

India Real Estate



Residential and Office Market - July - December 2023

H2 2023

Knight Frank's ultimate guide to the India real estate market performance and opportunities in the world's most exciting subcontinent.

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Mumbai HO

Knight Frank (India) Pvt. Ltd.
 Paville House, Near Twin Towers,
 Off. Veer Savarkar Marg, Prabhadevi,
 Mumbai 400 025, India
 Tel: 022 6745 0101 / 4928 0101;

Bengaluru

Knight Frank (India) Pvt. Ltd.
 204 & 205, 2nd Floor, Embassy Square,
 #148 Infantry Road,
 Bengaluru 560001, India
 Tel: 080 40732600 / 22385515

Pune

Knight Frank (India) Pvt. Ltd.
 Unit No.701, Level 7, Pentagon Towers P4,
 Magarpatta City, Hadapsar,
 Pune 411 013, India
 Tel: 020 67491500 / 30188500;

Chennai

Knight Frank (India) Pvt. Ltd.
 1st Floor, Centre block, Sunny Side,
 8/17, Shafee Mohammed Road,
 Nungambakkam, Chennai 600 006, India
 Tel: 044 4296 9000

Gurgaon

Knight Frank (India) Pvt. Ltd.
 Office Address: 1505-1508, 15th Floor, Tower B,
 Signature Towers South City 1,
 Gurgaon 122 001, India
 Tel: 0124 4782700;

Hyderabad

Knight Frank (India) Pvt. Ltd.
 Western Dallas Centre, 5th floor, Office #3,
 Hyderabad Knowledge City,
 Survey No. 83/1, Raidurg, Serilingampally Mandal,
 Ranga Reddy District, Telangana Hyderabad - 500032
 Tel: 040 44554141;

Kolkata

Knight Frank (India) Pvt. Ltd.
 PS Srijan Corporate Park
 Unit Number - 1202A, 12th Floor,
 Block - EP & GP, Plot Number - GP 2,
 Sector - V, Salt Lake, Kolkata 700 091, India
 Tel: 033 66521000

Ahmedabad

Knight Frank (India) Pvt. Ltd.
 Unit Nos. 407 & 408, Block 'C', The First,
 B/H Keshav Baugh Party Plot,
 Vastrapur, Ahmedabad - 380015
 Tel: 079 48940259/ 40380259



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Shishir Baijal
Chairman and Managing Director

Foreword

With the pandemic almost completely in the rear-view mirror, 2023 was expected to see the beginning of a sustained global economic recovery. However, unrest in the geopolitical environment caused by the conflicts in Eastern Europe and West Asia and the persistently high inflation continued to weigh on the global economic environment. While the Indian economy has not been completely insulated from the economic turbulence, timely interventions by the Reserve Bank of India (RBI) and the Government have ensured that inflation has not spiraled out of control and the economy has stayed on the growth path.

The 7.6% GDP growth in Q2 2023 (July – September 2023) has exceeded expectations, and the RBI's recently upgraded forecast of 7% for FY 2024 ensures that India continues to be a bright spot in a still uncertain global economic environment. This undercurrent of economic stability and growth is also reflected in the strong performance of the Indian real estate markets.

The office market, which could have been impacted by the geopolitical challenges, stayed resilient, recording a stellar performance in 2023, just shy of the peak reached in 2019. Having said that, these globally impactful events have changed in characteristics of the market. Based on the economic growth and stability and changes in the attitude of corporations, Global Capability Centres (GCC) and India facing businesses claimed centerstage to capitalize on the unique and substantial growth opportunity that the country presents. The rising confidence in the improving economic fundamentals of the country has spurred occupiers to make longer term commitments in the office market.

The increasing participation of a more diverse occupier group across various markets marks a significant milestone in the evolution of the Indian office market. We saw more office markets reaching and indeed breaching the 10 mn sq ft mark this year. The growth was backed by a significant improvement in office occupancies which is expected to continue both in India and globally.

The residential market has continued from strength to strength with demand scaling 10-year highs while the headline demand numbers convey a story of steady and resilient growth, their underlying components are changing radically. The significant shift toward premiumization has taken root in the residential market which can be seen as a concurrent trend across markets.

I invite you to read the 20th edition of Knight Frank India's flagship half-yearly report – '**India Real Estate H2 2023**,' which tracks the ongoing developments that have impacted the residential and office segments across the top 8 cities. I hope that you will find it insightful and interesting.

India



INDIA MARKET SUMMARY

Parameter	2023	2023 Change (YoY)	H2 2023	H2 2023 Change (YoY)
Launches (housing units)	350,746	7%	177,382	6%
Sales (housing units)	329,097	5%	172,457	15%

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

473,511

Unsold inventory (housing units) H2 2023

5.9

Quarters to sell (in quarters) H2 2023

5%

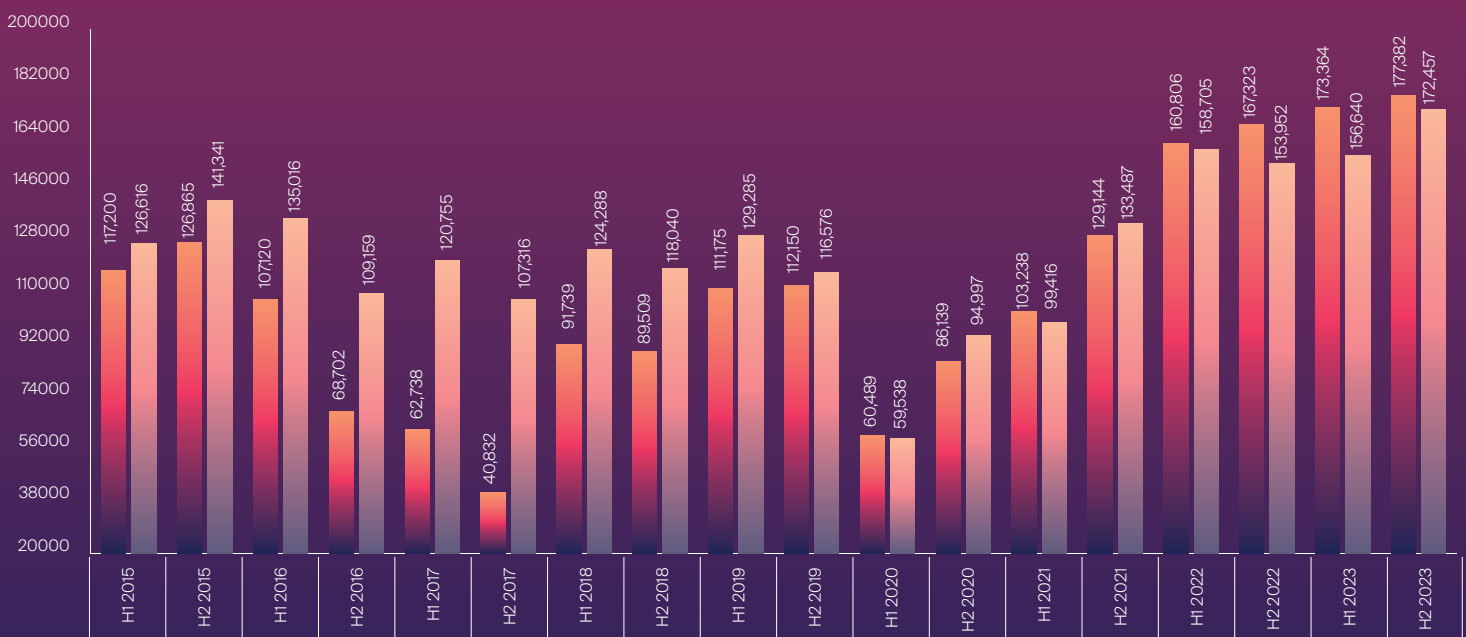
Change (YoY)

16.1

Age of unsold inventory (in quarters) H2 2023

LAUNCHES AND SALES TREND (NO. OF UNITS)

■ Launches (Units) ■ Sales (Units)



Source: Knight Frank Research

- As we move away from the pandemic, all categories of real estate assets have undergone a recovery, with the residential sector experiencing the swiftest and most significant resurgence. The heightened need for security and open living spaces during the pandemic fueled a demand for homes, bolstered further by exceptionally low interest rates and comparatively affordable property prices. 2023 was widely anticipated as a year of sustained global recovery, with the pandemic in the rear-view mirror and improving economic growth. However, unforeseen challenges such as the war in Ukraine and Israel and their extensive geopolitical repercussions, coupled with persistent inflation, posed a threat to global economies, threatening to derail the strong recovery in the Indian real estate markets as well.
- As central banks respond to inflationary pressures by elevating policy rates and causing mortgages to become more costly, momentum in global residential markets has moderated following the initial rebound in 2023. Nevertheless, in contrast to the Reserve Bank of India's cumulative increase of 250 basis points in policy rates between May 2022 and February 2023, the demand for residential properties in the country not only displayed resilience but also surged to a ten-year high in terms of annual sales in 2023. Incidentally, H2 2023 also saw the highest sales volumes generated in a half-yearly period in ten years.
- Increased savings during lockdowns, minimal income disruptions in mid and high-income brackets, and a robust economic growth forecast have fueled demand in the residential real estate market in India. Besides, a house price growth trend since 2021 has also created a feel-good factor for prospective buyers, further helping the cause of sales. The 0.17 mn units sold during H2 2023 constitute a healthy 12% YoY growth in volume and was instrumental in pushing the annual sales tally to a 5% higher level in 2023.
- The resurgence in demand has also put residential development into overdrive with the half-yearly as well as annual volume of units launched reaching ten-year highs. In fact, launch volumes in 2022 and 2023 have exceeded that of sales for the respective periods and notably, these are just two of the three years when this has occurred over the past ten.
- Demand momentum was strong in H2 2023 with sales growing on a YoY basis across all markets. Among the larger markets, Pune saw the most sales growth at 28% YoY while Mumbai, NCR and Bengaluru constituted 60% of the total sales during the period.
- The share of annual sales in the <INR 5 mn ticket size price segment has reduced from 45% in 2020 to 30% in 2023. Conversely, during the same reference period, the share of sales in the INR 5-10

mn and >10 mn ticket-size categories grew from 35% to 37% and 20% to 34% respectively. The higher income segments were not as impacted by income disruptions caused by pandemic exigencies as was initially expected. Besides, the high savings rate due to the initial weak sentiments and lockdown periods played their part in fueling the current wave of demand.

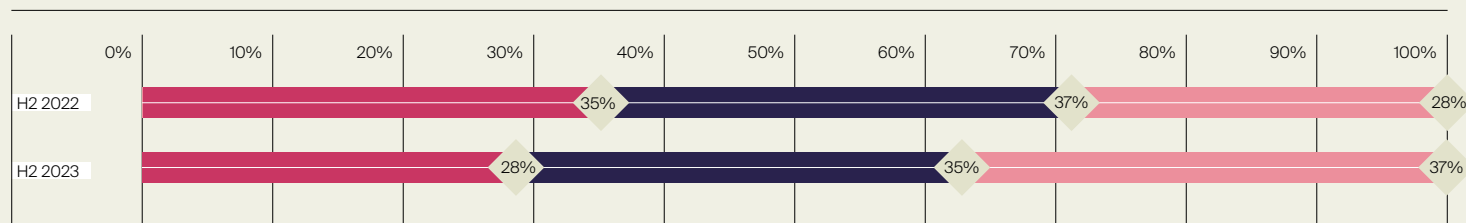
- The mid and premium categories similarly outperformed the affordable segment in absolute sales growth over the past few years. The premium segment with home prices over INR 10 mn has been the standout performer with an annual sales growth of 33% YoY in 2023 and a more pronounced 49% YoY growth in H2 2023. While sales growth in the mid segment was close to market averages in annual and half yearly terms, that of the affordable segment proved to be the only drag on the market, falling by 16% YoY in 2023 and by 10% in H2 2023.
- Developers have been ahead of the curve and judged the shifting preferences of the market by launching lifestyle-oriented premium products. The share of the number of units launched in the INR 5-10 mn and >10 mn ticket-size categories grew from 28% to 37% and 15% to a significant 40% respectively.
- As discussed earlier, while sales growth has been strong, the volume of launches has exceeded that of sales significantly causing unsold inventory levels to rise by 5% YoY. And as overall market traction has shifted toward the mid and premium segments, so has that of the unsold inventory. Both these segments have seen unsold inventory levels rise more than the market average, with the mid segment inventory level rising by 6% YoY and that of the premium segment increasing by a substantial 33% YoY.
- While the rising inventory levels can seem like a matter of concern when viewed in isolation, it must be seen in conjunction with the sales velocity to depict a more accurate picture of market health. The Quarters to Sell (QTS) level is a metric that enables this by calculating the number of quarters required by the market to exhaust existing inventory levels at the sales velocity of the trailing eight quarters. Generally, a lower QTS level denotes greater sales traction and better market health. The QTS level for the eight markets has been consistently falling despite growing inventory levels from 8.7 in H2 2020 to the 5.9 quarters (less than 18 months) in H2 2023 and depicts a market with improving fundamentals despite increasing inventory.
- While the overall market remains in good health, we have gone a level deeper to assess the state of the market in the ticket-size segments that we track. While unsold inventory levels in the affordable category have dropped 8% YoY in H2 2023, the

QTS level is higher than the market average at 7.4 quarters, just shy of two years and still not very high. And the converse is true for the mid and premium segments which stand at 5 and 5.3 quarters respectively, despite the significant increases in unsold inventory levels for both segments.

- While sales volumes have been robust in H2 2023, prices have also grown in the range of 4% to 11% across all markets with Mumbai and Bengaluru growing by 7% each and the NCR and Pune at 6% YoY and 5% YoY respectively. This is the fourth consecutive half-yearly period of price growth across all markets.
- The residential market continues to move from strength to strength with market sales volumes at a ten-year high without any significant impact on underlying fundamentals. Sales levels were not materially dented by concerns over growing inflation, high interest costs or slowing economic growth. 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. Economic momentum continues to be strong with the GDP growing at 7.6% YoY in Q2 2023 (Q1 FY 2024) and should sustain homebuyer sentiment as the market steps into 2024.

