



Pune Commercial Outlook 2020

Preface

360 Realtors Commercial division brings Outlook 2020 for Pune's market. Pune has historically been a resilient real estate market and has always attracted a lot of investors in the past due to comparative affordability and healthy price appreciation. The city's economy is largely dependent on IT/ITeS and automobile, which has ensured conducive environment for Pune's commercial real estate.

In this report, we have highlighted the various sub-sectors like Office, Retail and Industrial investment/leasing and how the progressive Infrastructure development has accelerated the growth of these sub-sectors. Although, the growth in these sub-sectors has remained muted for Q2 2020 because of the COVID-19 crisis but we have started witnessing the Green Shoots in the Commercial Realty market and we expect that by Q4 2020 Pune commercial market will bounce back.

Snapshot of Pune

Pune is the cultural capital of Maharashtra and also known as the "Oxford of the East" accelerating the growth momentum in India.



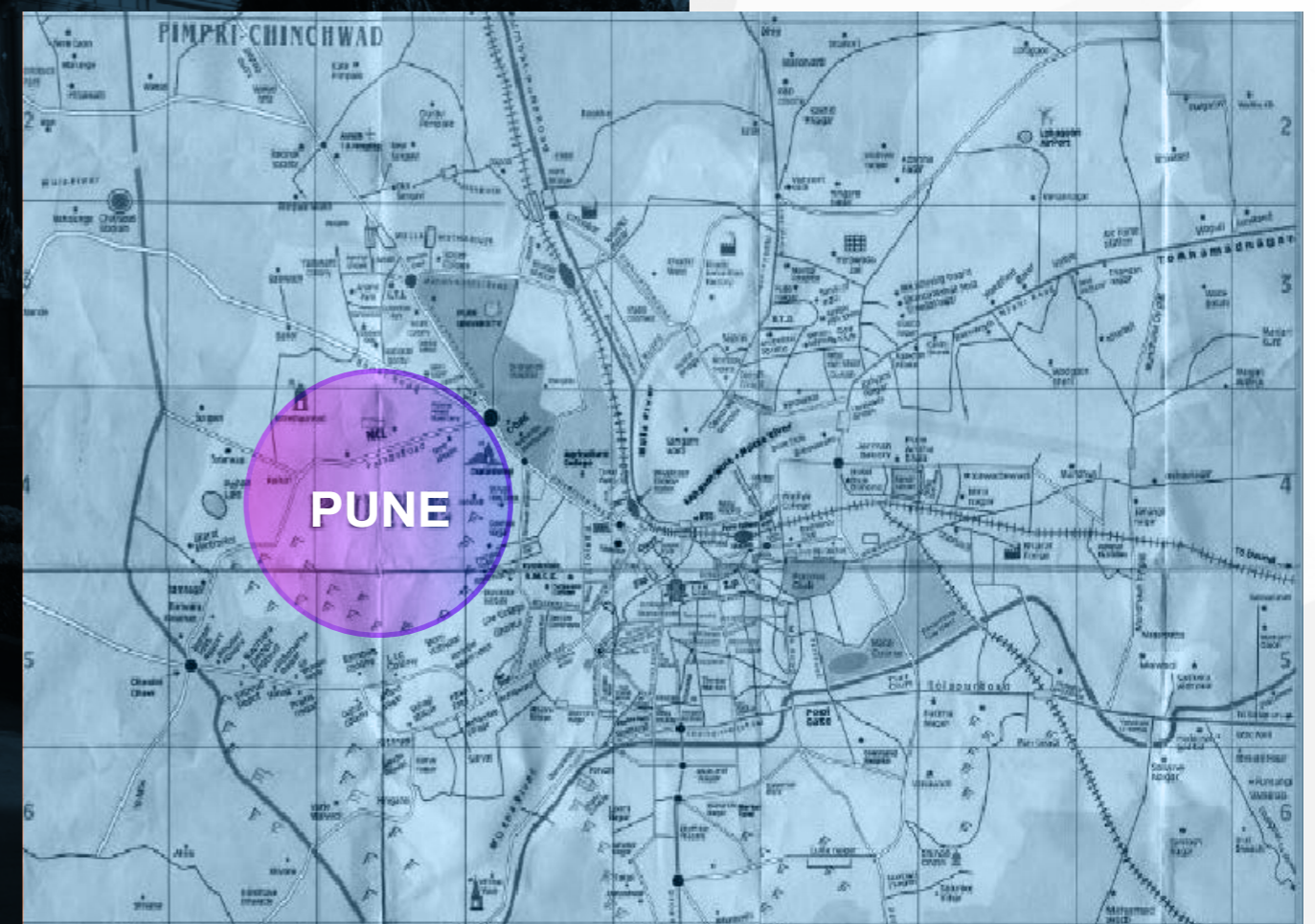
The city is considered to be the hub of cultural and historical sites and has a developed infrastructure, owing to its status of one of the Smart Cities in India.



