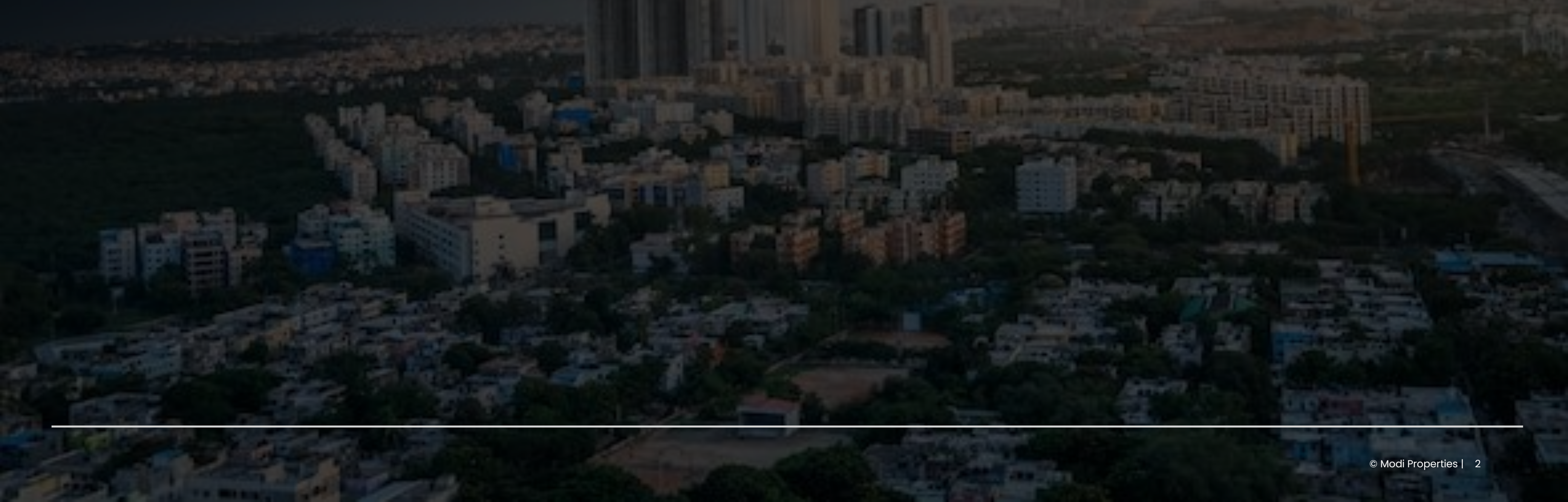
MODI PROPERTIES

# HYDERABAD VIGYAN RESEARCH DISTRICT

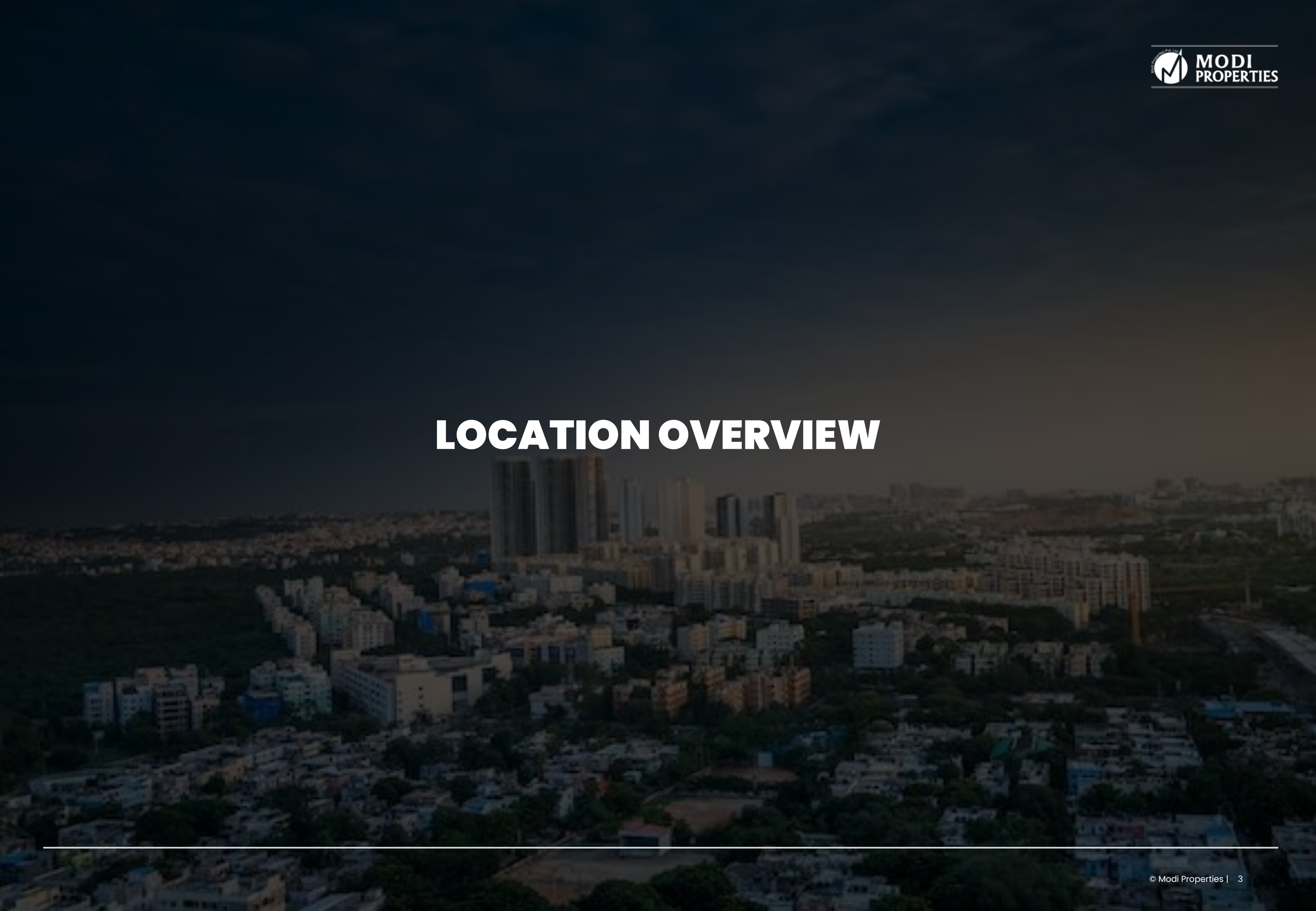
NACHARAM | Hyderabad

## Contents





# LOCATION OVERVIEW



Hyderabad remains one of the top preferred destinations for Lifesciences Sciences Real Estate investments.

# Location Overview | Hyderabad

## Hyderabad is the nucleus of Lifesciences in Asia.

**30%**

Of Abbreviated New Drug Application (ANDA) approvals of Indian pharma

**40%**

India's API Production

**~45%**

Workforce in Pharma, MedTech, and Biotechnology sector

**20+**

Lifesciences and MedTech Incubators in Hyderabad, highest for any city in the Country

**~850 Mn USD**

Investment announced in BioAsia 2022

**35%**

Of India's Pharmaceutical export is from Hyderabad

*Source – Telangana Lifesciences Sciences Portal*

## Lifesciences Sciences Real Estate in Hyderbad

**0.6 Mn sq.ft.**

Lifesciences Real Estate leased in 2022

**1.6 Mn sq.ft.**

Space Leased by Lifesciences Companies during 2019-22

*Source – TOI, March 2023*


Map 2 : Lifesciences clusters in Hyderabad

Map 1 : Telangana in India

Nacharam has a strong and established ecosystem for Lifesciences.

