

Year-End 2023

SPOTLIGHT
Savills Research

India Market Watch Office



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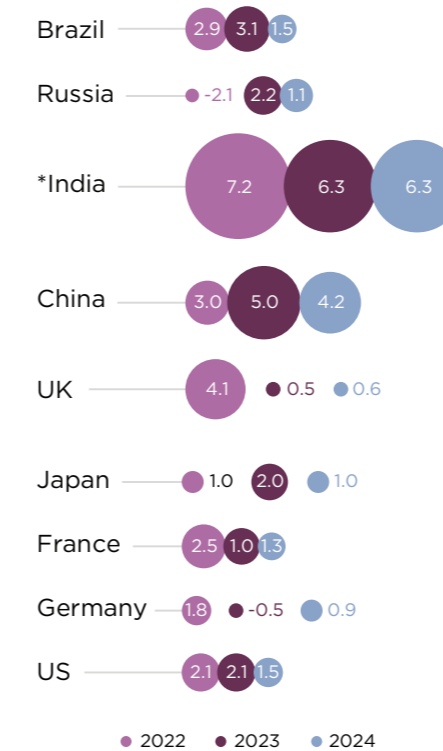
INDIAN ECONOMY 2023



As 2023 began, India continued with its distinctive appearance on the global economic horizon, where otherwise, geopolitical tensions and inflationary issues remained largely unabated from the last year. While most large economies, gasping from elevated inflation levels, toiled to maintain their growths (Chart -1), India outperformed estimates, holding onto the upward trend post-Covid, a testament to its resilience.

India Remains Fastest Growing Economy

Chart 1: GDP Growth Rates



Source: Savills India Research

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. 83.25 INR on Dec 31, 2023

INDIA REMAINS FASTEST GROWING ECONOMY

As the pressure of inflation extended from the previous year into the initial months of CY23, RBI stepped in assertively, hiking the benchmark lending rate by 25 bps in February. Subsequently, as inflation cooled, its focus shifted to ‘Withdrawal of accommodation’ while keeping the repo rate unchanged at 6.5%. This blend of cautious control and optimism seems to have facilitated a robust growth of 7.2% in FY23. Consequently, RBI has revised upwards the growth-projection for the current financial year from 6.5% to 7.0%. It now expects the average retail inflation for FY24 at 5.4%, which is within the central bank’s tolerance band of 2%-6%.

In yet another testimony to India’s economic solidity, IMF has revised its growth forecasts for FY24 to 6.3%, a 20-bps increase, in October 2023.

While there are numerous indicators, we present two examples to illustrate the growth picture, viz., through manufacturing sector performance and GST collections.

The PMI index which picked up in 2022 has accelerated in 2023, as Manufacturing PMI saw a 31-month high at 58.7 in May 2023. It remained above 55 for the complete calendar year. Similarly, IIP has witnessed a healthy performance through the year and registered a growth of 11.7% in October 2023, a 16-month high. This resulted in manufacturing posting the highest growth of 13.9% amongst all sectors, during Q2 of FY24.

Record GST collections indicated the buoyancy in domestic consumption. GST

collections in 2023 grew by 12% YOY to INR 19.6 lakh crore while monthly GST collections crossed INR 1.6 lakh crore mark in 11 months (Chart-2). This continued growth will aid the government to firm up their capex plans.

Realty Index outperforms equity markets

Equity markets were trading at all-time high levels in both NIFTY and SENSEX towards the closure of 2023. Remarkably, real estate stocks turned in a stellar performance with Realty Index delivering 78% returns (Chart-3), against an 11% drop in 2022. Strong factors such as robust demand and rise in property prices have propelled the stock prices of leading developers. Additionally, stable repo rates through most part of the year have resulted in record residential sales in the country, which is expected to stretch into the upcoming year owing to strong economic growth and improving income levels.

REITs have also been at the centre of investors’ focus and caught retail participants’ attention. India’s REIT offerings got expanded from office to retail sector with the listing of Nexus Select Trust REIT in May 2023.

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



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STEADFAST POLICY

Monetary policy action in 2023 bore the signs of a measured approach, aiming to balance inflation and growth. This offered a period of stability for financial markets and domestic consumers in the country. Although wayward inflation kept rearing its head intermittently through 2023, RBI's handling of the situation can be credited for achieving high growth, while keeping the repo rate unchanged at 6.5% since February 2023. This did play a role in improving confidence, especially in real estate, as evidenced in high sales.

Budgetary Announcements

The Union Budget 2023-24 focused on growth, easing taxes, and driving consumption, as the economic survey highlighted India's steadfast progress. The budget focused on creating a blueprint for the economy in 'Amrit Kaal' – a run up to India at 100 in 2047. It 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 announcements for real estate were limited, a steep rise in the Capex to 3.3% of GDP was an important feature 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 Urban Infrastructure Development Fund will enhance the proposition of tier II and III cities. It will aid the developers and funds in creating more commercial, residential and retail

developments. Furthermore, a 66% jump in allocation for PM Awas Yojana aims at promoting new residential supply in affordable segment. (Refer Annexure for detailed real estate specific announcements and the impact on various real estate verticals).

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.

2024: ANTICIPATION OF TWO HALVES

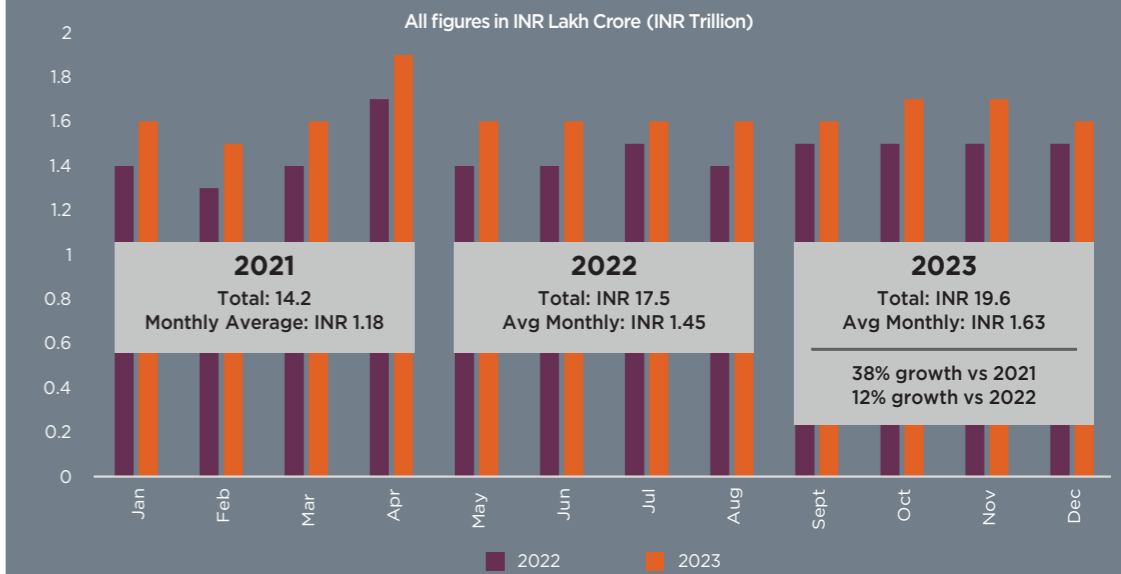
With interest rates still high across major economies, alongside continued geopolitical tensions, global growth is expected to remain moderate, at around 2.9% in 2024. This could possibly cast a shadow on India's growth prospects, in case it leads to a dip in exports. Moreover, as over 50 countries including major democracies – India, the USA, the UK, et al – gear up for national elections, 2024 does appear susceptible to witnessing its caesura moment, momentarily.

The good news is that economic activity has already picked up pace in 2023, which should provide the necessary momentum during the uncertainties of the pre-election period. It is quite likely, therefore, that the Indian economy will move strongly in the second half of 2024. Expected rate cuts in Q3 2024¹ and inherent domestic macro-economic strengths, lend India a strong advantage against upcoming uncertainties. And, to reiterate, the expectation of modest retail inflation at 4%-5% in 2024 should help sustain the domestic demand.

¹ <https://www.reuters.com/world/india/rbi-hold-rates-650-through-mid-2024-cut-seen-q3-2023-12-01/>

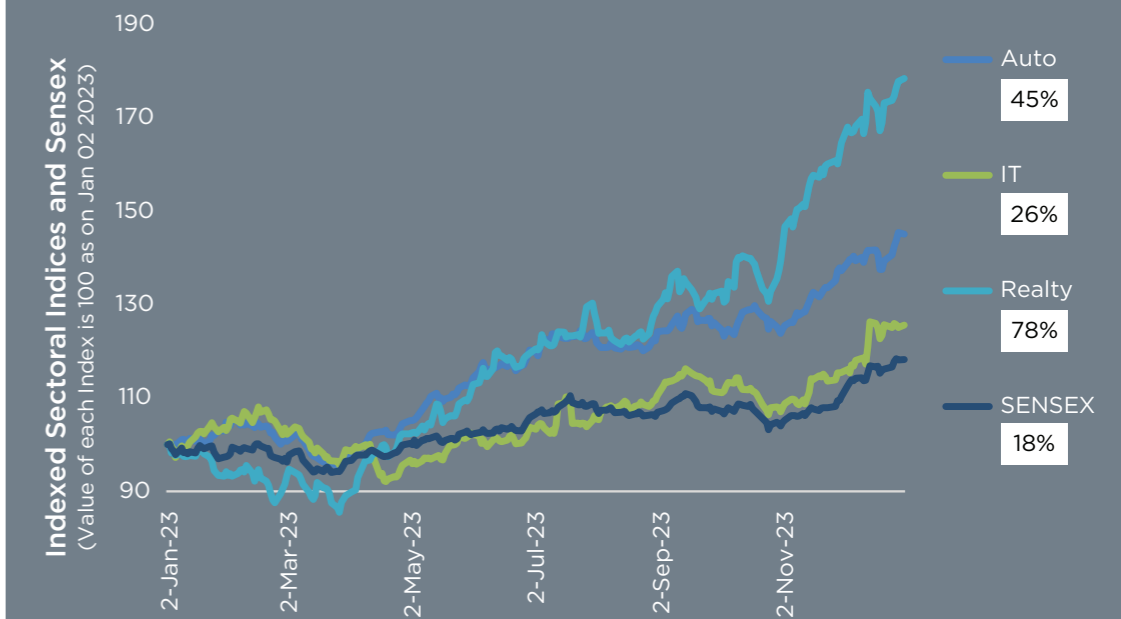


Chart-2: GST Collections



Source: pib.gov.in, Savills India Research

Chart-3: Equity Markets: Sectoral Performance



Source: BSE, Savills India Research

SEBI approved amendments to REITs (Real Estate Investment Trusts) Regulations, 2014, to create a regulatory framework for the facilitation of SM REITs, with an asset value of at least INR 50 crore vis-a-vis minimum asset value of INR 500 crore for existing REITs. This will help expand the market significantly for retail investors.

Ministry of Commerce amended the SEZ rules allowing partial denotification of IT/ITeS SEZ units in the country, after repaying the availed tax benefits for the area proposed for demarcation. While the new rules permit demarcation of an entire floor, they prohibit a part of the floor availing the benefit.

INDIA

OFFICE MARKET UPDATE

Key Statistics: 2023

RECORD ABSORPTIONS
mn sq. ft.

New Supply
53.3
mn sq. ft.

YOY Change
0%

Mumbai: 10.1
Chennai: 9.6



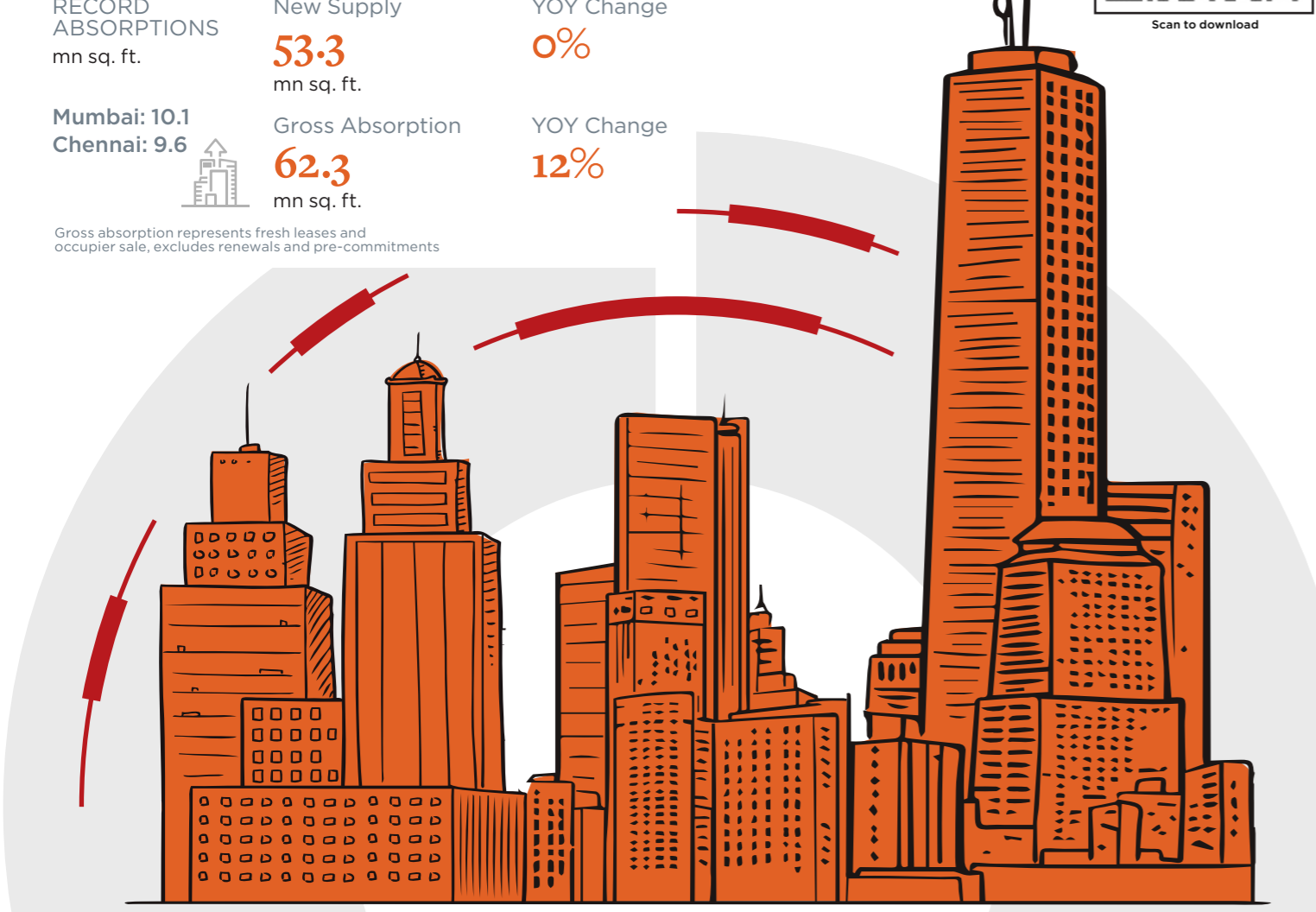
Gross Absorption
62.3
mn sq. ft.

YOY Change
12%

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



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Buoyant economic growth has supported demand for offices with Chennai and Mumbai witnessing a new peak and overall demand being at an all-time high. This has been the quickest recovery from the pandemic-induced slowdown, resulting in a very short real estate cycle.

A highly accelerated return-to-office with organisations adopting the office-led hybrid model of work has resulted in improved occupancies and initiated discussions on efficient use of office spaces.

The new supply infused is contained and similar to last years' levels. All cities except Bengaluru and Chennai saw a dip in new completions due to slow pace of construction amidst availabilities.

In this report, we present a detailed account of office market performance in 2023.

2023 demand at an all-time high; new peak in 2 cities

The six¹ key office markets of India recorded a gross demand of 62.3 mn sq. ft., a new historic peak. The demand saw two U-shape patterns over the last 8-and-a-half years (refer Gross Absorption Trend chart), reaching new highs in each of these cycles. It is unmistakably a result of strong economic growth and sound fundamentals.

This year, Chennai and Mumbai noted record new absorption levels of 9.6 mn sq. ft. and 10.1 mn sq. ft. respectively with a 31% and 51% growth over the last year.

