



8.32 msf GROSS LEASING (2020)

5.60 msf NEW COMPLETIONS (2020)

14.47 msf UPCOMING SUPPLY (2021 – 2023)

Market activity continues to gain momentum

The last quarter of the year recorded gross leasing volumes of 2.21 msf, clocking a 21% q-o-q growth, as leasing activity was healthy and driven by select major transaction closures in Q4. The improvement in gross leasing was driven by 1.32 msf of term renewals and 0.89 msf of fresh leasing during the quarter. On an annual basis, gross leasing volume in 2020 was 8.32 msf, lower by 40% y-o-y, with fresh leasing in operational stock and term renewals at 4.31 msf and 3.82 msf, respectively in the current year. The Thane-Belapur Road submarket was the most active with a 20% share of leasing activity in Q4, followed by Lower Parel, Malad-Goregaon and Thane submarkets with 17%, 12% and 11% shares, respectively. At 16%, Thane-Belapur Road also had the highest share in gross leasing for full year 2020. In Q4, the BFSI and IT-BPM sectors accounted for 29% and 21% share of market activity, respectively, while Engineering & Manufacturing and Flexible Workspace contributed shares of 11% and 9%, respectively of the quarterly activity.

Although leasing activity improved during the quarter, overall vacancy moved higher as the trend of select occupiers either downsizing or relocating to new space leased in the previous quarters continued. Also, new project completions added to the Q4 vacancy rate, which stood at 20.9%, a 120 bps rise from the previous quarter. Nonetheless, after witnessing negative net absorption during the previous quarter, the net absorption in Q4 stood at 0.25 msf. Net absorption for 2020 stood at 2.53 msf, lower by nearly 51% on a y-o-y basis. We expect gradual recovery in leasing activity by the first half of 2021 on the back of clarity on vaccine approval, stronger business and economic sentiment and healthy office space demand, especially from global multinational corporations. Going forward, overall leasing demand scenario is expected to gain some momentum in the second half of 2021, as occupiers from BFSI, engineering & manufacturing, professional services and IT-BPM segments along with GCCs of BFSI are expected to drive office space demand in the upcoming quarters.

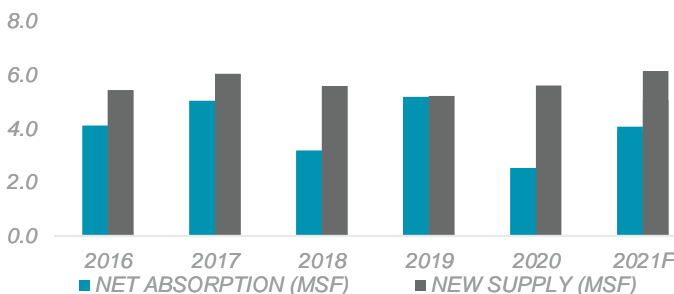
Thane-Belapur Road drives new completions in Q4

A total of 1.74 msf of fresh supply was added during the quarter with Thane-Belapur Road accounting for 1.55 msf of the new completions. The only other completion in Q4 was recorded in the BKC submarket. In 2020, a total of 5.60 msf of new supply was added with Thane and Thane-Belapur Road witnessing the maximum completions. With construction activity constrained, largely due to labour challenges, completion delay of at least 3-6 months is expected in the near future. We anticipate an additional 14.47 msf of supply pipeline over the next three years with Thane-Belapur Road (Navi Mumbai), Lower Parel-Worli, and Malad-Goregaon submarkets contributing the most to this upcoming supply. The submarkets of Thane-Belapur Road, Malad-Goregaon, Central Suburbs and BKC submarkets are expected to remain the preferred locations of occupiers for their future demand.

