



“Expansion Always, In All Ways”

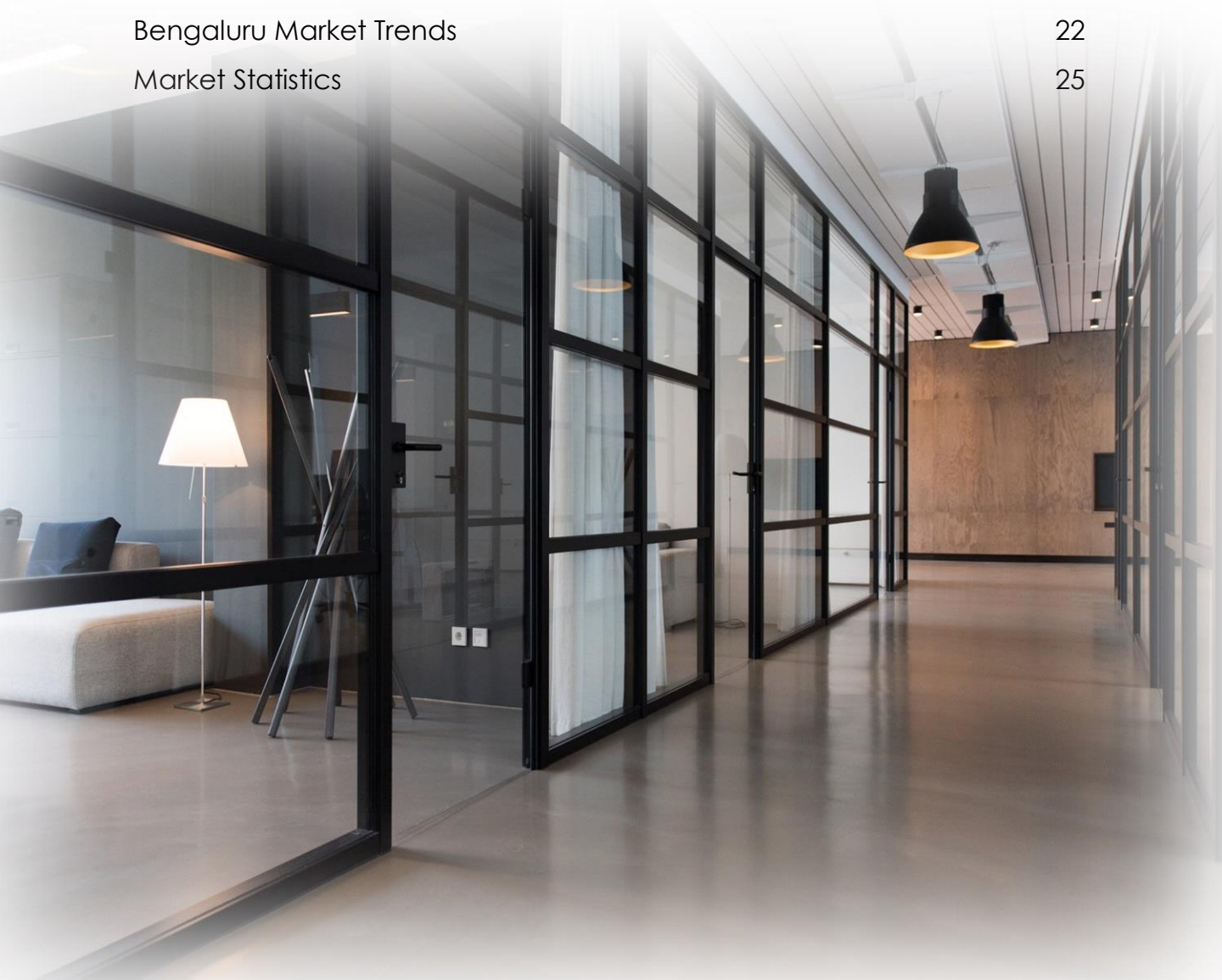
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REPORT on Commercial Properties



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STEADY GROWTH AND STABLE VACANCY RATE

Indian office markets have shown considerable vibrancy over the past few years and total investments in the asset class have shown an improving trend since 2013. Private equity inflows into commercial and IT for 2014 to date are 150% higher than the previous seven years inflows combined.

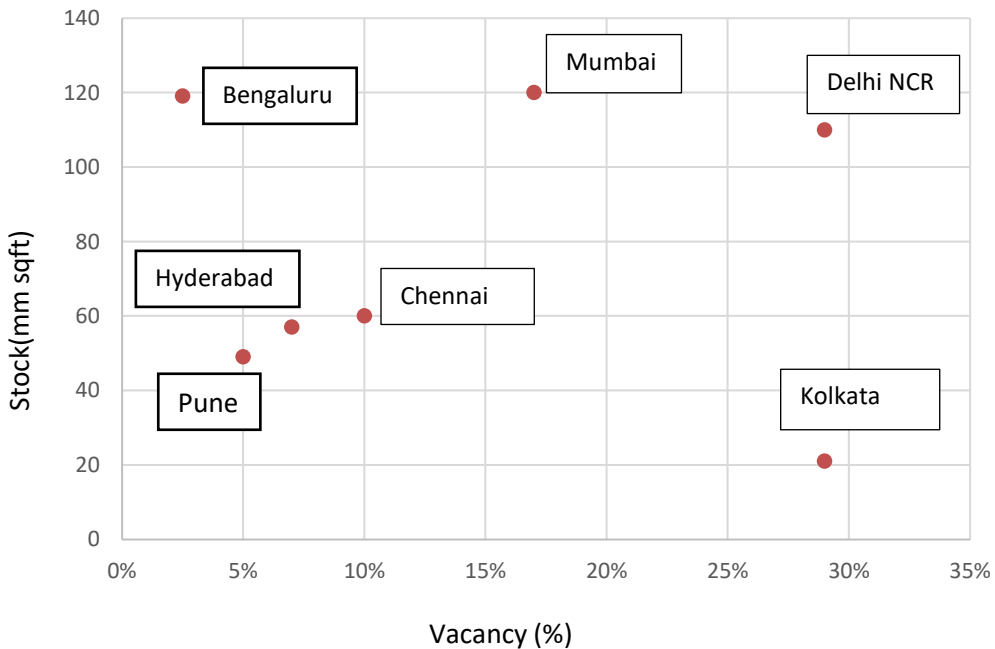


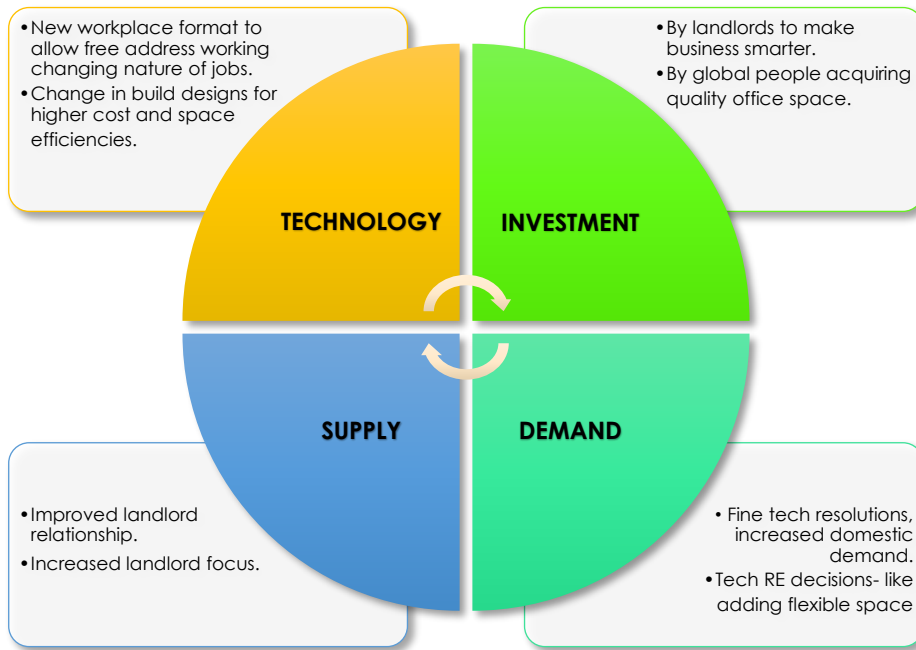
PRESENT SCENARIO IN INDIA:

Huge Market Size:

At present the current market scenario in India's grade A office stands at 685mn sq. ft and likely to surpass 1000mn sq. ft by 2022. India's office space one of the well organized markets in Asia-Pacific region and upcoming REIT's structures is likely to help the sector become even more efficient. There is almost 41.7mn sq. ft supply in 2019 while absorption was at 59mn sq. ft. High demand level has continued irrespective to the vacancies level. On expected lines, Bangalore, followed by Hyderabad market over taking Mumbai.

This year also a saw a significant spurt in flexible space operators and footprints across the country. Currently, the office space vacancies stand at 14% pan India. This is considered to be natural vacancy rate level for a vast office market like India. Most Indian cities, such as Bengaluru, Hyderabad, Chennai and Pune, have very negligible vacancy rates, while certain precincts of large diversified market such as Mumbai and Delhi-NCR have vacancy rate in double digit.





Themes Implemented in India:

The commercial real estate sector in the country has been greatly boosted by government initiatives such as Make in India and other reforms in the realty sector such as the introduction of the Real Estate Regulatory Authority (RERA) and GST.