# Location Overview | Nacharam – An unstructured yet promising lifescien

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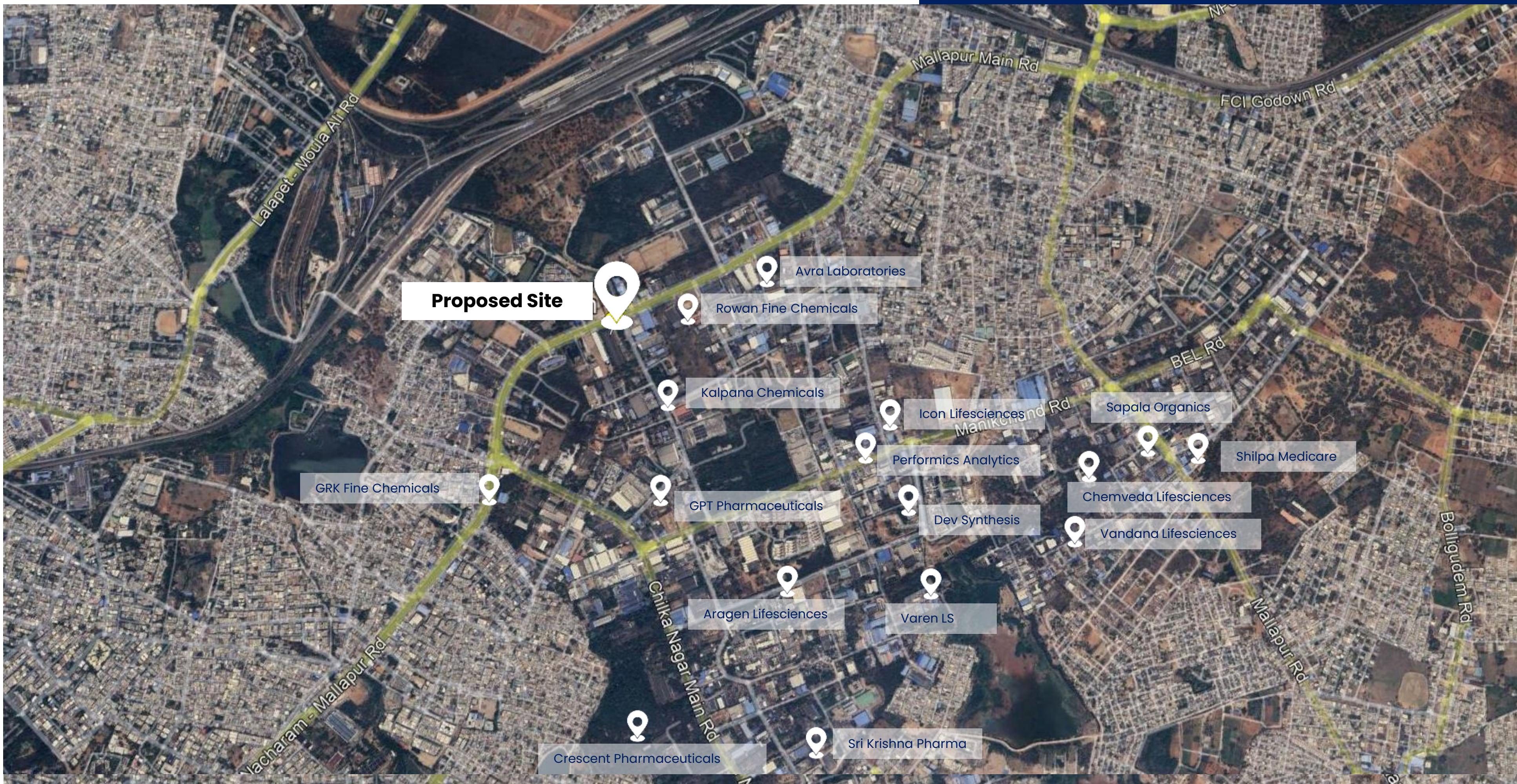



*Map 3 Lifesciences Operations in the vicinity of the site>*

- Located in Eastern Hyderabad the Nacharam-Uppal cluster is a well-established industrial clu
- **Aragen Lifesciences** is the largest private occupant with a total of about **1.0 million sq.ft. facili**
- **Cohance Lifesciences** has two facilities in an area of **0.3 million sq.ft. dedicated to R&D and AI**

# HYDERABAD VIGYAN RESEARCH DISTRICT

Hyderabad Vigyan District is a **4-acre campus** specifically **designed for wide range of life sciences** operati

# Project Details | Hyderabad Vigyan Research District

*Proposed R&D block in Hyderabad Vigyan Research District*

## Project Details | Hyderabad Vigyan Research District

- **4.2 Lakh sft Lab space**
- **35k sft Support space**
- **4.0 acres land**

6th Floor
5th Floor
4th Floor
3rd Floor
2nd Floor
1st Floor
Stilt 2
Stilt 1
Basement

