SPOTLIGHT
Savills Research

H1 2023

India Market Watch
Office

savills



03
Indian Economy: 2023

06
India Office Market Update

08
City Office Market Updates

08 Bengaluru
10 Chennai
12 Delhi-NCR
14 Hyderabad
16 Mumbai
18 Pune

20
Annexure

22
Appendix



INDIA ECONOMY

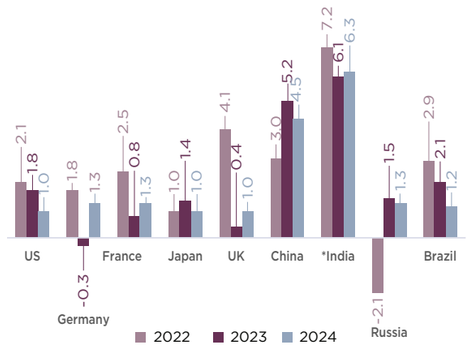
H1 2023

As the first half of 2023 closes, policymakers around the world are navigating through an uncertain if not a previously uncharted terrain. The last few years have seen overlapping crises – COVID-19, the Russia-Ukraine War, rising inflation and interest rates, and liquidity troubles after a series of bank crises. In March 2023, World Bank warned of the making of a 'Lost Decade' for the global economy.[1]

While the fear of recession is seemingly ubiquitous, some parts look more vulnerable than others. Nevertheless, select bright spots like India stand out, with negligible chances of a technical recession. India, in fact, continues to be the fastest growing major economy (Chart-1).

INDIAN ECONOMY REMAINS LEAST VULNERABLE

Chart-1: GDP Growth Projections across the World



Source: IMF WEO Jul 2023
* Fiscal year basis

REMARKABLE RESILIENCE

Although the global atmosphere necessitated a slight revision in India's GDP growth forecast, it still appears to be an island of low vulnerability, primarily on account of strong macro-economic indicators, demographic advantage and robust consumption. Despite this revision, World Economic Outlook (IMF's flagship report) in its July 2023 edition projected a 6.1% growth rate for India in FY24, an evidence of remarkable resilience, in the face of global headwinds.

The 'growth vs inflation conundrum' seems well managed at this point. Barring the first two months of the year, inflation is within the RBI's tolerance zone since November 2022 (Chart-2). In fact, at 4.25%, retail inflation hit a 26-month low in May 2023.

The general economic performance can be viewed through the lens of certain key macro-economic indicators. GST collections were the highest recorded ever, at INR 1.87 lakh crores in April 2023 (up 12% YoY). Interestingly, the revenue collections have been consistently above INR 1.5 lakh crores since March 2023. Both manufacturing and services Purchasing Managers Index (PMI) have been steadily expanding for almost 2 years. Strong sentiments in the IT sector are reflected in the 13-year high services PMI of 62 in April 2023. A 31-month high in the manufacturing sector is reflected in the manufacturing PMI of 58.7 for May 2023. Brent crude oil prices have remained comfortably below USD100 per barrel throughout 2023, enabling relative stability of the Indian Rupee reportedly at INR 80-82 to a USD, for the most part this year. Foreign exchange reserves, consequently, have increased from around USD 560 bn at the start of the year to USD 596 bn in mid June 2023.

1. Economic Times

Equity Markets: The Bellwether of Growth Phase

Equity markets often act as powerful barometers for macroeconomic sentiments. Towards the end of June 2023, both BSE SENSEX and NIFTY were trading at all-time highs of 64,000 and 19,000 respectively. More assuring are the key sectoral indices. SENSEX and key sectoral indices have recorded significant gains compared to the pre-pandemic times of early 2020. (Chart-3). As of 28th June 2023, the S&P BSE IT and Realty indices had registered gains of 87% and 82%, vis-a-vis 1st of January 2020.

Click here to read #SavillsRoundUp: A fortnightly reporting of economic and real estate news



Click here to read

Note: FY refers Fiscal Year (Apr-Mar)

This section contains figures in Indian system of lakhs and crores (refer Appendix for international conversions)

1 USD = Approx. 82.05 INR on Jun 29, 2023

POLICY ACTION

Despite demand concerns across the globe and phases of untamed inflation domestically, India's growth has remained steady. A key factor powering the upward trajectory post peak-pandemic is strong policy support from various agencies and institutions, including the RBI. While the Atma-Nirbhar Bharat Package was a decisive factor in limiting the impact of devastation during the pandemic, the RBI's role in maintaining domestic demand and liquidity has been commendable. A close look at retail inflation and repo rate movement since 2020 (Chart-2) reveals that well spaced-out and gradual hikes in benchmark lending rates were mostly successful in handling spiralling inflation, with a manageable impact on demand and growth prospects.

Budgetary Announcements

The Union Budget 2023-24 centered around creating a blueprint for the economy in 'Amrit Kaal' – a run from 75 years of independence (in 2022) till the 100th in 2047. The Finance Minister identified 7 priority areas for this long-term growth plan, viz., inclusive development, percolation of benefits to the last mile, infrastructure and investment, potential realisation, sustainable green growth, youth empowerment and reforms in the financial sector.

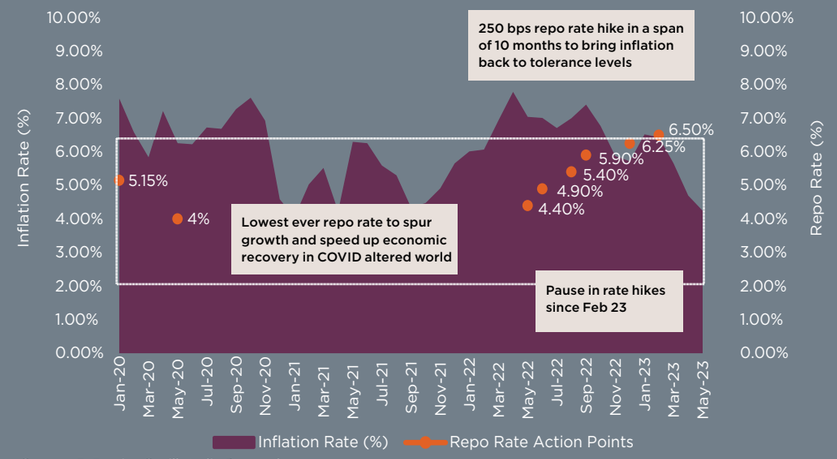
Real Estate Specific Announcements

Although direct real estate announcements were limited, the steep rise in the Capex to 3.3% of GDP continued to be the guiding force of the budget, providing a strong impetus to infrastructure and allied industries including real estate. Specifically, the INR 10,000 crore per annum allocation to the Urban Infrastructure Development Fund will enhance the proposition of tier II and III cities with developers and funds creating more commercial, residential and retail developments.

(*Refer Appendix for detailed real estate specific announcements and the impact on various real estate verticals*).

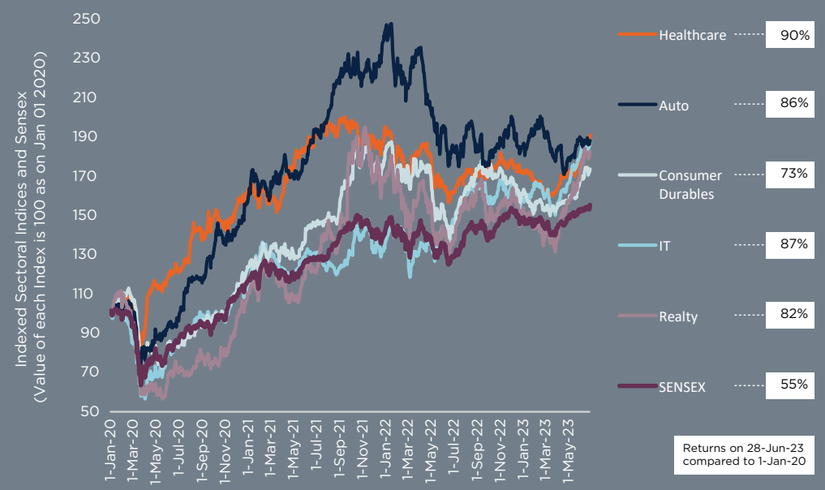
In other notable announcements of H1 2023, SEBI's proposal to regulate all online platforms that offer fractional ownership of real estate assets is expected to institutionalise the segment and help attract more capital from both domestic and offshore investors. REITs have also been at the centre of investor and retail participant attention in the first half of the year, as India's REIT offerings expanded from the office sector to retail with the listing of Nexus Select Trust REIT in May 2023. The NSE also launched India's first REIT and InvIT index to help the retail investor track the cumulative performance of such offerings listed on the NSE.

Chart-2: RBI Response to Macroeconomic Scenario



Source: FxEmpire, Savills India Research

Chart-3: Equity Markets: Sectoral Performance



Source: BSE, Savills India Research

NEAR-TERM CAUTION

Although India remains the least vulnerable major economy, it will be wise to consider that no economy is fully insulated from concerns elsewhere in today's highly globalised world. To quote the RBI governor, *"Headwinds from weak external demand, volatility in global financial markets, protracted geopolitical tensions and intensity of El Nino impact, however, pose risks to the outlook and needs to be carefully monitored."*

India will have to navigate the near-term challenges emanating from global events, but its future is quite promising, as its engines are very well geared up.

India Market Watch | Office H1 2023

RBI's Financial Stability Report: Indian banks' gross bad loans fall to a 10-year low of 3.9% in Mar 2023

India's Current Account Deficit (CAD) narrowed sharply in the Jan-Mar quarter, helped by a smaller trade gap and increased services exports. The CAD stood at USD 1.3 Bn (0.2% of GDP) in the 4th quarter of FY 23, compared with the previous quarter's revised deficit of USD 16.8 Bn (2% of GDP).



INDIA
OFFICE MARKET UPDATE

Scan to download WhatsApp version

The Indian commercial real estate sector has not been completely insulated from headwinds of slowing global economic growth with select organisations reducing headcount and a few countries undergoing a technical recession. There was a visible slowdown in demand in the first quarter with a 14% decline compared to last year that continued in the second quarter too with demand contracting by 9% YOY. Overall, the leasing activity in the first half of 2023 is recorded at 27 mn sq. ft. The strategising of office portfolios, slow decision-making, and availability of plug-and-play/coworking office spaces amidst a widely accepted hybrid work environment have led to this sluggish demand. However, India continues to be a preferred destination for corporates driven by a strong GDP growth rate, large talent pool, favourable policies, and ever growing of infrastructure. Hence, we foresee this temporary reduction in leasing activity is likely to gain momentum in the second half of the year.

