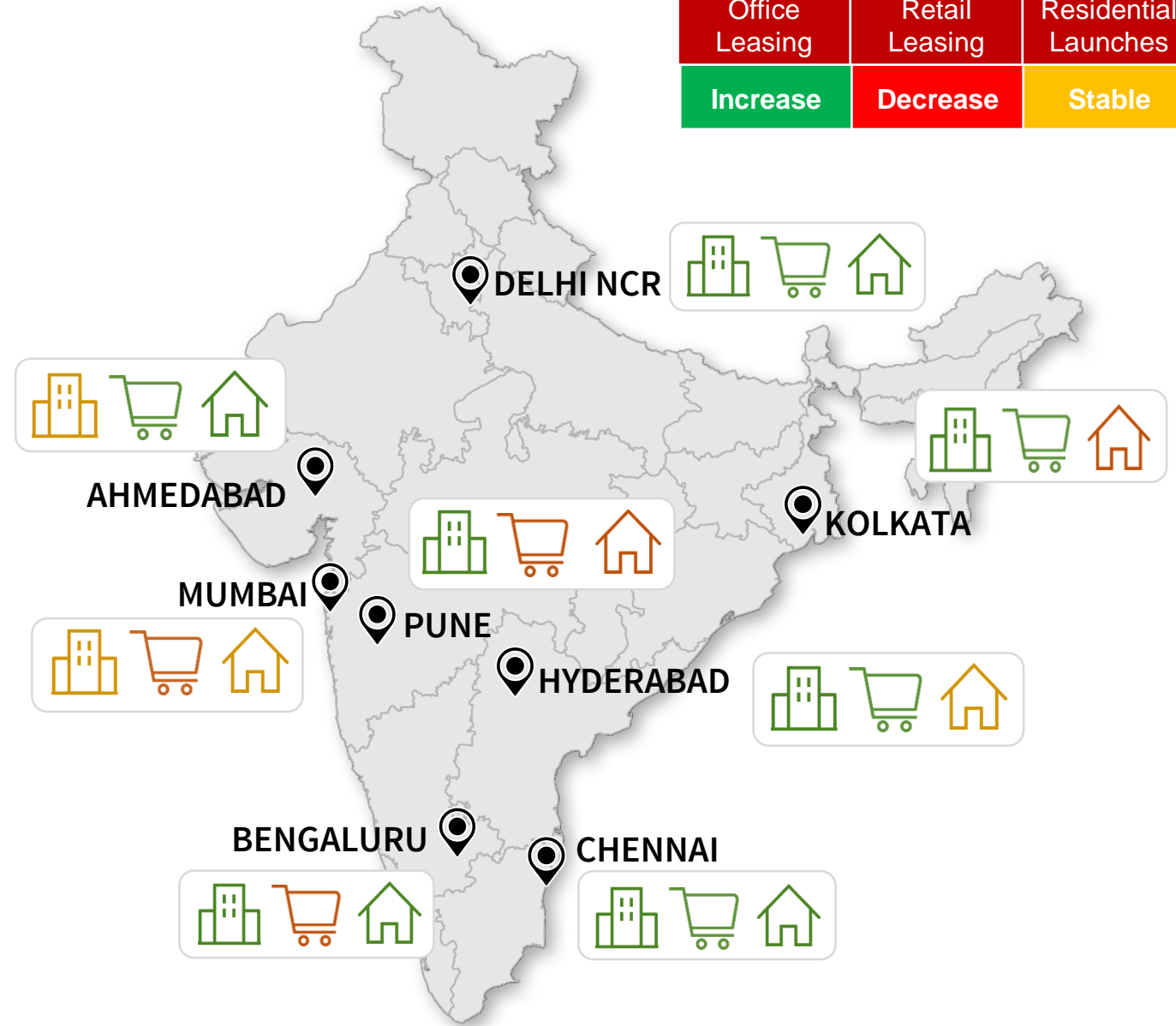


State Bank of India has launched Residential Builder Finance with Buyer Guarantee (RBBG) to safeguard home buyers financially by issuing guarantee for completion of projects to customers availing SBI Home loans. The reputed builders fulfilling the prescribed criteria, including Star rating and CIBIL score, can avail loan between INR 50-400 cr and home buyers can choose their home from SBI-approved projects in seven cities with complete trust and transparency.

