

MARKETBEAT OFFICE SNAPSHOT



Delhi-NCR (NEW DELHI, GURGAON AND NOIDA), INDIA

A Cushman & Wakefield Research Publication

Q1 2015



ECONOMIC OVERVIEW

Slowdown in economic growth. Gross Domestic Product (GDP) growth rate (as per the new methodology) for the third quarter of FY2014–15 was 7.5% compared to 8.2% in the previous quarter. Growth in the construction sector slowed down to 1.7% against 7.2% in the previous quarter, whilst the manufacturing sector also decelerated to 4.2%, from 5.6%. On a positive note, at US\$4.48 billion, **foreign direct investment (FDI) doubled in January** from the same month last year, making it the highest inflow in the past 29 months.

Current Account Deficit (CAD) narrowed to 1.6% of the GDP in the third quarter of FY2014–15 from 2.0% in the previous quarter, primarily due to an improvement in net earnings through travel and software services, and lower net outflows.

The **Reserve Bank of India (RBI) reduced the key lending rate repo rate** to 7.50% by a total of 50 basis points in two tranches during the fourth quarter of FY2014–15 as inflation eased with the Consumer Price Index (CPI) dipping to 5.1% in January 2015, well below the RBI's target of 8%.

Taxation of Real Estate Investment Trusts (REITs) clarified. The government rationalized capital gains for sponsors exiting at the time of listing of the units of REITs, subject to payment of Securities Transaction Tax (STT), and clarified that the rental income of REITs from their own assets will have pass-through facility. This is a big positive for the sector and is expected to speed up REIT listings. **FDI limits for Insurance companies have also been increased** from 26% to 49%, paving the way for expanding insurance coverage in India.

OFFICE MARKET OVERVIEW

Marginal decline in Grade A office supply. With Grade A office supply recorded at about 2.1 million square feet (msf) in the first quarter of 2015, Delhi-NCR witnessed a marginal decline of around 2.9% from the previous quarter. Approximately 56.0% of the new supply was in IT-SEZs, followed by 28.6% in IT Parks, and the rest in non-IT developments.

Decline in net absorption. The quarter witnessed net absorption of over 0.6 msf in Grade A developments, a 58% decline from the previous quarter. The IT-ITeS sector had the highest share in demand (39%), followed by consulting (13%) and the manufacturing sectors (13%). No pre-commitments were noted during the quarter.

Increase in overall vacancy levels. The overall vacancy level in Grade A properties increased by 1.1 percentage points during the quarter due to the relatively lower leasing and stood at 27.1%.

Rentals strengthened in Gurgaon CBD and Noida. The weighted average Grade A rentals in Gurgaon CBD increased by over 22.0% amidst strong demand and limited availability. Weighted average rentals in Noida increased by over 10.4% due to addition of premium spaces at higher rentals.

OUTLOOK

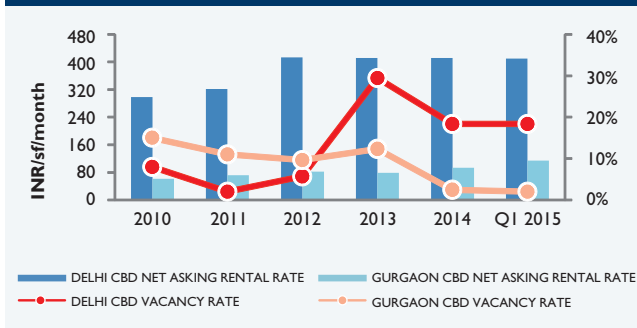
Overall vacancy levels expected to increase. Approximately 3.9 msf of office space is scheduled for completion during the next quarter. Though some of this may be deferred, we still expect an increase in vacancy levels as net absorption is not expected to keep pace with supply.

STATS ON THE GO

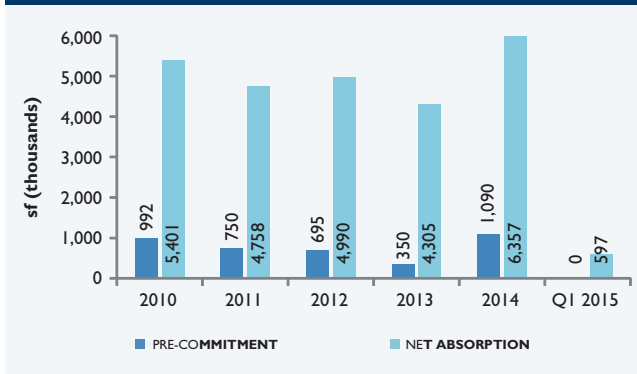
	Q1 2014	Q1 2015	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	25.8%	27.1%	1.3%*	▼
Delhi CBD - Weighted Average Net Asking Rents (INR/sf/month)	410.00	409.59	-0.1%	▼
Gurgaon CBD - Weighted Average Net Asking Rents (INR/sf/month)	75.34	114.25	51.6%	▲
YTD Net Absorption (sf)	1,324,000	597,000	-54.9%	▲

* percentage point

NET ASKING RENTAL VS. VACANCY RATES



PRE-COMMITMENT VS. NET ABSORPTION



DELHI-NCR SELECT MICRO MARKET STATISTICS

SUBMARKET	INVENTORY	OVERALL VACANCY RATE	YTD LEASING ACTIVITY	UNDER CONSTRUCTION	YTD CONSTRUCTION COMPLETIONS	YTD NET ABSORPTION	WTD. AVG. RENTAL RATE			EURO SF/YR IQ 15*
							INR SF/MONTH* 4Q 14*	US\$ SF/YR IQ 15*	EURO SF/YR IQ 15*	
ALL GRADES**										
Delhi CBD	5,240,500	5.8%	16,200	0	0	4,000	246.23	284.65	\$54.85	€50.79
South-East Delhi	7,471,300	22.4%	35,000	0	70,000	20,300	133.40	131.74	\$25.38	€23.51
Delhi International Airport	859,500	56.5%	45,000	223,000	0	45,000	191.72	193.77	\$37.34	€34.58
Gurgaon CBD	16,288,500	2.2%	93,400	2,549,000	0	72,100	93.09	113.77	\$21.92	€20.30
Gurgaon Others	43,419,500	35.9%	392,600	14,056,100	1,501,000	318,800	66.84	64.97	\$12.52	€11.59
Noida	21,830,500	30.1%	165,600	6,100,000	600,500	165,600	43.76	47.92	\$9.23	€8.55
TOTALS	95,109,800	26.3%	747,800	22,928,100	2,171,500	625,800	72.71	71.30	\$13.74	€12.72
GRADE A										
Delhi CBD	1,293,700	18.4%	0	0	0	0	411.85	409.59	\$78.92	€73.09
South-East Delhi	6,298,200	21.9%	35,000	0	0	20,300	139.87	138.96	\$26.77	€24.80
Delhi International Airport	859,500	56.5%	45,000	223,000	0	45,000	191.72	193.77	\$37.34	€34.58
Gurgaon CBD	15,724,500	2.0%	93,400	2,549,000	0	72,100	93.62	114.25	\$22.01	€20.39
Gurgaon Others	40,189,000	36.9%	373,400	14,018,600	1,501,000	299,600	67.31	65.37	\$12.60	€11.66
Noida	19,244,200	28.4%	160,000	6,100,000	600,500	160,000	42.21	46.62	\$8.98	€8.32
TOTALS	83,609,100	27.1%	706,800	22,890,600	2,101,500	597,000	73.39	72.27	\$13.92	€12.90

* Reflect weighted average, warm shell, asking rental rates for vacant properties that provide core facility, high-side air conditioning and 100% power back-up

**All Grades - includes all Grade A and select properties of other grades in prime office micro markets

Conversion rate: US\$ 1 = 62.28 INR and Euro 1 = 67.25 INR

Net absorption refers to the incremental new space take-up; renewals not included in leasing activity statistics

IT - Information Technology; ITeS - Information Technology-enabled Services; SEZ - Special Economic Zone

Numbers for the first quarter 2015 are based on market information collected until 10th March 2015

Delhi CBD - Connaught Place

South-East Delhi - Rohini, Shalimar Bagh, Jasola, Munirka, Saket & Nehru Place

Gurgaon CBD - Cyber City and M. G. Road

Gurgaon Others - rest of the city (excludes Manesar); Noida - excludes Greater Noida

MARKET HIGHLIGHTS

Significant Q1 2015 Lease Transactions

BUILDING	SUBMARKET	TENANT	BUILDING CLASS	SQUARE FEET
Blue Silicon	Noida	Kronos Incorporated	A	70,000
DLF Building 5	Gurgaon	Expedia	A	32,100

Significant Q1 2015 Construction Completions

BUILDING	SUBMARKET	TENANT	BUILDING CLASS	SQUARE FEET
Unitech Infospace	Gurgaon	NA	A	440,000
Techno Touch	Noida	NA	A	235,500

Significant Projects Under Construction

BUILDING	SUBMARKET	TENANT	COMPLETION DATE	SQUARE FEET
Ambience Corporate Tower	Gurgaon	NA	Q3 2015	1,000,000
Capital City	Noida	NA	Q3 2015	550,000

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MARKETBEAT OFFICE SNAPSHOT



MUMBAI, INDIA

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Q1 2015



ECONOMIC OVERVIEW

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previous quarter, whilst the manufacturing sector also decelerated to 4.2%, from 5.6%. On a positive note, at US\$4.48 billion, **foreign direct investment (FDI) doubled in January** from the same month last year, making it the highest inflow in the past 29 months.