**Basement + 2 Stilt + 6 Floors**

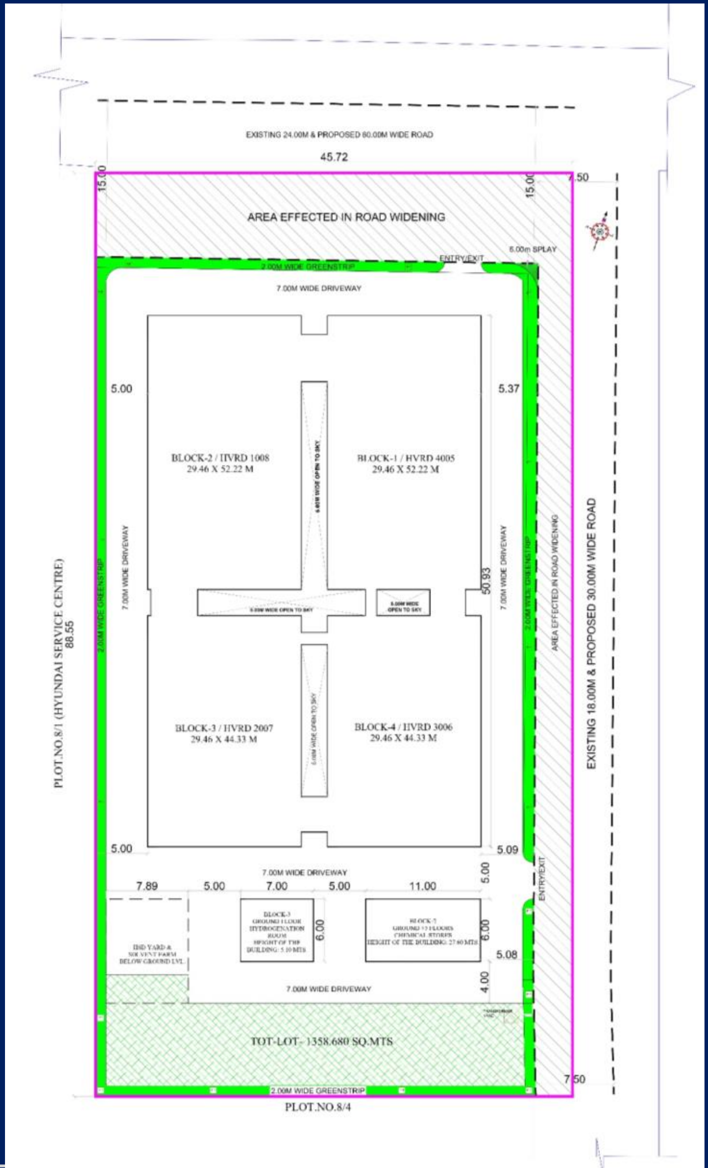
**c. 16,000 – 20,000 sq.ft**
**Floor leasable area**

