

### Healthy leasing momentum continues, driven by fresh demand for space

Pune witnessed gross leasing volume (GLV) of 1.66 msf in the third quarter of 2022, an increase of 121% on a y-o-y basis. However, there was a 43% q-o-q drop in GLV mainly due to an uptick in last quarter's leasing activity. Fresh leasing accounted for 48% of the total leasing activity and continues to drive GLV numbers, followed by term renewals accounting for 28%. SBD East remained the most active sub-market with a share of 60% followed by SBD West with a share of 23% in the total leasing volume. Flexible workspace (33%), IT-BPM (27%), and Engineering & Manufacturing (24%) were the most active sectors during the quarter.

With the quarter's net absorption recorded at 0.9 msf, YTD 2022 net absorption figure stood at 2.85 msf. A jump of ~4X as compared to CY 2021, net absorption witnesses a healthy growth during the year. Leasing is expected to remain strong as occupiers across sectors look to bring back employees to the office at a faster pace.

### Limited project completions in the quarter; vacancy drops by 90 bps

The third quarter saw lowest new supply in last four quarters of around 0.4 msf, concentrated in SBD East sub-market. For YTD 2022, about 5.9 msf of supply got added to the city's Grade A inventory, mainly concentrated in SBD East (about 40%), and rest distributed in SBD West (27%) and PBD West (26%). Supply of 11.58 msf is under various stages of construction currently, of which about 2.43 msf is expected in the last quarter of the current year. PBD West will account for a major proportion of this upcoming supply in the last quarter of the year 2022.

City-level vacancy rate has witnessed a marginal drop of ~90 bps to 11.66% compared to the previous quarter. This can be attributed to the healthy space-take up in majority of the new developments in the SBD East and SBD West sub-market and a low supply during the quarter.

### Improvement in rentals across key sub-markets

Healthy leasing in Q3 2022 with limited new supply in the market has induced an increase of 1-2% in the overall city rentals. Prime sub-markets such as SBD East and SBD West have witnessed rental improvements backed by strong demand. The quoted rental values are expected to improve in upcoming quarters due to the positive outlook on leasing activity in the market.

**0.90 msf** NET ABSORPTION (Q3 2022)

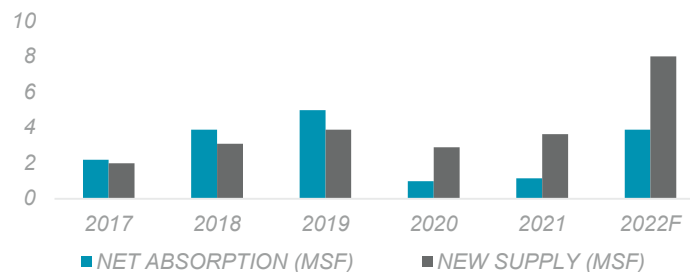
**0.40 msf** NEW COMPLETIONS (Q3 2022)

**11.6 msf** UPCOMING SUPPLY (Q4 2022 – 2024)

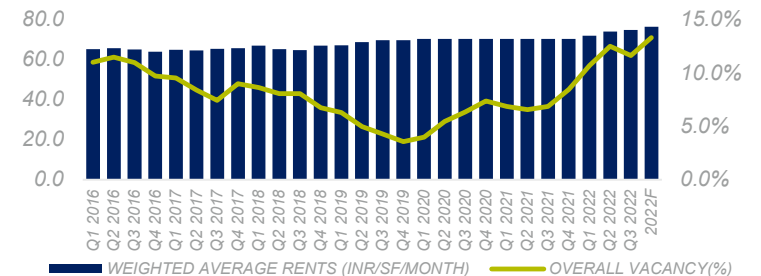
#### MARKET INDICATORS OVERALL Q3 2022

	Q3 2021	Q3 2022	12 month Forecast
Overall Vacancy	6.91%	11.66%	▲
Weighted Average Net Asking Rents (INR/sf/month)	70.60	75.09	▲
YTD Net Absorption (sf)	583,065	2,850,557	▲

#### NET ABSORPTION & NEW SUPPLY



#### OVERALL VACANCY & WEIGHTED AVERAGE ASKING RENT



## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	VACANCY (%)*	YTD GROSS LEASING ACTIVITY(SF)	PLANNED & UNER CONSTRUCN (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	2.99%	411,820	1,291,250	434,855	471,114	102.26	15.45	15.30
SBD East	33,178,136	8.59%	3,453,274	6,029,061	2,222,433	1,140,906	95.00	14.36	14.22
SBD West	8,485,858	14.60%	1,260,582	1,300,000	1,485,000	869,390	76.82	11.61	11.49
PBD East	1,950,209	9.85%	--	916,000	--	--	65.20	9.85	9.76
PBD West	14,426,314	19.94%	501,182	2,047,000	1,450,000	369,147	54.00	8.16	8.08
<b>TOTAL#</b>	<b>62,554,867</b>	<b>11.66%</b>	<b>5,626,858</b>	<b>11,583,311</b>	<b>5,592,288</b>	<b>2,850,557</b>	<b>75.09</b>	<b>11.35</b>	<b>11.24</b>

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

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

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, 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

US\$ 1 = INR 79.4; € 1 = INR 80.2

Numbers for the third quarter are based on market information collected until 20<sup>th</sup> September 2022.

## KEY LEASE TRANSACTION Q3 2022

Property	Sub-market	Tenant	SF	Type
Panchshil Business Park	SBD East	Tablespace	300,000	Pre-commitment****
CapitaLand ITPP Block 1	SBD East	315 Co-working	40,000	Fresh
Amar Tech Park	SBD West	Ola	107,000	Fresh
Amar Business Zone	SBD West	Phone Pe	33,800	Fresh
India Land Global Tech Park	PBD West	Steapgraph	20,000	Fresh
EON Free Zone	SBD East	Synechron	71,000	Renewal

\*\*\*LOI Signed

## SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	TENANT SECTOR	SF	COMPLETION DATE
Panchshil Business Park	SBD East	Flexible Workspace	1,090,000	Q1 2023
Park City – B1	SBD East	BFSI	920,000	Q3 2023

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