In the next few sections, we present a detailed account of office market performance in H1 2023.

ALL-INDIA DEMAND DIPS; NEW PEAK IN 3 CITIES

The six[1] key office markets of India recorded a gross absorption of 27.0 mn sq.ft. in H1 2023, declining by 12% compared to the same period last year. Interestingly, the office demand seems to find a quarterly minimum resistance level of 13.7 mn. sq. ft. over the last 6 quarters, and we expect this to be maintained in the near term for a stable run and eventual growth.

The IT sector continues to be the primary demand driver, but the demand seems to now be broad-based with flexible workspaces rebounding to become a strong driver of office demand with the second highest contribution. Meanwhile the BFSI sector maintained its position in the top 3 demand drivers.

Bengaluru, Chennai and Delhi-NCR have retained the top-3 spots in H1 2023 similar to last year. Together, these accounted for 63% of gross leasing activity.

Apart from the top-3 performing cities, this first half has also recorded a new leasing high in cities namely Chennai, Delhi-NCR, and Hyderabad over the decade as visible in the Gross Absorption chart.

Bengaluru, still being numero uno, saw a notable decline of 39% at 6.5 mn sq. ft. owing to slow decision-making by technology companies amidst fear of recession in major economies. Mumbai and Pune too saw a decline in leasing activity of 9% and 11% respectively over the last year.

KEY STATISTICS: H1 2023

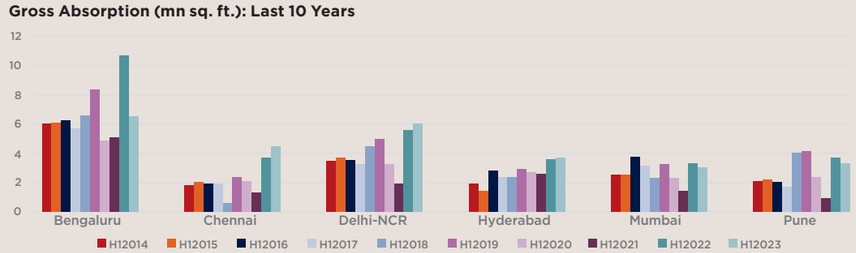
RECORD ABSORPTIONS
mn sq. ft.

Bengaluru: 6.5
Delhi-NCR: 6.0
Chennai: 4.5

New Supply	YOY change
25.6 mn sq. ft.	-16%
Gross Absorption	**YOY change**
27.0 mn sq. ft.	-12%

Gross absorption represents fresh leases and occupier sale, excludes renewals and pre-commitments

Gross Absorption (mn sq. ft.): Last 10 Years



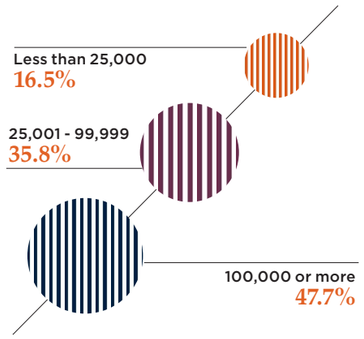
[1]Bengaluru, Chennai, Delhi-NCR, Hyderabad, Mumbai and Pune

LARGE DEALS DOMINATE

Deals of large and medium sizes (over 100,000 sq. ft. and 25,001-99,999 sq.ft. respectively) accounted for 83.5% of the market. Compared to same period last year, the share of large deals increased from 41% to about 48%.

Large deals comprised the majority share in deal-size in all cities expect Mumbai which was dominated by small size deals (below 25,000 sq. ft. apiece).

Deal Size Distribution
(size categories in sq. ft.)

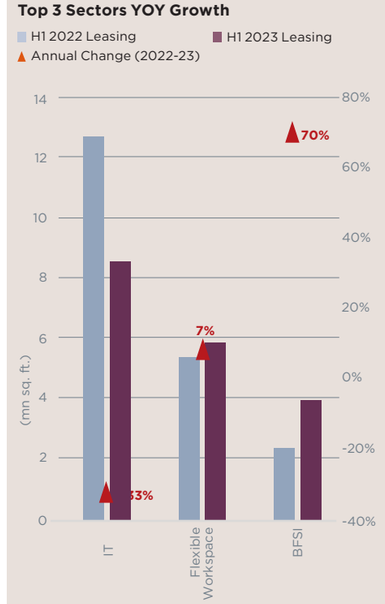


High Growth by BFSI Sector, Flexible Workspace Sector Rebounds

The IT sector continued to be the primary demand driver despite a decline in take-up in absolute terms over same period last year followed Coworking (Flexible workspaces) that grew by 7%.

The BFSI sector witnessed robust growth of 70% YOY, contributing 14.4% to the leasing activity.

Top 3 Sectors YOY Growth



SUPPLY & VACANCY

New completions were noted at 25.6 mn sq. ft in H1 2023, which is 16% lower compared to same time last year. All cities except Delhi-NCR and Hyderabad saw a YOY decline in new supply.

Bengaluru remained at the forefront of new completions, recording 8.2 mn sq.ft. of additions. It was followed by Hyderabad with 7.6 mn sq.ft., setting a new high with a consistent rise in new completions in the first half periods over the decade. Overall, the south cities namely Bengaluru, Chennai and Hyderabad contributed 72% of new supply in H1 2023.

On a pan-India scale, the average vacancy levels have declined marginally by 20 bps to 18% at the end of Q2 2023.

RENTALS

All markets except Southern cities witnessed a change in average rental values in H12023.

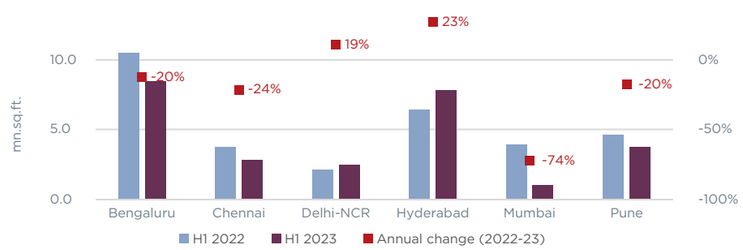
The highest rental growth of approximately 16% YOY is recorded in Mumbai owing to limited availability of space followed by Delhi-NCR and Pune that noted a marginal rise of 3% and 2% YOY, respectively.

Bengaluru and Hyderabad saw rise in vacancy levels due to consistent infusion of space outpacing the leasing momentum

Share of Sectors

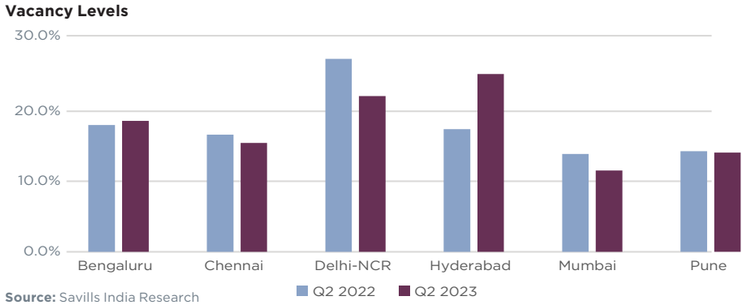
IT 31.6%	Flexible Workspace 21.6%	BFSI 14.4%	Engineering & Manufacturing 7.8%
Energy & Chemicals 5.4%	Pharma & Healthcare 4.9%		

New Completions



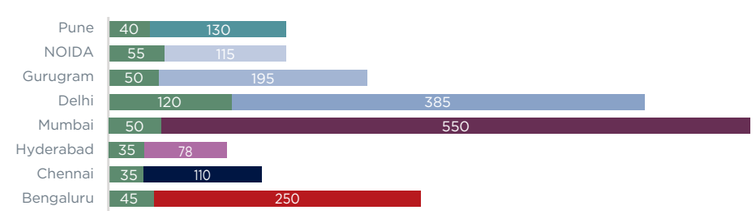
Source: Savills India Research

Vacancy Levels



Source: Savills India Research

Average Rental Range (INR / sq.ft./ month)



*Rental ranges are indicative values in the given market and may vary from the indicated band at other times

Source: Savills India Research



BENGALURU
OFFICE MARKET UPDATE

Scan to download WhatsApp version

BENGALURU'S KEY HIGHLIGHTS

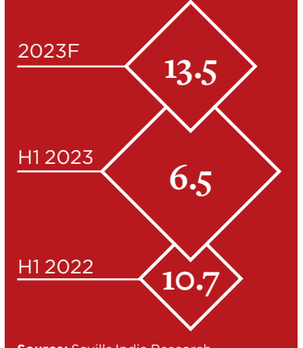
Signs of slowdown, but still strong

The Bengaluru office market is showing some signs of fatigue, but these are not necessarily indicative of a long-term trend. The decline of absorption by 39% YOY in H1 2023 to 6.5 mn sq. ft. is likely due to several factors including the economic slowdown and the ongoing Ukraine conflict which is making businesses more cautious about their spending and causing uncertainty in the market. However, it is important to note that Bengaluru still commands the highest position in terms of overall absorption among the top six cities[1] in the country.

Supply and demand in sync

The Bengaluru office market is showing signs of a maturing market, with supply and demand beginning to align. This is a positive development for the city, as it suggests the market is becoming more efficient and less volatile in these trying times. The city saw a 20% decline YOY of office space supply driven by the completion of several large projects that were delayed due to the pandemic. While the supply is still high in absolute terms, the YOY decline trend suggests that developers are becoming more discerning and selective while picking up projects. The changing supply trends have led to a more balanced market benefiting both developers and tenants.

Office Absorption (mn sq. ft.)



