

Pune records lowest gross leasing volume in recent history

Pune's quarterly gross leasing volume (GLV) stood at close to one million in Q3 2023, a two-third drop from the previous quarter, and a drop of 40% y-o-y. This is largely attributed to a slowdown in the CRE decision-making process among key tenant occupiers. Fresh leases were the largest component in this quarter (88% of quarterly GLV activity). Term Renewal share stood at 10% in quarterly activity, while it saw a 30% average share in the last six quarters.

SBD East was the most active submarket during the quarter, with a 46% share in quarterly GLV, followed by PBD West with 25%, largely driven by fresh space take-ups. In terms of sectors, Flexible Workspace (29%), IT-BPM (29%) and Engineering & Manufacturing (19%) were the most active sectors in the quarter. Based on active demand in the market, Flexible Workspace and IT-BPM sectors are anticipated to drive the leasing activity in upcoming quarters.

Pune recorded net absorption of 0.9 msf in the quarter and the YTD net absorption figure stood at 3.7 msf, a notable 30% growth in YTD numbers from last year.

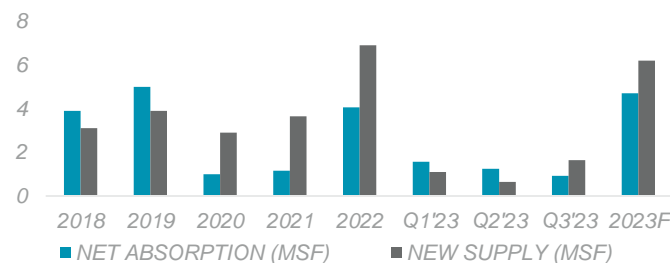
Healthy supply leads to rise in vacancy in Q3

The city recorded project completion to the tune of 1.64 msf, which is highest supply seen in last five quarters, with bulk of the new supply coming in PBD East (56%). We anticipate a healthy supply pipeline of ~13.9 msf until the end of 2025. Most of this upcoming supply is expected in the SBD East (47%) and PBD West (26%) submarkets. Given the spike in quarterly supply, the city-level vacancy rate has witnessed a rise of ~85 bps to 10.53% compared to the previous quarter.

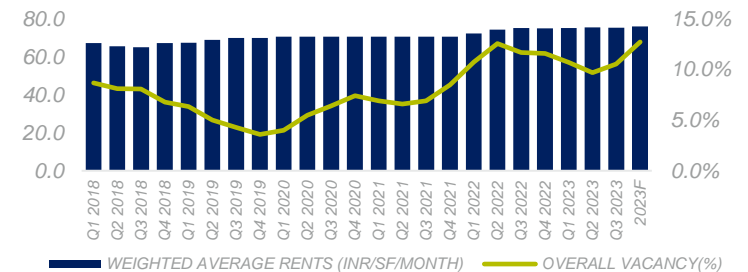
City rentals largely remain stable

Overall city rentals have largely remained range-bound in Q3 2023. Healthy supply has induced stable rentals across submarkets. The rental values are expected to largely remain range-bound in the upcoming quarters owing to the steady supply and regaining momentum in quarterly demand.

NET ABSORPTION & NEW SUPPLY



OVERALL VACANCY & WEIGHTED AVERAGE ASKING RENT



MARKET INDICATORS OVERALL Q3 2023

	Q3 2022	Q3 2023	12 month Forecast
Overall Vacancy	11.66%	10.53%	▲
Weighted Average Net Asking Rents (INR/sf/month)	75.09	75.32	■
YTD Net Absorption (sf)	2,850,557	3,713,968	▲

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	VACANCY (%)	YTD GROSS LEASING ACTIVITY(SF)	PLANNED & UNER CONSTRU CN (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%	508,735	2,156,000	100,000	123,200	107.65	15.71	14.73
SBD East	34,938,136	6.19%	4,174,407	6,529,000	1,760,000	2,058,660	97.29	14.20	13.31
SBD West	9,199,858	11.76%	892,328	1,610,000	624,000	605,792	84.02	12.27	11.50
PBD East	2,866,209	37.08%	44,320	--	916,000	6,859	61.07	8.91	8.36
PBD West	15,604,139	17.19%	1,599,193	3,569,175	--	919,457	58.60	8.55	8.02
TOTAL#	67,257,942	10.53%	7,218,983	13,864,175	3,400,000	3,713,968	75.32	10.99	10.31

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

**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, Wakdevadi, 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 82.21; EUR 1 = INR 87.68

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

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KEY LEASE TRANSACTIONS Q3 2023

Property	Sub-market	Tenant	SF	Type
Raheja Woods	SBD East	315 Work Avenue	200,000	Fresh
Panchshil Business Park Phase 1	SBD West	Siemens Technology And Services Private Limited	21,521	Fresh
Gera Commerzone R3	SBD East	Alliancebernstein Business Servicess Private Ltd.	48,000	Fresh
Weikfield IT City Info Park-D	SBD East	Bajaj Finance Limited	89,806	Fresh

SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	TENENT SECTOR	SF	COMPLETION DATE
Gera Commerzone Building B1	SBD East	IT/ ITes	664,000	Q4 2023
Prestige Alphatech	SBD East	BFSI	900,000	Q1 2024

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