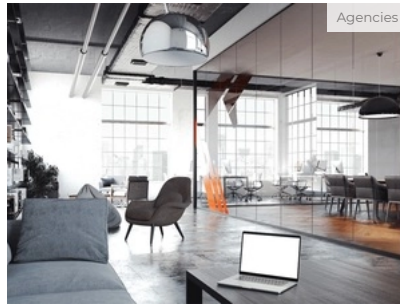


Gross leasing of office space down 22% across 6 cities in Jan-June

Synopsis

The gross absorption stood at 13 million square feet in the year-ago period across India's six major office markets -- Delhi-NCR, Mumbai, Chennai, Hyderabad, Bengaluru and Pune.



The consultant said that corporates are in wait and watch mode because of the second wave of Covid-19 infections and the high probability of a third wave.

Gross leasing of **office space** declined by 22 per cent year-on-year across six major cities during January-June this year to 10.1 million sq ft due to lower demand amid the **COVID** pandemic, according to property consultant Colliers.

The gross absorption stood at 13 million square feet in the year-ago period across India's six major office markets - **Delhi-NCR, Mumbai, Chennai, Hyderabad, Bengaluru and Pune.**

In view of lower demand, vacancy of office space increased to 16.8 per cent from 12.4 per cent at June-end in 2020.

According to the data, gross absorption of office space in Bengaluru increased to 4.3 million sq ft in the first six months of 2021 calendar year from 4 million sq ft in the year-ago period.

Apart from Bengaluru, leasing activities remained subdued in the remaining five cities.

In Chennai, the gross leasing of office space fell to 0.6 million sq ft from 0.8 million sq ft. The demand for office space in the Delhi NCR declined to 1.9 million sq ft from 2.1 million sq ft.

Hyderabad saw a sharp drop in gross leasing to 1.2 million sq ft from 2.2 million sq ft. In Mumbai, the demand for office space fell to 1.6 million sq ft from 1.8 million sq ft.

The gross leasing of office space in Pune plunged to 0.5 million sq ft in January-June this year from 2.1 million sq ft in the corresponding period of the last year.

Lower demand of office space led to an increase in vacancy level of office space. In Bengaluru, the vacancy level has risen to 13.8 per cent from 8.3 per cent. The vacancy level in Chennai jumped to 14.7 per cent from 6.7 per cent.

In Delhi NCR, the vacancy level has gone up to 23.7 per cent from 20.2 per cent.

Hyderabad, too, saw a rise in vacancy level to 15.6 per cent from 11.1 per cent.

In two major property markets of **Maharashtra**, the vacancy level in Mumbai increased to 18 per cent from 15.7 per cent. In Pune, the vacancy of office space went up to 12.2 per cent from 6.9 per cent.

The consultant said that corporates are in wait and watch mode because of the second wave of Covid-19 infections and the high probability of a third wave.

On the supply front, **Colliers India** said that it fell by 53 per cent to around 12 million sq ft during January-June this year compared with the year-ago period.

Although supply halved this year, the consultant said it was still higher than the demand seen during the period, contributing to a further increase in vacancy levels.

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