



INDIA'S NEXT

10 EMERGING MARKETS

ENGINES FOR FUTURE GROWTH OF COMMERCIAL
REAL ESTATE



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MESSAGE FROM CREDAI



It is with great pleasure that we introduce this insightful report, “**India’s Next 10 Emerging Cities: Engines for the Future Growth of Commercial Real Estate**”, being launched at the prestigious CREDAI NATCON event at Sherm El Shaikh, Egypt this year. India’s remarkable economic journey, poised to reach a US\$5 trillion economy by FY2026-27, is a testament to its rapid development and immense potential. The speed at which India is set to add nearly 2 trillion dollars to its GDP in just five years is truly remarkable, underscoring the country’s position as a global economic powerhouse.

This report, prepared in partnership with Cushman & Wakefield, delves into a critical aspect of India’s growth story – the rise of emerging cities as significant contributors to the commercial real estate landscape. As India urbanizes at an accelerated pace, our top-tier cities like Delhi-NCR, Mumbai, and Bengaluru have seen real estate markets consolidate and mature, while fast-emerging cities like Hyderabad, Pune, and Ahmedabad have carved their niche and continue to gain market share.

Cushman & Wakefield - India, leveraging its expertise, has identified 10 cities among the 17 shortlisted candidates as having the highest potential for future growth. These cities have been carefully selected based on a comprehensive analysis of critical indicators. Such factors are pivotal for occupiers seeking to expand their presence in new cities, as well as for national and international retail brands looking to tap into burgeoning markets.

The report’s analysis also covers key aspects such as infrastructure readiness, pertinent policies (particularly those related to IT/ITES and Start-ups), and an overview of the commercial real estate landscape in these cities. We trust that this compendium of information will prove invaluable for corporate occupiers exploring alternative locations beyond the top-8 real estate markets.

Our objective with this publication is to provide our members & readers with a comprehensive introduction to these emerging cities, shedding light on their essential infrastructure nodes and market maturity concerning core real estate developments. The intent is also to guide our member developers, the kind of opportunities that exist in their own domains. As we embark on this journey to explore the potential of India’s Next-10 emerging cities, I invite you to delve into the pages of this report, offering a glimpse into the promising future of India’s commercial real estate landscape.

Together, let us envision a dynamic and prosperous India where these emerging cities are the engines propelling us toward greater economic heights.

Warm Regards,
Boman R Irani
President - CREDAI (National)

MESSAGE FROM CUSHMAN & WAKEFIELD



India to assume its rightful place on the global arena has articulated its vision of becoming a US\$5 trillion economy by FY2026-27. We are one of the fastest growing world economies but to fulfill our ambition we need to further accelerate our pace of economic growth. Currently our 8 Metros carry a disproportionately large onus of the state’s economic output and growth. To meet our ambition, we need to create more metros – more hubs of economic activity and economic growth.

In this context, I am delighted to share our report “**India’s Next 10 Emerging Cities: Engines for the Future Growth of Commercial Real Estate**” prepared in partnership with CREDAI, at the 21st CREDAI NATCON event at Sherm El Sheikh, Egypt. The report sheds light on how India’s tier-2 cities, characterized by their bustling economies, improved infrastructure, and rising populations, are strongly emerging as key contributors in the nation-building narrative.

Thus far, India’s top-8 mega cities of Mumbai, Delhi, Bengaluru, Pune, Hyderabad, Chennai, Kolkata, and Ahmedabad have served as our nation’s economic and cultural hubs, drawing in talent and investments from across the globe. However, as we stand on the cusp of a new epoch, it is becoming increasingly evident that India’s tier-2 cities are soon going to add new power to the India-growth-engine, propelling the nation’s development story forward.

We have identified 17 tier-2 Indian cities in this report, where the economic development has already started reflecting deeply upon the growth of the commercial real estate sector. Out of these, 10 have been selected as the “most progressive cities” based on crucial factors such as rising interest amongst enterprises, growing consumerism & its impact on retailing, and affordable residential market positioning. From Kochi’s thriving IT sector to Jaipur’s vibrant jewelry & textile industries, these cities are diversifying their economic portfolios, creating job opportunities, and improving the overall quality of life for their residents.

It gives me immense pleasure to share through this report the list of India’s Next -10 emerging cities, in the sphere of Commercial Real Estate (CRE).

We have explored how these cities are harnessing technology innovation, and human capital through pro-active IT-ITES and start-up policies, in this report. We have also made an attempt to familiarize readers with the infrastructure and real estate development taking place along their key nodes.

I am confident that the report will help all stakeholders in the CRE world to strategically leverage the potential of these tier-2 cities and ride the growth wave along with India’s economic growth story.

Warm Regards,
Anshul Jain
Head of Asia Pacific Tenant Representation &
Managing Director, India & South East Asia

INTRODUCTION

India is well positioned to become a USD 5.0 trillion economy by FY2026-27, growing at a rapid pace from mildly over USD 3.0 trillion economy in FY-22, as per the IMF estimates. That's a steep rise of nearly 2.0 trillion dollars expected in a short time span of five years. The last time when that happened, it took nearly 14 years for the Indian economy to move from USD 1.0 trillion to its current levels of -USD 3.0 trillion.

In the last 10 years, India's urbanisation rate grew by nearly 5% points to reach ~36% as it stands today, having big influence on real estate markets. Delhi-NCR, Mumbai, and Bengaluru, which have been considered megapolis cities saw markets consolidate and mature further, whereas fast emerging cities such as Hyderabad, Pune and Ahmedabad gained significant market shares and today comprise of the top-8 real estate markets in the country. Going forward, this urbanisation rate is slated to move swiftly to over 40% by the end of the present decade, making strong and compelling case for newer cities to emerge.

At C&W India, we identified 17 cities across various regions of India where we observe healthy traction in overall real estate development basis office space enquiries, organised retail penetration, and mature residential market development. Of these 17 cities, we shortlisted 10 cities that holds the highest potential for growth in the foreseeable future. Therefore, in this paper, India's Next-10 most emerging cities is identified basis a thorough analysis of indicators that reflects growth pertaining to population, infrastructure, education, income, ease of living, and housing affordability. These factors are fundamental to most corporate occupiers of office spaces or national/international retail brands to expand their footprint into a new city.

A detailed analysis of the shortlisting framework along with a granular understanding of the Next-10 emerging real estate markets w.r.t. infrastructure, key policies (pertaining to IT/ITES and Start-up) and its commercial real estate market snapshot is presented in this paper. We hope that corporate occupiers who are looking at alternative locations for expansion beyond the top-8 real estate markets would find this compendium of information useful in their pursuit to offer employees a conducive and balanced work atmosphere. The purpose of this publication is to help readers familiarise with the city, its key infrastructure nodes, and its market maturity w.r.t. core real estate developments.



LIST OF 17 TIER-II CITIES IDENTIFIED BASIS REAL ESTATE MARKET MOMENTUM



📍 NORTH
 📍 EAST
 📍 SOUTH
 📍 WEST

A THE NEXT-10 CITIES

RISING URBANISATION A CATALYST FOR NEWER CITIES

Globally, over 50 percent of the population lives in urban areas as of recent estimates, and this share is expected to increase to 68 percent by 2050 (World Cities Report, 2022). India, being the most populous country of the world, has a significant contribution to make in this journey towards greater urbanisation. Nearly 36% of India's population resides in urban locations today, and this percentage is estimated to rise to over 40% by the turn of the current decade, going up further to reach 50% by 2050. This rising urbanization can put tremendous pressure on the existing infrastructure across the tier-I cities as it tries to fulfil growing demand for quality-built spaces. As a panacea, there has been increased focus on development of alternative cities that could likely emerge as the new growth engines for the economy as well as for the overall real estate industry in India.

URBAN POPULATION (% OF TOTAL POPULATION)



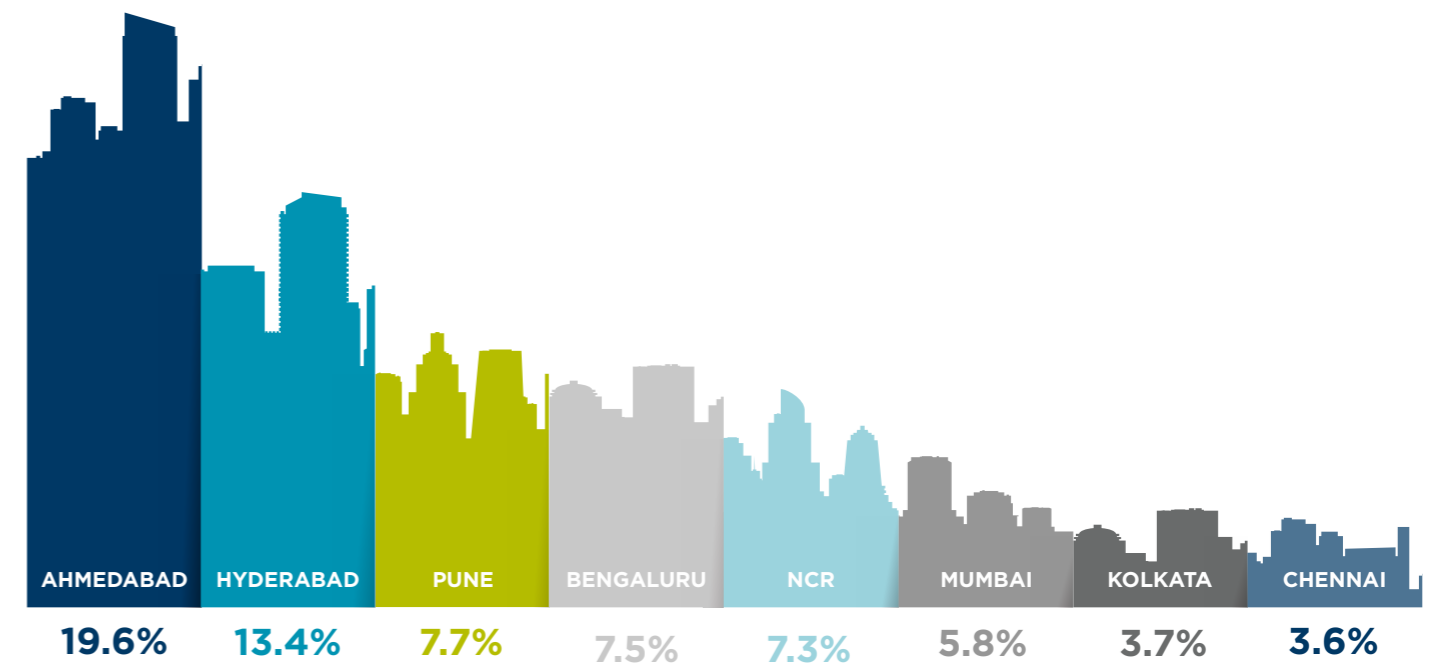
Source: World Bank Data

(F) - Forecasted

India's urbanisation rate has been rising at a faster pace since the previous decade. It had risen by 32% in 2013 to ~36% in 2023. In the decades prior to that, urbanisation rate grew by merely 2-3% in each of the 10-year periods. Interestingly, the 2013-23 period also coincides with Indian real estate market witnessing some newer cities emerge to capitalise on the incremental economic growth. The previously under-developed cities such as Ahmedabad and Hyderabad saw an annualised growth in Grade-A office inventory of 13-19% during this 10-year period, whereas tier-I metros of Mumbai, Delhi-NCR and Chennai saw much lesser growth. Even within the tier-I cities, micro-markets of Gurgaon, Noida, Thane and Navi Mumbai received bulk of this growth in office inventory, whereas the established micro-markets of Greater Mumbai and Delhi saw limited growth. As of today, these emerging micro-markets have become self-sufficient cities by themselves.

RISE IN GRADE-A OFFICE INVENTORY (2013 TO 1H - 23)

(CAGR%)



Growth in relatively under-developed cities took precedence in last 10 years

Mature markets grow at slower speed. Within these, higher growths observed in emerging corridors of Thane, Navi Mumbai, Gurgaon and Noida

The World Bank estimates for the medium-to-long run suggests that this increased pace of urbanisation rate in India would continue until 2050. This should result in more tier-II cities witnessing a higher rate of development in the commercial real estate space.

India's Tier II cities have garnered a lot of attention in recent years due to their immense economic potential amid the ongoing evolution of the real estate sector. Many of these cities are state capitals and the seat of political and administrative power. Connectivity of these cities has been improving steadily in recent years and expansion of the metro railways has been a significant development as far as transport infrastructure is concerned.

These cities are repositories of large talent pools that drive India's booming IT sector. During Covid-19 pandemic, a significant proportion of the talent pool that was based in the larger metro cities migrated back to their hometowns, often closer to some of the larger tier II cities. Therefore, these cities appear attractive not only in terms of talent availability, but talent retention as well. This is a welcome news for office markets in these cities, where availability of Grade A stock from reputed local and national developers is gradually on the rise.

Rising incomes and consumption levels have made these cities a magnet for retail investments. As large Grade-A malls and prominent highstreets are getting developed, India's tier-II cities are evolving into major consumption hubs, a trend that is likely to gain momentum in the coming years.

The residential sector has witnessed significant growth in many of these cities and they perform well on affordability parameter. There has been a slew of launches across key micromarkets of these cities by reputed local developers, and in certain cases, even branded national developers.

CONTENDERS FOR INDIA'S NEXT-10 EMERGING CITIES

Being at the forefront of office market development across major cities in India, at Cushman & Wakefield we identified close to 17 cities in the tier-II segment that were beginning to feature extensively in enquiries made by corporate occupiers of commercial office space. These 17 cities (all of them listed in the India map above) broadly represent all the regions of India (i.e., North, South, East and West) and are currently at different stages of real estate market maturity. Clearly, there is immense scope for some of these cities to witness a faster rise and become new frontier markets for the real estate industry.

EVALUATION METHODOLOGY

We used nine broad parameters to evaluate the economic prowess and potential attractiveness of the cities from a commercial real estate perspective. Parameters such as tertiary education enrolment, population size, and ease of living have been assigned the highest weights compared to the others, as these are essentially the foremost reasons for corporates to move their office base to a new location.

Population size determines the near-term development potential of the market and has a strong bearing on the immediate needs for infrastructure development and other public amenities.

In aggregate, infrastructure and connectivity parameters have been given respectable focus and attention as these are important drivers of commercial activity today. Multinationals as well as Global Capability Centers (GCCs) often would look for easier access to their base centers through convenient modes of travel. Besides, for migrating employees, the new-age transportation modes (such as metro rail) within the city are an important consideration. The Metro Development Index uses data that combines operational metro routes (in KMs) as well as under-construction and proposed metro routes.

Other indicators include population growth (for the latest census decadal period), house prices (to measure affordability across quality Grade-A projects) and GDP per-capita (to measure consumption potential or discretionary spending), all of which potentially offering a 360-degree view of the real estate market development potential across the selected tier-II cities.