Pune is 9th most populated city in India and attracts lot of migration from the millennials because of being the epicenter of education and employment opportunities. Pune's infrastructure growth story started with the advent of the Mumbai-Pune Highway. The city's connectivity with the economic capital of the country, Mumbai, helped it set its foot as a burgeoning IT/ITeS hub in Maharashtra. Today, Pune's growth as a real estate and an employment hotspot is supported by its robust infrastructure of the Phase 1 of Pune Metro and the various transport and industrial corridors such as the Chhatrapati Sambhaji Raje International Airport, which is worth ₹102 crore and Arterial road construction that is going on in full swing.



Currently, the city's core strengths are Manufacturing, Automobile, Government & Private sector research institutes and Information Technology.

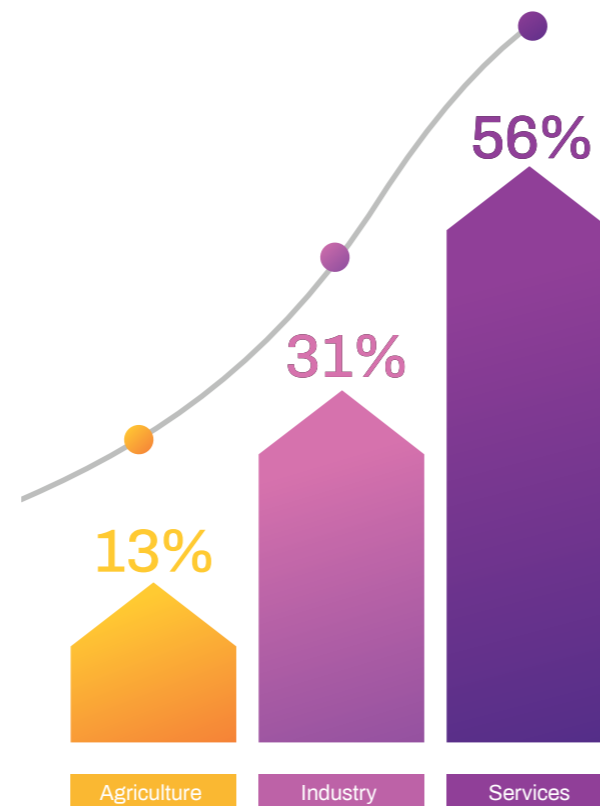


Executive Summary

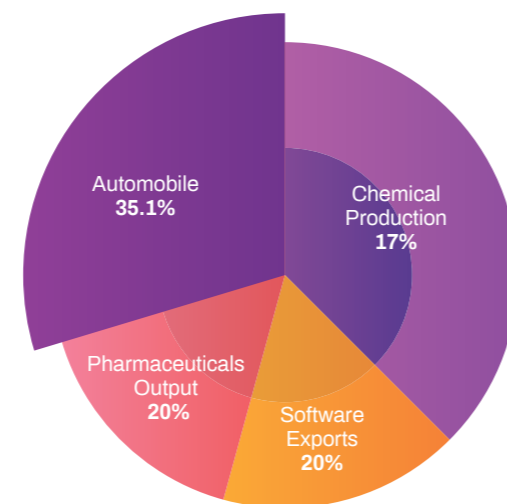
Economy

- Maharashtra ranks first in terms of GDP contribution in the country and expects to grow at 5.7% in FY19-20, which is 6% down from the last fiscal year. The state accounted for 13% of national industrial output and approx 46% of the GSDP is contributed by Industries.
- Pune city constituted for 1/5th of the state's GDP and 6th highest per capita income in India.
- The city holds 3rd rank in Logistics Performance Index and 5th rank in Human Development Index.
- The emerging hub of Manufacturing, IT & ITeS centers, Warehouses etc makes it the most developed ecosystem of India.

Sector Contribution in GDP in Maharashtra



Maharashtra Industries Output in India



Infrastructure Development



Metro

PH-1 consists of two lines
Line -1 – Chinchwad to Swargate (16KM)
Line – 2 – Vanaz to Ramwadi (15Km)

PH-2- includes two lines
Line-1-Deccan Gymkhana to Bund Garden(11KM)
Line – 2 - ASI to Hinjewadi (15Km)



Road

Road network of over 1,750 KM and is connected to various state highways and two national highways
(1) Mumbai-Pune Expressway
(2) Arterial Road



Railway

Good connectivity with the suburban railways/ smaller railway stations.
New corridor - Pune-Nashik semi high speed rail corridor project at a distance of 234.60 Km.



Aviation

Pune airport located at 10km North-East to the city.
Civil Aviation Ministry planning to increase the domestic traffic to up to 16 million

