CREDAI CRE MATRIX

Quarterly Report

India Office | Q1 CY'23

JUNE 2023

Executive Summary

Stock @ 700

India's Grade A/A+ office stock, across top 6 cities, crossed a significant milestone of 700 msf in Q1 CY'23. While the 1st half of this stock took 40 years to develop, the 2nd half has taken just 10 years. The last quarter of this total stock has come up in just the last 5 years, the fastest pace India has ever seen in office development. To give a perspective, as of today India's office stock is 80% of total office stock of Manhattan and is projected to reach the Billion sqft by 2030.

Demand & Rentals

Despite global headwinds pausing short term expansion plans, office demand in Q1 CY'23 matched the Quarter's supply, portraying the sector's resilience. India's strong fundamentals, low-cost advantage, competitive wages and strong talent pool has translated into rental growth of leases signed in the quarter. Market rents, at a wt. average of INR 92 psf, increased by 5% over previous quarter, the 2nd highest in last 10 quarters.

This not only is a re-affirmation of return-to-office policies but is also indicating how the Big Three Pillars – IT/ITeS, BFSI and Co-working segments are fuelling demand via expansion.

Bengaluru and MMR office markets continued to be at the helm of office demand – contributing 55% to overall India's office demand in Q1 CY'23. The Big Three pillars of Office Occupiers – Startups, Co-working players and Global Capability Centres have again been at the forefront of office demand.

Flex @ 50

India's co-working inventory reached the 50 msf milestone, contributing around 7% to overall Office inventory. Co-working made a significant contribution of 10% to the demand for office space in Q1 CY'23, allowing it to move up to the 3rd place in the pecking order. This surpassed the contribution of Commercial & Professional Services, which was at 7% for the same quarter.

Outlook

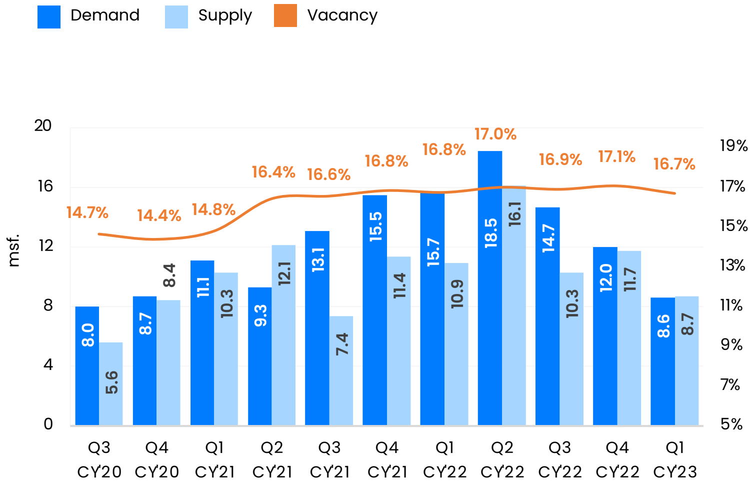
The year 2023 is expected to experience leasing demand of more than 45 msf. Bengaluru & MMR are expected to drive office demand in 2023. Demand outstripped Supply by a ratio of 1.6 & 2.1 times in Bengaluru and MMR, respectively (last 8 quarters). The cities are currently witnessing higher demand vs new supply, leading to a decrease in the vacancies. This trend is expected to persist in near future.

Demand Q1 CY'23	Supply Q1 CY'23	Market Rent Q1 CY'23
70% of Last 10 Quarters' Avg.	**83%** of Last 10 Quarters' Avg.	▲ **9%** vs Q1 CY'22

Fundamentals

Q1 CY'23 Demand (msf)	8.6
Q1 CY'23 Supply (msf)	8.7
Current Grade A Stock (msf)	701.6
Total Vacancy	16.7%
Current Passing Rent * (₹/sqft/month)	84
Current Market Rent ^ (₹/sqft/month)	92
Upcoming Supply (msf) (2023 – 2025)	196.8

