



DECEMBER 2011 OFFICE TRACTION @ GLANCE

Knight Frank

NCR

The real estate market in India is witnessing a temporary slow down due to the global economic and financial situation. India's economic growth rate estimate for the current financial year slid to 7.7% in Q311, the lowest in the last two years. This has also led to a correction in the projected growth rate for the entire year. High inflation and increase in interest rates have hampered growth. FDI into the Indian real estate sector has been at an all time low in the past three years. Manufacturing sector growth slowed to 2.7% compared to 7.8% in the same quarter last year. Growth in the construction sector improved to 4.3% compared to 1.25 in the previous quarter. However it is still lower than the growth rate of 6.7% in the same quarter last year.

Market Overview

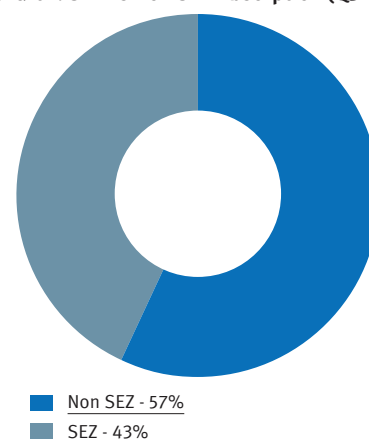
The National Capital Region (NCR) has been one of the prime office markets of the country. Traditionally, micro-markets like Connaught Place, Bhikaji Cama Place and Nehru Place have dominated the NCR market in terms of office space absorption. A growing demand for office space by the

IT/ITeS sector and lack of fresh supply in traditional office locations, have led to the emergence of peripheral micro-markets like Gurgaon, Manesar, Noida, Greater Noida and new office locations within Delhi such as Jasola and Saket in South Delhi.

The NCR has an office stock of over 79 mn.sq.ft.as of Q311. Approximately 57 mn.sq.ft.of office space supply has been planned and will be operational by 2015. Vacancy levels range between 20-25% across various micro-markets in the NCR. Demand has been strong this year and the NCR has witnessed a healthy absorption of 4.68mn.sq.ft. of office space till Q3 11. Rentals across all micro-markets have either stabilized or gone up compared to last year.

However the NCR office market also witnessed the impact of the current global economic conditions. About 1.31mn.sq.ft. was absorbed during Q3 11, which is nearly 26% less than Q2 11, however there has been growth in demand for office space by nearly 18% compared to Q3 10. This can be attributed to the poor performance of the Manufacturing and Banking sectors and low market sentiments, many companies are deferring their expansion plans in the

Chart 1: SEZ vs Non SEZ Absorption (Q3 11)



Source: Knight Frank Research

NCR market. SEZs accounted for 43% of overall leasing while the balance was spread between IT parks and non IT buildings.

A total of 65 transactions were recorded during Q3 11 as against 60 transactions noted in Q2 11. Average lease rentals in Q3 11 stood at INR 70/sq.ft./month which is nearly 17% higher than Q2 11. This is largely on account of two reasons:

1. The average transacted space was low. The average size of transactions has decreased from 28,000 sq.ft.to 20,000 sq.ft.between Q2 11 and Q3 11.

Table 1: Comparison of Lease Transactions

Lease Transactions	Q3 2010	Q2 2011	Q3 2011
Total Area Transacted (Mn. Sq.ft.)	1.01	1.72	1.31
Nos.	43	60	65
Average rate (Rs./Sq.ft./Month)	58	58	70

Source: Knight Frank Research

THE NCR HAS AN OFFICE STOCK OF OVER 79 MN.SQ.FT. AS OF Q311. APPROXIMATELY 57 MN.SQ.FT. OF OFFICE SPACE SUPPLY HAS BEEN PLANNED AND WILL BE OPERATIONAL BY 2015.

ABOUT 1.31MN.SQ.FT. WAS ABSORBED DURING Q3 11, WHICH IS NEARLY 26% LESS THAN Q2 11, HOWEVER THERE HAS BEEN GROWTH IN DEMAND FOR OFFICE SPACE BY NEARLY 18% COMPARED TO Q3 10.

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2. The transactions in the IT/ITeS space have come down compared to Q2 11. A number of small size ticket transactions took place in non IT buildings that command higher rentals.

