

Strong leasing in Q4 driven by fresh demand across suburban markets

Q4 of 2023 recorded gross leasing volume (GLV) of about 5.2 msf, 54% higher than the previous quarter and about 16% higher than the same period last year. This is the highest quarterly leasing witnessed in recent years. Fresh leasing activity, particularly in sub-markets like Central Suburbs and Lower Parel, drove quarterly GLV with a 60% share. Submarkets like Malad Goregaon (19.5%), Central Suburbs (17.1%) and Andheri Kurla (11.8%) dominated Q4 leasing volume. BFSI (25%) and Professional Services (21%) remain major contributors to the quarterly GLV in sector-wise share. Quarterly net absorption was recorded at 2.3 msf, a 1.2x growth on a q-o-q basis and a slight dip of 9% from healthy activity in Q4-22.

Full year 2023 recorded nearly 14.2 msf of GLV, which is a mere 6% drop from a strong annual nos. seen in the previous year. Fresh Lease continued to dominate with a 51% share in annual leasing volume, largely driven by submarkets like Central Suburbs and Lower Parel with 14% and 13.5% shares, respectively. Annual net absorption numbers stood at 4.5 msf, which is broadly in line with the 4.7 msf witnessed in 2022. This is attributed to strong growth in fresh leasing activity, largely witnessed in the second half of the year 2023.

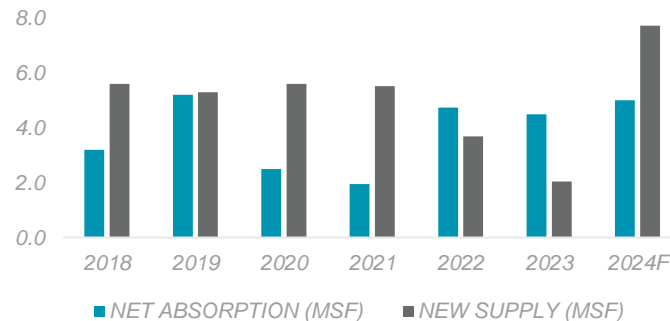
Supply constraints in the city results in vacancy dropping sharply

With project completions of about 1.03 msf witnessed this quarter, the annual supply for 2023 is recorded at 2.04 msf. This is a 44% further drop from the historic low supply witnessed last year, indicating the continuation of a new supply-deprived city office market in 2023. This current sluggishness in the supply will be somewhat abridged with a healthy supply pipeline for 2024 and 2025, largely concentrated in submarkets like Andheri Kurla, Central Suburbs, and Navi Mumbai submarkets. Due to limited supply entering the market amidst strong demand, the vacancy rate has dropped by 195 basis points during the last four quarters to 18.45%.

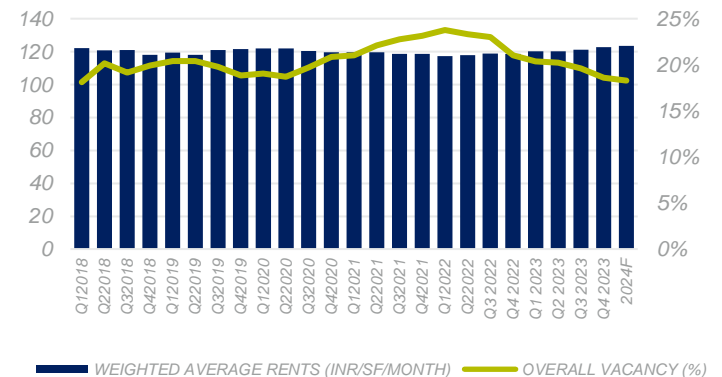
City rentals rise in prominent submarkets

City-wide market rentals have seen a slight uptick of 1.3% q-o-q, and 3.5% y-o-y. Submarkets such as Worli, Lower Parel and Malad Goregaon witnessed relatively stronger growth over the last year as there was increased leasing activity in the superior-grade assets. With a healthy demand outlook and a drop in vacancy, the city rentals may improve further in key sub-markets.