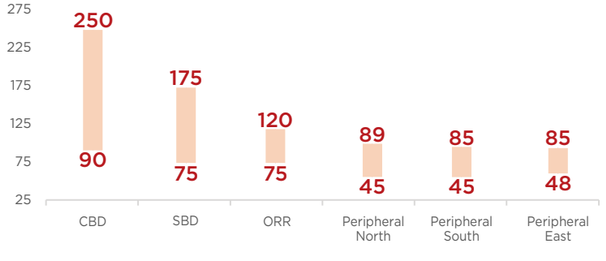
Source: Savills India Research

Key Statistics: H1 2023

New Supply	8.2 mn sq. ft.	YOY Change	-20%
Gross Absorption	6.5 mn sq. ft.	YOY Change	-39%

Gross absorption represents fresh leases and occupier sale, excludes renewals and pre-commitments

Rental Range H1 2023 (INR/sq. ft./month)



Source: Savills India Research

LEASING AND COMPLETIONS

Absorption: Bengaluru has taken the lead in office absorption, accounting for 24% of the market share at 6.5 mn sq. ft. However, the market is showing some signs of a slowdown, with absorption declining 39% YOY. The decline may be considered a sign that MNCs are becoming more cautious about their spending due to global recession fears.

There was a near-equal split between 45% of large (100,000 sq. ft. or more) and 44% of mid-sized deals (25,000-99,999 sq.ft.), a reversal from the previous year when large deals accounted for 52% followed by 35% of mid-sized deals.

The micromarkets of ORR, Peripheral East, and Peripheral North were the most active in terms of demand concentration accounting for 34%, 32%, and 16% of the total absorption.

Sector Split: The IT sector remains the biggest contributor to the office market, accounting for 47% of the market share. However, the space taken up in absolute terms has decreased by 56% YOY. Flexible workspaces and BFSI are the second and third major contributors with 17% and 13% market share, respectively. Interestingly, the space taken up by the BFSI sector increased enormously by almost 4x times in absolute terms YOY.

Supply: The supply side of the office market saw a 20% decline YOY, with total supply reaching 8.2 mn sq. ft. Despite the decline in supply, Bengaluru still commanded the largest market share at 32% among the top six cities[1]. ORR and Peripheral East micromarkets were the most active in terms of new supply, accounting for 51% and 37% of the total supply, respectively.

VACANCY RATE

Vacancy levels rose by a minor 50 bps to 18.1% in H1 2023, from 17.6% in the same period last year. Businesses are increasingly realigning their space requirements, as they look to optimise costs and become more agile.

RENTS

Office rents remained rangebound, except for peripheral districts which saw a 2-3% YOY increase. Part of this can be attributed to the demand in the eastern and northern suburbs of Brookfield, Whitefield, and Hebbal respectively, which are becoming increasingly popular with occupiers.

BENGALURU MARKET OUTLOOK

DEMAND

The office market is expected to see an absorption of 13-14 mn sq. ft. in 2023, despite the global headwinds that are currently facing the economy. This is due to several factors, including Bengaluru's stronghold as an IT and tech sector hub, which is the biggest driver of demand, favourable business environment, and the ever-growing economy. The city's office market is well-diversified, has a strong track record of resilience, and is expected to continue to be so.

SECTORS

The IT sector is expected to continue to be the biggest driver of office demand. Flexible workspaces are also expected to see strong growth due to their increasing popularity among start-ups and other organisations looking for a more adaptable and cost-effective way to rent office space.

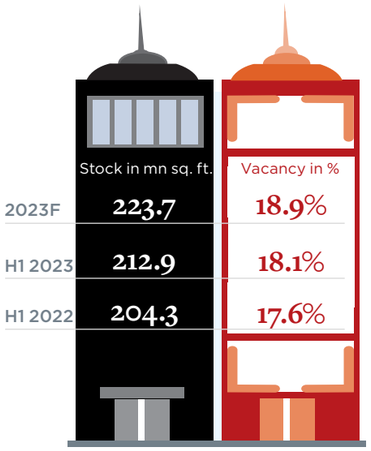
RENT & VACANCY

The office sector rents outlook is expected to be rangebound for the rest of the year. This is due to the large new supply getting infused into the market, which could lead to some moderation in rents. Vacancy levels are expected to rise marginally to be around 18.9-19%.

SUPPLY

The new completions are expected to be around 18-19 mn sq. ft. in 2023. This would be a decadal high for the city, considering the highest registered supply in 2021 was 15 mn sq. ft. ORR and Peripheral East micromarkets are expected to be the biggest contributors to the new supply with a combined market share of 72%. The significant increase in office supply might put pressure on rents but will also help to meet the growing demand for office space in the city.

GRADE-A OFFICE STOCK & VACANCY



Source: Savills India Research

Major Transactions H1 2023

TENANT | Micromarket | *Building*
Transacted Area* (sq. ft.)

Google - Table Space
Peripheral East
Primeco Union City
4,58,000

HDFC Bank
Peripheral North
Umiya Vellociti
4,25,000

Northern Trust
Peripheral East
Bagmane Soalrium City - Argon
3,47,000

Zebra
Peripheral East
Bagmane Solarium
2,70,000

Novo Nordisk
Peripheral East
Chalet Ciantus KRC
2,51,000

*Approximate and indicative areas only

BENGALURU MICROMARKETS

Central Business District (CBD) - MG Road, Millers Road, Vittal Mallya Road, Residency Road Outer

Ring Road (ORR) - Zone 1: Sarjapur to Marathahalli, Zone 2: Marathahalli to KR Puram, Zone 3: KR Puram to Hebbal

Secondary Business District (SBD) - Indira Nagar, Old Airport Road, CV Raman Nagar, Koramangala, Jayanagar, Domlur, Bannerghatta Road, Rajaji Nagar, Malleshwaram

Peripheral East - Whitefield, Brookefield

Peripheral South - Electronic City, Hosur Road, Mysore Road

Peripheral North - Bellary Road, Thanissandra Road, Tumkur Road, Hebbal to Yelahanka

Source: Savills India Research

[1]Savills India analyses office market for the top six cities (Bengaluru, Chennai, Delhi-NCR, Hyderabad, Mumbai and Pune)



CHENNAI
OFFICE MARKET UPDATE

Scan to download WhatsApp version

Office Absorption (mn sq. ft.)



Source: Savills India Research

CHENNAI'S KEY HIGHLIGHTS

Decade-high leasing activity

The office market witnessed record high leasing activity, with absorption touching 4.5 mn sq. ft. in H1 2023. This is a 21% increase from the 3.7 mn sq. ft. leasing level observed in H1 2022. The strong performance was driven by the technology, flexible workspaces, and energy/chemical sectors, which took up substantial space in the city. Chennai retained its third spot among India's top six cities[1] in H1 2023 with a 17% market share in terms of net absorption. The office absorption soared to a decadal high reflecting the city's strong performance in attracting occupiers. Demand continued to outstrip supply, which led to rising occupancy levels.

Surge in big-ticket transactions

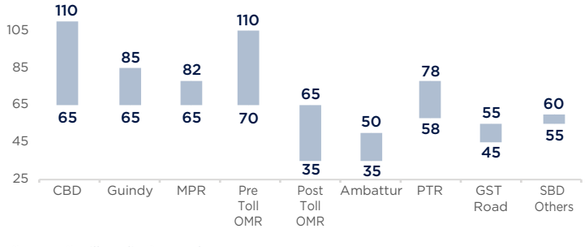
Chennai's office market was driven by large deals in the first half of 2023 with large-sized deals (100,000 sq. ft. or more) accounting for a 71% share of the overall leasing activity. This is a significant increase from the 39% share that large deals accounted for in H1 2022. This was majorly due to tech companies' strong demand for office space. The city is the foremost in toeing the line in the wider office market, wherein large-sized deals are the staple of dealmaking. This is likely due to the city's strong economic fundamentals, competitive office rents, and skilled workforce. In addition, the hybrid working trend is also helping drive the growth of flex operators drive the growth of flex operators, propelling new bigger space take-up.

Key Statistics: H1 2023

New Supply	2.7 mn sq. ft.	YOY Change	-24%
Gross Absorption	4.5 mn sq. ft.	YOY Change	21%

Gross absorption represents fresh leases and occupier sale, excludes renewals and pre-commitments

Rental Range H1 2023 (INR/sq. ft./month)



Source: Savills India Research

LEASING AND COMPLETIONS

Absorption: Chennai's leasing activity saw a notable increase of 21% YOY to 4.5 mn sq. ft. in the first half of 2023.

Large-sized deals (100,000 sq. ft. or more) accounted for 71% of leasing activity in Chennai while mid-sized deals (25,000-99,999 sq. ft.) comprised 18%.

Pre-Toll OMR was the most active micromarket with a market share of 28% in H1 2023. It also constituted the highest share of large-sized deals (100,000 sq. ft. or more) at 25%. MPR and PTR were also popular locales with market shares of 27% and 17% respectively. Together, these three micromarkets accounted for 73% of the total leasing activity in H1 2023.

Sector Split: With quite a few tech companies encouraging employees to return to the office, leasing activity has seen a marked improvement in the city. The IT sector accounted for 46% of the leasing activity in Chennai in H1 2023, demonstrating its continued importance to the city's office market. Following the IT-BPM sector, flexible workspaces leased aggressively with a contribution of 21% with nearly 0.9 mn sq.ft. of leased area. Energy and Chemicals sector occupiers were active too with a substantial 19% share in leasing activity in H1 2023, up from a negligible share in H1 2022.

Supply: New completions stood at 2.7 mn sq. ft. at the end of the first half of the year, declining by 24% YOY. The micromarket of Guindy saw the maximum project completions contributing to 46% of the overall supply followed by CBD at 27%. Non-SEZ supply constituted the highest share at 82% compared to the 15% share of IT-SEZ developments. Non-SEZ developments, which typically offer more flexibility, are appealing to businesses as it allows them to adapt the office space to meet their changing needs.

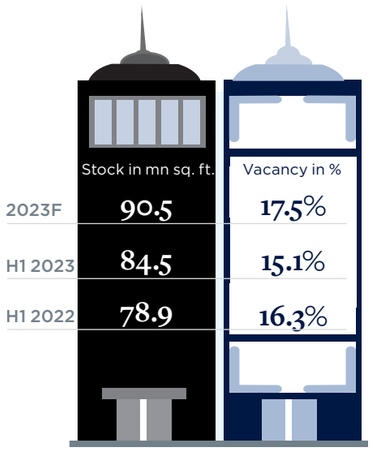
VACANCY RATE

The overall vacancy rate at the end of the half-year decreased marginally to 15.1% which is 120 bps lower than the same time last year. This is owing to buoyant leasing activity outpacing new completions. Interestingly, a few locations such as CBD, Ambattur, and SBD-others have sub-10% vacancies.