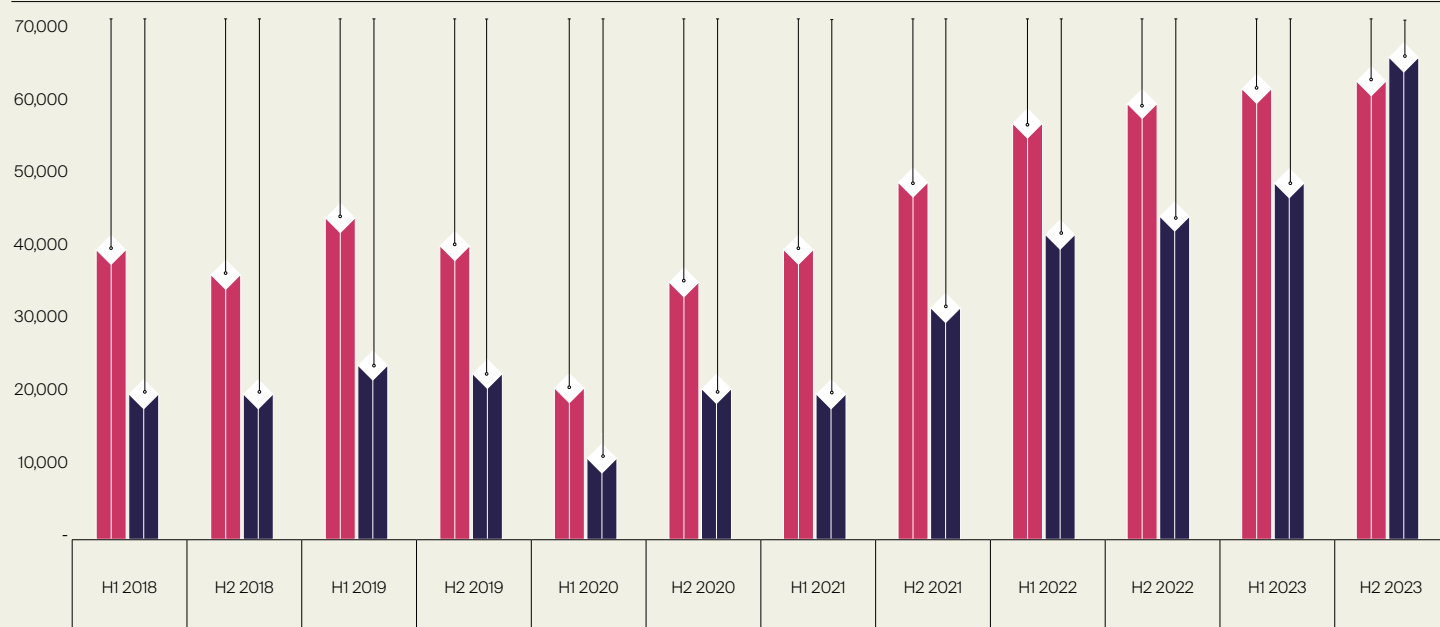
TICKET SIZE SPLIT COMPARISON OF SALES DURING H2 2022 AND H2 2023

◆ <5 mn ◆ 5-10 mn ◆ >10 mn



INDIA MID AND PREMIUM MARKET ACTIVITY (INR 5 – 10 MN AND ABOVE INR 10 MN)

◆ Mid-segment sales ◆ Premium segment sales



RESIDENTIAL LAUNCHES AND SALES

	SALES		LAUNCHES	
	H2 2023 (YoY change)	2023 (YoY change)	H2 2023 (YoY change)	2023 (YoY change)
Mumbai	46,073 (12%)	86,871 (2%)	42505 (-1%)	93051 (3%)
NCR	29,888 (2%)	60,002 (3%)	32911 (-5%)	62649 (-1%)
Bengaluru	27,799 (4%)	54,046 (1%)	27584 (24%)	51126 (18%)
Pune	27,596 (28%)	49,266 (13%)	21203 (0%)	42437 (10%)
Hyderabad	17,525 (7%)	32,880 (6%)	24134 (7%)	46985 (7%)
Ahmedabad	8,131 (39%)	16,113 (15%)	11941 (15%)	22497 (8%)
Chennai	7,770 (6%)	14,920 (5%)	8150 (4%)	16272 (6%)
Kolkata	7,675 (32%)	14,999 (16%)	8954 (59%)	15730 (28%)
All India	172,457 (12%)	329,097 (5%)	177382 (6%)	350746 (7%)

**TICKET-SIZE SEGMENT HEALTH**

Ticket-size segment	Unsold Inventory (housing units) (YoY Change)	Quarters-to-sell (QTS)
0 - 5 mn	199,742 (5%)	7.4
5 - 10 mn	144,458 (6%)	5.0
>10 mn	129,313 (33%)	5.3

Source: Knight Frank Research

RESIDENTIAL MARKET HEALTH

City	Unsold inventory (YoY change)	QTS
Mumbai	165,395 (4%)	7.7
NCR	103,605 (3%)	7.0
Bengaluru	53,479 (-5%)	4.0
Hyderabad	45,505 (45%)	5.7
Pune	39,214 (-15%)	3.4
Ahmedabad	29,361 (28%)	7.8
Kolkata	21,417 (4%)	6.1
Chennai	15,536 (10%)	4.3
All India	473,513 (5%)	5.9

Source: Knight Frank Research

RESIDENTIAL PRICE MOVEMENT

City	H2 2023 in INR/sq m (INR/sq ft)	12 month change	6 month change
Mumbai	84,849 (7,883)	7%	4%
NCR	51,226 (4,759)	6%	3%
Bengaluru	63,508 (5,900)	7%	5%
Pune	48,515 (4,507)	5%	3%
Chennai	48,137 (4,472)	4%	3%
Hyderabad	59,740 (5,550)	11%	3%
Kolkata	38,632 (3,589)	7%	5%
Ahmedabad	32,620 (3,031)	4%	1%

Source: Knight Frank Research



Knight Frank Affordability Index

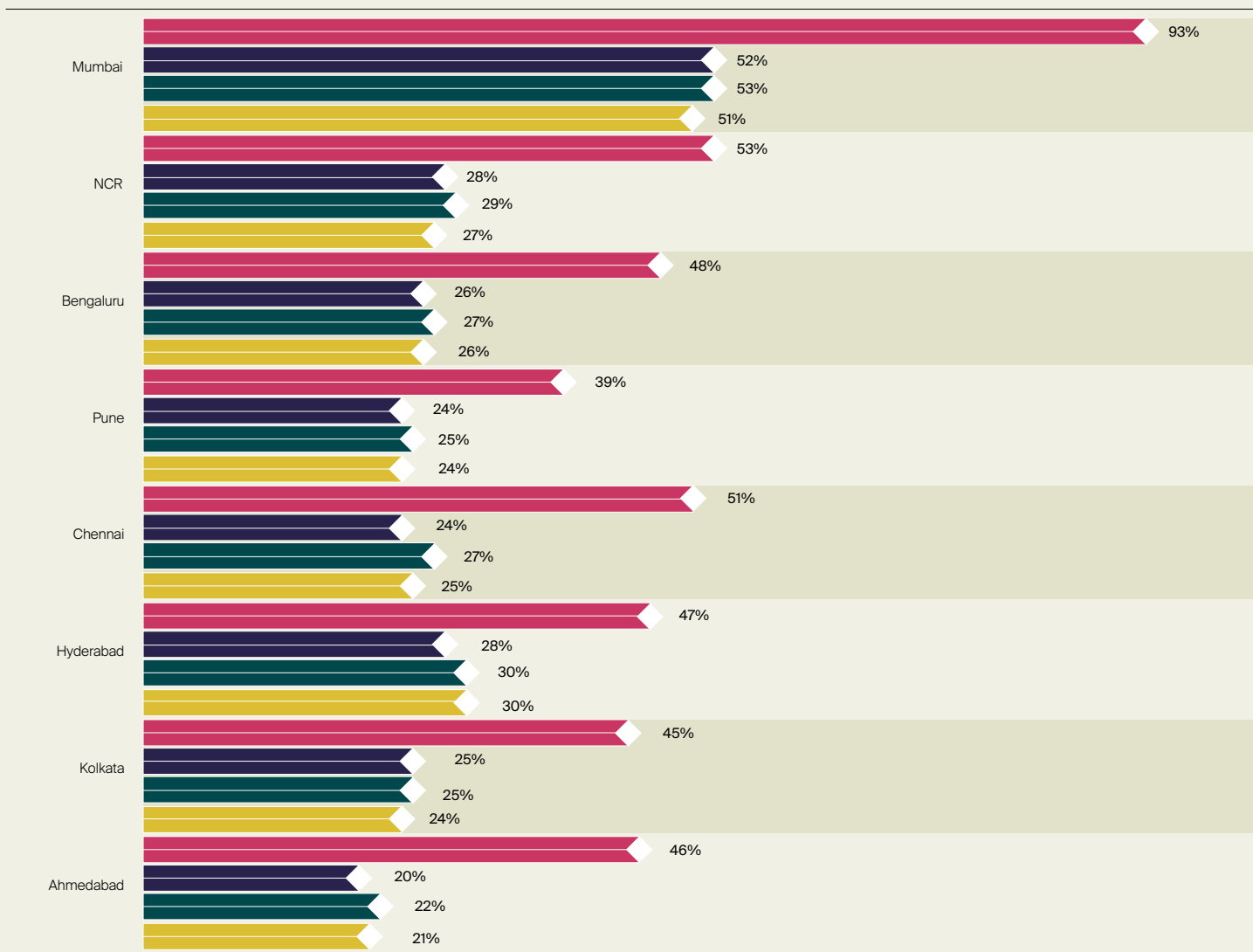
The Knight Frank Affordability Index that tracks the EMI (Equated Monthly Instalment) to income ratio for households, has begun to show some improvement after the brief decline in affordability levels seen in 2022. The better-than-expected economic momentum has spurred the GDP to rise by 7.6% in the June quarter; and which in concurrence with the inflation levels reined in within the tolerance band of the central bank, has caused income levels to rise enough to offset the rise in prices and interest rates.

While affordability levels have improved marginally, Mumbai is the only city beyond our affordability threshold of 50%, a level exceeding which banks rarely underwrite a mortgage. Ahmedabad remains the most affordable housing market in the country with an affordability ratio of 21% which implies that on an average a household in Ahmedabad needs to spend 21% of its income to pay EMI for a housing loan. Ahmedabad was followed by Pune and Kolkata at 24% each in 2023.

While marginally better than last year, affordability levels across cities also stand significantly improved than those existing in pre-pandemic 2019. For instance, in NCR, the affordability index improved from 34% in 2019 to 27% in 2023, while for Bengaluru, it improved from 32% in 2019 to 26% in 2023. With inflation levels expected to remain at 5.4% in FY 2024 and the GDP growth for the same period forecasted at 7%, affordability levels are expected to further improve in the following year as the tailwinds of home loan interest rate cuts help the cause.

AFFORDABILITY MATRIX

◆ 2010 ◆ 2021 ◆ 2022 ◆ 2023



1. Calculated as EMI/INCOME ratio
2. City-wide average affordability statistics cannot highlight disparities in housing costs within sub-markets or across the income spectrum.

Source: MOSPI, 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 a housing loan for a unit. An EMI/ Income ratio of 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.
- Loan Tenure – 20 years
- Loan to Value – 80%
- Home Loan Interest Rate – Median MCLR of all scheduled commercial banks with 40 bps spread
- Area of Housing Unit: House sizes are fixed for each city across the years but vary within different cities taking into account the average size preference for each city.
- Housing Price: Median housing price for that city.

INDIA MARKET SUMMARY

Parameter	2023	2023 Change (YoY)	H2 2023	H2 2023 Change (YoY)
Completions				
in mn sq m (mn sq ft)	3.98 (42.9)	-13%	2.31 (24.8)	-2%
Transactions				
in mn sq m (mn sq ft)	5.53 (59.6)	15%	3.11 (33.4)	27%

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

85.69 (922.4)

2023 Stock mn sq m (mn sq ft)

16.1%

2023 Vacancy

6%

2023 Change (YoY)

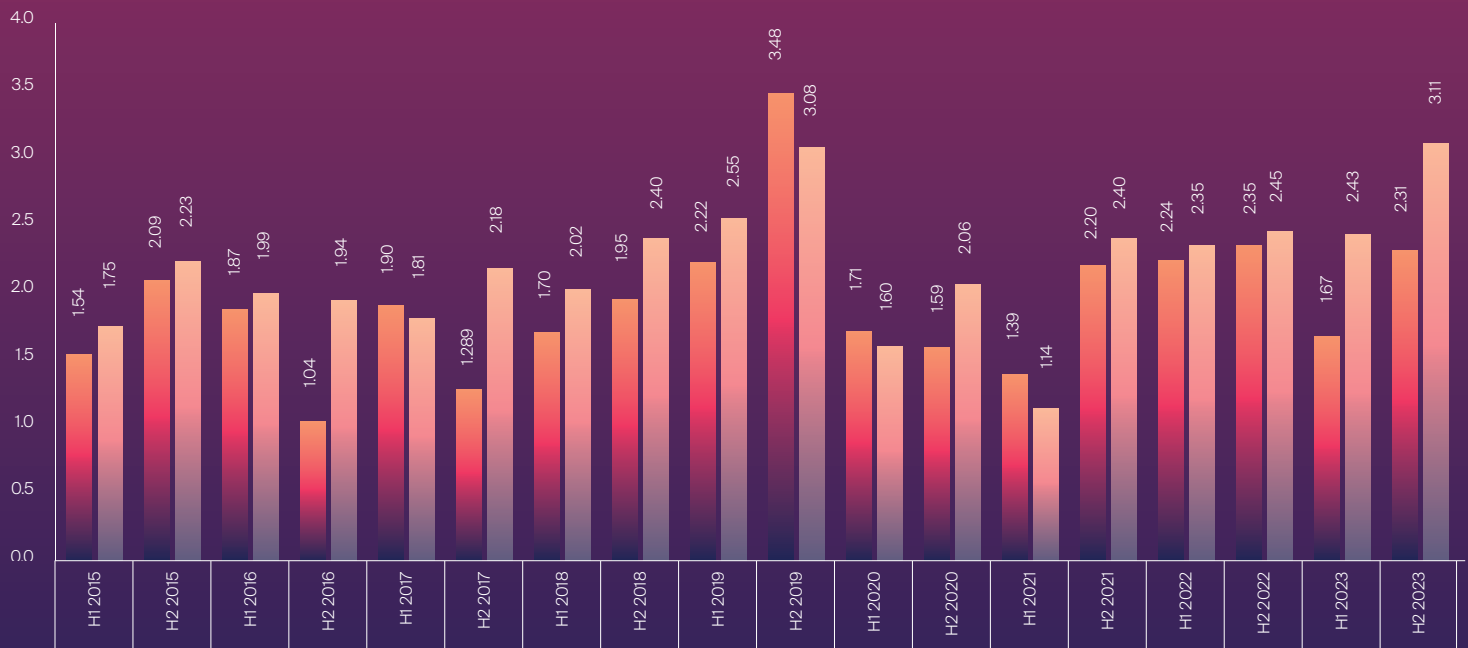
94

Basis points decrease

2023 Change (YoY)

INDIA OFFICE MARKET ACTIVITY (MN SQ M)

