

MARKET FUNDAMENTALS

	YOY Chg	12-Month Forecast
9.7% Vacancy Rate	▼	▲
10.2 YTD Net Absorption (MSF)	▲	▲
INR 93.6 Stock Wtd. Rent (PSFPM)	—	—

ECONOMIC INDICATORS

	YOY Chg	12-Month Forecast
6.70% GDP Growth (Q1 FY24-25)	▼	▲
3.65% CPI Inflation	▼	▲
59.6 Services PMI (3 months average)	▲	▲

Source: MOSPI, RBI, HSBC

GROSS LEASING VOLUMES AT ALL-TIME HIGH AS OF YTD 2024

Leasing activity surged in Q3 with gross leasing volumes (GLV) reaching 6.9 msf in the quarter, a growth of 24% on a quarterly basis and a 3x jump on a yoy basis. As of YTD 2024, GLV reached 19.2 msf, recording an all-time high, surpassing the previous high witnessed in the full year 2022. Large deals (>100,000 sf) accounted for two-thirds of the GLV in Q3, while space transacted for GCC deals formed around 53% of the leasing volumes. Net absorption stood at 4 msf in Q3, a 60% growth QoQ and more than doubled on a yoy basis. IT-BPM sector led quarterly leasing volumes with a share of 45% in GLV with flex workspace operators occupying the second spot with a 12% share. Outer Ring Road contributed half of Q3 GLV, followed by 19% and 13% from Peripheral North and Peripheral East, respectively.

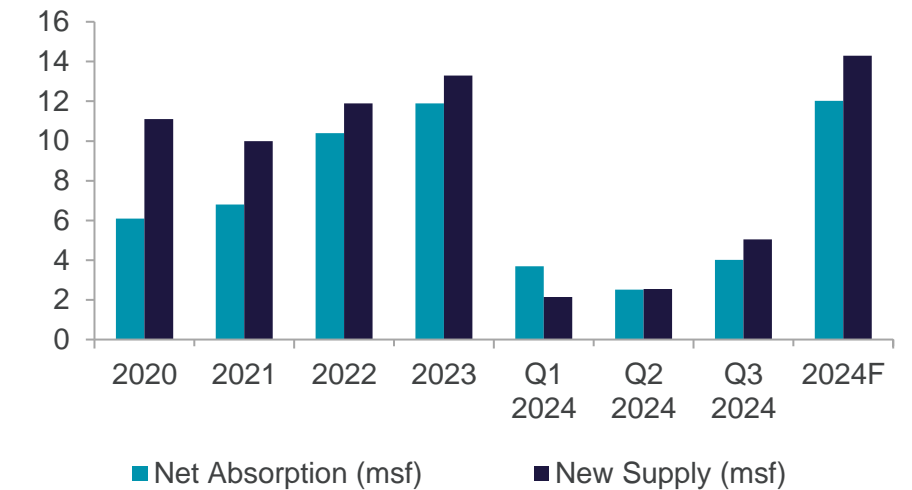
HEALTHY SUPPLY, DRIVEN BY PERIPHERAL NORTH SUBMARKET

Bengaluru recorded new supply of 5 msf in Q3, nearly double on a QoQ basis and 57% growth on a yoy basis. Peripheral North submarket led supply addition in Q3 with a share of 35%, followed by ORR with a 24% share. Supply pipeline remains extremely strong for rest of the year and beyond, with developers expediting projects given the robust demand trajectory. Vacancy rate rose by 20 bps to 9.7% in the city following influx of large supply, although it has been falling consistently in recent quarters.

