

**3.2 msf** GROSS LEASING (Q4 2021)

**3.95 msf** SUPPLY/COMPLETION (Q4 2021)

**9.0%** VACANCY (Q4 2021)

## Fresh leases drive leasing momentum in Q4

Bengaluru recorded 3.2 msf of gross leasing during Q4 which added up to an annual lease volume of 12.0 msf. Bengaluru's contribution to pan India leasing activity remained significant with the city accounting for 20-25% share in both quarterly and annual gross lease volumes. Q4 leasing activity was largely driven by fresh leases as compared to the last quarter in which term renewals had accounted for a major share of leasing. A 2.7 msf of fresh space take up during Q4 accounted for approx. 86% in quarterly gross leasing. This volume of fresh lease (~2.7 msf) during Q4 has been at a record high over the last eight quarters and has seen q-o-q growth of 52%. On an annual basis, fresh lease volume in 2021 stood at 7.1 msf contributing 59% in gross leasing activity during 2021. Among submarkets, Outer Ring Road continued to lead with 39% share in quarterly gross leasing, followed by Peripheral East with 19% share. In Q4, noticeable quantum of space was taken up by flexible workspace operators, accounting for 49% share in quarterly gross leasing activity. This was backed by increasing demand from occupiers for managed workspaces. At the annual level, flex operators held a share of 15% of gross leasing, although IT-BPM continued to lead with a 41% share.

Bengaluru recorded net absorption of 3.5 msf in Q4, a 3.2X growth q-o-q. This was backed by high fresh lease volume and healthy pre-leasing in projects that got completed during the quarter. For the full year, net absorption stood at 7.7 msf, a rise of ~26% compared to 2020.

## Healthy quarterly project completion, upcoming supply to remain robust

Supply witnessed a 7.5x q-o-q growth with 3.95 msf of office space getting operational during Q4. This resulted in 84% y-o-y growth in supply when compared to Q4 2020, indicating a revival in developer confidence. 61% occupancy in the quarterly supply of 3.95 msf speaks about strong demand for quality space in the city. We anticipate a healthy supply of 13.0 -14.0 msf during 2022. With almost 40% of this upcoming supply being pre-committed, net absorption is likely to remain healthy in the coming quarters. Ongoing enquiries/RFPs are also expected to result in higher occupancy levels in these upcoming projects on their completion over the next few quarters.

## Rentals remain resilient, healthy pre-commitments likely to boost rental growth

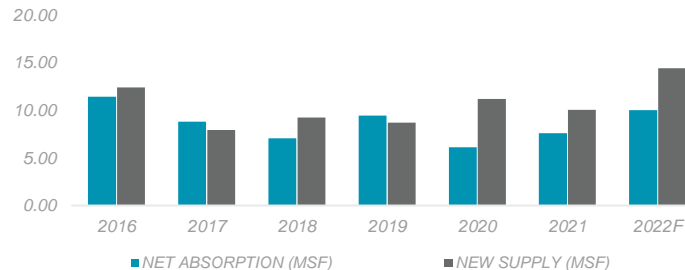
City level rentals have remained resilient during the quarter with overall city and prime submarkets like Outer Ring Road, Suburban East and CBD/Off CBD continuing to record single digit vacancies. Higher level of preleasing in 2022 upcoming supply is likely to restrict any noticeable vacancy rise and have a positive impact on the city's office rental growth. An early revival of the city's office sector backed by tight vacancy levels and healthy demand is expected to support an appreciation in rents in the medium term.

### MARKET INDICATORS OVERALL Q4 2021

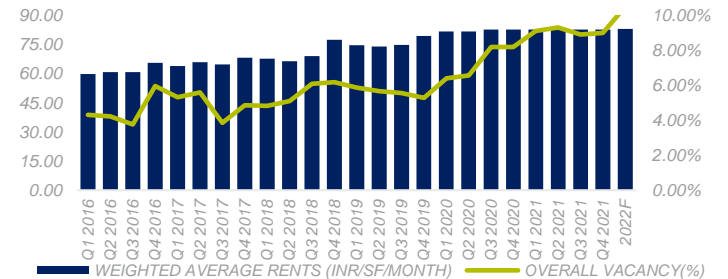
Q4 2020    Q4 2021    12 month Forecast

Overall Vacancy	8.2%	9.0%	▲
Weighted Average Net Asking Rent (INR/sf/month)	82.60	82.70	▲
YTD Net Absorption (sf)	6,079,017	7,656,701	▲

