



Delhi

Market Overview

- The National Capital Region (NCR) saw new supply of 3.08 million sq. ft. in 2005
- Many of the new buildings are located along Delhi's new Metro rail link system
- Because Delhi and Gurgaon are bordering cities, many of their business districts intersect and often reflect similar rental, absorption and vacancy rates

Commercial Market

- Some major companies in the commercial sector of Delhi and Gurgaon are Motorola, Oracle and Aviva
- The Central Business District (CBD) rental rates increased by 10-20% due to a rise in occupancy rates
- By the end of 2005, 300,000 sq.ft of additions was completed in Off-CBD locations
- An additional 600,000 square feet of office space is anticipated for completion by the end of 2006
- In 2005 Delhi's commercial office stock increased by 380,000 sq. ft with an absorption of 440,000 million sq. ft
- Shastri Park and Eros Corporate buildings are two high demand commercial office facilities
- The districts that currently are in demand in the commercial market are Saket, Jasola, which will receive around 750,000 million sq.ft. of office space in the early part of this year

Economic Indicators

- Projected GDP growth for India in 2006 is 8.1%
- The inflation rate in Delhi is currently 4.28%

Commercial Rental Rates (US\$ /Sq. ft./Month)			
Downtown Office	Low	High	Vacancy
New Construction (AAA)	\$1.58	\$2.00	N/A
Class A (Prime)	\$2.25	\$3.42	5%
Class B (Secondary)	\$1.58	\$2.25	10%
Suburban Office	Low	High	Vacancy
New Construction (AAA)	\$0.83	\$1.00	N/A
Class A (Prime)	\$1.16	\$1.33	3%
Class B (Secondary)	\$0.91	\$1.00	5%



Connaught Place is the commercial center of Delhi

Retail Market

- Shoppers' Stop, Ebony, Barista, and McDonalds have already set up shop in many of the retail districts of Delhi
- Wal-mart, Tesco, Carrefour, and Casino Group are making efforts to enter India's new markets
- These multinational corporations will help set supply chains and lower overall rental prices
- The retail market is currently estimated at US\$205 billion and projected to grow by 5% annually for the next couple of years
- Average rental rates for malls in Delhi is between US\$2.70 to US\$3.00/sq.ft./month in Delhi and US\$1 to US\$2.70/sq.ft./month in Gurgaon
- To reduce risk, many developers are providing a mix of retail with commercial office space
- By the end of 2007, the NCR of Delhi will receive around 18 million sq. ft. of mall space
- Of the proposed 55 malls to be added within the next few years, 30 of them will be in Saket, Shivaji Place, Janak Puri, and Pitampura, the key retail centers



IBM India Research Laboratory, established in 1998 as the eighth IBM research lab, is located on the campus of the India Institute of Technology in New Delhi

Retail Rental Rates (US\$ /Sq. ft./Month)			
Location	Low	High	Vacancy
Downtown	\$2.25	\$5.41	2 %
Regional Malls	\$1.83	\$2.50	20 %

Incentives

- Subsidy of 50%, up to Rs. 50,000, of investments in anti-pollution equipment
- Reservation of 10% factory sheds for women entrepreneurs to be allotted at Jhandewalan Complex
- Finance at the rate of 12.5% through Delhi Finance Corporation(DFC) for women entrepreneurs
- DFC term loans for small and medium scale industries
- DFC guidance for new entrepreneurs on identifying projects and filling loan forms.
- Delhi State Industrial Development Corp. (DSIDC) support investors on project evaluation and market surveys.

Industrial Market

- There is an estimated 8-10% growth in the industrial sector over the next 15 years, making it the second largest in emerging global markets
- Major industrial areas in Delhi and Gurgaon are Udyog Vihar, NH-8, IMT and Manesar
- Overall these districts experienced an increase of land prices by nearly 20% in 2005
- Nearly 1.97 million sq. ft. of industrial office space was added to the supply in 2005

Industrial Rental Rates (US\$ /Sq. ft./Month)			
Type	Low	High	Vacancy
Bulk Warehouse	\$0.66	\$0.83	15%
Manufacturing	\$0.58	\$0.66	20%
High Tech/R&D	\$0.58	\$0.66	15%

Labor

- The literacy rate in Delhi is 81.8%
- The unemployment rate in Delhi is currently at 4.3%
- Some of the universities located in Delhi are:
 - Indian Institute of Technology (school of sciences)
 - University of Delhi (school of medicine, engineering, and management)
 - Indraprastha University (school of management)
- The average monthly salary for an employee in Delhi is between 20-25% of what would be paid in the US for a comparable profession



University of Delhi



DLF Centre

Some Top Buildings



- Birla House
- Narain Manzil
- DLF Centre
- Cyber Greens
- Infinity Cyber Parks
- Unitech Cyber Parks

Outlook for 2006

- Based on the market trend for 2005, office rental values are expected to increase by 20% by the end of 2006
- The demand is likely to remain relatively stable for the 2006 retail market due to the large expected supply

Short Term Outlook

Rental Rates

Office	
Industrial	
Retail	