RENTS

While the overall average city rentals remained range bound, select markets namely Pre-Toll OMR witnessed rental growth in the range of 1-3% YOY. This is due to the increasing demand for office space with limited available supply.

GRADE-A OFFICE STOCK & VACANCY



Source: Savills India Research

MARKET OUTLOOK

DEMAND

The city is expected to witness leasing activity of about 7.5 mn sq. ft in 2023 and establish a new high over the decade. This includes pre-commitments of approximately 1.5-1.8 mn sq. ft. in Pre-Toll OMR region which is expected to be absorbed by the end of this year. In the medium to long term, the real estate market in Chennai is expected to benefit from the completion of Metro Ph-II by 2025. This will improve connectivity around the city and make peripheral areas more attractive. As a result, it is likely that the demand for office space in MPR and the entire OMR zone will surge.

SECTORS

Despite global headwinds, the IT-BPM sector is expected to drive leasing activity due to the city's strong IT ecosystem. Flexible workspaces are also expected to do well as select businesses look for more flexible and cost-effective options. The BFSI sector is expected to further drive sectoral activity.

RENT & VACANCY

Vacancy rates across micromarkets in Chennai are expected to increase in 2023 as the supply of Grade-A office space is expected to outpace demand by almost 1.2-1.5 mn sq.ft. However, average city-wide rentals are expected to be resilient and are unlikely to witness any significant change in the near term.

SUPPLY

Similar to leasing activity predictions, new completions are also expected to be at a record high over the decade with around 8.5-9 mn sq. ft. of new supply forecasted in 2023. More than 50% of this new supply will be in the Pre-Toll OMR and PTR micromarket followed by Guindy.

Major Transactions H1 2023

TENANT | Micromarket | *Building*
Transacted Area* (sq. ft.)

SHELL
PTR
Commerzone Pallikaranai
6,00,000

Qualcomm India
Pre Toll- OMR
Intellion Tech Park
4,50,000

HDFC
MPR
KRC Commerzone
3,06,000

DOW Chemicals
MPR
RMZ One Paramount
2,33,000

Cactus
Post Toll- OMR
Tecci Park
2,30,000

*Approximate and indicative areas only

CHENNAI MICROMARKETS

CBD - Anna Salai, Nungambakkam, R K Salai, Egmore, T Nagar, Gream Road

SBD - Guindy & MPR- Guindy Estate, Little Mount, Ekatuthangal, Mount Poonamalle Road, Manapakkam

SBD - Pre Toll-OMR- Tharamani, Perungudi, MGR Salai

SBD Others - Velachery, Arcot Road, Arumbakkam, Anna Nagar

PBD-Post Toll OMR - Thoraipakkam, Shollinganallur, Navalur, Siruseri

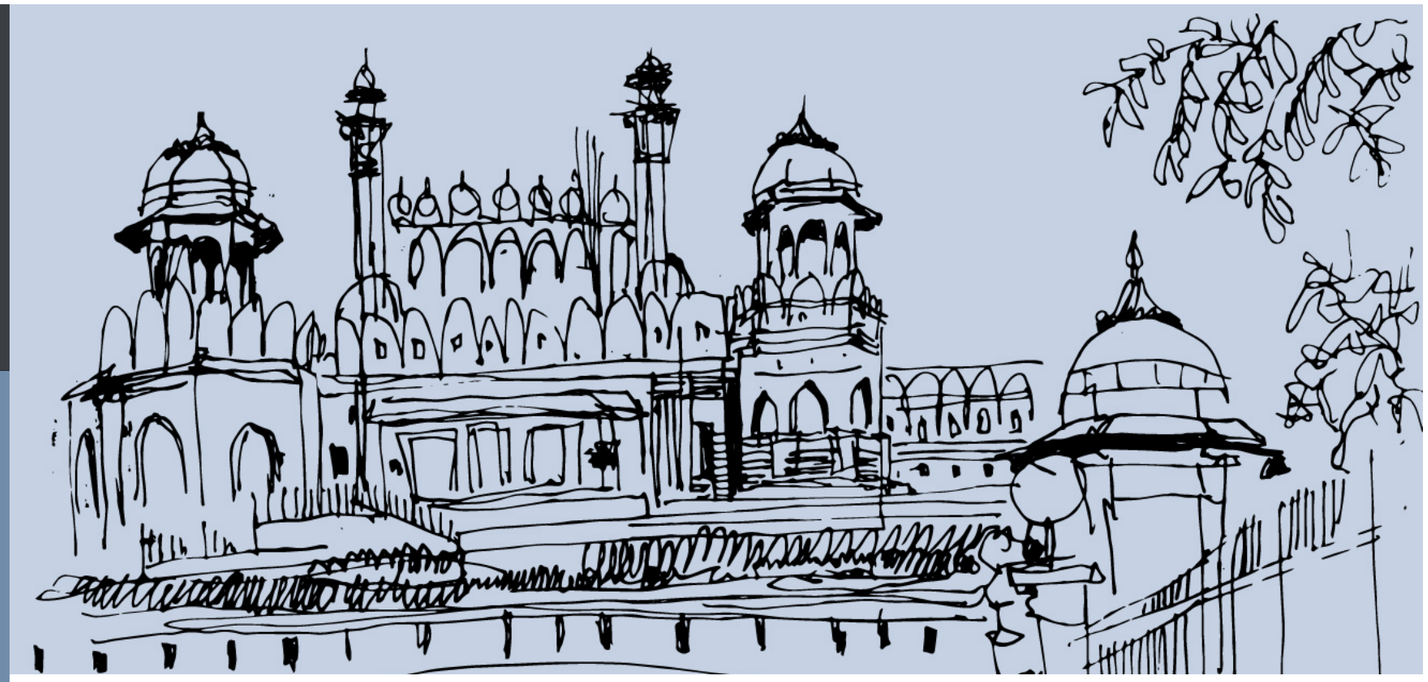
PTR-PBD - Pallavaram Link Road

GST Road-PBD - Perungalathur, Maraimalai Nagar

Ambattur-PBD - Ambattur
*Approximate and indicative areas only

Source: Savills India Research

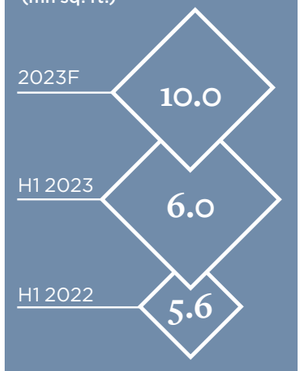
[1] Savills India analyses the office market for the top six cities (Bengaluru, Chennai, Delhi-NCR, Hyderabad, Mumbai, and Pune)



DELHI-NCR
OFFICE MARKET UPDATE

Scan to download WhatsApp version

Office Absorption (mn sq. ft.)



Source: Savills India Research

DELHI-NCR'S KEY HIGHLIGHTS

Decadal high half-yearly leasing activity

Delhi-NCR, one of the consistent performers in office leasing activity, has outperformed once again with a decadal high half-yearly gross absorption registered in H1 2023. The region, at 7% YOY growth, recorded 6.0 mn sq. ft. of office space absorption, the second highest only after Bengaluru with 6.5 mn sq. ft. The office market of the region has been resilient to global headwinds with emerging sectors like flexible workspaces contributing more than ever in the overall leasing basket.

Flexible workspaces tops in sectoral leasing

Interestingly, the IT-BPM sector which had been spearheading the leasing activity in the region for a long time, took a back seat in the first half of 2023. The sector swapped its top position with flexible workspaces which recorded approximately 1.8 mn sq. ft. of absorption and contributed around 30.4% to overall leasing. This is attributed to growing interests of tenants in shared spaces as they strategise their asset portfolio in post-COVID times. The IT-BPM sector, with total leasing of 0.8 mn sq. ft. and 12.8% share in overall leasing, stood at the second position.

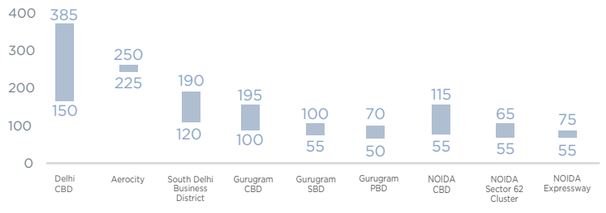
The BFSI sector, with 0.6 mn sq. ft. of office space demand, bags the third position contributing 9.7% share in the leasing activity. Engineering and Manufacturing and Research and Consulting sectors with approximately 8% share contributed significantly to the office leasing of Delhi-NCR

Key Statistics: H1 2023

New Supply	2.4 mn sq. ft.	YOY Change	19%
Gross Absorption	6.0 mn sq. ft.	YOY Change	7%

Gross absorption represents fresh leases and occupier sale, excludes renewals and pre-commitments

Rental Range H1 2023 (INR/sq. ft./month)



Source: Savills India Research

LEASING AND COMPLETIONS

Delhi-NCR witnessed gross absorption of 6.0 mn sq. ft. in H1 2023, a 7% annual increase from H1 2022. The first quarter with 3.4 mn sq. ft. noted higher demand as compared to the second quarter which witnessed 2.6 mn sq. ft of leasing activity.

Gurugram contributed 55% to the total gross leasing activity at 3.3 mn sq. ft., which is marginally lower compared to H1 2022 that recorded 3.6 mn sq. ft. of absorption. Within Gurugram, 51% of the leasing activity is reported in the Secondary Business District (SBD). This is followed by the Central Business District (CBD) & Peripheral Business District (PBD) with 40% and 9% share respectively in the city leasing.

NOIDA with 2.3 mn sq. ft. absorption has upped its share in overall leasing from 1.9 mn sq. ft. recorded in H1 2022. NOIDA Expressway remains the hotbed of leasing activity with a 27% contribution to the overall absorption reported in Delhi-NCR.

