




0.75 msf GROSS LEASING (Q3 2021)**0.13 msf** NET ABSORPTION (Q3 2021)**13.58 msf** UPCOMING SUPPLY
(H2 2021 – 2023)**MARKET INDICATORS OVERALL
Q3 2021**

	Q3 2020	Q3 2021	12 month Forecast
Overall Vacancy	5.9%	6.9%	
Weighted Average Net Asking Rents (INR/sf/month)	70.6	70.6	
YTD Net Absorption (sf)	447,072	583,065	

Stable leasing activity in Q3 2021

Gross leasing volume stood at 0.75 msf, remains stable from the second quarter. Term renewals accounted for 60% of the overall leasing activity in Q3 while fresh leasing stood at 0.30 msf. SBD East and PBD West dominated fresh leasing with 51% and 24% shares, respectively. IT-BPM & Engineering & Manufacturing sectors accounted for 42% and 34% of quarterly leasing, respectively. The second COVID wave had impacted occupier sentiments and slowed market recovery that was underway immediately prior to that. However, in the third quarter, we have seen sentiments gradually turning, with corporate vaccinations on the rise and employees poised for a gradual return-to-work. Given the trend, some developers have become strategic in offering discounts / concessions as occupiers are increasingly restructuring leases through early renewals to take advantage of the current market condition.

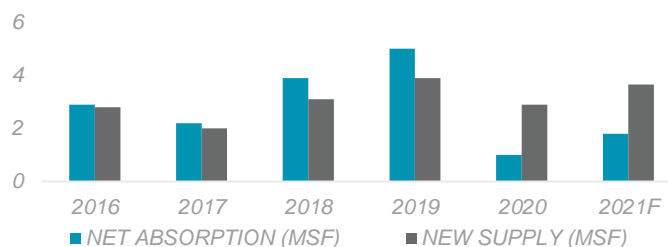
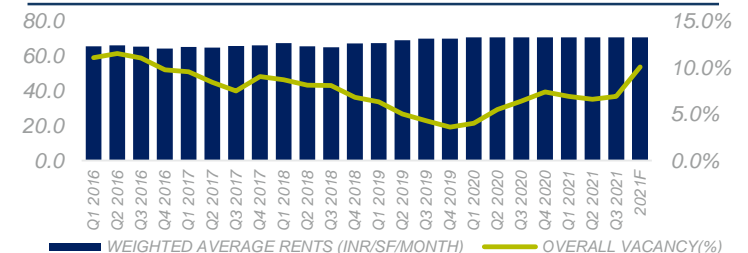
New supply and a muted net absorption increases vacancy

Around 0.33 msf new completion has been added in Pune supply with project such as Amar Business Zone and Blue Chip IT park, hence resulting in rise in vacancy. Net absorption stood at 0.13 msf in Q3, a decline of 59% and 44% as compared to Q3 2020 and Q2 2021 respectively. The muted net absorption levels alongside new completions resulted in overall vacancy increasing from 6.5% in Q2 2021 to 6.9% in Q3 2021.

As new supply in SBD East and PBD West gets computed, it is highly expected that vacancy will rise, as majority of the organizations are opting for re-thinking their approach to work from office. 3.32 msf of new projects are likely to become operational by end of 2021 with 30% pre-commitments. With several projects in final stage, approximately 13.58 msf is estimated to be delivered by 2023.

Short term rental correction in select sub-markets

Rentals across all submarkets have been stable over last three quarters. A short-term correction of 5%-10% in rental values is witnessed in submarkets which observed significant increase in vacancy level. As employees of major corporates prepare to return-to-work, landlords who had expressed some willingness to provide rental discounts could be expecting a sentimental recovery going forward. Capital values across all submarkets have remained unchanged in the quarter.

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	4,039,495	4.3%	179,908	844,105	-	77,301	125.20	20.20	17.20
SBD East	30,161,222	4.2%	1,526,305	6,308,056	-	307,078	90.80	14.70	12.50
SBD West	5,893,858	7.0%	185,681	2,832,000	200,000	49,693	89.50	14.50	12.30
PBD East	1,950,209	7.3%*	-	-	-	-	64.10	10.40	8.80
PBD West	12,976,314	13.9%	768,700	3,597,000	132,312	148,993	54.00	8.7	7.40
TOTAL	55,021,098	6.9%**	2,660,594	13,581,161	332,312	583,065	70.6	11.41	9.7

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.

Net absorption refers to the incremental new space take-up

#YTD gross leasing activity includes pre commitments and term renewals

**Includes planned & under construction projects until 2023

*The vacancy excludes hard option exercised by an IT major

**Excludes a yet-to-be exercised hard option by an IT major in the PBD East submarket. On an overall basis, vacancy stands at 6.9%.

***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: Laxmi Road, Camp, Bund Garden, Boat Club, Koregaon Park, Dhole Patil Road, Pune Station, Shivaji Nagar, FC Road, JM Road, Wakdevadi, SB Road, Model Colony, Ganeshkhind Road; SBD East: Kalyani Nagar, Kharadi, Mundhwa, Yerwade, Nagar Road, Viman Nagar, Hadapsar, Kondhwa; SBD West: Aundh, Baner, Pashan, Kothrud, Karve Nagar, Khadki, Paud Road; PBD East: Phursungi, Wagholi, Charoli, Solapur Road, Saswad Road, Katraj; PBD West: Hinjewadi, Wakad, Pimpri, Bhosari, Chinchwad, Bavdhan, Mulshi, Talawade, Tathawade, Nanded, Pimple Saudagar

US\$ 1 = INR 74.24; € 1 = INR 86.16

KEY LEASE TRANSACTIONS Q3 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
ICC Devi Gaurav Technology Park	PBD West	TML Business Services Ltd.	47,866	Fresh Lease
OM Chambers	PBD West	Magna Automotive India Pvt. Ltd.	26,620	Fresh Lease
Magarpatta Cybercity Tower 5	SBD East	Vishay Components India Pvt. Ltd.	21,828	Fresh Lease
Phoenix Fountainhead 2	SBD East	Tablespace Technologies Pvt. Ltd.	18,320	Fresh Lease
ICC Trade Tower B Wing	CBD	DevX	17,000	Fresh Lease

SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	Major Tenant	SF	COMPLETION
AP 81	CBD	Smartworks	434,855	Q2 2022
Ascendas ITPP – Tower 1	SBD East	Whirlpool	1,150,000	Q1 2022
Blue Ridge Phase 3 - Tower A	PBD West	Ebix, Cerence	1,400,000	Q2 2022

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