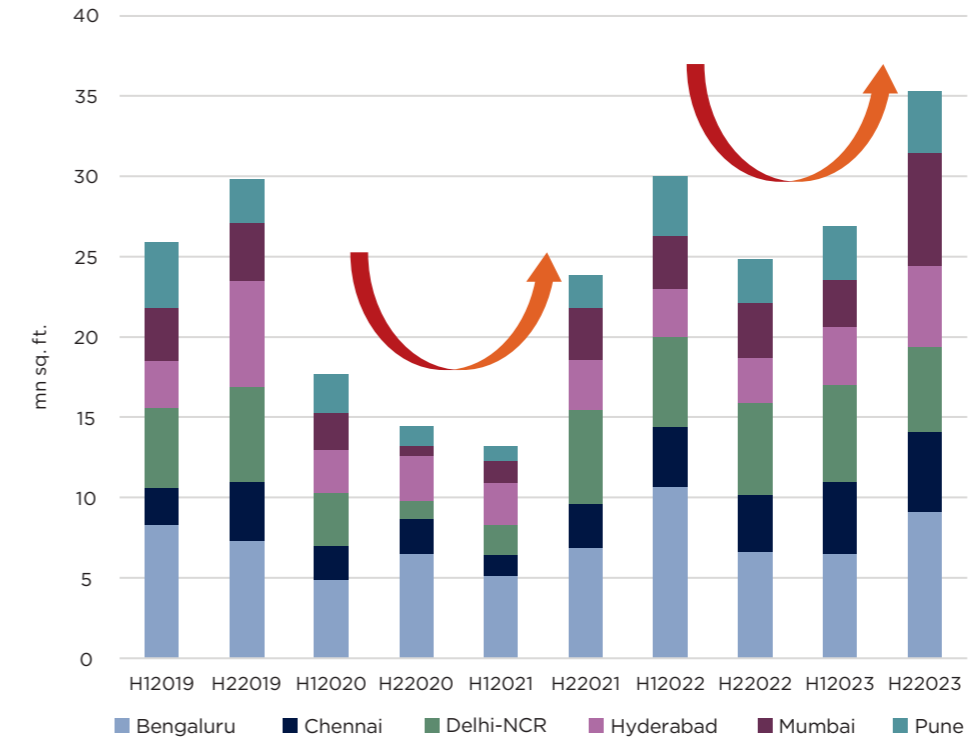
Despite a 10% annual decline in absorption levels, Bengaluru retained its pivotal position at 15.6 mn sq. ft., followed by Delhi-NCR at 11.3 mn sq. ft., performing at similar levels as 2022.

Interestingly, Mumbai made an entry in the top-3 markets in 2023, at the third place. Together, the top-3 accounted for 60% of gross leasing activity in 2023.

At 8.6 mn sq. ft., Hyderabad continued with its growth streak as the demand recorded a 34% annual increase. Pune too saw an 11% growth in demand, with 7.1 mn sq. ft. of absorption levels.

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

Gross Absorption Trend



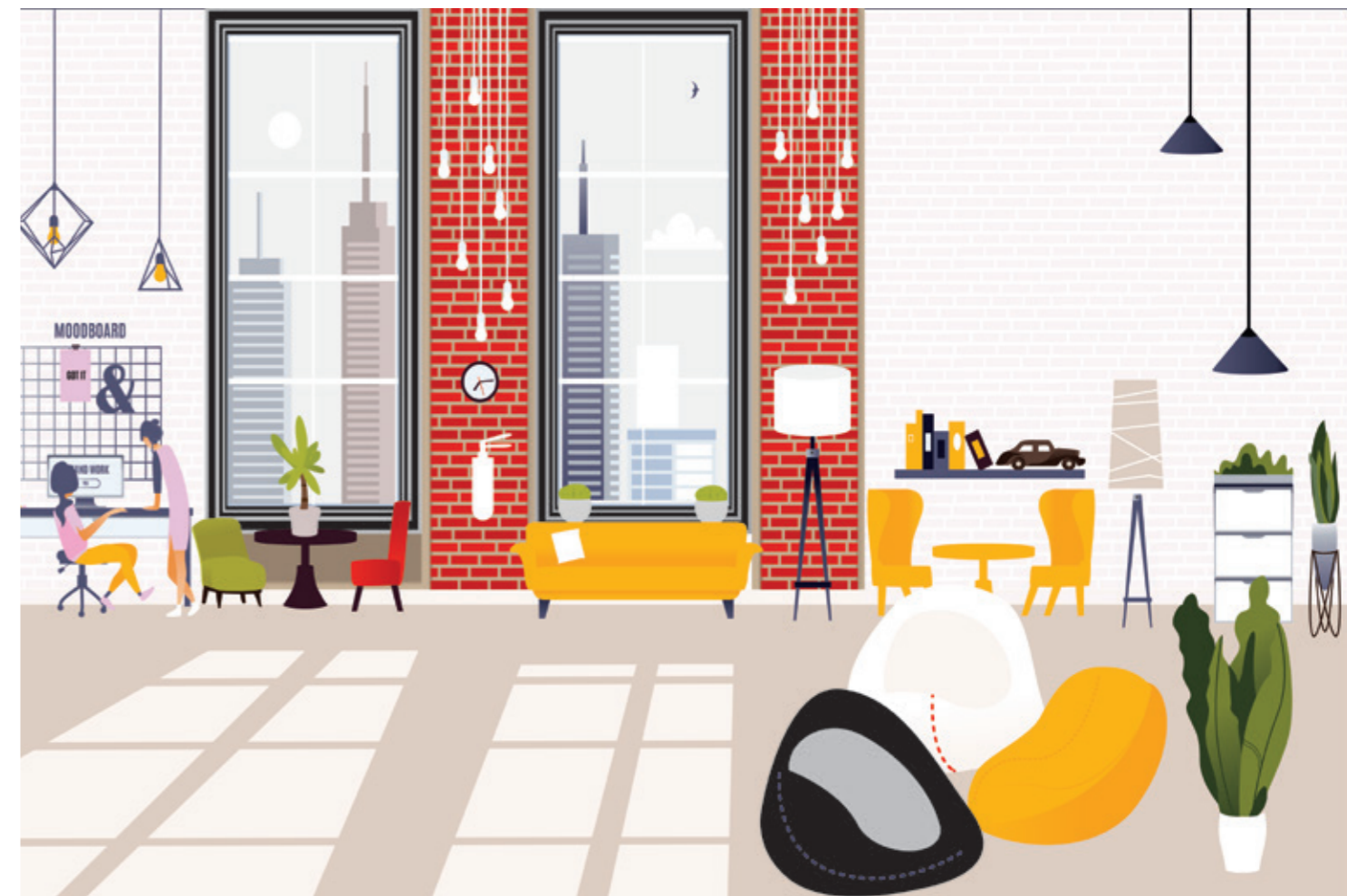
Source: Savills India Research

Large deals continue to dominate

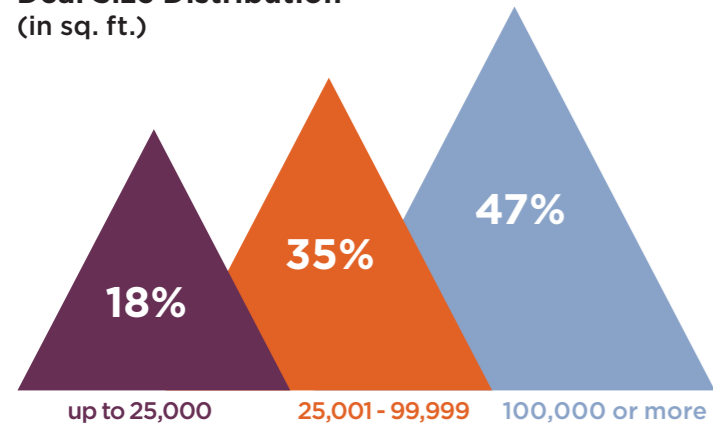
Deals of large and medium sizes, (over 100,000 sq. ft. and 25,001-99,999 sq. ft. respectively) accounted for 82% of the market. The share of large deals increased by 26% compared to last year owing to the prevalence of the IT & BFSI sectors.

Demand from tech occupiers shrank by 14% compared to last year indicating more broad-based leasing. Although the tech occupiers' adoption of the hybrid work model may have impacted the pace of new take-up, it still drives the majority of leasing activity. Notably, healthcare and BFSI occupiers were quite active as these sectors saw the highest growth in leasing compared to 2022.

Overall, the top 3 sectors driving demand were tech, BFSI and flexible workspaces, together comprising 65% of demand in 2023.

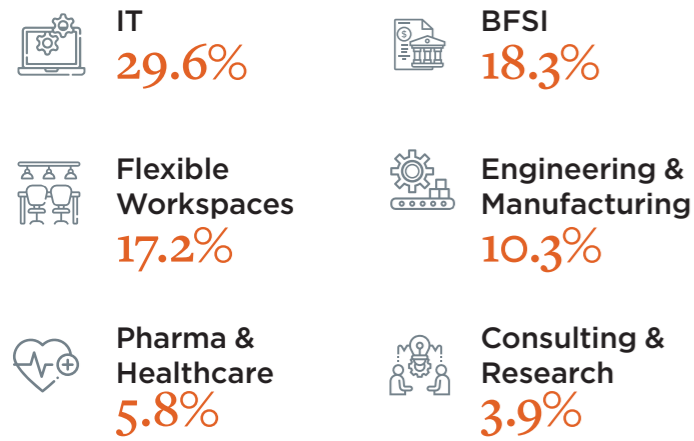


Deal Size Distribution
(in sq. ft.)



Source: Savills India Research

Sectors



Source: Savills India Research

SUPPLY & VACANCY

New supply additions are recorded at 53.3 mn sq. ft., which did not grow in tandem with demand, and were at similar levels as last year. Interestingly, new supply additions were slightly higher in H2 compared to the first half of the year following the same pattern as demand.

The cities in the south, namely Bengaluru, Chennai and Hyderabad, accounted for the bulk of supply, i.e., about three-fourths of the infusions. This is fueled by the robust annual growth in project completions in Bengaluru and Chennai at 35% and 37% respectively. The two cities are also the only cities to witness an annual growth while all other cities noted a dip.

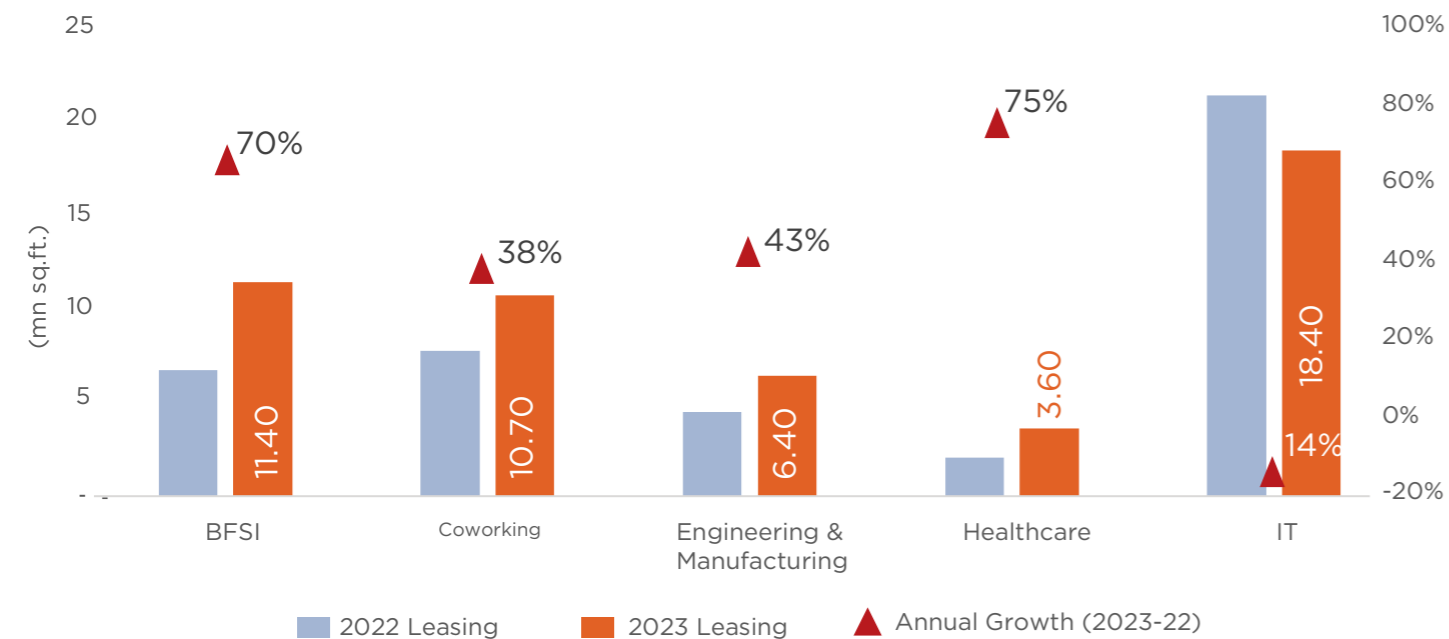
Overall vacancy levels declined by 2.6% over last year and stood at 16.3% as of December 2023 because of record absorption and stable supply infusion.

RENTS

Except for Chennai, Mumbai and Pune that saw rental increases up to 4% YOY, all other cities witnessed no major changes and rents were range-bound.

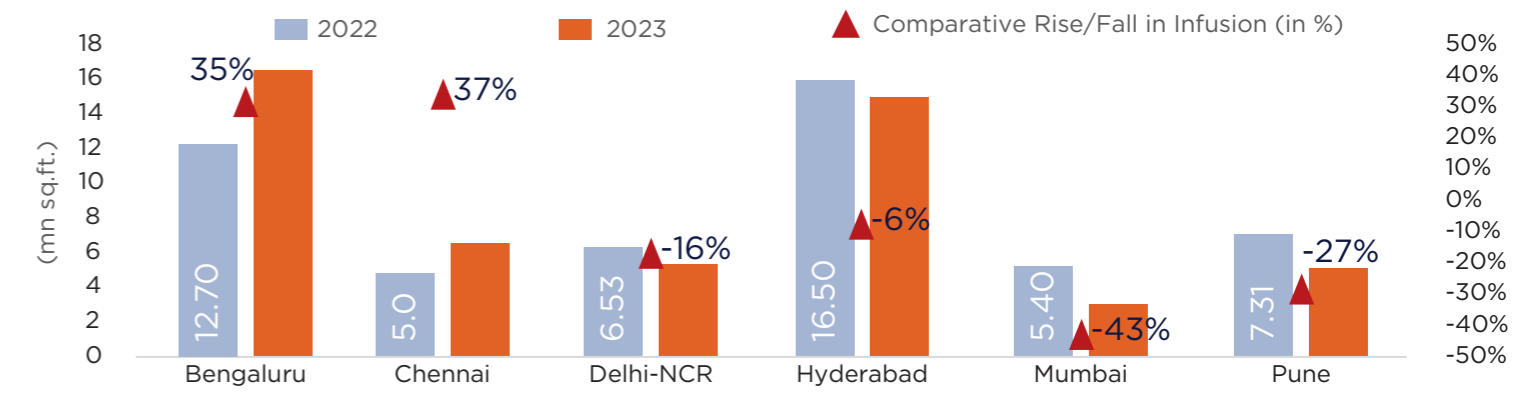
The highest rental growth was noted in Chennai as new quality supply was infused at a higher rate than the market average.

Key Demand Drivers & Trends



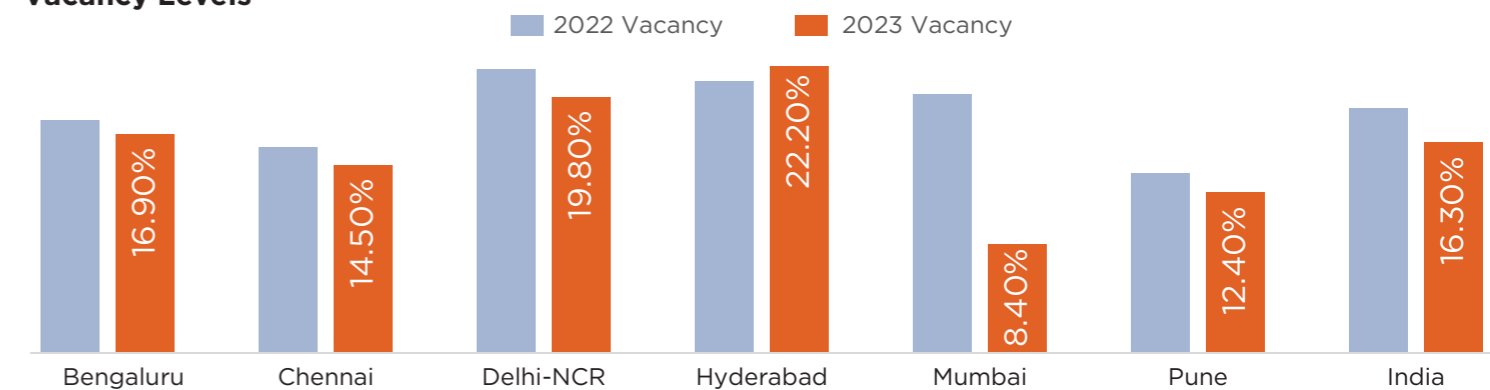
Source: Savills India Research

New Supply



Source: Savills India Research

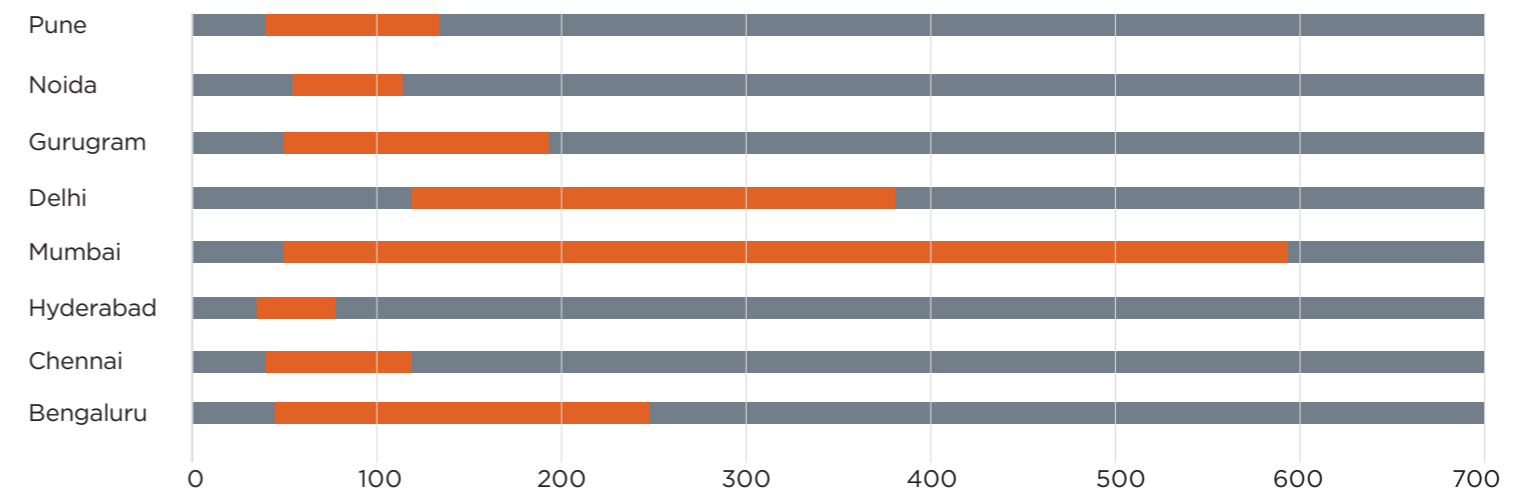
Vacancy Levels



Source: Savills India Research

Demand in 2024 is projected at 60-63 mn sq. ft. implying a stable market, while new completions are estimated to rise by 25%-30% YOY as per current construction schedules. The rapid rise in availabilities will keep a check on overall rents. However, core markets may still witness appreciation on the back of steady demand.

