



**Q1-
2020**

NOIDA COMMERCIAL

MARKET UPBEAT

Noida emerges as the promising hotspot for Complete Commercial Realty

NOIDA (New Okhla Industrial Development Authority) is a satellite city to Delhi. It is considered to be one of the best realty destinations in Northern India. According to the census of 2011, the city has a population base of around 637,272 and GDP estimates of around \$25 billion as of 2019. Due to its strong connectivity with Delhi and the rest of the NCR through multiple entries and exit points, Noida has become a favorable destination for commercial realty in recent years.

With the further development of its twin city, Greater Noida, its boundaries have been expanded. As a result, many multi-nationals, especially IT/ITES, services, consulting firms, and manufacturing companies have set their offices in this city. Noida market has witnessed robust growth in leasing in NCR, which

was earlier lead by Gurugram. The factors that make Noida an attractive destination for commercial activities are-affordable rentals, superior connectivity & better yields. The demand is driven by corporates, industries, factories & institutional centers.

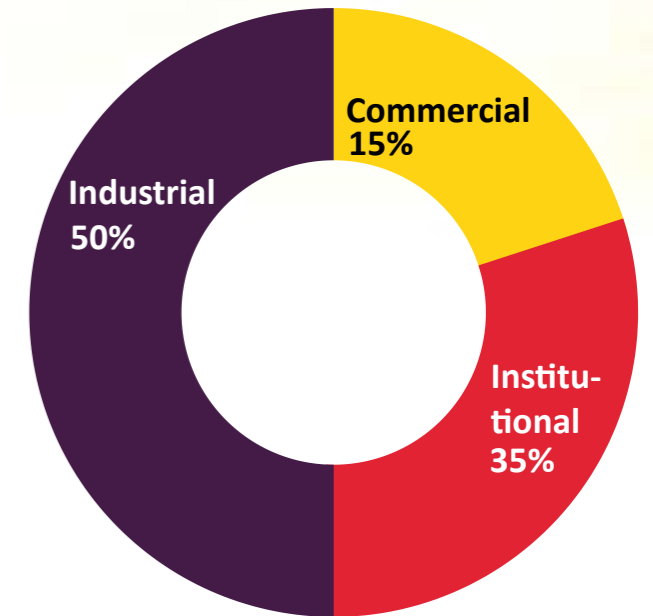
Noida and Greater Noida have a presence of more than 50 big conglomerates from different domains like IT/ITES/Retail/Manufacturing, etc. The Government is focusing to work on a Singapore like model for Noida. The improvement in metro connectivity is accelerating the supply & demand graph of the city. The city has become a flex & core model for a plethora of SMEs, MNCs, IT Companies & factories. Noida is expected to remain an attractive destination for occupiers seeking consolidation, large campus-style developments.

Hub of Corporates & Industries

Delhi-NCR is the hub of startups in INDIA & constitutes approx. 23% of PAN India startups.

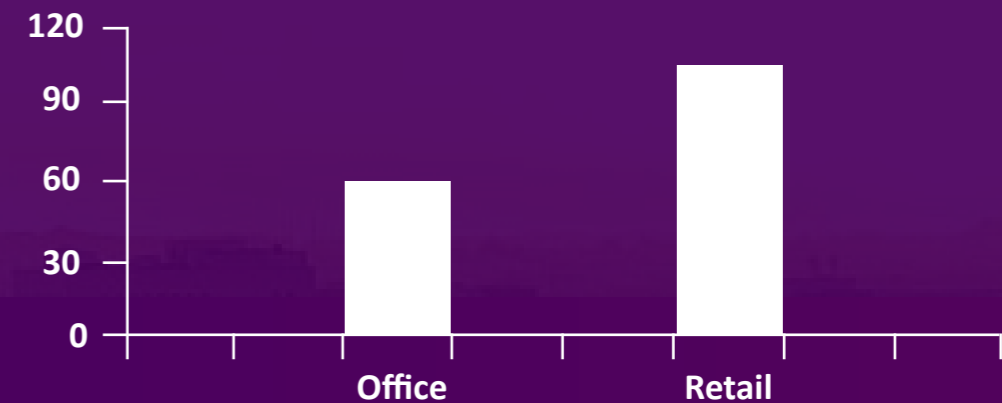
Noida witnessed approx. 1004 new business startups in the last year while Delhi is leading in the count with approx. 5000, followed by Gurugram which accounts for 1544 number of new businesses in DELHI-NCR.

