



10.42 msf GROSS LEASING (2021)

5.53 msf NEW COMPLETIONS (2021)

16.57 msf UPCOMING SUPPLY (2022 – 2024)

MARKET INDICATORS OVERALL
Q4 2021

	Q4 2020	Q4 2021	12 month Forecast
Overall Vacancy	20.9%	23.1%	▼
Weighted Average Net Asking Rents SBD (INR/sf/month)	265.7	265.7	▲
YTD Net Absorption (sf)	2,529,311	1,953,450	▲

Leasing activity remained healthy in Q4

The last quarter of the year recorded gross leasing volumes of 2.86 msf in Mumbai, which is slightly lower by 9.3% on a q-o-q basis. However, on y-o-y basis gross leasing was up by 29.7% as leasing activity remained healthy and driven by select major transaction closures in Q4. The overall gross leasing activity was driven by 1.54 msf of fresh leasing and 1.32 msf of term renewals during the quarter. On an annual basis, gross leasing volume in 2021 stood at 10.42 msf, which is higher by 25.3% compared to 2020, with fresh leasing and term renewals at 4.62 msf and 5.64 msf, respectively in the current year. Within Greater Mumbai, Central Suburbs, Andheri-Kurla and BKC markets saw maximum leasing in Q4 with shares of 16%, 15.8% and 13.8%, respectively, of the total MMR leasing. However, overall leasing quantum was highest in Thane-Belapur submarket with a 16.3% share in Q3, thereby making it the largest submarket by quantum even for the full year. In Q4, the BFSI and IT-BPM sectors accounted for 22% and 18% share of market activity, respectively, while Engineering & Manufacturing and Professional Services contributed 16% and 8%, shares respectively.

Vacancy has risen marginally by 30 bps to 23.1% in Q4 owing to a couple of reasons. Firstly, select large occupiers churned their existing space in favour of built-to-suit spaces, or in few cases, surrendered their existing space without expressing plans to immediately lease at an alternate location. Besides, new supply that came in also contributed to this rise in vacancy. Having said that, net absorption has more than doubled to 0.53 msf in Q4. For the full year, net absorption stood at 1.95 msf, a fall of ~23% on a y-o-y basis. Going forward, leasing activity is expected to remain strong during 2022. Based on market knowledge, occupiers from IT-BPM, BFSI, engineering & manufacturing, professional services, along with GCCs of BFSI are expected to drive office space demand in the coming quarters.

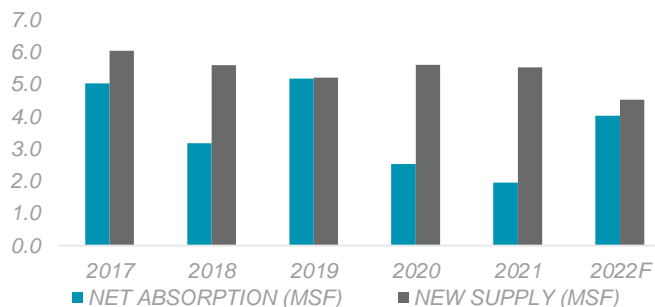
Peripheral and suburban sub-markets to witness maximum upcoming supply

A total of 1.22 msf of new supply came up during Q4 with Lower Parel accounting for the bulk (1.0 msf) of it. The remaining completion in Q4 was recorded in the BKC submarket. For full year 2021, a total of 5.53 msf of new supply was added in the city with Lower Parel, Malad-Goregaon and Thane-Belapur Road witnessing maximum completions. Going forward, we expect an additional 16.6 msf of supply over next three years with Thane-Belapur Road (Navi Mumbai), Andheri-Kurla, Thane and Lower Parel-Worli submarkets seen contributing the most. Many occupiers have shown preference for submarkets of Thane-Belapur Road, Malad-Goregaon, Central Suburbs and BKC for their future demand.

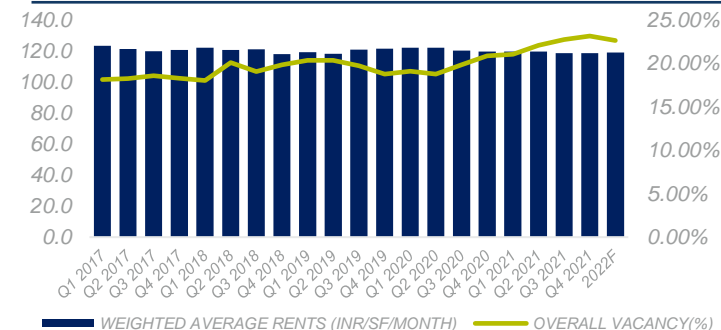
Rental values across sub-markets remained stable during the quarter

The quoted rental values across all major submarkets remained unchanged as of Q4. However, on an annual basis select sub-markets witnessed 1-5% drop in rental values during 2021. The trend of some landlords offering rental discounts of 5-10% along with an increased rent-free period to potential occupiers did continue during the quarter, although capital values across all sub-markets remained stable. Foreseeable improvement in leasing activity, particularly in the 2H-2022, is expected to have a benign effect on rents.

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	8.2%	200,269	0	0	-19,958	241.2	\$39.5	\$34.4
SBD - BKC	10,565,696	20.1%	1,369,208	202,215	720,000	324,876	265.7	\$43.5	\$37.9
Worli	1,604,000	13.7%	183,742	1,375,504	0	34,332	220.1	\$36.0	\$31.4
Lower Parel	10,046,712	41.8%	992,099	2,123,018	1,478,009	-853,399	167.9	\$27.5	\$24.0
Andheri-Kurla	14,209,800	18.2%	1,533,863	3,426,903	0	198,777	125.5	\$20.5	\$17.9
Powai	6,325,576	12.6%	774,823	0	0	-213,046	140.6	\$23.0	\$20.1
Malad/Goregaon	14,673,084	16.1%	1,038,542	1,800,000	1,159,000	1,306,775	111.0	\$18.2	\$15.9
Central Suburbs	11,856,532	27.9%	1,428,078	851,000	516,000	412,197	145.1	\$23.8	\$20.7
Vashi	1,619,500	12.5%	261,440	0	0	-29,460	90.2	\$14.8	\$12.9
Thane-Belapur Road	22,510,480	29.6%	2,172,934	3,520,677	1,053,636	668,159	65.6	\$10.7	\$9.4
Thane	10,364,977	17.9%	469,575	2,570,000	600,000	124,197	70.1	\$11.5	\$10.0
TOTAL	105,739,171	23.1%	10,424,573	16,569,317	5,526,645	1,953,450	118.72	\$19.4	\$17.0

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 73.30 € 1 = INR 84.04

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

KEY LEASE TRANSACTIONS Q4 2021

PROPERTY	SUBMARKET	TENANT	SF	TYPE
The Square	BKC	IDFC Bank	146,000	Fresh Lease
Winchester	Powai	TIAA	122,203	Fresh Lease
One BKC A Wing	BKC	Dream11	1,000,000	Fresh Lease
Kensington	Powai	XPO Logistics	72,000	Fresh Lease
Solitaire Corporate Park – 14	Andheri-Kurla	Redbrick	38,754	Fresh Lease

SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	COMPLETION DATE
K. Raheja Altimus	Worli	NA	1,015,504	Q3-Q4 2022
Oberoier Commerz 3	Malad – Goregaon	Morgan Stanley	1,800,000	Q4 2023
Centaurus	Thane	NA	2,000,000	Q2 2023
Runwal (RMI)	Andheri-Kurla	NA	1,100,000	Q1 2024

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