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The **Reserve Bank of India (RBI) reduced the key lending rate repo rate** to 7.50% by a total of 50 basis points in two tranches during the fourth quarter of FY2014–15 as inflation eased with the Consumer Price Index (CPI) dipping to 5.1% in January 2015, well below the RBI's target of 8%.

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OFFICE MARKET OVERVIEW

Increase in net absorption; significant pre-commitments. Mumbai witnessed a net absorption of approximately 1.1 million square feet (msf) during the first quarter of 2015, nearly 99% of which was in Grade A developments. Net absorption increased 18% from the previous quarter and was concentrated in Malad/Goregaon (28%), Thane-Belapur Road (23%) and Powai (15%). The IT-ITeS sector drove the transaction activity with a 67% share, followed by manufacturing and BFSI sectors with 9% and 7% share respectively. Pre-commitments during the quarter totaled 284,000 sf, majority of which was in a development nearing completion in the SBD of Bandra-Kurla Complex.

Lower supply addition; rentals declined in CBD. New supply during the quarter was approximately 1.1 msf, all in Grade A developments. Supply was nearly half of the previous quarter and was concentrated in Kurla (45%), Malad/Goregaon (38%) and Lower Parel (17%). Healthy transaction activity led to a quarterly decline of 0.3 percentage point in Grade A vacancy rate, and stood at 21.7%. Low demand resulted in property owners reducing rentals in the CBD; Grade A weighted average rentals declined 10% during the quarter. Rentals in all other markets remained in a similar range.

OUTLOOK

Supply to remain high; transaction activity expected to increase. New supply of 1.5 msf is expected to become operational in the SBD during the second quarter of 2015. With improving macro-economic conditions and companies looking to execute growth strategies, demand is likely to improve in the coming quarters.

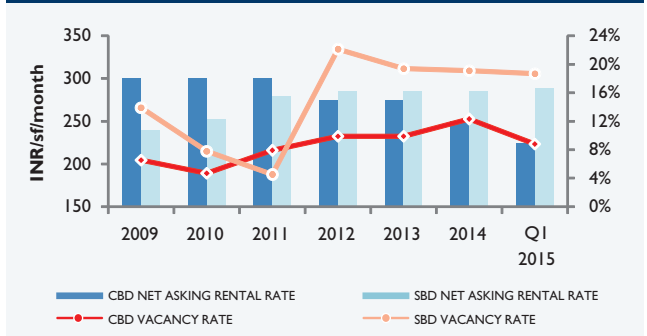
Rentals may increase in select submarkets. Rentals are likely to increase in a few locations such as Lower Parel and Goregaon in the upcoming months due to high demand and limited quality availabilities whilst they may remain stable in other submarkets.

STATS ON THE GO (GRADE A)

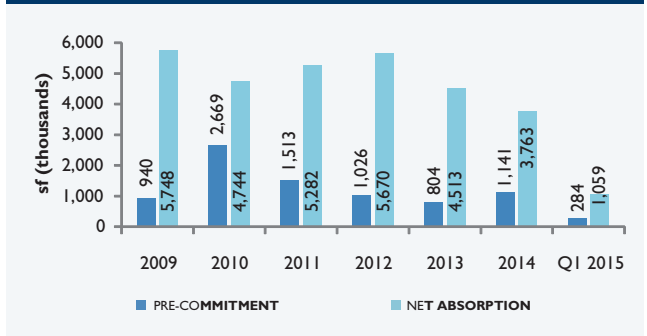
	Q1 2014	Q1 2015	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	19.7%	21.7%	2.0%*	▲
Weighted Average Net Asking CBD Rents (INR/sf/month)	265.2	224.7	-15.3%	◀
YTD Net Absorption (sf)	667,800	1,059,000	58.6%	▲

* percentage point

NET ASKING RENTAL VS. VACANCY RATES (GRADE A)



PRE-COMMITMENT VS. NET ABSORPTION (GRADE A)



MUMBAI SELECT MICRO MARKET STATISTICS

SUBMARKET	INVENTORY	OVERALL VACANCY RATE	YTD LEASING ACTIVITY	UNDER CONSTRUCTION	YTD CONSTRUCTION COMPLETIONS	YTD NET ABSORPTION	WTD. AVG. RENTAL RATE			EURO SF/YR IQ 15*
							INR SF/MONTH*	US\$ SF/YR IQ 15*	EUR SF/YR IQ 15*	
ALL GRADES**										
CBD	10,488,900	9.8%	36,500	0	0	36,500	215.96	194.36	\$37.45	€34.68
SBD	9,534,200	16.8%	25,000	3,883,500	0	25,000	283.04	273.14	\$52.63	€48.74
Worli	3,832,200	13.6%	1,500	407,000	0	0	216.18	215.40	\$41.50	€38.44
Lower Parel	10,849,600	18.4%	63,000	1,670,000	184,000	-59,000	154.63	163.87	\$31.57	€29.24
Andheri-Kurla	24,910,000	13.9%	89,000	3,423,400	0	89,000	106.05	105.36	\$20.30	€18.80
Powai	6,127,700	4.4%	184,000	154,000	0	163,000	91.06	98.11	\$18.90	€17.51
Malad/Goregaon	15,930,900	23.7%	343,300	974,300	400,000	303,300	89.15	89.06	\$17.16	€15.89
Vashi	3,740,500	19.2%	0	0	0	0	64.97	64.97	\$12.52	€11.59
Thane-Belapur Road	15,549,000	24.2%	245,000	6,231,800	0	241,000	42.74	43.38	\$8.36	€7.74
Thane	6,473,800	29.7%	90,000	880,000	0	90,000	44.05	46.64	\$8.99	€8.32
TOTALS#	119,799,300	18.5%	1,281,500	19,400,000	1,064,000	1,069,000	110.59	108.42	\$20.89	€19.35
GRADE A										
CBD	1,962,800	8.8%	36,500	0	0	36,500	250.00	224.69	\$43.29	€40.09
SBD	6,586,700	18.7%	25,000	3,785,500	0	25,000	285.12	288.23	\$55.54	€51.43
Worli	1,115,000	35.8%	0	372,000	0	0	230.09	230.10	\$44.34	€41.06
Lower Parel	7,704,200	20.3%	63,000	1,540,000	184,000	-74,000	160.05	163.98	\$31.60	€29.26
Andheri-Kurla	10,360,700	20.5%	44,000	1,176,000	0	44,000	109.90	107.19	\$20.65	€19.13
Powai	5,877,600	4.6%	184,000	0	0	163,000	96.06	98.11	\$18.90	€17.51
Malad/Goregaon	10,857,700	28.7%	343,300	765,000	400,000	343,300	90.09	89.32	\$17.21	€15.94
Vashi	1,619,500	30.8%	0	0	0	0	65.00	65.00	\$12.52	€11.60
Thane-Belapur Road	11,484,100	20.7%	245,000	5,428,200	0	241,000	44.24	44.36	\$8.55	€7.92
Thane	4,336,000	27.7%	90,000	750,000	0	90,000	47.52	51.20	\$9.87	€9.14
TOTALS#	69,871,000	21.7%	1,221,000	15,392,700	1,064,000	1,059,000	113.53	113.56	\$21.88	€20.26