Commercial Assets



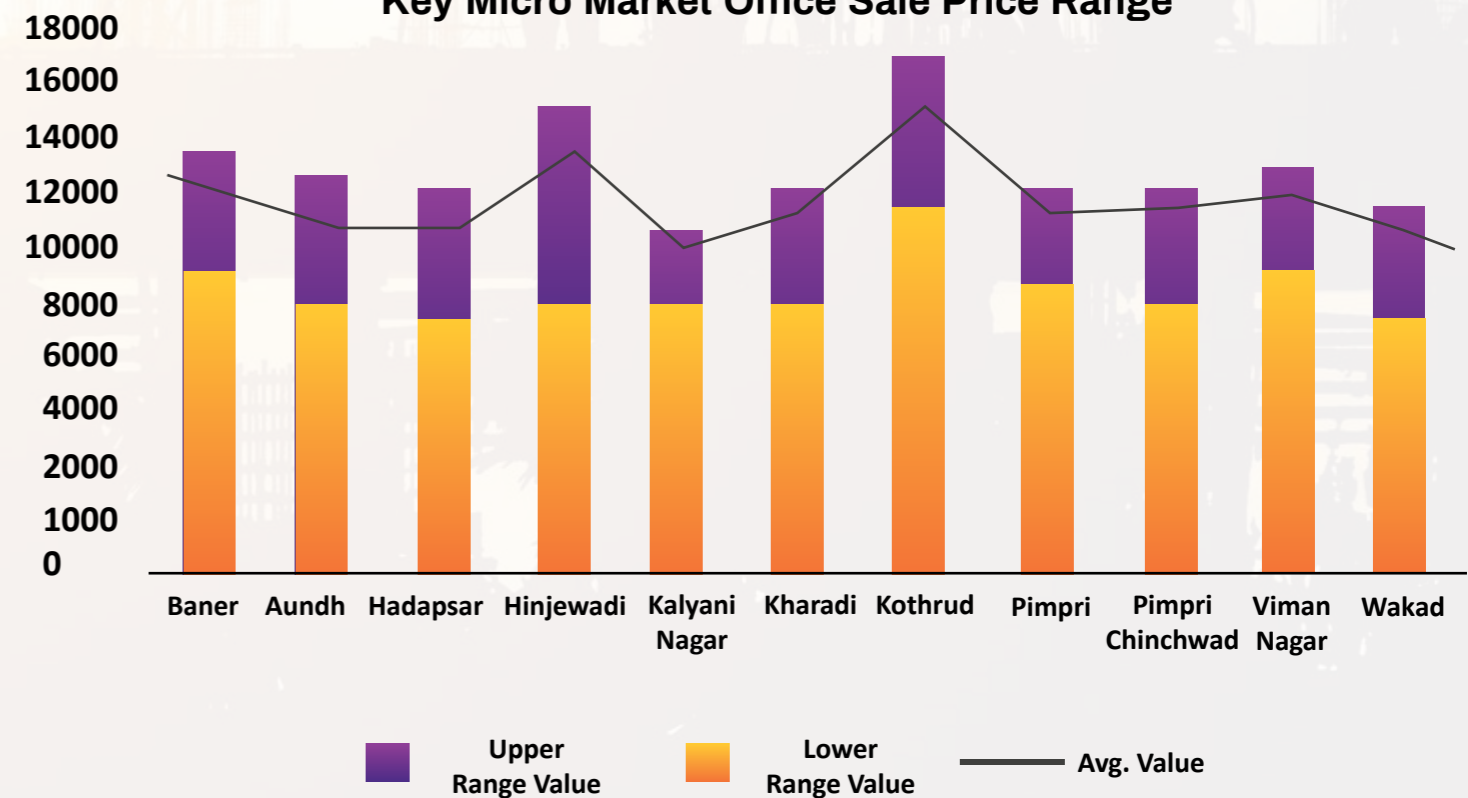
Office

- Last year, Pune city has witnessed strong leasing activity but the COVID-19 crisis triggered the decline in the transactions for the first financial quarter of 2020, which has led to the increase in vacancy rate. The office activity was accelerating in the initial months of 2020 but during lockdown it came to a standstill. One of the badly hit activities during this pandemic in the real estate industry is the construction, that came to standstill completely.
- Maharashtra state is one of the worst hit by the pandemic. The country has moved forward towards unlocking, albeit Pune city has extended its lockdown. Offices are allowed to resume operations with a 10% workforce from 8th June in the city.
- Micro Markets such as Viman Nagar, Koregaon Park, Baner, Hinjewadi & Kharadi are the prime commercial markets in Pune. The upcoming or under construction projects will boost the Grade-A offices' demand in the coming future.

Offices Under Construction Projects in Pune

| Project Name | Micro Markets |
|------------------------|--------------------------|
| Nyati Enthral | Kharadi |
| Amar Business Zone | Baner |
| Panchshil Eleven west | Baner Pan Card Club Road |
| Solitaire Business Hub | Kalyani Nagar |
| Amar Pristine 81 | Mundhwa |
| Bramha Boulevard | Sadhu Vaswani Chowk |

Key Micro Market Office Sale Price Range



Source – Magicbricks

Trends

The rising manufacturing hub, good connectivity, good education facility and employment opportunity are some of the factors that are providing an edge to the city to bolster the commercial demand in the coming future.

The COVID-19 has brought the industry into the “wait & watch” mode, but considering the last year’s trend, the commercial market will revive faster than other real estate asset classes.

