



PROPERTY ONE ASIA RESEARCH

**PUNE COMMERCIAL REAL ESTATE
MARCH 2009**

ASIA COMMERCIAL

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AT A GLANCE

- Conventionally home to many automobile companies i.e. Bajaj, Tata Motors, Kinetic Engineering, Daimler Chrysler and many more.
- Home to many IT companies such as Infosys, TCS, Wipro, Tech Mahindra, Satyam, Accenture, IBM and many more.
- The 2nd qtr. saw a marginal decrease in lease rentals in all locations of Bund Garden, S.B Road.
- Base rent at areas such as Bund garden and all have come down from Rs. 150 to 100 per sq. ft.
- Locations such as S.B. Road and Model Colony are fetching around Rs.70-80 per sq. ft.
- Major IT parks situated in areas like Hinjewadi and Magarpatta fetching around Rs. 30 per sq. ft.
- Base rentals in suburban areas like Kalyani Nagar, Vimannagar and Hadapsar range between 45-50
- Capital value in areas of Bund Garden has come down from Rs. 15000-20000 to Rs. 12000-15000.
- Thus we see capital value to decline by almost 20%.
- There is vacancy rate to an extent of 8% in Dhole Patil Road where there used to be 100% occupancy.

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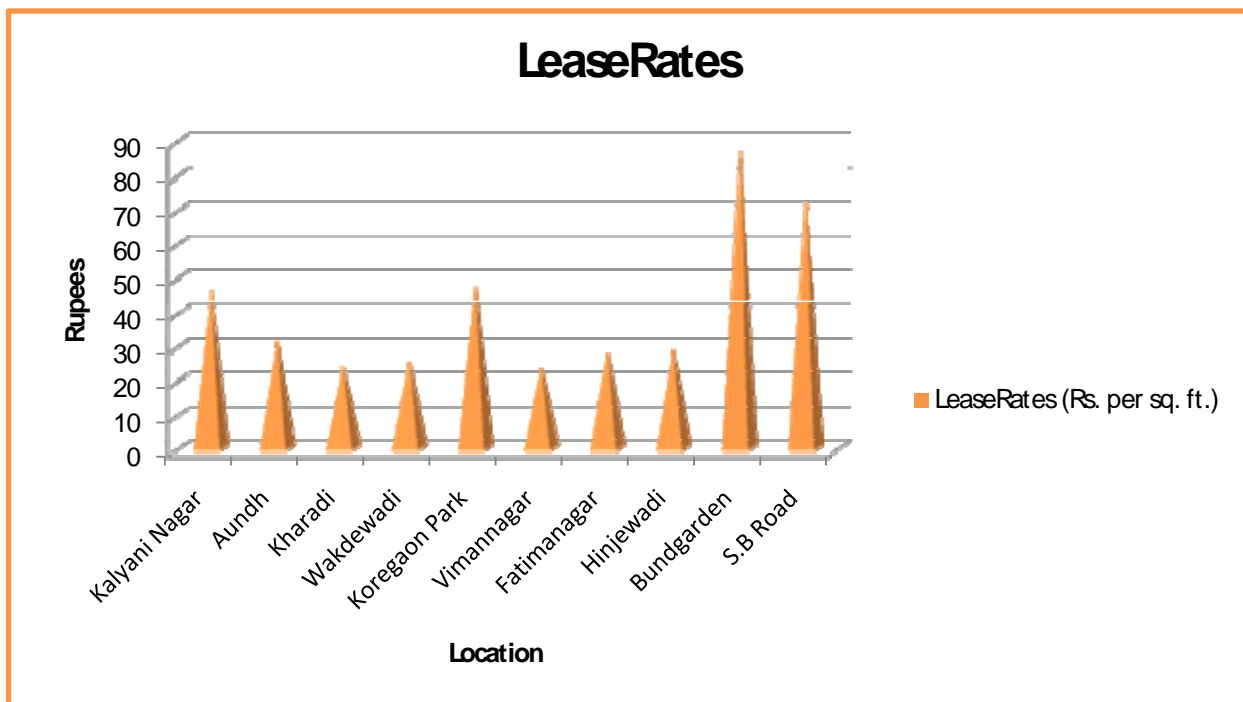
Upcoming Projects in Pune