**Lab modules per Floor**
**4,500 – 20,000 sq.ft.**

**Car Parking Spaces:**
**70-75 Nos. per Block**

**Cafeteria in each Building**

**Schematic Section**




**High floor loading based on equipment needs**

5 KN/ Sq. mts. (core labs)
7.5 KN/ Sq. mts. (terrace)

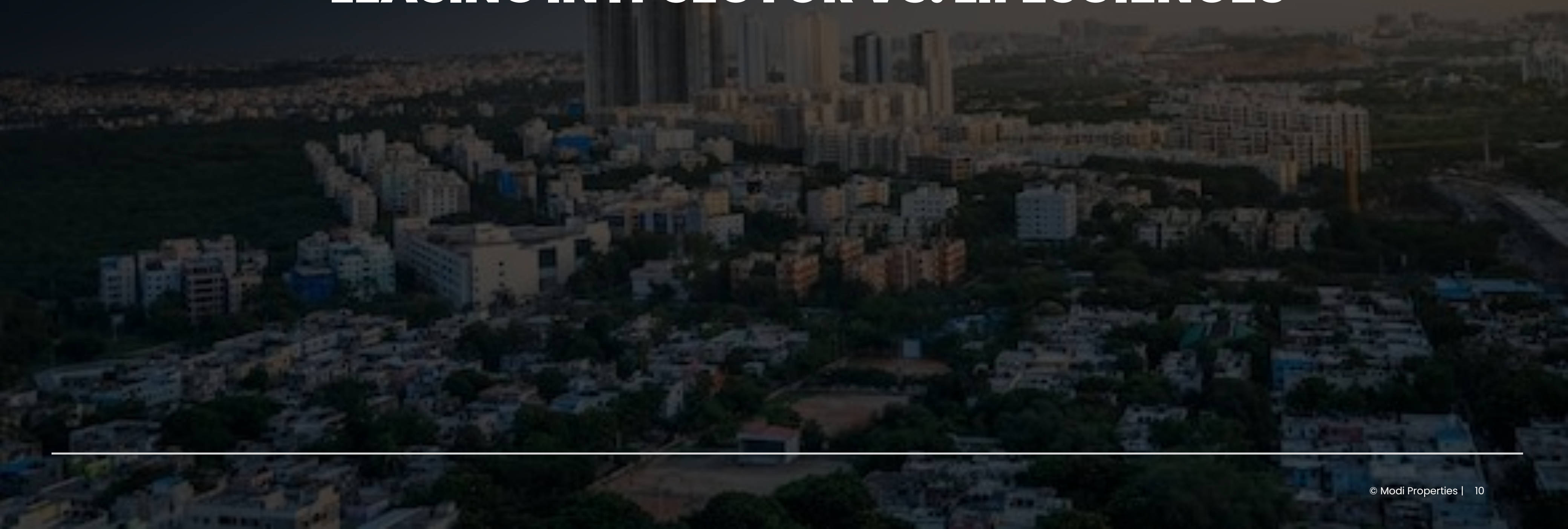
**Typical floor-to-floor Height**

5.4 mts. (core labs)

**Design Specifications**

*Rendered view of the R&D Blocks*

# LEASING IN IT SECTOR VS. LIFESCIENCES



# Commercial Office Trends in Nacharam-Uppal



## Commercial Leasing Rental rates in Hyderabad

| Property | **NSL SEZ** | Sattva Knowledge City | PSR Prime | One West |
|---|---|---|---|---|
| Sub Market | **Uppal** | Hitec City | Gachibowli | Financial District |
| Rental Rate (Rs./sq.ft) | **Rs. 42** | Rs. 120 | Rs. 69 | Rs. 60 |

Current rental rate in the building is around **Rs. 42/ sq.ft.** which is **35-40 % less than other IT hubs** like HITEC City and Financial District

*Source- Listings on CBRE,JLL and News Reports*

## Case of NSL SEZ , occupancy trends since 2021

| NSL SEZ | Stock (in mn. Sqft) | Occupancy 2021 | Occupancy 2022 | Occupancy 2023 |
|---|---|---|---|---|
| Total | 15.5 | 53% | 58.9% | **60.84%** |

With a total area of 15.5 lakh sq.ft. in NSL SEZ the occupancy between 2021 and 2023 has shown slow progression with occupancy levels of 60.48% which is much lower than the city average.

**~40% of the total space is vacant.**

*Source – CARE Ratings for NSL SEZ (2021,22,23)*

*DSL Abacus is a prominent Commercial Tower in Uppal*

*NSL SEZ is another prominent Commercial Tower in Uppal with 15.5 lakh sqft of gross leasable area.*

# Commercial Office Trends in Uppal Nacharam

## Low stock in the Uppal Nacharam submarket displays low investor confidence when compared to other office submarkets in Hyderabad.

