

# Quarterly Report

India Office | Q2 CY'23

OCTOBER 2023

# Executive Summary

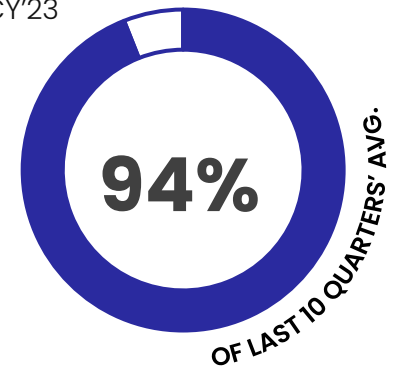
The Indian office sector has powered through the 1<sup>st</sup> half of 2023 on the back of strong economic fundamentals. Despite an unsteady geopolitical environment, office real estate demand numbers have shown resilience in the Indian market. Office demand in Q2 CY'23, at 11.5 msf, was driven by Hyderabad and Bengaluru, contributing 42% to this quarter's demand. In particular, **Hyderabad surpassed Bengaluru for the 1<sup>st</sup> time ever in terms of quarterly office demand**. Despite Bengaluru being the pan India market leader in office stock, demand and vacancy, Hyderabad is already showing signs of becoming a strong contender as large-sized leasing deals in Hyderabad gain momentum.

Office supply, at 10.6 msf, was slightly lower than last 10 quarter's average. Developers' sentiment remained at an all-time high with 253 msf supply pipeline in the next 14 quarters, indicating an average supply of 18 msf in every quarter. MMR, Delhi-NCR and Pune office market witnessed a healthy demand-to-supply ratio, indicating scope for supply infusion in the future. Also, office vacancy at a pan India level moved up slightly and these cities have witnessed only a marginal increase in vacancies as well.

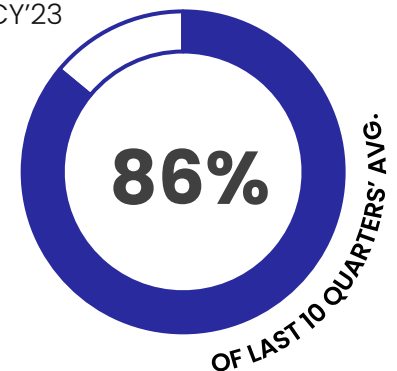
## Outlook

We believe office demand to pick up in the 2<sup>nd</sup> half of 2023 and is likely to settle at 40-45 msf for the full year CY 2023. With the current dip in market rentals, leasing activity is likely to accelerate as occupiers find lucrative deals. However, strong occupancy levels are likely to push market rentals upwards in H2 2023. Some of the major themes dominating the office leasing segment will continue to be : The Co-working sector, Green Leasing and a 100% push towards Return-to-Office.

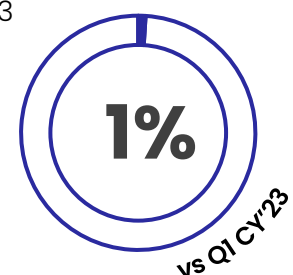
**SUPPLY**  
Q2 CY'23



**DEMAND**  
Q2 CY'23



**PASSING RENT GROWTH**  
Q2 CY'23



# Pan India

## Grade A Fundamentals

HI CY'2023 Demand (msf) **23.2**

HI CY'2023 Supply (msf) **22.6**

Current Grade A Stock (msf) **740**

Current Vacancy **17.3%**

Under-Construction Grade A Stock (msf) (till Q4'26) **253.2**

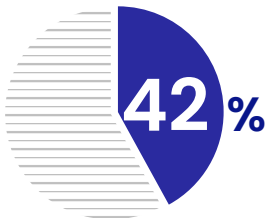
Current Passing Rent\* **₹ 84.0**  
(₹/sqft/month)

Current Market Rent^ **₹ 90.6**  
(₹/sqft/month)