Delhi has performed slightly better by increasing its share in overall Delhi-NCR leasing from 2% in H1 2022 to 7% in H1 2023. Approximately, 72% of the absorption in Delhi was witnessed in the micromarket of South Delhi Business District.

Demand driven by large-sized deals: The Delhi-NCR office market was driven by large-sized deals of more than 1,00,000 sq. ft. that constituted 44% of the total office space demand generated in H1 2023. NOIDA Expressway and Gurugram SBD micromarkets together witnessed around 60% of the large-sized transactions. Flexible workspaces with a 47% share emerged as the key sector to have contributed significantly to large-sized transactions.

Supply: New supply infusion increased by 19% YOY with 2.4 mn sq. ft. of new completions during H1 2023. NOIDA Expressway with 78% share in the overall supply witnessed the maximum infusion. Majority (64%) of new supply catered to the IT sector while the remaining comprised commercial office spaces.

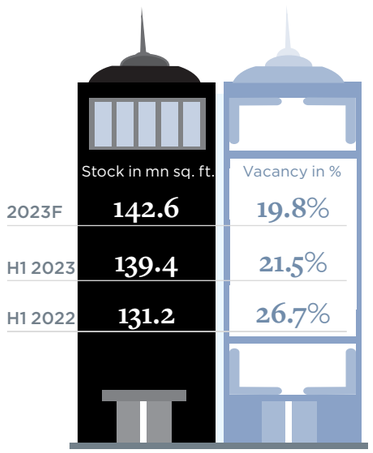
VACANCY RATE

Overall vacancy levels have declined from 26.7% in H1 2022 to 21.5% in H1 2023 as leasing overtakes new completions during the first half of the year.

RENTS

Rentals in the Delhi-NCR region have largely been constant with a marginal increase registered in select pockets. NOIDA Sector 62 Cluster micromarket with 14% YOY growth registered the highest increase in rental values owing to limited availability. NOIDA Expressway witnessed 4% YOY growth, followed by Gurugram SBD and NOIDA CBD that witnessed 3% YOY growth in rental values. Overall, the region's average rental value has gone up by 3% as compared to H1 2022.

GRADE-A OFFICE STOCK & VACANCY



Source: Savills India Research
Note: The stock basket for 2023 has been modified to reflect Grade-A buildings.

DELHI-NCR MARKET OUTLOOK

DEMAND

The leasing momentum is expected to continue in the second half of the year with improved decision-making by occupiers and as more employees return to offices, especially in the IT-BPM sector. The year 2023 is therefore estimated to witness an annual demand of 10.0 mn sq. ft.

SECTORS

The leasing activity in Delhi-NCR is expected to continue to be driven by flexible workspace operators and IT-BPM occupiers. Other established sectors like Engineering and Manufacturing, Healthcare and Pharma, Edtech, Media and Advertising sectors are also expected to grab a fair share in the overall pie.

RENT & VACANCY

With limited fresh supply coming up in the second half of the year, the region is expected to witness 5.6 mn sq. ft. of new completions in 2023. Higher demand coupled with limited Grade-A office supply may bring the vacancy down to 20% or even lower. Average rentals may see a marginal increase on account of high demand, mainly in Gurugram and NOIDA.

SUPPLY

Delhi-NCR has a pipeline of around 3.2 mn sq. ft. in H2 2023. All the new completions will be concentrated in Gurugram with 54% being delivered in Gurugram CBD and the remaining 46% in Gurugram SBD.

Major Transactions H1 2023

TENANT | Micromarket | *Building*
Transacted Area* (sq. ft.)

Interglobe
Gurugram CBD
Emaar Capital Tower-2
2,33,200

PRISTYNCARE
Gurugram SBD
Capital Cityscape
1,50,000

INFOEDGE INDIA LIMITED
NOIDA Expressway
Axis House
1,37,000

ARISTOCRAT
NOIDA Expressway
Candor TechSpace
1,28,400

CLOVE DENTAL
South Delhi Business District
Eldeco Centre
40,000

*Approximate and indicative areas only

DELHI-NCR MICROMARKETS

Delhi CBD - Connaught Place

South Delhi Business District - Saket, Jasola, Nehru Place, Vasant Kunj, New Friends Colony, Okhla

Gurugram CBD - Cyber City, MG Road, Golf Course Road, NH-8 Prime (Up to Rajeev Chowk), Sushant Lok I

Gurugram SBD - Golf Course Extension Road (GCER), Sohna Road, Udyog Vihar, Dundahera, Gurugram-Faridabad Road, South City, Sectors- 32/34/38/39/44 &45

Gurugram PBD - Southern Peripheral Road (SPR), NH-8 Non-prime (Beyond Rajiv Chowk), Sector 34

NOIDA CBD - Sector 16, 18, 21A, Film City

NOIDA Sector 62 Cluster - Sectors 62, 57, 58, 59, 63, 64 and 65

Source: Savills India Research



HYDERABAD
OFFICE MARKET UPDATE

Scan to download WhatsApp version

HYDERABAD'S KEY HIGHLIGHTS

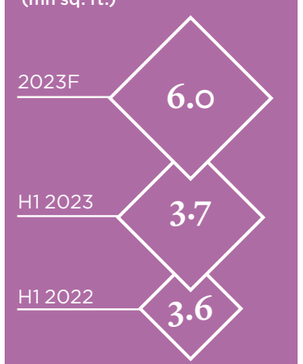
Demand diversifying beyond IT

Hyderabad's demand for office space has diversified to include other sectors such as BFSI and media/ advertising, which now account for 16% and 12% of the demand, respectively. This is a significant change from H1 2022 when media and advertising had hardly any share and BFSI had a 10% market share. However, the IT sector continues to garner a majority share comprising one-third of leasing activity in H1 2023. The heterogeneity of demand in the Hyderabad office market is a positive sign for the city's real estate market. It shows that the city is becoming an attractive destination for businesses from a variety of sectors shifting from an IT-intensive hub. The state government has also been playing a pivotal role in promoting the same which has helped to diversify the demand for office space.

Supply rich city

Hyderabad clocked the highest supply of office space in H1 2023 at 7.6 mn sq. ft, the highest supply in the first half of any year since 2015. The unlimited FSI has allowed developers to build more, which has been a primary driver of the increase in office space supply. Hyderabad's high office supply has provided occupiers with quality options to consolidate and re-strategise their portfolios. This is particularly appealing in the current global economic climate when many companies are optimising their operations.

Office Absorption (mn sq. ft.)



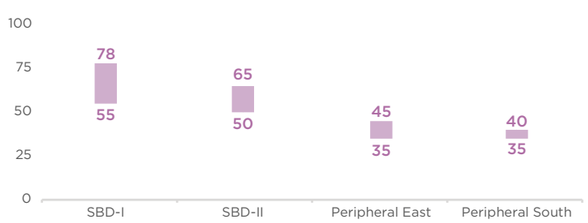
Source: Savills India Research

KEY STATISTICS: H1 2023

New Supply	7.6 mn sq. ft.	YOY Change	23%
Gross Absorption	3.7 mn sq. ft.	YOY Change	3%

Gross absorption represents fresh leases and occupier sale, excludes renewals and pre-commitments

Rental Range H1 2023 (INR/sq. ft./month)



Source: Savills India Research

LEASING AND COMPLETIONS

Absorption: Hyderabad's office market has been growing steadily in recent quarters, with absorption reaching 3.7 mn sq. ft. in H1 2023, a 3% YOY increase. This growth was driven by several factors, including the city's strong IT sector, the growth of flex operators, and relatively affordable rents. The city saw a significant increase in the number of large deals, which accounted for 55% of all activity. This is up from 45% in H1 2022. Majorly, these deals were concentrated in HITEC city.

In H1 2023, the leasing activity was led by SBD-I which accounted for 85% of the market share. The average deal size in this market has increased from 47,000 sq. ft. to 51,000 sq. ft.

Sector Split: The technology sector remains the leading occupier in H1 2023, accounting for a 34% share. The share of flexible workspaces in the Hyderabad office market increased to 17%, up from 13% in H1 2022. This was due to the increasing demand of plug and play options by small and start-up companies. The BFSI, media/advertising sectors also performed well with a share of leasing activity of 16% and 12% respectively.

Supply: Hyderabad's office market saw consistently high supply in H1 2023, with new completions rising 23% YOY. Hyderabad is the second-largest city in terms of new office space completions among the top 6 cities[1], with 30% of the market share.

The supply was almost evenly split between SBD-I and SBD-II, with each micromarket accounting for 48% and 52% of the total supply, respectively. The majority (70%) of the new supply was non-SEZ development.

VACANCY RATE

At the end of the second quarter in 2023 Hyderabad's office market vacancy rose to 24.7%, up from 17.1% in the same period last year. This is majorly due to the huge supply that was added into the market in recent years in anticipation of high levels of absorption similar to 2019 levels.

RENTS

Rents in Hyderabad's office sector have been range bound in H1 2023. Due to the high supply of office space, rents have been contained within a narrow band. This has helped to attract tenants and keep the office market competitive.

MARKET OUTLOOK

DEMAND

Hyderabad's office market is expected to remain resilient in 2023. We estimate leasing activity of 6.0 mn sq. ft. in the city in 2023. The Airport Metro is likely to have a positive impact on the southern micromarket making the commute easier and increasing the attractiveness of office spaces in the surrounding areas.

SECTORS

The sectoral split for office space in Hyderabad is expected to remain favourable for the IT sector in the coming years. Flex workspace is also expected to be a major occupier as companies look for adaptable options in the wake of global economic headwinds. In addition, the Life Sciences sector is expected to grow driven by the city's strong pharma ecosystem and its status as a major pharma hub in India. Medtronic[2] and Bristol-Myers Squibb's[3] recent investments in Hyderabad are a vote of confidence in the city's ecosystem and are likely to attract peer companies in the healthcare/pharma sector. The gaming industry is another area that is expected to contribute to the office demand given the government's push to promote the sector.

