

INDIA REAL ESTATE

RESIDENTIAL AND OFFICE MARKET - JULY - DECEMBER 2021



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WARLI PAINTING - THE HISTORY OF A TRIBAL ART FORM

India has a rich tradition of folk arts the custodians of which are the many tribes that live in the interiors of various states. Warli art is a beautiful folk art of Maharashtra, traditionally created by the tribal womens. Tribals are the Warli and Malkhar koli tribes found on the northern outskirts of Mumbai, in Western India. This art was first explored in the early seventies & from then it was named as "Warli art". Tribal people express themselves in vivid styles through paintings which they execute on the walls of their house. This was the only means of transmitting folklore to a populace not acquainted with the written word. Warli paintings were mainly done by the women folk. The most important aspect of the painting is that it does not depicts mythological characters or images of deities, but depict social life. Pictures of human beings and animals, along with scenes from daily life are created in a loose rhythmic pattern. Warli paintings are painted white on mud walls. The paintings are beautifully executed and resembles pre-historic cave paintings in execution and usually depict scenes of human figures engaged in activities like hunting, dancing, sowing and harvesting.

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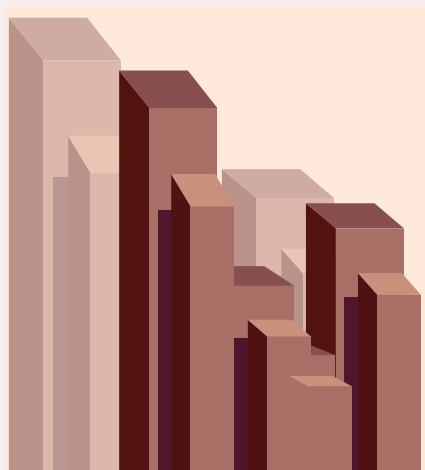
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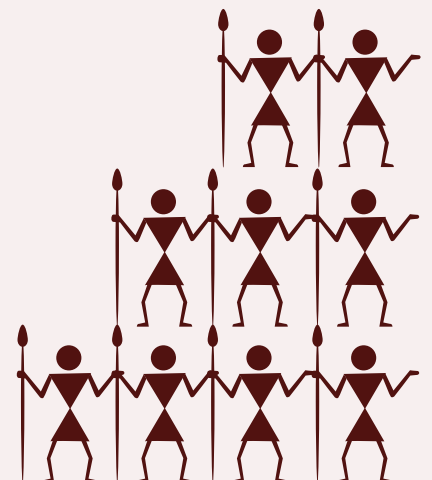


PUNE

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FOREWORD



SHISHIR BAIJAL

CHAIRMAN AND MANAGING DIRECTOR
KNIGHT FRANK (INDIA) PVT. LTD.

This time last year, India had just started to come out of the first wave of COVID-19, and sections of the Indian business were beginning to revive. However, even before this revival could settle, India was hit by the far deadlier Delta variant. The second wave set back the growth momentum yet again with a greater number of casualties being recorded. From an economic perspective, this weakened the sentiments.

Interestingly however, the real estate sector witnessed an unexpected fallout of the pandemic, a paradigm shift in the attitude of end users for residential properties. The residential sector saw growth after consistent slowdowns over 7 years. Sales volumes grew substantially over the last 5 quarters, mostly because of the change in viewpoint of the end users, who perhaps due to the uncertainty caused by the pandemic, started gravitating towards the security of home ownership.

Ownership of home does provide a strong sense of stability. The growth in sales was of course, aided by the decadal low home loan interest regime, falling house prices, as well as demand stimulant measures undertaken by some of the State Governments. The resurgence started with Mumbai and Pune soon after the rebate on stamp duty was introduced in Q3 2020. However, after the demand started to pick up, the momentum continued even without the sops. And this phenomenon has now spread across all our major markets.

Whilst the residential segment witnessed strong growth, the office sector was a mixed bag. The challenge to office space came mostly from the Information Technology and Services sectors where the complete return to office has still not been achieved.

Having said that, the IT sector has been actively hiring in the past year. And we are certain that this will create a requirement for additional office space in the new year. The incremental office space take up expected from the hiring by just the top 5 IT companies in India is estimated to be at around 12 mn sq ft.

To conclude, I would like to add that before the pandemic, we had noticed a divergent trend in office leasing and residential sales over the last decade or so. Whilst office leasing had grown year after year, residential sales had declined over time.

After a long time, we feel that both these important sectors will start showing simultaneous growth in the coming year. The only thing that casts a shadow of doubt on this revival is a possible third wave.

With warm wishes for a bright 2022, I present to you the 16th edition of Knight Frank India's flagship half yearly report – 'India Real Estate 2021'. This report attempts to capture the developments in office and residential through the last year and I hope that this endeavor enriches your engagement with the India property market.

Stay safe and stay healthy.

HAS THE REAL ESTATE CYCLE TURNED?



RAJANI SINHA
CHIEF ECONOMIST &
NATIONAL DIRECTOR
RESEARCH



India's real estate sector, specifically the residential segment, has shown quick recovery from the pandemic induced crisis. A number of factors like low interest rates, fall in house prices and state governments' stimulus, have supported the housing market revival in 2021. The key question now is whether the housing market bounce back will sustain in 2022. It is critical to assess if, after almost a decade of slowdown, the real estate cycle has indeed turned.

While initially, the pandemic posed a severe setback for the real estate sector, the quick bounce-back took everyone by surprise. In fact, the pandemic turned into a strong factor supporting housing demand. Not just in India, there has been a worldwide surge in housing demand during the pandemic. The surge in housing demand was supported by low interest rates everywhere. During the pandemic, people felt the need for bigger and better houses. As a result, in spite of uncertain times, households chose to channelize their savings to create a real estate asset. Globally, the housing boom has been accompanied by a sharp rise in housing prices, resulting in fears of the forming of a housing bubble. In India, however, the housing sales surge has not been accompanied by rising prices so far. Housing prices in India, having fallen in the last few years, stabilized in the last few months. So, while there is the fear of a house price bubble burst globally, such concerns are not visible in India as yet.

In many countries, like China for example, the housing sector is struggling with the high leverage taken by many of the players. The recent default by Chinese real estate behemoths like Evergrande and Kaisa has highlighted this concern. In India on the contrary, there has been a cleanup of balance sheets of the real estate players in the past few years, with many of them deleveraging. For the top 10 real estate developers, the debt to equity ratio has fallen from 1.40 in 2016 to 1.17 in 2021. The slowdown in the sector in the last few years has resulted in only players with better financial health surviving. Structural reforms like RERA and GST in recent years, have led to consolidation and formalization of the sector.

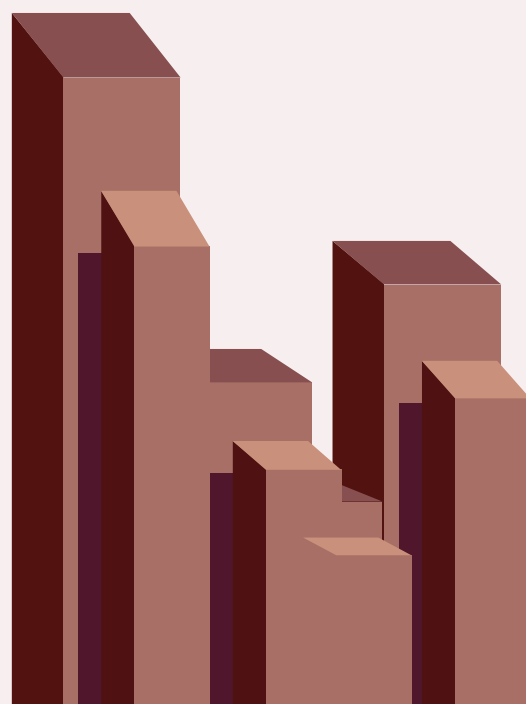
Funding remains a challenge for the real estate sector, especially for the smaller players. Banks have become cautious in the pandemic period resulting in the falling of outstanding bank credit to the commercial real estate sector by 0.3% in the current year compared to the previous year. In FY 2020, bank credit to the commercial real estate sector grew by a strong 29% before petering down in subsequent months. The other critical issue in the sector was that of large unsold inventory. While it fell from a peak of 7 lakh units (for Top 8 cities) in 2014, unsold inventory still remains high at around 4.4 lakh units. The government has set up the SWAMIH fund to help in funding stuck projects in the affordable housing segment. While the fund has helped, it is a time-consuming process with its own set of challenges.

Now, the critical questions are whether housing prices and interest rates will start rising in the next year, and if that will result in the fading out of the housing growth momentum. With raw material prices, land and labour costs increasing, housing prices are expected to increase going forward. The strong demand will enable the developers to pass on the increase in construction cost. However, the price increase is likely to be gradual and not as sharp as that being witnessed in many of the other countries. The housing sales boom in India has so far been led by end-user demand, hence the price rise is likely to be marginal.

The speculators and investors have been missing from the Indian real estate market as this asset class has shown poor returns in the last few years. As far as the interest rate is concerned, it is expected to start inching up given the inflationary concerns. This would have an impact on overall housing affordability. The interest rate hike too is likely to be gradual given the growth uncertainties of the economy. Hence, a gradual increase in prices and interest rates in the next few months may not destabilize the housing growth momentum.

A fairly critical aspect in this turnaround story will be the household income, which in turn will depend not just on overall economic growth but also on the quality of growth. While India's economy is projected to grow by around 8% in FY 2023, there could be lot of hiccups with further waves of COVID remaining a concern. A strong hiring trend has been seen in India's IT sector and that should support household income. The unorganized sector and the MSME segment, on the other hand, have been hit hard by the pandemic and need to bounce back. A large part of India's housing story is led by affordable housing and for this category to do well, it is critical for the income at the bottom of the pyramid to grow.

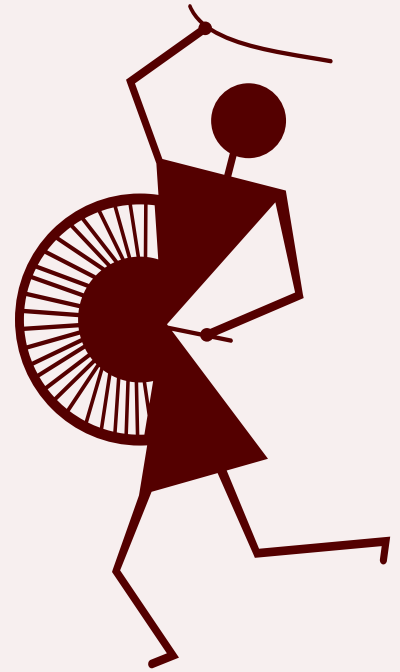
Will India's real estate sector rise like a phoenix from the ashes? It may be early to pronounce a final verdict on this given that pandemic related risks for the sector as well as the economy still persist. The important aspect is that stakeholders of the sector like buyers, sellers and financial institutions have learnt their lessons from excesses of the past. Hopefully, they will be cautious this time around and that should help sustain the turnaround, provided overall economic growth momentum is maintained.





ALL INDIA

RESIDENTIAL AND OFFICE MARKET



RESIDENTIAL MARKET

ALL INDIA MARKET SUMMARY

PARAMETER	2021	2021 CHANGE (YOY)	H2 2021	H2 2021 CHANGE (YOY)	Q4 2021	Q4 2021 CHANGE (QOQ)
Launches (housing units)	232,382	58%	129,144	50%	70,177	19%
Sales (housing units)	232,903	51%	133,487	41%	69,477	9%

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

Source: Knight Frank Research

Unsold inventory 2021

(housing units) | Change (YoY)
437,237 | **0%**

Quarters to sell 2021

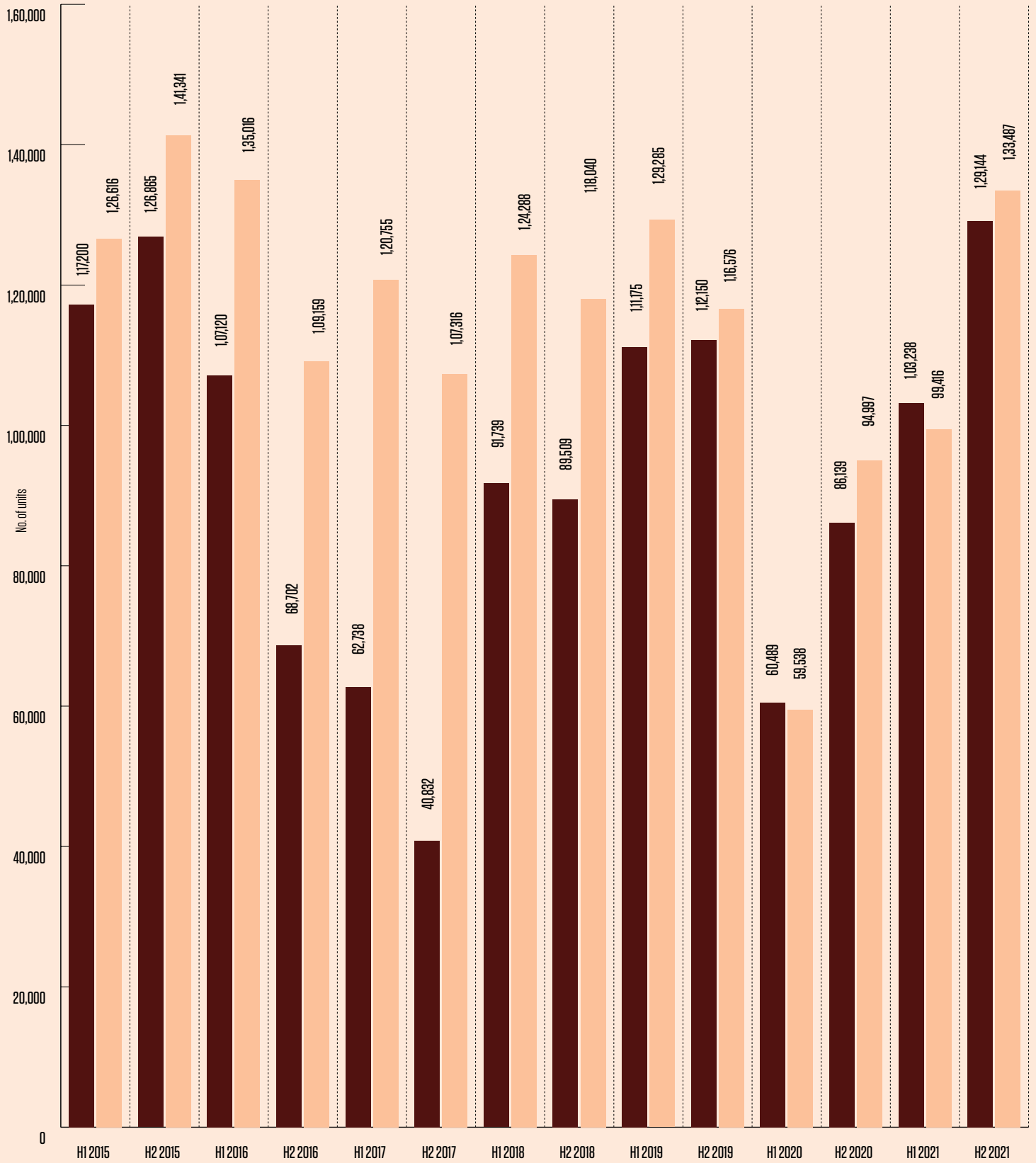
10.0
(in quarters)

Age of unsold inventory 2021

16.4
(in quarters)

LAUNCHES AND SALES TREND

LAUNCHES SALES



- The COVID-19 pandemic has dictated market movements since the beginning of 2020. The first wave of infections that struck the country in Q2 2020 caused a near shutdown in business activity and a consequent crash in residential market volumes during the period. The gradual resumption of economic activity and increasing availability of the vaccine sparked market traction in the second half of 2020 and this momentum carried over to 2021. The second wave of infections in Q2 2021 again curtailed homebuyer and development activity alike as was seen during the first wave.
- However, the pandemic's ultimate impact on the real estate market has been quite paradoxical as it has reignited the need for personal space and housing in the homebuyer's mind. With the second wave having run its course by the end of Q2 2021, an improving economic/business environment, increased understanding of the pandemic and focus on vaccinations had already helped the residential market stage a smart recovery in Q3 2021 and the fourth quarter held the promise of a sustained recovery.
- Market traction did not disappoint in Q4 2021 despite concerns of the Omicron variant which ultimately had very little impact on the residential market, if at all. In terms of half-yearly sales, H2 2021 posted the highest sales volume since H1 2016. Low interest rates, improving affordability, high savings rate during 2020 and a resurging interest in home ownership due to the space constraints imposed by the pandemic, have been the primary drivers of this revival in demand.
- Developers were quick to realise this seismic shift in sentiment and launched almost 0.13 mn units in H2 2021, a six year high in the annual volume of units launched and 50% higher than H2 2020. It is noteworthy that these higher launch volumes occurred despite a significant rise in the cost of input material such as cement and steel. The labour scarcity prevailing in H1 2021 was also alleviated to a large extent with developers committing to facilitate accommodation on-site.
- Mumbai and Pune accounted for 41% of the sales during H2 2021 even as the Maharashtra stamp duty cut window, credited for boosting sales volumes in these two markets, closed in March 2021.
- Sales in Bengaluru and Hyderabad rose the most during H2 2021 at 104% and 135% YoY respectively. Homebuyers in these Information Technology sector dominated markets were relatively less impacted by pandemic induced disruptions and were well poised to take the plunge in H2 2021. Incidentally, Hyderabad also saw high growth in launches at 126%.
- Annual sales in the <INR 5 mn ticket size price segment reduced from 45% in 2020 to 42% in 2021. Conversely, the share of annual sales in the INR 5-10 mn and >10 mn ticket-size categories grew from 35% to 37% and 20% to 21% respectively, during the same reference period.
- The significant increase in sales activity also stemmed the fall in residential prices seen in 2020. Price levels in seven of the eight markets under review were observed to remain at the same level or record marginal growth in H2 2021 on a YoY basis. While developers offered flexible payment schemes to push sales across markets, the incidence of direct discounts reduced dramatically during H2 2021.
- With increased launches in line with the pick-up in sales, the unsold inventory level by the end of 2021 remained steady at 0.44 mn units, at around the same level as seen at the end of 2020. The quarters-to-sell (QTS) level was also similarly steady at 10.0 quarters in H2 2021, as compared to 10.1 quarters in H2 2020. 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.
- The residential market turned a corner in 2021 with sales momentum consistently improving over the year. Homebuyer sentiments were not dented by concerns over the Omicron variant arising late in Q4 2021. The industry continues to consolidate with residential developments steadily shifting into the hands of stronger developers who have been able to weather the economic storm created by the pandemic. While ready inventory remains a strong preference for homebuyers, established developers with a robust execution record are increasingly finding a market for their under-construction inventory.

KNIGHT FRANK AFFORDABILITY INDEX

Affordability has improved over the years across all markets with income growing and housing prices correcting. The Knight Frank Affordability Index, that tracks the EMI (Equated Monthly Instalment) to income ratio for households, improved further in 2021 across all cities. In fact, affordability has improved dramatically since 2015 as the combined impact of slowing price growth and falling interest rates was much greater in this period. The home loan interest rate is at a decadal low, aiding housing affordability. For instance, in Ahmedabad, the affordability index has improved to 20% in 2020 from 46% in 2010. This implies that on an average a household in Ahmedabad needs to spend 20% of its income to pay EMI for housing loan. Mumbai remains the most expensive market, but even in Mumbai the affordability has improved significantly, with the affordability index reducing from 93% in 2010 to 53% in 2021. Mumbai is the only market with an EMI to income ratio above 50%, a level beyond which banks rarely underwrite a mortgage. Ahmedabad is India's most affordable market today followed by Pune and Chennai, with affordability ratio at 24% and 25% respectively for both the cities. For NCR, the affordability index has fallen from 53% in 2010 to 28% in 2021, while for Bengaluru, the affordability index has fallen from 48% in 2010 to 26% in 2021.

AFFORDABILITY MATRIX

CITY	2010	2020	2021
MUMBAI	93%	60%	53%
NCR	53%	38%	28%
BENGALURU	48%	28%	26%
PUNE	39%	26%	24%
CHENNAI	51%	26%	25%
HYDERABAD	47%	31%	29%
KOLKATA	45%	29%	25%
AHMEDABAD	46%	23%	20%

Note: City-wide average affordability statistics cannot highlight disparities in housing costs within sub-markets or across the income spectrum.

Source: MDSPI, Knight Frank Research

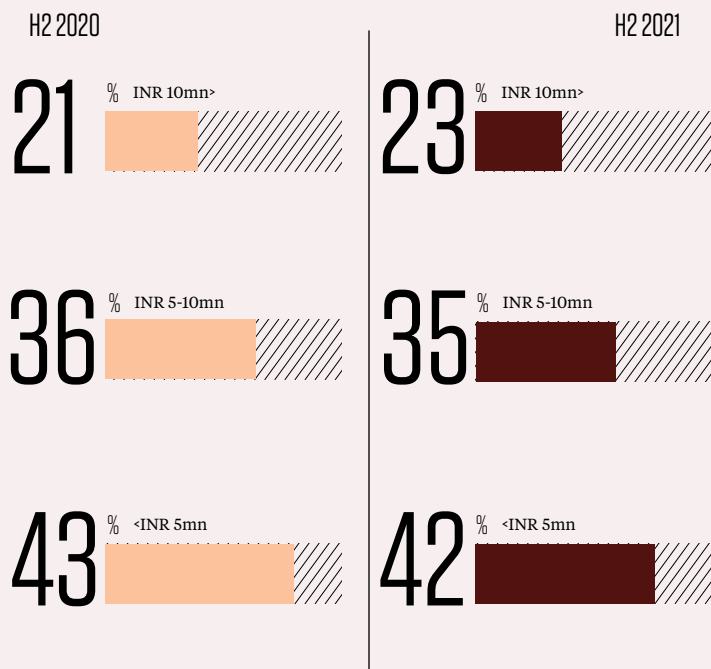
METHODOLOGY

The Knight Frank Affordability Index indicates the proportion of income that a household requires, to fund the monthly instalment (EMI) of a housing unit in a particular city. So, a Knight Frank Affordability index level of 40% for a city implies that on an average, households in that city need to spend 40% of their income to fund the EMI of housing loan for that unit. An EMI/ Income ratio over 50% is considered unaffordable as it is the limit beyond which banks rarely underwrite a mortgage

ASSUMPTIONS

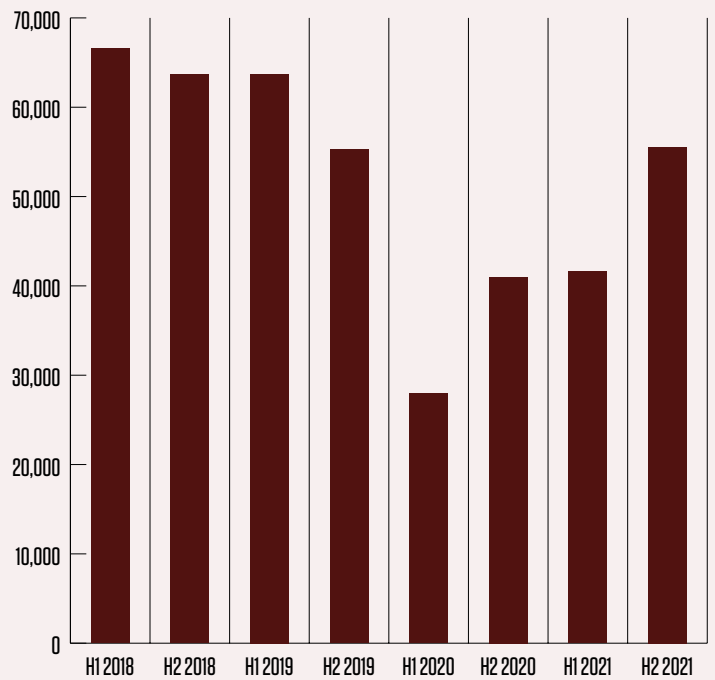
- EMI, housing unit size and price/ sq ft represent city-level averages.
- EMI:
 - Loan Tenure – 20 years
 - Loan to Value – 80%
 - Home loan interest rate - Average home loan rates of the State Bank of India (SBI)
- Area of housing unit: House size is fixed for each city across the years, but varies within different cities taking into account the average size preference for each city.
- Housing Price: Median housing price for that city

ALL INDIA TICKET SIZE SPLIT COMPARISON OF SALES DURING H2 2020 AND H2 2021



Source: Knight Frank Research

INDIA AFFORDABLE MARKET ACTIVITY (UP TO INR 5 MILLION SEGMENT)



Source: Knight Frank Research

RESIDENTIAL LAUNCHES AND SALES

CITY	LAUNCHES		SALES	
	H2 2021 (YOY CHANGE)	2021 (YOY CHANGE)	H2 2021 (YOY CHANGE)	2021 (YOY CHANGE)
MUMBAI	34,151 (27%)	70,023 (39%)	34,382 (14%)	62,989 (29%)
NCR	17,642 (110%)	20,585 (110%)	23,599 (49%)	35,073 (65%)
BENGALURU	17,218 (89%)	30,607 (54%)	23,218 (104%)	38,030 (61%)
PUNE	20,012 (-7%)	40,489 (16%)	19,744 (17%)	37,218 (38%)
CHENNAI	7,360 (98%)	12,783 (77%)	6,206 (9%)	11,958 (38%)
HYDERABAD	19,024 (126%)	35,736 (179%)	12,344 (135%)	24,318 (142%)
KOLKATA	5,315 (62%)	7,510 (81%)	9,290 (55%)	14,405 (62%)
AHMEDABAD	8,422 (77%)	14,648 (99%)	4,703 (18%)	8,911 (37%)
ALL INDIA	129,144 (50%)	232,382 (58%)	133,487 (41%)	232,903 (51%)

Source: Knight Frank Research

RESIDENTIAL MARKET HEALTH IN H2 2021

CITY	UNSOLD INVENTORY (YOY CHANGE)	QTS
MUMBAI	153,950(5%)	11.0
NCR	96,186(-13%)	13.7
BENGALURU	67,341(-10%)	8.7
PUNE	50,812(7%)	6.3
CHENNAI	12,854(5%)	5.0
HYDERABAD	18,598(159%)	4.3
KOLKATA	21,265(-24%)	7.3
AHMEDABAD	16,231(55%)	8.4
ALL INDIA	437,237(0%)	10.0

Source: Knight Frank Research

RESIDENTIAL PRICE MOVEMENT

CITY	H2 2021 IN INR/SQ M (INR/SQ FT)	12 MONTH CHANGE	6 MONTH CHANGE
MUMBAI	74,110 (6,885)	1%	2%
NCR	45,241 (4,203)	-1%	1%
BENGALURU	55,435 (5,150)	4%	4%
PUNE	43,056 (4,000)	0%	0%
CHENNAI	43,594 (4,050)	7%	0%
HYDERABAD	50,806 (4,720)	5%	0%
KOLKATA	34,606 (3,215)	0%	0%
AHMEDABAD	30,139 (2,800)	0%	0%

Source: Knight Frank Research



OFFICE MARKET

INDIA MARKET SUMMARY

PARAMETER	2021	2021 CHANGE (YOY)	H2 2021	H2 2021 CHANGE (YOY)	Q4 2021	Q4 2021 CHANGE (QOQ)
Completions mn sq m (mn sq ft)	3.60 (38.7)	9%	2.20 (23.7)	38%	1.10 (11.8)	0%
Transactions mn sq m (mn sq ft)	3.54 (38.1)	-3%	2.40 (25.9)	17%	1.24 (13.3)	6%

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

Source: Knight Frank Research

Stock 2021

mn sq m (mn sq ft)

77.10
(830.1)

Change (YoY)

5%

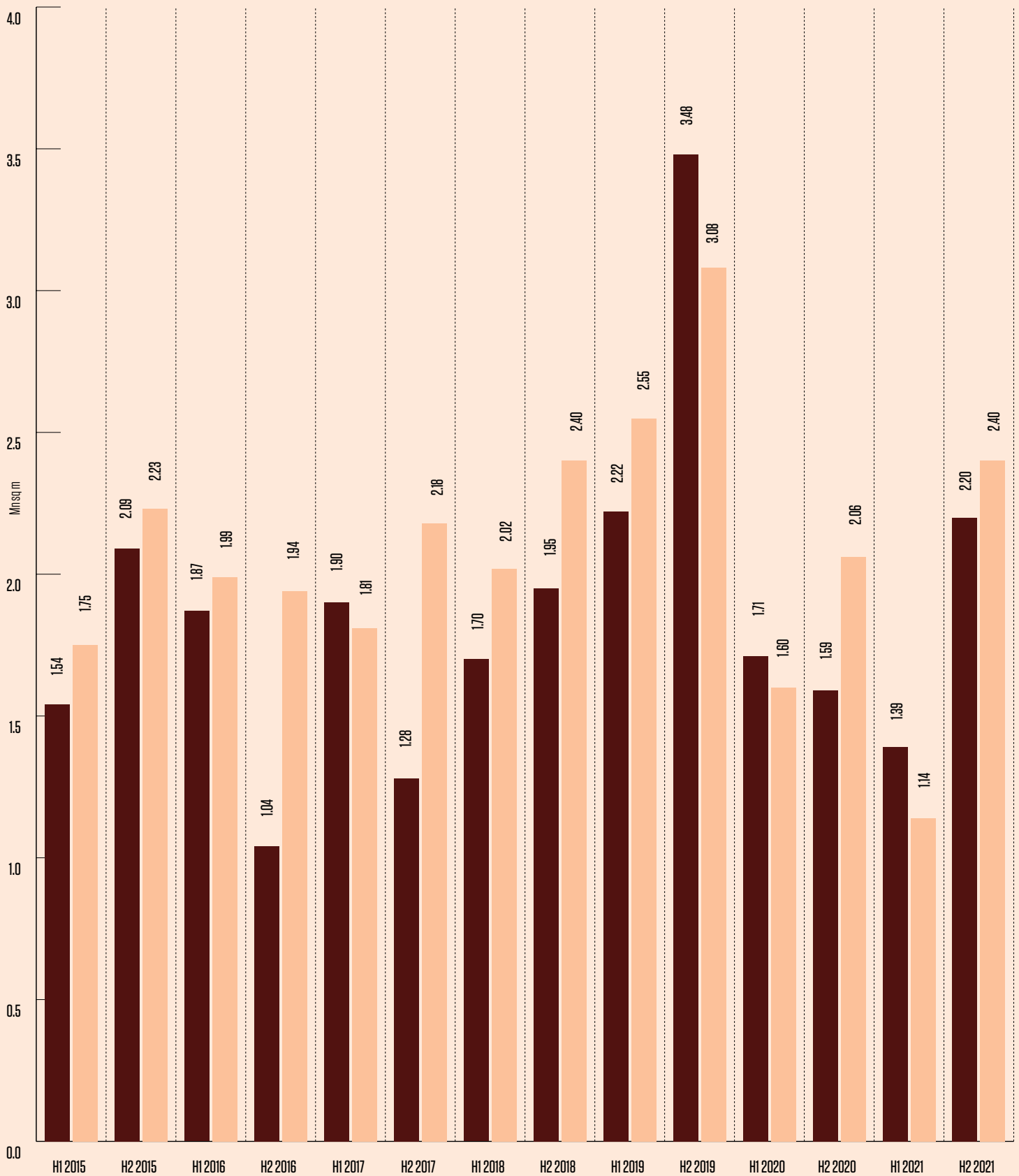
Vacancy % 2021

17.2%

177 basis points increase

INDIA OFFICE MARKET ACTIVITY

COMPLETIONS TRANSACTIONS



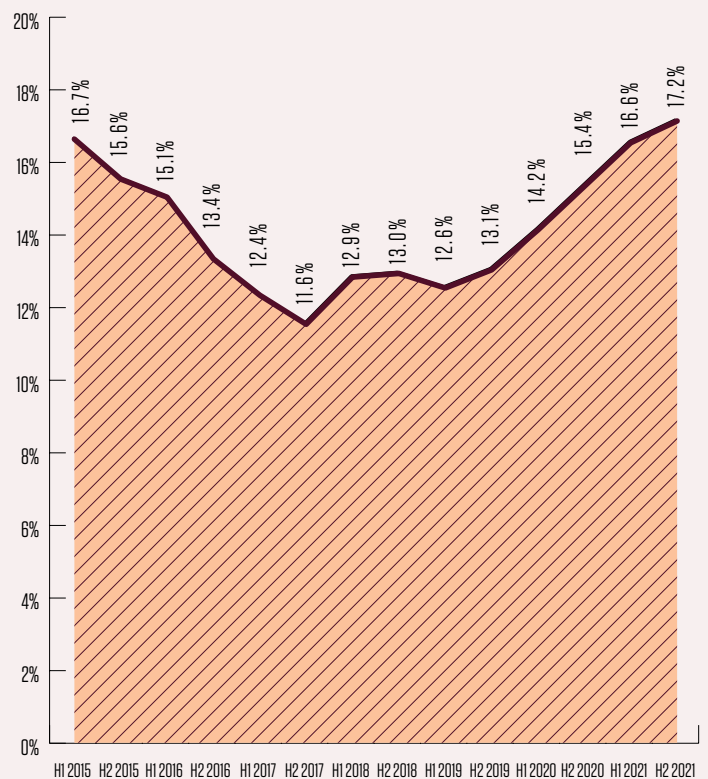
Source: Knight Frank Research

- 2021 began on a positive note with the first quarter of the year showing encouraging signs of recovery and growth, but the much more intense second wave of the pandemic curtailed market traction in Q2 2021. However, improving economic fundamentals and business environment coupled with a better understanding of the pandemic encouraged corporate India to gradually return to office in the second half of the year. 2.4 mn sq m (25.9 mn sq ft) of office space was transacted during H2 2021 compared to 1.14 mn sq m (12.3 mn sq ft) in H1 2021.
- While annual transacted volumes in 2021 almost equaled 2020 levels (-3% YoY), they could have comfortably crossed the same but for the uncertainty caused by the emergence of the Omicron variant towards the end of the year.
- Six of the eight markets under our coverage saw transaction volumes grow in YoY terms during H2 2021. Transaction volumes in NCR and Pune grew the most at 56% and 58% YoY respectively during the period. Bengaluru with 0.8 mn sq m (8.7 mn sq ft) constituted 33% of the area transacted during the year and it is also the highest volume transacted in the city during a half-yearly period.
- The Information Technology sector accounted for 27% of the space transacted during H2 2021 compared to 41% in H2 2020. However, given the substantial hiring that has occurred in the sector during the year and its professed need to return to office, it is a matter of time before its share in transactions reverts to its longer-term average. Approximately 0.26 mn employees have been hired by the top five IT companies in India during the April 2020 to September 2021 period, which is estimated to create an incremental demand of 1.08 mn sq m (11.7 mn sq ft).
- The share of transactions in the co-working/managed workspace sector was the highest amongst all sectors during Q4 2021 as the need for flexibility and a hybrid working environment has been a growing phenomenon. While the IT sector deferred its leasing activity, it was the primary driver for the spike in the co-working/managed office sector's transactions during the Omicron influenced quarter. The share of the sector in total transactions increased to 29% in Q4 2021 from 11% in Q4 2020. Gathering momentum in every successive quarter of 2021, 84,000 seats were taken up in managed office premises in 2021. The co-working player's positioning as experts 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.
- With labour shortages and other supply chain bottlenecks having been overcome to a large extent in H2 2021, office completions also picked up significantly with 2.2 mn sq m (23.7 mn sq ft) getting delivered during the period, a 38% growth YoY. Bengaluru, Pune

and Mumbai accounted for 62% of the new completions with Bengaluru seeing the most space delivered at 0.6 mn sq m (6.8 mn sq ft).

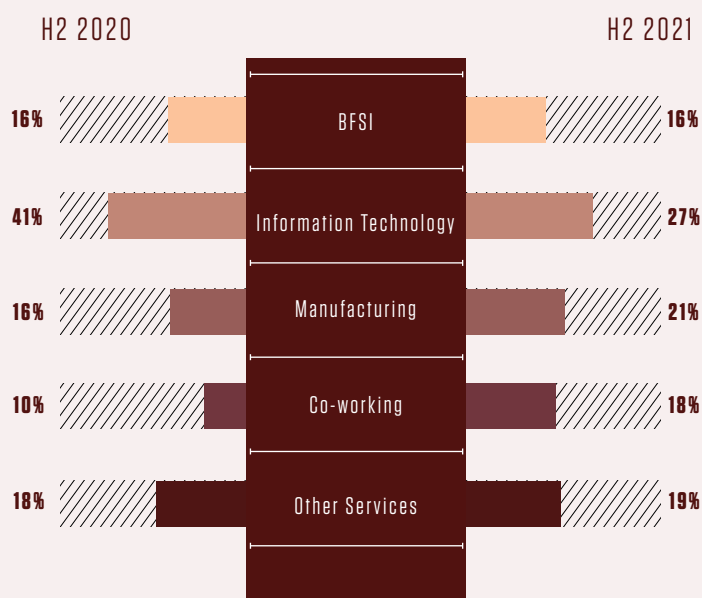
- There was a dip in rentals on a YoY basis across most markets in 2021. However, rental levels across markets were observed to be stabilizing towards the end of the year.
- Despite the uncertainty regarding the Omicron variant of the pandemic, transaction volumes in H2 2021 have shown a reassuring growth over the same period last year. The active adoption of managed office premises by large enterprises is expected to continue as employee health considerations will necessitate a high level of flexibility in their workspace considerations, especially as the pandemic runs its course. As things stand now, more than 60% of the country's eligible population is already fully vaccinated and over 90% have received their first dose. Further, our vastly increased understanding of the pandemic should help avoid a panic situation in the market as was seen in 2020. Going forward, the progress in employee vaccinations and the speed at which clarity is achieved on the virulence of the latest variant will determine how quickly corporates return to office in force.

