

AEROCITIES IN INDIA



RESEARCH THOUGHT PIECE

**HOW AEROCITIES IN INDIA CAN SCRIPT A NEW
GROWTH SAGA IN REAL ESTATE**

AN ANALYSIS BY AXON DEVELOPERS IN PARTNERSHIP WITH 360 REALTORS

Forewords



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Commitment | Honesty | Reliability



“Aerocities are gaining popularity in India, just like other parts of the globe. Conceptualized as sub-urban regions anchored around the airport, they are emerging as harbingers of modern Indian urban lifestyle.”

Aerocities were initially designed as commercial transit hubs catering to domestic and international passengers. However, with time they have evolved into fully functional commercial districts, drawing parallel to the existing CBDs.

Aerocities comprising of multiple 5-star hotels, posh retail stores, F&Bs, high-class office complexes, etc becoming a go-to spot for both travellers as well as affluent urban dwellers. They also consist of logistic parks, business parks, e-commerce warehousing, etc. operating as business districts.

Aerocities can range anywhere from 500 to 1500 acres around the airport region (Mostly 1-3 km from the main airport premise.) Business houses, corporates, and MNCs are keen to set-up their head office or regional offices in the Aerocity area. Not only having presence near the airport saves logistics cost but also helps businesses get access to top-tier talent. Aerocities offer conducive but relaxed atmosphere for business networking, exchange of ideas, and semi-formal hangouts, becoming very popular amongst established business and start-ups alike. Aerocities regions have plenty of high end pubs, restobars, cafes, restaurants, etc giving conducive environs to eat, drink, and party. A swanky office in an Aerocity can also render outstanding branding & visibility to any organization.

Since Aerocities are becoming independent urban hubs, they are often equipped with extensive support infrastructure in the form of green zones, walking areas, bicycling areas, etc.

Not to mention schools, educational institutes, healthcare, etc. Due to their rising popularity they also get a lot of attention from municipalities and local development agencies, who spend enormously in developing the required infrastructure.

While anchored around the airport, Aerocities are seamlessly linked to main city through multi-lane road network, suburban transit systems, metro lines, etc. This also makes them a favourite spot amongst the regular urban dwellers, who would come often to hang out, eat, shop, relax, etc.

Globally gigantic Aerocities have been developed across Dallas, Singapore, Dubai, London, KL, etc. In India the first Aerocity has been developed in IGI Airport by GMR Group, spread across 200 acres. This has been followed by another Aerocity by the same developer in Hyderabad, spread across 1500 acres. The project will be completed by 2030.

Airport developers are also keen to build Aerocities as they offer them to diversify and focus more on Non-Aeronautical Revenue (NAR) streams. Numerous other big Aerocity projects are getting developed in India, across Bangalore, Mohali, Navi Mumbai, MOPA, Jewar, etc.

Likewise, other big projects have been announced in Ayodhya, Lucknow, Dehradun, Vizag, etc. As per the analysis by 360 Realtors, there is a total of 14,135 acres of land that is being developed as Aerocities in India. (This also includes the project that has been announced.)

To further understand more about India's growing Aerocity landscape, we have prepared this thought piece. The report will illustrate the various facets of Aerocities in India including their inception, growth, evolution, and the way forward. In the report we have covered most of the major Aerocities, including the ones that has been announced recently. The report can offer valuable insights and perspective to business houses, developers, retailers, F&B ventures, hotel companies alongside development agencies, research houses, think tanks, etc.

Hope you like reading the report. Feel free to share your valuable inputs and feedback.



1.0 Indian Aviation Sector :

A bright spot on the Global Market

140+

Total Current Airports



190+

Total Future Airports
(2030)



0.12

Per Capita Air Travel
Penetration in
India(domestic)



0.06

Per Capita Air Travel
Penetration in
India(international)



150m+

Total Annual
Passengers
(domestic)



