

1.57 msf NET ABSORPTION (Q1 2023)

1.10 msf NEW COMPLETIONS (Q1 2023)

16.3 msf UPCOMING SUPPLY (Q2 2023 – 2025)

MARKET INDICATORS OVERALL Q1 2023

	Q1 2022	Q1 2023	12 month Forecast
Overall Vacancy	10.63%	10.68%	▲
Weighted Average Net Asking Rents (INR/sf/month)	72.20	75.08	■
YTD Net Absorption (sf)	1,130,997	1,565,754	▲

Healthy GLV driven by term renewals; Captive and IT-BPM were active sectors

Pune's quarterly lease volume stood at 3.11 msf, a growth of ~2X on both y-o-y and q-o-q basis. Renewals accounted for 61% share of the total leasing activity followed by fresh leases with 38% share. While GLV was primarily driven by renewals, fresh leases witnessed a significant jump of 55% and 54% on a y-o-y and q-o-q basis, respectively. A 13-quarter high renewals were recorded which can be attributed to amenities and refurbishment support provided by the developers to the occupiers. SBD East remained the most active sub-market with a share of 63% followed by SBD West with a share of 19% in the quarterly leasing volume. Sector wise, Captives (especially of financial services) and IT-BPM were the most active sectors during the quarter with a nearly equal share (~31%) in GLV.

Pune recorded net absorption of 1.6 msf in Q1, a growth of 24% on a q-o-q basis and 38% on a y-o-y basis. This was driven by fresh leases and healthy pre-leasing in SBD East sub-market in properties that got completed during this quarter.

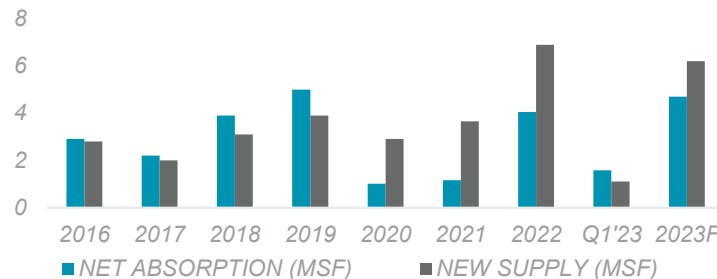
Limited new supply in Q1; vacancy drops by 90 bps

Pune witnessed limited supply of 1.1 msf of office space getting operational in Q1 2023, a drop of 15% on q-o-q basis and 63% on y-o-y basis. Major part of the new supply was in SBD East (86%). We anticipate a healthy supply pipeline of ~16.3 msf over the next three years. Approximately, 40% of this supply is expected from prominent developers / institutional players. Majority of this upcoming supply is expected in SBD East (42%) and PBD West (20%) submarkets. Overall city-wide vacancy witnessed a drop from 11.59% in the last quarter to 10.68% as of Q1-23. This can be attributed to the healthy space take-up in most of the new developments in the SBD East and SBD West sub-market, also coupled with limited supply in this quarter.

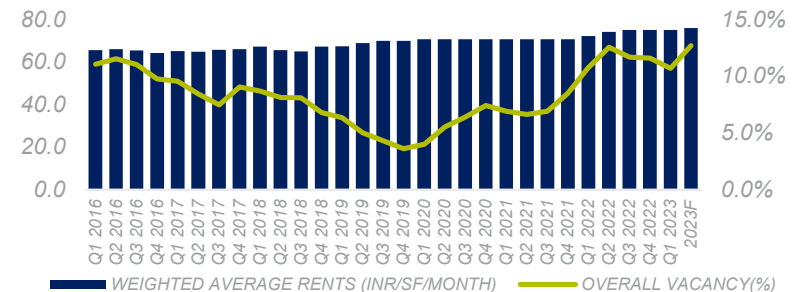
Slight improvement in rents in key sub-markets

Healthy office demand has induced a quarterly uptick in select submarkets rentals. Prominent buildings in prime sub-markets of SBD East, SBD West and CBD have witnessed rental improvements backed by demand for newly completed office projects. A further increase in rentals might be anticipated over the next few quarters on the back of project completion by prominent developers in select sub-markets quoting marginally higher rentals than market average.

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	4,609,600	2.07%	206,744	2,196,000	60,000	83,200	106.07	15.47	14.44
SBD East	34,128,136	6.69%	1,946,422	6,929,000	950,000	1,218,660	99.19	14.47	13.50
SBD West	8,667,858	11.89%	592,564	3,000,000	92,000	125,100	79.98	11.67	10.89
PBD East	1,950,209	7.53%	44,320	916,000	--	6,859	67.73	9.88	9.22
PBD West	15,604,139	22.24%	321,855	3,269,175	--	131,935	57.85	8.44	7.88
TOTAL#	64,959,942	10.68%	3,111,905	16,310,175	1,102,000	1,565,754	75.08	10.95	10.22

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 82.27; EUR€ 1 = INR 88.15

Numbers for the first quarter are based on market information collected until 22nd March 2023.

KEY LEASE TRANSACTION Q1 2023

Property	Sub-market	Tenant	SF	Type
Business Bay (Phase I)	SBD East	HSBC - Software Development India Pvt. Ltd.	525,000	Renewal
EON Free Zone	SBD East	Mphasis	289,000	Renewal
Eleven West	SBD West	Sudarshan Chemicals	27,000	Pre-commitment
45 ICON	SBD West	Roche	192,000	Fresh
Sadanand Business Centre	SBD West	91 Springboard	48,500	Fresh
EON Phase II - Tower A	SBD East	Mphasis	58,600	Fresh

SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	TENENT SECTOR	SF	COMPLETION DATE
Eleven West	SBD West	Flexible Workspace	300,000	Q2 2023
Park City – B1	SBD East	BFSI	920,000	Q2 2023

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