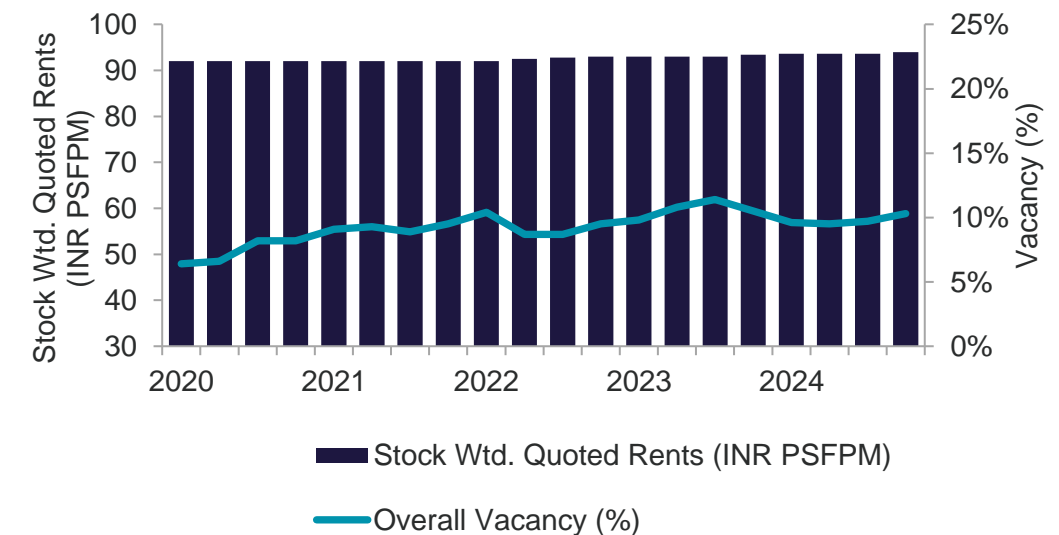
STABLE HEADLINE OFFICE RENTALS

Headline office rentals remained stable on a quarterly basis and is likely to remain rangebound going forward due to the expected strong supply addition, though demand is also showing healthy uptick. Rentals will remain high across premium properties as demand remains strong and vacancies tight. Upcoming Grade A properties in prime micro markets are likely to see a similar rental trend.

NET ABSORPTION / NEW SUPPLY



OVERALL VACANCY & STOCK WTD. QUOTED RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANCY RATE	CURRENT QUARTER NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	YTD CONSTRUCTION COMPLETIONS (SF)	PLANNED & UNDER CONSTRUCTION (SF)^	GRADE A STOCK WEIGHTED AVERAGE RENT (INR/SF/M)
CBD/Off CBD	8,090,906	4.9%	12,857	212,557	1,026,767	427,584	680,000	₹ 162.1
Outer Ring Road	87,676,407	6.0%	2,157,505	4,552,480	9,302,238	2,667,116	17,501,528	₹ 103.2
Peripheral East	40,885,992	17.1%	203,265	1,242,506	3,079,421	1,364,278	7,729,456	₹ 70.2
Peripheral North	14,655,290	24.0%	1,182,118	2,618,276	2,194,959	3,806,997	3,705,132	₹ 74.6
Peripheral South	12,802,885	11.6%	13,985	337,215	1,155,188	475,475	918,518	₹ 68.6
Suburban East	22,369,292	4.6%	391,107	722,607	1,221,551	1,000,000	2,027,185	₹ 135.4
Suburban North West	1,648,000	18.2%	489,18	194,322	281,132		3,430,985	₹ 125.0
Suburban South	9,249,337	3.2%		338,660	926,471		3,985,607	₹ 90.3
BENGALURU TOTALS	197,378,109	9.7%	4,009,755	10,218,623	19,187,727	9,741,450	39,978,411	₹93.60

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

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\$ 1 = 83.7 INR € 1 = 92.1 INR

Numbers for the third quarter are based on market information collected until 20th September 2024

KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Bagmane Capital Apollo	Outer Ring Road	Salesforce	640,319	Precommitment
Prestige Tech Pacific Block A	Outer Ring Road	Walmart	682,388	Fresh Lease
Bagmane Constellation Business Park	Outer Ring Road	Natwest	370,630	Fresh Lease
Bren Artimus	Suburban South	Computacenter India	202,688	Precommitment
Brookfield Ecoworld 4D	Outer Ring Road	Deloitte	192,000	Fresh Lease

KEY CONSTRUCTION COMPLETIONS YTD 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Sattva Horizon	Peripheral North	Amazon	1,029,916	Salarpuria Sattva
Bagmane Capital Troy	Outer Ring Road	N/A	602,361	Bagmane Developers

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