INDIA OFFICE MARKET VACANCY



Source: Knight Frank Research

SECTOR-WISE TRANSACTIONS SPLIT IN H2 2020 AND H2 2021



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

MARKET-WISE RENTAL MOVEMENT

CITY	RENTAL VALUE RANGE IN H2 2021 IN INR/SQ M/MONTH (INR/SQ FT/MONTH)	12 MONTH CHANGE	6 MONTH CHANGE
MUMBAI	1152 (107)	-8%	-2%
NCR	884 (82.1)	0%	1%
BENGALURU	786 (73)	-9%	1%
PUNE	721 (67)	-4%	2%
AHMEDABAD	433 (40.3)	-2%	0%
CHENNAI	627 (58.3)	-3%	-3%
HYDERABAD	661 (61.4)	0%	0%
KOLKATA	375 (34.8)	-3%	0%

Source: Knight Frank Research

OFFICE TRANSACTIONS & COMPLETIONS

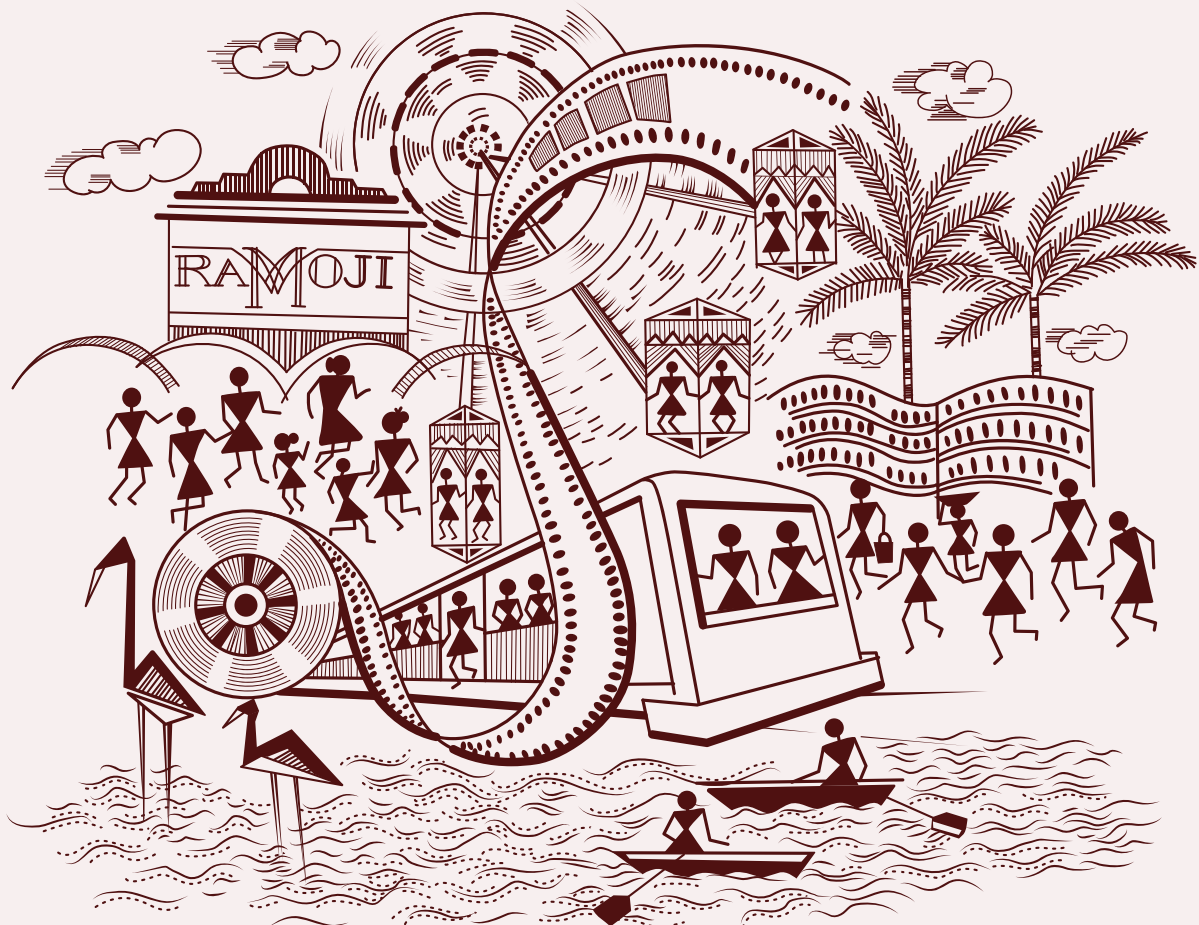
CITY	OFFICE TRANSACTIONS		OFFICE SPACE COMPLETIONS	
	H2 2021 IN MN SQ M (MN SQ FT) (YOY CHANGE)	2021 IN MN SQ M (MN SQ FT) (YOY CHANGE)	H2 2021 IN MN SQ M (MN SQ FT) (YOY CHANGE)	2021 IN MN SQ M (MN SQ FT) (YOY CHANGE)
MUMBAI	0.2 (2.1) (1%)	0.35 (3.8) (-37%)	0.34 (3.7) (123%)	0.46 (5) (-6%)
NCR	0.37 (4) (56%)	0.6 (6.4) (38%)	0.2 (2.1) (0%)	0.48 (5.1) (76%)
BENGALURU	0.8 (8.7) (15%)	1.14 (12.2) (-1%)	0.63 (6.8) (25%)	1.11 (11.9) (27%)
PUNE	0.25 (2.7) (58%)	0.36 (3.8) (3%)	0.4 (4.3) (754%)	0.67 (7.2) (921%)
AHMEDABAD	0.07 (0.7) (-10%)	0.11 (1.1) (-12%)	0.13 (1.4) (-44%)	0.23 (2.5) (-51%)
CHENNAI	0.25 (2.7) (-15%)	0.36 (3.9) (-14%)	0.09 (0.9) (1359%)	0.16 (1.8) (-47%)
HYDERABAD	0.41 (4.4) (16%)	0.56 (6) (0%)	0.36 (3.8) (-21%)	0.43 (4.6) (-47%)
KOLKATA	0.05 (0.6) (24%)	0.08 (0.8) (-12%)	0.06 (0.6) (0%)	0.06 (0.6) (610%)
TOTAL	2.4 (25.9) (17%)	3.54 (38.1) (-3%)	2.2 (23.7) (38%)	3.6 (38.7) (9%)

Source: Knight Frank Research

MARKET-WISE RENTAL MOVEMENT

CITY	RENTAL VALUE RANGE IN H2 2021 IN INR/SQ M/MONTH (INR/SQ FT/MONTH)	12 MONTH CHANGE	6 MONTH CHANGE
MUMBAI	1152 (107)	-8%	-2%
NCR	884 (82.1)	0%	1%
BENGALURU	786 (73)	-9%	1%
PUNE	721 (67)	-4%	2%
AHMEDABAD	433 (40.3)	-2%	0%
CHENNAI	627 (58.3)	-3%	-3%
HYDERABAD	661 (61.4)	0%	0%
KOLKATA	375 (34.8)	-3%	0%

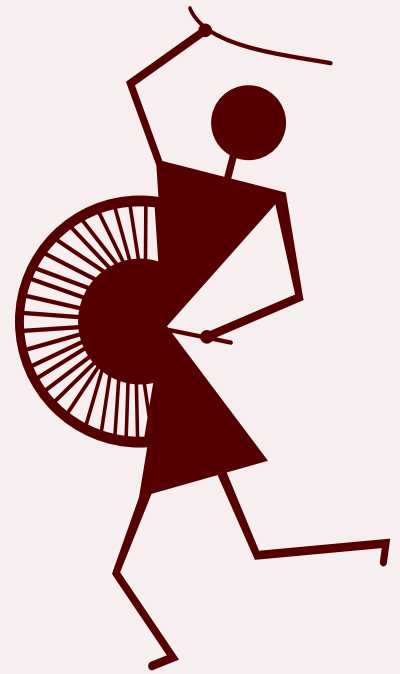
Source: Knight Frank Research





AHMEDABAD

RESIDENTIAL AND OFFICE MARKET



RESIDENTIAL MARKET

AHMEDABAD MARKET SUMMARY

PARAMETER	2021	2021 CHANGE (YOY)	H2 2021	H2 2021 CHANGE (YOY)	Q4 2021	Q4 2021 CHANGE (QOQ)
Launches (housing units)	14,648	99%	8,422	77%	4,165	-2%
Sales (housing units)	8,911	37%	4,703	18%	3,096	93%
Average Price in INR/sq m (INR/ sq ft) (End of period)	INR 31,139 (INR 2,800)	0%	-	-	-	0%

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

Source: Knight Frank Research

Unsold inventory 2021

(housing units) | Change (YoY)
16,231 | **55%**

Quarters to sell 2021

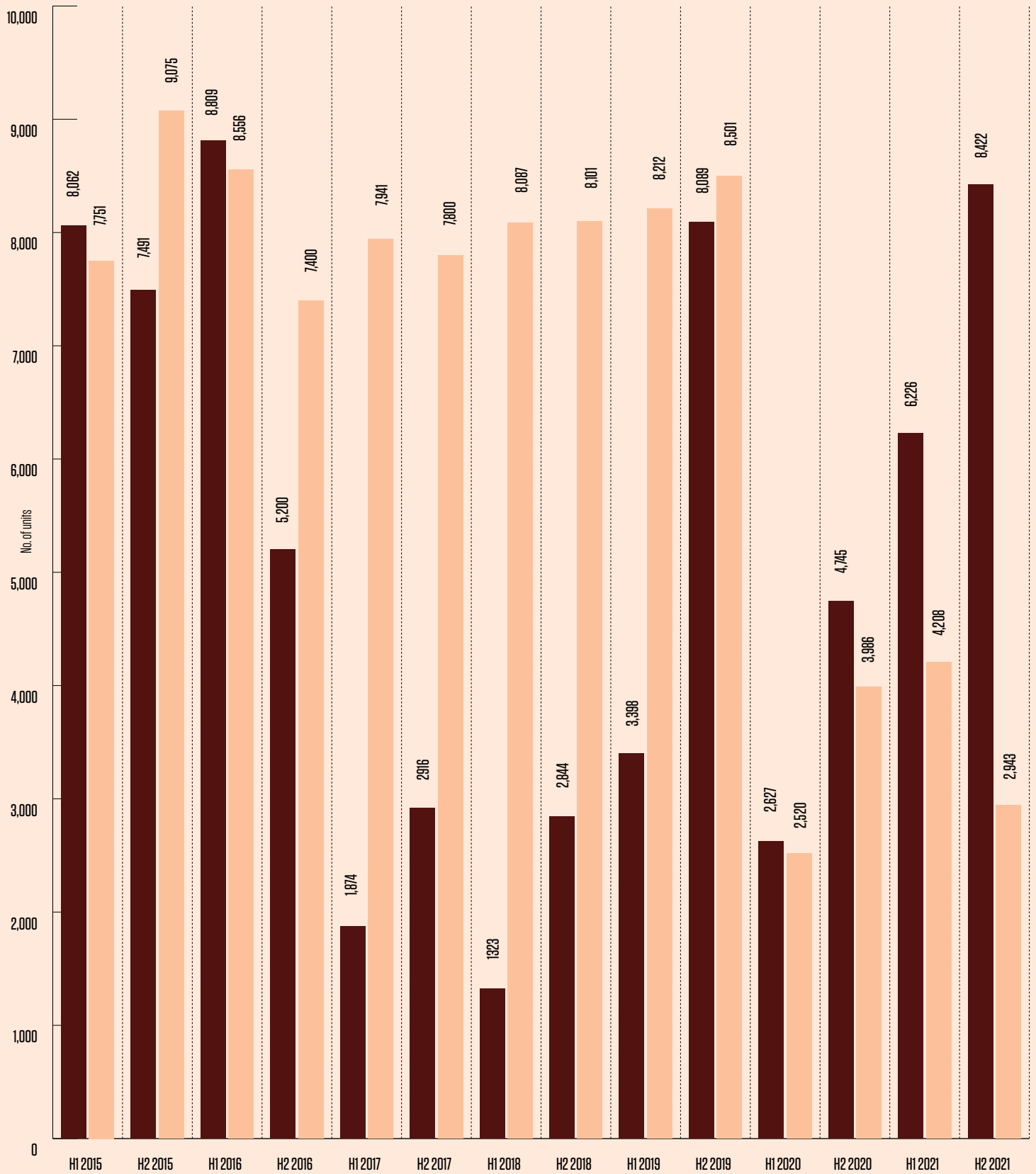
8.4
(in quarters)

Age of unsold inventory 2021

8.8
(in quarters)

LAUNCHES AND SALES TREND

LAUNCHES SALES

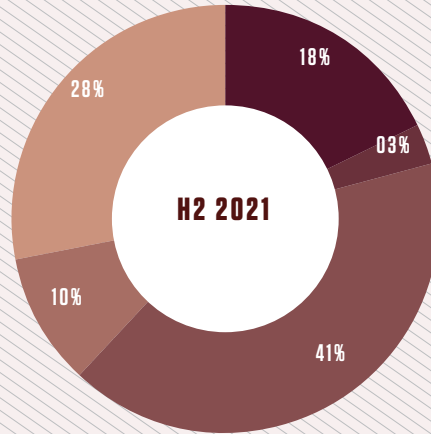
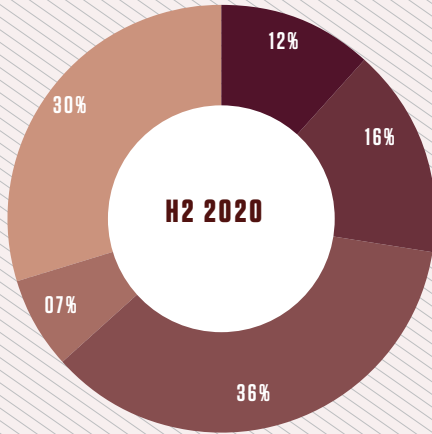


- The resumption of business activity and increasing availability of the vaccine spurred market traction in the second half of 2021. Demand had improved steadily since H2 2020 and culminated in the quarterly sales hitting an eight quarter high in Q4 2021 at 3,096 units, a 10% growth compared to Q4 2020. While the second wave was far more intense in terms of the spread of infections, it was perceived as more of a speed bump by homebuyers with a reignited need for housing with larger spaces and better amenities.
- Sales grew by a strong 37% YoY to 8,911 units in 2021 as sentiments improved over the year. Gauging the changing mood of the market, developers upped the ante and launched 14,648 units in 2021, a 99% YoY growth and the highest annual tally in the past four years.
- Homebuyers were willing to scout for buying opportunities in the outskirts for properties that would afford them a significant lifestyle upgrade. Over the course of the year, plotted developments in gated communities found favour with homebuyers and even investors looking to achieve just that.
- 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 69% in H2 2021. The shift in demand to the INR 5-10 mn ticket size has been significant over the past few years, from 15% in H1 2018 to 23% in H2 2021. 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.
- Ready inventory has been the homebuyer's preference due to sufficient availability. The average age of inventory is at a six year low at 8.8 quarters, a steady fall from the 12.3 quarters in 2019 and 10.1 quarters in 2020, signifying the increasing rate at which ready inventory is getting consumed in the market. Also, 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.
- While the growth in sales has been encouraging, the fall in prices was stemmed in H2 2021 with the market maintaining the same price level seen a year ago. Ahmedabad is the cheapest residential market among the eight under review and also has the most favourable affordability index level (EMI/household income ratio) of 20%. This means that a typical household in the city will need to spend 20% of its income to pay the EMI for a housing loan.
- Unsold inventory has risen 55% YoY at the end of H2 2021 but at 16,231 units, it is still less than half of what the market carried in 2016. The increasing market depth seen in 2021 is an encouraging sign and improving sentiments along with the very favourable affordability scenario should support market volumes going forward.

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

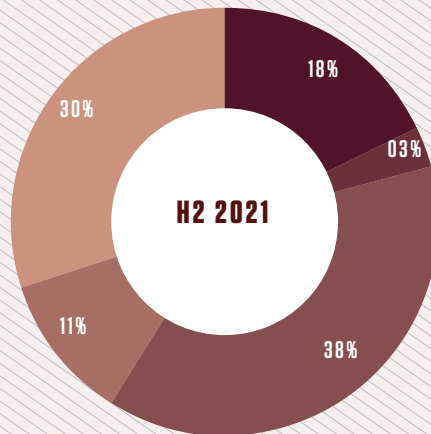
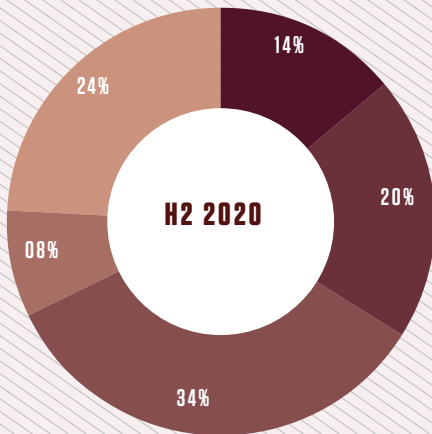
MICRO-MARKET SPLIT OF NEW LAUNCHES IN H2 2020 AND H2 2021



MICRO-MARKET	H2 2020	H2 2021
Central	12%	18%
East	16%	3%
North	36%	41%
South	7%	10%
West	30%	28%

Source: Knight Frank Research

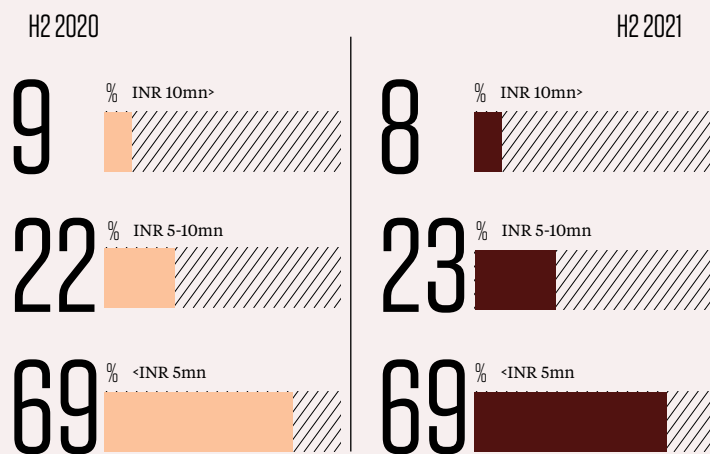
MICRO-MARKET SPLIT OF SALES IN H2 2020 AND H2 2021



MICRO-MARKET	H2 2020	H2 2021
Central	14%	18%
East	20%	3%
North	34%	38%
South	8%	11%
West	24%	30%

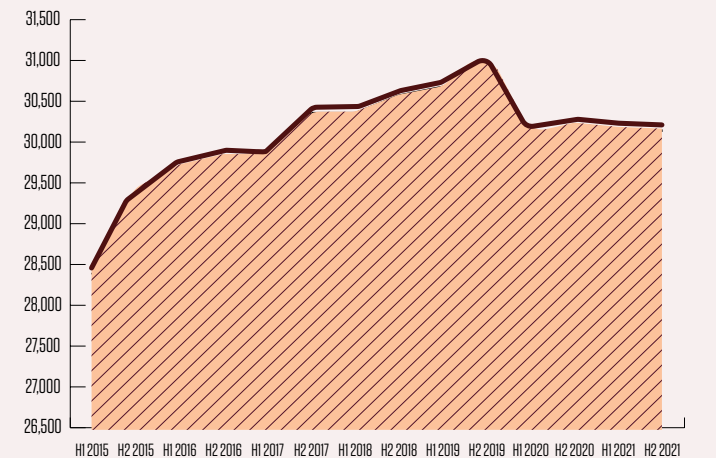
Source: Knight Frank Research

AHMEDABAD TICKET SIZE SPLIT COMPARISON OF SALES DURING H2 2020 AND H2 2021



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	AMBAVADI	63,500-68,900 (5,900-6,400)	1%	0%
	NAVRANGAPUR	53,800-64,600 (5,000-6,000)	-2%	-1%
EAST	NIKOL	16,100-30,700 (1,500-2,850)	2%	1%
	VASTRAL	19,400-26,900 (1,800-2,500)	1%	1%
NORTH	CHANDKHEDA	25,800-36,600 (2,400-3,400)	2%	1%
	MOTERA	32,300-45,200 (3,000-4,200)	1%	0%
SOUTH	ASLALI CIRCLE	12,900-16,100 (1,200-1,500)	-1%	0%
	VATWA	10,800-21,500 (1,000-2,000)	-2%	-1%
WEST	BOPAL	34,400-36,600 (3,200-3,400)	2%	0%
	PRAHLAD NAGAR	59,200-61,300 (5,500-5,700)	2%	0%

Source: Knight Frank Research

MICRO-MARKET HEALTH

MICRO-MARKET	UNSOLD INVENTORY (HOUSING UNITS) (YOY CHANGE)	QUARTERS-TO-SELL (QTS)	AGE OF INVENTORY (IN QUARTERS)
CENTRAL	2,718 (39%)	9.5	11.40
EAST	1,810 (13%)	6.6	16.80
NORTH	3,008 (129%)	4.5	16.20
SOUTH	3,068 (52%)	17.6	15.70
WEST	5,626 (56%)	10.8	16.97

Source: Knight Frank Research



OFFICE MARKET

AHMEDABAD MARKET SUMMARY

PARAMETER	2021	2021 CHANGE (YOY)	H2 2021	H2 2021 CHANGE (YOY)	Q4 2021	Q4 2021 CHANGE (QQ)
Completions mn sq m (mn sq ft)	0.23 (2.5)	-51%	0.13 (1.4)	-44%	0.03 (0.3)	-71%
Transactions mn sq m (mn sq ft)	0.10 (1.1)	-12%	0.07 (0.7)	-10.5%	0.04 (0.4)	-44%
Average transacted rent in INR/sq m/month (INR/sq ft/month) (End of period)	433 (40.3)	-2.0%	-	-	-	0%

Note: 1 square metre (sq m) = 10.764 square feet (sq ft) | 2. In case of Completions and Transactions, "-" for Change denotes base period or current period as zero.

Source: Knight Frank Research

Stock 2021

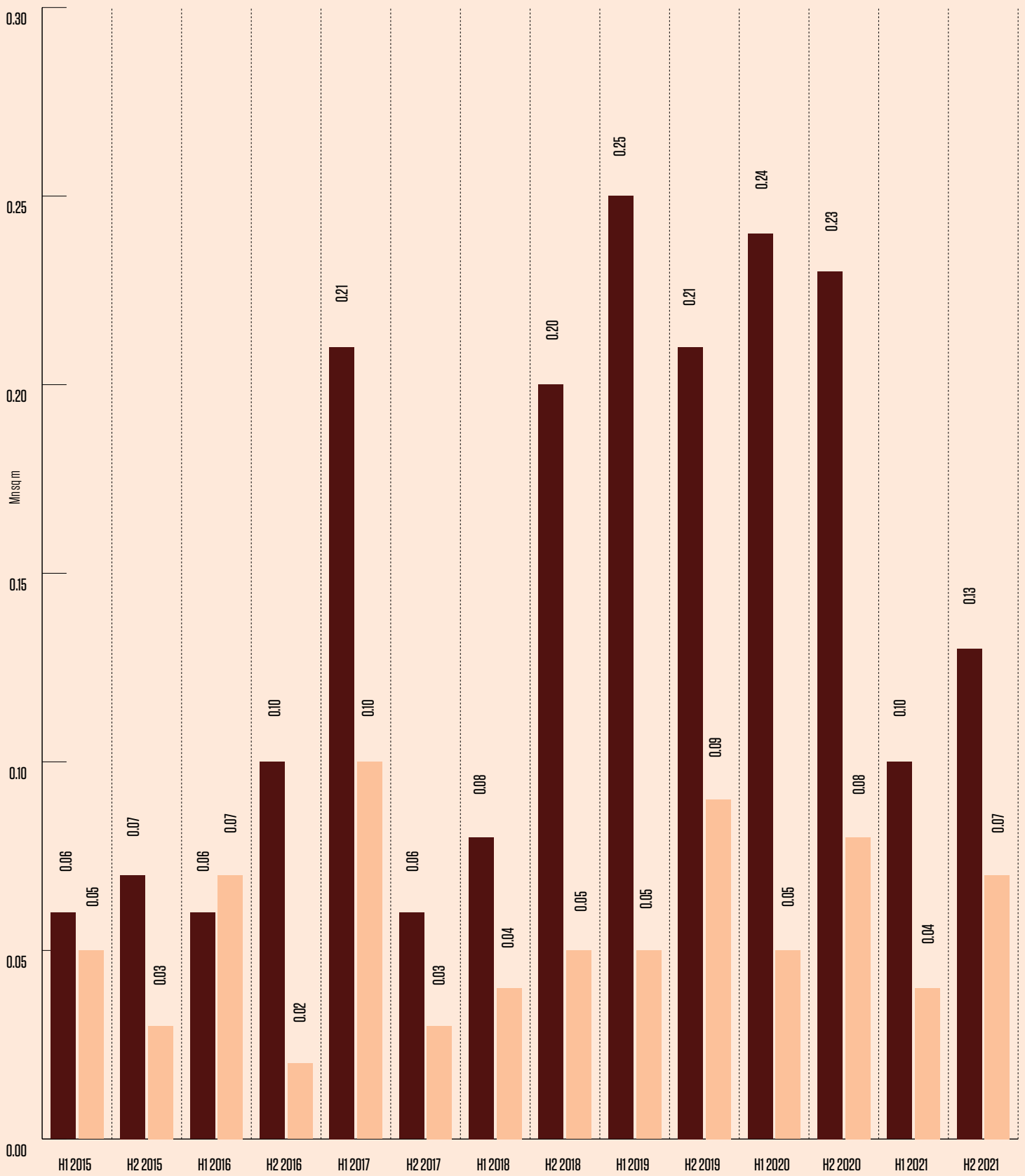
mn sq m (mn sq ft) | Change (YoY)
3.16(34.0) | 8%

Vacancy % 2021

45.9%
 74 basis points increase

AHMEDABAD OFFICE MARKET ACTIVITY

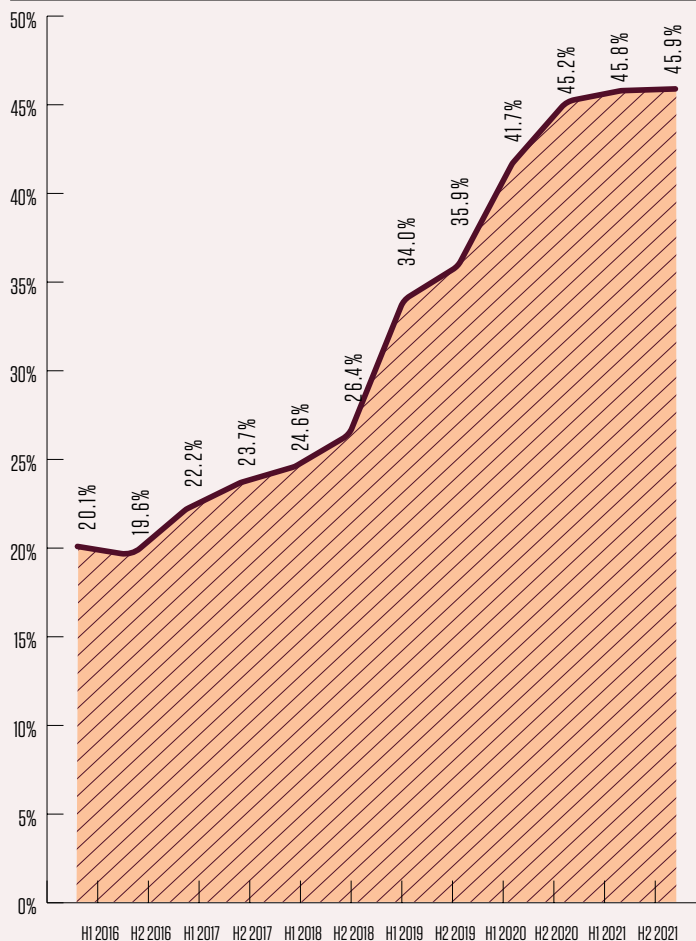
COMPLETIONS TRANSACTIONS



- The Ahmedabad office market was adversely impacted by the turbulence caused by the second wave of the pandemic during H1 2021. While transaction volumes have recovered since then in H2 2021, the 0.07 mn sq m (0.7 mn sq ft) transacted during this period are 10.5% lower in YoY terms.
- Office completion levels fell by 44% in H2 2021 to 0.13 mn sq m (1.4 mn sq ft). Incidentally, 2021 marked the first time that the Ahmedabad market saw a de-growth in annual completions since 2015. This has helped stabilize the extremely high vacancy level at 45.9%. At 70 basis points higher (bps) YoY, the rise in the vacancy level is still much below the 180 basis points seen cumulatively by the eight cities under our review.
- Market momentum increased towards the end of the year with Q4 2021 transaction volumes rising 37% compared to the preceding quarter. However, news of the Omicron variant caused deferment of many deals to the subsequent quarter.
- CBD West continued to attract occupier interest due to the growing infrastructure and new office space development occurring here in recent times. 58% of the volume transacted during H2 2021 occurred in CBD West locations on Bopal-Ambli Road, Keshavbaug, SG Highway and Shyamal Cross Road.
- A lease of 0.01 mn sq m (0.14 mn sq ft) inked by HDFC Bank at Himalaya Business Center, RTO in the CBD was the largest transaction during H2 2021. This lease constituted almost the entire area accounted for by the CBD during H2 2021. Limited investment activity was observed during the period with about 0.004 mn sq m (0.04 mn sq ft) being committed to by investors.
- The PBD accounted for 22% of the space transacted during H2 2021. The second largest deal during this period was a 0.01 mn sq m (0.12 mn sq ft) lease signed by IT company Arrow Electronics at Ognaj in the PBD.
- Rental levels were under pressure due to subdued activity during the period, with the average rents dropping 2% YoY in H2 2021.
- The HDFC Bank deal resulted in the BFSI sector's share of transactions being the highest in H2 2021. Besides the BFSI sector, the managed offices/co-working sector also gained market share during H2 2021. Occupiers' preference to defer longer term commitments in favor of more flexible office space arrangements pushed up the share of the co-working/managed offices sector to 17% during the period. This is only topped by the sector's 27% share during H1 2021.
- While Information Technology (IT) companies were the largest takers of managed office spaces, an increasing number of occupiers from the manufacturing and Other Services sectors were also observed to be taking up co-working spaces during H2 2021.

- While transaction momentum picked up towards the end of the year, the market still faces significant challenges, especially with concerns of a third wave weighing down on corporate expansion plans. The high vacancy level continues to put pressure on rent growth. 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



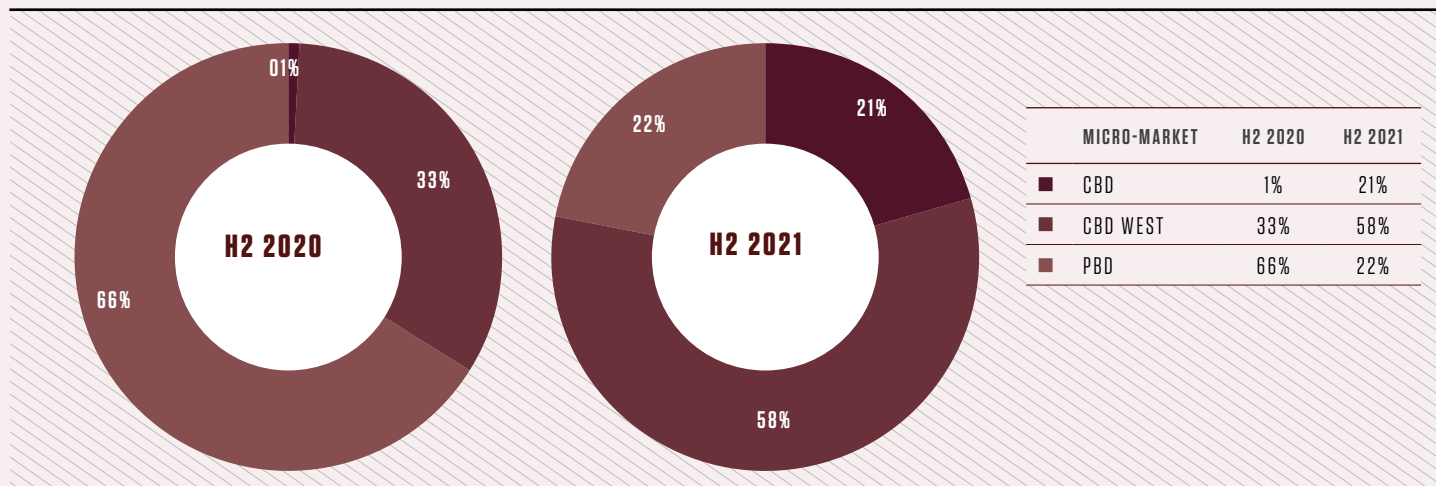
Source: Knight Frank Research

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

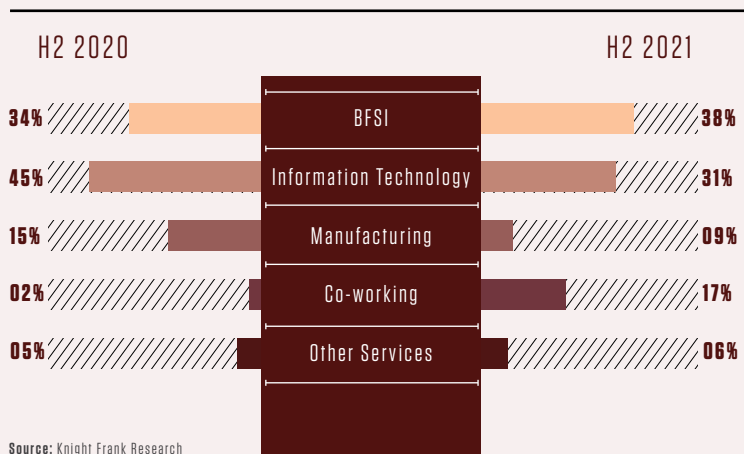
Source: Knight Frank Research

BUSINESS DISTRICT WISE TRANSACTIONS SPLIT IN H2 2020 AND H2 2021



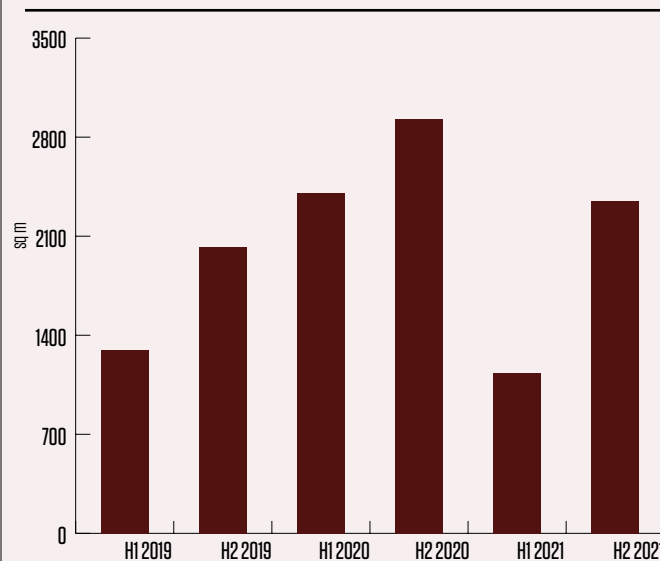
Source: Knight Frank Research

SECTOR-WISE TRANSACTIONS SPLIT IN H2 2020 AND H2 2021



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

AVERAGE DEAL SIZE TREND



BUSINESS DISTRICT-WISE RENTAL MOVEMENT

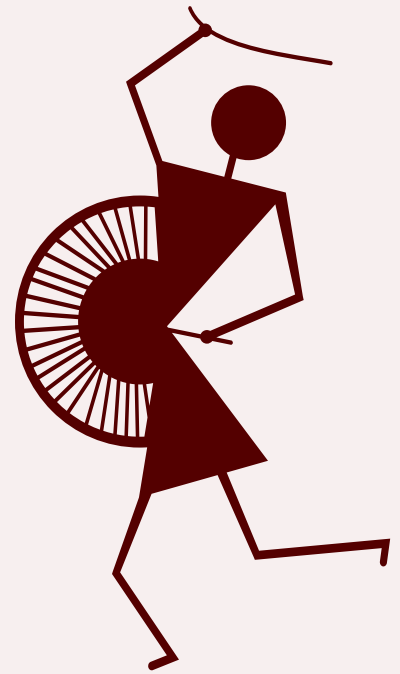
	RENTAL VALUE RANGE IN H2 2021 IN INR/SQ M/MONTH (INR/SQ FT/MONTH)	12-MONTH CHANGE	6-MONTH CHANGE
CBD	488-452 (36-42)	-2%	-1%
CBD West	420-538 (39-50)	-3%	-1%
PBD	323-431 (30-40)	-4%	-2%

Source: Knight Frank Research



BENGALURU

RESIDENTIAL AND OFFICE MARKET



RESIDENTIAL MARKET

BENGALURU MARKET SUMMARY

PARAMETER	2021	2021 CHANGE (YOY)	H2 2021	H2 2021 CHANGE (YOY)	Q4 2021	Q4 2021 CHANGE (QOQ)
Launches (housing units)	30,607	54%	17,218	89%	8,421	91%
Sales (housing units)	38,030	61%	23,218	104%	11,881	83%
Average Price in INR/sq m (INR/ sq ft) (End of period)	INR 55,435 (INR 5,150)	4.4%	-	-	-	4.0%

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

Source: Knight Frank Research

Unsold inventory 2021

(housing units) | Change (YoY)
67,341 | **-10%**

Quarters to sell 2021

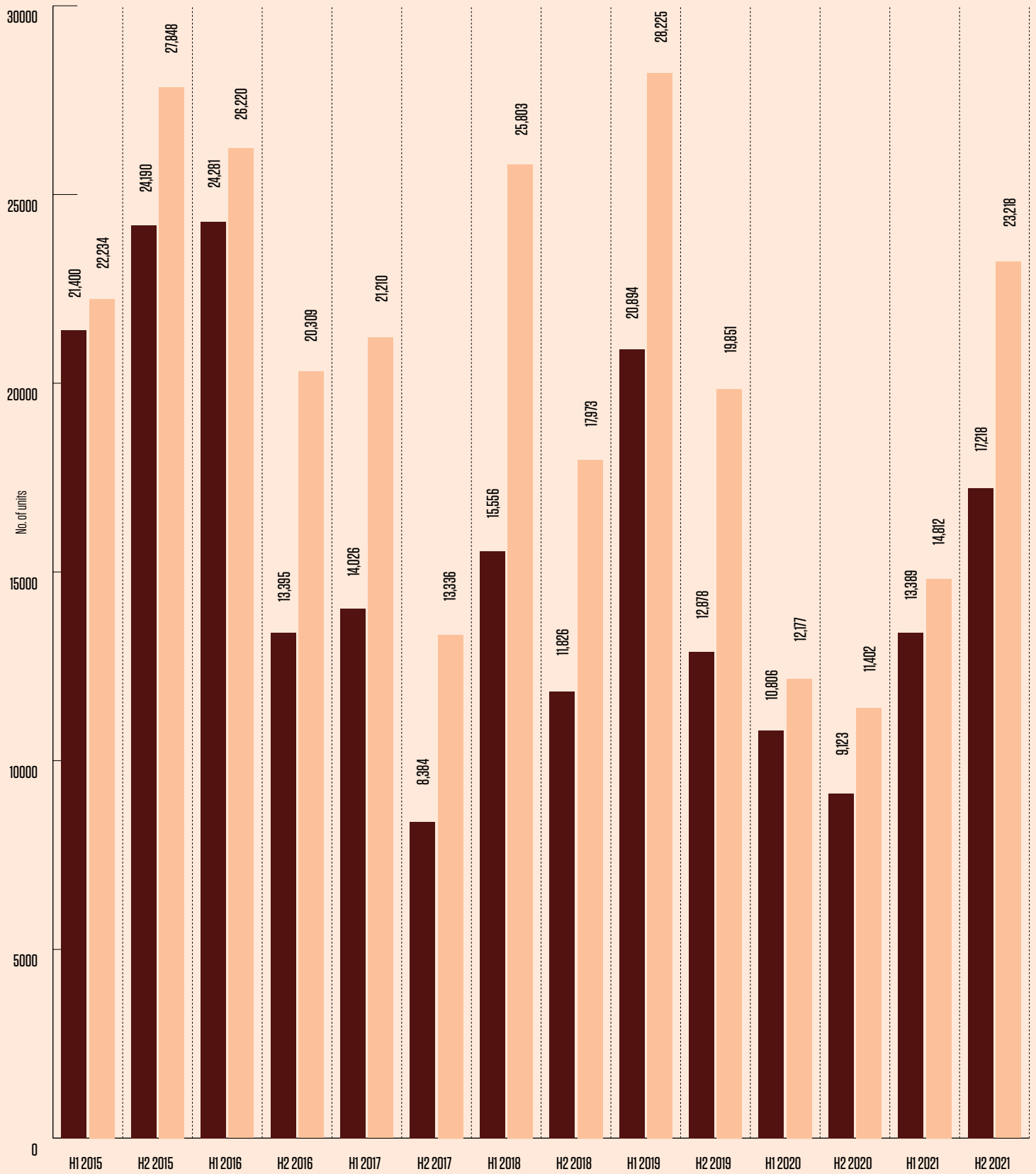
8.7
(in quarters)

Age of unsold inventory 2021

15.9
(in quarters)

LAUNCHES AND SALES TREND

LAUNCHES SALES

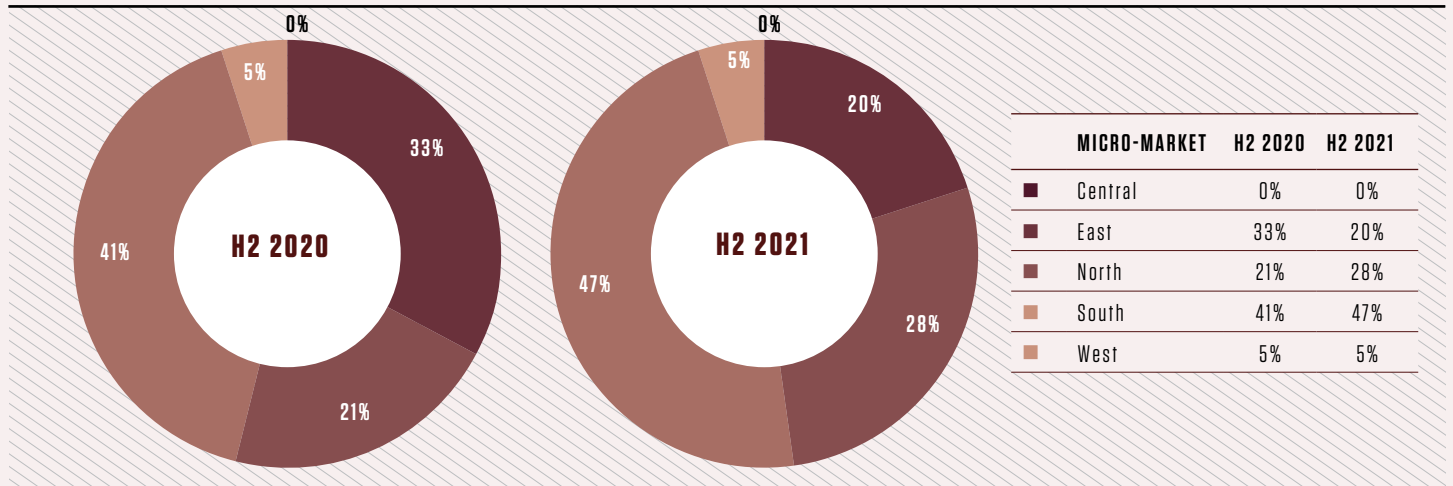


- Q1 2021 was a strong period for the Bengaluru residential market and the COVID-19 second wave in Q2 2021 was expected to serve only as a temporary blip. Expectedly so, coming out of the second wave and with rapidly scaling up of vaccination drives, Q3 and Q4 recorded sales growth of 131% and 83% YoY respectively.
- Omicron related developments towards the end of Q4 2021 did not have any material influence on home buyer decision making and accordingly, sales momentum across segments remained strong during the period.
- Thus, on the back of a strong second half performance, Bengaluru residential market witnessed a 61% YoY jump in sales in 2021. With housing sales of 38,030 units in 2021, the city ranked as the 2nd largest market in the country next only to Mumbai.
- Launches improved by 54% YoY to 30,607 units in 2021 as developers launched new projects, buoyed by strong end user demand and reducing inventory position. In H2 2021, launches improved 89% YoY to 17,218 units.
- South Bengaluru remained the largest market accounting for 38% sales followed by North at 30% and East at 26% in H2 2021. However, North Bengaluru recorded the fastest sales growth of 134% YoY during H2 2021. South and East micro-markets saw growth of 127% and 59% respectively.
- Mid and high-end ticket size segments (INR 5 mn and above) saw their share rising from 65% in H2 2020 to 68% in H2 2021 as consumers preferred bigger apartments and better projects to accommodate increased space and lifestyle requirements.
- With sales level ahead of launches in each successive year since 2015, unsold inventory has fallen to its lowest level in the last 10 years. The quarters-to-sell (QTS) stands at a healthy 9 quarters for the market raising expectations of a continuing strong momentum in 2022.
- With improved demand supply dynamics in the market and a positive homebuyer outlook, the average price level increased by 4.4% YoY during Q4 2021. Although the price increase was broad based across ready and under construction properties, it was more prominent in new project launches.