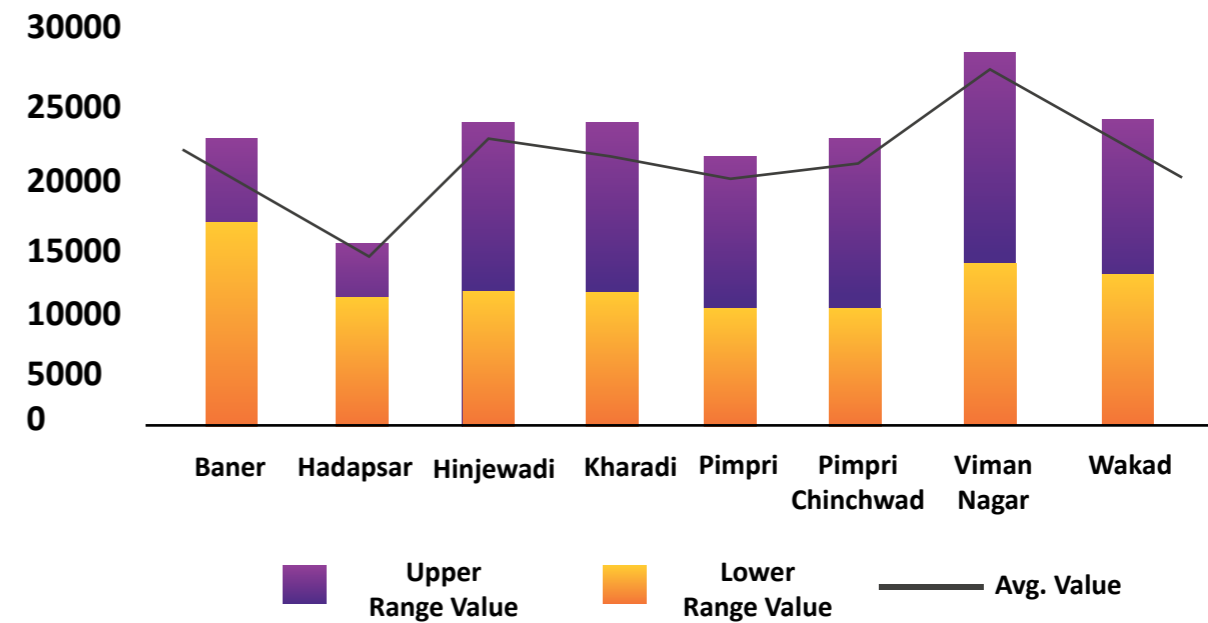
Retail

The city market is rated as the most preferred retail market in terms of warehousing and supply chain. Industries leading the retail market are F&B, apparel, footwear and electronics, while electronics constitutes the major share among all the retail categories in the city.

The retail transaction in the first and second quarter of this year were largely on hold because of the COVID-19 crisis, footfall and revenues in the malls & high-street markets were almost negligible or below their bottom-lines because of the lockdown period. Investors are currently on “wait and watch” mode and retail tenants are demanding for waivers or rental renegotiations.

The Maharashtra state has a total of 75 malls in which 20% of them are in the Pune city.

Key Micro Markets Retail Avg. Sale Price



Source – Magicbricks

Retail Under Construction Projects in Pune

| Project Name | Micro Markets |
|-------------------|---------------|
| Nyati Enthral | Kharadi |
| Solitaire Bazar | Bibwewadi |
| VTP Altitude | Thergaon |
| Raviraj 93 avenue | Fatima Nagar |

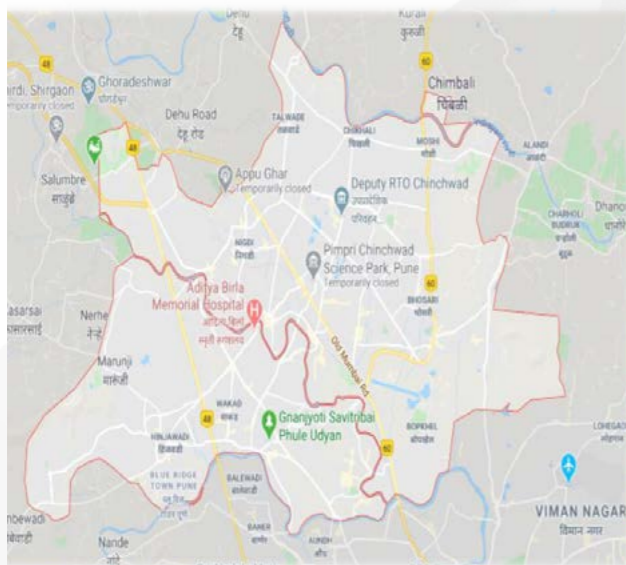
INDUSTRIAL AREA

- Pune city attracts approximately 20% of the whole industrial investment in the country.
- Relaxation in FDI norms (remove 3 years lock-in period on original investment) will boost the FDI flow in the sector and will attract foreign investments.