Demand, Supply & Vacancy



Contribution to Office Demand in Q1 CY'23

IT/ITeS **30%**

BFSI **16%**

Co-working **10%**

PAN INDIA

City-wise Highlights

Bengaluru & MMR

Contributed

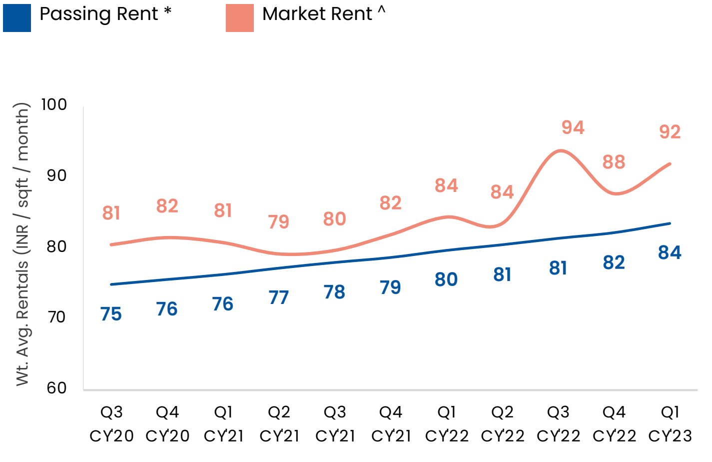
55% To Q1 CY'23 Demand

NCR & Pune

Contributed

53% To Q1 CY'23 Supply

Passing Rent & Market Rent



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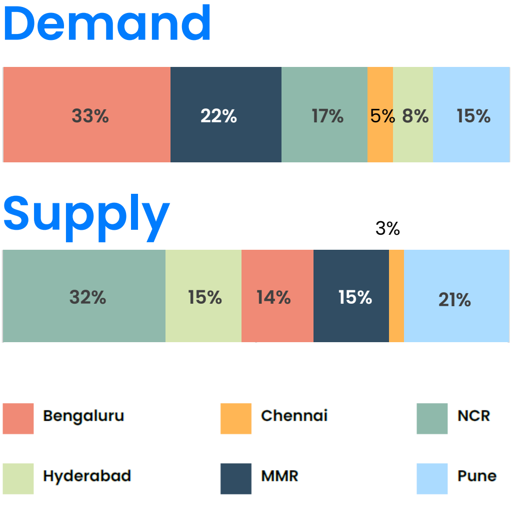
City-Share in Q1 CY'23



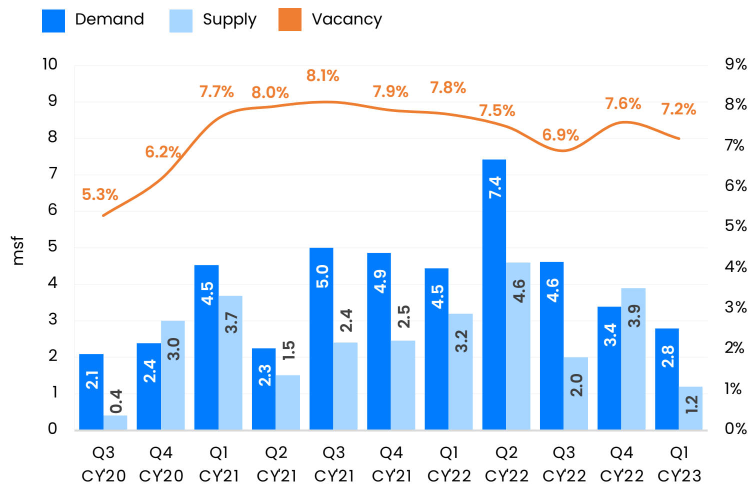
Fundamentals

Q1 CY'23 Demand (msf)	2.8
Q1 CY'23 Supply (msf)	1.2
Current Grade A Stock (msf)	195.8
Total Vacancy	7.2%
Current Passing Rent * (₹/sqft/month)	77
Current Market Rent ^ (₹/sqft/month)	85
Upcoming Supply (msf) (2023 – 2025)	55.0