## City-wise Highlights

### Bengaluru & Hyderabad

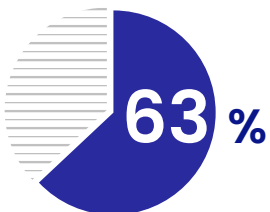
Contributed



TO Q2 CY'23  
DEMAND

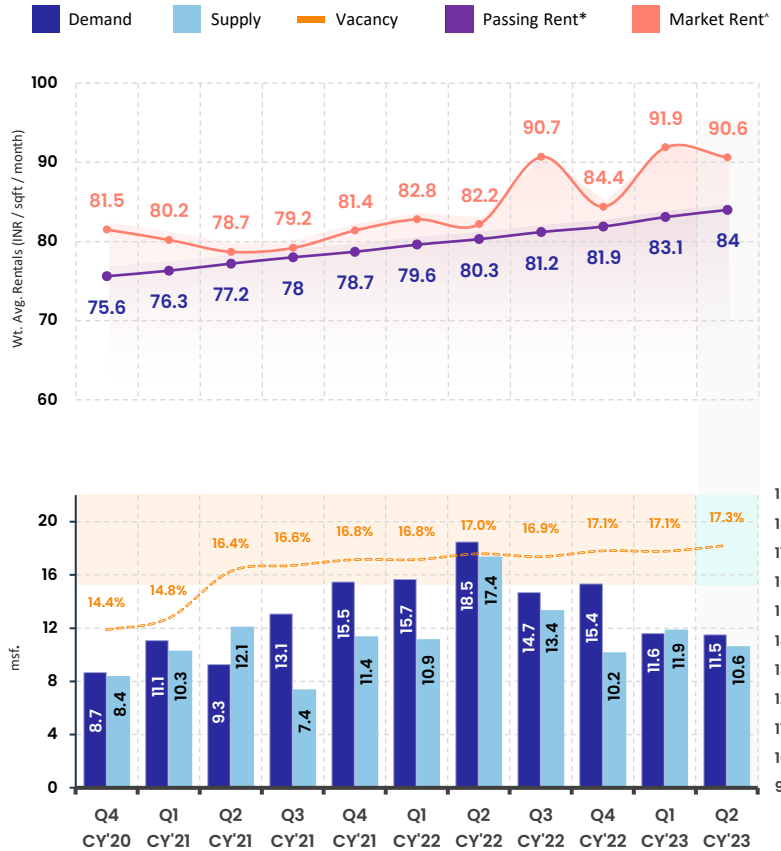
### Bengaluru & Hyderabad

Contributed



TO Q2 CY'23  
SUPPLY

## Market Trends



### Note

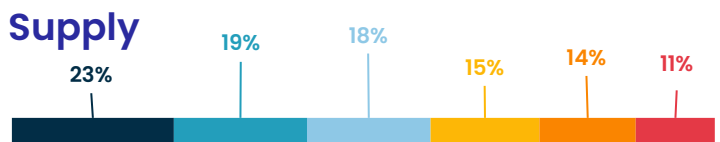
\* Passing Rent = Wt. Avg. rent paid by all active tenants as of that date in the region

^ Market Rent = Wt. Avg. rent paid by tenants for all leases signed in that quarter

## Demand



## Supply



Hyderabad Bengaluru NCR MMR Pune Chennai

## Contribution to Office Demand in Q2 CY'23



IT/ITeS

**25.1%**



BFSI

**18.9%**



Co-Working

**8.7%**

# Bengaluru

## Grade A Fundamentals

H1 CY'23 Demand (msf)	5.7
H1 CY'23 Supply (msf)	6.3
Current Grade A Stock (msf)	204
Current Vacancy	8.5%
Under-Construction Grade A Stock (msf) (till Q4'26)	91.4
Current Passing Rent * (₹/sqft/month)	₹ 78
Current Market Rent ^ (₹/sqft/month)	₹ 94