Pimpri-Chinchwad Industrial Area

Altogether approximately 4,000 industries are operating, led by automobile industries, in Pimpri-Chinchwad.



Developed By MIDC & Freehold

Total Area(In Acre) – 3,025 Distance – 17Km

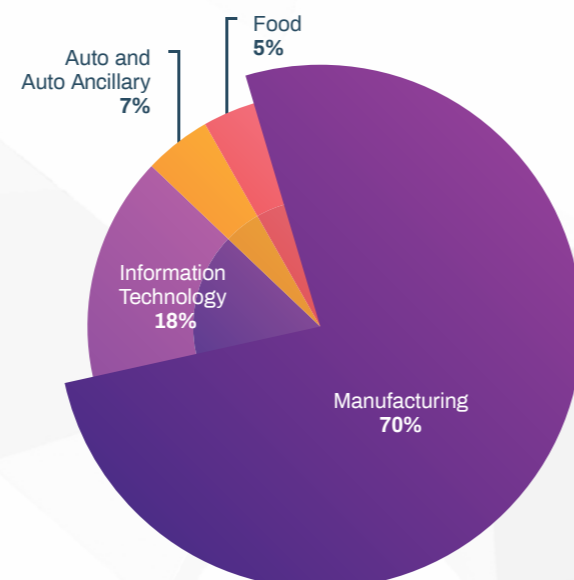
Industries – Engineering, Auto, Auto Ancillary, Pharmaceuticals