Industrial sectors accumulated 50%, a major market share followed by institutional & commercial sectors with 35% & 15%. A tranche of manufacturing companies is also recouping & inching with the industrial sectors. Noida is also attracting a fair share of media, digital agencies & small startups companies. Flexible workspaces models & Co-Working are also deepening their foothold & making it effective in the growth momentum.



Source: 360 Realtors Research

Market Average Rentals (INR/ Sq. Ft/ Month)



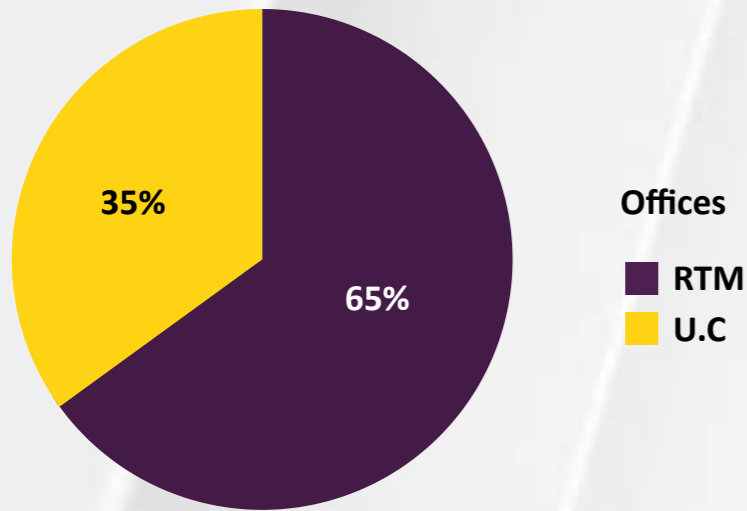
Source: 360 Realtors Research

The average rentals of office spaces are INR 60 /sqft per month & similarly for retail spaces are INR 115/ sqft per month. When compared with Gurugram, the average rentals are 25% less in Noida, which is further enticing major corporates to move their operations to Noida. In Gurugram the average monthly rentals of office space are INR 80 / sqft & retail space is INR 150/ Sq Ft a month.

Micro Markets like sec-62, Sec-63, Sec-2, Sec-3, Sec-4 & Noida Expressway are the prime sectors & constituted 95% of office space intake while the rest is led by other segments. While Noida vacancy

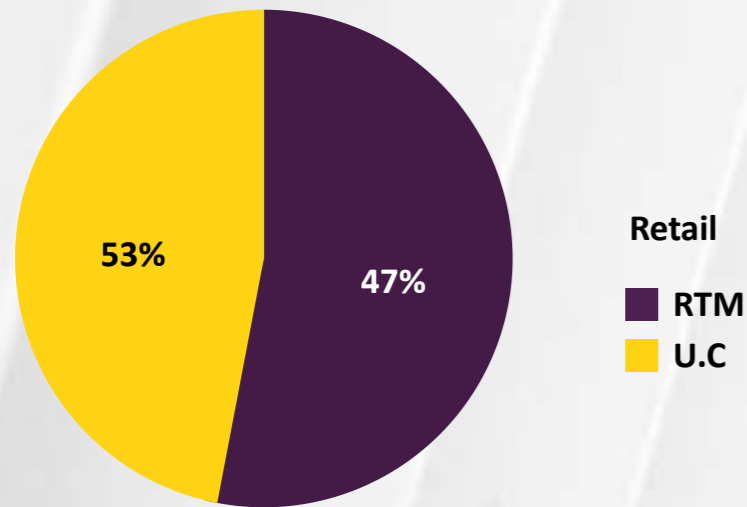
rates are relatively high, most of it is concentrated in sub-average and strata-sold projects and a major portion of buildings in Greater Noida stock. It can be said that Noida is now also slowly finding its feet as a commercial office destination driven by mid-sized requirements. The occupiers are mainly from manufacturing/industrial, publishing and sourcing industry as well as smaller professional services firms operating in the field of financial services, travel, legal and taxation services, and new co-working spaces. With affordability a key differentiating factor, Noida commercial market will continue to thrive.