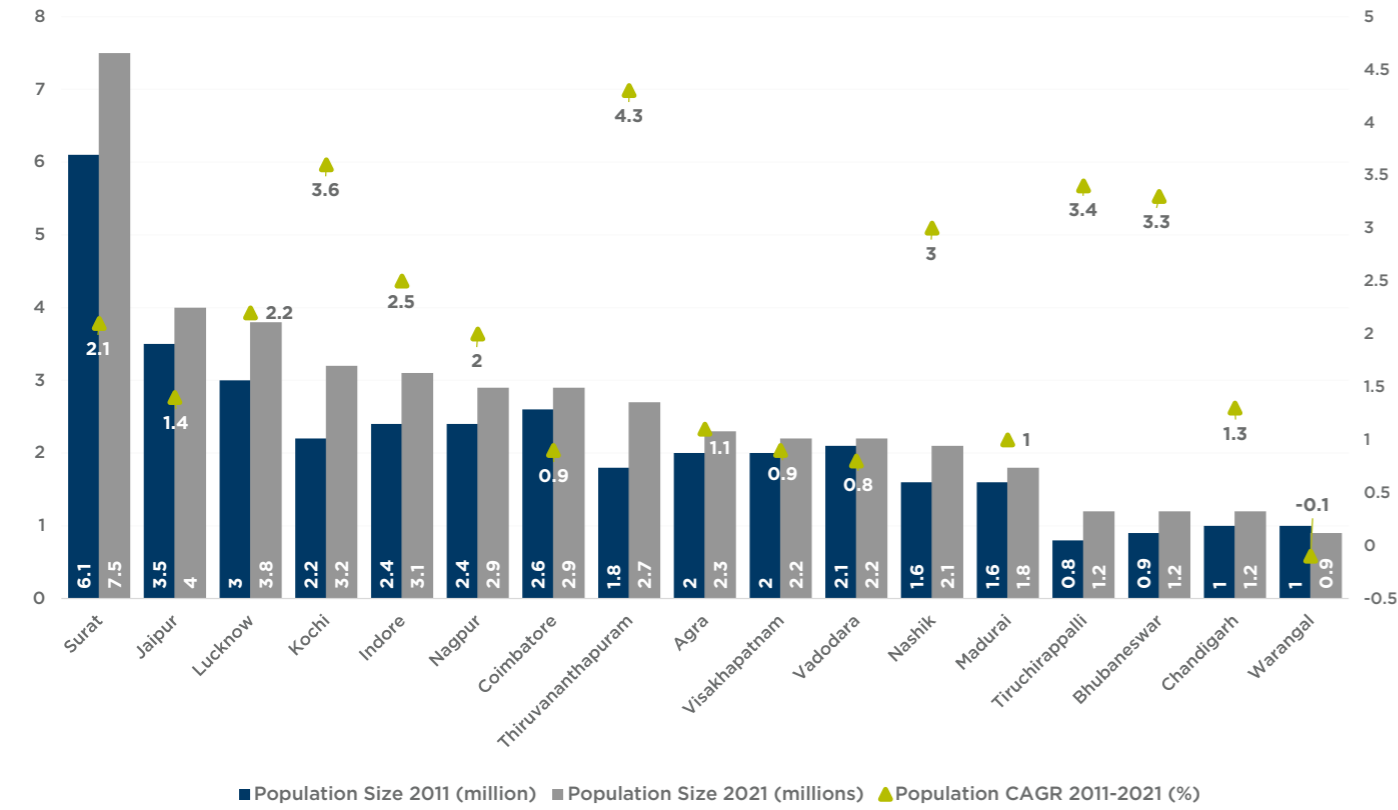
PARAMETERS & WEIGHTAGES FOR EVALUATING MOST PROMISING COMMERCIAL REAL ESTATE MARKETS

Population size Index	15%
Population CAGR Index (2011-21)	10%
Ease of living score	15%
International Air Passengers' Index	5%
Domestic Air Passengers' Index	10%
Metro Development Index	10%
Tertiary Education Enrollment (TER) Index	20%
House Price Index (HPI)	10%
GDP Per-Capita Index	5%



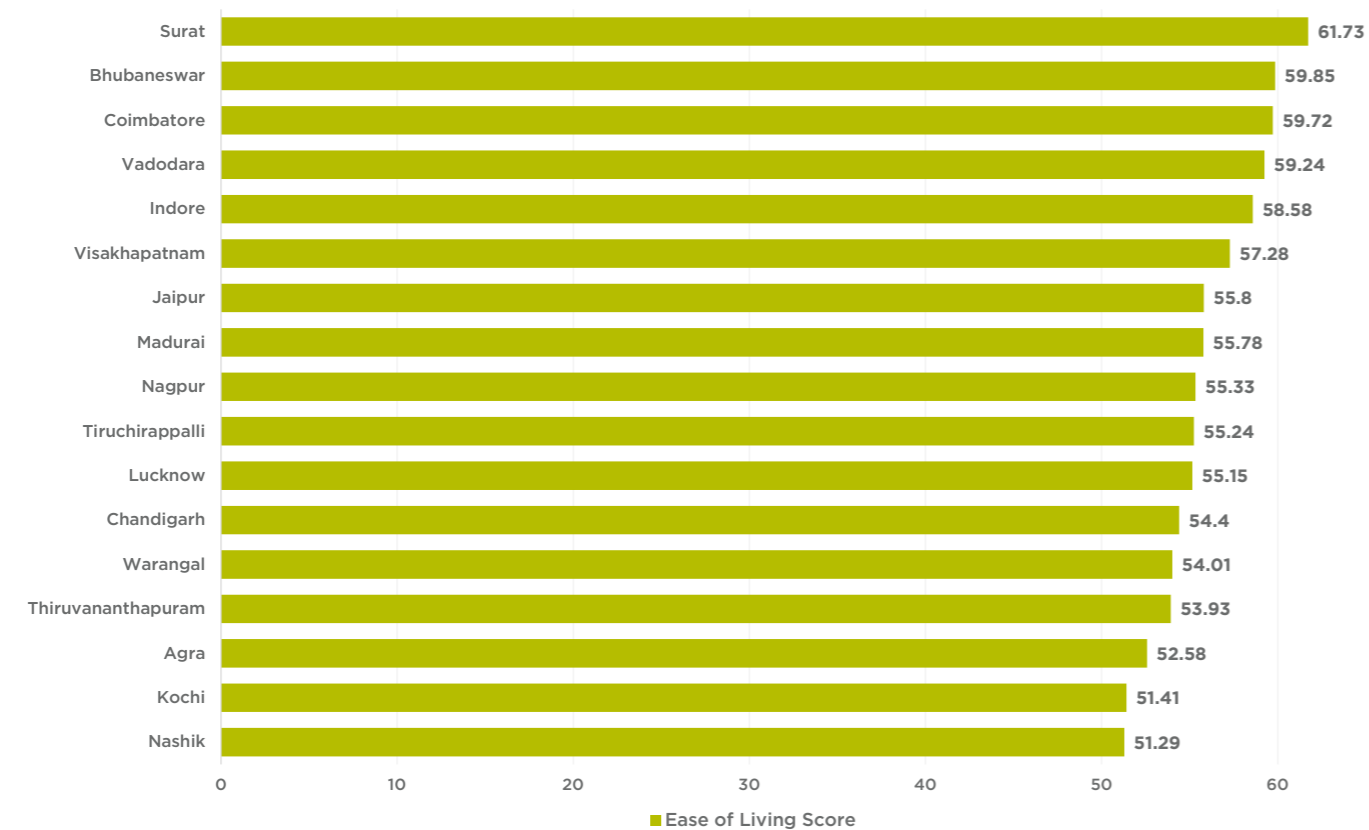
THE EVALUATION PARAMETERS THROUGH CHARTS

POPULATION SIZE AND GROWTH



Source: India Census 2011, Statistics Times, C&W Research

EASE OF LIVING

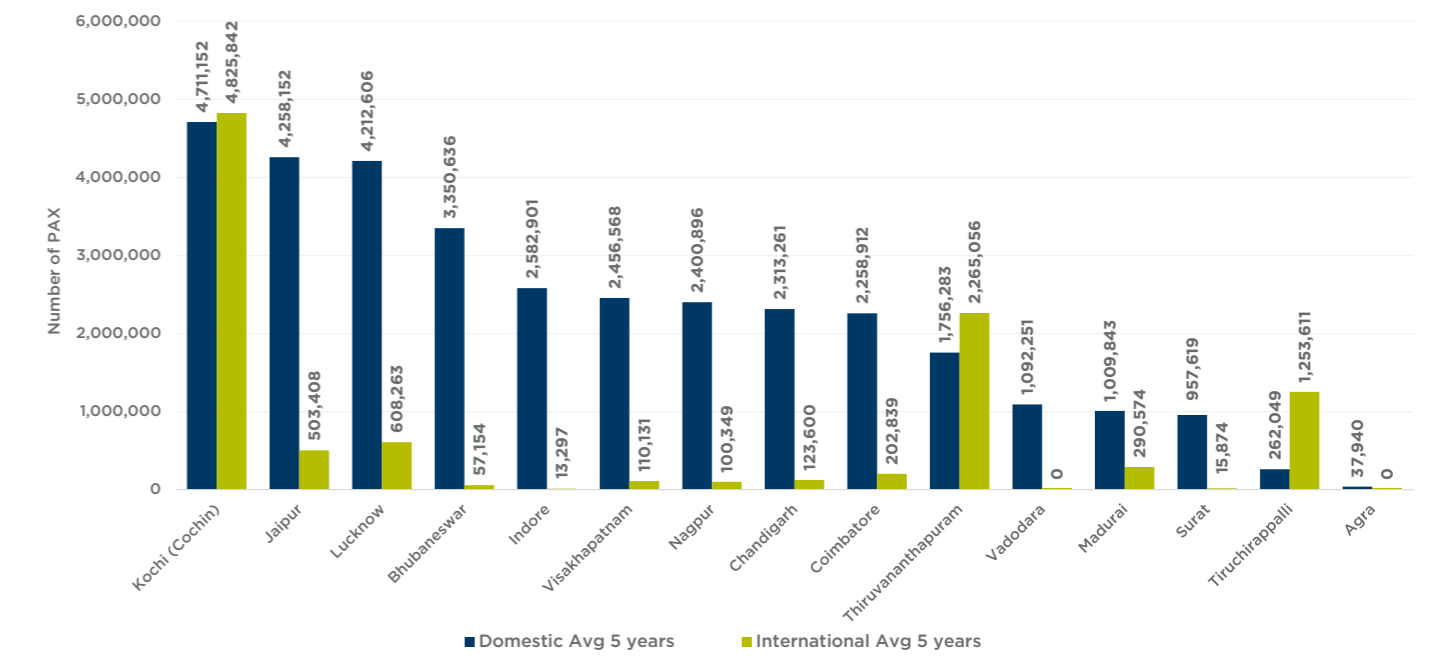


Source: Ministry of Housing and Urban Affairs India, C&W Research

INTERNATIONAL AND DOMESTIC PASSENGER VOLUME

A five-year average of international as well as domestic passenger volume is taken for very city and index scores calculated basis the passenger volume handled. All 17 cities are evaluated based on the derived index scores. Few cities such as Vadodara, Warangal and Nashik do not have international connectivity and, consequently, no index scores are calculated for these cities.

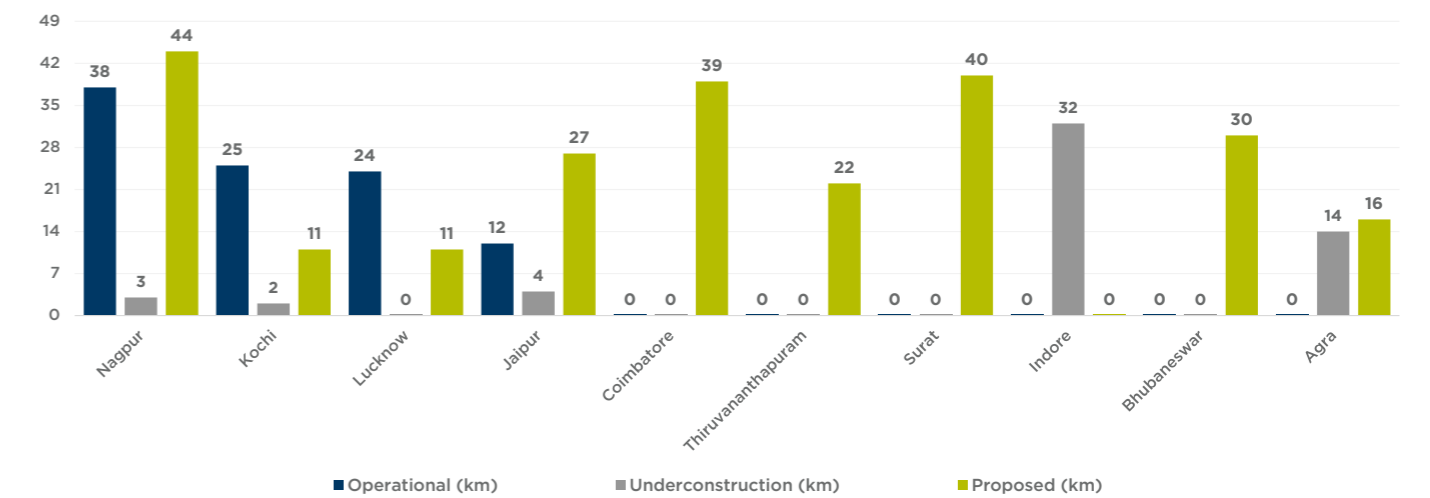
Air Passenger Traffic



Source: India DGCA website

METRO DEVELOPMENT INDEX

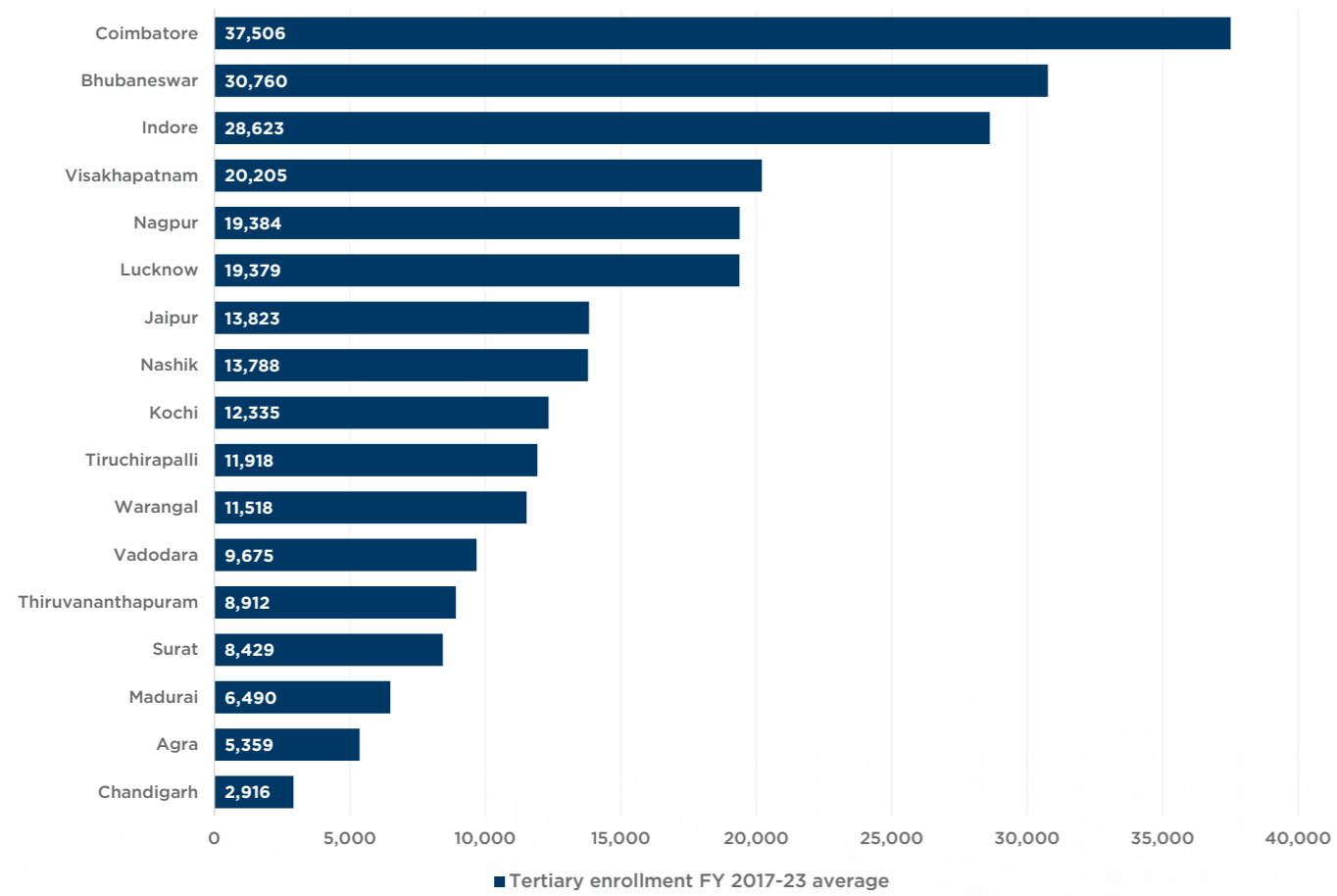
For calculating this index, we have used the existing rail routes (in KMs) and also the ones that are either under-construction or proposed. We assigned a higher weight to operational routes, with weights getting reduced as we move along from presently under-construction routes to the proposed routes.