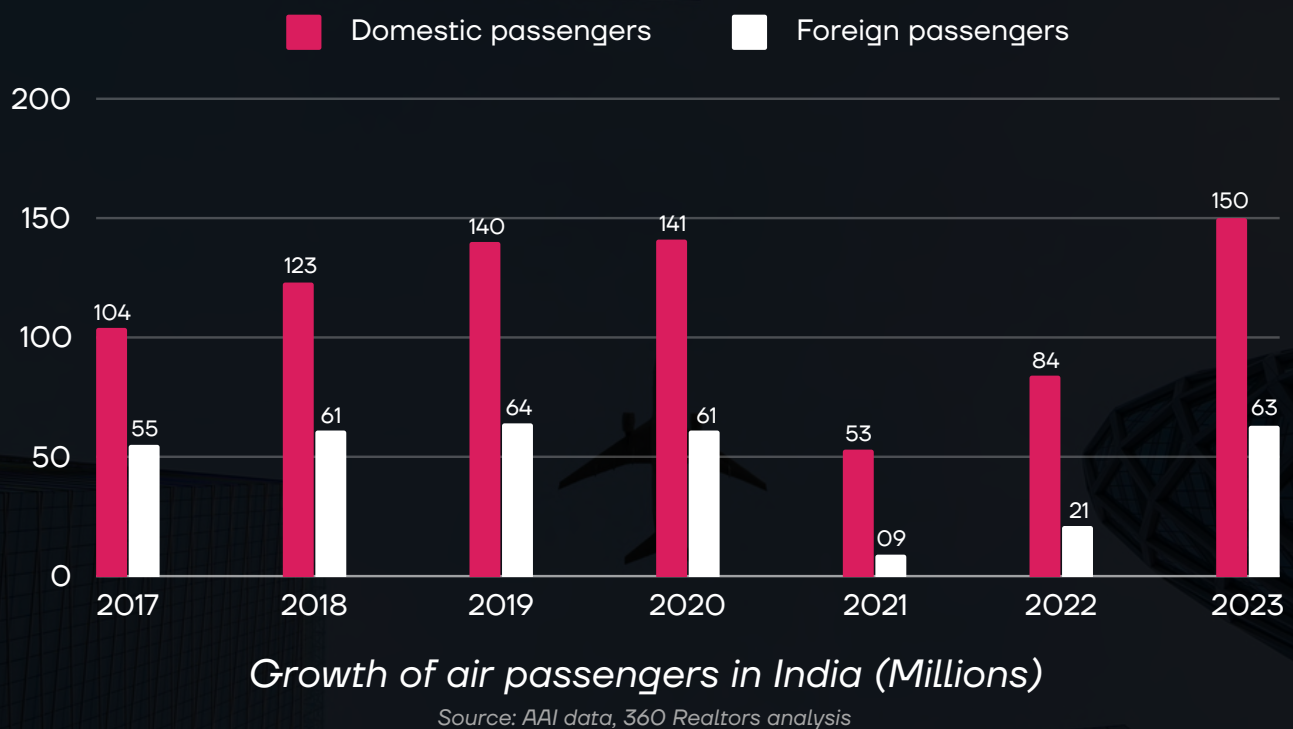
60m+

Total Annual
Passengers
(international)



Indian aviation sector is moving ahead at a staggering pace, becoming a bright spot globally. While most of the major key aviation markets have seen a dip in flight growth post pandemic, the Indian aviation sector is growing ahead in terms of airport infrastructure, passenger volume, and flight capacity. It is estimated that passenger volume will grow by 8% over the next 2 decades, making India the 3rd largest aviation market after USA and China. The overall aviation sector contributes to 5% of the GDP and generates around ~ 4 million jobs.

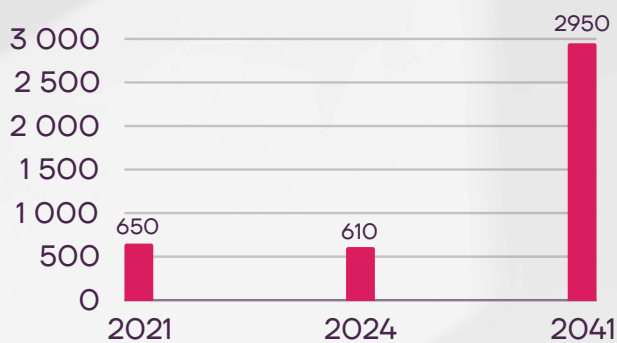
In 2023, the domestic passenger volume in India was pegged at ~ 150 million and will double down by 2030. Multiple factors are driving the aviation industry in India including growth in disposable income, rise of low cost carriers, enhanced regional connectivity, rebound in tourism, etc. India is home to 41 international airports alongside 100 domestic airports.



In another 6-7 years, India will develop 50 new greenfield airport projects in the country. Besides most of the major airports in the country are given facelift. Under the UDAN scheme it is also building smaller airports and airstrips in remote areas of India to seamlessly connect various parts of the country.