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



Source: Savills India Research

*Rental ranges are indicative of year-end average values in the given market and may vary from the indicated band at other times

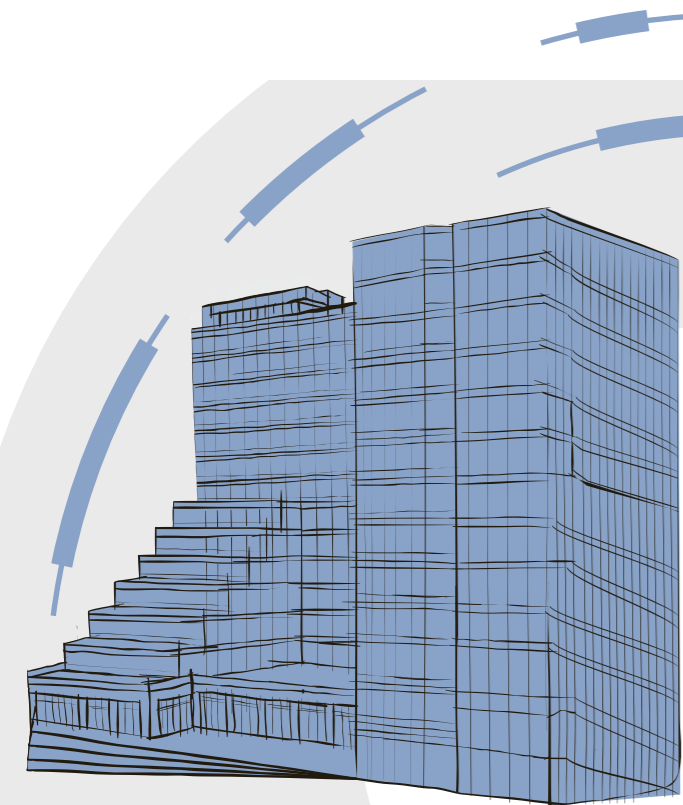
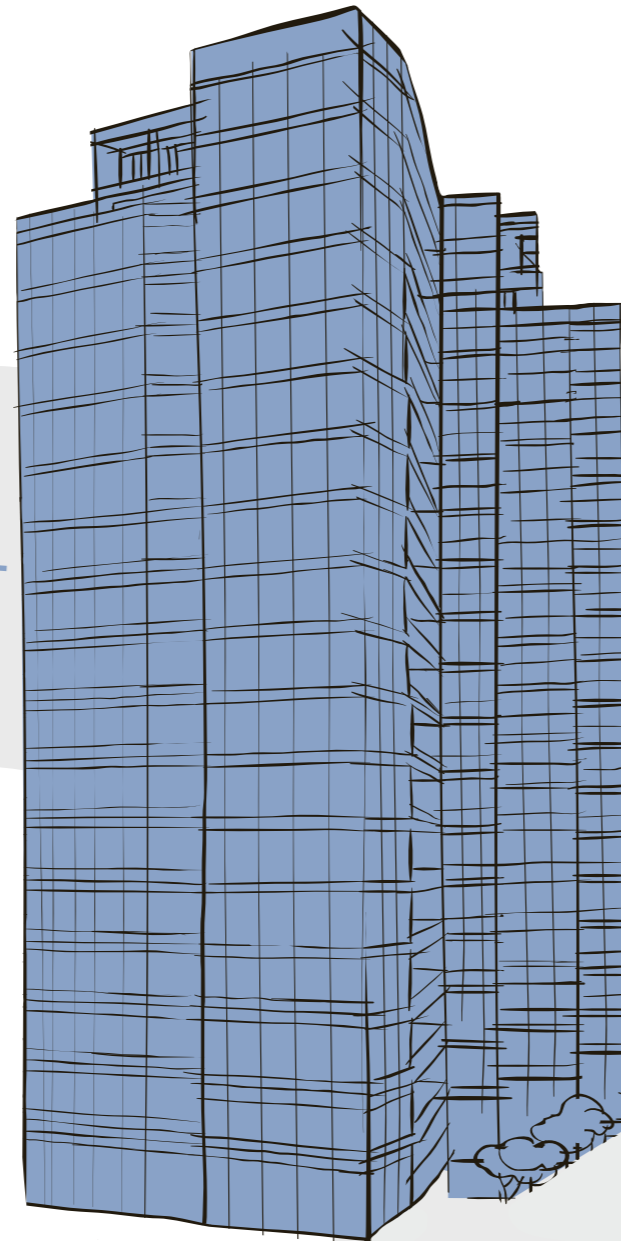
BENGALURU

OFFICE MARKET UPDATE

Key Statistics: 2023

New Supply	YOY Change
17.1 mn sq. ft.	35%
Gross Absorption	YOY Change
15.6 mn sq. ft.	-10%

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



BENGALURU'S KEY HIGHLIGHTS

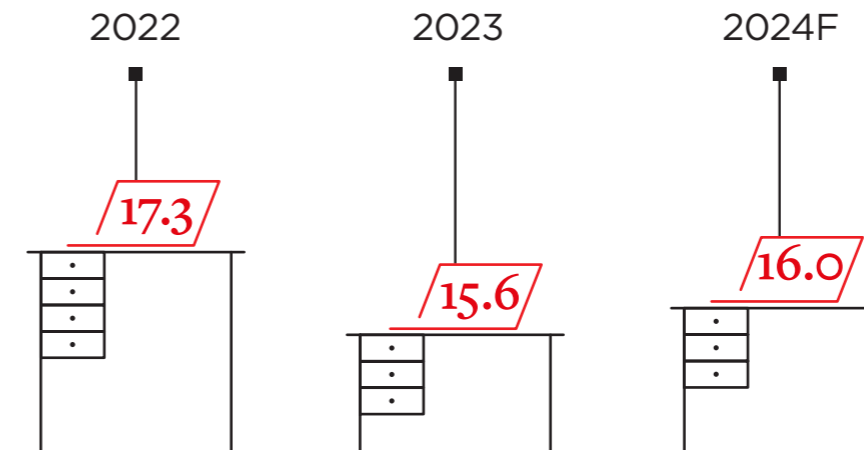
Slowdown, but remain forerunner: Office leasing in Bengaluru declined by 10% YOY in 2023, predominantly owing to notable deceleration in take-up by the IT sector which leased lesser space over the previous year. However, Bengaluru continued to dominate the office leasing activity in the country. With 15.6 mn sq. ft. of gross absorption in 2023, the city accounted for one-fourth of the office

space demand in the top 6 cities of the country.

Engineering and manufacturing sector doubled its share in the overall leasing: In the last few years, the manufacturing sector has been on an upward trend in India, resulting in increasing office absorption in the country as global companies in this sector are steadily

increasing their presence through R&D centres and global delivery centres in cities like Bengaluru. In 2023, this sector accounted for 12% share in overall office leasing in the city, doubling from 6% market share in 2022. In absolute area terms, engineering and manufacturing companies leased 2.4 mn sq. ft. recording a growth of 12% YOY.

OFFICE ABSORPTION (mn sq. ft.) in Bengaluru



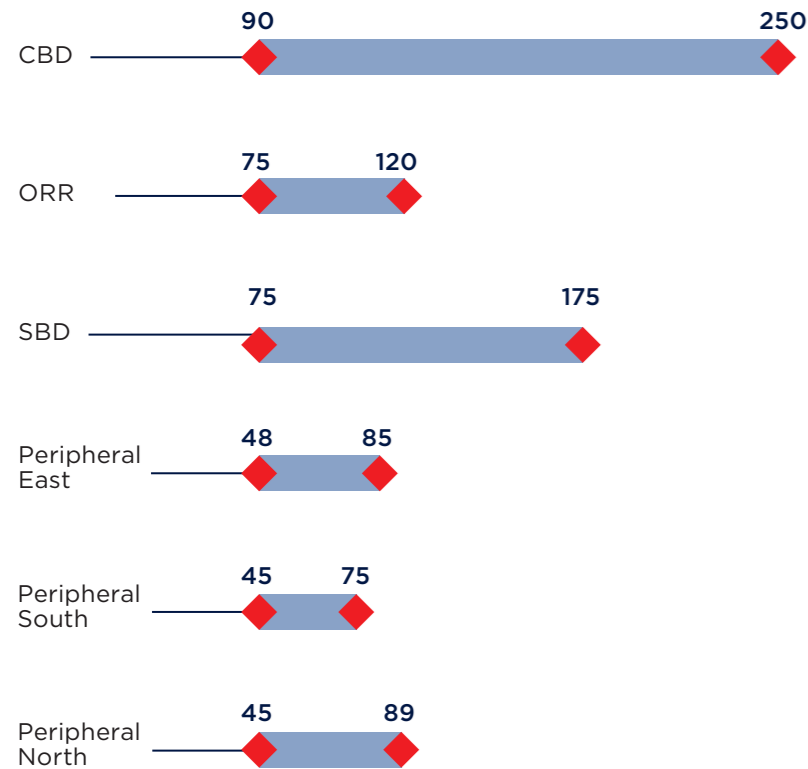
LEASING AND COMPLETIONS

Absorption: Bengaluru has taken the lead in office absorption, accounting for 25% of the market share at 15.6 mn sq. ft. However, the market has shown a downward trend in 2023, with absorption declining 10% YOY. With 44% share in total leasing, ORR continued to drive the office market in the city, followed by Peripheral East and SBD at 25% and 12% respectively. As leading MNCs expanded in the city, large-sized (100,000 sq. ft. or more) deals led the leasing activity in city with 52% share followed by mid-sized deals (25,001-99,999 sq. ft.) at 36%.

Sector Split: The IT sector remains the biggest contributor to demand in the city, accounting for 45% of the market share. However, the space taken up in absolute terms has decreased by 15% YOY with slowdown in hiring from tech companies in the country. It was followed by flexible workspaces which accounted for 16% in overall leasing activity during the year as large occupiers preferred to have flex spaces as part of their overall real estate portfolio. Furthermore, owing to heightened activity by starting R&D and tech centres, engineering and manufacturing stood as the third major contributor with 12% share in leasing.

Supply: Contrary to the leasing activity in the city, new supply has recorded a 35% jump YOY at 17.1 mn sq. ft. in 2023, commanding a 32% share in overall supply among the top six cities. Unlike the previous year, Peripheral East stood as the leading micromarket, contributing 35% to new supply in the city, as large projects like Sumadhura Capital Towers – Wing A and B, Bagmane Solarium – Argon South, etc. started their operations in 2023. It was closely followed by ORR at 34% and Peripheral North at 17%.

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



Source: Savills India Research

VACANCY RATE

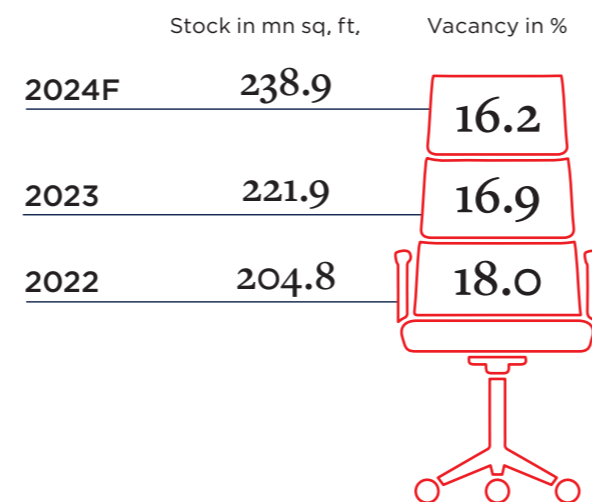
Vacancy levels in the city's office market dipped by 110 bps to 16.9% in H2 2023, from 18.0% in the same period last year. While CBD has the lowest vacancy in the city at 6.8%, Peripheral North has the highest vacancy at 35.7%. However, owing to significant supply infusion during the year, vacancy has jumped to 21.5% in Peripheral East.

RENTS

Office rents increased by 2-4% YOY, except in the CBD micromarket that witnessed a growth of 19% YOY. Low vacancy along with robust demand have pushed the rentals in CBD.

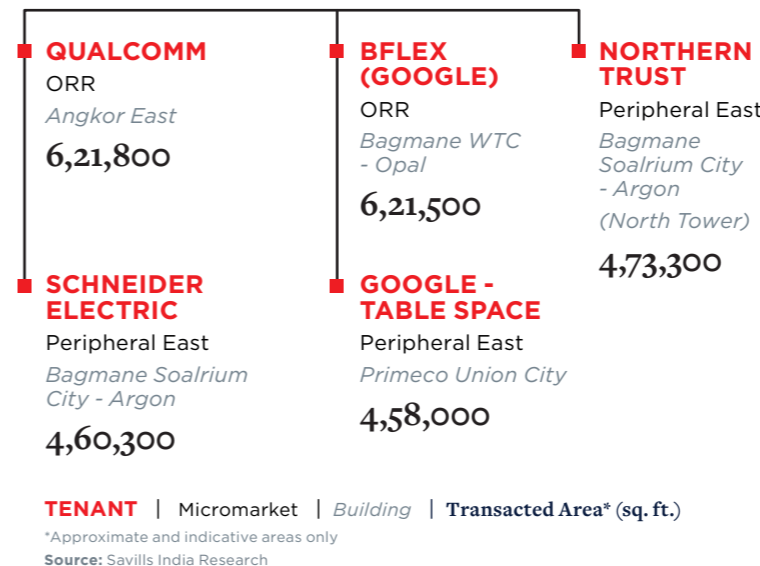


GRADE-A OFFICE STOCK & VACANCY



Source: Savills India Research

MAJOR TRANSACTIONS 2023



MARKET OUTLOOK

DEMAND

The city's office market is expected to see an absorption of 15-16 mn sq. ft. in 2024, owing to improved demand from key leasing industries, especially since H2 2023. Stronghold as an IT hub and increased traction from GCCs are the key driving factors for Bengaluru's office market demand. While ORR & Peripheral East are the most preferred micromarkets, Peripheral North is expected to see increased traction on the back of strong completions and demand from large occupiers.

RENT & VACANCY

Vacancy in the office market is expected to be in the current range of 16-17% even for the upcoming year as the city is expected to see an alignment in supply and demand, making the market less volatile. Similarly, rents are also anticipated to remain stable and show a marginal growth in the second half of 2024.

SECTORS

The IT sector is likely to be the biggest driver of office demand in the city and is expected to lease a higher volume of area in 2024 compared to 2023 as hiring is expected to grow by 8-10%¹ in this sector, resulting in increased office leasing. While flexible workspaces is anticipated to see a continued demand, manufacturing is expected see strong growth in 2024 as increased number of GCCs from this sector are likely to expand in the city.

SUPPLY

The new completions in 2024 are likely to remain healthy owing to steady demand for office space in the city. New supply is anticipated to be in the similar ranges of previous year at 16-17 mn sq. ft. While ORR & Peripheral East are likely to remain the largest contributors, Peripheral North is expected to record a healthy growth in new supply as multiple projects are in advanced stages of construction by leading developers.