Supply Matrix



Offices

RTM
U.C.



Retail

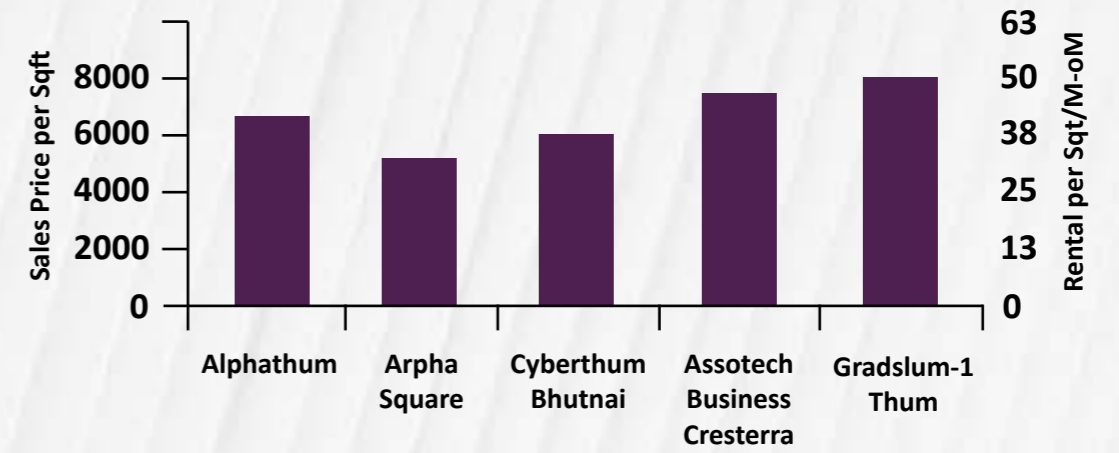
RTM
U.C.

Source: 360 Realtors Research

The city witnessed robust demand for office & retail Real Estate last year. Both office & retail ready-to-move-in space intakes constituted 65% & 47%, respectively, and 35% & 53% are under construction in upcoming future. This implies demand for RTM spaces is bolstering amidst investor activities.

RTM – Ready to Move
U.C. – Under Const.

Under const. -
Commercial – 52%
IT/ITes – 48%



Min Sales
Source: 360 Realtors Research

This graph demonstrates the sales & rentals trends of key projects in Noida. The Arpha Square, Cyberthum Bhutani, Grandslam I-thum are prime projects & providing the best affordable rates (Prices or Rentals).

