

0.82 msf NET ABSORPTION (Q2 2022)

2.24 msf NEW COMPLETIONS (Q2 2022)

12.0 msf UPCOMING SUPPLY (2022 – 2024)

MARKET INDICATORS OVERALL Q2 2022

	Q2 2021	Q2 2022	12 month Forecast
Overall Vacancy	6.53%	12.54%	▲
Weighted Average Net Asking Rents (INR/sf/month)	70.6	74.20	▲
YTD Net Absorption (sf)	457,592	1,951,178	▲

Leasing activity surges; Q2 leasing driven by Flex space operators and IT-BPM

In Q2 2022, Pune city's gross leasing stood at 2.98 MSF, almost 3X of the previous quarter. Fresh leases constituted 55% of gross leasing, followed by pre-commitments and term renewals at 24% and 21% respectively. At a sub-market level, SBD East dominated with a share of nearly 66% of gross leasing. The IT-BPM sector accounted for 32% of gross leasing, followed by the Flexible Workspace sector with a 21% share. The current quarter's robust leasing activity demonstrates a strong market outlook resultant from the 'return to work policies' for many major office tenants in the city. As of H1 2022, the Flexible workspace sector had the highest share with 28%, followed by IT-BPM with 26%. Flex-space operator presence continues to rise backed by demand for managed spaces from large enterprises and occupiers. For the largest SBD East micro-market, leasing was driven largely by the IT-BPM sector with a 54% share in H1 2022.

The city's net absorption as of Q2 2022, stood at 0.82 msf, a jump of 350% on a y-o-y basis. On a half-yearly basis, net absorption stands at ~2 msf, indicating an improving office occupancy backed by recovering positive sector outlook.

Supply addition in PBD West in Q2, vacancy levels increase substantially

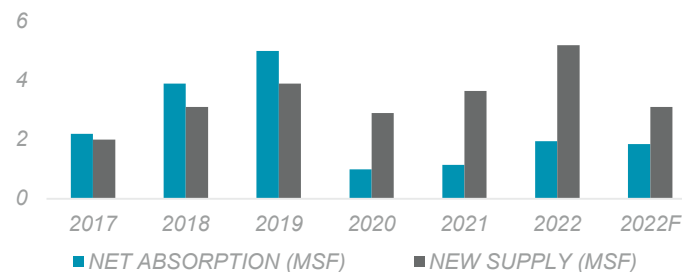
Pune witnessed a supply of 2.24 MSF during Q2 2022, of which PBD West and SBD West accounted for 65% and 35% of the share respectively. As of H1 2022, the city records 5.2 MSF of new supply of which SBD East accounts for 35% of the share while the rest is located in SBD West and PBD West sub-markets. Over the period 2022-24, the city is expected to receive a supply of 12.0 MSF.

Pune witnessed an increase in the vacancy level to 12.54% (~180 bps rise on q-o-q level). Due to a large amount of supply over the past three quarters, the demand-supply gap has widened. While the headline vacancy is increasing, sub-markets such as SBD East continue to witness a single-digit vacancy level (8.98%) due to healthy leasing.

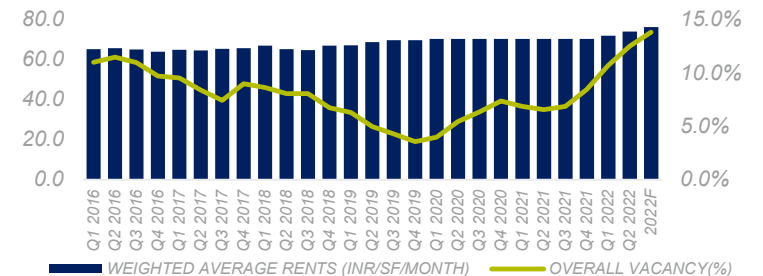
Short-term upward rental movement

The city rentals witnessed an improvement of 2-3% in this quarter as market activity has picked up in certain sub-markets. We expect that the completion of Grade A office projects in key submarkets along with office occupancy reaching around 70-80% in the next couple of quarters is likely to drive rental growth further.

NET ABSORPTION & NEW SUPPLY



OVERALL VACANCY & WEIGHTED AVERAGE ASKING RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	VACANCY (%)	YTD GROSS LEASING ACTIVITY(SF)	PLANNED & UNER CONSTRUCTN (SF)^	YTD CONSTRUCTION COMPLETIONS (SF)	YTD NET ABSORPTION (SF)	GRADE A WTD. AVG. RENT*		
							INR/SF/MO	US\$/SF/YR	EUR/SF/YR
CBD	4,514,350	3.04%	364,460	1,291,250	434,855	469,114	102.09	15.85	14.90
SBD East	32,776,665	8.98%	2,509,575	6,398,532	1,820,962	646,790	94.44	14.66	13.79
SBD West	8,485,858	16.80%	872,518	1,300,000	1,485,000	682,390	76.67	11.90	11.19
PBD East	1,950,209	9.85%	--	916,000	--	--	65.00	10.09	9.49
PBD West	14,426,314	21.44%	273,986	2,047,000	1,450,000	152,884	53.15	8.25	7.76
TOTAL#	62,153,396	12.54%	4,020,539	11,952782	5,190,817	1,951,178	74.20	11.52	10.83

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 2024

*The vacancy excludes the hard option exercised by an IT major

**Excludes a yet-to-be exercised hard option by an IT major in the PBD East submarket.

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

Key to submarkets:

CBD: Laxmi Road, Camp, Bund Garden, Boat Club, Koregaon Park, Dhole Patil Road, Pune Station, Shivaji Nagar, FC Road, JM Road, Wakdewadi, SB Road, Model Colony, Ganeshkhind Road; SBD East: Kalyani Nagar, Kharadi, Mundhwa, Yerwada, 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

Numbers for the second quarter are based on market information collected until 20th June 2022

US\$ 1 = INR 77.3; € 1 = INR 88.2

KEY LEASE TRANSACTION Q2 2022

Property	Sub-market	Tenant	SF	Type
Park City – B1	SBD East	MasterCard Technology Private Limited	423,000	Pre-commitment
CapitaLand ITPP Block 1 (Floor 1 - 7)	SBD East	ZS Associates	241,000	Fresh
Godrej Eternia A / L&T Infotech Building	CBD	Larsen And Toubro Infotech Limited	183,000	Renewal
Eleven West	SBD West	We Work	112,000	Pre-commitment
Amar Madhuban Tech Park	SBD West	Smartworks	120,000	Fresh

SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	TENENT SECTOR	SF	COMPLETION DATE
Panchshil Business Park - 2	SBD East	Flexible Workspace	1,000,000	Q1 2023
Park City – B1	SBD East	BFSI	920,000	Q3 2023
Gera Commerzone R3	SBD East	E-commerce	625,000	Q3 2022

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