BENGALURU MICROMARKETS

- Central Business District (CBD)** - AMG 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

*Approximate and indicative areas only

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



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CHENNAI

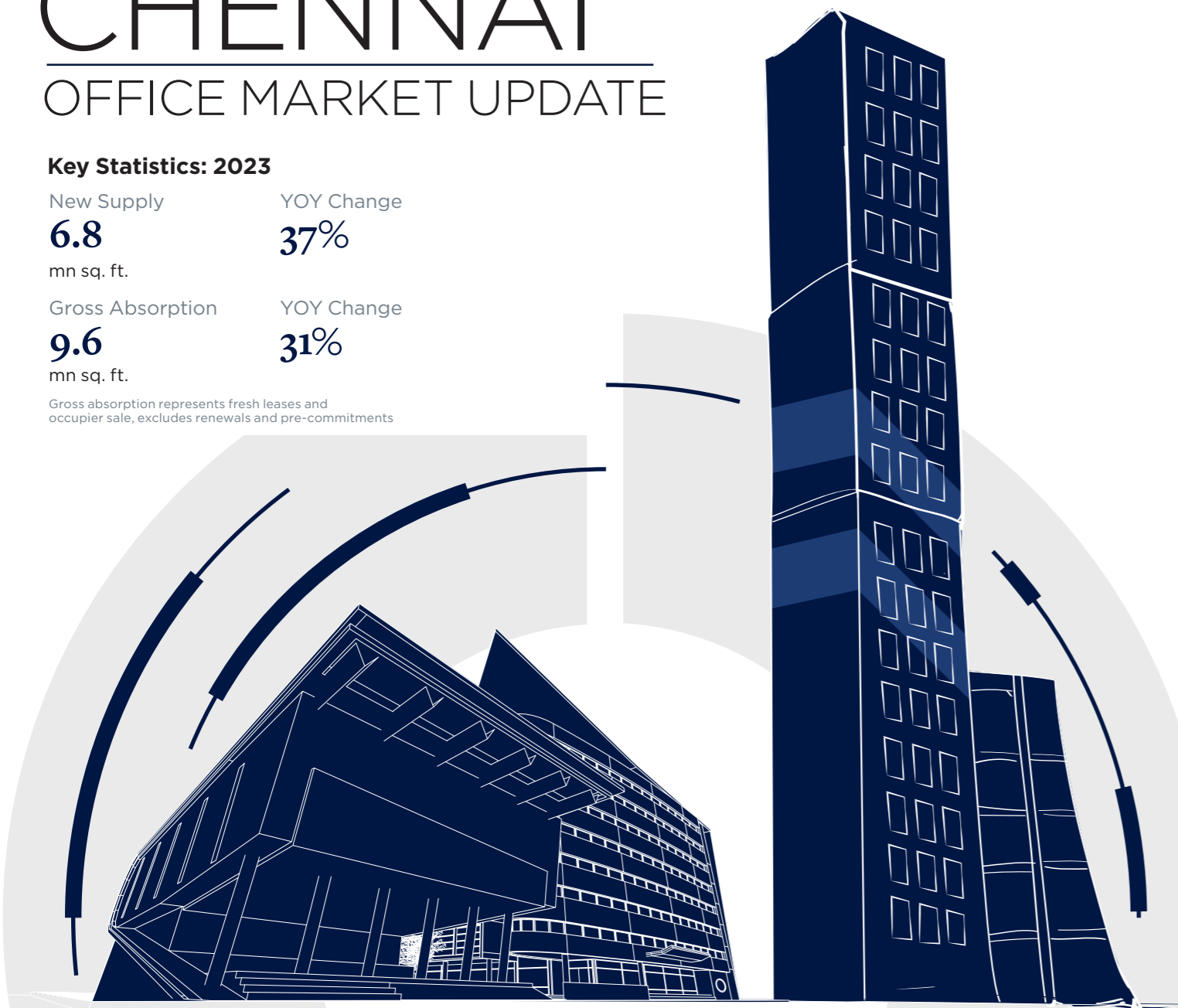
OFFICE MARKET UPDATE

Key Statistics: 2023

New Supply **6.8** mn sq. ft. YOY Change **37%**

Gross Absorption **9.6** mn sq. ft. YOY Change **31%**

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



CHENNAI'S KEY HIGHLIGHTS

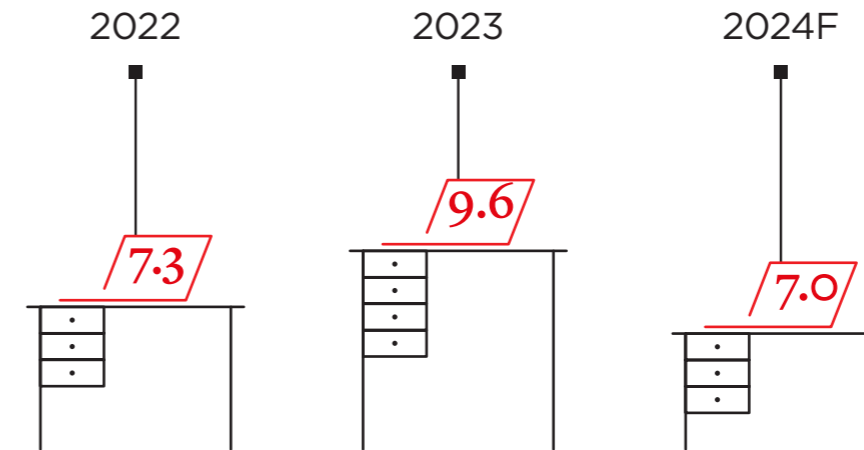
All-time high leasing activity: Chennai witnessed a remarkable surge in office space demand, achieving a decade-high 9.6 mn sq. ft. in 2023. Notably, leasing activity gained momentum in the second half of the year, propelling the total demand to surpass the 2022 high of 7.3 mn sq. ft. by an impressive 31%. Co-working spaces emerged as a driving force, constituting nearly 20% of the total commercial real estate absorption, an impressive leap from 12% in 2022. This surge indicates a pronounced preference among occupiers for flexible and adaptive workspace

solutions, aligning seamlessly with contemporary growth plans. Adding to this transformation, the BFSI (Banking, Financial Services, and Insurance) sector demonstrated a remarkable uptick, escalating its market share from 6% in the previous year to an influential 20% in 2023.

Surge in average deal size in BFSI: The BFSI sector experienced a substantial leap in office space dynamics, marked by an impressive 5.5X increase in average deal size — from 18,700 sq. ft. to a substantial

104,400 sq. ft. This surge is indicative of a strategic shift, driven by the establishment of Global Capability Centers (GCCs) by BFSI companies, serving as crucial tech hubs within the banking sector. The need for robust digital infrastructure aligns with the sector's focus on staying at the forefront of technology, resulting in a notable increase in deal sizes. This transformative trend is reflected in the sectoral leasing landscape, witnessing an exceptional growth from 0.5 mn sq. ft. to almost 2 mn sq. ft., a staggering threefold increase YOY.

OFFICE ABSORPTION (mn sq. ft.) in Chennai



LEASING AND COMPLETIONS

Absorption: Chennai's office space absorption in 2023 recorded 9.6 mn sq.ft gross absorption, an all-time high and a remarkable 31% YOY increase. The city's robust performance is underscored by a stronger second half, outpacing the first. The city had a 15% market share in the overall India office space leasing landscape.

Large (100,000 sq. ft. or more) and mid-sized deals (25,001-99,999 sq. ft.) have emerged as the primary drivers, accounting for a substantial 88% market share, marking an increase from the 79% share recorded in 2022.

Pre-Toll OMR emerged as the most active micromarket, commanding a 39% market share, followed by MPR and PTR with 23% and 12%, respectively. Together, these three micromarkets constituted a substantial 75% of the total office leasing activity.

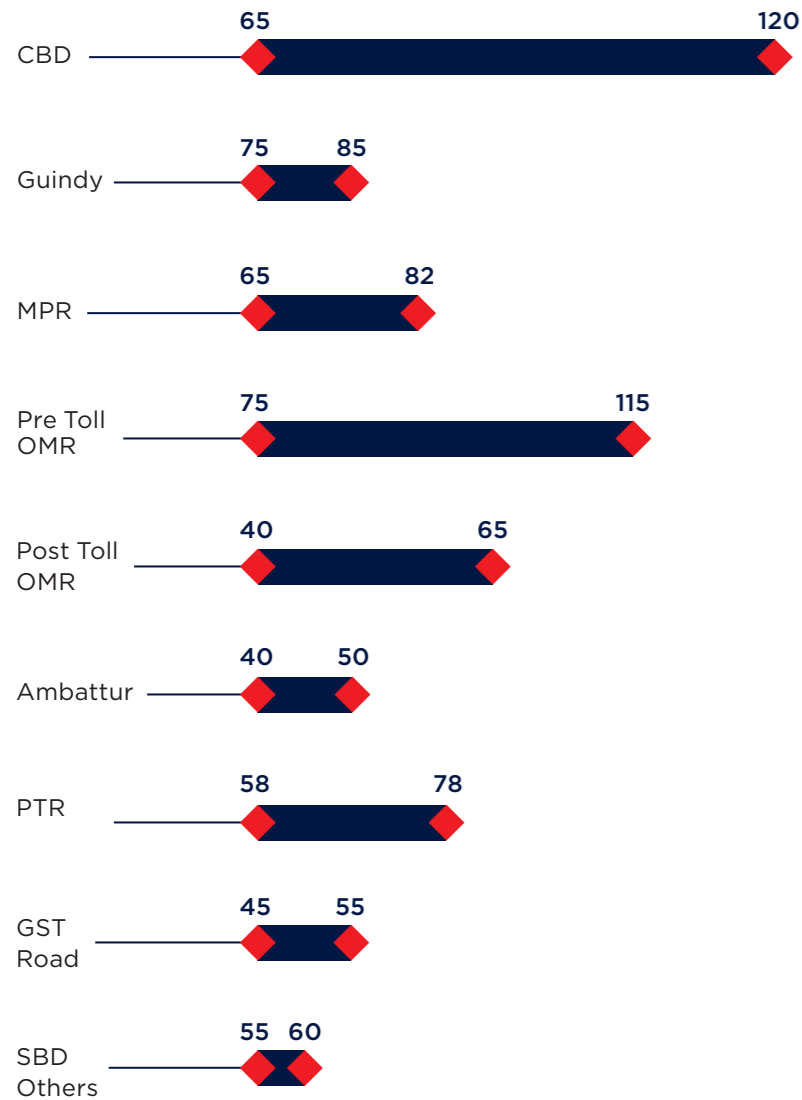
Sector Split: IT-BPM remained steadfast as the leading occupier, constituting a 39% market share. The BFSI sector has made a robust comeback, securing a notable 20% market share after an almost two-year hiatus. Major global and domestic firms within BFSI now stand at the forefront of securing significant office spaces. The evolution of the hybrid work ecosystem has led to a sharp rise in flex occupancy levels, contributing to overall absorption with a 20% market share. The energy and chemicals sector has also demonstrated a noteworthy presence, securing 9% market share in Chennai's office space absorption.

Supply: Chennai's office supply marked a significant milestone, reaching a record-high at par with 2012 numbers, totaling 6.8 mn sq. ft., a 37% YOY increase. Despite this substantial increase, demand has consistently outstripped supply, showcasing a finely balanced office market in the city.

The supply landscape reveals a predominant share of non-SEZ developments, constituting 90%, compared to a 6% market share attributed to IT-SEZ developments.

Pre-Toll OMR emerged as the most active micromarket, witnessing the maximum project completions and contributing to a 35% of the overall supply share. This was followed by PTR at 25% and Guindy at 19%.

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



Source: Savills India Research

VACANCY RATE

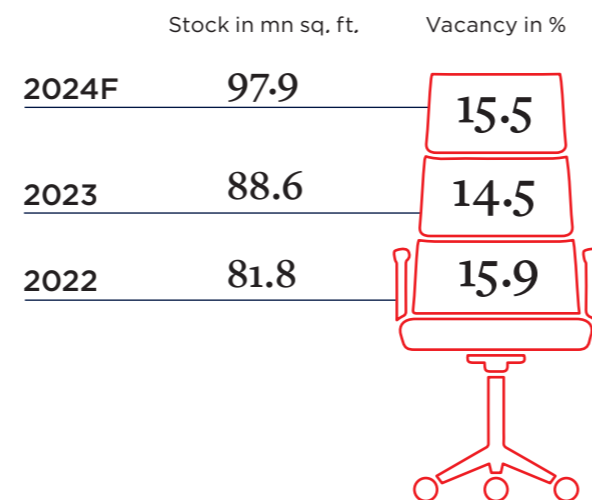
The overall vacancy rate at the end of 2023 witnessed a drop of 140 bps, settling at 14.5% compared to 15.9% at the end of 2022. Micromarkets such as Pre-Toll OMR and Ambattur emerged as key contributors to this decline, boasting sub-10% vacancy levels. This can be attributed to the sustained leasing momentum in these areas, where demand outpaced the addition of new office spaces.

RENTS

The office rental landscape witnessed a surge, with average rentals for the city escalating by 3-4% compared to 2022, with Pre-Toll OMR experiencing the highest increase. Select developments in micromarkets like CBD, Guindy, Ambattur and MPR also reflected notable rental increases, with growth reaching up to 5%.



GRADE-A OFFICE STOCK & VACANCY



Source: Savills India Research

MARKET OUTLOOK

DEMAND

Leasing activity is projected to hover around 6-7 mn sq. ft., with global headwinds and apprehensions of a fresh wave of the pandemic acting as short-term deterrents, stifling immediate demand. The leasing projection for 2024 includes pre-commitments of approximately 2 mn sq. ft., with Pre-Toll OMR emerging as a focal point. As per media reports, anticipated infrastructure development such as the Bengaluru-Chennai Expressway expected by 2025, is likely to influence real estate prices in the surrounding areas. The ongoing metro Phase-II, slated to open in phases starting 2026, is expected to contribute to the upward trajectory of property prices in localities like Porur, Madhavaram and OMR.

RENT & VACANCY

Segments including IT-BPM, flexible workspaces and BFSI are anticipated to be the primary drivers of office demand. Energy and chemicals, and engineering and manufacturing sectors are also expected to contribute to office demand, underlining Chennai's diverse industrial and manufacturing landscape.

SECTORS

Rentals are unlikely to witness any significant change in the near term. Across micromarkets, the vacancy rate is anticipated to increase, reflecting a scenario where the supply of Grade-A office space is expected to outpace demand by 0.3X times.

SUPPLY

The city is poised to witness new supply at a decadal high of around 9.3 mn sq. ft. in 2024. Almost 45% of this supply is anticipated to concentrate in the PTR micromarket, followed by MPR. Together, these two micromarkets are poised to contribute to nearly 73% of the overall new developments in Chennai.

CHENNAI MICROMARKETS

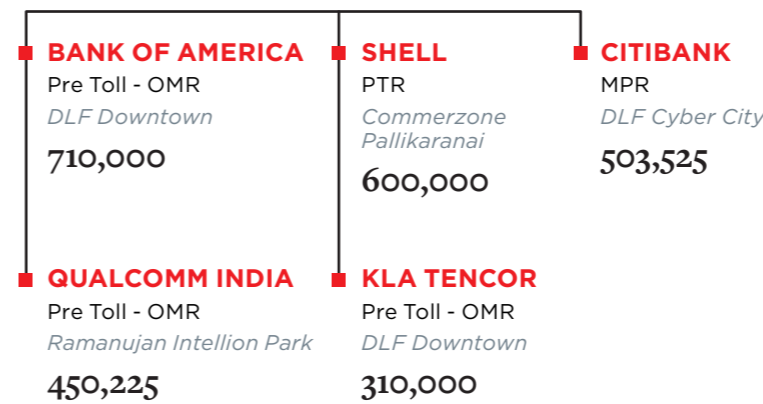
- CBD** - Anna Salai, Nungambakkam, R K Salai, Egmore, T Nagar, Greem Road
- SBD** - Guindy & MPR- Guindy Estate, Little Mount, Ekathangal, Mount Poonamalle Road, Manapakkam
- SBD** - Pre Toll-OMR- Tharamani, Perungudi, MGR Salai
- SBD Others** - Velachery, Arcot Road, Arumbakkam, Anna Nagar
- PBD-Post 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



