

3.14 msf NET ABSORPTION (Q4 2019)

3.76 msf NEW COMPLETIONS (Q4 2019)

30.41 msf UPCOMING SUPPLY (2020F – 2022F)

Office demand in Delhi NCR hits the high notes

In Q4 2019, the Delhi NCR office market recorded a 61% q-o-q growth in gross leasing activity which stood at 4.88 msf, with the year hitting a high note of 13.95 msf for the annual figure. Leasing momentum in Q4 was driven by the IT-BPM sector which held a 27% share, followed by Engineering & Manufacturing with a share of 17%. Flexible workspaces with a 16% share, continued to expand as they find increasing favour as managed space providers catering to enterprise demand. In 2019, the space take-up by this segment exceeded its combined area space take-up across 2017 and 2018. Gurugram non-CBD submarket led with a 45% share of the quarterly leasing activity. Southern Peripheral Road and Golf Course Extension Road contributed close to half of the submarket's leasing during Q4, showing occupiers' preference for these areas in the wake of tight vacancies in several other core markets. This was followed by Noida (37% share) with large transactions (above 100,000 sf) contributing nearly half of the submarket's leasing activity. Net absorption in 2019 stood at 9.85 msf, a 2X increase y-o-y and a historic peak driven by large completions which came on-stream with solid pre-commitment levels.

Vacancy declines despite robust supply addition

New supply of 3.76 msf was recorded during Q4 with more than two-thirds being added in Gurugram. The year 2019 recorded new supply totalling 13.43 msf, a level which has not been seen in any of the previous years. Robust leasing including pre-commitments becoming operational during the year, saw vacancy at 23.4% at end-2019, a 20 bps y-o-y decline despite the historic high supply addition. Overall rents increased by 3% q-o-q, with low vacancy in key micro-markets like Cyber City as well as some notable SEZ developments in both Gurugram and Noida recording a rise in rents. New completions in key micro-markets came on-stream with higher rents than the average and also contributed towards the growth in rents.

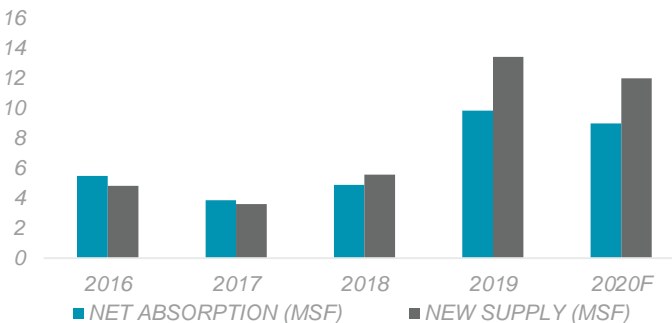
Strong development pipeline in key markets

Micro-markets including Golf Course Extension Road, NH8-Prime and Noida Expressway have a healthy supply pipeline lined up for 2020. SEZ projects in Gurugram and Noida constitute close to a third of this projected supply. Demand shall continue to be driven by IT-BPM, flex space operators and professional services firms looking at consolidation or expansion. Lease expiries shall also drive space take-up with occupiers likely to explore options in quality upcoming supply in key micro-markets to lock-in at competitive rents while the project gets developed, a trend which is likely to benefit both occupiers & developers, while maintaining the positive momentum in leasing activity.

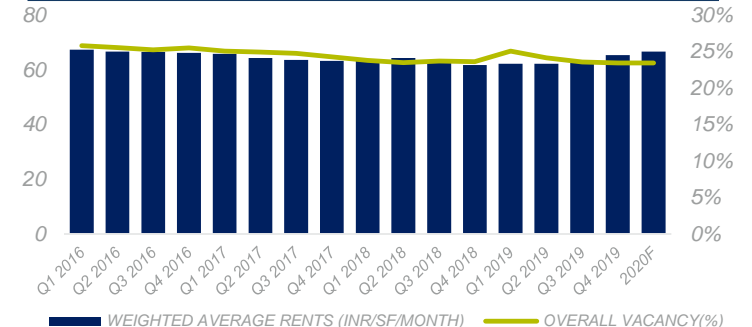
MARKET INDICATORS OVERALL Q4 2019

	Q4 2018	Q4 2019	12 month Forecast
Overall Vacancy	23.6%	23.4%	▼
Weighted Average Net Asking Rents (INR/sf/month)	61.6	65.3	▲
YTD Net Absorption (sf)	4,900,364	9,851,146	▲

NET ABSORPTION & NEW SUPPLY



OVERALL VACANCY & WEIGHTED AVERAGE ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	VACANCY	YTD GROSS 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
Delhi CBD	1,483,547	22.5%	203,937	50,000	101,800	(26,504)	306.38	51.59	46.59
South-East Delhi	6,720,653	19.7%	525,513	0	0	67,753	102.06	17.19	15.52
Delhi International Airport	1,366,825	5.4%	31,323	645,000	0	80,700	195.00	32.84	29.65
Cyber City	13,985,813	3.9%	1,418,315	2,100,000	0	(106,058)	118.26	19.91	17.98
MG Road	2,843,183	25.2%	341,020	485,000	530,400	(1,132)	129.31	21.78	19.66
NH8 – Prime	13,894,638	18.2%	2,003,578	1,648,000	2,780,196	2,253,221	88.50	14.90	13.46
Golf Course Road	5,877,262	7.0%	575,021	0	0	118,258	94.45	15.91	14.36
Gurugram Others	38,711,388	36.5%	3,909,119	10,769,813	5,534,582	4,184,041	52.66	8.87	8.01
Noida	27,999,557	22.7%	4,946,086	14,710,431	4,482,562	3,280,867	53.19	8.96	8.09
TOTAL	112,882,866	23.4%	13,953,912	30,408,244	13,429,540	9,851,146	65.25	10.99	9.92

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.

^ Includes planned & under construction projects until 2022

Net absorption refers to the incremental new space take-up

#YTD gross leasing activity includes pre commitments and term renewals

*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:

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 71.26 € 1 = INR 78.92

Numbers for the fourth quarter are based on market information collected until 20th December 2019

KEY LEASE TRANSACTIONS Q4 2019

PROPERTY	SUBMARKET	TENANT	SF	TYPE
TRIL Commercial Centre Tower B	Gurugram Others	Simpliwork	450,000	New Lease
NSL Techzone IT SEZ Tower 1	Noida	EXL	252,000	Expansion
Unitech Cyber Park Tower D	Gurugram Others	Keysight Technologies	156,000	Relocation
ASF Centre	Gurugram Others	Cairn Energy	130,000	Relocation
Sovereign Capital Gate	Noida	ABP News	110,000	Expansion

SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	COMPLETION
Candor TechSpace Building 8	Gurugram Others	NA	828,380	Q1 2020
Oxygen Boulevard Phase 2, Tower 2	Noida	Metlife	650,000	Q1 2020
Candor TechSpace Tower 11	Noida	NA	650,000	Q3 2020
Vatika One on One Towers 2, 3, 4, 5	Gurugram NH8 - Prime	Google	646,000	Q4 2020
Sovereign Corporate Tower	Noida	NA	225,000	Q1 2020

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