Demand to Supply Ratio
2.3x
Q1 CY'23

Q1 CY'23 Market Rent
11%
vs Q1 CY'22

Demand, Supply & Vacancy



BENGALURU

Major Office Transactions

Google,
Bagmane World Technology Center
690,051 sqft | ₹224*

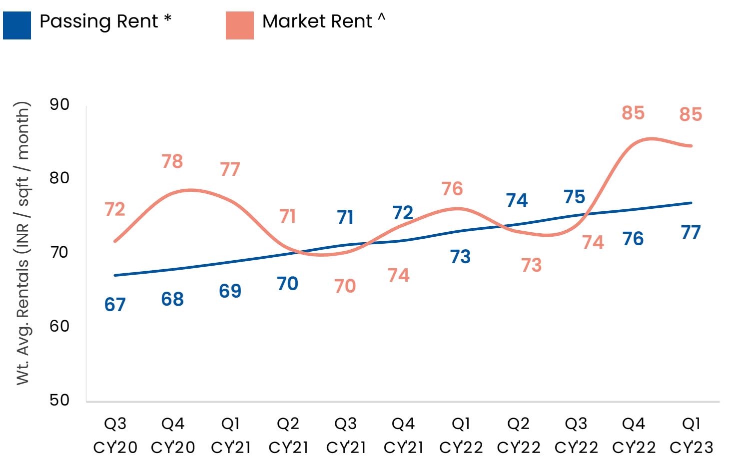
Reliance,
IBC Knowledge Park
571,447 sqft | ₹80

Google (Tablespace),
Primeco Union City
458,063 sqft | ₹123*#

Symbol Technologies,
Bagmane Solarium City Business Park
247,786 sqft | ₹65

*Base + Fit-out Rents
Pre-leased Deal

Passing Rent & Market Rent



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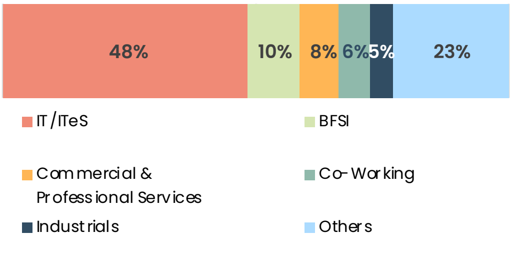
Sector Occupancy



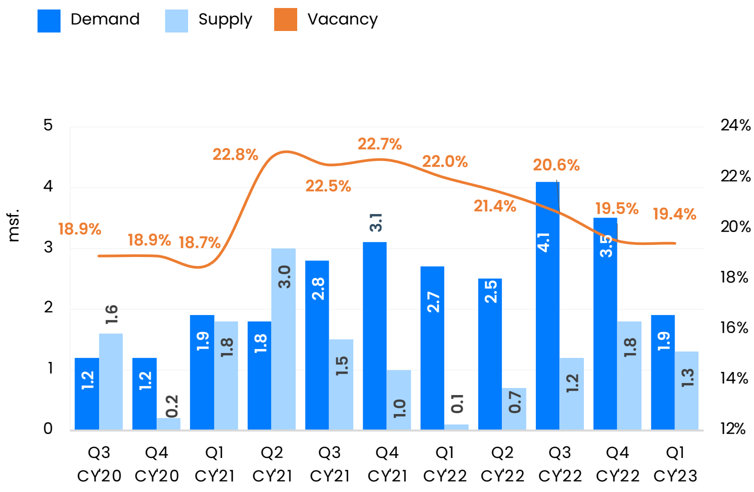
Fundamentals

Q1 CY'23 Demand (msf)	1.9
Q1 CY'23 Supply (msf)	1.3
Current Grade A Stock (msf)	118.1
Total Vacancy	19.4%
Current Passing Rent * (₹/sqft/month)	127
Current Market Rent ^ (₹/sqft/month)	129
Upcoming Supply (msf) (2023 – 2025)	29.2

Demand
to Supply Ratio
1.5x
Q1 CY'23

Q1 CY'23 Vacancy
2.6%
Vs Q1 CY'22

Demand, Supply & Vacancy



MMR
(Mumbai Metropolitan Region)

Major Office Transactions

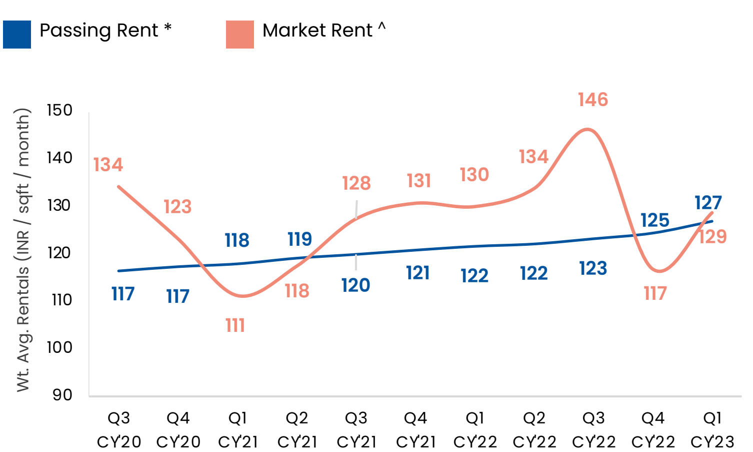
Piramal Finance,
Agastya Corporate Park
126,674 sqft | ₹95

