

AHMEDABAD

Office Q2 2024

Healthy leasing volume in Q2 2024, driven by Professional Services in SBD market

Ahmedabad recorded a gross leasing volume (GLV) of 0.25 msf in Q2 2024, a 2.5x jump from the previous quarter but decline of ~48% on y-o-y basis. With this, the first half of the year recorded a GLV of ~0.35 msf, accounting for ~52% drop from the same period the previous year. This large dip is attributed to limited availability of office supply that meets occupier requirements, despite healthy active demand in the market. The overall quarterly leasing activity was driven by Professional Services segment (~61% share), followed by Engineering & Manufacturing (~18% share) and Flexible Workspace (~16% share). The dominance of Professional Services in this quarter was majorly attributed to space take up by two prominent players in the SBD submarket. During this quarter, SBD submarket single handedly recorded the quarterly demand share of ~89%, followed by the CBD market (~11% share). The city recorded a net absorption of ~0.25 msf in Q2 2024, a rise on quarterly as well as annualised basis.

Looking ahead, GIFT City is set to attract several IT/ITeS firms in the coming quarters, alongside GIFT IFSC approvals for 28 segments spanning fintech, ship leasing, and ancillary services. The impending Phase II metro rail service, having completed successful trial runs, along with government initiatives to improve last mile connectivity will significantly enhance connectivity between Ahmedabad and GIFT City, thereby, bolstering commercial activities along this corridor.

No new supply leads to decline in vacancy levels

The city recorded no new grade-A stock addition during the second quarter of 2024 and headline vacancy dropped by 81 bps to 30.09% on a q-o-q basis, driven by heightened leasing amid limited supply. Nevertheless, the city anticipates approximately 2.36 million square feet of new office space by year-end to meet growing demand. A robust supply of around 6.90 million square feet is scheduled between Q3 2024 and the end of 2026, with GIFT City accounting for about 34% and the SBD submarket for approximately 30% of this upcoming supply.

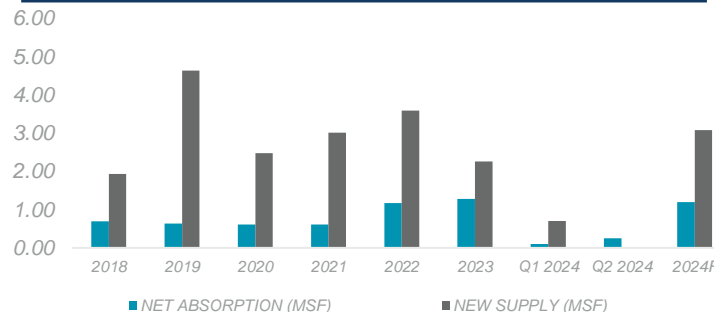
City-wide rentals remain stable

Quoted rents have remained stable on quarterly and yearly basis. In the upcoming quarters, a strong supply pipeline is likely to keep city rentals range bound. However, strong demand in certain parts of the city could translate to rise in rentals for certain submarkets.

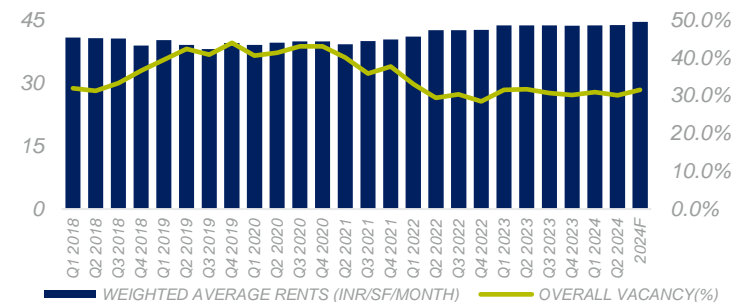
MARKET INDICATORS OVERALL Q2 2024

	Q2 2023	Q2 2024	12 month Forecast
Overall Vacancy	31.63%	30.09%	▼
Weighted Average Net Asking Rents Overall (INR/sf/month)	43.70	43.76	▬
YTD Net Absorption (sf)	417,557	359,701	▲

NET ABSORPTION & NEW SUPPLY



OVERALL VACANCY & WEIGHTED AVERAGE ASKING RENT



Office Q2 2024

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	16,714,607	28.61 %	242,928	1,603,225	440,133	258,272	44.07	6.34	5.88
CBD	3,197,603	33.29 %	38,429	760,761	-	38,429	45.07	6.48	6.02
GIFT City	3,284,456	12.16 %	63,000	2,330,241	-	63,000	50.52	7.27	6.74
TOTAL#	26,426,685	30.09 %	344,357	6,902,462	715,848	359,701	43.76	6.30	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 83.4; € 1 = INR 89.9

Numbers for the second quarter are based on market information collected until 20th June 2024.

KEY LEASE TRANSACTION Q2 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
KP Epitome	SBD	Adani Group	~ 1,40,000	Fresh Lease
Sankalp Square 3B	SBD	Vibrant Co-Working Pvt. Ltd.	~ 30,000	Fresh Lease
Venus Stratum	CBD	Religare Broking Ltd	~5,000	Fresh Lease

SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	COMPLETION DATE
Savvy Pragya 2	GIFT City	NA	~300,000	Q3 2024
Unicus Shyamal	CBD	NA	~290,900	Q3 2024
Anam 2	SBD	NA	~215,920	Q4 2024
Shilp Business Gateway	PBD	NA	~178,420	Q4 2025

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