

Research



India Real Estate

Residential and Office Market - January - June 2022

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**Shishir Bajjal**

Chairman and Managing Director

Foreword

COVID-19 has effectively rekindled the need for home-ownership. The homebuyers' need for security and personal space, along with the catalytic role played by low interest rates and relatively low property prices enabled the market overcome pandemic exigencies. The past 18 months have seen a sustained recovery in demand that continues to gain momentum even in H1 2022.

Interestingly, after the initial phase of work-from-home, the productivity challenges that the bulk of the workforce had to contend with are encouraging corporate leaderships globally to return to office in force. This has also accelerated the premise for the managed office or co-working space that specializes in optimizing productivity. Even the Information Technology sector which is the best geared for a remote working environment is looking to increase physical occupancy in existing offices and is taking up new office spaces to accommodate its substantially increased workforce in 2022.

Despite headwinds from external developments such as the war in Europe, India's economy continues to consolidate on the path to recovery. Inflationary pressures are being addressed aggressively by the RBI, starting with the cumulative 90 bps rate hike in May and June, and a guidance for further rate hikes. While these developments pose headwinds for the real estate sector, the robust performance of the sector during H1 2022 signifies the strength of the underlying demand for property.

I invite you to read the 17th edition of Knight Frank India's flagship half yearly report – 'India Real Estate H1 2022'. The report tracks the ongoing developments that impacted the residential and office segments across the top 8 cities and I hope that you will find it insightful and interesting.



All India

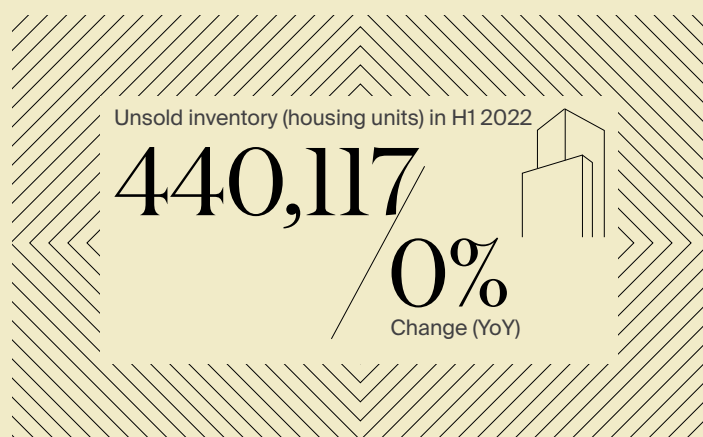
RESIDENTIAL MARKET

INDIA MARKET SUMMARY

Parameter	2021	2021 Change (YoY)	H1 2022	H1 2022 Change (YoY)	Q2 2022	Q2 2022 Change (QoQ)
Launches (housing units)	232,382	58%	160,806	56%	82,632	6%
Sales (housing units)	232,903	51%	158,705	60%	80,078	2%

Note - 1 square metre (sq m) = 10.764 square feet (sq ft)

Source: Knight Frank Research



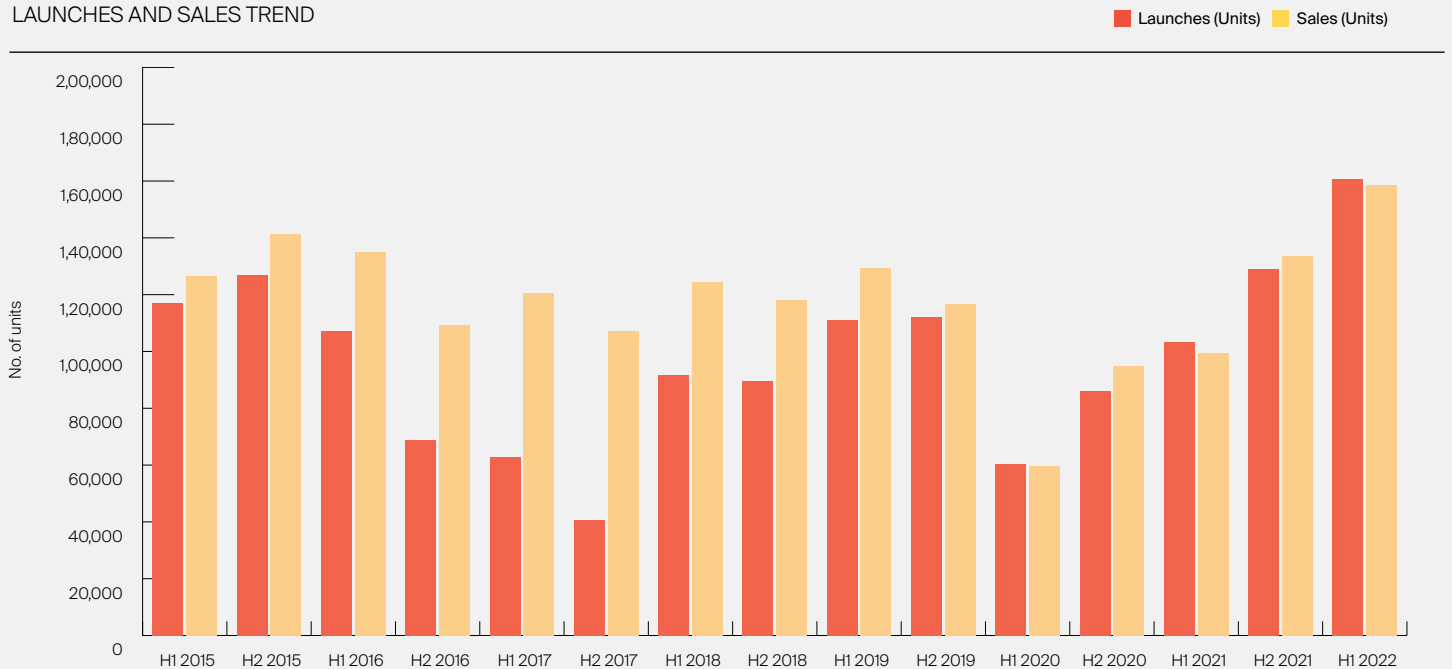
Quarters to sell
(in quarters) H1 2022

7.8

Age of unsold inventory
(in quarters) H1 2022

17.1

LAUNCHES AND SALES TREND



Source: Knight Frank Research

- The pandemic exigencies in H1 2020 and H1 2021 had an adverse impact on the Indian residential market. However, this impact has been receding steadily as we move further away from the advent of the first wave. With the second wave having run its course by the end of H1 2021, the improving economic and business environment, and an increased understanding of the pandemic, helped the market overcome the slight tremors caused by the third wave of the Omicron variant in early 2022.
- While H2 2021 saw sales volumes come within reach of a six-year high, sales in H1 2022 have convincingly broken through and reached the highest level since H1 2013. Low interest rates and comparatively low home prices along with the renewed need for home ownership sparked by the pandemic, have been the primary drivers for this growth. Growing by 60% in YoY terms, the sale of 158,705 units during H1 2022, was 19% higher than the preceding period of H2 2021 despite home loan interest rates increasing due to the 90 bps repo rate hike during the same period.
- Development activity has risen in tandem with the improved demand despite the increasing costs of input material and labour across markets. As many as 160,806 units were launched during H1 2021, a 56% increase YoY. Even in sequential terms, launch volumes were a substantial 25% higher than the relatively unaffected H2 2021 period.
- Demand momentum was strong across markets

in YoY terms in H1 2022 and Kolkata was the only market which saw sales volumes drop in sequential terms. With the second largest share of sales, NCR was the biggest mover among all the markets with sales volumes vaulting by 154% YoY during the period. Mumbai accounted for 28% of the total sales, highest among all markets. Among other large markets, Bengaluru had a similar strong showing with sales growing 80% YoY in H1 2022 to 26,667 units. Increased hiring and steady income growth in the Information Technology (IT) sector dominated markets such as Bengaluru, also buoyed homebuyer demand.

- Consistent with the upward trend seen in the past three periods, the share of sales in the INR 10 mn and above ticket-size grew significantly to 25% in H1 2022 compared to 20% a year ago. This can be attributed to the homebuyers' need to upgrade to larger living spaces with better amenities, and to the fact that pandemic-induced income disruptions did not impact higher income categories as they did for the others. The share of home sales in the INR 5-10 mn category dropped from 39% in H1 2021 to 34% in the current period. While this may seem significant, the longer-term trend of sales in the mid-size segment continues to strengthen. In comparison, even as sales volumes in the INR 5 mn and below ticket-size have grown strongly along with the market, the share of this segment has weakened steadily over the past five years.
- The growth in sales volumes during H1 2022 is

more significant considering that it has occurred along with very encouraging price growth across all markets. Prices have grown in YoY terms across all markets for the first time since H2 2015. Prices increased in the range of 3- 9% YoY across markets with prices in the larger markets of Mumbai, NCR and Bengaluru moving at the top of this growth band at 6%, 7% and 9% YoY respectively. Albeit, increasing instances of developers offering greater value adds such as better finished/furnished apartments were also observed especially towards the end of H1 2022.

- The unsold inventory level dipped marginally compared to 440,117 units in H1 2021. The strong uptick in sales also brought the QTS level down to 7.8 quarters from 10.9 quarters in H1 2021. QTS shows the number of quarters required to exhaust the unsold inventory and is calculated by dividing the existing unsold inventory by average sales of the eight trailing quarters from the analysis period to avoid seasonal volatility.
- While home loan interest rates are still well below pre-pandemic levels, it is worthwhile to gauge the impact of every increase in the home loan rate on the EMI load and eventual affordability levels for the end consumers.

IMPACT OF HOME LOAN INCREASE ON EMI AND AFFORDABILITY

Increase in home loan interest rate (in basis points)	Increase in EMI amount	Decrease in Knight Frank Affordability Index levels (EMI/Household Income)
50	3.84%	1.11%
100	7.76%	2.23%
150	11.73%	3.38%

Source: Knight Frank Research

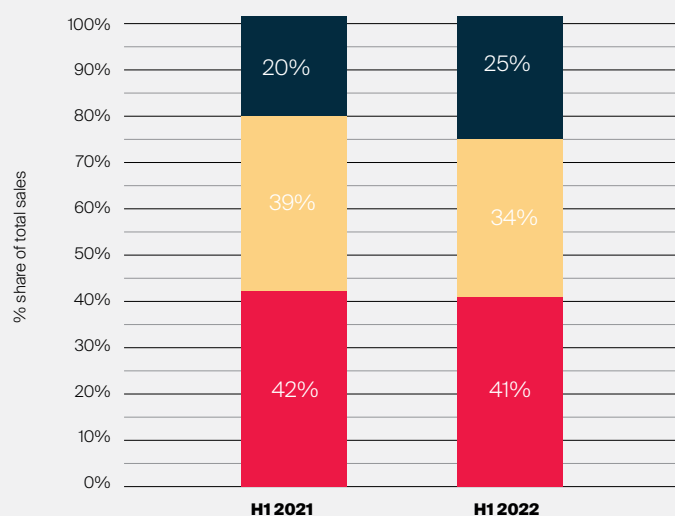
Note: Affordability and income levels are calculated keeping all variables constant, except for the interest rate.



An increase of 150 bps in the home loan rate will result in an 11.73% increase in the EMI load for the homebuyer and an effective 3.38% decrease in affordability, as per the Knight Frank Affordability Index. Similarly, the 90 bps increase in the home loan rate effected in May and June 2022, will cause an average 2% decrease in the Affordability Index level across markets and a 6.97% increase in the EMI load.

- Generally, an increase in home loan rates usually translates into an increase in tenure rather than an actual increase in EMI, effectively subduing its impact to some extent. The interest rate hikes, while steep, are not a surprise and have been factored into the market sentiment which continues to hold strong. We do not believe that home loan rates approaching 2019 levels will be enough to subdue market momentum significantly. The performance of the broader economy will have a greater bearing on market momentum for the remainder of the year as it dictates homebuyer income levels and demand much more directly. As things stand, the RBI having kept the FY 2023 GDP growth estimate constant, lends credence to our belief that residential demand should not be impacted materially in 2022.

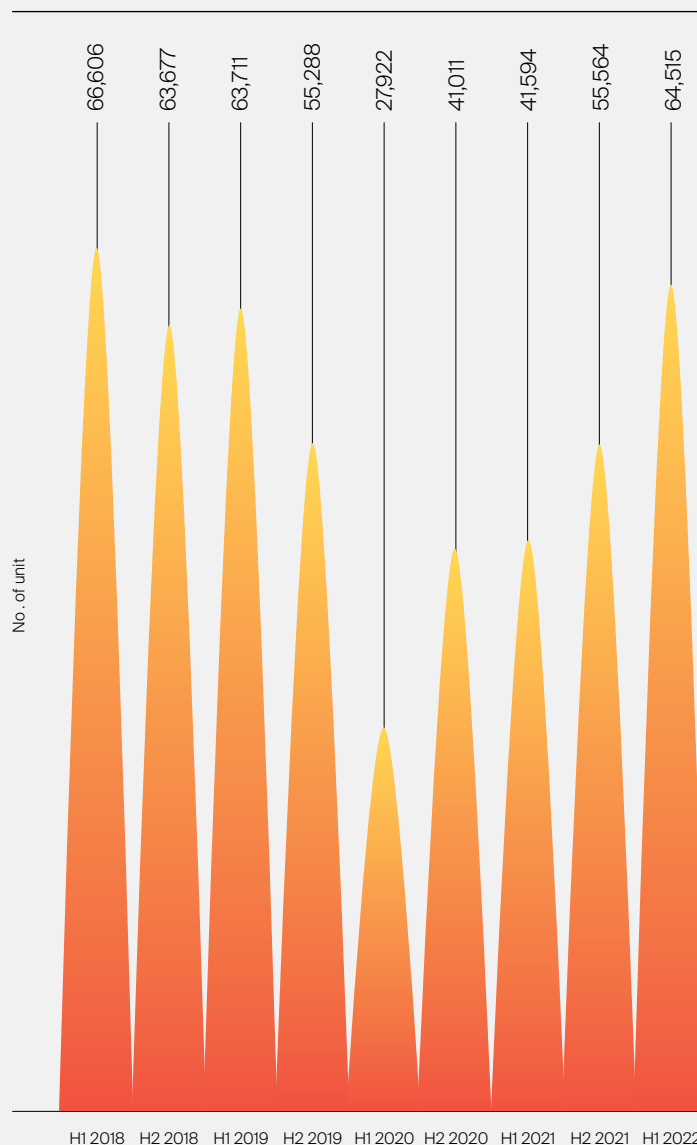
TICKET SIZE SPLIT COMPARISON OF SALES DURING H1 2021 AND H1 2022



Source: Knight Frank Research

■ <5 mn ■ 5-10 mn ■ >10 mn

AFFORDABLE MARKET ACTIVITY (UP TO INR 5 MILLION SEGMENT)



Source: Knight Frank Research

CITY	SALES		LAUNCHES	
	H1 2022 (YOY CHANGE)	2021 (YOY CHANGE)	H1 2022 (YOY CHANGE)	2021 (YOY CHANGE)
MUMBAI	44,200 (55%)	62,989 (29%)	47,466 (32%)	70,023 (39%)
NCR	29,101 (154%)	35,073 (65%)	28,726 (876%)	20,585 (110%)
BENGALURU	26,677 (80%)	38,030 (61%)	21,223 (59%)	30,607 (54%)
PUNE	21,797 (25%)	37,218 (38%)	17,393 (-15%)	40,489 (16%)
CHENNAI	6,951 (21%)	11,958 (38%)	7,570 (40%)	12,783 (77%)
HYDERABAD	14,693 (23%)	24,318 (142%)	21,356 (28%)	35,736 (179%)
KOLKATA	7,090 (39%)	14,405 (62%)	6,686 (205%)	7,510 (81%)
AHMEDABAD	8,197 (95%)	8,911 (37%)	10,385 (67%)	14,648 (99%)
ALL INDIA	158,705 (60%)	232,903 (51%)	160,806 (56%)	232,382 (58%)

Source: Knight Frank Research

RESIDENTIAL PRICE MOVEMENT

LOCATION	PRICE IN H1 2022 IN INR/SQ M (INR/SQ FT)	12 MONTH CHANGE (%)	6 MONTH CHANGE (%)
MUMBAI	77,104 (7,163)	6%	7%
NCR	47,760 (4,437)	7%	6%
BENGALURU	57,674 (5,358)	9%	4%
PUNE	45,661 (4,242)	6%	6%
CHENNAI	45,661 (4,242)	5%	5%
HYDERABAD	52,937 (4,918)	4%	4%
KOLKATA	36,006 (3,345)	4%	4%
AHMEDABAD	31,000 (2,880)	3%	3%

Source: Knight Frank Research

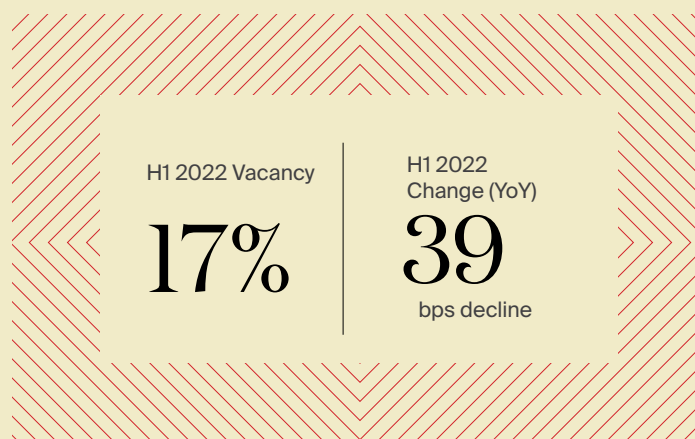
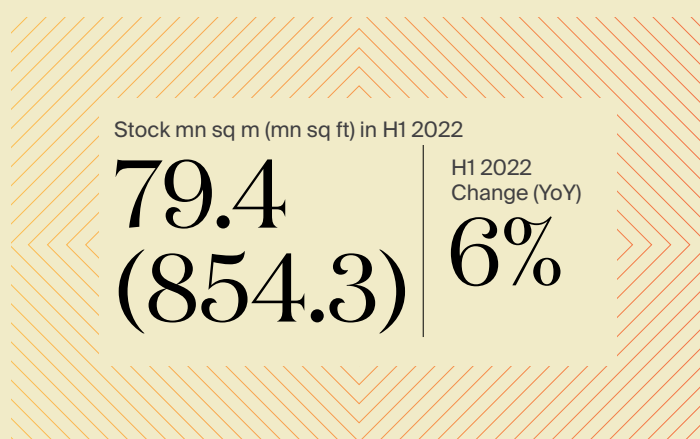


ALL INDIA MARKET SUMMARY

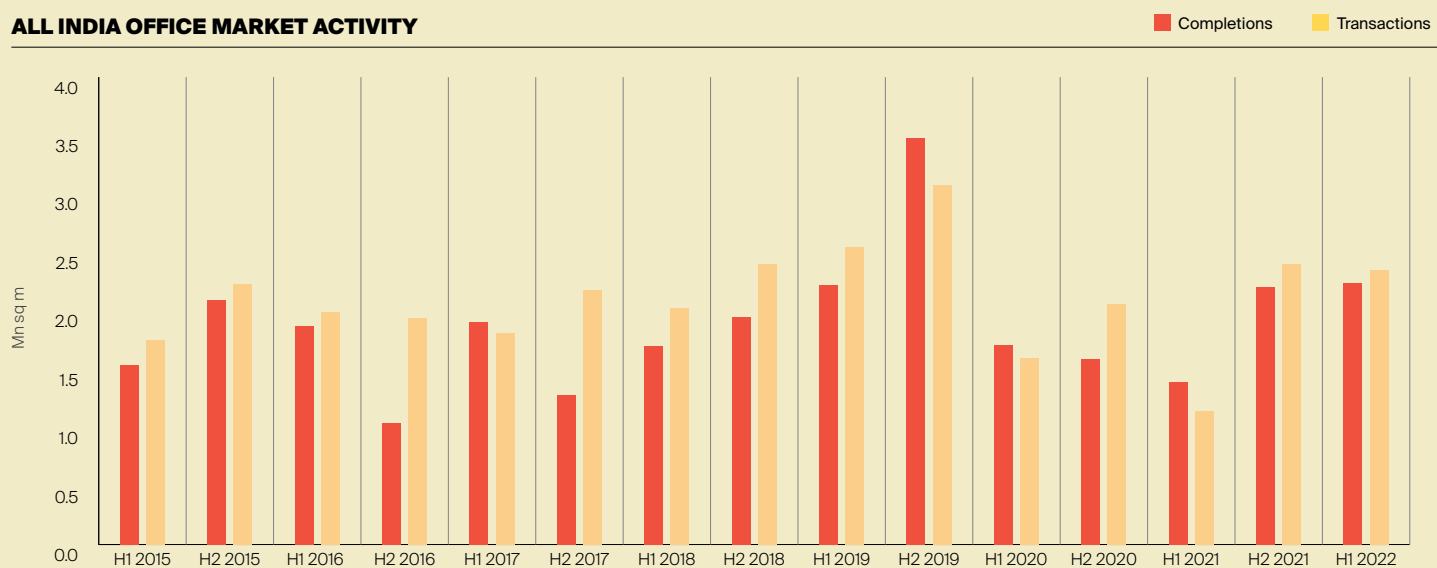
Parameter	2021	2021 Change (YoY)	H1 2022	H1 2022 Change (YoY)	Q2 2022	Q2 2022 Change (QoQ)
Completions in mn sq m (mn sq ft)	3.6 (38.7)	9%	2.24 (24.1)	61%	1.14 (12.3)	3%
Transactions in mn sq m (mn sq ft)	3.54 (38.1)	-3.2%	2.35 (25.3)	107%	1.35 (14.6)	35%

Note – 1 square metre (sq m) = 10.764 square feet (sq ft)

Source: Knight Frank Research



ALL INDIA OFFICE MARKET ACTIVITY



Source: Knight Frank Research

- H2 2021 ended on a high note for the India office market with transaction volumes scoring a post-pandemic high (after H1 2020) on the back of a waning pandemic and the promise of a sustained economic recovery. While India's GDP grew at a lower than expected pace of 8.7% for FY 2022, the office market was not impacted significantly and delivered a strong performance in H1 2022, almost mirroring transaction volumes of the preceding period.
- Corporate India remained committed to return to office and resumed in earnest after a short hiatus during the Omicron impacted period of early 2022. The leadership of most corporates returned to the office and actively urged their workforce to do the same. This has steadily increased physical occupancy levels, and combined with a revival in hiring, it is driving transaction activity across markets.
- 2.4 mn sq m (25.3 mn sq ft) of office space was transacted during H1 2022 compared to 1.14 mn sq m (12.3 mn sq ft) in H1 2021. While this translates into a massive 107% YoY growth as the base period was severely impacted by the pandemic, it would be more appropriate to compare it with a more normal period post the advent of the pandemic. H1 2022 transaction volumes are just 2% lower than those in H2 2021, the last period of high transactions since H1 2020. It is very likely that without the tremors caused by the Omicron variant, H1 2022 transaction volumes would have reached a

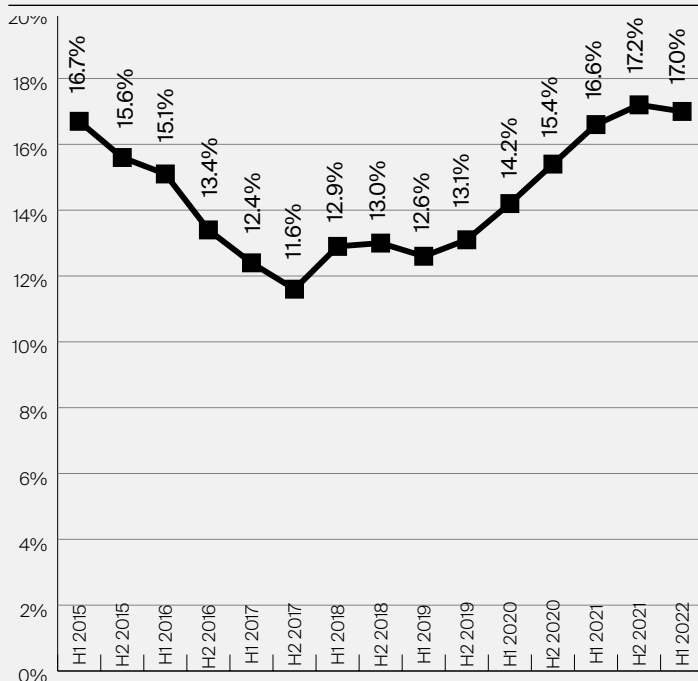
new post-pandemic high.

- While all markets have grown substantially on a YoY basis, five of the eight markets have seen significant growth even in sequential terms. Bengaluru, with 0.7 mn sq m (7.7 mn sq ft), saw the highest transacted volume amongst all markets and constituted 31% of the total area transacted during H1 2022.
- Other Services sector companies were the most active, followed by those from the IT sector, accounting for 32% and 27% of the transacted space respectively during H1 2022. The IT sector seems to have lost some ground compared to its 31% share of transactions in H1 2021. However, given the sector's professed need to return to office, and the substantial hiring that has occurred in the sector during the past 12 months, it is a matter of time before its share of transactions reverts to its long-term average. Recent hiring trends in the IT sector on leading job portals continued to see a marked and sustained increase in H1 2022.
- While direct leasing in the IT sector was subdued, it was a strong driver for sustaining the share of the co-working/managed office sector's transactions during H1 2022. The share of the sector in total transactions increased to 17% in H1 2022 from 10% in H1 2021. 47,500 seats were taken up in managed office premises in 2021, a 49% growth in YoY terms. The co-working player's positioning

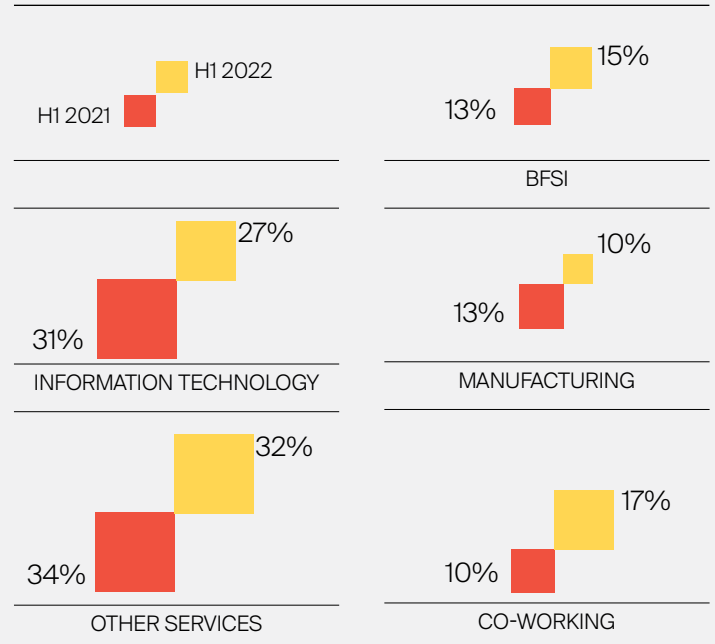
as an expert in the domain of workspace delivery continues to strengthen even as this sector goes through a consolidation phase that will see the weaker players eventually getting pushed out of the market.

- Rental levels were stable or grew across all markets in H1 2022, marking it as the first half-yearly period since H1 2019, that this has occurred. Bengaluru and Pune office markets grew the most during H1 2022 at 13% and 8% YoY respectively.
- New completions also picked up significantly with 2.2 mn sq m (24.1 mn sq ft) getting delivered in H1 2022, a 61% growth YoY. Bengaluru, with 0.5 mn sq m (5.8 mn sq ft), accounted for 24% of the space delivered and along with Hyderabad, constituted 46% of the total space delivered during the period.
- The total transaction volume in H2 2021 and H1 2022 has equaled that of the preceding three periods (H1 2020, H2 2020, H1 2021) signaling a strong swing in occupier sentiments toward a return to office. The occupier's preference for flexibility and the overall service offering of a co-working/managed office premise has taken root during the pandemic and is expected to stabilize, going forward. While the pandemic is not considered to be a major factor for the office market's performance today, ongoing concerns over economic growth and its impact on corporate results could play a part in occupier activity in H2 2022.

INDIA OFFICE MARKET VACANCY



SECTOR-WISE TRANSACTIONS SPLIT IN H1 2021 AND H1 2022



Note: BFSI includes BFSI support services

Source: Knight Frank Research

CITY	OFFICE TRANSACTIONS		OFFICE SPACE COMPLETIONS	
	H1 2022 IN MN SQ M (MN SQ FT) (YOY CHANGE)	2021 IN MN SQ M (MN SQ FT) (YOY CHANGE)	H1 2022 IN MN SQ M (MN SQ FT) (YOY CHANGE)	2021 IN MN SQ M (MN SQ FT) (YOY CHANGE)
MUMBAI	0.28 (3) (81%)	0.35 (3.8) (-37%)	0.09 (1) (-21%)	0.46 (5) (-6%)
NCR	0.38 (4.1) (69%)	0.6 (6.4) (38%)	0.23 (2.5) (-17%)	0.48 (5.1) (76%)
BENGALURU	0.72 (7.7) (117%)	1.14 (12.2) (-1%)	0.54 (5.8) (12%)	1.11 (11.9) (27%)
PUNE	0.31 (3.3) (187%)	0.36 (3.8) (3%)	0.46 (5) (73%)	0.67 (7.2) (921%)
AHMEDABAD	0.12 (1.3) (201%)	0.11 (1.1) (-12%)	0.12 (1.3) (22%)	0.23 (2.5) (-51%)
CHENNAI	0.2 (2.2) (80%)	0.36 (3.9) (-14%)	0.28 (3) (272%)	0.16 (1.8) (-47%)
HYDERABAD	0.3 (3.2) (101%)	0.56 (6) (0%)	0.49 (5.3) (603%)	0.43 (4.6) (-47%)
KOLKATA	0.05 (0.6) (128%)	0.08 (0.8) (-12%)	0.02 (0.2) (0%)	0.06 (0.6) (542%)
TOTAL	2.35 (25.3) (107%)	3.54 (38.1) (-3%)	2.24 (24.1) (61%)	3.6 (38.7) (9%)

Source: Knight Frank Research

MARKET-WISE RENTAL MOVEMENT

LOCATION	RENTAL VALUE RANGE IN H1 2022 IN INR/SQ M/MONTH (INR/SQ FT/MONTH)	12 MONTH CHANGE (%)	6 MONTH CHANGE (%)
MUMBAI	1184 (110)	1%	3%
NCR	877 (81.5)	1%	-1%
BENGALURU	872 (81)	13%	11%
PUNE	764 (71)	8%	6%
AHMEDABAD	433 (40.2)	0%	0%
CHENNAI	645 (59.9)	0%	3%
HYDERABAD	686 (63.7)	3%	4%
KOLKATA	374 (34.7)	0%	0%

Source: Knight Frank Research



Ahmedabad

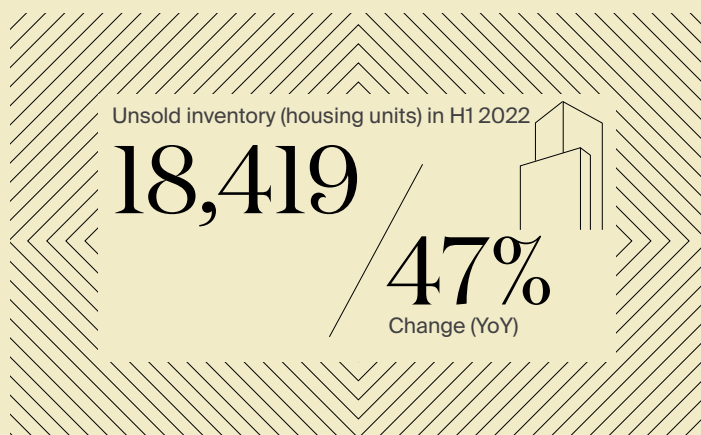
RESIDENTIAL MARKET

AHMEDABAD MARKET SUMMARY

Parameter	2021	2021 Change (YoY)	H1 2022	H1 2022 Change (YoY)	Q2 2022	Q2 2022 Change (QoQ)
Launches (housing units)	14,648	99%	10,385	67%	5,428	10%
Sales (housing units)	8,911	37%	8,197	95%	4,092	0%
Average price in INR/sq m (INR/sq ft)	INR 30,139 (INR 2,800)	0%	INR 31,000 (INR 2,880)	2.8%	-	-

Note - 1 square metre (sq m) = 10.764 square feet (sq ft)

Source: Knight Frank Research



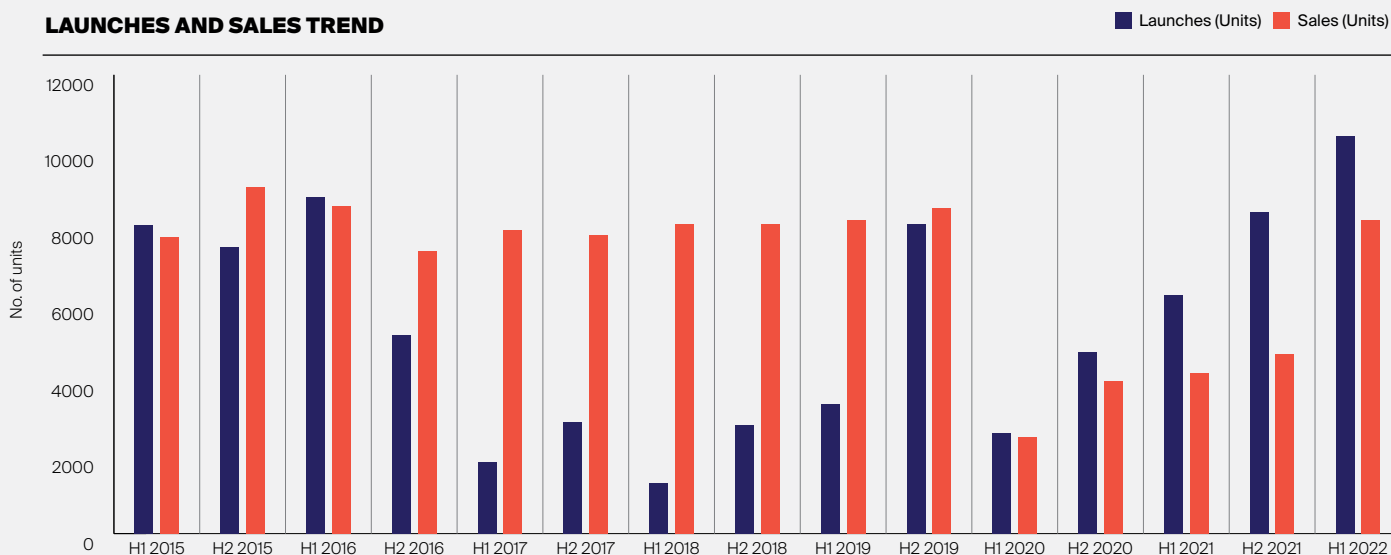
Quarters to sell
(in quarters) H1 2022

7.0

Age of unsold inventory
(in quarters) H1 2022

8.6

LAUNCHES AND SALES TREND



Source: Knight Frank Research

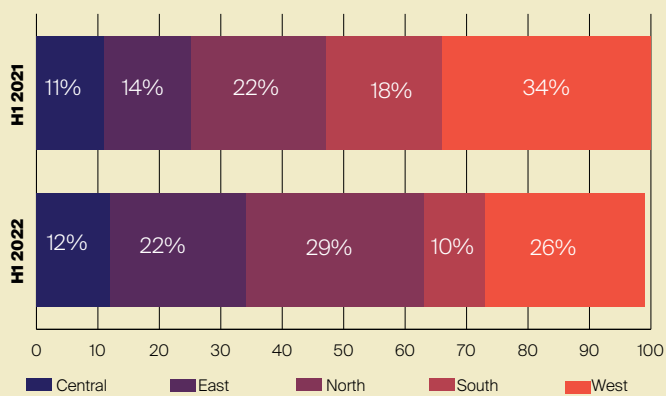
- The COVID pandemic had a drastic impact on the Ahmedabad residential market as residential sales volumes plummeted 69% YoY when the pandemic hit in H1 2020. The market, however, has recovered steadily since then, with sales volumes increasing in every successive period even though the second wave was more severe in terms of infection incidence as well as the fatality rate. This recovery has only accentuated in H1 2022 despite the Omicron variant earlier this year, with sales volumes almost reaching the levels seen in pre-pandemic 2019.
- Sales grew by a strong 95% YoY to 8,197 units in H1 2022, as low home prices along with the renewed need for home ownership, increased personal space, and better amenities continued to drive volumes. The fact that this growth occurred, even as economic growth concerns increased and the cumulative 90 bps repo rate hike in May and June impacted homebuyer affordability during the period, is noteworthy.
- While demand has grown steadily, developers have been quick to respond with project launches and capitalize on the improving sentiment. 10,385 units were launched during H1 2022 constituting a growth of 67% in YoY terms.
- Homebuyers were willing to scout for buying opportunities in the outskirts for properties that would afford them a significant lifestyle upgrade. Plotted developments in gated communities continued to find favour with homebuyers and investors during H1 2022.
- The shift in demand over the past few years to the INR 5-10 mn ticket size, from 15% in H1 2018 to 28% in H1 2022, has been significant. This trend has been observed across locations due to the need for upgrading the family's primary residence and to accommodate work and study from home requirements. The > INR 10 mn ticket-size has also seen its share of sales increase from 8% in H1 2021 to 10% in H1 2022. Conversely, there has been a gradual decrease in the share of sales with ticket sizes < INR 5 mn since 2018. The share of sales in this category has shrunk from 76% in H1 2018 to 62% in H1 2022.
- The average age of inventory has reduced consistently over the past six years signifying the increasing rate at which ready inventory is getting consumed in the market. The age of inventory currently stands at 8.6 quarters compared to 9.4 quarters in H1 2021. The limited price discount for under construction property still does not warrant undertaking development execution risks unless it is with established developers in highly sought-after locations.
- Ahmedabad has traditionally been a price sensitive market and developers have been mindful to not raise prices despite the increase in input costs like steel and cement, and especially the cost of land, which has risen significantly over the past year. Among the eight markets under our review, this market is also the cheapest in per square feet terms and by extension, yields leaner margins to developers. Yielding to the increased cost pressures and buoyant demand environment, the market saw average prices increase moderately by 2.8% YoY in H1 2022.
- Unsold inventory has risen 47% YoY at the end of H1 2022 but at 18,419 units, it is still half of what the market carried in 2016. While the improving demand scenario bodes well for the market, elevated inflationary expectations and rising interest rates could challenge market momentum in the remainder of 2022.

