



2.05 msf GROSS LEASING (Q1 2021)

2.62 msf NEW COMPLETIONS (Q1 2021)

20.86 msf UPCOMING SUPPLY (2021 – 2023)

MARKET INDICATORS OVERALL
Q1 2021

	Q1 2020	Q1 2021	12 month Forecast
Overall Vacancy	23.1%	26.4%	
Weighted Average Net Asking Rents (INR/sf/month)	65.7	64.4	
Net Absorption (sf)	1,597,003	428,469	

Delhi NCR sees improvement in office leasing activity despite the evolving COVID situation

Office space take-up in Delhi NCR kept pace with the leasing momentum during the last quarter with Q1 2021 recording gross leasing of 2.05 msf as economic activity resumed and occupiers executed their space strategies. Despite the unprecedented disruption caused by COVID-19, the first quarter's leasing was around 17% below the average leasing (2.5 msf) for the corresponding periods between 2017-19, excluding the exceptionally strong space take-up in Q1 2020. Term renewals constituted a 20.4% share of quarterly leasing in Q1, including cases where occupiers were evaluating decisions to stay or relocate. The core area of DLF Cyber City witnessed traction as upcoming supply in the micro-market saw healthy pre-commitment activity. Core Gurugram areas of Cyber City, MG Road, NH8 – Prime and Golf Course Road held a robust 39% share in the city's overall leasing, signalling strong occupier confidence in these areas. Some occupiers vacated spaces or downsized during the quarter as part of their business continuity plans and ongoing remote work policies. Noida constituted a third of the quarter's leasing led by Noida Expressway. Professional services segment was the largest demand driver in Q1 with a 31% share in leasing. Interestingly, captives held a 13% share in leasing as India continues to remain an attractive offshoring destination followed by Healthcare & Pharma with a strong 12% share in a trend that has not been observed in the city in the recent past. Net absorption during the quarter was 0.43 msf, largely due to occupier churn as well as a few exits / downsizing in the still evolving pandemic situation. Smaller and mid-sized coworking operators have not been able to sustain their business activities amidst the pandemic, which has compelled them to close or reduce centres. However, hybrid working in the long-run along with hub-and-spoke models due to de-densification strategies will be key demand drivers for managed workspaces for the larger operators, especially demand from large enterprises. With demand already firming up, some of the reputed developers are also planning to expand their footprint of flexible / managed workspaces to complement the conventional spaces offered by them.

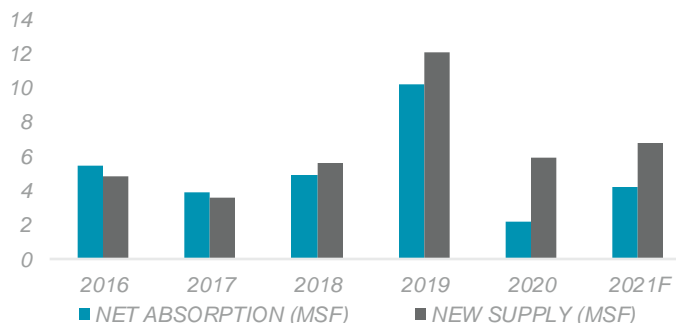
Noida Expressway leads strong supply addition in Q1; overall vacancy levels increase

Similar to the last quarter, Q1 also recorded robust supply addition of close to 2.6 msf with Noida Expressway constituting a major share of 68.4% of this addition. Golf Course Extension Road and MG Road in Gurugram were the other micro-markets that saw new completions. However, a large part of these projects were unoccupied which contributed to the 126 basis points quarterly increase in Delhi NCR's vacancy which stood at 26.4%. The flexibility in deal structuring to accommodate occupiers by offering higher rent-free period subject to lock-in commitments and CAM waivers is coming to an end as developers do not have room for more such waivers. The stabilizing demand with occupiers executing lease decisions can be attributed to effective rents gradually moving to pre-COVID levels. However, there is a slight flexibility in rents and deal structuring in some cases especially with investor-owned inventory in strata-sold projects with high unoccupied spaces.

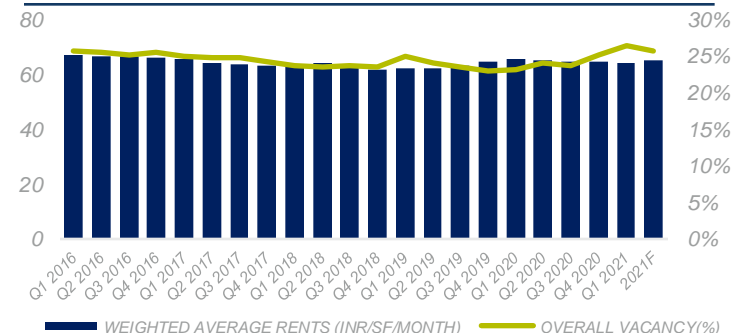
Robust supply pipeline for Grade A projects in Delhi NCR

Despite COVID-induced disruption leading to rescheduling of timelines of several upcoming projects, construction activity in most of the key corridors in Noida and Gurugram has resumed. Delhi NCR is likely to see new supply addition of around 4 – 4.2 msf in the year ahead with half of this being added in the Noida Expressway corridor. Golf Course Extension Road, NH8 - Prime and Sohna Road will be the key micro-markets in Gurugram to record completion of new supply in 2021. Professional services and engineering and manufacturing segments are expected to be key demand drivers for office space in the city.

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	23.5%	3,797	50,000	0	3,797	287.86	47.45	39.48
South-East Delhi	6,825,653	21.0%	67,240	0	0	(13,626)	106.23	17.51	14.57
Delhi International Airport	1,366,825	7.0%	6,255	0	0	(16,647)	193.43	31.88	26.53
Cyber City	13,985,813	7.3%	409,722	1,500,000	0	(26,784)	118.23	19.49	16.21
MG Road	3,331,886	32.1%	113,744	0	300,000	4,735	124.10	20.46	17.02
NH8 – Prime	13,894,638	16.0%	145,275	1,622,125	0	55,368	82.15	13.54	11.27
Golf Course Road	5,877,262	8.5%	127,900	0	0	37,319	92.57	15.26	12.70
Gurugram Others	41,943,117	38.3%	497,096	7,677,105	530,000	166,502	53.66	8.85	7.36
Noida	32,884,935	28.2%	678,552	10,008,779	1,793,040	217,805	50.92	8.39	6.98
TOTAL	121,593,676	26.4%	2,049,581	20,858,009	2,623,040	428,469	64.43	10.62	8.84

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 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 72.8 € 1 = INR 87.5

Numbers for the first quarter are based on market information collected until 20th March 2021

Few vacancies were revised based on instances of leases being renewed after renegotiations in cases of occupiers planning to exit earlier in 2020.

KEY LEASE TRANSACTIONS Q1 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
DLF Downtown	Cyber City	Syneos Health	210,000	Pre-commitment
Advant Navis Business Park	Noida	EY	180,000	Expansion
DLF Centre Court	Golf Course Road	Webhelp	114,000	Expansion
Delhi One Max Tower	Noida	Cyril Amarchand Mangaldas	88,853	Relocation

SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	COMPLETION
Candor TechSpace Building 11	Noida	Newgen	672,869	Q3 2021
TRIL IT City Tower 2	Gurugram Others	NA	530,000	Q3 2021
Vatika One on One Towers 2, 3, 4, 5	NH8 - Prime	Google	646,000	Q3 2021 – Q1 2022
ATS Bouquet	Noida	NA	798,000	Q3 2021
Stellar 1425	Noida	NA	380,000	Q4 2021

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