Themes	Trends
Polarisation between Cities	Expected both demand and supply would continue to be focused: Bengaluru, NCR and Hyderabad
Dominance of SEZ's /Tech Park	With the looming sunset date of benefits for occupiers to expire in March 2020, heightened activity in this segment for both absorption and development completed in 2019
Tech Driven RE decision	Technology would continue to impact occupiers and developers, resulting in increase and flexibility in decision making and space leased.
Infrastructure-Led Growth	Leasing and new supply completions is expected to be led by the completion of urban infrastructure, particularly the provision of metro services or major arterial roads.

Faster appreciation in rents in several sub-markets has driven demand for superior A grade office space. The average rents have declining or stabilized in CBD markets. It is easier and less expensive to build world-class infrastructure in the suburbs, which will drive more occupiers to these markets, where more relocations and consolidations are expected.

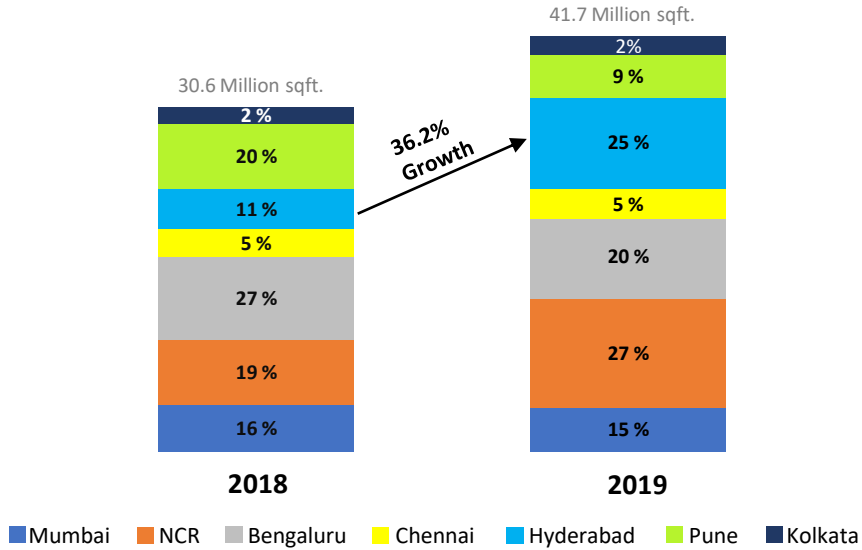
The suburban sub-markets are competing with CBDs and SBDs in several key aspects:

- New entrances like e-commerce and co-working occupiers are leasing equality in suburbs as SBDs.
- Competitive trends and close proximity to talent.
- Good existing physical infrastructure and potential to build more. A
- Non-IT occupiers are gradually going to the suburbs for the newly available quality assets.





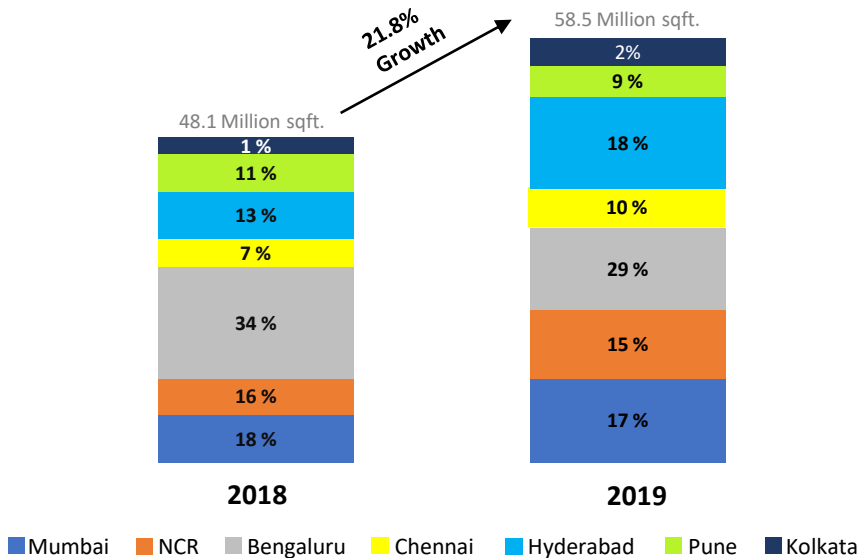
Supply Rate



High Supply in Hyderabad followed up by NCR & Bangalore in Year 2019. High demand levels, lower vacancies & rental growths key driven to makes developers to increase the pace of construction.

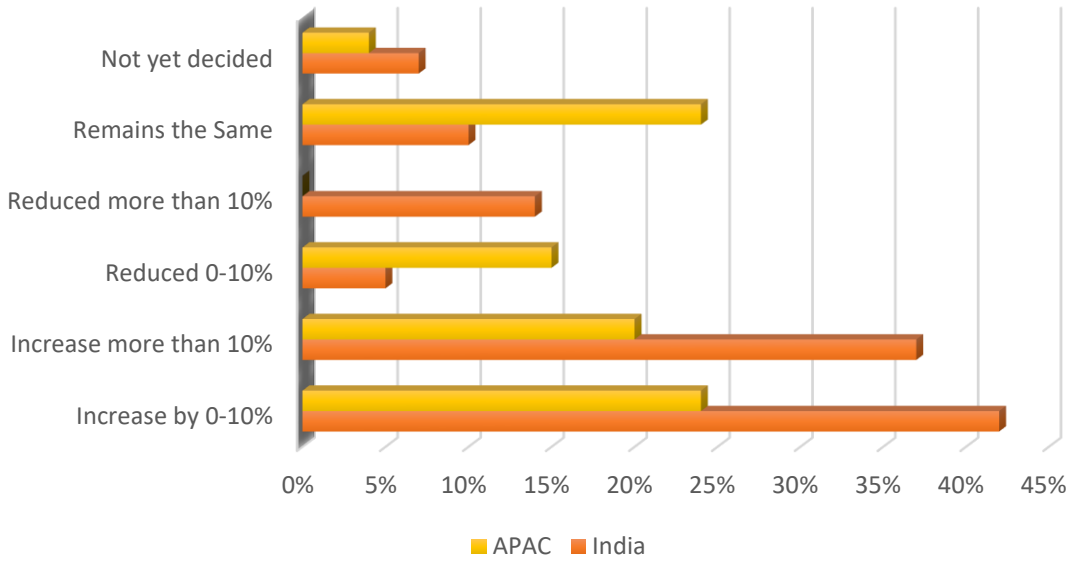
Absorptions touched an all-time high in Hyderabad and Bengaluru at 10.7mn sqft and 17mn sqft. Hyderabad recorded 78% increase in absorption in 2019 over 2018: however, growth in Bengaluru was only 4%. Chennai has recorded almost 64% compared to 2018.

Absorption Rate

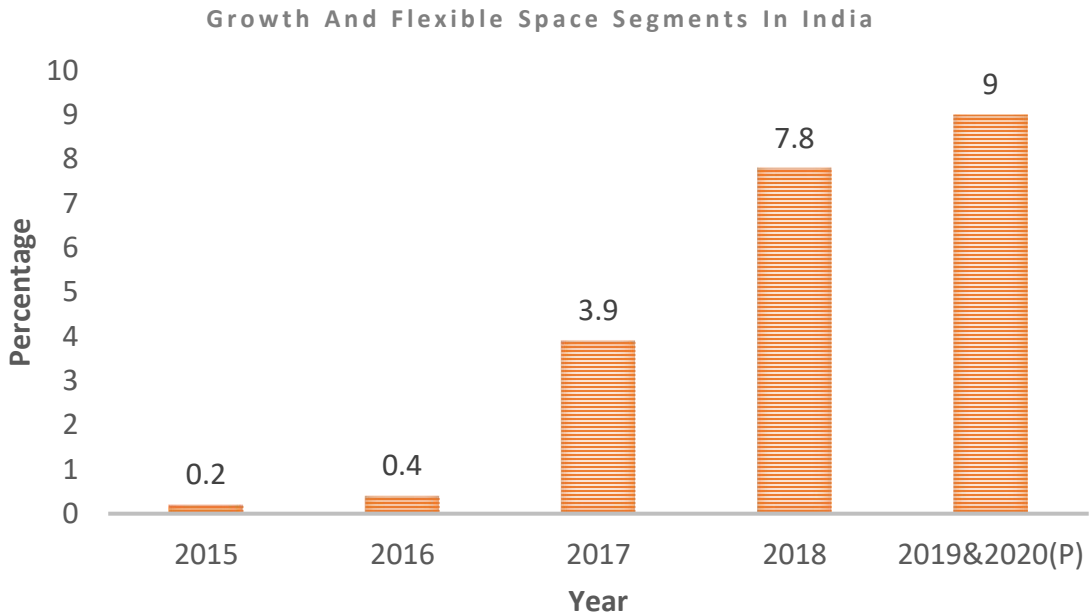




APAC vs India



Future Outlook In Indian Market Scenario:

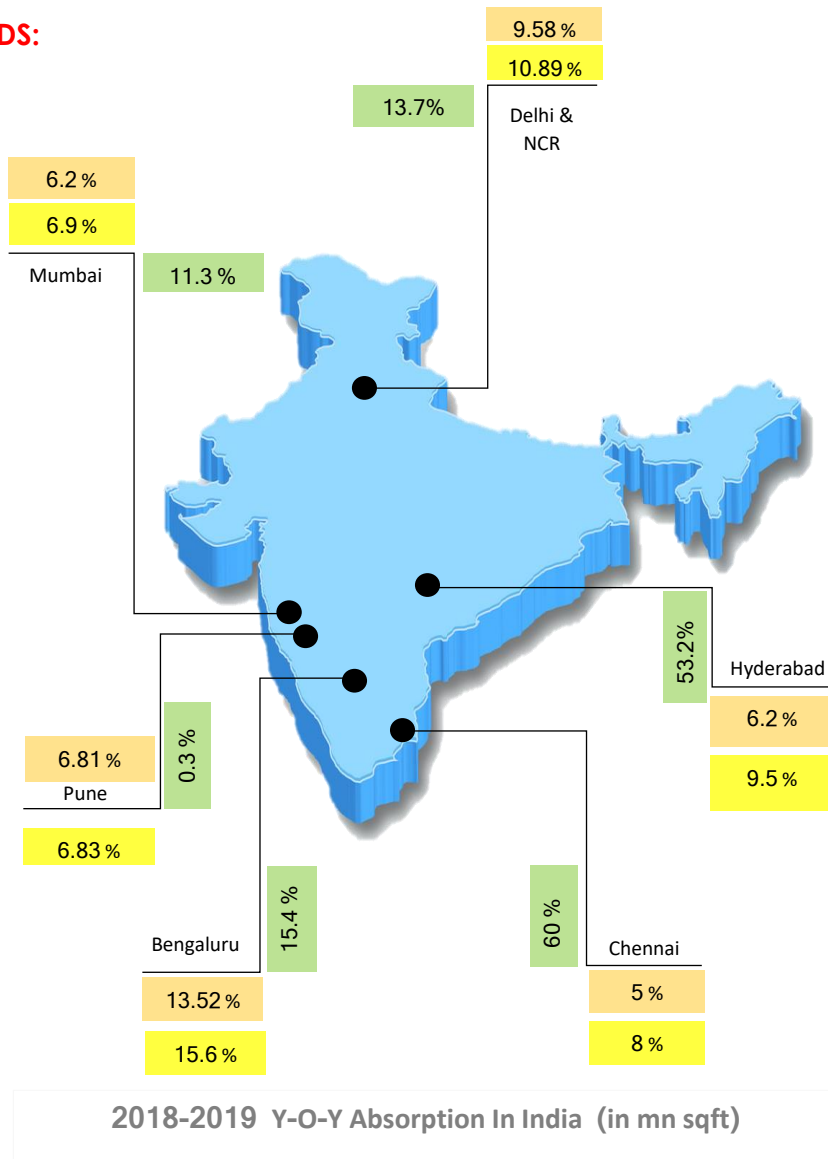


- High absorption and lower vacancy level resulting high opportunity in Bengaluru and Hyderabad.
- High demand level pressurizes vacancy levels irrespective of supply infusion across all market.
- Demand primarily for new spaces and Grade A developments thereby vacancies increasing in gaining stock across all cities.
- Office absorption is likely to rise steadily in the medium-term on the back of stronger economy fundamentals and positive occupiers and investors sentiments.
- This trend is further supported by the healthy pre-commitments of space in under-construction projects during the period 2020
- Despite the huge supply that is likely to be delivered during 2020-2024, the vacancy rate is anticipated to remain below 15% at a pan-India level. Vacancy pressures as a consequence, will continue as upcoming supply in 2020 are also mostly pre committed.
- Lack of readily available supply is likely to result in rental growth continuing in Bangalore, Chennai, Hyderabad and Pune. This rental growth is expected to taper over the coming quarters. Hence, rental values are expected to be appreciated 5%-8% in southern cities of Hyderabad and Bangalore.



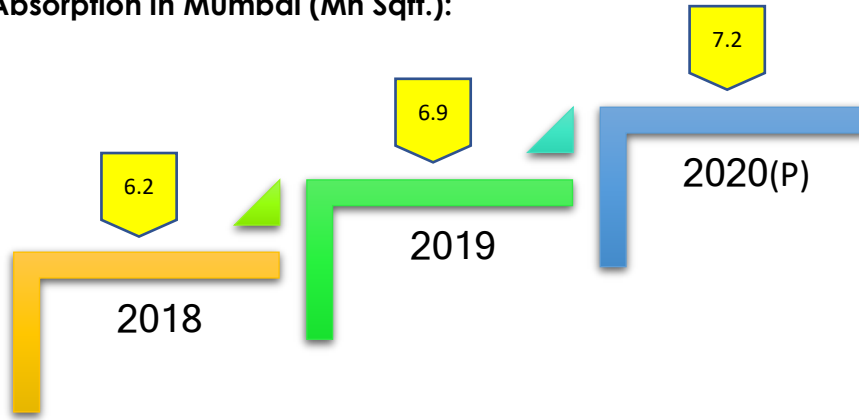
- Whereas Pune is expected appreciation of 3%-4%. There is a large office supply lined up for 2020.
- The ever-expanding service sector has increased the demand for office spaces which is one of the biggest drivers of the commercial real estate sector in India.
- Tech enablers such as employee mobility and free-addressing would continue to improve workplace designs, building quality and overall work environments.
- Occupiers are expected to increasingly tilt towards ‘smarter’ spaces, with tech-enhancements continuing to gain more importance. Interest from global and domestic occupiers is expected to generate evolved sources of demand.

CITY TRENDS:



MUMBAI MARKET TRENDS:

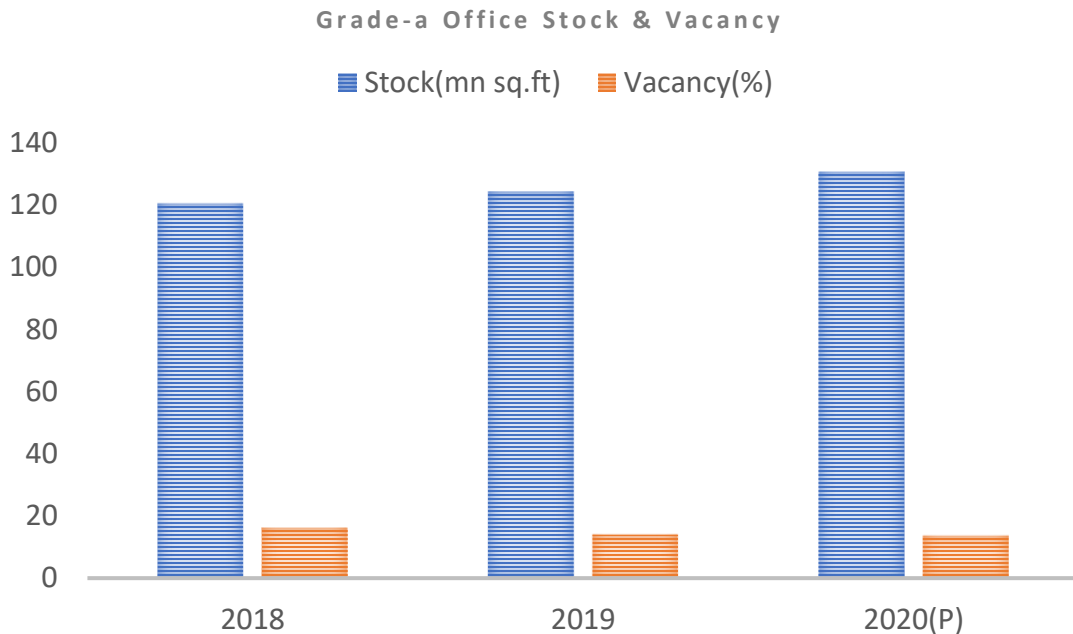
Office Absorption In Mumbai (Mn Sqft.):



Mumbai Metropolitan Region (MMR) saw an absorption of 6.9 mn sqft., a YOY increase of 11% in 2019. Micro markets like New Central Business District (CBD), defined as Bandra Kurla Complex (BKC) and off BKC areas, the Secondary Business Districts (SBDs)

of North Central Mumbai & North Mumbai constituted over 50% of the total leasing activity in the city. Nesco, Nirlon and Oberoi saw tremendous pre-leasing and leasing in 2019 and rental strengthening in that market.

Office Vacancy Rate In Mumbai (Mn Sqft.):

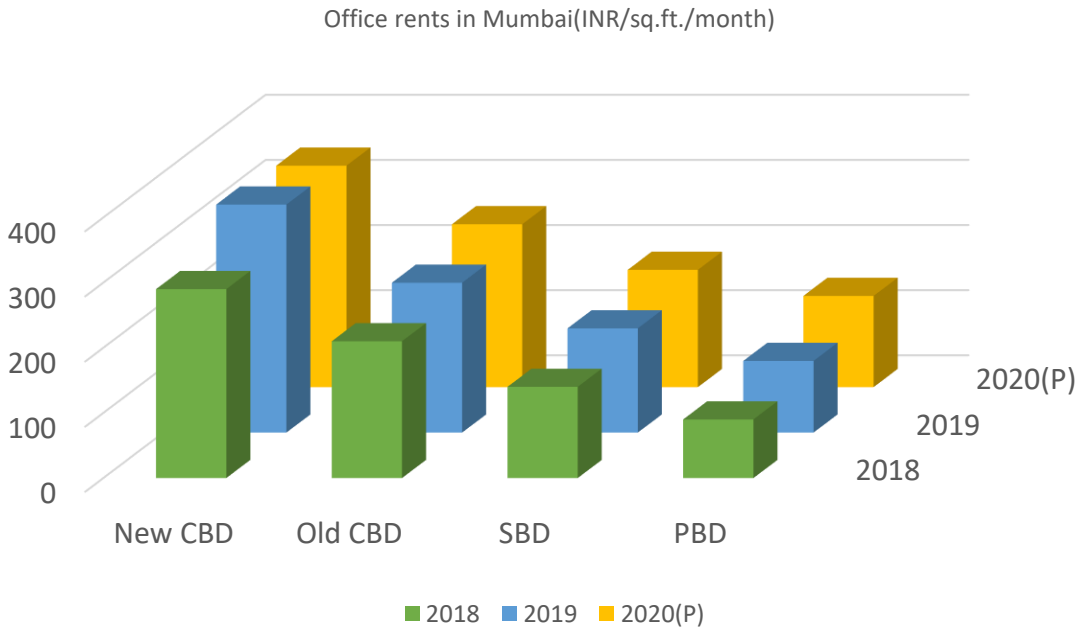


Sound leasing activity during the year led to decline in vacancy levels, from about 16% in 2018 to approximately 14% in 2019.