MICRO-MARKET CLASSIFICATION

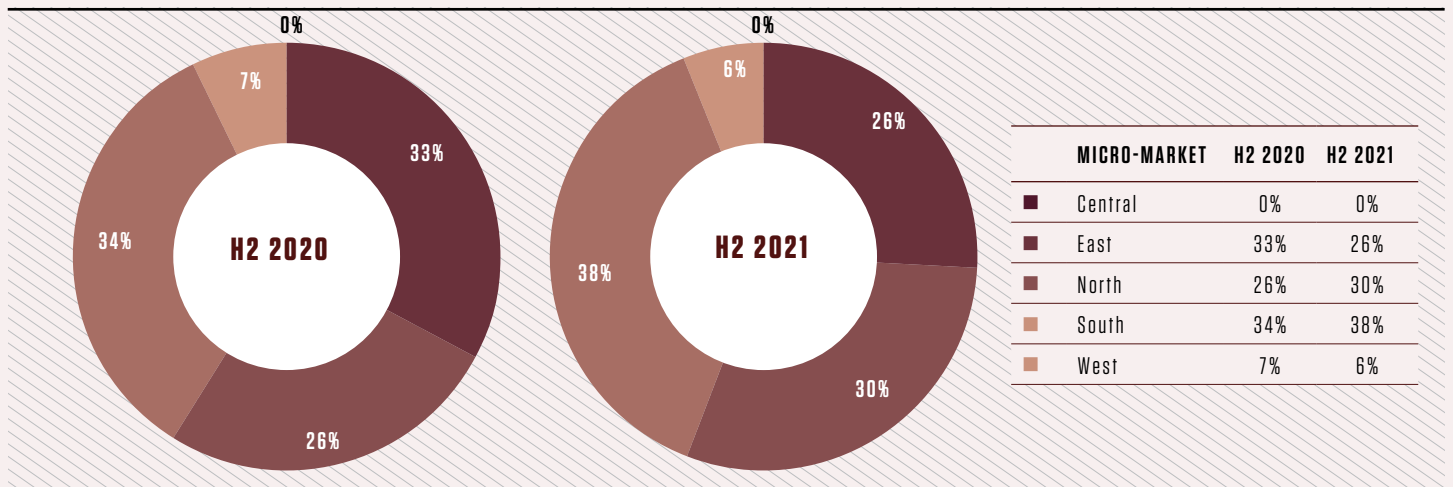
MICRO MARKET	LOCATIONS
Central	MG Road, Lavelle Road, Langford Town, Vittal Mallya Road, Richmond Road
East	Whitefield, Old Airport Road, Old Madras Road, KR Puram, Marathahalli
West	Malleswaram, Rajajinagar, Yeswanthpur, Tumkur Road, Vijayanagar
North	Hebbal, Bellary Road, Hennur, Jakkur, Yelahanka,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

MICRO-MARKET SPLIT OF NEW LAUNCHES IN H2 2020 AND H2 2021



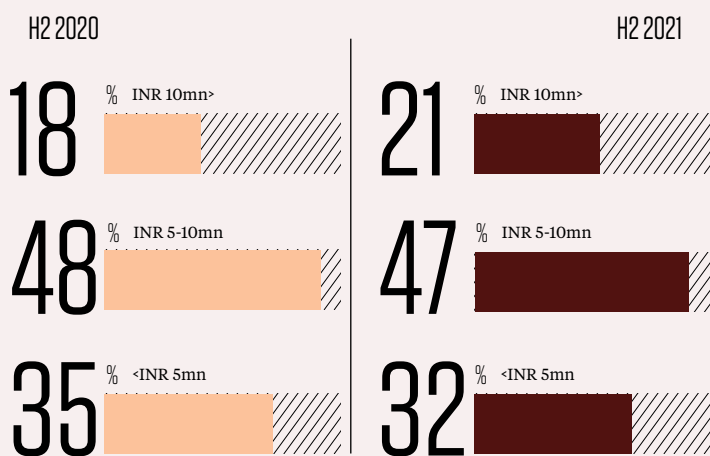
Source: Knight Frank Research

MICRO-MARKET SPLIT OF SALES IN H2 2020 AND H2 2021



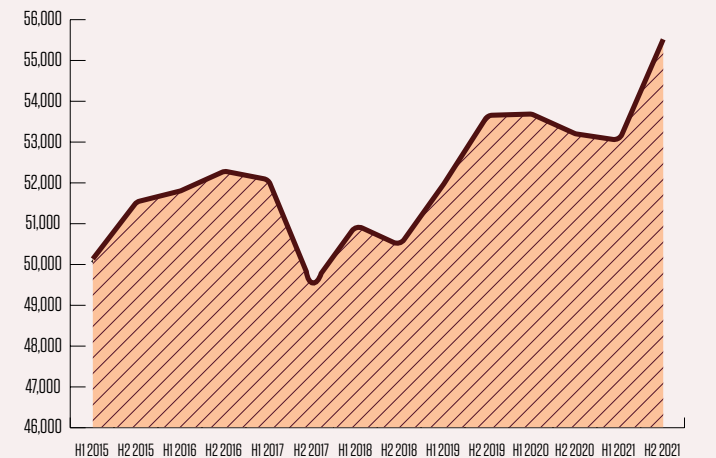
Source: Knight Frank Research

BENGALURU TICKET SIZE SPLIT COMPARISON OF SALES DURING H2 2020 AND H2 2021



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	1,61,460-2,36,808 (15,000-22,000)	1%	3%
	LAVELLE ROAD	2,26,044-3,22,920 (21,000- 30,000)	0%	1%
EAST	KR PURAM	40,903-69,966 (3,800-6,500)	0%	1%
	WHITEFIELD	48,438-86,112 (4,500-8,000)	1%	4%
	MARATHAHALLI	45,209-75,348 (4,200-7,000)	0%	1%
NORTH	HEBBAL	59,202-1,07,640 (5,500-10,000)	1%	3%
	YELAHANKA	43,056-80,730 (4,000-7,500)	3%	3%
	THANISANDRA	43,056-86,112 (4,000-8,000)	0%	0%
	HENNUR	43,056-86,112 (4,000-8,000)	0%	1%
SOUTH	SARJAPUR ROAD	43,056-86,112 (4,000-8,000)	3%	5%
	KANAKPURA ROAD	43,056-71,042 (4,000-6,600)	-1%	0%
	ELECTRONIC CITY	37,674-64,584 (3,500-6,000)	3%	5%
	BANNERGHATTA ROAD	37,674-75,348 (3,500-7,000)	-1%	1%
WEST	YESHWANTPUR	64,584-1,07,640 (6,000-10,000)	-1%	0%
	MALLESWARAM	86,112-1,50,696 (8,000-14,000)	-2%	4%
	RAJAJINAGAR	75,348-1,61,460 (7,000-15,000)	0%	2%
	TUMKUR ROAD	32,292-64,584 (3,000-6,000)	0%	1%

Source: Knight Frank Research

MICRO-MARKET HEALTH

MICRO-MARKET	UNSOLD INVENTORY (HOUSING UNITS) (YOY CHANGE)	QUARTERS-TO-SELL (QTS)
CENTRAL	141 (-36%)	6.4
EAST	13929 (-18%)	6.1
NORTH	15383 (-9%)	8.0
SOUTH	31691 (-4%)	10.7
WEST	6197 (-17%)	11.7

Source: Knight Frank Research



OFFICE MARKET

BENGALURU MARKET SUMMARY

PARAMETER	2021	2021 CHANGE (YOY)	H2 2021	H2 2021 CHANGE (YOY)	Q4 2021	Q4 2021 CHANGE (QOQ)
Completions mn sq m (mn sq ft)	1.11 (11.94)	27%	0.63 (6.8)	25%	0.25 (2.7)	-32%
Transactions mn sq m (mn sq ft)	1.14 (12.23)	-1%	0.80 (8.7)	15%	0.41 (4.4)	3%
Average transacted rent in INR/sq m/month (INR/sq ft/month) (End of period)	786 (73)	-9%	-	-	-	1%

Note: 1 square metre (sq m) = 10.764 square feet (sq ft) | 2. In case of Completions and Transactions, "-" for Change denotes base period or current period as zero.

Source: Knight Frank Research

Stock 2021

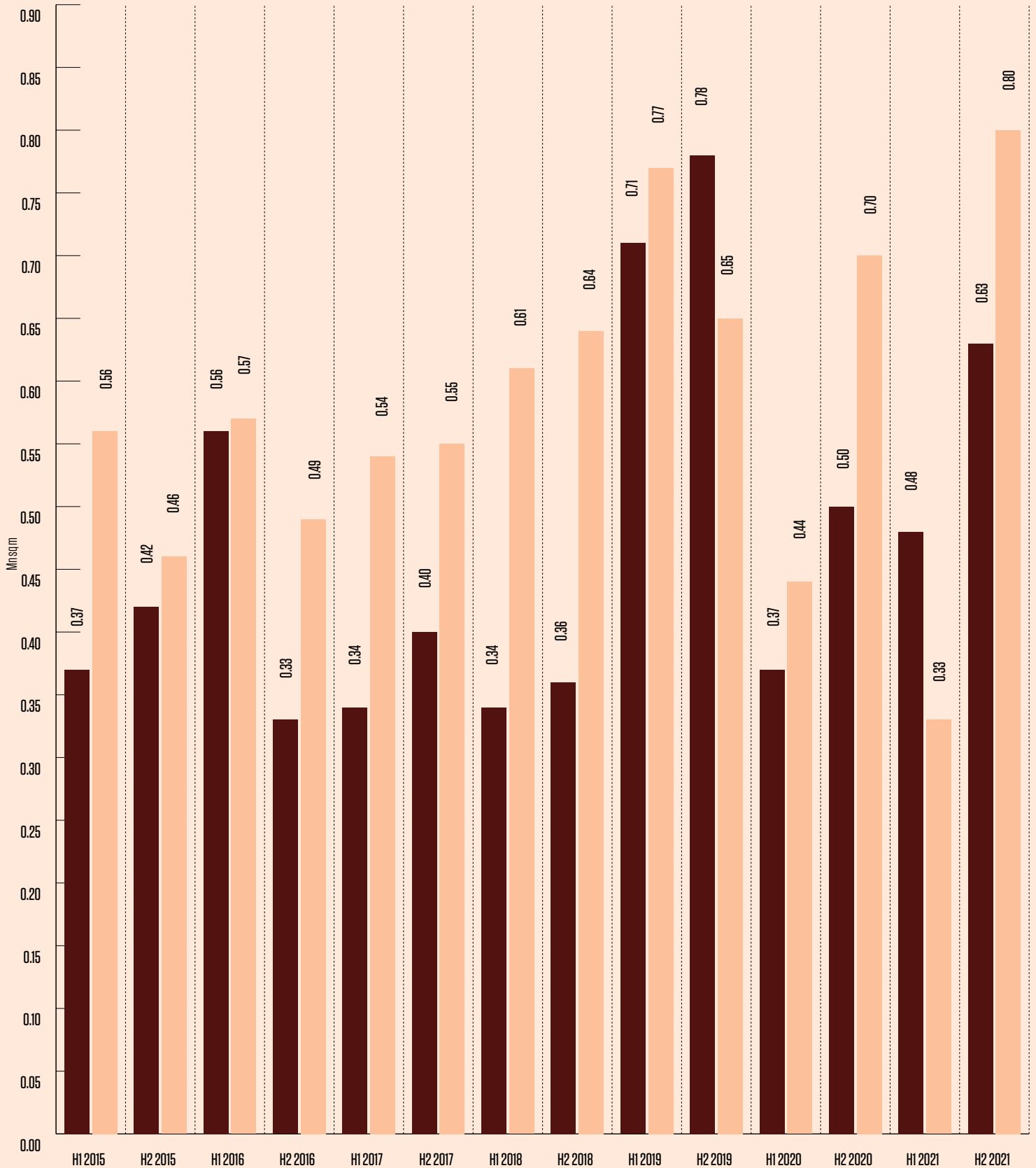
mn sq m (mn sq ft) | Change (YoY)
17.3 (186.1) | 7%

Vacancy % 2021

13%
370 basis points increase

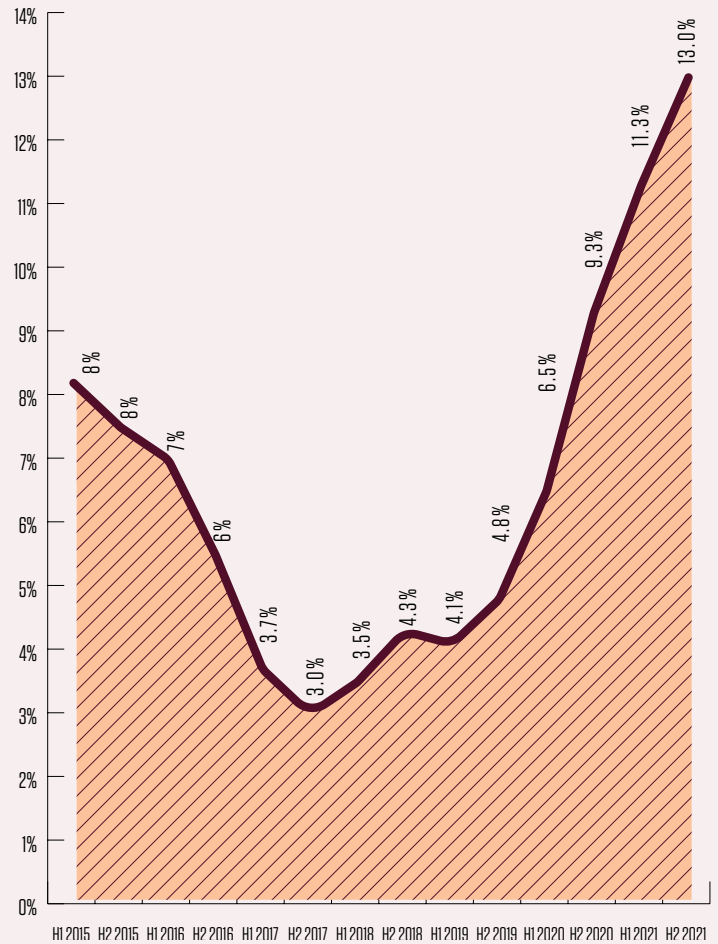
BENGALURU OFFICE MARKET ACTIVITY

COMPLETIONS TRANSACTIONS



- Accounting for a decadal high share of 32% in 2021, Bengaluru maintained its supremacy in India office transactions despite the headwinds of pandemic and recent Omicron worries that delayed return to office.
- A strong second half ensured that Bengaluru recorded 12.23 mn sq ft of office transactions in 2021, around the same as the level of 2020.
- Recovering from the initial pandemic hiccups, construction activity across projects is back to normal levels. Strong completions of 11.9 mn sq ft – second highest level in a decade – has been delivered in 2021 marking an increase of 26.7% YoY.
- The need for flexibility in workspace strategy, a key feature associated with co-working spaces, has ensured that this occupier group accounted for 19% of transactions in 2021 – a significant jump over the 12% share during 2020. In Q4 2021 particularly, co-working operators took up 42% of space, buoyed by the strong interest shown by their enterprise clients.
- ORR continues to be the dominant market with 39% transaction share followed by PBD North, PBD East and SBD at 17%, 15% and 15% respectively during H2 2021. With increased deal activity in Hebbal, Yelahanka and Thanisandra Road, the PBD North business district has seen its share increasing meaningfully compared to past periods.
- Increased supply over the last year translated into a rise in the vacancy level over a 12-month period. However, with the sharp rise in office transaction level in Q4 2021, the vacancy level has moderated in the last 3 months from 13.2% to 13.0%.
- Office rents recorded a 9% YoY decline over a 12-month period. However, over the last 6 months, they reflected stability. Average transacted rent level reflects 1% YoY increase in the most recent 3-month and 6-month periods.
- The Information Technology sector, which is the main driver for the Bengaluru office market taking up 39% transactions share throughout the year, continues to enjoy robust business momentum. Preparing for manpower and infrastructure capabilities to secure global IT projects, the Indian IT sector made record hiring amid the pandemic, and this will serve as dry powder for office demand when the Omicron uncertainty subsides.

BENGALURU OFFICE MARKET VACANCY



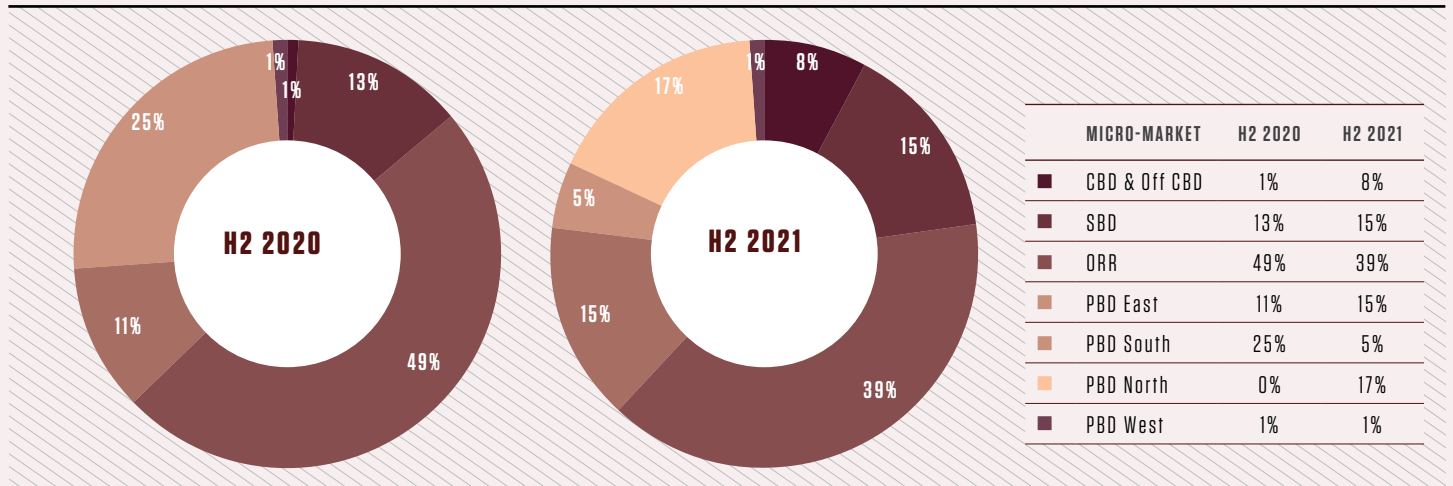
Source: Knight Frank Research

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
Outer Ring Road (ORR)	Hebbal ORR, Marathahalli ORR, Sarjapur Road ORR
Peripheral Business District (PBD) West	Vijaynagar, Tumkur Road, Mysore Road

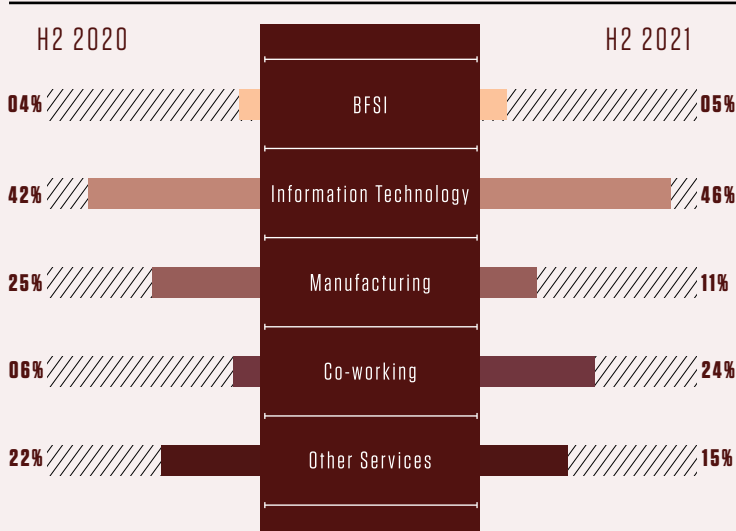
Source: Knight Frank Research

BUSINESS DISTRICT WISE TRANSACTIONS SPLIT IN H2 2020 AND H2 2021



Source: Knight Frank Research

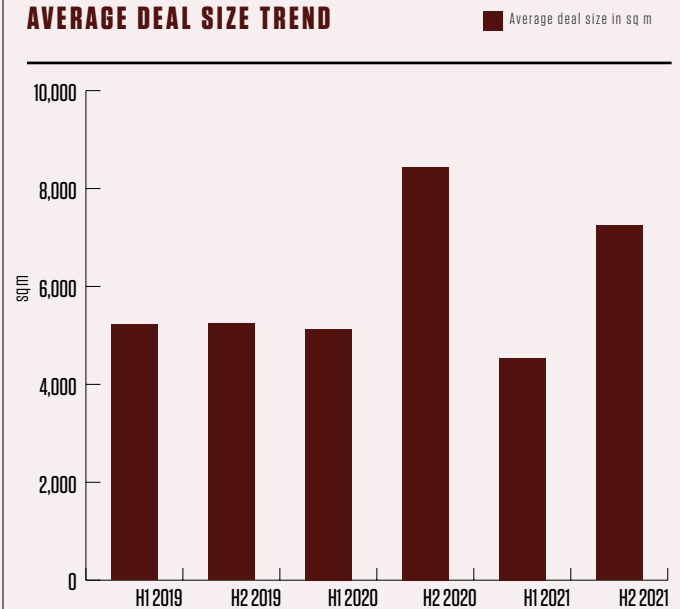
SECTOR-WISE TRANSACTIONS SPLIT IN H2 2020 AND H2 2021



Source: Knight Frank Research

Note: BFSI includes BFSI support services

AVERAGE DEAL SIZE TREND

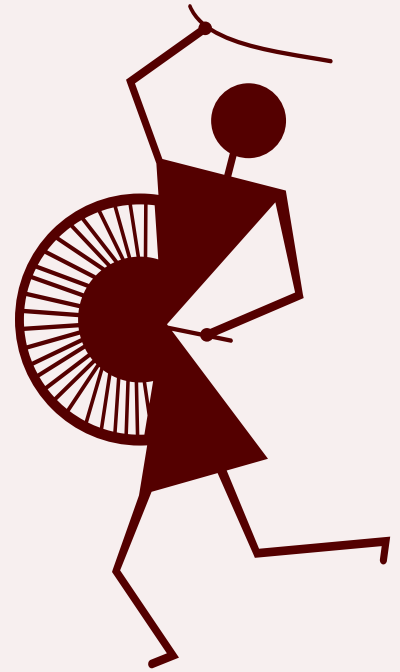


Source: Knight Frank Research

BUSINESS DISTRICT-WISE RENTAL MOVEMENT

	RENTAL VALUE RANGE IN H2 2021 IN INR/SQ M/MONTH (INR/SQ FT/MONTH)	12-MONTH CHANGE	6-MONTH CHANGE
CBD & Off-CBD	646 - 1,722 (60 - 160)	-5%	1%
SBD	646 - 1,399 (60 - 130)	-6%	3%
PBD East	431 - 753 (40 - 70)	-9%	1%
PBD South	377 - 700 (35 - 65)	-5%	1%
PBD North	431 - 753 (40 - 70)	-9%	0%
ORR	646 - 1,184 (60 - 110)	-5%	1%

Source: Knight Frank Research



RESIDENTIAL MARKET

CHENNAI MARKET SUMMARY

PARAMETER	2021	2021 CHANGE (YOY)	H2 2021	H2 2021 CHANGE (YOY)	Q4 2021	Q4 2021 CHANGE (QOQ)
Launches (housing units)	12,783	77%	7,360	98%	3,566	-6%
Sales (housing units)	11,958	38%	6,206	9%	2,758	-28%
Average Price in INR/sq m (INR/ sq ft) (End of period)	INR 43,594 (INR 4,050)	6.7%	-	-	-	0%

Note: 1 square metre (sq m) = 10.764 square feet (sq ft)
Source: Knight Frank Research

Unsold inventory 2021

(housing units) | Change (YoY)
13,016 | **7%**

Quarters to sell 2021

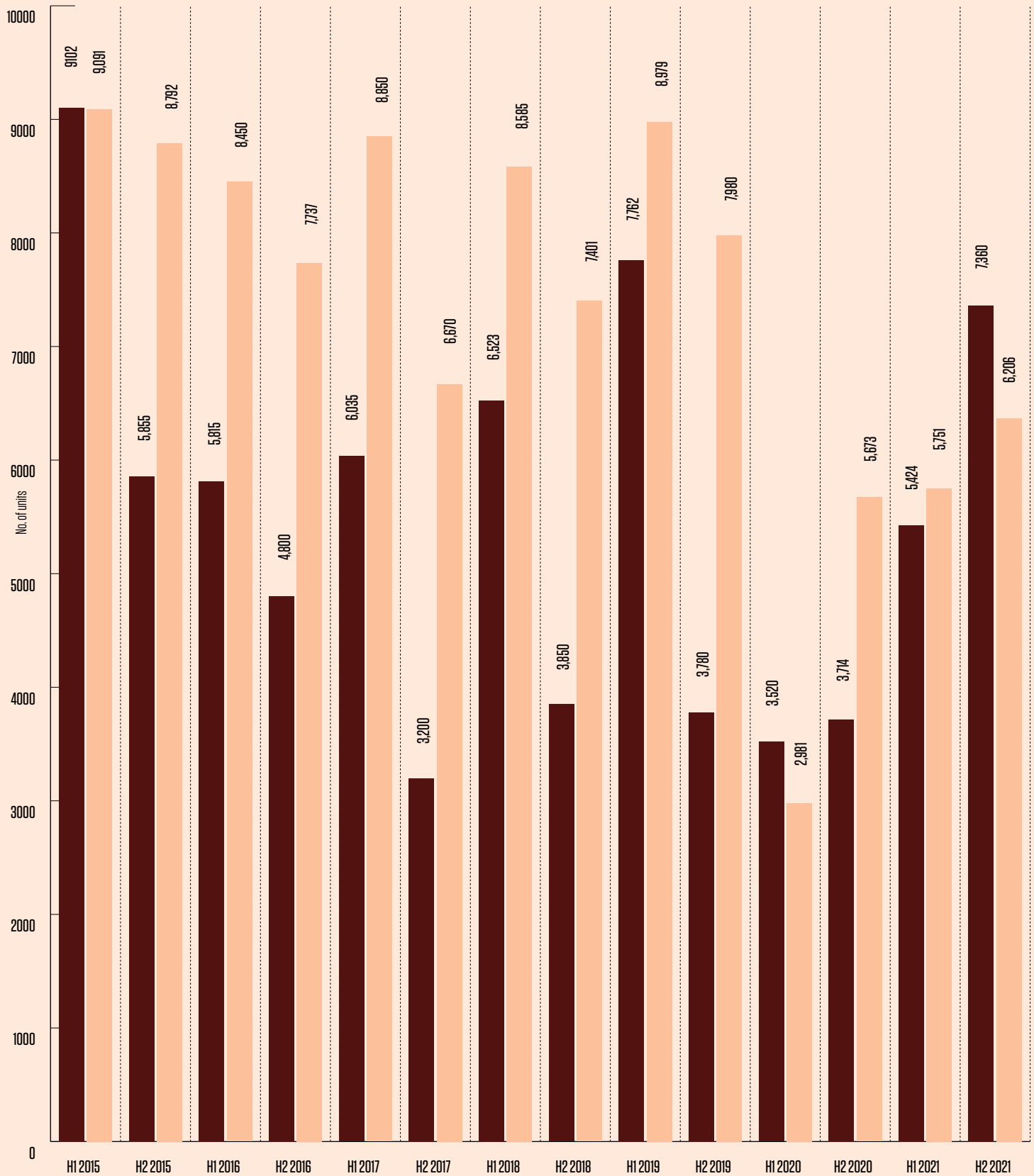
5.1
(in quarters)

Age of unsold inventory 2021

14.3
(in quarters)

LAUNCHES AND SALES TREND

LAUNCHES SALES



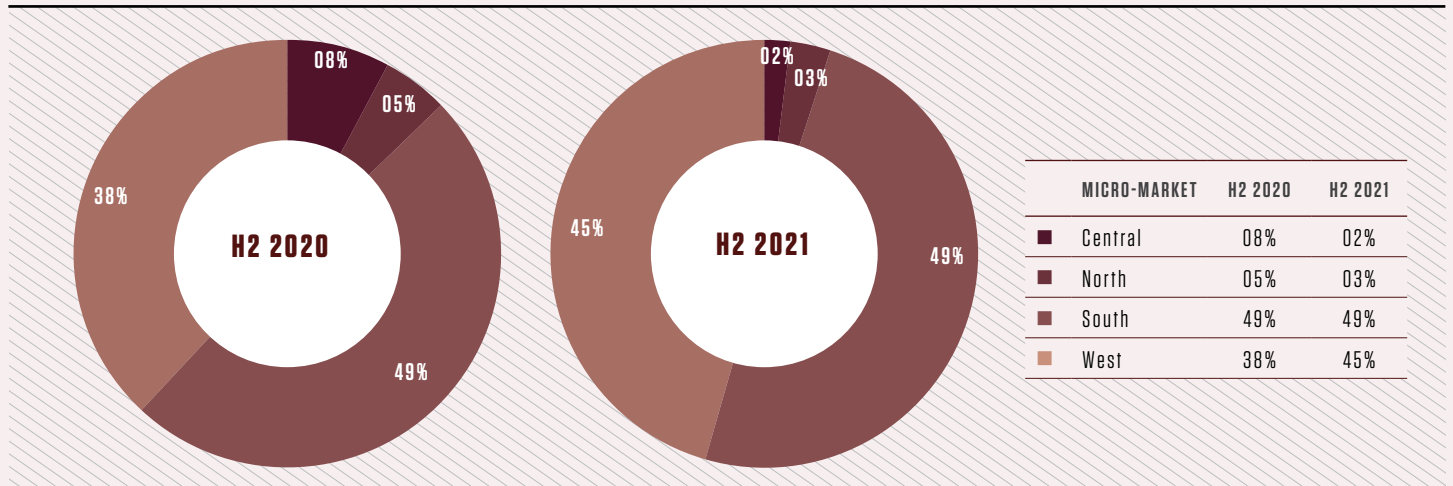
Source: Knight Frank Research

- The Chennai residential market has been on a steady path to recovery with sales momentum gradually increasing since H2 2020 to culminate in 6206 units sold in H2 2021, a 9% growth in YoY terms. The number of homebuyer enquiries and conversions have been rising steadily through 2021 as well, reflecting the improvement in sentiment.
- This improvement in sentiment has caused developers to increase supply. As developers gauged the changing mood of the market, 7,360 units were launched in H2 2021 which translated into a 98% YoY growth in supply levels. Appaswami Real Estates, Mahindra Lifespaces, Lancor Holdings and Sobha Homes were among the prominent developers active in the market during H2 2021. 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 91% of the total sales during the period. The south micro-market locations along the OMR and GST Roads continue to garner most homebuyer interest at 51%, while the more affordable locations such as Porur, Valasaravakkam and Poonamalle toward the west account for 34%.
- 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 33% in H2 2021. 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 work and study from home requirements.
- The share of projects with ticket sizes of > INR 10 million increased to 23% of the total sales in H2 2021, from 18% in H2 2020. 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 H2 2021, this has also been accompanied by price growth of 7% YoY. Some of this increase may be attributed to a base effect because of the significant price drop during H2 2020. 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 14.3 quarters in H2 2021 from 15.5 quarters in the year ago period. The unsold inventory and QTS have increased marginally in YoY terms during H2 2021 but given the fast-improving sentiments and recent price recovery, market volumes are expected to pick up in the near to medium term.