Sectoral Analysis

Table 2: Distribution of office space across broad industry sectors

Broad Industry Classification	Q3'10	Q2'11	Q3'11
BFSI	13%	1%	1%
Consulting	0%	6%	2%
IT/ITeS	10%	51%	49%
Manufacturing	15%	8%	15%
Other Service Sector	10%	32%	25%
Others	1%	2%	8%

Source: Knight Frank Research

Traditionally, the IT/ITeS and BFSI industry has taken up the bulk of space in the NCR commercial office market. As per Knight Frank Research 49% of the absorption was contributed by the IT/ITeS industry which accounted for 0.64mn.sq.ft. of office space. BFSI market share has come down steeply in Q2 and Q3 11 compared to last year. The market share of the other service sectors has risen considerably compared to Q3 10 where other service industries contributed to only 10% of the total absorption. BGR Energy, Make My trip, Shoppers Stop, LG, Bennet Coleman & Co. Ltd. and Bharti Walmart together constituted 50% of the other service sector share.

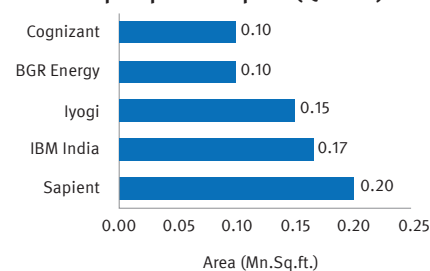
AS PER KNIGHT FRANK RESEARCH 49% OF THE ABSORPTION WAS CONTRIBUTED BY THE IT/ITES INDUSTRY WHICH ACCOUNTED FOR 0.64 MN.SQ.FT. OF OFFICE SPACE.

Market share of the manufacturing sector increased in Q3 11 compared to Q2 11 and contributed to 15% of the overall absorption in Q3 11. Yamaha and Schneider were the top space occupiers in this sector.

MARKET SHARE OF THE MANUFACTURING SECTOR INCREASED IN Q3 11 COMPARED TO Q2 11 AND CONTRIBUTED TO 15% OF THE OVERALL ABSORPTION IN Q3 11.

Over all Sapient, IBM, I Yogi, BGR Energy, Cognizant were the top space occupiers in Q3 11 and accounted for approximately 40% of the office space absorption. While Sapient, IBM and I Yogi took up space in IT SEZ buildings, BGR signed a deal in a non IT building in Noida.

Chart 2 Top 5 Space occupiers (Q3 2011)



Source: Knight Frank Research

Geographic Analysis

Peripheral business districts of Noida and Gurgaon still continue to be the preferred locations for companies. Both Noida and

Gurgaon have seen ample office supply in the last few years. Office buildings in these locations not only offer large and contiguous floor plates, but also have a wide range of amenities within the premises. In Q3 11, about 94% of the total office space transacted in the NCR was taken up in Gurgaon and Noida.

IN Q3 11, ABOUT 94% OF THE TOTAL OFFICE SPACE TRANSACTED IN THE NCR WAS TAKEN UP IN GURGAON AND NOIDA.

Gurgaon witnessed fresh office space leasing of approximately 0.70mn. sq.ft. in Q3 11, amounting to 53% of the overall absorption in the NCR. This has remained consistent when compared to Q3 10, where Gurgaon contributed to 54% of the overall absorption. Most of the transactions were seen in micro-markets of NH8, UdyogVihar and Sohna Road. DLF Silokhera, DLF Cyber City and Unitech Infospace were some of the prominent buildings where transactions took place. Peripheral Business District of Noida came out as the second most favourable location in Q3 11 contributing about 41% to overall office take-ups.

Table 3: Select Transactions in the NCR Office Market- Q3 2011

Location	Building	Company	Area(sq.ft.)
Sec-144,Noida	Oxygen SEZ, Tower C	Sapient	200,000
Sec-30,Gurgaon	DLF Silokhera (IT)	IBM India	166,000
Sec-144,Noida	Oxygen SEZ, Tower-E	Iyogi	150,000
Sector-16A,Noida	Independent Building	BGR Energy	100,000
Tikri,Gurgaon	Unitech Infospace, Tikri	Cognizant	100,000
Sector-18,Gurgaon	GP-28	Nagaro Software	91,000
UdyogVihar,Gurgaon	SP Infocity	Makemytrip.com	80,000
Sector-18,Gurgaon	90-D	Media Group	63,180
Noida	IGL Corporate Tower	Schneider	58,000
SohnaRoad,Gurgaon	Spaze I-Tech Park	Shoppers Stop	50,000
KP-III, Greater Noida	ERA IT Square	Bennett Coleman & Co. Ltd.	47,000
NH-8,Gurgaon	BPTP I Park	CISCO	40,000
KP-III, Greater Noida	Wegmans Business Park	LG	39,000