MICRO-MARKET CLASSIFICATION

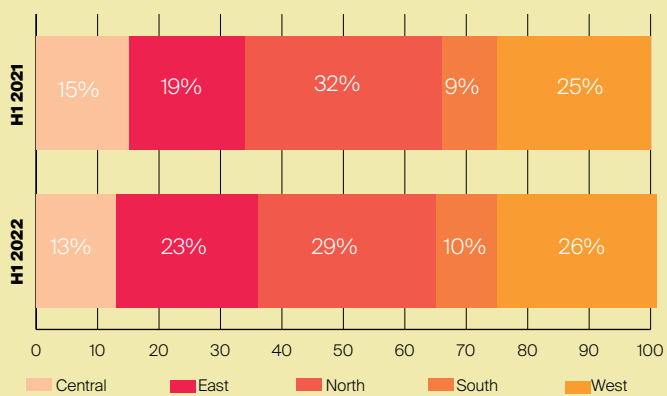
Micro market	Locations
Central	Paldi, Vasna, Navrangpura, Maninagar, Dudheshwar, Ambawadi
East	Naroda, Vastral, Nikol, Kathwada Road, Odhav
North	Gota, New Ranip, Tragad, Chandkheda, Motera
South	Narol, Vatva, Vinzol, Hathijan
West	SG Highway, Prahlad Nagar, Bopal, Thaltej, Science City Road

Source: Knight Frank Research

MICRO-MARKET SPLIT OF NEW LAUNCHES IN H1 2021 AND H1 2022

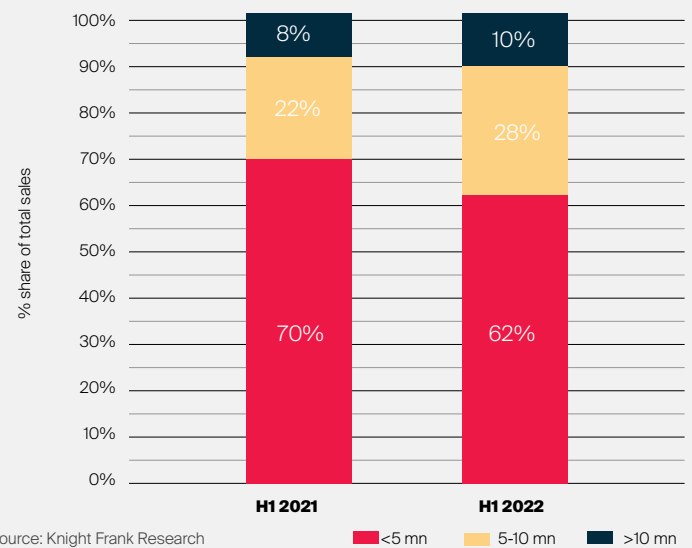


MICRO-MARKET SPLIT OF NEW SALES IN H1 2021 AND H1 2022



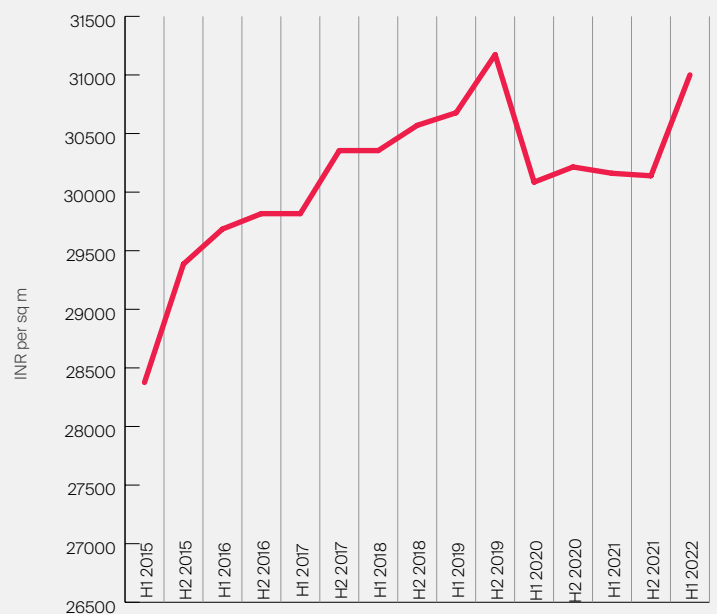
Source: Knight Frank Research

AHMEDABAD TICKET SIZE SPLIT COMPARISON OF SALES DURING H1 2021 AND H1 2022



Source: Knight Frank Research

AVERAGE RESIDENTIAL PRICE MOVEMENT



Source: Knight Frank Research

RESIDENTIAL PRICE MOVEMENT IN SELECT LOCATIONS

Micro Market	Location	Price range in H1 2022 in INR/sq m (INR/sq ft)	12 month Change	6 month Change
Central	Ambavadi	64,000-69,800(5,950-6,490)	5%	3%
	Navrangpura	55,400-65,600(5,150-6,100)	4%	3%
East	Nikol	26,900-34,400 (2,500-3,200)	4%	2%
	Vastral	23,700-30,100 (2,200-2,800)	2%	2%
North	Chandkheda	27,900-36,900 (2,600-3,430)	3%	2%
	Motera	37,600-45,200(3,500-4,200)	2%	2%
South	Aslali Circle	16,100-19,300 (1,500-1,800)	4%	2%
	Vatwa	18,300-22,600(1,700-2,100)	3%	2%
West	Bopal	35,500-44,100 (3,300-4,100)	4%	3%
	Prahlad Nagar	59,200-61,300 (5,500-5,700)	3%	2%

Source: Knight Frank Research

MICRO-MARKET HEALTH

Micro-market	Unsold Inventory (housing units) (YoY Change)	Quarters-to-sell (QTS)
Central	2,908 (43%)	7.4
East	2,265 (33%)	5.0
North	3,670 (174%)	4.3
South	2,905 (5%)	11.6
West	6,671 (42%)	9.6

Source: Knight Frank Research

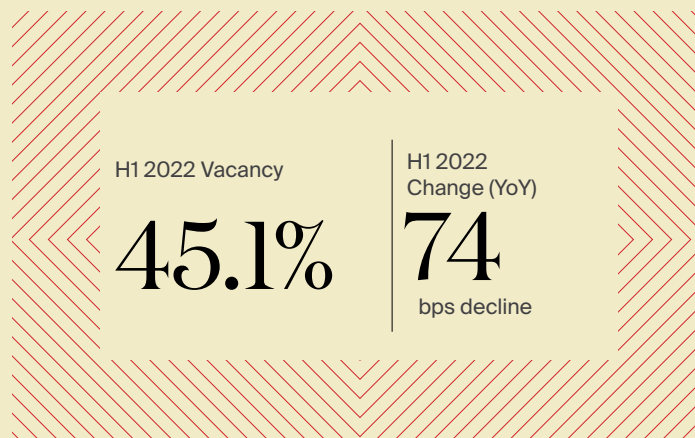
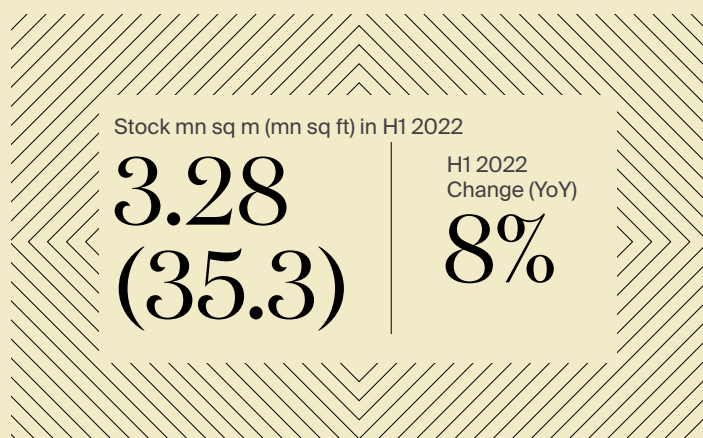


AHMEDABAD MARKET SUMMARY

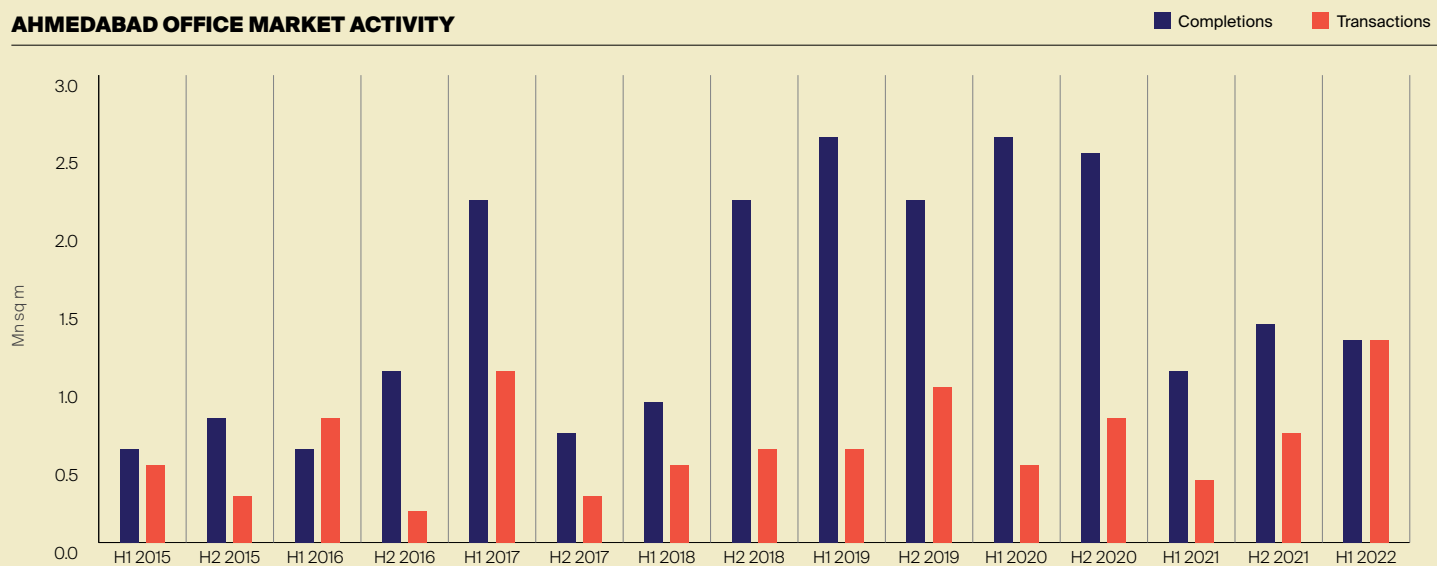
Parameter	2021	2021 Change (YoY)	H1 2022	H1 2022 Change (YoY)	Q2 2022	Q2 2022 Change (QoQ)
Completions in mn sq m (mn sq ft)	0.23 (2.5)	-51%	0.12 (1.3)	22%	0.1 (0.8)	64%
Transactions in mn sq m (mn sq ft)	0.11 (1.1)	-12%	0.17 (1.3)	202%	0.07 (0.8)	50%
Average transacted rent in INR/sq m/month (INR/sq ft/month)	433 (40)	-2.0%	433 (40)	0%	-	-

Note - 1 square metre (sq m) = 10.764 square feet (sq ft)

Source: Knight Frank Research



AHMEDABAD OFFICE MARKET ACTIVITY



Source: Knight Frank Research

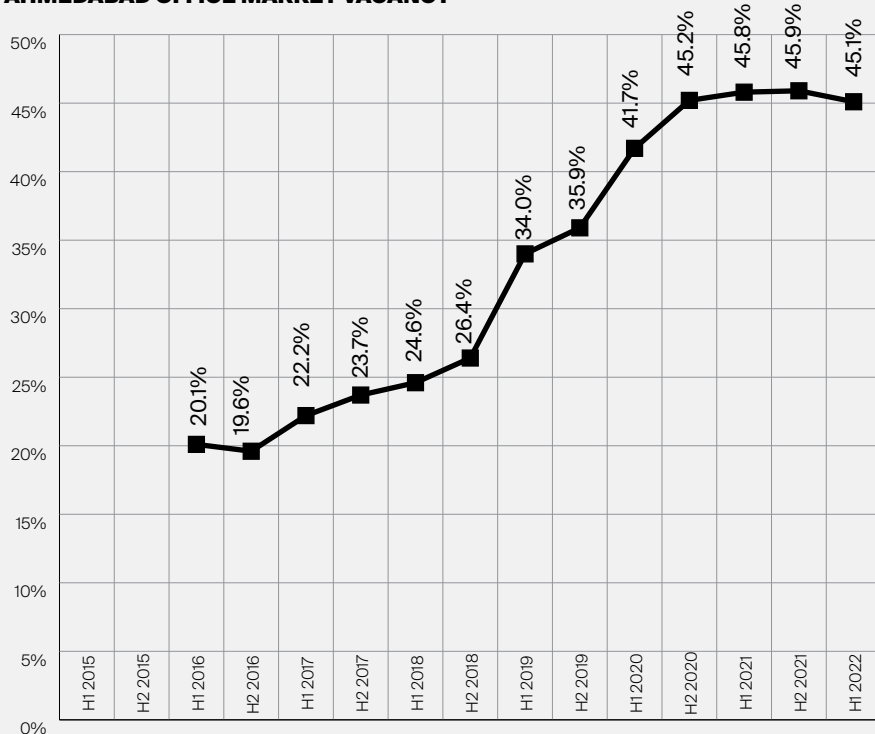
- The Ahmedabad office market consolidated well during 2021 as it recovered from the worst of the pandemic's impact. The first half of 2022 carried forward this momentum as the market seemingly shook off the last vestiges of the pandemic.
- Transaction volumes reached 0.1 mn sq m (1.3 mn sq ft) in H1 2022, translating into a 202% YoY growth and a 70% sequential growth over H2 2021. This also exceeded transaction volumes achieved in every half-yearly period since H1 2015. The average deal size spiked by 201% YoY, depicting the increased willingness of occupiers to commit to larger spaces.
- The rate of office space completions remained tempered as prevailing vacancy levels allowed only selective development. Similar to transaction volumes seen during the period, 0.1 mn sq m (1.3 mn sq ft) of office space attained completion during H1 2022 and kept the vacancy level at 45.1%, marginally lower compared to 45.8% during H1 2021.
- Market momentum increased towards the end of the period with Q2 2022 transaction volumes rising 50% compared to the preceding quarter as any tremors caused by the Omicron variant went unnoticed by the market.
- The CBD West attracted 77% of occupier interest due to the growing infrastructure and new office space development occurring there in recent times.

Locations on Bopal-Ambli Road, Corporate Road, Science City Road and Sindhubhavan Marg in CBD West accounted for most of the transactions in CBD West.

- The PBD accounted for 15% of the space transacted during H1 2022. The second largest deal during this period was a 0.01 mn sq m (0.15 mn sq ft) lease signed by the Bank of America at Gift City in PBD.
- Rental levels held steady and did not decline in H1 2022, breaking the trend of falling rent growth since H2 2019. The low availability of more desirable Grade A office spaces in the market also helped maintain rent levels.
- The transaction volumes achieved in H1 2022 were well distributed among all sectors. The manufacturing sector accounted for the most area transacted during the period constituting 23% of the pie, while BFSI with the least area transacted accounted for 16%.
- Co-working sector companies have emerged as significant players in the city's office market since early 2021 taking up 0.02 mn sq m (0.25 mn sq ft) or 20% of the total space transacted during H1 2022. While Information Technology (IT) companies were the largest takers of managed office spaces, an increasing number of occupiers from the BFSI and Other Services sectors were also observed to be taking up co-working spaces during H2 2021.

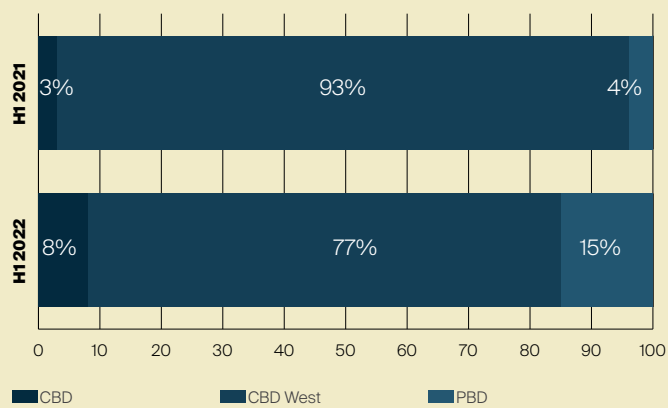
- The strong occupier demand seen in H1 2022, could signal a revival in the office market. However, high vacancy levels continue to put pressure on rent, and the rate at which new office spaces have been coming online will need to continue to reduce, or the market will be hard pressed to maintain equilibrium.

AHMEDABAD OFFICE MARKET VACANCY

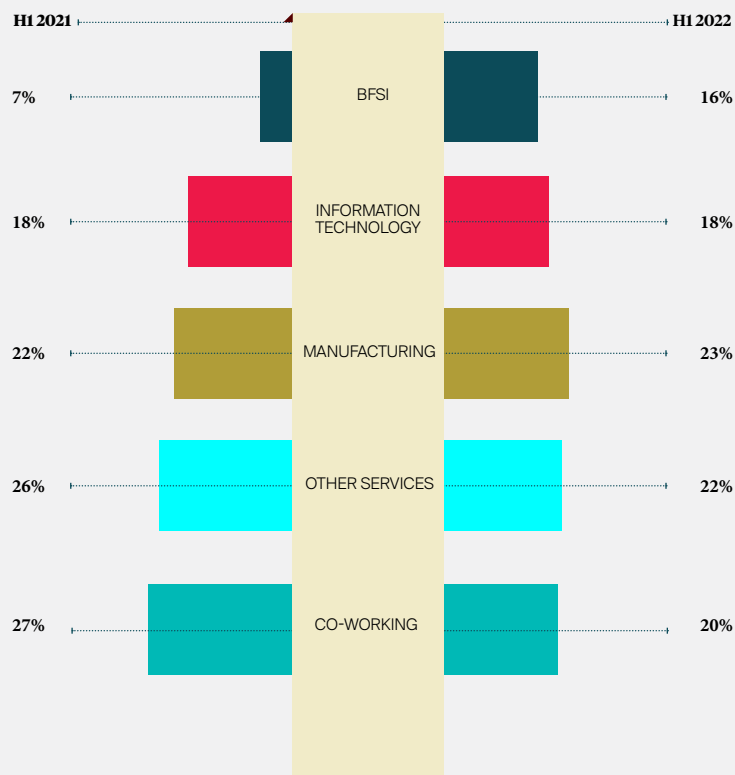


BUSINESS DISTRICT CLASSIFICATION

BUSINESS DISTRICT	MICRO MARKETS
CBD West	Bodakdev, Keshav Baug, Prahladnagar, Satellite, SG Highway, Thaltej
PBD	Gandhinagar, GIFT City
CBD	Ashram Road, Ellis Bridge, Paldi

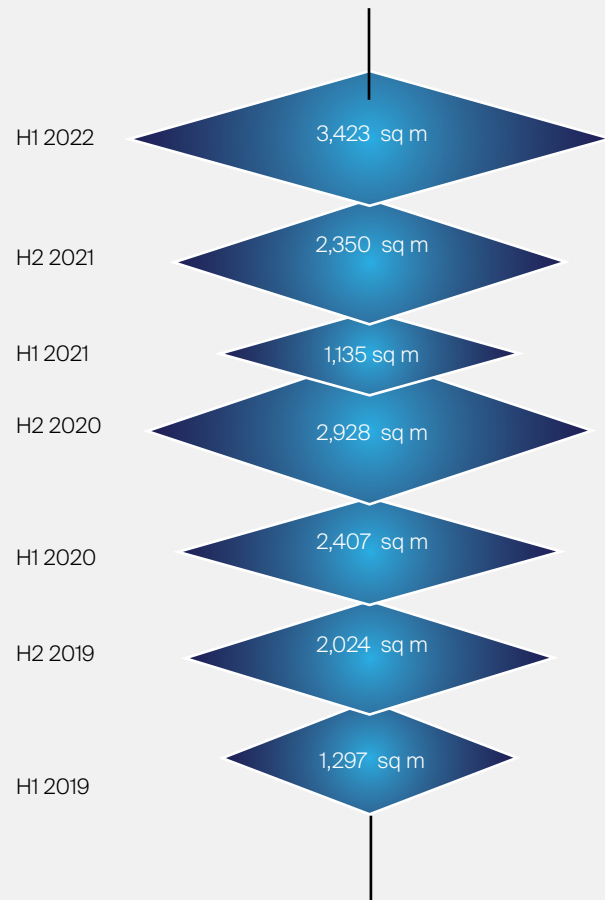
BUSINESS DISTRICT WISE TRANSACTIONS SPLIT IN H1 2021 AND H1 2022

Source: Knight Frank Research

SECTOR-WISE TRANSACTIONS SPLIT IN H1 2021 AND H1 2022

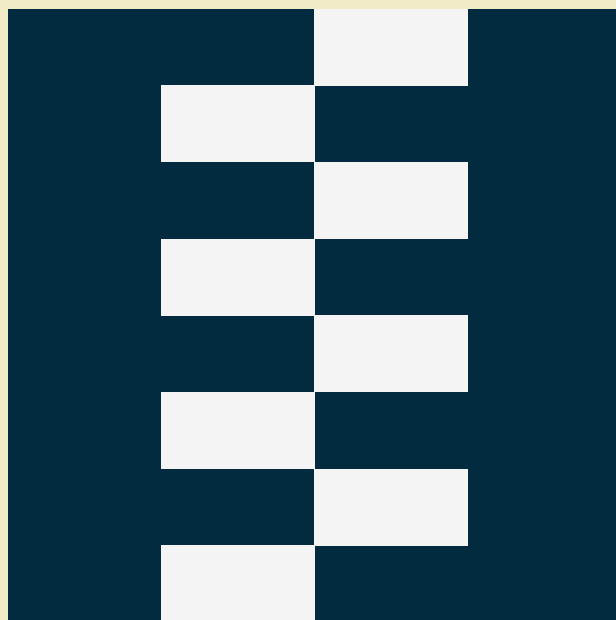
Note: BFSI includes BFSI support services

Source: Knight Frank Research

AVERAGE DEAL SIZE TREND**BUSINESS DISTRICT-WISE RENT MOVEMENT**

Business district	Rental value range in H1 2022 in INR/sq m/month (INR/sq ft/month)	12-month change	6-month change
CBD	488-452 (36-42)	-1%	1%
CBD West	420-538 (39-50)	0%	1%
PBD	323-431 (30-40)	1%	0%

Source: Knight Frank Research



Bengaluru

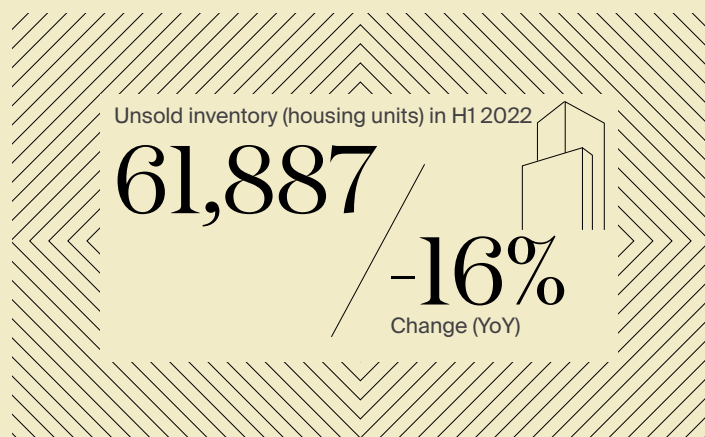
RESIDENTIAL MARKET

BENGALURU MARKET SUMMARY

Parameter	2021	2021 Change (YoY)	H1 2022	H1 2022 Change (YoY)	Q2 2022	Q2 2022 Change (QoQ)
Launches (housing units)	30,607	54%	21,223	126%	11,117	10%
Sales (housing units)	38,030	61%	26,677	135%	13,014	-5%
Average price in INR/sq m (INR/sq ft)	INR 55,435 (INR 5,150)	4.4%	INR 56,674 (INR 5,358)	9%	-	-

Note - 1 square metre (sq m) = 10.764 square feet (sq ft)

Source: Knight Frank Research



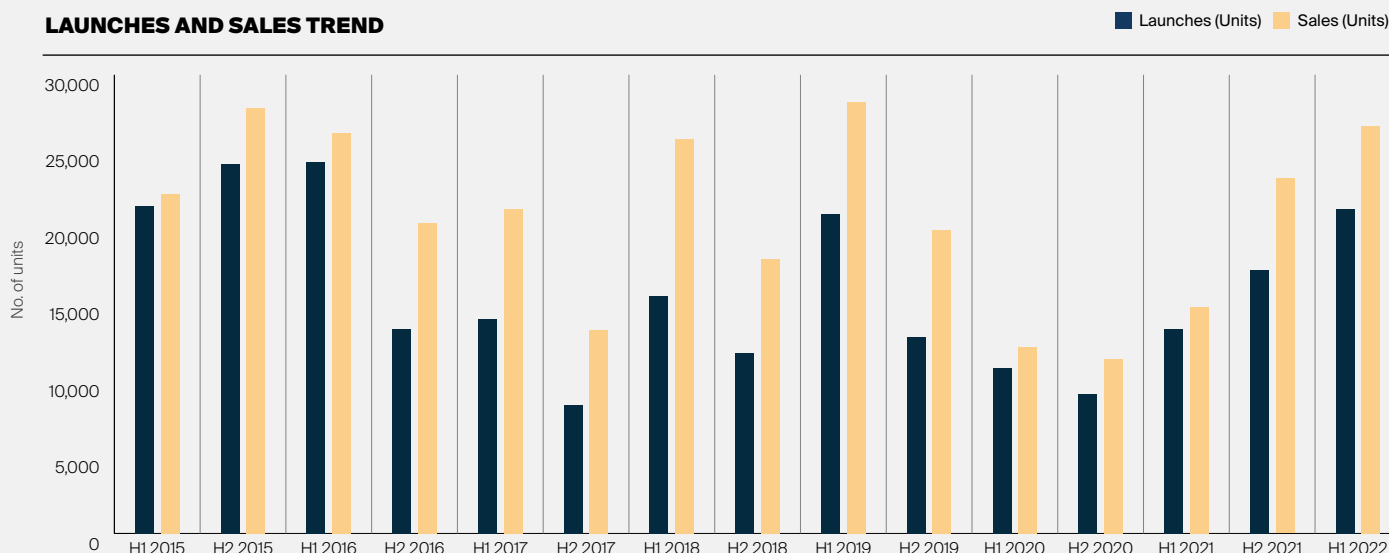
Quarters to sell
(in quarters) H1 2022

6.5

Age of unsold inventory
(in quarters) H1 2022

16.9

LAUNCHES AND SALES TREND



Source: Knight Frank Research

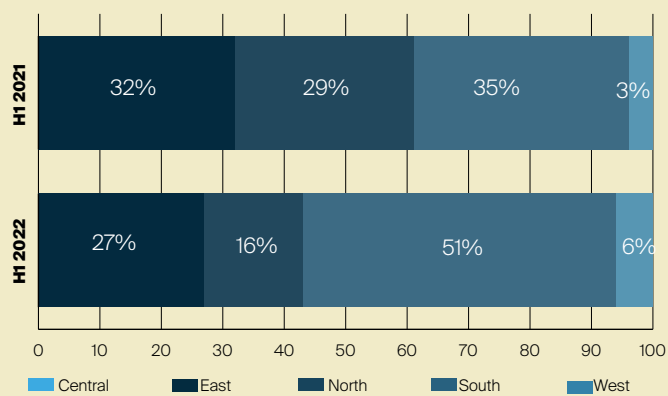
- Bengaluru's residential market remained undeterred by the Omicron wave in early 2022 as the city registered strong sales and launch volumes in H1 2022. A total of 21,223 new residential units were launched in Bengaluru, registering a 59% upsurge over the corresponding period a year ago. H1 2022 witnessed one of the highest supplies since 2016. The strong momentum in new launches indicates a strengthening of developer confidence and a steady improvement of the buyer sentiment in the city.
- Extensive hiring and rising income levels in the Information technology sector and consistent growth of startup and unicorns in the city continues to drive the demand for housing in Bengaluru. The city registered an 80% increase in residential sales in H1 2022; the growth rate is partly supported by a low base. In terms of absolute volume, the sales in H1 2022 was more pronounced. 38% of the total sales was in South Bengaluru which is an established cluster with some of the key commercial and business centers.
- Of the total launches in H1 2022, South Bengaluru remained the most favoured region garnering a share of 51% of the total launches, a marked increase from 35% in H1 2021. Distant peripherals in South Bengaluru such as Sarjapur and Kanakpura Road attracted some of the key Grade A and Grade B launches primarily in the mid and luxury segments. Housing demand in this cluster continues to remain steady due to the proximity of prominent tech parks and employment clusters located at Electronic City, Outer Ring Road (ORR) etc. The development of metro rail connectivity has also increased the demand for housing in South Bengaluru.
- East Bengaluru is another sought after region for residential demand in Bengaluru. In H1 2022, East Bengaluru accounted for 27% of the total launches in the city. The purple line metro rail, which extends connectivity to Whitefield and the surrounding areas, is likely to start operating from December 2022. This has further boosted the developer and the home buyer sentiment in the region.
- North Bengaluru has emerged as one of the fastest growing residential hubs in the last few years luring both developers and the real estate buyers. North Bengaluru's economy continues to register a higher growth as the region is host to large Special Economic Zones (SEZs) such as Manyata Embassy Business Park and the KIADB Aerospace Park which accommodates an ample number of MNCs and aerospace companies. The region also thrives in social infrastructure in the form of prominent educational institutes, flyovers, proximity to the international airport, and the upcoming development of the metro rail. Supported by the aforementioned factors, North Bengaluru has attracted large township developments such as Bharatiya Nikoo Homes, L&T Raintree Boulevard etc., and plotted developments by Grade A developers such as Manyata, Hiranandani etc.
- In H1 2022, the weighted average price of residential units in Bengaluru has increased by an estimated 9% YoY to INR 5,358 per sq ft. In the last few quarters, the residential prices in Bengaluru have been gradually increasing supported by strong demand and due to the rise in cost of construction. The increased cost of construction in the last few months is primarily transferred to the new launches along with a marginal price rise in the ongoing projects. As the residential demand in the city continues to remain strong, it suggests that the buyers have been able to withstand the price rise thus far.
- Due to the strong residential demand in the last two years, the volume of stock or inventory has significantly declined. The inventory in H1 2022 has reduced to 61,887 units, lowest in a decade. As a result of fast replenishment of stock, the quarters-to-sell (QTS) has sharply declined to 6, lowest since 2013.