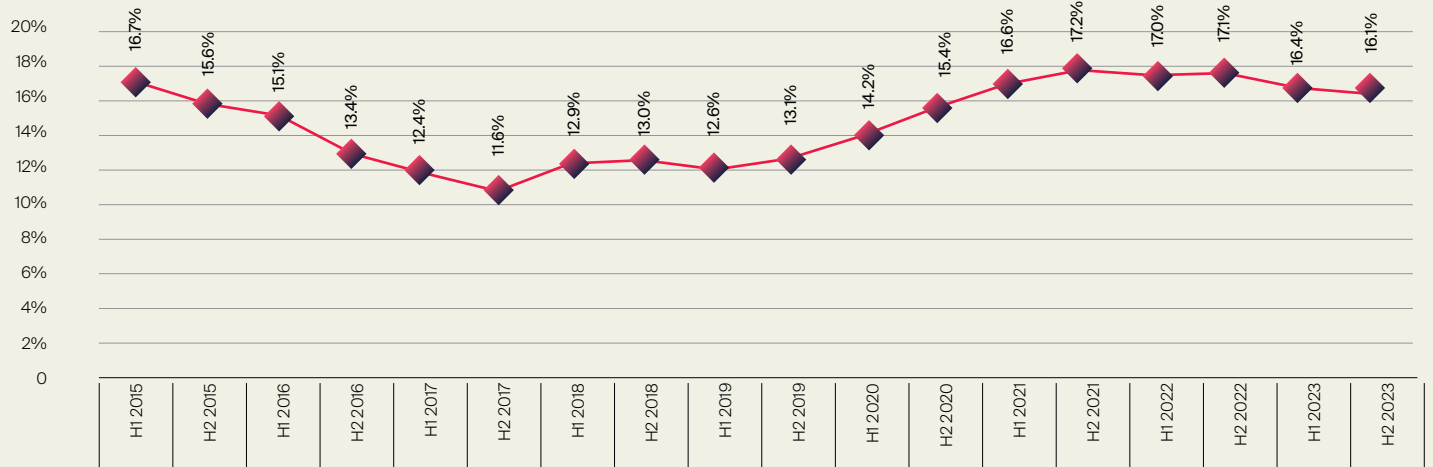
Completions Transactions



Source: Knight Frank Research

- With the pandemic almost completely in the rear-view mirror, 2023 was expected to see the beginning of a sustained global economic recovery. However, unrest in the global geopolitical environment caused by the Russia - Ukraine and Israel - Palestine wars and persistently high inflation continued to weigh on the global economic environment. While the Indian economy has not been completely insulated from the economic turbulence, timely interventions by the Central Bank and the Government have ensured that inflation has not spiraled out of control and the economy has stayed on the growth path. The 7.6% GDP growth in Q2 2023 (Q1 FY 2024) has exceeded most expectations, and the RBI's recently upgraded forecast of 7% for FY 2024 ensures that India continues to be a bright spot in a still uncertain global economic environment. This undercurrent of economic stability and growth is also reflected in the relatively strong occupier activity seen in the Indian office market.
- India's growing stature as the largest democracy with long term growth prospects of a stable market for products and services across categories, makes it one of the most attractive destinations to set up businesses. The government's exemplary handling of the pandemic, the central bank's success in controlling inflation while supporting growth and even the precise execution of the incredibly complex Chandrayaan mission have been a clarion call to the world at large that India is one of the leaders among growth centers across the globe.
- Occupier sentiments have improved steadily in 2023 with cumulative transaction volumes across the eight markets under our coverage increasing progressively over the four quarters of the year. The year ended within striking distance of the historic highs in terms of annual transacted volumes with 5.53 mn sq m (59.6 mn sq ft) taken up in 2023. The year ended on a strong note with H2 2023 seeing transaction volumes of 3.11 mn sq m (33.4 mn sq ft) which constitutes a healthy 15% growth in YoY terms and incidentally also marks H2 2023 as the half-yearly period with the highest transacted volume since 2012.
- Transaction volumes in all markets grew in YoY terms except for Bengaluru whose 1.16 mn sq m (12.5 mn sq ft) tally in 2023 constitutes a 14% YoY drop. This can be largely attributed to some extent to the slowdown in demand from the Technology sector but it must be noted that transaction volumes during the base year of 2022 were extraordinarily high and the volumes seen in 2023 are still in line with Bengaluru's longer term average. The Chennai market was the biggest outperformer with 10.8 mn sq ft of office space being transacted there during the year, a 92% growth in YoY terms. The surge in demand from Global Capability Centers (GCC) which accounted for 56% of the transacted area was the primary driver of this spike in volumes.
- While the overall transacted volume has been on a steady uptrend, its underlying constituents have changed substantially over time. Third party IT services have been a prominent demand driver of office space demand previously but India facing businesses have been anchoring demand in recent years due to a strategic business need to be aligned with the growing Indian market. India facing businesses accounted for 37% of the total volume transacted during 2023, just shy of the 39% in 2022. The share of third party IT Services has dropped from 16% to 11% in the same reference period.
- With business sentiments improving and uncertainties reducing steadily, occupiers are more inclined to make longer term commitments to the workplace by signing long-term leases. The need for flexibility of tenure is not as intensely felt as compared to a year ago when flex spaces accounted for 19% of the total transacted volumes relative to the current 17% in 2023. This phenomenon is more visible in H2 2023 where flex space operators took up just 11% of the total transacted area compared to twice or 22% in H2 2022. However, it must be noted that H2 2023 is the first half-yearly period in which we have observed a significant drop in the share of flex spaces. The premise of a workplace specialist who enhances employee productivity remains strong and it needs to be seen if this drop in share is just a temporary pause as the market consolidates or part of a longer-term trend reversal.
- While India has always been known for its high quality and low-cost human resource pool, the need for friend-shoring and the China+1 trend, has intensified strategic corporate investments in India. The nature of work executed out of Indian offices has also undergone a vast change over the years. While Third party outsourcing centres were set up initially to primarily manage processing activities to capitalise on the cost arbitrage offered by the Indian markets, Indian operations have now moved up the value chain and actively contribute to the organisation's core business and are an integral part of its growth strategy. This also reflects in the nature of office space being demanded, which is of higher quality and comes with a greater occupier commitment on lease tenure and investment in the workspace.
- The increasing confidence in the country's economic stability has substantially increased corporate investments in setting up GCCs in India and this is reflected in the growing share of GCCs in the total transacted area. Their share has grown substantially from 25% in 2022 to 35% in 2023. In fact, the GCC category is the only one which has grown in terms of market share among the four end-use categories tracked by us.
- Completions have been comparatively subdued as development interest is largely focused on residential projects due to the relatively steeper increase in sales and prices in the residential market. 3.98 mn sq m (42.9 mn sq ft) of office space were completed in 2023, 2% lower than a year ago. The second half of the year was comparatively better with 24.8 mn sq ft getting delivered, constituting a 7% YoY growth.
- Rent levels have firmed up well across all markets over the course of the year. This is the third half-yearly period when rents have either grown or remained stable across all markets. Despite not having its best year in terms of transaction volumes, rent growth has been strong in Bengaluru at 7%. Among the other large markets, rent levels in Mumbai, NCR and Chennai have grown at 4%, 2% and 6% respectively.
- The sustained surge in office demand throughout 2023 despite the volatile global economic environment underscores the positive business sentiment that exists in the country today. The physical occupancy level has also been steadily increasing across markets and is being reported at 57% - 65% levels in the REIT portfolios, compared to 47% - 55% last year. Remote working had never really taken root in the Indian office space market with some exceptions in Technology dominated markets and almost all other sectors have reverted to a full-time office environment, quite unlike the scenario in most leading markets in the west. Given that the inflation level is currently well within the upper tolerance band of the RBI, it is likely that the central bank will take a more assertive stance to support growth and consider lowering the repo rate. Besides, the signals of upcoming interest rate cuts by the US Fed will pave the way for greater capital flows to markets like India. These factors should further galvanise office market fundamentals as the market steps into 2024.

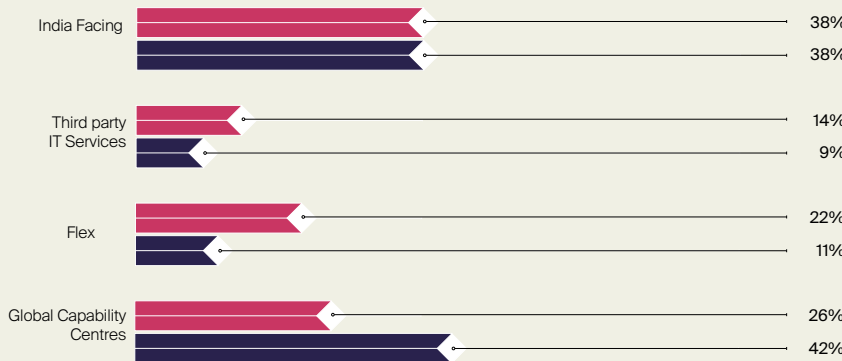
INDIA OFFICE MARKET VACANCY



Source: Knight Frank Research

END-USE SPLIT OF TRANSACTIONS IN H2 2022 AND H2 2023

◆ H2 2022 ◆ H2 2023



Notes:

1. India Facing: These refer to such transactions whose lessees/ buyers are businesses which have an India focused business. I.e: no export or import.
2. Third party IT services: These refer to transactions whose lessees/ buyers are focused on providing IT and IT enabled services to offshore clients. They service multiple clients and are not necessarily owned by any of their clientele.
3. Global Capability Center (GCC): These refer to transactions whose lessees/ buyers are focused on providing various services to a single offshore company. The offshore company has complete ownership of the entity that has transacted the space.
4. Flex space: These refer to transactions by companies that specialise in providing comprehensive office space solutions for other businesses along with the benefits of flexibility of tenure, extent of services provided and the ability to scale higher or lower as required.

Source: Knight Frank Research

New SEZ rules to boost office demand

On December 06, 2023, the Union Ministry of Commerce and Industry amended the Special Economic Zones (SEZ) rules 2006. The new amended rules now allow the Board of Approval, on request from a developer of an IT or ITES SEZ, to permit the demarcation of a portion of the built-up area within an SEZ unit on a floor-by-floor basis as a non-processing or non-SEZ area. In simple terms, the Government has allowed SEZs to lease space partially or in terms of floors, allowing operators of office parks across the country to increase occupancy of their properties.

If we look at the data, since the time direct tax breaks were removed for new SEZ units in March 2020, it became less attractive for tenants and vacancies increased. About 170 mn sq ft of ready IT SEZ office space is

available across the top six cities in India, and around 20% (over 30 mn sq ft) is still vacant.

This new amendment could lead to an increase in demand for office spaces in such properties and benefit the developers building IT/ ITES SEZs and it would also allow domestic tariff area suppliers to get the benefit by being in the same buildings as their SEZ clients. The Government's decision to allow the demarcation of non-processing areas in IT/ITES SEZs is a significant step that will benefit the developers and create more jobs. The real estate industry has heartily welcomed this move, and it is expected to have a positive impact on the commercial real estate sector in India.

OFFICE TRANSACTIONS AND COMPLETIONS

	OFFICE TRANSACTIONS IN MN SQ M (MN SQ FT) (YOY CHANGE) (% CHANGE)		OFFICE COMPLETIONS IN MN SQ M (MN SQ FT) (YOY CHANGE) (% CHANGE)	
	H2 2023	2023	H2 2023	2023
Mumbai	0.39 (4.2) (23%)	0.69 (7.4) (16%)	0.16 (1.7) (67%)	0.28 (3.1) (52%)
NCR	0.47 (5) (4%)	0.94 (10.1) (14%)	0.28 (3.1) (-43%)	0.65 (7) (-11%)
Bengaluru	0.51 (5.5) (-19%)	1.16 (12.5) (-14%)	0.65 (7) (-29%)	1.24 (13.4) (-14%)
Pune	0.41 (4.4) (54%)	0.62 (6.7) (9%)	0.1 (1.1) (-36%)	0.34 (3.6) (-46%)
Ahmedabad	0.12 (1.3) (44%)	0.17 (1.8) (-15%)	0.16 (1.7) (1293%)	0.18 (1.9) (34%)
Chennai	0.58 (6.3) (82%)	1 (10.8) (92%)	0.4 (4.3) (212%)	0.61 (6.6) (49%)
Hyderabad	0.55 (5.9) (68%)	0.82 (8.8) (32%)	0.49 (5.3) (-12%)	0.61 (6.5) (-42%)
Kolkata	0.08 (0.8) (45%)	0.13 (1.4) (20%)	0.08 (0.08) (-)	0.08 (0.8) (332%)
Total	3.11 (33.4) (27%)	5.53 (59.6) (15%)	2.31 (24.8) (-2%)	3.98 (42.9) (-13%)

Source: Knight Frank Research

MARKET-WISE RENTAL MOVEMENT

	Rental value range in H2 2023 in INR/sq m/month (INR/sq ft/month)	12-month change	6-month change
Mumbai	1,227 (114)	4%	2%
NCR	917 (85)	2%	2%
Bengaluru	930 (86)	7%	4%
Pune	791 (74)	2%	2%
Ahmedabad	450 (42)	4%	1%
Chennai	700 (65)	6%	6%
Hyderabad	705 (66)	1%	0%
Kolkata	414 (39)	11%	1%

Source: Knight Frank Research

Ahmedabad



AHMEDABAD MARKET SUMMARY

Parameter	2023	2023 Change (YoY)	H2 2023	H2 2023 Change (YoY)
Launches (housing units)	22,497	8%	11,941	15%
Sales (housing units)	16,113	15%	8,131	39%
Average price in INR/sq m (INR/sq ft)	INR 32,620 (INR 3,031)	5%	-	-

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

Source: Knight Frank Research

29,361

Unsold inventory (housing units) 2023

7.8

Quarters to sell (in quarters) 2023

28%

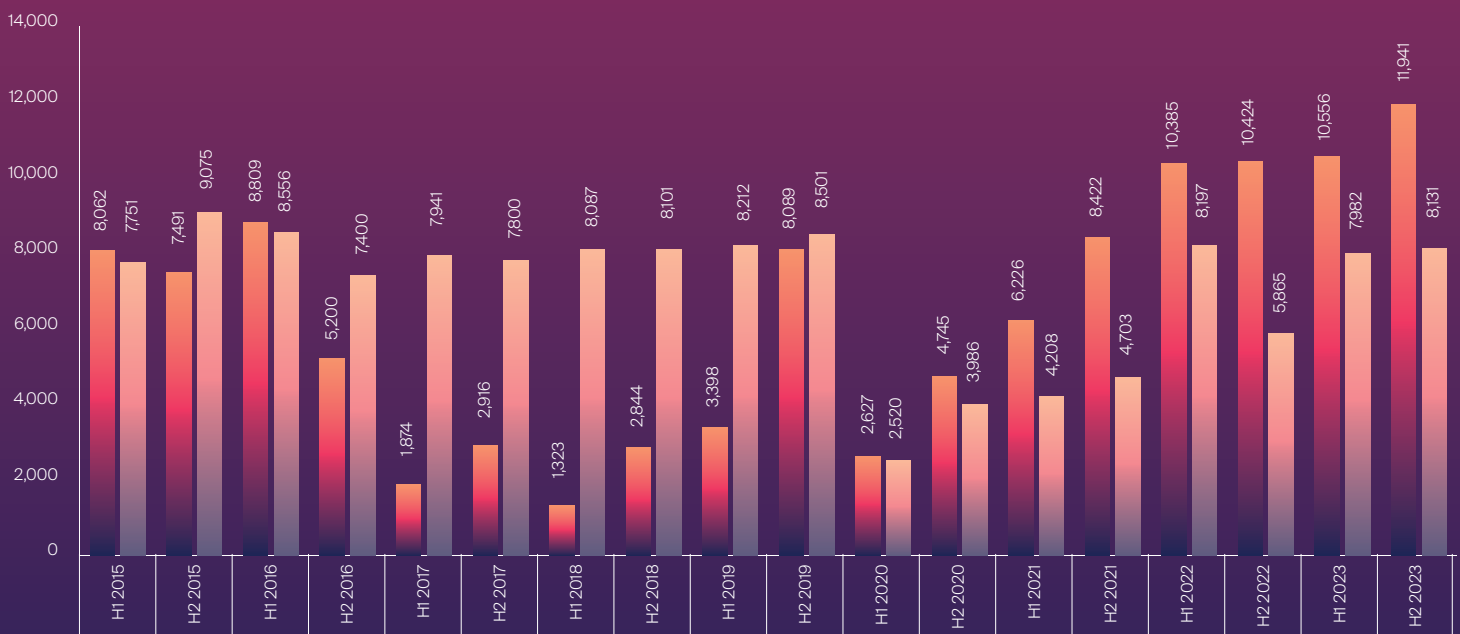
Change (YoY)

