

5.54 msf GROSS LEASING (Q2 2024)

2.2 msf NEW SUPPLY (Q2 2024)

9.6% VACANCY (Q2 2024)

MARKET INDICATORS OVERALL Q2 2024

Q2 2023 Q2 2024 12 month Forecast

Overall Vacancy	10.8%	9.6%	▲
Weighted Average Net Asking Rent (INR/sf/month)	82.7	83.5	■
YTD Net Absorption (sf)	2,129,167	6,109,866	▲

Strong leasing momentum remains intact in Q2 led by BFSI and IT sectors

Bengaluru recorded gross leasing volumes (GLV) of 5.5 msf in Q2, a robust growth of 83% on a yoy basis though lower than the exceptionally strong activity in the previous quarter. Healthy fresh leasing resulted in a net absorption of 2.5 msf, a 4.5x jump on an annual basis. A number of large deals were closed by global multinationals in the quarter, thereby highlighting the strong appetite for quality office space as they move ahead with their expansion plans. Fresh leasing accounted for around 60% of GLV in the quarter, pointing towards healthy occupier confidence. While pre-committments' share of quarterly GLV rose to 35% from around 28% in the previous quarter. Demand for large spaces remained strong with large deals (>100,000 sf) constituting 56% of quarterly GLV, similar to the previous quarter. Growth in Global Capability Centres (GCCs) was another key feature of the quarter with GCC deals by IT, BFSI and manufacturing firms accounting for nearly 39% of quarterly GLV. BFSI sector led quarterly leasing volumes with a share of 38% followed by IT-BPM with a 25% share. Flex space operators occupied the third spot in quarterly GLV with a share of 14% but the share of engineering & manufacturing, traditionally a bellweather segment, was just 8%. Outer Ring Road dominated quarterly leasing activity with a share of 65% followed by 14% by Peripheral East.

On a half yearly basis, GLV stood at 12.3 msf, more than doubling as compared to the same period last year. Net absorption in the first half of year was 6.1 msf, a nearly 3x jump over H1 2023, highlighting the rapid recovery that the market witnessed in H2 last year has gained significant strength in the current year.

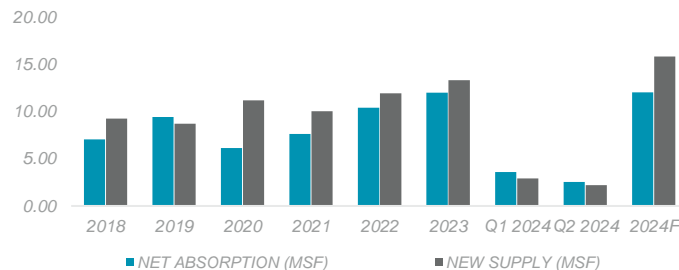
Supply addition across multiple micromarkets; headline vacancy rate falls

Bengaluru recorded new supply of 2.2 msf in Q2, a 24% fall from the previous quarter and a 17% decline as compared to the same period last year. The lower supply in Q2 is largely due to the delays in grant of occupancy certificates (OC) for certain projects. However, on a half year basis, new supply stood at 5.1 msf, a growth of 6.1% over the first half of last year. The supply in Q2 was spread across CBD, Peripheral East, Peripheral North and Peripheral South and marked the first in several quarters that ORR, the prime office corridor, did not record any supply. However, the supply pipeline for ORR as well as Bengaluru, as a whole, remains strong for the remainder of 2024 and developers are likely to expedite completions given the strong demand. Headline city-wide vacancy rate fell by 30 bps on a quarterly basis with ORR and Peripheral North witnessing sharp fall in vacancies.