MICRO-MARKET CLASSIFICATION

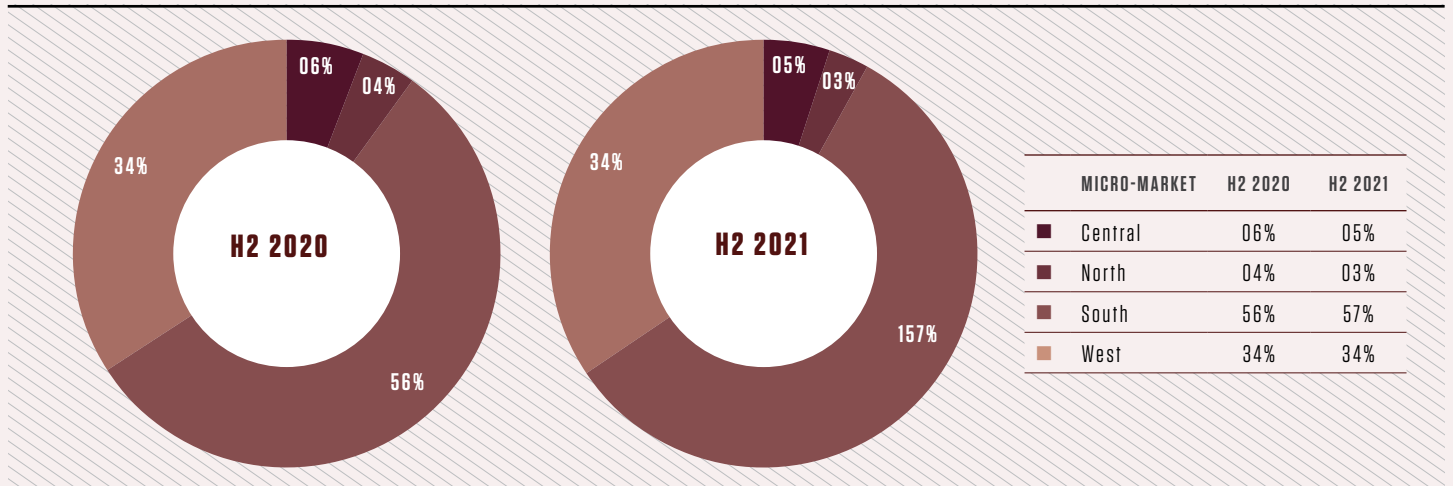
MICRO MARKET	LOCATIONS
Central Chennai	T. Nagar, Alandur, Nungambakkam, Kodambakkam, Kilpauk
West Chennai	Porur, Ambattur, Mogappair, Iyyappanthangal, Sriperumbudur
South Chennai	Perumbakkam, Chrompet, Sholinganallur, Guduvancheri, Kelambakkam
North Chennai	Tondiarpet, Kolathur, Madhavaram, Perambur

MICRO-MARKET SPLIT OF NEW LAUNCHES IN H2 2020 AND H2 2021



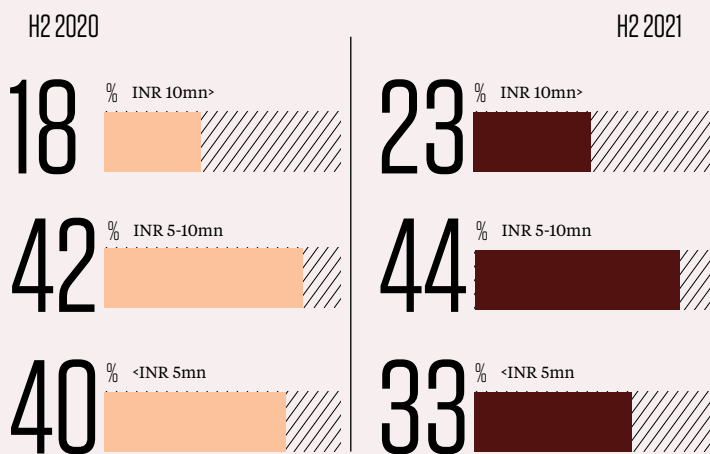
Source: Knight Frank Research

MICRO-MARKET SPLIT OF SALES IN H2 2020 AND H2 2021



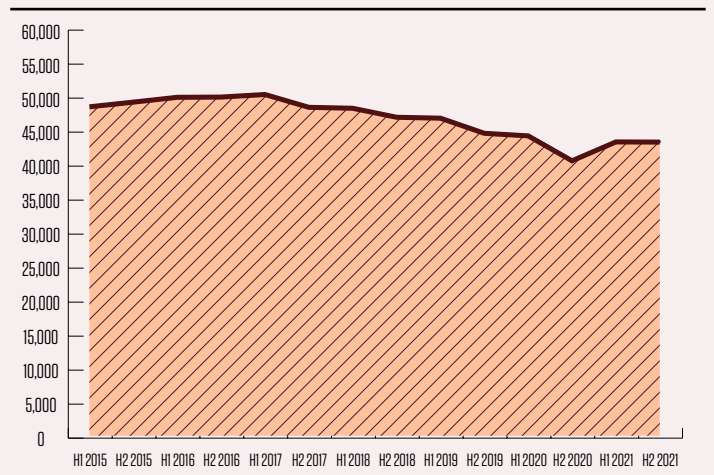
Source: Knight Frank Research

CHENNAI TICKET SIZE SPLIT COMPARISON OF SALES DURING H2 2020 AND H2 2021



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	ANNA NAGAR	110,800-125,000 (10,200-11,600)	7%	1%
	KILPAUK	151,000-167,000 (14,000-15,500)	6%	2%
NORTH	KOLATHUR	44,000-58,100 (4,100-5,400)	4%	2%
	PERAMBUR	61,400-70,000 (5,700-6,500)	6%	1%
SOUTH	PERUMBAKKAM	43,000-48,400 (4,000-4,500)	8%	0%
	KELAMBAKKAM	34,400-42,000 (3,200-3,900)	9%	1%
WEST	PORUR	54,900-61,400 (5,100-5,700)	8%	1%
	MOGAPPAIR	64,600-72,100 (6,000-6,700)	7%	0%

Source: Knight Frank Research

MICRO-MARKET HEALTH

MICRO-MARKET	UNSOLD INVENTORY (HOUSING UNITS) (YOY CHANGE)	QUARTERS-TO-SELL (QTS)	AGE OF INVENTORY (IN QUARTERS)
CENTRAL	423 (-51%)	3.1	11.40
NORTH	411 (-32%)	4.8	16.80
SOUTH	6,027 (-14%)	4.1	16.20
WEST	5,993 (60%)	6.6	15.70

Source: Knight Frank Research



OFFICE MARKET

CHENNAI MARKET SUMMARY

PARAMETER	2021	2021 CHANGE (YOY)	H2 2021	H2 2021 CHANGE (YOY)	Q4 2021	Q4 2021 CHANGE (QOQ)
Completions mn sq m (mn sq ft)	0.16 (1.8)	-47%	0.09 (0.9)	1,359%	0.07 (0.7)	-
Transactions mn sq m (mn sq ft)	0.40 (3.9)	-14%	0.25 (2.7)	-15%	0.10 (1.1)	-55%
Average transacted rent in INR/sq m/month (INR/sq ft/month) (End of period)	627 (58.3)	-2.7%	-	-	-	0%

Note: 1 square metre (sq m) = 10.764 square feet (sq ft) | 2. In case of Completions and Transactions, "-" for Change denotes base period or current period as zero.

Source: Knight Frank Research

Stock 2021

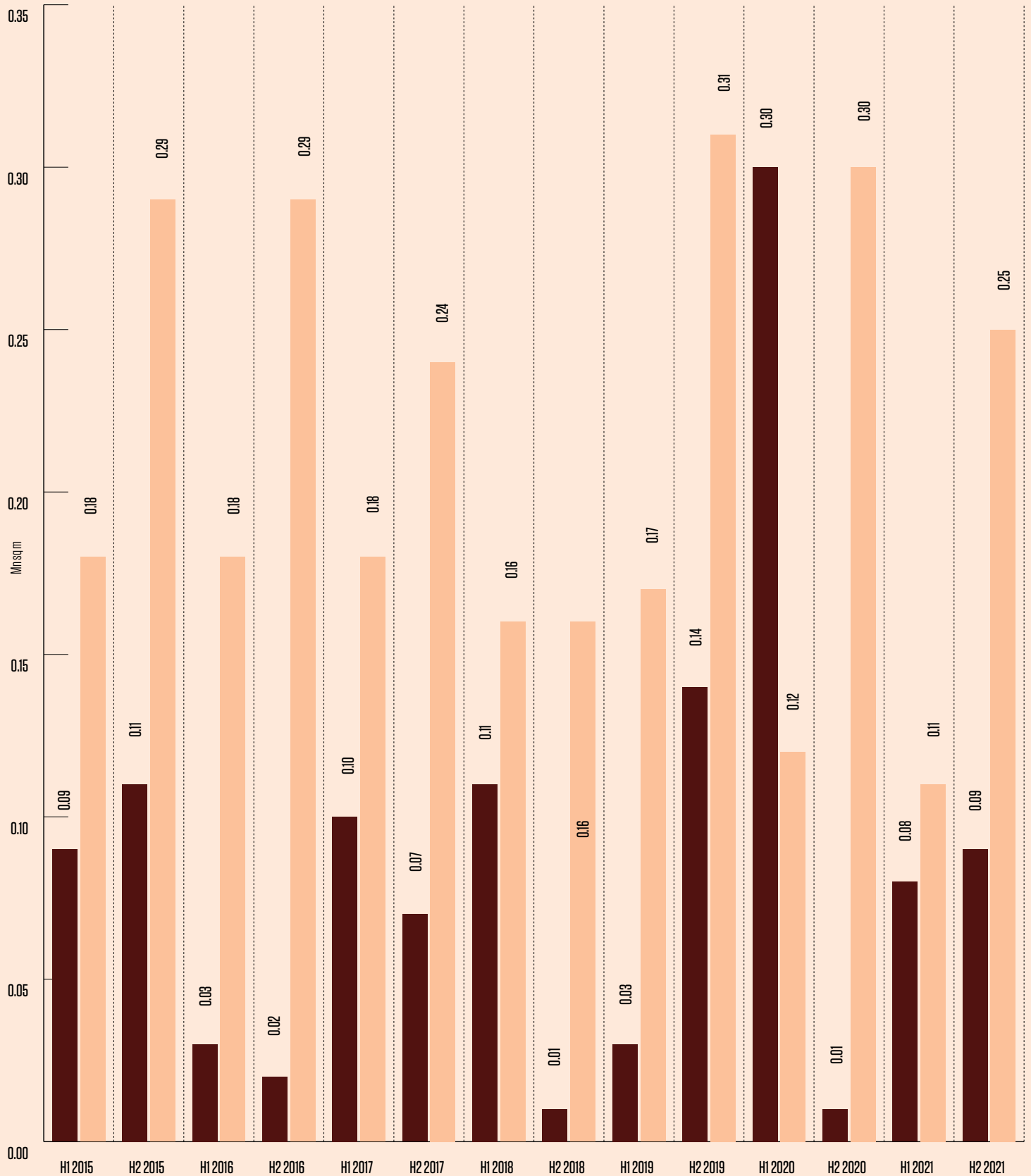
mn sq m (mn sq ft) | Change (YoY)
7.25 (78.0) | 2%

Vacancy % 2021

13%
126 basis points increase

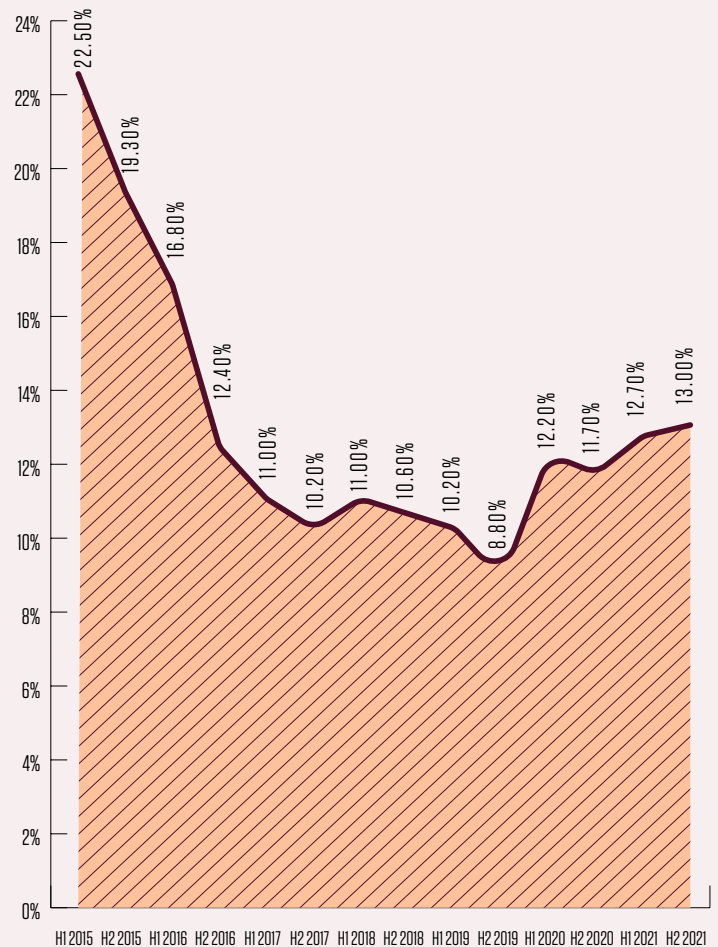
CHENNAI OFFICE MARKET ACTIVITY

COMPLETIONS TRANSACTIONS



- The Chennai office market has recovered well from the second wave in H1 2021 with transaction volumes in H2 2021 bouncing back 123% since then. Similarly, the average transaction size has also risen 81% during the same period.
- Transaction levels, however, remained subdued in YoY terms, dipping 15% to 0.25 mn sq m (2.7 mn sq ft) in H2 2021.
- The 0.16 mn sq m (1.8 mn sq ft) of office spaces delivered in 2021 were 47% lower YoY. Gateway Office Parks and Urban Square delivered on the Old Mahabalipuram Road (OMR) constituted 65% of the 0.09 mn sq m (0.9 mn sq ft) space completed during H2 2021. They were also two of the largest projects delivered during the period.
- The manufacturing sector was the most active during H2 2021 accounting for 0.10 mn sq m (1.1 mn sq ft) or 44% of the total area transacted during the period. The top three leases of H2 2021 were signed by manufacturing companies and constituted a substantial 30% of the total area transacted.
- The Information Technology sector accounted for 0.05 mn sq m (0.5 mn sq ft) or 20% of the space transacted during H2 2021 compared to 64% in H2 2020. However, given the substantial hiring that has occurred in the sector during the year, it is a matter of time before its share in transactions reverts to its longer-term average of over 50%.
- The increasing need for flexibility has boosted demand for managed office spaces over the course of 2021. 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 sector during H2 2021 translates to a share of 11%, the highest since H1 2019.
- 36% of the space transacted in H2 2021 took place in the SBD OMR at locations such as Perungudi, Kandanchavadi and Taramani. RMZ Millenia and Varalakshmi Tech Park accounted for 65% of the transactions in the SBD OMR due to two leases signed by Trimble and Saipem during H2 2021. The SBD at 33% remained close behind the SBD OMR in terms of share of transactions. 58% of the transactions in the SBD occurred in Guindy and Manapakkam.
- While rents have dipped 3% YoY in 2021, they have stabilized over the past six months with Q3 and Q4 2021 showing no change in rental levels. The vacancy level is at a healthy 13%, in line with those existing with other prominent southern markets of Bengaluru and Hyderabad.

CHENNAI OFFICE MARKET VACANCY



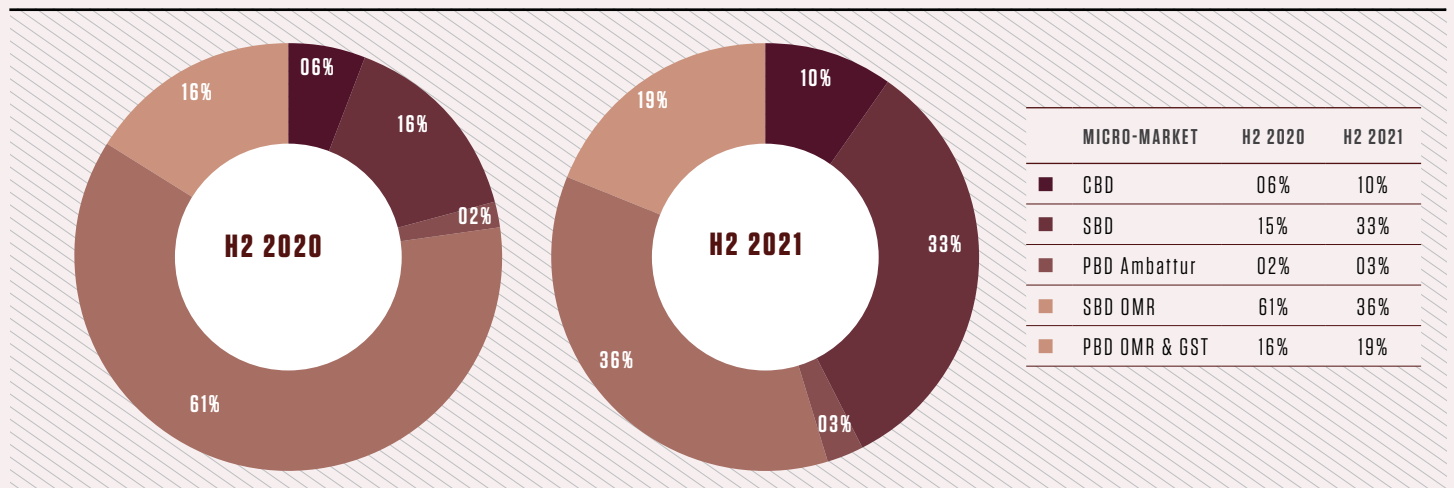
Source: Knight Frank Research

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

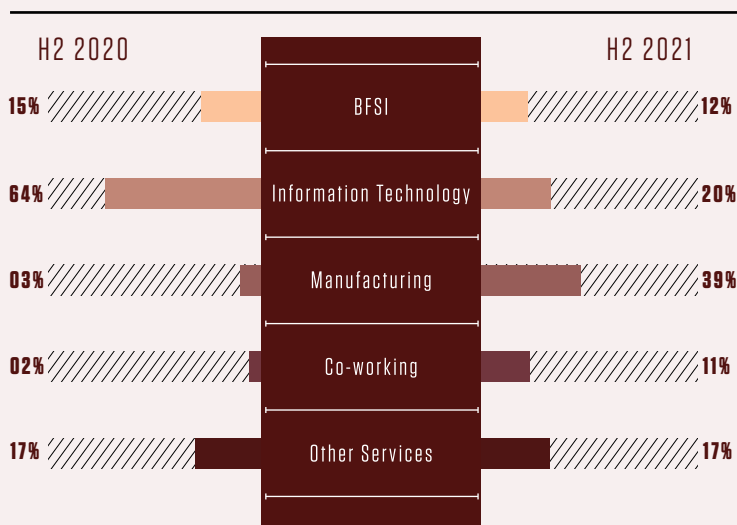
Source: Knight Frank Research

BUSINESS DISTRICT WISE TRANSACTIONS SPLIT IN H2 2020 AND H2 2021



Source: Knight Frank Research

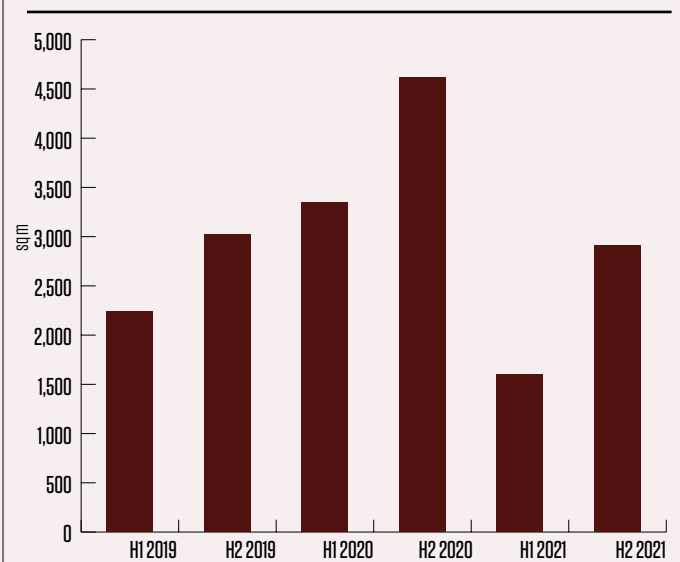
SECTOR-WISE TRANSACTIONS SPLIT IN H2 2020 AND H2 2021



Source: Knight Frank Research

Note: BFSI includes BFSI support services

AVERAGE DEAL SIZE TREND



Source: Knight Frank Research

BUSINESS DISTRICT-WISE RENTAL MOVEMENT

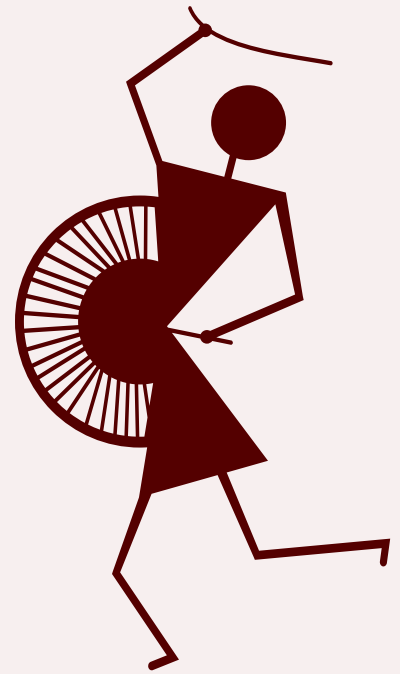
	RENTAL VALUE RANGE IN H2 2021 IN INR/SQ M/MONTH (INR/SQ FT/MONTH)	12-MONTH CHANGE	6-MONTH CHANGE
CBD	700-1,023 (65-95)	-1%	1%
SBD	592-861 (55-80)	-3%	2%
SBD OMR	581-980 (54-91)	-2%	1%
PBD OMR and GST Road	280-430 (26-40)	-4%	2%
PBD Ambattur	301-377 (28-35)	-3%	1%

Source: Knight Frank Research



HYDERABAD

RESIDENTIAL AND OFFICE MARKET



RESIDENTIAL MARKET

HYDERABAD MARKET SUMMARY

PARAMETER	2021	2021 CHANGE (YOY)	H2 2021	H2 2021 CHANGE (YOY)	Q4 2021	Q4 2021 CHANGE (QOQ)
Launches (housing units)	35,736	179%	19,204	126%	9,768	36%
Sales (housing units)	24,318	142%	12,344	135%	6,357	74%
Average Price in INR/sq m (INR/ sq ft) (End of period)	INR 50,806 (INR 4,720)	4.7%	-	-	-	0%

Note: 1 square metre (sq m) = 10.764 square feet (sq ft)
Source: Knight Frank Research

Unsold inventory 2021

(housing units) | Change (YoY)
18,598 | **159%**

Quarters to sell 2021

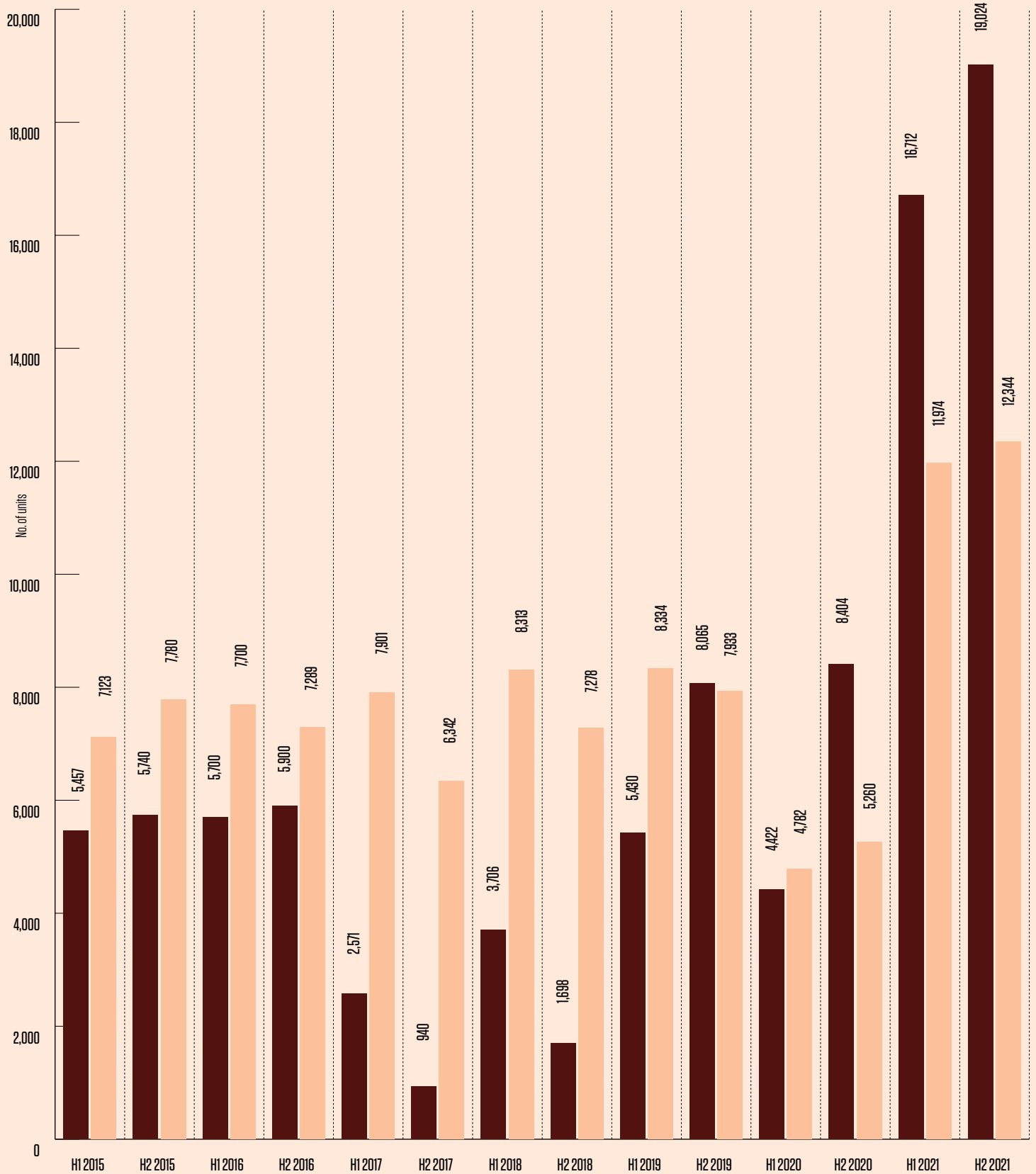
4.3
 (in quarters)

Age of unsold inventory 2021

7.6
 (in quarters)

LAUNCHES AND SALES TREND

LAUNCHES SALES



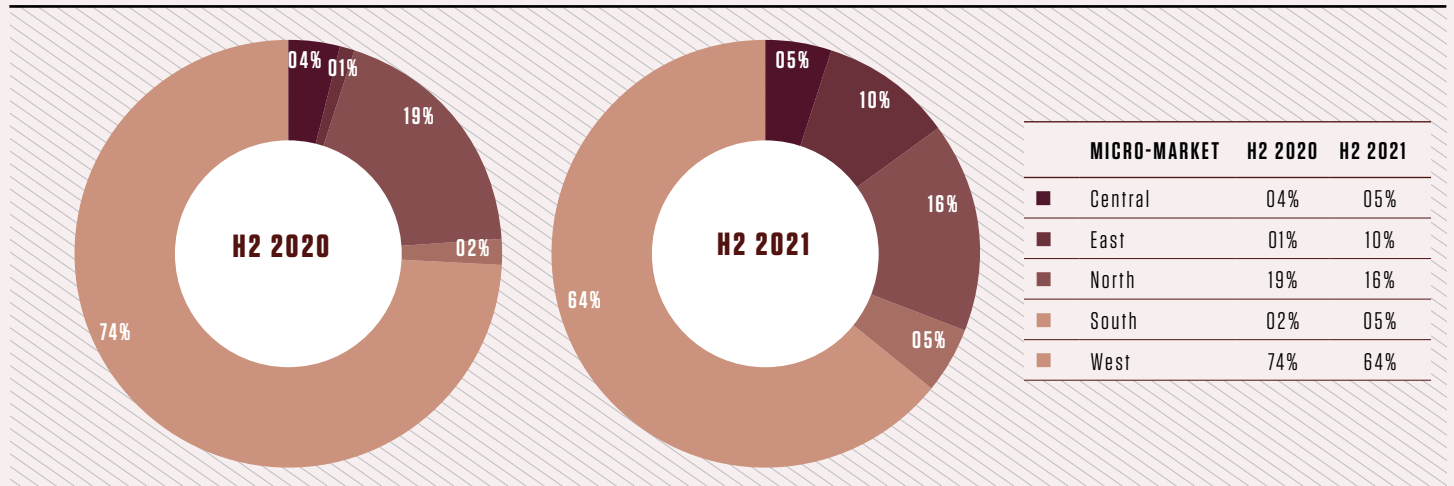
Source: Knight Frank Research

- Hyderabad was the best performing residential market in 2021 with sales growing by a resounding 142% YoY to 24,312 units in 2021, the highest in recorded history since 2011. Even in half-yearly terms, sales in H2 2021 grew by 135% YoY. While low interest rates, higher savings rates and high affordability were primarily driving the market, also at play was the fact that Hyderabad's homebuyer base is composed of a substantial Information Technology (IT) workforce which has been largely unaffected by the pandemic influenced disruptions. In fact, the pandemic has actually reignited residential demand by curtailing personal mobility and space for the better part of the past two years, motivating the masses to look for more spacious and comfortable residential accommodation.
- Developers were quick to capitalize on this shift in sentiment by launching 19,024 units in H2 2021 which translated into a growth of 126% YoY. 64% of these units were launched in West Hyderabad with Cybercity Builders & Developers, Shanta Shriram Constructions and SNR Constructions featuring prominently among developers active in West Hyderabad. Locations such as Kokapet, Peerancheru, Gopanapalle and Nalagandla saw most of the development activity.
- West Hyderabad also accounted for a similarly high 60% of the total sales during H2 2021 with homebuyers preferring to be close to the office hubs of HITEC City, Gachibowli and Nanakramguda in the commercial core of the city.
- The mid segment of INR 5-10 mn has always constituted the bulk of sales and accounted for 48% in H2 2021 as well. Up from 46% in H2 2020, this segment's share has remained in the range of 46% to 52% since H1 2018. The shares in both <INR 5 mn and >INR 10 mn segments' shares had fallen marginally in H2 2020.
- While the shares seem stable on a YoY basis, longer term trends suggest a gradual fall in the share of the <INR 5 mn segment from 29% in H1 2018 to the 23% in H2 2021.
- Conversely, the >INR 10 mn segment experienced an increase in traction with its share of sales increasing from 19% in H1 2018 to 30% currently. 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 to accommodate work and study from home requirements.
- Hyderabad is the only market among the eight under review that has not seen a single year of price decline since H1 2013. The fact that it was also the only market that saw no YoY change in price levels at the end of 2020 despite the pandemic induced disruptions, depicts the underlying strength of its residential market. While no longer among the cheapest markets in the country, it remains an attractive destination for the end-user and as seen more recently, for investors as well. Residential prices increased by 5% YoY in H2 2021.
- Residential demand is firmly entrenched in the ready-to-move-in properties and has caused the average age of inventory in Hyderabad to reduce from 11.5 quarters in H2 2020 to 7.6 quarters in H2 2021. Recent trends suggest an increase in demand in under-construction properties of established developers as well. While worries on overbuilding and consequent overburdening the infrastructure exist due to the relaxation in FSI restrictions, sentiments in the residential market remain buoyant for the near to medium term.

MICRO-MARKET CLASSIFICATION

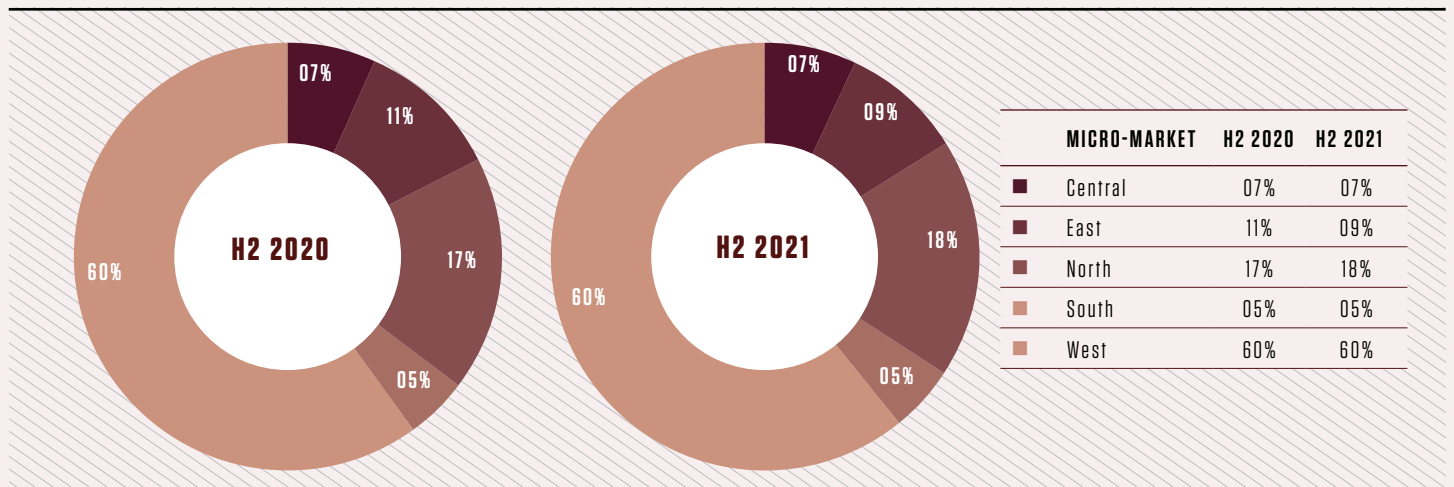
MICRO MARKET	LOCATIONS
HMR – Central	Begumpet, Banjara Hills, Jubilee Hills, Panjagutta, Somajiguda
HMR – West	Kukatpally, Madhapur, Kondapur, Gachibowli, Raidurgam, Kokapet
HMR – East	Uppal, Malkajgiri, LB Nagar
HMR – North	Kompally, Medchal, Alwal, Quthbullapur
HMR – South	Rajendra Nagar, Shamshabad

MICRO-MARKET SPLIT OF NEW LAUNCHES IN H2 2020 AND H2 2021



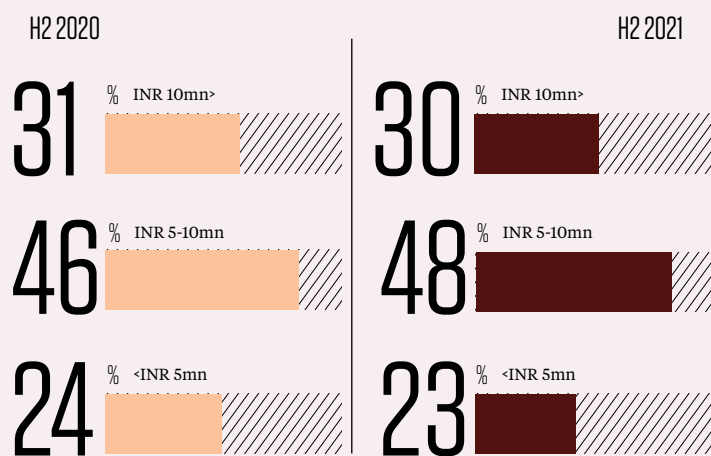
Source: Knight Frank Research

MICRO-MARKET SPLIT OF SALES IN H2 2020 AND H2 2021



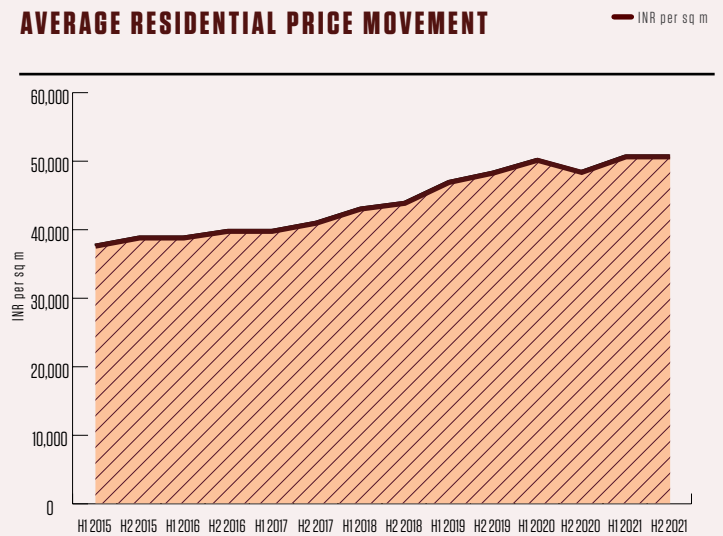
Source: Knight Frank Research

HYDERABAD TICKET SIZE SPLIT COMPARISON OF SALES DURING H2 2020 AND H2 2021



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	BANJARA HILLS	108,716-112,634 (10,200-10,600)	6%	4%
	JUBILEE HILLS	118,296-119,373 (10,990-11,090)	7%	7%
EAST	LB NAGAR	44,132-48,007 (4,100-4,460)	3%	2%
	NACHARAM	40,451-42,938 (3,578-3,989)	4%	2%
NORTH	KOMPALLY	35,650-35,790 (3,312-3325)	5%	4%
	SAINIKPURI	29,063-29,999 (2,700-2,787)	4%	3%
SOUTH	Rajendra Nagar	51,990-53,583 (4,830-4,978)	3%	2%
	Bandlaguda	42,819-45,575 (3,978-4,234)	5%	3%
WEST	KOKAPET	52,173-55854 (4,847-5,189)	6%	5%
	MANIKONDA	47,254-48,266 (4,390-4484)	5%	3%

Source: Knight Frank Research

MICRO-MARKET HEALTH

MICRO-MARKET	UNSOLD INVENTORY (HOUSING UNITS) (YOY CHANGE)	QUARTERS-TO-SELL (QTS)
CENTRAL	692 (1%)	2.2
EAST	1,643 (135%)	4.2
NORTH	2,892 (277%)	3.8
SOUTH	1,230 (34%)	5.7
West	12,141 (195%)	4.6

Source: Knight Frank Research



OFFICE MARKET

HYDERABAD MARKET SUMMARY

PARAMETER	2021	2021 CHANGE (YOY)	H2 2021	H2 2021 CHANGE (YOY)	Q4 2021	Q4 2021 CHANGE (QOQ)
Completions mn sq m (mn sq ft)	0.43 (4.6)	-47%	0.36 (3.8)	-21%	0.15 (1.6)	25%
Transactions mn sq m (mn sq ft)	0.60 (6.0)	0%	0.41 (4.4)	16%	0.21 (2.3)	-31%
Average transacted rent in INR/sq m/month (INR/sq ft/month) (End of period)	661 (61.4)	0.5%	-	-	-	0.5%

Note: 1 square metre (sq m) = 10.764 square feet (sq ft) | 2. In case of Completions and Transactions, "-" for Change denotes base period or current period as zero.

