MARKETBEAT

AHMEDABAD

Office Q3 2021

CUSHMAN & WAKEFIELD

0.17 msf NET ABSORPTION (Q3 2021)

35.8 % VACANCY (Q3 2021)

4.79 msf UPCOMING SUPPLY (Q4 2021 – 2023F)

MARKET INDICATORS OVERALL Q3 2021

	Q3 2020	Q3 2021	12 month Forecast
Overall Vacancy	43.0%	35.80%	▲
Weighted Average Net Asking Rents SBD (INR/sf/month)	39.90	39.94	–
YTD Net Absorption (sf)	785,518	569,253	▲

Steady recovery in leasing underpinned by IT-BPM and BFSI

The Ahmedabad office market recorded a net absorption of 0.17 msf in Q3 2021 with a Y-O-Y increase of 13% from Q3 2020. Gross leasing for Q3 stood at 0.26 msf (~4X Y-O-Y growth from Q3 2020) pointing towards a steady recovery in leasing since beginning of the year. The leasing activity was mainly driven by IT-BPM and BFSI sectors, which accounted for 50% of total leasing. North Ahmedabad and SG Highway North together dominated the leasing activity, accounting for more than 70% of the overall demand. Leasing in North Ahmedabad was fully driven by GIFT City SEZ which accounted for 29% of the Q3 gross leasing in Ahmedabad, with majority of demand is coming from national and international IT-BPM and BFSI occupiers. Government is also making efforts to establish GIFT City as an upcoming commercial hub, and it is expected to fulfil the upcoming demand by captive centres for BFSI and professional services occupiers in coming quarters. A global tech giant is already planning to occupy substantial space in Ahmedabad, most likely in GIFT City in near future. Meanwhile in SG Highway submarket, flex space operators are planning for entry and expansion in the market as smaller businesses are opting for coworking spaces. We expect leasing activity to pick up pace as market recovers gradually over the next 6-12 months.

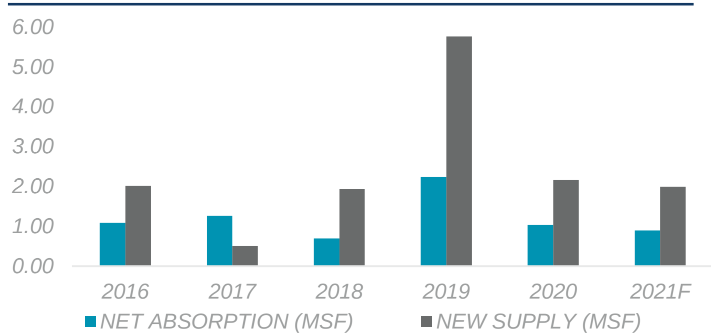
No new supply addition during the quarter, Temporary drop in vacancy

Ahmedabad's office inventory remained the same as previous quarter at 22.8 msf with no new completions. The three projects of 0.6 msf combined that were scheduled for completion in Q3 2021 were postponed to last quarter of 2021. Completion of close to 1.0 msf of grade A projects is expected in Ahmedabad by end-2021. CBD and SG Highway South together account for more than 60% of this upcoming supply. Overall supply of about 4.5-5.0 msf is expected over the next 24-36 months. Overall vacancy at the city level has dropped to 35.8% in Q3 owing to steady recovery in leasing, but it is expected to rise by 3 to 4 percentage points with mentioned supply entering the market in the next 6-12 months.

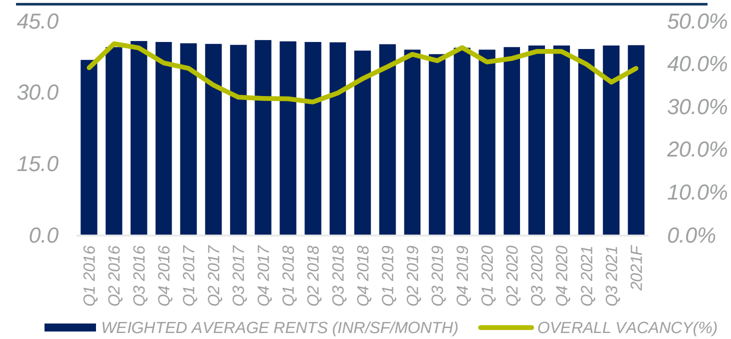
Rents remain unchanged, tenant favorable market conditions to continue

Quoted rents across all sub-markets remained stable in Q3. Though the rents remained unchanged, landlords are willing to negotiate and provide rental discounts of up to 10% in certain micro markets for prospective occupiers. High vacancy and large-scale upcoming supply are forcing landlords to remain flexible with the lease terms and incentives in coming quarters. We expect, the rents across submarkets to remain stable in near term.

NET ABSORPTION & NEW SUPPLY



OVERALL VACANCY & WEIGHTED AVERAGE ASKING RENT



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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	25.46 %	261,596	1,072,895	200,000	227,831	40.67	6.57	5.66
SG Highway North	8,261,270	45.96 %	290,602	1,039,720	700,586	237,802	39.45	6.38	5.49
North Ahmedabad	4,070,196	33.41 %	104,199	1,439,912	0	99,065	41.07	6.64	5.72
TOTAL#	**22,787,121**	**35.80 %**	**674,952**	**4,794,630**	**900,586**	**569,253**	**39.94**	**6.46**	**5.56**

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 74.24; € 1 = INR 86.16
Numbers for the second quarter are based on market information collected until 25th September 2021

KEY LEASE TRANSACTION Q3 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Brigade International Financial Centre	North Ahmedabad	Om BPM	25,000	Fresh Lease
Satyamev Eminence	SG Highway North	Undisclosed (IT Company)	20,000	Fresh Lease

SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	COMPLETION DATE
Shalin Square	East Ahmedabad	NA	164,887	Q4 2021
Venus Stratum	SG Highway South	NA	165,000	Q1 2022
Times Corporate Park	SG Highway North	NA	224,298	Q4 2021
Prahladnagar Trade Centre	SG Highway South	NA	250,000	Q4 2021

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