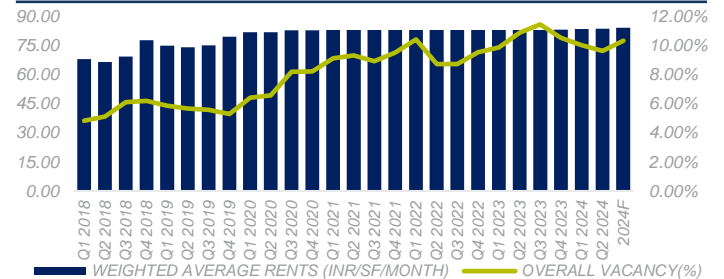
Headline rentals remain stable

Headline rentals remained stable on a quarterly basis and is likely to remain rangebound in the near term with supply keeping pace with demand. However, given the robust demand dynamics, higher rentals will continue to prevail in existing Grade A properties with high demand and tight vacancies, as well as in upcoming premium properties in prime micromarkets.

NET ABSORPTION & SUPPLY



OVERALL VACANCY & 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
CBD / Off-CBD	7,940,906	3.2%	890,969	430,000	277,584	199,700	163.00*	23.45	21.76
Outer Ring Road	86,611,155	7.1%	5,749,882	16,266,780	1,601,864	2,295,973	107.50	15.47	14.35
Peripheral East	39,951,714	16.0%	2,182,251	8,193,734	430,000	1,039,241	71.00	10.22	9.48
Peripheral North	12,863,116	22.6%	881,541	5,497,306	2,014,823	1,436,158	75.00	10.79	10.01
Peripheral South	13,065,928	13.5%	1,141,230	475,475	738,518	323,230	65.00	9.35	8.68
Suburban East	21,369,292	2.0%	766,416	3,027,185	-	331,500	129.00**	18.56	17.22
Suburban North West	1,648,000	21.2%	145,365	3,860,985	-	145,404	116.00	16.69	15.48
Suburban South	9,249,337	3.2%	531,179	3,285,607	-	338,660	95.00	13.67	12.68
TOTALS	192,699,448	9.6%	12,288,833	41,037,072	5,062,789	6,109,866	83.5	12.01	11.15

The report highlights Grade A project details only. Certain historical numbers may have been corrected through addition / deletion of older / and or refurbished projects, basis grade A building classification. It might also have been revised to account for changes in built-up / and or leasable area and modifications in tenant leases, in order to reflect accurate market conditions.

^ Includes planned & under construction projects until 2026

Net absorption refers to the incremental new space take-up;

Weighted average asking rental rates for vacant spaces that provide core facility, high-side air conditioning and 100% power back up

*CBD/Off-CBD- Weighted average rents, submarket includes certain outperformers where quoted rentals are above INR 220-250/Sf/Month

**Suburban East - Weighted average rents, submarket includes certain outperformers where quoted rentals are above INR 150-160/Sf/Month.

Key to submarkets:

CBD/Off-CBD – M.G. Road, Millers Road, Vittal Mallya Road, Residency Road, etc.; Peripheral South – Electronic City, Hosur Road, Mysore Road; Outer Ring Road – Sarjapur, KR Puram, Hebbal; Suburban East – Indira Nagar, Old Airport Road, C.V. Raman Nagar; Peripheral East – Whitefield; Suburban South – Koramangala, Bannerghatta Road, Jayanagar; Peripheral North – Bellary Road, Thanisandra Road, Tumkur Road; Suburban Northwest – Rajaji Nagar, Malleshwaram.

US\$ = INR 83.4 AND € = INR 89.9

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

KEY LEASE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
HP IWF Campus Tower A	Peripheral East	Skoort (Mathco)	200,000	Fresh Lease
Embassy Manyata Tech Park	Outer Ring Road	UHG	200,000	Fresh Lease
Prestige Tech Park	Outer Ring Road	Nutanix	236,383	Fresh Lease
Brookfield Ecoworld	Outer Ring Road	Freshworks	113,000	Fresh Lease

SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	COMPLETION DATE
Sattva South Avenue	Peripheral South	-	475,475	Q3 2024
Sattva Knowledge Point (Block 1 & 2)	Suburban North West	-	1,641,825	Q3 2024
Kalyani - Camellia	Peripheral East	-	484,278	Q2 2024

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