### NET ABSORPTION & SUPPLY



### OVERALL VACANCY & 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 / Off-CBD	7,083,322	4.3%	730,386	962,584	410,000	419,293	161.00*	26.40	22.99
Outer Ring Road	73,509,903	4.3%	6,105,070	18,674,724	3,996,558	2,784,733	107.00	17.52	15.28
Peripheral East	32,185,019	15.1%	2,094,138	7,484,902	2,100,000	2,082,844	68.00	11.13	9.71
Peripheral North	8,685,654	41.0%	1,212,023	6,067,705	2,603,000	1,399,669	75.00	12.28	10.71
Peripheral South	11,992,839	12.3%	64,775	1,170,000	650,000	187,646	65.00	10.64	9.28
Suburban East	20,373,292	3.3%	1,191,176	1,971,000	266,000^^	410,998	127.00**	20.79	18.13
Suburban North West	1,100,000	2.7%	27,530	3,928,000	-	19,000	158.00	25.87	22.56
Suburban South	7,747,833	7.7%	584,410	1,763,156	-	352,518	93.00	15.23	13.28
<b>TOTALS</b>	<b>162,677,862</b>	<b>9.0%</b>	<b>12,009,508</b>	<b>42,022,071</b>	<b>10,025,558</b>	<b>7,656,701</b>	<b>82.7</b>	<b>13.54</b>	<b>11.81</b>

The report highlights Grade A project details only. Certain historical numbers may have been corrected through addition / deletion of older / and or refurbished projects, basis grade A building classification. It might also have been revised to account for changes in built-up / and or leasable area and modifications in tenant leases, in order to reflect accurate market conditions.

#YTD gross leasing activity includes pre commitments and term renewals

^ Includes planned & under construction projects until 2024

^^ A refurbished project added to stock

Net absorption refers to the incremental new space take-up;

Weighted average asking rental rates for vacant spaces that provide core facility, high-side air conditioning and 100% power back up

\*CBD/Off-CBD- Weighted average rents, submarket includes certain outperformers where quoted rentals are above INR 220-250/Sf/Month

\*\*Suburban East - Weighted average rents, submarket includes certain outperformers where quoted rentals are above INR 150-160/Sf/Month.

Key to submarkets:

CBD/Off-CBD – M.G. Road, Millers Road, Vittal Mallya Road, Residency Road, etc.; Peripheral South – Electronic City, Hosur Road, Mysore Road; Outer Ring Road – Sarjapur, KR Puram, Hebbal; Suburban East – Indira Nagar, Old Airport Road, C.V. Raman Nagar; Peripheral East – Whitefield; Suburban South – Koramangala, Bannerghatta Road, Jayanagar; Peripheral North – Bellary Road, Thanisandra Road, Tumkur Road; Suburban Northwest – Rajaji Nagar, Malleshwaram.

US\$ = INR 73.30 AND € = INR 84.04

Numbers for fourth quarter, 2021 are based on market information collected until 30<sup>th</sup> December 2021

## KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Bagamane Pallavi	CBD/ Off CBD	Workspace	350,000	Fresh Lease
Karle Cube	Outer Ring Road	Smartworks	226,000	Fresh Lease
Bhartiya Center for Information Technology Block -3B	Peripheral North	IBM	450,000	Fresh Lease
Prestige Technostar	Peripheral East	PPD	85,165	Fresh Lease

## SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	COMPLETION DATE
Embassy Tech Village Phase 2 (block 9) Front parcel	Outer Ring Road	JPMC	550,000	Q1 2022
Bagmane Capital -Rome (North Block)	Outer Ring Road	Amazon	510,000	Q1 2022
Divyasree TechNopolis (77 town centre), Block 7	Suburban East	Deloitte	960,000	Q2 2022

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