As per a study by Boeing Group, India will require close to 2400 new aeroplanes by 2041, comprising 90% of the demand in the South Asia.

In tandem with civil aviation, the cargo traffic is also rising in India backed by steep jump in e-commerce industry, consumer retail, exim trade, and warehousing sector. In FY 24, the total air cargo volume amounted to 3.4 million tonnes, growing by 7% yearly. This is a significant shift from FY 21, when air cargo slumped to less than 2.5 million tonnes. By 2030, GOI aims to take the total volume of air cargo to 10 million tonnes with the aid of infrastructure push and simplified policy support.



India's growth in passenger airplane fleet

Source: Boeing data, 360 Realtors
analysis, Statista

1.1 The Rise of Aviation Infrastructure

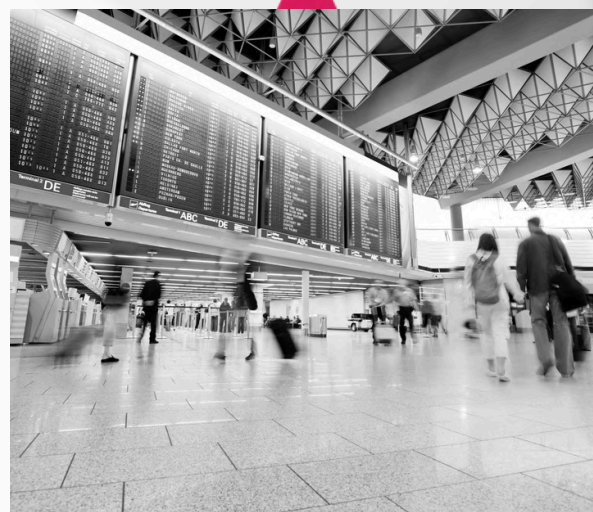
Airport infrastructure plays a pivotal role in the Indian aviation industry. The total size of aviation infrastructure in India is close to around USD 80-85 billion. Key players in the segment include GMR airports, Adani airports, Zurich airport, L&T, besides the state-run AAI (Airport Authority of India).

GMR airports is one of the leading airports developing & operating companies in India. It manages international airports in Hyderabad, Goa, Delhi and is developing a greenfield airport in Vizag. The airport operator is also active in international markets such as Philippines, Indonesia, and Greece. Collectively GMR manages around ~ 103 million passengers annually in India. It has presently around 85 million square feet of operational space apart from a pipeline of 12 million sq. ft, (Excludes international operations.). It also has around ~ 2000 acres of land parcel for real estate development.

AAHL (Adani Airports Holding Limited) manages around 8 airports in India including one greenfield project. Cumulatively it manages around ~ 80 million air passengers. It has around ~ 700 acres of land parcel for development.

Zurich Airport International is another major emergent player. It has been awarded the contract of developing Jewar airport in Noida in 2019.

The Airport infrastructure development is a multi-themed business which capitalizes on the interplay of infra, consumer retail & lifestyle, hospitality & tourism, start-up ecosystem, real estate, and destination marketing. While it is corned on developing world class airport projects, it is not just limited there. We will learn more about this in the next section.



2.0 The Rise of Non Aeronautical revenues (NAR)

Traditionally revenue streams of airport comprise of aeronautical factors such as airlines fees, passengers' fees, hanger & parking fees, etc. However, with time airports are also diversifying into non-aeronautical factors such as retails, F&Bs, convention centres & meeting space, hotels, branding spaces & outdoors, etc. Currently around ~ 40% of the revenue comprise of non-aeronautical components. In bigger airports, around 50% of the revenue comes from non-aeronautical activities.

Interestingly though still a minority share in revenue, it consists of around ~ 80% of the profit, which further underscores its importance.

The importance of NAR has also risen during the pandemic, when airports around the globe were under tremendous pressure due to near lack of travel. This further forced many airport operators to look forward to other potential sources of revenue.

Mentioned below are benefits of NAR:



It helps airports to diversify their revenue stream by tapping into a wide range of key potential segments such as retail, F&B, marketing, hospitality, etc.



It can foster better passenger engagement by offering them a gamut of services & offerings and promote their overall wellbeing.



The concept of NAR is now no more just limited to retail and hospitality. Rather it is evolving in the form of Aerocities, a fully functional business district, located around the airport premise.

