

# MARKETBEAT

**0.28 msf**

NET ABSORPTION  
(Q3 2019)

**3.73 msf**

NEW COMPLETIONS  
(YTD 2019)

**6.67 msf**

UPCOMING SUPPLY  
(Q4 2019 - 2021)

## WHAT'S NEXT

## HIGHLIGHTS

### Leasing activity gains momentum

The Ahmedabad office market recorded a net absorption of 282,985 sf, which is significantly higher compared to the previous quarter. The availability of quality supply through new completions in recent quarters has resulted in improved occupier traction. Leasing activity was driven by occupiers in the BFSI and Professional Services tenant categories as well as by domestic trading companies. With respect to demand activity corridors, SG Highway dominated with a 56% share of leasing, followed by the CBD with a 22% share. We expect that BFSI firms shall remain active along with trading firms, while IT-BPM and co-working operators are also steadily gaining momentum and are likely to make a bigger contribution to on-ground demand in the coming quarters.

### Vacancy remains high

While the YTD completions total a significant 3.73 msf in 2019, moderate demand in Q3 ensured that vacancy remained relatively unchanged q-o-q at 43.5%. The vacancy levels still remain high with demand not showing any appreciable improvement. The SG Highway accounted for all the new completions during the quarter. Going forward, an additional supply of nearly 6.67 msf is slated for completion till end-2021 with half of it concentrated in the SG Highway submarket followed by Gandhinagar and Satellite/Prahladnagar corridors. With no significant pre-leasing witnessed and demand levels expected to remain stagnant, vacancy levels are likely to remain high in the coming quarters. In some cases, projects may also face delays in the face of poor demand for them. Older projects are also facing issues of poor management on account of being strata-sold and struggling with high vacancy levels.

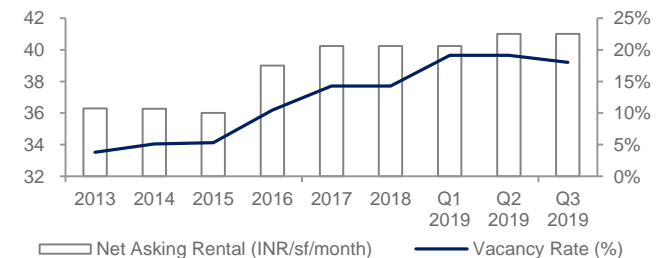
### Rents remain stable across market

With the high levels of vacancy continuing and likely to perpetuate, rents have remained unchanged and are likely to exhibit the same stagnancy going forward in view of the large supply pipeline.

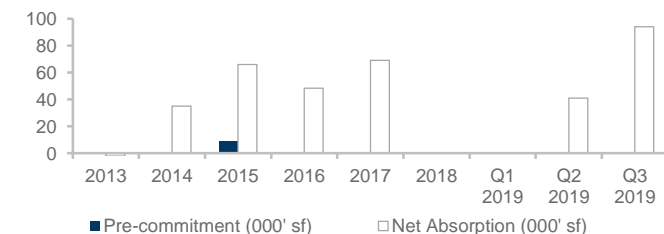
### MARKET INDICATORS OVERALL

	Q3 2018	Q3 2019	12 month Forecast
Overall Vacancy	40.5%	43.5%	▲
Weighted Average Net Asking Rental (INR/sf/month)	41.0	38.3	■
YTD Net Absorption (sf)	183,800	542,885	■

### ALL GRADES OVERALL RENT & VACANCY RATE - CBD



### ALL GRADES PRE COMMITMENT AND NET ABSORPTION - CBD



Rohan Sharma

Director  
Research Services  
Tel: +91 124 4695555  
Rohan.sharma1@cushwake.com

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
S. G. Highway	10,235,500	38.9%	228,735	2,930,750	2,649,900	238,735	37.55	\$6.37	€5.79
Satellite / Prahladnagar	4,551,170	29.3%	133,700	365,000	734,000	168,700	41.24	\$7.00	€6.36
GIFT City	2,854,165	75.2%	75,000	1,350,000	350,000	75,000	37.24	\$6.31	€5.74
<b>TOTAL#</b>	<b>18,457,400</b>	<b>43.5%</b>	<b>457,885</b>	<b>6,676,460</b>	<b>3,733,900</b>	<b>542,885</b>	<b>38.29</b>	<b>\$6.49</b>	<b>€5.91</b>

*The report highlights Grade A details only.*

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

*^ Includes planned & under construction projects until 2021*

*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*

*# Total figures contain submarkets not mentioned above*

*IT-BPM – Information Technology – Business Process Management*

*US\$ 1 = INR 70.79; € 1 = INR 77.81*

*Numbers for the second quarter are based on market information collected until 20<sup>th</sup> Sept 2019*

## KEY LEASING TRANSACTIONS Q3 2019

PROPERTY	SUBMARKET	TENANT	SF	LEASE TYPE
The First	Satellite/Prahladnagar	One Technologies	12,000	Fresh lease
Privilon	SG Highway	N K Proteins	7,700	Fresh lease
Mondeal Heights	SG Highway	Agrostar	7,000	Fresh lease
Westgate Business Bay	SG Highway	Perception Systems	4,600	Fresh lease

## SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	COMPLETION DATE
Colonade 2	S. G. Highway	NA	230,000	Q1 2020
West Gate (D Block)	S. G. Highway	NA	272,200	Q2 2020
Rajyash Rise	Vasna	NA	213,000	Q4 2019
Ship Zaveri	Satellite/Prahladnagar	NA	200,000	Q4 2020

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