Source: Metro Rail Corporation sites, few media articles

TERTIARY EDUCATION ENROLLMENT

City-specific five-year annual average tertiary enrolment figures are used to arrive at tertiary enrolment index scores for all cities, and these are used to measure locally available skilled manpower in the city.



Source: AICTE

GDP PER CAPITA

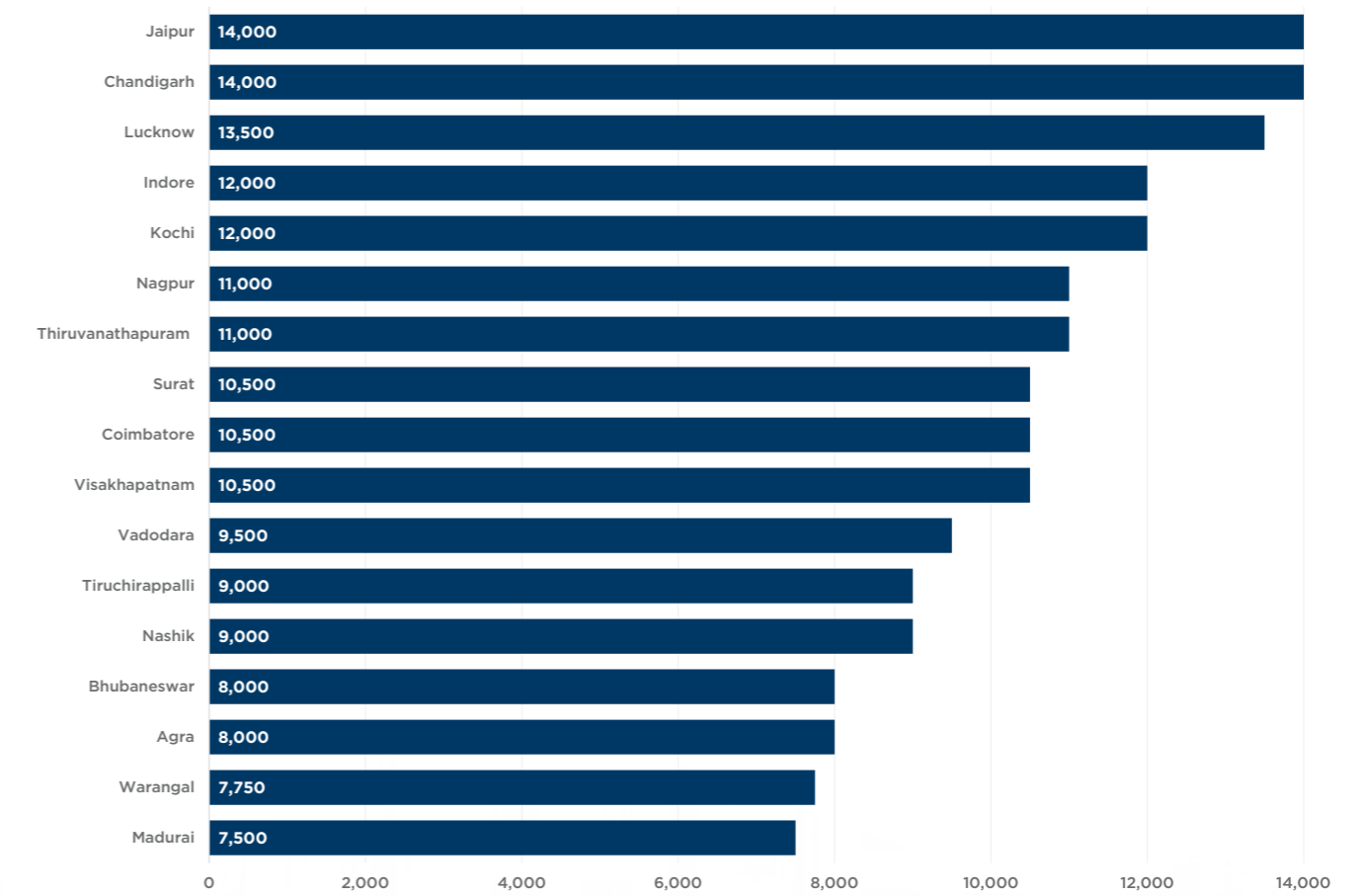
(in INR/annum)



Source: Metroverse Harvard database

RESIDENTIAL PRICE RANGE

Prime residential prices quoted on BUA (INR/SF)



Source: Property listings on 99acres.com, makaan.com, other property portals

PRECINCTS THAT WERE CONSIDERED AS PRIME RESIDENTIAL CORRIDOR FOR OBTAINING GRADE-A RESIDENTIAL PRICES:

Jaipur (C-scheme); Chandigarh (Sector-15); Lucknow (Gomti Nagar); Indore (Nipania); Kochi (Panampalli Nagar, Marine Drive); Nagpur (Dharampeth); Thiruvananthapuram (Kowdiar); Surat (Vesu, Adajan); Coimbatore (RS Puram); Vishakhapatnam (Seethammadhara); Vadodara (Alkapuri); Tiruchirapalli (Srirangam); Nashik (Sharanpur); Bhubaneswar (Saheed Nagar); Agra (Vaibhav Nagar); Warangal (Hanamkonda); Madurai (SS colony)



THE NEXT **10** PROFILE SNAPSHOT

City profiles are presented in alphabetical order

BHUBANESWAR

KEY INDUSTRIES

Information technology, aluminium manufacturing, iron and steel, paper products.



POLICY ENVIRONMENT

Odisha IT Policy 2022

KEY PROVISIONS	DETAILS
Incentives for IT Parks	<ul style="list-style-type: none"> For greenfield IT parks, capital subsidy at the rate of 25% of fixed capital investment in buildings and infrastructure facilities, excluding cost of land, subject to a ceiling of INR 20 crores. Such parks will be eligible for 100% reimbursement of stamp duty, registration and conversion fees.
Rental subsidy	<ul style="list-style-type: none"> IT units with over 40 employees to get rental subsidy at the rate INR 20/SF/month or 75% of actual rent paid, whichever is lesser. 50 SF carpet area per employee to be considered for rental reimbursement, total incentive capped at INR 12 lakhs per annum.
Stamp Duty Exemption	<ul style="list-style-type: none"> Eligible IT projects to get 100% stamp duty exemption on first transaction and 50% exemption on second transaction.

KEY PROVISIONS

Non fiscal incentive (Power Supply)

Incentives for new-age tech (AI/ML, Cybersecurity, AR/VR, Big Data, Cloud computing, IoT)

DETAILS

- Exemption of IT units from electricity duty, electrical inspection fee for 5 years.
- Reimbursement of electricity tariff at the rate of 30% for 3 years capped at INR 35 lakhs per unit.

- 100% exemption of stamp duty for first transaction and 50% exemption for second transactions.
- Reimbursement of 25% of lease rental charges, limited to INR 3 lakhs per year for 3 years.
- Reimbursement of 25% of fixed capital investment, limited to INR 10 crore.
- Reimbursement of internet charges upto INR 20 lakhs per year for 5 years.

Odisha Startup Policy 2016

STARTUP INCENTIVES	DETAILS
Monthly Financial Allowance	<ul style="list-style-type: none"> Monthly allowance of INR 20,000 for a recognized startup for 1 year.
Subsidized incubation	<ul style="list-style-type: none"> Subsidy of 50% of monthly rental of the incubation space (subject to a maximum of INR 5,000) for a period of maximum one year. Startup must be incubated at any of the incubators recognised by the Startup Odisha Initiative.
Product development/marketing assistance	<ul style="list-style-type: none"> Financial assistance of upto INR 15 lakhs to a recognized startup to introduce product in the market.
Need based assistance	<ul style="list-style-type: none"> Financial assistance on a case to case basis to a recognized startup towards cost of raw material / components and other related equipments.

POPULATION AND URBANIZATION

The area falling under the Bhubaneswar Municipal Corporation is almost 100% urbanized. Khordha District, which includes Bhubaneswar, has around **50%** urban population with Bhubaneswar City accounting for the highest urbanization.

TRANSPORT INFRASTRUCTURE MAP



*Note : 30 km metro corridor proposed, Detailed Project Report (DPR) has been submitted by Delhi Metro Rail Corporation (DMRC)

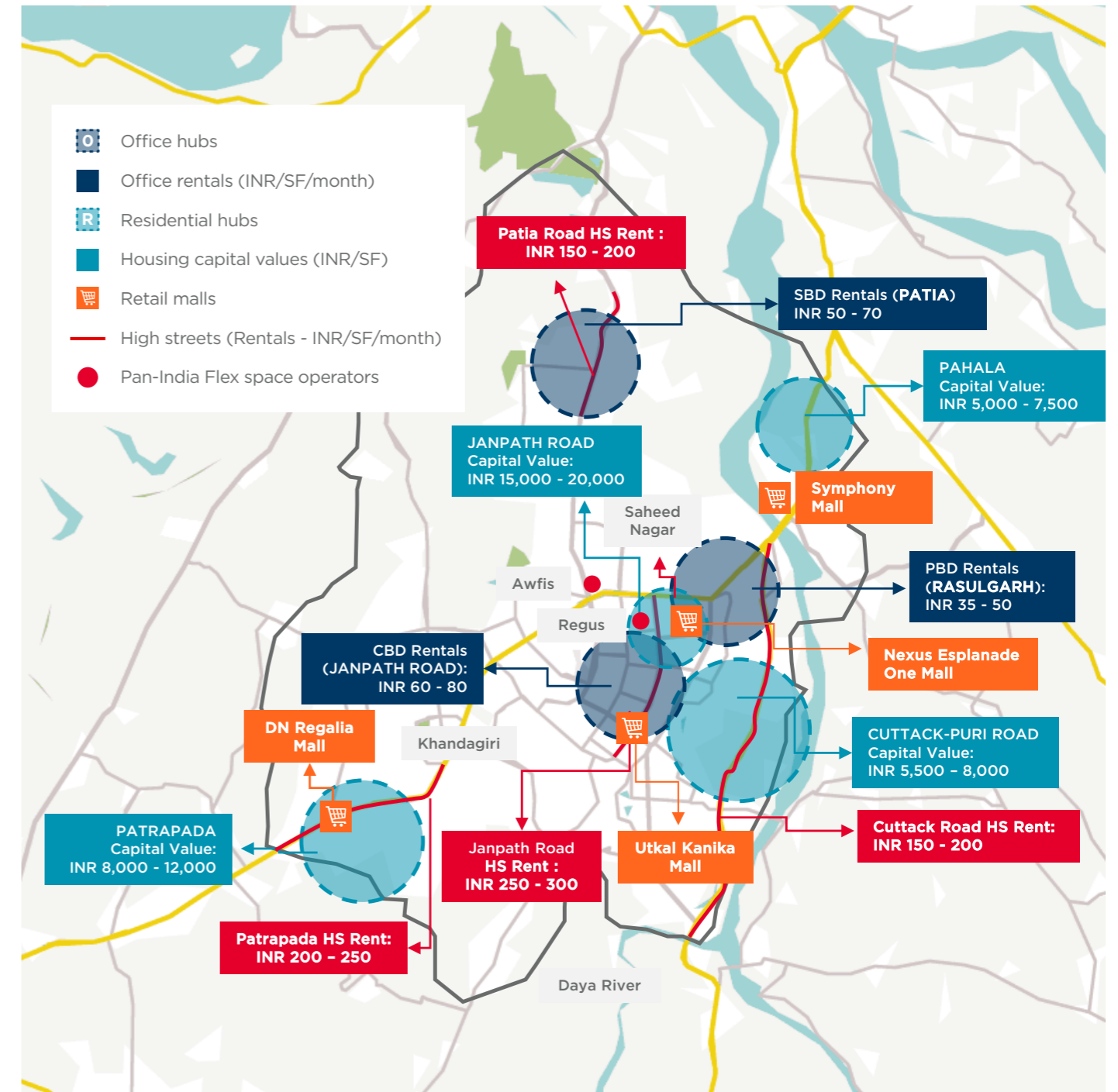
Note (i) - The city boundary denotes the boundary of the Bhubaneswar Municipal Corporation

Note (ii) - 30 km metro corridor has been proposed. Detailed Project Report (DPR) has been submitted by Delhi Metro Rail Corporation (DMRC)

Source: Ministry of Micro, Small and Medium Enterprises, Govt of India

REAL ESTATE SNAPSHOT

Office, retail and residential hubs



Note: Grade A malls in Bhubaneswar quote rentals in the range of INR 100 - 220/SF/month

COIMBATORE

KEY INDUSTRIES

Information technology, textiles, auto components, pump manufacturing, jewellery manufacturing.



POLICY ENVIRONMENT

Tamil Nadu ICT Policy 2018

KEY PROVISIONS

Electricity tax and stamp duty exemptions

Non - fiscal incentive (power supply)

FSI - related incentive

DETAILS

- Capital subsidy and electricity tax exemption on power purchased from TANGEDCO based on employment and investment in fixed assets.
- Startups and MSMEs in tier II cities to be provided 10% subsidy on lease rentals upto maximum of INR 2 lakhs per annum for a period of 3 years, subsidy given on office space ranging from 1000 to 5000 SF.
- 50% reimbursement of stamp duty and registration fee will be given on transaction of land/building for IT/ITES in tier II cities for first transaction.

- Dedicated feeders of more than 10 MVA to IT units if they pay for entire cost.

- Relaxation of FSI to a maximum extent of 100% permitted in all IT/ITES Parks in the state.

KEY PROVISIONS

Single Window Portal

Incentive for Emerging Technologies

DETAILS

- For faster clearances, single window facilitation to be enabled through Tamil Nadu Industrial Guidance and Export Promotion Bureau.

- State government will enhance training in technologies such as AI/ML, 3D Printing, IoT, Blockchain Technology, Data Analytics etc.

Tamil Nadu Startup and Innovation Policy 2018 - 2023

STARTUP INCENTIVES

Funding

Single Window Portal

Government Procurement Assistance

DETAILS

- Tamil Nadu Startup Fund of Funds of INR 250 crore to be set up.
- Tamil Nadu government will invest INR 75 crore in the fund.
- Tamil Nadu Startup Seed Grant Fund (TNSSGF) of INR 50 Crore with an allotment of INR 5 Crore in the first year to be created in partnership with Financial Institutions.