Social Infra – Good Residential, Education, Entertainment and Hospitalities

Key Occupiers

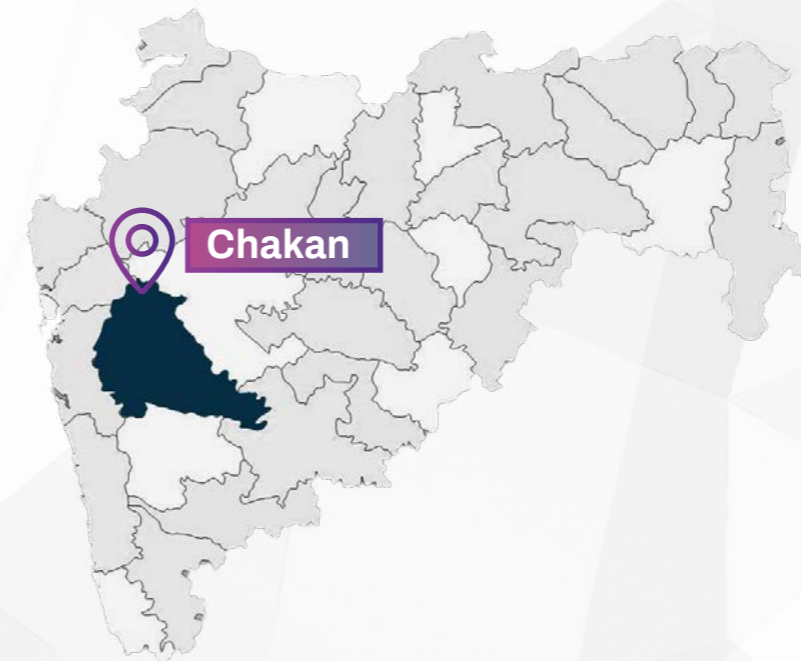


Sectorwise Components in Pimpri-Chinchwad



Source – makeinpune.org

Chakan Industrial Area



Developed By MIDC & Freehold

Total Area (In Acre) – 8,500 Distance – 35Km

Industries – Engineering, Auto, Auto Ancillary

Social Infra – Limited Residential & Entertainment

Auto and Auto Ancillary





Hinjewadi



Developed By MIDC & Freehold

Distance -19 Km

Industries – IT, Pharmaceuticals,
Auto Ancillary

Social Infra – Good Residential,
Education, Entertainment and
Hospitalities

Key Occupiers



OTHER INDUSTRIAL AREA

Ranjangaon

Distance - 50KM

Developed by MIDC & Freehold

MIDC Area in Acres - PH-1-2523 PH-2- 800

Industries - Whitegoods, FMCG, Engineering, Electronics

Social Infra-Moderate- limited facilities and limited entertainment

Kharadi

Distance - 17KM

Developed by MIDC & Freehold

MIDC Area in Acres - 75

Industries - IT and Engineering

Social Infra-Good residential, education, entertainment and hospitalities

Talegaon

Distance - 35KM

Developed by MIDC & Freehold

MIDC Area in Acres - PH-1-2224, PH-2-1364

Industries -Engineering, Auto, ICD

Social Infra-Good residential, education, entertainment facilities

Future Scope

The commercial market has witnessed unprecedented demand until the last year. This year COVID-19 has slowed the decision-making process & brought the entire investment market to a standstill. The commercial investment option is still more lucrative than other options & hopefully will revive soon, in forthcoming quarters.



Retail



Office



Co-working



Industrial

01 Pune is a hub of educational institutes & industries which attracts millennials to the city. The infrastructural development and an increasing number of manufacturing industries in the city create wide opportunities for the office & retail space demand. The new supply in the first half of 2020 is on hold due to pandemic but many foreign banks, retail industries, new malls and shopping spaces are in pipeline and developers have an eye on the government strategies to unlock the city.