* Reflect weighted average, warm shell, asking rental rates for vacant properties that provide core facility, high-side air conditioning and 100% power back-up

**All Grades - includes all Grade A and select properties of other grades in prime office micro markets

#Total figures contain additional submarkets not mentioned

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BFSI denotes Banking, Financial Services and Insurance

Numbers for the first quarter are based on market information collected until 10th March 2015

Conversion rate: US\$ 1 = INR 62.28 and Euro 1 = INR 67.25

CBD - Ballard Estate, Colaba, Churchgate, Fort & Nariman Point

SBD - Bandra-Kurla Complex, Bandra East, Kalina

Lower Parel includes Lower Parel, Parel and Dadar

MARKET HIGHLIGHTS

BUILDING	SUBMARKET	TENANT	BUILDING CLASS	SQUARE FEET
Winchester	Powai	Housing.com	A	125,000
Express Towers	CBD	Indian Hotels	A	30,000
Significant Q4 2014 Construction Completions				
BUILDING	SUBMARKET	TENANT	BUILDING CLASS	SQUARE FEET
Nirlon Knowledge Park Phase 4	Malad/Goregaon	NA	A	400,000
Lodha Supremus	Lower Parel	NA	A	184,000
Significant Projects Under Construction				
BUILDING	SUBMARKET	TENANT	COMPLETION DATE	SQUARE FEET
Kohinoor Square	Lower Parel	NA	Q2 2015	800,000

MARKETBEAT OFFICE SNAPSHOT



BENGALURU, INDIA

Q1 2015

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OFFICE MARKET OVERVIEW

Decline in supply. In the first quarter of 2015, around 1.96 million square feet (msf) of supply was added, a 53% decline from the previous quarter. The entire supply was Grade A with 42% coming up in the Suburban South submarket and 35% in the Outer Ring Road submarket. IT-SEZ developments had a 51.7% share of the total supply.

Healthy transaction activity. Around 3.3 msf in net absorption was recorded in Grade A developments during the first quarter of 2015, a 7% increase from the previous quarter. The quarter also witnessed an overall leasing activity of 3.89 msf, 33% of which was in the Outer Ring Road submarket. The IT-ITeS sector accounted for nearly 68.4% of the total transactions. Further, there were pre-commitments of approximately 0.85 msf in the quarter.

Rentals increased in many submarkets; vacancy levels declined. Grade A weighted average rentals in the Outer Ring Road, Peripheral East and Peripheral North submarkets increased by 6.7%, 4.2% and 6% respectively from the previous quarter. This increase was driven by sustained demand and limited availability of quality office spaces. In contrast to these, the Suburban South witnessed a decrease in weighted average rentals of 4.4% due to rental correction in a few buildings. In

Suburban East, absorption of better quality supply quoting higher rents has resulted in the availability of vacant spaces quoting relatively lower rentals, further resulting in a dip in the weighted average rentals by 9.3%. The overall Grade A vacancy level decreased by 1.6 percentage points due to healthy transactions and stood at 8.0%.

OUTLOOK

Supply and transaction activity may improve. Approximately 7.28 msf of office space is likely to be added in the next quarter, 94.6% of which will be Grade A. Given the existing strong demand, transaction activity may remain high in the coming quarters.

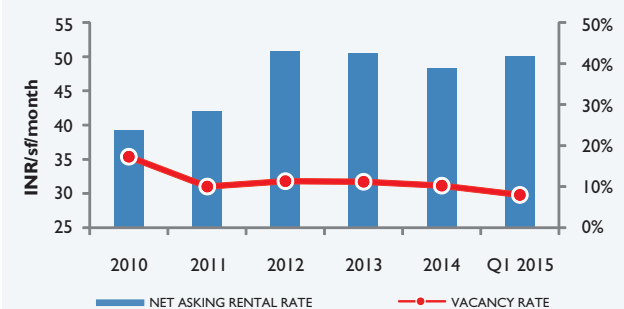
Rentals may appreciate in select submarkets. The Outer Ring Road and the Peripheral East submarkets may witness a marginal rental appreciation due to sustained demand.

STATS ON THE GO (GRADE A)

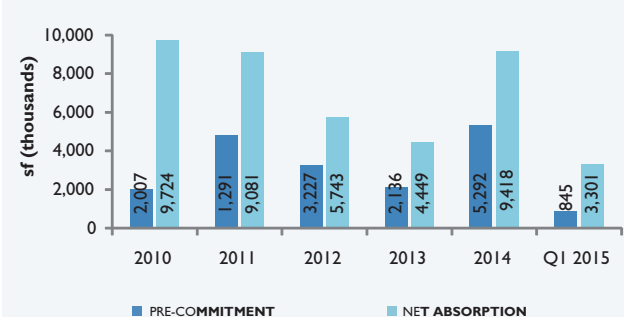
	Q1 2014	Q1 2015	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	11.04%	8.00%	-3.24%*	◀▶
Weighted Average Net Asking Rents (INR/sf/month)	50.73	50.06	-1.33%	▲
YTD Net Absorption (sf)	550,400	3,301,500	499.84%	▲

* percentage point

NET ASKING RENTAL VS. VACANCY RATES (GRADE A)



PRE-COMMITMENT VS. NET ABSORPTION (GRADE A)



BENGALURU SELECT MICRO MARKET STATISTICS

SUBMARKET	INVENTORY	OVERALL VACANCY RATE	YTD LEASING ACTIVITY	UNDER CONSTRUCTION	YTD CONSTRUCTION COMPLETIONS	YTD NET ABSORPTION	WTD. AVG. RENTAL RATE			
							INR SF/MONTH*	INR SF/MONTH*	US\$ SF/YR	EURO SF/YR
ALL GRADES**							4Q 14*	1Q 15*	1Q 15*	1Q 15*
CBD / Off-CBD	10,384,600	13.6%	98,600	829,500	0	80,100	64.82	65.46	\$12.61	€11.68
Suburban East	19,004,900	5.5%	606,100	1,528,500	0	322,000	72.18	65.96	\$12.71	€11.77
Suburban South	11,310,900	9.2%	930,900	1,175,000	820,000	772,300	58.89	61.50	\$11.85	€10.97
Peripheral East	28,729,200	15.7%	521,500	3,682,400	0	443,300	36.98	37.53	\$7.23	€6.70
Peripheral North	1,917,000	59.2%	307,600	2,682,900	453,800	307,600	57.96	61.23	\$11.80	€10.93
Peripheral South	14,517,200	23.6%	31,500	1,000,000	0	31,500	38.72	39.23	\$7.56	€7.00
Outer Ring Road	41,329,500	5.0%	1,293,300	15,839,400	684,200	1,288,800	56.03	58.96	\$11.36	€10.52
TOTALS	128,493,300	11.4%	3,896,300	27,317,700	1,957,800	3,252,400	47.43	48.02	\$9.25	€8.57
GRADE A										
CBD / Off-CBD	3,495,300	11.8%	50,300	494,500	0	36,800	74.38	70.67	\$13.62	€12.61
Suburban East	17,698,400	3.9%	606,100	1,528,500	0	322,010	81.88	74.30	\$14.32	€13.26
Suburban South	4,987,700	4.3%	889,000	850,000	820,000	883,200	61.18	58.46	\$11.26	€10.43
Peripheral East	20,716,800	13.4%	521,500	3,412,400	0	456,300	37.27	38.83	\$7.48	€6.93
Peripheral North	1,687,500	58.9%	307,600	2,682,900	453,800	307,600	59.27	62.84	\$12.11	€11.21
Peripheral South	7,456,800	14.3%	0	1,000,000	0	0	42.81	43.26	\$8.34	€7.72
Outer Ring Road	40,247,700	4.0%	1,293,300	15,397,500	684,200	1,288,800	56.29	60.03	\$11.57	€10.71
TOTALS	97,390,200	8.0%	3,774,600	25,945,800	1,957,800	3,301,500	49.42	50.06	\$9.64	€8.93

* Reflect weighted average, warm shell, asking rental rates for vacant properties that provide core facility, high-side air conditioning and 100% power back-up

** **All Grades** - includes all Grade A and select properties of other grades in prime office micro markets

*** Effective Q1 2015, Outer Ring Road submarket has been carved out from erstwhile Peripheral and Northern submarkets. Further Suburban submarket has been further re-classified into Suburban South and Suburban East. Erstwhile Eastern, Southern and Northern submarkets have been renamed as Peripheral East, Peripheral South and Peripheral North respectively.