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MAJOR TRANSACTIONS 2023



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

*Approximate and indicative areas only
Source: Savills India Research

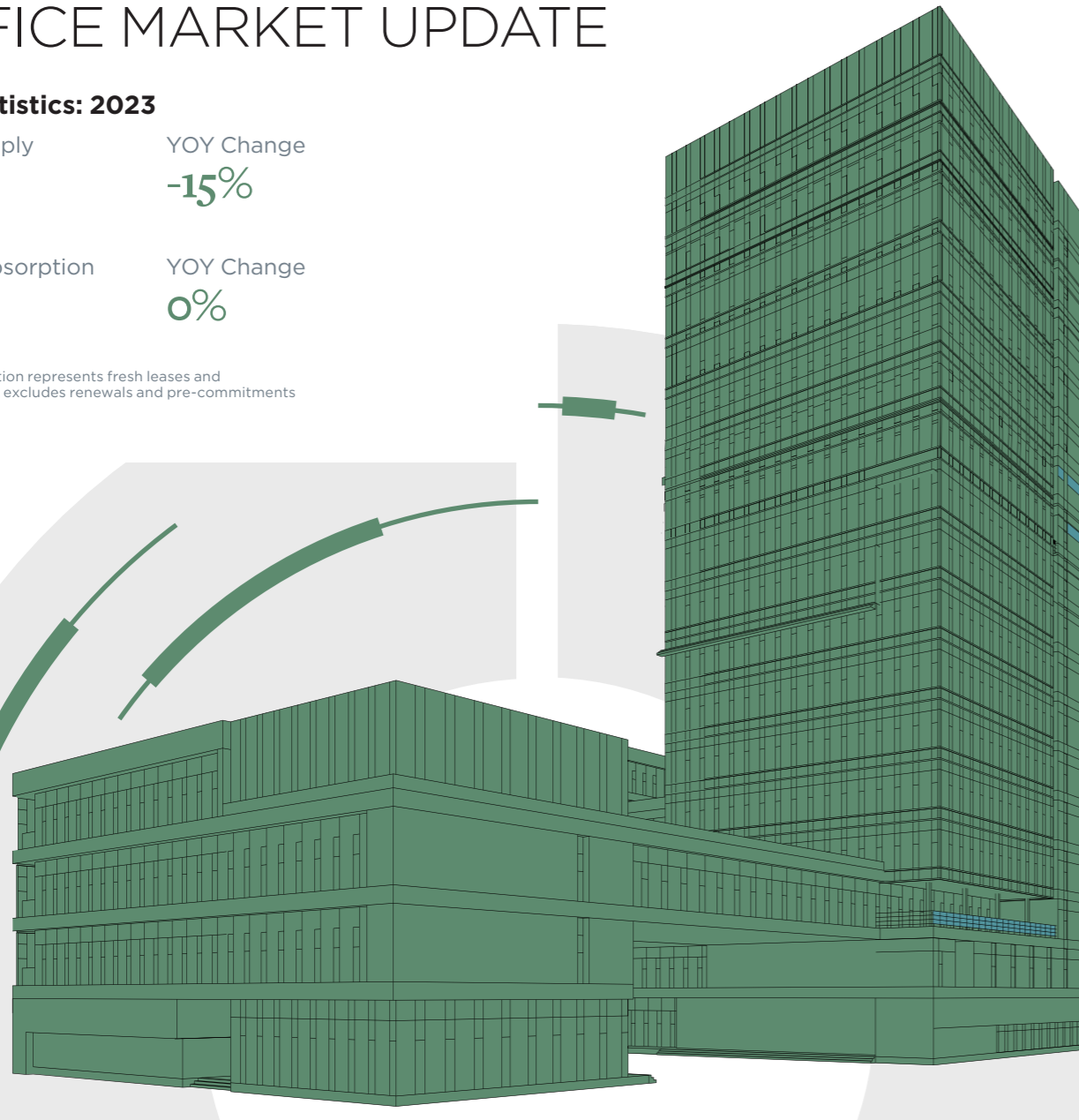
DELHI-NCR

OFFICE MARKET UPDATE

Key Statistics: 2023

New Supply	YOY Change
5.5 mn sq. ft.	-15%
Gross Absorption	YOY Change
11.3 mn sq. ft.	0%

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



DELHI-NCR'S KEY HIGHLIGHTS

Leasing momentum continues in 2023:

Delhi-NCR continues to be at the second position with 11.3 mn sq. ft. of gross absorption in 2023. The region follows Bengaluru that registered 15.6 mn sq. ft. of gross leasing. Delhi-NCR has maintained consistency in leasing with negligible YOY growth. Office take-up in the flexible workspaces sector led the leasing activity followed by the IT-BPM and engineering & manufacturing sectors.

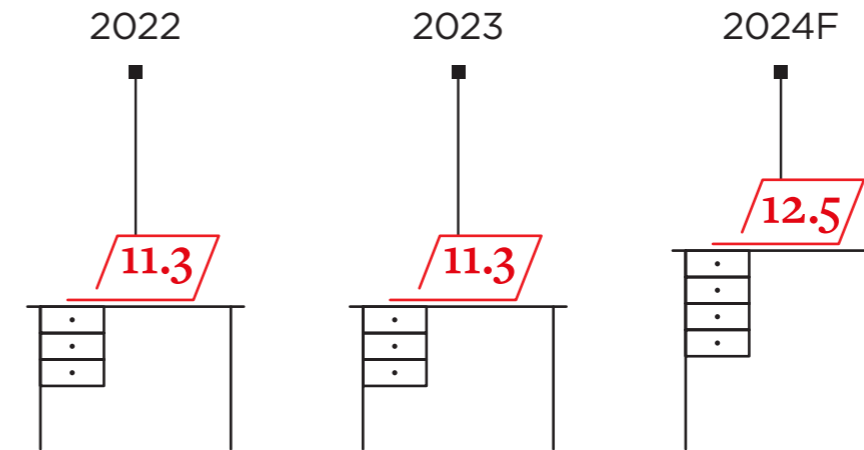
Flexible workspaces emerged as the forerunner in sectoral leasing:

Historically, IT-BPM has been at the top in terms of share in the overall gross absorption in the Delhi-NCR region. The year 2023, however, was the year of shift from the usual phenomenon. With approximately 2.7 mn sq. ft. of absorption and 24% share in the overall leasing basket, the demand generated by the flexible workspaces sector outperformed the demand in IT-BPM sector by more than 1.5 times.

This is attributed to the growing interests of occupiers in shared spaces owing to various factors emanating from change in work dynamics.

The IT-BPM sector with 14.8% share (1.7 mn sq. ft. of gross absorption) holds second position in sectoral leasing. The engineering and manufacturing sector, with 1.4 mn sq. ft. of office space demand, bags the third place contributing 12.4% share in the leasing activity.

OFFICE ABSORPTION (mn sq. ft.) in Delhi-NCR



LEASING AND COMPLETIONS

Absorption: Delhi-NCR witnessed gross absorption of 11.3 mn sq. ft. in 2023, equivalent to that of 2022. The first half of the year with 6.0 mn sq. ft. noted higher demand as compared to the second half which witnessed 5.3 mn sq. ft. of leasing activity. Leasing was primarily driven by large and mid-sized deals that together contributed around 81% in the overall absorption.

Within the region, Gurugram's share in overall leasing declined as compared to NOIDA. Gurugram contributed to the tune of 57% in the overall leasing, a bit lower than the 69% share (7.8 mn sq. ft. in absolute terms) that the city had in overall leasing in 2022. Within the city, the CBD & SBD micromarkets contributed 48% and 43% in the leasing in 2023. However, the same micromarkets had contributed approximately 61% (4.7 mn sq. ft.) and 36% (2.8 mn sq. ft.) in the leasing in 2022.

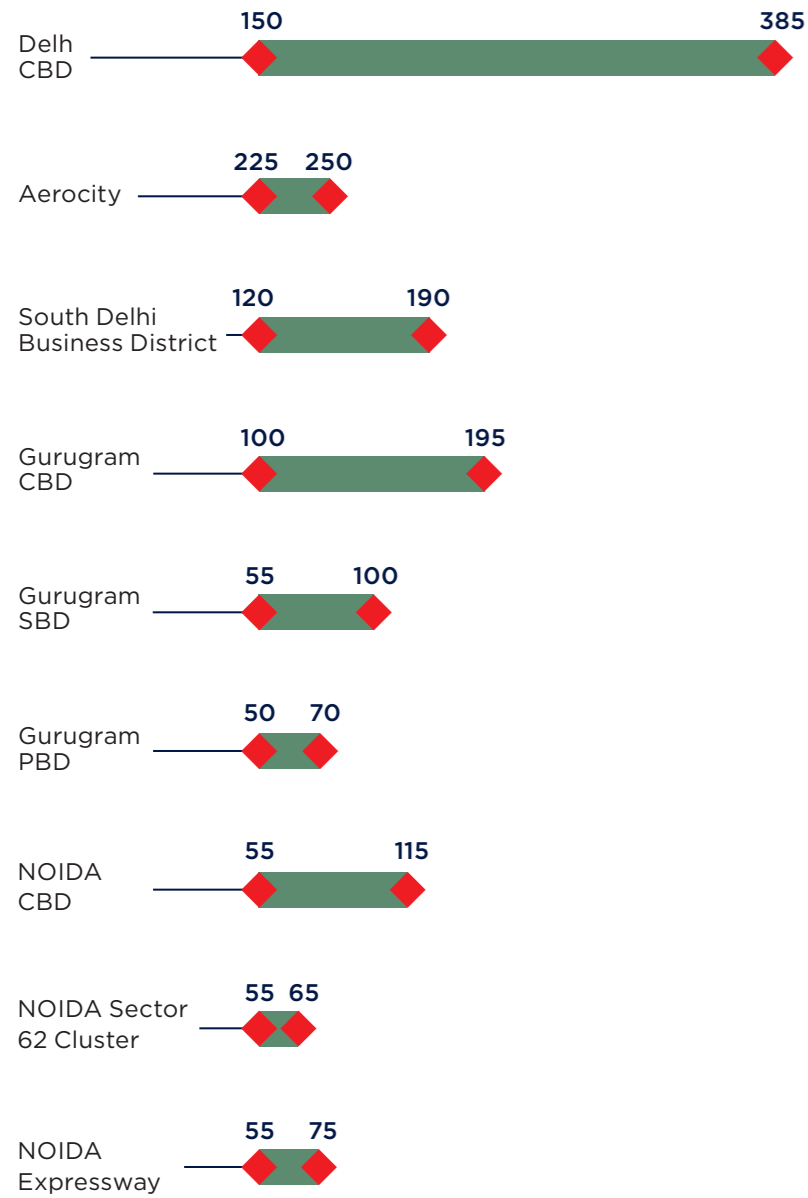
NOIDA, when compared to the year 2022, performed better with 4.0 mn sq. ft. of absorption, thus taking its share up to 35% in the overall leasing in 2023 from 29% in 2022. Within NOIDA, NOIDA Expressway remained the hotspot as this micromarket witnessed a gross take-up of 2.9 mn sq. ft. Sector 62 cluster with 28% share was the second biggest contributor in the leasing activity.

Delhi with 0.9 mn sq. ft. of absorption has also upped its share in the overall leasing from 2% in 2022 to 8% in 2023. Of this, approximately 57% of the absorption was witnessed in the micromarket of South Delhi Business District followed by Aerocity that contributed around 28%.

Demand driven by large and mid-sized deals: Large-sized deals of more than 100,000 sq. ft. constituted 44% of the total office space demand followed by mid-sized deals that contributed 37%. Approximately 51% of the large-sized deals were observed in NOIDA while the remaining 49% were done in Gurugram. Flexible workspaces with 34% share emerged as the key sector to have contributed significantly to the large-sized deals followed by the travel and tourism, and IT-BPM sector, that contributed 16% and 14% respectively in the large-sized deals.

Supply: The infusion of new supply declined by 15% YOY at 5.5 mn sq. ft. More than 65% of the new completions are located in the micromarkets of NOIDA Expressway and Gurugram SBD. Majority (~54%) of new supply comprises commercial office space while the remaining 32% and 14% comprise IT-Non SEZ and IT-SEZ buildings respectively.

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



Source: Savills India Research

VACANCY RATE

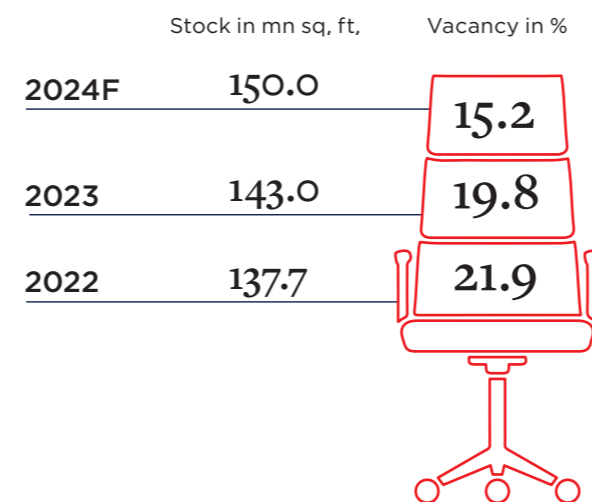
Overall vacancy levels have declined from 21.9% in 2022 to 19.8% in 2023 as the new leasing outperforms the supply infusion.

RENTS

Rental values in the Delhi-NCR region have been constant with nominal increase witnessed in select pockets. NOIDA Sector 62 Cluster micromarket with 4% YOY growth registered the highest increase in rental values followed by Gurugram SBD that witnessed 3% YOY growth.

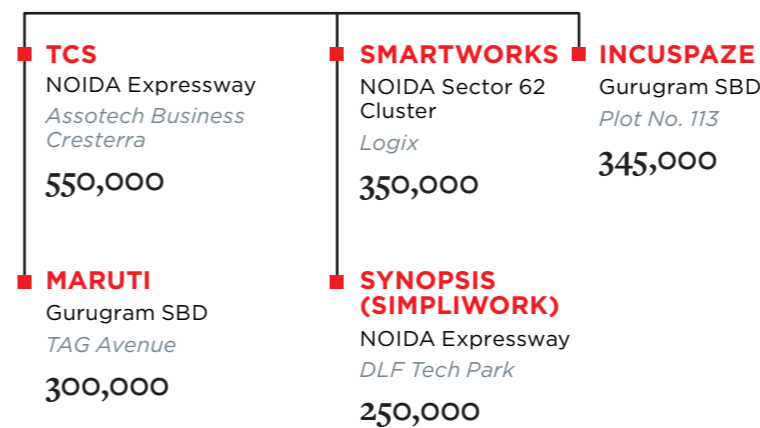


GRADE-A OFFICE STOCK & VACANCY



Source: Savills India Research

MAJOR TRANSACTIONS 2023



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

*Approximate and indicative areas only
Source: Savills India Research

MARKET OUTLOOK

DEMAND

The pace of leasing is expected to continue in 2024. Many organisations across sectors have resorted to 5-day work from office and many are contemplating along those lines. Increase in service exports, a resilient economy aided by growth in manufacturing activity and increase in global investments across sectors all together are expected to create new job opportunities. Hence, the year 2024 is estimated to witness office space demand 12.0 mn sq. ft. -13.0 mn sq. ft.

RENT & VACANCY

Fresh supply of approximately 7.0 mn sq. ft. is expected across Delhi-NCR in 2024. However, a higher gross take-up of around 12.5 mn sq. ft. will bring the overall vacancy down in the range of 15%-16%. Average rentals are expected to remain range-bound with select pockets witnessing an increase on account of high demand and low supply.

SECTORS

Leasing activity is expected to continue to be driven by flexible workspaces operators followed by IT-BPM occupiers. Sectors like BFSI, engineering and manufacturing, research and consulting, edtech, and e-commerce among others are also expected to contribute significantly to leasing activity.

SUPPLY

Delhi-NCR has a pipeline of around 7.0 mn sq. ft. in 2024. Approximately, 60% of the fresh supply will be concentrated in NOIDA and 30% in Gurugram.