MICRO-MARKET CLASSIFICATION

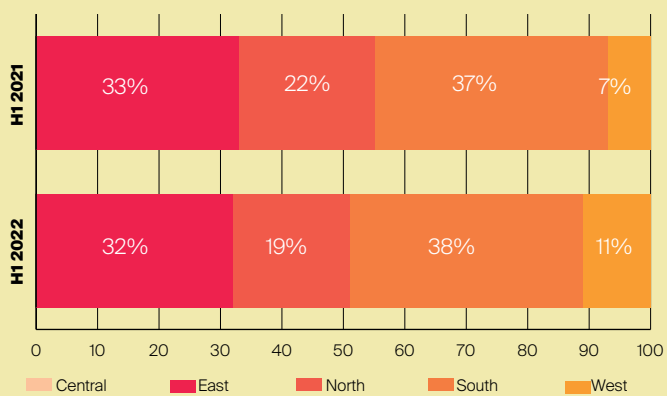
Micro market	Locations
Central	MG Road, Lavelle Road, Langford Town, Vittal Mallya Road, Richmond Road
East	Whitefield, Old Airport Road, Old Madras Road, KR Puram, Marathahalli
West	Malleswaram, Rajajinagar, Yeswanthpur, Tumkur Road, Vijayanagar
North	Hebbal, Bellary Road, Hennur, Jakkur, Yelahanka, Banaswadi
South	Koramangala, Sarjapur Road, Jayanagar, JP Nagar, HSR Layout, Kanakapura Road, Bannerghatta Road

Source: Knight Frank Research

MICRO-MARKET SPLIT OF NEW LAUNCHES IN H1 2021 AND H1 2022

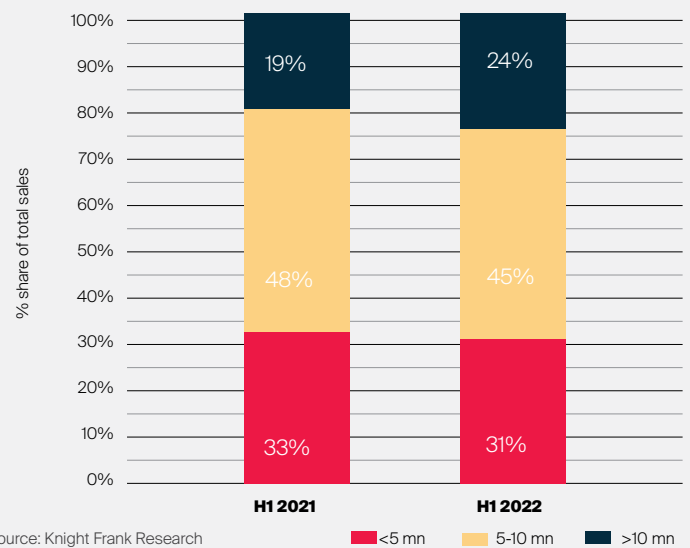


MICRO-MARKET SPLIT OF NEW SALES IN H1 2021 AND H1 2022



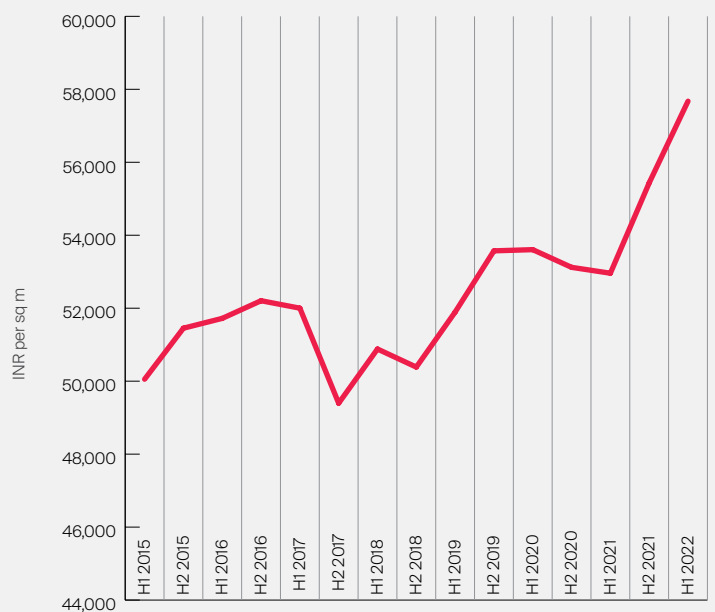
Source: Knight Frank Research

BENGALURU TICKET SIZE SPLIT COMPARISON OF SALES DURING H1 2021 AND H1 2022



Source: Knight Frank Research

AVERAGE RESIDENTIAL PRICE MOVEMENT



Source: Knight Frank Research

RESIDENTIAL PRICE MOVEMENT IN SELECT LOCATIONS

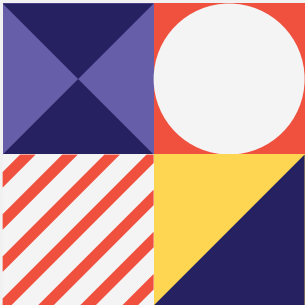
Micro Market	Location	Price range in H2 2021 in INR/sq m (INR/sq ft)	12 month Change	6 month Change
Central	Langford Town	1,61,460-2,26,044 (15,000-21,000)	3%	0%
	Lavelle Road	2,26,044-3,22,920 (21,000-30,000)	0%	0%
East	KR Puram	43,056-76,424 (4,000-7,100)	8%	8%
	Whitefield	51,129-86,090 (4,750-7,998)	8%	2%
	Marathahalli	45,209-82,883 (4,200-7,700)	6%	6%
North	Hebbal	59,202-1,29,168 (5,500-12,000)	13%	13%
	Yelahanka	45,209-83,959 (4,200-7,800)	9%	4%
	Thanisandra	46,285-95,800 (4,300-8,900)	10%	10%
	Hennur	45,209-96,876 (4,200-9,000)	10%	10%
South	Sarjapur Road	46,285-91,494 (4,300-8,500)	11%	7%
	Kanakpura Road	45,209-80,730 (4,200-7,500)	10%	10%
	Electronic City	37,674-69,966 (3,500-6,500)	11%	5%
	Bannerghatta Road	45,209-78,039 (4,200-7,250)	9%	9%
West	Yeshwantpur	64,584-1,17,328 (6,000-10,900)	6%	6%
	Malleswaram	88,265-1,56,078 (8,200-14,500)	3%	3%
	Rajajinagar	89,341-1,71,148 (8,300-15,900)	10%	10%
	Tumkur Road	40,365-67,275 (3,750-6,250)	11%	11%

Source: Knight Frank Research

MICRO-MARKET HEALTH

Micro-market	Unsold Inventory (housing units) (YoY Change)	Quarters-to-sell (QTS)
Central	102 (-51%)	4
East	11,268 (-31%)	4
North	13,695(-22%)	6
South	32,371 (0%)	9
West	4,447 (-34%)	6

Source: Knight Frank Research



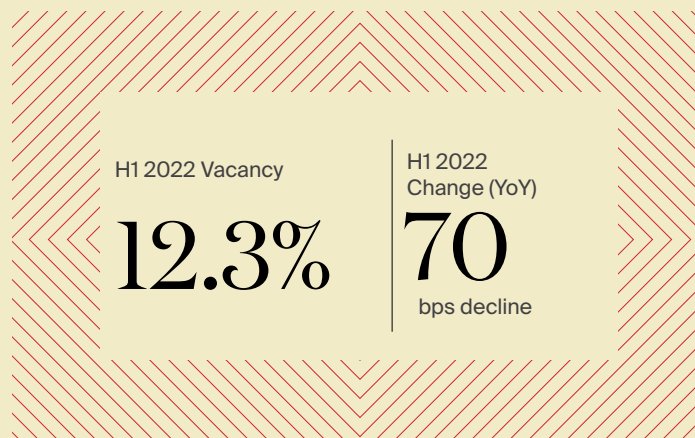
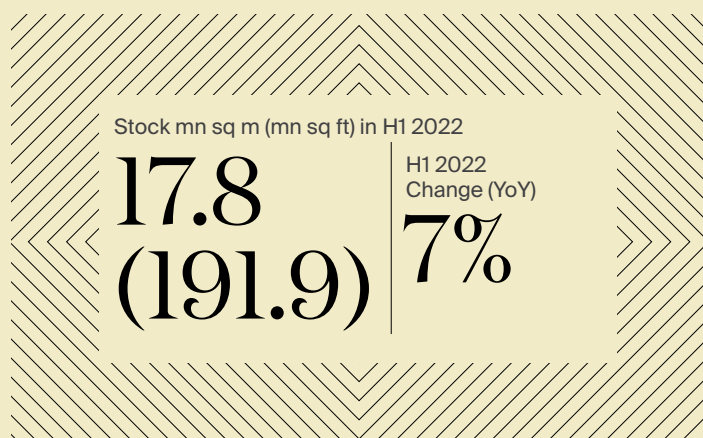


BENGALURU MARKET SUMMARY

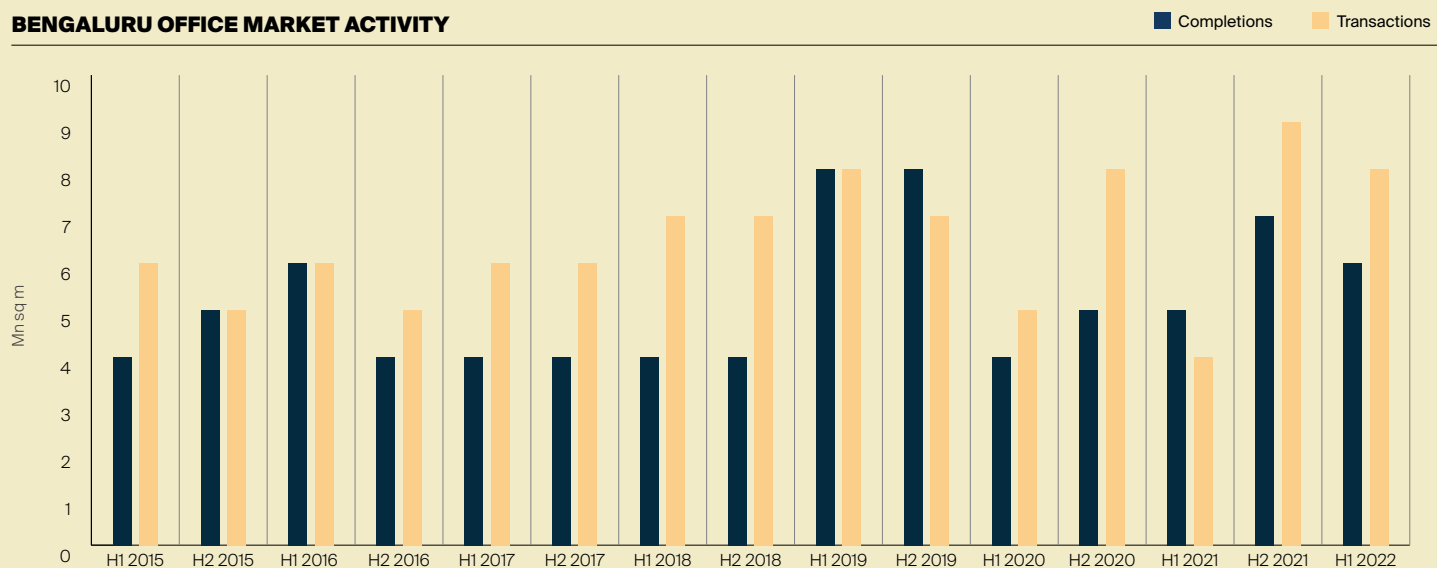
Parameter	2021	2021 Change (YoY)	H1 2022	H1 2022 Change (YoY)	Q2 2022	Q2 2022 Change (QoQ)
Completions in mn sq m (mn sq ft)	1.1 (11.9)	27%	0.53 (5.8)	12%	0.3 (3.3)	30%
Transactions in mn sq m (mn sq ft)	1.1 (12.2)	-1%	0.69(7.7)	117%	0.39 (4.2)	21%
Average transacted rent in INR/sq m/month (INR/sq ft/month)	786 (73)	-9%	872(81)	13%	-	-

Note - 1 square metre (sq m) = 10.764 square feet (sq ft)

Source: Knight Frank Research



BENGALURU OFFICE MARKET ACTIVITY



Source: Knight Frank Research

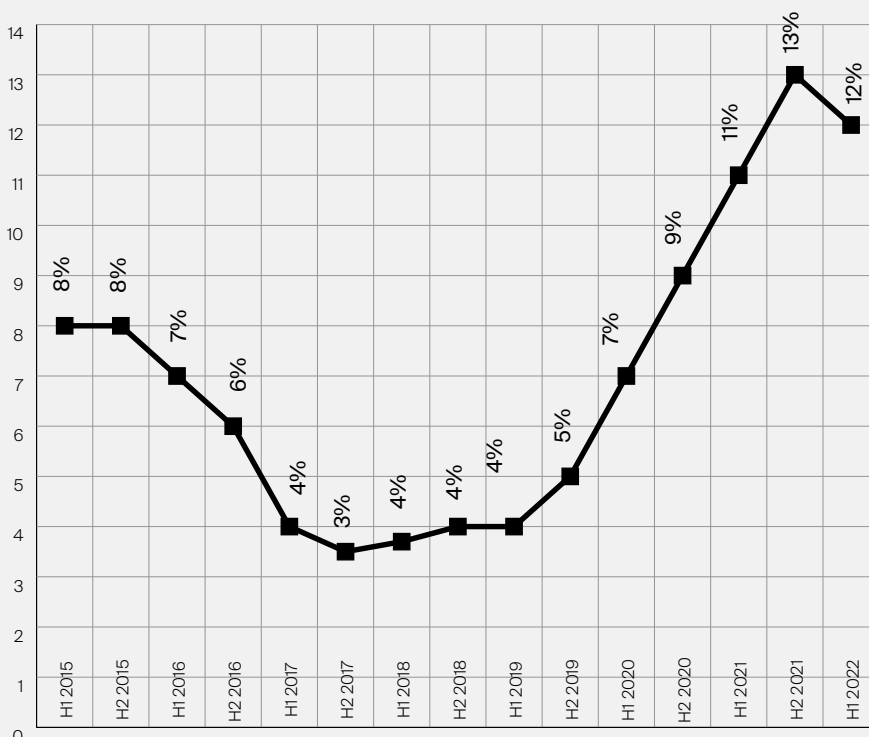
- Maintaining the historical trend, Bengaluru remained the top performer in office leasing comprising 31% of the total transactions across the eight key markets. The robust hiring activity across the key sectors buoyed the demand for office space in Bengaluru. Between Jan-May 2022, Bengaluru's hiring activity increased by 35% when compared to the corresponding period in 2021, predominantly led by the digitally native Information Technology sector. As per Naukri Jobspeak Index, the Information Technology sector added 37,469 jobs in India between Jan-May 2022, which is 27% higher than the corresponding period in 2021. Bengaluru comprises about 40% of all the technology companies in India. It also leads the share of unicorns, which are privately held startups with a valuation of US\$ 1bn or more. The city is home to 39 of a total of 103 existing unicorns in India. The expansion of new age companies in sectors such as e-commerce, fintech, ed-tech etc. has led to an increase in demand for office leasing in Bengaluru.
- In H1 2022, Bengaluru's office leasing registered a volume of 0.71 mn sq m (7.7 mn sq ft), a 117% growth over the corresponding period in 2021. The sharp growth rate was partly supported by a favourable base; however, in terms of absolute volume, H1 2022 witnessed the third highest number of transactions since 2012. 55% of the total transactions were expansions which indicates a growing demand for office spaces despite the

change in work models in the last two years due to recurring waves of the pandemic. Post third wave of COVID in early 2022, firms have gradually started to bring back the employees to office while keeping to a hybrid model of work. We expect the strong momentum in office leasing in Bengaluru to continue in 2022-23 as the physical occupancy rates are expected to pick up in the coming months notwithstanding an uncertainty around the next wave of COVID-19.

- Office supply (new completions) volume moderated to 0.54 mn sq m (5.8 mn sq ft) in H1 2022, marginally lower than that of H2 2022. The new supply in the city is in tandem with the demand.
- Of the total office space leased, PBD North accounted for the largest share of 29% followed by PBD East. The demand for office space in PBD North has picked up hugely in the last few periods with increasing deal activities in Yelahanka and Thanisandra. The rising demand for satellite offices propelled by concurrent residential demand has boosted the office transactions in this region. PBD East is host to prominent residential, retail, and commercial hubs. Improving infrastructure and connectivity has attracted more leasing activity in this region. An elevated 14 km purple line metro corridor extending transport connectivity to Whitefield, which is expected to operate from December 2022, has boosted the occupier's sentiment in that region.

- Sectorally, IT/ITeS continued to dominate the market accounting for 42% of the overall leasing volume in H1 2022. In the first half of 2022, tech firms in Bengaluru attracted venture capital funds worth US\$ 7.5 bn, emerging as the fifth top city in terms of global investments in tech startups. In addition, adaptation of businesses to artificial intelligence, virtual reality, Internet of things (IoT), data security etc. have been key drivers for increased volume of office leasing by tech enabled companies in Bengaluru.
- The co-working sector accounted for 16% of the total leasing registering a volume of 0.12 mn sq m (1.3 mn sq ft) in H1 2022. A majority of the co-working deals were primarily concentrated in SBD as the region is host to many startups in the city. The affinity among the cost conscious occupiers especially those belonging to the startups have buoyed the demand for co-working space in Bengaluru. Besides, the pandemic has led to an adaptation of new work models such as flexible workspaces by established large firms which has raised the demand for co-working.
- The outlook for office leasing continues to remain strong for the next few months. Barring the risk of another wave of COVID-19 infections 'back to office' will ramp up the demand for readily available stock. Furthermore, robust hiring activity especially in tech, global captives, startups etc. will encourage large occupiers to proceed with expansion of office space.

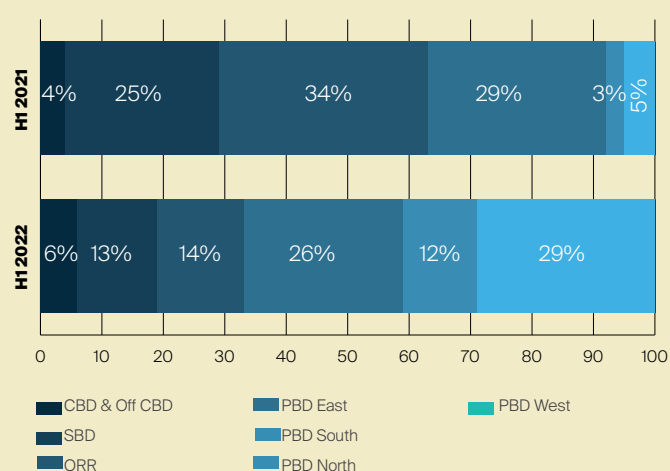
BENGALURU OFFICE MARKET VACANCY



BUSINESS DISTRICT CLASSIFICATION

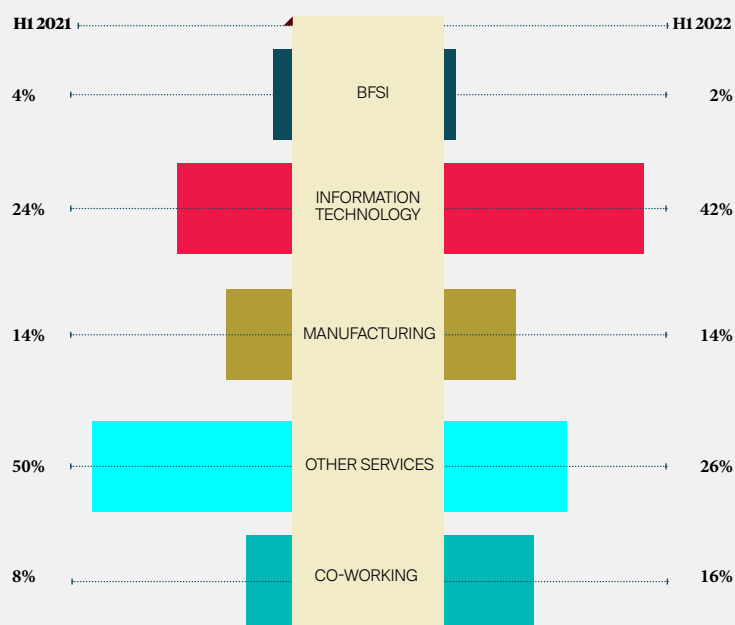
BUSINESS DISTRICT	MICRO MARKETS
Central Business District (CBD) and off CBD	MG Road, Residency Road, Cunningham Road, Lavelle Road, Richmond Road, Infantry Road
Suburban Business District (SBD)	Indiranagar, Koramangala, Airport Road, Old Madras Road
Peripheral Business District (PBD) East	Whitefield
Peripheral Business District (PBD) South	Electronic City, Bannerghatta Road
Peripheral Business District (PBD) North	Thanisandra, Yelahanka, Devanahalli
Peripheral Business District (PBD) West	Vijaynagar, Tumkur Road, Mysore Road
Outer Ring Road (ORR)	Hebbal ORR, Marathahalli ORR, Sarjapur Road ORR

BUSINESS DISTRICT WISE TRANSACTIONS SPLIT IN H1 2021 AND H1 2022



Source: Knight Frank Research

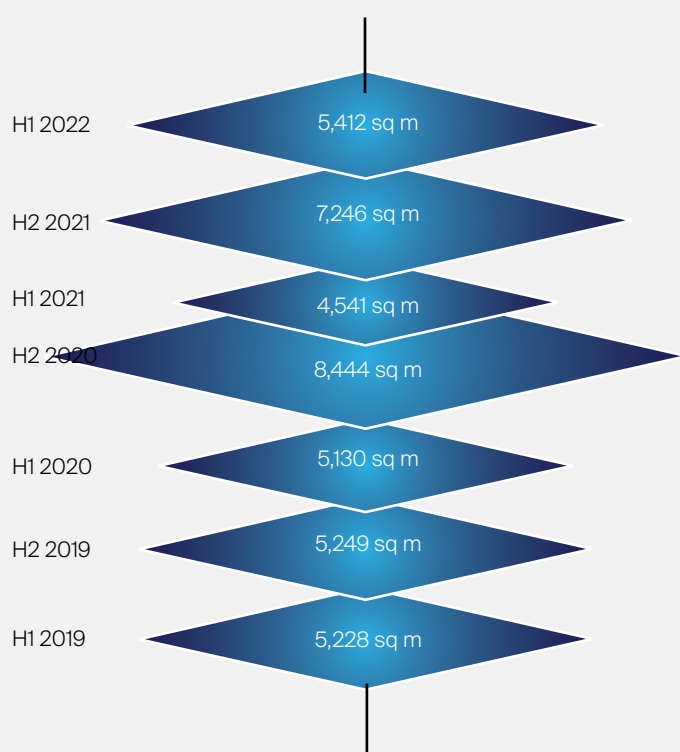
SECTOR-WISE TRANSACTIONS SPLIT IN H1 2021 AND H1 2022



Note: BFSI includes BFSI support services

Source: Knight Frank Research

AVERAGE DEAL SIZE TREND



BUSINESS DISTRICT-WISE RENT MOVEMENT

Business district	Rental value range in H1 2021 in INR/sq m/month (INR/sq ft/month)	12-month change	6-month change
CBD & Off-CBD	1184-2045 (110-190)	18%	18%
SBD	861-1722 (80-160)	14%	14%
PBD East	700-915 (65-85)	16%	6%
PBD South	538-807 (50-75)	10%	10%
PBD North	538-915(50-85)	18%	18%
ORR	1023-1184(95-110)	0%	0%

Source: Knight Frank Research



Chennai

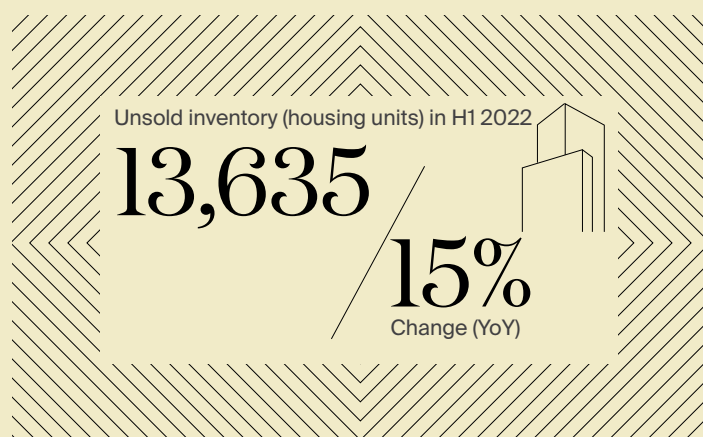
RESIDENTIAL MARKET

CHENNAI MARKET SUMMARY

Parameter	2021	2021 Change (YoY)	H1 2022	H1 2022 Change (YoY)	Q2 2022	Q2 2022 Change (QoQ)
Launches (housing units)	12,783	77%	7,570	40%	3,850	3%
Sales (housing units)	11,958	38%	6,951	21%	3,575	6%
Average price in INR/sq m (INR/sq ft)	INR 43,594 (INR 4,050)	6.7%	INR 45,661 (INR 4,242)	4.7%	-	-

Note – 1 square metre (sq m) = 10.764 square feet (sq ft)

Source: Knight Frank Research



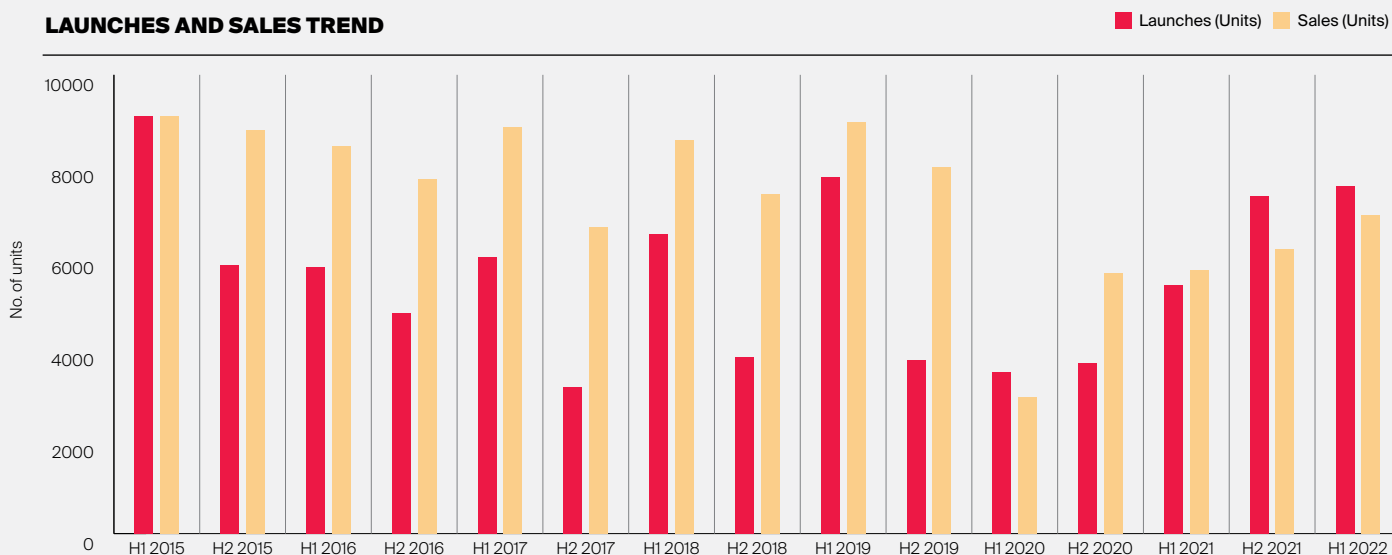
Quarters to sell
(in quarters) H1 2022

4.4

Age of unsold inventory
(in quarters) H1 2022

12.6

LAUNCHES AND SALES TREND



Source: Knight Frank Research

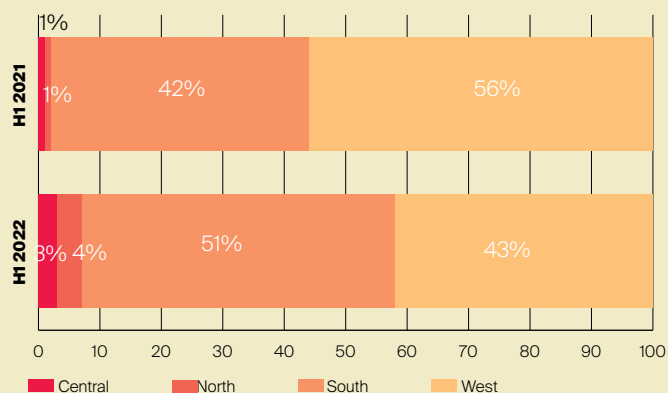
- Since H2 2020, the Chennai residential market has been steadily improving, with sales momentum progressively growing to 6,951 units sold in H1 2022, a 21% YoY increase. As a result of the improved consumer sentiment, the city observed a continuous rise in the number of homebuyer inquiries and conversions in recent period.
- This improvement in sentiment has caused developers to increase supply. As developers gauged the changing mood of the market, 7,570 units were launched in H1 2022 which translated into a 40% YoY growth in supply levels. Alliance Group, Nutech Associates, Akshaya Homes, TVS Emerald Haven Realty and Pearl Constructions were among the prominent developers active in the market during H1 2022. Locations such as Kottivakkam, Perumbakkam, Kolapakkam and Keelakatalai saw increased development activity during the period.
- Sales were concentrated in the south and west micro-markets, and together accounted for 93% of the total sales during the period. The south micro-market locations along the OMR and GST Roads have continued to garner most homebuyer interest comprising a total share of 46%, while the more affordable locations such as Porur, Valasaravakkam and Poonamalle toward the west account for 20%.
- There has been a gradual decrease in the share of sales of ticket sizes < INR 5 mn since 2018. The share of sales in this category has shrunk from 54% in H1 2018 to 31% in H1 2022. The shift in demand to ticket sizes over INR 5 mn has been significant over the past few years and more pronounced since COVID-19 impacted homebuyer preferences. This trend has been observed across locations due to the need for upgrading the family's primary residence and to accommodate study and work from home requirements.
- The share of projects with ticket sizes of > INR 10 million increased to 23% of the total sales in H1 2022 from 15% in H1 2021. Homebuyers have become increasingly amenable to explore properties in peripheral locations that were otherwise off their radar, to acquire larger spaces with better amenities to improve the general quality of life.
- While the growth in sales has been encouraging in H1 2022, this has also been accompanied by price growth of 5% YoY. Some of this increase may be attributed to a base effect because of the significant price drop during H2 2020 and the rise in construction cost due to increase in prices of raw materials. Regardless, this recovery in price is an encouraging sign and can be viewed as an indicator of the market on its way to recovery.
- Residential demand is largely focused on the ready-to-move-in properties and has caused the average age of inventory in Chennai to reduce to 12.6 quarters in H1 2022 from 16.5 quarters in the year ago period. QTS have increased marginally in YoY terms as launches exceeded demand during H1 2022.
- A favorable atmosphere for homeowners has been created led by low loan interest rates, and the receding pandemic with reduced danger of disruption. These factors are projected to help the residential sector maintain its growing pace in the next quarter.

MICRO-MARKET CLASSIFICATION

Micro market	Locations
Central Chennai	T. Nagar, Alandur, Nungambakkam, Kodambakkam, Kilpauk
West Chennai	Porur, Ambattur, Mogappair, Iyyappanthangal, Sriperumbudur
South Chennai	Perumbakkam, Chrompet, Sholinganallur, Guduvancheri, Kelambakkam
North Chennai	Tondiarpet, Kolathur, Madhavaram, Perambur

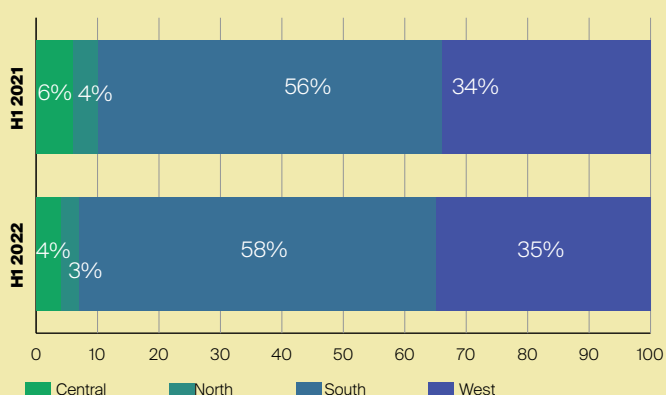
Source: Knight Frank Research

MICRO-MARKET SPLIT OF NEW LAUNCHES IN H1 2021 AND H1 2022



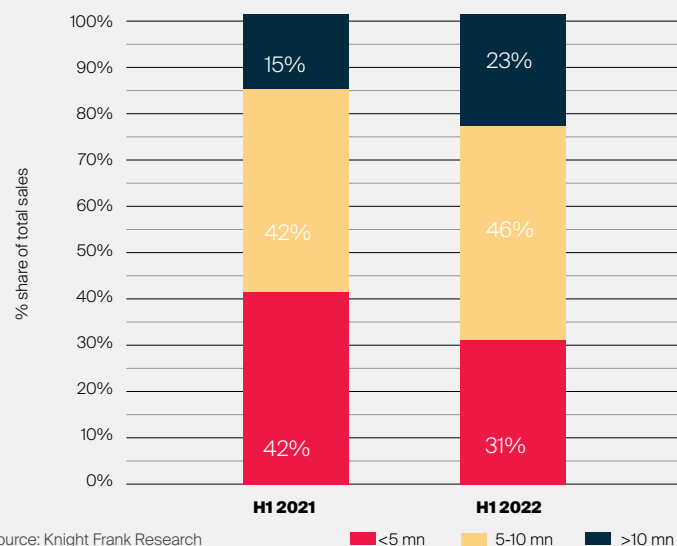
Source: Knight Frank Research

MICRO-MARKET SPLIT OF NEW SALES IN H1 2021 AND H1 2022



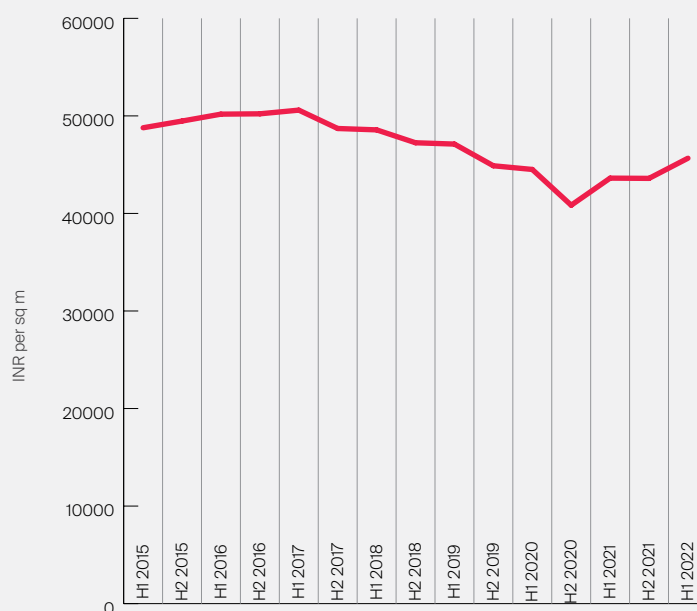
Chennai residential market witness improved sales momentum led by continuous rise in the number of home buyer inquiries and conversions in recent period

CHENNAI TICKET SIZE SPLIT COMPARISON OF SALES DURING H1 2021 AND H1 2022



Source: Knight Frank Research

AVERAGE RESIDENTIAL PRICE MOVEMENT



Source: Knight Frank Research

RESIDENTIAL PRICE MOVEMENT IN SELECT LOCATIONS

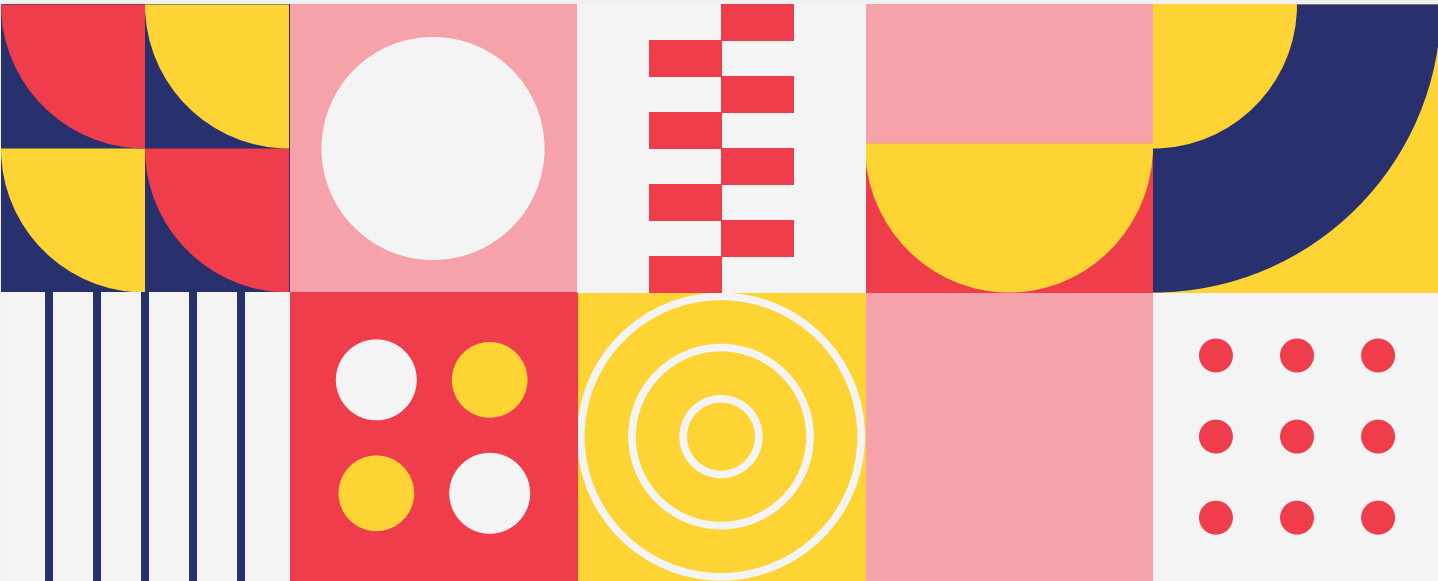
Micro Market	Location	Price range in H1 2022 in INR/sq m (INR/sq ft)	12 month Change	6 month Change
Central	Anna Nagar	116,250-128,100 (10,800-11,900)	5%	1%
	Kilpauk	150,700-166,850 (14,000-15,500)	5%	2%
North	Kolathur	46,300-61,350 (4,300-5,700)	4%	2%
	Perambur	62,450-71,050 (5,800-6,600)	4%	1%
South	Perumbakkam	45,200-51,700 (4,200-4,800)	4%	0%
	Kelambakkam	35,550-43,050 (3,300-4,000)	4%	1%
West	Porur	54,900-61,350 (5,100-5,700)	5%	1%
	Mogappair	64,600-72,200 (6,000-6,700)	5%	0%

