


**1.45 msf** GROSS LEASING (Q2 2021)

**2.69 msf** NEW COMPLETIONS (Q2 2021)

**11.46 msf** UPCOMING SUPPLY  
(H2 2021 – 2023)

### Second wave impacted leasing activity in Q2 2021

The second quarter of 2021 recorded gross leasing volumes of 1.45 msf, a 51% qo-q drop, as rising Covid cases and subsequent lockdown resulted in a muted leasing activity. Besides 0.65 msf of fresh leasing, 0.78 msf of term renewals were also recorded. On an annual basis, grossleasing was up by nearly 37%, compared to 1.06 msf recorded in Q2 2020.

The Malad-Goregaon submarket was the most active with a 22.5% share of overall leasing activity in Q2, followed by Thane-Belapur Road with a 18.4% share, and BKC and Lower Parel submarkets with 15.5% and 13.1% shares respectively. In terms of fresh leasing activity, MaladGoregaon and Andheri-Kurla dominated with 35.9% and 21.5% shares respectively. The BFSI and Engineering & Manufacturing sectors accounted for 28% and 20% shares of overall leasing activity, respectively, followed by IT-BPM and Healthcare & Pharma sectors with 12% and 11%, respectively of the quarterly leasing activity. Flexible space occupiers witnessed improved share in gross leasing with 8% share compared to mere 1.7% share in the previous quarter.

Despite lower leasing activity, overall net absorption was up by nearly four times, reaching 1.02 msf in Q2, mainly due to select projects with pre-commitments becoming operational during the quarter along with improved fresh leasing activity in select existing projects. However, overall vacancy has increased as occupiers across select sub-markets continued to either downsize or relocate to new spaces leased in the previous quarters or to low-priced sub-markets during the quarter. Also, projects completed during the quarter increased the vacancy rate, which stood at 22.1%, a 110 bps rise from the previous quarter. We expect overall leasing activity to improve during second half of the year as active caseload reduces and vaccination gains pace.

Going forward, occupiers from IT-BPM, engineering & manufacturing, professional services, healthcare & pharma and BFSI segments will continue to drive office space demand during the remainder of 2021.

### Projects with substantial pre-commitments completed in Q2

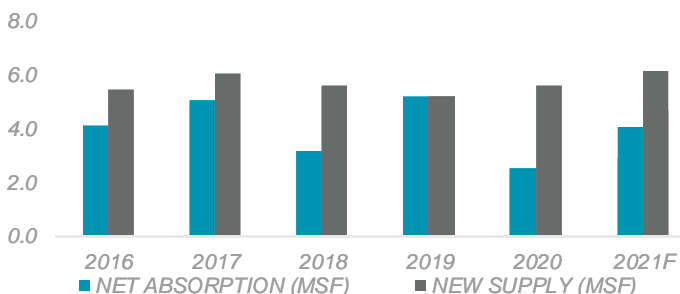
A total of 2.69 msf of new supply comprising four projects was added during the quarter with MaladGoregaon, Thane-Belapur Road and Eastern Suburbs witnessing the completions; out of these projects, nearly 48% were pre-committed. We expect an additional supply of 11.46 msf to be added by end-2023 with the highest contributions from Lower Parel-Worli, Malad-Goregaon and Thane-Belapur Road (Navi Mumbai) submarkets. The construction activity across sub-markets continued during the quarter as government has allowed construction sites to operate if the developer provides accommodation at site for the workers. We expect delays of 3-6 months to continue in the short term.