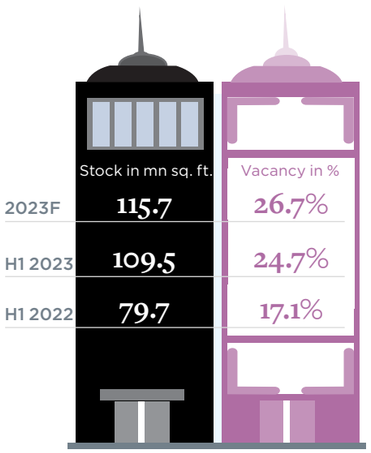
RENT & VACANCY

The rents are expected to remain range bound despite the large supply due to the willingness of developers to keep rents in check and attract businesses. The vacancy rate is expected to rise 26-27% by year-end as the supply is expected to outpace demand by almost 2 times.

SUPPLY

The office market is expected to see a significant supply of 13.8 mn sq. ft in 2023. Most of the projects that were on hold during the pandemic are expected to get their completion certificates by year-end or early next year. SBD II is expected to account for almost 64% of the supply mix.

GRADE-A OFFICE STOCK & VACANCY



Source: Savills India Research

Major Transactions H1 2023

TENANT | Micromarket | *Building*
Transacted Area* (sq. ft.)

HIGHRADIUS
SBD I
KRC Building No 12C
3,40,000

HETERO
SBD I
RMZ Nexity
1,64,000

London Stock Exchange Group (LSEG)
SBD I
Capitaland
1,50,000

STELLANTIS
SBD II
BSR Tech Park
1,47,000

WARNER BROTHERS
SBD I
Capitaland
1,20,000

*Approximate and indicative areas only

HYDERABAD MICROMARKETS#

Secondary Business District I (SBD I) - HITEC City, Madhapur, Kondapur, Raidurg

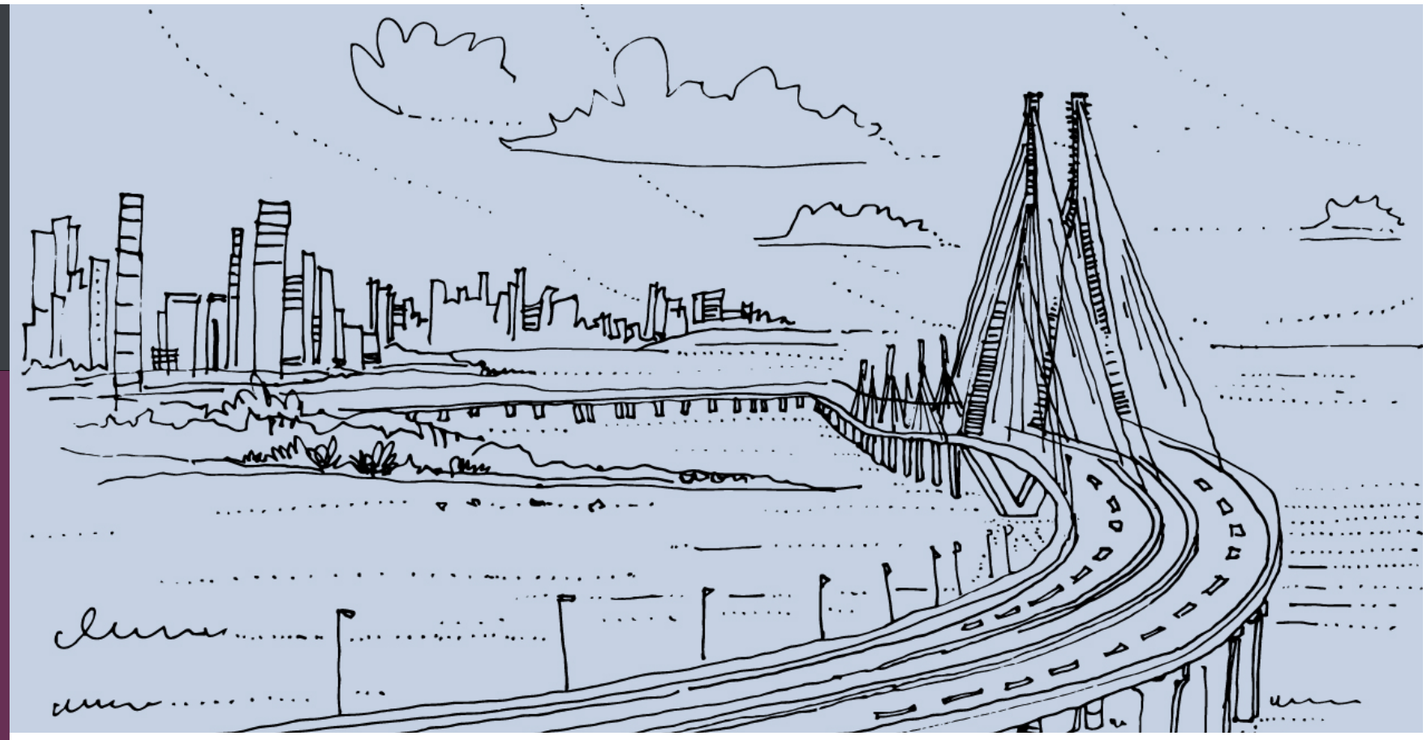
Secondary Business District II (SBD II) - Gachibowli, Nanakramguda, Kokapet

Peripheral East (PBD East) - Pocharam, Uppal

Peripheral South (PBD South) – Shamshabad, Adibatla

Source: Savills India Research

[1] Savills India analyses the office market for the top six cities (Bengaluru, Chennai, Delhi-NCR, Hyderabad, Mumbai, and Pune)
[2] https://rb.gy/igvt2
[3] https://rb.gy/1zxqr



Scan to download
WhatsApp version

MUMBAI
OFFICE MARKET UPDATE

MUMBAI'S KEY HIGHLIGHTS

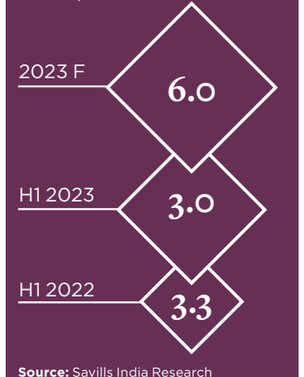
BFSI occupiers preferred large-sized deals; other leasing mainly driven by small-sized deals

Small-sized deals of up to 25,000 sq. ft. accounted for 48% of Grade-A gross absorption during H1 2023. Larger deals of over 1,00,000 sq. ft., accounting for about 12% share, were mainly signed by BFSI (Banking, Financial Services and Insurance) occupiers in the micromarket of Western Suburbs II.

Significant lease renewals

Reflective of positive occupier sentiment, term renewals for occupiers that were approaching lease expiry, supported maintaining the leasing momentum. In addition to fresh leases of 3.0 mn sq. ft., the city witnessed renewals amounting to 2.2 mn sq. ft. during H1 2023. Renewals were recorded mainly in the micromarkets of Navi Mumbai, Western Suburbs I and Western Suburbs II reflecting sustained confidence in the city, especially by technology and BFSI occupiers.

Office Absorption (mn sq. ft.)



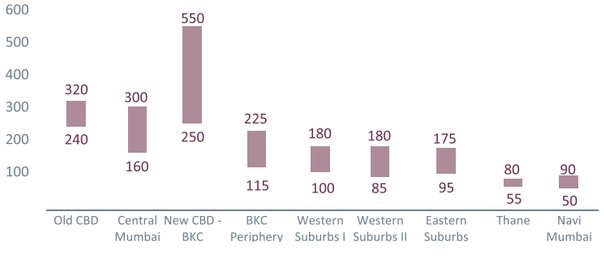
Source: Savills India Research

Key Statistics: H1 2023

New Supply	1.0 mn sq. ft.	YOY Change	-74%
Gross Absorption	3.0 mn sq. ft.	YOY Change	-9%

Gross absorption represents fresh leases and occupier sale, excludes renewals and pre-commitments

Rental Range H1 2023 (INR/sq. ft./month)



Source: Savills India Research

LEASING AND COMPLETIONS

Absorption: Mumbai recorded Grade-A gross absorption of 3.0 mn sq. ft. during H1 2023, registering a decline of 9% YOY. Central Mumbai, Navi Mumbai and Western Suburbs I were the most preferred micromarkets by occupiers, together garnering about 60% share of the overall demand. This could be attributed to large space take-up by BFSI occupiers in the micromarkets of Central Mumbai and Western Suburbs I as well as sub-dollar rents attracting technology and Global Capability Centres (GCC) occupiers to Navi Mumbai.

Sector split: The BFSI segment continued to be the demand driver during H1 2023, garnering a 37% share in overall gross absorption. This was followed by significant expansion by engineering and manufacturing occupiers garnering a 10% share, as compared to 6% in H1 2022. It is noteworthy that the share of flexible workspace operators has declined from 11% in H1 2022 to 5% in H1 2023 due to unavailability of ready space in preferred micromarkets. However, they have pre-committed spaces in under-construction buildings nearing completion.

Supply: Mumbai witnessed 1.0 mn sq. ft. of Grade-A supply infusion during H1 2023, registering a decline of 74% YOY due to delayed completions. Majority of the new supply was in the form of Non-IT developments in the micromarkets of Central Mumbai, Eastern Suburbs and Thane.

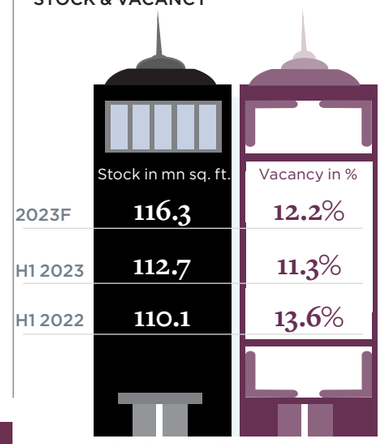
VACANCY RATE

Amidst significant gross absorption and limited supply infusion, overall vacancy levels in the city came down to 11.3% at the end of June 2023. Notably, barring select micromarkets of Navi Mumbai, Central Mumbai and Eastern Suburbs, all others are operating at sub-10% vacancy.

RENTS

In the backdrop of robust leasing, citywide Grade-A quoted rental values strengthened marginally. The rent increase in the micromarkets of BKC Periphery, Eastern Suburbs and Central Mumbai can be attributed to institutional landlords commanding rents higher than the existing market average.

GRADE-A OFFICE STOCK & VACANCY



Source: Savills India Research
Note: The stock basket for 2023 has been modified to reflect Grade-A buildings.