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, Dundaheera, 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



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HYDERABAD

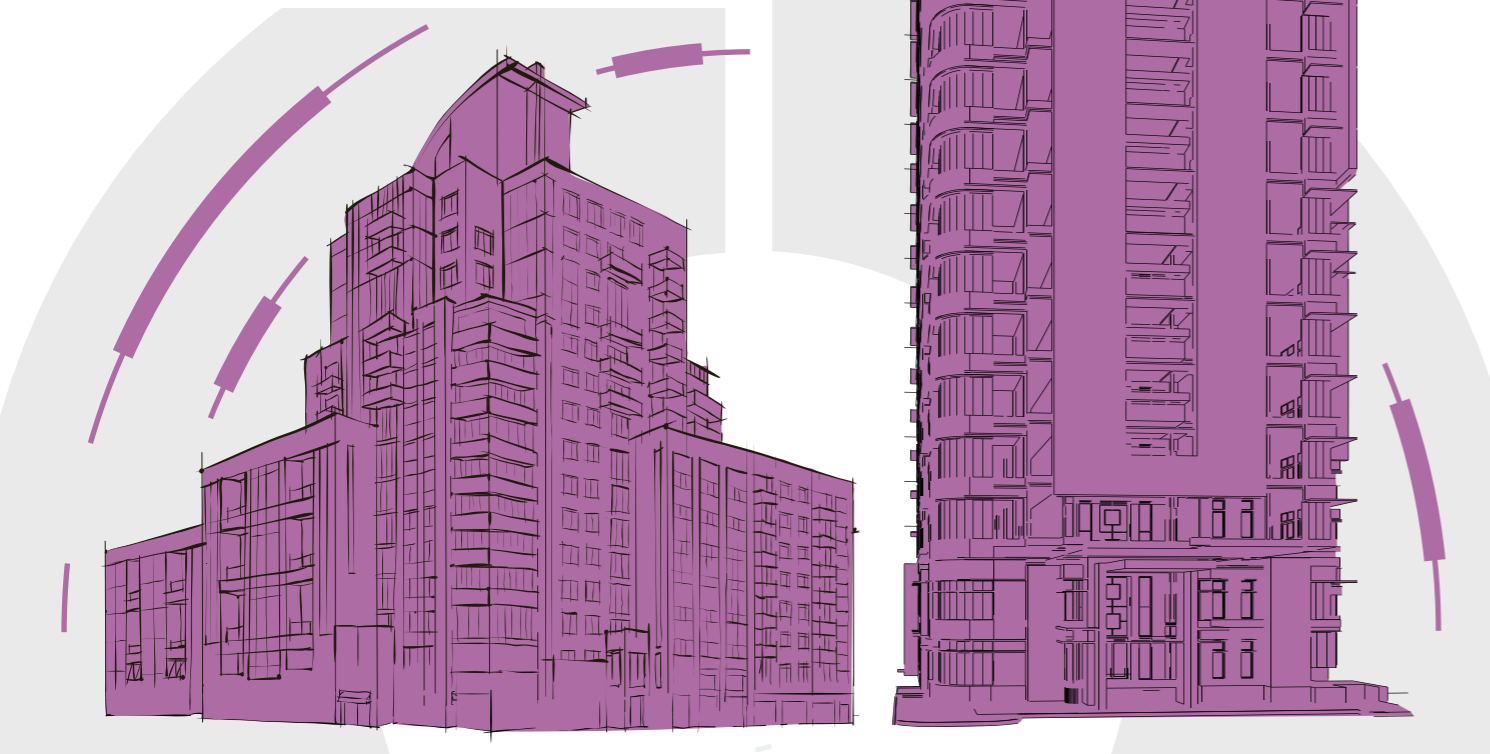
OFFICE MARKET UPDATE

Key Statistics: 2023

New Supply
15.5
 mn sq. ft. YOY Change
-6%

Gross Absorption
8.6
 mn sq. ft. YOY Change
34%

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



HYDERABAD'S KEY HIGHLIGHTS

Office landscape signals a resilient return:

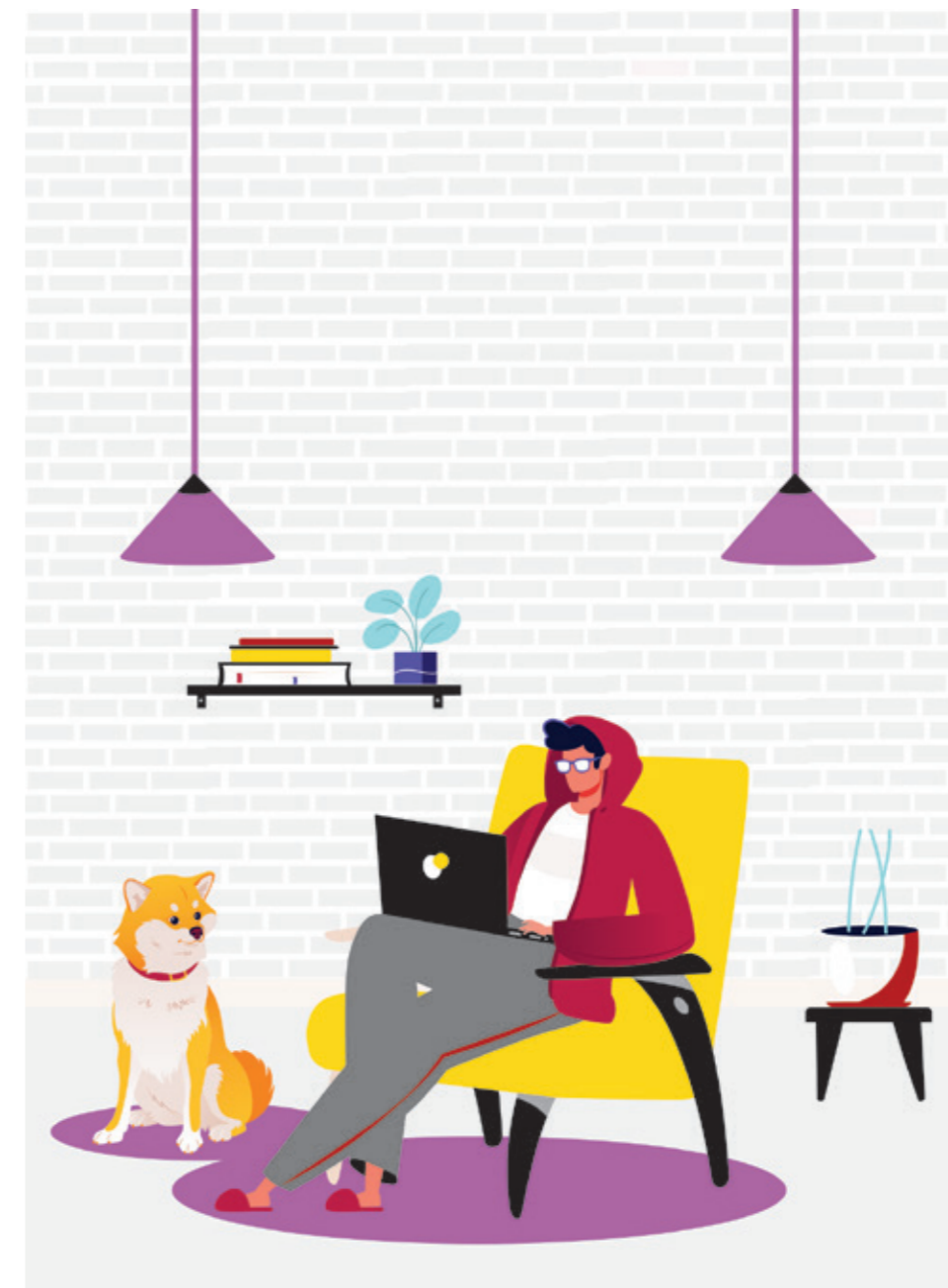
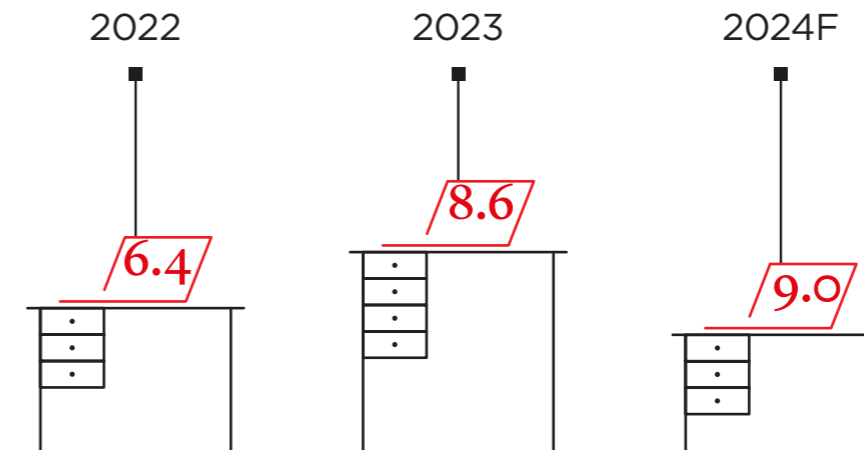
In 2023, Hyderabad's office leasing market recorded a significant resurgence, with gross leasing activity reaching 8.6 mn sq.ft, marking a 34% YOY increase. While the return to office gained momentum, the city fell just shy of the 2019 leasing record of 9.5 mn sq. ft. The IT-BPM sector continued to spearhead Hyderabad's office market, maintaining a robust stance with a commanding 36% share of total leasing. Other key sectors contributing to leasing activity included BFSI, healthcare and pharma, and the flexible workspaces segment. Notably, 2023 witnessed a shift in

deal dynamics, with large deals (100,000 sq. ft. or more) commanding almost 55% market share, a substantial increase from the 26% recorded the previous year. This shift underscores a significant uptick in large-scale leasing activity, signaling confidence and growth in office space demand. IT firms predominantly occupied most of the large deals, while mid-sized deals were dominated by flexible workspaces and BFSI, showcasing the adaptability of these sectors and their strategic focus on office space requirements.

Surge in flexible workspaces demand:

The city witnessed a significant surge in flexible and managed enterprise services demand in 2023, capturing a 13% market share compared to 9% in 2022, underlining the shifting preferences in the workspace landscape. YOY, the flex sector experienced robust expansion, surging to almost 1.2X times the total leasing recorded in 2022, marking an increase from 0.5 mn sq. ft. to 1.15 mn sq. ft. in 2023. HITEC City (SBD-I) emerged as the epicenter of flex space demand, contributing to over 60% of the total flex space leased by occupiers in 2023.

OFFICE ABSORPTION (mn sq. ft.) in HYDERABAD



LEASING AND COMPLETIONS

Absorption: Office absorption at 8.6 mn sq. ft. showcased a robust resilience by surpassing the eight-year pre-pandemic average (2011-2018) by approximately 70%. The city contributed to 14% market share in the overall India office space leasing activity.

The substantial rise in market share for large deals can be attributed to two key factors: a surge in large transactions within the healthcare and pharma sector and a noteworthy 46% increase in the average deal size within the BFSI sector. Mid-sized (25,000-99,999 sq. ft.) deals, accounted for about 34% of leasing.

SBD-I emerged a front-runner in absorption, commanding an impressive 82% of the market share.

Sector Split: While the technology sector retained its top spot, contributing significantly to the city's leasing, the BFSI sector emerged as the star performer, with an impressive 18% market share. This marked a leap from the 8% recorded in the previous year, underscoring the sector's strategic and expansive moves fueled by some substantial transactions. The healthcare & pharma sector secured a 15% share, while flexible workspaces marked a 13% contribution to the sectoral split.

Supply: New office supply experienced a robust infusion, witnessing an addition of 15.5 mn sq. ft. This marked the second-highest supply in the last decade, trailing only behind the high of 2022. Despite a slight reduction in supply activity, with a YOY decrease of 6%, the city secured the second spot in new supply addition across cities, with a 29% market share, closely behind Bengaluru.

The majority, comprising 84%, of the new developments in Hyderabad were non-SEZ.

SBD-I accounted for 61% of the total supply, while SBD-II contributed 39%.

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



Source: Savills India Research

VACANCY RATE

The office market witnessed a moderate increase in vacancy rate by 120 bps, from 21% in 2022 to 22.2% in 2023. The primary driver behind this incremental rise in vacancy is the pace of supply outpacing demand.

RENTS

While select developments in SBD-I experienced a rental uptick of up to 2%, overall city-wide rents largely remained stable. This stability can be attributed to the high supply of office space, effectively containing rents within a narrow band. This has also helped to attract tenants and keep the office market competitive.



MARKET OUTLOOK

DEMAND

Demand for office space in Hyderabad is estimated to hover around 9 mn sq. ft., inclusive of pre-commitments amounting to approximately 1.7-2 mn sq. ft. However, the short-term demand outlook might face headwinds stemming from global uncertainties and concerns over a potential resurgence of the pandemic. As per media reports, the completion of Hyderabad Metro's Phase II expansion, expected between 2028-2030, and Hyderabad Regional Ring Road (RRR) project, slated for completion by 2025, are expected to substantially enhance the city's connectivity and propel the real estate industry forward.

RENT & VACANCY

The vacancy rate is anticipated to experience an increase, primarily driven by the influx of new supply. Rents in the office sector are expected to remain range-bound, contingent on market demand.

SECTORS

While the IT-BPM sector is poised to retain the lion's share in the sectoral split, sectors like BFSI and healthcare and pharma are set to emerge as major occupiers. Strategic investments, such as Goldman Sachs' commitment, will fortify the city's BFSI landscape. In the wake of global economic headwinds, the flex sector is projected to grow as companies increasingly seek flexible options.

SUPPLY

Anticipating a significant boost in new office supply, the city is poised to receive an infusion of approximately 19 mn sq. ft. in 2024. Most of these new projects are concentrated in key micromarkets, with HITEC City in SBD-I and Nanakramguda in SBD-II taking the lead. Together, these areas account for nearly 74% of the overall supply mix.

HYDERABAD MICROMARKETS

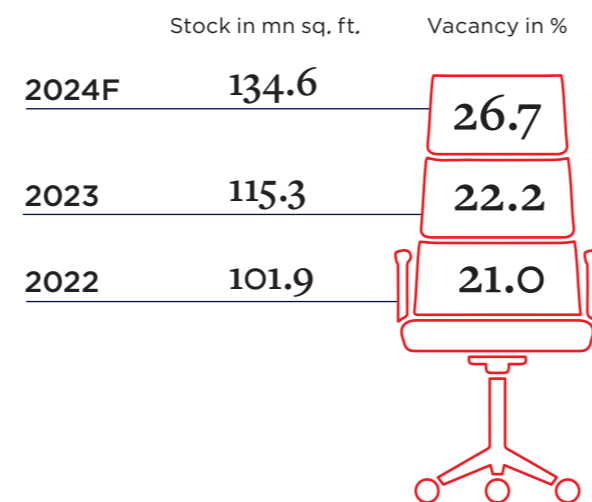
- Secondary Business District I (SBD I)** - HITEC City, Madhapur, Kondapur, Raidurg
- Secondary Business District II (SBD II)** - Gachibowli, Nanakramguda, Kokapet
- Peripheral East (PBD East)** - Pocharam, Uppal
- Peripheral South (PBD South)** - Shamshabad, Adibatla

*Approximate and indicative areas only



Scan to download

GRADE-A OFFICE STOCK & VACANCY



Source: Savills India Research

MAJOR TRANSACTIONS 2023

HSBC SBD I <i>RMZ Nexity - Tower 10</i> 450,000	PROVIDENCE SBD I <i>RMZ Nexity - Tower 10</i> 375,000	BRISTOL MYERS SQUIBB (BMS) SBD I <i>International Tech Park Hyderabad (ITPH)</i> 350,000
HIGHRADIUS SBD I <i>KRC Building No 12C</i> 340,000	ELECTRONIC ARTS SBD I <i>RMZ Nexity - Tower 30</i> 320,000	

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

*Approximate and indicative areas only
Source: Savills India Research

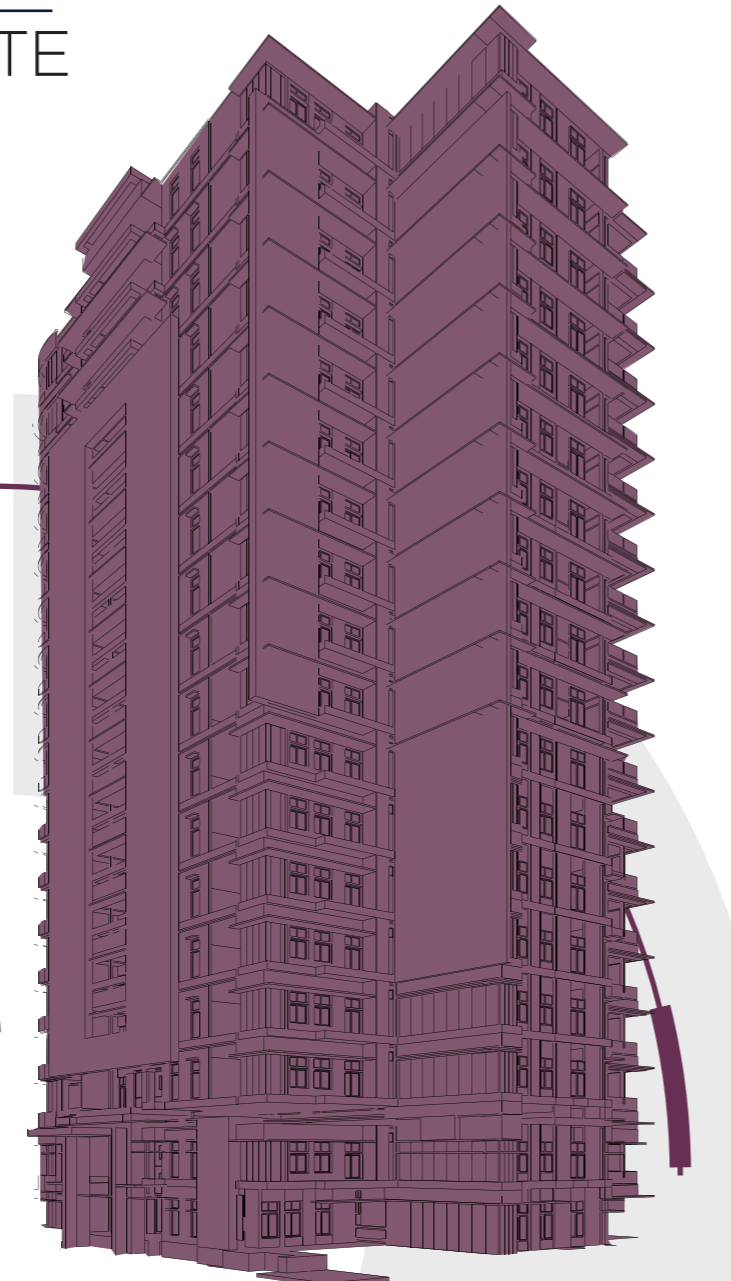
MUMBAI

OFFICE MARKET UPDATE

Key Statistics: 2023

New Supply	YOY Change
3.1 mn sq. ft.	-43%
Gross Absorption	YOY Change
10.1 mn sq. ft.	51%