Source: Knight Frank Research

Stock 2021

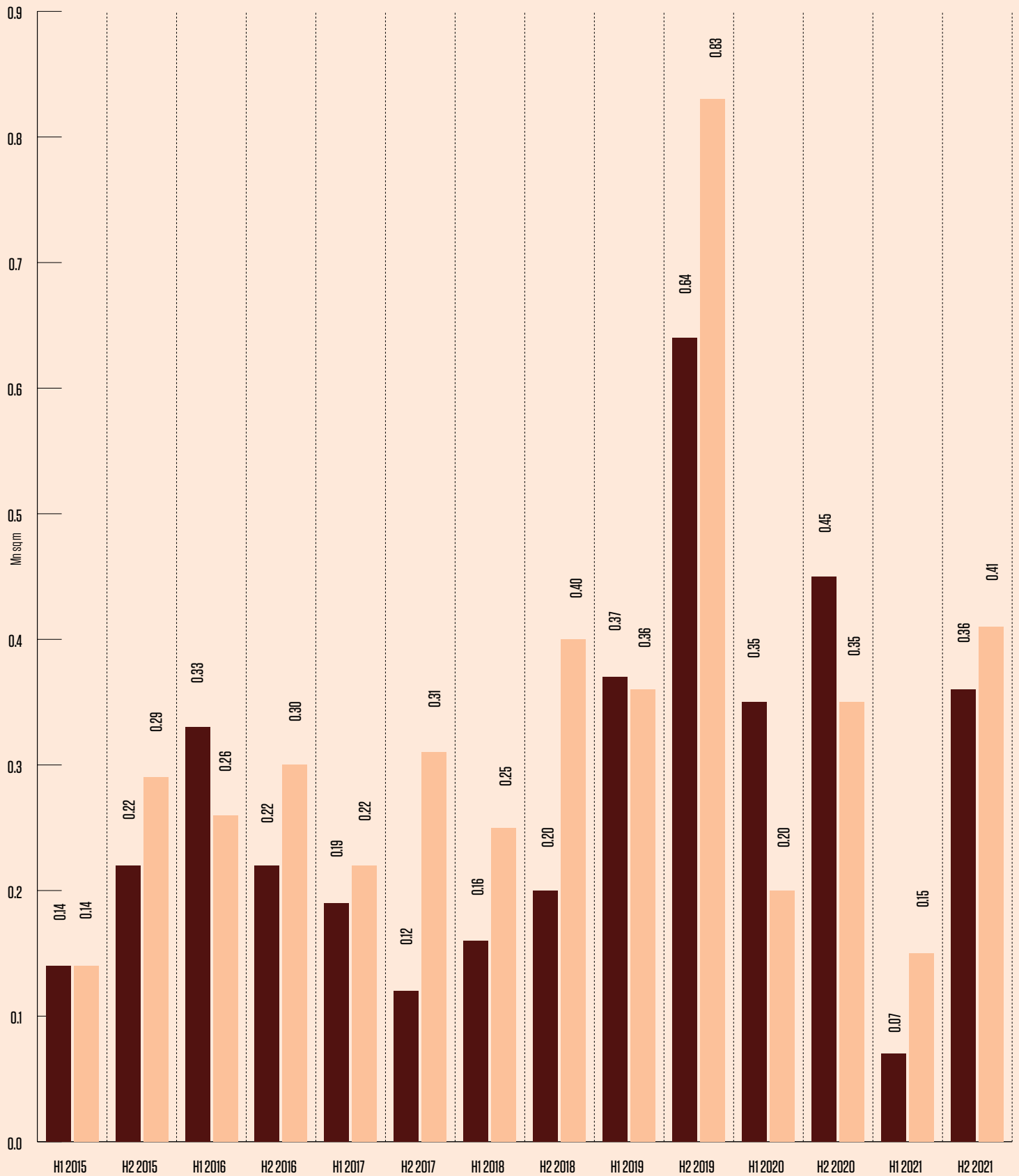
mn sq m (mn sq ft) | Change (YoY)
8.22 (88.5) | 5%

Vacancy % 2021

12.2%
279 basis points increase

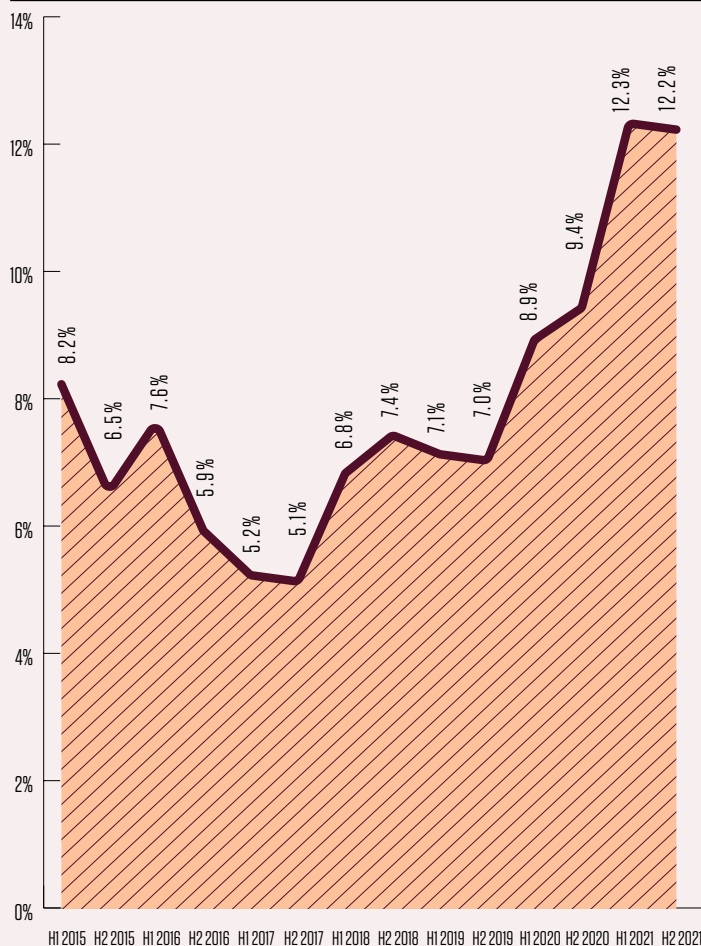
HYDERABAD OFFICE MARKET ACTIVITY

COMPLETIONS TRANSACTIONS



- 2021 has been a year of stabilization for the Hyderabad office market with transaction volumes matching the previous year's annual total at 0.56 mn sq m (6.0 mn sq ft). Traditionally anchored by the Information Technology (IT) sector, the market has nurtured a diverse tenant base that has supported demand during H2 2021 in a challenging environment where the IT sector deferred its expansion plans.
- Annual office completions have fallen 47% YoY to 0.43 mn sq m (4.6 mn sq ft). The limited supply has however helped keep the vacancy level at 12.2% at the end of 2021.
- The manufacturing sector was the mainstay of the market during H2 2021 accounting for 35% of the space transacted during the period. This was primarily due to a 1.5 mn sq ft lease signed by computer hardware major Qualcomm in Raheja Commerzone at Raidurg. This is a very encouraging sign for the Hyderabad market as the city continues to successfully attract the largest hardware manufacturers operating in the country such as Dell, Intel and Hewlett Packard.
- While the IT sector players deferred their expansion plans and accounted for an 18% share in transactions during H2 2021, it was instrumental in pushing up the volumes generated by managed office/co-working players during the period. Following its robust performance in H1 2021, the co-working sector maintained its momentum and accounted for 21% of the space taken up during H2 2021. Smartworks and Tablespace were the most active players among the co-working pack during the period. An estimated 9,600 seats were taken up within such managed office premises by enterprises during H2 2021.
- The SBD dominated interest during H2 2021 as an overwhelming 92% of the space transacted during the period was in this business district. HITEC City continues to be the nerve center of the Hyderabad office market with 52% of the office space transacted being located here. 74% of the leases signed during H2 2021 occurred in four SBD properties of Raheja Commerzone, Divyasree, Raheja Mindspace and Phoenix Avance Hub.
- Rents grew marginally by 0.5% YoY in 2021. Q4 2021 was the strongest quarter in terms of transactions with 0.21 mn sq m (2.3 mn sq ft) transacted during the year despite some momentum being lost towards the end of the quarter due to the emergence of the Omicron variant. Many IT sector players who had announced their return to office, deferred their plans to the subsequent quarter. However, given the substantial hiring that has occurred in the sector since the onset of the pandemic, it is a matter of time before its share in transactions reverts to its longer-term average.

HYDERABAD OFFICE MARKET VACANCY



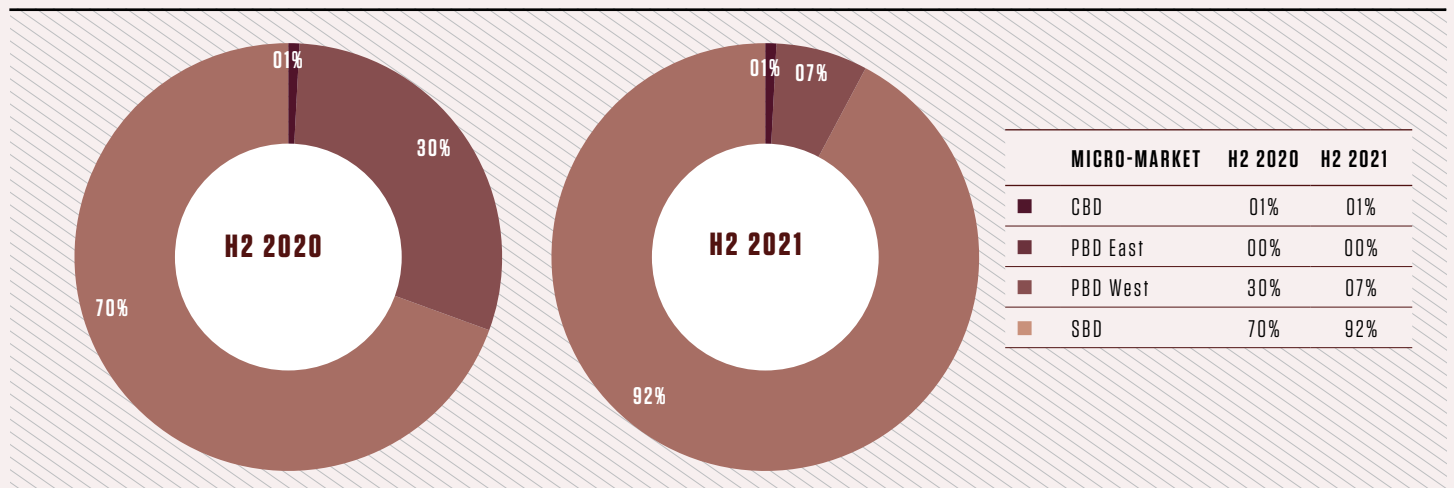
Source: Knight Frank Research

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

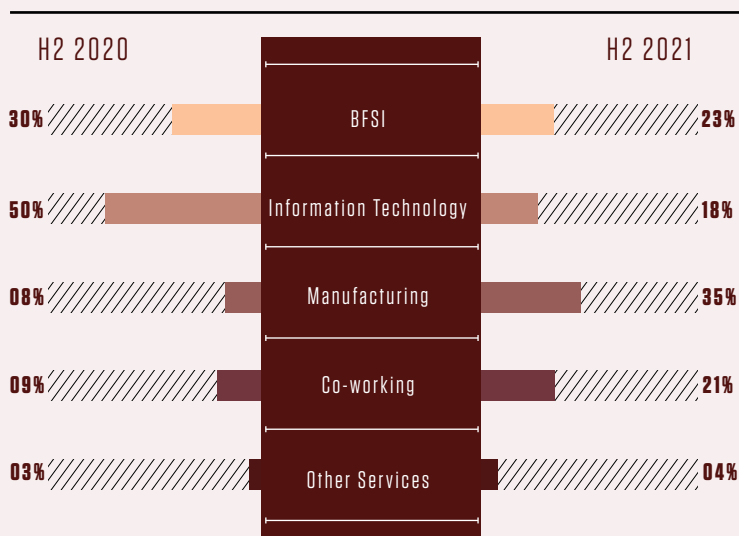
Source: Knight Frank Research

BUSINESS DISTRICT WISE TRANSACTIONS SPLIT IN H2 2020 AND H2 2021



Source: Knight Frank Research

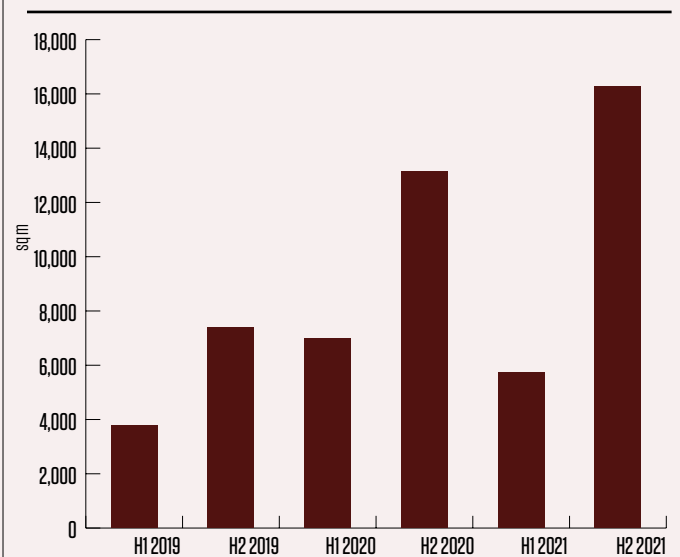
SECTOR-WISE TRANSACTIONS SPLIT IN H2 2020 AND H2 2021



Source: Knight Frank Research

Note: BFSI includes BFSI support services

AVERAGE DEAL SIZE TREND



Source: Knight Frank Research

BUSINESS DISTRICT-WISE RENTAL MOVEMENT

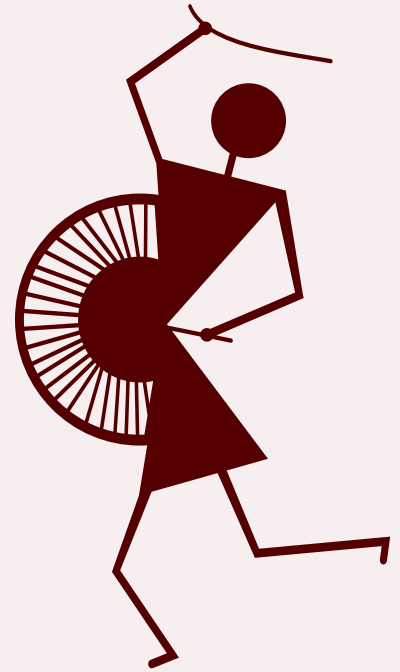
	RENTAL VALUE RANGE IN H2 2021 IN INR/SQ M/MONTH (INR/SQ FT/MONTH)	12-MONTH CHANGE	6-MONTH CHANGE
CBD and Off-CBD	592-646 (55-60)	-2%	1%
SBD	732-786 (68-73)	0%	1%
PBD West	592-646 (55-60)	-1%	0%
PBD East	323-377 (30-35)	-2%	1%

Source: Knight Frank Research



KOLKATA

RESIDENTIAL AND OFFICE MARKET



RESIDENTIAL MARKET

KOLKATA MARKET SUMMARY

PARAMETER	2021	2021 CHANGE (YOY)	H2 2021	H2 2021 CHANGE (YOY)	Q4 2021	Q4 2021 CHANGE (QOQ)
Launches (housing units)	7,510	81%	5,315	62%	2,187	-30%
Sales (housing units)	14,405	62%	9,290	55%	2,429	-65%
Average Price in INR/sq m (INR/ sq ft) (End of period)	INR 34,606 (INR 3,215)	0%	-	-	-	0%

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

Source: Knight Frank Research

Unsold inventory 2021

(housing units) | Change (YoY)
21,265 | **-24%**

Quarters to sell 2021

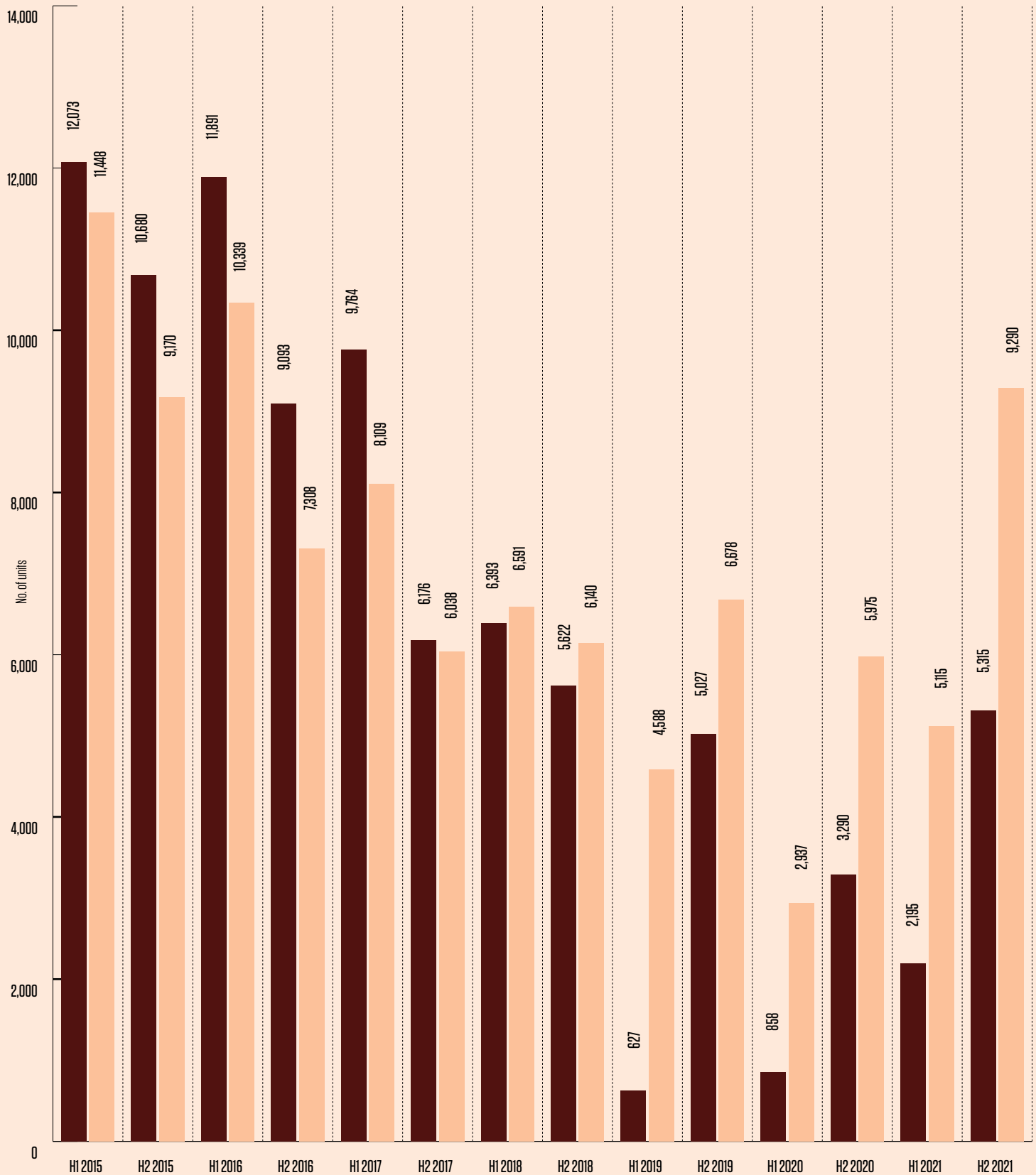
7.3
(in quarters)

Age of unsold inventory 2021

16.6
(in quarters)

LAUNCHES AND SALES TREND

LAUNCHES SALES



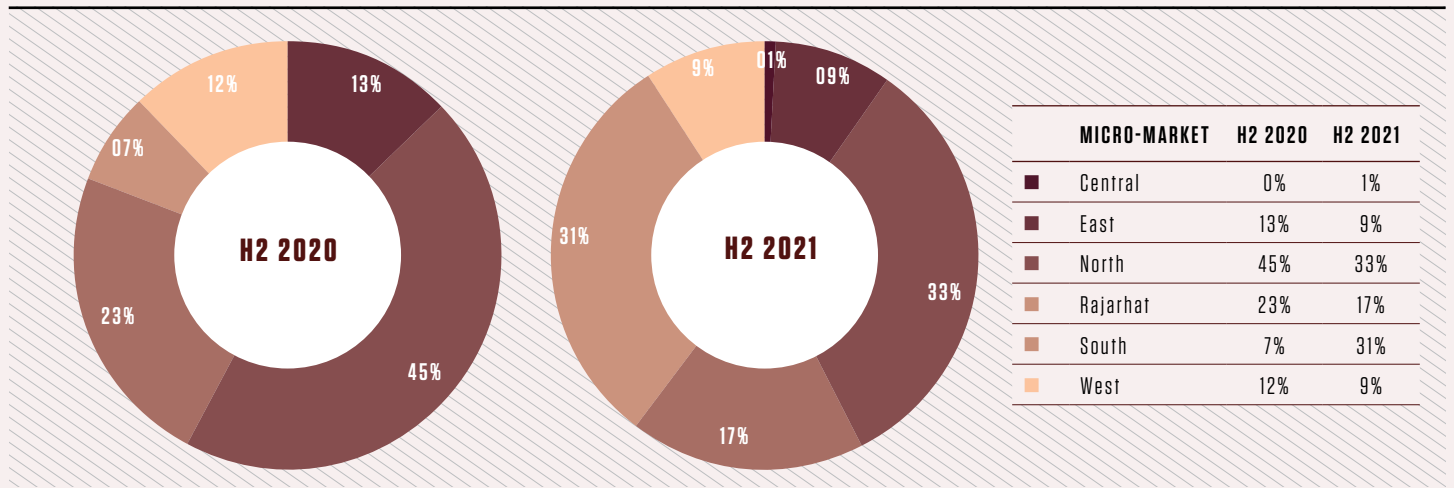
Source: Knight Frank Research

- In 2021, 14,405 units were sold in Kolkata's primary residential market largely due to a strong performance in H2 2021. A 2% government rebate on stamp duty for property registration of all documents (except the documents of amalgamation of contiguous land) played a crucial role in the rejuvenation of the residential market. Demand stimulation measures in the form of historically low home loan interest rates and the festive vibe improved the homebuying appetite of consumers in the latter half of the year. Despite the fatal second wave earlier in 2021 and the fear of a third wave of the pandemic, residential sales for the calendar year 2021 recorded a 62% YoY growth over 2020.
- The West Bengal State Government's decision to introduce a 2% rebate on stamp duty was implemented on 9th July 2021 and it was to remain till 30th October 2021. However, it was extended thereafter to 31st January 2022. This move was instrumental in the creation of new demand from prospective homebuyers, due to which the H2 2021 performance far outpaced H1 2021 absorption rates. 64% of the total primary market sales of 2021 in Kolkata were achieved in H2 2021 alone, leading to a fast-paced recovery in the real estate market.
- Unlike 2020, when new residential launches had tanked to its lowest in the past 11 years, there was significant improvement on this parameter in 2021. 7,510 new residential units were launched in Kolkata in 2021, an 81% YOY growth due to the base effect.
- In line with past trends, the share of ticket sizes < INR 5 million continued to dominate the overall sales volume. In H2 2021, this category comprised 64% of Kolkata's overall sales. South Kolkata locations such as Joka and Diamond Harbour Road continue to remain popular among homebuyers. Ongoing infrastructure development projects such as widening of Diamond Harbour Road and Joka-BBD Bagh metro are key drivers behind the strong end-user demand for these belts. The pandemic has also induced demand for gated communities in the affordable to mid-segment ticket sizes of up to INR 5 million. North Kolkata peripherals such as Madhyamgram and locations near Dum Dum are also faring well.
- In H2 2021, the share of projects with ticket sizes of INR 5-10 million increased from 19% in H2 2020 to 25% of H2 2021's total sales. The pandemic has induced a structural shift in homebuyer preference for spacious accommodation and both the mid-end and high-end segments continue to benefit from the same.
- Residential products in > INR 10 million category witnessed a decline in its share to 11% of the sales volume of H2 2021. Due to a lull in sales volume in Q4 2021, the share of this category declined. However, as prospective homebuyers become aware of the extension of the stamp duty cut window, they are likely to take a decisive step forward for property purchases. With developers citing high input costs and intent to review selling prices, end-users across all segments are likely to take homebuying decisions while the rebate lasts.
- While sales growth has remained strong, average residential prices remained steady in 2021. However, going forward, residential prices may see upward revision due to increasing input costs being borne by the developers.
- A strong sales volume in H2 2021 contributed to a sharp decline in unsold inventory which stood at 21,265 units, a 24% decline on YoY basis. The upward momentum in sales velocity post the introduction of stamp duty cut and an enabling homebuying environment are the primary reasons behind such a sharp fall in unsold inventory. Many developers in Kolkata are reporting good sales growth leading to a substantial reduction in ready to move in projects.
- The continuous reduction in Kolkata's unsold inventory has also led the quarters-to-sell (QTS) for the city to inch down from 11.2 in H2 2020 to 7.3 in H2 2021.

MICRO-MARKET CLASSIFICATION

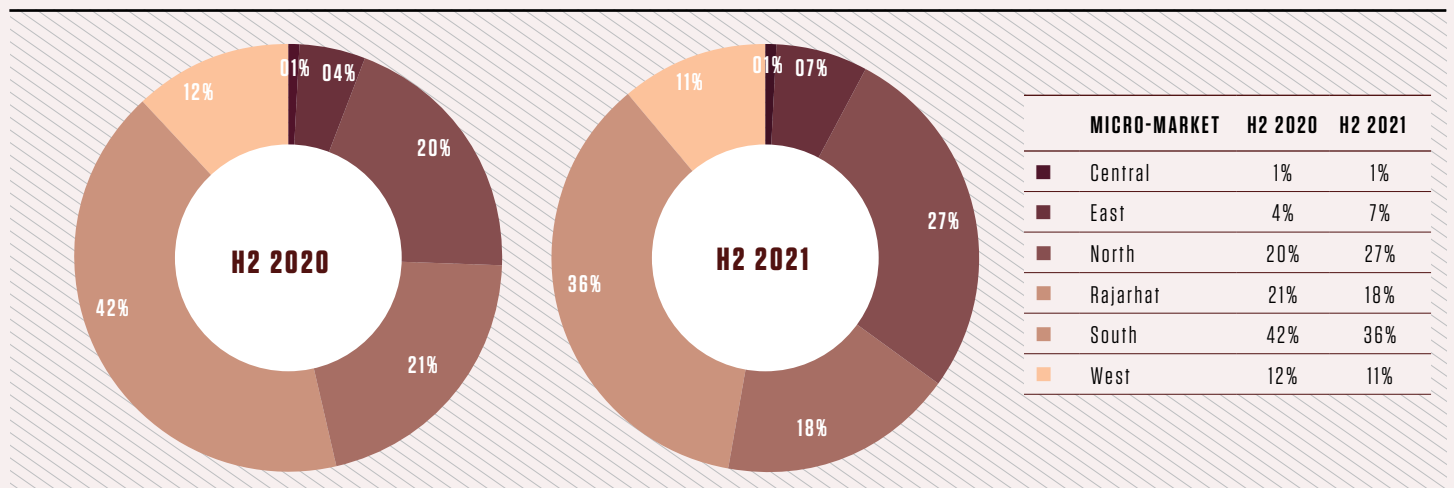
MICRO MARKET	LOCATIONS
Central	Park Street, Rawdon Street, AJC Bose Road, Minto Park, Elgin Road
East	Kankurgachi, Beliaghata, Salt Lake, Narkeldanga, Keshtopur, EM Bypass (eastern parts)
North	Baguiati, Ultadanga, Jessore Road, Shyambazar, Lake Town, BT Road, VIP Road
Rajarhat	Rajarhat New Town
West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

MICRO-MARKET SPLIT OF NEW LAUNCHES IN H2 2020 AND H2 2021



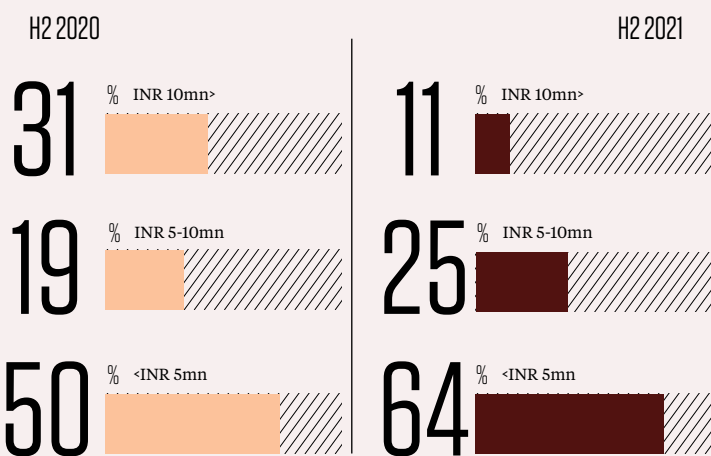
Source: Knight Frank Research

MICRO-MARKET SPLIT OF SALES IN H2 2020 AND H2 2021



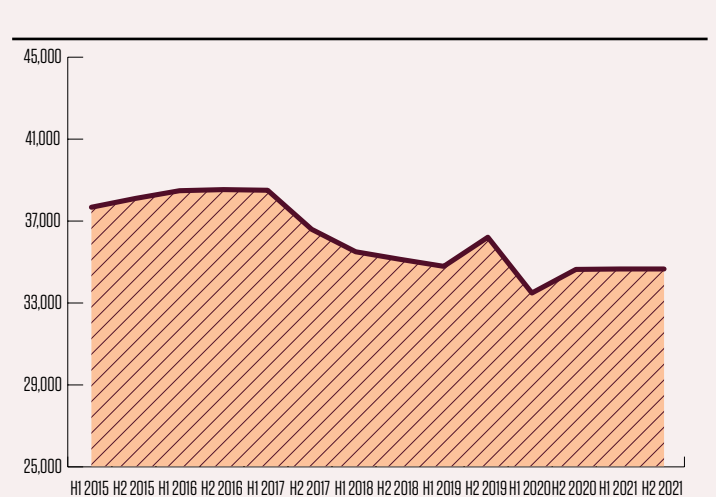
Source: Knight Frank Research

KOLKATA TICKET SIZE SPLIT COMPARISON OF SALES DURING H2 2020 AND H2 2021



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	PARK STREET	130,244-215,278 (12,100-20,000)	1%	0%
	RAWDON STREET	107,639-209,896 (10,000-19,500)	0%	0%
EAST	KANKURGACHI	55,972-91,493 (5,200-8,500)	-1%	0%
	SALT LAKE	51,667-81,806 (4,800-7,600)	0%	0%
NORTH	MADHYAMGRAM	27,448-34,983 (2,550-3,250)	1%	0%
	BT ROAD	32,292-43,056 (3,000-4,000)	0%	0%
	JESSORE ROAD	37,674-57,049 (3,500-5,300)	-1%	0%
RAJARHAT	RAJARHAT NEW TOWN	37,674-74,271 (3,500-6,900)	0%	0%
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	27,663 -48,438 (2,570-4,500)	0%	0%

Source: Knight Frank Research

MICRO-MARKET HEALTH

MICRO-MARKET	UNSOLD INVENTORY (HOUSING UNITS) (YOY CHANGE)	QUARTERS-TO-SELL (QTS)
CENTRAL	104 (-61%)	2.7
EAST	1,451 (-24%)	8.0
NORTH	5,138 (-22%)	7.2
RAJARHAT	6,284 (-16%)	11.7
SOUTH	6,043 (-31)	5.5
WEST	2,245 (-31%)	6.6

Source: Knight Frank Research



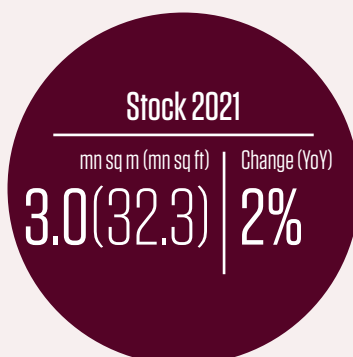
OFFICE MARKET

KOLKATA MARKET SUMMARY

PARAMETER	2021	2021 CHANGE (YOY)	H2 2021	H2 2021 CHANGE (YOY)	Q4 2021	Q4 2021 CHANGE (QOQ)
Completions mn sq m (mn sq ft)	0.06 (0.6)	542%	0.06 (0.6)	-	0.0	-
Transactions mn sq m (mn sq ft)	0.07 (0.8)	-12%	0.05 (0.5)	23%	0.04 (0.4)	234%
Average transacted rent in INR/sq m/month (INR/sq ft/month) (End of period)	374.6 (34.8)	-3%	-	-	-	0%

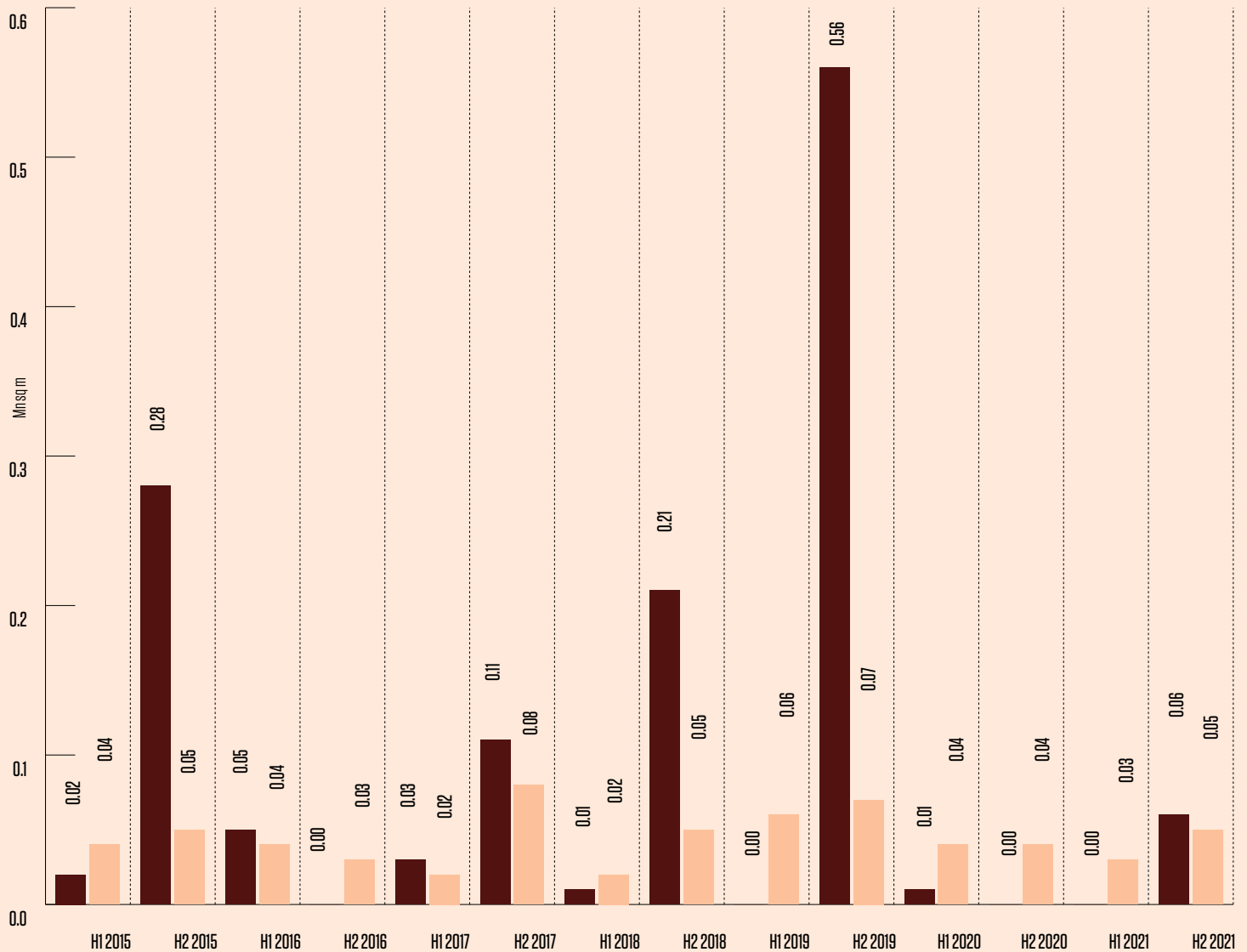
Note: 1 square metre (sq m) = 10.764 square feet (sq ft) | 2. In case of Completions and Transactions, "-" for Change denotes base period or current period as zero.

Source: Knight Frank Research



KOLKATA OFFICE MARKET ACTIVITY

COMPLETIONS TRANSACTIONS



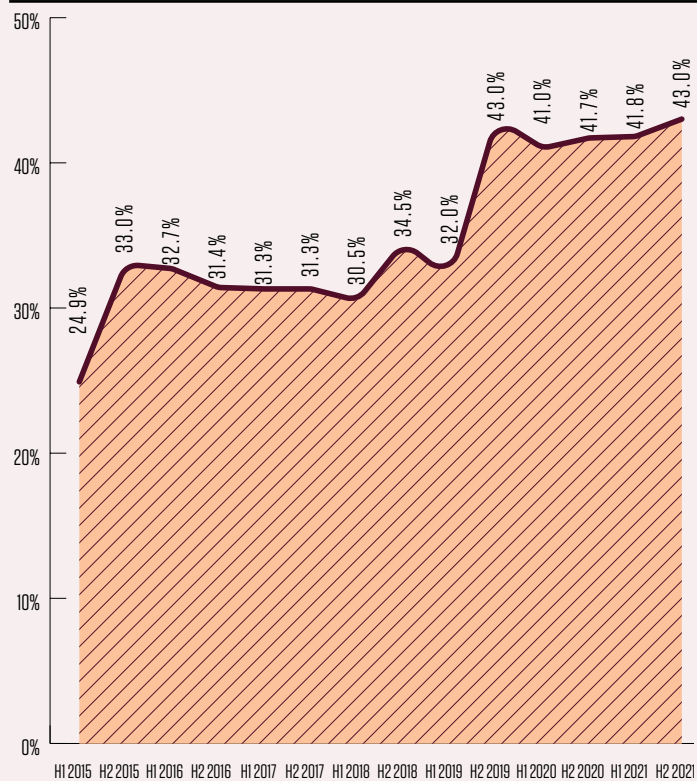
Source: Knight Frank Research

- Kolkata's office real estate market continued to remain muted in the aftermath of the COVID-19 outbreak. The city clocked in total office space transaction volume of 0.07 mn sq m (0.8 mn sq ft) in 2021, a 12% YoY decline over 2020. This was despite a strong demand bounceback in H2 2021 with Q4 2021 witnessing the highest transaction volume of the four quarters of 2021 and an 81% QoQ growth over Q3 2021.
- In H2 2021, leasing of office spaces witnessed a 24% YoY growth but remained behind the volume noted in the pre-pandemic period. This was mainly because of cautious leasing by the Information Technology (IT) sector occupiers which had been the predominant sector leasing office spaces before the pandemic.
- In terms of office space consumption, the share of some sectors has seen a sizeable revision during H2 2021. The IT sector, which had accounted for 43% of Kolkata's transaction volume in H2 2020, has shrunk to 23% in H2 2021. This is due to the continuation of a hybrid work model and preference for co-working spaces as the IT sector occupiers continue to tread cautiously with establishing office space footprint as the pandemic continues to evolve. Co-working, which did not have any share in H2 2020's transaction volume, has emerged stronger from the pandemic influence with a 17% share in transactions in H2 2021.
- The pandemic induced demand for flex spaces has helped the co-working sector gain a strong foothold in Kolkata, which was previously dominated by occupier preference for traditional office

formats. In 2021, 0.01 mn sq m (0.1 mn sq ft) of area was transacted by the co-working sector in the city's gross transaction volume representing an 89% YoY growth.

