

# MARKETBEATS



**3X**  
Growth in Net Absorption (QoQ)

**3.9 msf**  
New Completions (Q4 2018)

**6.6 msf**  
Upcoming Supply (2019)

## WHAT'S NEXT

## HIGHLIGHTS

### Q4 contributes over 50% to annual net absorption; 2018 ends 12.5% higher YoY

The fourth quarter of 2018 recorded net absorption of 2 msf; nearly three times higher on a QoQ basis backed by strong leasing activity in select micro markets and new completions which came on-stream with healthy pre-commitments. Net absorption for the year was 3.3 msf; 12.5% higher YoY. Healthy preleasing in a new completion saw Thane micro market hold a 39% share of the quarterly net absorption while Thane-Belapur Road had a 37% share. Central Suburbs and SBD micro markets also recorded strong demand during the quarter.

### Co-working and BFSI most active in Q4

Co-working operators continued to expand at a frenetic pace, contributing about 38% of leasing activity in Q4, followed by the BFSI sector with a 28% share. IT-BPM continued to witness strong demand with a 27% share and majority of leasing seen in SBD and Central suburbs micro markets. The major transactions (greater than 100,000 sq. ft.) seen during the quarter were Accenture in Eastern Suburbs, WeWork in Thane-Belapur micro market and Google in SBD (BKC) micro market. We expect IT-BPM, BFSI to continue their stellar performance even as co-working and flex space operators shall continue to expand, as they transform into managed space providers and focus more on enterprise demand.

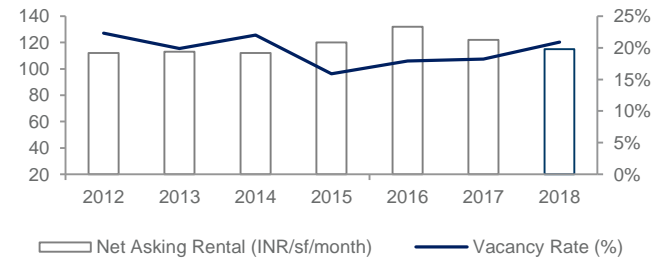
### Supply Crunch to impact select corridors

Demand is expected to improve, backed by leasing activity in select corridors such as Thane-Belapur Road and the Malad-Goregaon stretch where a healthy supply pipeline is anticipated during 2019-2020. We expect key office markets which face a supply crunch but continue to remain on occupiers' radar, like BKC to see marginal rental growth while Lower Parel may see some rental softening in the short-term on account of occupiers moving to other corridors.

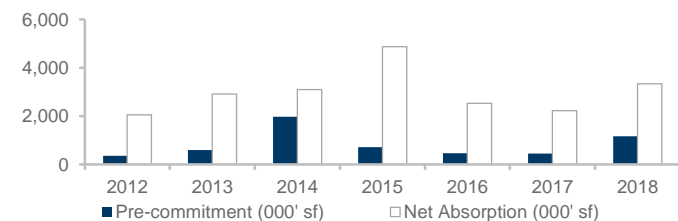
### MARKET INDICATORS OVERALL

	Q4 2017	Q4 2018	12 month Forecast
Overall Vacancy	18.4%	20.9%	▲
Weighted Average Net Asking CBD Rental (INR/sf/month)	225.2	227.8	▲
YTD Net Absorption (sf)	2,960,800	3,330,400	▲

### GRADE A OVERALL RENT & VACANCY RATE



### GRADE A PRE COMMITMENT AND NET ABSORPTION



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SUBMARKET	INVENTORY (SF)	VACANCY RATE	YTD LEASING ACTIVITY (SF)	PLANNED & UNDER CONSTRUCTION <sup>^</sup> (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	9.6%	9,900	0	0	(6,300)	227.8	\$38.8	€34.1
SBD	8,174,703	10.5%	485,090	2,446,000	0	409,500	270.0	\$46.0	€40.4
Worli	1,469,000	21.8%	67,942	0	0	56,900	221.8	\$37.8	€33.2
Lower Parel	7,542,473	10.2%	153,223	2,437,000	0	100	179.8	\$30.6	€26.9
Andheri-Kurla	13,024,265	25.0%	723,437	800,000	1,343,500	472,200	120.1	\$20.4	€18.0
Powai	6,127,576	8.9%	161,382	198,000	0	(65,400)	122.8	\$20.9	€18.4
Malad/Goregaon	10,851,782	18.2%	358,266	2,600,000	0	278,700	98.7	\$16.8	€14.8
Vashi	1,619,500	10.1%	13,140	0	0	(57,100)	82.4	\$14.0	€12.3
Thane-Belapur Road	18,831,900	27.5%	771,991	6,273,800	2,627,800	1,211,000	53.3	\$9.1	€8.0
Thane	5,935,977	19.4%	232,601	1,300,000	800,000	643,600	61.6	\$10.5	€9.2
<b>TOTAL#</b>	<b>86,696,700</b>	<b>20.9%</b>	<b>3,718,100</b>	<b>16,074,800</b>	<b>6,541,300</b>	<b>3,330,400</b>	<b>115.1</b>	<b>\$19.6</b>	<b>€17.2</b>

*The report highlights Grade A details only*

<sup>^</sup> Includes planned & under construction projects until 2021

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

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 70.2; € 1 = INR 80.28

Planned & Under – construction represents projects which are due for completion between 2019-2021.

## KEY LEASING TRANSACTIONS Q4 2018

PROPERTY	SUBMARKET	TENANT	SF	LEASE TYPE
Godrej IT Park	Central Suburbs	Accenture	250,000	Expansion
L&T Seawoods	Thane – Belapur Road	WeWork	189,291	New Lease
First International Financial Center	SBD	Google	100,000	New Lease
Empire Tower	Thane – Belapur Road	RBL	70,000	New lease

## SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	COMPLETION DATE
Gigaplex Tower 7	Thane-Belapur Road	NA	277,000	Q4 2019
Mindspace - Juinagar	Thane-Belapur Road	NA	350,000	Q2 2019
TCS Tower II & III	Thane	TCS	1,000,000	Q2 2020

DATA  
INTO  
ACTION

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