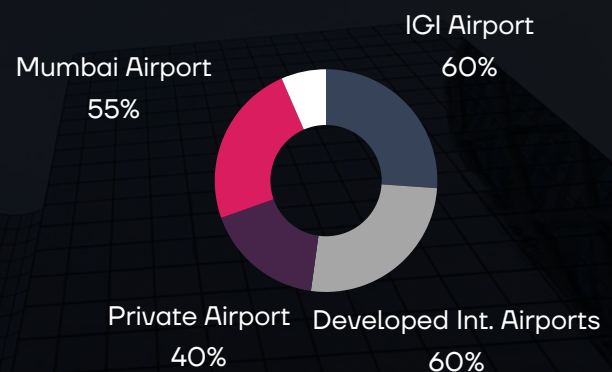


In a time of stiff competition, it can help airports stay competitive, which can also boost tourism activities in the region.



By promoting NAR activities, airports can play a bigger role in economic growth and employment generation in the wider region.

Glimpse into India's NAR



2.1 Aerocity New Delhi

India's first Aerocity

India's first Aerocity has been developed at IGI airport, New Delhi across an area of 200 acres by GMR group. The suburban region was developed during the time of Commonwealth Games in 2010, initially as a transit entertainment and hospitality hub. However, later on it further evolved into a well-established business and commercial district as well.

Today Aerocity is a premium residential, commercial, and retail district drawing parallel to other CBDs in Delhi NCR such as Cyber hub and Jaypee city. There are over 100 F&B joints in Aerocity encompassing fine dining, casual hangout cafes, restobars, bakeries, etc.

Around 17 hotels and resorts are there amounting to ~7000 rooms in total.

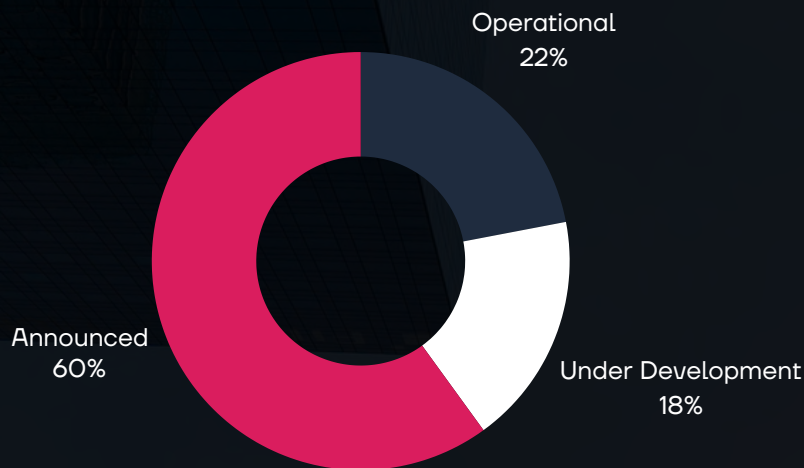
This includes remarkable names like Hyatt, Pullman, JW Marriott, Radisson Blue, Holiday Inn, etc.

The retail sector in the region is also growing at a scorching pace with a slew of top tier lifestyle stores, spas, fashion outlets, catering to both travellers as well as local inhabitants of NCR. There is a dedicated open mall namely World Mark with a GLA of around 1.5 million sq. ft.

The Delhi Aerocity is also dotted with top class office complexes. Major MNCs, IT companies, and consulting houses have their presence in NCR. Companies take special pride opening an office at the Aerocity region, due to its reputation as an up class, trendy, and cosmopolitan neighbourhood.