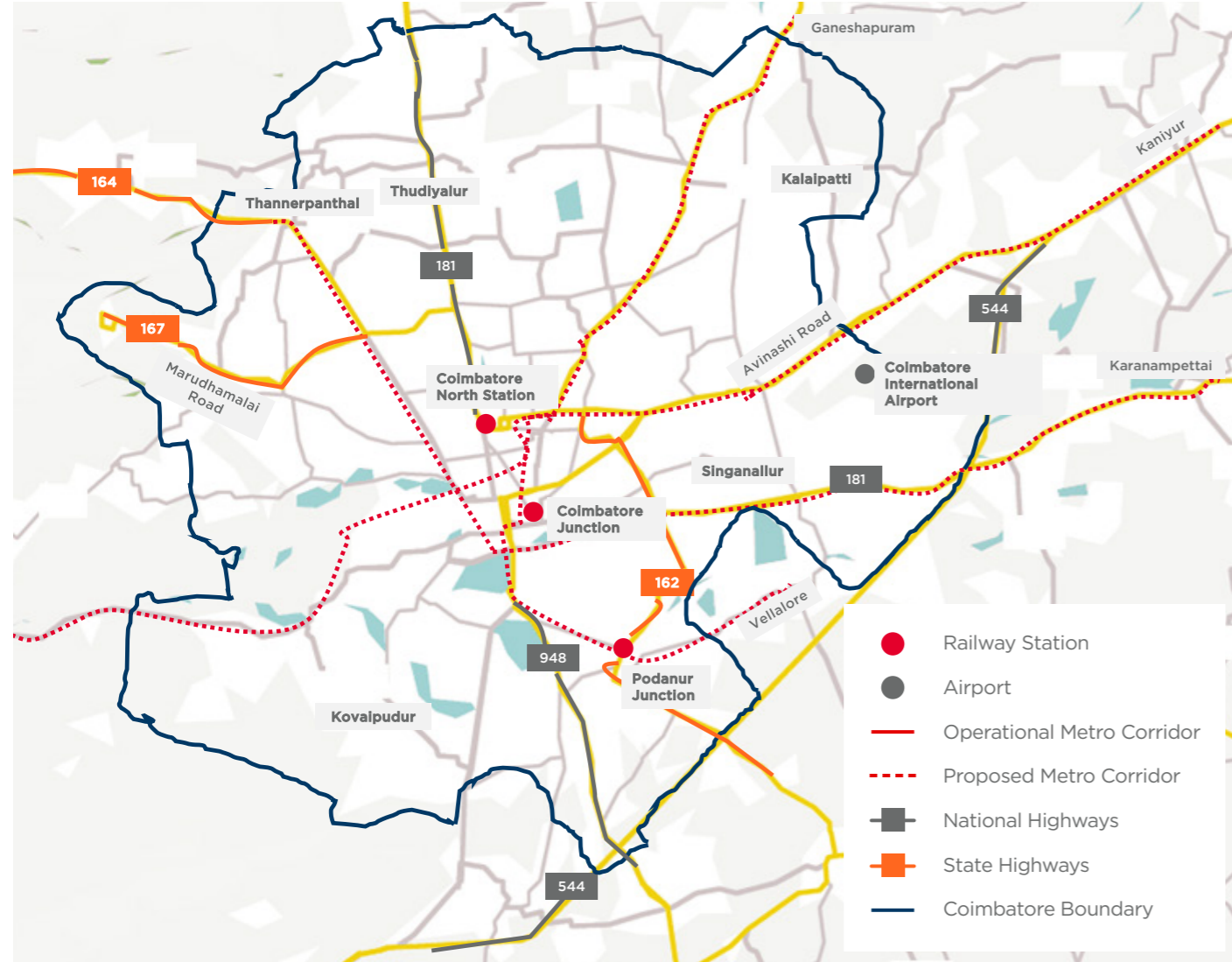
- Single window portal to be set up to facilitate registration, compliance, and certification of startups.
- Tamil Nadu Startup and Innovation Mission (TANSIM) will register a Startup within 10 days of online application.

- State government procurement policy to encourage participation of startups in tenders of smaller value.
- TANSIM to facilitate procurement of product/services of startups on pilot basis.

POPULATION AND URBANIZATION

Coimbatore District has an urban population share of around **76%** which is significantly higher than 48% urban population share in Tamil Nadu and 35% for the whole of India.

TRANSPORT INFRASTRUCTURE MAP

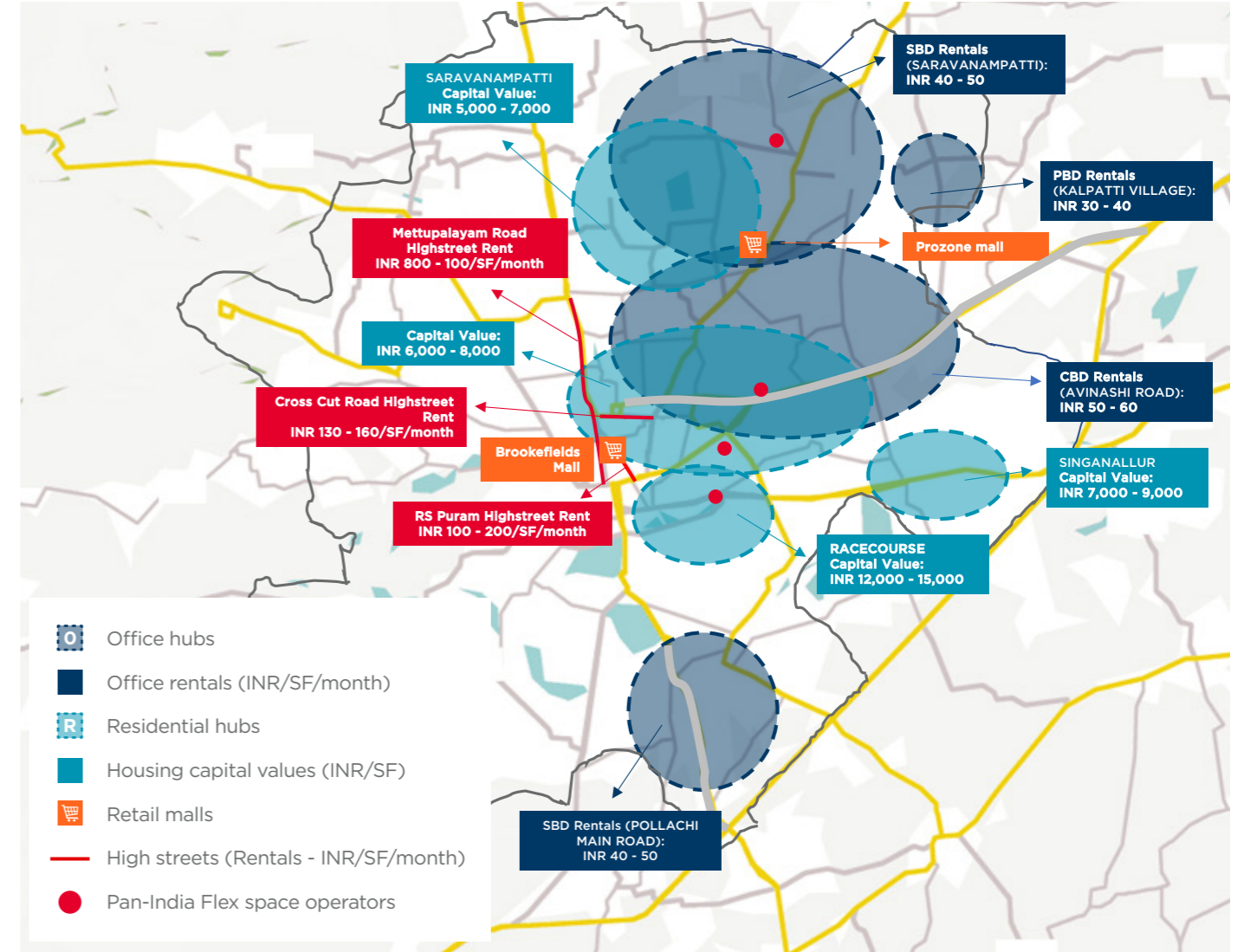


Note - The city boundary denotes the boundary of Coimbatore City Municipal Corporation

Source: Ministry of Micro, Small and Medium Enterprises, Govt of India

REAL ESTATE SNAPSHOT

Office, retail and residential hubs



Note - Grade A malls in Coimbatore quote rentals in the range of INR 100 - 180/SF/month

INDORE

KEY INDUSTRIES

Information technology, textile and garments, automobile.



POLICY ENVIRONMENT

Madhya Pradesh IT, ITES and ESDM Investment Promotion Policy 2016

KEY PROVISIONS	DETAILS
Interest subsidy on term loan for IT units	<ul style="list-style-type: none"> Interest subsidy of 5% of term loan. Maximum re-imbursalment will be INR 50 lakhs, over a period of seven years. Maximum amount that can be re-imbursed in a year would be INR 12 lakhs.
Capital subsidy for IT units	<ul style="list-style-type: none"> Capital subsidy of 10% for gross fixed capital investment (GFCI) upto INR 2.5 crores limited to INR 25 lakhs. Maximum capital subsidy of INR 50 lakhs.
Stamp duty concession	<ul style="list-style-type: none"> Stamp duty and registration charges shall be reimbursed to eligible IT units.
Special package for BPO units	<ul style="list-style-type: none"> Investment Promotion Subsidy will be provided to BPO/BPM units based on population of town in which unit is being established. Subsidy is limited to 75% of actual capital investment. Separate incentives to be provided for BPO operations.

KEY PROVISIONS

FAR relaxation

Single Window System

DETAILS

- IT units can avail a Floor Area Ration (FAR) of up to 2.5 or the maximum permissible FAR as per the Development Plan.
- MP State Electronics Development Corporation (MPSEDC) to act as a nodal agency for project clearance and facilitation.

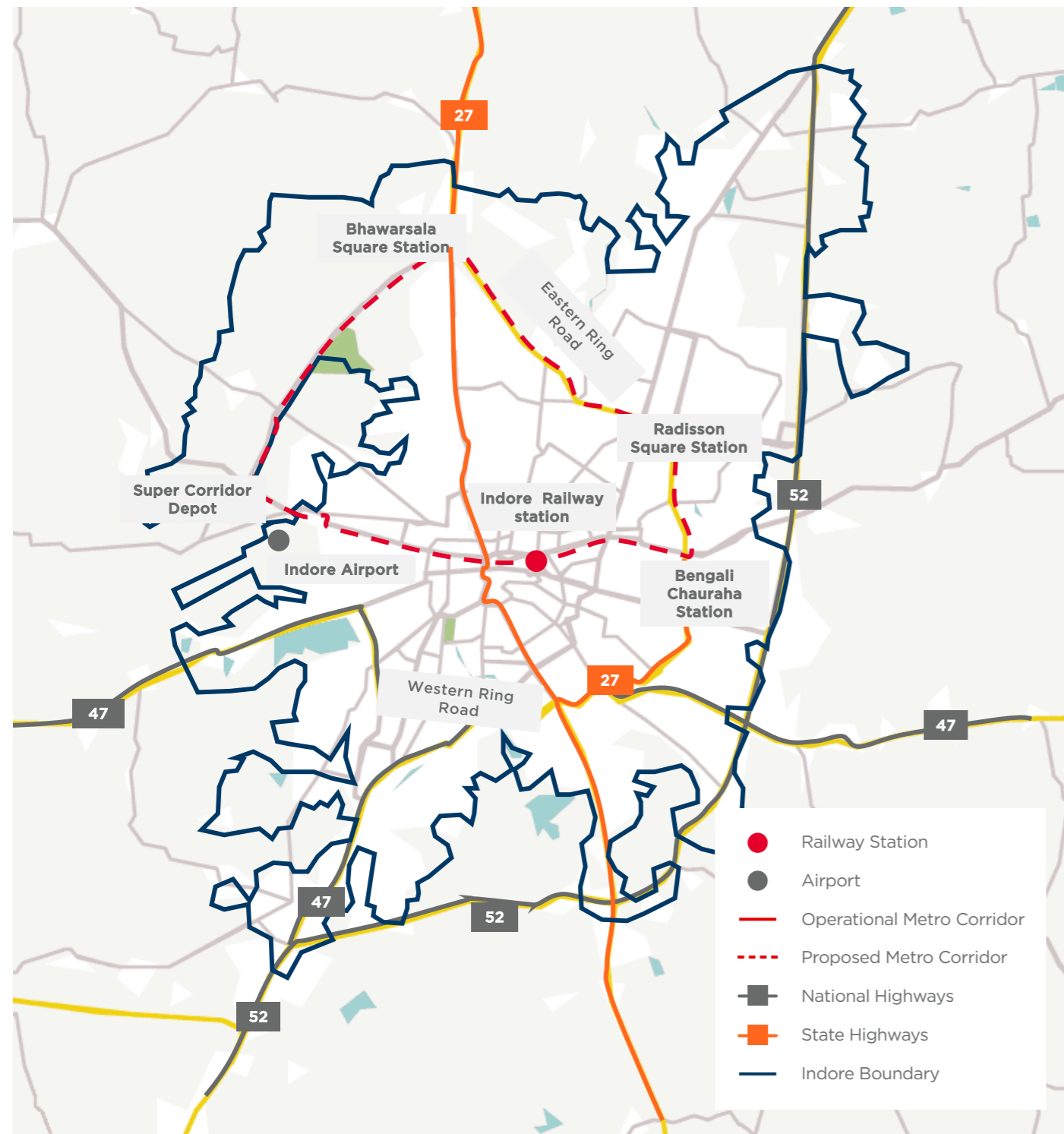
Madhya Pradesh Startup Policy and Implementation Scheme 2022

STARTUP INCENTIVES	DETAILS
Funding	<ul style="list-style-type: none"> Financial assistance will be given at the rate of 15%, upto a maximum of INR 15 lakh, of the first investment received from a financial institution. INR 5 lakh per event to incubators for organizing events. Maximum assistance of INR 5 lakh for obtaining a patent.
Lease rental assistance	<ul style="list-style-type: none"> 50% up to a maximum of INR 5,000 per month assistance for three years to product-based startups.
Electricity Duty exemption	<ul style="list-style-type: none"> Exemption from electricity duty for 3 years.
Government procurement assistance	<ul style="list-style-type: none"> Startups can participate in government tenders upto INR 1 crore. Startups to be exempted from conditions related to experience and turnover.

POPULATION AND URBANIZATION

Indore District has an urban population share of around **74%** which is the highest in the state of Madhya Pradesh, which has an urban population share of less than 30%. Indore's urban population share is also significantly higher than 35% for the whole of India.

