



### Mumbai

- Mumbai is the capital city of the state of Maharashtra and the most populous city in India with over 13 million people. It is the sixth most populous metropolitan area with over 25 million residents.
- It is located on India's west coast, on the shoreline of the Arabian Sea. Seven islands were joined together to form the city of Mumbai.
- Mumbai is famous for its vibrant night life because it has many bars, clubs, and restaurants that suit every taste.
- Mumbai is one of the most important commercial, entertainment, financial, historical, and cultural centers in India. Key industries in Mumbai include film and television (Bollywood), manufacturing, financial, IT, and tourism.
- In 2006, Mumbai had an economic growth of over 9% and it is expected to continue experiencing good economic growth during 2007. Mumbai contributes more than 4% of India's GDP, 40% of India's income tax collections, and 60% of India's custom duty collections.



Mumbai, India

### History

- Mumbai was under control of East India Company during many years, and then the British government controlled it until India gained its independence in 1947.
- In the last two centuries Mumbai developed into a major city and trading port, which attracted many people to the area and made it the most populous city in India.
- Mumbai was formerly known as Bombay, but its name was officially changed in 1995.
- The name of Mumbai comes from the legendary goddess Mumba Devi, mother of Marathi.

### Climate

- The weather is humid most of the year because Mumbai is a coastal city; however, it is never too hot or too cold.
- The annual average temperature is around 72 °F.
- It rains heavily during the monsoon season. Annual rainfall is around 78 inches.

**Real Estate Market Overview**

- The real estate market in Mumbai has been strong since 2000, and it is expected to improve even more in the future because the market keeps growing every year.
- Mumbai continues to attract many foreign and domestic enterprises that want to take advantage of the benefits that this market offers.
- The industrial and retail markets have plenty of stock, but the office market has not been able to meet demand; however, new space is expected soon.
- Finding space and negotiating with landlords is no longer a big issue because these transactions are very common these days.
- According to the Environment Act of 1986, it is mandatory to obtain environmental clearance from the government before any construction takes place. The downside is that it can take some months to get the construction permit.
- The residential sector had a strong volume of absorption, and it is expected to continue the same during this year.



Mumbai Stock Exchange Building

**Labor Force**

- Mumbai’s good economy attracts a wide variety of skilled workers that satisfied the demand of different industries.
- A big percentage of the workforce speaks English, which facilitates operations for many foreign companies.
- The University of Mumbai is one of the best universities in India, and it is the university with the highest graduate rate in the world. The university has two post-graduate centers, 354 affiliated colleges, and 36 departments, which prepare the working force of Mumbai.
- Literacy rate is 77%, which is higher than national average.

**Economic Indicators**

	2006
<b>Inflation Rate</b>	5.2%
<b>Unemployment Rate</b>	7.6%
<b>Real GDP Growth</b>	9.2%



University of Mumbai

**Global Companies in Mumbai**

- JP Morgan Chase
- NCR
- Google
- Microsoft
- Citigroup
- Adobe
- Fidelity Investments
- Merrill Lynch

**Domestic Institutions in Mumbai**

- Bombay Stock Exchange
- Reserve Bank of India
- National Stock Exchange



Chhatrapati Shivaji International Airport

**Contact Centers**

- With the improvement in telecommunication infrastructure, accent neutralization, and telecommunication quality, many US and European companies are moving their contact centers to Mumbai.
- From 1998 to 2003 more than 336 contact centers were built in India, and nowadays the industry generates more than \$2 billion.

**Office Market**

- The capital and rental values increased throughout Mumbai during 2006.
- Non-CBD areas have become very active due to the low levels of supply in the CBD area.
- Powai and Malad have emerged as the preferred IT and ITES destinations for multinational firms.
- New supply of Grade A during 2006 was very low, and the new spaces were leased out prior to possession. Demand for grade A office space is increasing.
- Most tenants prefer to renew their existing contracts rather than relocate because of the lack of Grade A supply.