Conversion rate: US\$ 1 = INR 62.28 and Euro 1 = INR 67.25

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CBD/Off-CBD: M.G. Road, Millers Road, Vittal Mallya Road, Residency Road, etc.;

Peripheral South: Electronic City, Hosur Road, Mysore Road;

Outer Ring Road: Sarjapur, KR Puram, Hebbal;

Suburban East: Indira Nagar, Old Airport Road, C.V. Raman Nagar

Peripheral East: Whitefield;

Suburban South: Koramangala, Bannerghatta Road, Jayanagar

Peripheral North: Bellary Road, Thanisandara Road, Tumkur Road,

MARKET HIGHLIGHTS

Significant Q1 2015 Lease Transactions

BUILDING	SUBMARKET	TENANT	BUILDING CLASS	SQUARE FEET
Kalyani Vista	JP Nagar	VM Ware India Pvt. Ltd.	A	420,000
Kalyani Krishna Magnum	JP Nagar	Oracle	A	400,000

Significant Q1 2015 Construction Completions

BUILDING	SUBMARKET	TENANT	BUILDING CLASS	SQUARE FEET
Bagmane World Technology Centre (Peridot Block 6)	Outer Ring Road	Accenture	A	560,000
Bhartiya Center for Information Technology	Outer Ring Road	NA	A	453,700

Significant Projects Under Construction

BUILDING	SUBMARKET	TENANT	COMPLETION DATE	SQUARE FEET
Manyata Mfar - Greenheart Phase IV	Outer Ring Road	NA	Q2 2015	1,000,000
Global Technology Park (Block A & B)	Outer Ring Road	NA	Q2 2015	1,000,000

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MARKETBEAT OFFICE SNAPSHOT



CHENNAI, INDIA

A Cushman & Wakefield Research Publication

Q1 2015



ECONOMIC OVERVIEW

Slowdown in economic growth. Gross Domestic Product (GDP) growth rate (as per the new methodology) for the third quarter of FY2014–15 was 7.5% compared to 8.2% in the previous quarter. Growth in the construction sector slowed down to 1.7% against 7.2% in the

previous quarter, whilst the manufacturing sector also decelerated to 4.2%, from 5.6%. On a positive note, at US\$4.48 billion, **foreign direct investment (FDI) doubled in January** from the same month last year, making it the highest inflow in the past 29 months.

Current Account Deficit (CAD) narrowed to 1.6% of the GDP in the third quarter of FY2014–15 from 2.0% in the previous quarter, primarily due to an improvement in net earnings through travel and software services, and lower net outflows.

The **Reserve Bank of India (RBI) reduced the key lending rate repo rate** to 7.50% by a total of 50 basis points in two tranches during the fourth quarter of FY2014–15 as inflation eased with the Consumer Price Index (CPI) dipping to 5.1% in January 2015, well below the RBI's target of 8%.

Taxation of Real Estate Investment Trusts (REITs) clarified. The government rationalized capital gains for sponsors exiting at the time of listing of the units of REITs, subject to payment of Securities Transaction Tax (STT), and clarified that the rental income of REITs from their own assets will have pass-through facility. This is a big positive for the sector and is expected to speed up REIT listings. **FDI limits for Insurance companies have also been increased** from 26% to 49%, paving the way for expanding insurance coverage in India.

OFFICE MARKET OVERVIEW

Sparse supply infusion. New supply infusion in the first quarter of 2015 was 75,400 square feet (sf), a decline of 94% over the previous quarter. Only 27% of the new supply was in Grade A spaces, all in the South-west submarket. Further, none of the space was in IT Parks or IT-SEZs.

Decline in Grade A net absorption levels. As occupier demand remains strong, total net absorption levels recorded 703,000 sf at the end of this quarter. However, this was 19% lesser than the last quarter as some large corporates have optimized their employee to space ratios. Suburban South submarket accounted for 64% of the total Grade A net absorption as large IT-ITeS companies continued with their expansion strategies in this submarket. Due to paucity of new supply, occupiers looking for premium Grade A spaces pre-committed around 547,000 sf in upcoming IT Parks and IT-SEZs during the quarter.

Rentals held steady; vacancy increased marginally. Strong demand for prevailing spaces led to a 1.2 percentage point dip in the Grade A vacancy level, which declined to 14.5%. Weighted average rentals remained stable from the previous quarter across most submarkets.

OUTLOOK

Increase in supply. Nearly 1.5 million square feet (msf) of supply is expected to become operational in the next quarter, of which 65% is expected in Grade A IT developments in Suburban South.

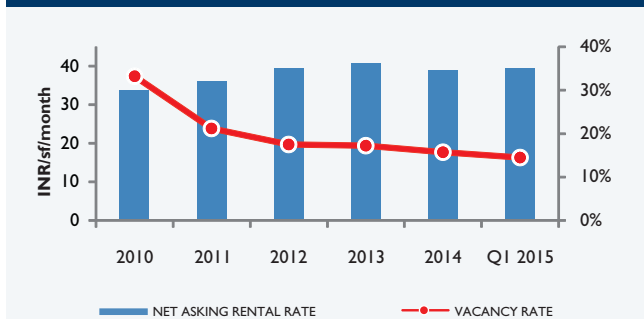
Vacancy levels may rise marginally. Whilst leasing is expected to strengthen, influx of new supply may revise vacancy levels upwards across some submarkets, mainly Suburban South and Off-CBD.

STATS ON THE GO (GRADE A)

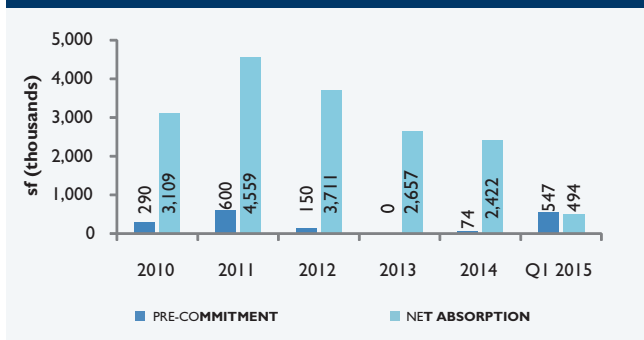
	Q1 2014	Q1 2015	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	17.9%	14.5%	-3.4%*	◀▶
Weighted Average Net Asking Rents (INR/sf/month)	40.21	39.51	-1.75%	◀▶
YTD Net Absorption (sf)	90,900	494,800	444.66%	◀▶

* percentage point

NET ASKING RENTAL VS. VACANCY RATES (GRADE A)



PRE-COMMITMENT VS. NET ABSORPTION (GRADE A)