COVID-19 Impact

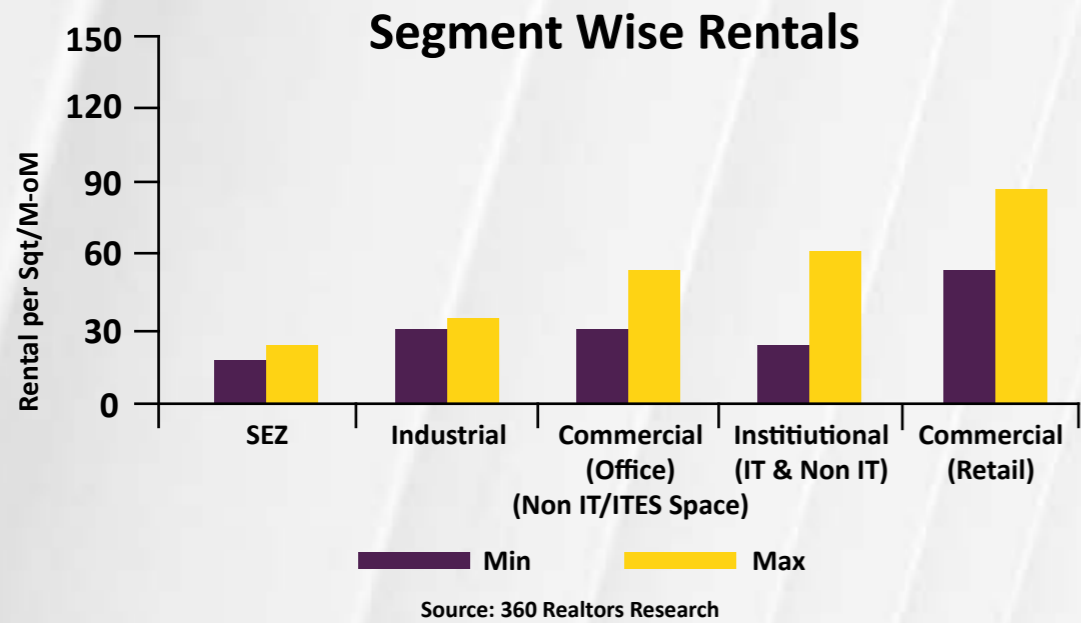
In the first quarter of 2020, we are anticipating that demand & supply would not be impacted due to the COVID-19 pandemic because of the lockdown implemented from mid-March & that constitutes the period of the whole quarter.



Leasing Micro Markets

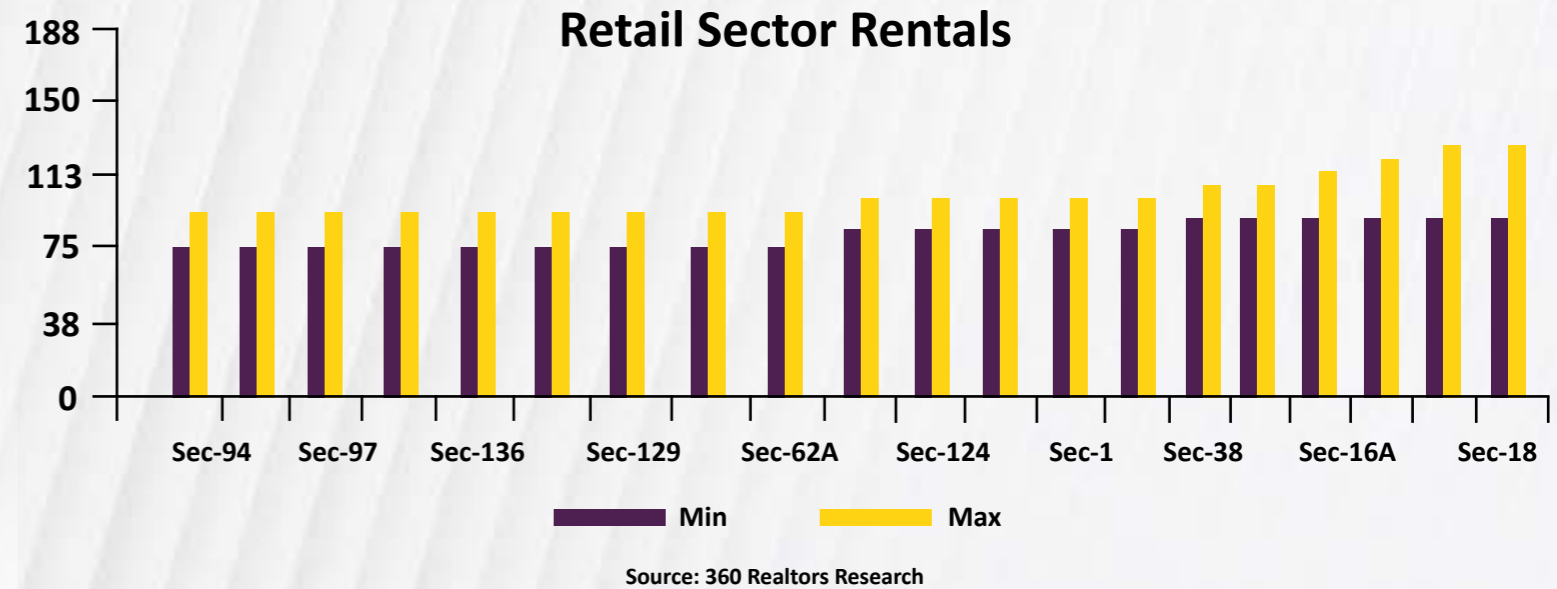
In 2019, the city witnessed outpaced leasing in few sectors such as Sec-62, Sec-63, Sec-2 to Sec-6, Sec-10. Sec-16, Sec-18, Sec-57 to Sec-60, Sec-64, Sec-65, Sec-125, Sec-126, Sec-132, Sec-136 & Sec-142. Considering the previous year's demand, sectors such