UpGrad Education,
Sunteck BKC 51
121,166 sqft | ₹289

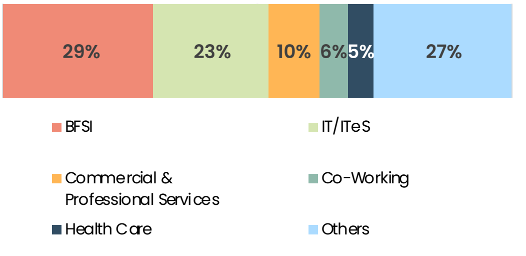
Pidilite Industries,
Opus Prime
109,496 sqft | ₹164

Tablespace,
Gigaplex (Airoli W)
79,611 sqft | ₹56

Passing Rent & Market Rent



Sector Occupancy



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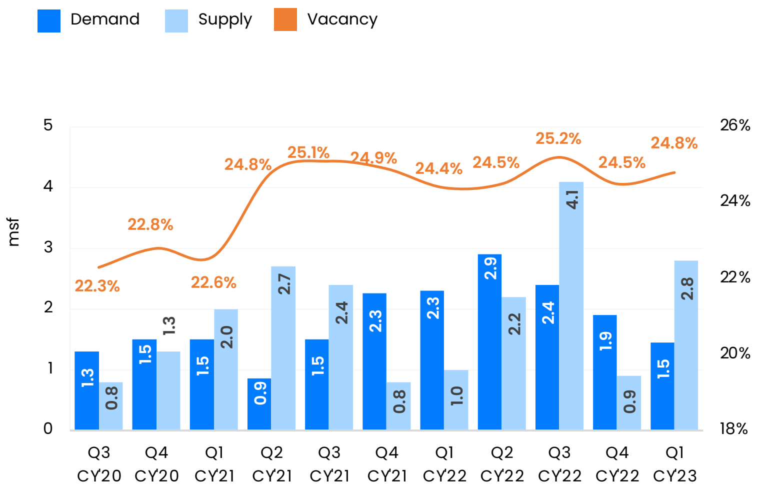
Fundamentals

Q1 CY'23 Demand (msf)	1.5
Q1 CY'23 Supply (msf)	2.8
Current Grade A Stock (msf)	139.6
Total Vacancy	24.8%
Current Passing Rent * (₹/sqft/month)	88
Current Market Rent ^ (₹/sqft/month)	76
Upcoming Supply (msf) (2023 – 2025)	37.4

Demand to Supply Ratio
0.5x
Q1 CY'23

Q1 CY'23 Market Rentals
7%
vs Q4 CY'22

Demand, Supply & Vacancy



NCR
(National Capital Region)

Major Office Transactions

HDFC,
Ace Capitol, Noida
299,233 sqft | ₹49#

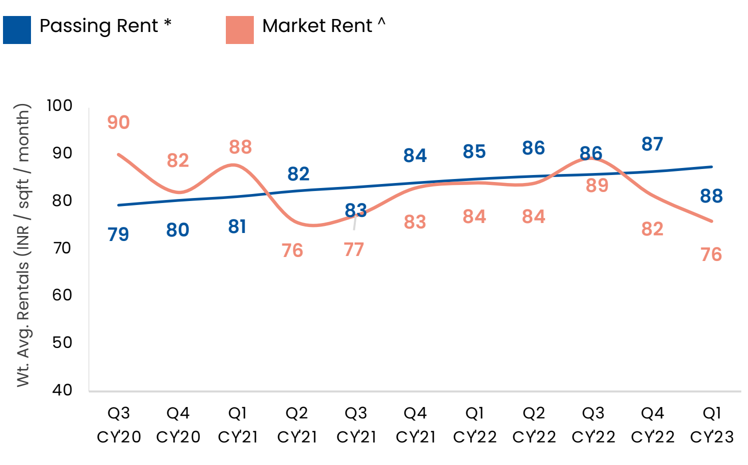
Air India,
Vatika One on One (Gurgoan)
170,100 sqft | ₹105