CHENNAI SELECT MICRO MARKET STATISTICS

SUBMARKET	INVENTORY	OVERALL VACANCY RATE	YTD LEASING ACTIVITY	UNDER CONSTRUCTION	YTD CONSTRUCTION COMPLETIONS	YTD NET ABSORPTION	WTD. AVG. RENTAL RATE			EURO SF/YR IQ 15*
							INR SF/MONTH* 4Q 14*	US\$ SF/YR IQ 15*	EURO SF/YR IQ 15*	
ALL GRADES**										
CBD - Anna Salai, RK Salai	14,937,200	11.9%	329,200	272,000	55,400	229,900	58.40	59.66	\$11.49	€10.65
Off-CBD - T. Nagar, Alwarpet##	9,750,800	9.8%	23,300	437,600	0	-6,300	54.70	52.85	\$10.18	€9.43
South-west	13,046,100	6.9%	138,200	920,000	20,000	6,000	54.48	56.30	\$10.85	€10.05
North-west	4,976,900	37.5%	0	43,800	0	0	29.23	28.50	\$5.49	€5.09
Suburban South	17,200,100	7.8%	363,400	2,389,000	0	317,500	45.00	45.43	\$8.75	€8.11
Peripheral South	10,578,000	26.9%	328,000	2,174,900	0	155,900	29.75	30.19	\$5.82	€5.39
Peripheral South-west	3,073,800	13.6%	162,000	800,000	0	0	44.04	44.41	\$8.56	€7.92
TOTALS	73,562,900	13.7%	1,344,100	7,037,300	75,400	703,000	41.01	41.69	\$8.03	€7.44
Grade A										
CBD-Anna Salai, RK Salai	1,948,800	26.3%	33,500	228,000	0	33,500	69.58	71.73	\$13.82	€12.80
Off-CBD- T. Nagar, Alwarpet#	340,000	0.0%	0	0	0	0	62.73	62.73	\$12.09	€11.19
South-west	9,378,800	5.8%	117,100	850,000	20,000	-12,100	57.20	58.54	\$11.28	€10.45
North-west	2,872,000	48.4%	0	0	0	0	30.00	29.50	\$5.68	€5.26
Suburban South	14,079,800	5.2%	350,600	2,250,000	0	317,500	49.83	47.62	\$9.18	€8.50
Peripheral South	8,493,200	26.0%	328,000	2,174,900	0	155,900	30.19	30.52	\$5.88	€1.05
Peripheral South-west	2,820,000	13.4%	0	800,000	0	0	45.00	45.16	\$8.70	€8.06
TOTALS	39,932,600	14.5%	829,200	6,302,900	20,000	494,800	39.00	39.51	\$7.61	€7.05

* Reflect weighted average, warm shell, asking rental rates for vacant properties that provide core facility, high-side air conditioning and 100% power back-up

** All Grades - includes all Grade A and select properties of other grades in prime office micro markets

#Weighted average rental has been kept stable due to no availability

##Weighted average rental of B and C Grade spaces only, due to no availability in Grade A spaces

Net absorption refers to the incremental new space take-up; renewals not included in leasing activity statistics

IT - Information Technology; ITeS - Information Technology-enabled Services; SEZ - Special Economic Zone

Numbers for the first quarter are based on market information collected until 10th March 2015

Conversion rate: US\$ 1 = INR 62.28 and Euro 1 = INR 67.25

MARKET HIGHLIGHTS

Significant Q1 2015 Lease Transactions

BUILDING	SUBMARKET	TENANT	BUILDING CLASS	SQUARE FEET
Ramanujan IT City	Suburban South	Citicorp	A	315,700
Prince Info City 2	Suburban South	Alcatel Lucent	A	22,500

Significant Q1 2015 Construction Completions

BUILDING	SUBMARKET	TENANT	BUILDING CLASS	SQUARE FEET
Chaitanya Imperial	CBD	NA	B	55,400

Significant Projects Under Construction

BUILDING	SUBMARKET	TENANT	COMPLETION DATE	SQUARE FEET
Chennai One Magnum Block 2 – Phase I	Peripheral South	NA	Q3 2015	1,087,450
High Street IT Park	CBD	NA	Q4 2015	162,000

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MARKETBEAT OFFICE SNAPSHOT



HYDERABAD, INDIA

A Cushman & Wakefield Research Publication

Q1 2015



ECONOMIC OVERVIEW

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previous quarter, whilst the manufacturing sector also decelerated to 4.2%, from 5.6%. On a positive note, at US\$4.48 billion, **foreign direct investment (FDI) doubled in January** from the same month last year, making it the highest inflow in the past 29 months.

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OFFICE MARKET OVERVIEW

Marginal decline in supply. Hyderabad witnessed nearly 1 million square feet (msf) of supply in the first quarter of 2015, a decline of 9% from the previous quarter. Grade A developments contributed 65% to the total supply, which was mainly concentrated in the suburban locations of Madhapur (65%) and Gachibowli (21%). IT-SEZ developments dominated the supply with a 65% share.

Sharp decline in Grade A net absorption. Grade A net absorption declined by 36% to around 0.6 msf at the end of this quarter. The decline was due to relocations being higher than new leasing and expansions. Though the IT-ITeS sector dominated leasing activity with a 65% share, majority of the space (53%) was leased in non-IT buildings.

Rentals remained stable; vacancy rate declined marginally. Stable rentals were noted in most submarkets, except the Prime Suburban submarket where the weighted average rental values depreciated by 6% due to an increase in vacant spaces because of higher supply. Overall vacancy rate for the city decreased by 0.6 percentage points and stood at 17.6% in this quarter. However, lower absorption coupled with high supply addition in Grade A developments in Suburban Madhapur submarket resulted in a 0.5 percentage points increase in vacancy rate.

OUTLOOK

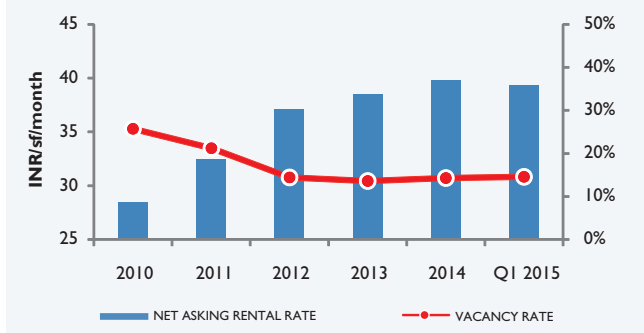
Rentals may appreciate in select submarkets. Rental values in Suburban Gachibowli submarket may appreciate marginally in the next quarter, as upcoming supply is likely to be introduced at higher rentals. Limited availability of quality office spaces in Madhapur may also push up demand in Gachibowli.

STATS ON THE GO (GRADE A)

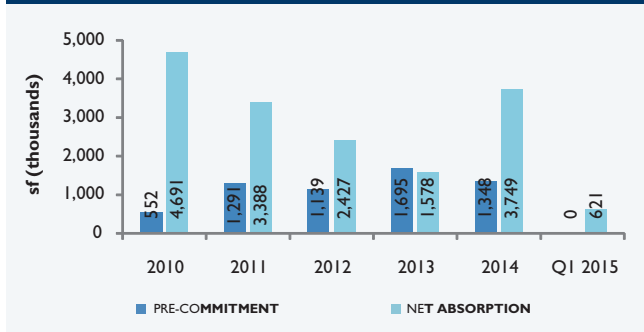
	Q1 2014	Q1 2015	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	13.9%	14.6%	0.7%*	▲
Weighted Average Net Asking Rents (INR/sf/month)	38.80	39.41	1.6%	▲
YTD Net Absorption (sf)	1,767,600	621,000	-64.9%	▲

* percentage point

NET ASKING RENTAL VS. VACANCY RATES (GRADE A)



PRE-COMMITMENT VS. NET ABSORPTION (GRADE A)



HYDERABAD SELECT MICRO MARKET STATISTICS

SUBMARKET	INVENTORY	OVERALL VACANCY RATE	YTD LEASING ACTIVITY	UNDER CONSTRUCTION	YTD CONSTRUCTION COMPLETIONS	YTD NET ABSORPTION	WTD. AVG. RENTAL RATE			EURO SF/YR
							INR SF/MONTH*	US\$ SF/YR	EURO SF/YR	
ALL GRADES**										
CBD	3,380,600	25.6%	94,600	478,400	50,000	65,600	47.39	46.73	\$9.00	€8.34
Off-CBD	8,660,700	10.8%	219,700	245,000	11,600	51,000	43.66	43.43	\$8.37	€7.75
Suburban (Madhapur)	25,947,200	8.5%	1,065,100	8,795,400	661,100	656,000	44.25	42.82	\$8.25	€7.64
Suburban (Gachibowli)	11,724,400	31.6%	220,900	3,625,400	211,900	217,300	40.95	39.81	\$7.67	€7.10
Suburban (Others)	693,800	49.6%	0	900,000	0	-21,500	37.64	37.70	\$7.26	€6.73
Prime Suburban	3,643,600	24.8%	80,900	601,500	81,500	80,200	45.69	42.93	\$8.27	€7.66
Peripheral East	1,686,600	35.0%	52,000	1,160,000	0	52,000	28.71	28.09	\$5.41	€5.01
TOTALS#	56,034,900	17.6%	1,733,200	16,285,800	1,016,100	1,100,600	41.70	40.62	\$7.83	€7.25
GRADE A										
Suburban (Madhapur)	20,850,100	5.4%	704,200	5,895,400	661,100	520,600	46.81	46.79	\$9.02	€8.35
Suburban (Gachibowli)	9,676,600	28.4%	115,500	2,565,400	0	48,400	40.72	39.59	\$7.63	€7.06
Peripheral East	1,348,000	39.1%	52,000	1,160,000	0	52,000	28.71	28.09	\$5.41	€5.01
TOTALS#	32,172,700	14.6%	871,700	10,100,900	661,100	621,000	39.82	39.41	\$7.59	€7.03