WEATHER MAP

CITIES	OFFICE RENT	RETAIL RENT	RESIDENTIAL CAPITAL VALUE
AHMEDABAD			
DELHI NCR			
MUMBAI			
PUNE			
BENGALURU			
CHENNAI			
HYDERABAD			
KOLKATA			
LEGEND			
GROWING	STABLE	STAGNANT	FALLING

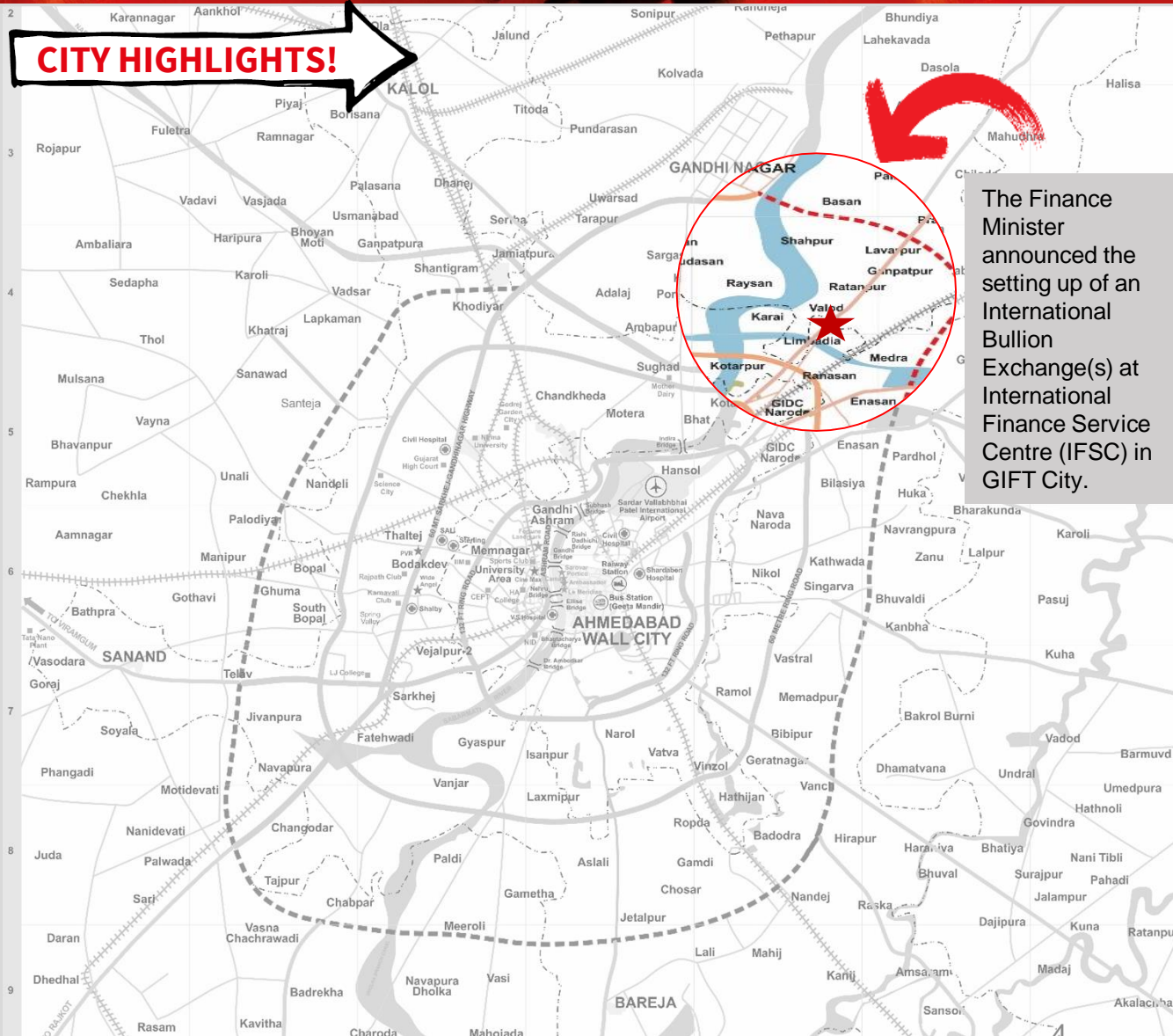
Office Leasing	Retail Leasing	Residential Launches
Increase	Decrease	Stable



*All the office rentals and retail rentals mentioned are for warm shell spaces



CITY HIGHLIGHTS!



OFFICE

Office space witnessed moderate demand.

Key transaction: No major transaction was recorded.



RETAIL

High-streets continued to see strong demand.

Key transaction: Spykar Jeans leased space at CG Road.