Sopra Banking Software Solutions,
Digital Park IT Campus, Noida
102,278 sqft | ₹72

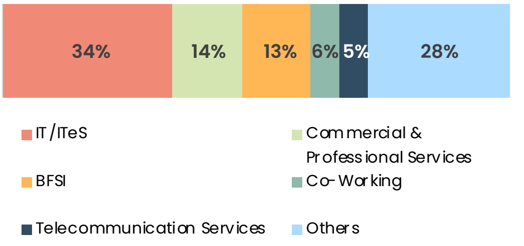
Infosys (Simplioffice),
Ace Capitol, Noida
94,914 sqft | ₹88

Pre-leased Deal

Passing Rent & Market Rent



Sector Occupancy



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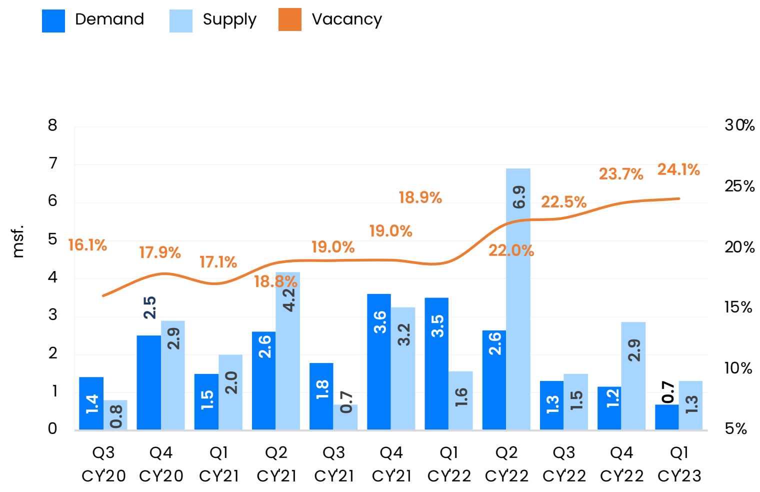
Fundamentals

Q1 CY'23 Demand (msf)	0.7
Q1 CY'23 Supply (msf)	1.3
Current Grade A Stock (msf)	108.2
Total Vacancy	24.1%
Current Passing Rent * (₹/sqft/month)	62
Current Market Rent ^ (₹/sqft/month)	65
Upcoming Supply (msf) (2023 – 2025)	45.5

Q1 CY'23 Demand
25%
vs Q4 CY'22

Q1 CY'23 Market Rentals
5%
vs Q4 CY'22

Demand, Supply & Vacancy



HYDERABAD

Major Office Transactions

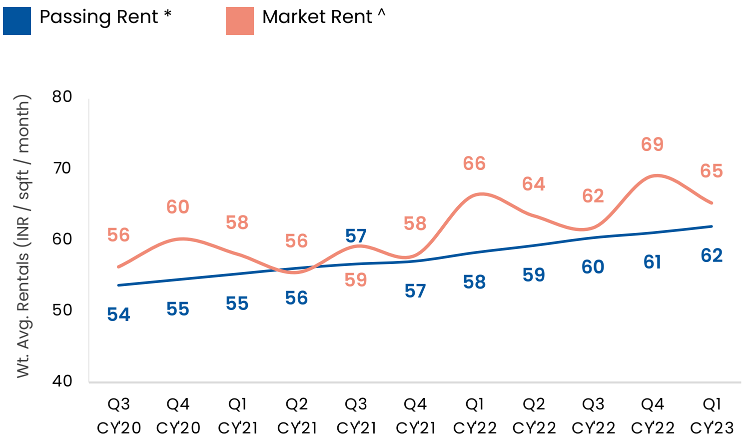
Netcracker Technology Solutions,
Divyasree Techridge
209,927 sqft | ₹79

