

MARKETBEATS

3.4 msf

 GROSS LEASING
(Q2 2019)

61.1%

 GURUGRAM'S SHARE IN
LEASING ACTIVITY (Q2 2019)

9.9 msf

 AVERAGE ANNUAL SUPPLY
(H2 2019 - 21)

WHAT'S NEXT

HIGHLIGHTS

Sustained leasing momentum in NCR office market

Leasing activity was recorded at a robust 3.4 msf in Q2 2019; clocking a 22% q-o-q growth, with Gurugram witnessing bulk of the activity. IT-BPM occupiers led the demand for office space with a 45% share followed by manufacturing & captives contributing 17% and 9%, respectively. Flexible workspace operators accounted for 9% of quarterly leasing, with new players entering this rapidly expanding domain. Gurugram continued to dominate the leasing activity with rising traction towards Golf Course Extension Road owing to a lack of available space in core markets. Large transactions (above 50,000 sf) constituted almost half of the gross leasing in Q2, majority being in NH8 – Prime & Noida Expressway. Net absorption at 0.95 msf decreased by 30% q-o-q on account of relocation/consolidation and lease expiries resulting in churn and spaces being vacated by occupiers. Large pre-commitments were seen in NH8 – Prime, Noida Expressway and Noida city.

Limited new supply addition in Q2, vacancy declines

A solitary completion in the form of new SEZ supply of 0.5 msf was added in Noida during Q2, just around one-tenth of the total space addition last quarter. While SEZ developers continue to expedite project execution, there is expectation of clarity on the SEZ sunset clause in the upcoming budget. The overall vacancy declined by 100 bps q-o-q to 24.4% backed by strong leasing, with rents exhibiting stability across all submarkets.

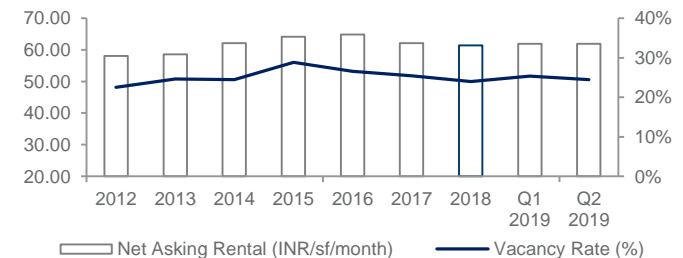
Strong supply pipeline in key Delhi & Gurugram markets

New supply is planned in NH8 – Prime and Cybercity in Gurugram and Aerocity in Delhi, helping in space addition in core markets which have limited space availability. Captive centres, IT-BPM, flex space operators and professional services firms are likely to be the drivers of office demand with ongoing and planned requirements largely centered in Gurugram. Rents are likely to inch up in core markets driven up by quality project completions by the end of the year.

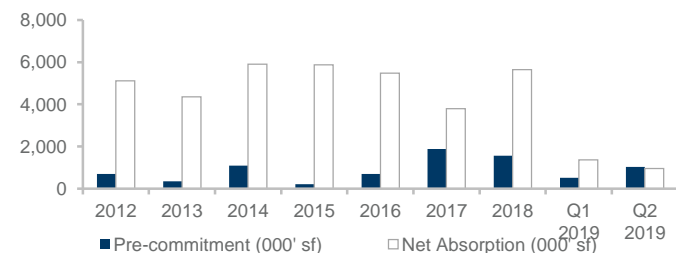
MARKET INDICATORS OVERALL

	Q2 2018	Q2 2019	12 month Forecast
Overall Vacancy	24.5%	24.4%	▲
Weighted Average Net Asking Rental (INR/sf/month)	63.32	61.87	■
YTD Net Absorption (sf)	2,882,000	2,325,100	▲

GRADE A OVERALL RENT & VACANCY RATE



GRADE A PRE COMMITMENT AND NET ABSORPTION



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SUBMARKET	INVENTORY (SF)	VACANCY RATE	YTD LEASING ACTIVITY (SF)	PLANNED & UNDER CONSTRUCTION ^A (SF)	YTD CONSTRUCTION COMPLETIONS (SF)	YTD NET ABSORPTION (SF)	GRADE A WTD. AVG. RENT*		
							INR/SF/MO	US\$/SF/YR	EUR/SF/YR
Delhi CBD	1,343,700	13.4%	106,900	151,800	0	25,500	312.86	53.98	47.46
South-East Delhi	6,578,200	20.1%	277,500	0	0	28,700	110.92	19.14	16.83
Delhi International Airport	1,366,800	7.2%	14,000	0	0	55,000	184.00	31.75	27.91
DLF Cybercity	13,985,800	3.4%	336,300	700,000	0	(37,900)	118.48	20.44	17.97
MG Road	2,220,800	9.1%	65,500	1,015,400	0	(17,100)	120.97	20.87	18.35
NH8 - Prime	11,148,400	23.8%	1,500,900	3,544,900	0	(546,100)	82.27	14.19	12.48
Golf Course Road	6,065,000	10.8%	281,400	0	0	(31,100)	94.91	16.38	14.40
Gurugram Others	36,294,300	31.2%	1,594,600	10,859,400	2,213,400	2,271,700	52.21	9.01	7.92
Noida	26,192,400	25.7%	2,014,300	8,598,000	2,048,600	576,400	50.38	8.69	7.64
TOTAL	105,375,400	24.4%	6,191,400	24,869,500	4,262,000	2,325,100	61.87	\$10.67	€9.39

The report highlights Grade A details only. Certain indicators are historically corrected by addition / deletion of older / refurbished projects as per grade A classification and accounting for changes in built-up / leasable area besides adjusting tenant leases to reflect accurate market conditions.

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

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

^AIncludes planned & under construction projects until 2021

Gurugram CBD has been bifurcated into DLF Cybercity and MG Road

Gurugram Others – includes Sohna Road, Golf Course Extension Road, Udyog Vihar, NH-8 Non Prime, Gurgaon-Faridabad Road and Southern Peripheral Road and excludes Manesar

Noida – excludes Greater Noida

US\$ 1 = INR 69.55; € 1 = INR 79.10

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
Vatika One on One	Gurugram NH8 - Prime	Google	646,000	Pre-commitment
SP Infocity	Gurugram NH8 - Prime	Concentrix	202,500	Relocation
Capital Cyberscape Tower 1	Gurugram Others	Huawei	145,714	Relocation, Expansion
Tech Boulevard Tower C	Noida	Tech Mahindra	67,000	Expansion
Lotus Business Park Tower B	Noida	HCL Technologies	62,000	Expansion

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	COMPLETION DATE
Signature Tower III – B & C	Gurugram NH8 - Prime	Google	380,000	Q4 2019
DLF Downtown Block 2	DLF Cybercity		700,000	Q4 2021
Bharti Worldmark 65	Gurugram Others		485,135	Q4 2019
DLF Cyber Park	Gurugram NH8 - Prime	BACI, Gartner, Expedia, BCG, EY	2,518,900	Q4 2019

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