### Rental values across sub-markets remained stable during the quarter

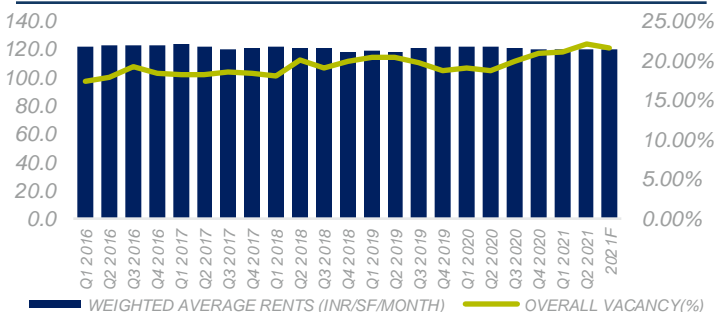
The quoted rental values across all major submarkets largely remained stable in Q2. Some of the new projects that entered the market this quarter have marginally higher rents as compared to submarket averages.

Landlords across several submarkets continued to offer rental discounts of 5-10% during potential transaction closures, though institutional landlords refrained from offering such discounts. Capital values are also under pressure as outright trades in space purchases have slowed down considerably. We expect rental values to remain stable in H2 2021 and marginal growth in select sub-markets could be possible in 2022.

### NET ABSORPTION & NEW SUPPLY



### OVERALL VACANCY & WEIGHTED AVERAGE ASKING RENT



### MARKET INDICATORS OVERALL Q2 2021

	Q2 2020	Q2 2021	12 month Forecast
Overall Vacancy	18.7%	22.1%	▲
Weighted Average Net Asking Rents SBD (INR/sf/month)	265.7	265.7	■
YTD Net Absorption (sf)	882,693	1,226,353	▲



## 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	6.7%	137,856	0	0	9,795	241.2	39.1	32.7
SBD - BKC	10,340,696	20.1%	787,958	439,604	495,000	146,787	265.7	43.0	36.1
Worli	1,604,000	13.3%	99,472	1,015,504	0	39,904	220.1	35.7	29.9
Lower Parel	8,568,703	25.8%	375,276	3,586,618	0	-346,089	177.0	28.7	24.0
Andheri-Kurla	14,209,800	19.1%	503,043	1,000,000	0	70,780	126.7	20.5	17.2
Powai	6,325,576	14.1%	313,122	0	0	-311,283	140.6	22.8	19.1
Malad/Goregaon	14,673,084	17.3%	427,749	1,800,000	1,159,000	1,125,096	110.0	17.8	14.9
Central Suburbs	11,856,532	31.2%	359,399	851,000	516,000	18,950	146.1	23.7	19.8
Vashi	1,619,500	10.2%	49,934	0	0	8,052	91.7	14.9	12.4
Thane-Belapur Road	22,466,844	30.9%	1,056,106	1,715,591	1,010,000	350,164	65.6	10.6	8.9
Thane	9,764,977	12.9%	298,433	1,050,000	0	114,197	70.1	11.4	9.5
<b>TOTAL</b>	<b>103,392,526</b>	<b>22.1%</b>	<b>4,408,348</b>	<b>11,458,318</b>	<b>3,180,000</b>	<b>1,226,353</b>	<b>119.72</b>	<b>19.4</b>	<b>16.3</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.

^ Includes planned & under construction projects until 2023

Net absorption refers to the incremental newspace 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 74.07 € 1 = INR 88.38

Numbers for the second quarter are based on market information collected until 30<sup>th</sup> June 2021

## KEY LEASE TRANSACTIONS Q2 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Reliable Tech Park	Thane – Belapur Road	Clariant Chemicals	180,000	Term Renewal
Paradigm - (A & B)	Malad – Goregaon	Smartworks	100,086	Fresh Lease
Paradigm - (A & B)	Malad – Goregaon	Concentrix	50,055	Fresh Lease
Godrej 2 – Phase I	Central Suburbs	Boehringer Ingelheim	38,000	Fresh Lease

## SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	COMPLETION DATE
Indiabulls Finance Centre – Tower 4	Lower Parel	NA	850,000	Q3 2021
One Lodha Place- Phase 2	Lower Parel	NA	605,000	Q1 2023
K. Raheja – GIC Worli Project	Worli	NA	1,015,504	Q4 2023
Oberoi Commerz 3	Malad – Goregaon	Morgan Stanley	1,800,000	Q4 2023

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