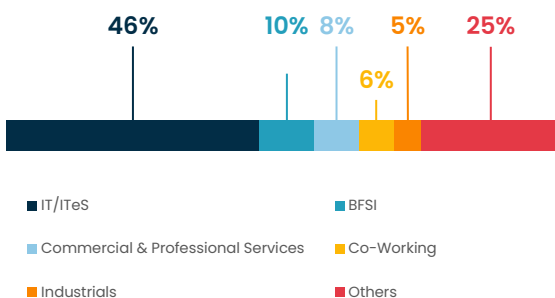
## Demand to Supply Ratio

**0.9x**  
H1 CY'23

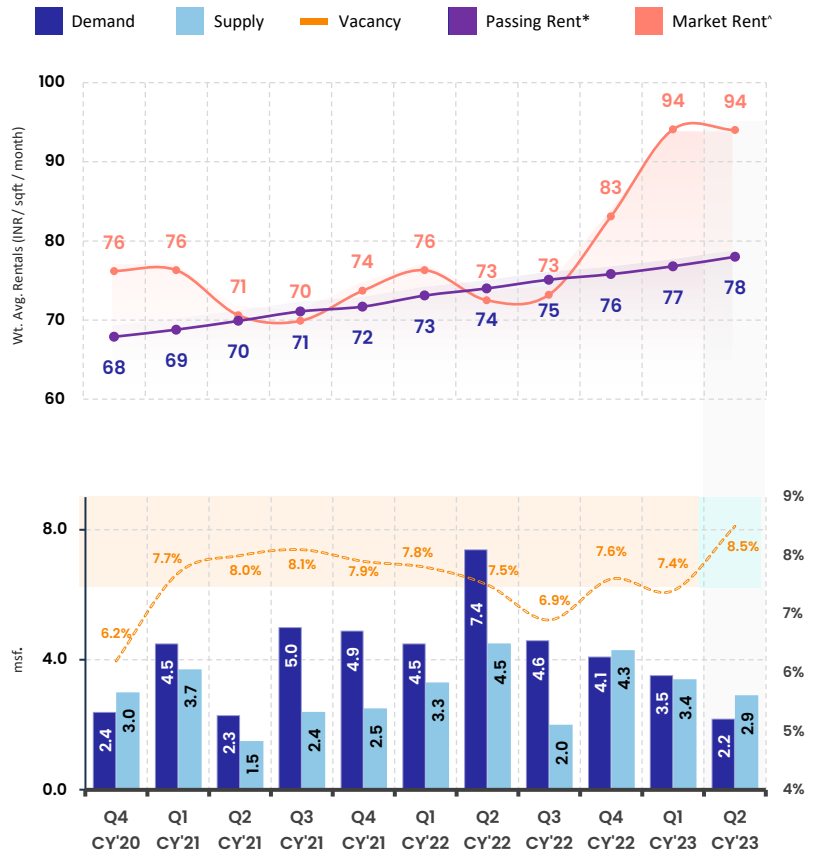
## Market Rent – Passing Rent

**₹10**  
Avg. Delta in  
Last 4 Q's

## Sector Occupancy



## Market Trends



### Note

\* Passing Rent = Wt. Avg. rent paid by all active tenants as of that date in the region

^ Market Rent = Wt. Avg. rent paid by tenants for all leases signed in that quarter

## Major Office Transactions

**Incubex,**  
Brigade Triumph  
**105,830 sqft** | ₹66

**Aditya Birla Retail,**  
Divyasree Technopolis (77 Town Centre)  
**86,943 sqft** | ₹54

**Booking Holdings,**  
RMZ Ecoworld  
**77,135 sqft** | ₹104

**Capgemini,**  
Prestige Technology Park  
**74,750 sqft** | ₹58

# MMR

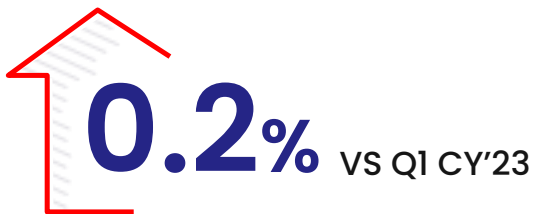
## Grade A Fundamentals

H1 CY'23 Demand (msf)	3.9
H1 CY'23 Supply (msf)	1.0
Current Grade A Stock (msf)	121
Current Vacancy	19.6%
Under-Construction Grade A Stock (msf) (till Q4'26)	25.9
Current Passing Rent * (₹/sqft/month)	₹ 126.0
Current Market Rent ^ (₹/sqft/month)	₹ 125.5