MUMBAI MARKET OUTLOOK

DEMAND

On the back of the steady return of employees to workplaces that has aided in building occupier confidence in the market, we expect Mumbai to sustain a similar momentum in 2023 as witnessed in 2022. We estimate 2023 to clock in Grade-A gross absorption of about 6.0 mn sq. ft. Owing to new supply infusion, the micromarkets of Central Mumbai and Eastern Suburbs will likely be preferred by occupiers looking for large contiguous spaces.

SECTORS

We expect the conventional demand driver of the BFSI segment along with technology occupiers to drive office leasing demand in H2 2023. The flexible workspace segment is likely to sustain similar levels of leasing momentum in 2023. We may witness increased momentum from the media and advertising segment that recorded twice the absorption in H1 2023 on YOY basis.

RENT & VACANCY

Amidst significant supply infusion that will likely be matched by sustained occupier interest, the vacancy rate will likely hover around 11%-12% at the end of December 2023. Overall Grade-A rental values may marginally appreciate on account of new supply being introduced at prices higher than the existing market average.

SUPPLY

Significant new supply of 3.7 mn sq. ft. is scheduled to be completed during H2 2023, taking the full-year supply to 4.7 mn sq. ft. This planned supply will likely be concentrated in the micromarkets of Central Mumbai (40%), Western Suburbs I (30%) and Eastern Suburbs (23%).

Major transactions H1 2023

TENANT | Micromarket | *Building*
Transacted Area* (sq. ft.)

KOTAK MAHINDRA LIFE INSURANCE
Western Suburbs II
TRIL 4
1,50,000

GE OIL AND GAS INDIA PRIVATE LIMITEDS
Eastern Suburbs
Kensington
98,200

STATE BANK OF INDIA
Navi Mumbai
L&T Seawoods
94,000

Tecnimont
Navi Mumbai
Mindspace Gigaplex Building 9
67,100

BAJAJ ELECTRICALS LIMITED
Central Mumbai
One International Centre
61,000

*Approximate and indicative areas only

MUMBAI MICROMARKETS

Old CBD - Nariman Point, Cuffe Parade, Ballard Estate, Fort, Churchgate, Colaba

Central Mumbai - Mahalaxmi, Worli, Lower Parel, Prabhadevi, Dadar West, Dadar East, Parel

New CBD BKC - Bandra-Kurla Complex (BKC)

BKC Periphery - Bandra E, Bandra W, Kalina, Vakola, Khar E, Khar W, Kurla, Santacruz E, Santacruz W

Western Suburbs I - Vile Parle E, Vile Parle W, Andheri E, Andheri W, Jogeshwari E Jogeshwari W

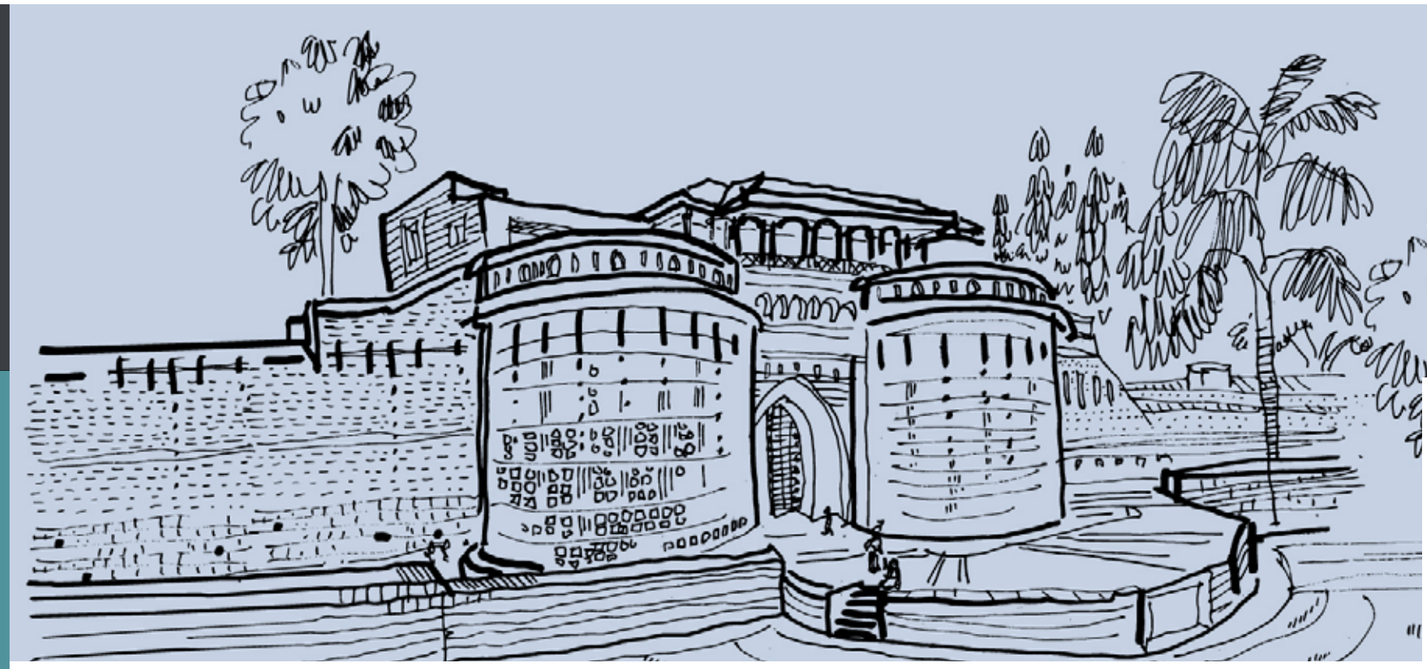
Western Suburbs II - Goregaon E, Goregaon W, Malad E, Malad W, Kandivali E, Kandivali W, Borivali E, Borivali W

Eastern Suburbs - Sion, Wadala, Chembur, Ghatkopar, Mulund, Kanjurmarg, Powai, Vikhroli

Thane - Thane

Navi Mumbai - Airoli, Vashi, CBD Belapur, Mahape, Turbhe, Ghansoli, Thane-Belapur Road

Source: Savills India Research



Scan to download
WhatsApp version

PUNE
OFFICE MARKET UPDATE

PUNE'S KEY HIGHLIGHTS

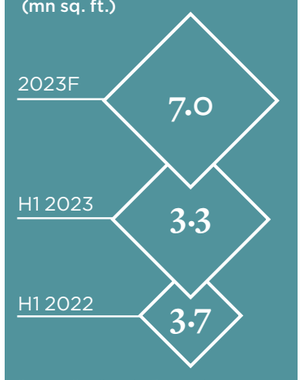
Flexible workspace operators expanding significantly

The flexibility of 'Work From Anywhere' gained significance in the pandemic and is now widely accepted by most occupiers. To tap this opportunity, flexible workspace operators expanded footprint offering dynamic options to occupiers for expansion and/or realigning their real estate portfolios. They accounted for a considerable 35% share in the overall leasing activity in the city during H1 2023. Cumulatively during 2021-H1 2023, flexible workspace operators have leased approximately 5.0 mn sq. ft. of space in the city. For reference, this is equivalent to the space leased by technology occupiers during the same period.

Significant pre-commitments

On account of limited quality supply in completed buildings, occupiers requiring large spaces pre-committed to meet their expansion needs. During H1 2023, the city witnessed 1.0 mn sq. ft. of pre-commitments driven by BFSI occupiers and flexible workspace operators mainly in the micromarkets of SBD East and SBD West.

Office Absorption (mn sq. ft.)



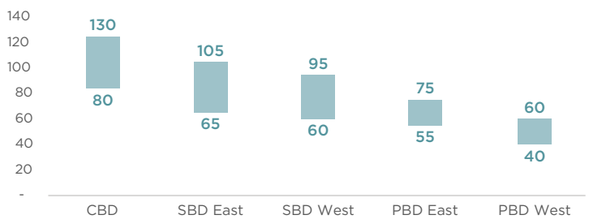
Source: Savills India Research

Key Statistics: H1 2023

New Supply	3.6 mn sq. ft.	YOY Change	-20%
Gross Absorption	3.3 mn sq. ft.	YOY Change	-10%

Gross absorption represents fresh leases and occupier sale, excludes renewals and pre-commitments

Rental Range H1 2023 (INR/sq. ft./month)



Source: Savills India Research

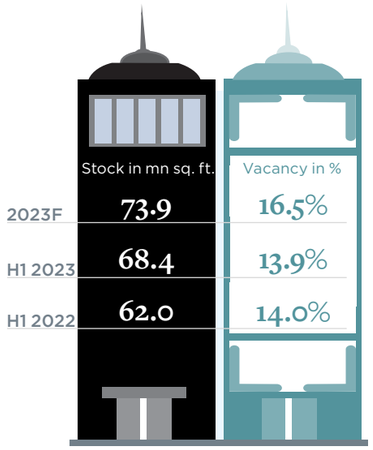
LEASING AND COMPLETIONS

Absorption: Pune witnessed gross absorption of 3.3 mn sq.ft. during H1 2023, registering a decline of 10% YOY. More than half (53%) of the gross absorption was concentrated in the micromarket of SBD East, followed by 18% in PBD West, 17% in SBD West and the remaining 12% in the CBD. The absorption was split as 46:54 between Q1 and Q2 2023.

Sector Split: During H1 2023, technology occupiers gained momentum and dominated the leasing activity with a 38% share, as compared to 27% share in H1 2022. Flexible workspace operators, that were maintaining the pivotal position in the trailing four half-yearly periods, stood at a close second with a 35% share in H1 2023. The remaining 26% was distributed amongst engineering and manufacturing, BFSI, energy and chemicals and pharma and healthcare occupiers.

Supply: Pune witnessed supply infusion of 3.6 mn sq. ft. during H1 2023, 20% lower than H1 2022. Additional supply mirrored the robust office demand in the micromarkets of SBD East and PBD West, as 84% of the overall supply in the city was concentrated in these micromarkets. A majority (42%) of the new supply was in the form of SEZ developments, 41% as Non-IT and 17% as IT developments.

GRADE-A OFFICE STOCK & VACANCY



Source: Savills India Research

VACANCY RATE

As supply infusion almost matched the demand, overall vacancy levels in the city remained at 13.9% at the end of June 2023.

