

MARKETBEAT

3.2 msf

GROSS LEASING
(Q3 2019)

61.4%

GURUGRAM'S SHARE IN
LEASING ACTIVITY (Q3 2019)

8.7 msf

AVERAGE ANNUAL SUPPLY
(Q4 2019 - 21)

WHAT'S NEXT

HIGHLIGHTS

Leasing activity remains upbeat in NCR office market

Delhi NCR saw 3.2 msf of leasing activity in Q3 2019; which was only slightly lower by 6% q-o-q. Gurugram cornered a 61% share of the quarterly leasing activity in Q3. Professional services firms followed by IT-BPM occupiers were the major contributors to office demand with respective shares of 21% and 16% in Q3 leasing numbers. Flexible workspace operators accounted for 10% of the office leasing during the quarter, with major players continuing to add new centres amid a healthy demand from enterprises. The quarter also noted a large land transaction for a built-to-suit development for American Express on SPR in Gurugram. Large transactions (above 50,000 sf) constituted close to a third of the gross leasing in Q3, with Golf Course Extension Road and Noida Expressway garnering the biggest share. Golf Course Extension Road and Noida city also noted some pre-commitments.

Record supply infusion; YTD net absorption at 10-year peak

With a major project getting completed in the NH8-Prime micro-market in Gurugram, the quarterly new supply addition of 5.4 msf was close to the annual supply of 2018. The overall vacancy declined by 60 bps q-o-q to 23.6%, with 2019 YTD net absorption at a ten-year high, thanks to healthy leasing activity in existing stock and a significant project completion being nearly fully pre-committed by marquee occupiers. The overall market rent rose by 1.6% q-o-q with the asking rent for new projects above the market average.

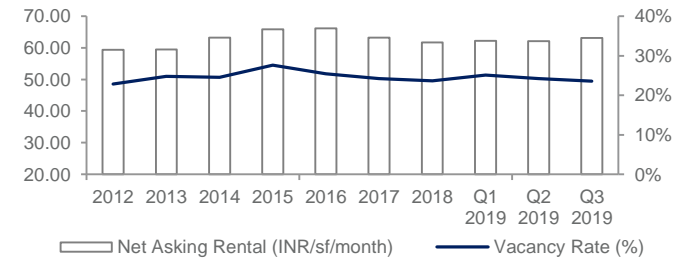
Strong supply pipeline in key markets of Gurugram & Noida

Key micro-markets with significant occupier interest including NH-8 Prime, Golf Course Extension Road and Noida Expressway are slated to see new supply. Planned supply in core markets like Cybercity and Aerocity is also likely to add quality supply in the long-term in core office corridors. Captive centres, IT-BPM, flexible space operators and professional services firms are likely to be the key demand drivers. Rents are likely to maintain an upward bias in core markets with quality project completions.

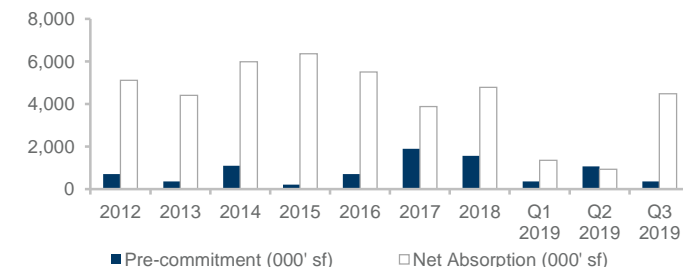
MARKET INDICATORS OVERALL

	Q3 2018	Q3 2019	12 month Forecast
Overall Vacancy	23.8%	23.6%	▲
Weighted Average Net Asking Rental (INR/sf/month)	62.98	63.13	■
YTD Net Absorption (sf)	3,294,200	6,754,000	▲

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	1,381,700	13.0%	106,900	151,800	0	25,500	312.86	53.04	48.25
South-East Delhi	6,720,700	20.1%	356,900	0	0	38,500	103.18	17.49	15.91
Delhi International Airport	1,366,800	7.2%	14,000	0	0	55,000	184.00	31.19	28.38
Cyber City	13,985,800	3.4%	847,200	700,000	0	(26,400)	116.04	19.67	17.90
MG Road	2,457,800	14.6%	322,400	830,400	185,000	9,400	125.79	21.32	19.40
NH8 - Prime	13,548,600	19.9%	1,66,7800	1,026,000	2,308,900	1,811,600	83.94	14.23	12.95
Golf Course Road	5,877,300	7.2%	515,600	0	0	109,500	94.56	16.03	14.58
Gurugram Others	36,866,400	36.9%	2,316,800	9,724,300	1,476,100	2,858,300	52.65	8.92	8.12
Noida*	26,911,600	24.5%	3,173,600	7,250,000	1,346,000	1,872,600	52.24	8.86	8.06
TOTAL	109,116,700	23.6%	9,321,200	19,684,500	5,316,000	6,754,000	63.13	\$10.70	€9.74

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.

*Inventory for Noida Expressway has been adjusted to exclude the office area converted into retail portion in a project.

Grade A inventory in Gurugram and Noida has been adjusted by excluding some buildings which do not fit into the definition of Grade A.

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

Noida – excludes Greater Noida

US\$ 1 = INR 70.79; € 1 = INR 77.81

Numbers for the third quarter are based on market information collected until 10th September 2019

KEY LEASING TRANSACTIONS Q3 2019

PROPERTY	SUBMARKET	TENANT	SF	LEASE TYPE
Capital Cyberscape Tower 1	Gurugram Others	Oyo	145,000	Relocation
AIPL Business Club	Gurugram Others	NCR Corporation	125,000	Pre-commitment
Advant Navis IT Park Tower 3	Noida	WeWork	90,000	Expansion
Unitech Commercial Tower II	Gurugram Others	CoWrks	67,000	Expansion
Global Gateway Tower B	Gurugram CBD	IDP Education	69,375	Consolidation / Expansion

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	COMPLETION DATE
Signature Tower III – B & C	Gurugram NH8 - Prime	Google	380,000	Q1 2020
TRIL Commercial Centre Tower A	Gurugram Others	-	320,000	Q2 2020
Vatika One on One Tower 2, 3	Gurugram NH8 - Prime	Google	323,000	Q4 2020
Candor TechSpace Building 8	Gurugram Others		828,380	Q1 2020

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