

MARKETBEAT

**8.74%**GRADE A VACANCY
(Q3 2019)**3.51msf**GROSS LEASING
(YTD 2019)**2.09msf**NET ABSORPTION
(YTD 2019)WHAT'S
NEXT

HIGHLIGHTS

Increased traction and tightening vacancy

The city's office market saw steady traction with 1.1 msf of leasing activity in the quarter. On a YTD basis, this translates to a 2X growth compared to the 2018 YTD numbers. Maximum demand traction was seen from occupiers in the IT-BPM category and captive centres. As a result, vacancy dropped by 60 bps q-o-q to 8.7% during the quarter. A revival in demand momentum and declining vacancy levels have also resulted in rents rising by 3.0% q-o-q, largely driven by an increase in Peripheral South-West. The YTD net absorption at 2.09 msf is already at a 5-year high and looks poised to hit a six-year peak by the year-end. Addition of quality supply in the city is creating expansion opportunities for occupiers.

Co-working Sector gaining prominence

An increased demand for flexible workspace among start-ups as well as enterprises is evident from the sector accounting for 15.2% of the city's YTD leasing activity. With several companies experimenting with flexible workspace formats, large scale operators like CoWrks, Smartworks, Indiqube, Workafella and a few small scale local operator are strengthening their presence in the city's office market.

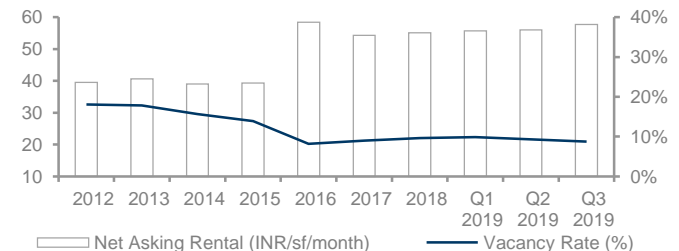
Peripheral locations lead the way

Sholinganallur, Thoraipakkam, Navalur and Perungalathur are some of the locations along the Peripheral South and Peripheral South-West corridors that are witnessing increased occupier traction. They accounted for 33% of the total leasing activity during this quarter. IT-BPM and captive centres shall continue to drive leasing activity in the city along with the engineering and manufacturing sector which remains a substantial space taker in the city. While new supply additions shall drive demand in the peripheral markets, the positive outlook for new supply additions in the core markets like Guindy, Perungudi and Taramani also bode well for higher occupier traction in these established corridors going forward.

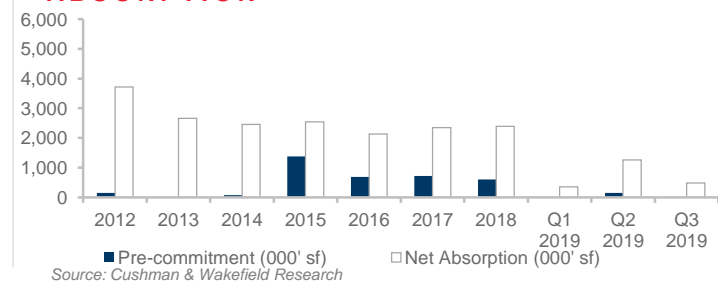
MARKET INDICATORS OVERALL

	Q3 2018	Q3 2019	12 Month Forecast
Overall Vacancy	9.45%	8.74%	▼
Weighted Average Net Asking Rental (INR/sf/month)	55.54	57.75	▲
YTD Net Absorption (sf)	1,593,697	2,090,048	▲

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	PLANNED & UNDER CONSTRUCTION (SF)	YTD CONSTRUCTION COMPLETIONS	YTD NET ABSORPTION	GRADE A WTD. AVG. RENT*		
							INR/SF/MO	US\$/SF/YR	EUR/SF/YR
CBD	2,563,551	17.62%	193,305	429,673	286,783	190,000	78.39	13.29	12.09
Off-CBD	482,636	18.65%	27,130	61,474	0	9,296	75.00	12.71	11.57
South-west	11,109,740	1.63%	656,660	3,462,299	90,000	432,115	72.00	12.21	11.10
North-west	3,232,000	19.25%	327,268	0	360,000	-100,028	45.00	7.63	6.94
Suburban South	16,336,412	2.39%	790,596	1,850,000	0	95,045	71.58	12.13	11.04
Peripheral South	11,882,105	15.69%	1,247,500	1,400,000	1,087,450	1,203,620	50.70	8.59	7.82
Peripheral South-west	4,222,000	17.86%	263,000	3,896,096	0	260,000	60.7	10.29	9.36
TOTALS	49,828,444	8.74%	3,505,459	11,099,542	1,824,233	2,090,048	57.75	\$ 9.79	€8.91

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

Includes planned & under construction projects until 2021

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

IT-BPM – Information Technology – Business Process Management

Key to submarkets:

CBD – Anna Salai, Nungambakkam, RK Salai; Off-CBD – T.Nagar, Alwarpet, Kilpauk, Egmore, Chetpet, Royapettah, Kotturpuram; Peripheral South- Sholinganallur, Thoraipakkam, Navalur, Siruseri, Padur; Suburban South – Perungudi, Taramani, Thiruvanniyur, Velachery; South West – Guindy, Ashok Nagar, Vadapalani, Manapakkam, Ekkaduthangal; North West – Ambattur, Padi, Annanagar, Koyambedu, Arumbakkam; Peripheral South-west – Singaperumalkoil, Tambaram, Guduvanchery, Perungalathur, Pallavaram.

US\$ 1 = INR 70.79 € 1 = INR 77.81

Numbers for the Third quarter are based on market information collected until 15th September 2019

KEY LEASING TRANSACTIONS – Q3 2019

PROPERTY	SUBMARKET	TENANT	SF	LEASE TYPE
Pacifica Tech Park	Peripheral South	Infosys	205,000	Fresh Lease
Global Infocity Park	Suburban South	DTCC	71,355	Fresh Lease
Ascendas ITPC	Suburban South	Amecc Foster Wheeler	36,000	Fresh Lease

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	COMPLETION DATE
Brigade WTC Tower 1	Suburban South	NA	1,000,000	Q1 2020
Commerzone	South West	NA	1,000,000	Q2 2020
Featherlite IT park	Peripheral South West	NA	552,754	Q2 2020

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