RESIDENTIAL

New launches increased due to improving market conditions.

Key launch: Goyal Riviera Woods was launched at Shela, Ahmedabad West.



Gujarat government has submitted a projection of investments worth INR 1.90 lac cr from FY 2019-20 to FY 2024-25 in 314 proposed projects from 13 departments. Urban development has the highest share of INR 50,465 cr proposed investments.

Rental value (sq ft/month)*



Capital Value (INR/sq ft)*

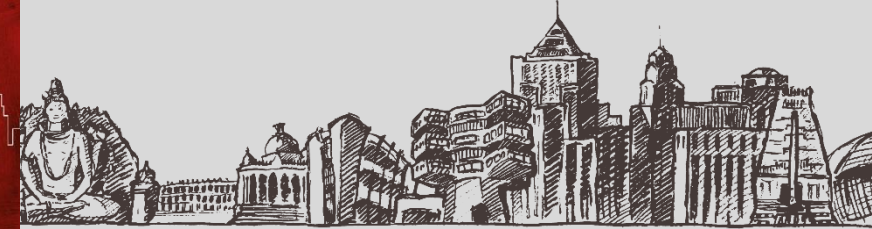


*The above graphs show the values in ranges

Infrastructure/ policy update

- The Gujarat government is planning a new heritage tourism policy to incentivize heritage property owners to redevelop their properties to turn them into hotels, museums or buildings for other commercial activities.
- The Municipal Corporation has proposed 48% to 93% hike in property tax on flats and bungalows.

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CITY HIGHLIGHTS!

Flipkart is scouting for land to develop a campus that will house all its businesses, the project is expected to cost INR 1,500 cr for 150 acres of land about 50 – 60 km from Bengaluru.

Embassy group has entered into coliving business under the Olive brand. The company will invest INR 2,000 cr to expand in Bengaluru, Hyderabad, Mumbai, Pune and NCR. In first phase, Olive plans to launch an experimental centre with 15,000 beds in Whitefield this year.

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OFFICE

SBD Outer ring road recorded big ticket leases by key BFSI and IT/ITeS firms.

Key transaction: Table Space leased space on the Outer ring road.



RETAIL

Retail has seen very low leasing activity due to pending budget.

Key transaction: Burger Seigneur at One Sobha Mall.



RESIDENTIAL

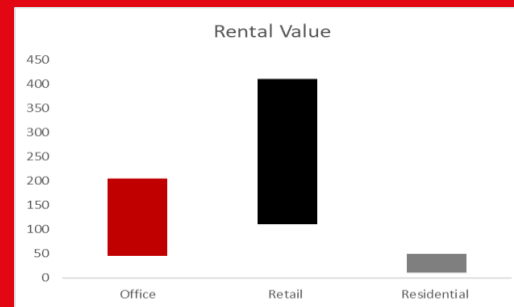
New launches up, largely by grade A developers and sales remained stable.

Key launch: Purva Atmosphere was launched at Thanisandra.



RMZ Corp and Japan's Mitusi Fudosan entered into a joint venture of up to USD1 bn to set up commercial office spaces in Bengaluru, Mumbai and Delhi. The companies will start by developing a 3.5 mn sq ft office in Bengaluru's Outer ring road.