- The Banking, Financial Services and Insurance (BFSI) sector witnessed a growth in its percentage share from 1% in H2 2020 to 9% in H2 2021.
- In terms of business districts, the office space demand in H2 2021 largely remained concentrated in Peripheral Business District-I (Salt Lake City) and Peripheral Business District-II (Rajarhat New Town). Competitive rents in these peripheral micro-markets helped them garner 70% and 16% share in the city's leasing respectively. Secondary Business District-2 (Rashbehari Connector) and Central Business District (CBD) & Off CBD locations comprised 11% and 3% of the transaction volume.
- In 2021, Kolkata noted completion of 0.06 mn sq m (0.6 mn sq ft) of new office spaces, all of which became available in H2 2021. This new supply came on the block in Newtown, Rajarhat and Salt Lake Sector V – the two most prominent commercial hubs in Kolkata. Due to minimal completions in 2020, this represents a 542% YoY growth.
- Though completion of new office spaces have remained limited in Kolkata in the past three years, periods of large supply infusion intermittently have led to a gradual increase in vacancy level from 32% in 2019 to 43% in 2021. Coupled with a decline in the transaction volume over 2020, vacancy at the end of December 2021 increased, being 142 basis points higher than a year ago. Kolkata's office space vacancy also happens to be the second highest amongst the vacancies recorded in India's top eight markets.
- Due to addition of new supply and the high vacancy of 43% in 2021, rents have corrected by 3% YoY. In a pandemic influenced backdrop coupled with increasing vacancy, rents may not see an upward revision soon. In both PBD-I (Salt Lake City) and PBD-2 (Rajarhat New Town), rents corrected by 3% YoY. Other business districts such as CBD & Off CBD and SBD-2 (Rashbehari Connector) also witnessed a rental correction compared to 2020, due to the prevalence of low occupier demand.
- In H2 2021, the average deal size in Kolkata's office market increased by 32% YoY to 1,763 sq m (18,972 sq ft) compared to 1,338 sq m (14,400 sq ft) in H2 2020. Compared to H1 2021, this is a significant recovery as the deal size had shrunk to 725 sq m (7,801 sq ft) in this period due to the onslaught of the second wave of the pandemic in Q2 2021.

KOLKATA OFFICE MARKET VACANCY



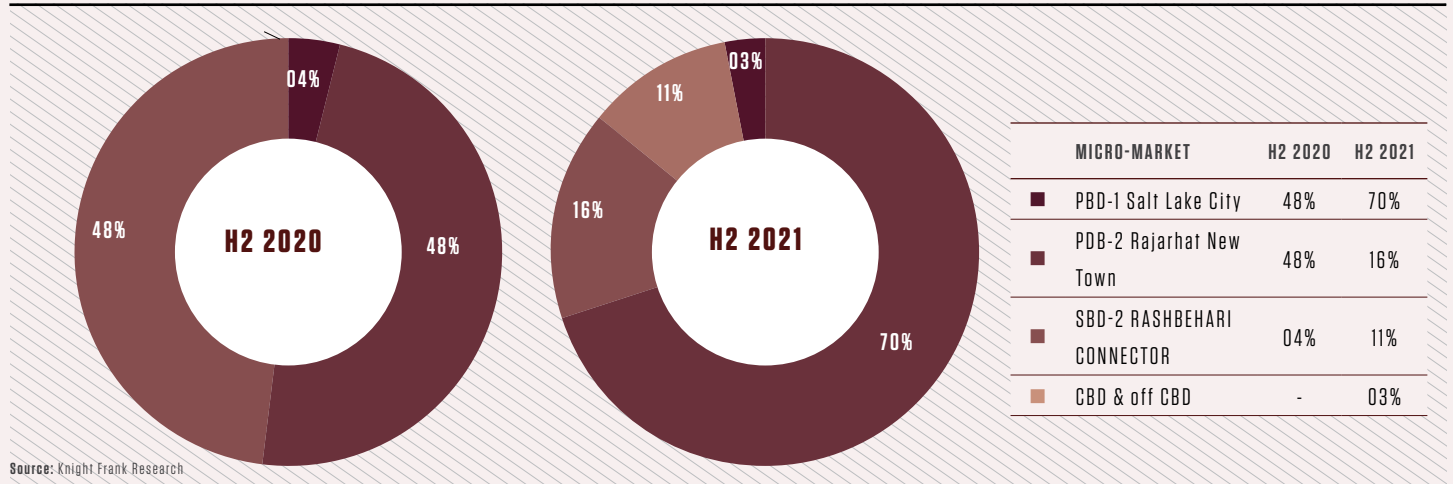
Source: Knight Frank Research

BUSINESS DISTRICT CLASSIFICATION

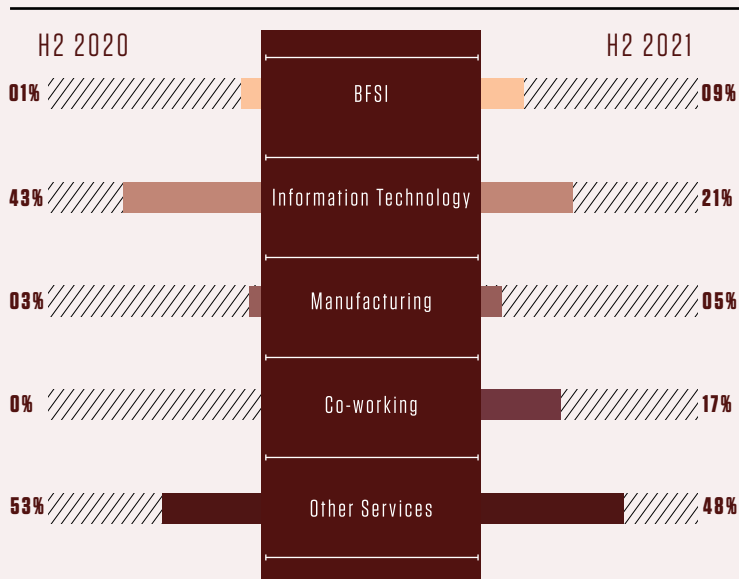
BUSINESS DISTRICT	MICRO MARKETS
Central Business District (CBD) and off CBD	Park Street, Camac Street, Theatre Road, AJC Bose Road, Elgin Road, Rabindra Sadan, Esplanade, Lenin Sarani, S N Banerjee Road, Central Avenue, Dalhousie Square, Mangoe Lane, Brabourne Road, Chandni Chowk, Rawdon Street, Loudon 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

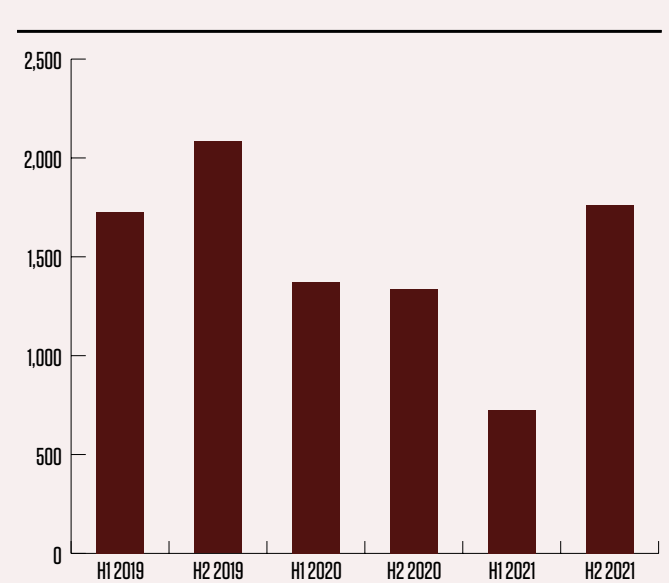
BUSINESS DISTRICT WISE TRANSACTIONS SPLIT IN H2 2020 AND H2 2021



SECTOR-WISE TRANSACTIONS SPLIT IN H2 2020 AND H2 2021



AVERAGE DEAL SIZE TREND



BUSINESS DISTRICT-WISE RENTAL MOVEMENT

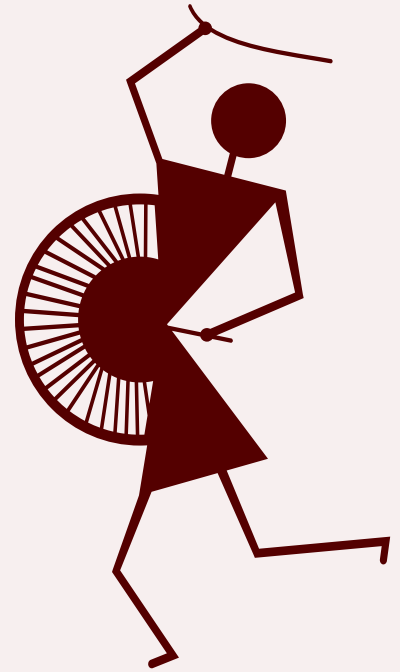
	RENTAL VALUE RANGE IN H2 2021 IN INR/SQ M/MONTH (INR/SQ FT/MONTH)	12-MONTH CHANGE	6-MONTH CHANGE
CBD & Off CBD	700-1,023 (65-95)	-6%	0%
SBD-I (Park Circus Connector)	538-753 (50-70)	0%	0%
SBD-II (Rashbehari Connector)	538-915 (50-85)	-10%	0%
PBD-I (Salt Lake City)	312-517 (29-48)	-3%	0%
PBD-II (Rajarhat New Town)	258-452 (24-42)	-3%	0%

Source: Knight Frank Research



MUMBAI

RESIDENTIAL AND OFFICE MARKET



RESIDENTIAL MARKET

MUMBAI MARKET SUMMARY

PARAMETER	2021	2021 CHANGE (YOY)	H2 2021	H2 2021 CHANGE (YOY)	Q4 2021	Q4 2021 CHANGE (QOQ)
Launches (housing units)	70,023	39%	34,151	27%	22,015	81%
Sales (housing units)	62,989	29%	34,382	14%	18,440	16%
Average Price in INR/sq m (INR/ sq ft) (End of period)	INR 74,110 (INR 6,885)	1%	-	-	-	2%

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

Source: Knight Frank Research

Unsold inventory 2021

(housing units) | Change (YoY)
1,53,950 | **5%**

Quarters to sell 2021

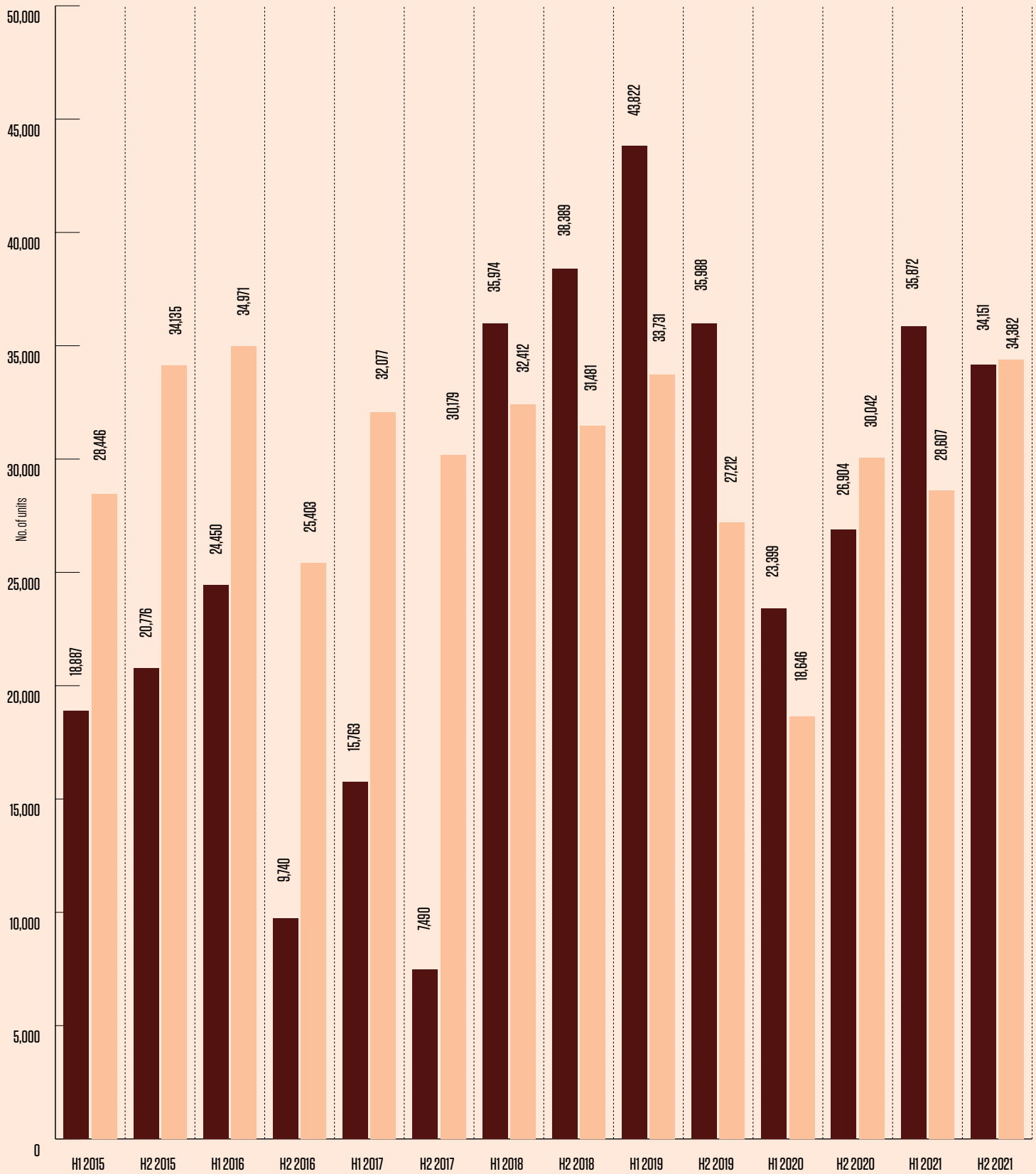
11
(in quarters)

Age of unsold inventory 2021

16.1
(in quarters)

LAUNCHES AND SALES TREND

LAUNCHES SALES



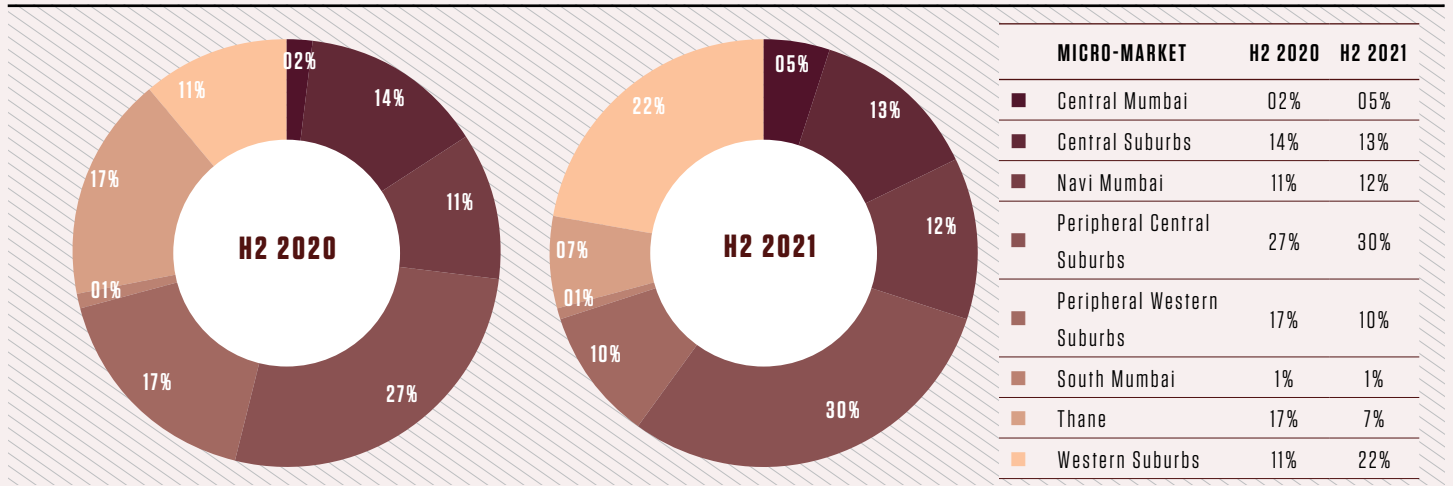
Source: Knight Frank Research

- In the last 12-15 months, government incentives such as stamp duty waivers and reduction of home loan interest rates along with developers quickly adapting to the changing market sentiments and orienting their product, has accelerated sales as well as launches in the Mumbai residential market.
- MMR has been a major benefactor to all India sales as well as launches since 2016. The Mumbai residential market contributed 30% of launches and 27% of sales volume on an all-India level during 2021. The launches noted a surge of 27% YoY during H2 2021, 64% of these were in Q4 2021. Monetizing on pent-up demand during the festival season and due to changing consumer perspective on home ownership, developers aligned their launch timing in accordance with consumer needs while unveiling new projects.
- The sales momentum also grew strongly with a rise of 14% YoY during H2 2021. Developers introduced competitive schemes to maintain the momentum post discontinuation of stamp duty waiver. Although a minor dip in sales was noted in H1 2021 due to the second wave, the impetus picked up again growing unhindered in H2 2021. Developers were compromising on profit margins even with rising material costs, by offering indirect discounts and flexible payment plans in the festival season. Going forward, however, developers are expected to move away from such offers. In the new light of the Omicron variant, RBI has continued to maintain an accommodative stance holding the reverse repo rate at 3.35% which has come as a relief to home buyers.
- Mumbai is one of the only two cities that has recorded a YoY drop in sales during Q4 2021 with a dip of 18%. However, the 18% drop comes on the back of record-high sales in Q4 2020 as a result of the pent-up demand with additional respite in the form of a stamp duty cut during the base period.
- With work from home in the backdrop, affordable locations that are further from the city center but well connected to office/employment hubs, have emerged as preferred locations. Peripheral central suburbs, due to its locational advantage, received the maximum traction in sales as well as launches in 2020 & 2021. Peripheral central suburbs contributed 27% and 30% of total launch volumes during H2 2020 and H2 2021 respectively. It also witnessed the highest sales volume and contributed 28% and 22% of total sales during H2 2020 and H2 2021 respectively.
- Micro markets like Thane saw a reduction in their share of launches from H2 2020 to H1 2021. Thane contributed 17% of launches in H1 2020, but this share reduced to 7% in H2 2021.
- The Western suburbs micro market saw a spike in launches contributing 22% of the launch volume during H2 2021.
- Houses in the price range of <5 mn remained a preferred choice bagging a sales share of 51% in H2 2021. 5-10mn and above 10 Mn contributes to 23% and 26% respectively of the total sale volume of H2 2021.
- After a continued trend of price correction until H1 2021, the average price level has now seen a marginal 1% rise YoY in 2021. The unsold inventory rose by 5% YoY. This rise can be attributed to the influx of supply in the same period.

MICRO-MARKET CLASSIFICATION

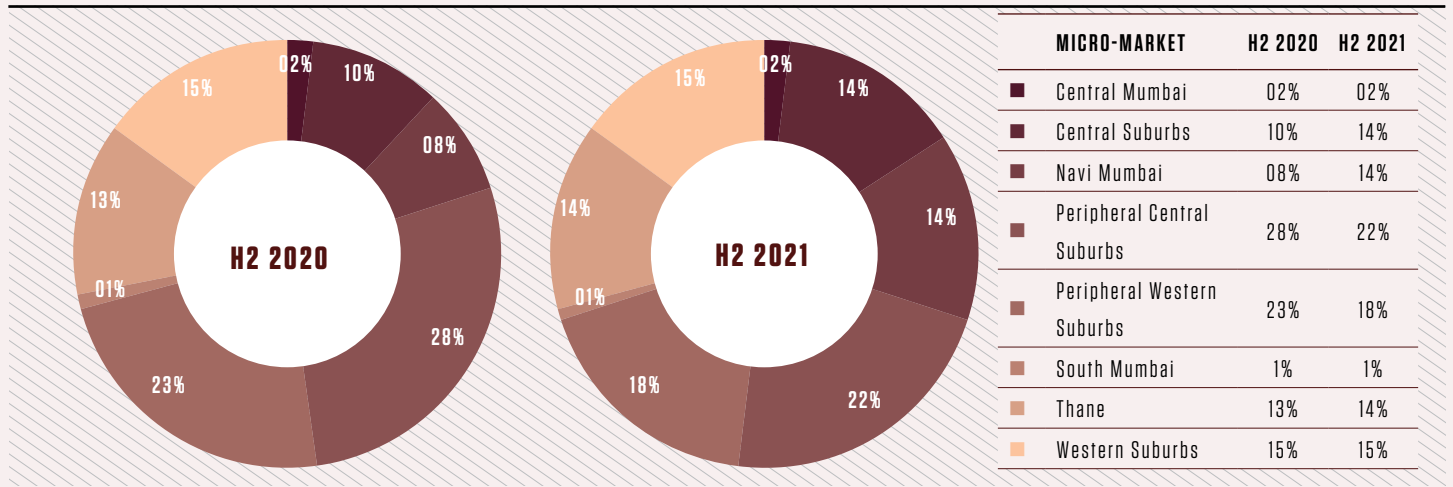
MICRO MARKET	LOCATIONS
Central Mumbai	Dadar, Lower Parel, Mahalaxmi, Worli, Prabhadevi
Central Suburbs	Sion, Chembur, Wadala, Kurla, Ghatkopar, Vikhroli, Bhandup, Mulund
Navi Mumbai	Vashi, Nerul, Belapur, Kharghar, Airoli, Panvel, Ulwe, Sanpada
Peripheral Central Suburbs	Kalyan, Kalwa, Dombivli, Ambarnath, 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

MICRO-MARKET SPLIT OF NEW LAUNCHES IN H2 2020 AND H2 2021



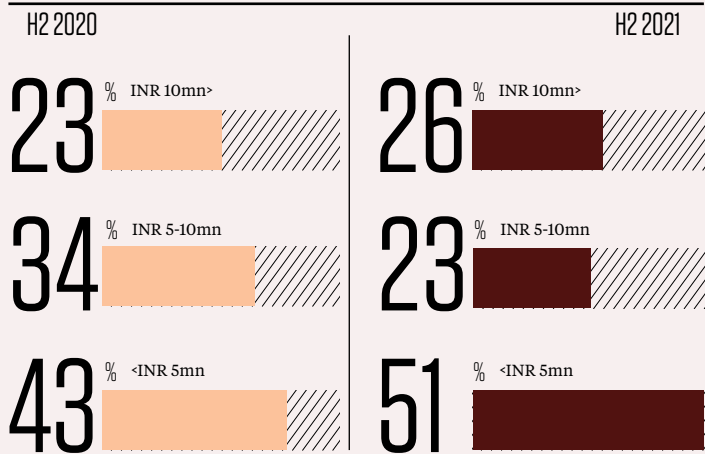
Source: Knight Frank Research

MICRO-MARKET SPLIT OF SALES IN H2 2020 AND H2 2021



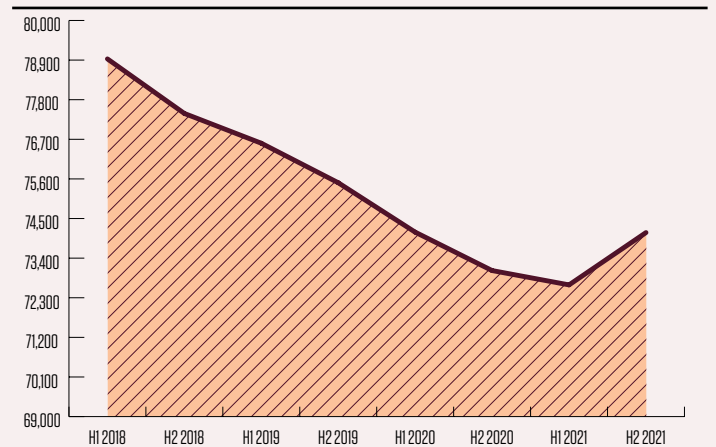
Source: Knight Frank Research

MUMBAI TICKET SIZE SPLIT COMPARISON OF SALES DURING H2 2020 AND H2 2021



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 MUMBAI	LOWER PAREL	269,100-387,504 (25,000-36,000)	0%	1%
	WORLI	333,684-592,020 (31,000-55,000)	1%	2%
CENTRAL SUBURBS	GHATKOPAR	129,168-236,808 (12,000-22,000)	3%	2%
	MULUND	115,174-150,696 (10,700-14,000)	-2%	2%
	POWAI	156,078-215,280 (14,500-20,000)	2%	2%
NAVI MUMBAI	PANVEL	430,560-645,840 (40,000-60,000)	0%	2%
	KHARGHAR	29,063-37,674 (2,700-3,500)	0%	2%
	VASHI	48,438-64,584 (4,500-6,000)	0%	1%
PERIPHERAL CENTRAL SUBURBS	BADLAPUR	40,903-69,966 (3,800-6,500)	2%	2%
	DOMBIVALI	72,119-96,876 (6,700-9,000)	1%	2%
PERIPHERAL WESTERN SUBURBS	MIRA ROAD	107,640-161,460 (10,000-15,000)	2%	2%
	VIRAR	59,202-78,577 (5,500-7,300)	1%	2%
SOUTH MUMBAI	TARDEO	47,362-59,202 (4,400-5,500)	1%	2%
THANE	GHODBUNDER ROAD	64,584-107,640 (6,000-10,000)	0%	2%
	NAUPADA	150,696-193,752(14,000-18,000)	-1%	3%
WESTERN SUBURBS	ANDHERI	161,460-236,808 (15,000-22,000)	-2%	2%
	BANDRA(W)	430,560-645,840 (40,000-60,000)	2%	2%
	BORIVALI	118,404-161,460 (11,000-15,000)	2%	2%
	DAHISAR	96,876-118,404 (9,000-11,000)	0%	2%
	GOREGAON	139,932-161,460 (13,000-15,000)	1%	2%

Source: Knight Frank Research

MICRO-MARKET HEALTH

MICRO-MARKET	UNSOLD INVENTORY (HOUSING UNITS) (YOY CHANGE)	QUARTERS-TO-SELL (QTS)
CENTRAL MUMBAI	7,359 (13%)	31.2
CENTRAL SUBURBS	31,385 (4%)	20.3
NAVI MUMBAI	27,601 (2%)	16.7
PERIPHERAL CENTRAL SUBURBS	16,959 (28%)	4.7
PERIPHERAL WESTERN SUBURBS	16,514 (-6%)	5.9
SOUTH MUMBAI	2,337 (10%)	20.8
Thane	24,275 (-5%)	13.3
Western Suburbs	27,520 (11%)	12.7

Source: Knight Frank Research



OFFICE MARKET

MUMBAI MARKET SUMMARY

PARAMETER	2021	2021 CHANGE (YOY)	H2 2021	H2 2021 CHANGE (YOY)	Q4 2021	Q4 2021 CHANGE (QOQ)
Completions mn sq m (mn sq ft)	0.46 (5.0)	-5.9%	0.34 (3.7)	123%	0.33 (3.6)	2267%
Transactions mn sq m (mn sq ft)	0.35 (3.8)	-36.8%	0.20 (2.1)	1%	0.09 (1.0)	-14%
Average transacted rent in INR/sq m/month (INR/sq ft/month) (End of period)	1151.75 (107)	-7.6%	-	-	-	1%

Note: 1 square metre (sq m) = 10.764 square feet (sq ft) | 2. In case of Completions and Transactions, "-" for Change denotes base period or current period as zero.

Source: Knight Frank Research

Stock 2021

mn sq m (mn sq ft)

14.52 (156.3)

Change (YoY)

3%

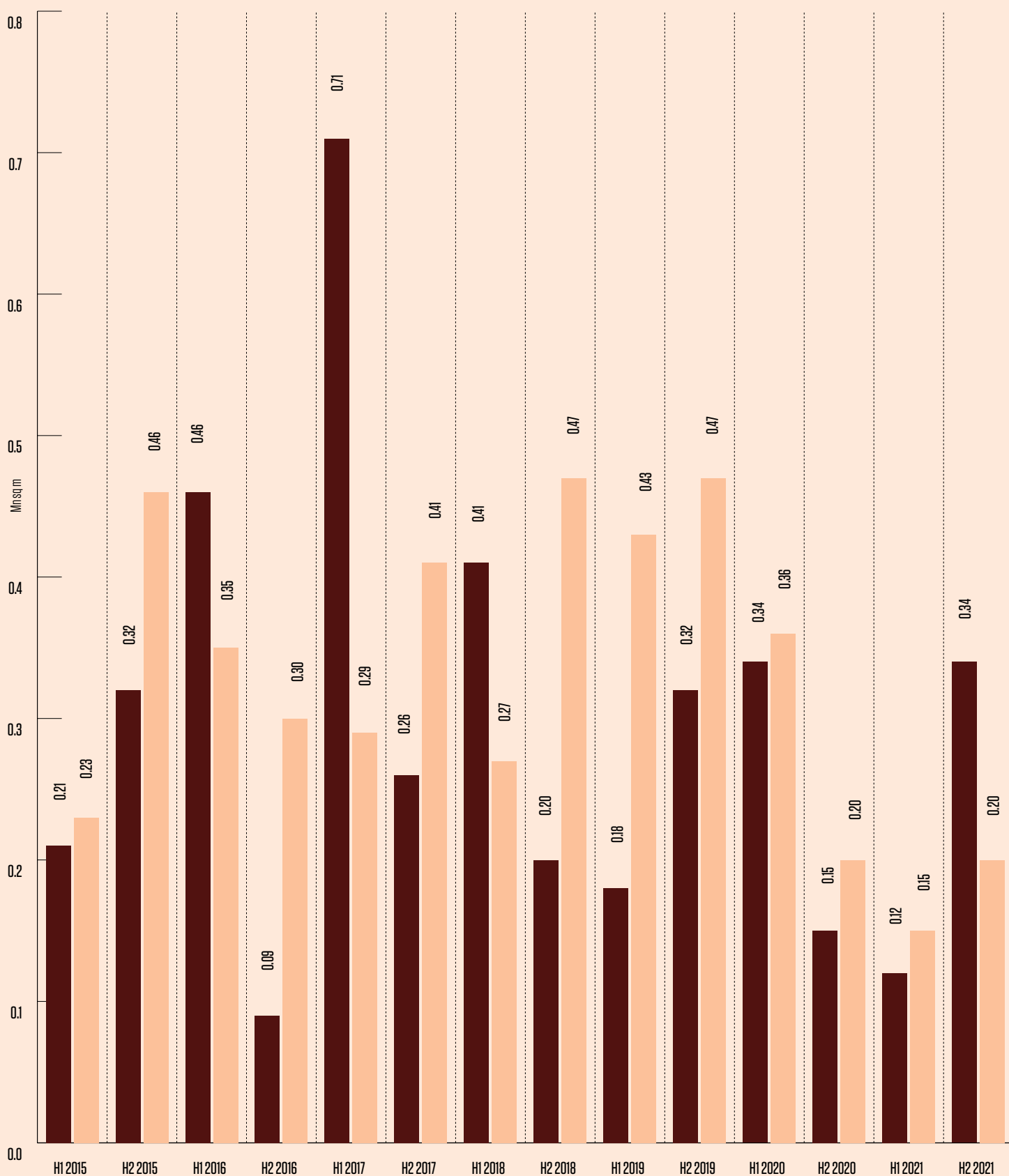
Vacancy % 2021

20.9%

110 Basis points increase

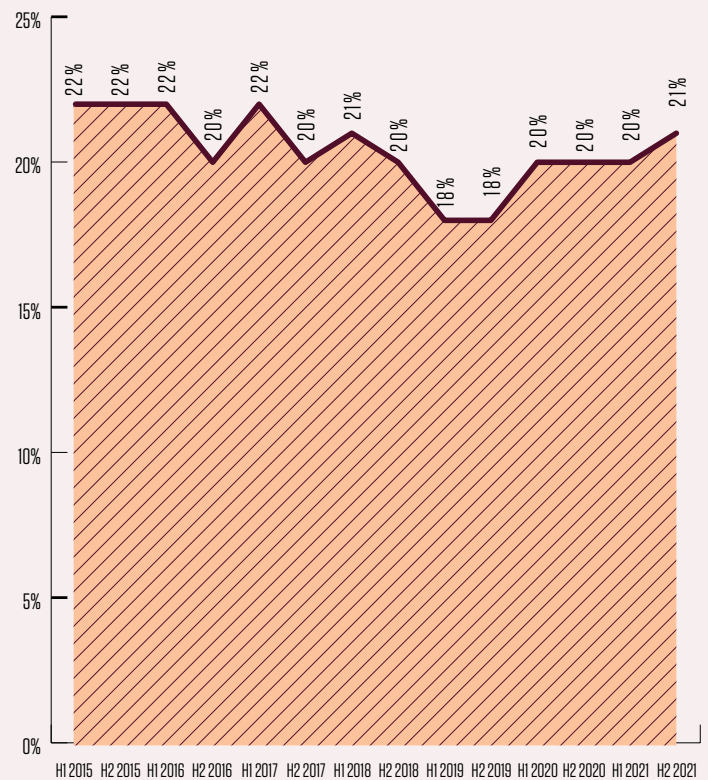
MUMBAI OFFICE MARKET ACTIVITY

COMPLETIONS TRANSACTIONS



- The MMR office market is showing a renewed optimism as leasing volume and new project completions are picking up momentum in H2 2021. Despite the temporary pause due to the second wave of COVID -19 in the Q2 2021, businesses are now stabilizing, construction sites are fully operational, developers are restructuring their business plans to accommodate the new normalcy and the recovery is looking good.
- Leasing activity in MMR during H2 2021 witnessed a small rebound compared to the H2 2020 transacted volume with a minimal rise of 1% YoY.
- The supply of office spaces grew substantially by 123% YoY during H2 2021. This jump in supply comes on the low base of 4 subdued quarters with developers moving cautiously while assessing the market sentiments. Occupiers are in the wait and watch mode and many have deferred their office resumption plans by 2-3 months. Developers are expecting a positive response from occupiers for space take-up, as they move into the next year.
- The rental values have dropped by 8% YoY during 2021. However, a marginal rise of 1% QoQ is noted in rentals by the end of the year, despite Omicron scare persisting in the market. In BKC and Powai where rental values have remained unchanged due to the limited supply of Grade A spaces and rising demand for the same.
- Vacancy level has risen moderately from 20% in H2 2020 to 21% in H2 2021. The increase in vacancy can be attributed to the supply infusion in the market in Q4 2021.
- In H2 2020, SBD West saw substantial transactions which contributed to almost half the market share i.e., 43%. In contrast, H2 2021 logged the maximum share of office transaction in the PBD micro market amounting to 34%. However, SBD Central and SBD West remain key contributors of transaction volumes with shares of 28% and 25% respectively.
- Leasing activity in BKC & Off BKC markets which are dominated by Grade A office spaces, witnessed a drop in share from 16% in H2 2020 to 10% in H2 2021. Limited leasing transaction has occurred in the CBD and Off CBD area.
- The Other Services industry and BSFI have contributed to more than half of the leasing volume in H2 2021 i.e. 36% and 33% respectively. The share of both sectors has seen a jump from H2 2020 where Other Services contributed 21% and BSFI 23% respectively. The highest number of deals was inked in Other Services sector followed by BFSI and Manufacturing. The space take-up from the Other Services sector was led by companies in logistic, retail, healthcare and consulting segments.