However, the micro market of Navi Mumbai stood at around 20% vacancy,

whereas North Central Mumbai reported approximately 16% vacancies. Vacancy levels in major micro markets like BKC were lower than the city-average, at about 11-12% in 2019.

Office Rents In Mumbai (INR/Sqft./Month)



Average rental growth for most micro markets was recorded at 5% for Thane, Navi Mumbai and BKC. The SBD of Eastern Suburbs witnessed highest annual rental

growth of approximately 10%. With heightened leasing and decline in vacancy levels, rents firmed further, though gradually, across micro markets in 2019.

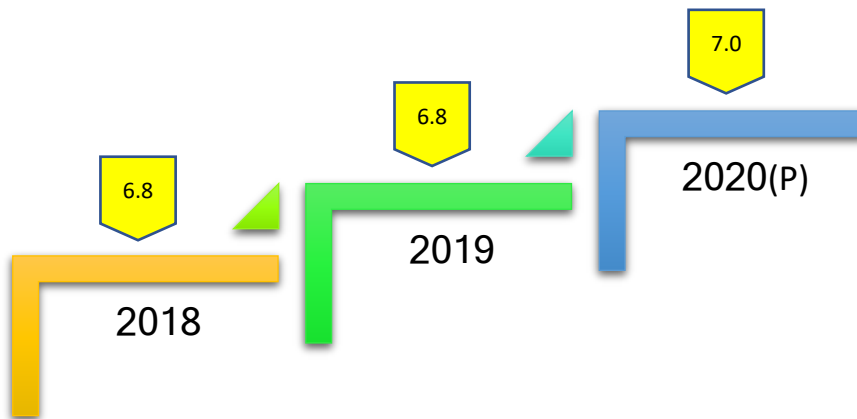


Major Transactions In 2019:

Tenant	Micro Market	Building	Transaction Area (mn sq. ft)
WPP	SBD- North Central Mumbai	The Orb	0.30
WeWork	SBD- Eastern Suburbs	Chromium	0.25
Tata Communi- cation	SBD- South Central Mumbai	Equinax Tower	0.24
Yes bank	PBD-Thane	Empire Tower	0.23
WeWork	SBD- north Central Mumbai	Nesco IT Park	0.23

PUNE MARKET TRENDS:

Office Absorption In Pune (Mn Sqft.):



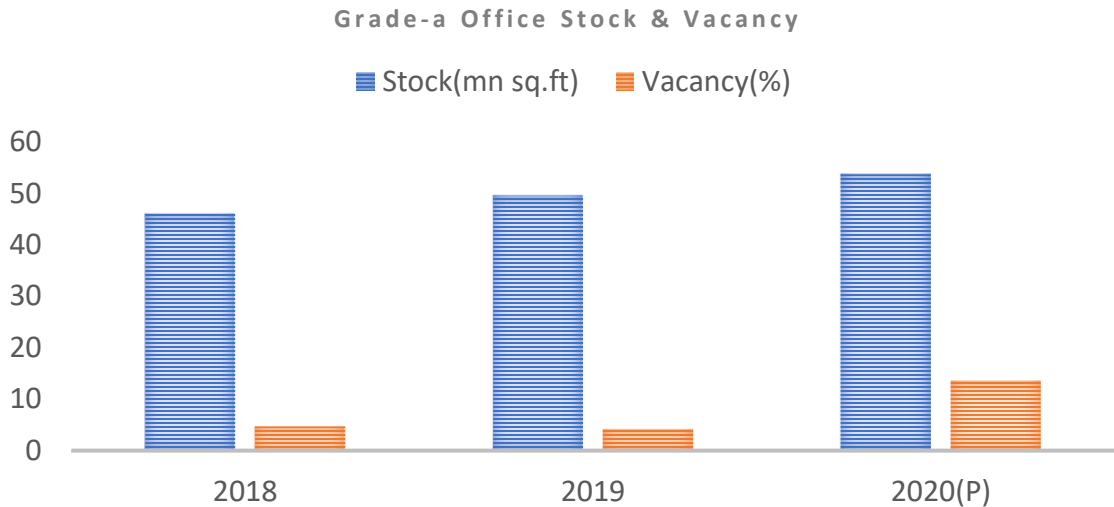
Pune witnessed leasing activity to the tune of 6.8 mn sqft. in 2019. The leasing activity was concentrated in Secondary Business District (SBD) East, which accounted for close to 50% of the absorption of the city.

While the western SBD saw high space intake by coworking sector, leasing activity in the eastern SBD was dominated by technology sector.

Office Vacancy Rate In Pune (Mn Sqft.):

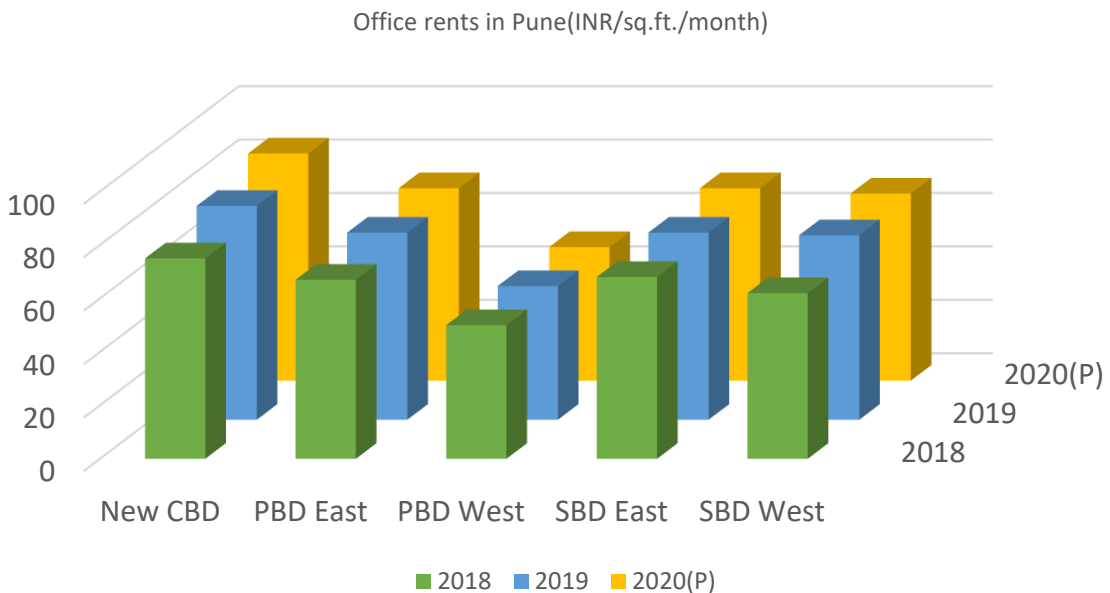
Continued traction in leasing activity during the year led to decline in vacancy levels from about 4.7% in 2018 to 4.2% in 2019.

The decrease in vacancy levels was primarily driven by strong leasing activity across most micro markets.



Office Rents In Pune (INR/Sqft./Month):

Increase in absorption coupled with decrease in vacancy levels, led to rents in Pune Supply.



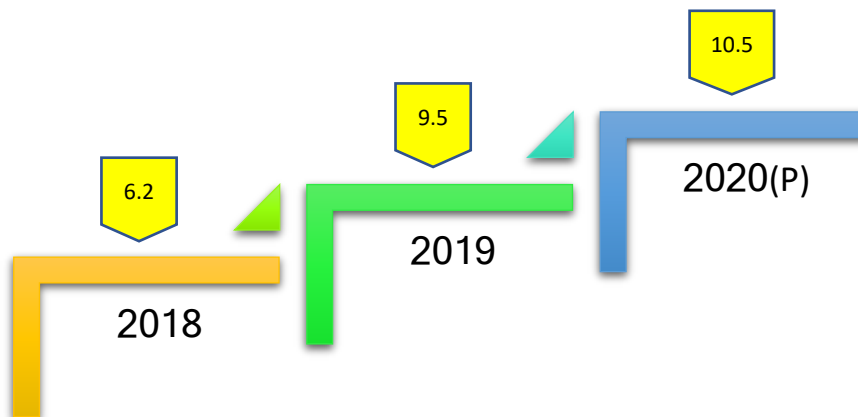
Increasing by 3-5% across most micro markets. Peripheral Business District (PBD) East and Central Business District (CBD) witnessed a rental growth of 4.4% and 3.7% respectively.