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



MUMBAI'S KEY HIGHLIGHTS

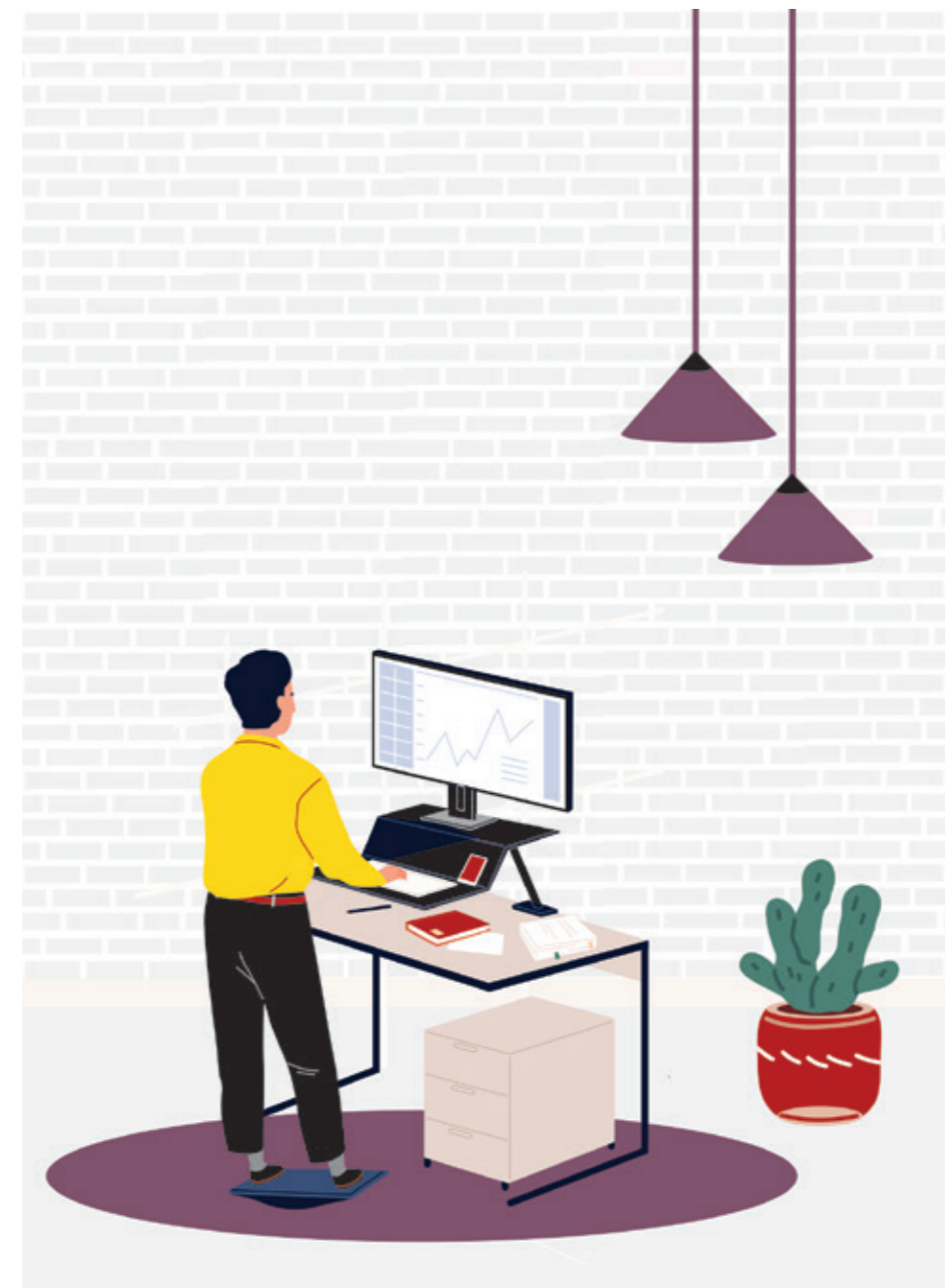
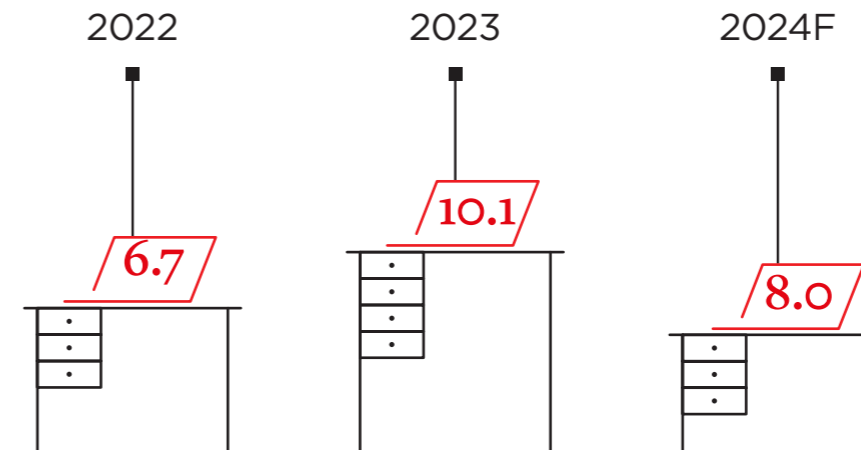
All-time high leasing, the city gains market share in 2023: At 10.1 mn sq. ft., Mumbai recorded an all-time high leasing in 2023 resulting in increased market share in India to 16% from 12% last year. From being at the fourth place among the top six cities of India in terms of leasing in 2022, Mumbai climbed up to the third place. Further, the city also registered renewals amounting to about 5.0 mn sq. ft. in 2023. Under-construction buildings noted commitment of spaces amounting

to about 700,000 sq. ft. in the micromarkets of Eastern Suburbs, Thane and Western Suburbs I.

BFSI leasing doubled, preference for large-sized deals: Significant expansion by BFSI (Banking, Financial Services and Insurance) occupiers was noted as they registered a YOY increase of 85% in gross absorption, almost doubling from 2.5 mn sq. ft. in 2022 to 4.7 mn sq. ft. in 2023. As a result, its share in the overall leasing pie

stood at 47% in 2023, compared to 38% in 2022. Interestingly, BFSI companies of both Indian and foreign origin contribute equally to this leasing. Large-sized deals of over 100,000 sq. ft., accounting for about 28% share, were mainly signed by BFSI occupiers in the micromarkets of Western Suburbs II while mid-sized deals between 25,000 and 99,999 sq. ft. were mainly noted in Central Mumbai.

OFFICE ABSORPTION (mn sq. ft.) in Mumbai



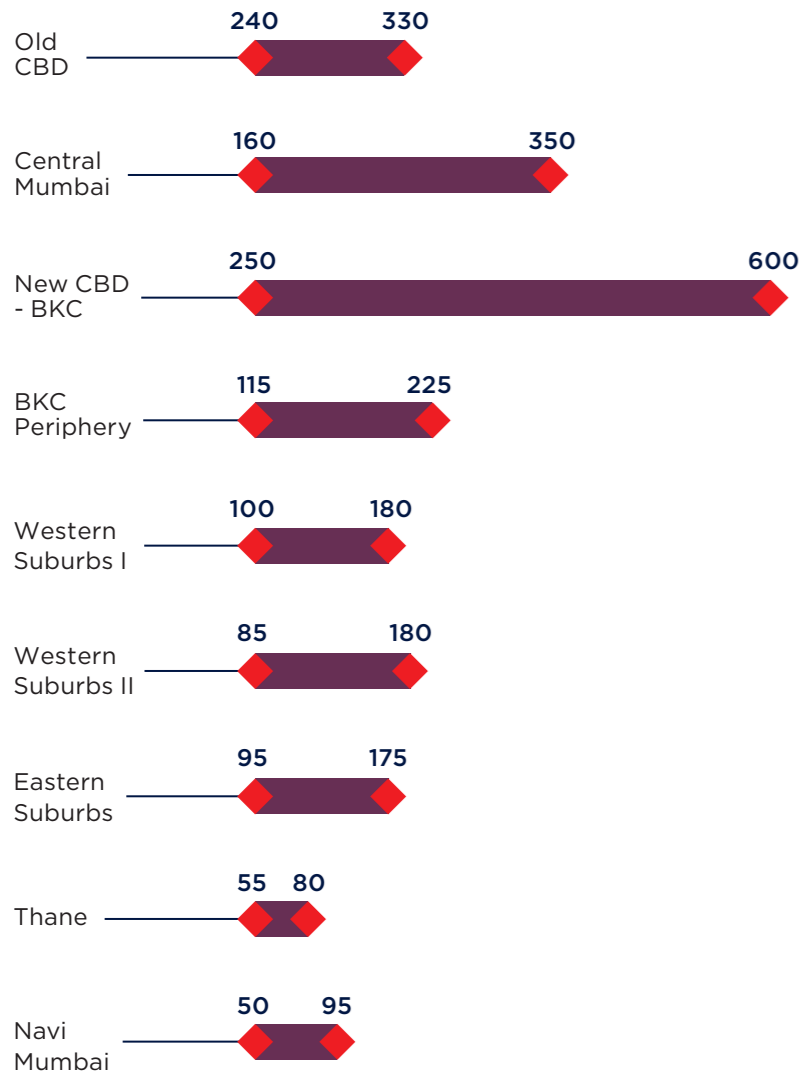
LEASING AND COMPLETIONS

Absorption: Mumbai recorded Grade-A gross absorption of 10.1 mn sq. ft. during 2023, registering an increase of 51% YOY. Western Suburbs II and Central Mumbai were the most preferred micromarkets by occupiers, each accounting for more than 20% share in the overall demand. Gross absorption was split as 30:70 between H1 2023 and H2 2023. Leasing was driven by absorption of pre-committed spaces mainly in H2 2023 and contributed about 13% share in the annual leasing volume.

Sector split: The conventional demand driver of the BFSI segment continued to be at the top during 2023, garnering a 47% share in Grade-A gross absorption. This was followed by significant expansion by engineering & manufacturing occupiers garnering a 9% share, as compared to 7% in 2022. It is noteworthy that share of flexible workspace operators has declined from 7% in 2022 to 2% in 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 3.1 mn sq. ft. of Grade-A supply infusion during 2023, registering a decline of 43% YOY due to delayed completions. All the new supply was in the form of non-IT developments in the micromarkets of Central Mumbai and Western Suburbs II.

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



Source: Savills India Research

VACANCY RATE

Amidst significant gross absorption and limited supply infusion, overall vacancy levels in the city came down to 8.4% at the end of December 2023. This is owing to buoyant leasing activity outpacing new completions over the past year. Notably, barring select micromarkets of Central Mumbai and Navi Mumbai, all others are operating at sub-10% vacancy.

RENTS

The citywide Grade-A quoted rental values strengthened by about 2% YOY, albeit in select micromarkets. While the rent increase in BKC is due to limited availability of quality spaces in the backdrop of consistent demand, the rent increase in Central Mumbai is due to addition of new supply at higher rentals than the existing market average.



MARKET OUTLOOK

DEMAND

On the back of the steady 'return to office' trend that has aided in building occupier confidence in the market, we expect Mumbai to witness steady leasing in 2024. However, this may get slightly affected by the slowdown in the global economic environment. We estimate 2024 to clock in Grade-A gross absorption of about 8.0 mn sq. ft.

RENT & VACANCY

Amidst significant supply infusion that will likely be matched by sustained occupier interest, the vacancy rate will likely hover around 8%-10% at the end of December 2024. Overall Grade-A rental values may marginally appreciate on account of new supply likely to be introduced at prices higher than the existing market average.

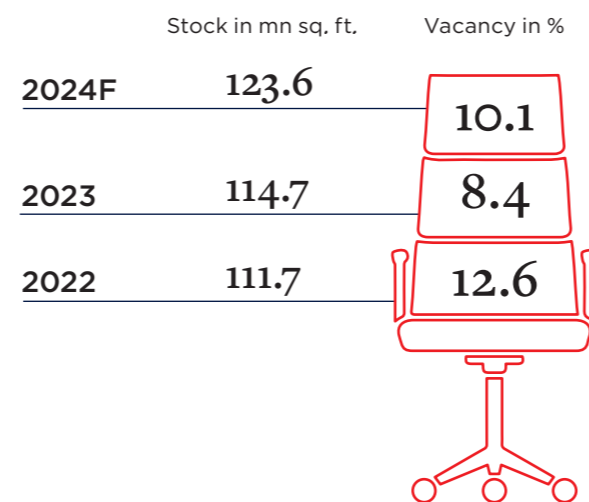
SECTORS

We expect the conventional demand driver of the BFSI segment, along with technology occupiers, to drive office leasing demand in 2024. Engineering & manufacturing as well as media & advertising sectors are expected to feature as prominent demand drivers in 2024 as well.

SUPPLY

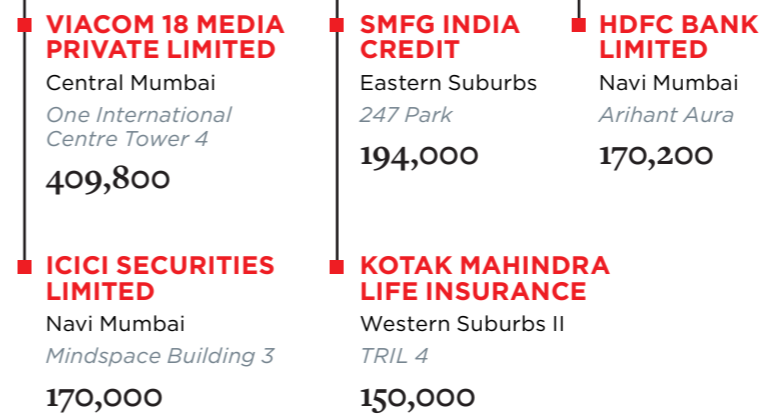
Significant new supply of 9.0 mn sq. ft. is scheduled to be completed during 2024. This planned supply will likely be concentrated in the micromarkets of Western Suburbs II (28%), Western Suburbs I (23%) and Navi Mumbai (16%).

GRADE-A OFFICE STOCK & VACANCY



Source: Savills India Research

MAJOR TRANSACTIONS 2023



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

*Approximate and indicative areas only

Source: Savills India Research

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

*Approximate and indicative areas only



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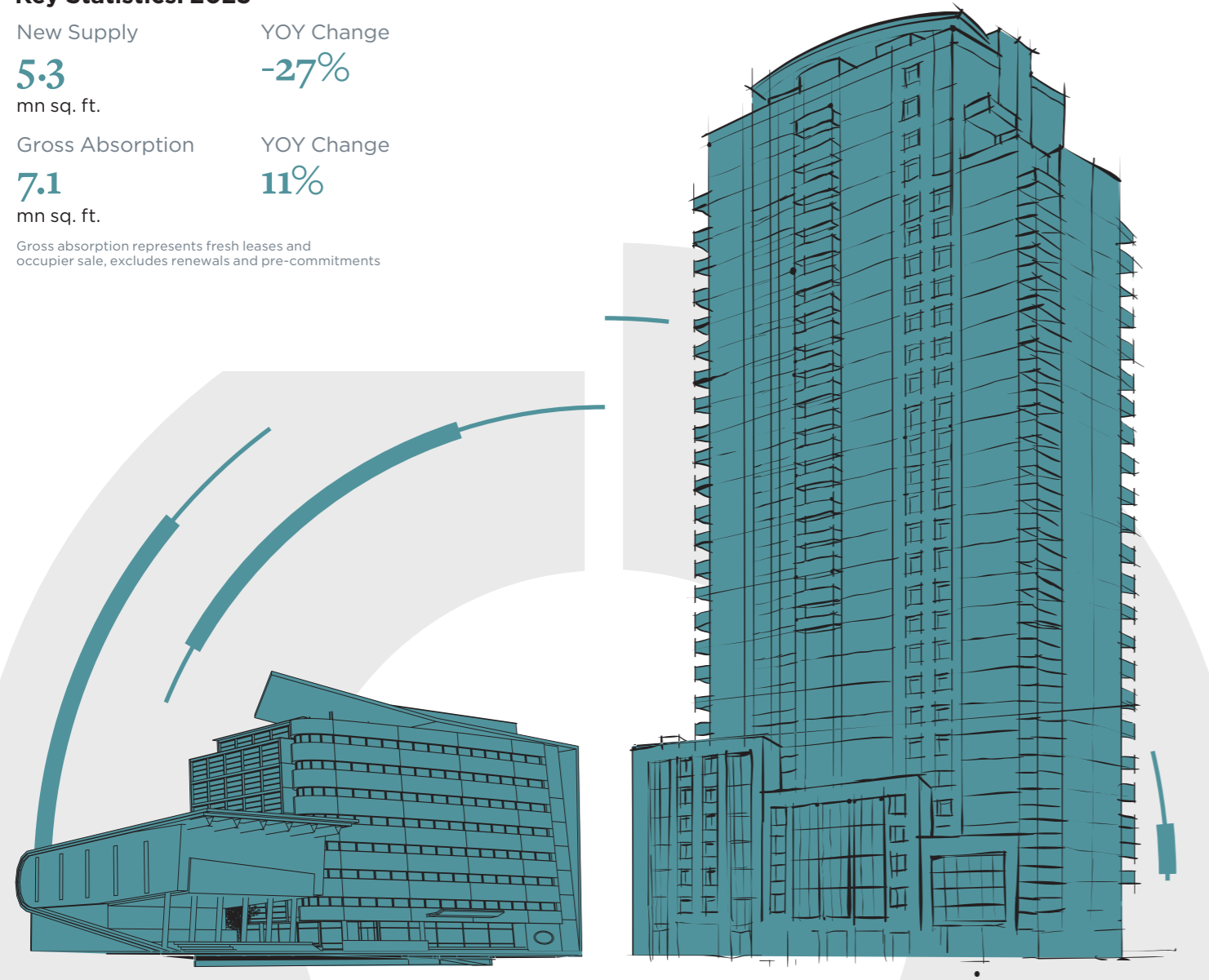
PUNE

