MARKETBEAT

AHMEDABAD

Office Q2 2021

0.39 msf NET ABSORPTION (H1 2021)

0.9 msf NEW COMPLETION (H1 2021)

4.79 msf UPCOMING SUPPLY (H2 2021 – 2023F)

MARKET INDICATORS OVERALL Q2 2021

	Q2 2020	Q2 2021	12 month Forecast
Overall Vacancy	41.3%	42.83%	▲
Weighted Average Net Asking Rents SBD (INR/sf/month)	38.9	39.19	–
YTD Net Absorption (sf)	621,839	396,018	▲

Space optimization continued, flex demand on the rise

The Ahmedabad office market recorded a net absorption of 0.39 msf in Q2 2021. Gross leasing for Q2 (~0.41 msf) was also lower amidst the second wave and continued space optimization by several occupiers. Meanwhile, flex space operators are witnessing a growth in demand as organizations are looking for flexibility and reduction of CAPEX in the short term. The leasing activity was mainly driven by IT-BPM, Healthcare and pharma sectors, and a small portion was also contributed by flex space operators. SG Highway South and SG Highway North together dominated the leasing activity accounting for as much as 85% of the overall demand. Overall vacancy has remained high at 42.83%, amidst a steady supply and occupier exits. We expect leasing activity to remain below trend in the short term as market recovers gradually over the next 6-12 months.

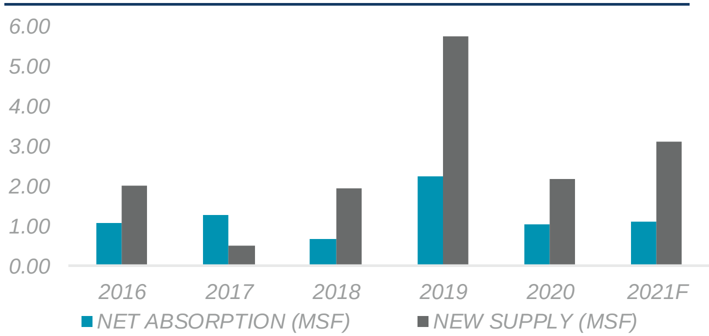
Steady supply with lower demand contributes to a higher vacancy rate

Q2 2021 saw the completion of 0.9 msf of office space, comprising of two projects in SG Highway North and one in SG Highway South. Two projects of 0.48 msf slated for completion in Q2 2021 have been deferred in the short term and another project of 0.14 msf has stalled. A supply of 1.5 - 2.0 msf is anticipated over the next 6-9 months. Overall supply of about 4.5-5.0 msf is expected over the next 24-36 months. SG Highway North and South together account for more than 55% of this upcoming supply over the next three years. Overall vacancy at the city level is close to 43% and expected to increase to 45%+ levels over the next 6-12 months.

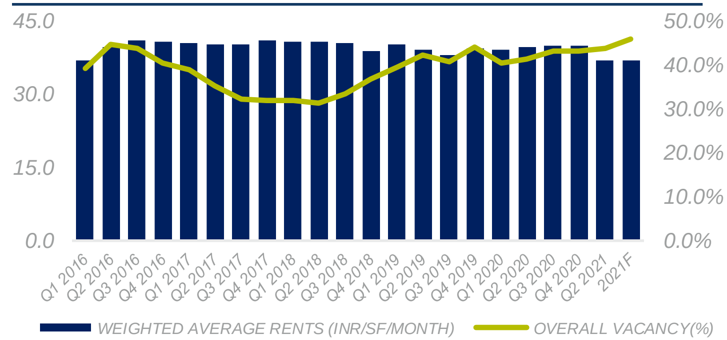
Rents under pressure, tenant favorable market conditions to continue

Quoted rents remain unchanged across the city in Q2 though the demand-supply dynamics are in favor of occupiers. Higher vacancy and large-scale upcoming supply are forcing landlords to remain flexible with the lease terms and incentives. Certain landlords are closing transactions at a 10-15% discount to remain competitive in the current market and organizations are exploring such space options to reduce their costs. Similar trend is likely to continue for rest of 2021 as well on the back of higher vacancy levels and a steady supply pipeline.

NET ABSORPTION & NEW SUPPLY



OVERALL VACANCY & WEIGHTED AVERAGE ASKING RENT



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AHMEDABAD

Office Q2 2021

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
SG Highway South	9,754,835	25.88%	219,281	1,072,895	200,000	213,375	40.58	6.57	5.51
SG Highway North	8,261,270	46.79%	163,955	1,039,720	700,586	154,782	38.85	6.29	5.27
North Ahmedabad	4,070,196	68.52%	27,861	1,439,912	0	27,861	38.7	6.27	5.25
TOTAL#	**22,787,121**	**42.83%**	**411,097**	**4,794,630**	**900,586**	**396,018**	**39.19**	**6.35**	**5.32**

The report highlights Grade A details only. Certain indicators are historically corrected by addition / deletion of older / refurbished/poorly managed 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; leasing activity includes fresh transactions and term renewals
**Weighted average asking rental rates for vacant spaces that provide core facility, high-side air conditioning and 100% power back up*
 # Total figures contain submarkets not mentioned above
New Sub-Market boundary:
CBD: central Ahmedabad west of Sabarmati river and east of 132ft Ring road, includes micro-market of CG Road, Ashram Road, Paldi, Navrangpura, Ambawadi, Usmanpura, Naranpura
East Ahmedabad: Entire city on east of Sabarmati river, includes micro-market of Shahi Baug, Vatva, Maninagar, Vastral, Odhav, Naroda, Narol
North Ahmedabad: includes micro-market of GIFT City, Motera, Sabarmati, Chandkheda.
SG Highway North: North side of Ambli road, includes submarket of Ambli, Bopal, Thaltej, Bodakdev, Vastrapur, Memnagar, Science City.
SG Highway South: South of the Ambli road till SP ring road, includes micro-market of Prahladnagar, Makarba, South Bopal
US$ 1 = INR 74.07; € 1 = INR 88.38
Numbers for the second quarter are based on market information collected until 25th June 2021

KEY LEASE TRANSACTION Q2 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Shivarth Ambit	SG Highway North	Undisclosed (Pharma Company)	75,000	Fresh Lease
Westgate	SG Highway South	Inspire Co-Spaces	20,000	Fresh Lease

SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	COMPLETION DATE
World Trade Centre – Tower B	North Ahmedabad	NA	730,241	Q2 2022
Zion Z 1	SG Highway North	NA	256,719	Q2 2022
Sun Westbank	CBD	NA	357,426	Q4 2021
Iconic Shyamal	CBD	NA	285,161	Q4 2021

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