Source: Knight Frank Research

MICRO-MARKET HEALTH

Micro-market	Unsold Inventory (housing units) (YoY Change)	Quarters-to-sell (QTS)
Central	370 (-40%)	2.3
North	457 (4%)	4.1
South	5,943 (1%)	3.4
West	6,865 (64%)	6.5

Source: Knight Frank Research



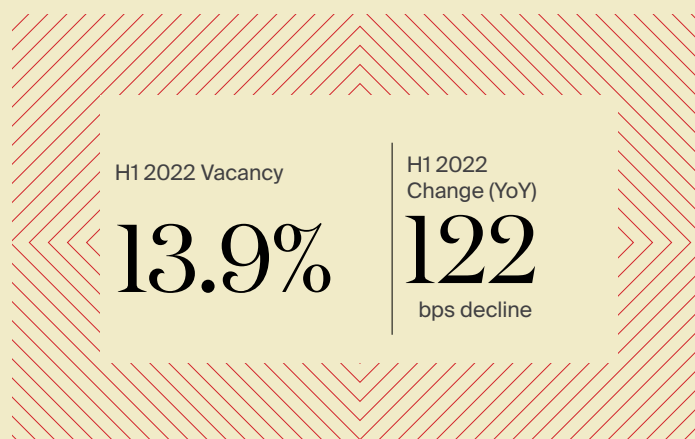
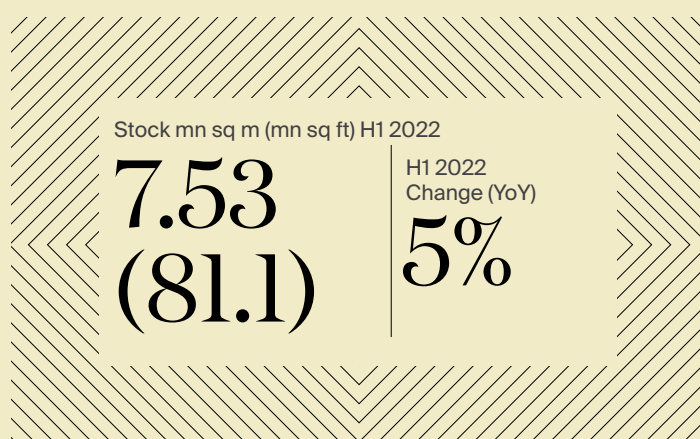


CHENNAI MARKET SUMMARY

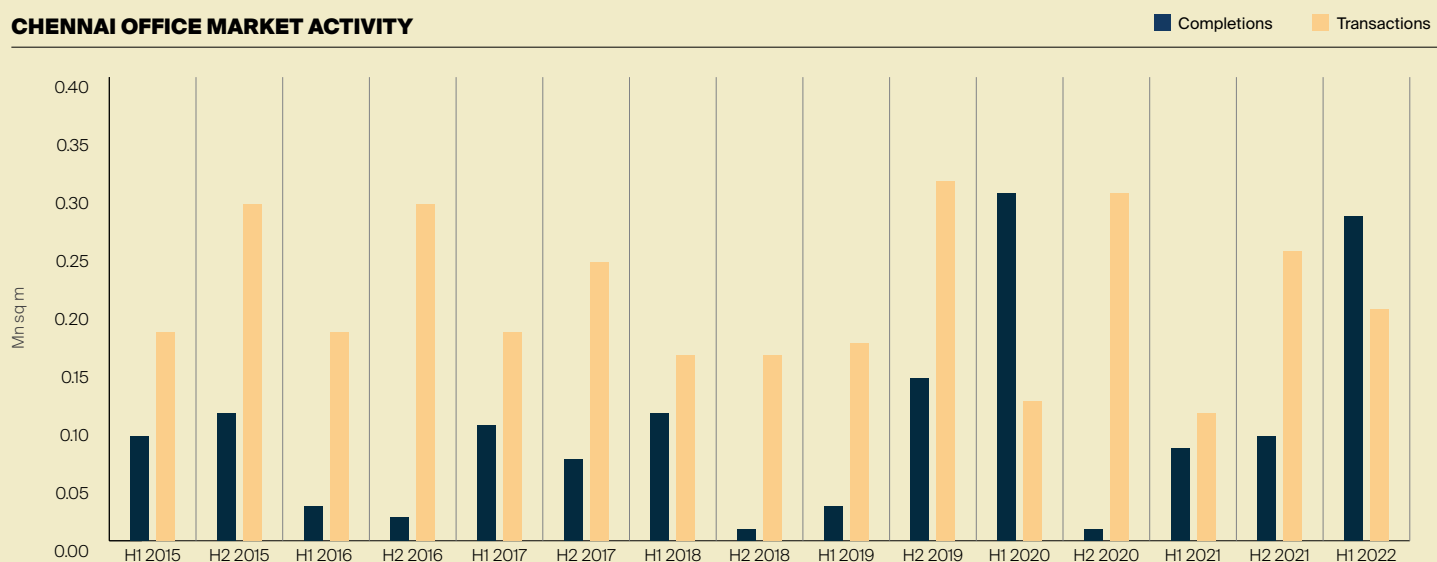
Parameter	2021	2021 Change (YoY)	H1 2022	H1 2022 Change (YoY)	Q2 2022	Q2 2022 Change (QoQ)
Completions in mn sq m (mn sq ft)	0.16 (1.8)	-47%	0.28 (3.0)	272%	0.07 (0.8)	-64%
Transactions in mn sq m (mn sq ft)	0.36 (3.9)	-14%	0.20 (2.2)	80%	0.11 (1.2)	19%
Average transacted rent in INR/sq m/month (INR/sq ft/month)	627 (58.3)	-2.7%	645 (59.9)	0.0%	-	-

Note - 1 square metre (sq m) = 10.764 square feet (sq ft)

Source: Knight Frank Research



CHENNAI OFFICE MARKET ACTIVITY



Source: Knight Frank Research

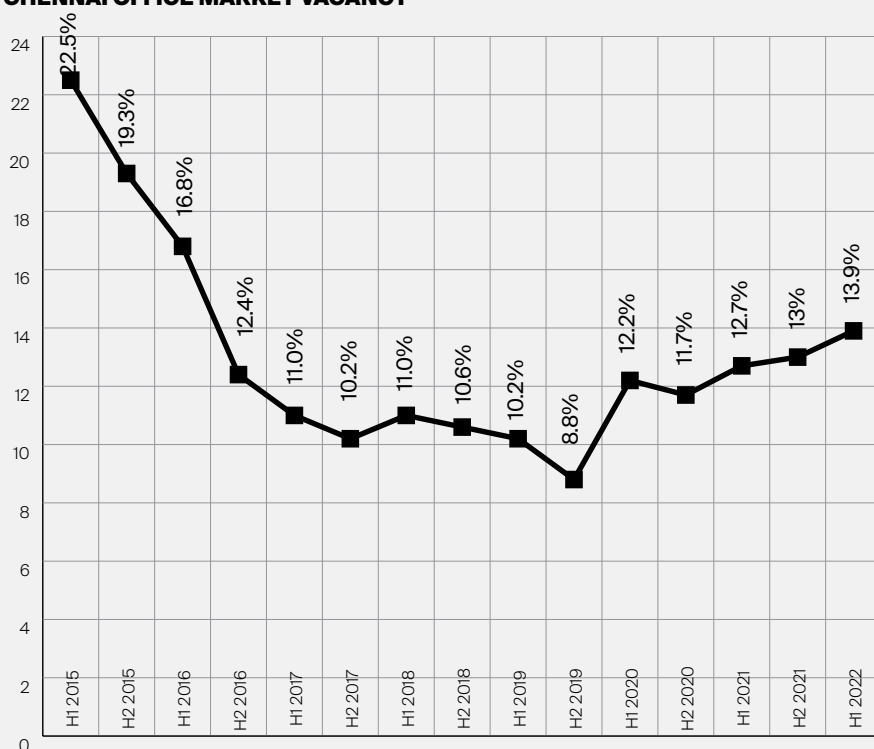
- Despite the impact of Omicron in early 2022, Chennai's performance in H1 2022 remained strong, as the pandemic's influence faded and offices reopened, resulting in increased transaction activity.
- In H1 2022, transaction volumes increased by 80% YoY to 0.20 mn sq m (2.2 mn sq ft), while completions increased by 272% YoY to 0.28 mn sq m (3.0 mn sq ft) in the same period.
- RMZ One Paramount and The Address delivered on Porur and PTR Road respectively accounted for 87% of the space completed in H1 2022.
- The Information Technology (IT) sector was the most active during H1 2022 accounting for 0.06 mn sq m (0.6 mn sq ft) or 29% of the total area transacted during the period.

- The BFSI sector accounted for 0.05 mn sq m (0.5 mn sq ft) or 23% of the space transacted during H1 2022 compared to 11% in H1 2021.
- The increasing need for flexibility has boosted demand for managed office spaces over the course of H1 2022. While the IT sector deferred its leasing activity, it was the primary driver for the rise in the co-working/managed office sector's transactions during the year. The 0.03 mn sq m (0.30 mn sq ft) taken up by the co-working sector during H1 2022 translates to a share of 16%, the highest since H1 2019.
- 28% of the office space transacted in H1 2022 took place in CBD at locations such as Anna Salai, Nungambakkam and Egmore. Spencer Plaza Phase 2 and Yarlaga Tower accounted for 48% of the transactions in the CBD due to two leases

signed by HDFC Bank and Byjus. The SBD at 24%, remained close behind the CBD in terms of share of transactions. 50% of the transactions in the SBD occurred in RMZ One Paramount C30.

- Chennai office rentals have remained stable over the last six months, with no change in rental levels on a YoY basis in H1 2022. Rents are likely to rise because of improved demand.
- Chennai's vacancy rate stood at 14% in H1 2022, which is comparable to other big markets like Bengaluru and Hyderabad. Demand and supply dynamics are expected to remain in sync, ensuring vacancy stays within a reasonable range, thanks to pre-commitments in new projects and active demand.

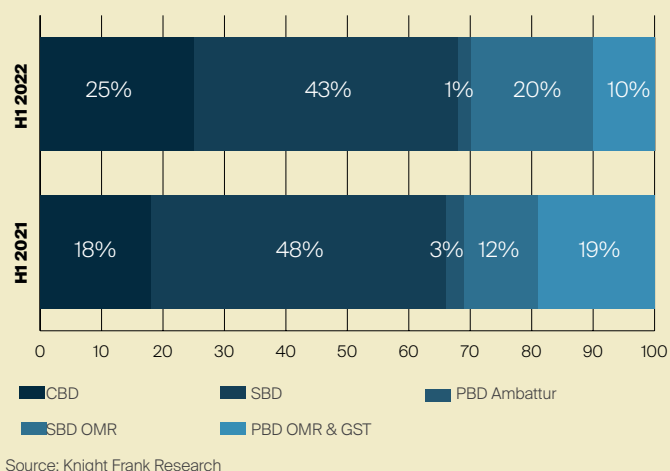
CHENNAI OFFICE MARKET VACANCY



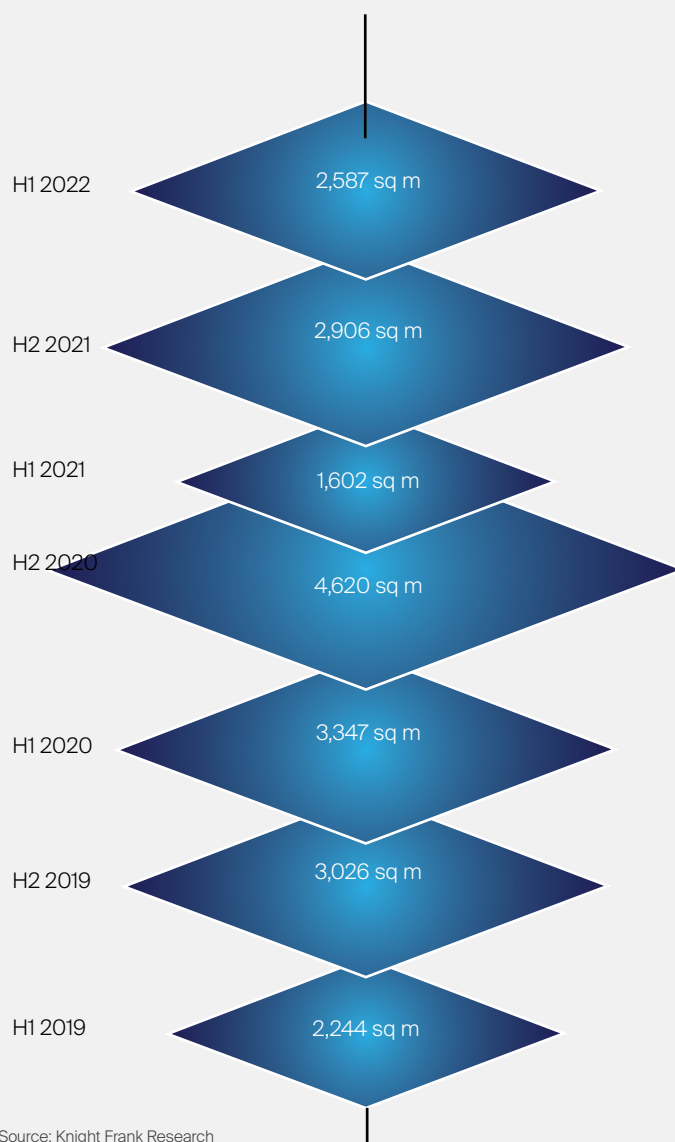
BUSINESS DISTRICT CLASSIFICATION

BUSINESS DISTRICT	MICRO MARKETS
Central Business District (CBD and off CBD)	Anna Salai, RK Salai, Nungambakkam, Greams Road, Egmore, T Nagar
Suburban Business District (SBD)	Mount – Poonamallee Road, Porur, Guindy, Nandambakkam
SBD – Old Mahabalipuram Road (OMR)	Perungudi, Taramani
Peripheral Business District (PBD) – OMR and Grand Southern Trunk Road (GST)	OMR beyond Perungudi Toll Plaza, GST Road
PBD – Ambattur	Ambattur

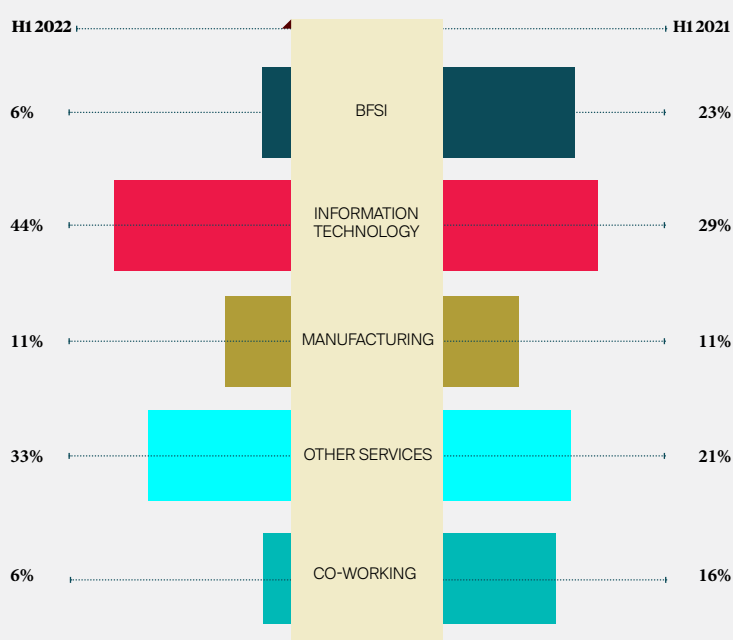
BUSINESS DISTRICT WISE TRANSACTIONS SPLIT IN H1 2021 AND H1 2022



AVERAGE DEAL SIZE TREND



SECTOR-WISE TRANSACTIONS SPLIT IN H1 2021 AND H1 2022

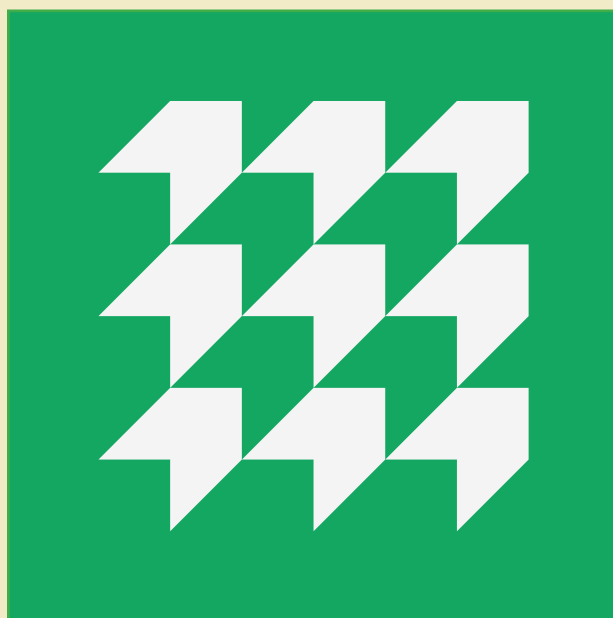


Note: BFSI includes BFSI support services Source: Knight Frank Research

BUSINESS DISTRICT-WISE RENT MOVEMENT

Business district	Rental value range in H1 2022 in INR/sq m/month (INR/sq ft/month)	12-month change	6-month change
CBD	646-1,023 (60-95)	1%	1%
SBD	538-861 (50-80)	1%	1%
SBD OMR	538-1023(50-95)	-1%	-1%
PBD OMR and GST Road	269-538 (25-50)	-1%	-2%
PBD Ambattur	269-484 (25-45)	-2%	-1%

Source: Knight Frank Research



Hyderabad

RESIDENTIAL MARKET

HYDERABAD MARKET SUMMARY

Parameter	2021	2021 Change (YoY)	H1 2022	H1 2022 Change (YoY)	Q2 2022	Q2 2022 Change (QoQ)
Launches (housing units)	35,736	179%	21,356	28%	11,100	8%
Sales (housing units)	24,318	142%	14,693	23%	7,700	10%
Average price in INR/sq m (INR/sq ft)	INR 50,806 (INR 4,720)	4.7%	INR 52,937 (INR 4,918)	4.2%	-	-

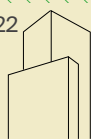
Note – 1 square metre (sq m) = 10.764 square feet (sq ft)

Source: Knight Frank Research

Unsold inventory (housing units) in H1 2022

25,262

112%
Change (YoY)



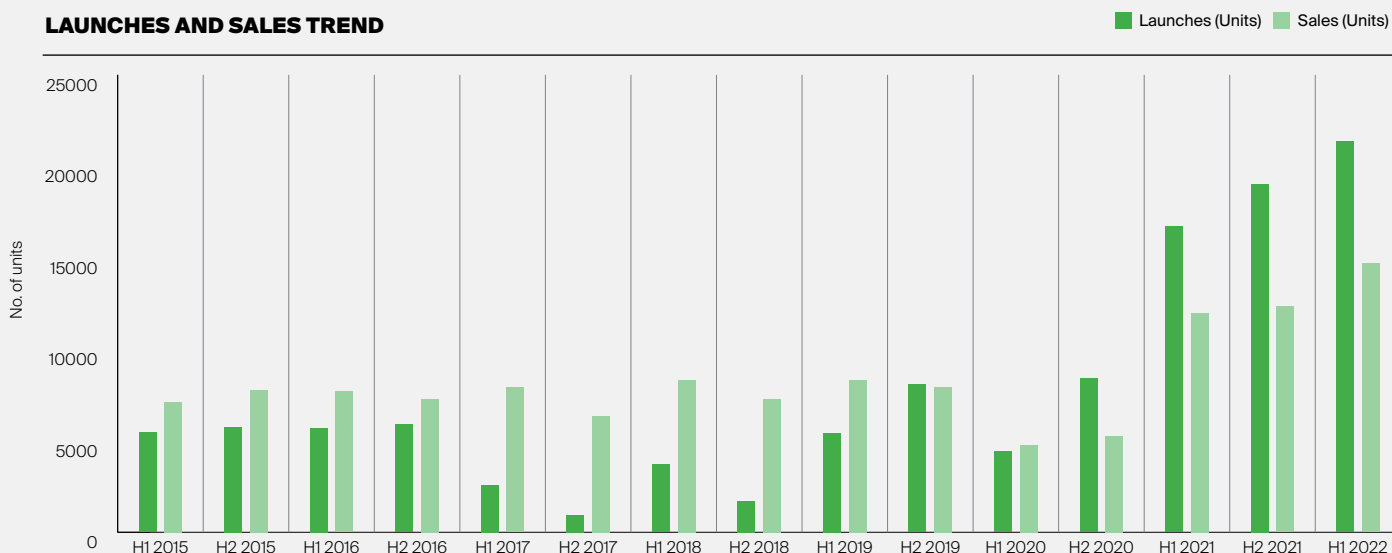
Quarters to sell
(in quarters) H1 2022

4.6

Age of unsold inventory
(in quarters) H1 2022

5.6

LAUNCHES AND SALES TREND



Source: Knight Frank Research

- In H1 2022, sales in the Hyderabad market increased by 23% YoY to 14,693 units, the highest level since H1 2011. While low borrowing interest rates and greater affordability were the primary drivers, the fact that Hyderabad's homeowner base comprises a sizable Information Technology (IT) workforce that has been mostly unscathed by pandemic-related interruptions, also played a pivotal role.
- Developers got on board with this shift in mindset, launching 21,356 units in H1 2022, a 28% increase YoY. Aparna Constructions and Estates, Myscape Properties, Highrise Construction, and Maram Infra Projects were among the developers active in West Hyderabad, with 62% of their units launched there. Most of the development activity took place in places like Kokapet, Peerancheru, Gopanapalle, and Nalagandla with homebuyers preferring to be close to the office hubs ofHITEC City, Gachibowli and Nanakramguda at the commercial core of the city.
- The INR 5-10 mn sector has historically accounted

for the most sales, and it did so again in H1 2022, accounting for 47% of the total sales, up from 46% in H2 2020. Since H1 2018, this segment's share has stayed in the range of 46% to 52%. When compared on a YoY basis, the share of up to INR 5 mn remained stable at 21%, while the share of >INR 10 mn increased marginally from 31% to 32%.

- While the shares appear to be constant on a YoY basis, longer-term trends indicate that the share of up to INR 5 mn segment has gradually declined from 29% in H1 2018 to 21% in H1 2022.
- Conversely, the >INR 10 mn sector gained impetus, with its proportion of sales rising from 19% in H1 2018 to the present 32%. Due to a desire to upgrade the family's primary dwelling to fulfil study and work from home requirements, there has been a substantial change in demand for ticket sizes above INR 5 mn. This tendency is evident across locales.
- Of the eight markets under consideration, Hyderabad is the only one that has not had a

single year of price fall since H1 2013. Despite the pandemic-related interruptions in 2020, it was also the only market that had price stability, demonstrating the underlying resilience of its home market. While it is no longer one of the cheapest marketplaces in the country, it remains a desirable destination for consumers and more recently, investors. In the first half of 2022, residential prices climbed 4.2% year over year.

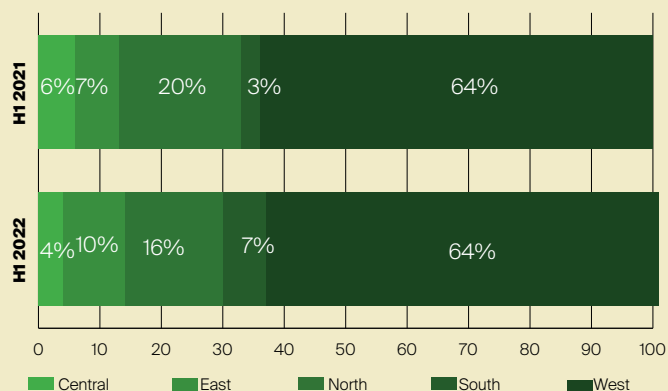
- The residential demand is firmly anchored in ready-to-move-in homes, resulting in a decrease in the average age of inventory in Hyderabad from 9.1 quarters in H1 2021 to 5.6 quarters in H1 2022. Recent trends indicate that a demand for under-construction buildings by established developers is also increasing. While there are concerns about overbuilding and the resultant overburdening of infrastructure consequent to easing of FSI limitations, sentiment in the residential market remains positive in the short to medium term with mid segment projects expected to drive sales momentum in the city.

MICRO-MARKET CLASSIFICATION

Micro market	Locations
HMR – Central	Begumpet, Banjara Hills, Jubilee Hills, Panjagutta, Somajiguda
HMR – West	Kukatpally, Madhapur, Kondapur, Gachibowli, Raidurgam, Kokapet
HMR – East	Uppal, Malkajigiri, LB Nagar
HMR – North	Kompally, Medchal, Alwal, Quthbullapur
HMR – South	Rajendra Nagar, Shamshabad

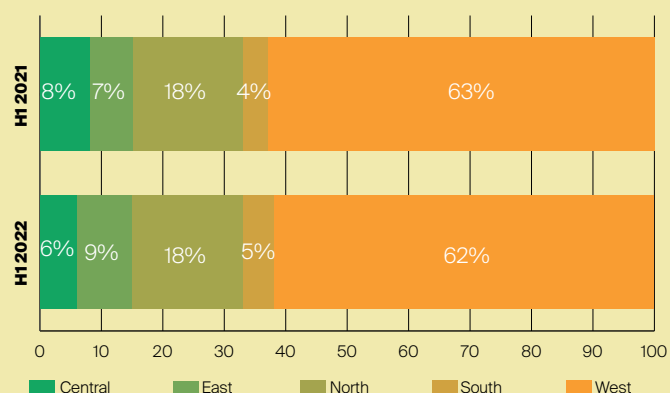
Source: Knight Frank Research

MICRO-MARKET SPLIT OF NEW LAUNCHES IN H1 2021 AND H1 2022



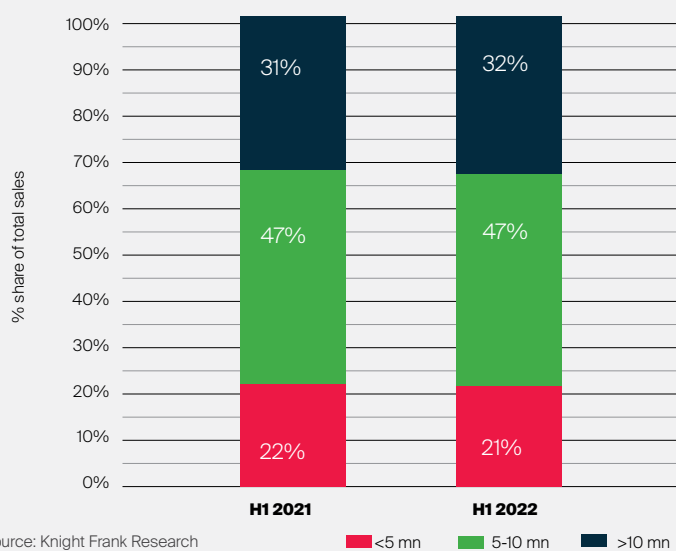
Source: Knight Frank Research

MICRO-MARKET SPLIT OF NEW SALES IN H1 2021 AND H1 2022



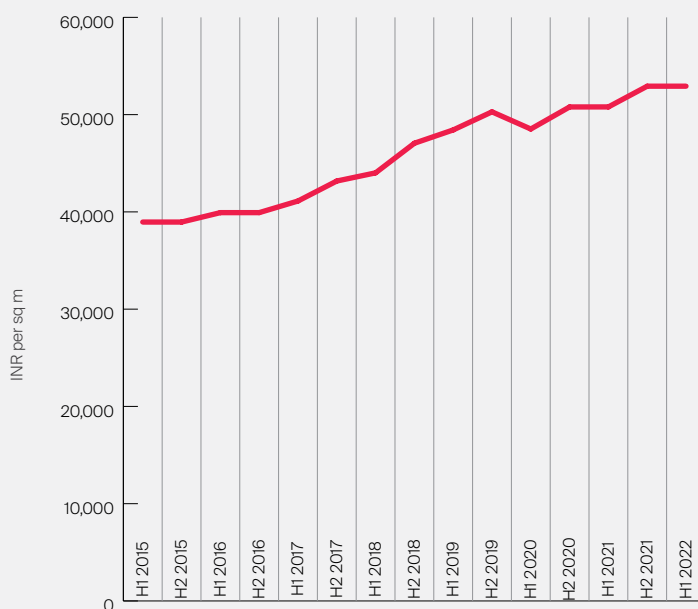
Of the eight markets under consideration, Hyderabad is the only one that has not had a single year of price fall since H1 2013.

HYDERABAD TICKET SIZE SPLIT COMPARISON OF SALES DURING H1 2021 AND H1 2022



Source: Knight Frank Research

AVERAGE RESIDENTIAL PRICE MOVEMENT



Source: Knight Frank Research

RESIDENTIAL PRICE MOVEMENT IN SELECT LOCATIONS

Micro Market	Location	Price range in H1 2022 in INR/sq m (INR/sq ft)	12 month Change	6 month Change
Central	Banjara Hills	131,321-135,626 (12,200-12,600)	4%	3%
	Jubilee Hills	139,824-140,901 (12,990-13,090)	5%	3%
East	LB Nagar	54,896-63,508 (5,100-5,900)	4%	2%
	Nacharam	49,278-53,702 (4,578-4,989)	4%	2%
North	Kompally	46,414-52,744 (4,312-4900)	3%	3%
	Sainikpuri	39,827-40,763 (3,700-3,787)	4%	3%
South	Rajendra Nagar	62,754-64,347 (5,830-5,978)	4%	2%
	Bandlaguda	53,583-56,339 (4,978-5,234)	5%	3%
West	Kokapet	62,937-66,618 (5,847-6,189)	3%	3%
	Manikonda	58,018-59,030 (5,390-5484)	5%	3%

Source: Knight Frank Research

MICRO-MARKET HEALTH

Micro-market	Unsold Inventory (housing units) (YoY Change)	Quarters-to-sell (QTS)
Central	695 (14%)	1.8
East	2,319 (144%)	4.8
North	3,591 (78%)	3.6
South	1,860 (92%)	6.9
West	16,797 (128%)	4.9

Source: Knight Frank Research

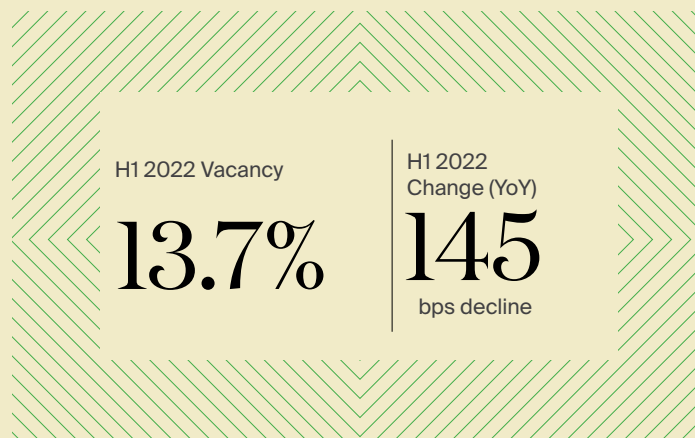
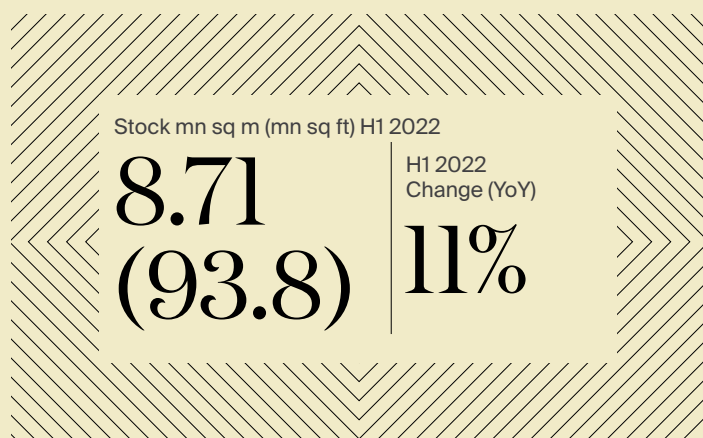


HYDERABAD MARKET SUMMARY

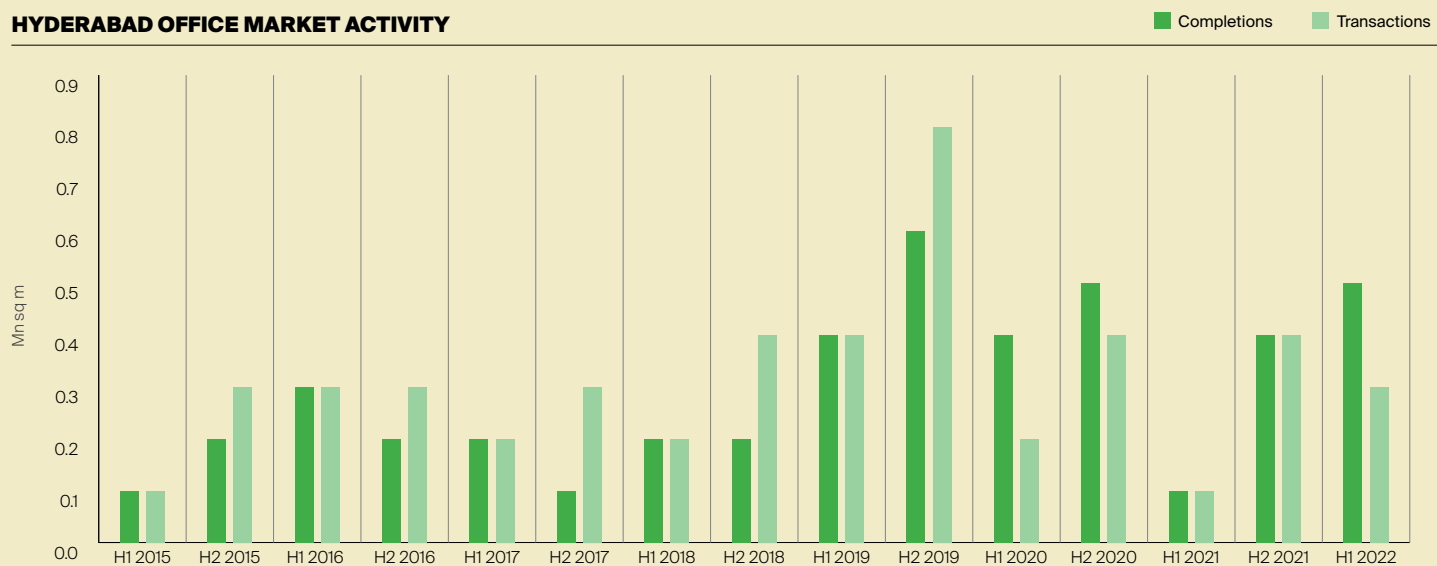
Parameter	2021	2021 Change (YoY)	H1 2022	H1 2022 Change (YoY)	Q2 2022	Q2 2022 Change (QoQ)
Completions in mn sq m (mn sq ft)	0.43 (4.6)	-47%	0.49 (5.3)	603%	0.36 (3.9)	184%
Transactions in mn sq m (mn sq ft)	0.60 (6.0)	0.2%	0.30 (3.2)	101%	0.15 (1.7)	6%
Average transacted rent in INR/sq m/month (INR/sq ft/month)	661 (61.4)	0.5%	686 (63.7)	3.3%	-	-

Note - 1 square metre (sq m) = 10.764 square feet (sq ft)

Source: Knight Frank Research



HYDERABAD OFFICE MARKET ACTIVITY



Source: Knight Frank Research

- Hyderabad's transaction volumes in H1 2022 surged by 101% to 0.30 mn sq m (3.2 mn sq ft), while annual office completions increased by 603% YoY to 0.49 mn sq m (5.3 mn sq ft).
- Traditionally anchored by the Information Technology (IT) sector, the market has nurtured a diverse tenant base that supported demand during H1 2022 in a challenging environment where the IT sector deferred its expansion plans.
- During H1 2022, the BFSI sector was the backbone of the market accounting for 22% of the space transacted during the period. This was largely due

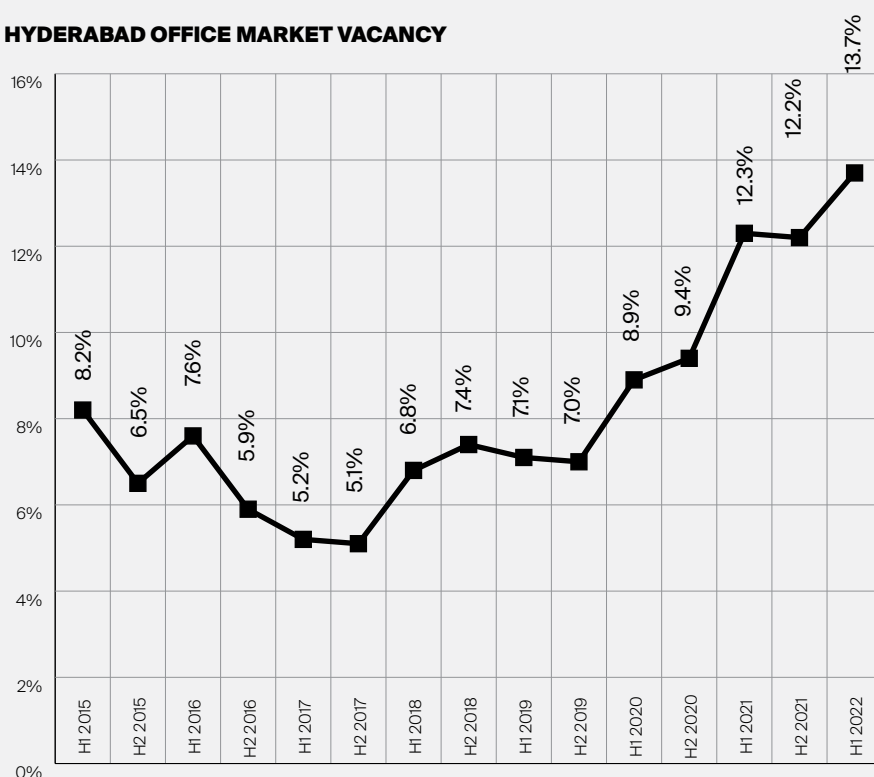
to a 0.35 mn sq ft of lease signed by Goldman Sachs in Sattva Knowledge City.