Major Transactions In Pune 2019:

Tenant	Micro Market	Building	Transaction Area (mn sq. ft)
Smart Works Co working Spaces Private Limited	SBD East	Marisoft Annexe	0.14
Barclarys	SBD- East	Gera Commerzone	0.70
Infosys	SBD- West	ITTP, Phase III	0.20
HCL	PBD-West	Embassy	0.26
WeWork	SBD- East	Futura Tower	0.19

HYDERABAD MARKET TRENDS:

Office Absorption In Hyderabad (Mn Sqft.):



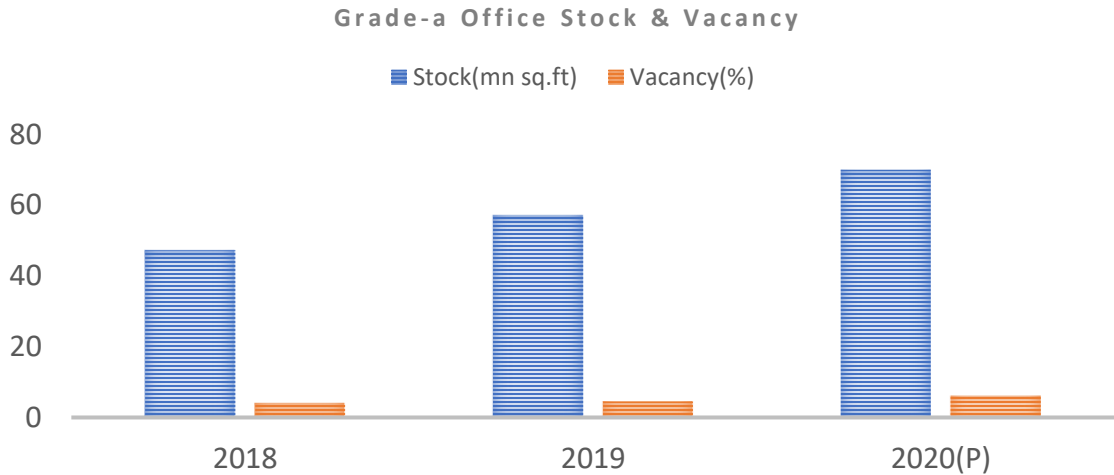
The micro markets of Secondary Business District-I (SBD-I), primarily Madhapur and SBD-II, primarily Gachibowli, constituted over 90% of total leasing activity in the city.

Hyderabad witnessed a YOY increase of over 50% in 2019. Absorption in Madhapur almost doubled in 2019. The Peripheral East micro market too witnessed minor leasing activity this year vis-à-vis 2018.

Office Vacancy Rate In Hyderabad (Mn Sqft.):

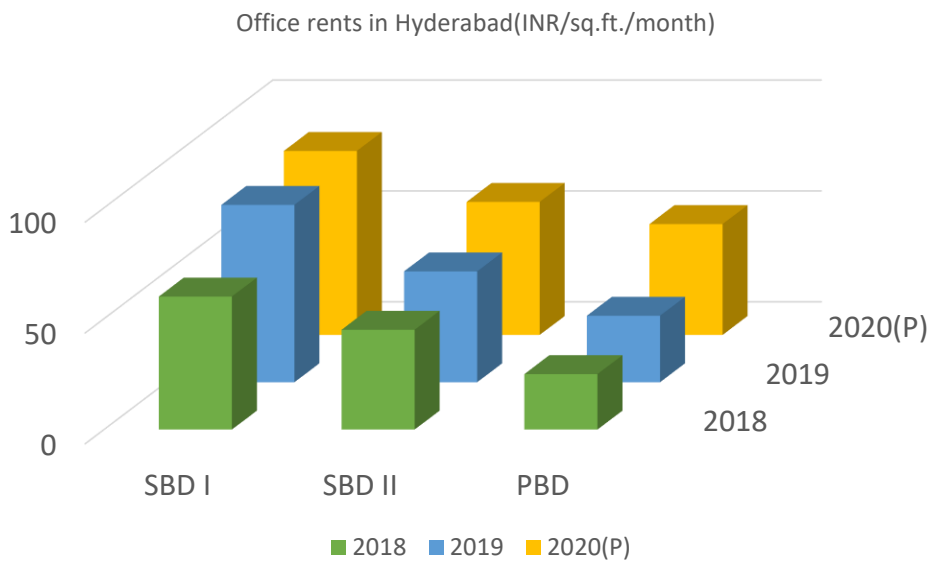
With completion of 0.7 mn sqft. in the eastern peripheral micro market of Pocharam and Uppal, the vacancy level increased by 3 times.

Strong leasing led to a marginal decline in vacancy levels which decreased to 4.5% in 2019, from 5.6% in 2018.



However, in Madhapur, the same almost halved to reach 1.3%. The reduction in vacancy levels in Madhapur despite supply growth, can be attributed to strong leasing activity driven by the technology sector.

Office Rents In Hyderabad (INR/Sqft./Month):



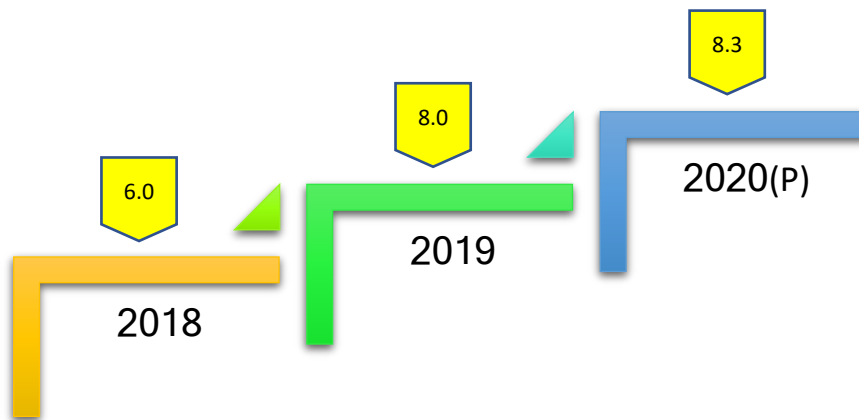
Strong leasing activity and low vacancy level led to a sharp rise in rentals. Average rentals increased by 14% in Gachibowli and by 9% in Madhapur.

Major Transactions In Hyderabad 2019:

Tenant	Micro Market	Building	Transaction Area (mn sq. ft)
Wells Fargo EGS India Private Limited	Madhapu	DivyaSree Orion - Block 5	0.37
Xilinx India Technology Services Private Limited	Madhapu	Knowledge City (Parcel-4)	0.36
Micron Technology Operation India Limited Liability Partnership	Gachibowli	The Skyview	0.36
Qualcomm India Private Limited	Gachibowli	The Skyview	0.41
Mahataa Information India Private Limited	Gachibowli	Salarpuria Sattva Knowledge Capital - Block 1	0.37

CHENNAI MARKET TRENDS:

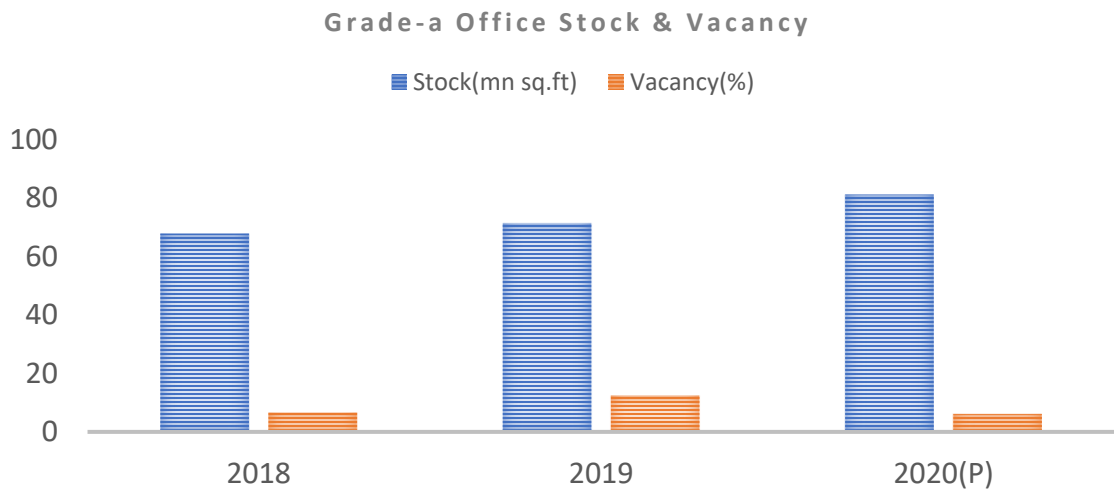
Office Absorption In Chennai (Mn Sqft.):



Chennai witnessed 6mn sqft. of fresh leasing activity, in addition to large volume pre-commitments of approx. 2mn sqft. The micro markets of Old Mahabalipuram Road (OMR) –