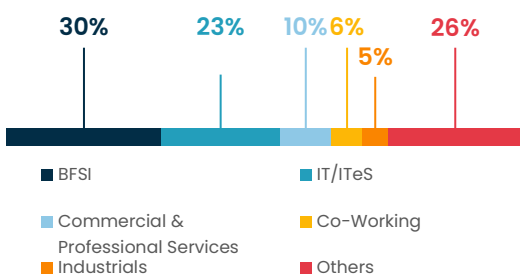
## Demand to Supply Ratio



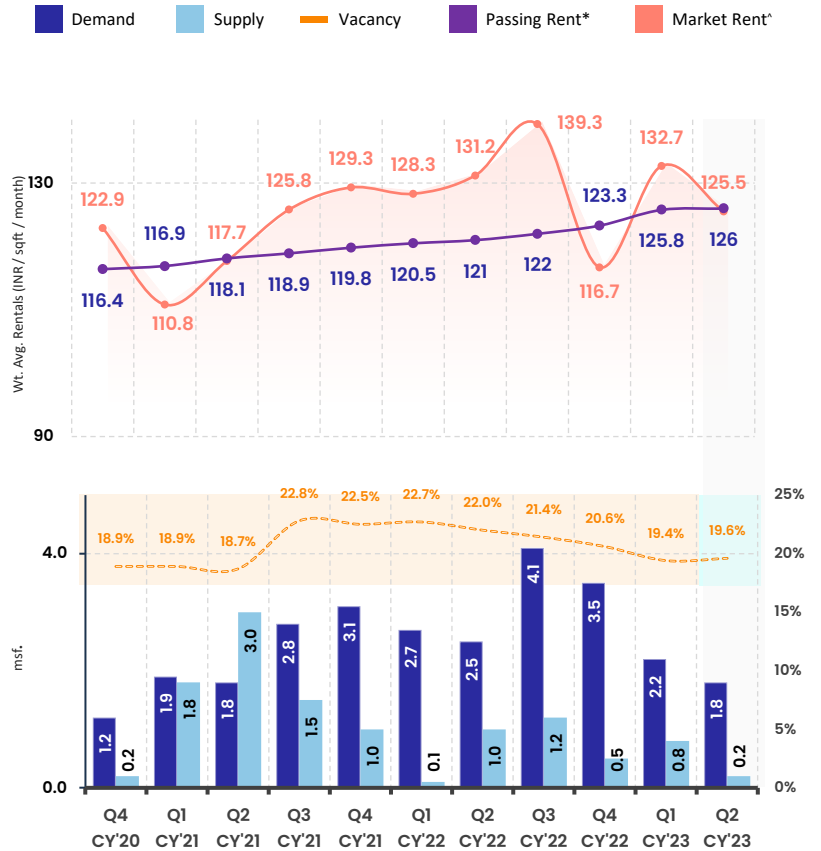
## Q2 CY'23 Vacancy



## Sector Occupancy



## Market Trends



### Note

\* Passing Rent = Wt. Avg. rent paid by all active tenants as of that date in the region

^ Market Rent = Wt. Avg. rent paid by tenants for all leases signed in that quarter

## Major Office Transactions

**Morgan Stanley,**  
KRC Altimus  
**86,200 sqft** | ₹325

**Tecnimont,**  
Gigaplex (Airoli W)  
**67,051 sqft** | ₹58

**IDFC,**  
INS Towers  
**64,981 sqft** | ₹305

**Hinduja Realty Ventures,**  
Tata Corporate Centre  
**46,247 sqft** | ₹250

# Delhi-NCR

## Grade A Fundamentals

H1 CY'23 Demand (msf)	4.0
H1 CY'23 Supply (msf)	3.9
Current Grade A Stock (msf)	152
Current Vacancy	25%
Under-Construction Grade A Stock (msf) (till Q4'26)	47.2
Current Passing Rent* (₹/sqft/month)	₹ 88.6
Current Market Rent^ (₹/sqft/month)	₹ 72.7