Rental value (INR/sq ft/month)*



Capital value (INR/sq ft)*



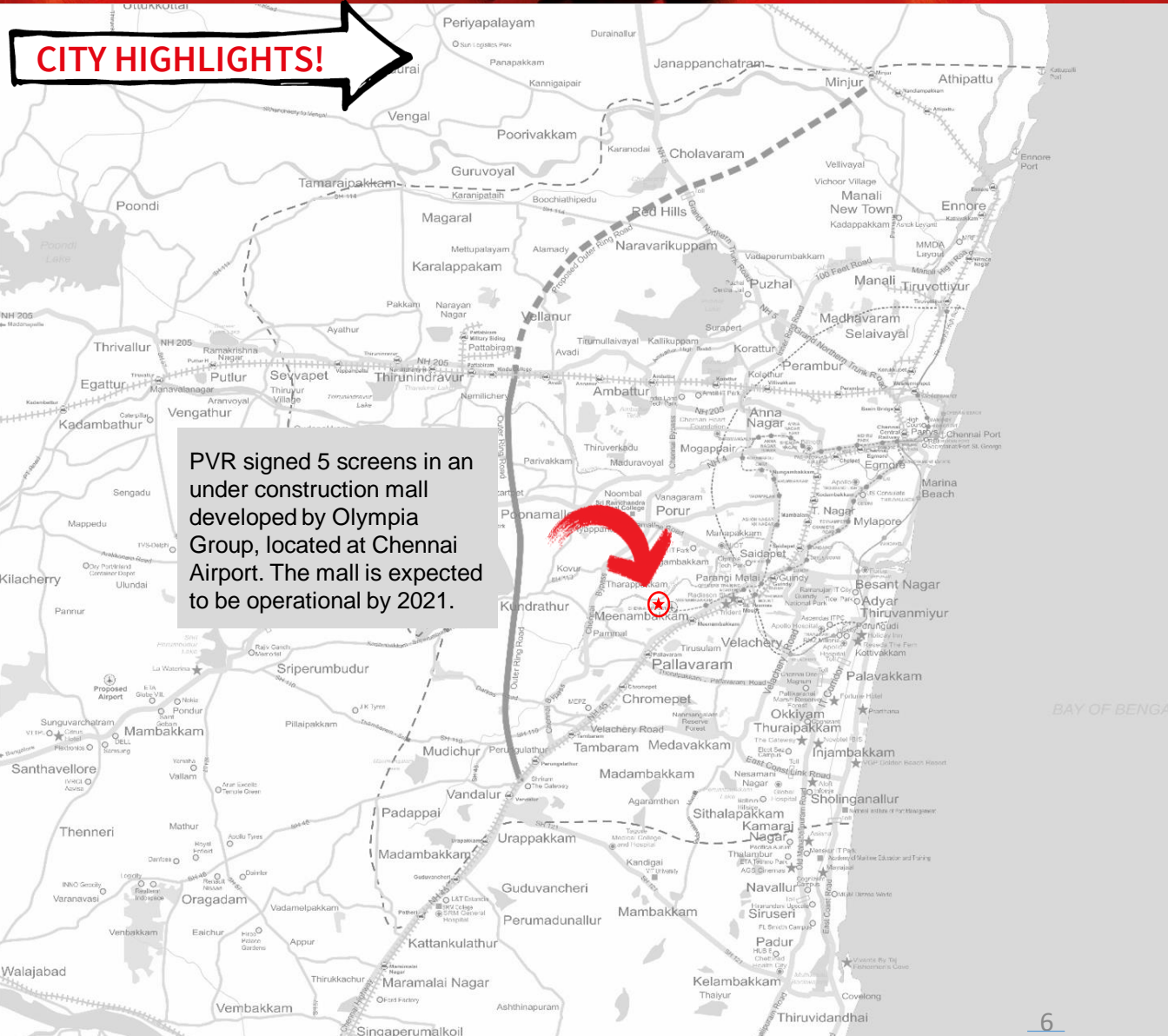
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Infrastructure/ policy update

A new halt station is coming up in proximity to Kempegowda International Airport (KIA) from Bypanahalli which will reduce the travel time to 45 mins. Paying just INR 15, BIAL will start shuttle buses between the KIA halt station to Airport terminals. It is expected to be completed in February.



CITY HIGHLIGHTS!



PVR signed 5 screens in an under construction mall developed by Olympia Group, located at Chennai Airport. The mall is expected to be operational by 2021.



OFFICE

IT/ITES dominates office leasing.

Key transaction: CloudSense leased space in SBD submarket



RETAIL

Quality malls and high streets witnessed good leasing.

Key transaction: Under Armour and Karachi Bakery leased space at Grand Marina mall.



RESIDENTIAL

New launches witnessed good demand.

Key launches: Radiance, The Pride was launched in Pallavaram; Radiance Suprema was launched in Madhavaram.



DLF is planning to invest INR 5,000 cr to develop a 6.8 mn sq ft of IT park called DLF Downtown.