7.3

Age of unsold inventory (in quarters) 2023

LAUNCHES AND SALES TREND (NO. OF UNITS)

Launches (Units) Sales (Units)



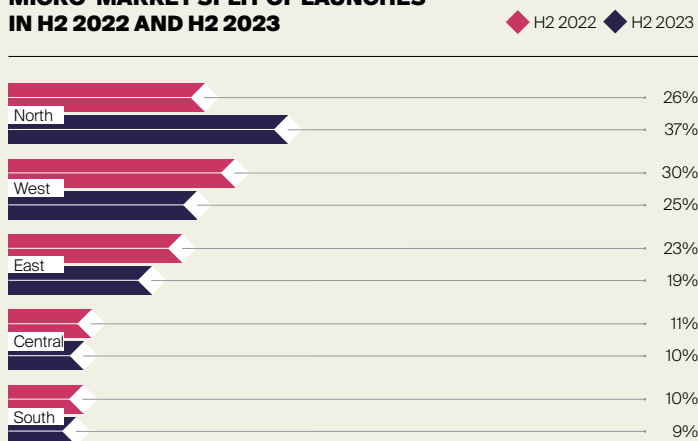
Source: Knight Frank Research

- Historically, Ahmedabad has stood out as the most cost-effective market among the leading eight cities under our coverage. This distinction can be largely attributed to the government's urban planning efforts aimed at accommodating the city's expanding population. Since 2006, the municipal area of the city has expanded from 186 sq km to its present 466 sq km. This expansion has played a crucial role in maintaining an equilibrium between population growth and the city's built-up area. Ahmedabad has substantially succeeded in avoiding the high congestion often seen in the city centers of other Indian cities, while also steering clear of low-density sprawl in its outskirts.
- The residential market in Ahmedabad has rebounded and grown consistently from the lows experienced during the pandemic as improving homebuyer sentiments drove sales volumes. Supply levels have also surged significantly as developers seized the opportunity to capitalize on the renewed demand. They aggressively launched projects featuring larger areas and enhanced amenities while raising prices, as homebuyer demand remained strong.
- With the robust recovery in demand and prices seen over the past two years, it remained to be seen if market momentum continued in 2023. Sales levels continued their run with 16,113 units sold during the year, a healthy 15% higher than the levels seen a year ago. The Ahmedabad homebuyer remained resolute despite interest rates rising to pre-pandemic levels and residential prices reaching new highs.
- While demand growth has been healthy, developers have launched new lifestyle-oriented products with better amenities and larger areas, to tap into this rich stream of demand. 22,497 units were launched during 2023 representing an 8% growth over 2022. Just as sales volumes ended the year on a strong note growing by 39% YoY in H2 2023, the residential units launched during the second half of 2023 grew by 15% YoY to 11,941 units during the period.
- The state government's encouragement to the development of skyscrapers by increasing FSI limits in the city have resulted in an increasing number of such projects being launched, especially along the SG Highway. These products are priced significantly higher than the average residential project, due to the greater cost of construction and in equal measure due to the highly elevated prices at which the land parcels were acquired. This is a significantly differentiated premium/luxury product offering compared to what the market has been used to. The response has been encouraging thus far and will be tested further in times to come.
- The demand for plotted developments had spiked in the aftermath of the pandemic as the need for large open living spaces intensified. This trend has subsided substantially as we move further away from the pandemic and normalcy resumes, and sales conversions occur at prices that offer better value.
- By virtue of having the lowest per square foot residential prices among the leading eight markets, Ahmedabad has always had the bulk of sales occur in the affordable category of INR 5 mn and below. This appears to have changed decisively in H2 2023 with the macro trend, of increasing sales in the mid and premium category catching up with those in the affordable segment, gaining ground in Ahmedabad as well. H2 2023 marks the first half-yearly period in which sales in residential units priced at INR 5 mn and below constituted less than half of the total sales. 48% of the sales in H2 2023 occurred in the affordable category while the share of sales in the mid and premium segments gained 6 percentage points each compared to H2 2022, to constitute 36% and 16% of the total sales respectively.
- Market traction in the affordable category has gradually lost momentum with sales growth being less than the market average, and fresh development activity de-growing by 28% YoY in H2 2023. In another first for the market, the share of the units launched in the affordable category was eclipsed by that of the mid segment in H2 2023.
- The affordable category currently constitutes over half of the unsold inventory in the market. While total unsold inventory levels have increased by 28% YoY, the market still holds less than two years of inventory, a level which has remained steady over the past two years. Development activity in recent periods has been concentrated in the higher ticket sizes in anticipation of heightened sales and has exceeded sales in these categories causing a buildup of inventory levels. This has caused the QTS levels in the mid and premium segments to remain elevated, above the market average QTS level of 7.8 quarters.
- The QTS level is a quantification of the number of quarters required by the market to absorb existing inventory at the current rate of sales, and a lower QTS level signifies a better state of health. While the QTS in the affordable category is lower than that of the other segments, this is attributed to the substantial reduction in inventory in the segment rather than an actual improvement in market fundamentals. And, while the QTS levels of the mid and premium categories are higher, they remain well under three years of sales and do not signify signs of weakness.
- The Ahmedabad Municipal Corporation usually reserves 40% of the total town planning area for roads, public utilities and other infrastructure. However, the city civic body's town planning (TP) and estate management committee decision to approve TP Scheme 32 at Shahwadi-Behrampur with a 25% reduction could set an undesirable precedent leading to congested development in the city. Nonetheless, high affordability, comparatively lower prices per square foot, and an improving local economic environment remain compelling drivers for the Ahmedabad residential real estate market and should help support market volumes in the following year.

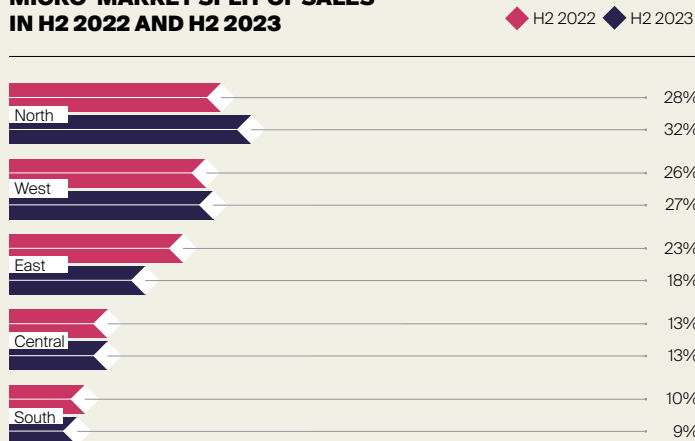
MICRO-MARKET CLASSIFICATION

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

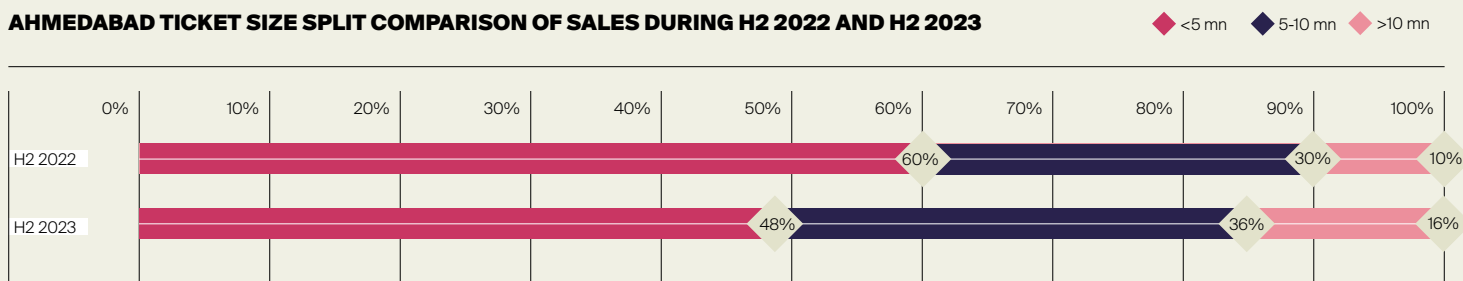
MICRO-MARKET SPLIT OF LAUNCHES IN H2 2022 AND H2 2023



MICRO-MARKET SPLIT OF SALES IN H2 2022 AND H2 2023



AHMEDABAD TICKET SIZE SPLIT COMPARISON OF SALES DURING H2 2022 AND H2 2023



29,361

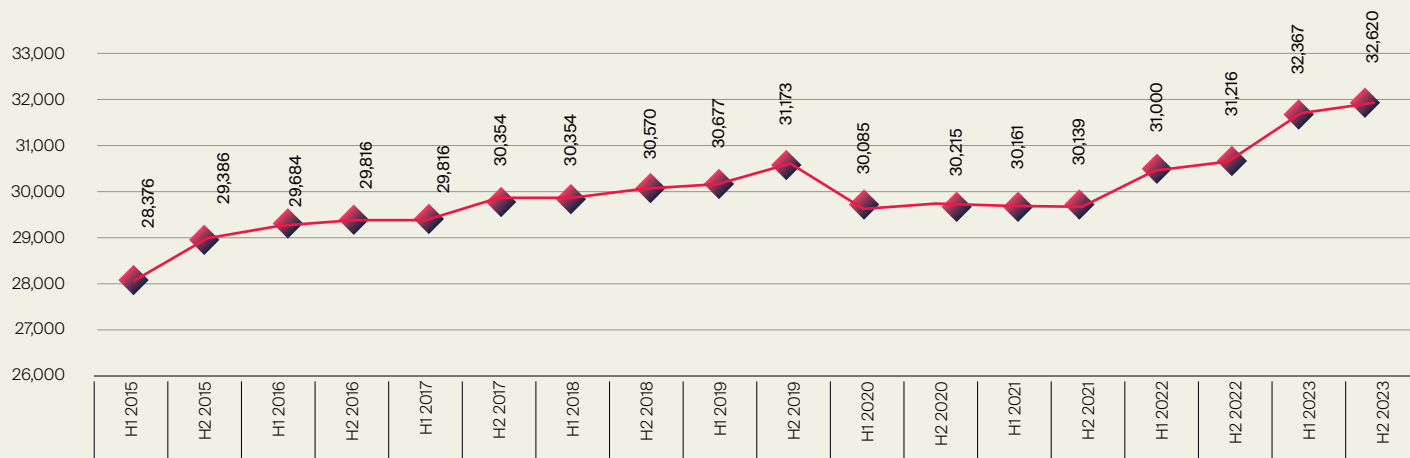
Unsold inventory (housing units) H2 2023

TICKET-SIZE SEGMENT HEALTH

Ticket-size segment	Unsold Inventory (housing units) (YoY Change)	Quarters-to-sell (QTS)
0 - 5 mn	15,258 (6%)	7.3
5 - 10 mn	9,922 (48%)	8.1
>10 mn	4,182 (118%)	9.3

Source: Knight Frank Research

AVERAGE RESIDENTIAL PRICE MOVEMENT (INR/SQ.M)



Source: Knight Frank Research

RESIDENTIAL PRICE MOVEMENT IN SELECT LOCATIONS

Micro Market	Location	Price range in H2 2023 in INR/sq m (INR/sq ft)	12 month Change	6 month Change
Central	Ambavadi	64,000-70,000(5,950-6,500)	5%	1%
	Navrangpura	56,000-66,000 (5,200-6,200)	4%	2%
East	Nikol	28,000-35,500 (2,600-3,300)	4%	2%
	Vastral	26,000-31,200 (2,400-2,900)	3%	1%
North	Chandkheda	28,000-37,000 (2,600-3,400)	4%	2%
	Motera	37,600-45,600(3,500-4,200)	4%	2%
South	Aslali Circle	18,300-21,600 (1,700-2,000)	4%	2%
	Vatwa	19,400-24,800(1,800-2,300)	3%	2%
West	Bopal	35,500-44,200 (3,300-4,200)	4%	3%
	Prahlad Nagar	59,200-61,500 (5,500-5,800)	5%	1%

Source: Knight Frank Research

MICRO-MARKET HEALTH

Micro-market	Unsold Inventory (housing units) (YoY Change)	Quarters-to-sell (QTS)
Central	3,496 (6%)	7.1
East	4,235 (28%)	5.4
North	8,114 (71%)	7.1
South	3,644 (8%)	10.0
West	9,873 (20%)	9.9

Source: Knight Frank Research



Ahmedabad Office Market

AHMEDABAD MARKET SUMMARY

Parameter	2023	2023 Change (YoY)	H2 2023	H2 2023 Change (YoY)
Completions in mn sq m (mn sq ft)	0.18 (1.9)	34%	0.16 (1.7)	1,293%
Transactions in mn sq m (mn sq ft)	0.17 (1.8)	-15%	0.12 (1.3)	44%
Average transacted rent in INR/sq m/month (INR/sq ft/month)	450 (41.8)	4.2%	-	-

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

3.47 (37.4)

2023 Stock mn sq m (mn sq ft)

41.4%

2023 Vacancy

5%

2023 Change (YoY)

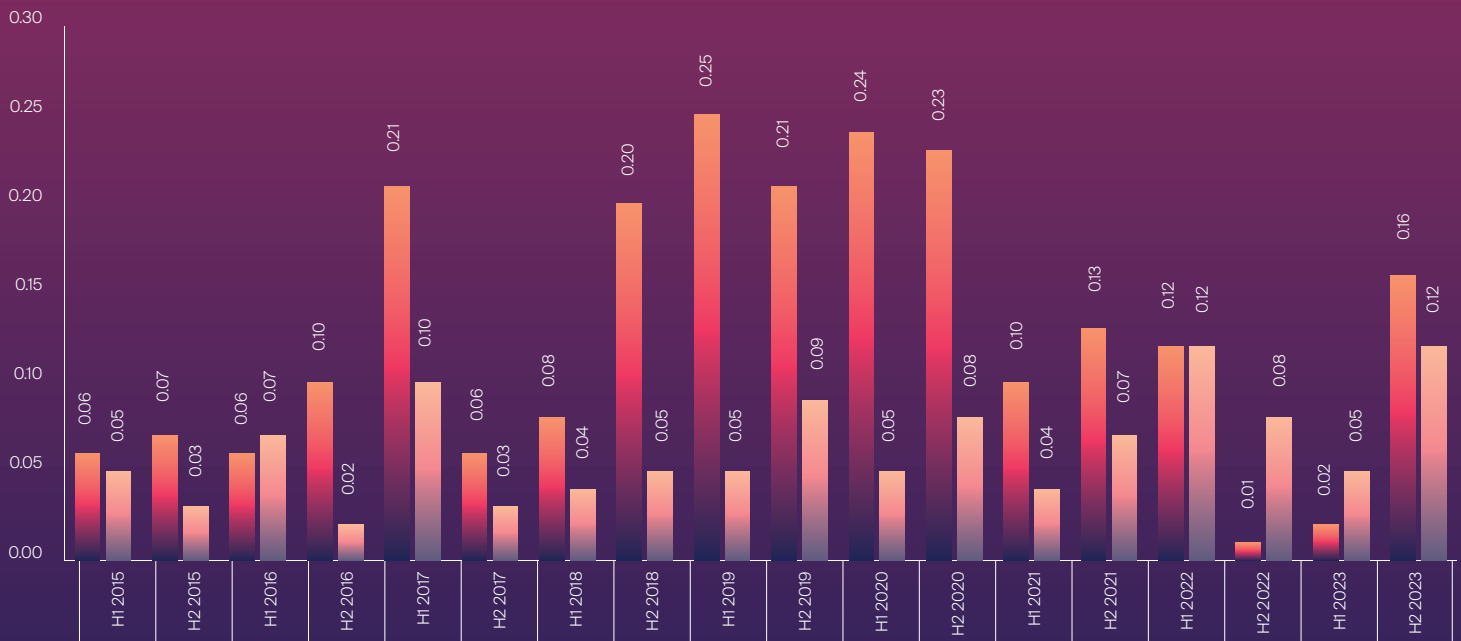
137

Basis points decrease

2023 Change (YoY)

AHMEDABAD OFFICE MARKET ACTIVITY (MN SQ M)

Completions Transactions



Source: Knight Frank Research

- Annual transaction volumes in the Ahmedabad office market had ranged between 1-1.5 mn sq ft until the pandemic era. However, the past two years have seen the market achieving significantly higher volumes. Its increasing stature as a growing economic hub with the establishment of the International Financial Services Centres Authority (IFSCA) in 2020 and the active support received from the state and central governments are playing an important role in improving business dynamics in this budding office market.
- 2023 ended on a strong note with H2 2023 achieving the highest volumes ever seen in a half yearly period. 0.12 mn sq m (1.3 mn sq ft) were transacted during H2 2023, a 44% growth compared to the previous period. While annual transaction volumes have comfortably exceeded the levels seen before the pandemic, the 0.17 mn sq m (1.8 mn sq ft) transacted in 2023 was 15% lower than the record high for annual transacted volumes achieved in 2022.
- Despite the substantial vacancy in the Ahmedabad office market, the dearth of available space in the highly sought after locations between CG Road and SG Highway kept transaction levels suppressed in the first half of the year. The Ahmedabad office market is also unique in terms of the high investment interest which does not lead to occupancy. The vacancy level seems to have peaked and trended down to the current 41% level

at the end of H2 2023.