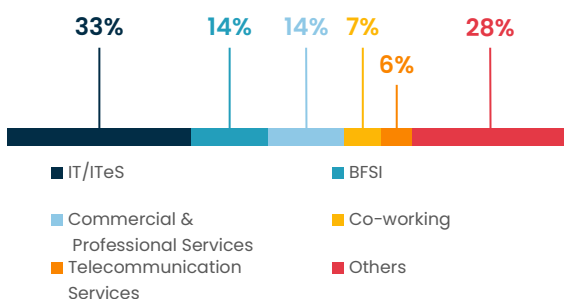
## Demand to Supply Ratio

**2.8x**  
In Q2 CY'23

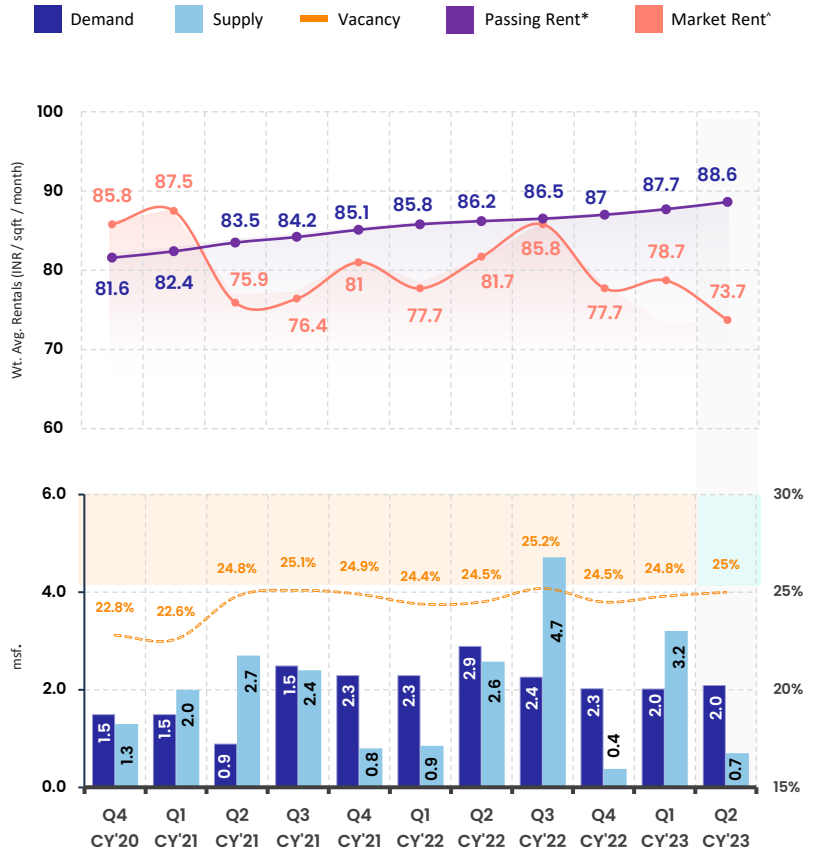
## Q2 CY'23 Passing Rent

**2.8%**  
VS Q2 CY'22

## Sector Occupancy



## Market Trends



### Note

\* Passing Rent = Wt. Avg. rent paid by all active tenants as of that date in the region

^ Market Rent = Wt. Avg. rent paid by tenants for all leases signed in that quarter

## Major Office Transactions

Synopsis, DLF Tech Park 229,368 sqft	₹56
MQDC, Tapasaya One 40,348 sqft	₹120
Irdeto Technology, Advant Navis Business Park 30,883 sqft	₹60
Nucleus Office Solutions, Logix Cyber Park 28,717 sqft	₹38



# Hyderabad

## Grade A Fundamentals

H1 CY'23 Demand (msf)	3.8
H1 CY'23 Supply (msf)	6.3
Current Grade A Stock (msf)	116
Current Vacancy	24.6%
Under-Construction Grade A Stock (msf) (till Q4'26)	56.9
Current Passing Rent * (₹/sqft/month)	₹ 63
Current Market Rent ^ (₹/sqft/month)	₹ 62