2.2 Rise of Aerocities in India

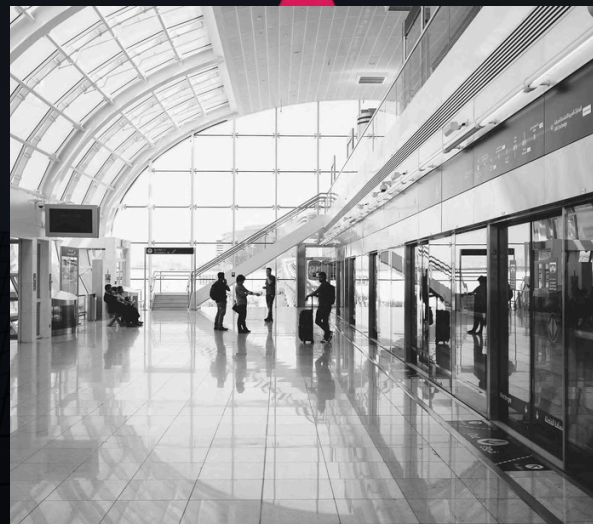


Source: 360 Realtors Analysis

India currently has a total of 9 operational Aerocity projects. The total area of Aerocities in India, including operational, under construction, and announced project spreads across 14,135 acres. 22% or 3050 acres of Aerocity land is operational in India, which includes Aerocities in Delhi, Hyderabad, Mohali, and Durgapur. Around 18% or 2585 acres of Aerocity land is under development and is expected to soon enter the market supply. Some of the under-construction projects include 150 acres of project near the newly inaugurated Valmiki International airport in Ayodhya, 463-acre mixed-use project near Devanahalli airport, and 172-acre Aerocity project near the Jewar Airport, which is slated to open soon. Work is going full swing on the 740-acre Aerocity project near the Navi Mumbai international airport. The project is developed by Adani in partnership with CIDCO.

Amongst key projects that have been announced, the UP-state government is contemplating to build a 1500-acre cityside development near the Lucknow airport.

In another turn of events, Uttarakhand state government has announced to develop a larger Aerocity around Jolly Grant Airport, Dehradun. The project will spread across a sprawling ~7000 acres of land and will comprise of 5-star hotels, business parks, F&B, retail, industrial parks, townships, etc.



Mentioned below are major Aerocities in India

GMR Aerocity, Hyderabad	<ul style="list-style-type: none"> • 1500 acres of development • Touted as the biggest Aerocity of India, the project will be completed by 2030 • It will offer complete business ecosystem with industrial parks, business parks, logistics hubs, etc. • It will have 22-acre retail zones with F&Bs, lifestyle stores, high streets, etc. • The project will have support infrastructure in the form of educational institutes, long rentals, transport, healthcare, etc. • 2 office buildings have been developed and 2 more are planned. • 1.5 million sq. ft. of logistics park is under construction.
Aerocity, New Delhi	<ul style="list-style-type: none"> • One of the first Aerocities in India, the project is spread across ~ 200 acres. • 11+ premium hotels with ~ 4000 rooms. Total hotel count of around 17 • 100 +F&B brands • A dedicated mall-cum-shopping centre namely, World Mark 1, spread across 1.5 million sq. ft. • The region is abound with premium retail, luxury stores, fashion & lifestyle centre, etc.
Aerocity, Ayodhya	<ul style="list-style-type: none"> • A new Aerocity will be built on the Sultanpur highway, near the airport. • The 150-acre project will be developed by ADA. • It will comprise 5-star hotels, Ayurveda resort, destination wedding centre, etc.

<p>Bengaluru Airport City</p>	<ul style="list-style-type: none"> • A 463-acre airport city is developed near Kempegowda airport comprising swanky retail and dining villages, business parks, and 775 room hotels developed by IHCL. • The first phase of the project will be completed by 2025 • The Aerocity will have concert area spread across sprawling 300,000 sq. ft. • In the subsequent phases more, hotels (around ~ 2500 rooms), business parks, medical city, higher academic institutes, etc. will be built. • The project is linked to blue line of the Bengaluru metro.
<p>MOPA Aerocity</p>	<ul style="list-style-type: none"> • An Aerocity is being developed around the existing MOPA airport, spread across 232 acres • The project will have convention centres, hotels, high streets, casinos, nature resorts, etc. • The Aerocity will consists of amusement parks and entertainment centres targeting both travellers and local Goan.
<p>Aerocity Urna, Navi Mumbai</p>	<ul style="list-style-type: none"> • Work has begun on the project that will spread across 740 acres. • The project developed by CIDCO in partnership with Adani developers will comprise financial centres, commercial complexes, residential complexes, retails, healthcare, educational institutes, etc. • The project will be connected with metro network, roadways, and other infrastructure facilities. • The Aerocity will be built in four phases.