Project/Developer	Location	Area	Lease rate (Rs. per sq. ft.)	Status	Capital Values (Rs. per sq. ft.)
Vascon Engineering:					
Marisoft IV	Kalyaninagar	130440	45-50	Complete	4500-5000
Marisoft III	Kalyaninagar	265935	45-50	Complete	4500-5000
Marisoft II	Kalyaninagar	88617	45-50	Complete	4500-5000
Marisoft I	Kalyaninagar	114009	45-50	Complete	4500-5000
Weikfield IT INFO Park	Nagar Road	550000	40-45	Upcoming	4000-4500
Phoenix	Hinjewadi	500000	30	Upcoming	3000-3500
Matrix	Wakdewadi	250000	25-30	Upcoming	2500-3000
Almonte IT Park	Kharadi	332000	25-30	Upcoming	2500-3000
Kumar Builders					
Cerebrum IT Park	Kalyani Nagar	1000000	45-50	Complete	4500-5000
Mantri Developers					
Business@Mantri	Kalyani Nagar	1060000	45-50	May 2009	4500-5000

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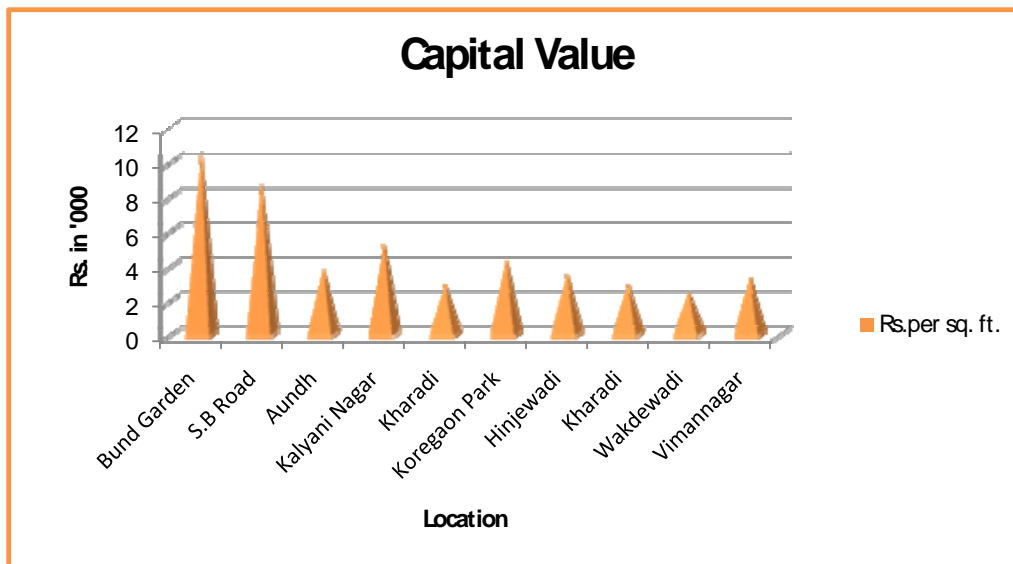
LEASE RENTALS