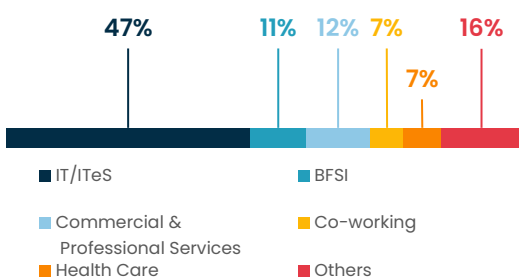
## Supply Growth

**0.5 %**  
Q1 CY'23

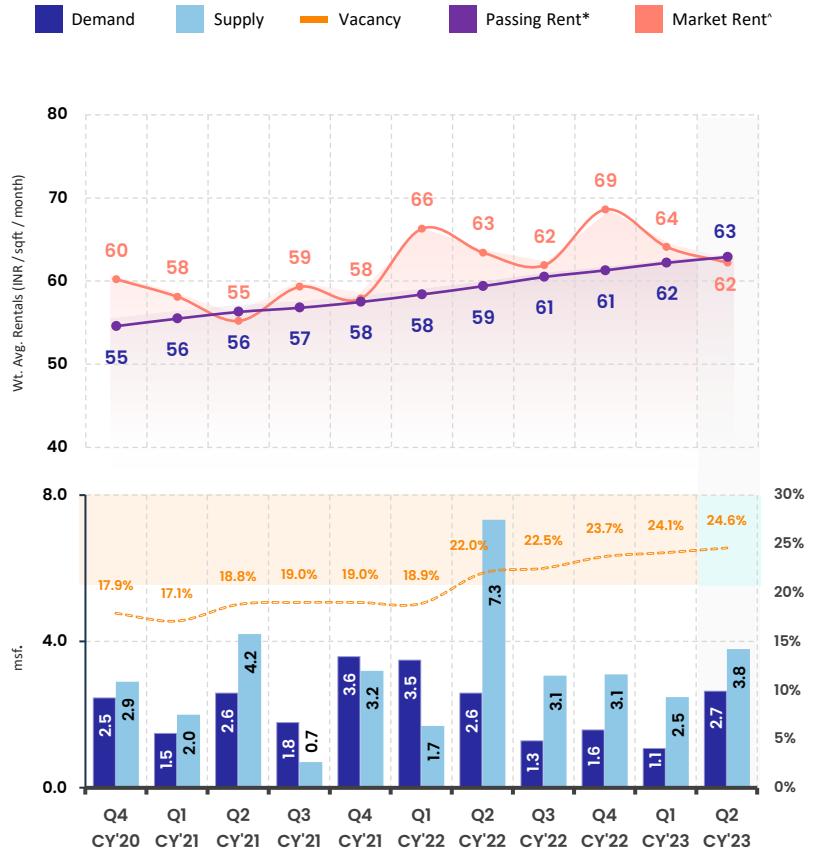
## Q2 CY'23 Passing Rent

**6%**  
VS Q2 CY'22

## Sector Occupancy



## Market Trends



### Note

\* Passing Rent = Wt. Avg. rent paid by all active tenants as of that date in the region

^ Market Rent = Wt. Avg. rent paid by tenants for all leases signed in that quarter

## Major Office Transactions

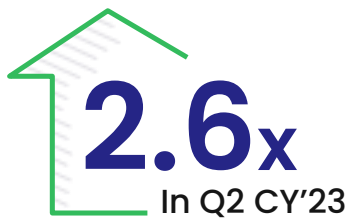
<b>HighRadius Technologies,</b> Mindspace (Hyderabad) <b>351,874 sqft</b>	<b>₹70</b>
<b>Electronic Arts Games India,</b> RMZ Nexity <b>319,716 sqft</b>	<b>₹75</b>
<b>HDFC,</b> Meenakshi Tech Park <b>289,881 sqft</b>	<b>₹48</b>
<b>Syngene Scientific Solutions,</b> MN Park Synergy Square 2 (Bio Park) <b>202,200 sqft</b>	<b>₹54</b>

# Pune

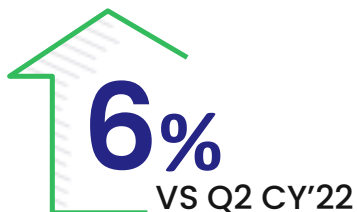
## Grade A Fundamentals

H1 CY'23 Demand (msf)	3.2
H1 CY'23 Supply (msf)	2.4
Current Grade A Stock (msf)	76
Current Vacancy	15%
Under-Construction Grade A Stock (msf) (till Q4'26)	17.9
Current Passing Rent * (₹/sqft/month)	₹ 76.6
Current Market Rent ^ (₹/sqft/month)	₹ 76.5