MUMBAI OFFICE MARKET VACANCY



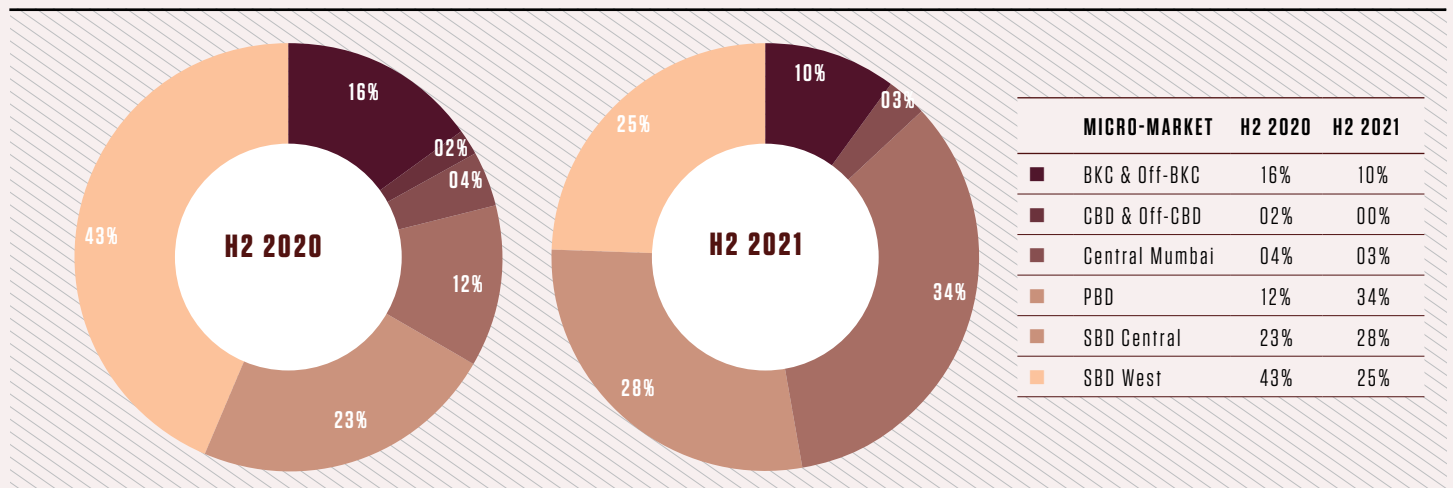
Source: Knight Frank Research

BUSINESS DISTRICT CLASSIFICATION

BUSINESS DISTRICT	MICRO MARKETS
CBD & 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
SBD West	Andheri, Jogeshwari, Goregoan, Malad
SBD Central	Kurla, Ghatkopar, Vikhroli, Kanjurmarg, Powai, Bhandup, Chembur
PBD	Thane, Airoli, Vashi, Ghansoli, Rabale, Belapur

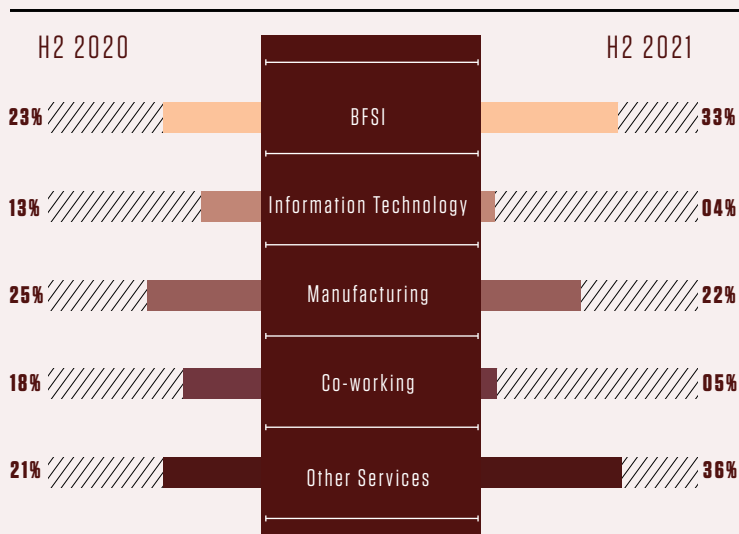
Source: Knight Frank Research

BUSINESS DISTRICT WISE TRANSACTIONS SPLIT IN H2 2020 AND H2 2021



Source: Knight Frank Research

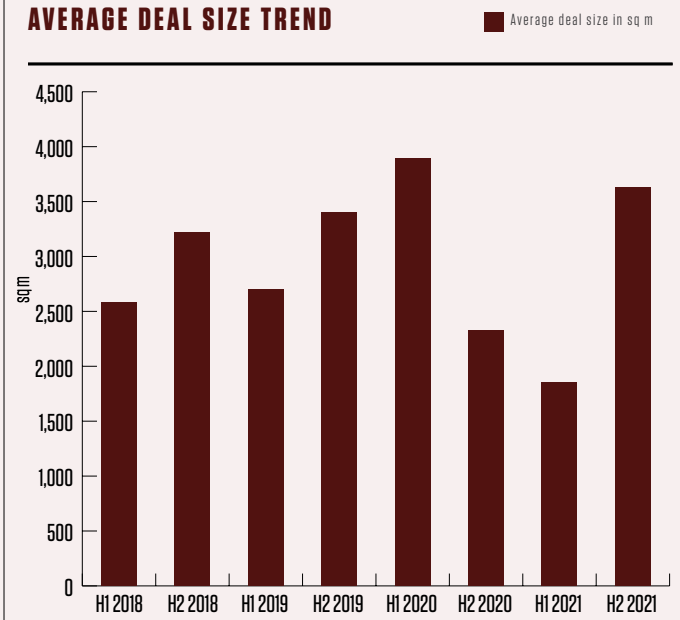
SECTOR-WISE TRANSACTIONS SPLIT IN H2 2020 AND H2 2021



Source: Knight Frank Research

Note: BFSI includes BFSI support services

AVERAGE DEAL SIZE TREND



Source: Knight Frank Research

BUSINESS DISTRICT-WISE RENTAL MOVEMENT

	RENTAL VALUE RANGE IN H2 2021 IN INR/SQ M/MONTH (INR/SQ FT/MONTH)	12-MONTH CHANGE	6-MONTH CHANGE
BKC & Off- BKC	1,615-3,229 (150-300)	-4%	-
CBD & Off-CBD	1,453-2,422 (135-225)	-9%	-3%
Central Mumbai	1,615-2,153 (150-200)	-10%	-4%
PBD	484-861 (45-80)	-11%	-4%
SBD Central	807-1,615 (75-150)	-6%	0%
SBD West	807-1,346 (75-125)	-8%	-2%

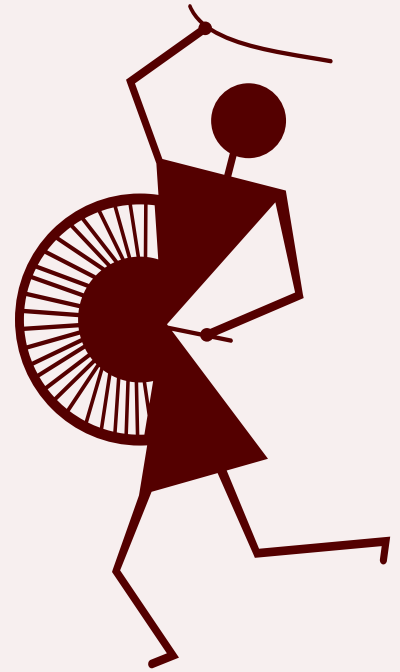
Source: Knight Frank Research



NCR

National
Capital Region

RESIDENTIAL AND OFFICE MARKET



RESIDENTIAL MARKET

NCR MARKET SUMMARY

PARAMETER	2021	2021 CHANGE (YOY)	H2 2021	H2 2021 CHANGE (YOY)	Q4 2021	Q4 2021 CHANGE (QOQ)
Launches (housing units)	20,585	110%	17,642	110%	8,659	-4%
Sales (housing units)	35,073	65%	23,599	49%	14,498	59%
Average Price in INR/sq m (INR/ sq ft) (End of period)	INR 45,241 (INR 4,203)	-1%	-	-	-	1%

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

Source: Knight Frank Research

Unsold inventory 2021

(housing units) | Change (YoY)
96,186 | **-13%**

Quarters to sell 2021

13.7
(in quarters)

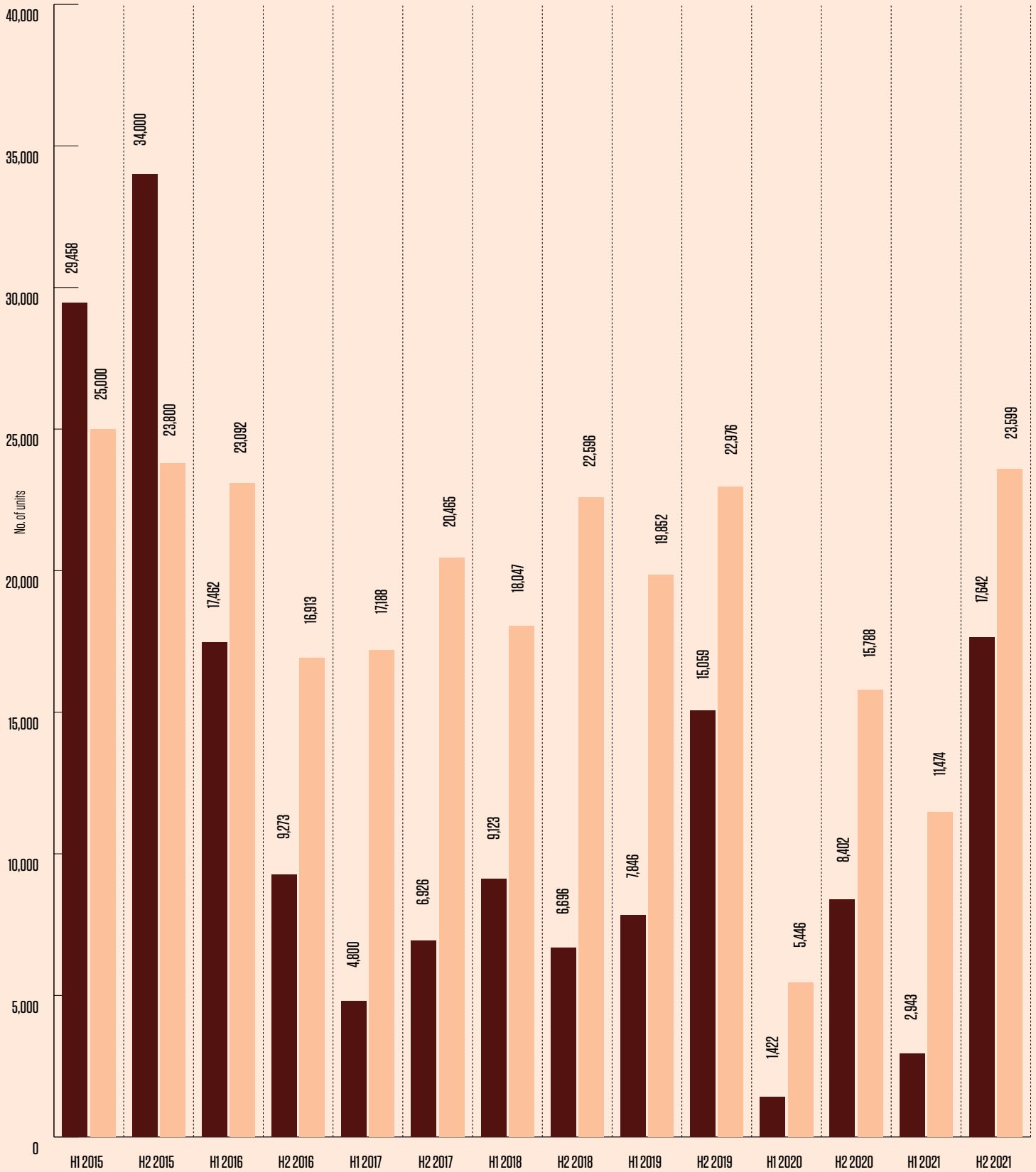
Age of unsold inventory 2021

22.6
(in quarters)

TABLE 1

LAUNCHES AND SALES TREND

LAUNCHES SALES



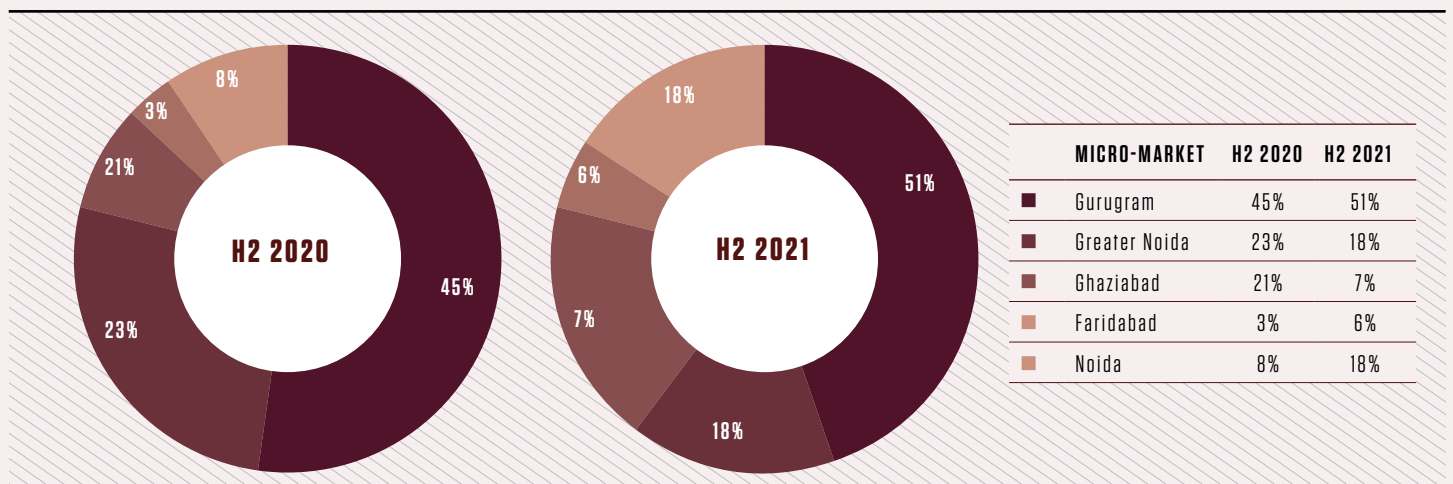
Source: Knight Frank Research

- In 2021, National Capital Region's (NCR) residential market witnessed huge pent-up demand being unleashed into the residential market. The trend of end-user appetite for bigger homes continued in 2021 as buyers took advantage of a low mortgage regime to buy homes. The pandemic has also made people realize that prices have bottomed out, hence they did not postpone their homebuying decisions. The devastating second wave of COVID-19 in the first half of the year further reaffirmed the importance of home ownership from a safety and security perspective. Led by the demand surge, 35,073 units were sold in NCR's primary market. Residential sales recorded a 65% YoY growth compared to 2020.
- The first half of 2021 saw a bleak second quarter on both demand and supply fronts due to a stringent lockdown during the second wave. However, with strong economic recovery and resilience in the real estate sector, the second half of 2021 posted a strong comeback. In H2 2021, two-thirds of the entire year's sales volume was recorded, once the dust settled on the havoc created by the second wave.
- In the past one year, there has been a gradual, yet notable decrease in the share of products with ticket sizes < INR 5 mn. The share of this category has shrunk from 42% in H2 2020's sales volume to 27% in H2 2021. 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 to accommodate work and study from home requirements.
- The share of projects with ticket sizes > INR 10 million increased from 31% in H2 2020 to 37% of the total sales in H2 2021. Simultaneously, well developed suburbs and peripherals came

back on the radar of homebuyers for purchasing bigger spaces as shorter commute time to workplace is not a prime consideration since the pandemic outbreak.

- Compared to 2020, when new unit launches had nosedived, 2021 saw increased activity on this front. 2021 saw 20,585 new units being launched in NCR. This represents 90% of 2019's launches which were pegged at 22,905 units. Whilst new launches are yet to match pre-pandemic levels, return of high sales volume during 2021 has reinstated developer confidence to launch new products to meet different usability requirements of end-users. Developing sectors of New Gurugram, Noida and Greater Noida remained the favored locations for new launches during 2021.
- Average residential prices have largely bottomed out in NCR. In the wake of a strong demand momentum, average residential prices in NCR started witnessing a marginal uptick of 1% QOQ in Q4 2021. With a strong underlying trend in NCR's residential realty, if the demand surge is sustained, developers may start revising prices upwards to meet the burden of rising cost cycles.
- High sales velocity in 2021 has helped reduce unsold inventory burden by 13% YOY which is a breather for developers in NCR and indicative of post-pandemic recovery. Due to the stress in NCR's real estate market in the past, many developers are no longer active and the market consolidation has only gathered pace during COVID-19 with few strong market leaders operational now.

MICRO-MARKET SPLIT OF NEW LAUNCHES IN H2 2020 AND H2 2021



Source: Knight Frank Research

Gurugram

- In line with H2 2020, Gurugram not only retained the lion's share in new launches in H2 2021, but also witnessed an increase in the same to account for more than half (51%) of NCR's total launches. A superb response to high-end and luxury products in addition to mid-end has helped Gurugram dominate the new launches landscape. Developers are targeting both the main Gurugram locations as well as developing residential sectors for new projects. Also, with some major infrastructure projects such as Dwarka Expressway finally expected to be completed in 2022 after a long wait, some residential locations near Pataudi Road and towards Manesar have become promising yet again.
- A flurry of new launches was witnessed in New Gurugram where end-user interest has been increasing due to its development and connectivity via three national highways. Sectors 81, 89, 92 and 108 witnessed new launches from prominent developers. Gold Course Extension Road, Sohna Road and DLF Phase II also witnessed new launches.
- In H2 2021, Gurugram emerged as NCR's leading residential market with a 33% share in the overall sales pie. Gurugram's charm for end-users continues due to ample availability of luxury, blended and compact luxury products, apart from plotted developments. As a dominant luxury market in NCR after Delhi, Gurugram has seen a significant jump in sales of luxury products in locations such as Golf Course Road, Golf Course Extension Road, Sohna Road, DLF Phase V and New Gurugram. Gurugram developers' well strategized move of introduction of builder floors and time to market has helped in high absorption rates in H2 2021.
- The announcement of fast-tracking the completion of Dwarka Expressway, also known as the Northern Peripheral Road (NPR) in 2022 has acted as a demand catalyst for mid-end and affordable ticket sizes in residential segment along this belt.

Noida and Greater Noida

- In H2 2021, Noida's share in new launches increased to 18% of the overall pie. Due to the improving market health, few large developers have launched additional phases in mid-end and luxury apartment projects in locations near the Tech Zone, which is a promising commercial hub with developing social infrastructure.
- However, the share of new launches in Greater Noida declined from 23% in H2 2020 to 18% in H2 2021. Due to past legacy issues and oversupply, developers remain prudent of taking position in Greater Noida. The announcement of the upcoming Noida International Airport, Uttar Pradesh government's land acquisition for the project underway and demand stimulation due to the pandemic is creating

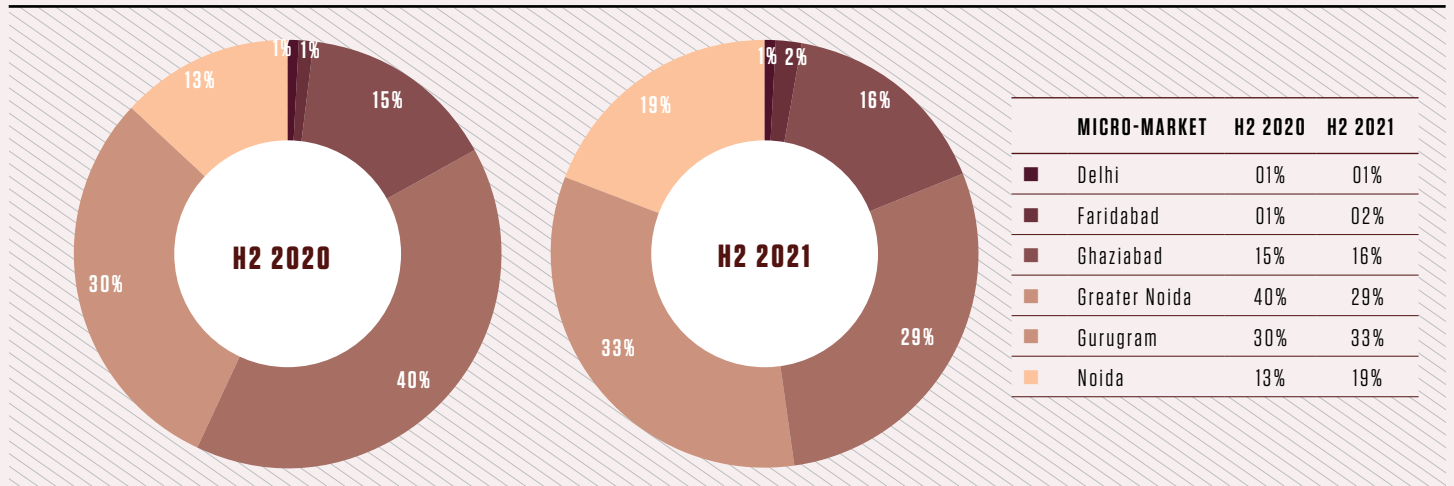
an enabling environment for Greater Noida.

- Demand for homebuying improved in Noida during H2 2021. From a 13% share in H2 2020, this market's share rose to 19% in H2 2021. Preference for gated communities and individual spaces has helped in demand stimulation after the pandemic. Government announcements for upgrading physical and transport infrastructure such as Noida International Airport and connecting the Noida Metro line with Greater Noida has also boosted homebuyer confidence.
- Greater Noida's share in the overall sales declined to 29% in H2 2021. Greater Noida has witnessed traction in the past few months for ready to move in homes, but non-delivery of promised homes to homebuyers continues to mar its reputation as trust amongst homebuyers is yet to come back.

New Delhi

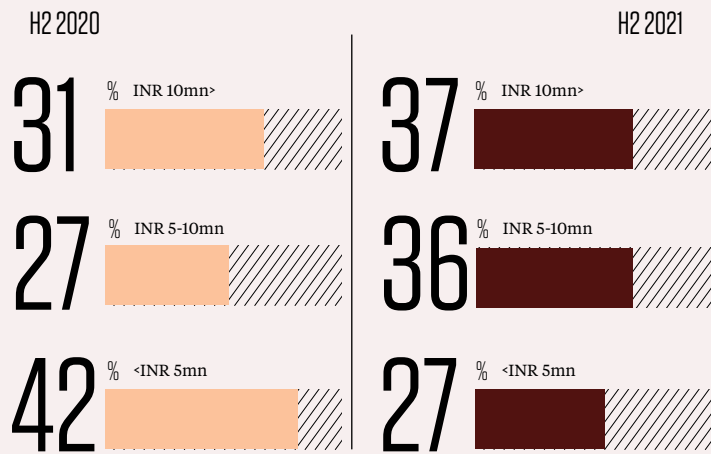
- The uptake of New Delhi's luxury bungalows by the wealthy during the pandemic has led some developers to test the waters by introducing new inventory in the primary market in Central Delhi in 2022. New launches in this segment are expected to come up by way of small sized developments on existing land parcels in the heart of New Delhi in locations such as Hailey Road.

MICRO-MARKET SPLIT OF SALES IN H2 2020 AND H2 2021



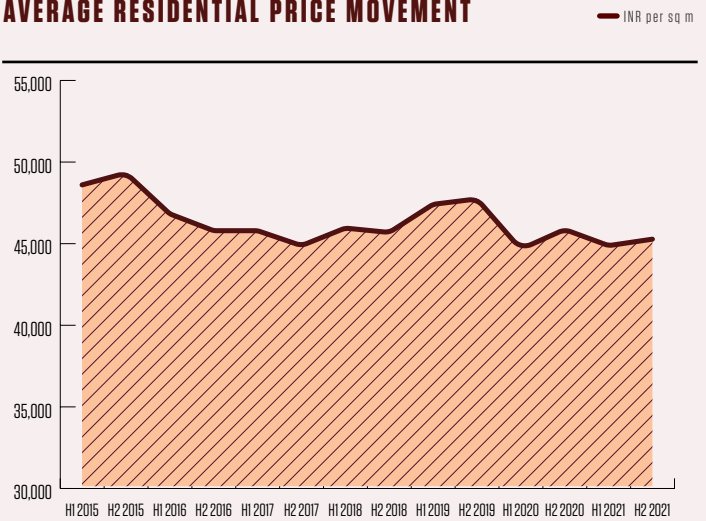
Source: Knight Frank Research

NCR TICKET SIZE SPLIT COMPARISON OF SALES DURING H1 2020 AND H1 2021



Source: Knight Frank Research

AVERAGE RESIDENTIAL PRICE MOVEMENT



Source: Knight Frank Research

- The structural shift in homebuying only got more prominent in H2 2021 with a stark difference in ticket size preferences compared to H2 2020. In sharp contrast to H2 2020, the share of projects in INR 5-10 mn increased from 27% to 36% in H2 2021. Percentage share of ticket sizes of > INR 10 mn also rose from 31% to 37% during the same period.
- Compared to H2 2020, the share of products in < INR 5 million ticket size has shrunk from 42% of the NCR sales volume to 27% in H1 2021. While the fundamentals of affordable housing remain sound, end-users with up to INR 5 mn budget have been diverting their funds towards plotted schemes from a future standpoint.

- In H2 2021, the average residential prices in NCR declined by 1% YOY over H2 2020. With the pandemic trajectory influencing sales velocity, developers have been wary of increasing prices despite a heavy burden of rising costs of steel and cement. With the buoyancy coming back in sales volume, Q4 2021 saw a marginal 1% QOQ uptick in average residential prices. Going forward, we can expect residential prices to inch up as the demand fundamentals remains strong.

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
DELHI	DWARKA	64,584-96,876 (6,000-9,000)	-2%	-2%
	GREATER KAILASH -II	236,808-389,657(22,000-36,200)	0%	0%
FARIDABAD	SECTOR 82	32,292-37,674 (3,000-3,500)	-1%	-1%
	SECTOR 88	33,368-36,597 (3,100-3,400)	0%	0%
GHAZIABAD	NH-24 BYPASS	30,656-31,808 (2,848-2,955)	0%	0%
	RAJ NAGAR EXTENSION	31,216-35,812 (2,900-3,327)	0%	0%
GREATER NOIDA	SECTOR 1	31,216-35,812 (2,900-3,327)	0%	0%
	OMICRON 1	33,530-38,750 (3,115-3,600)	-1%	-1%
GURUGRAM	SECTOR 77	54,896-64,423 (5,100-5,985)	0%	0%
	SECTOR 81	53,820-61,613 (5,300-5,724)	0%	0%
NOIDA	SECTOR 78	49,407-58,233 (4,590-5,410)	0%	0%
	SECTOR 143	44,757-50,591 (4,158-4,700)	-1%	-1%

Source: Knight Frank Research

MICRO-MARKET HEALTH

MICRO-MARKET	UNSOLD INVENTORY (HOUSING UNITS) (YOY CHANGE)	QUARTERS-TO-SELL (QTS)
DELHI	1,266 (-20%)	18.9
FARIDABAD	2,952 (19%)	26.9
GHAZIABAD	17,666 (-18%)	15.6
GREATER NOIDA	37,220 (-15%)	15.8
GURUGRAM	22,153 (-7%)	10.1
NOIDA	14,929 (-13%)	12.8

Source: Knight Frank Research

- At the end of H2 2021, NCR's unsold inventory stood at 96,186 units representing a 13% YOY decline. Sustenance of a healthy demand momentum and the pandemic giving the much-needed push for homebuying are the key demand drivers for the unsold inventory downtrend to continue.
- Due to the decline in unsold inventory, the quarters-to-sell (QTS) also inched down from 13.8 in H2 2020 to 13.7 at the end of H2 2021. 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 only marginally as new launches kept pace in tandem during H2 2021.



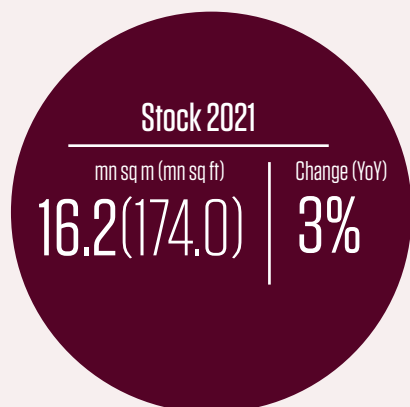
OFFICE MARKET

NCR MARKET SUMMARY

PARAMETER	2021	2021 CHANGE (YOY)	H2 2021	H2 2021 CHANGE (YOY)	Q4 2021	Q4 2021 CHANGE (QOQ)
Completions mn sq m (mn sq ft)	0.5 (5.1)	76%	0.2 (2.1)	0%	0.1 (1.1)	1%
Transactions mn sq m (mn sq ft)	0.6 (6.4)	38%	0.4 (4.0)	56%	0.2 (2.0)	2%
Average transacted rent in INR/sq m/month (INR/sq ft/month) (End of period)	883.7 (82.1)	0%	-	-	-	0%

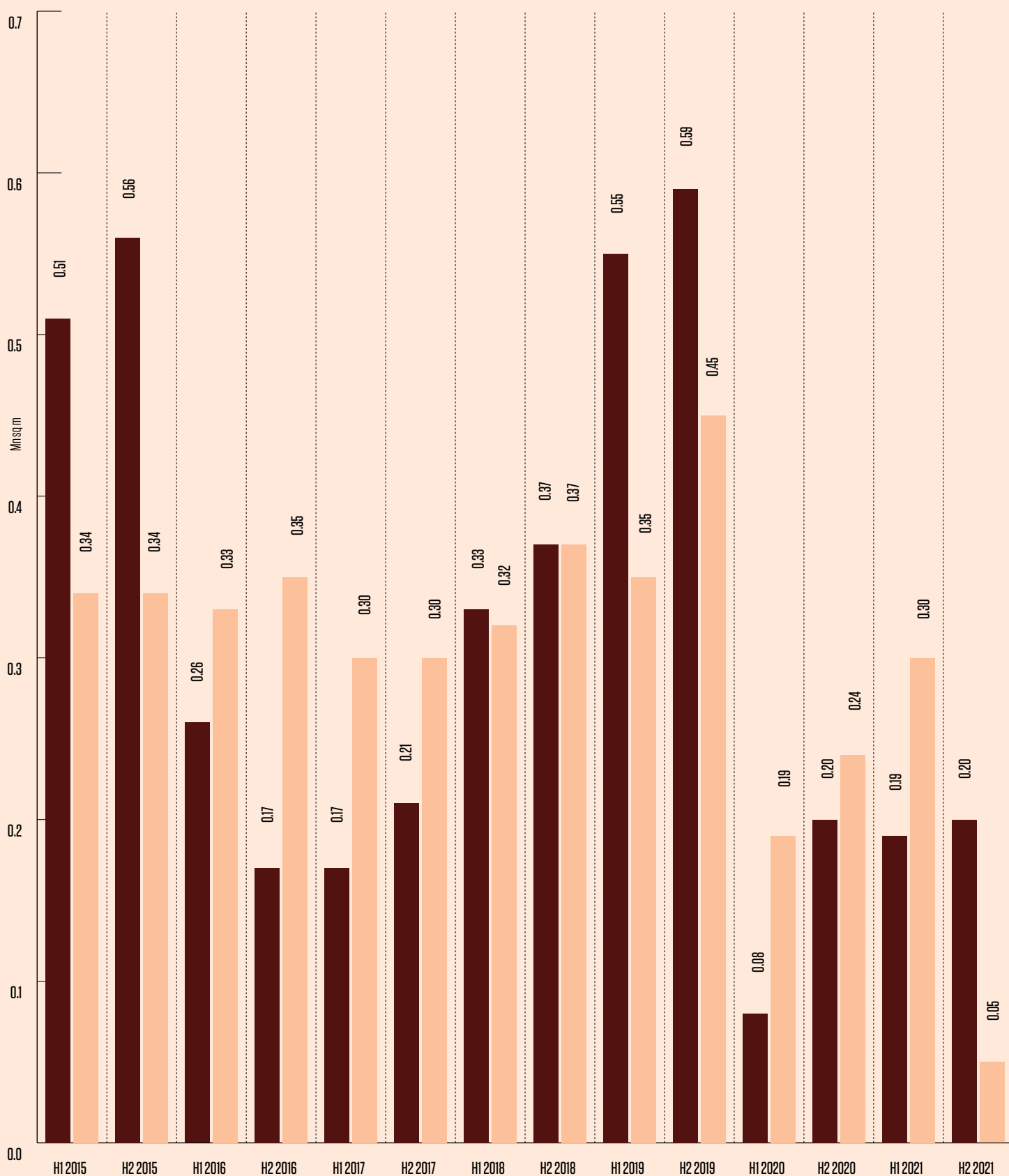
Note: 1 square metre (sq m) = 10.764 square feet (sq ft) | 2. In case of Completions and Transactions, "-" for Change denotes base period or current period as zero.

Source: Knight Frank Research



NCR OFFICE MARKET ACTIVITY

COMPLETIONS TRANSACTIONS



- 2021 has been the year of resilience and resurgence for NCR's office market. The annual transaction volume of 0.6 mn sq m (6.4 mn sq ft) not only surpassed the low recorded in 2020 but brought leasing volume back to near pre-pandemic levels. On a YoY basis, 2021's transaction volume represents a 38% growth over 2020. The outbreak of a second wave of COVID-19 curtailed the YoY growth to 38% as leasing volume reduced during Q2 2021, despite strong occupier demand in both the quarters of H2 2021.
- In H2 2021, occupiers steered ahead cautiously with managing office space footprint in the midst of the pandemic. In this period, leasing growth of 56% YoY was recorded as the share of sectors such as co-working, manufacturing, learning and education, e-commerce and healthcare increased in the overall volume over the past one year. Going forward, bulk hiring by companies in some sectors such as Information Technology (IT) will influence demand for large format quality spaces while office space demand from a diverse pool of sectors will continue to prevail.
- In 2021, NCR witnessed completion of 0.5 mn sq m (5.1 mn sq ft) of office spaces, a 76% YoY growth over 2020. Due to the first wave of the pandemic and the abrupt lockdown in early 2020 when the pandemic had just arrived in India, many office buildings in NCR remained physically complete but awaiting the occupancy certificate (OC). With better preparedness to manage lockdowns and economic recovery in 2021, sizeable completions in NCR's office sector were noted, especially in H2 2021, though they remain below pre-pandemic levels.
- NCR's office space completions remained at 80% of the total transaction volume recorded in this calendar year. The market is in a recovery mode with pent-up demand for office spaces coming to the fore from different sectors. Occupiers are moving ahead with decision making as they come up with office space strategies to adopt on the ground for future. Consequently, NCR's office space vacancy reduced by 80 basis points to 15.5% at the end of 2021.
- Of the total office spaces transacted in H2 2021, Gurugram comprised a 64% share. This was followed by Noida (27%) and Secondary Business District of Delhi (SBD Delhi) at 7%, Central Business District of Delhi (CBD Delhi) at 1% and Faridabad at 1%. Gurugram has re-emerged as NCR's market leader for office space consumption garnering the highest percentage share in leasing volume. Gurugram, along with Noida, remain preferred destinations for occupiers with well developed micro-markets and infrastructure development.
- The pandemic has aided the co-working sector's growth in NCR. Strong demand bounceback for flex spaces has prompted co-working operators to expand their footprint so they can offer more spaces to their clients. In 2021, office space leasing by the co-working sector posted a 29% YoY growth over 2020. Large

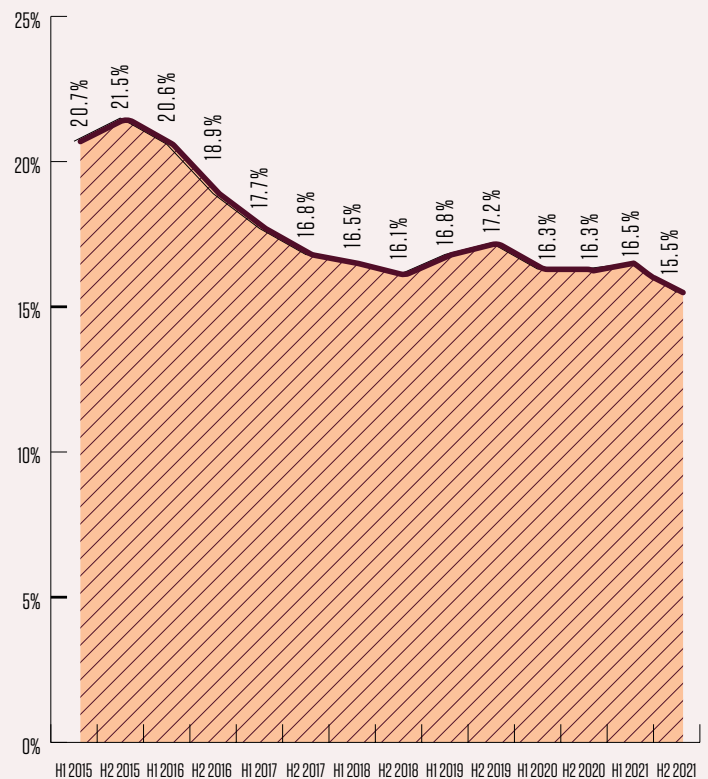
seat take-up has benefitted the business model of co-working operators due to continuation of a hybrid work model, a trend that is here to stay.

- In 2021, average transacted rents in NCR remained at par with 2020. Improved leasing volume in H2 2021 prevented a rental decline despite the slowdown in decision making at occupiers' end during the second wave-impacted quarter. With occupier demand bouncing back, rent growth in 2022 can be expected, if the Omicron virus variant spread does not hamper this recovery in the making.

GURUGRAM

- During H2 2021, 0.2 mn sq m (2.6 mn sq ft) of office spaces were leased in Gurugram. Whilst Gurugram dominated NCR's gross leasing volume in H2 2020, its share rose from 45% during this period to 64% in H2 2021. Due to the pandemic influence in H2 2020, the office space traction had reduced here, much like the other markets. However, occupiers returned to the millennium city in no time as the economy reopened and moved towards growth.
- Due to a lower rental threshold, Golf Course Extension Road garnered a 26% share in Gurugram's overall leasing in H2 2021. DLF Cybercity (18%), Udyog Vihar (11%) and MG Road (11%) also witnessed stable occupier demand in this period with a double-digit share in the city's leasing volume.

NCR OFFICE MARKET VACANCY



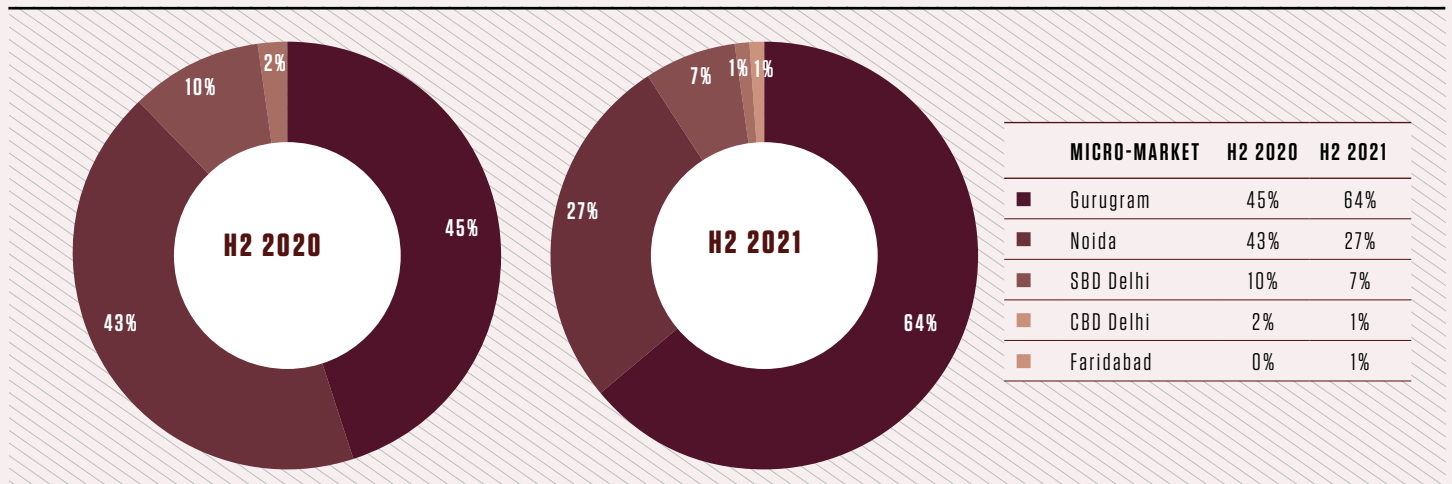
Source: Knight Frank Research

BUSINESS DISTRICT CLASSIFICATION

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 H2 2020 AND H2 2021



Source: Knight Frank Research

- The implementation of Haryana State Employment of Local Candidates Act, 2020, with commencement date of January 15th, 2022 approaching, may impact entry level hiring by private sector companies in the short term. Its reservation requirements for 75% local candidates for posts where the gross monthly salary does not exceed INR 30,000 per month may be a cause of concern for future hiring, especially in the IT sector. However, it is unlikely to cause any relocations from Gurugram due to the vast talent pool domiciled here.

NOIDA

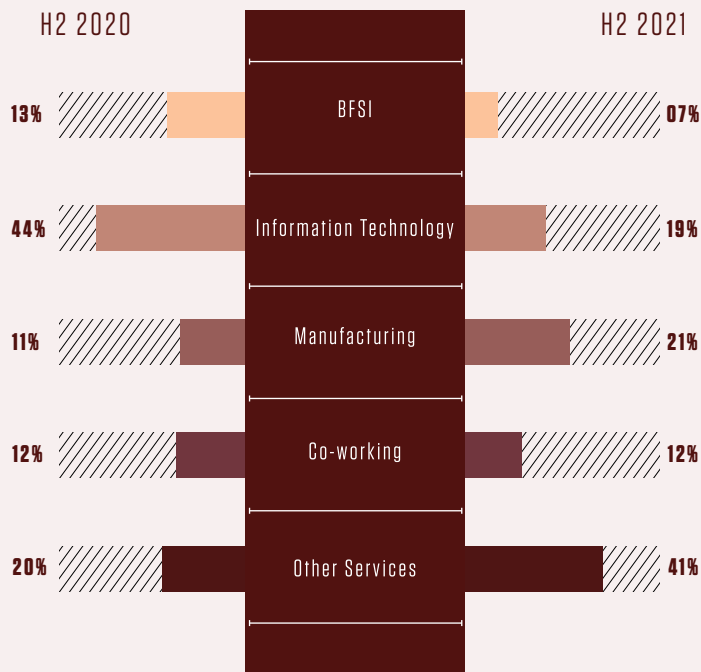
- At 0.10 mn sq m (1.1 mn sq ft), Noida maintained its leasing at par with H2 2020. However, its share in NCR'S H2 2021 declined from 43% in H2 2020 to 27% in H2 2021. This is only because NCR's overall leasing has grown by 56% YoY in this period, due to which Noida's share appears reduced, despite there being no change in square footage leased in this market.