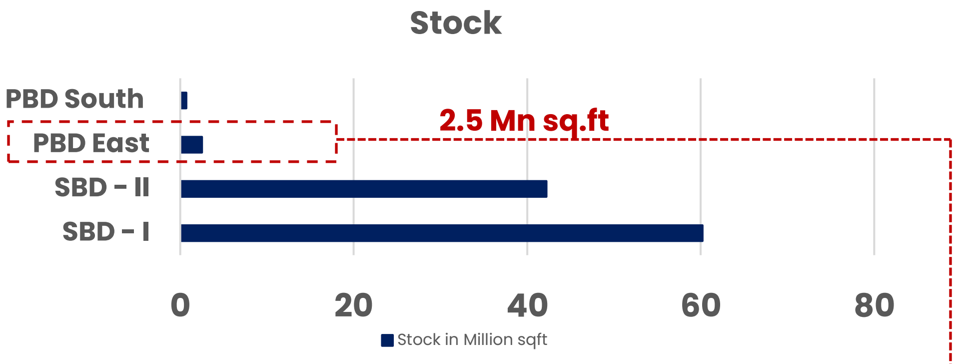



*Chart 1.1 Commercial Office Stock in Hyderabad*

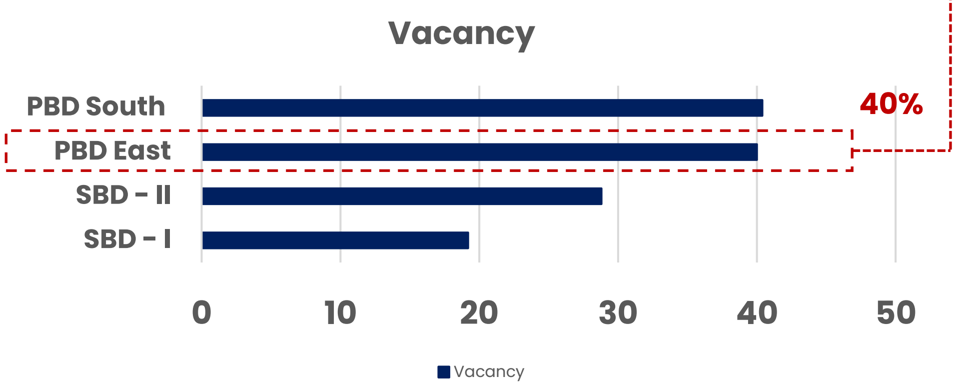



*Chart 1.2 Commercial Office Vacancy in Hyderabad*

**SBD-I** HITEC City, Madhapur, Kondapur, Raidurg
**SBD-II** Gachibowli, Nanakramguda, Kokapet

**Peripheral East Pocharam, Uppal**
**Peripheral South** Shamshabad, Adilbatia

| Submarket | Stock (in mn. Sq.ft.) | Vacancy | Rental Range (Rs./ Sq.ft.) |
|---|---|---|---|
| SBD - I | 60.2 | 19.2% | 55-78 |
| SBD - II | 42.2 | 28.8% | 50-65 |
| **PBD East** | **2.5** | **40.0%** | **35-45** |
| PBD South | 0.7 | 40.4% | 35-40 |
| Overall | 105.6 | **23.7%** | 35-78 |

### Uppal Nacharam vs. Hyderabad 40% | 23.7 %

PBD East constituting Nacharam and Uppal has a **significantly lower inventory** of commercial office space at 2.5 Million sqft. Even with **a low stock, the vacancy is at 40%** with **rental rates 42% less** than HITEC City-Madhapur.

*Source – Savills Q1 Hyderabad Market Snapshot*

# Trends in IT Sector

**Trends of Work from home, remote work, and hybrid modes translates to lower demands from IT companies for commercial real estate.**

## The future of work is hybrid with Indian IT giants opting for a blend of in-person and remote work

73% companies opting for a mix to satisfy emplyees, the new post-pandemic normal looks set to be three days a week in office