* Reflect weighted average, warm shell, asking rental rates for vacant properties that provide core facility, high-side air conditioning and 100% power back-up

**All Grades - includes all Grade A and select properties of other grades in prime office micro markets

***Revisions in inventory on account of removal of some office spaces being recently converted to retail spaces

Conversion rate: US\$ 1 = INR 62.28 and Euro 1 = INR 67.25

#Total figures contain additional submarkets not mentioned above

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CBD: Banjara Hills Road No. 1, 2, 10 & 12 Nagar

Off-CBD: Begumpet, Somajiguda, Raj Bhavan Road, S.P Road, Himayath

Suburban (Madhapur): Madhapur, Kondapur, Raidurg

Suburban (Gachibowli): Gachibowli - Nanakramguda, Manikonda;

Suburban (Others): Kukatpally, Shaikpet

Prime Suburban: Rest of Banjara Hills, Jubilee Hills

MARKET HIGHLIGHTS

Significant Q1 2015 Lease Transactions

BUILDING	SUBMARKET	TENANT	BUILDING CLASS	SQUARE FEET
DLF Cyber City Block I	Suburban (Gachibowli)	HighRadius Technologies	A	39,300
aVance Building No. H6	Suburban (Madhapur)	Value Lab	A	123,400

Significant Q1 2015 Construction Completions

BUILDING	SUBMARKET	TENANT	BUILDING CLASS	SQUARE FEET
KRC Mindspace (Building 12B)	Suburban (Madhapur)	Hyundai Mobis, UHG	A	661,100
Vaishnavi Cynosure	Suburban (Gachibowli)	Crompton Group, CADeploy	B	211,900

Significant Projects Under Construction

BUILDING	SUBMARKET	TENANT	COMPLETION DATE	SQUARE FEET
Western Pearl	Suburban (Madhapur)	Senaca Global	Q2 2015	425,000

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MARKETBEAT OFFICE SNAPSHOT



KOLKATA, INDIA

A Cushman & Wakefield Research Publication

Q1 2015



ECONOMIC OVERVIEW

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OFFICE MARKET OVERVIEW

Decline in supply. The first quarter of 2015 witnessed only 114,000 square feet (sf) of Grade A supply addition (all in the CBD). The new supply was 76% lesser than the previous quarter as result of the slow pace of construction and deferment of projects adopted by developers due to existing high vacancies.

Increase in net absorption. Grade A net absorption in the first quarter of 2015 increased significantly (127%) from the previous quarter and stood at 287,600 sf. This increase was primarily due to demand from the manufacturing sector that contributed almost half (45%) to the total Grade A leasing activity in this quarter. However, IT-ITeS sector's share dropped significantly to 16% compared to 50% in the previous quarter due to low demand. The Salt Lake submarket accounted for a significant share (79%) in the total Grade A leasing activity, followed by Rajarhat with an 18% share.

Decrease in vacancy; rentals remained stable. Grade A vacancy level dropped by 1.2 percentage points during the quarter to 37.3% as demand outpaced supply, whilst rents remained stable from the previous quarter across all submarkets.

OUTLOOK

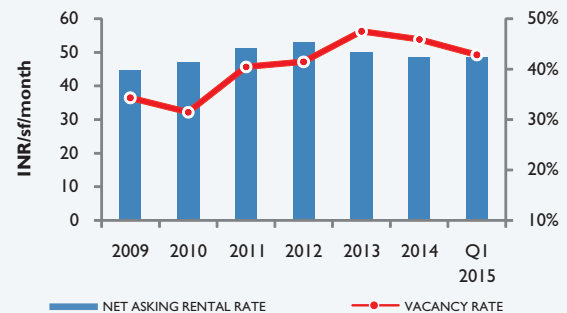
Vacancy levels anticipated to increase; rentals may remain stable. Nearly 1.7 million square feet (msf) of Grade A supply is anticipated in the next quarter, which includes deferred supply. Net absorption is expected to improve considering the current enquiry levels and also due to some pre-commitments. However, as demand is unlikely to keep pace with the upcoming supply, vacancy levels are set to increase. Rentals are likely to remain stable in most submarkets with a downward bias in Salt Lake submarket due to existing high vacancy levels.

STATS ON THE GO (GRADE A)

	Q1 2014	Q1 2015	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	32.4%	37.3%	4.9%*	▲
Weighted Average Net Asking Rents (INR/sf/month)	48.9	49.9	2.2%	◀
YTD Net Absorption (sf)	114,000	287,600	152.0%	▲

* percentage point

SALT LAKE NET ASKING RENTAL VS. VACANCY RATES (GRADE A)



PRE-COMMITMENT VS. NET ABSORPTION (GRADE A)



KOLKATA SELECT MICRO MARKET STATISTICS

SUBMARKET	INVENTORY	OVERALL VACANCY RATE	YTD LEASING ACTIVITY	UNDER CONSTRUCTION	YTD CONSTRUCTION COMPLETIONS	YTD NET ABSORPTION	WTD. AVG. RENTAL RATE			EURO SF/YR IQ 15*
							INR SF/MONTH*	US\$ SF/YR IQ 15*	EURO SF/YR IQ 15*	
ALL GRADES**										
CBD	5,900,500	23.4%	18,500	373,600	114,000	18,500	103.62	103.39	\$19.92	€18.45
Park Circus Connector	872,200	55.7%	1,200	655,000	0	1,200	85.23	85.07	\$16.39	€15.18
Rashbehari Connector	596,900	31.7%	0	840,500	0	0	89.71	89.43	\$17.23	€15.96
Rajarhat	7,858,400	30.3%	53,200	2,298,400	0	38,500	39.17	39.04	\$7.52	€6.97
Salt Lake	9,193,900	39.7%	239,900	5,976,200	64,500	172,900	48.55	48.54	\$9.35	€8.66
TOTALS	24,421,900	33.1%	312,800	10,143,700	178,500	231,100	54.99	55.10	\$10.62	€9.83
GRADE A										
CBD	1,230,200	35.6%	10,000	279,000	114,000	10,000	122.37	122.38	\$23.58	€21.84
Park Circus Connector	655,300	63.2%	1,200	655,000	0	1,200	84.39	84.39	\$16.26	€15.06
Rashbehari Connector	486,600	31.7%	0	840,500	0	0	90.77	90.77	\$17.49	€16.20
Rajarhat	7,811,700	30.3%	53,200	2,298,400	0	38,500	38.96	39.04	\$7.52	€6.97
Salt Lake	7,635,200	42.8%	237,900	5,976,200	0	237,900	48.57	48.58	\$9.36	€8.67
TOTALS	17,819,000	37.3%	302,300	10,049,100	114,000	287,600	49.94	49.98	\$9.63	€8.92

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CBD - Park Street, Camac Street, AJC Bose Road, Theatre Road, Dalhousie Square, etc.

MARKET HIGHLIGHTS

Significant Q1 2015 Lease Transactions

BUILDING	SUBMARKET	TENANT	BUILDING CLASS	SQUARE FEET
Godrej Waterside	Sector V, Salt Lake	L&T	A	70,600
Godrej Waterside	Sector V, Salt Lake	Siemens	A	55,000

Significant Q1 2015 Construction Completions

BUILDING	SUBMARKET	TENANT	BUILDING CLASS	SQUARE FEET
Tirupati Plaza	CBD	NA	A	114,000

Significant Projects Under Construction

BUILDING	SUBMARKET	TENANT	COMPLETION DATE	SQUARE FEET
PS Srijan Reproscan IT Park	Sector V, Salt Lake	NA	Q2 2015	696,500
Merlin Acropolis	Rashbehari Connector	NA	Q2 2015	300,000

MARKETBEAT OFFICE SNAPSHOT



AHMEDABAD, INDIA

A Cushman & Wakefield Research Publication

Q1 2015



ECONOMIC OVERVIEW

Slowdown in economic growth. Gross Domestic Product (GDP) growth rate (as per the new methodology) for the third quarter of FY2014–15 was 7.5% compared to 8.2% in the previous quarter. Growth in the construction sector slowed down to 1.7% against 7.2% in the previous quarter, whilst the manufacturing sector also decelerated to 4.2%, from 5.6%. On a positive note, **foreign direct investment (FDI) doubled to US\$4.48 billion in January** from the same month last year, making it the highest inflow in the past 29 months.