- The relative dearth of quality supply in these locations was addressed substantially in H2 2023 as 0.16 mn sq m (1.7 mn sq ft) of office space came online on SP Ring Road, Bopal Ambli Road, Vastrapur and Sindhubhavan. This was a significant driver for the record volumes seen in the second half of the year. Most of the area transacted during the period occurred in Q4 2023 at 0.1 mn sq m (1.1 mn sq ft), which incidentally, was also the highest quarterly transacted volume achieved by the market.
- Occupier activity continued to be concentrated in CBD West with locations like Vastrapur, Prahlad Nagar, Sindhubhavan and SG Highway accounting for 87% of the total area transacted during the period. The comparatively higher grade of office spaces being developed here along with the growing infrastructure has continued to attract the occupiers' focus in recent times.
- The largest transaction in H2 2023 took place in Vastrapur in CBD West. This 0.01 mn sq m (0.2 mn sq ft) lease was inked by BFSI major HDFC.
- India facing businesses continued to drive volumes in the market and accounted for 81% of the transacted volume during the year. Occupier demand in this category was well distributed across BFSI, IT/ITES, Manufacturing and other service sectors signifying the broad-based demand

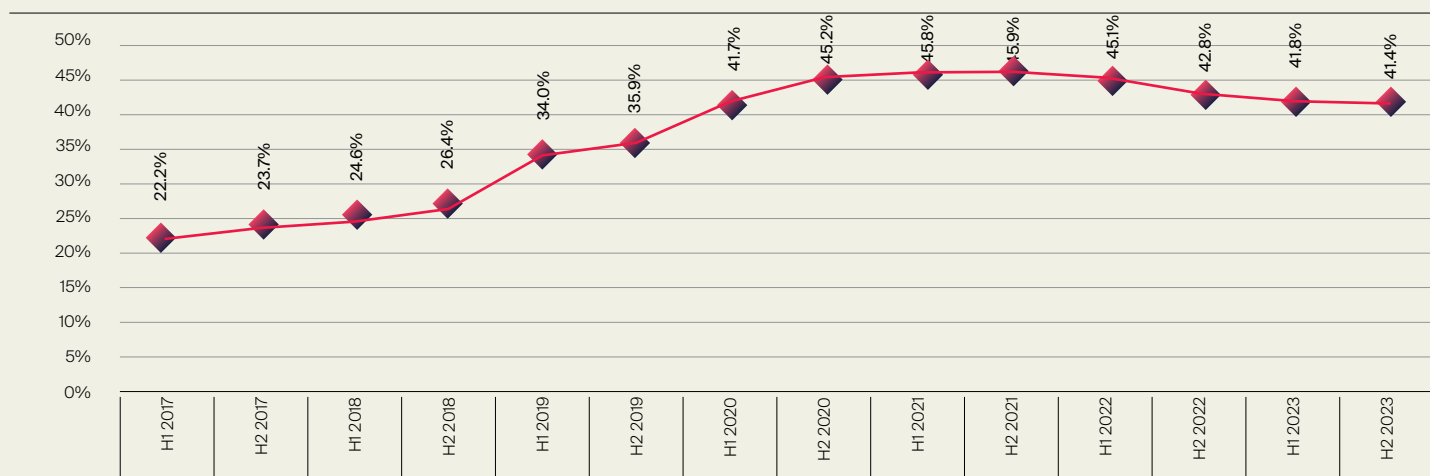
for setting up India facing businesses during the period.

- The share of flex spaces has grown consistently in Ahmedabad especially since the pandemic, as their premise of flexibility presented great value to occupiers not wanting to make longer term commitments in a still volatile macro-economic environment. However, the share of flex space transactions has fallen significantly from 42% in H2 2023 to 14% in the current analysis period. While the improving business environment has inspired confidence in occupiers to make longer term commitments, we believe the need for a workplace specialist remains strong and this fall in share points more toward a pause in demand while existing capacities get taken up rather than a reversal in trend.
- 2023 has ended on a strong note for the Ahmedabad office market as occupier sentiments have improved, and their increased willingness to ink longer term commitments bodes well for the market. Rents have also grown by 4% YoY in tandem, pushed by the record volumes seen in H2 2023. The concerted efforts of both the state and central governments to transform Ahmedabad into an economic hub, coupled with its affordable real estate and extensive connectivity infrastructure, continue to position the city as an appealing choice for office occupiers.

BUSINESS DISTRICT CLASSIFICATION

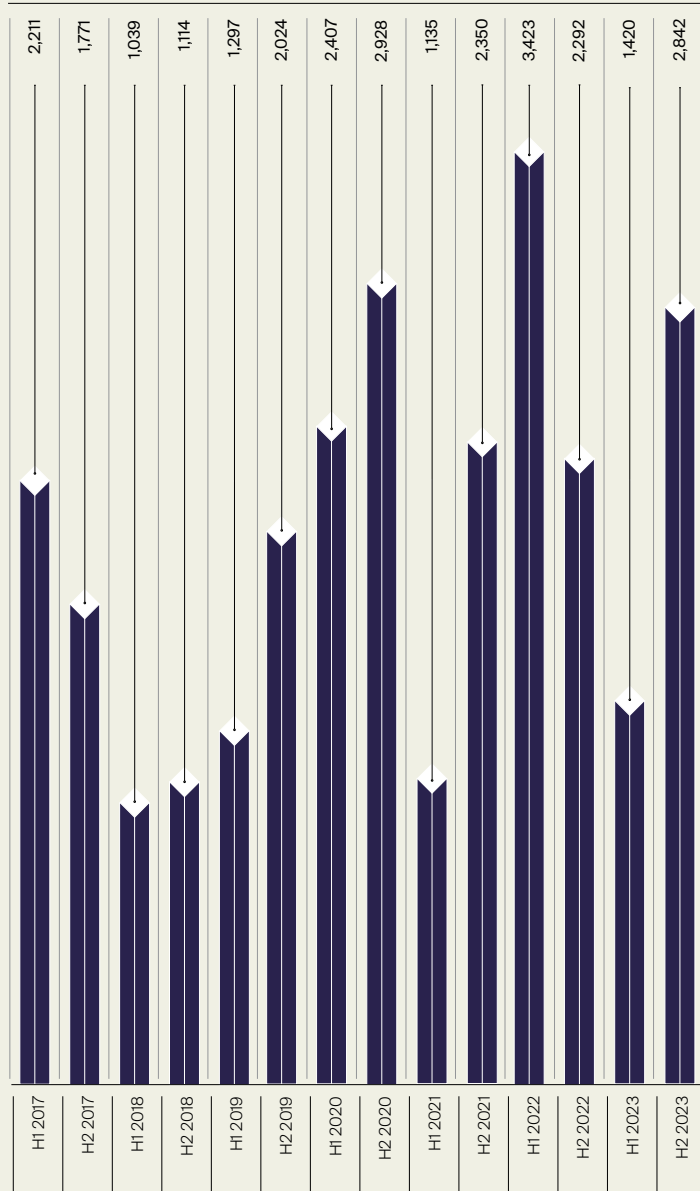
Business district	Micro markets
CBD West	Bodakdev, Keshav Baug, Prahladnagar, Satellite, SG Highway, Thaltej
PBD	Gandhinagar, GIFT City
CBD	Ashram Road, Ellisbridge, Paldi

AHMEDABAD OFFICE MARKET VACANCY

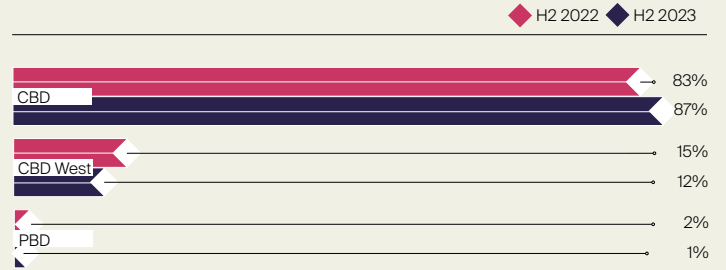


Source: Knight Frank Research

AVERAGE DEAL SIZE TREND (SQ M)

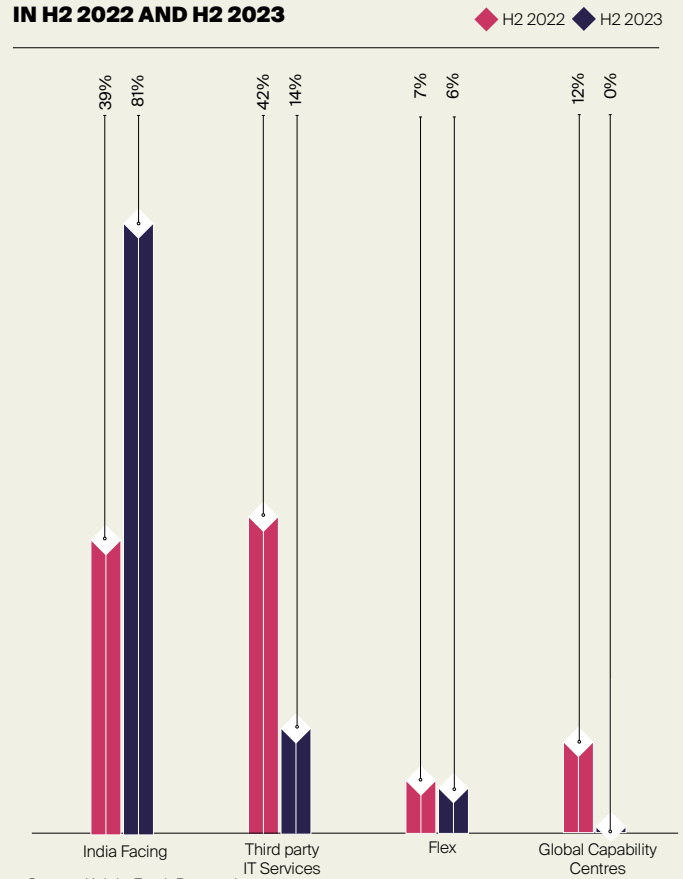


BUSINESS DISTRICT WISE TRANSACTIONS SPLIT IN H2 2022 AND H2 2023



Source: Knight Frank Research

END-USE SPLIT OF TRANSACTIONS IN H2 2022 AND H2 2023



Source: Knight Frank Research

BUSINESS DISTRICT-WISE RENTAL MOVEMENT

Business District	Rental value range in H2 2023 in INR/sq m/month (INR/sq ft/month)	12-month change	6-month change
CBD	388-463 (36-43)	3%	2%
CBD West	431-549 (40-51)	5%	3%
PBD	323-441 (30-41)	1%	1%

Source: Knight Frank Research



Bengaluru



BENGALURU MARKET SUMMARY

Parameter	2023	2023 Change (YoY)	H2 2023	H2 2023 Change (YoY)
Launches (housing units)	51,126	18%	27,584	24%
Sales (housing units)	54,046	1%	27,799	4%
Average price in INR/sq m (INR/sq ft)	INR 63,508 (INR 5,900)	7%	-	-

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

Source: Knight Frank Research

53,479

Unsold inventory (housing units) 2023

4.0

Quarters to sell (in quarters) 2023

-5%

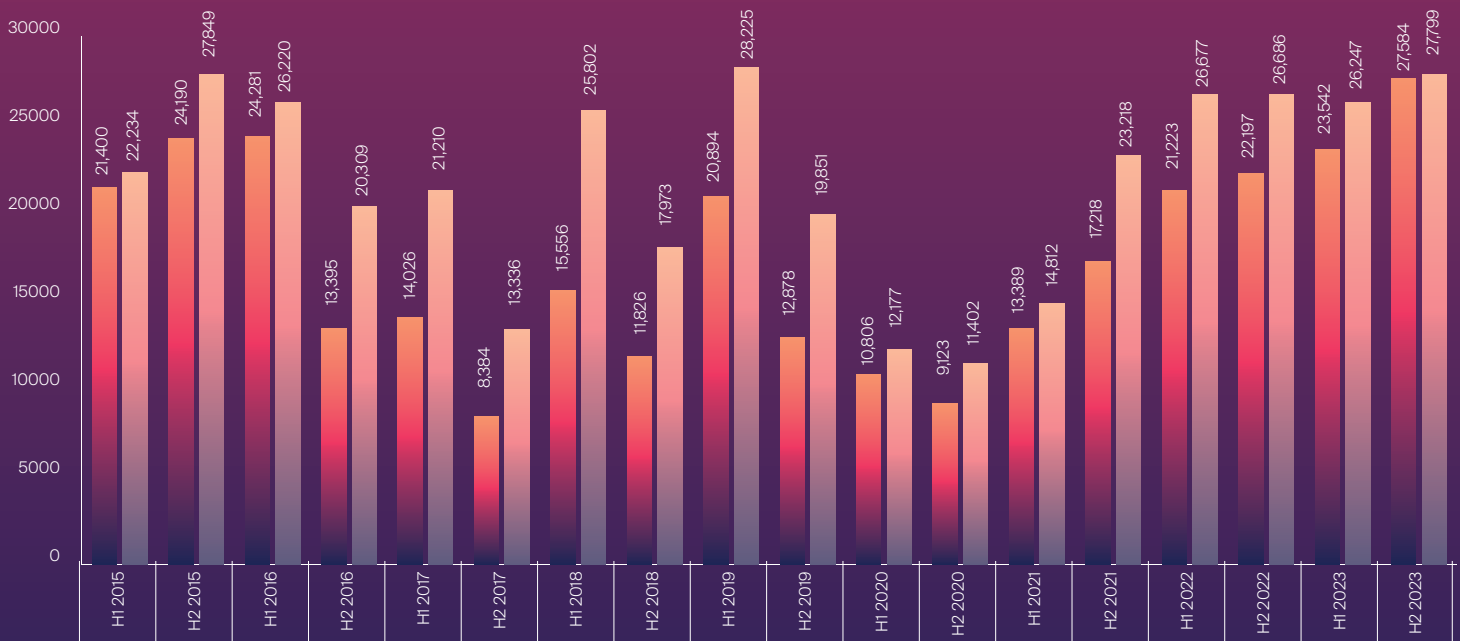
Change (YoY)

