

Gross and net leasing activity rise sharply, driven by fresh leasing activity

Pune's quarterly gross leasing volume (GLV) stood at 2.5 msf in Q4 2023, a 1.5x jump Q-o-Q, and 1.3x growth on y-o-y basis. Fresh leases drove quarterly leasing (80% share) followed by term renewals accounting for the balance. SBD East remains the most active submarket in Q4 with a 51% share in leasing, followed by SBD West with 24% share. In terms of sectors, Captive (31% of GLV), Flexible Workspace (19% of GLV) and Engineering & Manufacturing (17% of GLV) were the most active sectors during the quarter.

For the year 2023, Pune experienced remarkable surge in GLV, recording 9.7 msf that was largely driven by a steady growth in fresh lease activity (55% share). Also, term renewals exhibited a 1.7x jump from last year's figure and held a 40% share in 2023 leasing activity. SBD East had a share of 56% in GLV followed by PBD West with 22% share. While fresh leases continue to drive SBD East submarket (49% share), the term renewal activity at SBD East witnessed a spike of 1.64X from previous year.

Pune saw an uptick in net absorption at 1.9 msf in Q4, surpassing the average quarterly absorption of past 5 years. The 2023 net absorption figure stood at 5.6 msf, a notable 39% growth in annual numbers from last year, owing to steady growth in fresh space take ups.

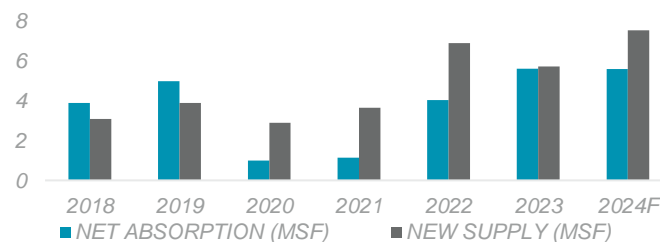
Pune records 6-Quarter high supply; vacancy grows marginally

The city recorded project completions to the tune of 2.3 msf this quarter, which is the highest supply seen in the last six quarters, with bulk of the new supply coming in SBD East (46%). This brings the annual supply addition witnessed in 2023 to 5.7 msf, which however is 16% less than 2022. We anticipate a healthy supply pipeline of ~27 msf over the next three years. Most of this upcoming supply is concentrated in the SBD East (61%), followed by CBD (15.5%) and SBD West (13.5%) submarkets. Given a spike in quarterly supply, the city-level vacancy rate has witnessed a marginal uptick of ~28 bps to 10.81% Q-o-Q. The recent amendment to the SEZ rules, which permits floor-wise de-notification, is expected to ease the vacancy levels in the SEZ-dominated submarkets of PBD West and SBD East in upcoming quarters.

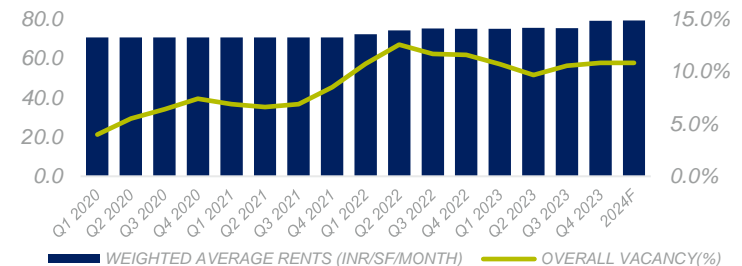
Uptick in rentals despite healthy supply

Healthy office demand has induced a y-o-y uptick of 5.3% in the overall city-wide rentals. Robust demand in prominent new supply largely drove rental growth in prime sub-markets of SBD East and SBD West. The rental values are expected to largely remain range-bound in the coming quarters on the back of consistent supply anticipated.

NET ABSORPTION & NEW SUPPLY



OVERALL VACANCY & WEIGHTED AVERAGE ASKING RENT



MARKET INDICATORS OVERALL Q4 2023

	Q4 2022	Q4 2023	12 month Forecast
Overall Vacancy	11.59%	10.81%	▲
Weighted Average Net Asking Rents (INR/sf/month)	75.09	79.97	▲
Annual Net Absorption (sf)	4,048,289	5,612,111	▲

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	1.36%	593,080	4,200,000	100,000	155,574	112.42	16.20	15.06
SBD East	36,017,136	6.37%	5,463,874	16,429,000	2,839,000	3,006,484	102.02	14.70	13.66
SBD West	9,659,858	9.23%	1,506,606	3,650,000	1,084,000	1,256,111	88.68	12.77	11.88
PBD East	2,866,209	37.08%	44,320	--	916,000	6,859	73.13	10.54	9.79
PBD West	16,404,139	19.60%	2,127,491	2,769,175	800,000	1,187,083	63.46	9.14	8.50
TOTAL#	69,596,942	10.81%	9,735,371	27,048,175	5,739,000	5,612,111	79.97	12.67	11.78

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 2026

**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 83.30; EUR€ 1 = INR 89.60

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

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KEY LEASE TRANSACTIONS Q4 2023

Property	Sub-market	Tenant	SF	Type
Cummins IOC/Panchshil Business Park Phase 1 - Tower C	SBD West	Siemens Industry Software India Private Limited	341,863	Renewal
Gera Commerzone R3/B5	SBD East	BP Business Solutions India Private Limited	204,000	Fresh
Commerzone B8	SBD East	Schlumberger India Technology Centre Private Ltd	88,900	Renewals
Agile M	SBD West	Apex Funds	63,000	Fresh

SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	TENENT SECTOR	SF	COMPLETION DATE
Gera Commerzone Building B1	SBD East	IT/ ITes	700,000	Q1 2024
Prestige Alphatech	SBD East	BFSI	966,000	Q1 2024

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