Current Account Deficit (CAD) narrowed to 1.6% of the GDP in the third quarter of FY2014–15 from 2.0% in the previous quarter, primarily due to an improvement in net earnings through travel and software services, and lower net outflows.

The **Reserve Bank of India (RBI) reduced the key lending rate Repo Rate** to 7.50% by a total of 50 basis points in two tranches during the fourth quarter of FY2014–15 as inflation eased with the Consumer Price Index (CPI) dipping to 5.1% in January 2015, well below the RBI's target of 8%.

Taxation of Real Estate Investment Trusts (REITs) clarified. The government rationalized capital gains for sponsors exiting at the time of listing of the units of REITs, subject to payment of Securities Transaction Tax (STT), and clarified that the rental income of REITs from their own assets will have pass-through facility. This is a big positive for the sector and is expected to speed up REIT listings. **FDI limits for Insurance companies have also been increased** from 26% to 49%, paving the way for expanding insurance coverage in India.

OFFICE MARKET OVERVIEW

Decline in net absorption. Ahmedabad witnessed a total net absorption of 153,800 square feet (sf) during the first quarter of 2015, nearly all of which was in Grade A developments. The net absorption declined by approximately 59% from the previous quarter and was concentrated in the submarkets of S.G. Highway (82%) and Prahladnagar (18%).

IT-ITeS and chemical sectors led transaction activity. The IT-ITeS sector had the highest share in leasing activity at 42%, down from 57% in the previous quarter. The chemicals sector was the other major contributor at 34%. Transaction activity in the form of outright purchases by local businesses was also noted to be high during the quarter.

Lower net absorption resulted in vacancies increasing; rentals remained stable. Ahmedabad witnessed approximately 242,000 sf of supply, all of which were in Grade A developments, while supply declined 63% from the previous quarter. All of the supply was concentrated along the S.G. Highway. As supply exceeded net absorption, Grade A vacancy rate increased by 0.1 percentage points to 33.4% at the end of the first quarter. Rental values continued to be quoted in a similar range during the quarter.

OUTLOOK

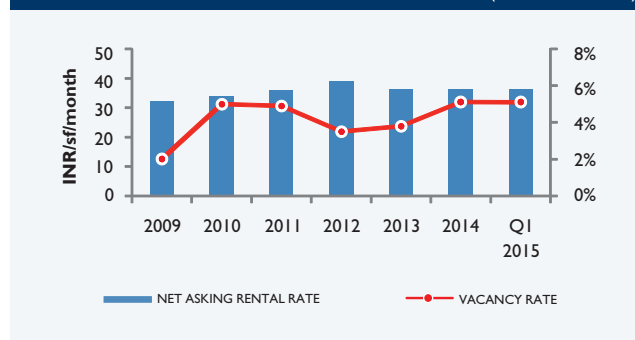
Transaction activity may improve, rental values could decline. Approximately 110,000 sf of Grade A space is expected to become operational in Prahladnagar in the upcoming quarter. Although the under-construction pipeline has declined in Ahmedabad, continued high vacancy levels due to subdued demand could lead to downward pressure on rental values in the upcoming quarter.

STATS ON THE GO (GRADE A)

	Q1 2014	Q1 2015	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	36.2%	33.4%	-2.80%*	▼
Weighted Average Net Asking Rents (INR/sf/month)	34.3	34.2	-0.29%	◀▶
YTD Net Absorption (sf)	504,500	151,800	-69.91%	◀▶

* percentage point

CBD ASKING RENTAL VS. VACANCY RATES (ALL GRADES)



CBD PRE-COMMITMENT VS. NET ABSORPTION (ALL GRADES)



AHMEDABAD SELECT MICRO MARKET STATISTICS

SUBMARKET	INVENTORY	OVERALL VACANCY RATE	YTD LEASING ACTIVITY	UNDER CONSTRUCTION	YTD CONSTRUCTION COMPLETIONS	YTD NET ABSORPTION	WTD.AVG. RENTAL RATE			
							INR SF/MONTH*	US\$ SF/YR	EURO SF/YR	
ALL GRADES**							4Q 14*	1Q 15*	1Q 15*	1Q 15*
C.G. Road	2,944,800	5.1%	0	0	0	0	36.28	36.19	\$6.97	€6.46
Ashram Road	554,400	4.5%	0	0	0	0	35.00	35.00	\$6.74	€6.25
S.G. Highway	4,777,100	19.8%	125,800	1,320,000	242,000	125,800	32.48	34.03	\$6.56	€6.07
Satellite /Prahlnadnagar	5,953,200	20.5%	28,000	485,100	0	28,000	31.43	32.84	\$6.33	€5.86
TOTALS#	19,683,500	19.2%	153,800	3,555,100	242,000	153,800	32.21	33.80	\$6.51	€6.03
GRADE A										
S.G. Highway	3,042,200	26.8%	125,800	1,320,000	242,000	125,800	34.37	34.68	\$6.68	€6.19
Satellite /Prahlnadnagar	3,326,400	25.1%	26,000	485,100	0	26,000	33.81	34.02	\$6.55	€6.07
TOTALS#	8,178,600	33.4%	151,800	3,305,100	242,000	151,800	34.03	34.20	\$6.59	€6.10

* Reflect weighted average, warm shell, asking rental rates for vacant properties that provide core facility, high-side air conditioning and 100% power back-up

** All Grades - includes all Grade A and select properties of other Grades in prime office micro markets

Conversion rate: US\$ 1 = INR 62.28 and Euro 1 = INR 67.25

#Total figures contain additional submarkets not mentioned above

Net absorption refers to the incremental new space take-up; renewals not included in leasing activity statistics

IT - Information Technology; ITeS - Information Technology-enabled Services; SEZ - Special Economic Zone

Numbers for the first quarter are based on market information collected until 10th March 2015

CBD refers to C.G. Road

MARKET HIGHLIGHTS

Significant Q1 2015 Lease Transactions

BUILDING	SUBMARKET	TENANT	BUILDING CLASS	SQUARE FEET
Commerce House V	Prahlnadnagar	Apptus	A	26,000
Shapath V	S.G. Highway	Riddhi Siddhi Group	A	21,000

Significant Q1 2015 Construction Completions

BUILDING	SUBMARKET	TENANT	BUILDING CLASS	SQUARE FEET
Signature 2	S.G. Highway	NA	A	242,000

Significant Projects Under Construction

BUILDING	SUBMARKET	TENANT	COMPLETION DATE	SQUARE FEET
Westgate	Prahlnadnagar	NA	Q4 2015	375,000

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ECONOMIC OVERVIEW

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previous quarter, whilst the manufacturing sector also decelerated to 4.2%, from 5.6%. On a positive note, at US\$4.48 billion, **foreign direct investment (FDI) doubled in January** from the same month last year, making it the highest inflow in the past 29 months.

Current Account Deficit (CAD) narrowed to 1.6% of the GDP in the third quarter of FY2014–15 from 2.0% in the previous quarter, primarily due to an improvement in net earnings through travel and software services, and lower net outflows.

The **Reserve Bank of India (RBI) reduced the key lending rate repo rate** to 7.50% by a total of 50 basis points in two tranches during the fourth quarter of FY2014–15 as inflation eased with the Consumer Price Index (CPI) dipping to 5.1% in January 2015, well below the RBI's target of 8%.

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OFFICE MARKET OVERVIEW

Decline in quarterly net absorption; high supply addition. Pune witnessed 838,200 square feet (sf) in net absorption in the first quarter of 2015, of which 76% was in Grade A developments. Although overall net absorption declined by 41% from the previous quarter, it increased by 35% on a year-on-year basis. Nearly 731,300 sf of supply was added during the quarter, of which 90% was in Grade A developments. Around 68% of the total supply in the quarter was in a new phase of an existing SEZ.