18.1

Age of unsold inventory (in quarters) 2023

LAUNCHES AND SALES TREND (NO. OF UNITS)

Launches (Units) Sales (Units)



Source: Knight Frank Research

- Bengaluru's residential real estate market continued its growth momentum in 2023 even though the borrowing costs have significantly increased since the interest rate upcycle began in May 2022. The city's economic prosperity faced additional headwinds arising from volatility in the tech sector and the start up eco system, due to funding winters. A progression in sales, despite the aforementioned headwinds, indicates continuation in buyer appetite for home ownership in Bengaluru. In 2023, Bengaluru registered residential sales volume of 54,046 units, a nine year high. The strong sales have boosted developer appetite to launch large scale projects in the city. In 2023, the city witnessed new launches of 51,126 units, a multiyear high. While the Bengaluru centric developers continue with their launches, the city has also been gaining interest from non-Bengaluru centric developers.
- In terms of ticket size, the sales as well as the launches were concentrated in the mid and the premium segment. During H2 2023, 49% of the sales were concentrated in the mid segment (INR 5-10 mn) and 41% of sales were concentrated in the premium segment (above INR 10 mn), a significant improvement from 28% of the total sales during H2 2022. Further bifurcation of figures reveal that within the premium category, the sale of houses priced above INR 20 mn have significantly increased. During H2 2023, housing sales above INR 20 mn comprised 12% of the total sales in the city, a significant growth from 5% in H2 2022. This highlights a growth in the income profile of the city. While the tech sector primarily dominates the city's employment profile, the economic activities of Bengaluru are diverse. The city hosts many non-tech industries such as life sciences, defence and aerospace, educational institutions, consulting firms etc. which keep the city's income growth well balanced, thus driving the consumption demand including that for real estate.
- Moreover, the consumers are flexible and willing to pay a premium for larger, more comfortable spaces with luxurious amenities. In tandem with the sales, the launches were concentrated in the mid and

luxury segments comprising a share of 46% and 49% respectively during H2 2023. In terms of price, 3,492 units were launched in the price category of above INR 20 mn, a multifold increase from 297 units launched 5 years ago. Considering the consumer preference for large, spacious homes, the average unit size of the new launches in 2023 stood at 1651 sq ft compared to 1450 sq ft in 2019, pre COVID.

- The traditional South Bengaluru micro-market continued to dominate sales comprising a share of 39% of the total sales in the city in 2023. The micro-market is well connected to the large employment hubs located in Electronic City, Outer Ring Road (ORR) etc. and is primarily dominated by end-use consumers. Additionally, the ongoing construction of the metro-lines, i.e., Yellow Line on the Hosur Road and the extension of Purple Line to Bannerghatta Road, adds impetus to the transport infrastructure of this micro-market which in turn will continue to keep afloat the demand for real estate in this micro-market. While the mid-segment primarily dominated this market, of late, there has been a sharp rise in the development of luxury residential real estate by prominent developers such as Prestige, Puravankara, Adarsh, Sobha etc.
- In terms of launches, East Bengaluru micro-market comprised a larger share of 48% of all the launches in the city. East Bengaluru is a prime IT hub with the presence of quality Grade A tech parks in Whitefield, ITPL etc. The operation of 37 kms of Purple Line metro connecting East Bengaluru with the other parts of the city gives an additional boost to the real estate market in East Bengaluru, both commercial as well residential. Besides end use, the residential demand in East Bengaluru, specifically in localities such as Whitefield, is also led by investment purposes. Thus, due to its relatively strong economic profile compared to other micro markets in the city, it encourages developers to launch high end luxury projects in this micro-market. East Bengaluru has a presence of some prominent luxury and ultra-luxury projects with an average ticket price of above INR 50 mn by Grade A developers such as Embassy, Prestige,

DivyaSree etc. In terms of sales, the cluster witnessed 32% of all the residential sales in 2023 with demand expanding to the peripherals of the region such as Budigere Cross, Hoskote etc.

- The North Bengaluru micro-market is an emerging and one of the fastest growing clusters in the city. In 2023, the micro-market witnessed 22% of sales, with a sharp rise in the absolute volumes. The growing sales have accelerated developer interest in this micro-market which comprised 18% of all launches in the city. To accommodate the growing population and demand, the development potential has expanded beyond Hebbal and Yelahanka. The micro-market is also witnessing one of the fastest growths in infrastructure development. The Blue Line metro connecting North Bengaluru via ORR is one of the fastest developing metro projects in the city and is expected to be operational from 2026. The operation of Kempegowda International Airport Terminal 2 has led to massive infrastructure investment in this region. In recent years, it has witnessed the development of large commercial real estate projects such as Aerospace Park, Devanahalli Business Park and other SEZ and non SEZ developments. Currently, North Bengaluru and its peripherals have about 15 mn sq ft of commercial office stock, and about 8 mn sq ft is expected to be added by 2025, providing an opportunity for growth of residential projects in the region. In addition to the transport infrastructure development, social infrastructure such as schools, hospitals etc. is also well established in this cluster.
- Moreover, the developers are taking advantage of the lush green surroundings in the cluster and have been launching luxury and ultra-luxury residential villas with modern exclusive designs, and plotted developments in North Bengaluru. Such projects have been attractive to the HNI and UHNI investors and are being sold out within a very short span of time from the launch.
- In terms of residential prices, Bengaluru witnessed a 9% YoY growth with a weighted average price of INR 63,505/sq m. The price growth is primarily demand driven as hybrid work structure and return to office is driving people, especially those

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

employed in the IT to move back to the city. To accommodate the demand, the residential supply in the city is scaling upwards too, as witnessed by the multiyear high launches in 2023. Thus, going ahead, as supply aligns with demand, the price growth is likely to moderate in 2024. However, the real estate market of the city will continue to be vibrant owing to the growing economic profile of the city.

- As a result, the quarters-to-sell (QTS) for Bengaluru has narrowed to 4.1 quarters, which is a historical low. The age of unsold inventory (Aoi) inched up to 18.1 in 2023. However, the high Aoi does not correlate with the healthy residential demand and is raised due to the presence of stalled projects in the city. Some of these projects were launched over a decade ago and continue to remain on hold for various reasons.

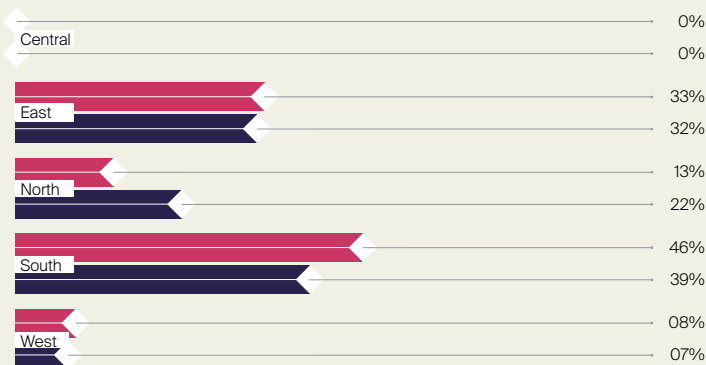
MICRO-MARKET SPLIT OF LAUNCHES IN H2 2022 AND H2 2023

◆ H2 2022 ◆ H2 2023



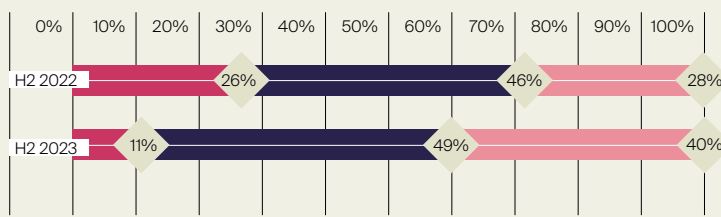
MICRO-MARKET SPLIT OF SALES IN H2 2022 AND H2 2023

◆ H2 2022 ◆ H2 2023



BENGALURU TICKET SIZE SPLIT COMPARISON OF SALES DURING H2 2022 AND H2 2023

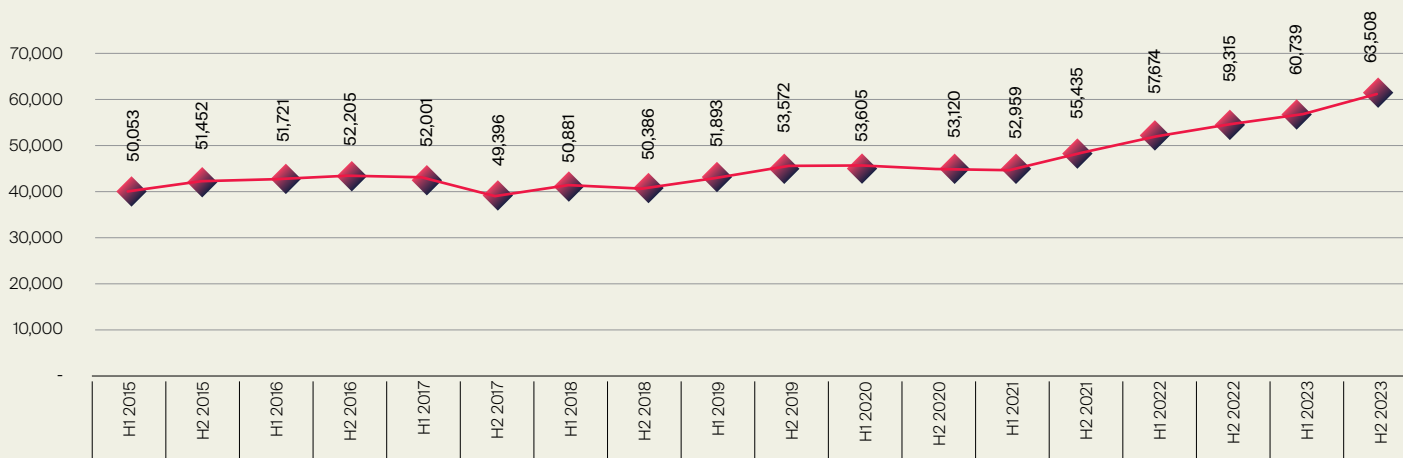
◆ <5 mn ◆ 5-10 mn ◆ >10 mn



TICKET-SIZE SEGMENT HEALTH

Ticket-size segment	Unsold Inventory (housing units) (YoY Change)	Quarters-to-sell (QTS)
0 - 5 mn	17,872 (-19%)	6.1
5 - 10 mn	24,744 (-9%)	3.9
>10 mn	10,863 (57%)	2.6

AVERAGE RESIDENTIAL PRICE MOVEMENT (INR/SQ.M)



RESIDENTIAL PRICE MOVEMENT IN SELECT LOCATIONS

Micro Market	Location	Price range in H2 2023 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)	3.0%	3.0%
	Lavelle Road	2,26,044-3,22,920 (21,000-30,000)	3.0%	3.0%
East	KR Puram	43,056-76,424 (4,000-7,100)	5.9%	1.3%
	Whitefield	51,129-86,090 (4,750-7,998)	11.1%	5.7%
	Marathahalli	45,209-82,883 (4,200-7,700)	7.3%	3.8%
North	Hebbal	59,202-1,29,168 (5,500-12,000)	12.2%	6.7%
	Yelahanka	45,209-83,959 (4,200-7,800)	10.1%	5.7%
	Thanisandra	46,285-95,800 (4,300-8,900)	11.2%	6.4%
	Hennur	45,209-96,876 (4,200-9,000)	10.6%	5.0%
South	Sarjapur Road	46,285-91,494 (4,300-8,500)	9.6%	3.9%
	Kanakpura Road	45,209-80,730 (4,200-7,500)	8.6%	4.2%
	Electronic City	37,674-69,966 (3,500-6,500)	8.7%	4.5%
	Bannerghatta Road	45,209-78,039 (4,200-7,250)	8.5%	4.0%
West	Yeshwantpur	64,584-1,17,328 (6,000-10,900)	8.7%	6.8%
	Malleswaram	88,265-1,56,078 (8,200-14,500)	7.9%	7.9%
	Rajajinagar	89,341-1,71,148 (8,300-15,900)	8.8%	7.5%
	Tumkur Road	40,365-67,275 (3,750-6,250)	9.7%	6.5%

MICRO-MARKET HEALTH

Micro-market	Unsold Inventory (housing units) (YoY Change)	Quarters-to-sell (QTS)
Central	17 (-87%)	0.6
East	15,346 (66%)	3.4
North	9,743 (-25%)	3.7
South	26,241 (-14%)	5.0
West	3,131 (-32%)	3.0



Bengaluru Office Market

BENGALURU MARKET SUMMARY

Parameter	2023	2023 Change (YoY)	H2 2023	H2 2023 Change (YoY)
Completions				
in mn sq m (mn sq ft)	1.24 (13.4)	-14.4%	0.65 (7.0)	-21%
Transactions				
in mn sq m (mn sq ft)	1.16 (12.5)	-14.3%	0.51 (5.5)	-19%
Average transacted rent				
in INR/sq m/month (INR/sq ft/month)	929.5 (86.4)	7%	-	-

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

20 (215)