TRANSPORT INFRASTRUCTURE MAP

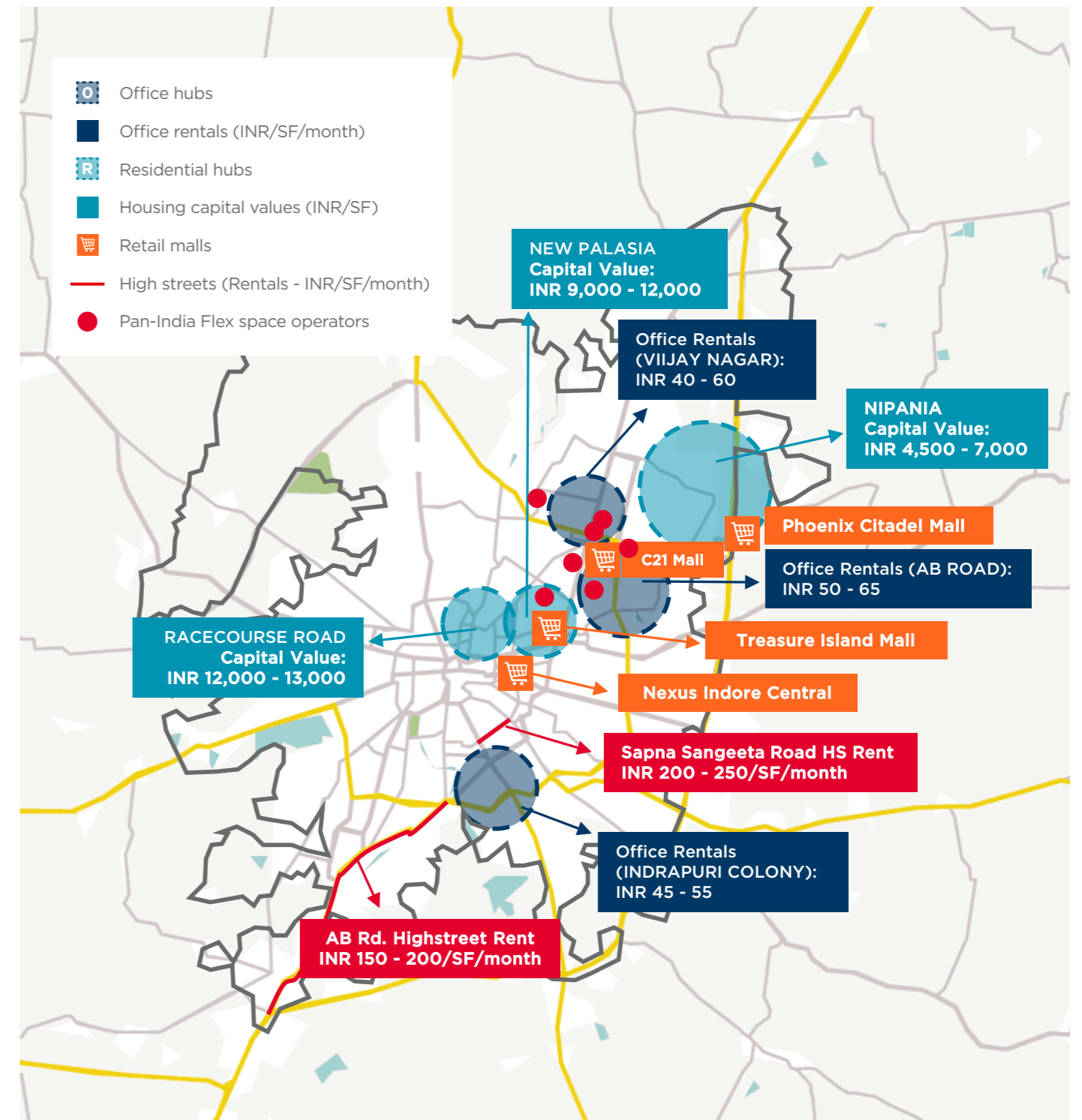


Note - The city boundary denotes the boundary of Indore Municipal Corporation

Source: Ministry of Micro, Small and Medium Enterprises, Govt of India

REAL ESTATE SNAPSHOT

Office, retail and residential hubs

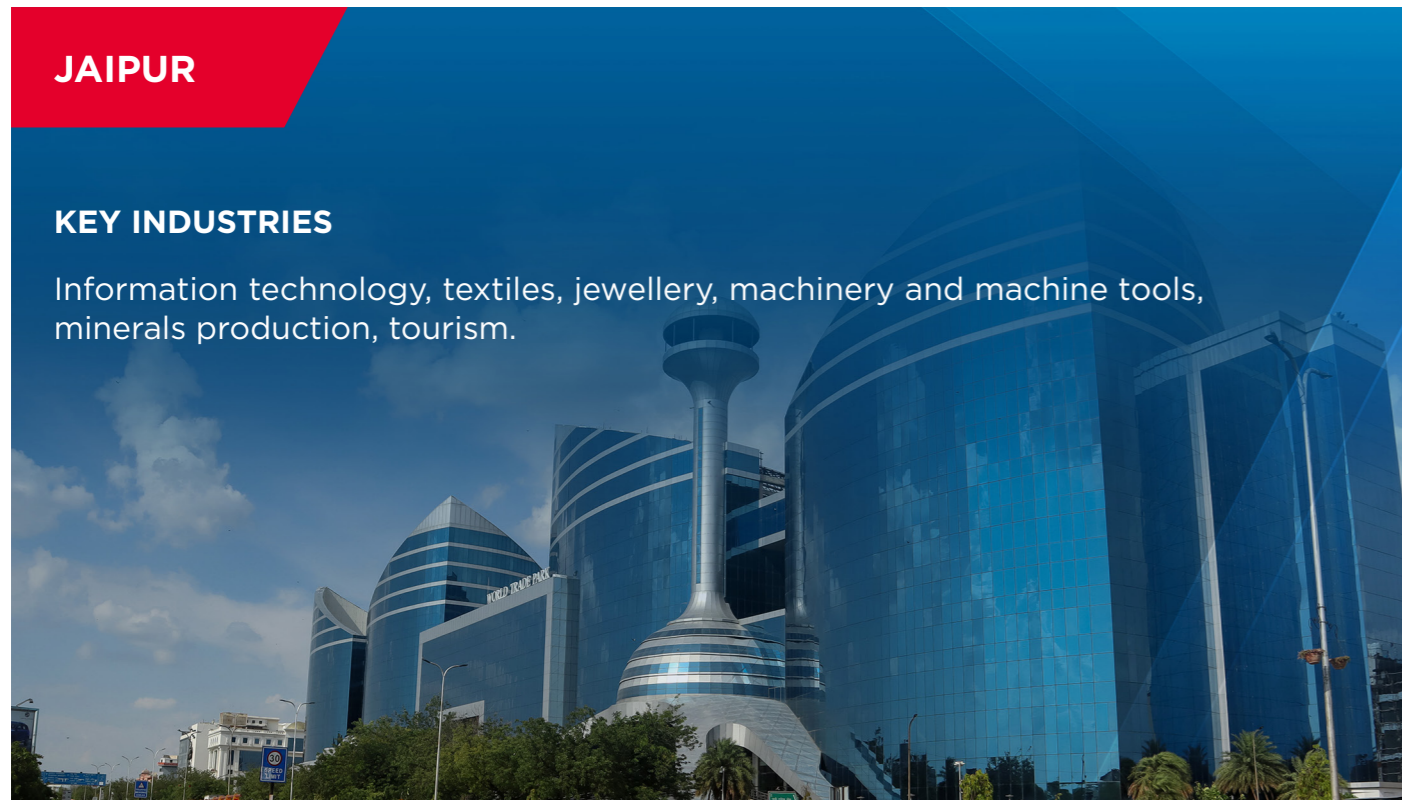


Note - Grade A malls in Indore quote rentals in the range of INR 100 - 200/SF/month

JAIPUR

KEY INDUSTRIES

Information technology, textiles, jewellery, machinery and machine tools, minerals production, tourism.



POLICY ENVIRONMENT

Rajasthan E-Governance IT and ITES Policy 2015

KEY PROVISIONS	DETAILS
Exemptions for IT service enterprises	<ul style="list-style-type: none"> Exemption from payment of 50% of electricity duty for 7 years. Exemption from payment of 50% of land tax for 7 years. Reimbursement of 50% of VAT paid on machinery/equipment purchase, upto a period of 7 years.
Promotion of Robotics Centres	<ul style="list-style-type: none"> Interest subsidy of 5% on term loan, subject to a maximum of INR 10 lakhs per year for a period upto 5 years. Investments in robotics centres should be INR 50 crore or more to avail interest subsidy.
Incentives for BPOs/KPOs	<ul style="list-style-type: none"> 25% subsidy on internet charges subject to maximum of INR 5 lakhs per annum. Incentive to be given for 2 years.

KEY PROVISIONS

DETAILS

Concession on stamp duty	<ul style="list-style-type: none"> IT enterprises with investment upto INR 5 crore to get 50% stamp duty exemption. IT enterprises with investment more than INR 5 crore to get 100% stamp duty exemption.
Interest subsidy	<ul style="list-style-type: none"> 5% interest subsidy on term loans, subject to maximum of INR 5 lakh per year, for a period of 5 years. Investment should be more than INR 25 lakhs.
Essential service status	<ul style="list-style-type: none"> IT/ITES units are declared as essential service.

Rajasthan Startup Policy 2022

STARTUP INCENTIVES	DETAILS
Seed Funding	<ul style="list-style-type: none"> Startups registered under iStart, the flagship startup initiative, will get viability grant of upto INR 10 lakhs.
Growth Stage funding	<ul style="list-style-type: none"> Funding of upto INR 2 crore to be provided to gold rated start-ups through the Scale Up Fund of the state government.
Investment Subsidy	<ul style="list-style-type: none"> Subsidy on 75% of state taxes deposited for 7 years.
Duty exemptions	<ul style="list-style-type: none"> 100% exemption of electricity duty and land taxes for 7 years. 100% stamp duty benefit will be given in stages.

POPULATION AND URBANIZATION

Jaipur District has an urban population share of around **52%**, significantly higher than the 25% urban population share of Rajasthan and 35% for the whole of India.

TRANSPORT INFRASTRUCTURE MAP

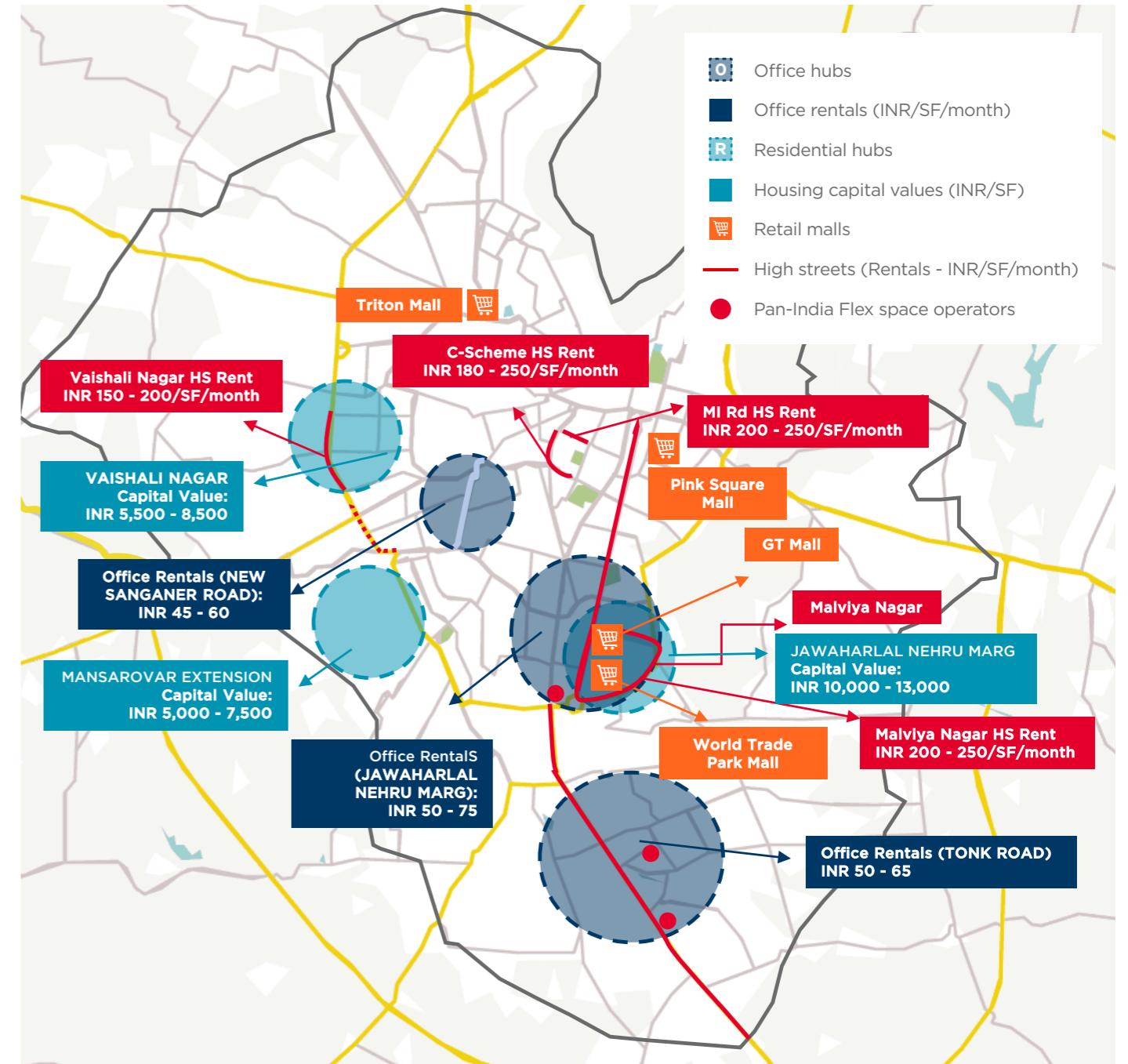


Note - The city boundary denotes the boundary of Jaipur Municipal Corporation

Source: Ministry of Micro, Small and Medium Enterprises, Govt of India

REAL ESTATE SNAPSHOT

Office, retail and residential hubs



Note - Grade A malls in Jaipur quote rentals in the range of INR 100 - 250/SF/month

KOCHI

KEY INDUSTRIES

Information technology, industrial machinery manufacturing, sea food production and packaging, ship building, aluminium fabrication.



POLICY ENVIRONMENT

Kerala IT Policy 2017

KEY PROVISIONS	DETAILS
Policy-based initiatives	<ul style="list-style-type: none"> Detailed policies available for e-governance, commerce, infrastructure, human capital. IT Industry Facilitation covering tax structure, single window clearance, incentive packages. Digital Government Advisory Board to be formed with expertise in IT, telecom and other domains. Kerala Technology Innovation Zone to be established. Cybersecurity framework to be created. Develop talent pool for futuristic technologies.
IT Park-oriented initiatives	<ul style="list-style-type: none"> 1 crore SOffice space to be established to provide employment to 2.5 lakh people. Proportion of IT space in IT Parks to be expanded. Activities of all IT parks to be consolidated under single brand 'Kerala IT'.

KEY PROVISIONS

Infrastructure provision

DETAILS

- Ensure uninterrupted power availability.
- Private IT infrastructure projects to be promoted.
- Better social infrastructure in IT hubs.
- Ensure required infrastructure for telcos to reach all areas in the state.
- Set up free public WiFi hotspots in all major places

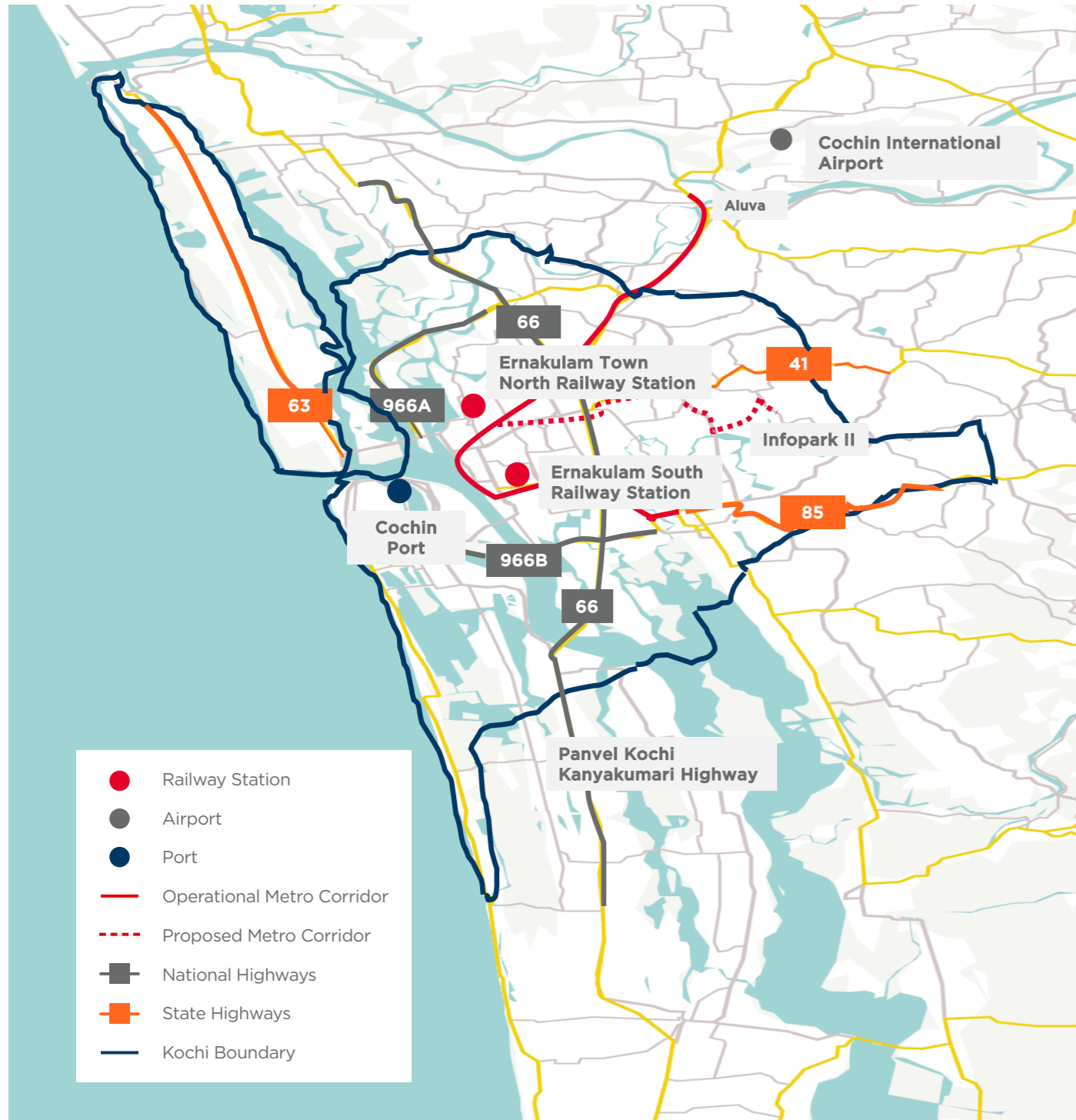
Kerala Start-up Policy 2014

STARTUP INCENTIVES	DETAILS
Government grant for innovative ideas	<ul style="list-style-type: none"> INR 2 Lakhs grant per innovative idea/startup.
Seed Funding	<ul style="list-style-type: none"> The government will provide seed (pre-commercialization) funding through Kerala Startup Mission.
Investment subsidy	<ul style="list-style-type: none"> Standard investment subsidy at 30% of fixed capital investment subject to a limit of INR 15 lakhs.
Infrastructure Support	<ul style="list-style-type: none"> Subsidized infrastructure for startups in government owned/assisted IT parks. Subsidy in terms of reimbursing part of the rent (a maximum of 50% or INR 20/sq ft) whichever is lower.
Early markets assistance	<ul style="list-style-type: none"> Help startups by facilitating pilot projects in government and through Demo days for products applicable to government.