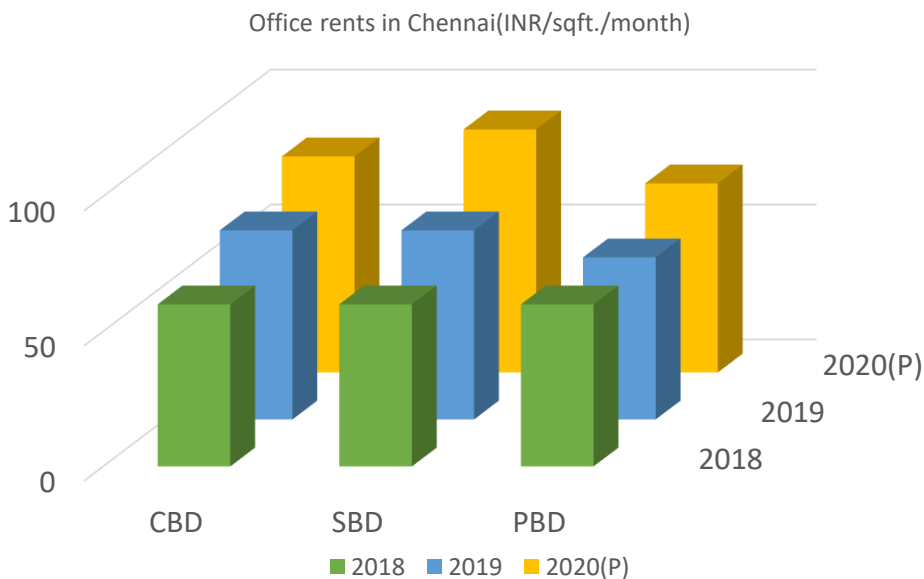
both Pre- and Post-Toll as well as the Pallavaram Link Road – accounted for approximately 50% of total leasing activity in the city.

Office Vacancy Rate In Chennai (Mn Sqft.):



Despite a healthy growth in leasing, vacancy levels saw a spike in Chennai from 6.6% in 2018 to 12.4% in 2019, representing a market that anticipates further growth. The rise in vacancy is mainly attributed to significant project completions on Pallavaram- Thoraipakkam Link Road

Office Rents In Chennai (INR/Sqft./Month):



Rentals recorded an upward trend across most micro markets on a YOY basis. The key southern stretches of Chennai, namely, OMR (Pre-Toll) in the south, and the Guindy – Mount Poonamallee stretch to the south west, witnessed noticeable increases in rentals.

The growth rates in these two micro markets was reported at 23% and 11% respectively. The rise is mainly attributed to robust demand, dearth of quality supply as well as proximity to public transport and infrastructure which has pushed the rentals to higher levels.

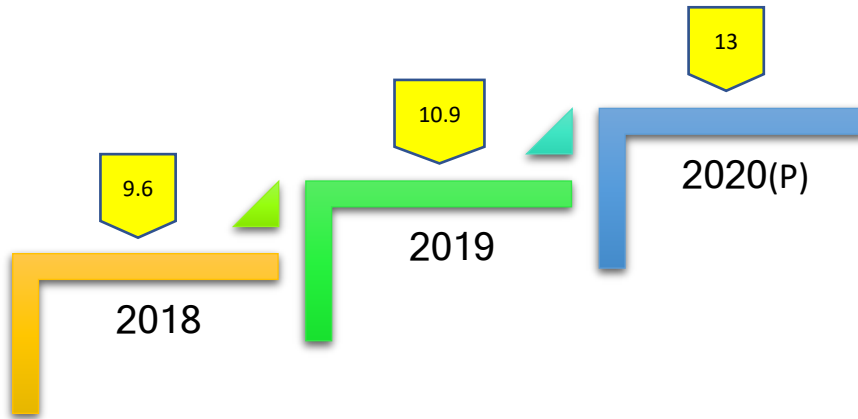
Major Transactions In Chennai 2019:

Tenant	Micro Market	Building	Transaction Area (mn sq. ft)
Accenture	PTR	Embassy	0.25
Pfizer	CBD	VST	0.16
First Data	PTR	Embassy	0.15
Cognizant	Post Toll OMR	Ozone Tech Park	0.60



DELHI NCR MARKET TRENDS:

Office Absorption In Delhi NCR (Mn Sqft.):

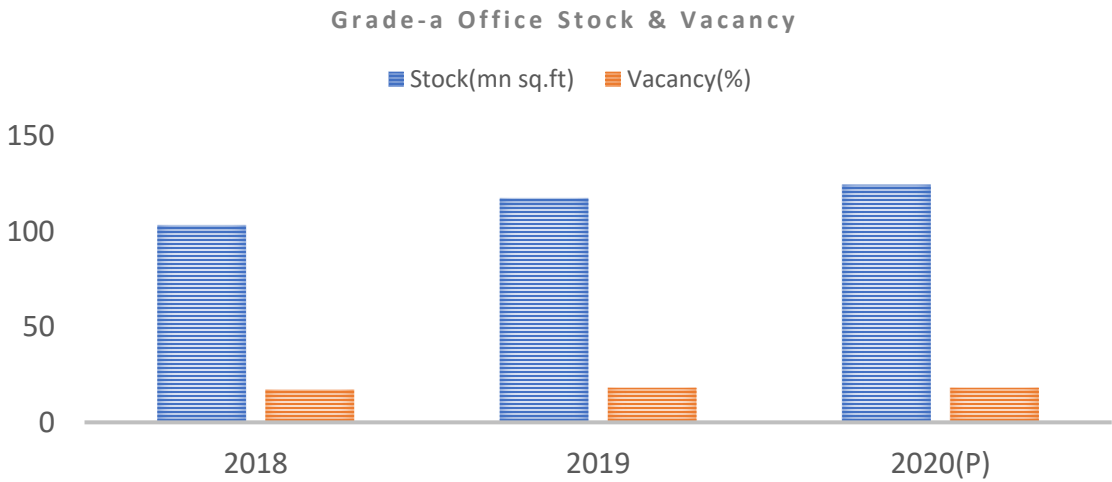


National Capital Region (NCR) recorded an office space absorption increase of 14% YOY in 2019 to reach 10.9 mn sqft. The micro markets of NH-8 and Udyog Vihar in Gurgaon constituted over 50% of absorption in 2019. DLF Cyber City and Southern Peripheral Road (SPR) each constituted around 10% of the total

absorption in 2019. In case of Noida, the absorption of Noida Expressway increased three-fold to reach 1.8 mn sq. ft. The growth was mainly led by a 15% YOY growth in Gurgaon and 26% growth in Noida. Overall absorption in Delhi, however, remained muted with absorption in Jasola and Connaught Place constituting close to 60% of the city demand.



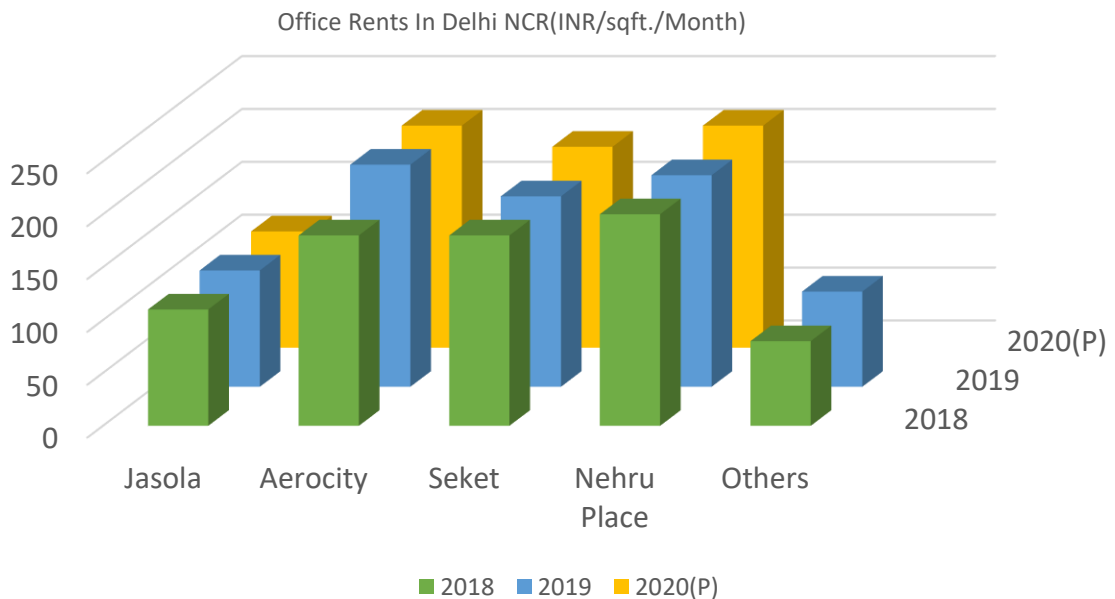
Office Vacancy Rate In Delhi NCR (Mn Sqft.):



In Delhi, vacancy levels in Jasola stood above 15% levels, whereas in Saket, the vacancy levels were approximately 10%. In all other micro markets of Delhi, the vacancies recorded were around 5%.

The levels in Noida Expressway micro market were reported at 14-15% whereas Sector 62 was higher, close to 18%. Substantial completions kept vacancy levels range-bound despite healthy absorption levels.

Office Rents In Delhi NCR (INR/Sqft./Month):



However, minor movements in rentals were recorded for some of the micro markets. For instance, in Delhi, the Aerocity micro market saw an increase of 5-7% compared to rents in the previous year.

Base rents remained largely stable across most micro markets, in all 3 key cities comprising NCR, on a YOY basis.