2023 Stock mn sq m (mn sq ft)

15.1%

2023 Vacancy (%)

6.6%

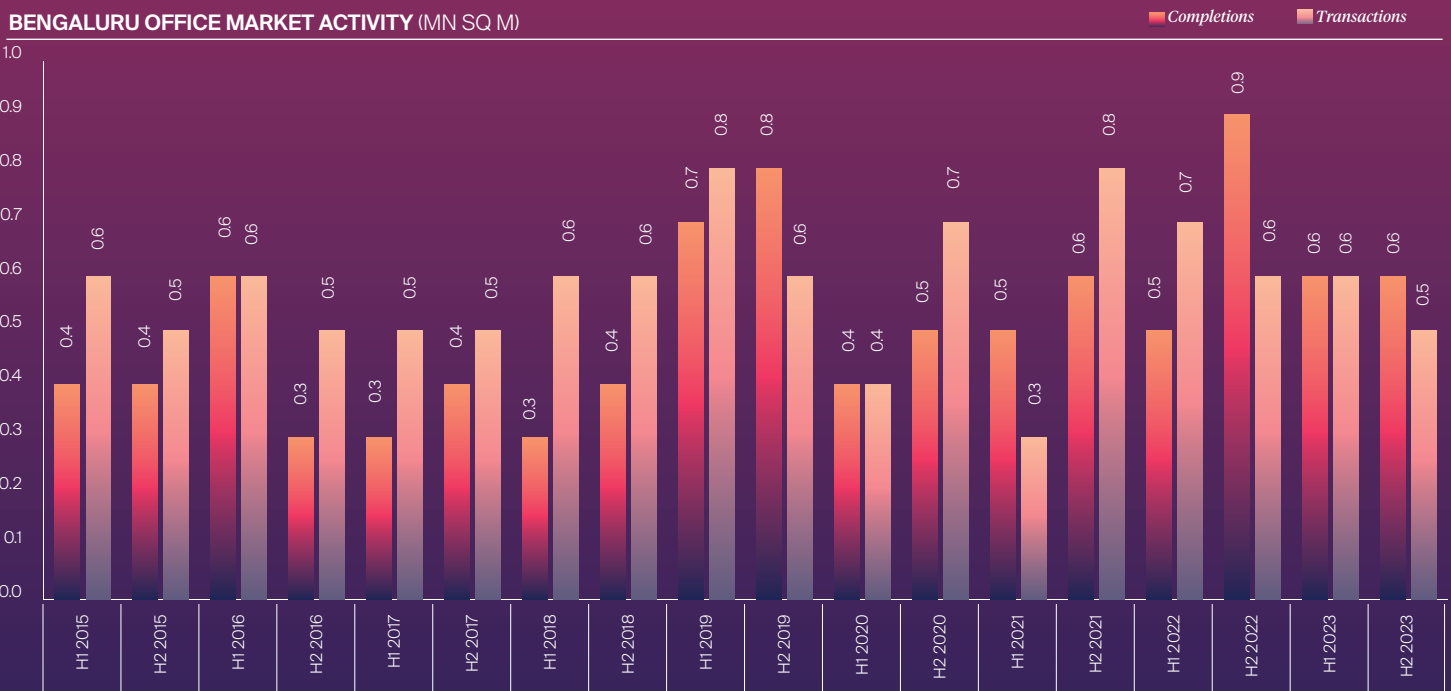
2023 Change (YoY)

100

basis points increase

2023 Change (YoY)

BENGALURU OFFICE MARKET ACTIVITY (MN SQ M)



Source: Knight Frank Research

- Bengaluru continues to be the most favored market by occupiers in 2023, accounting for 21% of the overall transactions across the top 8 cities. However, within the market, there has been moderation in the leasing activities due to moderation in leasing by tech occupiers i.e. third party IT services, stall in the expansion of start-ups due to funding winters, and moderation in the average size of the transactions. Owing to these factors, Bengaluru registered transaction leasing volume of 1.16 mn sq m (12.5 mn sq ft) in 2023, a 14% de-growth when compared to 2022. The moderation observed does not necessarily signal a decline in office transactions in Bengaluru. On the contrary, office leasing in 2023 exceeded the 10-year average of 1.13 mn sq m (12.2 mn sq ft). It is important to note that the statistical decrease in growth may be influenced by the high base effect of 2022, which had seen the second-highest volume of transactions in its recorded history.
- Despite the slowdown in office space leasing by third-party IT services, which accounted for 15% of total transactions in Bengaluru in 2023 compared to 27% in 2022, the leasing landscape in 2023 has been influenced positively by GCC, flex, and India-facing occupiers. GCCs players primarily focused on manufacturing, consulting business and BFSI. Qualcomm, Deloitte, MUFG etc., were some of the big-ticket occupiers in 2023.
- Flex tenants emerged as the predominant occupants of office spaces in Bengaluru in 2023. The leasing activity by flex occupiers reached 0.35 mn sq m (3.8 mn sq ft) comprising 30.3% of the overall transaction volume, reflecting a substantial 23% increase compared to 2022. However, the momentum in flex space leasing that was robust during H1 2023, tapered off in H2 2023. This shift suggests a resurgence in occupier inclination towards long-term leases, signaling a change in sentiment. The headwinds faced by the tech sector such as the anticipated slowdown in the US economy, have diminished and there is a renewed interest in returning to traditional office setups.
- In 2023, GCCs accounted for 30% of office space leasing volume in Bengaluru compared to 25% in 2022. According to an EY report, India is currently home to around 1550 GCCs, and this number is projected to rise to approximately 2300 by 2030. This expansion will potentially lead to a growth in employee headcount to 4.5 mn in 2030, compared to the current 1.9 mn. Thus, the prospective growth in the GCC occupiers leasing space is massive in India. Within India, Bengaluru is an attractive market for GCC occupiers as the city is already an established global hub, has a diverse talent pool and a unique ecosystem comprising technology penetration, research & development, startups, academia and more.
- Prospective drivers of office transaction volume in Bengaluru include tenants associated with

India-facing businesses. In 2023, India-facing businesses constituted 25% of the total office leasing volume in Bengaluru. The growth outlook for businesses operating in India is highly favorable, given the expanding consumer base, increasing digitalization, and ongoing economic development in the country. Notably, the business landscape in India is experiencing significant advancements, particularly in technology, e-commerce, healthcare, renewable energy, and manufacturing. Amidst this overall development, Bengaluru's diverse ecosystem and abundant talent pool are poised to play a prominent role in attracting occupiers from India-facing businesses.

- Amongst the business districts, ORR accounted for the largest share, i.e. 41% of the total office space leasing volume in 2023. ORR continues to be an attractive micro-market as the business district consists of established Grade A business parks with quality space. Owing to its attractiveness to occupiers, along with the development of new infrastructure such as the under construction Blue Line metro connecting Silk Board to Hebbal, developer sentiment continues to remain strong. In 2023, ORR witnessed a supply infusion of 0.29 mn sq m (3.1 mn sq ft) primarily in the existing tech parks backed by prominent Grade A developers.
- PBD East registered 23% of the transactions in 2023. From a mere 10% leasing share in 2017, the demand for office space in this region has significantly increased in the last few years. The recent operation of elevated Purple Line metro corridor connecting K R Puram and Whitefield has enhanced connectivity in the micro-market, boosting occupier interest in this micro-market. To capitalize on this growing occupier interest, PBD East witnessed a larger share of supply infusion in the city, amounting to 0.47 mn sq m (5.1 mn sq ft), equivalent to 30% of the total new supply infusion in 2023.
- PBD North stands out as the most rapidly expanding micro market, demonstrating vigorous growth to meet the increasing real estate demands of Bengaluru city. Despite recording 0.09 mn sq m (1.0 mn sq ft) in office transactions in 2023, PBD North has attracted considerable leasing interest from occupiers. Notably, some of the most substantial transactions in the Bengaluru market in 2023 were conducted in PBD North, involving tenants like HDFC Bank, Yenepoya University, MUFG, and others.
- Large scale infrastructure investment such as the expansion of Kempegowda International Airport (KIA), and the construction of phase 2 and 3 Blue Line metro connecting KIA with the rest of the city has encouraged developers to acquire large land banks in the region and develop high scale tech parks in this cluster. The office stock in this region has increased from 0.51 mn sq m (5.5 mn sq ft) in 2019 to 1.4 mn sq m (15 mn sq ft) currently,

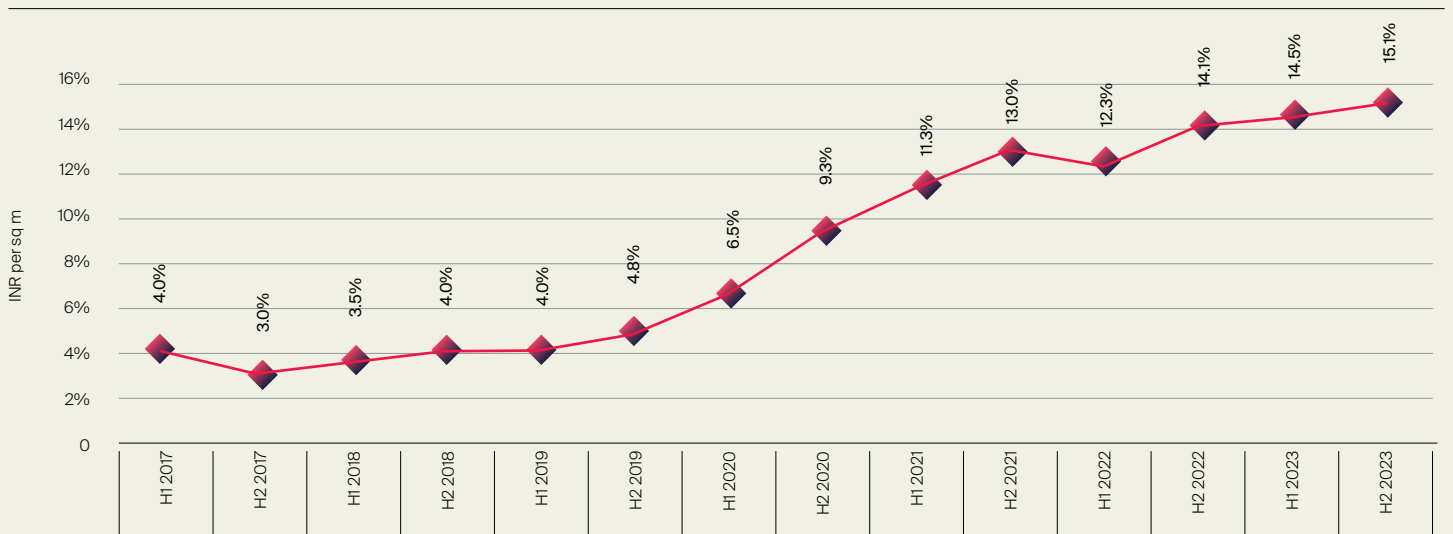
with a maximum concentration by the Grade A developers. The micro market has quality A Grade office supply developed by prominent developers such as Brigade Developers, L&T, Bhartiya Urban, Embassy etc. Additionally, 0.70 mn sq m (8 mn sq ft) of new office supply is under construction by developers such as CapitalLand, Prestige, Salarpuria Sattva etc. to be completed tentatively by 2025. Improved connectivity, along with quality workspace, would undoubtedly boost occupier interest in this micro-market.

- Overall, Bengaluru has witnessed new supply infusion of 1.24 mn sq m (13.4 mn sq ft) in 2023 with an accumulated stock of 20 mn sq m (215 mn sq ft). Due to subdued demand, the vacancy level increased by 100 bps to 15.1% in 2023 compared to a year ago and the market contains adequate inventory to fulfill occupier demand in the near future.
- The average transacted rentals in Bengaluru grew by 6.6% YoY to INR 930/sq m/month (INR 86.4/sq ft/month) in 2023. Significant rental growth was predominantly observed in PBD East and the ORR micro markets. The development of transport infrastructure has heightened the occupier's interest in both these micro-markets. Although the demand has been moderate, the growing occupier interest and the quality supply in Bengaluru has driven rentals upward in the market. In general, barring the short-term discrepancies, Bengaluru's office market fundamentals remain strong. The acceleration of return to office by firms and the growth in India facing businesses along with stable business inflow from the western developed markets into India, should support the growth in the office market demand in the near term.

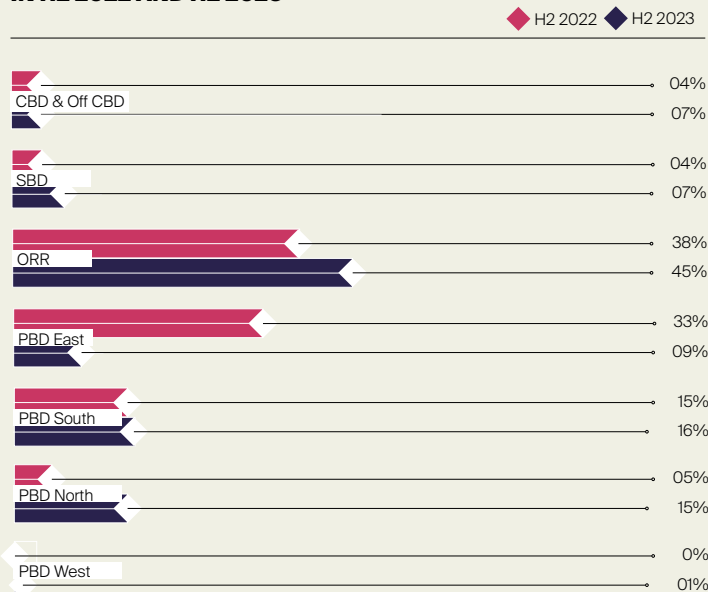
BUSINESS DISTRICT CLASSIFICATION

Micro market	Locations
Central Business District (CBD) and Off CBD	MG Road, Residency Road, Cunningham Road, Lavelle Road, Richmond Road, Infantry Road
Secondary Business District (SBD)	Indiranagar, Koramangala, Airport Road, Old Madras Road
Peripheral Business District (PBD) East	Whitefield
Peripheral Business District (PBD) South	Electronic City, Bannerghatta Road
Peripheral Business District (PBD) North	Thanisandra, Yelahanka, Devanahalli
Peripheral Business District (PBD) West	Vijaynagar, Tumkur Road, Mysore Road
Outer Ring Road (ORR)	Hebbal ORR, Marathahalli ORR, Sarjapur Road ORR

BENGALURU OFFICE MARKET VACANCY

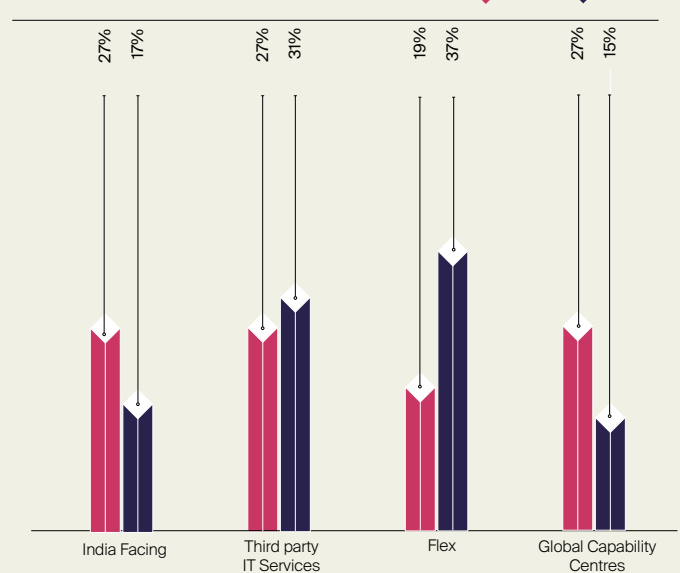


BUSINESS DISTRICT WISE TRANSACTIONS SPLIT IN H2 2022 AND H2 2023

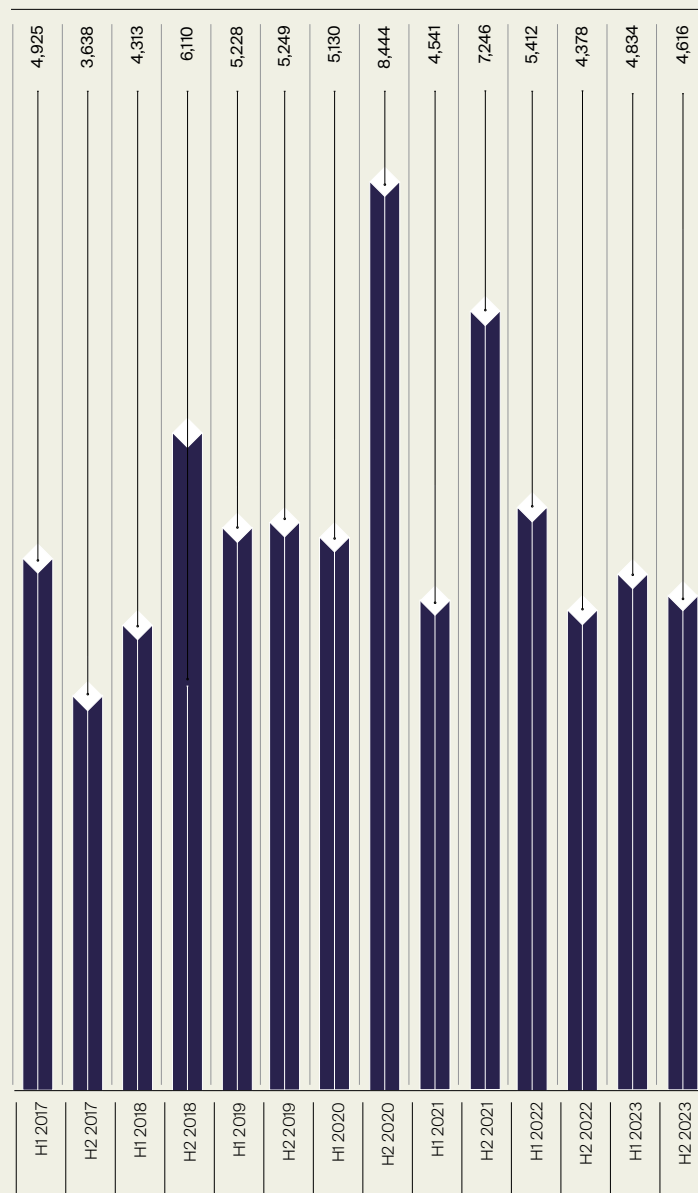


Source: Knight Frank Research

END-USE SPLIT OF TRANSACTIONS IN H2 2022 AND H2 2023



AVERAGE DEAL SIZE TREND (SQ M)



