

3.15 msf GROSS LEASING (Q3 2021)

1.13 msf NEW COMPLETIONS (Q2 2021)

12.50 msf UPCOMING SUPPLY (Q4 2021 – 2023)

Improved leasing activity witnessed in Q3 2021

The third quarter of 2021 recorded gross leasing volumes of 3.15 msf, with significant growth of 117% on q-o-q basis, as local economy reopened after the lockdown seen in previous quarter. Transactions that were kept on hold during previous quarters got concluded during the current quarter, resulting in improved leasing activity. Out of total gross leasing, fresh leasing stood at 1.40 msf, whereas term renewals continued to account for a major share with 1.76 msf transactions recorded during the quarter. On an annual basis, gross leasing was up by nearly 73%, compared to 1.82 msf recorded in Q3 2020.

The Thane-Belapur submarket was the most active with a 20.6% share of overall leasing activity in Q3, followed by Central Suburbs with a 19.3% share, and Andheri-Kurla and Malad-Goregaon submarkets with 18.4% and 13.7% shares respectively. However, in terms of fresh leasing activity, Central Suburbs and Malad-Goregaon witnessed maximum share with 30.9% and 18.0% shares respectively. The IT-BPM, professional services & engineering & manufacturing sectors accounted for 20.3%, 16.3% and 13.4% shares of overall leasing activity, respectively, followed by BFSI and BFSI captive centers with 12.0% and 9.2%, respectively.

Though leasing activity improved during the quarter, overall net absorption remains muted during the quarter at 0.20 msf, mainly due to select sub-markets witnessing tenants exit and this resulted in marginally higher vacancies. Projects completed during the quarter increased the overall vacancy rate by 70 bps to 22.8%. We expect occupiers from BFSI, IT-BPM, engineering & manufacturing, professional services segments will continue to drive office space demand mainly in BKC, Thane-Belapur Road and Malad-Goregaon sub-markets during coming quarters.

Limited new supply added during the quarter

A total of 1.13 msf of new supply comprising three projects was added during the quarter with Lower Parel, Thane and Thane-Belapur Road witnessing completions. Construction activity has gained pace across all sub-markets during the quarter. Going forward, we expect an additional supply of 12.50 msf to be added by end-2023 with Lower Parel-Worli, Thane, Malad-Goregaon and Thane-Belapur Road (Navi Mumbai) submarkets expected to witness maximum supply over the next few quarters.

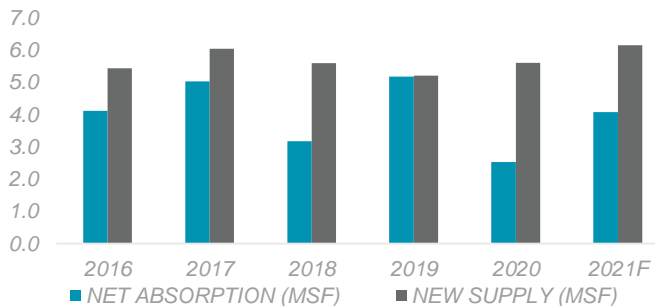
Rental values in select sub-markets has corrected during the quarter

The weighted average rental values in select submarkets like, Lower Parel, Vashi, Andheri-Kurla has shown marginal corrections of 0-5%, mainly on the back of reduction in quoted rents in select projects. This has resulted in broader city level average rents declining marginally during the quarter. Landlords across all submarkets continued to offer rental discounts of 5-10% along with increased rent-free period for the potential occupiers. Capital values across all sub-markets remained stable during the quarter. We expect rental values to remain stable for the remainder part of the year and marginal recovery in select sub-markets by end-2022.

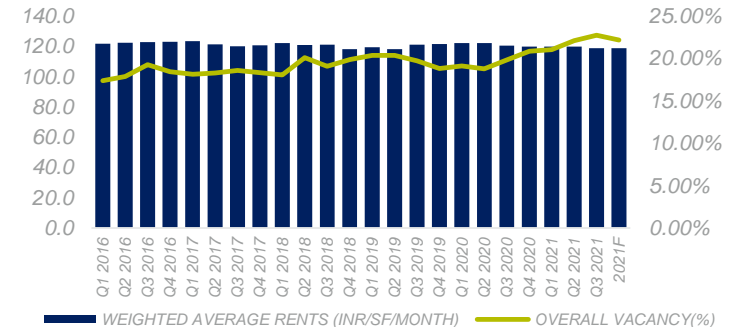
MARKET INDICATORS OVERALL Q3 2021

	Q3 2020	Q3 2021	12 month Forecast
Overall Vacancy	20.9%	22.8%	▲
Weighted Average Net Asking Rents SBD (INR/sf/month)	265.7	265.7	■
YTD Net Absorption (sf)	2,275,907	1,427,898	▲

NET ABSORPTION & NEW SUPPLY



OVERALL VACANCY & WEIGHTED AVERAGE ASKING RENT



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	7.7%	169,789	0	0	-9,430	241.2	39.0	33.6
SBD - BKC	10,340,696	19.7%	973,695	427,215	495,000	186,638	265.7	42.9	37.0
Worli	1,604,000	13.3%	176,257	1,015,504	0	39,904	220.1	35.6	30.7
Lower Parel	9,051,703	32.0%	733,104	3,173,018	483,000	-549,453	168.2	27.2	23.4
Andheri-Kurla	14,209,800	18.8%	1,082,702	1,000,000	0	123,238	125.5	20.3	17.5
Powai	6,325,576	14.1%	413,531	0	0	-311,283	140.6	22.7	19.6
Malad/Goregaon	14,673,084	16.5%	860,087	1,800,000	1,159,000	1,243,900	111.0	17.9	15.5
Central Suburbs	11,856,532	29.4%	969,835	851,000	516,000	227,393	145.1	23.5	20.2
Vashi	1,619,500	12.8%	136,551	0	0	-34,790	90.2	14.6	12.6
Thane-Belapur Road	22,510,480	30.7%	1,705,105	1,667,177	1,053,636	433,382	65.6	10.6	9.1
Thane	10,364,977	18.3%	342,572	2,570,000	600,000	78,399	70.1	11.3	9.8
TOTAL	104,519,162	22.8%	7,563,228	12,503,914	4,306,636	1,427,898	118.72	19.2	16.5

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 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 74.238 € 1 = INR 88.157

Numbers for the second quarter are based on market information collected until 30th September 2021

KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Equinox Tower 1	Central Suburbs	Future Technology Skill Foundation	192,240	Fresh Lease
Mindspace Airoli Building 7	Thane-Belapur Road	Wipro	345,000	Term Renewal
Nesco IT Park – Building 4	Malad – Goregaon	Apollo Global Management	88,653	Fresh Lease
Godrej 2 – Phase I	Central Suburbs	LyondellBasell	78,000	Fresh Lease
Nesco IT Park – Building 4	Malad – Goregaon	ISS Governance	59,102	Fresh Lease

SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	COMPLETION DATE
One International Centre – Tower 4	Lower Parel	NA	850,000	Q4 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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