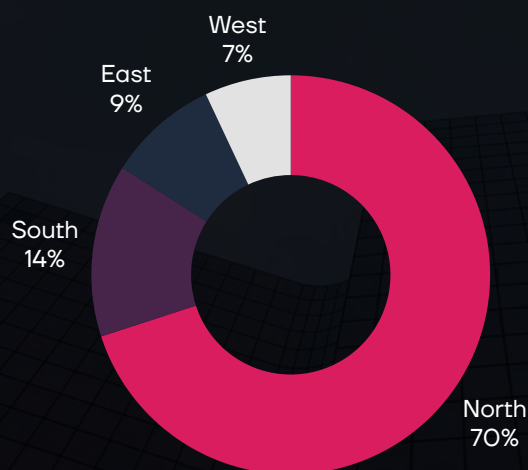
<p>Aerocity, Lucknow</p>	<ul style="list-style-type: none"> • In FY 25 Budget, UP state government has announced to develop a 1500-acre Aerocity near the airport premise. • The state authority has started identifying the land parcels for the project. • The mega project will encapsulate premium hotels, F&Bs, amusement parks, commercial centres, etc. • The project will be accessible via the Lucknow Kanpur expressway.
<p>Aerocity Mohali</p>	<ul style="list-style-type: none"> • The project is spread across 1000 acres near the international airport Chandigarh. • The project has around 5000 plots comprising of 1100- 4500 sq. ft of area. • The plots will be used for residential, commercial, and industrial objectives. • The Aerocity is linked to the airport via 200 ft. wide road.
<p>Jewar Aerocity, Noida</p>	<ul style="list-style-type: none"> • Work has begun on the 172-acre project that is slated to become operational by the end of 2024 • The project will include 5-star hotels, high streets, recreational parks, etc. • In the subsequent years, YEIDA, the nodal agency has proposed to develop a wider Aerocity, designed as a suburban region. • The larger project will spread across ~ 10,000 acres and consists of multimodal logistic parks, industrial parks, golf courses, sporting arenas, Olympic villages, etc.

Jolly Grant
Aerocity,
Dehradun

- A new Aerocity has been proposed near the airport, in lines with other popular projects globally and nationally.
- The development authorities are scouting land for the project, which is slated to become an integrated hub for business, commerce, hospitality, and retail.
- The project will comprise of 5-star hotels, cafes, restaurants, offices spaces, etc.
- It will also offer local business Uttarakhand, a platform to connect with wider world.

Durgapur
Aerotropolis

- It is located near the Durgapur airport across the Durgapur-Asansol region
- The project is spread across 1350 acres
- The project includes logistic parks, IT hubs, and logistics hubs, etc.
- There are also ample support infrastructure in the form of housing, healthcare, educational facilities, etc.
- Singapore based Changi International Airport has 30% stake in the project.



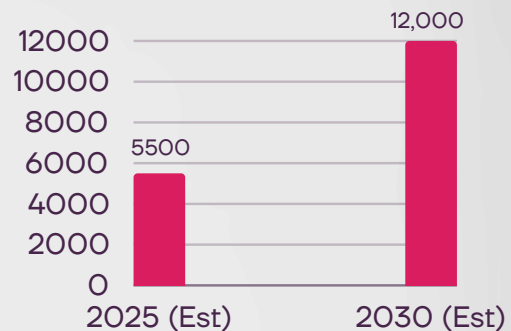
Region wise break-up of Aerocities in India

Source: 360 Realtors Analysis

2.3 Aerocities

A Thriving Ground for Branded Hospitality Businesses

Aerocities are becoming a thriving ground for 5-star hotels, resorts, upscale guesthouses, corporate hotels, convention centres, exhibitions, etc. They cater to businesses, corporate professionals, start-up owners, tourists, transit travellers, etc. Likewise, they are also becoming popular amongst local HNIs, affluent households to host parties, events, meet-ups, etc. As per the analysis by 360 Realtors, in 2025, the total branded rooms are pegged at ~ 5,500 rooms. By 2030, it is slated to reach ~ 12,000 rooms, growing at a CAGR of 16.9%.



Total Branded Rooms in Aerocities in India

Source: 360 Realtors Analysis



In Delhi Aerocity, there are 11+ premium hotels with a cumulative room of around ~ 4000.



The Mohali Aerocity is becoming a thriving ground for midscale hotels, farm stays, guesthouses, and rental villas.



IHCL is developing a 775-room hotel in Bangalore Aerocity. In the times to come, the room count is slated to reach ~ 2500 in the region.



In Hyderabad Aerocity, a 292 room Accor (Novotel) hotel has been inaugurated. The project also around ~ 70,000 sq. ft of meeting space and is situated in the hospitality district.



