

### Fresh leases drive GLV through-out until Q4; flex spaces & IT-BPM lead

Pune's annual lease volume stood at 6.70 msf, a growth of ~40% over 2021. Leasing activity witnessed a stellar first half followed by moderate leasing in the second half. In Q4 2022, the city recorded 1.07 msf of gross leasing, a 35% q-o-q drop largely due to lower term renewals and pre-commitments, though the quantum of fresh demand remained consistent with the trend witnessed in the previous quarters. In Q4, leasing activity was driven by new demand for space, with fresh leases contributing 72% followed by renewals with 18% share. On an annual basis, fresh lease volume stood at 3.97 msf in 2022, a jump of ~36% from the previous year. Among submarkets, SBD East led with a 48% share in quarterly gross leasing, followed by SBD West with a 25% share. In terms of sectoral share, IT-BPM and Manufacturing & Engineering sectors collectively accounted for 54% in quarterly gross leasing activity. On an annual basis, flexible workspaces and IT-BPM sectors held shares of 26% each in total GLV.

Pune city recorded net absorption of 1.2 msf in Q4, a 33% growth on q-o-q basis and 2X on y-o-y basis. This was driven by high fresh lease volume and healthy pre-leasing in projects that got completed during this quarter.

### Pune records decadal high supply of 6.90 msf in 2022

New supply witnessed a ~3X growth q-o-q in Q4 with 1.3 msf of office space getting operational. For full 2022, the city witnessed 6.9 msf of new supply, thereby recording a decadal high. Major proportion of this 2022 supply was concentrated in PBD West (38%) and SBD East (32%). Major volume (~55%) of new completions were contributed by the institutional developer. We anticipate a healthy supply pipeline of ~17 msf over the period 2023 - 25. Overall city-wide vacancy witnessed a marginal drop from 11.66% in Q3 to 11.59% in the current quarter as the demand for new projects remains robust.

### Slight improvement in rents in key sub-markets

Healthy office demand has induced a quarterly uptick of up-to 1% in the overall city-wide rentals. Prominent office buildings in prime sub-markets of SBD East, and SBD West have witnessed rental improvements backed by strong demand. The quoted rental values are expected to remain range bound in the upcoming quarters on the back of higher supply as well as expected temporary moderation in demand due to interim weakness in market sentiments.

**4.05 msf** NET ABSORPTION (2022)

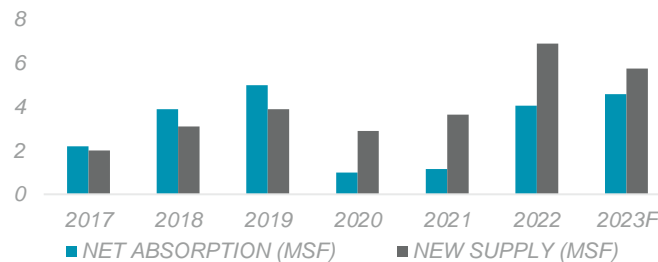
**6.90 msf** NEW COMPLETIONS (2022)

**16.8 msf** UPCOMING SUPPLY (2023 – 2025)

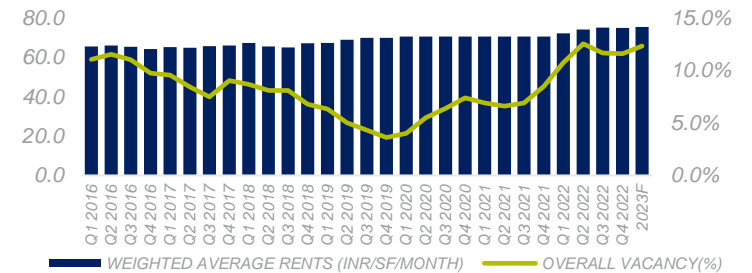
#### MARKET INDICATORS OVERALL Q4 2022

	Q4 2021	Q4 2022	12 month Forecast
Overall Vacancy	8.49%	11.59%	▲
Weighted Average Net Asking Rents (INR/sf/month)	70.60	75.00	■
YTD Net Absorption (sf)	568,389	1,197,733	▲

#### 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	4,549,600	2.61%	463,381	1,756,000	470,105	522,764	105.14	15.33	15.09
SBD East	33,178,136	7.41%	3,969,912	7,879,061	2,222,433	1,531,182	98.65	14.38	14.16
SBD West	8,575,858	12.41%	1,526,089	2,960,000	1,575,000	1,134,390	79.20	11.55	11.37
PBD East	1,950,209	7.88%	9,000	916,000	--	38,500	67.40	9.83	9.67
PBD West	15,604,139	23.08%	730,451	3,269,175	2,627,825	821,454	56.94	8.30	8.17
<b>TOTAL#</b>	<b>63,857,942</b>	<b>11.59%</b>	<b>6,698,833</b>	<b>16,780,236</b>	<b>6,895,363</b>	<b>4,048,290</b>	<b>75.00</b>	<b>10.94</b>	<b>10.77</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 2025

\*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, 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

US\$ 1 = INR 82.3; EUR€ 1 = INR 83.6

Numbers for the fourth quarter are based on market information collected until 22<sup>nd</sup> December 2022.

## KEY LEASE TRANSACTION Q4 2022

Property	Sub-market	Tenant	SF	Type
Gera Commerzone Building G2	SBD East	Springer Nature	109,000	Pre-commitment
45 Icon – Tower A	SBD West	Cowrks	62,000	Fresh
Amar Tech Park	SBD West	Stantec	74,000	Fresh
Nalanda Shelter Tower A	PBD East	Aptive	65,000	Fresh
CapitaLand ITPP Block I	SBD East	Airtel	60,000	Fresh
Commerzone IT Park B7	SBD East	Tech Mahindra	49,000	Renewal

## SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	TENENT SECTOR	SF	COMPLETION DATE
Panchshil Business Park	SBD East	Flexible Workspace	1,090,000	Q1 2023
Park City – B1	SBD East	BFSI	920,000	Q2 2023

## Suvishesh Valsan

Director, Research Services

+91 22 6771555 / [suvishesh.valsan@cushwake.com](mailto:suvishesh.valsan@cushwake.com)

## cushmanwakefield.com

## A CUSHMAN &amp; WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 50,000 employees in over 400 offices and approximately 60 countries. In 2021, the firm had revenue of \$9.4 billion across core services of property, facilities and project management, leasing, capital markets, and valuation and other services. To learn more, visit [www.cushmanwakefield.com](http://www.cushmanwakefield.com) or follow @CushWake on Twitter.

©2022 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.