

AHMEDABAD

Office Q4 2023

Annual gross leasing activity records a 5-year high

Ahmedabad recorded gross leasing volume (GLV) of 0.52 msf in Q4 2023, with a growth of 35% on a quarterly basis and 1.5x over same period last year. The overall quarterly leasing activity was driven by BFSI (31%) and IT-BPM (23%) sectors. An increased demand from BFSI and IT/ITeS sectors is recorded across superior-grade buildings in the SBD and CBD submarkets. SBD submarket continues to receive highest demand, especially in corridors like Iskcon-Ambli road and SG Highway (Makarba to Thaltej). Q4 2023 recorded a net absorption of 0.49 msf, with a 27% growth on q-o-q basis and 1.35x on a y-o-y basis. Year 2023 witnessed a GLV of 1.62 msf, recording a 5-year high and a growth of ~40% compared to the previous year. The increased demand is driven by flex space sector that contributed to 32% share, followed by IT-BPM with a 23% share.

Going ahead, new commercial development proposed on the SG Highway (Pakwan Jn to Vaishnodevi Circle) is expected to bring out new clusters of superior grade office spaces. GIFT city is gaining traction ahead of the Vibrant Gujarat Global Summit which aims to attract new Fin-tech institutions. Additionally, the development of Sabarmati multimodal transit hub will strengthen connectivity between Ahmedabad and GIFT City and further support the commercial activity along the corridor.

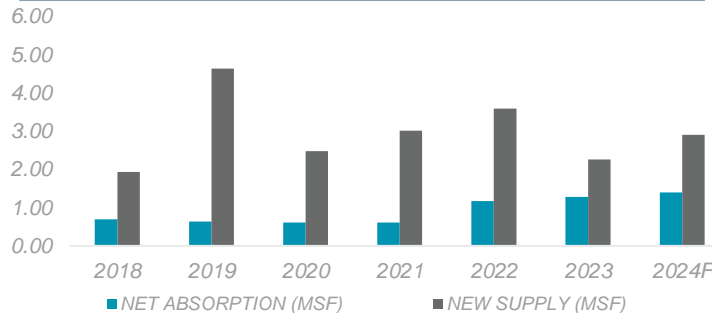
Lowest annual completions in 5 years; drop in vacancy levels

The city recorded marginal stock addition of 0.14 msf during Q4 in the CBD submarket. This took the total annual supply to 2.26 msf, recording the lowest supply addition in last 5 years. A healthy supply of ~6.77 msf is lined up for the coming three years, with nearly 37% of it coming in PBD, followed by ~30% in SBD. New superior grade supply from prominent developers is expected across GIFT city, SBD and PBD submarkets citing increasing demand for grade A supply. Driven by healthy leasing activity, city-level vacancy was recorded at 30.16%, a 50 bps drop from the previous quarter. The vacancy is expected to slightly increase considering the new supply pipeline.

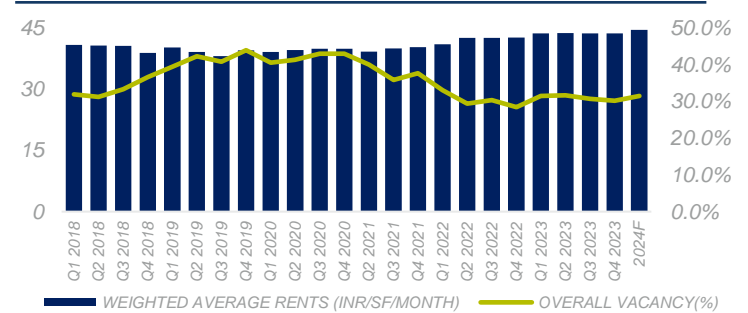
City-wide rentals rise on yearly basis

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 superior-grade buildings in SBD and GIFT city submarkets, such buildings command a rental premium. In the upcoming years, a strong supply pipeline and an expectedly strong demand is likely to keep city rentals range bound.

NET ABSORPTION & NEW SUPPLY



OVERALL VACANCY & WEIGHTED AVERAGE ASKING RENT



MARKET INDICATORS OVERALL Q4 2023

	Q4 2022	Q4 2023	12 month Forecast
Overall Vacancy	28.63%	30.16%	▲
Weighted Average Net Asking Rents Overall (INR/sf/month)	42.60	43.63	▲
YTD Net Absorption (sf)	1,176,911	1,283,278	▲

Office Q4 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	16,274,474	28.84%	1,403,109	2,043,358	996,386	1,072,158	43.97	6.33	5.89
CBD	3,197,603	32.97%	217,683	760,761	522,723	202,120	44.87	6.46	6.01
GIFT City	3,284,456	14.08%	-	1,485,540	-	-	50.45	7.27	6.76
TOTAL#	25,710,837	30.16%	1,629,792	6,773,609	2,265,495	1,283,278	43.63	6.29	5.84

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 2026

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 83.30; € 1 = INR 89.60

Numbers for the fourth quarter are based on market information collected until 20th December 2023.

KEY LEASE TRANSACTION Q4 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Times Square Grand	SBD	Simpolo	~22,000	Fresh Lease
Westgate Business Bay	SBD	Qatar Airways	~75,000	Fresh Lease
Iconic Shyamal	CBD	Bajaj Finserv	~34,000	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
Rajyash One	GIFT City	NA	~210,000	Q4 2026
Shilp Business Gateway	PBD	NA	~178,426	Q4 2025

Arun P Nair

Manager, Research Services

+91 22 67715555 / arun.nair@cushwake.com

Suvishesh Valsan

Director, Research Services

+91 22 6771555 / suvishesh.valsan@cushwake.com

cushmanwakefield.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global commercial real estate services firm for property owners and occupiers with approximately 52,000 employees in approximately 400 offices and 60 countries. In 2022, the firm reported revenue of \$10.1 billion across its core services of property, facilities and project management, leasing, capital markets, and valuation and other services. It also receives numerous industry and business accolades for its award-winning culture and commitment to Diversity, Equity and Inclusion (DEI), Environmental, Social and Governance (ESG) and more. For additional information, visit www.cushmanwakefield.com.

©2022 Cushman & Wakefield. All rights reserved. The information contained within this report is gathered from multiple sources believed to be reliable. The information may contain errors or omissions and is presented without any warranty or representations as to its accuracy.