POPULATION AND URBANIZATION

Ernakulam District, which includes the city Kochi, has one of the highest urbanization rates in Kerala. It currently has an urban population share of **68%**, compared to 48% for Kerala and 35% share pan India."

TRANSPORT INFRASTRUCTURE MAP

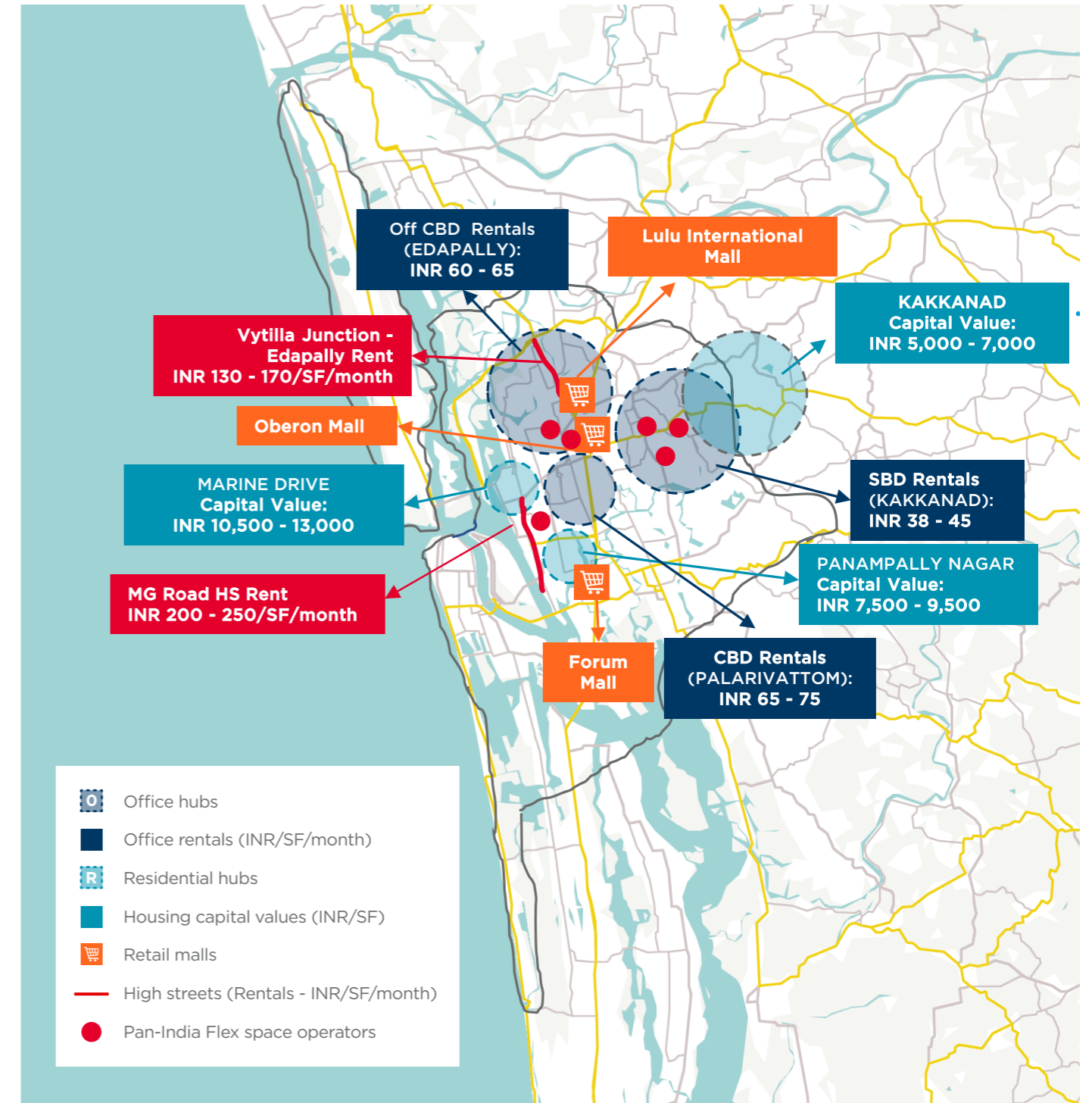


Note - The city boundary denotes the boundary of the Kochi Municipal Corporation

Source: Ministry of Micro, Small and Medium Enterprises, Govt of India

REAL ESTATE SNAPSHOT

Office, retail and residential hubs

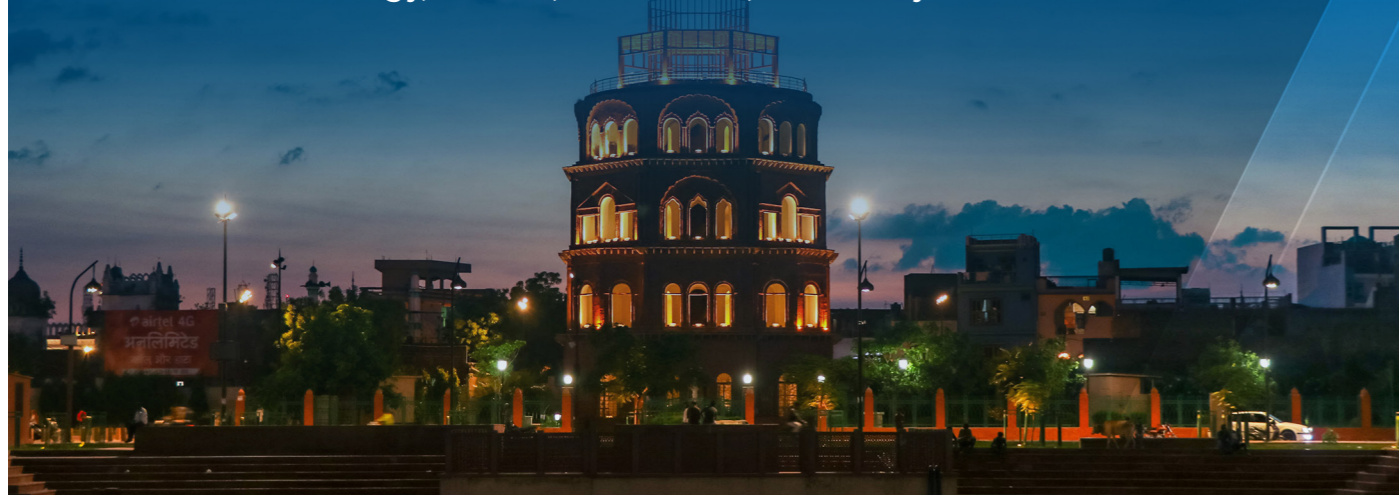


Note - Grade A malls in Kochi quote rentals in the range of INR 170 - 250/SF/month on BUA

LUCKNOW

KEY INDUSTRIES

Information technology, textiles, handicrafts, machinery and machine tools.



POLICY ENVIRONMENT

IT and ITES Policy of Uttar Pradesh 2022

KEY PROVISIONS	DETAILS
Capex support for IT Park and IT City	<ul style="list-style-type: none"> One-time support of 25% of the eligible capital expenditure incurred for development of IT Park, upto a maximum of INR 20 crores. For IT City, one-time support of 25% of the eligible capital expenditure, upto a maximum of INR 100 crores.
Stamp duty exemption	<ul style="list-style-type: none"> 100% exemption on stamp duty on the purchase/lease of land for development of IT Park/IT City and setting up IT/ITES units.
Capital subsidy for IT/ITES units	<ul style="list-style-type: none"> Subsidy at the rate of 10% on Fixed Capital Investment (FCI), subject to a maximum subsidy of INR 50 crores. Minimum capital investment of INR 5 crores.

KEY PROVISIONS

Operating expense subsidy for IT/ITES units

Interest subsidy on term loan

Essential Services status

DETAILS

- 10% of lease rentals of IT/ITeS unit to be reimbursed subject to a maximum monthly rental of INR 50/SF.
- 10% of internet charges to be reimbursed.
- 10% of power tariff paid will be reimbursed.

- Interest subsidy at 7% per annum subject to a maximum of INR 1 crore per annum for a period of 5 years.

- Certain IT/ITeS units can be classified as 'essential services' as and when required.

Uttar Pradesh Startup Policy 2020

STARTUP INCENTIVES	DETAILS
Sustenance allowance	<ul style="list-style-type: none"> Allowance at the rate of INR 17,500 per month per startup for a period of one-year at the idea stage. Scheme to cover upto 25 starts per incubator per year.
Marketing Assistance	<ul style="list-style-type: none"> Seed capital in the form of Marketing Assistance upto INR 7.5 lakhs per startup covering upto 25 startups per incubator per year. Assistance provide to launch the product in the market.
Patent filing assistance	<ul style="list-style-type: none"> Cost of filing successful patent to be reimbursed to startups. INR 2 lakhs for Indian patents and INR 10 lakhs for international patents.

POPULATION AND URBANIZATION

Lucknow District has an urban population share of around **65%**, significantly higher than the urban population share of Uttar Pradesh which is below 25%. Lucknow's urban population share is also significantly higher than 35% for the whole of India.

TRANSPORT INFRASTRUCTURE MAP

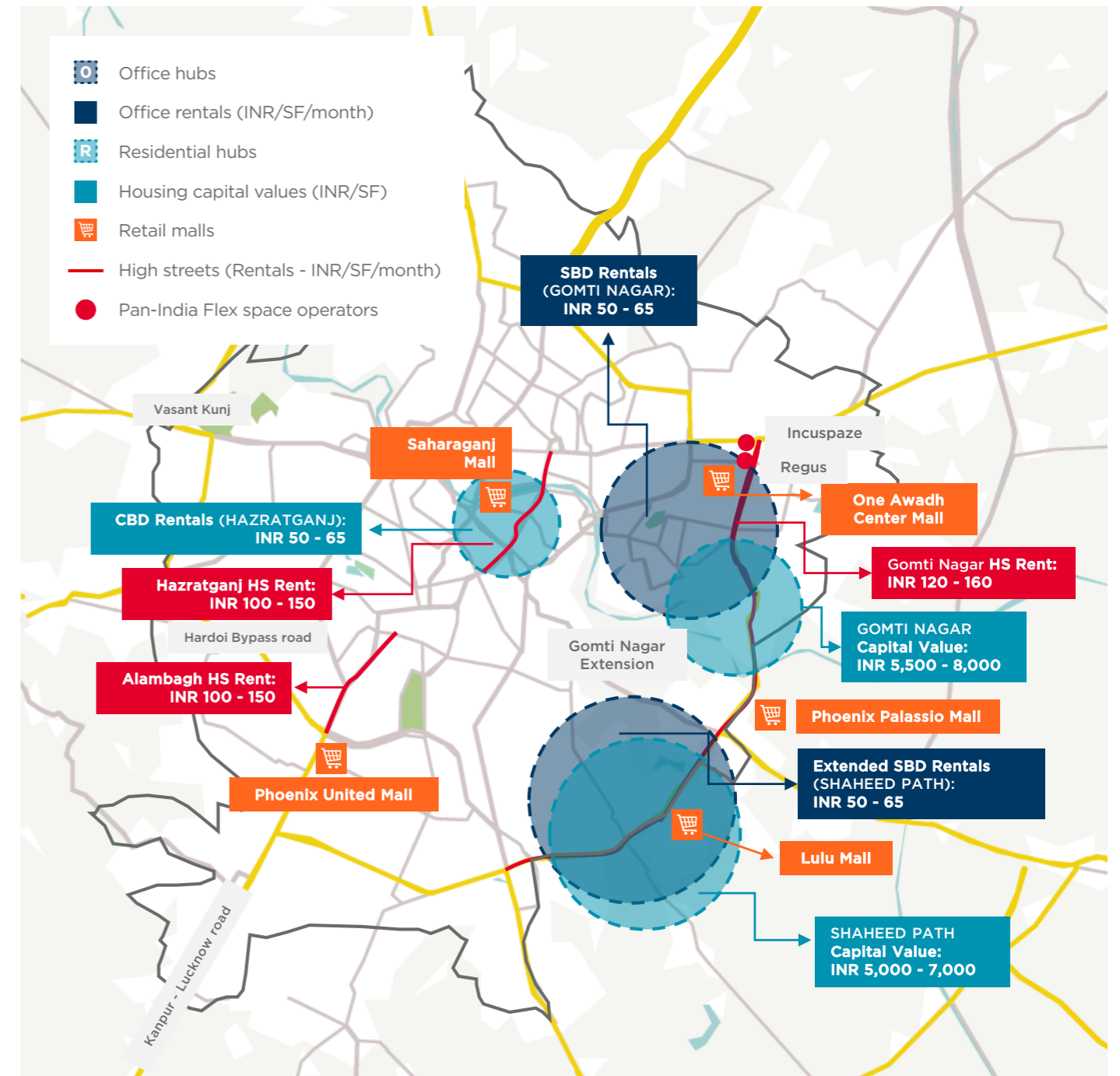


Note - The city boundary denotes the boundary of Lucknow Municipal Corporation

Source: Ministry of Micro, Small and Medium Enterprises, Govt of India

REAL ESTATE SNAPSHOT

Office, retail and residential hubs



Note - Grade A malls in Lucknow quote rentals in the range of INR 100 - 250/SF/month

NAGPUR

KEY INDUSTRIES

Information technology, fruit processing, synthetic fibre manufacturing, metal casting, logistics.



POLICY ENVIRONMENT

Maharashtra IT-ITES Policy 2023

KEY PROVISIONS	DETAILS
Setting up IT/ITES units	<ul style="list-style-type: none"> IT/ITES units and data centres can be set up in any zone, including residential, no-development and green zones.
Stamp Duty Exemption for IT Parks	<ul style="list-style-type: none"> 100% exemption for new units in public/private IT parks and expansion of existing ones in areas other than Mumbai and Pune. 75% exemption for new units in public IT parks and expansion of existing units in Mumbai and Pune. 50% exemption for new units in private IT parks in Mumbai and Pune.
Single Integrated IT Portal	<ul style="list-style-type: none"> Mahiti Portal - a single window platform to facilitate application and registration of IT Parks and data centres, applications for incentives, applications on LOI etc.
Additional FSI for IT Parks	<ul style="list-style-type: none"> Maximum permissible FSI of 3 in Greater Mumbai and rest of Maharashtra (12 m minimum road width). Maximum permissible FSI of 4 in Greater Mumbai and 3.5 in rest of Maharashtra (18 m minimum road width). Maximum permissible FSI of 5 in Greater Mumbai and 4 in rest of Maharashtra (27 m minimum road width).

KEY PROVISIONS

Incentives for Data Centres

DETAILS

- 100% stamp duty exemption for purchasing land to set up new data centre.
- Permanent exemption from electricity duty for new and existing data centres.
- Infrastructure status granted to data centres.