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CAPITAL VALUE



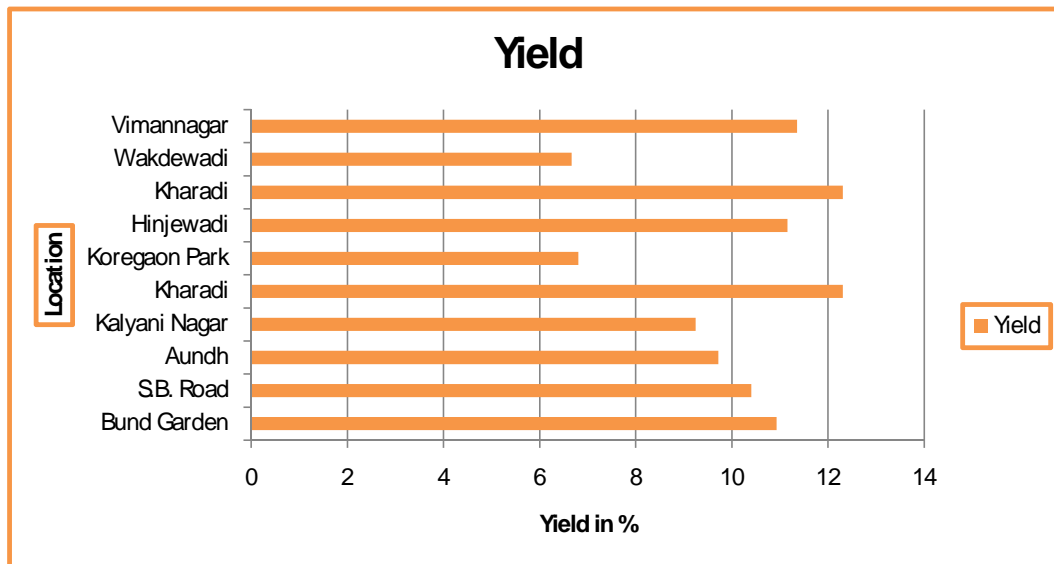
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YIELD

Yield which is generally expected is 10% of the capital value. As stated by one of the major developers in Pune, Kumar Builders, they certainly expect a yield of 12-14%. The gap between yield expectancy and actual yield is the fall in lease rentals and capital value.



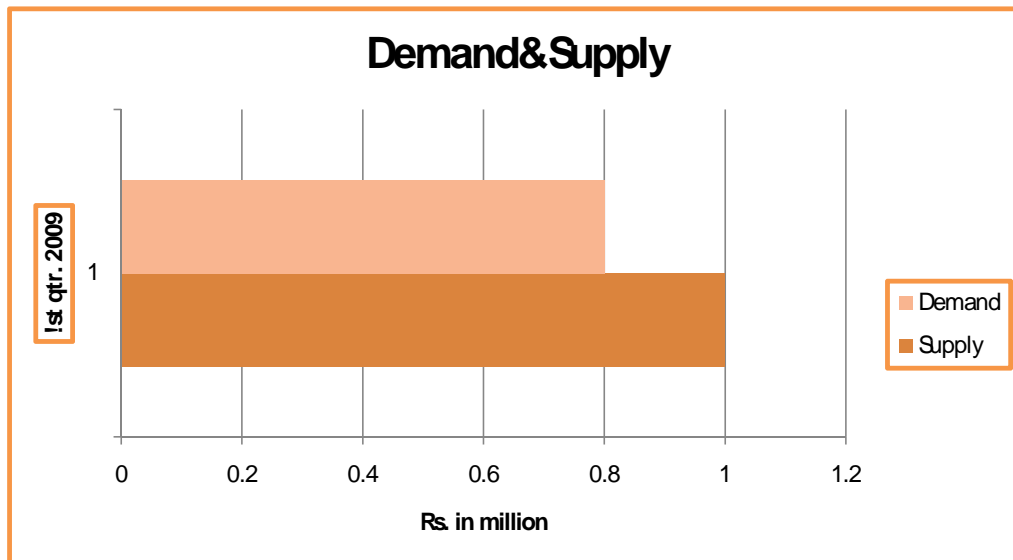
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DEMAND-SUPPLY ANALYSIS

The overall supply available in Pune is to the range of 1 million sq. ft. The demand in Pune is 80 lakhs sq. ft. Thus the gap of 20000 sq. ft. is because of lack of demand for commercial space.





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OPINION

Pune is growing majorly as an IT Hub and thus development of commercial spaces and IT parks are at a full swing. Pune developers follow a vicious circle i.e. they buy lands when it is at a lower rate expecting to sell it when the rate is higher. This trend has been followed in Pune since long and it still remaining.



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