Decline in vacancies; Eastern locations witnessed significant activity. Grade A vacancy declined by 0.3 percentage points and All Grades vacancy dipped by 0.5 percentage points in the quarter and stood at 16.1% and 19.9% respectively. The Suburban–East submarket had around 40% share in the leasing activity, followed by Off-CBD–East with a 20% share. The IT-ITes sector dominated quarterly leasing activity with a 57% share, followed by BFSI (7%) and engineering & manufacturing (6%).

Increase in weighted average rentals. Weighted average rentals increased in the majority of the submarkets from the previous quarter due to an increase in quoted rentals of certain Grade A buildings. Addition of new supply at higher rentals also contributed to an increase in overall weighted average rentals of the Off-CBD–East and Suburban–East submarkets.

OUTLOOK

High supply may lead to high vacancies. Anticipated delivery of more than 3 million square feet of Grade A supply in the next quarter may lead to a marginal increase in vacancies despite an expected healthy net absorption.

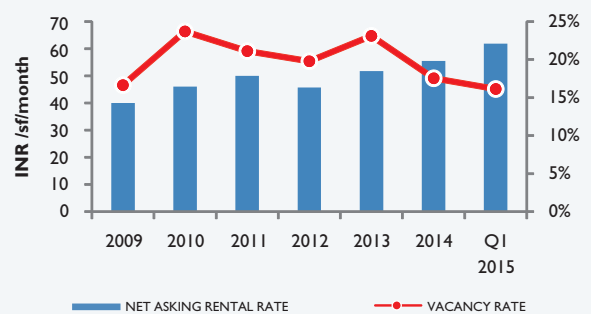
Improvement in transaction activity; expected rental increase. A few key occupiers are looking for contiguous spaces of more than 100,000 sf. Due to the anticipated delivery of some quality spaces in the coming months, some large lease deals are expected to be signed in Suburban–East and Peripheral–West submarkets. However, since these buildings are likely to be added at higher ranges of the market rentals, it may lead to an upward revision in overall weighted average rentals for select submarkets.

STATS ON THE GO (GRADE A)

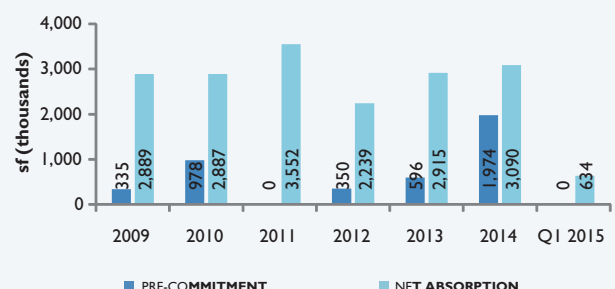
	Q1 2014	Q1 2015	Y-O-Y CHANGE	12 MONTH FORECAST
Overall Vacancy	22.8%	16.1%	-6.7%*	▲
Weighted Average Net Asking Rents (INR /sf/month)	52.95	61.85	16.80%	▲
YTD Net Absorption (sf)	443,600	634,200	42.98%	▲

* percentage point

NET ASKING RENTAL VS. VACANCY RATES (GRADE A)



PRE-COMMITMENT VS. NET ABSORPTION (GRADE A)



PUNE SELECT MICRO MARKET STATISTICS

SUBMARKET	INVENTORY	OVERALL VACANCY RATE	YTD LEASING ACTIVITY	UNDER CONSTRUCTION	YTD CONSTRUCTION COMPLETIONS	YTD NET ABSORPTION	WTD. AVG. RENTAL RATE			EURO SF/YR IQ 15*
							INR SF/MONTH*	US\$ SF/YR IQ 15*	INR SF/MONTH*	
ALL GRADES**										
CBD	5,286,600	21.7%	51,900	975,000	18,000	-2,400	73.28	75.01	\$14.45	€13.38
Off-CBD - West	7,628,700	18.9%	52,400	1,076,400	22,000	7,200	64.30	71.47	\$13.77	€12.75
Off-CBD - East	8,259,000	15.0%	204,000	510,000	160,000	159,000	58.59	65.77	\$12.67	€11.74
Suburban - West	8,920,800	23.0%	108,400	1,879,000	25,000	100,200	53.56	52.15	\$10.05	€9.31
Suburban - East	10,320,700	28.2%	407,200	2,974,400	500,000	376,800	48.63	52.48	\$10.11	€9.36
Extended Suburban	8,354,900	13.3%	20,800	5,101,100	0	14,000	47.80	59.24	\$11.41	€10.57
Peripheral - West	9,320,900	19.6%	183,400	3,627,700	6,300	183,400	43.07	44.62	\$8.60	€7.96
Peripheral - East###	1,168,900	6.8%	0	800,000	0	0	50.00	51.83	\$9.99	€9.25
TOTALS	59,260,500	19.9%	1,028,100	16,943,600	731,300	838,200	54.23	57.61	\$11.10	€10.28
GRADE A										
CBD	1,609,100	26.3%	9,500	975,000	0	9,000	82.02	88.77	\$17.10	€15.84
Off-CBD - West	2,087,000	25.7%	47,000	250,000	0	24,000	61.04	76.39	\$14.72	€13.63
Off-CBD - East	6,251,200	12.9%	134,000	510,000	160,000	89,000	60.99	73.55	\$14.17	€13.12
Suburban - West	4,428,500	18.0%	61,700	648,300	0	61,000	55.17	55.00	\$10.60	€9.81
Suburban - East	6,976,600	23.9%	267,800	2,292,600	500,000	267,800	53.56	59.39	\$11.44	€10.60
Extended Suburban	5,555,100	9.8%	0	4,745,000	0	0	47.53	64.47	\$12.42	€11.50
Peripheral - West	7,821,300	12.9%	183,400	3,380,400	0	183,400	43.37	43.72	\$8.42	€7.80
Peripheral - East#	1,082,700	0.0%	0	800,000	0	0	38.00	38.00	\$7.32	€6.78
TOTALS	35,811,500	16.1%	703,400	13,601,300	660,000	634,200	55.44	61.85	\$11.92	€11.04

*Reflect weighted average, warm shell, asking rental rates for vacant properties that provide core facility, high-side air conditioning and 100% power back-up

**All Grades – includes all Grade A and select properties of other grades in prime office micro markets

Conversion rate: US\$ 1 = INR 62.28 and Euro 1 = INR 67.25

#Weighted average rental has been kept stable due to no vacancy in the submarket

##Weighted average rental of B and C Grade spaces only in Q1 2015

Net absorption refers to the incremental new space take-up; renewals not included in leasing activity statistics

IT - Information Technology; ITeS - Information Technology-enabled Services; SEZ - Special Economic Zone

Numbers for the first quarter are based on market information collected until 10th March 2015

CBD: Laxmi Road, Camp, Bund Garden Road, Boat Club, Koregaon Park

Off-CBD - West: Karve Road, Deccan Gymkhana, FC Road, Jungli Maharaj Road, Ganeshkhind Road, SB Road, Wakdewadi, Shivaji Nagar

Off-CBD - East: Yerwada, Kalyani Nagar, Airport Road

Suburban - West: Aundh, Baner, Pimpale Nilakh, Pashan, Sus, Bavdhan, Pimpri

Suburban - East: Viman Nagar, Kharadi, Nagar Road, Wadgaon Sheri

Extended Suburban: Kondhwa, NIBM, Wanowrie, Hadapsar, Mundhwa

Peripheral - West: Hinjewadi, Wakad, Talegaon

Peripheral - East: Saswad Road, Sholapur Road, Phursungi

MARKET HIGHLIGHTS

Significant Q1 2015 Lease Transactions

BUILDING	SUBMARKET	TENANT	BUILDING CLASS	SQUARE FEET
Business @ Mantri	Suburban - East	Vodafone	A	133,800
Radius Tech Park	Peripheral - West	Cognizant	A	95,300

Significant Q1 2015 Construction Completions

BUILDING	SUBMARKET	TENANT	BUILDING CLASS	SQUARE FEET
EON SEZ - Cluster E	Suburban - East	Citi Bank, Zensar	A	500,000
Nyati Corporate Park	Off-CBD - East	NA	A	160,000

Significant Projects Under Construction

BUILDING	SUBMARKET	TENANT	COMPLETION DATE	SQUARE FEET
Blue Ridge SEZ - Phase II	Peripheral - West	Accenture, EMC	Q2 2015	1,400,000

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