

4.78 msf GROSS LEASING (Q2 2024)

2.64 msf NEW COMPLETIONS (Q2 2024)

23.53 msf UPCOMING SUPPLY (Q3 2024 – 2026)

MARKET INDICATORS OVERALL Q2 2024

	Q2 2023	Q2 2024	12 Forecast month
Overall Vacancy	20.2%	17.6%	
Weighted Average Net Asking Rents (INR/sf/month)	120.2	128.0	
YTD Net Absorption (sf)	1,243,203	4,186,960	

Continued strong momentum in city leasing driven by fresh leasing

The second quarter of 2024 showcased a steady gross leasing volume (GLV) of 4.78 msf, maintaining the momentum from the previous quarter and marking a 75% increase compared to the same period last year. Fresh leases were the primary driver of this activity, constituting 59% of the GLV, with the remaining share accounted for by term renewals. Notably, there were no new pre-commitments recorded this quarter. In terms of sectoral distribution, Professional Services led the way with a 21% share of the quarterly GLV, followed by Engineering & Manufacturing at 16%, GCC at 15%, and BFSI at 13%. Key submarkets exhibited significant leasing activity, with Thane Belapur Road capturing 23% of the quarterly GLV, Central Suburbs at 15%, and Malad Goregaon at 14%. These areas experienced robust fresh space uptake, contributing to the overall growth.

For the first half of the year, the city recorded a total of 9.56 msf of GLV activity, reflecting a 70% increase compared to the first half of 2023. This growth is largely attributed to a 100% rise in fresh leasing activity at the city level during the period, with notable contributions from active submarkets such as Thane Belapur Road, Malad Goregaon, and Central Suburbs.

In terms of net absorption, Q2-24 recorded 1.72 msf, a 30% dip from a strong previous quarter but a 2.3x increase from the same period last year. This was largely driven by robust fresh space take-up in the afore mentioned submarkets. Notably, the H1-24 net absorption numbers stand at 4.18 msf, close to the annual absorption numbers witnessed in the last two years.

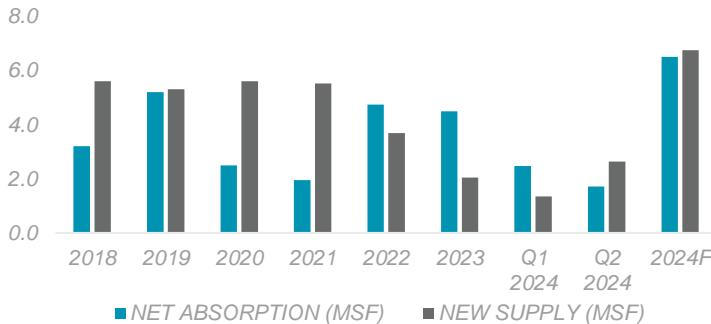
Uptick in supply slightly increases vacancy

The quarter also witnessed project completions of close to 2.64 msf, highest quarterly supply seen last eleven quarters. This brings the H1-24 total to 3.99 msf, higher than the annual supply witnessed in last two years. Given the steady supply witnessed this quarter, the city level vacancy witnessed an uptick of 41 bps taking it to 17.64%. The supply pipeline continues to remain healthy with close to 23.53 msf cumulative supply expected between Q3-2024 to 2026. Despite substantial supply forecasted in suburban submarkets in 2024, the overall city vacancy is expected to remain rangebound given the steady growth in fresh demand.

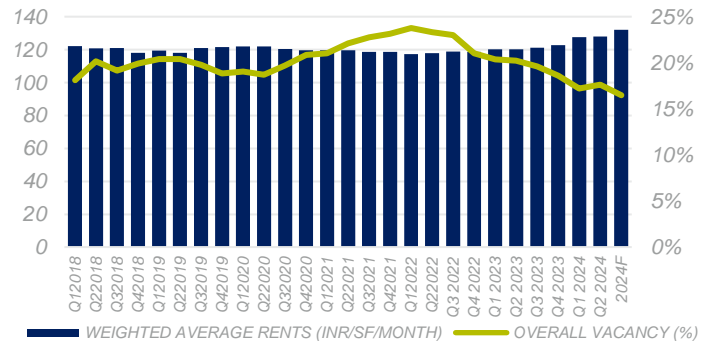
City wide rental continues to rise; Suburban market rentals set to improve

City-wide market rentals have seen marginal uptick of 0.23% on q-o-q and 7% on y-o-y basis. Submarkets such as Worli, Malad Goregaon and Powai witnessed a strong annual growth of 10-15% given the steady leasing activity in superior-grade assets. With a healthy demand outlook and a drop in vacancy, the city rentals may improve across some key sub-markets. The commercial corridors in submarkets like Andheri Kurla, BKC and Western Suburbs is likely to witness rent uptick, receiving a boost from the soon-to-be-operational Metro Line 3 (Phase I) and its integration with current operational Metro Lines of 1 and 7.

NET ABSORPTION & NEW SUPPLY



OVERALL VACANCY & WEIGHTED AVERAGE ASKING RENT



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	7.8%	65,997	-	-	35,969	243.3	35.0	32.5
SBD - BKC	10,922,147	8.9%	1,177,098	5,367,046	150,000	453,908	279.3	38.3	35.5
Worli	2,169,504	20.0%	330,918	1,360,000	-	166,771	244.3	30.5	28.3
Lower Parel	12,169,730	35.4%	738,903	2,100,000	-	164,223	177.1	24.6	22.8
Andheri-Kurla	14,944,800	12.8%	1,006,984	5,367,046	583,000	300,256	128.4	17.6	16.4
Powai	7,656,286	9.3%	778,861	1,200,000	800,000	99,100	162.5	21.2	19.7
Malad/Goregaon	16,779,347	14.4%	1,468,709	900,000	2,000,000	1,508,210	126.7	16.1	14.9
Central Suburbs	12,520,532	17.4%	1,149,917	3,200,000	464,000	308,943	147.5	21.1	19.5
Vashi	1,645,068	13.9%	63,632	-	-	(41,647)	90.0	12.7	11.9
Thane-Belapur Road	23,253,681	20.1%	2,358,782	3,278,500	-	1,123,617	69.8	9.5	8.8
Thane	10,498,323	9.8%	415,232	2,361,400	-	67,540	73.8	10.3	9.6
TOTAL	114,972,232	17.6%	9,555,033	23,536,951	3,997,000	4,186,960	128.0	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 83.40 € 1 = INR 89.90

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

KEY LEASE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Q Parc (LOMA IT Park)	Thane Belapur Road	DP World	148,600	Fresh Lease
Infinity IT Park (TRIL)	Malad Goregaon	Firstsource Solutions	99,500	Fresh Lease
L&T Business Park	Powai	JP Morgan	384,500	Term Renewal
Mindspace Airoli	Thane Belapur Road	Eclerx Services	131,900	Term Renewal

SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	COMPLETION DATE
Centaurus	Thane	NA	2,000,000	Q1 2025
Waterstone Business Park	Andheri-Kurla	NA	1,250,000	Q4 2025
Runwal RMI	Andheri-Kurla	NA	1,100,000	Q4 2024

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