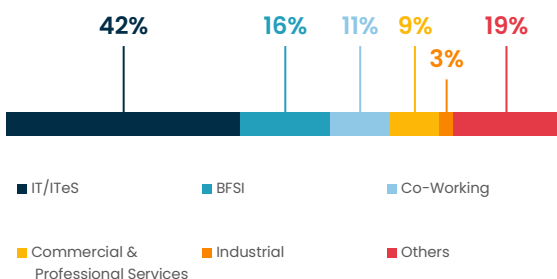
## Demand to Supply Ratio



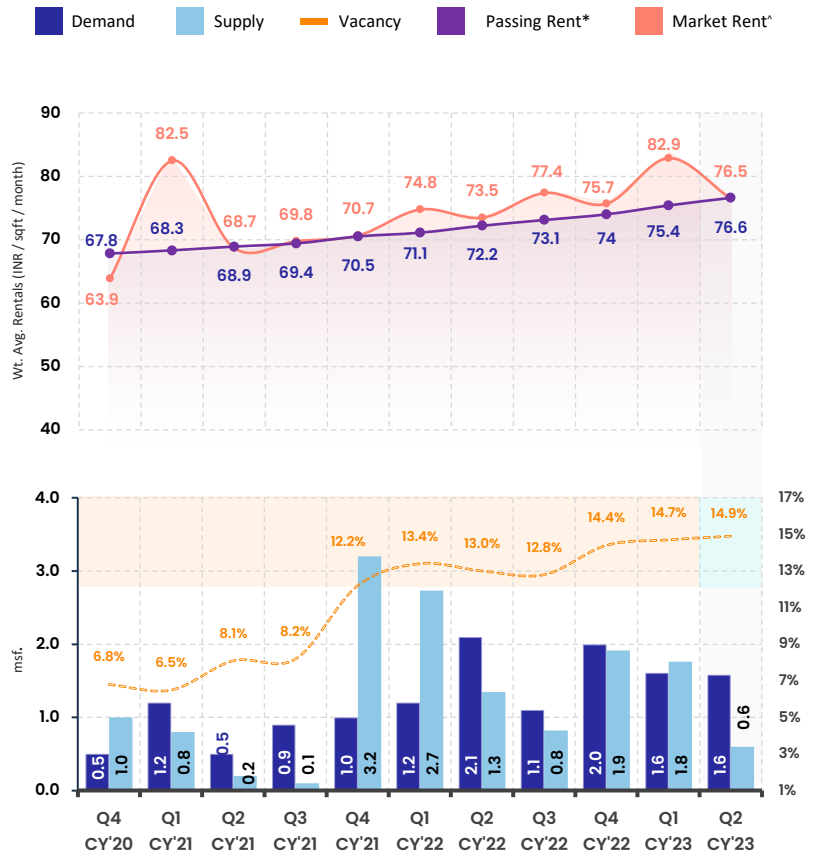
## Q2 CY'23 Passing Rent



## Sector Occupancy



## Market Trends



### Note

\* Passing Rent = Wt. Avg. rent paid by all active tenants as of that date in the market

^ Market Rent = Wt. Avg. rent paid by tenants for all leases signed in that quarter

## Major Office Transactions

<b>Roche Information Solutions I,</b> RMZ Icon (45 Icon) <b>192,293 sqft</b>	<b>₹90</b>
<b>Springer Nature Technology</b> Gera Commerzone <b>104,000sqft</b>	<b>₹83</b>
<b>Garfield Health Solutions East,</b> Embassy Tech Zone <b>85,474 sqft</b>	<b>₹53</b>
<b>WeWork,</b> Eleven West <b>72,499 sqft</b>	<b>₹78</b>

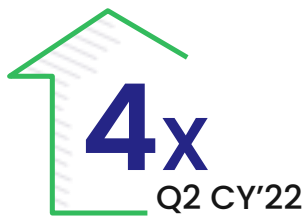


# Chennai

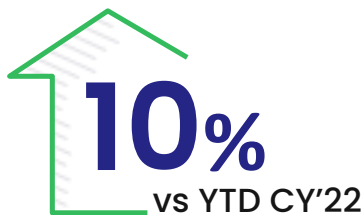
## Grade A Fundamentals

H1 CY'23 Demand (msf)	2.5
H1 CY'23 Supply (msf)	2.7
Current Grade A Stock (msf)	71
Current Vacancy	17.4%
Under-Construction Grade A Stock (msf) (till Q4'26)	14.1
Current Passing Rent* (₹/sqft/month)	₹ 68.1
Current Market Rent^ (₹/sqft/month)	₹ 72.6