RENTS

City-wide quoted rental values appreciated by 3% YOY as the new supply that was added in the market is commanding rentals higher than the existing market average.

PUNE MARKET OUTLOOK

DEMAND

In the backdrop of continued return of employees to workplaces, we expect office market to continue building the momentum during 2023. Driven by pre-commitments of 2.0 mn sq. ft. that are likely to get absorbed during H2 2023, we expect 2023 to record around 7.0 mn sq. ft. of gross absorption.

SECTORS

We expect continued interest from technology occupiers as well as flexible workspace operators to drive leasing activity during 2023. Micromarkets of SBD East and SBD West are likely to attract occupier attention due to expected infusion of quality supply offering large contiguous spaces.

RENT & VACANCY

Given the situation of supply exceeding demand, the quoted rental values are likely to remain stable across all micromarkets in 2023. Amidst significant supply infusion and robust leasing activity, we expect the vacancy rate to hover around 16%-17% at the end of December 2023.

SUPPLY

New supply of 5.5 mn sq. ft. is scheduled to be completed during H2 2023. Interestingly, half of this planned supply is likely be concentrated in the micromarket of SBD East while the other half will be equally distributed among the other micromarkets including the CBD, SBD West, PBD East and PBD West.

Major Transactions H1 2023

TENANT | Micromarket | *Building*
Transacted Area* (sq. ft.)

HELLA
PBD West
Nalanda IT Park
2,00,000

BAJAJ FINSERV
SBD East
Phoenix Fountainhead Tower 3
1,80,000

SMARTWORKS
SBD East
Amar Tech Centre
1,50,000

PANASONIC
PBD West
Nalanda IT Park
1,25,000

INDIQUBE
CBD
Commerzone
1,00,000

*Approximate and indicative areas only

PUNE MICROMARKETS

CBD - Laxmi Road, Camp, Bund Garden, Boat Club, Koregaon Park, Dhole Patil Road, Pune Station, Shivaji Nagar, FC Road, JM Road, Wakdewadi, SB Road, Model Colony, Ganeshkhind Road, Kalyani Nagar, Yerwada

SBD East - Kharadi, Mundhwa, Nagar Road, Viman Nagar, Hadapsar, Kondhwa

SBD West - Aundh, Baner, Balewadi, Pashan, Kothrud, Karve Nagar, Khadki, Paud Road

PBD East - Phursungi, Wagholi, Charoli, Solapur Road, Saswad Road, Katraj

PBD West - Hinjewadi, Wakad, Pimpri, Bhosari, Chinchwad, Bavdhan, Mulshi, Talawade, Tathawade, Nanded City, Pimple Saudagar

Source: Savills India Research

India Market Watch | Office H1 2023

ANNEXURE:

REAL ESTATE UNION BUDGET 2023-24: ANNOUNCEMENTS AND SUB-SECTOR IMPLICATIONS

Sub-Sector

Lifesciences & Pharma



Announcements

New programme to promote research in pharmaceuticals.

Implications

1. Collaborative research and innovation in the pharmaceutical segment to create demand for R&D assets in certain locations.
2. Ripple effect in real estate demand is likely to bode well for commercial real estate.

Sub-Sector

Affordable Housing



Announcements

PM Awas Yojana - 66% increased allocation to INR 79,000 cr.

Implications

Promote affordable housing supply for the middle-class and economically weaker sections (EWS)

Sub-Sector

Urban Planning



Announcements

A) Increased allocation of INR 16,000 cr for Smart Cities mission.

B) Urban Infrastructure Development Fund- INR 10,000 cr per annum allocation.

Implications

A1) Seamless infrastructure and mobility.

A2) Development of sustainable cities with increased real estate potential.

B1) Improvement in connectivity and enhanced economic activity.

B2) Push to Tier II & Tier III cities to emerge as new growth centres.

Sub-Sector

Agricultural Sector



Announcements

INR 2,200 cr fund allocation to support agricultural start-ups.

Implications

Near-to-medium-term impact on the creation of logistics set-ups on vital rural-to-urban routes.

Sub-Sector

Transport Sector



Announcements

50 additional airports, helipads; Outlay of over INR 3,100 cr for Civil Aviation Ministry.

Implications

Land prices may witness strong appreciation around the proposed airport sites

Sub-Sector

New & Renewable Energy



Announcements

Allocation of INR 19,700 cr to the National Hydrogen Mission.

Implications

Push to the automotive segment causing increased demand for industrial and manufacturing real estate along with logistics space expansion.



APPENDIX

Abbreviations & Acronyms

Bn - Billion
GDP - Gross Domestic Product
GST - Goods & Service Tax
InvITs - Infrastructure Investment Trusts
INR - Indian Rupee
IT - Information Technology
IMF - International Monetary Fund
IPO - Initial Public Offering
Mn - Million
MoSPI - Ministry of Statistics & Programme Implementation
PE - Private Equity
PLI - Production Linked Incentive
PMI - Purchasing Manager's Index
RBI - Reserve Bank of India
REIT - Real Estate Investment Trust
Sq. ft. - Square Feet
SEBI - Securities and Exchange Board of India
YOY - Year over Year

Key Definitions

Term	Definitions – Office Sector
Stock/Inventory	• This includes area of existing buildings plus new completions (supply) in each quarter/half year/full year
Supply	• New office buildings that have received their certificates of completion/occupancy within the quarter/half year/full year or • Buildings that have their structure ready and have occupier/s operating out of it or fit-outs being carried out
Gross Absorption/Gross Leasing/ Leasing Activity	• Sum of all leases including expansion, relocation and consolidations • Does not include full-term renewals which are after the nine-year lease expiry • Includes leasing of entire tower by an occupier within an IT park/development
Average Rental Values/ Rents	• A fair estimation of asking rent and deal closure rent
Vacancy	• Total vacant space as a percentage of inventory/stock

Term	Definitions – General
Crore	• Ten Million (10,000,000)
Lakh	• One Hundred Thousand (100,000)

Savills

Savills PLC is a global real estate services provider listed on the London Stock Exchange. We have an international network of more than 700 offices and 40,000 associates throughout the Americas, the UK, continental Europe, Asia Pacific, Africa and the Middle East, offering a broad range of specialist advisory, management and transactional services to clients all over the world.

Savills India

Savills India is a group company of Savills PLC and is a premier professional international property consulting firm. With full-service offices in Ahmedabad, Bengaluru, Chennai, Hyderabad, Delhi-NCR, Mumbai and Pune, the firm serves occupiers, investors and developers of real estate.

Savills India provides services across office leasing, project management, capital markets, valuations, research, consulting, industrial and logistics, and residential services. Started in India in 2016, the company employs over 600 professionals.

Research

Megha Maan
Director
Research & Consulting
megha.maan@savills.in

Diksha Gulati
General Manager
Research & Consulting
diksha.gulati@savills.in

Shashwat Srivastava
Assistant Manager
Research & Consulting
shashwat.srivastava@savills.in

Aloka Majumder
Assistant Manager
Research & Consulting
aloka.majumder@savills.in

Radhika Deshmukh
Management Trainee
Research & Consulting
radhika.D@savills.in

Arvind Nandan
Managing Director
Research & Consulting
arvind.nandan@savills.in

Central Management

Anurag Mathur
Chief Executive Officer
Savills India
anurag.mathur@savills.in

Kaustuv Roy
Managing Director
Business Solutions
kaustuv.roy@savills.in

Naveen Nandwani
Managing Director
Commercial Advisory & Transactions
naveen.nandwani@savills.in

Media Queries

Chinmoyee Kalita
Corporate Communications Lead
chinmoyee.kalita@savills.in

Regional Management

Sarita Hunt
Managing Director
Bengaluru
sarita.hunt@savills.in

Rajat Johar
Managing Director
Delhi-NCR
rajat.johar@savills.in

Anup Vasanth
Managing Director
Chennai
anup.vasanth@savills.in

Sesha Sai
Managing Director
Hyderabad
sesha.sai@savills.in

Naveen Raina
Executive Director
(Interim Head Pune)
naveen.raina@savills.in

Kaustuv Roy
Managing Director
Business Solutions
Mumbai
kaustuv.roy@savills.in

Gurugram

3-A, Second Floor, Building 9B
DLF Cyber City, Phase 3
Sector 24, Gurugram 122 002
Haryana, India

Mumbai

403, Tower B, Level 4, The Capital
Street 3, G Block, Bandra Kurla Complex
Bandra East, Mumbai 400 051
Maharashtra, India

Bengaluru

15th Floor, SKAV SEETHALAKSHMI
Corporation No.21, Kasturba Road
Bengaluru 560 001
Karnataka, India

Bengaluru

Vaishnavi Tech Park, WM9C+995
Sarjapur Main Rd, Bellandur
Bengaluru 560 103
Karnataka, India

Chennai

Savills, 5th Floor, North Wing
Harmony Square, New No. 48 & 50
Praksam Street, T. Nagar
Chennai 600 017
Tamil Nadu, India

Pune

Unit #4, 13th floor
Phoenix Fountainhead Tower 2
Phoenix Market City
Viman Nagar, Pune 411 003
Maharashtra, India

Hyderabad

5th Floor, DivyaSree Solitaire, Plot No. 14 & 15
Software Units Layout, Sy No 64, Madhapur,
Serilingampally Mandal, Hyderabad 500 081
Telangana, India

Ahmedabad

INC-02, The First Commercial Complex
B/S Keshavbaug Party Plot, Vastrapur
Ahmedabad 380 015
Gujarat, India

Kolkata

Apeejay Business Centre
15 Park Street, Apeejay House
Block-A, 8th Floor, Kolkata 700 016
West Bengal, India

savills

Savills, the international real estate advisor established in the UK since 1855 with a network of over 700 offices and associates globally.

This document is prepared by Savills for information only. Whilst the information shared above has been shared in good faith and with due care with an endeavour to keep the information up to date and correct, no representations or warranties are made (express or implied) as to the accuracy, completeness, suitability or otherwise of the whole or any part of the deliverables. It does not constitute any offer or part of any contract for sale.

This publication may not be reproduced in any form or in any manner, in part or as a whole without written permission of the publisher, Savills.

© Savills India 2023.