Boston Living is building a 1500 bed co-living project in the Hyderabad Aerocity. The 250 crore project will be spread across 11 acres and will be built in multiple phase.



IHCL is working on a large format Ginger hotel at MOPA Aerocity. The 2-acre project with 300 rooms is slated to open in 2027.

3.0 Insights into International Aerocities

Aerocities are a global phenomenon, with many large-scale projects across the globe. Mentioned below are some of the key Aerocities internationally

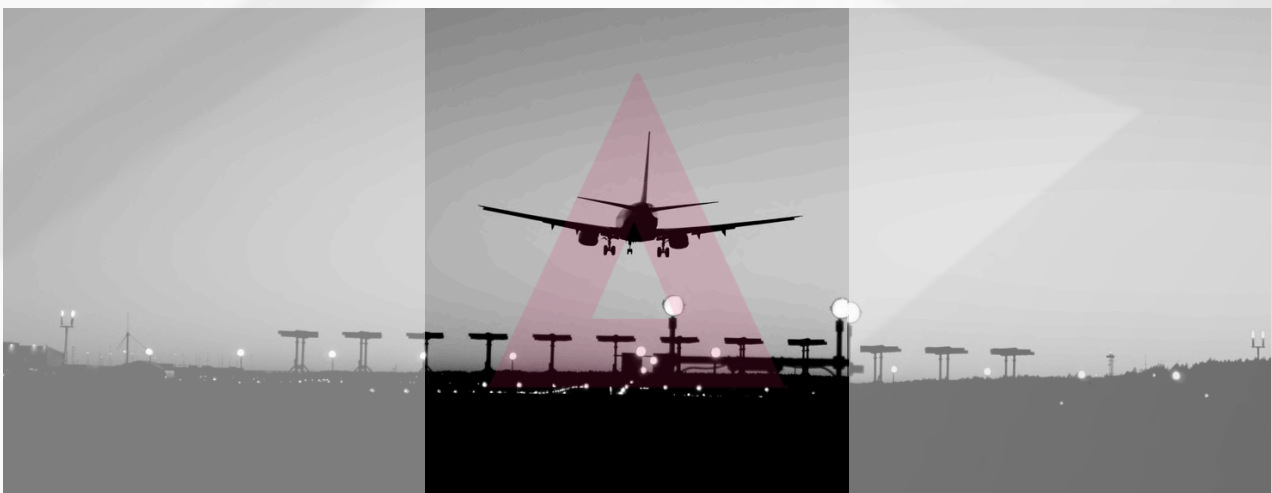
Dubai Festival City

- Dubai Festival City is located at around ~ 1.5 km from the Dubai International Airport (DXB.)
- The overall project spread across ~ 1300 acres comprise of 5-star hotels, shopping mall, residences, service apartments, high streets, co-working spaces, office towers etc.
- The project designed on the concept of the Aerocity also consist of golf course, shopping centre, cinema theatres, international schools, multi sports arena, etc.
- The Aerocity is becoming a thriving destination for entertainment, work, and tourism.
- Conceptualized in 2003-04, so far over USD3 billion has been spent on the project.

KLIA Aeropolis, Malaysia

- This is one of the first Aerocities developed in Malaysia.
- The project has been conceptualized by Malaysia Airport Holding (MAHB) in 2015.
- The project will comprise of a logistics park spread across ~ 400 acres.
- There will be dedicated aerospace park with around 40+ aviation enterprises.
- There will be a dedicated retail and entertainment hub, comprising of 550 acres

Canary Wharf	<ul style="list-style-type: none"> • The London Canary Wharf is a business district and financial centre located at around 5 kms from the London city airport. • It is a mix of work, retail, and residences. • There are around 1.6 million sq. ft. of commercial space. • Most of the major hotel operators including Novotel, Holiday Inn, Intercontinental, Hilton, Crowne Plaza, Radisson Blue, etc. are based out of Canary Wharf.
Airport City, Changi Airport, Singapore	<ul style="list-style-type: none"> • In 2012, Changi Business District has been developed near the airport to emerge as a parallel commercial cluster to the downtown areas. • The project is spread across 175 acres and comprise of business park, logistics park, and financial clusters. • A wide range of IT enterprise, research institutes, banking companies, consulting companies etc. are located in the Changi Business District. • The Aerocity is also dotted with hotel, university, lifestyle gym, retail centres, country clubs, golf clubs, schools, etc.



Source

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