Rental value (INR/sq ft/month)*



*The above graphs show the values in ranges

Capital value (INR/sq ft)*



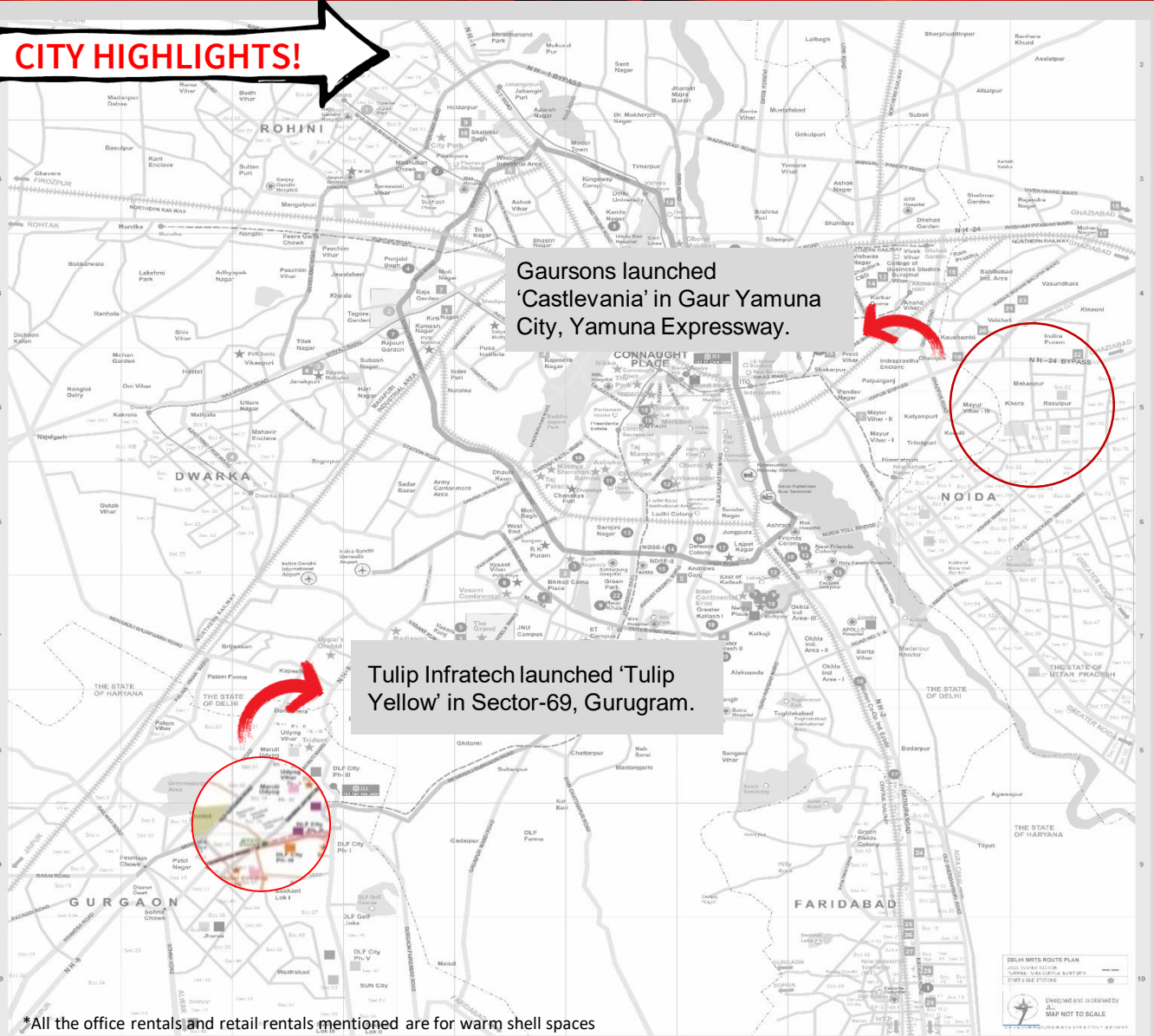
Infrastructure/ policy update

The Government of Tamilnadu is planning to establish a rail transit system of 15.5 km on the Tambaram-Velachery Corridor to reduce traffic congestion.

*All the office rentals and retail rentals mentioned are for warm shell spaces



CITY HIGHLIGHTS!



OFFICE

IT/ITES and Co-working continued to dominate leasing.

Key transactions: Global Logic in Noida, Evalueserve in Gurugram.



RETAIL

Pacific D21 and Vegas Mall got operational in Dwarka recently.

Key transactions: Ellementry at DLF Galleria market



RESIDENTIAL

Key launches witnessed in Gurugram and Noida.
Key launch: Gaursons launched 'Castlevania' in Greater Noida. Tulip Infratech launched 'Tulip Yellow' in Gurugram.



Bharti Realty has partnered with Asthetic Township Developers to build a new mixed-use commercial project comprising 6 lac sq ft area of retail and office space in Sector-27 Gurugram at an estimated construction cost of INR 350 cr.

