

AHMEDABAD

Office Q3 2023

0.42 msf GROSS LEASING (Q3 2023)

0.22 msf NEW COMPLETIONS (Q3 2023)

4.76 msf UPCOMING SUPPLY (Q4 2023–2025)

IT-BPM and Flex spaces drove strong leasing volume in Q3

Ahmedabad recorded gross leasing volume (GLV) of 0.42 msf in the third quarter, nearly a 2x growth on a y-o-y basis but fall of 14% from a previous strong quarter. IT-BPM (36%) and flexible workspace (35%) were major sectors driving demand in this quarter. Consistent demand from flex space operators is largely owing to the increased demand for managed space offices in the city. Nearly 80% of leasing activity in Q3 was concentrated in the SBD submarket, especially in corridors like Iskon- Ambli road and SG Highway (Makarba to Thaltej). Owing to the large demand in these areas and the dearth of grade A supply, 26% of upcoming supply (till 2025) is concentrated in and around these corridors. The city recorded a net absorption of 0.42 msf, a 1.5x growth as compared to the previous quarter, driven by increased fresh space take-ups.

GIFT City is expected to gain more traction with a few prominent IT/ITeS companies marking their presence in the coming quarters. Additionally, the city is also anticipated to witness increased interest from the GCC companies in the near future. The expected completion of Phase II metro will strengthen connectivity between Ahmedabad and GIFT City and further support the commercial activity along the corridor.

Limited new supply addition; marginal drop in vacancy levels

The city recorded a six-quarter low stock addition of 0.22 msf during this quarter in the SBD submarket. Further, a healthy supply of ~4.76 msf is lined up until 2025 with nearly 33% of it coming in PBD, followed by ~26% each in SBD and GIFT City. Prominent developers in the city have acquired land parcels in the SBD and PBD submarkets citing increasing demand for grade A supply. The city-level vacancy was recorded at 30.66% with a 96 bps drop from the last quarter driven by the healthy leasing activity. The vacancy is expected to stay range bound considering the new supply lined up in the coming quarters.

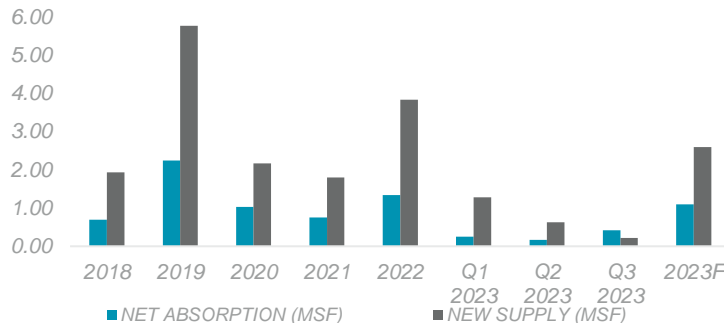
City-wide rents remain stable

Quoted rents have remained stable on q-o-q basis across all submarkets but recorded an uptick of 2-3% on a y-o-y basis. Due to tighter vacancies in certain superior-grade buildings in SBD and GIFT city submarkets, building landlords command a premium. For the upcoming years, a strong supply in the pipeline and strong demand is expected to keep the city rentals range bound.

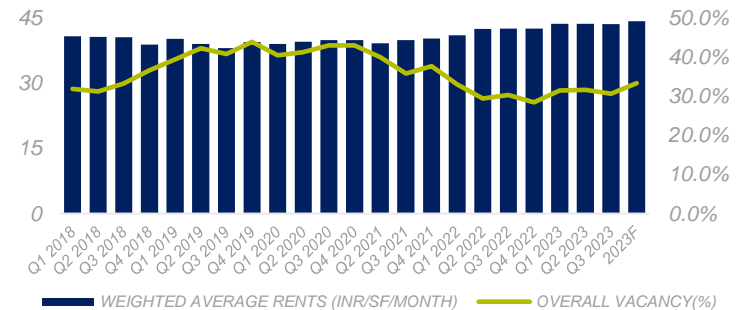
MARKET INDICATORS OVERALL Q3 2023

	Q3 2022	Q3 2023	12 month Forecast
Overall Vacancy	30.30%	30.66%	▲
Weighted Average Net Asking Rents Overall (INR/sf/month)	42.55	43.64	▲
YTD Net Absorption (sf)	966,901	835,092	▲

NET ABSORPTION & NEW SUPPLY



OVERALL VACANCY & WEIGHTED AVERAGE ASKING RENT



Office Q3 2023

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
SBD	16,049,474	29.86%	656,249	1,181,140	217,566	428,378	44.01	6.42	6.02
CBD	3,059,204	31.73%	169,843	734,800	-	169,843	44.87	6.55	6.14
GIFT City	3,284,456	14.08%	-	1,280,241	-	-	50.45	7.36	6.90
TOTAL#	25,347,438	30.66%	1,150,699	4,761,317	217,566	835,092	43.66	6.37	5.98

The report highlights Grade A details only. Certain indicators are historically corrected by addition / deletion of older / refurbished/poorly managed projects as per grade A classification and accounting for changes in built-up / leasable area besides adjusting tenant leases to reflect accurate market conditions

^ Includes planned & under construction projects until 2025

Net absorption refers to the incremental new space take-up; leasing activity includes fresh transactions and term renewals

*Weighted average asking rental rates for vacant spaces that provide core facility, power back up for common areas and amenities of buildings, and high-side air conditioning in select buildings

Total figures contain submarkets not mentioned above

New Sub-Market boundary:

CBD: Central Ahmedabad west of Sabarmati river and east of 132ft Ring road, includes micro-market of CG Road, Ashram Road, Paldi, Navrangpura, Ambawadi, Usmanpura, Naranpura

SBD: West of 132ft Ring road, spanning from Sarkhej-Okaf to South of Sola-Science City, includes micro-markets of SG Highway, Thaltej, Prahladnagar, Okaf, Iscon-Ambli Road and Sindhubhavan Road

PBD: includes micro markets of Science City, Adani Shantigram, Gota, Motera, Chandkheda, Mindspace IT-SEZ and Gandhinagar.

GIFT City: GIFT City and GIFT SEZ designated area

East Ahmedabad: Entire city on east of Sabarmati river, includes micro-market of Shahibaug, Vatva, Maninagar, Vastral, Odhav, Naroda, Narol

US\$ 1 = INR 82.21; € 1 = INR 87.68

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

KEY LEASE TRANSACTION Q3 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Westgate Business Bay	SBD	Paragraph Coworking	~25,000	Fresh Lease
Navratna Corporate Park	SBD	One Advanced	~15,000	Fresh Lease
A. Shridhar Athens	CBD	HDFC Ergo	~10,500	Fresh Lease

SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	COMPLETION DATE
Anam 2	SBD	NA	~215,926	Q2 2024
Unicus Shyamal	CBD	NA	~290,901	Q2 2024
Savvy Pragya 2	GIFT City	NA	~300,000	Q2 2025
Shilp Business Gateway	PBD	NA	~178,426	Q4 2025

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