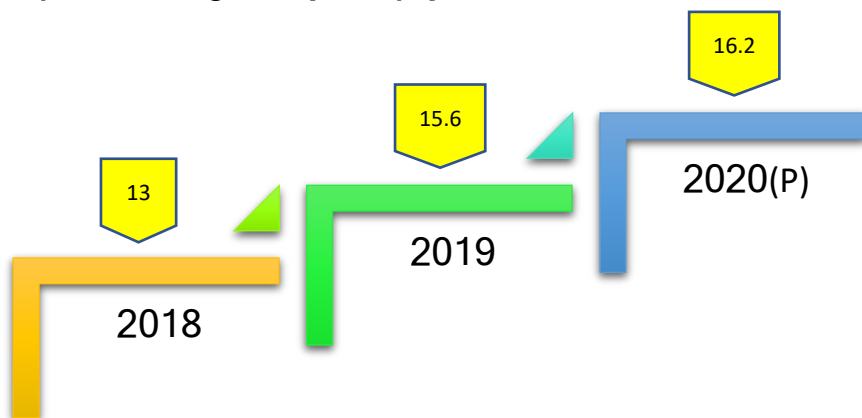
On an overall basis though, rentals in NCR remained at the levels recorded in 2018.

Major Transactions In Delhi NCR 2019:

Tenant	Micro Market	Building	Transaction Area (mn sq. ft)
American Express	SPR	DLF Corp. Greens	1.2
Vivo	Tech Zone	World Trade Centre	0.8
Google	Nh8	Vatika One on One	0.7
Qualcomm	Expressway	Candor Techspace	0.3

BENGALURU MARKET TRENDS:

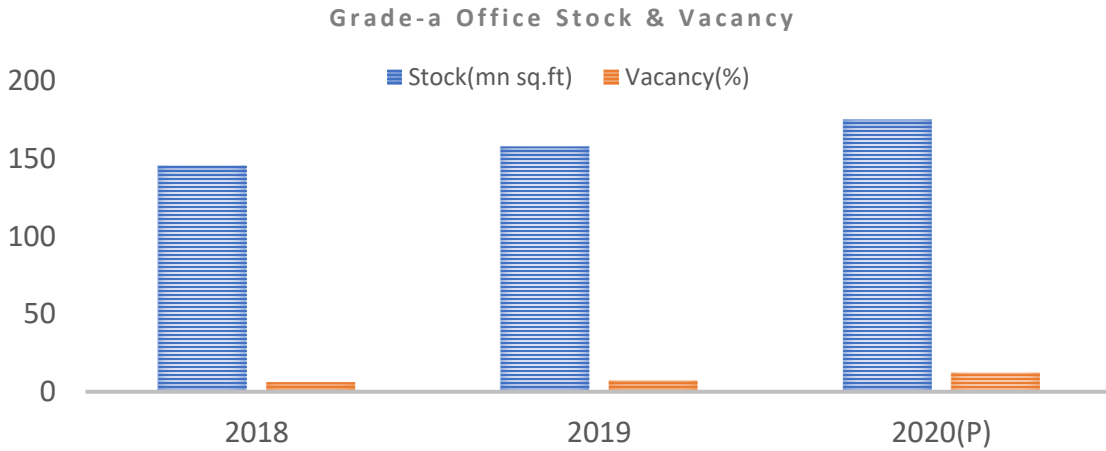
Office Absorption In Bengaluru (Mn Sqft.):



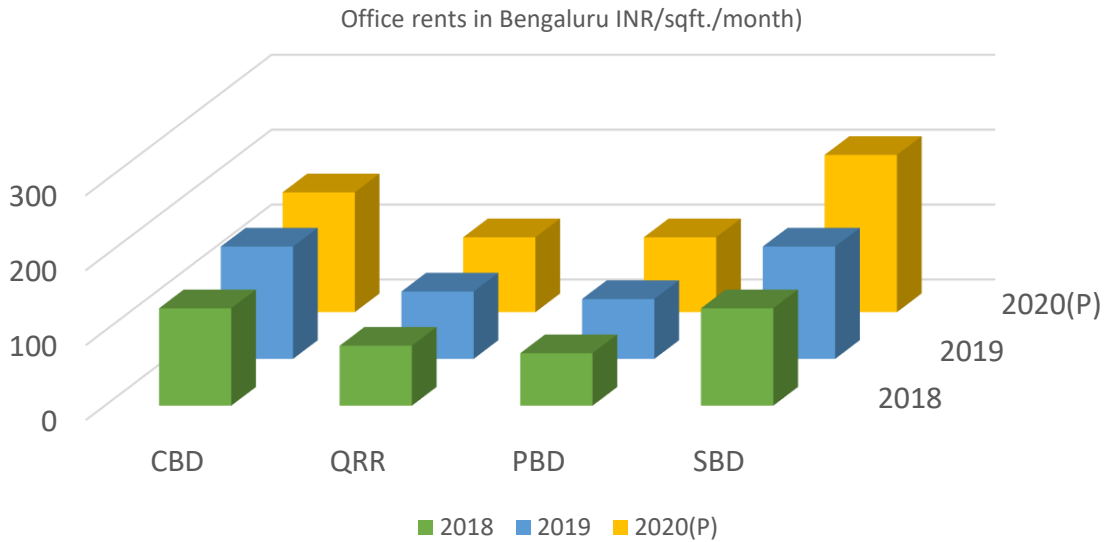
Absorption peaked at almost 17 Million sqft. Major large size projects became operational; total supply in 2019 at 8.2 Million sqft. Low vacancy in Grade A spaces; however, churns and consolidations witnessed in aging stock.

Bangalore remains the frontrunner of office markets in India like earlier years. It continued to lead other cities in 2019 by a large margin, and saw leasing activity to the tune of 15.6 mn sqft.

Office Vacancy Rate In Bengaluru (Mn Sqft.):



Vacancy levels in Whitefield witnessed an increase due to significant consolidation and renewals.



Vacancy levels in Whitefield witnessed an increase due to significant consolidation and renewals. Demand for new completions including that in SEZs remained high. It is worth noting that the city's average vacancies had declined to alarmingly low levels in 2018.

Office Rents In Delhi NCR (INR/Sqft./Month):

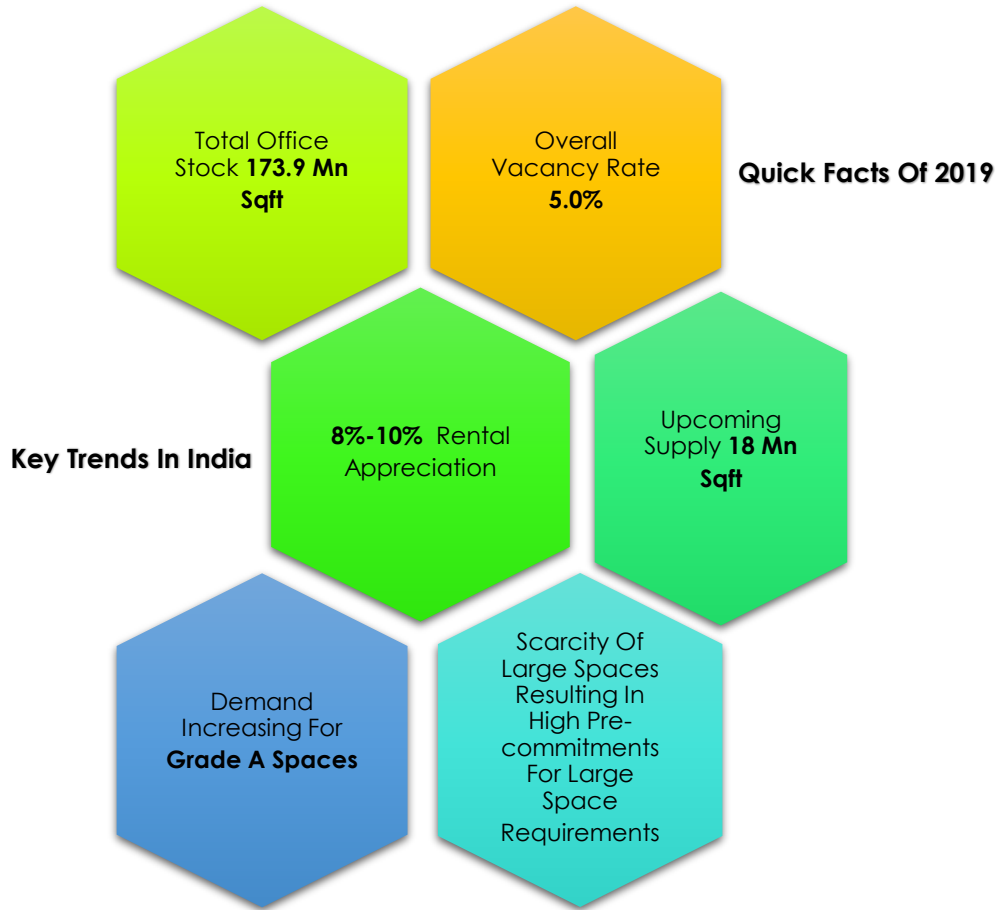
As availability of ready to move in Grade A office spaces remained constrained, rents witnessed a consistent increase in most micro markets, with good quality buildings witnessing a steady upward movement. Average rentals of Peripheral North micro market have increased significantly by 25% YOY in 2019; whereas other micro markets like Peripheral East, CBD and SBD City saw an increase in rentals by 15 to 20%.