as Sec-16, Sec-18, Sec-62 & Sec-132 will infuse the leasing process in the near future. In the first quarter of 2020, few sectors demonstrated steadfastness in leasing in the city.

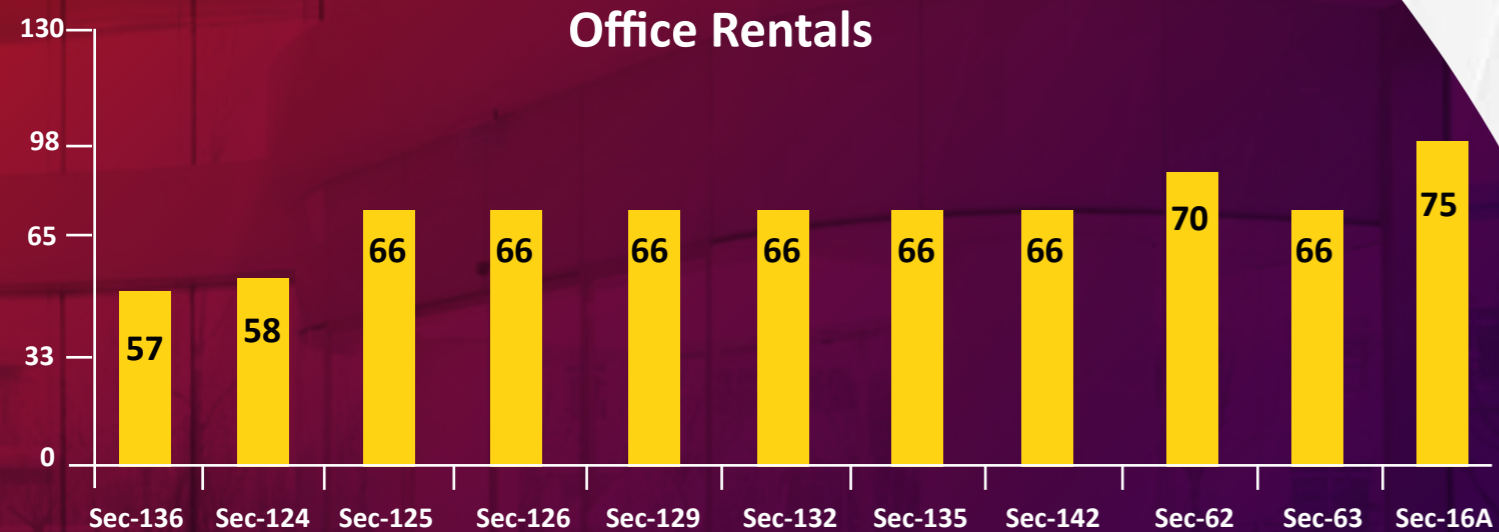


The average rentals of commercial spaces(NON-IT / ITES Spaces) accounted for INR 60/sqft per month & the sales prices range between INR 8000 – INR 15000 psqft.