- This is a very encouraging sign for the Hyderabad market as the city continues to successfully attract big BFSI players operating in the country such as IDFC, Goldman Sachs and UBS.
- Despite the Information Technology (IT) sector players deferring expansion plans, IT continued to be the driver industry with 39% share in the total transactions pie of H1 2021. In absolute terms, the sector witnessed a 62% YoY rise in its office space absorption, up from 0.07 mn sq m (0.8 mn sq ft) in

H1 2021 to 0.12 mn sq m (1.2 mn sq ft) in H1 2022.

- The SBD drew the most attention in H1 2022, accounting for a whopping 71% of all space transacted during the period. Most of the office space transacted in Hyderabad was situated in HITEC City, which continues to be the nerve center of the city's office market.
- As a result of the increased supply, vacancy rates in H1 2022 inched up by 145 bps to 13.7%.
- The Average Transacted Rent level increased by 3.3% YoY in H1 2022.

HYDERABAD OFFICE MARKET VACANCY

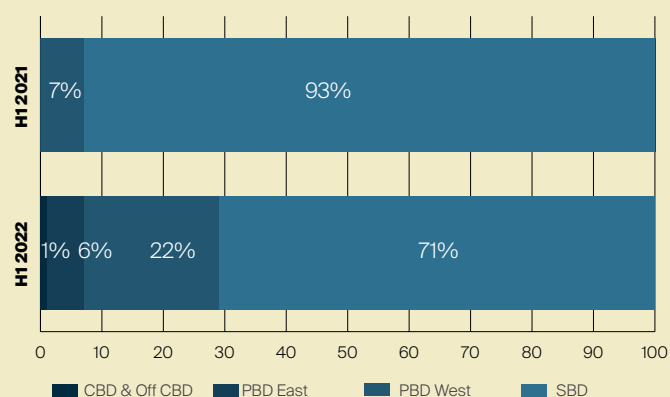


Source: Knight Frank Research

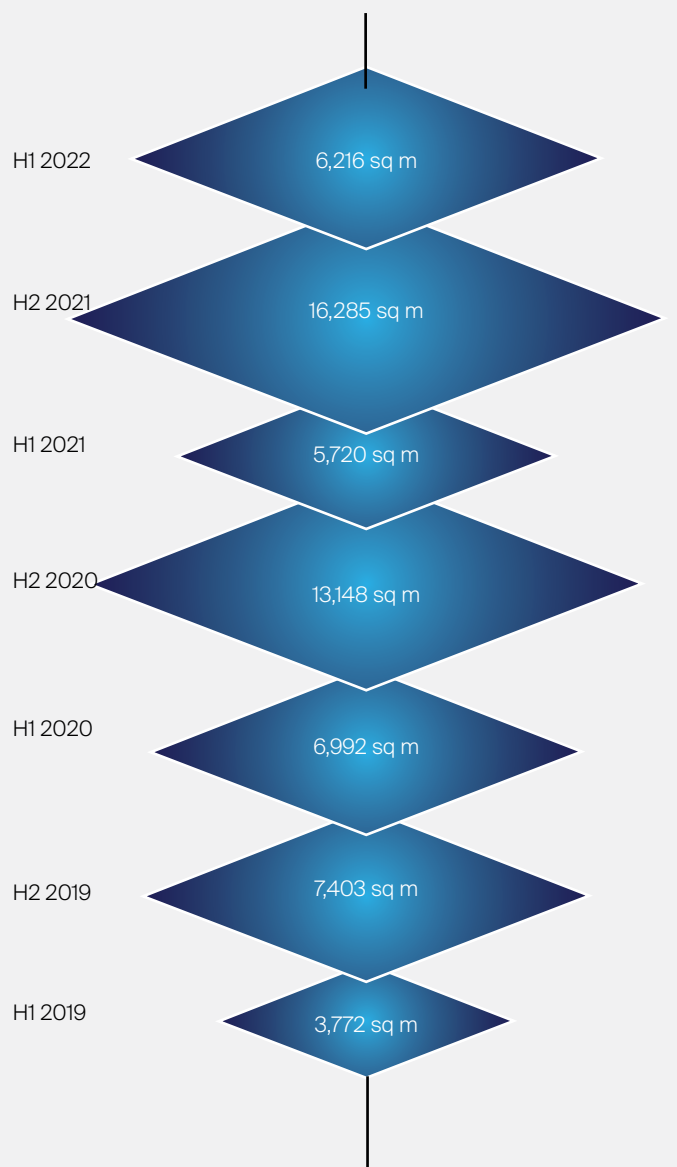
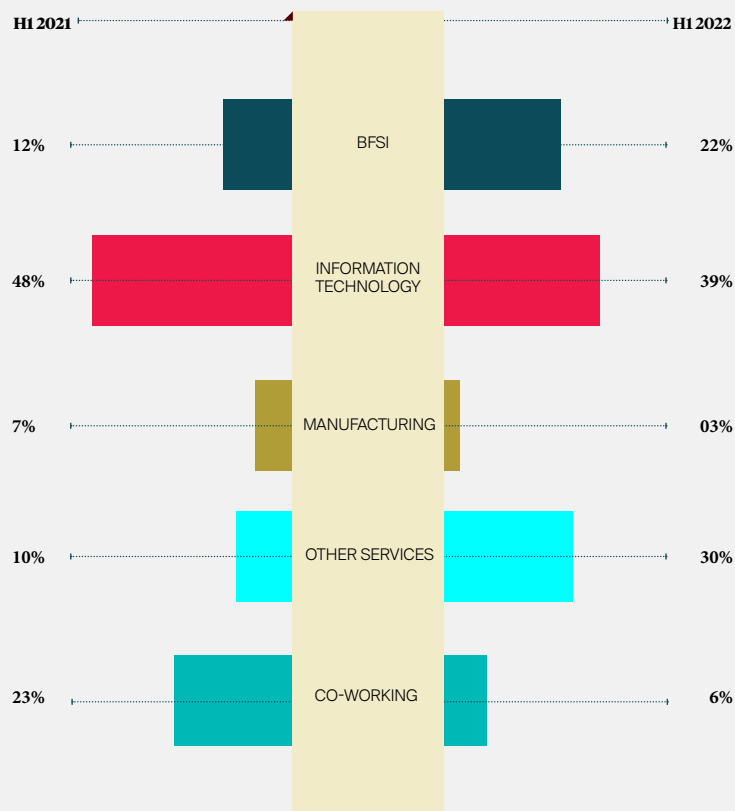
BUSINESS DISTRICT CLASSIFICATION

BUSINESS DISTRICT	MICRO MARKETS
Central Business District (CBD and off CBD)	Banjara Hills, Jubilee Hills, Begumpet, Ameerpet, Somajiguda, Himayat Nagar, Raj Bhavan Road, Punjagutta
Suburban Business District (SBD)	HITEC City, Kondapur, Manikonda, Kukatpally, Raidurg
Peripheral Business District (PBD) West	Gachibowli, Kokapet, Madinaguda, Nanakramguda, Serilingampally
Peripheral Business District (PBD) East	Uppal, Pocharam

Source: Knight Frank Research

BUSINESS DISTRICT WISE TRANSACTIONS SPLIT IN H1 2021 AND H1 2022


Source: Knight Frank Research

AVERAGE DEAL SIZE TREND

SECTOR-WISE TRANSACTIONS SPLIT IN H1 2021 AND H1 2022


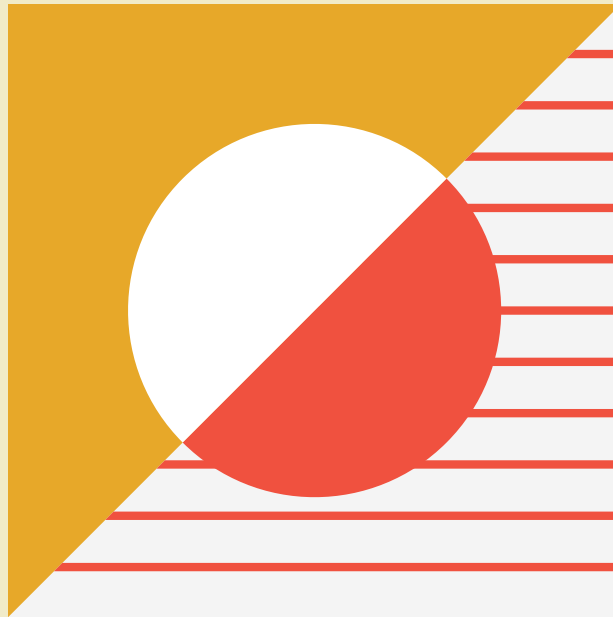
Note: BFSI includes BFSI support services

Source: Knight Frank Research

BUSINESS DISTRICT-WISE RENT MOVEMENT

Business district	Rental value range in H1 2022 in INR/sq m/month (INR/sq ft/month)	12-month change	6-month change
CBD and Off-CBD	506-721 (47-67)	NA	NA
SBD	592-969 (55-90)	-1.4%	10%
PBD West	538-700 (50-65)	-4.5%	-7.6%
PBD East	538-700 (50-65)	NA	NA

Source: Knight Frank Research



Kolkata

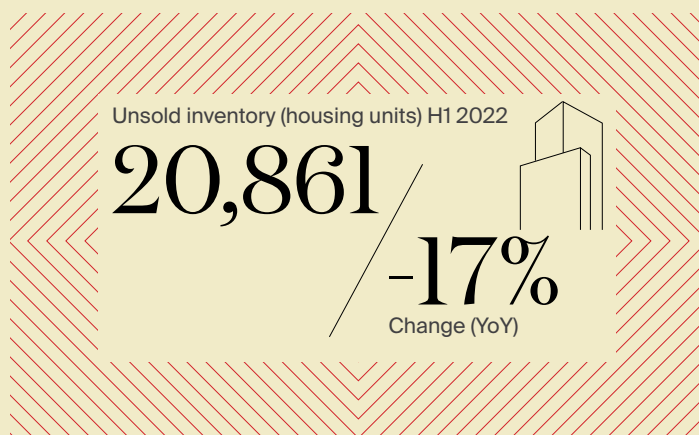
RESIDENTIAL MARKET

KOLKATA MARKET SUMMARY

Parameter	2021	2021 Change (YoY)	H1 2022	H1 2022 Change (YoY)	Q2 2022	Q2 2022 Change (QoQ)
Launches (housing units)	7,510	81%	6,686	205%	3,213	-7%
Sales (housing units)	14,405	62%	7,090	39%	3,471	-4%
Average price in INR/sq m (INR/sq ft)	INR 34,606 (INR 3,215)	0%	INR 36,006 (INR 3,345)	4%	-	-

Note – 1 square metre (sq m) = 10.764 square feet (sq ft)

Source: Knight Frank Research



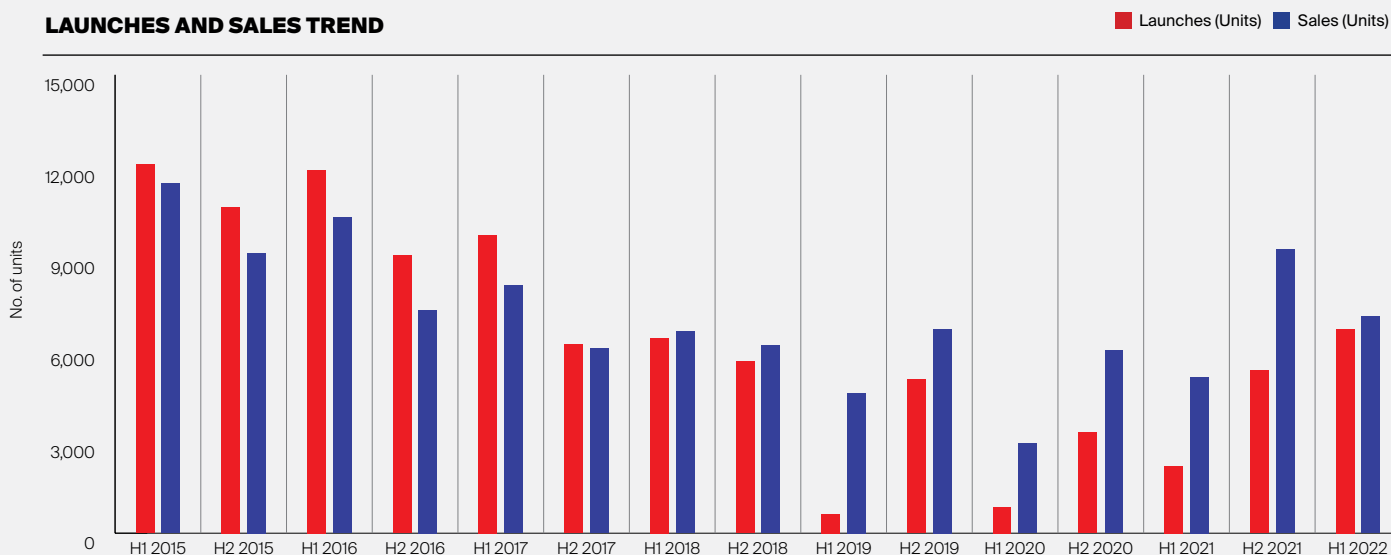
Quarters to sell
(in quarters) H1 2022

6.1

Age of unsold inventory
(in quarters) H1 2022

14.3

LAUNCHES AND SALES TREND



Source: Knight Frank Research

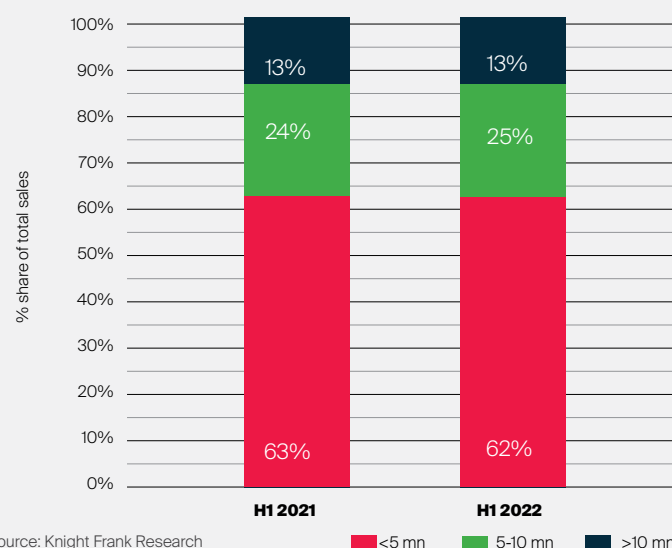
- In H1 2022, Kolkata's primary residential market noted good sales volume with 7,090 units sold during this period. Whilst this represents a 39% Year-on-Year (YoY) increase, the sales velocity compared to the H2 2021 period has slowed down. This is primarily due to the fact that many homebuyers completed their primary home purchases in the six months before the announcement in March 2022 about the third extension of 2% government rebate on stamp duty for property registration of all documents (except the documents of amalgamation of contiguous land) to September 30th, 2022.
- Due to demand sustenance and low home loan interest rates, most of the ready to move in inventory in the city is nearing exhaustion. This has prompted real estate developers to launch new residential projects translating into 6,686 residential units launched in H1 2022. As new launches had slowed down during H1 2021 due to the second wave of the pandemic, this represents a 205% YoY upswing due to the base effect. This is the highest number of new launches recorded since H1 2017 in Kolkata's residential market.
- In line with past trends, the share of ticket sizes < INR 5 million continued to command the lion's share in the overall sales volume. In H1 2022, this category comprised 62% of Kolkata's overall sales, shrinking only marginally from the 63% share recorded in H1 2021.
- In H1 2022, the share of projects with ticket sizes of INR 5-10 million remained stable at 25%. In H1 2021, this category had accounted for a 24% share of total sales. The homebuying preferences for spacious homes continue to benefit both the mid-end and high-end segments.
- Residential products in > INR 10 million category commanded a similar share in the total sales volume as in H1 2021 remaining stable at 13% at the end of this review period. It wasn't only the pandemic, the state government's demand stimulation by way of stamp duty cut has been a big demand driver for new purchases in this segment.
- Whilst South Kolkata commanded the highest share of 31% in the city's sales volume in H1 2022, its share has reduced from 40% in H1 2021. In contrast, North Kolkata's share increased from 27% in H1 2021 to 32% in H1 2022, making it the best performing micro-market in the city.
- In line with the previous year, the trend of preference for a bigger apartment size amongst homebuyers remains a dominant theme in the residential market. With the homebuying demand skewed in favour of bigger units, new residential supply mirrors this preference. In H1 2022, the share of homes < INR 5 mn decreased to 42% compared to the corresponding period of H1 2021 when this segment had commanded a mammoth 72% share. The share of INR 5- 10 mn ticket size category increased from 18% in H1 2021 to 45% in H1 2022. In the > INR 10 mn category, the share in new launches expanded from 9% in H1 2021 to 14% in H1 2022.
- A high demand from homebuyers coupled with high raw material costs have led to a 4% YoY increase in average residential prices in H1 2022. Several reputed developers are now able to command a premium for their under-construction residential developments. Due to two consecutive repo rate hikes, housing affordability in the near term has been impacted and we are in a new residential business cycle with both rise in volume and price. While there are concerns regarding the inflationary pressures on home loan interest rate and property price, the stamp duty rebate opportunity for homebuyers continues until 30th September 2022.
- A strong sales volume in the past one year has led to a sharp decline in unsold inventory which now stands at 20,861 units, a 17% YoY decline.
- The continuous reduction in Kolkata's unsold inventory has also led the quarters-to-sell (QTS) for the city to inch down from 9.8 in H1 2021 to 6.1 in H1 2022. QTS is the number of quarters required to exhaust the existing unsold inventory in the market. The existing unsold inventory is divided by the average sales velocity of the preceding eight quarters to arrive at the QTS number for the current quarter.

MICRO-MARKET CLASSIFICATION

Micro market	Locations
Central	Park Street, Rawdon Street, AJC Bose Road, Minto Park, Elgin Road
East	Kankurgachi, Beliaghata, Salt Lake, Narkeldanga, Keshtopur, EM Bypass (eastern parts)
North	Baguiati, Ultadanga, Jessor Road, Shyambazar, Lake Town, BT Road, VIP Road
Rajarhat	Rajarhat New Town
West	Howrah, Rishra, Hooghly, Uttarpara, Chandan Nagar, Rajpur, Kona Expressway
South	Ballygunge, Alipore, Tollygunge, Narendrapur, Behala, Garia, Maheshtala, EM Bypass (southern parts)

Source: Knight Frank Research

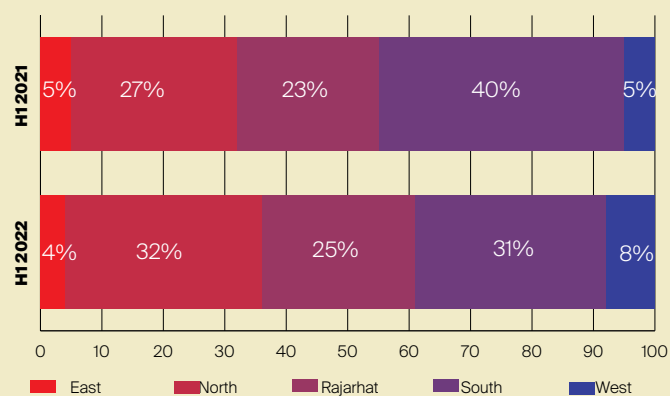
KOLKATA TICKET SIZE SPLIT COMPARISON OF SALES DURING H1 2021 AND H1 2022



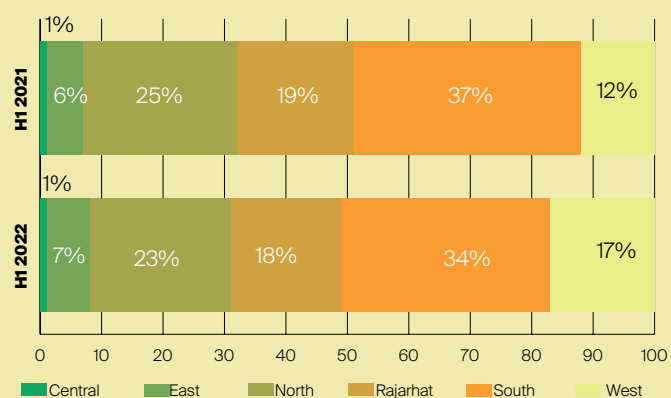
Source: Knight Frank Research

■ <5 mn ■ 5-10 mn ■ >10 mn

MICRO-MARKET SPLIT OF NEW LAUNCHES IN H1 2021 AND H1 2022

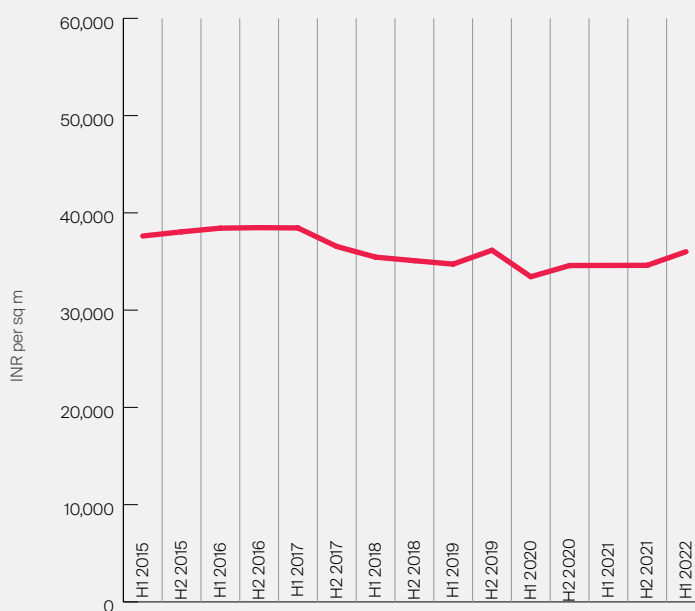


MICRO-MARKET SPLIT OF NEW SALES IN H1 2021 AND H1 2022



Source: Knight Frank Research

AVERAGE RESIDENTIAL PRICE MOVEMENT



Source: Knight Frank Research

RESIDENTIAL PRICE MOVEMENT IN SELECT LOCATIONS

Micro Market	Location	Price range in H2 2022 in INR/sq m (INR/sq ft)	12 month Change	6 month Change
Central	Park Street	130,244-215,278 (12,100-20,000)	0%	1%
	Rawdon Street	107,639-209,896 (10,000-19,500)	0%	0%
East	Kankurgachi	55,972-91,493 (5,200-8,500)	0%	-1%
	Salt Lake	51,667-81,806 (4,800-7,600)	0%	0%
North	Madhyamgram	27,448-36,598 (2,550-3,400)	3%	2%
	BT Road	32,292-43,056 (3,000-4,000)	0%	0%
	Jessore Road	37,674-57,049 (3,500-5,300)	0%	-1%
Rajarhat	Rajarhat	37,674-76,424 (3,500-7,100)	2%	2%
South	Ballygunge	87,188-204,514 (8,100-19,000)	0%	0%
	Tollygunge	55,972-150,695 (5,200-14,000)	0%	0%
	Behala	34,445-49,514 (3,200-4,600)	0%	0%
	Narendrapur	27,986 -48,976 (2,600-4,550)	1%	1%

Source: Knight Frank Research

MICRO-MARKET HEALTH

Micro-market	Unsold Inventory (housing units) (YoY Change)	Quarters-to-sell (QTS)
Central	56 (-73%)	1.5
East	1,202 (-29%)	5.3
North	5,618 (-4%)	6.8
Rajarhat	6,697 (-5%)	10.4
South	5,695 (-26%)	4.5
West	1,593 (-42%)	3.7

Source: Knight Frank Research

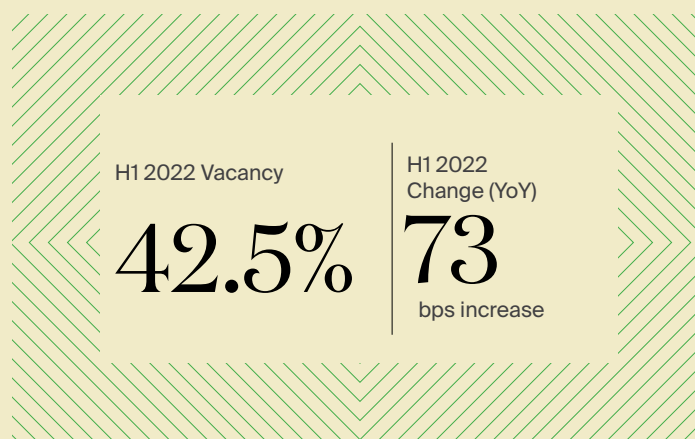
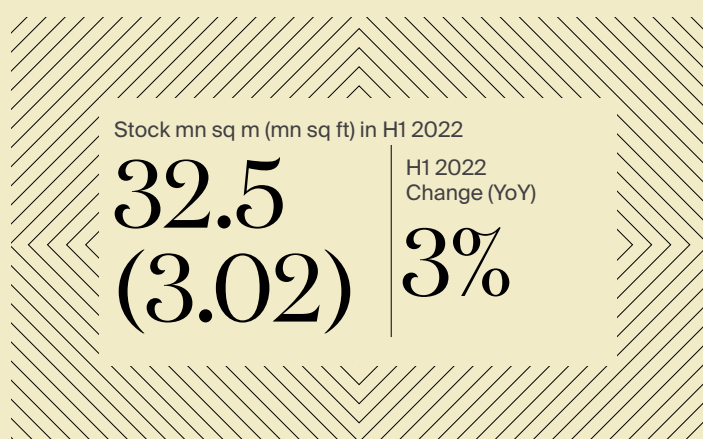


KOLKATA MARKET SUMMARY

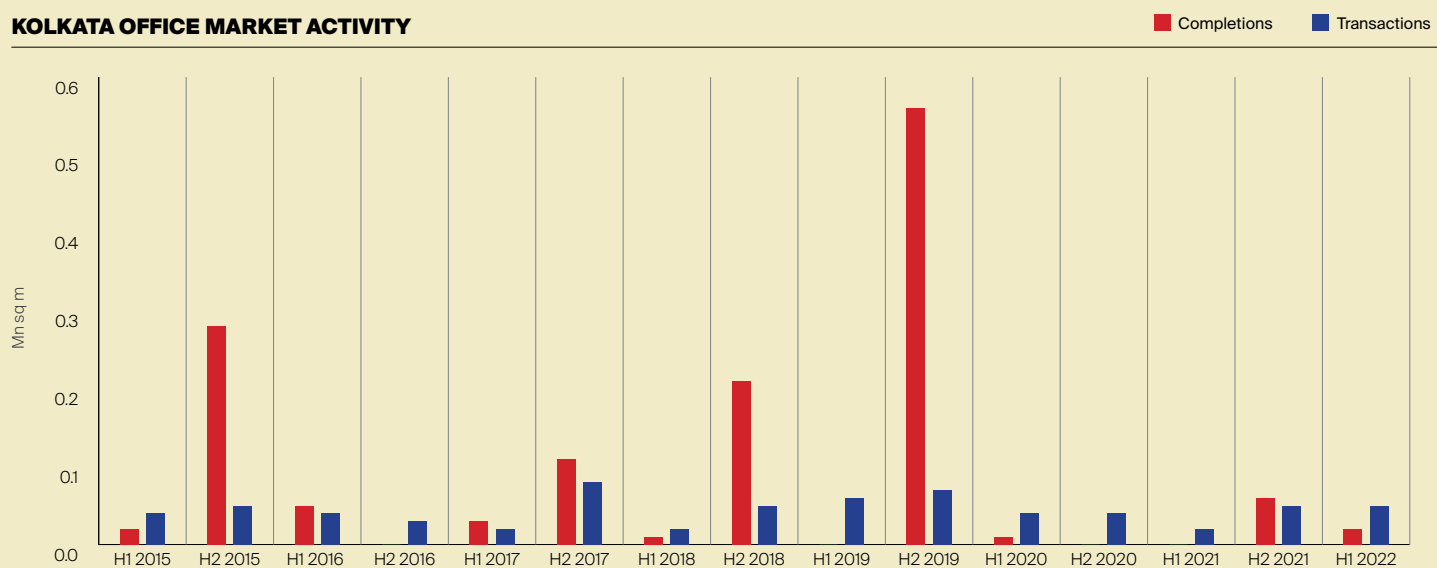
Parameter	2021	2021 Change (YoY)	H1 2022	H1 2022 Change (YoY)	Q2 2022	Q2 2022 Change (QoQ)
Completions in mn sq m (mn sq ft)	0.06 (0.6)	542%	0.02 (0.2)	-	0.01 (0.1)	37%
Transactions in mn sq m (mn sq ft)	0.07 (0.8)	-12%	0.05 (0.6)	128%	0.04 (0.4)	203%
Average transacted rent in INR/sq m/month (INR/sq ft/month)	374.6 (34.8)	-3%	373.5 (34.7)	0%	-	-

Note - 1 square metre (sq m) = 10.764 square feet (sq ft)

Source: Knight Frank Research



KOLKATA OFFICE MARKET ACTIVITY



Source: Knight Frank Research

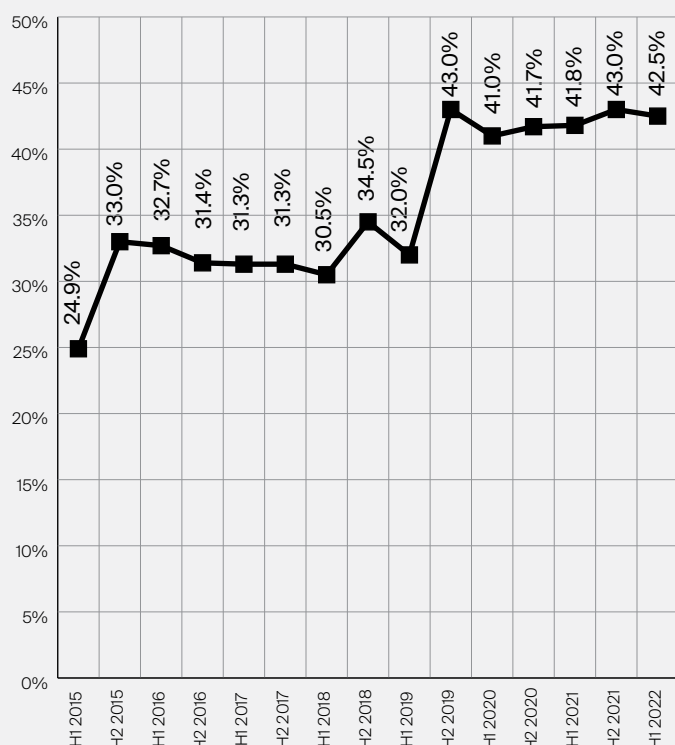
- Since the beginning of 2022, the demand for office spaces has been increasing steadily in Kolkata's office real estate market. During the first half yearly period of H1 2022, the city witnessed total office space transaction volume of 0.05 mn sq m (0.6 mn sq ft), a 128% YoY increase over H1 2021. This is the highest volume of office transactions noted since H2 2019 largely on the back of a healthy leasing volume in Q2 2022. In Q1 2022, occupiers had maintained a cautious outlook towards decision making while in Q2 2022, they were more confident with closure of deals.
- In terms of office space leasing, Information Technology (IT) and the Banking, Financial Services and Insurance (BFSI) sectors witnessed an expansion in their share during H1 2022. The IT sector's share in Kolkata's transaction volume increased from 35% in H1 2021 to 39% in H1 2022. Along with a hybrid work mode strategy, the IT sector occupiers continued to lease new office spaces to establish their office space footprint as pandemic related concerns remained limited. The BFSI sector's share increased from 7% in H1 2021 to 20% in H1 2022.
- Co-working, which accounted for 15% of the city's office transactions volume in H1 2021, remained steady with a share of 14% in H1 2022. Manufacturing sector's share also remained largely steady in H1 2022 at 8%.

