

0.22 msf GROSS LEASING (Q2 2023)

26.57 msf INVENTORY (Q2 2023)

3.61 msf UPCOMING SUPPLY (Q3 2023-25)

**MARKET INDICATORS OVERALL
Q2 2023**

	Q2 2022	Q2 2023	12 month Forecast
Overall Vacancy	32.5%	28.6%	▲
Weighted Average Net Asking Rents (INR/sf/month)	48.1	48.1	■
YTD Net Absorption (sf)	312,200	743,252	▲

Leasing slows in Q2 post stellar two quarters since Q4-22

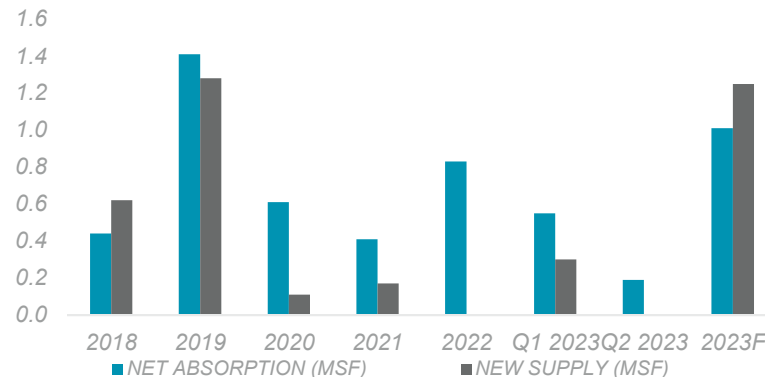
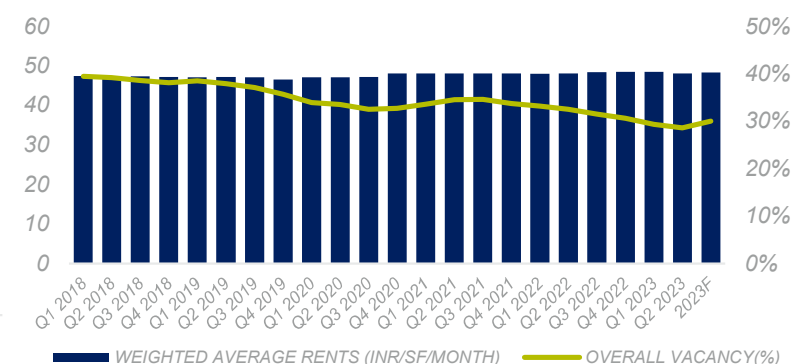
Kolkata witnessed slower office leasing activity in the second quarter with gross leasing volumes (GLV) of 0.22 msf, a 32% decline on an annual basis and a 65% drop as compared to the previous quarter. On a half-yearly basis, GLV stood at 0.84 msf, a 59% growth as compared to H1 2022. While the quarterly slowdown might be partially attributed to the sharp uptick in leasing activity in the first quarter of the current year, the market seems to have suffered from a temporary drop in sentiments as well. Some occupiers are reportedly deferring deals and adopting a cautious 'wait and watch' approach. However, some large -sized deals of multinational firms, which are currently under negotiation, could be completed in the upcoming quarters. Demand from the IT-BPM sector remained healthy in the second quarter with the sector accounting for over 85% of the quarterly GLV. A global IT firm expanded its office space while a couple of prominent domestic technology companies expanded their operations as well. Rajarhat dominated leasing activity in the quarter with a 76% share in the GLV while Salt Lake Sector V trailed with an 18% share. Net absorption stood at 0.19 msf in the quarter, the same level in comparison with Q2 last year but a drop of 65% from the strong absorption levels witnessed in the previous quarter.

No new supply in Q2; supply expected in CBD and Salt Lake next quarter

Kolkata recorded no new supply in the second quarter with OC delayed for a couple of projects in the CBD and Salt Lake Sector V micromarkets. Of the nine quarters until Q2-23, Kolkata has seen zero supply for seven quarters. Vacancies have consistently dropped for last seven quarters due to negligible new supply and improved leasing activity.. As of the last quarter, vacancy dropped by a further 70 bps. Projects with superior amenities, technology and ESG features continue to report much tighter vacancies and strong demand from tenants. Older strata-sold buildings have much higher vacancies with relatively low demand. Developers are looking to expedite quality projects in order to address this demand-supply mismatch given that demand from the IT sector remains healthy and the market could potentially show a bounce back in the upcoming quarters.

City-wide rentals stable in Q2; demand-supply dynamics likely to keep rentals rangebound

Rentals remained largely unchanged on a quarterly basis across the city. With market experiencing a short-term blip in demand, uptick in rentals looks unlikely in the near-term. Moreover, healthy quantum of supply is expected to enter the market next quarter thereby keeping rentals rangebound and maintaining Kolkata's position as an occupier-friendly location.

NET ABSORPTION & NEW SUPPLY

OVERALL VACANCY & WEIGHTED AVERAGE ASKING RENT


MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	VACANCY	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	1,550,074	27.3%	23,850	84,500	0	10,750	109.11	15.92	14.63
Park Circus Connector	710,260	21.0%	0	600,000	0	0	80.00	11.68	10.73
Rashbehari Connector	1,413,780	37.5%	0	0	0	0	78.40	11.39	10.47
Rajarhat	10,587,434	23.6%	310,828	569,643	300,000	235,828	37.10	5.40	4.96
Sector-V, Salt Lake*	12,309,650	32.4%	510,274	2,356,360	0	496,674	43.00	6.28	5.77
TOTAL	26,571,198	28.6%	844,952	3,610,503	300,000	743,252	48.13	7.03	6.46

The report highlights Grade A details only.

^ Includes planned & under construction projects until 2024

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 – Park Street, Camac Street, AJC Bose Road, Theatre Road

US \$ 1 = INR 82.17 € 1 = INR 89.43

Numbers for the third quarter are based on market information collected until 20th June 2023

KEY LEASE TRANSACTIONS Q2 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
DLF IT Park -II	Rajarhat	LTI Mindtree	64,316	Fresh Lease
Candor Techspace	Rajarhat	Capgemini	61,719	Fresh Lease
Mani Casadona	Rajarhat	ITC Infotech	30,000	Fresh Lease
Godrej Genesis	Salt Lake Sector V	Gainwell	25,000	Fresh Lease
Ecospace	Rajarhat	Awfis	10,500	Fresh Lease

SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	COMPLETION
PS Volt	CBD	NA	84,500	Q3 2023
Ideal Unique Centre	Park Circus Connector	NA	600,000	Q2 2024
Imagine Tech Park	Sector-V, Salt Lake	NA	700,000	Q3 2023

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