OFFICE MARKET UPDATE

Key Statistics: 2023

New Supply	YOY Change
5.3 mn sq. ft.	-27%
Gross Absorption	YOY Change
7.1 mn sq. ft.	11%

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



PUNE'S KEY HIGHLIGHTS

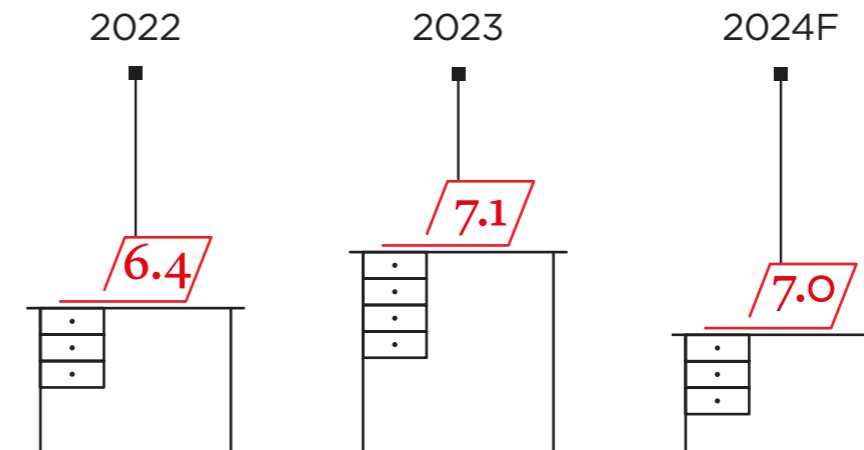
Robust demand from flexible workspaces: With real estate requirements becoming more dynamic and the increasing adoption of a hybrid work model, flexible workspaces contributed significantly with 33% to Pune's office space demand in 2023. Leveraging the flexibility advantage of this model, several conventional occupiers chose flex spaces for their growth and relocation. Interestingly, SBD East has

positioned itself as a preferred micromarket and contributed to almost half of the flex space demand in the city. In overall flex space leasing in India*, Pune contributed 22% share, standing at the third place after Delhi-NCR and Bengaluru.

Leasing dominated by large-sized deals, mainly by flexible workspaces: Large-sized deals of over 100,000 sq. ft.

accounted for 44% share in Grade-A gross absorption during 2023. These were mainly signed by flexible workspace operators. On the other hand, technology as well as engineering & manufacturing occupiers preferred mid-sized deals of 25,000-99,999 sq. ft. In contrast, small-sized deals of less than 25,000 sq. ft. dominated the leasing activity in 2022.

OFFICE ABSORPTION (mn sq. ft.) in PUNE



LEASING AND COMPLETIONS

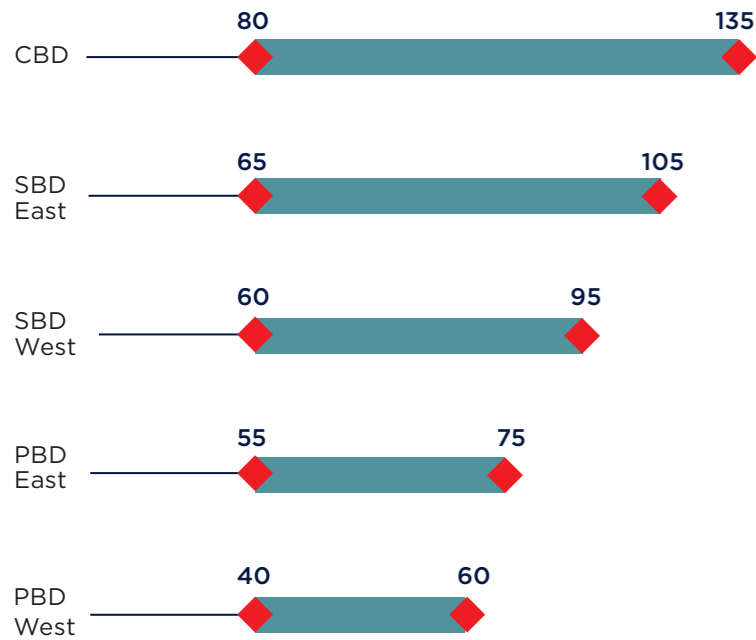
Absorption: Pune witnessed gross absorption of 7.1 mn sq. ft. during 2023, registering a rise of 11% YOY. Majority (43%) of the gross absorption was concentrated in the micromarket of SBD East, followed by 23% in SBD West, 18% in PBD West and the remaining 16% in the CBD. The absorption was split as 47:53 between H1 and H2 2023.

Sector Split: During 2023, flexible workspace operators continued to dominate the leasing activity with a 33% share. IT-BPM stood at a close second with a 30% share, followed by engineering & manufacturing garnering a 14% share. Noteworthy, other sectors, namely BFSI (banking, financial services & insurance), energy & chemicals, pharma & healthcare and research & consulting gained momentum in 2023. Their cumulative contribution in the overall leasing pie of the city increased from 6% in 2022 to 21% in 2023.

Supply: Pune witnessed supply infusion of 5.3 mn sq. ft. during 2023, 27% lower than that witnessed in 2022. Additional supply mirrored the robust leasing activity in the micromarkets of SBD East and PBD West, as 67% of the new supply was concentrated in these micromarkets. A majority (46%) of the new supply was in the form of SEZ developments, 37% as Non-IT and 17% as IT developments.

*For major six cities: Bengaluru, Chennai, Delhi-NCR, Hyderabad, Mumbai, Pune

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



Source: Savills India Research

VACANCY RATE

As demand exceeded the supply infusion, overall city vacancy levels declined to 12.4% at the end of December 2023.

RENTS

Citywide quoted rental values increased marginally by about 2% YOY in 2023. The rent increase was witnessed mainly in the CBD micromarket, as new supply was introduced at higher rents than the current market average.



MARKET OUTLOOK

DEMAND

Against the backdrop of continued return of employees to workplaces, we expect the office market to continue building momentum during 2024. However, global economic headwinds may impact the market sentiment inversely. Driven by pre commitments of 2.0 mn sq. ft. that are likely to get absorbed during 2024, we estimate 2024 to record around 7.0 mn sq. ft. of gross absorption.

RENT & VACANCY

Given the situation of new supply exceeding demand, Grade-A rental values are likely to remain stable across all micromarkets in 2024. Amidst significant supply infusion and robust leasing activity, we expect the vacancy rate to hover around 13%-15% at the end of December 2024.

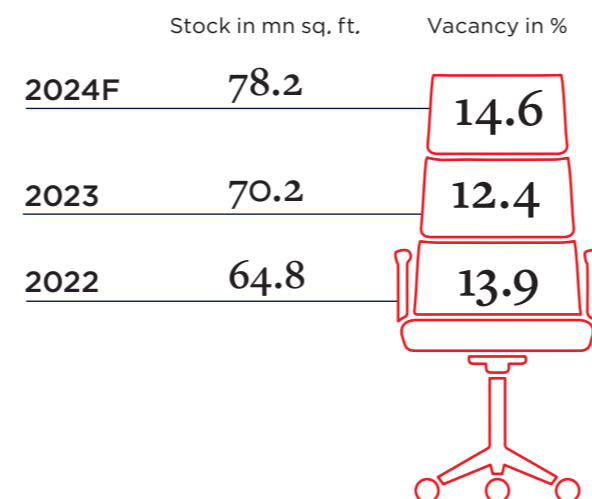
SECTORS

We expect continued interest from technology occupiers as well as flexible workspace operators to drive office leasing demand in 2024. In the current times of hybrid work, some occupiers prefer flexibility to expand or realign.

SUPPLY

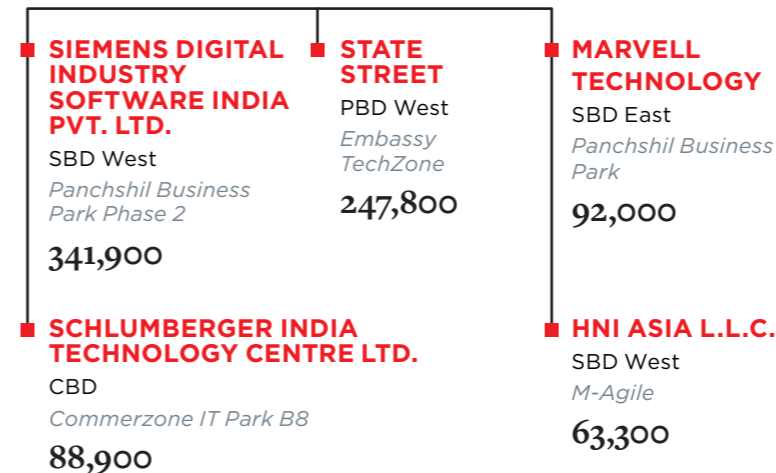
New supply of 8.0 mn sq. ft. is scheduled to be completed during 2024. Interestingly, half of this planned supply is likely to be concentrated in the micromarket of SBD East while the other half will be distributed amongst the other micromarkets including the CBD, SBD West and PBD West.

GRADE-A OFFICE STOCK & VACANCY



Source: Savills India Research

MAJOR TRANSACTIONS 2023



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

*Approximate and indicative areas only
Source: Savills India Research

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

*Approximate and indicative areas only



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ANNEXURE

REAL ESTATE POLICY ANNOUNCEMENTS 2023

Q1 - 2023

The outlay for PM Awas Yojana enhanced by 66 percent to over Rs 79,000 crore

The government in the FY24 budget increased the allocation for low-cost housing under PMAY scheme. This is expected to boost the economic growth of the country and realise the vision of "Housing for All".

Allocation of INR 16,000 crore for Smart Cities mission in FY24 budget

This is to aid development of sustainable cities with enhanced real estate potential. Establishment of Urban Infrastructure Development Fund will ensure better governance and timely delivery of projects.

Deduction on capital gains on investments in residential houses capped at INR 10 crore

The provision aims to restrict large deductions claimed by HNIs after purchasing highly expensive residential properties. Possible adverse effect on luxury housing deals after the date of its enforcement (i.e., April 1st, 2024).

INR 2,200 crore fund allocation in FY24 budget to support agricultural start-ups

Agriculture Accelerator Fund to promote agri-startups in rural areas and transform farm practices to boost productivity and profitability.

Allocation of INR 19,700 crore to the National Hydrogen Mission

The objective is to reach a hydrogen production capacity of 5 MMT by 2030. This move will provide a push to the automotive segment, which in turn will likely augur well for increasing the demand for industrial and manufacturing real estate along with logistics space expansion.

UP Government to set up more parks under its revised data centre policy

As per the revised policy, the government will now bear 50% of the cost to build a data centre; set up more centres of excellence to promote research and start-up culture and establish eight ultra-modern private data centre parks against three proposed earlier. This will promote industrial real estate development within the state.

NSE Indices launches India's first ever REIT and InvITs index

NSE Indices introduced a new index that will track the overall performance of listed Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs).

Q4 - 2023

Himachal Pradesh government to introduce new land code

The code will contain an updated compilation of land-related rules, laws and necessary action. It will guide revenue officers and assist in quick disposal of land-related issues.

Andhra Pradesh government approves new land allotment policy for industries

The government will implement the sale deed system and do away with the lease system. This will facilitate entrepreneurs to avail loans from financial institutions.

Kerala Cabinet approves rules for easing land transfer in industrial estates

The ownership structure can now change after three years of allotment as compared to the earlier provision of three years of production. This will reduce long delays in land transfer and the hassle to start a new enterprise.

DISCOMS to build power infrastructure for condominiums and townships in Haryana

This will reduce the cost of developing electrical infrastructure for builders between 20% and 72%.

Municipal Corporation of Delhi makes geo-tagging of properties mandatory

The MCD made the provision mandatory to avail 10% property tax exemption. The move will enable the civic agency in location-based identification of properties and better service delivery.

The Haryana government announces policy to facilitate conversion of residential plots into commercial ones

This would benefit owners of properties as these prices would increase post conversion.

Central Government allows demarcation of non-processing area (Non-SEZ area) under IT SEZs

The portion of the built-up area within an SEZ may be demarcated as non-SEZ area on a floor-by-floor basis. This may boost the occupancy within IT SEZs Parks and improve overall economic activity.

Q2 - 2023

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
 MMT - Million Metric Tonne
 PMAY - Pradhan Mantri Awas Yojana
 DISCOMs - Distribution Companies

Key Definitions

Term	Definitions – Office Sector
Stock/Inventory	<ul style="list-style-type: none"> This includes area of existing buildings plus new completions (supply) in each quarter/half year/full year
Supply	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> A fair estimation of asking rent and deal closure rent
Vacancy	<ul style="list-style-type: none"> Total vacant space as a percentage of inventory/stock

Term	Definitions – General
Crore	<ul style="list-style-type: none"> Ten Million (10,000,000)
Lakh	<ul style="list-style-type: none"> One Hundred Thousand (100,000)



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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.

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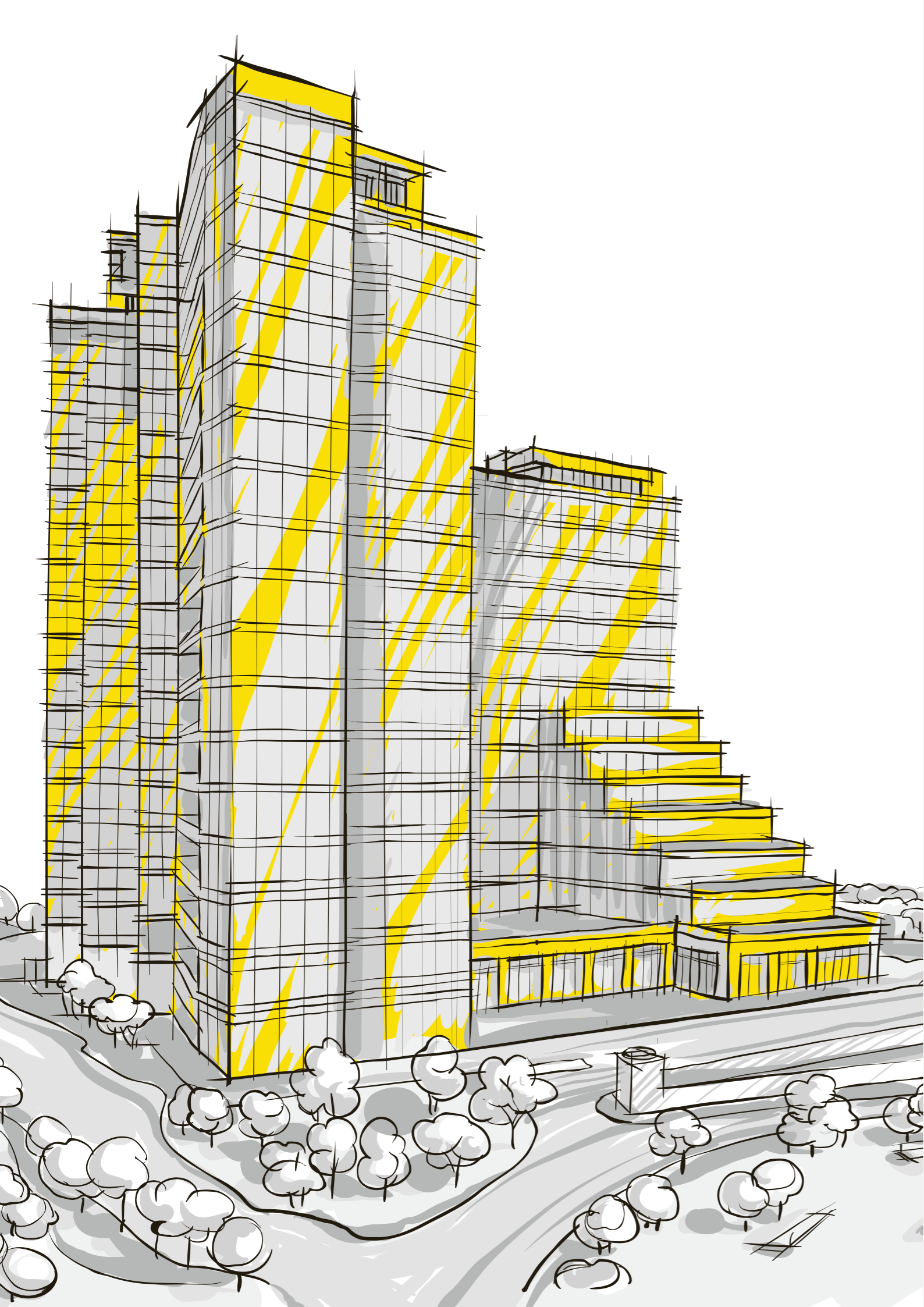
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