- Due to a waning pandemic scenario in H1 2022, the rebound in office space demand from occupiers in traditional sectors remained strong. However, some emerging sectors which had gained prominence in the past two years due to the pandemic influence approached new office space take-up cautiously in H1 2022. With sectors like Education, E-commerce, Healthcare and Logistics clubbed under the Other Services Sector, the share of Other Services Sector in the total office leasing pie shrank from 34% in H1 2021 to 19% in H1 2022.
- In terms of business district preference amongst corporate occupiers, there hasn't been much change compared to H1 2021. The office space consumption in H1 2022 largely remained concentrated in Peripheral Business District-I (Salt Lake City) due to availability of good quality office stock and ease of connectivity to other parts of Kolkata. The share of this business district increased from 81% in H1 2021 to 86% in H1 2022.
- The share of Central Business District (CBD) & Off CBD locations in office space leasing shrank from 14% in H1 2021 to 7% in H1 2022. Other business districts witnessed fragmented office space demand for small to mid-sized office spaces, while large floor plate requirements largely remained concentrated in PBD-I (Salt Lake City).
- In H1 2022, Kolkata noted completion of 0.02 mn sq m (0.2 mn sq ft) of new office spaces. This

new supply came on the block in CBD & Off CBD locations – the prime commercial hub in Kolkata. During H1 2021, no new office completions were noted due to the severe impact of the second wave of pandemic.

- Kolkata's office space vacancy happens to be the second highest amongst the vacancies recorded in India's top eight markets. Despite a high vacancy scenario, new office space completions have been noted in the city which are as per the requirements of a modern-day corporate occupier. Despite a healthy resurgence in office space demand in H1 2022, the office space vacancy increased by 73 basis points to 42.5% at the end of this review period, mainly due to new office space completions.
- The average office space rents have stagnated in H1 2022, and no change was noted compared to the year ago period. In a pandemic influenced backdrop coupled with increasing vacancy, rents may not see an upward revision this year.
- In H1 2022, the average deal size in Kolkata's office market increased by 151% YoY to 1,818 sq m (19,574 sq ft) compared to 725 sq m (7,801 sq ft) in H1 2021. This is a significant recovery as the deal size had shrunk due to the onslaught of the second wave of the pandemic in Q2 2021 and only limited office leasing, that too for small requirements, was noted.

KOLKATA OFFICE MARKET VACANCY

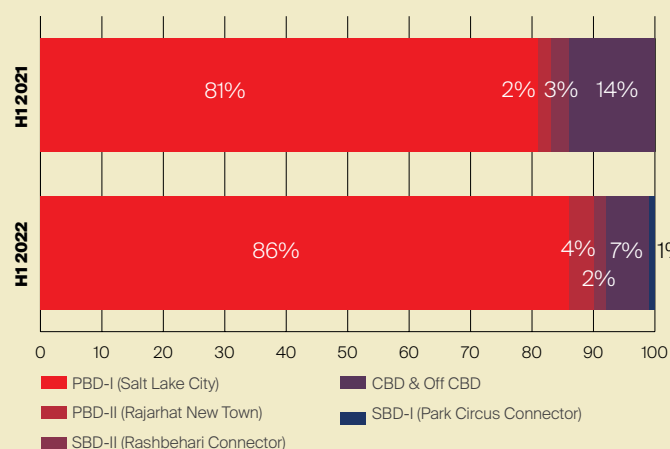


BUSINESS DISTRICT CLASSIFICATION

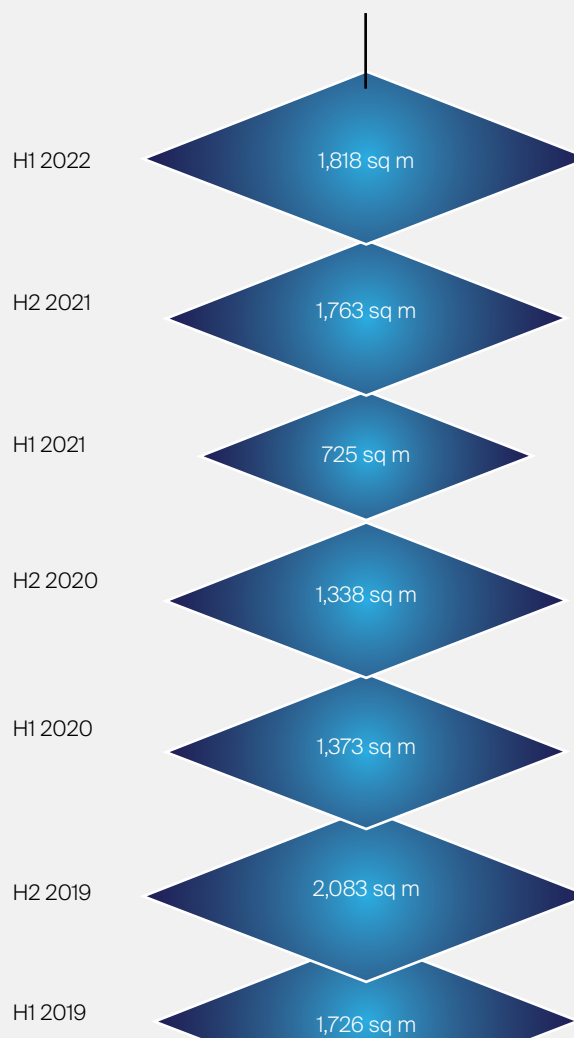
BUSINESS DISTRICT	MICRO MARKETS
Central Business District (CBD) and off CBD	Park Street, Camac Street, Theatre Road, A/JC Bose Road, Elgin Road, Rabindra Sadan, Esplanade, Lenin Sarani, S N Banerjee Road, Central Avenue, Dalhousie Square, Mangoe Lane, Brabourne Road, Chandni Chowk, Rawdon Street, Loudon Street, Lee Road, Lord Sinha Road, Hastings, Hare Street, Kiran Shankar Ray Road, Upper Wood Street, Hungerford Street, Circus Avenue, Syed Amir Ali Avenue, Chowringhee
Suburban Business District (SBD-1) Park Circus Connector	Topsia, JBS Haldane Avenue, EM Bypass-Park Circus Connector
Suburban Business District (SBD-2) Rashbehari Connector	EM Bypass-Rashbehari Connector, Anandapur Main Road, Rajdanga, South Ballygunge, Ashutosh Mukherjee Road, Gariahat, Hazra, Chetla, Jessore Road, Nagerbazar
Peripheral Business District (PBD-1) Salt Lake City	Salt Lake Sector V
Peripheral Business District (PBD-2) Rajarhat New Town	Rajarhat New Town, BT Road, Bantala

Source: Knight Frank Research

BUSINESS DISTRICT WISE TRANSACTIONS SPLIT IN H1 2021 AND H1 2022



AVERAGE DEAL SIZE TREND



Source: Knight Frank Research

SECTOR-WISE TRANSACTIONS SPLIT IN H1 2021 AND H1 2022



Note: BFSI includes BFSI support services

Source: Knight Frank Research

BUSINESS DISTRICT-WISE RENT MOVEMENT

Business district	Rental value range in H1 2022 in INR/sq m/month (INR/sq ft/month)	12-month change	6-month change
CBD & Off CBD	700-1,023 (65-95)	0%	0%
SBD-I (Park Circus Connector)	538-753 (50-70)	0%	0%
SBD-II (Rashbehari Connector)	538-915 (50-85)	0%	0%
PBD-I (Salt Lake City)	312-517 (29-48)	0%	0%
PBD-II (Rajarhat New Town)	258-452 (24-42)	0%	0%

Source: Knight Frank Research



Mumbai

RESIDENTIAL MARKET

MUMBAI MARKET SUMMARY

Parameter	2021	2021 Change (YoY)	H1 2022	H1 2022 Change (YoY)	Q2 2022	Q2 2022 Change (QoQ)
Launches (housing units)	70,023	39%	47,466	32%	23,908	1%
Sales (housing units)	62,989	29%	44,200	55%	22,652	5%
Average price in INR/sq m (INR/sq ft)	INR 74,110 (INR 6,885)	1%	INR 77,104 (INR 7,163)	6%	-	-

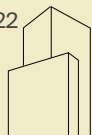
Note – 1 square metre (sq m) = 10.764 square feet (sq ft)

Source: Knight Frank Research

Unsold inventory (housing units) in H1 2022

1,57,834

2%
Change (YoY)



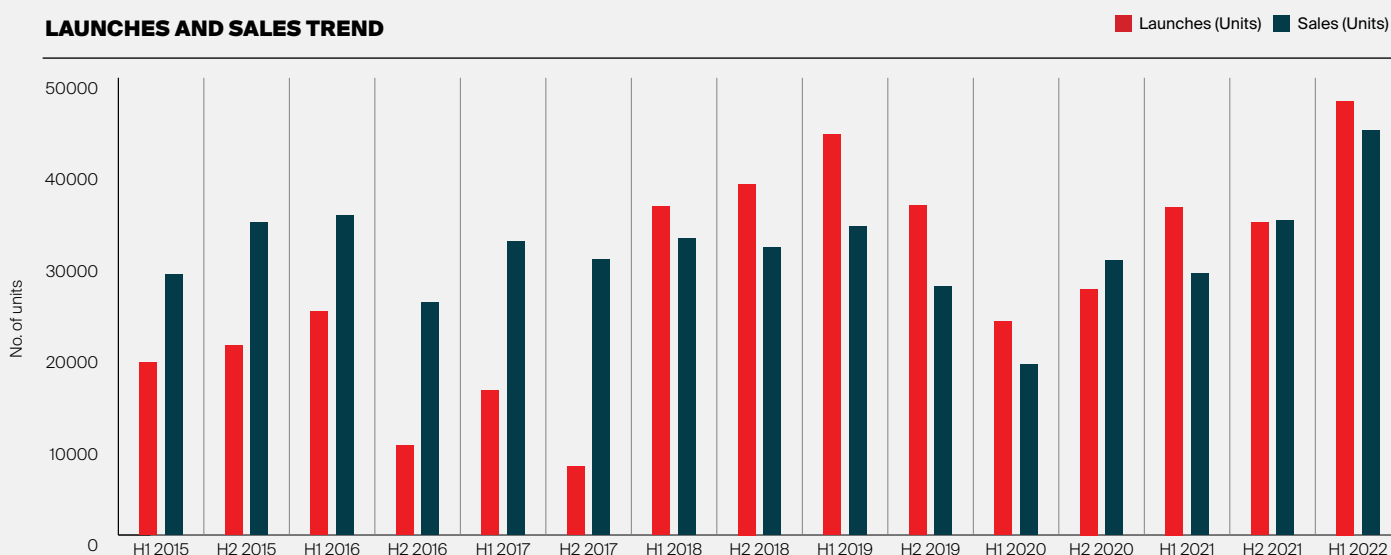
Quarters to sell
(in quarters) H1 2022

9.2

Age of unsold inventory
(in quarters) H1 2022

16.7

LAUNCHES AND SALES TREND



Source: Knight Frank Research

- The Mumbai residential market saw swift recovery in 2021 despite the sales momentum being tamed by the 2nd wave of Covid 19, recording a Year-on-Year (YoY) growth of 29% with 62,989 units absorbed. The supply remained strong with 70,023 units launched witnessing a 39% YoY growth in 2021. Fueled by low mortgage rates, stamp duty waiver, willingness of households to upgrade to larger spaces, and savings accumulated during the pandemic – the market witnessed a healthy recovery.
- Despite facing several bottlenecks, starting with the fear of Omicron followed by the implementation of the metro cess, effectively raising the stamp duty by 1 percentage point; from the increasing input cost pressure caused by the global supply chain disruption to the rise in mortgage rates effectively lowering homebuyer affordability – H1 2022 has shown great resilience while recording sales growth of 55% Year-on-Year (YoY) with 44,200 units absorbed.
- To capitalize on the strong sales momentum, developers added new supply in the market, recording a YoY rise of 32% with 47,466 new units launched in H1 2022. As supply outstripped demand, it led to an increase in unsold inventory by 2% YoY.
- Peripheral central and western suburbs being the more affordable micro markets, attracted maximum housing demand. However, their combined share reduced from 45% in H1 2021 to 39% in H1 2022. Western suburbs also recorded a decline in demand, with its share contribution dropping from 19% in H1 2021 to 14% in H1 2022. Central suburbs and Navi Mumbai were the only two micro markets that recorded an increase in demand, with a share contribution of 16% and 14% respectively in H1 2022 from 9% each in H1 2021.
- Even though the demand for peripheral western suburbs has been high, supply remains muted with just 7% new supply in H1 2022 in this micro market. With supply added for western suburbs in H1 2022, Thane and Central suburbs outpaced its demand.
- The affordable housing category with ticket size <5 million (mn) saw the largest share take up of 50% sales in H1 2022. The demand for mid segment housing with ticket size 5-10 mn saw a drop in share from 39% in H1 2021 to 22% in H1 2022. The mid-segment demand lagged behind the demand for high-segment housing with ticket size of >10 mn where share take up of 28% was recorded in H1 2022.
- With rising raw material prices and improved demand condition, developers have opted for an increase in price, and Mumbai has therefore witnessed a price rise of 6% YoY in H1 2022. Developers remain confident of consumer appetite to absorb such price rise without affecting the overall sentiment of the market.

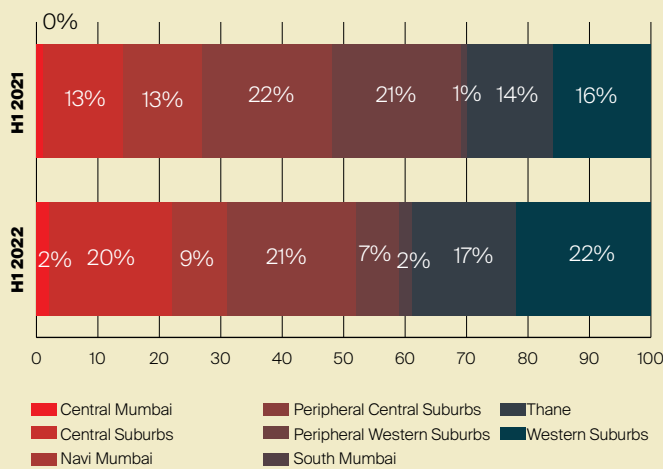
MICRO-MARKET CLASSIFICATION

Micro market	Locations
Central Mumbai	Dadar, Lower Parel, Mahalaxmi, Worli, Prabhadevi
Central Suburbs	Sion, Chembur, Wadala, Kurla, Ghatkopar, Vikhroli, Bhandup, Mulund
Navi Mumbai	Vashi, Nerul, Belapur, Kharghar, Airoli, Panvel, Ulwe, Sanpada
Peripheral Central Suburbs	Kalyan, Kalwa, Dombivli, Ambernath, Bhiwandi, Mumbra, Karjat
Peripheral Western Suburbs	Vasai, Virar, Boisar, Palghar, Bhayandar, Nalasopara
South Mumbai	Malabar Hill, Napean Sea Road, Walkeshwar, Altamount Road, Colaba
Thane	Naupada, Ghodbunder Road, Pokhran Road, Majiwada, Khopat, Panchpakhadi
Western Suburbs	Bandra, Andheri, Goregaon, Kandivali, Borivali, Santacruz, Vile Parle

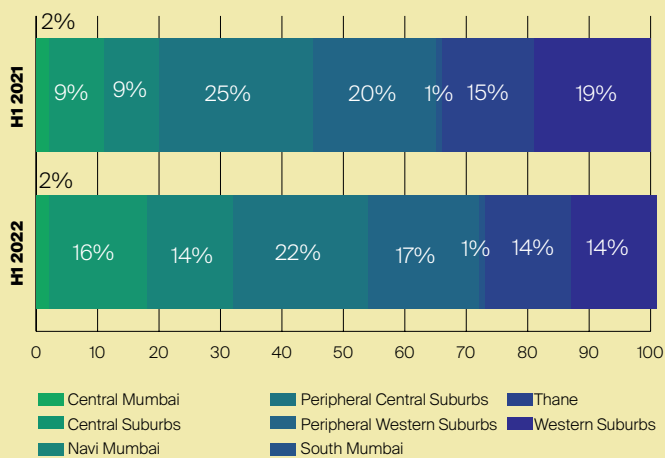
Source: Knight Frank Research

Despite several hurdles, Omicron, metro cess, rise in raw material prices and rise in mortgage rates, H1 2022 has recorded robust sales growth of 55% YoY with 44,200 units absorbed.

MICRO-MARKET SPLIT OF NEW LAUNCHES IN H1 2021 AND H1 2022

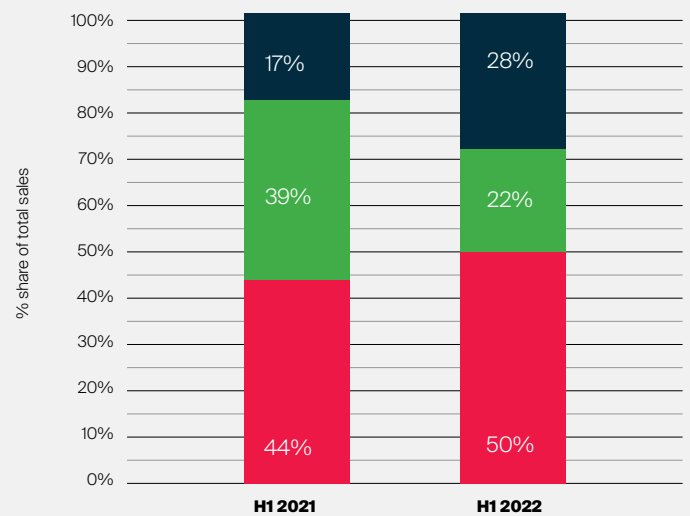


MICRO-MARKET SPLIT OF NEW SALES IN H1 2021 AND H1 2022



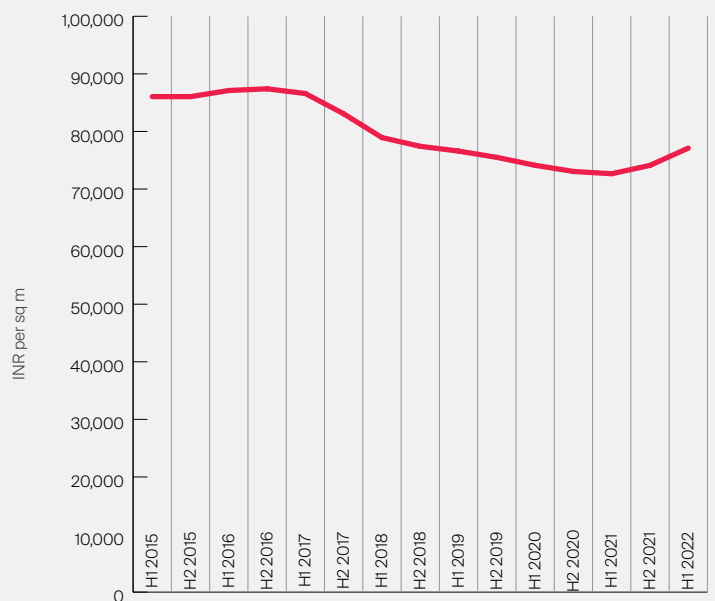
Source: Knight Frank Research

MUMBAI TICKET SIZE SPLIT COMPARISON OF SALES DURING H1 2021 AND H1 2022



Source: Knight Frank Research

AVERAGE RESIDENTIAL PRICE MOVEMENT



Source: Knight Frank Research

RESIDENTIAL PRICE MOVEMENT IN SELECT LOCATIONS

Micro Market	Location	Price range in H1 2022 in INR/sq m (INR/sq ft)	12 month Change	6 month Change
Central Mumbai	Lower Parel	2,69,100-3,87,504 (25,000-36,000)	-1%	-6%
	Worli	3,33,684-5,92,020 (31,000-55,000)	3%	2%
Central Suburbs	Ghatkopar	1,29,168-2,36,808 (12,000-22,000)	3%	1%
	Mulund	1,15,174-1,50,696 (10,700-14,000)	1%	2%
	Powai	1,56,078-2,15,280 (14,500-20,000)	12%	3%
Navi Mumbai	Panvel	40,903-69,966 (3,800-6,500)	1%	1%
	Kharghar	72,119-96,876 (6,700-9,000)	2%	1%
	Vashi	1,07,640-1,61,460 (10,000-15,000)	7%	-2%
Peripheral Central Suburbs	Badlapur	29,062-37,674 (2,700-3,500)	5%	2%
	Dombivali	48,438-64,584 (4,500-6,000)	6%	2%
Peripheral Western suburbs	Mira Road	59,202-78,577 (5,500-7,300)	6%	3%
	Virar	47,362-59,202 (4,400-5,500)	4%	0%
South Mumbai	Tardeo	4,30,560-6,45,840 (40,000-60,000)	-7%	-5%
Thane	Ghodbunder Road	64,584-1,07,640 (6,000-10,000)	0%	-1%
	Naupada	1,50,696-1,93,752 (14,000-18,000)	14%	14%
Western Suburbs	Andheri	1,61,460-2,36,808 (15,000-22,000)	0%	1%
	Bandra (W)	4,30,560-6,45,840 (40,000-60,000)	7%	5%
	Borivali	1,18,404-1,61,460 (11,000-15,000)	1%	1%
	Dahisar	96,876-1,18,404 (9,000-11,000)	-2%	-3%
	Goregaon	1,39,932-1,61,460 (13,000-15,000)	2%	-5%

Source: Knight Frank Research

MICRO-MARKET HEALTH

Micro-market	Unsold Inventory (housing units) (YoY Change)	Quarters-to-sell (QTS)
Central Mumbai	7,368 (19%)	25.3
Central Suburbs	33,850 (5%)	15.2
Navi Mumbai	25,972 (-10%)	12.6
Peripheral Central Suburbs	17,064 (21%)	4.1
Peripheral Western Suburbs	12,216 (-37%)	3.7
South Mumbai	3,191 (51%)	23.3
Thane	26,322 (0%)	11.4
Western Suburbs	31,851 (27%)	12.0

Source: Knight Frank Research

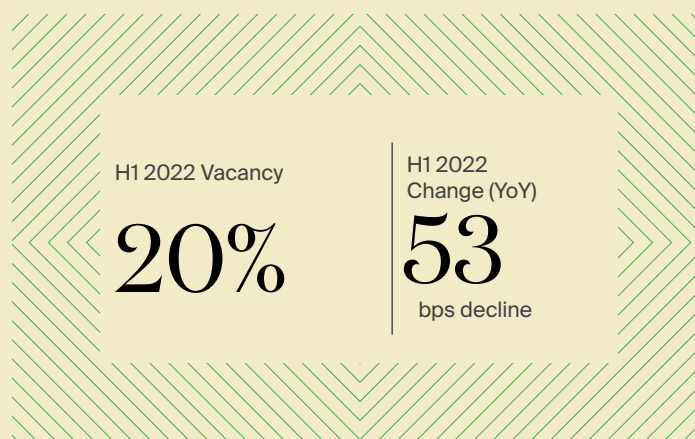
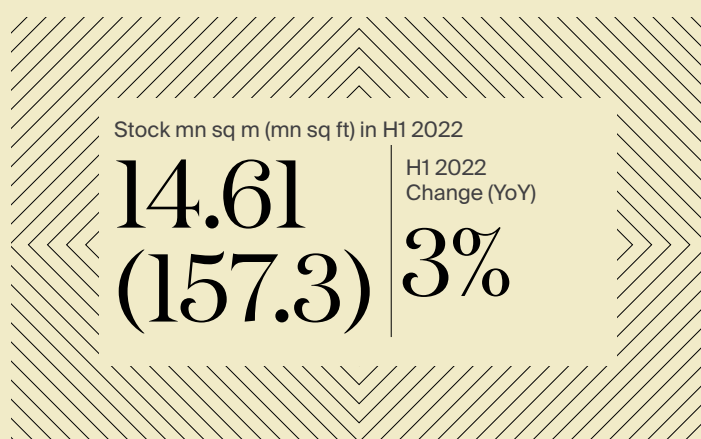


MUMBAI MARKET SUMMARY

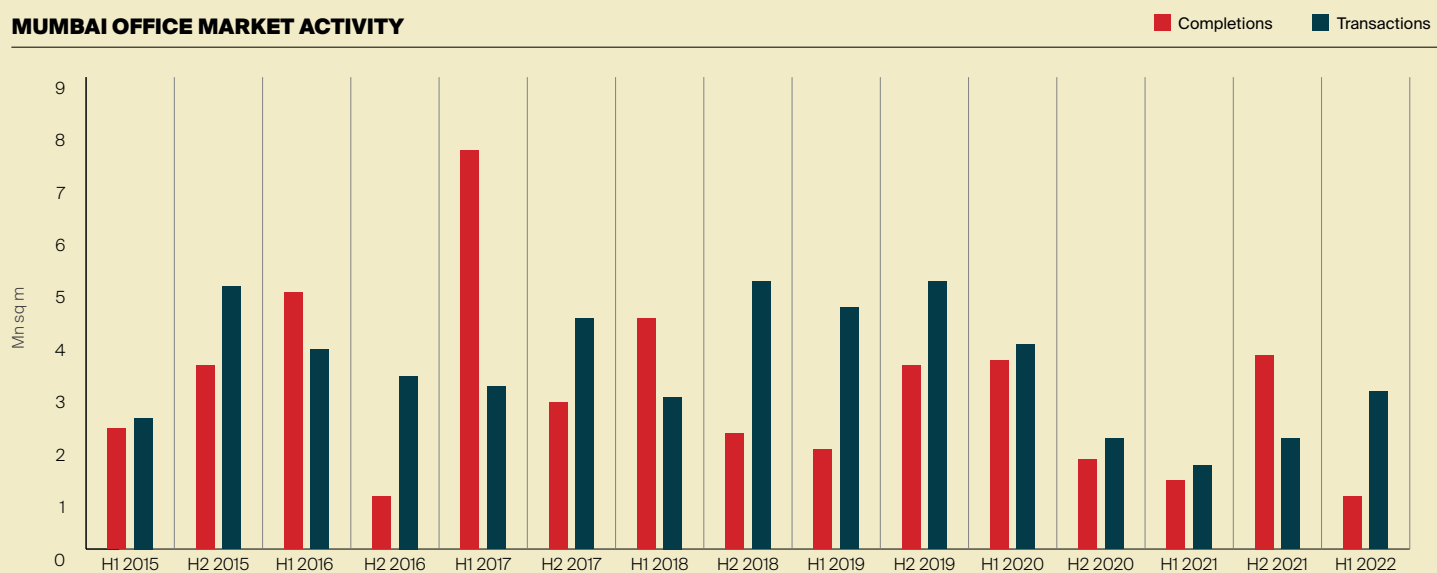
Parameter	2021	2021 Change (YoY)	H1 2022	H1 2022 Change (YoY)	Q2 2022	Q2 2022 Change (QoQ)
Completions in mn sq m (mn sq ft)	0.46 (5.0)	-5.9%	0.09 (1.0)	-21%	0.05 (0.50)	-4%
Transactions in mn sq m (mn sq ft)	0.35 (3.8)	-37%	0.28 (3.0)	81%	0.19 (2.0)	118%
Average transacted rent in INR/sq m/month (INR/sq ft/month)	1152 (107.0)	-7.6%	1184 (110.0)	0.9%	-	-

Note - 1 square metre (sq m) = 10.764 square feet (sq ft)

Source: Knight Frank Research



MUMBAI OFFICE MARKET ACTIVITY



Source: Knight Frank Research

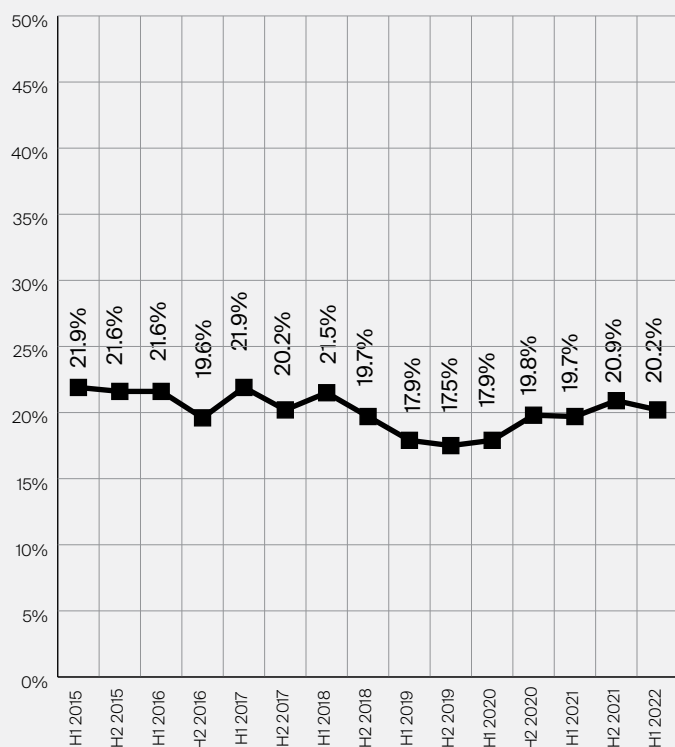
- The Mumbai office market transaction volumes witnessed a robust growth, with 78% of the previous year's annual volumes transacted in the first half of 2022 alone. As the 'return-to-office' trend drove occupier sentiment, H1 2022 recorded strong transaction volumes of 0.28 mn sq m (3.0 mn sq ft) with BFSI continuing to be the dominating sector. However, Other Services sector including healthcare, energy, engineering, logistics etc. have also gained substantial market traction. Locations like Thane and Ghansoli in the Peripheral Business District were the most preferred leasing destinations in H1 2022.
- 2021 recorded annual office completion of 0.46 mn sq m (5.0 mn sq ft). New supply, however, dipped, with only ~ 1/5th of the previous year's volumes added during the first half of 2022. H1 2022 recorded a new supply of 0.09 mn sq m (1.0 mn sq ft) with a Year-on-Year (YoY) drop of 21%. The YoY vacancy increased by 53 basis points to 20.2% in H1 2022. This drop has been seen as market demand has outpaced the supply in H1 2022.

- BFSI continues to be the major sector holding 50% of the total share of transacted area in H1 2022. The BFSI tenants have favored Peripheral Business District (PBD) as a preferred location with 64% transacted area concluded in the PBD micro market, the key tenants being IDFC Bank, Mastercard and HDFC Bank accounting for 39% of the total transacted area. Other Services sector holds a market share of 28% of the total transacted area in H1 2022. The tenants in this sector primarily prefer SBD West micro market, with 40% of the area transacted in Other Services sector in the said micro market. The key tenants are Dhani Health and Bloom Energy
- The share of IT and Manufacturing sector transactions in the leased area in H1 2022 remain low at 4% and 8% respectively.
- The Peripheral Business District (PBD) micro market is a major hotspot in terms of demand with 44% transacted area in H1 2022. It is followed by Secondary Business District (SBD) West that witnessed 22% of share contribution in the

transacted area. Key markets like BKC and off BKC commanded a lower market share and recorded deals amounting to 10% of the total transacted area in H1 2022.

- Catering to the market demand, new supply is primarily focused on PBD and SBD West micro markets, with 31% and 28% of total area added in H1 2022.
- The demand for Central Mumbai remains low, with 11% of the total area transacted in this micro market in H1 2022. The largest share of new supply of 34% area, however, has been added in this quarter with the completion of Lodha One Place adding 0.35 mn sq ft to the market.
- The headline rents have moved up marginally with QoQ growth of 3% and a YoY growth of 1%. With no new supply in BKC & off BKC area in H1 2022, and with limited availability of Grade A office spaces, this is leading to a moderate rise in rent in this micro market which in turn is driving the YoY rental growth for Mumbai Market.