Sify Infinit Spaces,
Survey No. 115/1 (Hyderabad)
152,325 sqft | ₹42.4

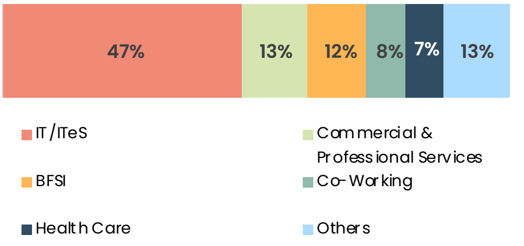
Discovery Communication,
V Ascendas IT Park (ITPH) Ph 1 (Block A)
88,651 sqft | ₹70

Web Werks India,
Kala Jyothi Building
87,865 sqft | ₹50

Passing Rent & Market Rent



Sector Occupancy



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Fundamentals

Q1 CY'23 Demand (msf)	0.4
Q1 CY'23 Supply (msf)	0.3
Current Grade A Stock (msf)	67.5
Total Vacancy	15.7%
Current Passing Rent * (₹/sqft/month)	67
Current Market Rent ^ (₹/sqft/month)	74
Upcoming Supply (msf) (2023 – 2025)	15.1

Demand to Supply Ratio

▲ **1.3x**

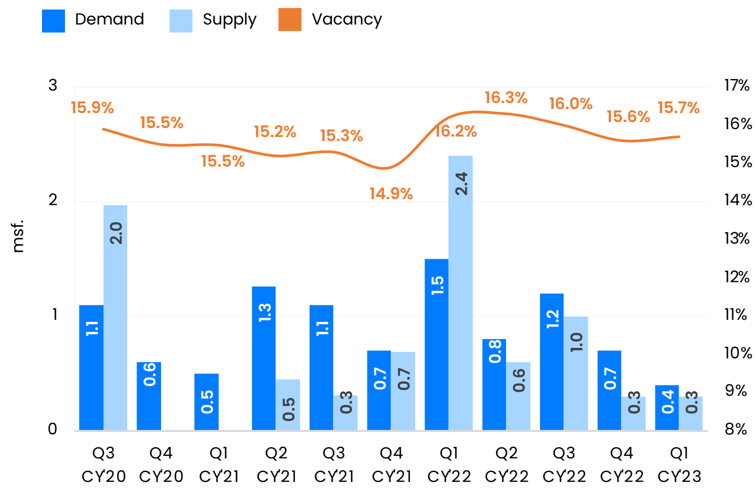
Q1 CY'23

Q1 CY'23 Vacancy

▼ **0.5%**

Vs Q1 CY'22

Demand, Supply & Vacancy



CHENNAI

Major Office Transactions

Qualcomm#
Ramanujan IT City (Intellion Park)
450,222 sqft | ₹82

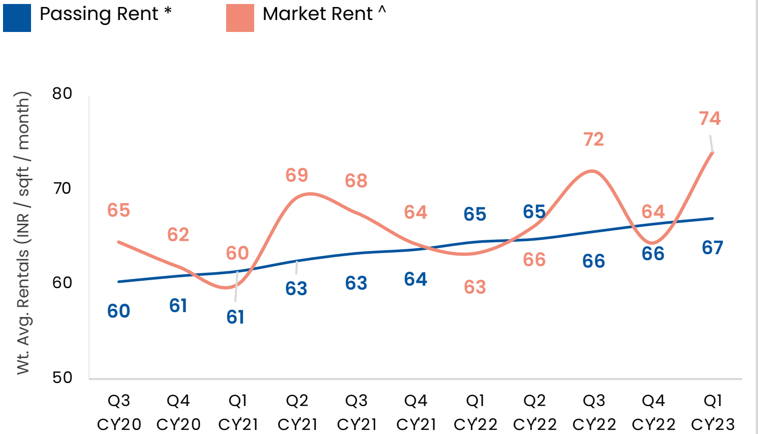
Work Easy Space Solutions,
Featherlite The Address
62,599 sqft | ₹30

Caresoft Global,
One Indiabulls Park (Kosmo One)
25,499 sqft | ₹37

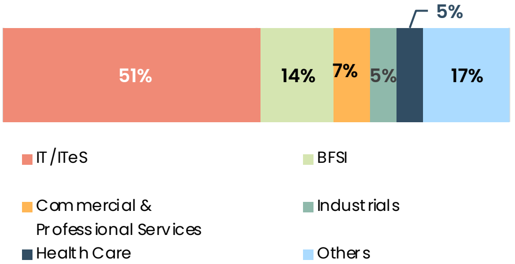
Illumine Industries,
DLF IT Park
22,717 sqft | ₹73

