

MARKETBEAT



67%
DECLINE IN NET
ABSORPTION
(QoQ)

0.3 msf
NEW
COMPLETIONS
(Q1 2018)

1.3 msf
UPCOMING SUPPLY
(Q2 2018)

HIGHLIGHTS

Leasing gains traction in peripheral market

The first quarter of 2018 saw Grade A net absorption of 0.4 million square feet (msf), 18% higher year-on-year (YoY). Nearly 50% of this absorption was concentrated in the peripheral submarket of Thane Belapur Road followed by Central suburbs (mainly in and around Kurla) at 25%. This was due to higher demand from occupiers in the healthcare, pharmaceutical, shipping and logistics, and e-commerce sectors. At the same time, Andheri-Kurla Road continued to record healthy leasing during the quarter led by absorption of pre-committed space and aided by active interest of BFSI and coworking occupiers.

Strong demand led to rental increase

Weighted average rentals increased by nearly 3% in Central suburbs and 2% in Powai during the quarter, led by increased demand and limited quality spaces. Rentals are likely to strengthen during the year in front-office markets such as SBD and Lower Parel due to constrained supply. Thus, developers are likely to become less flexible with respect to softer aspects such as security deposit, rent-free periods, etc.

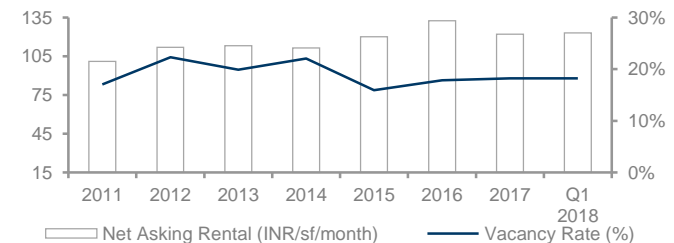
Increased consolidation underpins leasing

Leasing is expected to see a healthy momentum, growing at an annual rate of 4-5%. Increased consolidation, mainly in sectors such as IT-BPM, consulting, and media are seen to underline future leasing. Coworking will continue to gain traction with players opening up spaces in prominent markets such as SBD, Andheri-Kurla Road, and Central suburbs.

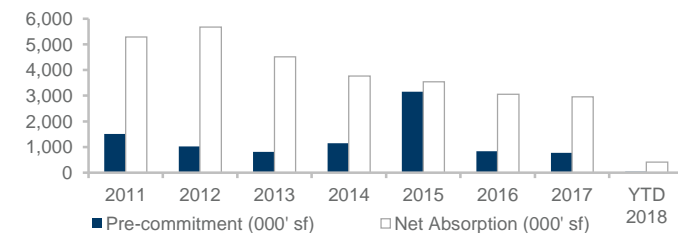
MARKET INDICATORS

	Q1 17	Q1 18	12 month Forecast
Overall Vacancy	17.9%	18.2%	▲
Weighted Average Net Asking CBD Rentals (INR/sf/month)	224.8	224.2	■
YTD Net Absorption (sf)	350,200	414,500	▲

GRADE A OVERALL RENT & VACANCY RATE



PRE-COMMITMENT/NET ABSORPTION



MUMBAI OFFICE MARKETBEAT

MARCH 2018



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SUBMARKET	INVENTORY (SF)	VACANCY RATE	YTD LEASING ACTIVITY (SF)	PLANNED & UNDER CONSTRUCTION (SF)	YTD CONSTRUCTION COMPLETIONS	YTD NET ABSORPTION (SF)	WTD. AVG. RENT*		
							INR/SF/MO	US\$/SF/YR	EUR/SF/YR
CBD	1,962,800	9.1%	3,200	0	0	3,200	224.2	US\$41.4	€33.7
SBD	8,174,700	15.4%	32,100	2,346,000	0	0	266.4	US\$49.2	€40.0
Worli	1,469,000	21.0%	10,900	0	0	10,900	223.0	US\$41.2	€33.5
Lower Parel	7,542,500	11.5%	7,300	622,000	0	7,300	177.2	US\$32.7	€26.6
Andheri-Kurla	11,870,700	21.0%	88,900	1,260,500	190,000	70,200	116.6	US\$21.5	€17.5
Powai	6,127,600	6.9%	16,000	198,000	0	8,100	115.7	US\$21.4	€17.4
Malad/Goregaon	10,851,800	20.8%	0	2,600,000	0	0	103.6	US\$19.1	€15.6
Vashi	1,619,500	6.6%	13,100	0	0	0	83.7	US\$15.5	€12.6
Thane-Belapur Road	16,204,100	21.9%	207,000	6,380,800	0	207,000	49.9	US\$9.2	€7.5
Thane	5,236,000	20.9%	5,000	550,000	100,000	5,000	58.4	US\$10.8	€8.8
TOTALS#	80,445,300	18.2%	486,400	14,732,300	290,000	414,500	123.0	US\$22.7	€18.5

The report highlights Grade A details only

Net absorption refers to the incremental new space take-up; renewals not included in leasing activity statistics

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

Total figures contain submarkets not mentioned above

IT-BPM – Information Technology – Business Process Management

BFSI - Banking, financial services, and insurance

Key to submarkets:

CBD – Ballard Estate, Colaba, Churchgate, Fort & Nariman Point; SBD – Bandra-Kurla Complex, Bandra East, Kalina; Lower Parel includes Lower Parel, Parel and Dadar

US\$ 1 = INR 65.0; € 1 = INR 79.9

Numbers for the first quarter are based on market information collected until 10th March 2018

KEY LEASING TRANSACTIONS – Q1 2018

PROPERTY	SUBMARKET	TENANT	SF	LEASE TYPE
Empire Tower	Thane-Belapur Road	Maersk	80,000	Expansion
Godrej One	Central Suburbs	Amazon	40,000	Expansion
Empire Tower	Central Suburbs	Covestro	31,000	Relocation
Maker Maxity	SBD	The Executive Centre (TEC)	27,000	Expansion

SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	COMPLETION DATE
Piramal Agastya	Central Suburbs	NA	775,000	Q2 2018
Mindspace - Juinagar	Thane-Belapur Road	NA	350,000	Q3 2018
LOMA IT Park	Thane-Belapur Road	NA	1,240,000	Q4 2018

DATA
INTO
ACTION

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