Rental Value(INR/sq ft/month)*



Capital Value(INR/sq ft)*



*The above graphs show the values in ranges

Infrastructure/Policy update

The Haryana Mass Rapid Transport Corporation will take over the construction of the Mass Rapid Transport System project from HSIIDC in Gurugram. The route will now start from Gurugram Railway Station instead of HUDA City Centre and run to Manesar in the first phase. The revised route would start at the railway station and go through Vatika Chowk, Rajiv Chowk, Sadar Bazar, IMT Manesar and Pachgaon.

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CITY HIGHLIGHTS!

Salarpuria Sattva acquires 25 acre land parcel in Kokapet with a development potential of 9 mn sq ft of office space.

Micron leases 1 mn sq ft of office space in Phoenix Aquila SEZ at Nanakramguda.



OFFICE

IT/ITES and Co-working players led the office space absorption.

Key transaction: Awfis leased space at Nanakramguda.



RETAIL

Recently operational malls showed healthy leasing momentum.

Key transaction: Busters leased space at Uppal.



RESIDENTIAL

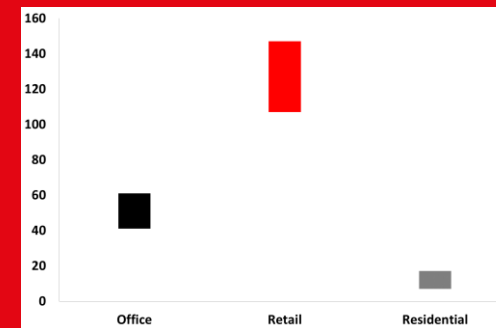
Sales recorded positive traction while launches remain moderate.

Key launch: Incor Viva City at Kondapur.



No new major transaction during the month.

Rental value (INR/sq ft/month)*



Capital value (INR/sq ft)*



*The above graphs show the values in ranges

Infrastructure/policy update

No Policy or Infrastructure updates.



CITY HIGHLIGHTS!

Corporate occupiers actively looking at Salt lake and Rajarhat for expansions.



OFFICE

Corporate occupiers actively looking for spaces.

Key transaction:
No major transaction

RETAIL

Retailers actively expanded in high streets and malls.

Key transactions:
Forever Diamonds leased space in South City Mall.

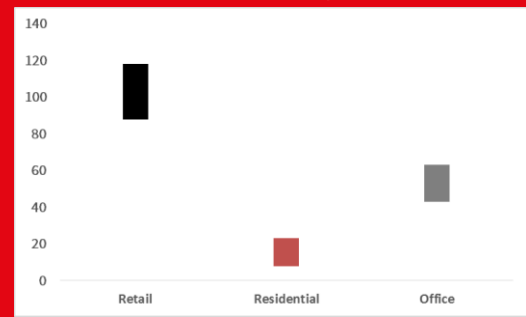
RESIDENTIAL

Launches remain slow.

Key launch: No major launches in the city.

No new major transaction recorded.