- Noida's prime office micro markets of Sectors 16, 18, 62, 125 and the Noida-Greater Noida Expressway remained occupier favorites in H2 2021. Companies across sectors such as IT, co-working, learning and education leased spaces in Noida in the current half yearly period. Noida's competitive rents and quality office assets offer occupiers a great location option. Coupled with proximity to south and central Delhi and ease of connectivity, occupiers prefer to be situated here.

NCR sector-wise transaction split analysis

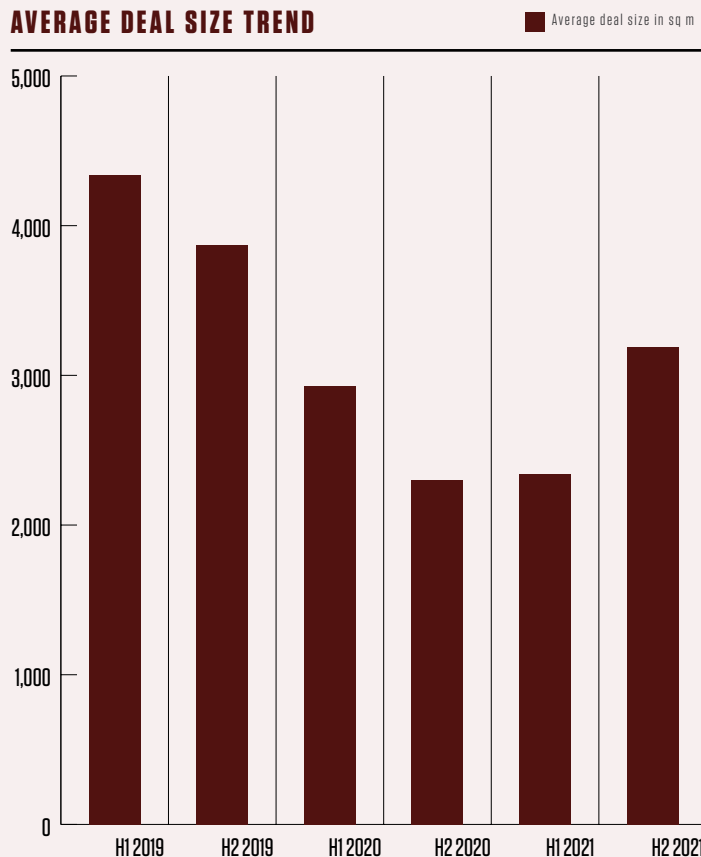
- In H2 2021, the Other Services sector accounted for 41% of the total leasing and largely comprised space take-up by companies in segments like learning and education, healthcare and other diversified business conglomerates. The Other Services sector which accounted for 20% of NCR's total leasing in H2 2020 has significantly increased mainly on the back of numerous small and mid-sized deals. The manufacturing sector's share also increased

SECTOR-WISE TRANSACTIONS SPLIT IN H2 2020 AND H2 2021



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

AVERAGE DEAL SIZE TREND



Source: Knight Frank Research

significantly from 11% in H2 2020 to 21% in H2 2021.

- The Banking, Financial Services and Insurance (BFSI) sector constituted 7% of the total leasing in H2 2021. The share of this sector has reduced from 13% in H2 2020.
- In H2 2021, the IT sector accounted for 19% of the total office spaces leased compared to 44% of the total transactions in H2 2020. Despite record hiring by major IT giants and return of normalcy, many IT players are still continuing in a hybrid work mode and leasing traditional office formats cautiously. Additionally, some of the IT sector's demand has also shifted to co-working spaces due to a change in real estate strategies because of the pandemic. Office spaces leased by the IT sector occupiers were mostly located in Gurugram, followed by Noida.
- In terms of percentage share, co-working sector remained at par with H2 2020. However, the pandemic influenced the co-working sector's growth in NCR as there has been a strong demand bounce back for flex spaces. In 2021, office space leasing by the co-working sector posted a 29% YoY growth over the 2020 volume.
- From 2,301 sq m (24,765 sq ft) in H2 2020, the average deal size has expanded by 39% YoY to 3,190 sq m (34,337 sq ft) in H2 2021. This is primarily due to the return of some large sized deals as the demand for office spaces rebounded in H2 2021. Occupiers in healthtech, manufacturing, co-working and e-commerce took up spaces above 9,290 sq m (100,000 sq ft) across Gurugram and Noida which contributed to the expansion in average deal size during the review period.

BUSINESS DISTRICT-WISE RENTAL MOVEMENT

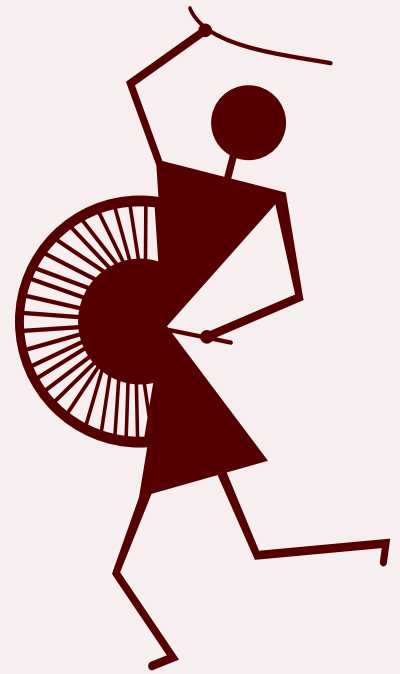
	RENTAL VALUE RANGE IN H2 2021 IN INR/SQ M/MONTH (INR/SQ FT/MONTH)	12-MONTH CHANGE	6-MONTH CHANGE
CBD Delhi	2,347-3,767 (218-350)	0%	0%
SBD Delhi	915-2,153 (85-200)	0%	0%
Gurugram Zone A	1,130-1,722 (105-160)	0%	0%
Gurugram Zone B	883-1,453 (82-135)	0%	0%
Gurugram Zone C	269-377 (25-35)	0%	0%
Noida	538-829 (50-77)	0%	0%
Faridabad	484-592 (45-55)	0%	0%

Source: Knight Frank Research



PUNE

RESIDENTIAL AND OFFICE MARKET



RESIDENTIAL MARKET

PUNE MARKET SUMMARY

PARAMETER	2021	2021 CHANGE (YOY)	H2 2021	H2 2021 CHANGE (YOY)	Q4 2021	Q4 2021 CHANGE (QOQ)
Launches (housing units)	40,489	16%	20,012	-7%	11,397	32%
Sales (housing units)	37,218	38%	19,744	17%	10,179	6%
Average Price in INR/sq m (INR/ sq ft) (End of period)	INR 43,056 (INR 4,000)	0%	-	-	-	0%

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

Source: Knight Frank Research

Unsold inventory 2021

(housing units) | Change (YoY)
50,812 | **7%**

Quarters to sell 2021

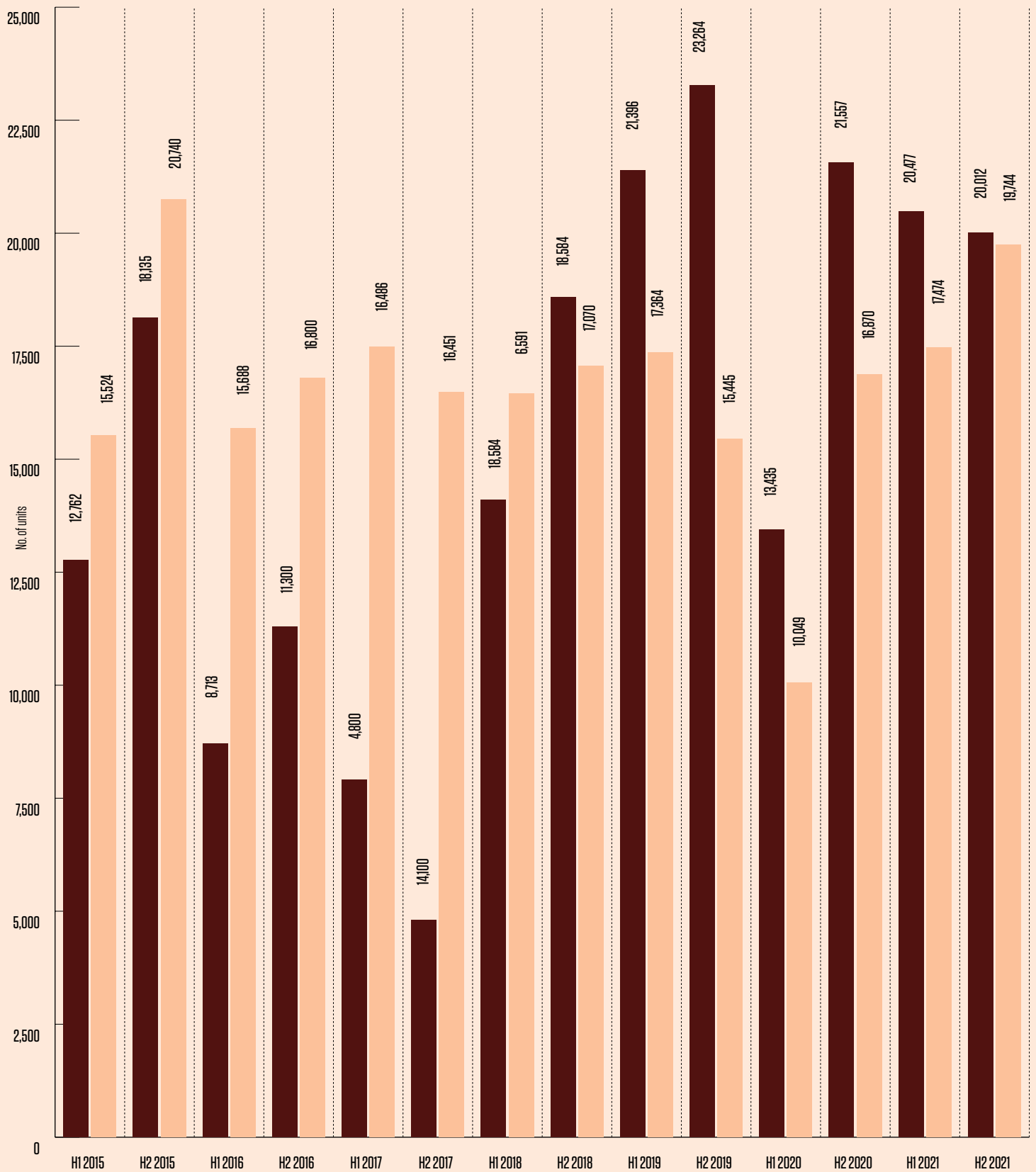
6.3
(in quarters)

Age of unsold inventory 2021

12.7
(in quarters)

LAUNCHES AND SALES TREND

LAUNCHES SALES



Source: Knight Frank Research

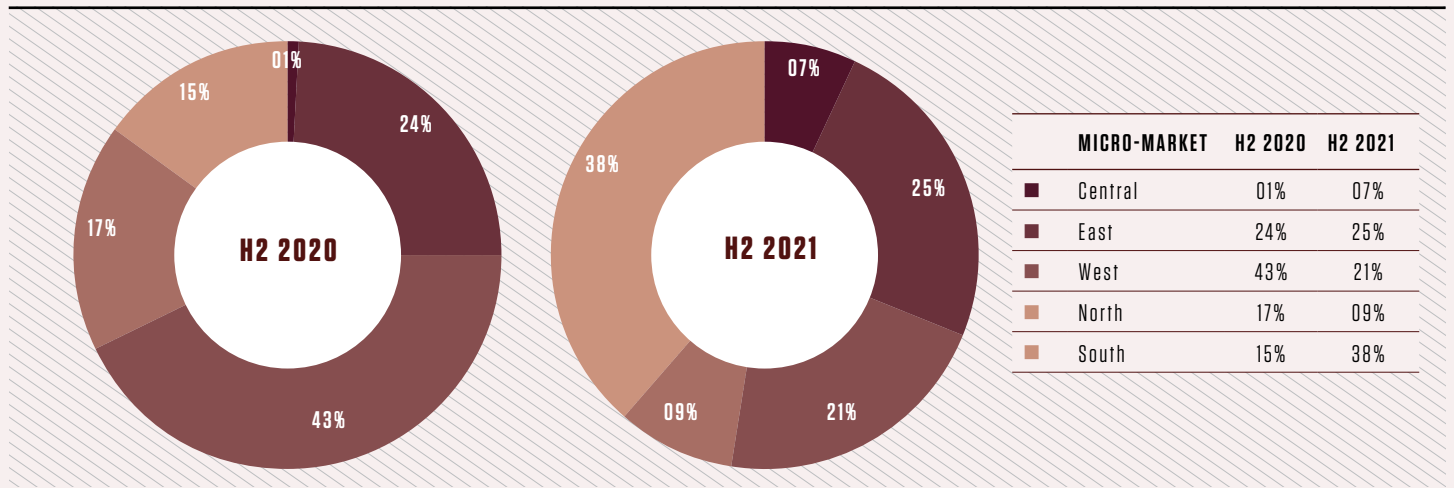
- The Pune market has witnessed a marginal drop of 7% YoY in new launches during H2 2021. This drop has come on the back of good performance in H2 2020 primarily due to state government intervention in the form of stamp duty cut that propelled launches in Q4 2020.
- The Pune residential market witnessed a 17% YoY rise in sales during H2 2021. Flexible schemes offered by developers, low home loan rates and consumers' need for larger spaces contributed to the healthy market sentiment.
- The price levels are maintained and remain unchanged in H2 2021. Basis market feedback, as we move towards normalcy, developers may mull over price rise to preserve profit margins and account for the rise in raw material prices.
- The micro markets in South and East dominate Pune residential launches during H2 2021 with a share of 38% and 25% respectively. The West market has contracted to 21% market share in H2 2021 from 43% in H2 2020. Central Pune has seen some movement in terms of launches, contributing 7% of the market share in H2 2021. The North market has seen a minor dip in contribution to 9% in H2 2021 from 17% in H2 2020.
- The South and East markets also steered the sale volumes during H2 2021 contributing 38% and 24% respectively to total sales. The West market shriveled to 22% in H2 2021 though it held a strong position with a market share of 35% in H2 2020. Even with current improved sentiments, homebuyers are vigilant and continue to prefer reputed developers and ready to move apartments.
- Developers are relying on the positive consumer sentiments of buyers focused on large format housing with an ability to absorb minor price hikes. In H2 2020, the focus had remained on <5mn category contributing 49% of the total sale volume. However in H2 2021, the share of this price category in total sales increased to 52% .
- Q4 2021 recorded unsold inventory of 50,812 units amounting to 12% of the total unsold inventory pan India. The quarters-to-sell (QTS) remained healthy at 6.3 in H2 2021.



MICRO-MARKET CLASSIFICATION

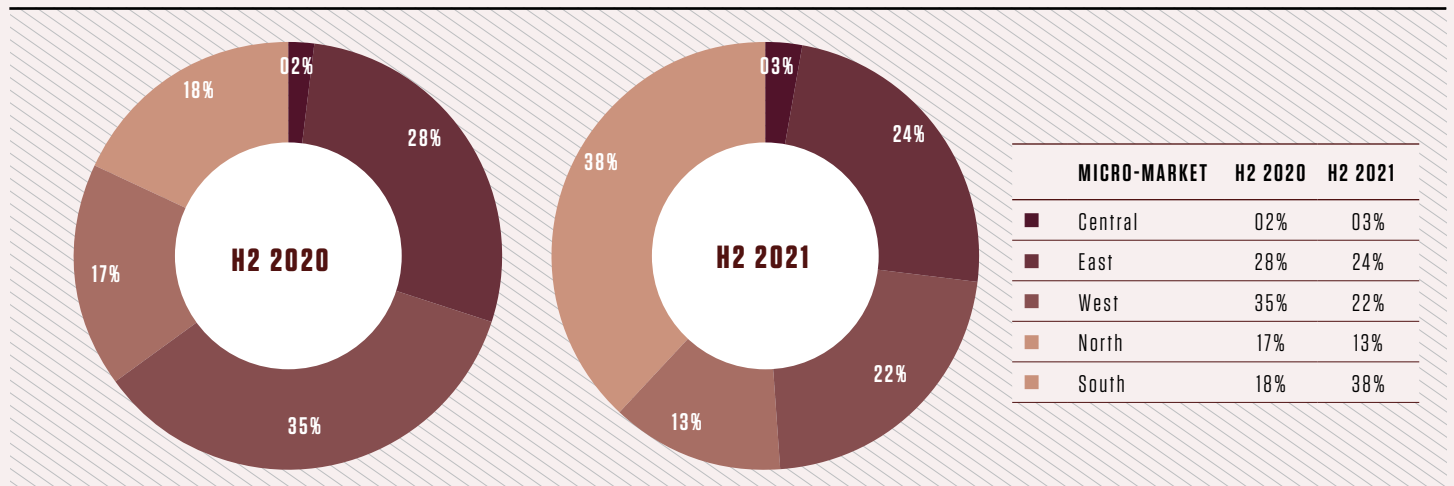
MICRO MARKET	LOCATIONS
Central	Koregaon Park, Boat Club Road, Erandwane, Deccan, Kothrud, Model Colony
East	Viman Nagar, Kharadi, Wagholi, Hadapsar, Dhanori
West	Aundh, Baner, Wakad, Hinjewadi, Bavdhan, Pashan
North	Pimpri, Chinchwad, Moshi, Chikhali, Chakan, Talegaon
South	Kondhwa, Ambegaon, Undri,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

MICRO-MARKET SPLIT OF NEW LAUNCHES IN H2 2020 AND H2 2021



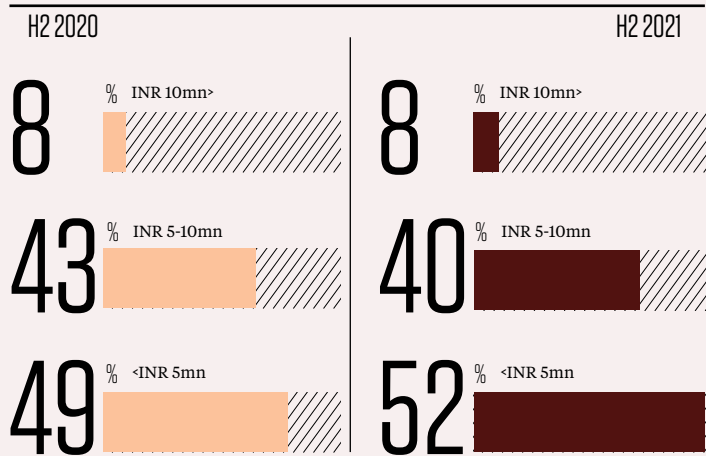
Source: Knight Frank Research

MICRO-MARKET SPLIT OF SALES IN H2 2020 AND H2 2021



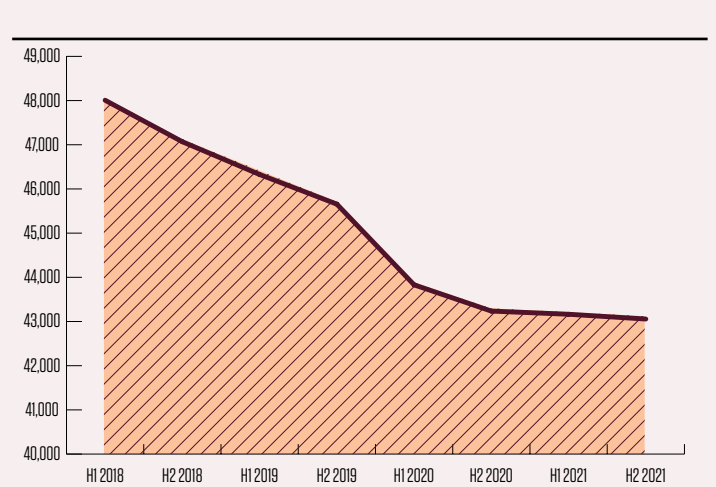
Source: Knight Frank Research

PUNE TICKET SIZE SPLIT COMPARISON OF SALES DURING H2 2020 AND H2 2021



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	139,932-182,988 (13,000 - 17,000)	-2%	0%
	KOTHRUD	80,730-139,932 (7,500 - 13,000)	-2%	0%
	ERANDWANE	145,314-193,752 (13,500 - 18,000)	-3%	0%
	BOAT CLUB ROAD	156,078-209,898 (14,500 - 19,500)	-2%	0%
EAST	KHARADI	57,049-67,813 (5,300 - 6,300)	-1%	0%
	WAGHOLI	37,674-49,514 (3,500 - 4,600)	0%	0%
	DHANORI	41,980-51,667 (3,900 - 4,800)	-1%	0%
	HADAPSAR	49,514-64,584 (4,600 - 6,000)	-3%	0%
WEST	AUNDH	83,959-102,258 (7,800 - 9,500)	-2%	0%
	BANER	60,278-86,112 (5,600 - 8,000)	-2%	-1%
	HINJEWADI	51,667-63,508 (4,800 - 5,900)	-3%	-1%
	WAKAD	58,126-66,737 (5,400 - 6,200)	-1%	0%
NORTH	MOSHI	39,827-46,285 (3,700 - 4,300)	-3%	0%
	CHIKHALI	37,674-44,132 (3,500 - 4,100)	-3%	0%
	CHAKAN	32,292-36,598 (3,000 - 3,400)	-3%	0%
SOUTH	AMBEGAON	47,362-59,202 (4,400 - 5,500)	-2%	-1%
	UNDRI	41,980-51,667 (3,900 - 4,800)	-1%	0%
	KONDHWA	49,514-61,355 (4,600 - 5,700)	-2%	0%

Source: Knight Frank Research

MICRO-MARKET HEALTH

MICRO-MARKET	UNSOLD INVENTORY (HOUSING UNITS) (YOY CHANGE)	QUARTERS-TO-SELL (QTS)
CENTRAL	2,297(80%)	15.3
EAST	14742 (12%)	7.4
WEST	17,004 (9%)	6.4
NORTH	9,512 (-4%)	7.0
SOUTH	7,317 (-4%)	3.9
PUNE CITY	50,145 (7%)	6.3

Source: Knight Frank Research



OFFICE MARKET

PUNE MARKET SUMMARY

PARAMETER	2021	2021 CHANGE (YOY)	H2 2021	H2 2021 CHANGE (YOY)	Q4 2021	Q4 2021 CHANGE (QOQ)
Completions mn sq m (mn sq ft)	0.67 (7.2)	921%	0.40 (4.3)	754%	0.17 (1.9)	-25%
Transactions mn sq m (mn sq ft)	0.36 (3.8)	3%	0.25 (2.7)	58%	0.15 (1.7)	72%
Average transacted rent in INR/sq m/month (INR/sq ft/month) (End of period)	721.18(67)	-4%	-	-	-	3%

Note: 1 square metre (sq m) = 10.764 square feet (sq ft) | 2. In case of Completions and Transactions, "-" for Change denotes base period or current period as zero.

Source: Knight Frank Research

Stock 2021

mn sq m (mn sq ft) | Change (YoY)
7.5(80.9) | 10%

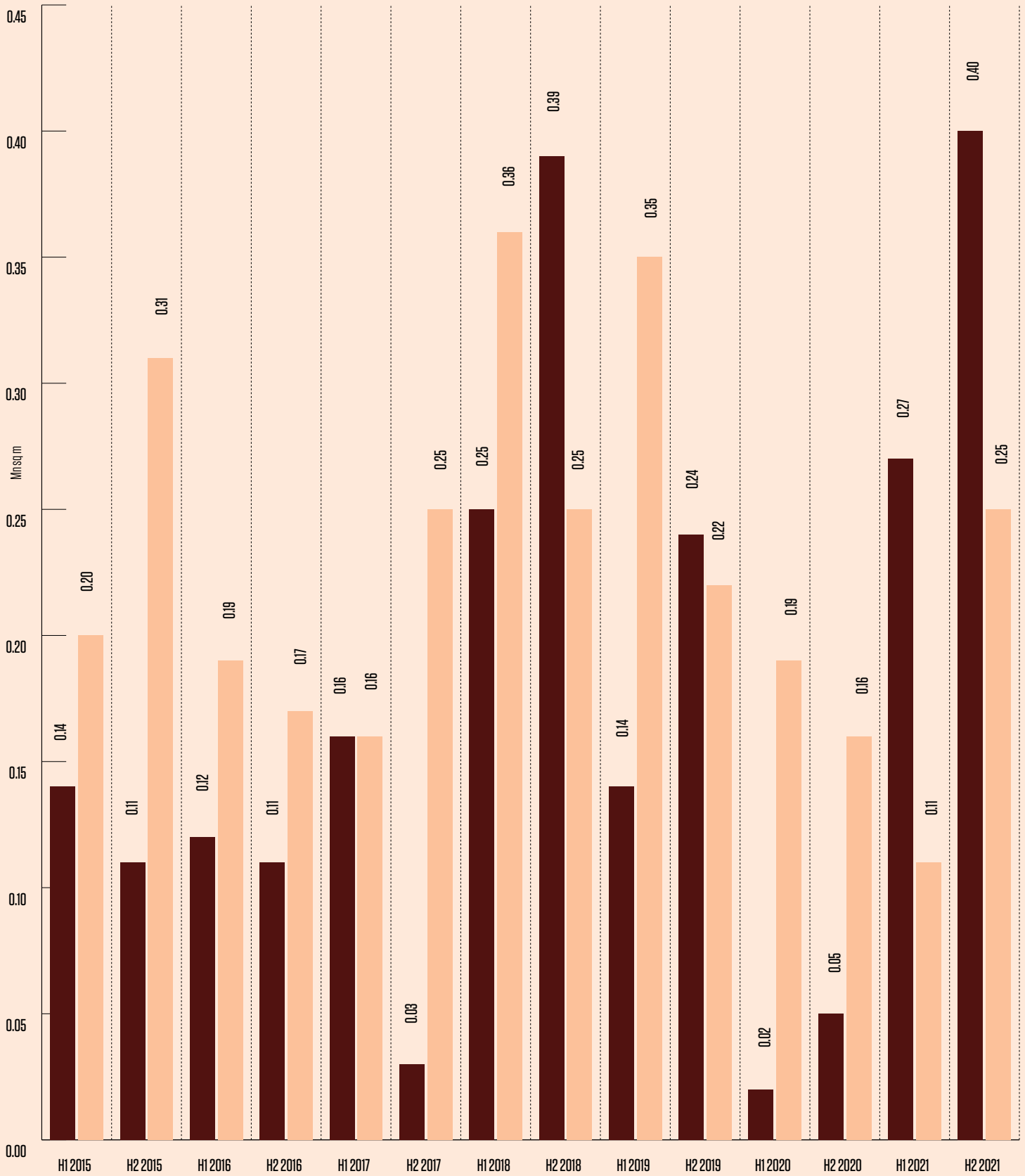
Vacancy % 2021

10.5%

457 Basis points increase

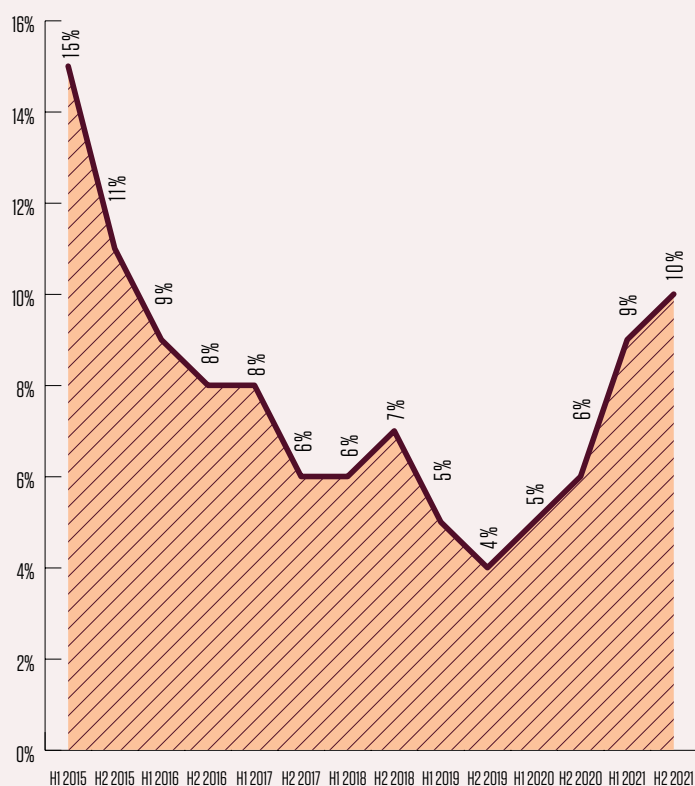
PUNE OFFICE MARKET ACTIVITY

COMPLETIONS TRANSACTIONS



- Despite the COVID-19 sting in 2020, Pune office market has grown robustly in 2021 on account of the pent-up demand. We have seen recovery in the office market with some hindrances in Q2 2021 due to the severity of the second wave of the pandemic. The market has subsequently rebounded strongly with strong leasing and supply infusion in H2 2021.
- The Pune office market reported a 58% YoY growth in property leasing in H2 2021. A total volume of 3.8 mn sq ft of office space was transacted in 2021, of which 70% was transacted in H2 2021. Compared to H2 2020, the average deal size increased by 11% YoY to 5452 sq m in H2 2021.
- Pune's office market expanded by 7.2 mn sq ft with new completions in 2021, of which 60% was added in H2 2021. A massive 754% YoY growth in new construction is noted during H2 2021. The growth in new construction also comes from a low base of 2020, when major under-construction activities were stalled.
- The vacancy level had stayed in single digit since 2016 due to limited supply. However, H2 2021 records a vacancy of 10% which is primarily due the substantially augmented supply in the same period. Developers will be mindful going forward and the focus will remain on active leasing. Rental values fell by 4% YoY during Q4 2021, although a marginal rent increase of 3% QoQ was observed in the last quarter.
- SBD West clocked a share of just 7% in H2 2021 whereas it had witnessed the most transaction in H1 2020 clocking a share of 44%. This dip can be attributed to deferred expansion by IT occupiers. On the other hand, CBD & off CBD and PBD West, which had a low share contribution in H2 2020, noted strong transaction volumes accounting for 25% and 21% share respectively.
- Despite recording limited transaction in operator deals, co-working spaces saw a huge seat take up in H2 2021. Co-working operator deals accounted for a share of 18% of the total transacted volume in H2 2021 as against 38% in H2 2020. However, co-working spaces remained a priority in H2 2021 with seat take-up of over 13000 seats. Cumulatively, 2021 noted a seat take up of over 19000 seats.
- BFSI sector emerged as the highest performer in leasing activity, with a share of 35% against a share of 10% in H2 2020. This rise can be attributed to 2 sizeable deals inked in H2 2021. The share of Other Services shrank to 12% in H2 2021 from 23% in H1 2020. Other Services includes sectors like consultancy, engineering, service and energy.

PUNE OFFICE MARKET VACANCY



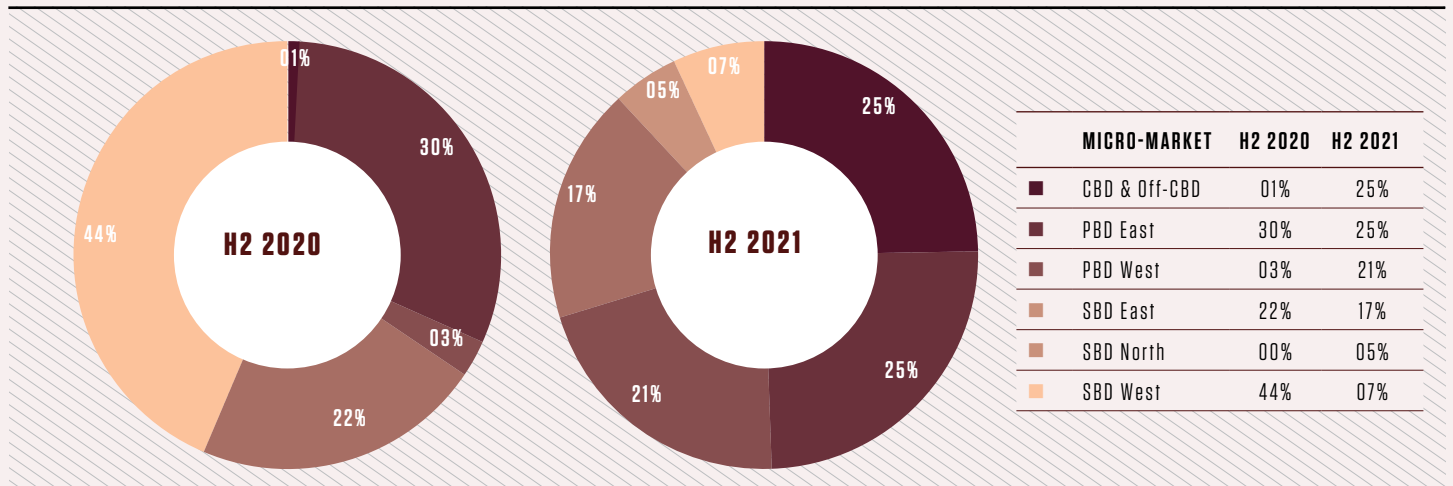
Source: Knight Frank Research

BUSINESS DISTRICT CLASSIFICATION

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

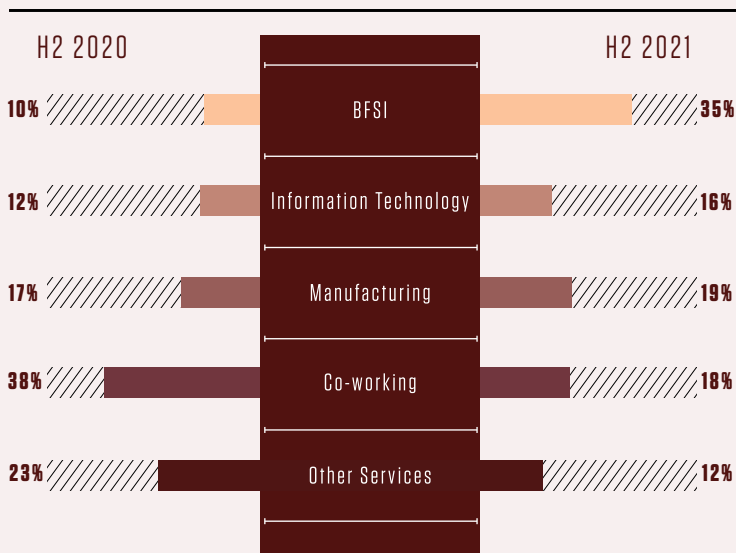
Source: Knight Frank Research

BUSINESS DISTRICT WISE TRANSACTIONS SPLIT IN H2 2020 AND H2 2021



Source: Knight Frank Research

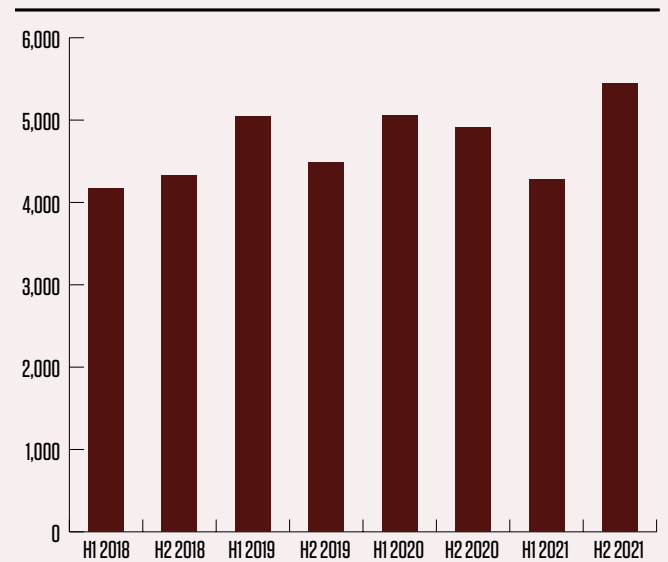
SECTOR-WISE TRANSACTIONS SPLIT IN H2 2020 AND H2 2021



Source: Knight Frank Research

Note: BFSI includes BFSI support services

AVERAGE DEAL SIZE TREND



Source: Knight Frank Research

BUSINESS DISTRICT-WISE RENTAL MOVEMENT

	RENTAL VALUE RANGE IN H2 2021 IN INR/SQ M/MONTH (INR/SQ FT/MONTH)	12-MONTH CHANGE	6-MONTH CHANGE
CBD & Off-CBD	807-1,238 (75-115)	0%	4%
SBD East	646-1,238 (60-115)	0%	0%
SBD West	646-1,023 (60-95)	-7%	5%
PBD East	646-1,023 (60-95)	-7%	2%
PBD West	484-670 (45-65)	-8%	0%

Source: Knight Frank Research

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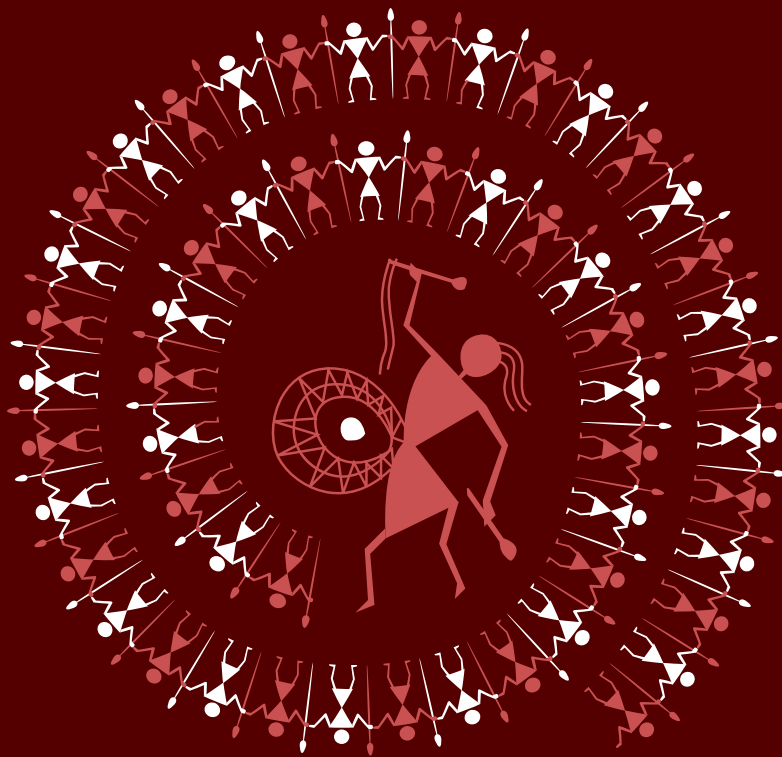
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JAN-JUN 2021



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WORK FROM HOME



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