

# MARKETBEAT

**3.4 msf**YTD GROSS LEASING  
(2019)**13.6 msf**UPCOMING SUPPLY  
TILL 2021**4.3%**VACANCY RATE  
Q3 2019

## WHAT'S NEXT

## HIGHLIGHTS

### Supply crunch impacting demand fulfilment

Amid the current vacancy crunch in existing stock and high pre-leasing levels achieved previously in upcoming supply, leasing activity is being impacted by a lack of suitable space options in the short-term. This was reflected in Q3 numbers, with just 0.7 msf of gross leasing activity recorded during the quarter. The SBD East submarket was the most dominant with a 71% share of the quarterly leasing activity. Demand was headlined by captive centres accounting for a 36% share of leasing, with IT-BPM and coworking next with shares of 20% and 15%, respectively. On an overall basis, vacancy stands at 4.3%; however this excludes a yet-to-be exercised hard option by an IT major in the PBD East submarket.

### Rentals to strengthen in CBD & SBD West submarkets

Rentals in the CBD & SBD East submarkets saw a marginal increase on a q-o-q basis, helped by a tight vacancy environment. With the current pre-leasing levels and ongoing space requirements, the space crunch situation is likely to sustain for the next 2-4 quarters, acting as a major driver for future rental growth particularly in the CBD and SBD submarkets.

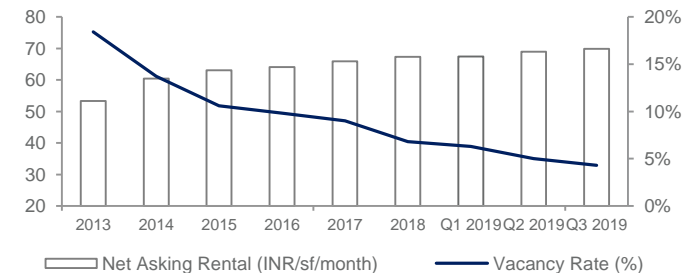
### Tech occupiers and flex operators to drive future demand

Around 1.6 msf new supply is expected be delivered over the remainder of the year. However, a strong transaction pipeline and existing pre-commitment levels are expected to keep vacancy levels tight. We expect the SBD East submarket to continue to garner a lion's share in the future leasing activity with strong demand from the IT-BPM & captive occupier segments. Co-working shall continue to gain further traction as established operators like WeWork, Smartworks, Awfis, Table Space etc. continue to scout for space in the major office markets. We expect the supply crunch to ease off slightly from H1 2021 with a healthy supply pipeline till H1 2022, as projects announced in 2018-19 come on-stream.

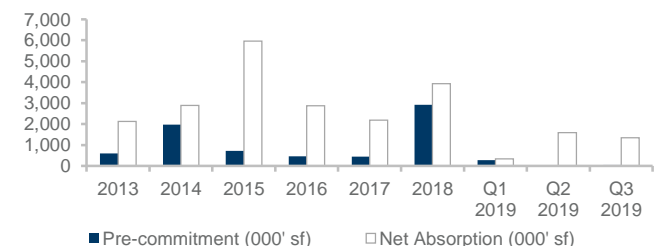
### MARKET INDICATORS OVERALL

	Q3 2018	Q3 2019	12 month Forecast
Overall Vacancy	8.1%	4.3%	—
Weighted Average Net Asking Rental (INR/sf/month)	65.0	69.9	▲
YTD Net Absorption (sf)	1,160,000	3,268,100	▲

### 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* (SF)	YTD CONSTRUCTION COMPLETIONS (SF)	YTD NET ABSORPTION (SF)	GRADE A WTD. AVG. RENT***		
							INR/SF/MO	US\$/SF/YR	EUR/SF/YR
CBD	3,954,500	2.5%	316,800	1,609,300	0	199,600	125.2	21.2	19.3
SBD East	28,098,200	3.0%	1,545,700	6,200,000	2,231,400	2,296,100	88.2	14.9	13.6
SBD West	4,398,900	1.3%	585,300	3,515,000	207,000	216,400	89.5	15.2	13.8
PBD East	1,950,200	1.1%*	250,000	0	0	236,500	64.1	10.9	9.9
PBD West	12,201,000	9.4%	758,300	2,301,600	0	319,500	54.0	9.2	8.3
<b>TOTAL#</b>	<b>50,602,800</b>	<b>4.3%**</b>	<b>3,456,100</b>	<b>13,626,000</b>	<b>2,438,400</b>	<b>3,268,100</b>	<b>69.9</b>	<b>\$ 11.9</b>	<b>€ 10.8</b>

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

\*\*On an overall basis, vacancy stands at 4.3%; however this excludes a yet-to-be exercised hard option by an IT major in the PBD East submarket.

\*The vacancy excludes hard option exercised by an IT major

IT-BPM – Information Technology – Business Process Management

Key to submarkets:

CBD: Laxmi Road, Camp, Bund Garden, Boat Club, Koregaon Park, Dhole Patil Road, Pune Station, Shivaji Nagar, FC Road, JM Road, Wakdewadi, SB Road, Model Colony, Ganeshkhind Road; SBD East: Kalyani Nagar, Kharadi, Mundhwa, Yerwade, Nagar Road, Viman Nagar, Hadapsar, Kondhwa; SBD West: Aundh, Baner, Pashan, Kothrud, Karve Nagar, Khadki, Paud Road; PBD East: Phursungi, Wagholi, Charoli, Solapur Road, Saswad Road, Katraj; PBD West: Hinjewadi, Wakad, Pimpri, Bhosari, Chinchwad, Bavdhan, Mulshi, Talawade, Tathawade, Nanded, Pimple Saudagar  
US\$ 1 = INR 70.79; € 1 = INR 77.81.

## KEY LEASING TRANSACTIONS Q3 2019

PROPERTY	SUBMARKET	TENANT	SF	LEASE TYPE
Business Bay	SBD East	Mastercard Technology Private Limited	245,301	Term Renewal
World Trade Center - Tower C	SBD East	Table Space	63,000	Fresh Lease
Panchshil Business Park	SBD West	Thyssenkrupp	40,886	Fresh Lease
Eon Free Zone - Phase 2	SBD East	Larsen & Toubro Infotech	35,713	Expansion

## SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	COMPLETION DATE
Panchshil Business Park	SBD West	Veritas, Siemens	1,500,000	Q1 2020
Agile M	SBD West	NA	770,000	Q2 2020
The Corporate Park (Tower A)	SBD East	Exusia, Piaggio	750,000	Q2 2020
Techpoint	SBD East	NA	357,000	Q1 2020

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