Rental value (INR/sq ft/month)*



Capital value (INR/sq ft)*



*The above graphs show the values in ranges

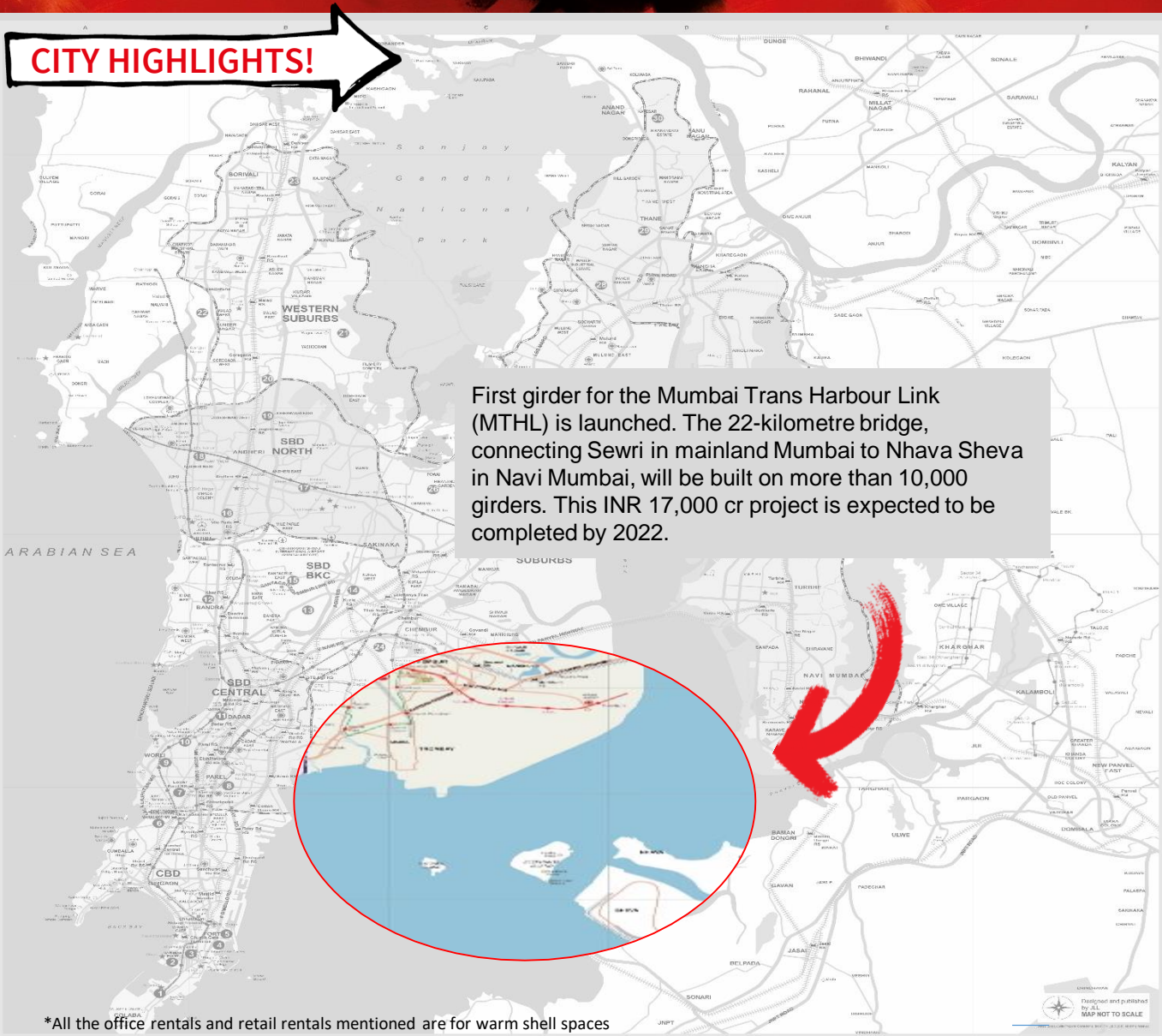
Infrastructure/ policy update

No Policy or Infrastructure update.

*All the office rentals and retail rentals mentioned are for warm shell spaces



CITY HIGHLIGHTS!



First girder for the Mumbai Trans Harbour Link (MTHL) is launched. The 22-kilometre bridge, connecting Sewri in mainland Mumbai to Nhava Sheva in Navi Mumbai, will be built on more than 10,000 girders. This INR 17,000 cr project is expected to be completed by 2022.



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OFFICE

Moderate leasing witnessed.

Key transaction: BSR & Co LLP leased space in West Suburbs



RETAIL

Retail activity remained muted.

Key transaction: No major leasing observed.



RESIDENTIAL

New project launches remained steady in the city.

Key launch: Piramal Aranya 'Ahan' launched in Byculla

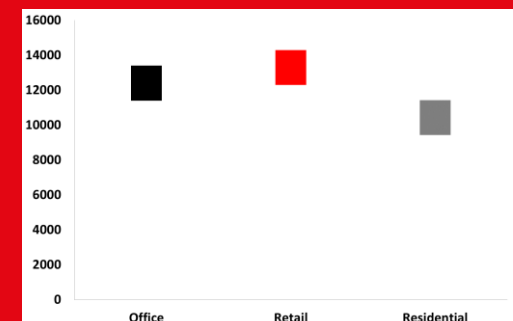


Blackstone invests INR 380 cr to buy a majority stake in the warehousing business of Allcargo Logistics Ltd.