*Source – The Telegraph Oct.2022*

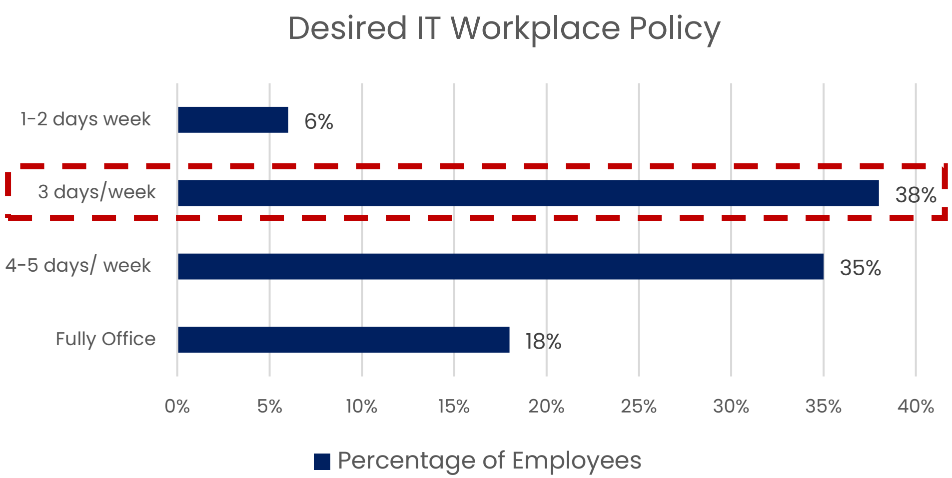



*Chart 2.1 Desired Workplace Policy of Employees in IT Offices*

*Source – LiveMint (June 2023)*

## IT Industry

More than **80 percent of IT companies and GCCs are most likely to adopt a hybrid work model** as compared to the rest of the industry segments.

Major Indian tech companies Wipro, TCS, and other Indian tech companies are moving in the direction of Hybrid Modes of working.

*Source – LiveMint*

## Lifesciences Sciences Industry

Lifesciences Sciences Industries rely heavily on cross-functional teams that collaborate and exchange ideas in real time.

A 2022 CBRE study reported, "Remote working arrangements are rather limited for most Lifesciences sciences tenants, **meaning laboratory space is not seeing the same short- and long-term effects of the COVID pandemic as office space.**"

*Source – U.S CBRE 2022*

# Cost of Set Up I.T vs Lifesciences

## Lifesciences facilities involve high cost of equipment and setting up manufacturing processes , this indicates longer lease periods .

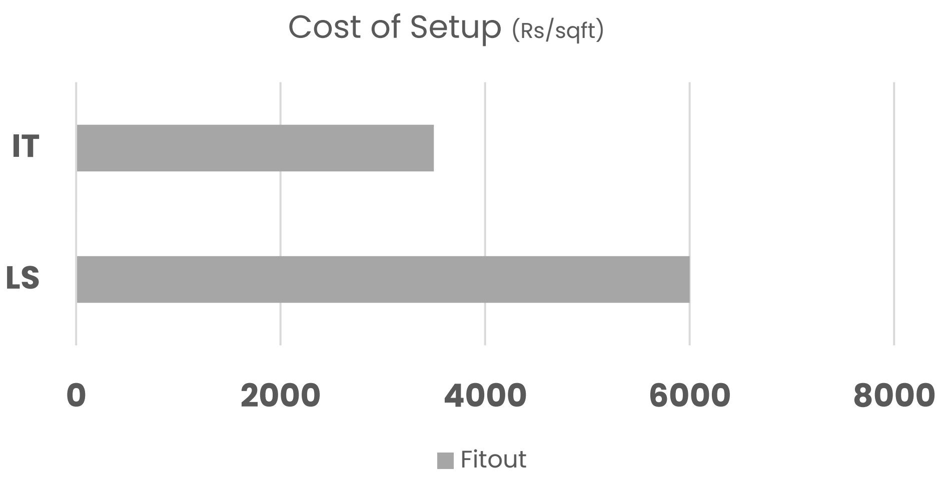



*Chart 3.1 Cost Comparison IT offices vs Lifesciences facilities*

**~1.71x***

The average cost of fitting out an LS facility is ~1.71x that of an IT facility of the same size.

*figures based on market rates might vary significantly with geography and equipment

### IT Industry

Software and service-based IT companies are **not reliant on physical equipment and inventories** to operate rather they need cloud-based infrastructure which makes **shifting bases and relocating much easier**.

### Lifesciences Sciences Industry

Lifesciences Sciences R&D and manufacturing involves **investing in high-cost equipment and production facilities** ensuring their **occupancy for longer periods of time**.

# Sector aligned academia in the vicinity

## Institutions have been a constant source of research support through ongoing industry partnerships with several stakeholders in the Lifesciences space.