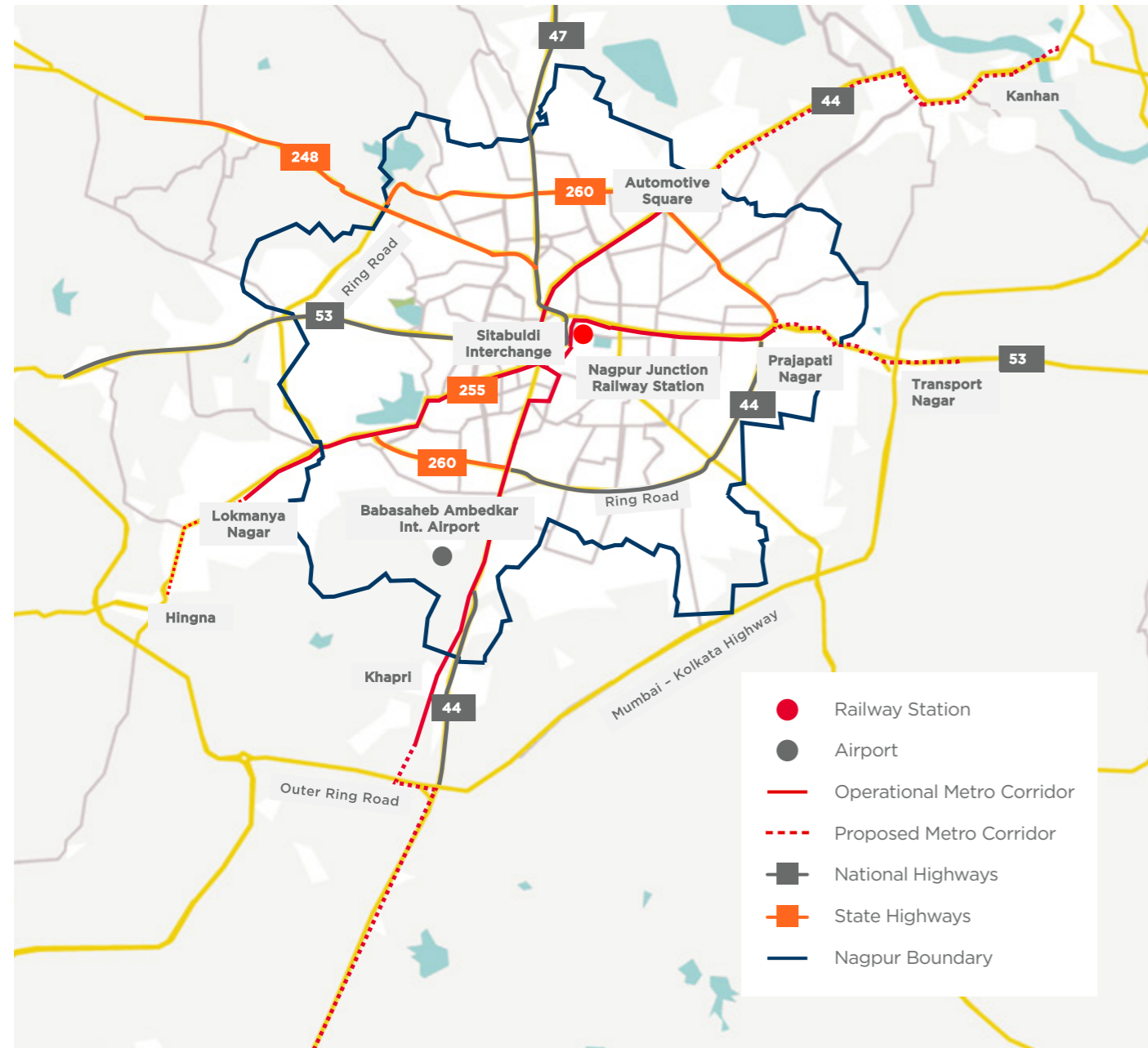
Maharashtra State Innovative Startup Policy 2018

STARTUP INCENTIVES	DETAILS
Fiscal Incentives	<ul style="list-style-type: none"> 100% exemption of stamp duty and registration fees for first 3 years and 50% for next 3 years on office space rented by recognized startups. 80% of quality testing costs incurred by startups to be borne by government. 80% rebate in patent filing costs upto INR 2 lakhs for Indian patents and INR 10 lakhs for international patents.
Single Window Portal	<ul style="list-style-type: none"> Leapfrog Maharashtra - Single window portal for all clearances and approvals in a timebound manner.
Startup Park	<ul style="list-style-type: none"> Startup Park to be established to bring industry stakeholders together. Commercial space in IT parks to be opened up for startups, incubators to set up facilities.
Funding Mechanism	<ul style="list-style-type: none"> A fund-of-funds to be established with an initial corpus of INR 100 crore and a total corpus of INR 500 crore over a period of 5 years. Infrastructure Fund to be created to help incubators, accelerators etc to cover capital and operational expenditures.

POPULATION AND URBANIZATION

Nagpur District has a much high urbanization rate of around **68%** compared to around 45% in Maharashtra and 35% pan India. Nagpur City, which accounts for over 50% of Nagpur District by population, is completely urbanized.

TRANSPORT INFRASTRUCTURE MAP

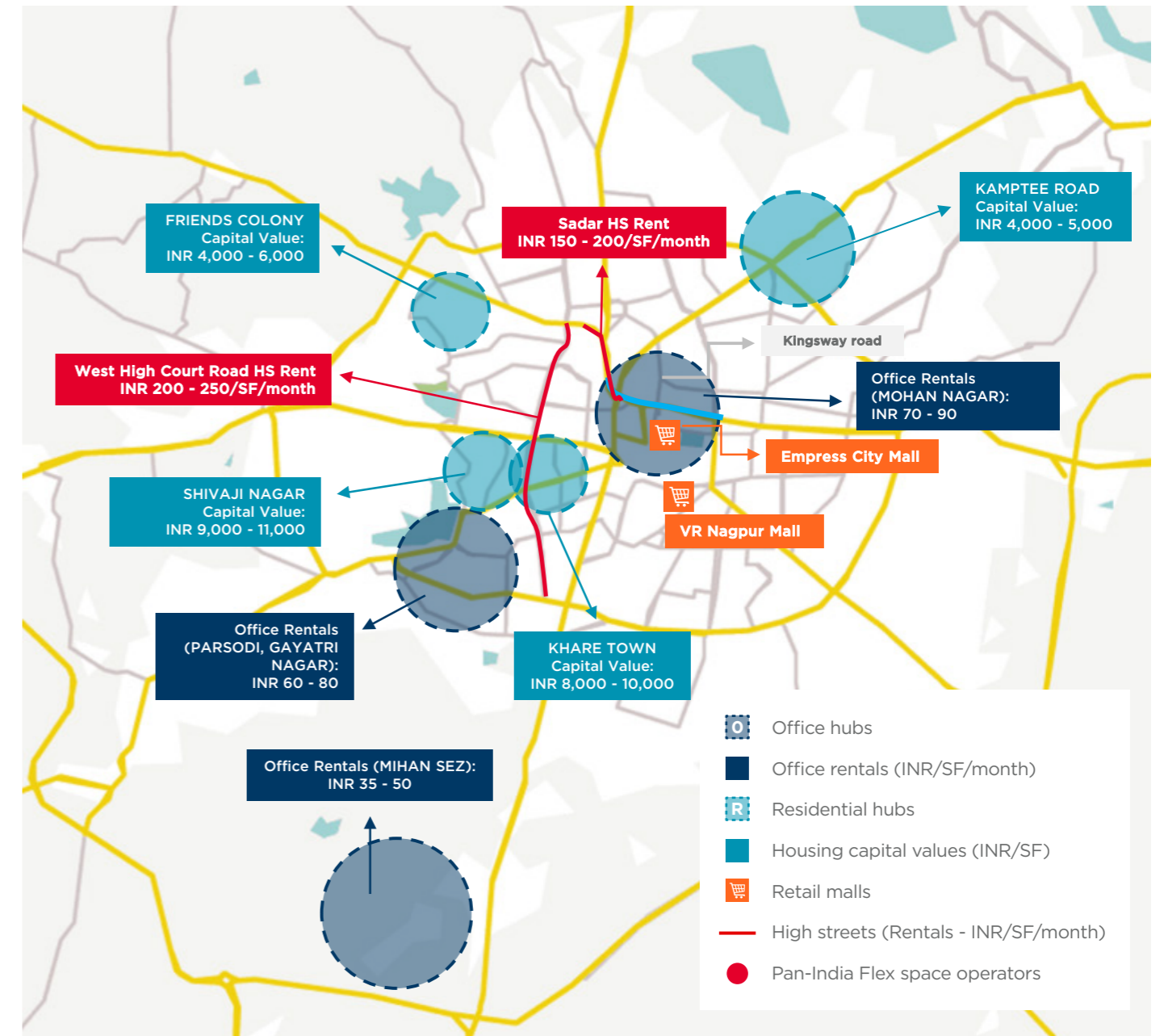


Note - The city boundary denotes the boundary of Nagpur Municipal Corporation

Source: Ministry of Micro, Small and Medium Enterprises, Govt of India

REAL ESTATE SNAPSHOT

Office, retail and residential hubs



Note - Grade A malls in Nagpur quote rentals in the range of INR 70 - 130/SF/month

SURAT

KEY INDUSTRIES

Textiles, diamond cutting and polishing, information technology.



POLICY ENVIRONMENT

Gujarat IT/ITES Policy 2022-27

KEY PROVISIONS	DETAILS
Capex and opex support for IT/ITES units	<ul style="list-style-type: none"> This includes units with gross fixed capital investment of less than INR 250 crores. One-time capex support of 25% of the eligible capital expenditure, upto a maximum of INR 50 crores. Opex support of 15% of the annual eligible opex expenditure, upto a maximum of INR 20 crores/year for a period of 5 years.
Capex and opex support for 'mega' IT projects	<ul style="list-style-type: none"> This includes units with gross fixed capital investment of more than INR 250 crores. One-time capex support of 25% of the eligible capital expenditure, upto a maximum of INR 200 crores. Opex support of 15% of the annual eligible opex expenditure, upto a maximum of INR 40 crores/year for a period of 5 years.
Capex and opex support for data centres	<ul style="list-style-type: none"> Subsidy at the rate of 10% on Fixed Capital Investment (FCI), subject to a maximum subsidy of INR 50 crores. Minimum capital investment of INR 5 crores.

KEY PROVISIONS

Interest subsidy for IT/ITES units

Electricity Duty Incentive

Rental support to IT/ITES units

DETAILS

• Interest subsidy at 7% per annum subject to a maximum of INR 1 crore per annum for a period of 5 years.

• Eligible IT/ITES units can claim full electricity duty for a period of 5 years.

• Monthly rental support on per seat basis to IT/ITES units in coworking offices.

• 50% of monthly rental for first 2 years, upto maximum of INR 10,000 per seat.

• 25% of monthly rental for 3-5 years, upto maximum of INR 5,000 per seat.

Scheme for assistance for Startups/Innovation - Gujarat Industrial Policy 2020

STARTUP INCENTIVES	DETAILS
Sustenance allowance	<ul style="list-style-type: none"> INR 20,000 per month to the startup as sustenance allowance for 1 year. INR 25,000 per month to the startup as sustenance allowance for 1 year if startup has atleast 1 female cofounder.
Seed financing	<ul style="list-style-type: none"> Upto INR 30 lakh assistance as seed support towards cost of raw materials, hardware and software, product development, market research, trials and marketing etc.
Separate Fund for startups	<ul style="list-style-type: none"> Separate fund under Gujarat Venture Finance Ltd with corpus of INR 50 lakh - 3 crores for mid-level pre Series A funding.

POPULATION AND URBANIZATION

Surat District has an urban population share of around **72%**, higher than the urban population share of Gujarat which is around 43% and 35% for the whole of India.

TRANSPORT INFRASTRUCTURE MAP

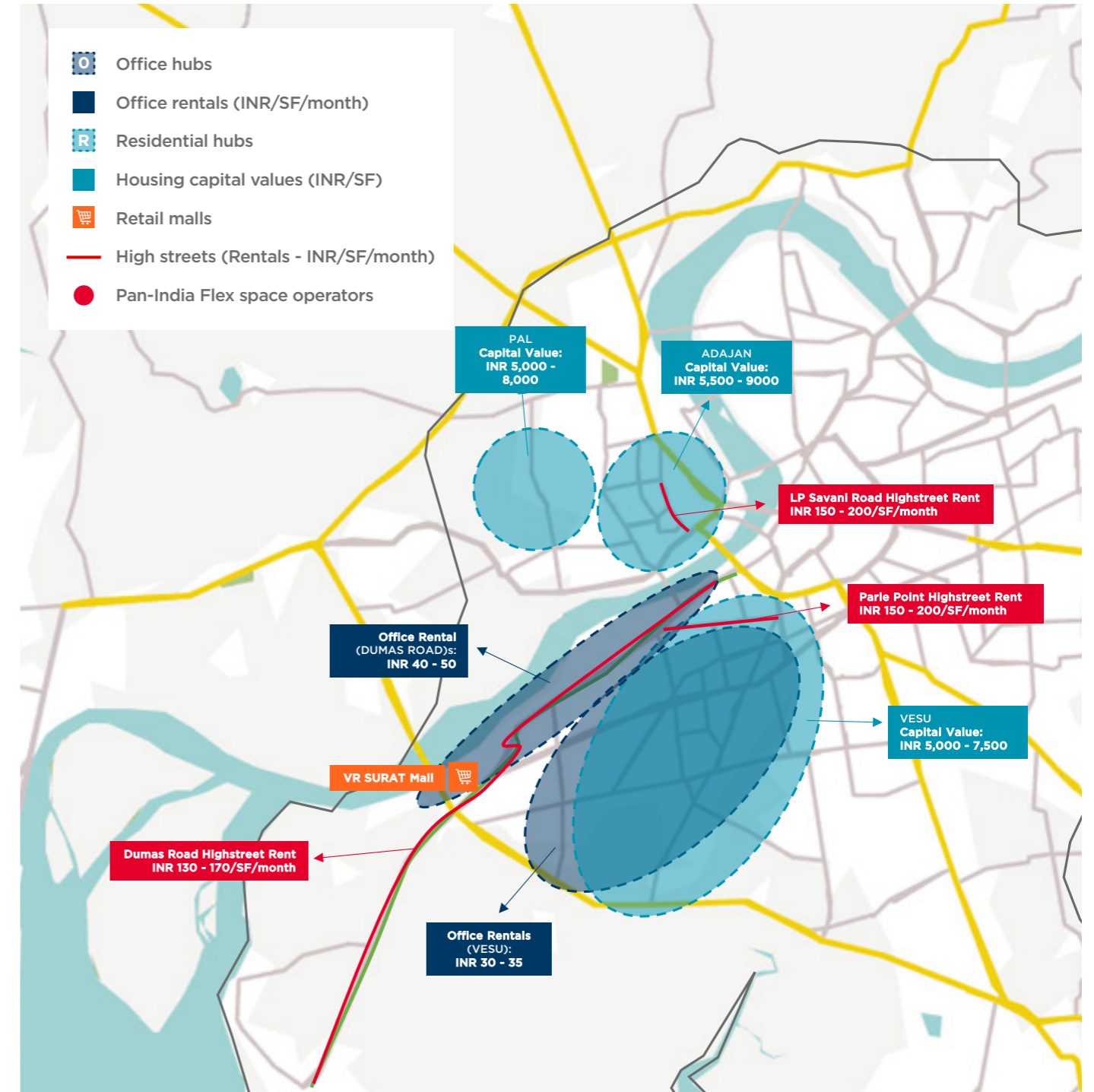


Note - The city boundary denotes the boundary of Surat Municipal Corporation

Source: Ministry of Micro, Small and Medium Enterprises, Govt of India

REAL ESTATE SNAPSHOT

Office, retail and residential hubs



Note - Grade A malls in Surat quote rentals in the range of INR 150 - 200/SF/month

THIRUVANANTHAPURAM

KEY INDUSTRIES

Information technology, tourism, agriculture and fishery.



POLICY ENVIRONMENT

Kerala IT Policy 2017

KEY PROVISIONS	DETAILS
Policy-based initiatives	<ul style="list-style-type: none"> Detailed policies for e-governance, commerce, infrastructure, human capital. Policy on IT Industry Facilitation covering tax structure, single window clearance, incentive packages. Digital Government Advisory Board to be formed with expertise in IT, telecom and other domains. Kerala Technology Innovation Zone to be established. Cybersecurity framework to be created. Develop talent pool for futuristic technologies.
IT Park-oriented initiatives	<ul style="list-style-type: none"> 1 crore SF office space to be established to provide employment to 2.5 lakh people. Proportion of IT space in IT Parks to be expanded. Activities of all IT parks to be consolidated under single brand 'Kerala IT'.

KEY PROVISIONS

Infrastructure provision

DETAILS

- Ensure quality power availability.
- Private IT infrastructure projects to be promoted.
- Better social infrastructure in IT hubs to ensure safety.
- Ensure required infrastructure for telcos to reach all areas in the state.
- Set up free public WiFi hotspots in all major places.