NET ABSORPTION & NEW SUPPLY



OVERALL VACANCY & WEIGHTED AVERAGE ASKING RENT



14.19 msf GROSS LEASING (2023)

2.05 msf NEW COMPLETIONS (2023)

25.91 msf UPCOMING SUPPLY (2024 – 2026)

MARKET INDICATORS OVERALL Q4 2023

	Q4 2022	Q4 2023	12 Forecast month
Overall Vacancy	21.3%	18.5%	▼
Weighted Average Net Asking Rents (INR/sf/month)	117.7	122.8	▲
YTD Net Absorption (sf)	4,743,233	4,494,974	▲

MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	VACANCY RATE (%)	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	1,962,814	9.63%	243,346	-	-	16,797	243.3	35.1	32.6
SBD - BKC	10,772,147	11.9%	1,480,332	3,920,005	51,301	487,176	265.9	38.3	35.6
Worli	2,169,504	26.3%	336,407	2,060,000	1,015,504	488,442	241.7	30.5	28.4
Lower Parel	12,169,730	36.8%	1,917,040	2,100,000	233,333	1,002,326	170.9	24.6	22.9
Andheri-Kurla	14,361,800	13.1%	1,604,762	5,089,046	204,000	350,967	124.1	17.7	16.4
Powai	6,856,286	10.9%	1,480,311	2,000,000	-	(65,628)	147.3	21.2	19.7
Malad/Goregaon	14,779,347	14.3%	2,601,817	2,700,000	-	(40,153)	119.4	16.1	14.9
Central Suburbs	12,056,532	16.7%	1,969,332	2,764,000	-	938,773	146.3	21.1	19.6
Vashi	1,645,068	11.3%	193,737	-	-	86,844	88.8	12.7	11.9
Thane-Belapur Road	23,253,681	24.9%	1,839,208	3,278,500	410,000	1,022,995	66.9	9.5	8.8
Thane	10,498,323	10.4%	527,795	2,000,000	133,346	206,435	71.6	10.3	9.6
TOTAL	110,975,232	18.5%	14,194,087	25,911,551	2,047,484	4,494,974	122.8	17.3	16.1

The report highlights Grade A details only. Certain indicators are historically corrected by the addition/deletion of older / refurbished projects as per grade A classification and accounting for changes in built-up/leasable areas 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

#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 backup

IT-BPM – Information Technology – Business Process Management

Key to submarkets:

CBD – Ballard Estate, Colaba, Churchgate, Fort & Nariman Point; SBD – Bandra-Kurla Complex, Bandra East, Kalina; Lower Parel- Lower Parel, Parel, and Dadar; Andheri-Kurla- Andheri (E), Chandivali, Marol; Malad Goregaon- Malad, Goregaon, Jogeshwari, and Borivali; Central Suburbs- Bhandup, Kanjurmarg, Vikhroli, Kurla, and Wadala; Thane- Belapur Rd- Airoli, Ghansoli, Mahape, Jalinagar, Seawoods, and Dombivili; Thane- Thane, Kapurbawdi, Ghodbunder Road, and Wagle Estate

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 TRANSACTIONS Q4 2023

PROPERTY	SUBMARKET	TENANT	SF	TYPE
One International Centre	Lower Parel	Viacom18	410,000	Fresh Lease
247 IT Park	Powai	SMFG India	194,000	Fresh Lease
Prism Towers	Malad Goregaon	ICICI Prudential	190,000	Fresh Lease
Nirlon Knowledge Park	Malad Goregaon	Morgan Stanley	145,000	Term Renewal

SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	COMPLETION DATE
Oberoer Commerz 3	Malad – Goregaon	Morgan Stanley	1,800,000	Q2 2024
Centaurus	Thane	NA	2,000,000	Q1 2025
Waterstone Business Park	Andheri-Kurla	NA	1,250,000	Q4 2025

Arun P Nair

Manager, Research Services

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

Suvishesh Valsan

Director, Research Services

+91 22 67715555 / suvishesh.valsan@cushwake.com

cushmanwakefield.com

A CUSHMAN & WAKEFIELD RESEARCH PUBLICATION

Cushman & Wakefield (NYSE: CWK) is a leading global real estate services firm that delivers exceptional value for real estate occupiers and owners. Cushman & Wakefield is among the largest real estate services firms with approximately 52,000 employees in over 400 offices and approximately 60 countries. In 2022, the firm had revenue of \$10.1 billion across core services of property, facilities and project management, leasing, capital markets, and valuation and other services. To learn more,

visit www.cushmanwakefield.com or follow @CushWake on Twitter.

©2023 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.