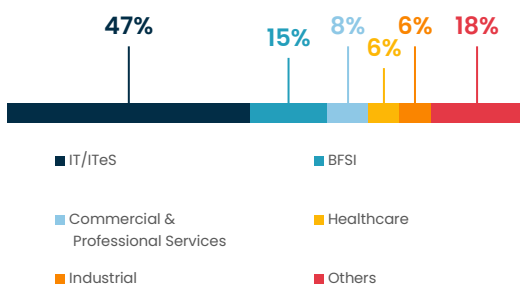
## Q2 CY'23 Supply



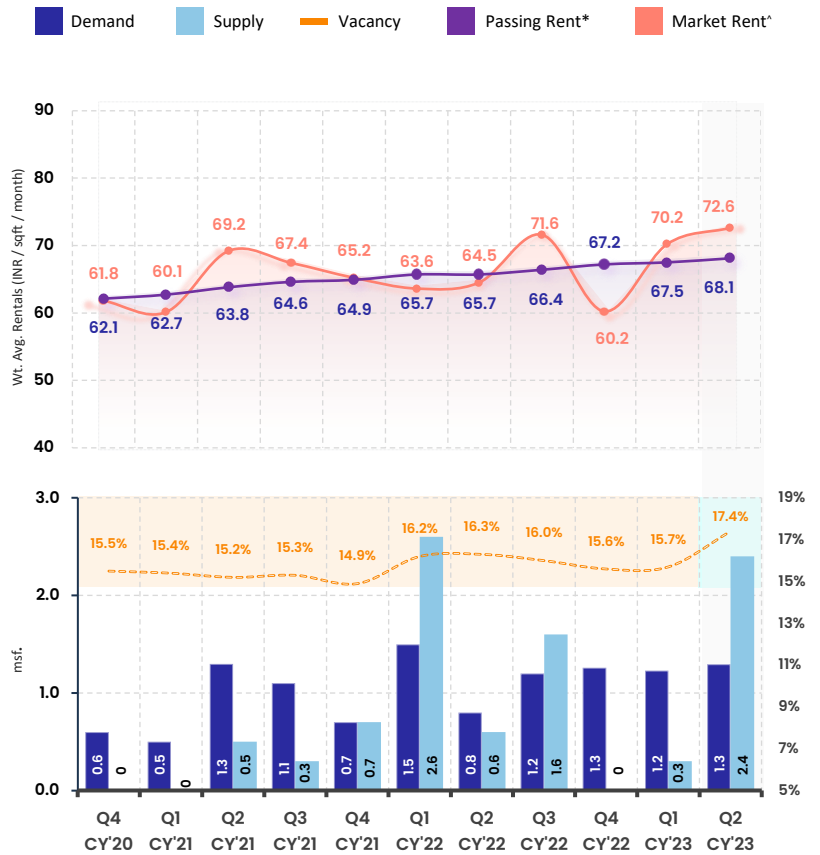
## YTD CY'23 Demand



## Sector Occupancy



## Market Trends



### Note

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## Major Office Transactions

HDFC, KRC Commerzone Porur 306,211 sqft	₹53
Agilysys Technologies, Intellion Park (Ramanujan IT City) 181,818 sqft	₹90
Tata Elxsi, Chennai One (Phase 2) 116,230 sqft	₹57
Star Health & Allied Insurance, Acropolis 90,884sqft	₹80



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# About us

## CRE Matrix

India's most trusted source for complete real estate intelligence, CRE Matrix has developed proprietary algorithms that relentlessly provide up-to-date information and enable deep data analytics across sectors and geographies. CRE Matrix's clients include some of the largest real estate developers, coworking players, retailers, property consultants and financial institutions.

## IndexTap

IndexTap, a product by CRE Matrix, is India's largest and most authentic platform that provides comparable transactions data across residential, commercial and loan transactions. IndexTap deploys sophisticated algorithms to empower brokers, buyers and sellers.

## CRE Lease Matrix

CRE Lease Matrix is a cloud-based Lease Management and Asset Management platform developed by CRE Matrix after experience of abstracting more than 2 Lakh leases in the commercial real estate space. The product offers Lease abstraction solutions, Inventory Management, Document Management & Invoicing for management of your commercial real estate portfolio or leases. Users can track Critical dates, create Revenue-Expense reports, configure Alerts on renewals, notices, escalations etc.

## FloorTap

FloorTap is India's first and only CRE marketplace platform that uses authentic data to empower brokers, tenants and landlords to close faster and better deals. FloorTap's technology, built on terra-bytes of authentic transactions, allows seamless collaboration, powerful automation, and efficient decision-making that are designed to empower all stakeholders.



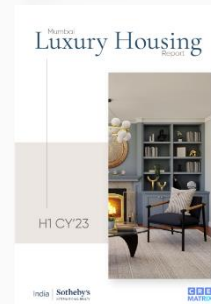
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September 2023



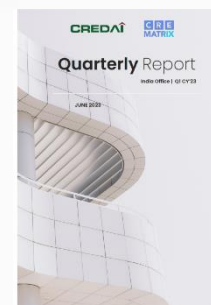
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### [Mumbai Luxury Housing](#)

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