NATIONAL INSTITUTE OF NUTRITION

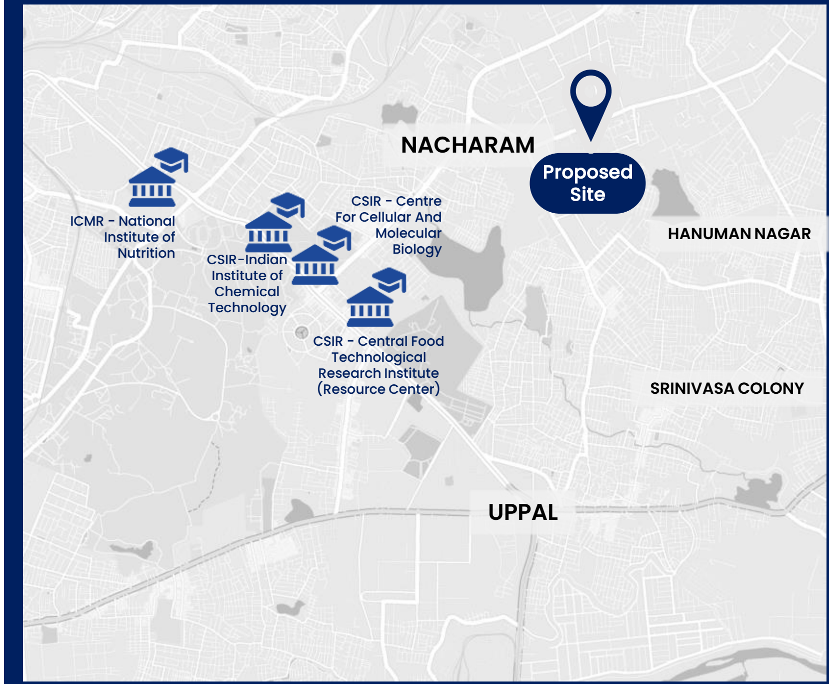
National Institute of Nutrition is an Indian **public health, nutrition,** and translational research center located in Hyderabad, India. One of the oldest research centers in India. The institute mainly conducts research in **obesity, diabetes, food chemistry, dietetics, clinical toxicology, and micronutrient deficiency.**

CCMB

Centre for Cellular and Molecular Biology or CCMB is an Indian fundamental Lifesciences science research establishment that does frontier research in areas of **modern biology, bioinformatics, functional genomics**.

CSIR - IICT Touching Lives

National Institute of Nutrition is an Indian public health, nutrition and translational research center located in Hyderabad, India. development of technologies for pesticides, **drugs, organic intermediates, fine chemicals, catalysts,** polymers, organic coatings, use of low-grade coals, and value-added products from vegetable oils.




*Sector aligned academia in the vicinity of the site.*

# Key Takeaways



## Market Activity

**40%**
Vacancy in Commercial RE in Nacharam Uppal

**~42%**
Less Rental rates than HITEC City, Madhapur

**2.5 mn. sq.ft.**
Commercial RE Stock

*Source – Savills Q1 Hyderabad Market Snapshot*

## Existing Ecosystem of private players and sector aligned public institutes

Sri Krishna Pharma | aragen | cohance lifesciences

Companies Operating in the area.

CSIR - IICT | CCMB | NIN NATIONAL INSTITUTE OF NUTRITION

Sector-aligned Institutes in the area.

## Future of IT Offices is remote work and hybrid modes of work.

**80%**
IT companies and GCCs reported to have Hybrid work.

wipro | Infosys | HCL

Indian Tech Giants opting for Hybrid Modes of Work.

*Source – LiveMint*

## Lifesciences facilities have longer commitments high demand

**96 mn. Sq.ft.**
India's Demand for LS Real Estate till 2030

**1.71x***
Fit out Cost IT vs LS

*figures based on market rates might vary significantly with geography and equipment

*Source – Savills India*

Key market markers indicative of demand are low even with lower rental rates, a significantly smaller stock of commercial office space the **vacancy is at around 40%.**
Smaller stock also displays **low investor confidence** in the submarket.

Due to the presence of many private companies in the Lifesciences sector **collaborations and partnerships can be fostered easily and for long periods of time** in addition to the research institutes that can leverage their skills for research and provide a talent pool.

The future of IT office is remote work and hybrid mode of work, which makes **IT companies relatively unreliable and sub-optimal users of a cities real estate**, Lifesciences sciences on the other hand have longer commitments due to capital intensive set up and time-consuming processes

Demand for LS real estate is on the rise nationally. Setup cost of an IT office especially fit-outs is **significantly less than that of a Lifesciences operation**. Occupancy of Lifesciences sciences facility is much longer when compared to other sectors