Rental value (INR/sq ft/ month)*



Capital value (INR/sq ft)*



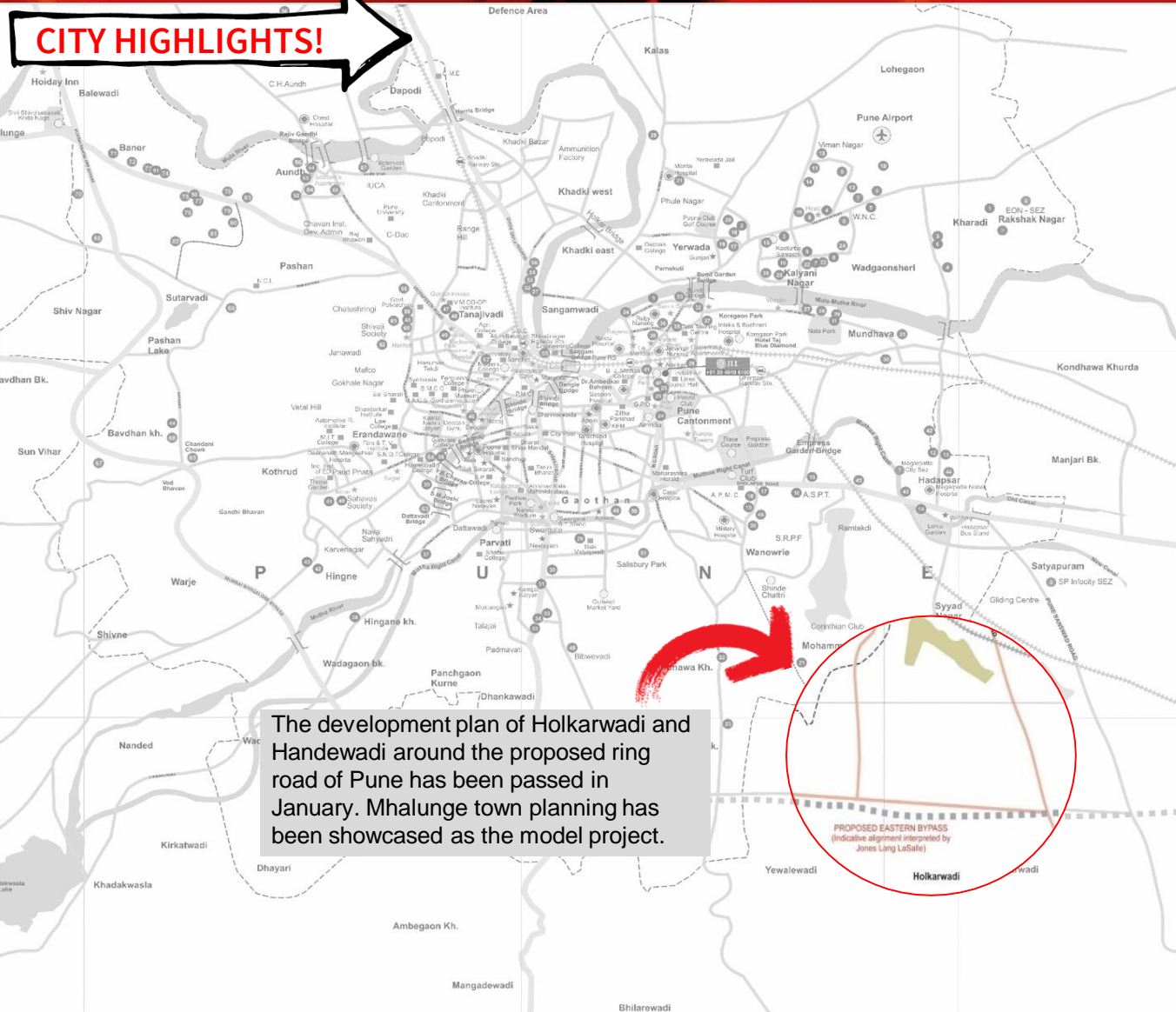
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Infrastructure/
policy update

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CITY HIGHLIGHTS!



OFFICE

The office space demand was on a rise.

Key Transaction: Urbanworks leased space at Wadgaon Sheri.



RETAIL

Overall demand for the retail space was stagnant.

Key Transaction: Max leased space at Warje.



RESIDENTIAL

New launches fall marginally. The demand for residential units fall during the month.

Key Launch: Avior Navyangan Phase II in Pirangut.



No new major transaction during the month.

Rental Value(INR/sq ft/ month)*



Capital Value(INR/sq ft)*



*The above graphs show the values in ranges

Infrastructure/ Policy update

The European Investment Bank (EIB) will invest 600 mn euros (INR 4,800 cr) in the upcoming Pune Metro Rail (PMR) project. A Memorandum of Understanding for the first tranche of 200 mn euros (INR 1,600 cr) was signed in the presence of Maharashtra Chief Minister Uddhav Thackeray and top EIB officials to fund construction of two new metro lines, 30 stations and purchase of 102 new rail cars.

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ABOUT JLL

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Real Estate Intelligence Service is a subscription based research package by JLL. This package is designed to provide in-depth insight on the real estate market and aims to empower businesses with detailed and timely market data. It also covers forecast and analysis for all real estate indicators and asset classes such as office, retail and residential.

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