

1.24 msf NET ABSORPTION (Q2 2023)

0.65 msf NEW COMPLETIONS (Q2 2023)

15.7 msf UPCOMING SUPPLY (H2 2023 – 2025)

MARKET INDICATORS OVERALL Q2 2023

	Q2 2022	Q2 2023	12 month Forecast
Overall Vacancy	12.54%	9.67%	▲
Weighted Average Net Asking Rents (INR/sf/month)	74.20	75.08	■
YTD Net Absorption (sf)	1,951,178	2,806,129	▲

Healthy leasing volumes continue in Q2; SBD East micro market driving activity

Pune's quarterly gross leasing volume (GLV) stood at 3.1 msf, similar to that seen in the last quarter and a growth of 6.2% on a y-o-y basis. Fresh leases and term renewals had a similar share in the overall leasing activity (close to 38% each). Pre-commitments (24% share in GLV) were recorded in the SBD East submarket. The H1-23 GLV stood at 6.2 msf is the highest in comparison to the same period of activity witnessed in the last two years.

SBD East was the most active sub-market with a share of 57% in quarterly GLV followed by PBD West with a share of 32%. Sector-wise, IT-BPM drove leasing activity with a 66% share driven by pre-commitments and term renewal deals recorded in SBD East and PBD West, respectively.

Pune recorded net absorption of 1.24 msf in Q2, a drop of 20% on a q-o-q basis but a growth of 51% on a y-o-y basis. This net absorption is still higher than the last 8 quarter average seen in the city. This was driven by fresh leases and healthy pre-leasing in the SBD West sub-market in properties that got completed during this quarter.

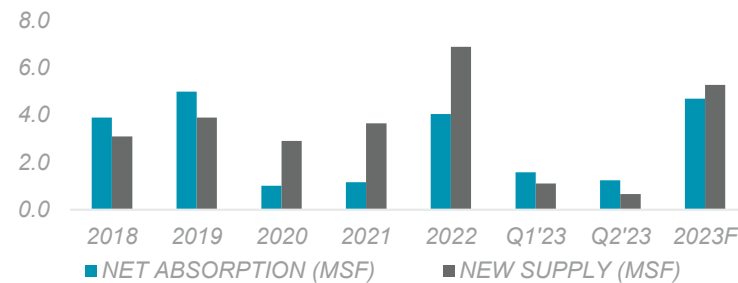
Lower supply in Q2; vacancy drops sharply

For a city that has witnessed an average supply of ~1.4 msf over the last 6-7 quarters, Q2-23 supply in Pune was recorded at merely 0.65 msf, a drop of 41% on a Q-o-Q basis and 71% on Y-o-Y basis. A major part of the new supply in Q2 was in SBD East (52%). We anticipate a healthy supply pipeline of ~15.6 msf over H2-2023 to 2025. Most of this upcoming supply is expected in SBD East (42%) and PBD West (20%) submarkets. Overall city-wide vacancy witnessed a sharp 100bps drop from 10.68% in the last quarter to 9.67% as of Q2-23. This can be attributed to the healthy space take-up in most of the new developments in the SBD East and SBD West sub-markets in the backdrop of limited supply in Q2-23.

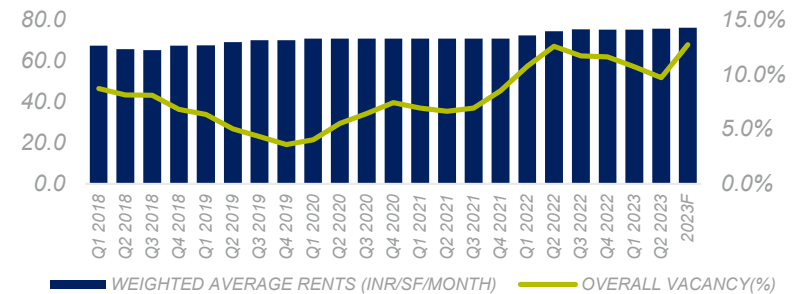
Small improvement in rents in key sub-markets

Healthy office demand has induced a quarterly 1-2% uptick in rentals in select submarkets. Prime SBD West submarket has witnessed rental improvements backed by demand for newly completed office projects. A further increase in rentals can be anticipated over the next few quarters on the back of project completions by reputed developers, particularly in sub-markets that quote higher rentals.

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	4,649,600	2.05%	371,946	2,156,000	100,000	123,200	106.07	15.49	14.23
SBD East	34,398,136	6.13%	3,721,765	6,659,000	1,220,000	1,570,660	98.01	14.31	13.15
SBD West	9,007,858	10.36%	741,559	2,660,000	432,000	563,000	81.58	11.91	10.95
PBD East	1,950,209	7.53%	44,320	916,000	--	6,859	67.73	9.89	9.09
PBD West	15,604,139	19.61%	1,349,621	3,269,175	--	542,410	57.55	8.41	7.72
TOTAL#	65,609,942	9.67%	6,229,211	15,660,175	1,752,000	2,806,129	75.58	11.04	10.14

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 82.17; EURE 1 = INR 89.43

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

KEY LEASE TRANSACTION Q2 2023

Property	Sub-market	Tenant	SF	Type
CapitaLand ITPP	SBD East	Deloitte	177,000	Fresh
DLF Quadron	PBD West	Cognizant	620,000	Renewal
Prestige Alphatech	SBD East	BNY Mellon	700,000	Pre-commitment
Weikfield IT City Info Park	SBD West	WNS Global	269,000	Renewal

SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	TENENT SECTOR	SF	COMPLETION DATE
Gera Commerzone Building B1	SBD East	Flexible Workspace	664,000	Q3 2023
Prestige Alphatech	SBD East	BFSI	900,000	Q1 2024

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