MUMBAI OFFICE MARKET VACANCY

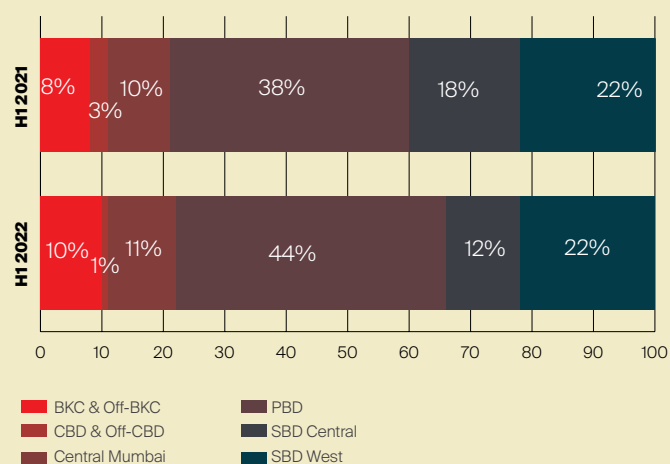


Source: Knight Frank Research

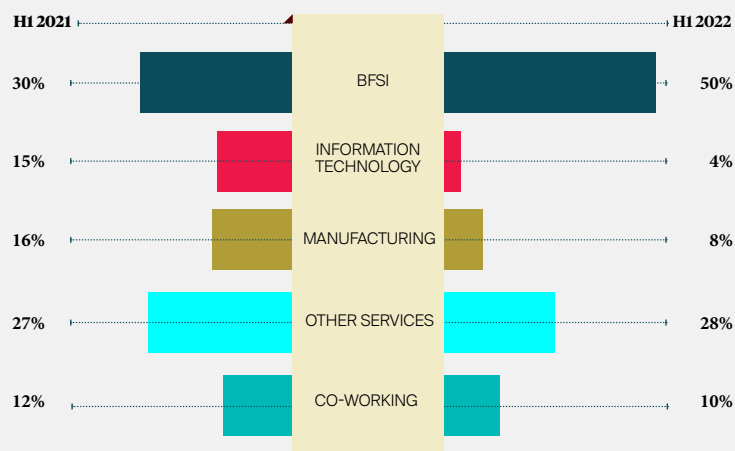
BUSINESS DISTRICT CLASSIFICATION

BUSINESS DISTRICT	MICRO MARKETS
Central Business District (CBD and off CBD)	Nariman Point, Cuffe Parade, Ballard Estate, Fort, Mahalaxmi, Worli
Bandra Kurla Complex & Off- Bandra Kurla Complex (BKC & Off-BKC)	BKC, Bandra (E), Kalina and Kalanagar
Central Mumbai	Parel, Lower Parel, Dadar, Prabhadevi
Secondary Business District (SBD) West	Andheri, Jogeshwari, Goregoan, Malad
Secondary Business District (SBD) Central	Kurla, Ghatkopar, Vikhroli, Kanjurmarg, Powai, Bhandup, Chembur
Peripheral Business District (PBD)	Thane, Airoli, Vashi, Ghansoli, Rabale, Belapur

Source: Knight Frank Research

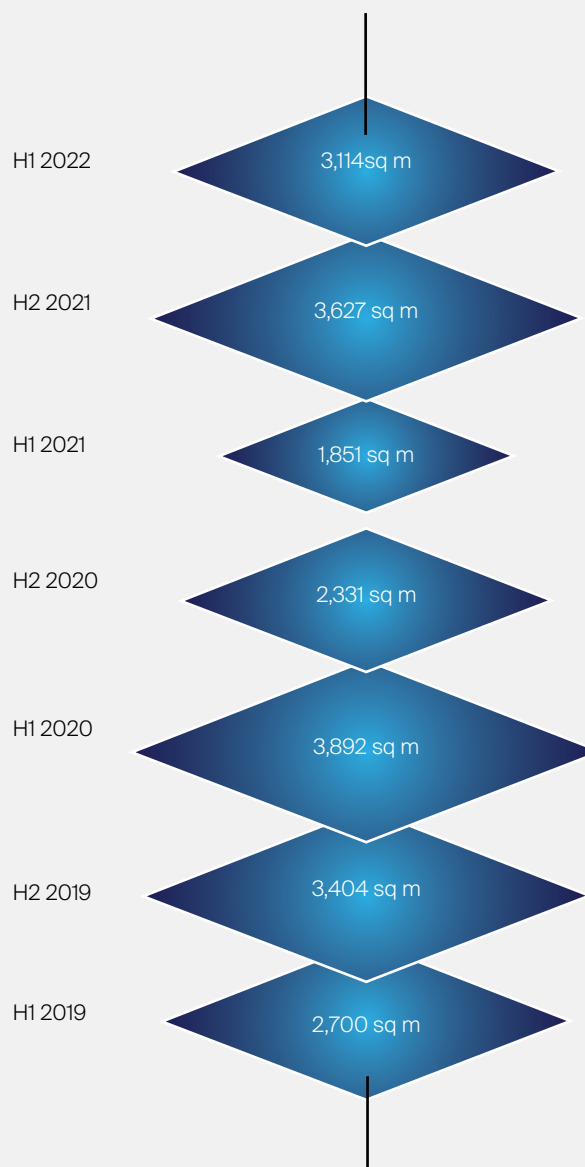
BUSINESS DISTRICT WISE TRANSACTIONS SPLIT IN H1 2021 AND H1 2022


Source: Knight Frank Research

SECTOR-WISE TRANSACTIONS SPLIT IN H1 2021 AND H1 2022


Note: BFSI includes BFSI support services

Source: Knight Frank Research

AVERAGE DEAL SIZE TREND

BUSINESS DISTRICT-WISE RENT MOVEMENT

Business district	Rental value range in H1 2022 in INR/sq m/ month (INR/sq ft/month)	12-month change	6-month change
BKC & Off-BKC	1776 - 3229 (165-300)	3%	7%
CBD & Off-CBD	1453-2422 (135-225)	0%	1%
Central Mumbai	1615-2153 (150-200)	0%	4%
PBD	484-861 (45-80)	0%	1%
SBD Central	807-1615 (75-150)	0%	1%
SBD West	807-1345 (75-125)	0%	1%

Source: Knight Frank Research



NCR

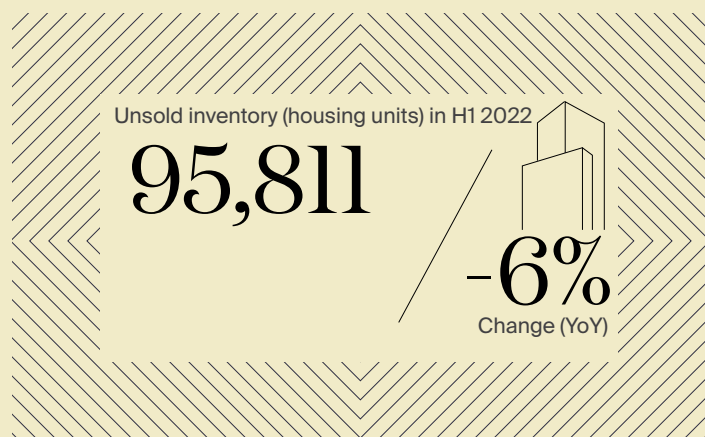
RESIDENTIAL MARKET

NCR MARKET SUMMARY

Parameter	2021	2021 Change (YoY)	H1 2022	H1 2022 Change (YoY)	Q2 2022	Q2 2022 Change (QoQ)
Launches (housing units)	20,585	110%	28,726	876%	15,843	23%
Sales (housing units)	35,073	65%	29,101	154%	14,082	-6%
Average price in INR/sq m (INR/sq ft)	INR 45,241 (INR 4,203)	-1%	INR 47,760 (INR 4,437)	7%	-	-

Note – 1 square metre (sq m) = 10.764 square feet (sq ft)

Source: Knight Frank Research



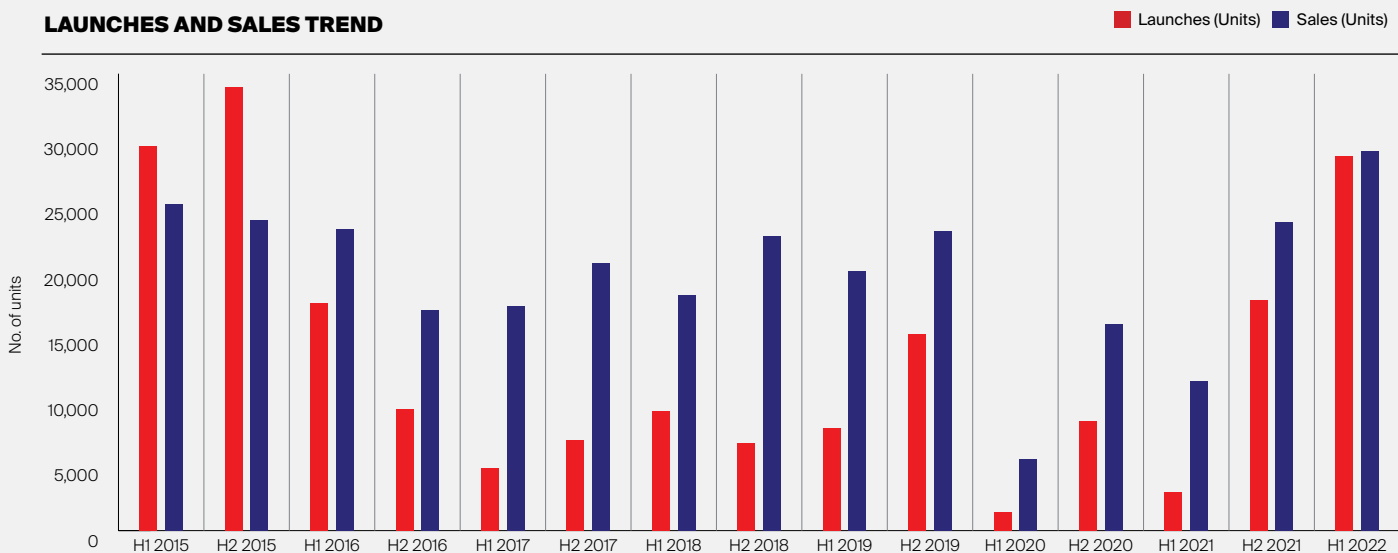
Quarters to sell
(in quarters) H1 2022

9.6

Age of unsold inventory
(in quarters) H1 2022

25.4

LAUNCHES AND SALES TREND



Source: Knight Frank Research

- The year 2022 started on a very positive note for the National Capital Region (NCR)'s residential market with a new upcycle in terms of both new supply and demand in the primary market. In H1 2022, NCR's residential market maintained demand momentum with half-yearly sales of 29,101 units. This is the highest sales clocked in any half yearly period since H2 2013. With the prevalence of low home loan interest rates for the most part of H1 2022, sustained homebuyer interest was maintained in the residential market.
- Notwithstanding the evolving scenario on increased home loan interest rate, new home sales registered in H1 2022 recorded a 154% Year-on-Year (YoY) growth. The high growth was also driven by low sales volume recorded in the H1 2021 period, when sales activity had been adversely impacted due to the Delta variant of COVID-19 pandemic.
- In line with the trend witnessed in H1 2021 and H2 2021, the share of products with ticket sizes < INR 5 mn in the total sales volume continued to diminish in H1 2022. From 36% in H1 2021, the share of this category has shrunk to 25% in H1 2022. The demand shift to ticket sizes upwards of INR 5 mn has been significant, a trend prevalent across locations due to the need for upgrading the family's primary residence. In NCR's overall sales volume, the share of INR 5-10 million segment has climbed from 26% in H1 2021 to 34% in H1 2022.
- The structural shift in homebuyer preferences has been a blessing in disguise for the high-end and premium residential segment in NCR. Demand for bigger and better homes equipped with modern amenities to support long periods of

home isolation has given a fillip to products above INR 10 million in the total sales volume. The share of such products has increased from 38% in H1 2021 to 41% in H1 2022. Heightened buyer interest for such developments will continue to have a prominent impact on the overall sales volume for the remainder of the year.

- With buoyancy in home sales since H2 2020, home sales not only breached pre-pandemic levels but also led to homebuyers lapping up ready inventory. Developers, being cognizant of a strong homebuying appetite, have been augmenting the supply of new residential projects since the past few months. In the first half of 2022, 28,726 new residential units were launched in the NCR region recording a growth of 876% YoY.
- Many developers have increased residential prices in the past few quarters to absorb the rising input costs. In the past six months, the impact of rising input costs for cement and steel have bumped up the residential product pricing in NCR in a very pronounced manner. Due to the current demand momentum, prices have firmed up across many locations. In H1 2022, the average residential pricing in the NCR market stood at a 7% annual upswing compared to the H1 2021 period. With the strong underlying trend in NCR's residential realty, if this demand surge is sustained, developers may continue to revise prices upwards if the cost cycles keep increasing.
- A healthy demand for residential real estate led to a 6% YoY correction in the unsold inventory burden in NCR in H1 2022. At the end of the H1 2022 period, NCR's unsold inventory stood at 95,811 residential

units. However, compared to the half yearly period of H1 2021, when unsold inventory had shrunk by 13% YoY due to the post-pandemic recovery, the rate of decline tapered off as new residential launches played catch-up during this period.

- Due to the decline in unsold inventory, the quarters-to-sell (QTS) also inched down from 14.7 in H2 2021 to 9.6 at the end of H1 2022. QTS is the number of quarters required to exhaust the existing unsold inventory in the market. The existing unsold inventory is divided by the average sales velocity of the preceding eight quarters to arrive at the QTS number for the current quarter. The QTS of NCR reduced significantly in the past one year due to sustenance in demand for residential products in the primary market.
- RBI's tough stance to tame inflation is expected to translate into more repo rate hikes in the second half of the year which can impact the strong homebuying momentum witnessed so far. As home loans may get expensive, higher outflow for equated monthly instalments (EMIs) for homebuyers will dent their homebuying affordability, especially in the affordable and mid-end segments.

Gurugram

- The well-developed commercial and residential micro-markets of Gurugram have always attracted homebuyers from every nook and corner of NCR as well as other Indian states. The availability of quality built-up stock in gated communities from established developers has lent an edge to the Millennium City leading to high sales velocity during

the pandemic. In H1 2021, Gurugram accounted for 32% of NCR's total sales volume which has expanded to 38% in H1 2022. Developing locations such as Sector 102 and 113 along the Dwarka Expressway, Southern Peripheral Road, Sectors 63, 65 and 70A along the Golf Course Extension Road and Sectors 92 and 93 in New Gurugram recorded good enquiries and sales velocity in the primary residential market during the period under review.

- Unlike H1 2021, new launches in Gurugram commanded the highest share of 52% in H1 2022's total launches in NCR. In H1 2021, new launches had a miniscule share in the overall market, as well as in Gurugram (19% share in NCR's total) resulting in a very high base effect when compared to the H1 2022 period. This is largely attributed to mobility restrictions and the aftermath of the second wave of pandemic which played out in H1 2021. In the past one year, a strong demand momentum for high-end, luxury segment products have led to more supply infusion than the in past two years taken together. In H1 2022, new residential launches took place in DLF Phase I, DLF Phase III & IV, Sector 106 and Sector 113 along the Dwarka Expressway and Sector 92 in New Gurugram.
- The expected completion of Dwarka Expressway, also known as the Northern Peripheral Road (NPR) as well as the upcoming plan for Global City envisaged as the new Central Business District (CBD) in Gurugram will act as a catalyst for end-user demand in nearby locations such as Sector 36, 36B and 37 along the Dwarka Expressway.

Noida and Greater Noida

- In the H1 2021 period, Noida's share in NCR's new launches had remained high at 29%. However, in H1 2022, Noida accounted for a 13% share in NCR's new launches. In H1 2022, Sector 43 in Noida witnessed new launches in the primary market. With growing concerns related to land acquisition, expansion in the primary residential market may become difficult for developers in this belt going forward.
- Similarly, the share of new launches in Greater Noida declined from 42% in H1 2021 to 13% in H1 2022. Due to oversupply and delivery concerns, new residential launches remained limited in Greater Noida. In H1 2022, new phases were launched in high rise apartment complexes in Sector 1, Sector 16 B and Tech Zone IV.

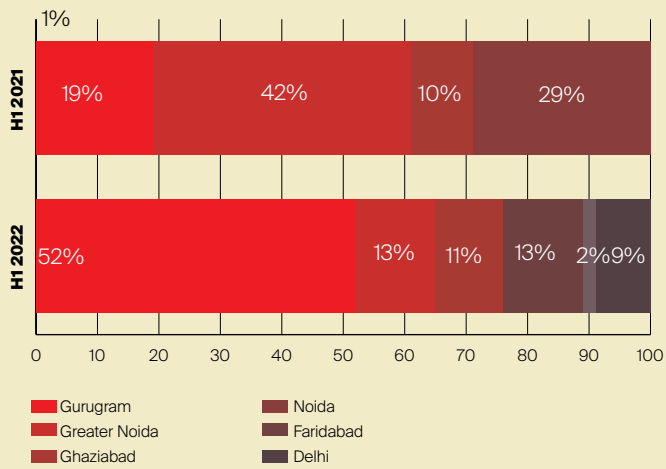
- Sales velocity remained heightened in Noida during H1 2022 compared to the year ago period. From a 15% share in H1 2021, this market's share rose to 20% in H1 2022. Sector 150 and Noida Extension witnessed significant end-user demand for under construction projects. Multiple formats such as gated communities with good amenities, row houses and villas have sustained demand after the pandemic.
- Greater Noida's share in the overall sales declined from 34% in H1 2021 to 23% in H1 2022. Greater Noida has witnessed traction in the past few months for ready to move in homes, but past legacy issues and slow construction progress on stalled projects have created a trust deficit amongst homebuyers creating a hurdle in absorption of existing residential supply despite attractive pricing and discounts.

New Delhi

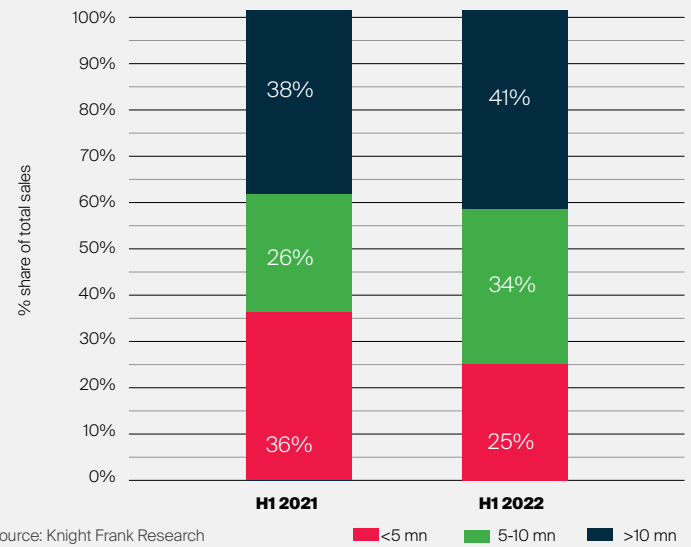
- In H1 2022, new residential launches in Delhi were witnessed in Shivaji Marg, Okhla Phase I and Kapashera in the luxury segment. Resurgence of housing demand during the pandemic has been a major driver behind some established developers taking the plunge to introduce new products in the primary market. In the past one year, Delhi's share in NCR's total sales has inched up from 1% in H1 2021 to 4% in H1 2022.



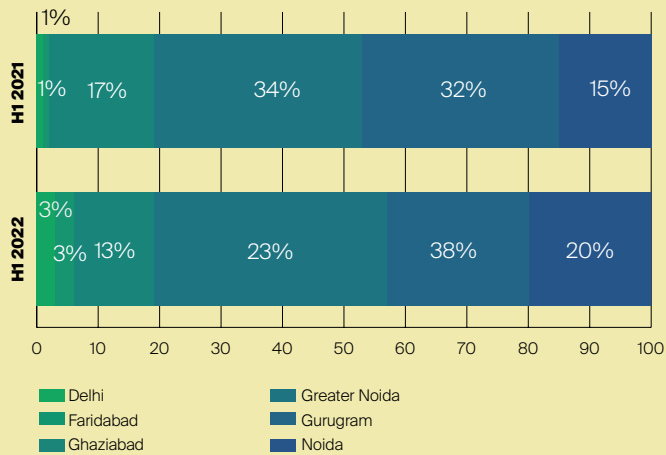
MICRO-MARKET SPLIT OF NEW LAUNCHES IN H1 2021 AND H1 2022



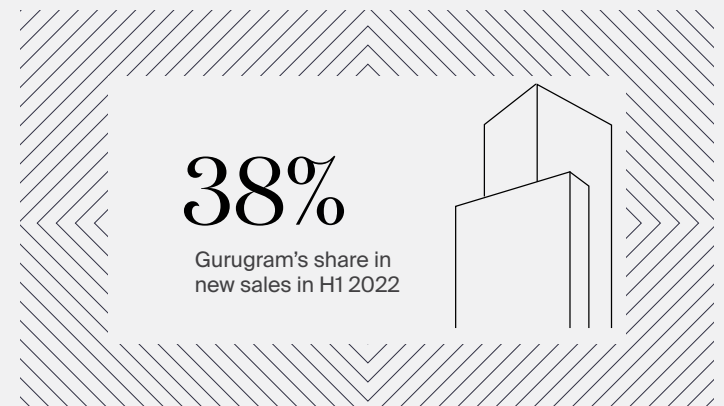
NCR TICKET SIZE SPLIT COMPARISON OF SALES DURING H1 2021 AND H1 2022



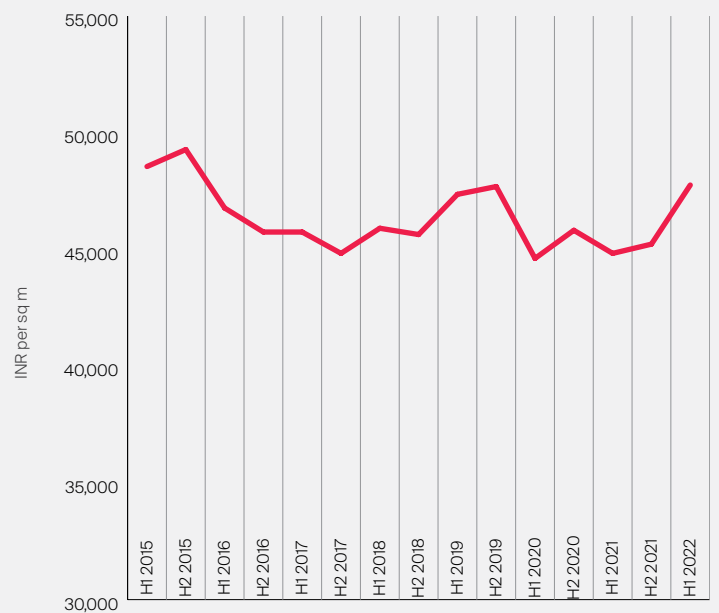
MICRO-MARKET SPLIT OF NEW SALES IN H1 2021 AND H1 2022



Source: Knight Frank Research



AVERAGE RESIDENTIAL PRICE MOVEMENT



Source: Knight Frank Research

RESIDENTIAL PRICE MOVEMENT IN SELECT LOCATIONS

Micro Market	Location	Price range in H1 2022 in INR/sq m (INR/sq ft)	12 month Change	6 month Change
Delhi	Dwarka	69,966-102,258 (6,500-9,500)	5%	7%
	Greater Kailash -II	242,190-389,657(22,500-36,200)	1%	1%
Faridabad	Sector 82	34,445-38,750 (3,200-3,600)	3%	5%
	Sector 88	33,368-36,597 (3,100-3,400)	0%	0%
Ghaziabad	NH-24 Bypass	31,217-31,808 (2,900-2,955)	1%	1%
	Raj Nagar Extension	31,754-35,812 (2,950-3,327)	1%	1%
Greater Noida	Sector 1	34,606-38,750 (3,215-3,600)	0%	1%
	Omicron 1	32,238-33,368 (2,995-3,100)	0%	0%
Gurugram	Sector 77	56,511-68,351 (5,250-6,350)	5%	5%
	Sector 81	58,126-66,737 (5,400-6,200)	5%	5%
Noida	Sector 78	49,514-62,431 (4,600-5,800)	4%	4%
	Sector 143	45,209-52,747 (4,200-4,900)	2%	3%

Source: Knight Frank Research

In H1 2022, NCR's residential market maintained demand momentum with half-yearly sales of 29,101 units. This is the highest sales clocked in any half yearly period since H2 2013.

MICRO-MARKET HEALTH

Micro-market	Unsold Inventory (housing units) (YoY Change)	Quarters-to-sell (QTS)
Delhi	2,869 (96%)	15.3
Faridabad	2,854 (23%)	14.9
Ghaziabad	16,902 (-16%)	11.3
Greater Noida	34,346 (-16%)	11.6
Gurugram	26,003 (23%)	7.6
Noida	12,836 (-21%)	7.3

Source: Knight Frank Research

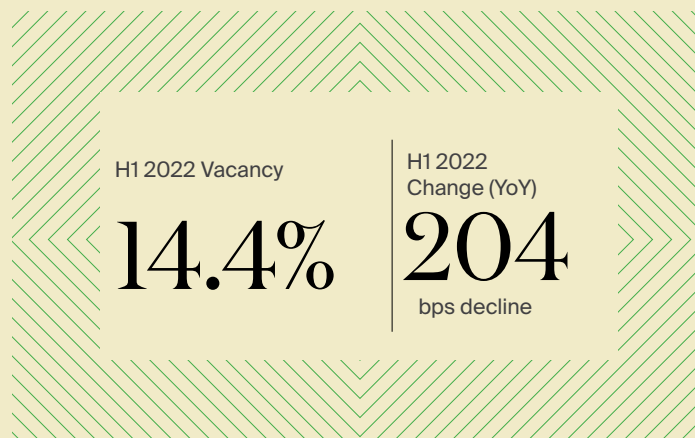
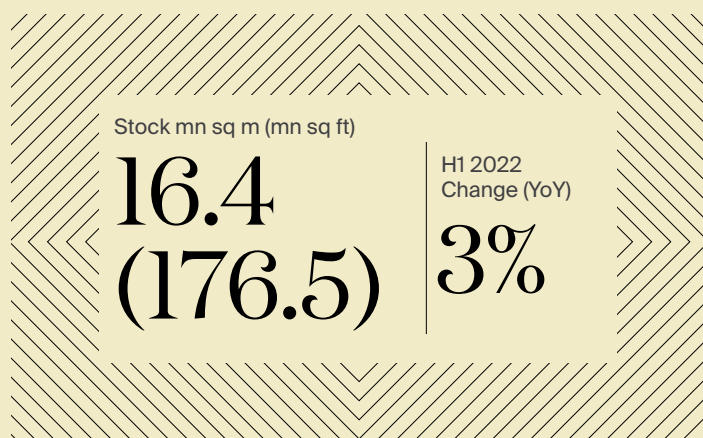


NCR MARKET SUMMARY

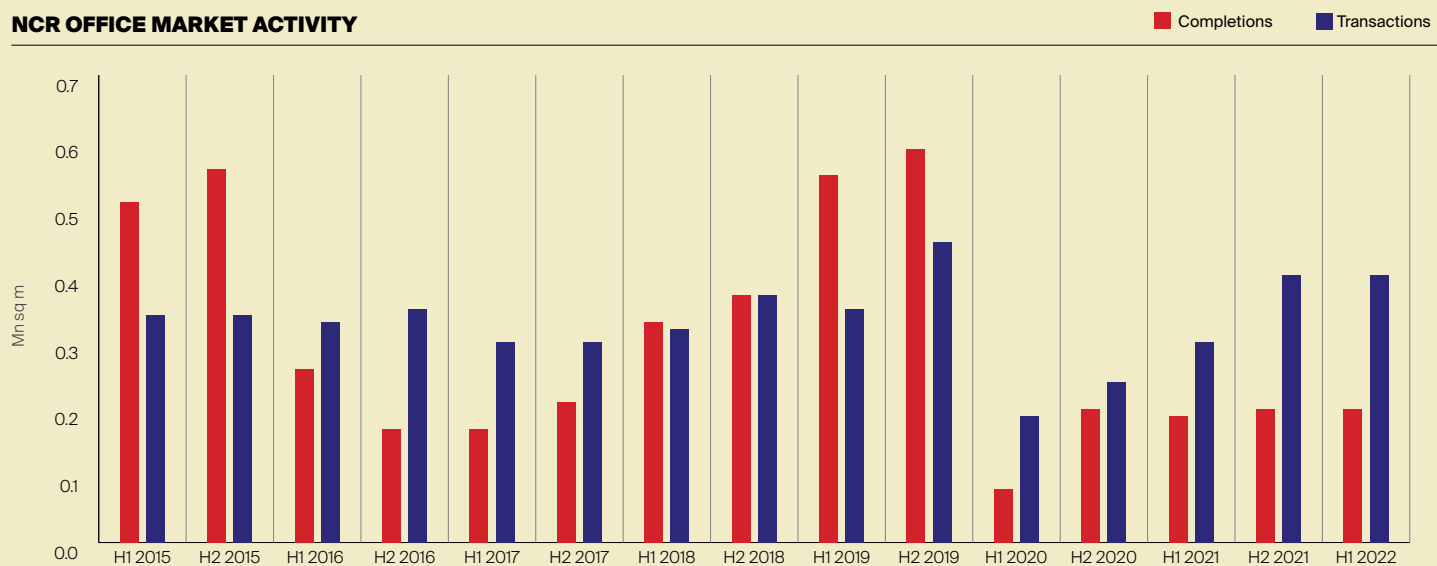
Parameter	2021	2021 Change (YoY)	H1 2022	H1 2022 Change (YoY)	Q2 2022	Q2 2022 Change (QoQ)
Completions in mn sq m (mn sq ft)	0.5 (5.1)	76%	0.2 (2.5)	-17%	0.1 (1.5)	44%
Transactions in mn sq m (mn sq ft)	0.6 (6.4)	38%	0.4 (4.1)	69%	0.6 (1.8)	-21%
Average transacted rent in INR/sq m/month (INR/sq ft/month)	883.7 (82.1)	0%	877.3 (81.5)	1%	-	-

Note - 1 square metre (sq m) = 10.764 square feet (sq ft)

Source: Knight Frank Research



NCR OFFICE MARKET ACTIVITY



Source: Knight Frank Research

- In H1 2022, the National Capital Region (NCR) staged a strong comeback and emerged as the second-best performing office market across the top eight cities in terms of office space leasing. Significant upswing in office leasing velocity was noticed in this period despite the short-lived third wave of the pandemic which had minimal impact on mobility and occupier mindset. In H1 2022, nearly 0.4 mn sq m (4.1 mn sq ft) office space was leased in NCR, clocking a 69% Year-on-Year (YoY) growth, and also the highest YoY percentage change since H1 2019.
- It was in Q1 2022 that NCR surpassed 2019's quarterly average for office leasing and the momentum continued well into Q2 2022 which led to the region posting such strong growth. In terms of markets, Gurugram remained the most preferred with a 71% share in overall office space transactions. This was followed by Noida (25%) and Secondary Business District (SDB) of Delhi (3%). Demand for office spaces in this period was led by expansion by corporate occupiers. As the business environment changed for the better with improvement in vaccination coverage and ease of mobility, occupiers closed deals in making from the past in the wake of better pandemic management protocols in place.
- In H1 2022, office space demand was led by a demand rebound for traditional office formats as well as flexible working spaces. The co-working sector commanded an 18% share in NCR's total leasing in H1 2022 which is substantially higher than the 1% leasing recorded in H1 2021. This is largely because of expansion by co-working operators as occupier preference for flexible office formats rose steadily due to their cost effectiveness, shorter tenures and ease offered to manage team sizes. In H1 2022, co-working operators expanded footprint in DLF Cybercity, MG Road and Golf Course Road in Gurugram. In Noida, Sector 125 garnered the maximum interest from co-working operators.
- While the share of Information Technology (IT) sector moderated from 32% in H1 2021 to 22% in H1 2022 in the overall leasing pie, the area transacted was higher than in the first half of 2021. The share of the Banking, Financial Services and Insurance (BFSI) sector reduced from 11% in H1 2021 to 9% of the total leasing in H1 2022. The manufacturing sector's share also decreased from 16% in H1 2021 to 14% in H1 2022.
- The Other Services sector's share in office leasing reduced from 40% in H1 2021 to 37% in H1 2022. The activity comprised space take-up by companies in segments like e-commerce, real

estate, consulting, learning and education and other diversified businesses.

- In H1 2022, new office space completions of 0.2 mn sq m (2.5 mn sq ft) came on the block in NCR. Compared to H1 2021, this is a 17% YoY degrowth as occupancy certificates were received for a limited number of buildings during the current half yearly period. Of the total new completions, Gurugram (59%) and Noida (37%) together comprised 96% of the total share. This was followed by the Secondary Business District (SBD) of Delhi which accounted for 4% of the share.
- Strong rebound in office space leasing and tightening of new completions had a subduing impact on the NCR's office market vacancy in H1 2022. At the end of the H1 2022 period, NCR's office vacancy reduced by 204 basis points and stood at 14.4%.
- In H1 2022, the average transacted rents in NCR recorded a 1% YoY uptick over H1 2021 period. With several enquiries for Grade A assets and prevalence of pre-pandemic leasing levels, rents have started showing an upward growth curve. With occupiers' proceeding with decision making, rent growth in 2022 can be expected in the second half of the year too.
- As large space requirements have increased, the average area transacted also increased from 2,343 sq m (25,220 sq ft) in H1 2021 to 4,166 sq m (44,842 sq ft) in H1 2022. This is a 78% YoY growth in the average deal size in the past one year and mirrors the trend prevalent before the pandemic arrived in India.

Gurugram

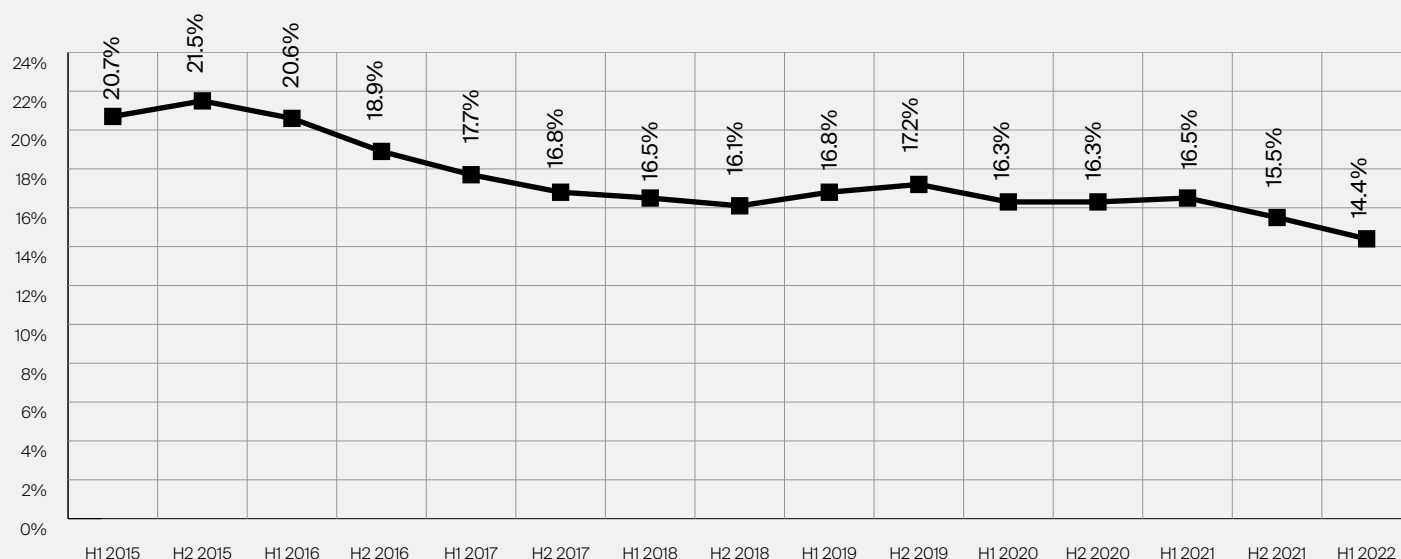
- In H1 2022 period, Gurugram accounted for 0.3 mn sq m (2.9 mn sq ft) of office space leasing which is the highest across the other zones of NCR. Gurugram's share in NCR's overall leasing has increased sequentially in the past one year. From 52% in H1 2021, it increased to 64% in H2 2021 and stands at 71% of the total at the end of H1 2022.
- With a rebound in office space leasing, large corporates continued to prefer Grade A office assets in Gurugram's prominent business districts. DLF Cybercity (26%) Golf Course Extension Road (26%) and Sohna Road (21%) garnered the top three slots in Gurugram's micro-markets. Golf Course Road, Sector 44 and MG Road also attracted office demand from occupiers. Due to the availability of new Grade A assets in Udyog Vihar

Phase 3, demand for office spaces in Udyog Vihar Phase 2 and 4 remained limited during this period.

- H1 2022 can easily be described as the period during which demand for large office spaces (more than 9,290 sq m or 100,000 sq ft) dominated the leasing landscape in NCR. Of all the deals above this size, 67% were witnessed in Gurugram. Tenants from multinational companies in IT, co-working and e-commerce expanded footprint in prominent locations such as National Highway-8, Golf Course Extension Road and Sohna Road.
- In H1 2022, office leasing in Gurugram recorded a 133% YoY growth over H1 2021. This increase is despite the second and third waves of pandemic disturbing the business climate. The demand resurgence has led to a minor uptick in average rents for office spaces in Gurugram. In Gurugram Zone A and Gurugram Zone B, average rents have inched up by 2% and 1% respectively on a YoY basis. Developers are banking on active decision making and closure of deals in pipeline for the second half of 2022 to improve occupancy levels for their assets so they can command higher rentals going forward.
- In H1 2022, Gurugram comprised 0.4 mn sq m (1.5 mn sq ft) of new completions which is 59% of NCR's total. Sector 16, Sector 59 and Golf Course Extension Road noted new supply infusion during this period from prominent developers.

NOIDA

- Noida accounted for 25% of NCR's total office space leasing in H1 2022. At 0.1 mn sq m (1.0 mn sq ft), Noida's share in NCR's leasing has increased by 15% YoY. With quality office space infrastructure available, enquiries in Noida's prime commercial hubs have been increasing steadily. Sector 62, Sector 125 and Sector 60 together comprised 55% of Noida's leasing total in H1 2022.
- New office completions in Noida remained limited in the past one year. From a 48% share in H1 2021, Noida's share in NCR's office completions has declined to 37% in H1 2022. Sector 62, Sector 127 and Sector 142 witnessed new supply infusion during this half yearly period as numerous office buildings received occupancy certificates during this period.
- Due to improved leasing momentum, average rents for office spaces in Noida climbed by 2% on a YoY basis in H1 2022.