Micro Market wise Rentals Analysis Office Vs Retail



Office Rentals



Source: 360 Realtors Research

The major commercial zones of the city are Sec-62, Sec-16A, Sec-18, & Noida Expressway. These sectors have both Grade-A & Grade-B buildings. Sectors such as Sec-62 & Sec-16A accounted for higher rentals of INR 70/sqft & INR 75/sqft due to the prime location of Noida, characterized by good connectivity & suitable Infrastructure for businesses. The second most thriving market is Noida Expressway comprising grade-A office spaces, better infrastructure

& better connectivity with Delhi & offering average rentals of INR 66/sqft per month. The remaining sectors like Sec-136, Sec-124 have average rentals ranging between INR 57 – 58 sq ft. While in the retail segment, Sec-18 & Sec-32 are the major markets & constitute higher concentration of spaces & rentals. Sectors 62 to Sector-94 share average rentals of INR 90/sqft while Min & Max rentals range between INR 80 – INR 100/sqft.

SEZ Sectors



Source: 360 Realtors Research



Transaction Lease

In the first quarter of 2020, Noida led the transaction activity in NCR. The leasing activities are driven by major companies like ABP News, Apollo Tyres, Gen-

pact India & Skootr. Domestic companies & Startups have shown interest in buying value-added office spaces.

Major Lease Transactions in Noida in Dec'19- Mar'20

Company Name	Building Name	Area (in Sqft)	Location
Genpact India	Assotech Business Cresterra	250,000	Noida Exp.way
LG	Sahi Tower	200,000	Sec-16B
Skootr	Candoor Techspace	33,000	Sec-135
Apollo Tyres	Soverzon Tower	20,000	Noida
Yaantra	A-47	70,000	Sec-58

Key Prominent Commercial Projects

Building Name	Micro Markets	Type
Grandslam I-Thum	Sec-62	Office
Noida One	Sec-62	Office
World Trade Tower	Sec-16	Office
Logix City Mall	Sec-32	Retail
Great India Palace	Sec-18	Retail

How do we foresee Noida Market

COVID-19 has changed the world order and even the leading global economies have been drastically impacted by this pandemic. Real estate globally has faced the heat but has somehow managed to keep the show running. In India too with the help of technology, realtors are running the businesses but at the backend, things have been hit drastically - construction is at a standstill affecting the new supply of office & retail spaces. This pandemic has cut a swathe through the office market globally & has put everything in wait & watch mode for a certain period.

In Q3 & Q4 of 2019, the Noida market witnessed unprecedented growth in leasing, leading in NCR & becoming the front runner with around 80% leasing. Co-living, Student housing, Training institutes, and large campuses have already witnessed maximum absorption in North India. Steady demand and quality infrastructure with increasing around for live, play and work continues to earmark it as the address of the New World.

Now in Q2 & Q3 of 2020, the scenario will change due to slowdown in decision making on leasing. But we anticipate that few segments in commercial may lead the pack & show rapid ascent.

Fundamentally, industrial demand is high in NCR. Noida will have an edge with clear zoning and this destination is slated to be the preference of small to mid-size setups.

Ready to Move in Properties – Developers will find it tough to adhere to deadlines due to the lockdown.

Thus, constructions will be on hold. This will prompt investors or companies to shift towards RTM spaces either as fresh uptake or rented properties.

Warehouses – Warehouse segment is the biggest beneficiary in the pre- & post-COVID-19 outbreak. E-commerce companies, FMCG products, health-care products have witnessed accelerated demand during this lockdown. Ecommerce products Display, Distribution, and supply chain for Essentials will have hubs in Noida to also cater to UP and other states through its network of new highways. This would open up a large opportunity for the warehouse in the near future.

Hospitality - In the hospitality sector, we still foresee a huge captive demand by the city as no ready keys are available towards Sec-32, Sec-74, and Extension. Serviced rooms or mid-scale Hotels with Banquet facilities have tremendous potential in the medium term.

Co-working Spaces – Co-working spaces would also gain momentum post-lockdown. During the lockdown, the work culture has altered & organizations are embracing “Work from Home”. So, post-lockdown, the companies would first & foremost concentrate on cost management and employee wellness & that will create a thriving opportunity for the co-working segment to generate demand.

In general, projects with higher returns will continue to be in demand. End users will start the actual movement in the next 2-3 quarters. However, the underlying fundamentals will stay strong.

Disclaimer

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