Kerala Startup Policy 2014

STARTUP INCENTIVES	DETAILS
Government grant for innovative ideas	<ul style="list-style-type: none"> INR 2 Lakhs grant per innovative idea/startup.
Seed Funding	<ul style="list-style-type: none"> The government will provide seed (pre-commercialization) funding through Kerala Startup Mission.
Investment subsidy	<ul style="list-style-type: none"> Standard investment subsidy at 30% of fixed capital investment subject to a limit of INR 15 lakhs.
Infrastructure Support	<ul style="list-style-type: none"> Subsidized infrastructure for startups in government owned/assisted IT parks. Subsidy in terms of reimbursing part of the rent (a maximum of 50% or INR 20/sqft) whichever is lower.
Early markets assistance	<ul style="list-style-type: none"> Help startups by facilitating pilot projects in government and also through Demo days for products applicable to government.

POPULATION AND URBANIZATION

Thiruvananthapuram District has an urban population share of around **54%** as compared to the 48% share of Kerala. The district's share is also higher than the 35% pan India urban population share.

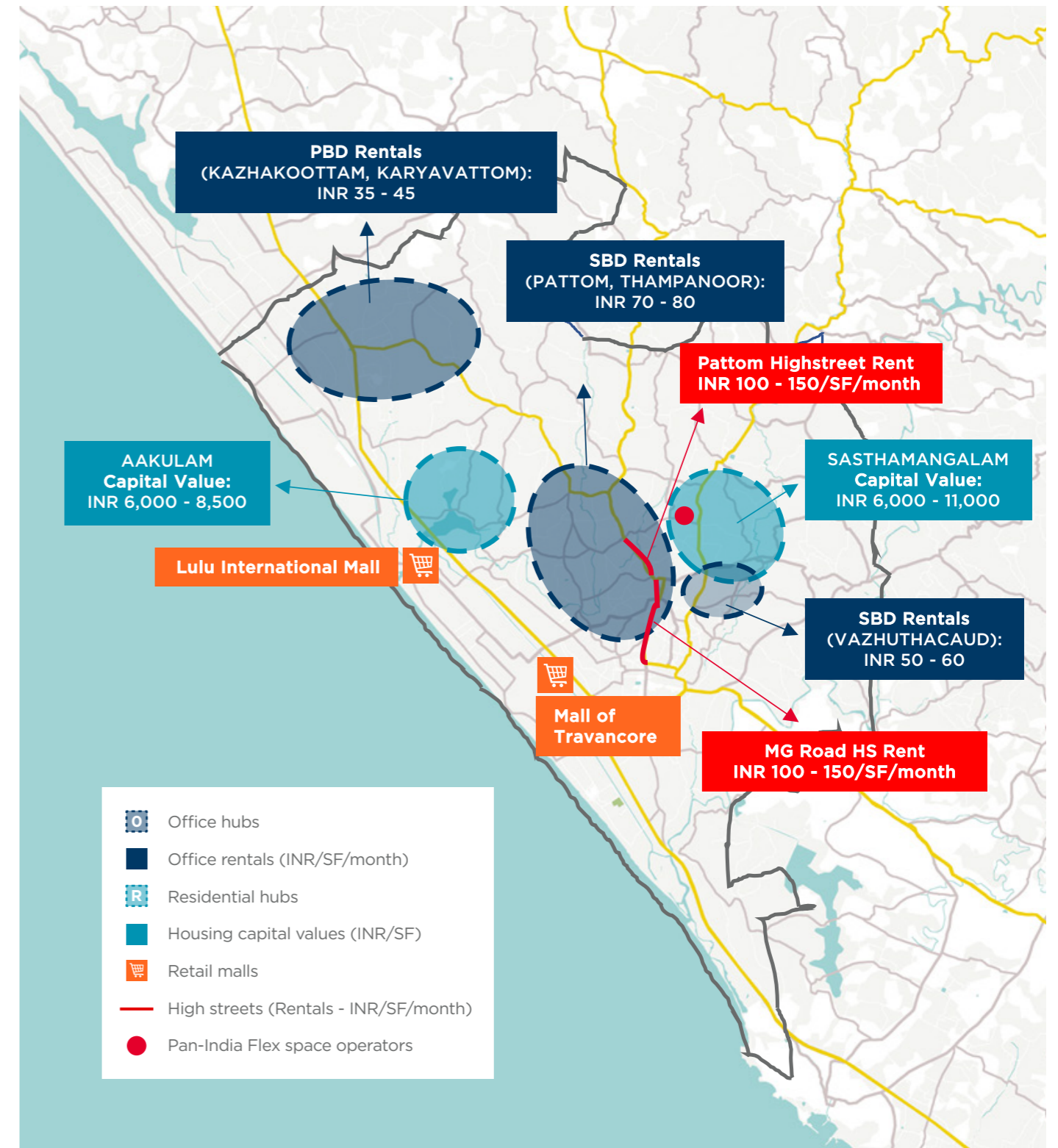
TRANSPORT INFRASTRUCTURE MAP



Note - The city boundary denotes the boundary of Thiruvananthapuram Corporation
 Source: Ministry of Micro, Small and Medium Enterprises, Govt of India

REAL ESTATE SNAPSHOT

Office, retail and residential hubs



Note - Grade A malls in Thiruvananthapuram quote rentals in the range of INR 130 - 200/SF/month

VISAKHAPATNAM

KEY INDUSTRIES

Iron and steel and ancillary industries, ship building, fishery, agro-based industries (jute and rice mills), information technology.



POLICY ENVIRONMENT

Andhra Pradesh Information Technology Policy 2021-24

KEY PROVISIONS	DETAILS
Power tariffs and transport subsidy	<ul style="list-style-type: none"> All IT units will be eligible for industrial tariffs. Transport subsidy of INR 500 per employment position per month to be provided for 2 years, subject to maximum of INR 10 lakhs per firm.
Land cost incentive for IT Parks	<ul style="list-style-type: none"> One-time reimbursement of INR 50,000 per employment created capped at 60% of the land value.
Employment incentive	<ul style="list-style-type: none"> One time incentive of 10% of annual salary based on number of high-level, mid-level and entry-level jobs created.

KEY PROVISIONS	DETAILS
Essential service status	<ul style="list-style-type: none"> IT industry declared as essential services under AP Essential Services Maintenance Act.
Customized incentive package	<ul style="list-style-type: none"> Mega projects might get customized package of incentives. Mega projects are those with atleast INR 500 crore investment or employing minimum 5,000 entry level professionals.
FSI relaxation and Single Window	<ul style="list-style-type: none"> Investment portal to handle all applications, permissions etc. FSI norms to be relaxed in IT parks, subject to payment of prescribes premium.

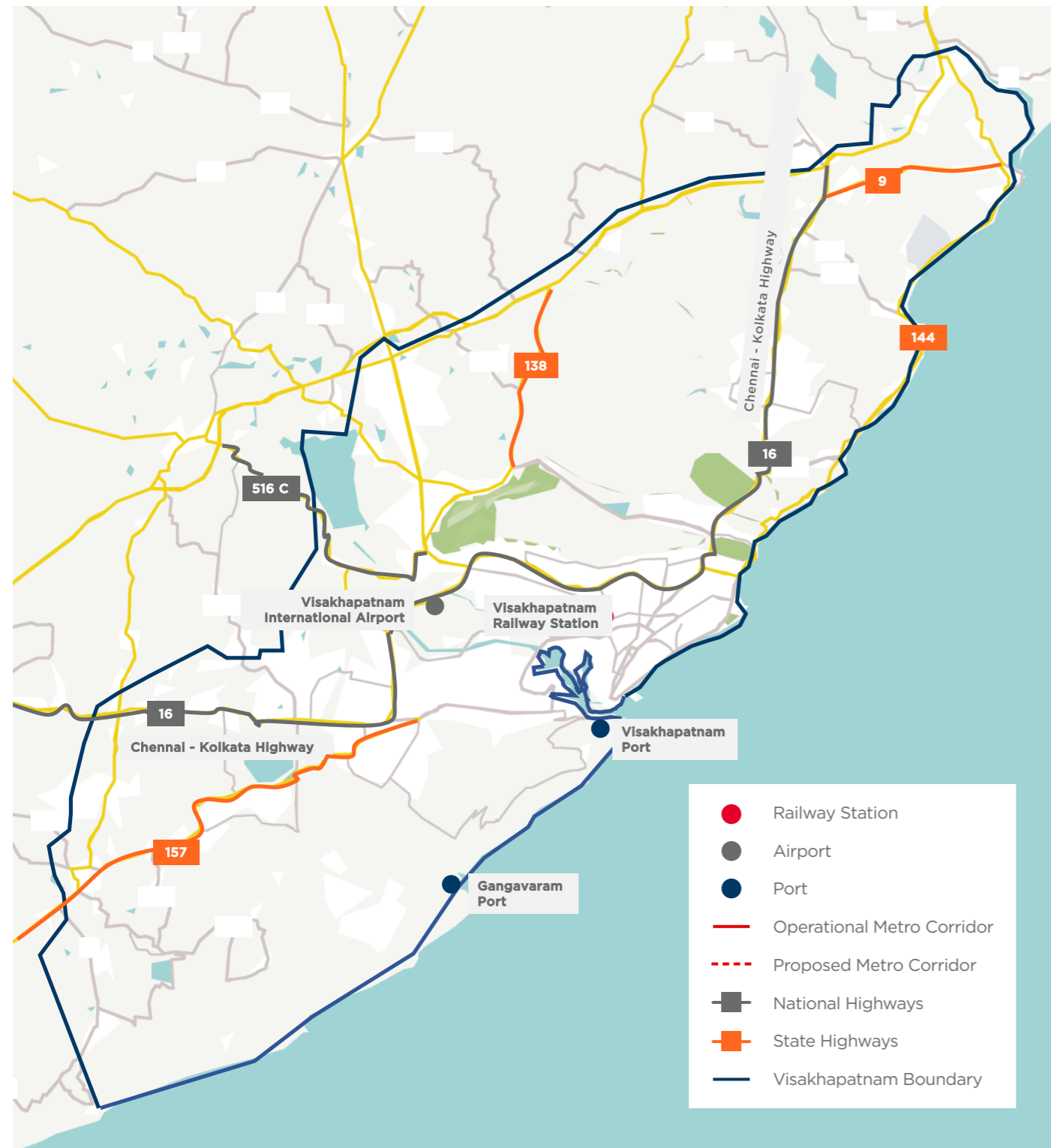
Measures for startup ecosystem development - Andhra Pradesh IT Policy 2021-24

STARTUP INCENTIVES	DETAILS
Startup Funding	<ul style="list-style-type: none"> A Fund of Funds of INR 100 crore shall be co-created with VCs and PE firms to fund startups.
Startup promotion scheme	<ul style="list-style-type: none"> Creation of startup promotion scheme for early-stage startups, 'Accelerate Startups in Andhra Pradesh (ASAP)'.
Incubation centres	<ul style="list-style-type: none"> Incubation centres to be set up in areas notified by state government.
Focus on emerging technologies	<ul style="list-style-type: none"> Startups working in SAI/ML, AR/VR, IoT, robotics, 5G etc to get priority in office space allocation, incubation centres, prototyping labs etc.

POPULATION AND URBANIZATION

Visakhapatnam district's urban population share is around **50%** as compared to the 35-40% share of Andhra Pradesh and the pan India share of 35%.

TRANSPORT INFRASTRUCTURE MAP

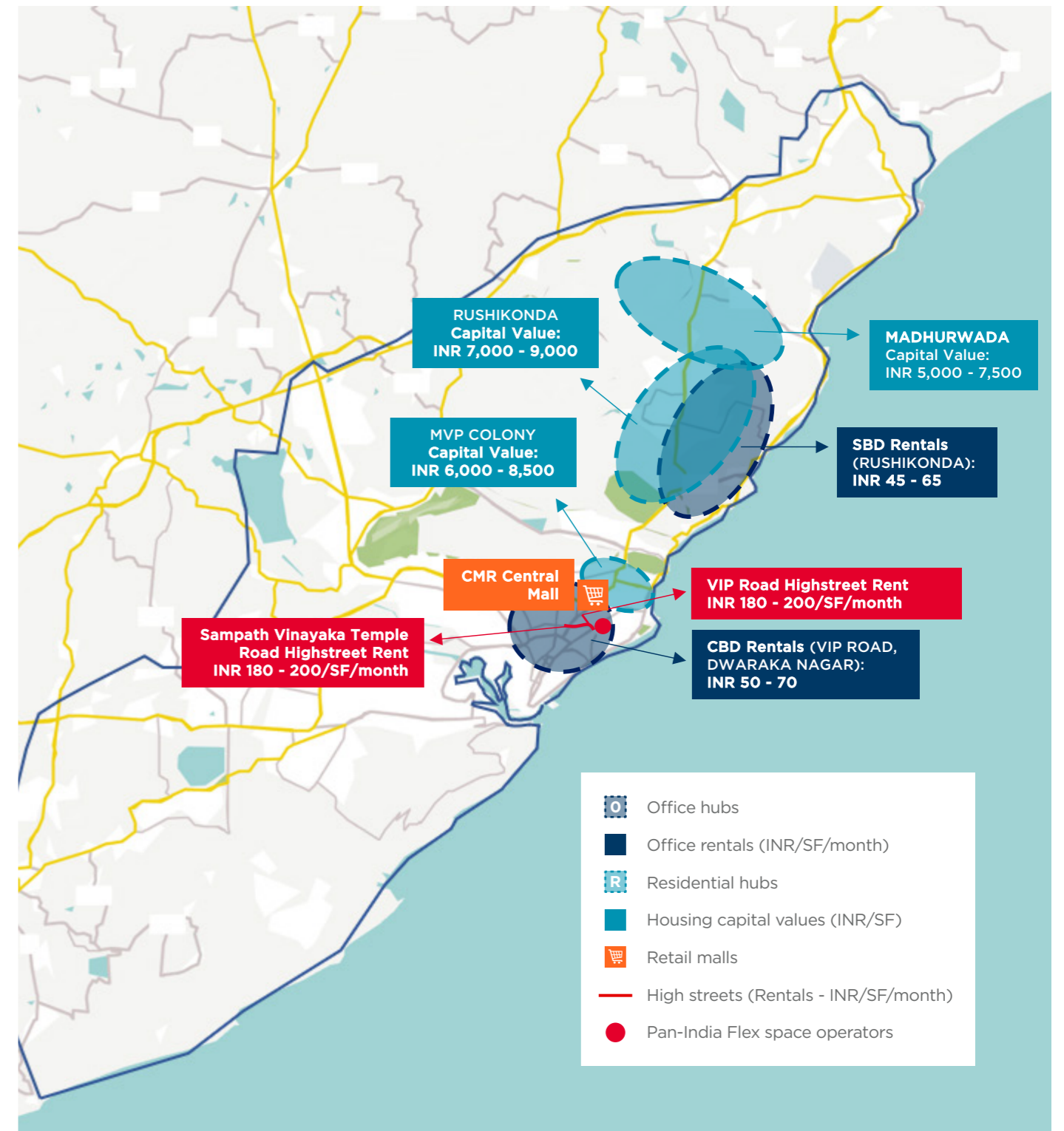


Note - The city boundary denotes the boundary of Greater Visakhapatnam Municipal Corporation

Source: Ministry of Micro, Small and Medium Enterprises, Govt of India

REAL ESTATE SNAPSHOT

Office, retail and residential hubs



Note - Grade A malls in Visakhapatnam quote rentals in the range of INR 120 - 150/SF/month

CONCLUSION

India's economic development and real estate growth has hitherto been driven by the nation's largest cities, which have attracted investments, facilitated infrastructure development and created numerous jobs. The importance of these cities won't diminish in the medium to long term. However, a number of tier II cities are emerging as engines of growth and this is a trend that will continue for the foreseeable future. In this report, we've focused on the top 10 Tier II cities with the highest potential for real estate growth in the office, retail, and residential sectors. But, we believe that many others will join the top 10 over the next few years on the back of improvement in business environment, infrastructure expansion, connectivity and, most importantly, due to the immense repository of technical talent that these cities possess. This would lead to further development of the real estate sector across India, which is key to the country's economic growth trajectory over the long term. And, this will facilitate equitable growth across the country with the smaller cities also becoming a part of India's growth story.



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