Source: Knight Frank Research

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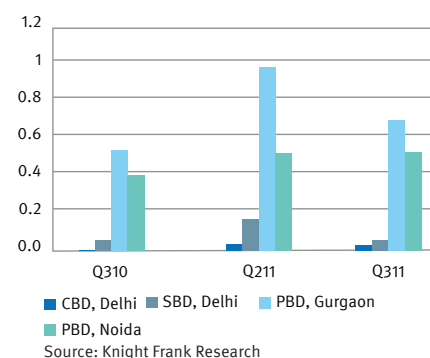
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Chart 3: Location wise absorption in the NCR



Most of the transactions took place in the micro-markets of Sector 62, 16A, 144 and Greater Noida expressway, primarily in UnitechInfospace, Oxygen SEZ and IGL Corporate Tower.

In Delhi, the Central Business District (CBD) comprising Connaught Place, Barakhamba Road and K.G. Marg has been the core of transaction activity in the region. Dominated mostly by the BFSI, Engineering, Electronic and Aviation sectors, the CBD commands a premium in terms of rental values due to its location and connectivity advantage. There has been no addition to the office stock in these locations during the past couple of years and vacancy levels are very low due to which limited number of transactions took place in these locations in Q3 11. Around 30,000 sq.ft. of office space was transacted

Micro-markets	Locations
Central Business District (CBD), Delhi	Connaught Place, Barakhamba Road, Kasturba Gandhi Marg
Secondary Business District (SBD), Delhi	Nehru Place, Saket, Jasola, Bikaji Cama Place, Mohan Co-operative Area
Peripheral Business District (PBD), Gurgaon	DLF Cybercity, MG Road, Golf Course Road, Sohna Road, Dundaheera, Manesar, NH-8, UdyogVihar
Peripheral Business District (PBD), Noida	Sector 16, 18, 62, 63, Greater Noida Expressway

Source: Knight Frank Research

Table 4: Average transacted rental values in the NCR (INR/sq.ft./month)

Micro-markets	Q3 10	Q2 11	Q3 11
CBD Delhi	175	147	209
SBD Delhi	106	153	167
PBD Gurgaon	76	77	79
PBD Noida	38	48	54

Source: Knight Frank Research

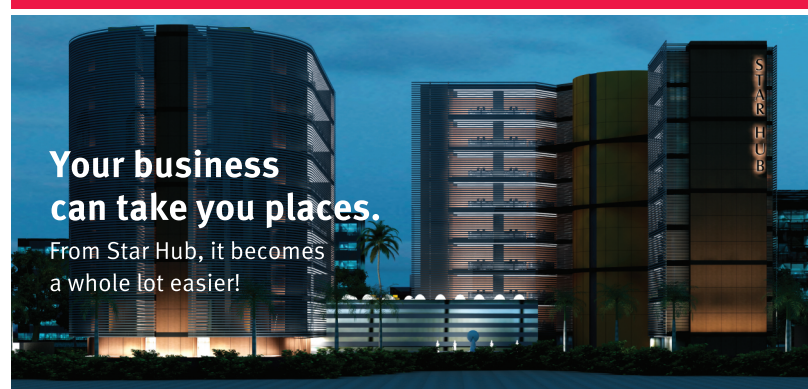
in the CBD primarily at KG Marg by BFSI companies. About 56,000 sq.ft. of office space leasing took place in the Secondary Business District (SBD), mainly in Saket and Nehru Place.

Outlook

The global economic and financial environment has a strong bearing on commercial real estate development. Cautious business sentiments will influence the demand for office space. It is expected

that the RBI will take some measures to bring down the policy rates which will have a positive impact on the interest rates. Overall sentiment remains subdued under the current economic scenario. Suburban micro-markets of PBD Gurgaon and PBD Noida might witness a downward pressure on rentals due to a substantial amount of fresh supply expected to become operational in 2012, whereas locations across CBD and SBD Delhi are expected to witness marginal appreciation owing to anticipation of demand and lack of fresh supply in these micro-markets.

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Star Hub, two state-of-the-art office towers at Sahar, Andheri (E) Mumbai, has been designed keeping today's businesses in mind. Our location without any doubt is an envious mix of accessibility, convenience and proximity.

Amenities and Features:

- Large divisible floor plates
- Double glazed glass facade
- Centrally air conditioned
- Landscaped area
- Ground plus 8 floor and 2 floor basement
- 200 open and basement puzzle parking
- Cafeteria and triple height lobby Atrium
- Rain Water Harvesting



Neighbours with
Hyatt Regency,
ITC Maratha

International
Airport: 2 min

Domestic
Airport: 15 min

Western
Express: 5 min

STAR HUB

For Lease and Sale

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