Typical new launches in Pune are packaged as multi-use projects and retail-office spaces are packaged together –with two floors dedicated to retail and rest for the office. Average sales done directly by the developers or channel partners are between 200-300 sales as a lockable unit in a month. Investors look for such corridors to invest in this kind of market. Properties held by developers demand premium prices and are reserved for the end customer. ROI won't be high but should be held for a longer period for better returns. Pune has a low supply of malls, so the demand from local communities is high and brands can also leverage these spaces in a better way.

02 The ideal size for offices in Pune is between 300-1,200 sq.ft. area and the price range is approximately ₹50 lakh. If it's lockable, any location works in Pune. At Greenfield level, office demand comes in very less but once the structure is up, the demand for the bigger unit commences. The ideal situation for developers is to hold a few larger units in their inventory and to give to premium end-customers. This is to bring the anchor tenants to their buildings. The average lease market in Pune is between 2,500-10,000 sq.ft.. NBFC, BFSI, Manufacturing offices take these kinds of spaces.

03 Even during the COVID-19 crisis period, Pune was one of the cities which has witnessed the demand for office desks. Although because of the prolonged lockdown, the deals didn't realize on time, still the demand for Managed Offices and co-working offices are there, in the city. If this momentum continues, Pune's Co-working segment will witness a massive rise by Q4 2020.

04 The city can be the epicenter of the fourth industrial revolution in India and pioneer not only in the domestic market but globally also, with its automated manufacturing industry, IT and engineering service industry, premier research institutes and start-up hubs. Manufacturing bases that are on the state highway will lure in more investment. There are industrial space vacancies that can be taken by OEM, Automobiles and other Ancillaries, this helps the industrial corridors to further grow and also opens the avenue for the skilled laborers to come to the Pune market and work in a better environment. International clients who are vouching for India to set up their base are also eyeing Pune as an option.

PRESENCE
IN 9 COUNTRIES
GLOBALLY

15000+
SATISFIED
CUSTOMERS

350+
REPUTED
DEVELOPERS

40+
CITIES
IN INDIA

360 REALTORS