**Office Rental Rates**  
(US\$/SF/Month)

Grade A	Rentals	Vacancy Rate
<b>CBD</b>	\$3.50 - \$5.80	6.5%
<b>Non-CBD</b>	\$1.36 - \$5.90	7.6%

Grade B	Average Rent	Vacancy Rate
<b>CBD</b>	\$1.24 - \$5.00	2.5%

**Logistics & Transportation**

- Mumbai has a natural harbor and its port handles half of India’s passenger traffic as well as a considerable amount of goods.
- Chhatrapati Shivaji International Airport, located in the suburbs of Santa Cruz and Sahar, is the busiest airport in India and South Asia. It handles 40% of India’s international flights, and it is served by 46 international airlines.
- The metro rail link system has over 60 stops throughout the business districts.
- Mumbai offers first class technology centers, well-connected highways and railways, numerous five star hotels, and a variety of restaurants.
- The expressway between Mumbai and Pune has helped the connectivity of both cities and their business activities



Hiranandani Complex in Powai, Mumbai

**Major Office Districts**

- Nariman Point
- Fort and Ballard Estate
- Bandra Kurla Complex
- Hiranandani Estates
- Powai
- Malad
- Navi Mumbai
- Kalina
- Andheri East
- Goregaon
- Vakola

**Major Industrial Zones**

- Thane-Belapur Industrial Zone
- Kalyan Complex Notified Area
- Taloja Industrial Zone
- Airoli Knowledge Park

**Retail Market**

- In During the year of 2006 the city of Mumbai experienced a considerable amount of construction of retail space.
- In this sector the rental and capital value remained stable, but the number of transactions increased during the second half of the year.
- Mumbai has 4.2 square feet of operational mall space. The Atria Mall opened it doors in the second quarter of 2006, and the new space constructed experienced strong pre-leasing activity.
- Most of the malls have low vacancy rates. Many of them have vacancy rates ranging from 2% to 5%, and the new ones have a vacancy rate of 2% - 20%.

**Retail Rental Rates**  
(US\$/SF/Month)

Vacancy Rate	Gross Rent
7.6%	\$5.60

Capital Value	Investment Yield
\$51.90	10.9%



Mumbai's coastline

**Forecast for Mumbai & India**

- If Mumbai continues growing at the same rate, it will have the world's 4<sup>th</sup> most populous metropolitan area by 2015.
- Some specialist predict that by 2035 India will be the third largest economy after the US and China if the economic growth continues at the same rate.



Gateway

**Industrial Market**

- The industrial market experienced a high level of activity in 2006. The majority of demand came from international high-tech companies.
- Airoli Knowledge Park attracts IT companies, biotechnology, telecommunications, and electronics.
- Zone II of Mumbai Metropolitan Region Development Authority is one of the major belts in India.
- Most enterprises continue to opt for built-to-suit or self-built facilities.

**Industrial Rental Rates**  
(US\$/SF/Month)

Average Vacancy Rate	Rentals
10%	\$0.83 - \$5.25

**Major Retail Centers**




- Cr2 in Nariman Point
- Phoenix Mills in Lower Parel
- Inorbit in Malad
- R Mall in Mulund
- Center One in Vashi
- Mega Mall in Andheri
- Palm Beach Galleria in Navi Mumbai
- City Center in Navi Mumbai

**Forecast for the rest of 2007**

- **Office:**
  - About 4.5 million square feet of new supply will be available in the year.
  - The market will witness a higher investor interest over the next two years, and the rental prices are likely to increase. Capital value will also increase in the short-term.
  - Vacancy levels in the non-CBD area will rise in the short-term.
  - The volume of transactions and absorption is expected to rise as the upcoming office buildings get completed.
- **Industrial:**
  - Demand for industrial space will increase due to Mumbai's strong economic performance.
  - The software industry will continue to demand more space in the industrial market.
  - Several IT and commercial projects are expected to hit the market during this year.
  - There will be high demand of space; however, it is unlikely that rentals will drastically increase.
  - Capital value is expected to slightly rise due to increase in land price for new projects.
- **Retail:**
  - Rental and capital values are expected to rise because demand is bigger than supply. There are many domestic and international retailers that are increasing their demand for retail space.
  - The sector will continue witnessing the current level of activities in terms of transactions.

**Short Term Outlook**

Rental Rates

<b>Office</b>	
<b>Industrial</b>	
<b>Retail</b>	

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