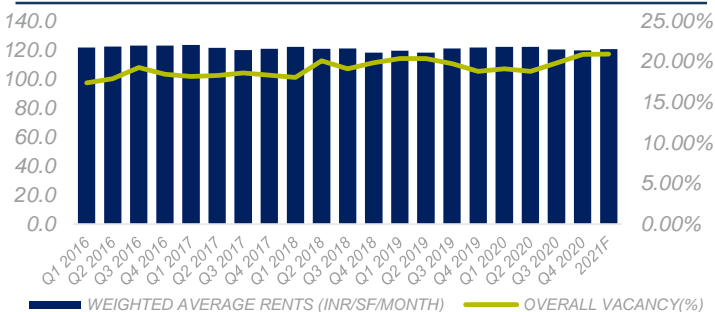
Rental values exhibited stability during the quarter

The quoted rental values across all major submarkets remained unchanged in Q4, barring a marginal drop seen in the CBD. This resulted in a minor change in overall city level weighted average rents. Additionally, some landlords are quite flexible in offering rental discounts of 5-8% during transaction closure, though institutional landlords have refrained from offering such discounts. Capital values across all submarkets also remained stable on the back of muted sales activity during the quarter. We expect rental values to remain unchanged till the first half of 2021 and some upward movement expected only with a more sustained return of occupier demand by end-2021.

NET ABSORPTION & NEW SUPPLY



OVERALL VACANCY & WEIGHTED AVERAGE ASKING RENT



MARKET INDICATORS OVERALL Q4 2020

	Q4 2019	Q4 2020	12 month Forecast
Overall Vacancy	19.8%	20.9%	▲
Weighted Average Net Asking Rents SBD (INR/sf/month)	261.5	265.7	▲
YTD Net Absorption (sf)	4,266,106	2,529,311	▲



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	VACANCY RATE (%)	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
CBD	1,962,814	7.21%	90,686	0	0	3,352	241.2	39.4	33.0
SBD	9,845,696	17.59%	938,547	934,604	304,983	104,144	265.7	43.37	36.4
Worli	1,604,000	15.81%	82,926	1,015,504	0	-38,339	220.1	35.9	30.2
Lower Parel	8,568,703	21.75%	1,056,839	3,586,618	630,000	-192,578	177.0	28.9	24.2
Andheri-Kurla	14,209,800	19.64%	1,081,401	700,000	467,500	165,380	126.7	20.7	17.4
Powai	6,325,576	9.20%	211,863	0	0	-183,344	140.6	23.0	19.3
Malad/Goregaon	13,514,084	18.56%	1,177,434	2,959,000	0	106,820	110.0	18.0	15.1
Central Suburbs	11,340,532	28.21%	1,178,952	903,000	644,000	194,987	146.1	23.9	20.0
Vashi	1,619,500	10.66%	142,332	0	0	8,878	91.7	15.0	12.6
Thane-Belapur Road	21,456,844	29.29%	1,319,358	3,325,591	1,554,428	453,411	65.6	10.7	9.0
Thane	9,764,977	14.10%	1,043,809	1,050,000	2,000,000	1,906,600	70.1	11.5	9.6
TOTAL	100,212,526	20.86%	8,324,147	14,474,318	5,600,911	2,529,311	119.7	19.5	16.4

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 2023

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:

CBD – Ballard Estate, Colaba, Churchgate, Fort & Nariman Point; SBD – Bandra-Kurla Complex, Bandra East, Kalina; Lower Parel includes Lower Parel, Parel and Dadar

US\$ 1 = INR 73.5 € 1 = INR 87.6

Numbers for the first quarter are based on market information collected until 30th December 2020

KEY LEASE TRANSACTIONS Q4 2020

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Rupa Renaissance	Thane – Belapur Road	Inspire Co-Spaces	160,000	Fresh Lease
Supreme Business Park	Powai	VBPO India	63,213	Term Renewal
247 IT Park- C	Central Suburbs	Link Intime	57,163	Term Renewal
Nitco Business Park	Thane	C-Edge Technologies	37,902	Fresh Lease

SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	COMPLETION DATE
Oberoï Commerz 3	Malad – Goregaon	Morgan Stanley	1,800,000	Q4 2023
Nirlon Knowledge Park – Phase V	Malad – Goregaon	JP Morgan Chase	1,159,000	Q3 2021
One Lodha Place	Lower Parel	NA	1,100,000	Q2 2023
Indiabulls Finance Centre – Tower 4	Lower Parel	NA	850,000	Q2 2021

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