




118,036 sf GROSS LEASING (Q3 2021)

26.21 msf INVENTORY (Q3 2021)

1.55 msf UPCOMING SUPPLY
(H2 2021 -2023)

**MARKET INDICATORS OVERALL
Q3 2021**

Q3 2020 Q3 2021 12 month
Forecast

Overall Vacancy	32.5%	31.9%	
Weighted Average Net Asking Rents (INR/sf/month)	47.2	48.1	
YTD Net Absorption (sf)	569,066	274,461	

Gradual recovery in office leasing as Covid-19 recedes

Kolkata's office market witnessed a gradual recovery in leasing activities in Q3 2021 following disruption in the previous quarter. Gross leasing stood at 0.12 msf, a 76% q-o-q growth though market activity continued to remain weak as compared to the same period last year with a 73% decline on a y-o-y basis. During the quarter, Rajarhat accounted for around 57% of leasing activities followed by Salt Lake, Sector V and CBD micro markets at 37% and 6% respectively. Fresh leasing comprised nearly 78% of quarterly gross leasing highlighting the recovery that is currently underway. Net absorption improved marginally to 0.08 msf in the quarter as compared to just 0.02 msf in Q2. The post pandemic period has witnessed a healthy rise in demand for managed office spaces across Tier I cities and Kolkata is no different. Q3 saw a major deal by coworking operator Ziooks Business Centre, which moved into a self-owned space in the Salt Lake micro market.

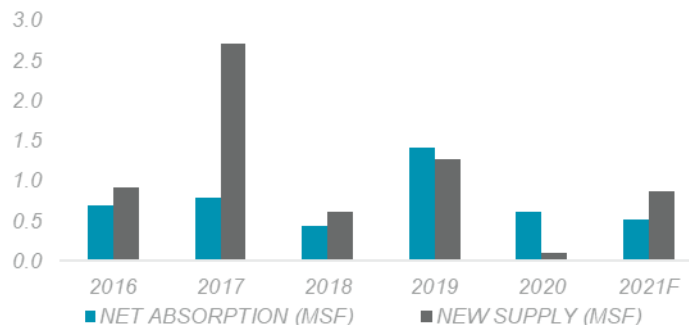
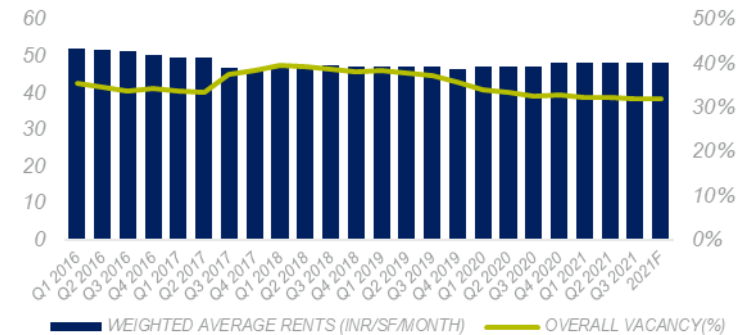
IT-BPM remained a dominant occupier category in the quarter accounting for around 45% of quarterly leasing with engineering & manufacturing following with a 33% share. Going forward, market activity is expected to rise with some large enterprises likely to finalize their space decisions in keeping with their medium to long term business plans. The state government plans to review the pending IT projects in Kolkata in order to expedite these and create more employment opportunities. This is expected to have a positive impact on the office market and strengthen recovery.

Stable city-wide rentals; marginal fall in vacancy

Kolkata's office inventory remained unchanged at 26.21 msf with no new completions in the quarter. Vacancy fell marginally to 31.9% from 32.2% in 2Q due to improvement in office absorption. Quoted rentals remained largely unchanged across the city though rental negotiations have continued in certain micro markets in specific projects depending on factors such as type of tenant, scale of requirement, type of property etc. Certain developers/landlords have been extending incentives such as lower common area maintenance charges and higher rent-free period selectively though such incentives are likely to be phased out gradually with the market moving towards normalcy. In case of fresh deals, certain tenants have been negotiating in favour of lease agreements which allows for rental waivers/discounts in case of any Covid recurrence and subsequent lockdown.

New supply in Q4 unlikely to impact city-wide rentals and vacancies

Around 0.77 msf of new supply is expected to come into the market in Q4 in submarkets of Park Circus Connector and Salt Lake, Sector V. This is unlikely to have a major impact on broader city wide rentals or vacancies, though some occupiers might firm up their relocation strategies depending on the rentals and other incentives being offered in these properties. Going forward, IT-BPM sector will continue to remain the key driver of office market activity along with engineering & manufacturing and professional services. Large Indian IT companies such as TCS and Wipro, who already have campuses in the city, have taken land for new developments while Infosys is in the process of building a greenfield campus. As the bigger players scale up growth plans, this is likely to have a positive spill-over effect on mid sized IT companies in the medium term and could expedite office market recovery.

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
CBD	1,485,674	30.3%	8,036	84,500	0	0	110.49	17.86	15.39
Park Circus Connector	710,260	22.5%	0	600,000	0	0	89.99	14.55	12.53
Rashbehari Connector	1,413,780	37.2%	28,000	0	0	28,000	78.02	12.61	10.87
Rajarhat	10,287,434	23.6%	1,18,579	0	0	64,990	37.35	6.04	5.20
Sector-V, Salt Lake*	12,309,650	39.0%	2,16,526	867,360	110,000	181,471	43.07	6.96	5.99
TOTAL	26,206,798	31.9%	3,71,141	1,551,860	110,000	274,461	48.12	7.78	6.70

The report highlights Grade A details only.

^ 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 – Park Street, Camac Street, AJC Bose Road, Theatre Road

US \$ 1 = INR 74.24 € 1 = INR 86.16

Numbers for the third quarter are based on market information collected until 20th September 2021

KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
DLF IT Park	Rajarhat	Primetals	45,000	Fresh Lease
DLF IT Park	Rajarhat	Khadims	22,000	Fresh Lease
Millennium City	Sector V, Salt Lake	Sterling & Wilson	9,000	Fresh Lease
Ambuja Ecocentre	Sector-V, Salt Lake	EPI	9,000	Fresh Lease
Diamond Prestige	Park Street	Fujifilm	5,036	Fresh Lease

SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	COMPLETION
Ideal Unique Centre	Park Circus Connector	NA	600,000	Q4 2021
Arch Square	Sector-V, Salt Lake	NA	167,360	Q4 2021
Imagine Tech Park	Sector-V, Salt Lake	NA	700,000	Q1 2023

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