

MARKETBEATS

1.7X

Y-O-Y INCREASE IN LEASING (H1 2019)

0.22 msf

LEASING ACTIVITY (Q2 2019)

1.52 msf

SUPPLY PIPELINE (2019-20)

WHAT'S NEXT

HIGHLIGHTS

Sluggish leasing activity in Q2

With gross leasing activity recorded at 224,610 sf in Q2, Kolkata continued to see sluggish occupier demand. This was lower by 37.3% on a q-o-q basis. However, H1 2019 was overall a much improved period for the city with it being a 6-year peak in comparison to previous corresponding periods. The Salt Lake submarket contributed 74% of the space take-up, with the balance recorded in Rajarhat. The latter submarket is expected to see a couple of large space take-ups (transactions above 100,000 sf) by IT-BPM occupiers in the coming quarters, with the availability of space in large IT and SEZ projects driving occupier traction in this corridor. During Q2, a significant space take-up was seen by a captive unit of an accounting major which accounted for 35% share of leasing activity. IT-BPM and manufacturing sectors had respective shares of 28% and 20% during the quarter, with majority being expansion by corporates operating in the city.

No new supply addition during the quarter

With no new completions recorded during the quarter, the city's office inventory remained at 25.8 msf. Overall vacancy decreased by 60 bps q-o-q to 37.9%. Quoted rentals continued to be stable in a tenant favourable market which has adequate availability of Grade A space. In order to retain existing occupiers, Rajarhat and Salt Lake submarkets also saw some cases of lease renegotiations during the renewal process by tenants, where the lease rents were higher than the current market average.

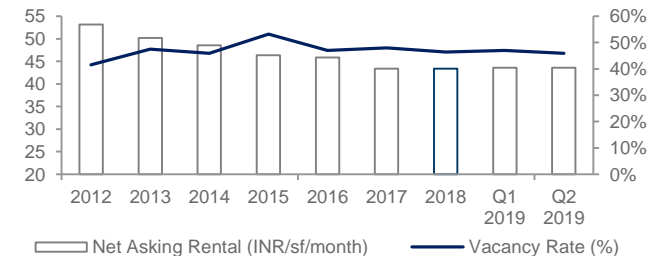
New supply expected by end of the year

The end of 2019 is expected to see supply addition of 0.7 msf across two projects in Park Circus Connector and Salt Lake submarkets. Sufficient availability of space in all submarkets is likely to keep the overall rents largely stable in the coming quarters. The steady momentum in demand is expected to continue with some large space take-ups in pipeline likely to result in a strong finish for the office leasing market in 2019.

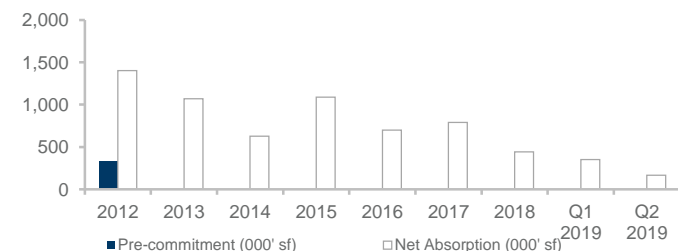
MARKET INDICATORS OVERALL

	Q2 2018	Q2 2019	12 month Forecast
Overall Vacancy	39.2%	37.9%	
Weighted Average Net Asking Rental (INR/sf/month)	47.28	47.18	
YTD Net Absorption (sf)	158,200	516,600	

GRADE A OVERALL RENT & VACANCY RATE - SALT LAKE



GRADE A PRE COMMITMENT AND NET ABSORPTION



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SUBMARKET	INVENTORY (SF)	VACANCY RATE	YTD LEASING ACTIVITY (SF)	PLANNED & UNDER CONSTRUCTION (SF)	YTD CONSTRUCTION COMPLETIONS (SF)	YTD NET ABSORPTION (SF)	GRADE A WTD. AVG. RENT*		
							INR/SF/MO	US\$/SF/YR	EUR/SF/YR
CBD	1,375,200	28.4%	0	110,500	0	0	106.82	18.43	16.21
Park Circus Connector	710,300	25.0%	1,400	600,000	0	1,400	88.80	15.32	13.47
Rashbehari Connector	1,413,800	43.7%	10,900	0	0	10,900	78.17	13.49	11.86
Rajarhat	9,753,000	28.9%	53,400	529,000	0	37,500	36.88	6.36	5.59
Sector-V, Salt Lake	12,597,900	45.9%	517,500	977,400	743,000	466,800	43.59	7.52	6.61
TOTAL	25,850,200	37.9%	583,200	2,216,900	743,000	516,600	47.18	\$8.14	€7.16

The report highlights Grade A details only

Net absorption refers to the incremental new space take-up; leasing activity includes fresh transactions and term renewals

*Weighted average asking rental rates for vacant spaces that provide core facility, high-side air conditioning and 100% power back up

^ Includes planned & under construction projects until 2021

IT-BPM – Information Technology – Business Process Management

Key to submarkets:

CBD – Park Street, Camac Street, AJC Bose Road, Theatre Road

US\$ 1 = INR 69.55; € 1 = INR 79.1

Numbers for the second quarter are based on market information collected until 10th June 2019

KEY LEASING TRANSACTIONS Q2 2019

PROPERTY	SUBMARKET	TENANT	SF	LEASE TYPE
Godrej Genesis	Sector-V, Salt Lake	PwC SDC	78,000	Expansion
Infinity IT Lagoon	Sector-V, Salt Lake	Tata Steel	30,000	Expansion
Candor TechSpace	Rajarhat	Capgemini	29,435	Expansion
DLF IT Park II	Rajarhat	Concentrix	21,000	Expansion
PS Srijan Reprosan IT Park	Sector-V, Salt Lake	Turbo Tech	11,000	New lease

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	COMPLETION DATE
Ideal Unique Centre	Park Circus Connector	NA	600,000	Q4 2019
Aurora Waterfront	Sector-V, Salt Lake	NA	110,000	Q4 2019
Candor TechSpace	Rajarhat	NA	529,000	Q1 2020
Unimark Asian	CBD	NA	110,500	Q1 2020

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