NCR OFFICE MARKET VACANCY

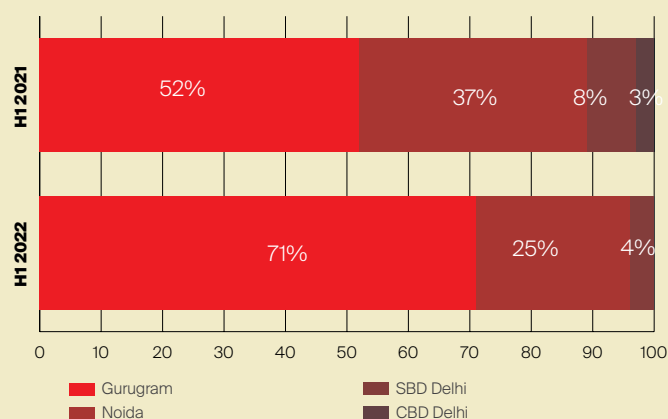
Source: Knight Frank Research

In H1 2022, the National Capital Region (NCR) staged a strong comeback and emerged as the second-best performing office market across the top eight cities in terms of office space leasing.

BUSINESS DISTRICT	MICRO MARKETS
CBD Delhi	Connaught Place, Barakhamba Road, Kasturba Gandhi Marg and Minto Road
SBD Delhi	Nehru Place, Saket, Jasola, Bhikaji Cama Place, Mohan Cooperative, Okhla and Aerocity
Gurugram Zone A	M G Road, NH-8, Golf Course Road and Golf Course Extension Road
Gurugram Zone B	DLF CyberCity, Sohna Road, Udyog Vihar and Gwal Pahari
Gurugram Zone C	Manesar
Noida	Sectors 16, 18, 62, 63 and the Noida-Greater Noida Expressway
Faridabad	Sector Alpha, Beta, Gamma and Tech Zone

Source: Knight Frank Research

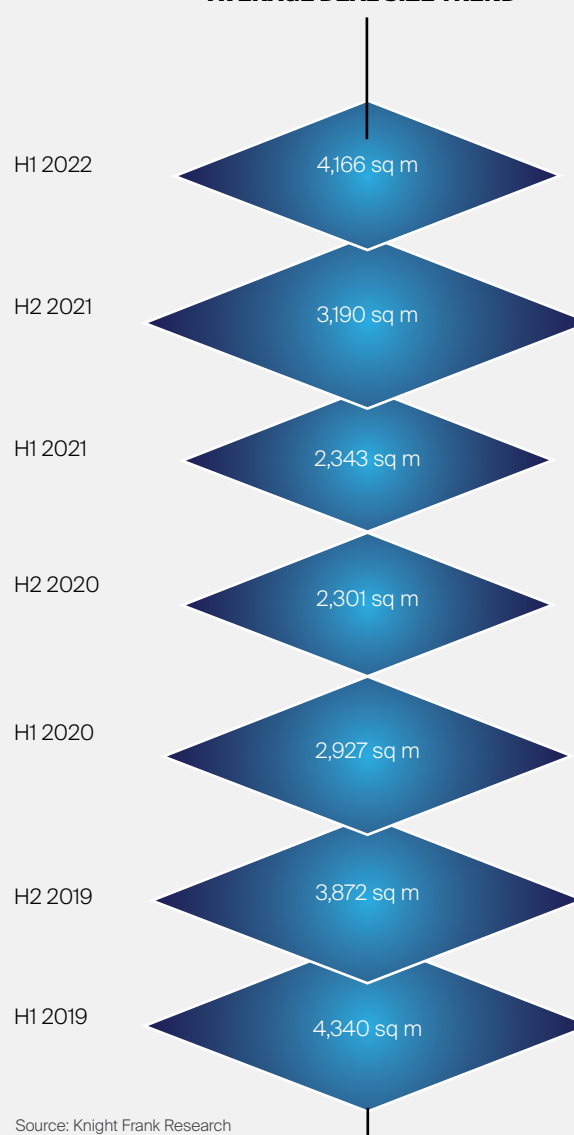
BUSINESS DISTRICT WISE TRANSACTIONS SPLIT IN H1 2021 AND H1 2022



SECTOR-WISE TRANSACTIONS SPLIT IN H1 2021 AND H1 2022



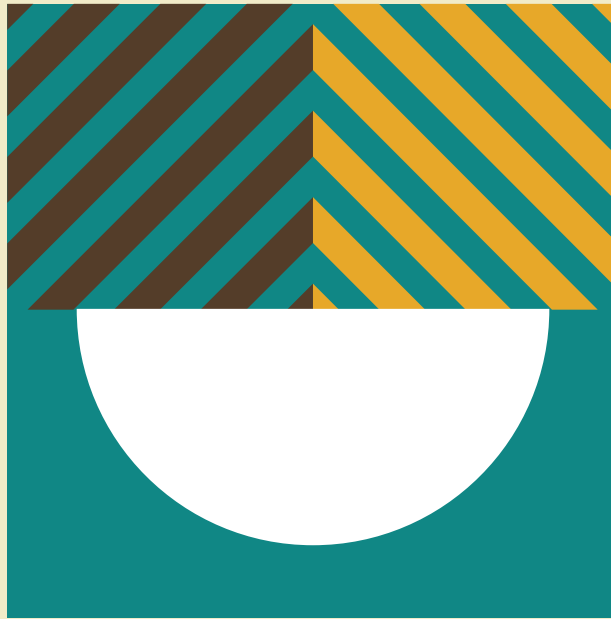
AVERAGE DEAL SIZE TREND



BUSINESS DISTRICT-WISE RENTAL MOVEMENT

Business district	Rental value range in H1 2022 in INR/sq m/month (INR/sq ft/month)	12-month change	6-month change
CBD Delhi	2,347-3,767 (218-350)	0%	0%
SBD Delhi	915-2,153 (85-200)	0%	0%
Gurugram Zone A	1,184-1,722 (110-160)	2%	2%
Gurugram Zone B	915-1,453 (85-135)	1%	1%
Gurugram Zone C	269-377 (25-35)	0%	0%
Noida	538-861 (50-80)	2%	2%
Faridabad	484-592 (45-55)	0%	0%

Source: Knight Frank Research



Pune

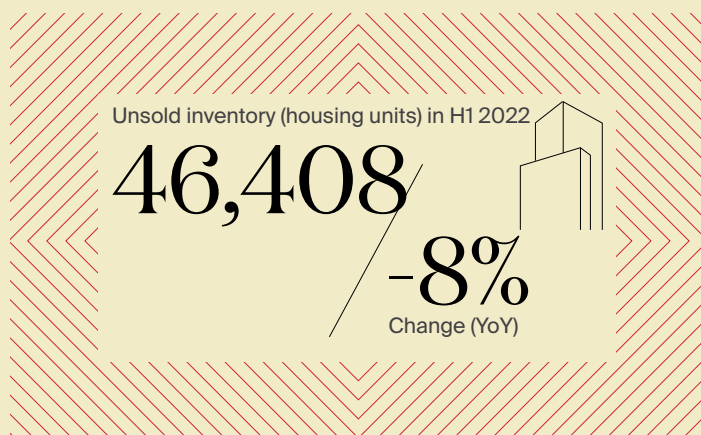
RESIDENTIAL MARKET

PUNE MARKET SUMMARY

Parameter	2021	2021 Change (YoY)	H1 2022	H1 2022 Change (YoY)	Q2 2022	Q2 2022 Change (QoQ)
Launches (housing units)	40,489	16%	17,393	-15%	8,173	-11%
Sales (housing units)	37,218	38%	21,797	25%	11,492	12%
Average price in INR/sq m (INR/sq ft)	INR 43,056 (INR 4,000)	-0.4%	INR 45,661 (INR 4,242)	6%	-	-

Note – 1 square metre (sq m) = 10.764 square feet (sq ft)

Source: Knight Frank Research



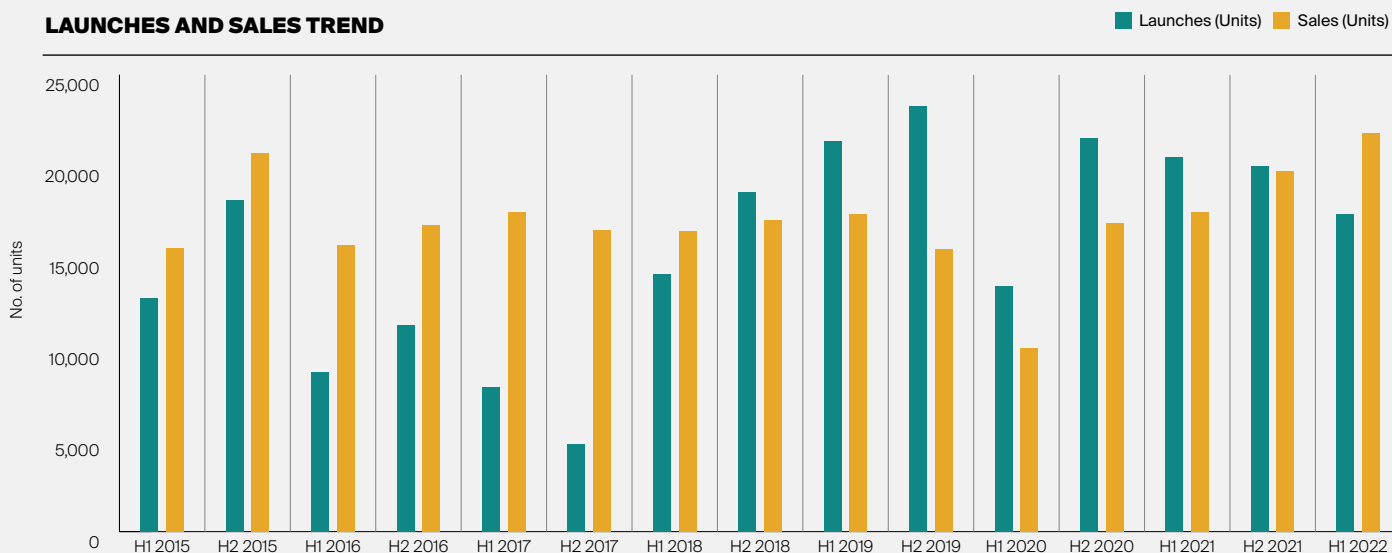
Quarters to sell
(in quarters) H1 2022

4.9

Age of unsold inventory
(in quarters) H1 2022

12.9

LAUNCHES AND SALES TREND



Source: Knight Frank Research

- The Pune residential market has seen a robust performance in H1 2022 with sales growing steadily by 25% Year-on-Year (YoY), recording 21,797 units sold in H1 2022. This was the highest half yearly sales witnessed since 2012. Despite implementation of the metro cess effectively raising the stamp duty by 1 percentage point, and the hike in Ready Reckoner rates (RR rates) by 6.12% in Pune city under PMC, and 12.36% in Pimpri Chinchwad under PCMC effective 1st April 2022, consumer sentiment remains unaffected as the sales momentum shows strong growth. Almost 60% of 2021 annual sales has already been recorded in H1 2022.
- However, against the backdrop of heightened uncertainty around Omicron in Q1 2022 and the rising input costs in Q2 2022, developers are being cautious while introducing new supply in the market and focusing on their existing inventory. This is evident from the launches in H1 2022 that have

witnessed a minor dip of 15% YoY recording 17,393 units launched in H1 2022.

- Demand for housing continues to be concentrated in South and East micro markets of Pune, with 34% of sales in H1 2022 recorded in the South and 27% recorded in the East micro market. These micro markets continue to enjoy a higher demand as a large section of Pune's homebuyers comprise the Information Technology (IT) workforce looking for housing near the employment hubs. After East, the West micro market holds a market share of 22% while Central and North micro market collectively hold a share of 17% commanding the lowest demand.
- The affordable category of < 5 million (mn) constituted the bulk of sales, accounting for 50% of the demand in H1 2022. The share of this category fell marginally since H1 2021 from 51% to 50%. However, its share has been falling since H1 2018

when this category held a massive share of 67%.

The mid segment share of 5-10 mn has recorded a sequential rise since H1 2018, from 28% share in H1 2018 to 41% in H1 2022. The category of over 10 mn also saw increased traction amounting to 9% share take up in H1 2022.

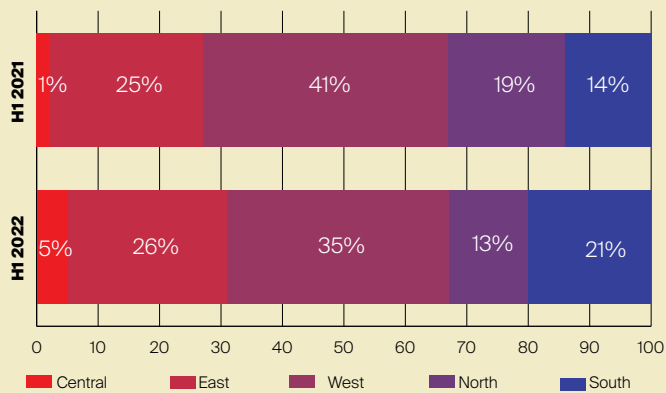
- Improved household incomes along with greater willingness on the part of homebuyers to purchase, has given developers facing increased input costs the comfort to raise property prices. As a result, the average price level for the city has increased 6% YoY.
- With sales outpacing new launches, the unsold inventory has seen a dip of 8% with quarters-to-sell (QTS) of 4.9 quarters, while supply remains limited in South Pune where the QTS for the current inventory is 1.2 quarters.

MICRO-MARKET CLASSIFICATION

Micro market	Locations
Central	Koregaon Park, Boat Club Road, Erandwane, Deccan, Kothrud, Model Colony
East	Viman Nagar, Kharadi, Wagholi, Hadapsar, Dhanori
West	Aundh, Baner, Wakad, Hinjewadi, Bavdhan, Pashan
North	Pimpri, Chinchwad, Moshi, Chikhali, Chakan, Talegaon
South	Kondhwa, Ambegaon, Undri, Dhayari, Warje, Sinhgad Road

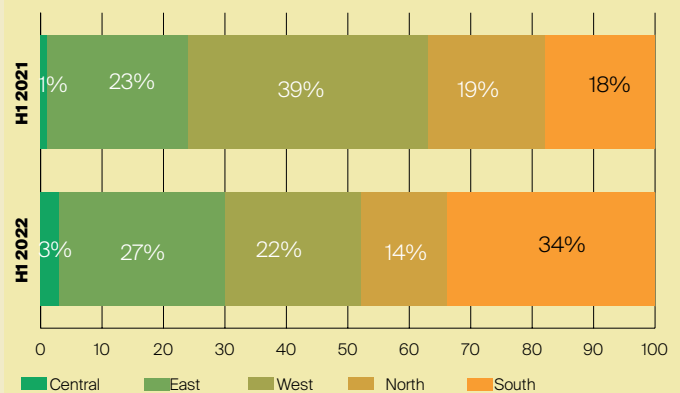
Source: Knight Frank Research

MICRO-MARKET SPLIT OF NEW LAUNCHES IN H1 2021 AND H1 2022



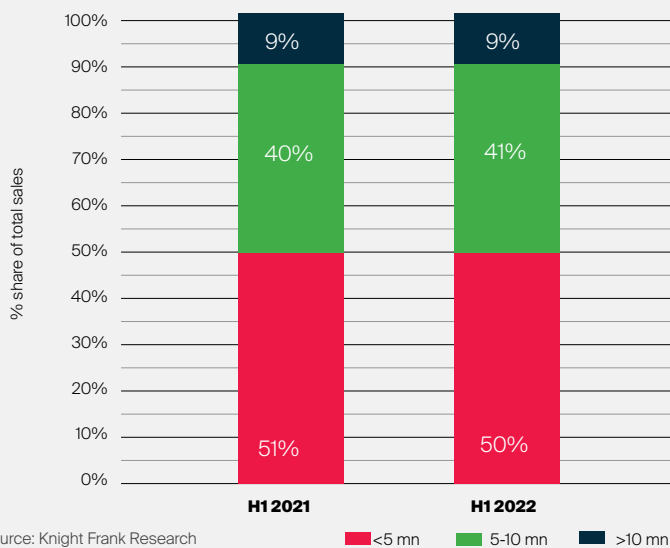
Source: Knight Frank Research

MICRO-MARKET SPLIT OF NEW SALES IN H1 2021 AND H1 2022



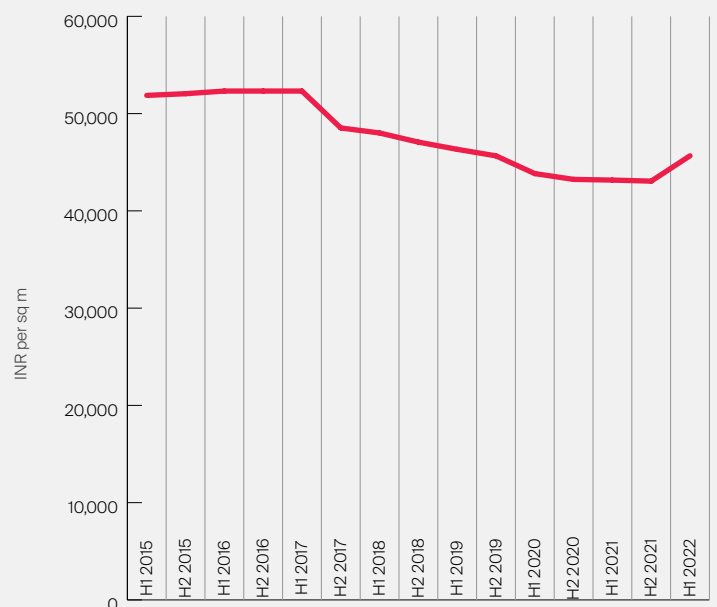
Pune residential market has seen a robust performance in H1 2022, overcoming several hurdles including metro cess, RR rate hike and rising input costs the consumer sentiment shows great resilience.

PUNE TICKET SIZE SPLIT COMPARISON OF SALES DURING H1 2021 AND H1 2022



Source: Knight Frank Research

AVERAGE RESIDENTIAL PRICE MOVEMENT



Source: Knight Frank Research

RESIDENTIAL PRICE MOVEMENT IN SELECT LOCATIONS

Micro Market	Location	Price range in H2 2021 in INR/sq m (INR/sq ft)	12 month Change	6 month Change
Central	Koregaon Park	1,39,932-1,82,988(13,000 - 17,000)	1%	0%
	Kothrud	80,730-1,50,696(7,500 - 14,000)	-12%	-9%
	Erandwane	1,45,314-1,93,752(13,500 - 18,000)	9%	6%
	Boat Club Road	1,56,078-2,69,100(14,500 - 25,000)	15%	10%
East	Kharadi	57,049-86,112(5,300 - 8,000)	0%	1%
	Wagholi	37,674-59,202(3,500 - 5,500)	1%	3%
	Dhanori	51,667-73,195(4,800- 6,800)	11%	3%
	Hadapsar	60,278-86,112(5,600 - 8,000)	9%	-1%
West	Aundh	83,959-1,39,932(7,800 - 13,000)	-1%	0%
	Baner	71,042-1,18,404(6,600 - 11,000)	7%	3%
	Hinjewadi	51,667-86,112(4,800 - 8,000)	4%	6%
	Wakad	58,125-92,570(5,400 - 8,600)	6%	1%
North	Moshi	39,827-64,584(3,700 - 6,000)	6%	3%
	Chikhali	37,674-55,973(3,500 - 5,200)	7%	1%
	Chakan	32,292-40,903(3,000 - 3,800)	0%	2%
South	Ambegaon	47,362-73,195(4,400 - 6,800)	6%	6%
	Undri	4,1980-53,820(3,900 - 5,000)	-10%	-2%
	Kondhwa	49,514-61,355(4,600 - 5,700)	-2%	-3%

Source: Knight Frank Research

MICRO-MARKET HEALTH

Micro-market	Unsold Inventory (housing units) (YoY Change)	Quarters-to-sell (QTS)
Central	2,637(90%)	13.3
East	13,514 (-6%)	5.6
West	18,232 (5%)	6.6
North	8,808 (-15%)	5.9
South	3,216 (-55%)	1.2
Pune City	46,408(-8%)	4.9

Source: Knight Frank Research

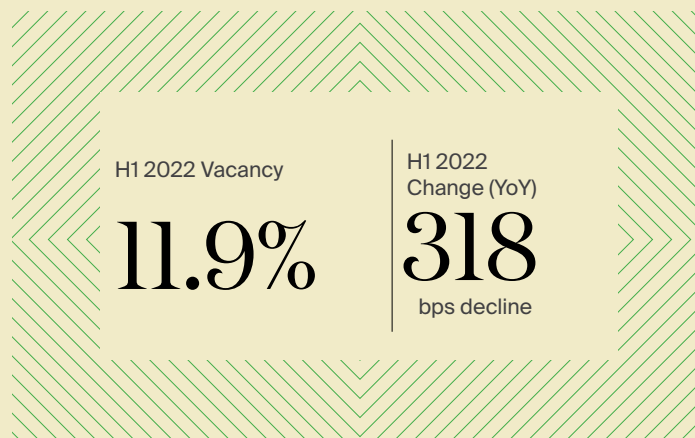
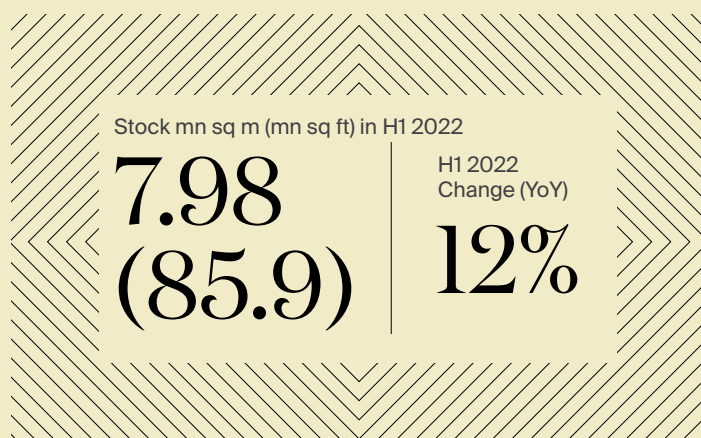


PUNE MARKET SUMMARY

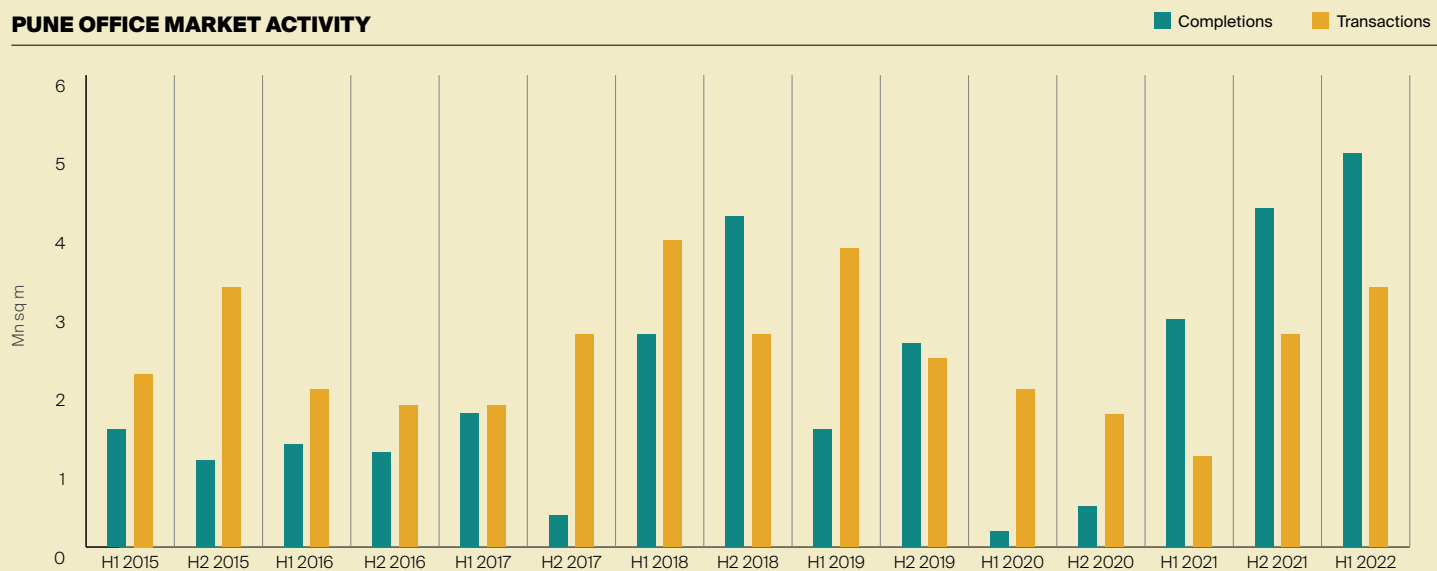
Parameter	2021	2021 Change (YoY)	H1 2022	H1 2022 Change (YoY)	Q2 2022	Q2 2022 Change (QoQ)
Completions in mn sq m (mn sq ft)	0.67 (7.2)	921%	0.46 (5.0)	73%	0.13 (1.4)	-61%
Transactions in mn sq m (mn sq ft)	0.36 (3.8)	3%	0.31 (3.3)	187%	0.23 (2.4)	185%
Average transacted rent in INR/sq m/month (INR/sq ft/month)	721 (67.0)	-4%	764 (71.0)	8%	-	-

Note - 1 square metre (sq m) = 10.764 square feet (sq ft)

Source: Knight Frank Research



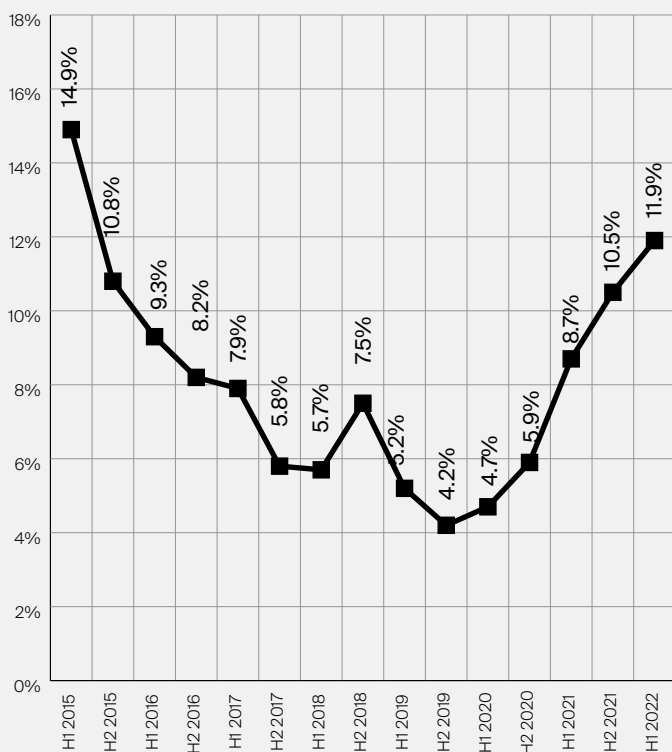
PUNE OFFICE MARKET ACTIVITY



Source: Knight Frank Research

- The Pune office market has seen strong revival in transaction volumes. H1 2022 recorded a Year-on-Year (YoY) growth of 187% with 0.31 mn sq m (3.3 mn sq ft) of area transacted, the highest since H1 2019. Pune office market occupied the third largest market share in terms of transaction volumes in H1 2022 after Bengaluru and NCR, surpassing Hyderabad for the first time since H2 2018.
- As much as 86% of the area recorded in all of 2021 has already been transacted in H1 2022, indicative of a healthy demand and a strong recovery matching the pre-Covid period demand. Though demand suffered in Q1 2022 due to Omicron fear, it bounced back in Q2 2022.
- To cater to this rising demand, office supply gathered pace with 0.5 mn sq m (5.0 mn sqft) of new supply added in H1 2022, recording a YoY rise of 73%. Due to the infusion of this new supply, vacancy levels have risen by 318 basis points YoY amounting to 11.9%.
- The Peripheral Business District (PBD) East micro market has seen the largest share take-up of 45% of the total transactions in H1 2022, with Kharadi as the preferred location for occupiers in this micro market. The largest deal inked in H1 2022 was by Amazon amounting to 18% of the total demand transacted in the Kharadi market. Secondary Business District (SBD) West following PBD East, saw a share take up of 19% with Baner as the preferred location in this micro market. Other micro markets witnessed a lower share take-up with CBD & Off CBD and SBD East having 14% and 13% share respectively. The new supply added is primarily in the SBD West micro market.
- The demand in H1 2022 was dominated by Other Services having a share of 55% of the total transactions which include ecommerce, consultancy, media, and engineering amongst others. The Other Services sector in H1 2022 majorly concentrated on the PBD East and SBD West micro markets. Co-working deals also continued to hold a large market share in Pune with 31% of transactions in this sector.
- The average transacted rent escalated by 8% YoY in H1 2022. The rental moments were primarily driven by PBD East and SBD West micro market, where the demand in H1 2022 was concentrated.

PUNE OFFICE MARKET VACANCY

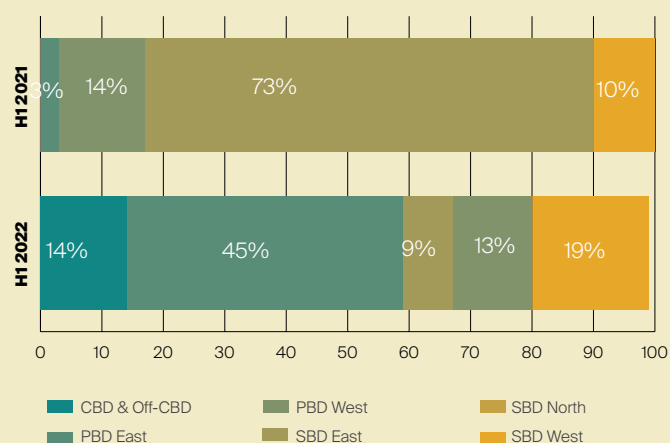


BUSINESS DISTRICT CLASSIFICATION

BUSINESS DISTRICT	MICRO MARKETS
Central Business District (CBD and off-CBD)	Bund Garden Road, S B Road, Camp, Deccan, University Road, Shankar Sheth Road
Secondary Business District (SBD) East	Kalyani Nagar, Yerwada, Nagar Road, Hadapsar
Peripheral Business District (PBD) East	Kharadi, Phursungi
Secondary Business District (SBD) West	Wakdevadi, Aundh, Baner, Kothrud, Balewadi
Peripheral Business District (PBD) West	Hinjewadi, Bavdhan, Wakad

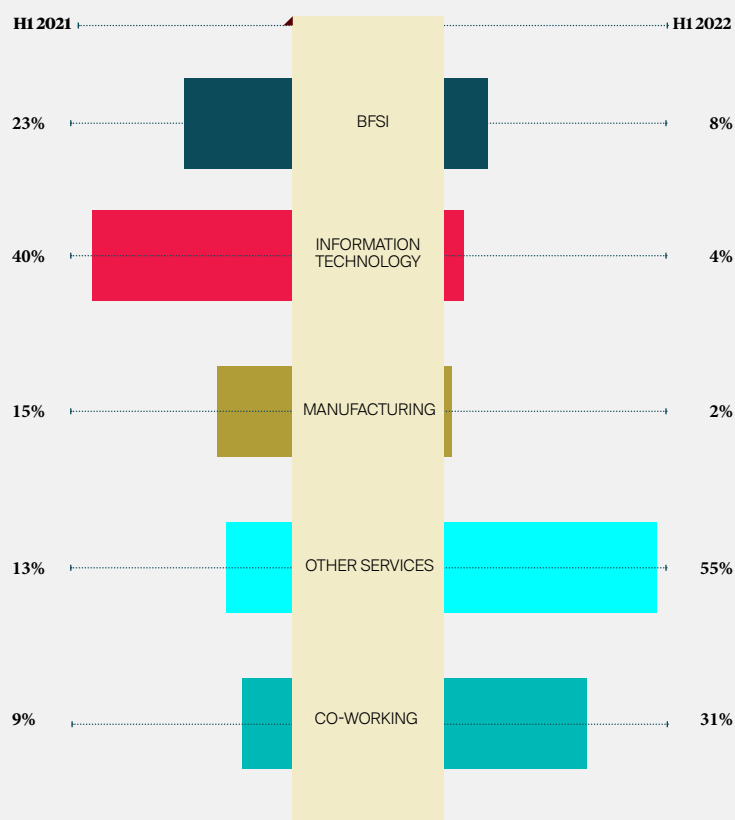
Source: Knight Frank Research

BUSINESS DISTRICT WISE TRANSACTIONS SPLIT IN H1 2021 AND H1 2022



Source: Knight Frank Research

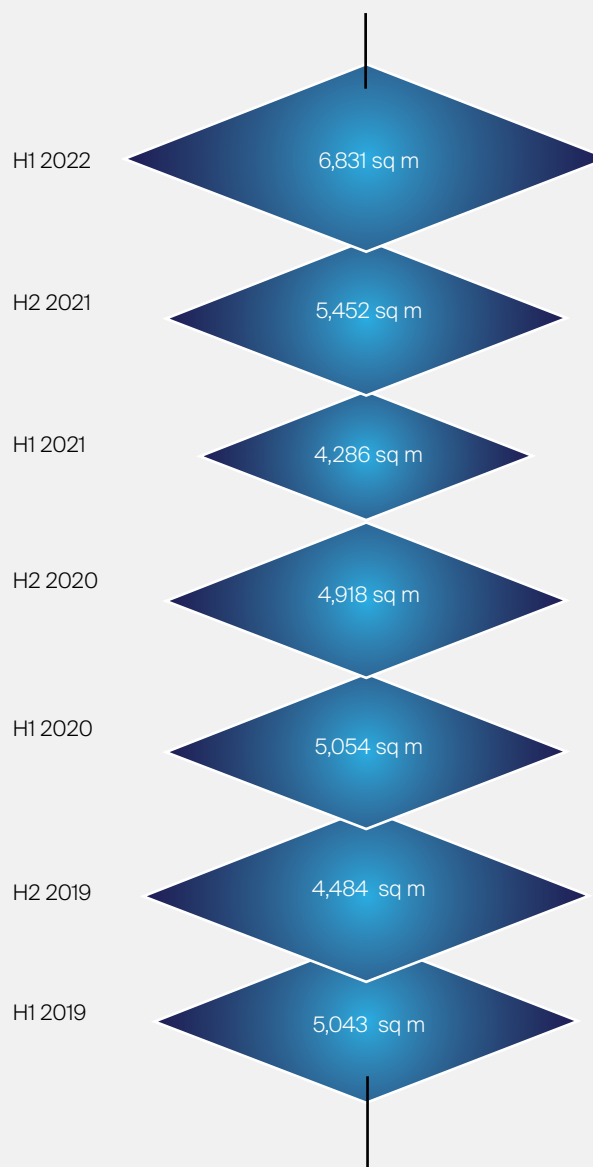
SECTOR-WISE TRANSACTIONS SPLIT IN H1 2021 AND H1 2022



Note: BFSI includes BFSI support services

Source: Knight Frank Research

AVERAGE DEAL SIZE TREND



BUSINESS DISTRICT-WISE RENT MOVEMENT

Business district	Rental value range in H1 2022 in INR/sq m/month (INR/sq ft/month)	12-month change	6-month change
CBD & Off-CBD	807- 1399 (75-130)	3%	1%
SBD East	646- 1238 (60-115)	3%	1%
SBD West	646- 1023 (60-95)	10%	7%
PBD East	646- 1066 (60-99)	15%	14%
PBD West	484- 807 (45-75)	7%	5%

Source: Knight Frank Research

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