

# 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.

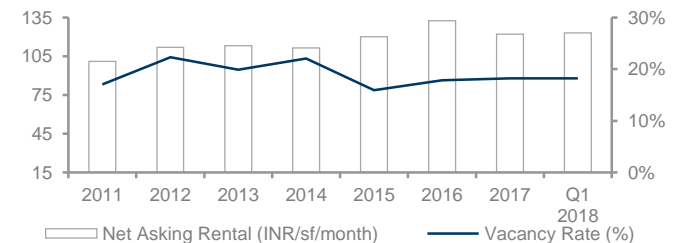
### Increased consolidation underpins leasing

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.

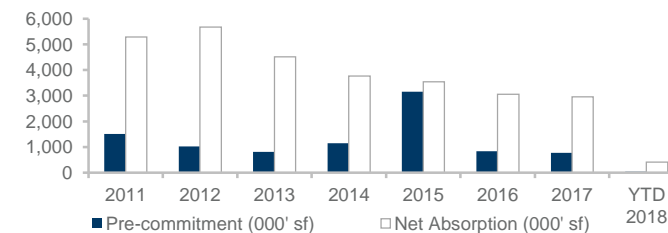
#### MARKET INDICATORS

	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
<b>TOTALS#</b>	<b>80,445,300</b>	<b>18.2%</b>	<b>486,400</b>	<b>14,732,300</b>	<b>290,000</b>	<b>414,500</b>	<b>123.0</b>	<b>US\$22.7</b>	<b>€18.5</b>

*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 10<sup>th</sup> 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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