Major Transactions In Bengaluru 2019:

Tenant	Micro Market	Building	Transaction Area (mn sq. ft)
Amazon	Outer Ring Road	Bagmane Constellation	0.68
Cognizant	Peripheral East	Bagmane Solarium	0.48
Mercedes Benz	Peripheral East	Brigade Tech Garden	0.48
Paypal	Outer Ring Road	RGA Tech Park	0.15

Major increase in absorption by Coworking (88%) and Manufacturing R&D (34%) compared to 2018. Market share of IT/BPM sector remained consistent; however, in absolute terms, recorded 8% increase over 2018.

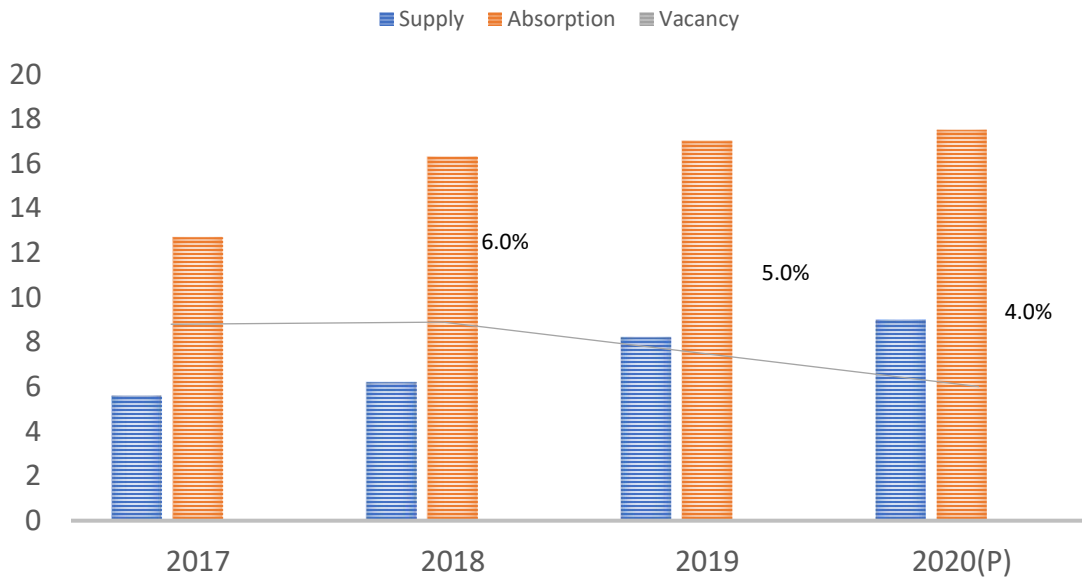




MARKET STATISTICS:

SUBMARKET	INVENTORIES(SF)	VACANCY (%)	YTD Gross leasing Activity (SF)
CBD / Off-CBD	6,513,322	2.6%	1,506,200
Outer Ring Road	67,764,945	0.9%	6,428,081
Peripheral East	27,346,019	11.9%	4,244,383
Peripheral North	5,795,654	34.5%	676,700
Peripheral South	8,842,839	2.0%	1,135,372
Suburban East	19,452,232	2.7%	1,516,977
Suburban North West	1,100,000	0.9%	-

Supply, Absorption And Market Trends



Future Outlook Of Bengaluru Market:

Pre-commitment and expected to continue large space requirement. Aging stocks are likely to witness churn and re-locations to Grade A developments. High yield rates in Outer Ring Road, Bangalore North and Hosur Road will drive interests from institutional investors.

Approximately 10 mn sqft of new supply is projected to become operational in 2020. Absorption will also remain high and is projected at 16.2 Million sqft in 2020. Overall vacancy levels in the city is expected to decline to 4% by end of 2020. Lease renewals and re-negotiations are likely to continue at higher values.

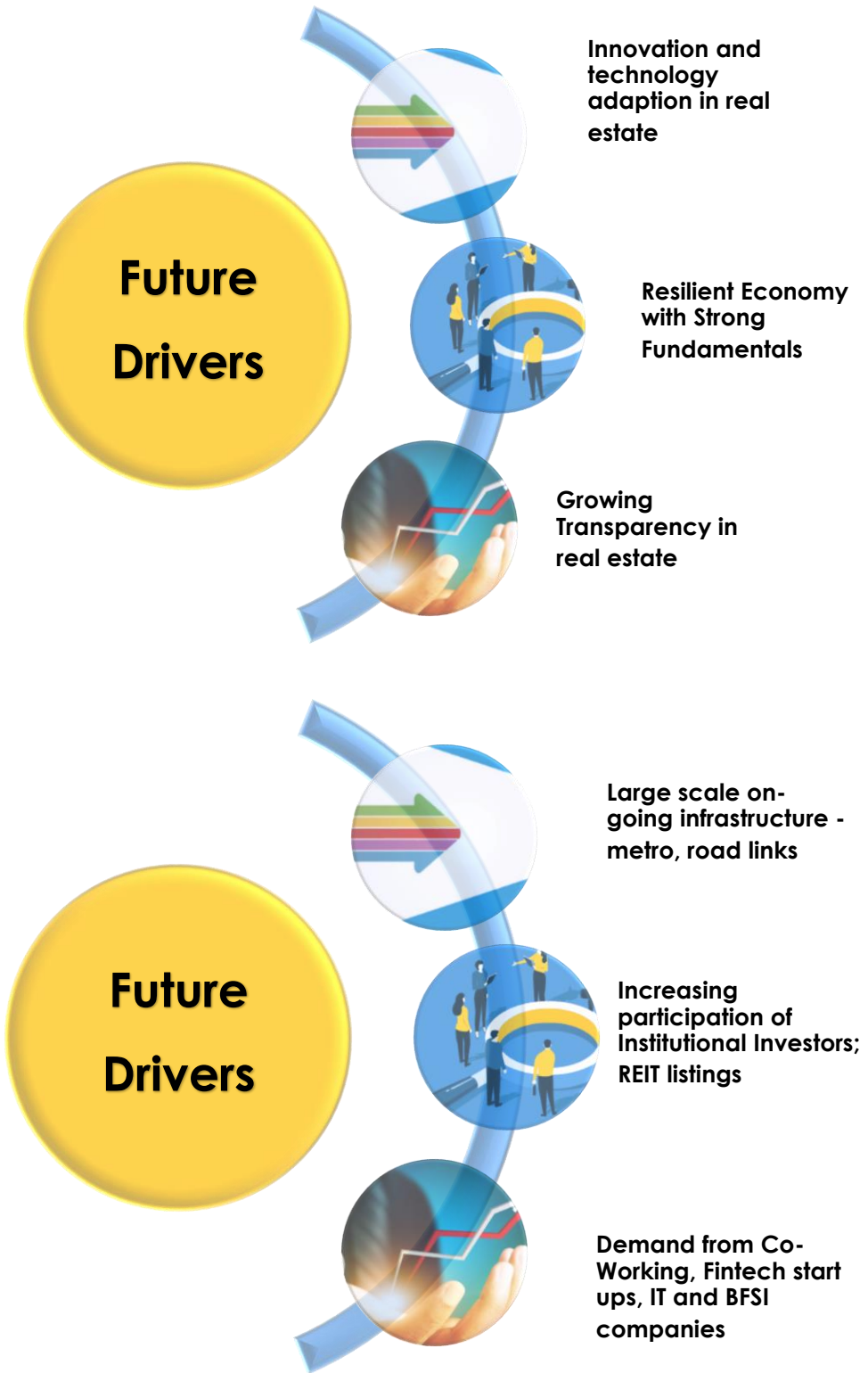
This indicates a second round of office growth in Hyderabad after Bengaluru, which is gradually becoming saturated and expensive for occupiers. Mumbai and NCR, although similar in market depth to Bengaluru, will continue to see healthy demand, because of their diverse occupier base.

Bengaluru are expected to construct higher amount of non-IT office spaces compared to IT and IT-SEZ during 2020-2022

We observe that rents in the CBD (prime) dominated markets are stable, SBD (off prime) dominated markets are stabilizing and Peripheral Business District (PBD) (suburban) dominated markets are rising. It is interesting to note that Bengaluru crossed its rent peak already.

Low vacancy rates and sustained demand in the established office corridors of Bengaluru will see higher rent appreciation compared to other markets in the forecast period.

Future Growth Drivers:





“Expansion Always,
In All Ways”

About DEB Infra Homes

We are DEB Infra Homes, a young Property service provider company that caters services across all verticals of real estate namely Residential, Commercial, Rental & Investments not only in India but abroad too. We proudly say we are powdered by customer service. We believe real estate is not just buying and selling but it's about building relationships. Our homebuyers are verified and properties are handpicked. Our India's services apart from Home Buying include aiding in procuring commercial properties, assisting Home Loans, Interior Designing, Tenant and Property Management, Project Mandate Marketing, legal services, documentation and investment instruments too.

We provide hassle-free personalized services throughout the Housing Experience. DEB Infra Homes engages with buyers and sellers across India connecting them on a holistic realty network. Initially, our team takes a careful note of a home buyer's requirements. After a detailed and thorough understanding of the various criteria, our professional consultants carefully list a variety of suitable options. From then until the moment our clients live in their new abodes, our customers are assured of a stress-free process. Providing value added services such as Home loan assistance, Interior consultation, Property Rental management services, Reselling have been our latest initiatives along with commercial strata sales.