Pre-leased Deal

Passing Rent & Market Rent



Sector Occupancy



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PUNE

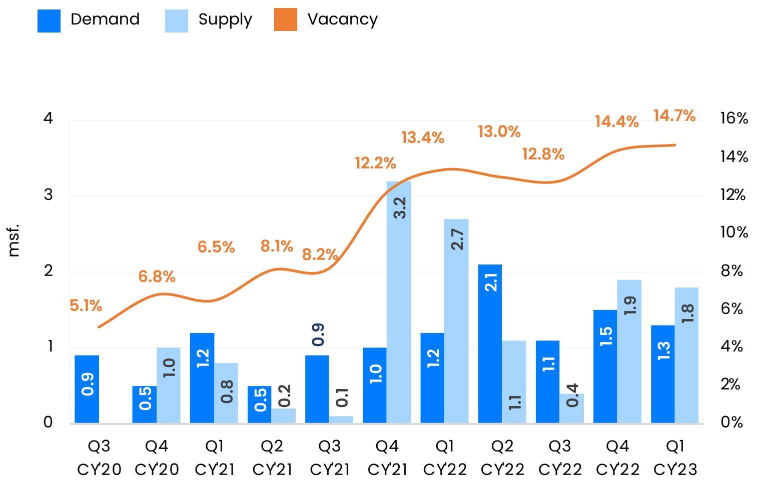
Fundamentals

Q1 CY'23 Demand (msf)	1.3
Q1 CY'23 Supply (msf)	1.8
Current Grade A Stock (msf)	72.4
Total Vacancy	14.7%
Current Passing Rent * (₹/sqft/month)	77
Current Market Rent ^ (₹/sqft/month)	79
Upcoming Supply (msf) (2023 – 2025)	14.6

Q1 CY'23 Demand
8%
vs Q1 CY'22

Q1 CY'23 Market Rent
8%
vs Last 10 Quarter Average

Demand, Supply & Vacancy



Major Office Transactions

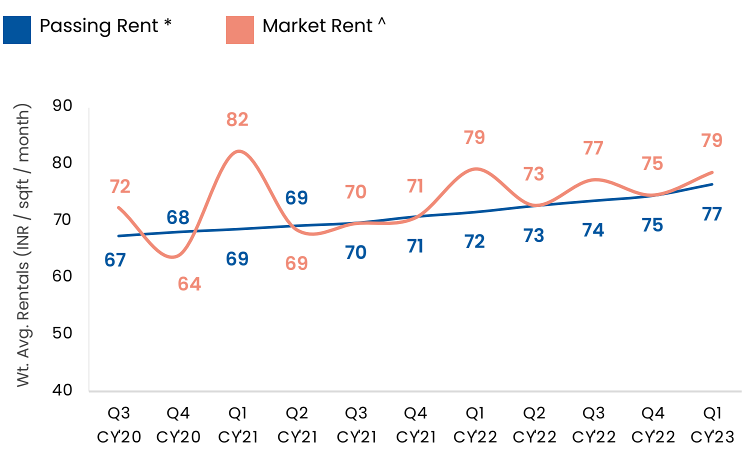
Tablespace,
Panchshil Business Park (Viman Nagar)
297,203 sqft | ₹95

Knorr Bremse Technology,
Avni Terminal 1
172,232 sqft | ₹37.8

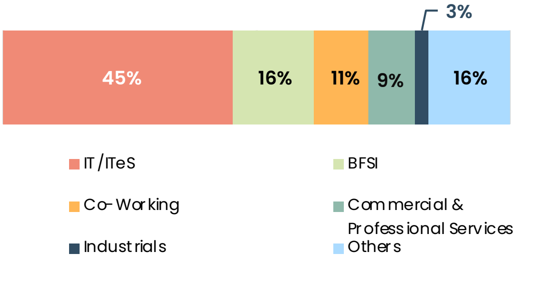
STT Global Data Centres India,
Survey No. 56,57 (Dighi)
123, 260 sqft | ₹106.6

Awfis,
Nyati Enthral
118,153 sqft | 70% RS

Passing Rent & Market Rent



Sector Occupancy



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