BUSINESS DISTRICT-WISE RENTAL MOVEMENT

	Rental value range in H2 2023 in INR/sq m/month (INR/sq ft/month)	12-month change	6-month change
CBD & Off-CBD	1184-2099 (110-195)	1.7%	1.7%
SBD	861-1830 (80-170)	4.2%	4.2%
PBD East	646-915 (60-85)	11.5%	7.4%
PBD South	538-969 (50-90)	3.7%	0.0%
PBD North	538-1023(50-95)	7.4%	7.4%
ORR	1023-1399 (95-130)	7.0%	4.7%

Chennai



CHENNAI MARKET SUMMARY

Parameter	2023	2023 Change (YoY)	H2 2023	H2 2023 Change (YoY)
Launches (housing units)	16,272	6%	8,150	4%
Sales (housing units)	14,920	5%	7,770	6%
Average price in INR/sq m (INR/sq ft)	INR 48,137 (INR 4,472)	4%	-	-

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

Source: Knight Frank Research

15,536

Unsold inventory (housing units) 2023

4.3

Quarters to sell (in quarters) 2023

10%

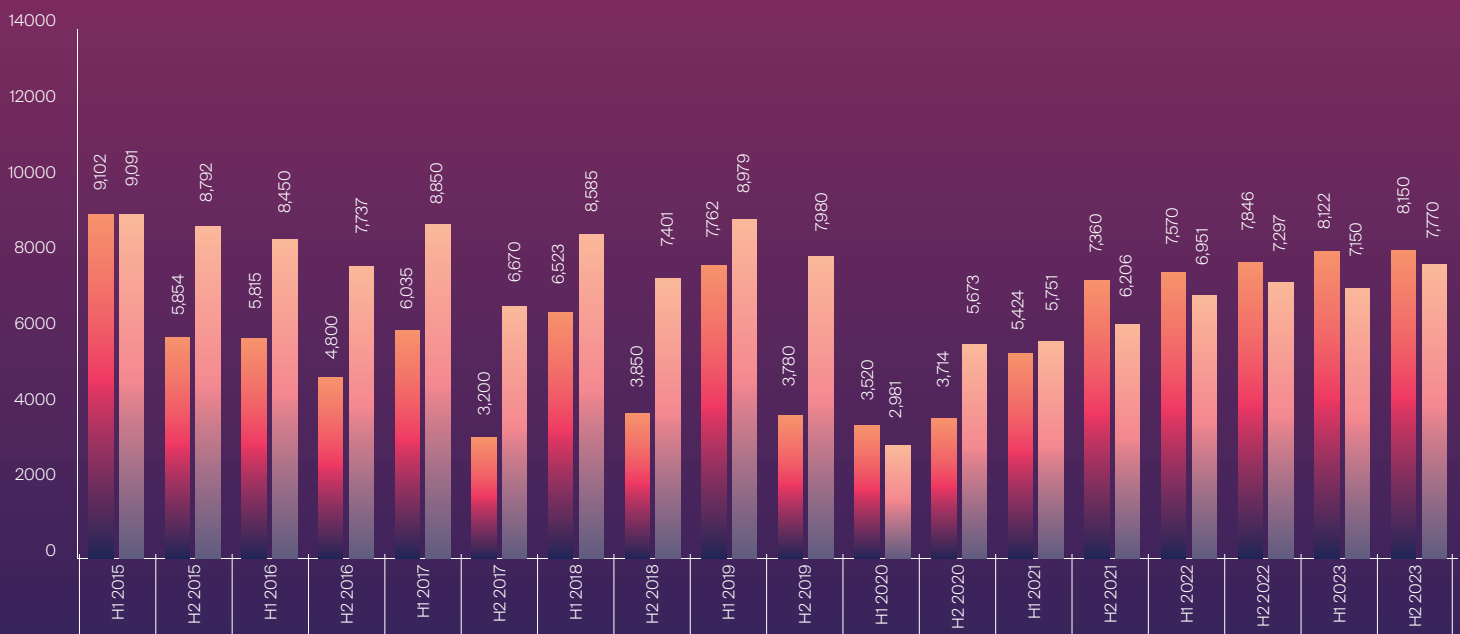
Change (YoY)

8.8

Age of unsold inventory (in quarters) 2023

LAUNCHES AND SALES TREND (NO. OF UNITS)

Launches (Units) Sales (Units)



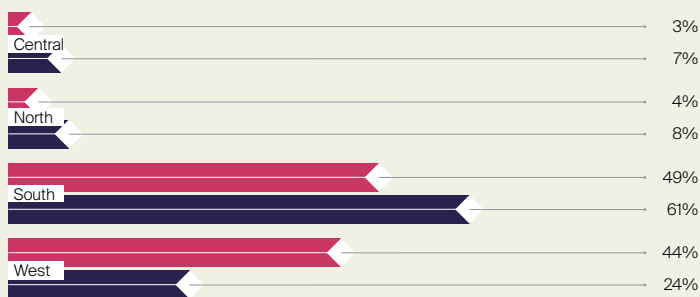
Source: Knight Frank Research

- The Chennai residential market has exhibited a 5% YoY increase in residential sales, reaching 14,920 units in 2023. Despite the recovery path observed since the waning of the pandemic, the market has yet to surpass its pre-COVID numbers. However, with the continued momentum, sales are expected to be back at their pre-COVID levels in the coming few quarters. During H2 2023, sales increased by 6% to 7,770 units.
- Sales in the Chennai residential market was predominantly concentrated in the south and west micro-markets, collectively contributing to 86% of total sales during H2 2023. Notably, locations along the Old Mahabalipuram Road (OMR) and Grand Southern Trunk (GST) Road in the south micro-market retained the majority of homebuyer interest, constituting a 61% share. Meanwhile, more affordable areas such as Porur, Valasaravakkam, and Poonamalle in the west accounted for 25% of the overall share. Both these zones are well-connected to the city's main office and IT hubs.
- Chennai's booming manufacturing, hospitality, and logistics sectors are attracting a larger workforce, leading to increased demand for affordable housing. In 2023, the mid-segment, priced between INR 5-10 mn remained predominant, comprising 40% of sales. The affordable or <INR 5 mn segment closely followed, contributing 37% to total sales, an increase from 28% in 2022. Annual sales in the affordable housing segment in Chennai has also increased sharply by 41% YoY during 2023. This indicates strong traction among first-time buyers and budget-conscious individuals, highlighting the widening appeal of affordable housing options in Chennai.
- Houses in the luxury segment priced above INR 10 mn, constituted 23% of the total sales during 2023 and witnessed a 2% YoY reduction during the year. Notably, a niche group of buyers in Chennai are seeking larger spaces and enhanced amenities which has contributed to the demand for luxury apartments.
- Developers launched 16,272 units in 2023, marking a 6% increase from the units launched in 2022. Most of the launches were concentrated in the southern and western micro-markets during 2023 representing 61% and 28% of the total launches respectively. In terms of ticket size, launches in the affordable and mid categories increased by 22% and 10% YoY respectively, while there was a 17% decline in launches in the luxury segment.
- During the year, the overall unsold inventory increased by 10% YoY, reaching 15,536 units. Specifically, there was a 13% YoY increase in inventory in the affordable segment and a 27% YoY increase in the luxury segment. However, the quarter-to-sell (QTS) in the affordable segment remained constant at 6.7 which is higher in comparison to the QTS of the other segments. QTS in the luxury segment increased slightly from 3.4 in 2022 to 3.6 in 2023.
- During 2023, a steady price appreciation of 4% YoY has been observed in Chennai. This positive trend reflects the resilience and stability of the city's property market, indicating a sustained demand for real estate.
- Chennai's status as a major commercial and industrial hub, coupled with its emergence as an IT hub, has spurred substantial job opportunities, fostering an improved demand for residential properties in the city. The ongoing improvement in market conditions and the plethora of upcoming projects are expected to sustain and elevate housing demand in Chennai over the coming quarters.

MICRO-MARKET CLASSIFICATION

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

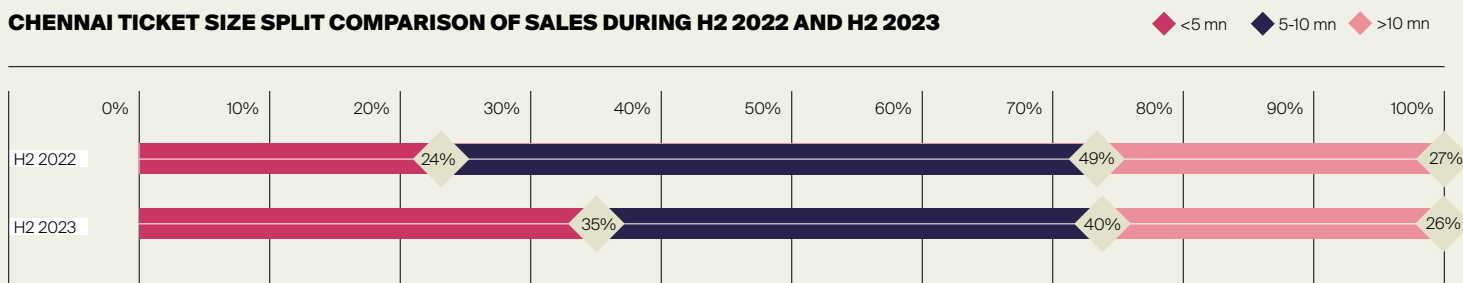
MICRO-MARKET SPLIT OF LAUNCHES IN H2 2022 AND H2 2023



MICRO-MARKET SPLIT OF SALES IN H2 2022 AND H2 2023



CHENNAI TICKET SIZE SPLIT COMPARISON OF SALES DURING H2 2022 AND H2 2023



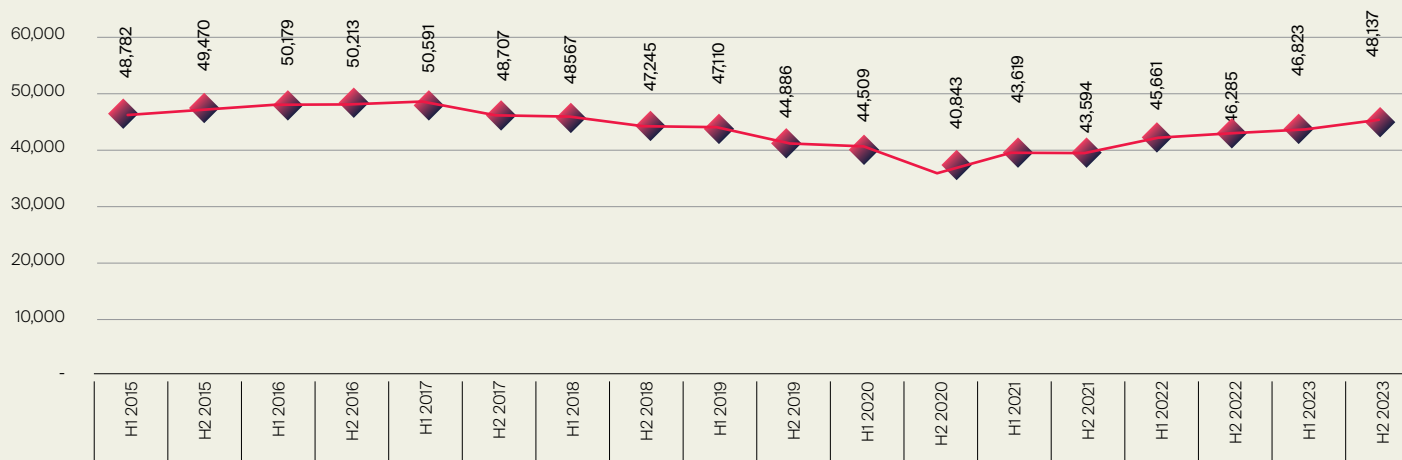
Chennai stands out as the sole market to have witnessed growth in the affordable housing segment in 2023.

TICKET-SIZE SEGMENT HEALTH

Ticket-size segment	Unsold Inventory (housing units) (YoY Change)	Quarters-to-sell (QTS)
0 - 5 mn	7,975 (13%)	6.7
5 - 10 mn	4,423 (-5%)	2.8
>10 mn	3,138 (27%)	3.6

Source: Knight Frank Research

AVERAGE RESIDENTIAL PRICE MOVEMENT (INR/SQ M)



Source: Knight Frank Research

RESIDENTIAL PRICE MOVEMENT IN SELECT LOCATIONS

Micro Market	Location	Price range in H2 2023 in INR/sq m (INR/sq ft)	12 month Change	6 month Change
Central	Anna Nagar	1,35,626 - 1,50,696 (12,600 - 14,000)	6%	1%
	Kilpauk	1,40,578 - 1,64,689 (13,060 - 15,300)	9%	2%
North	Kolathur	62,431 - 65,660 (5,800 - 6,100)	5%	2%
	Perambur	71,247 - 73,400 (6,619 - 6,819)	3%	3%
South	Perumbakkam	48,782 - 57,049 (4,532 - 5,300)	1%	1%
	Kelambakkam	43,056 - 44,821 (4,000 - 4,164)	1%	1%
West	Porur	60,278 - 69,966 (5,600 - 6,500)	-5%	-1%
	Mogappair	76,963 - 84,497 (7,150 - 7,850)	5%	1%

MICRO-MARKET HEALTH

Micro-market	Unsold Inventory (housing units) (YoY Change)	Quarters-to-sell (QTS)
Central	124 (-57%)	0.7
North	683 (47%)	3.9
South	6,050 (10%)	2.7
West	8,679 (9%)	8.0



Chennai Office Market

CHENNAI MARKET SUMMARY

Parameter	2023	2023 Change (YoY)	H2 2023	H2 2023 Change (YoY)
Completions in mn sq m (mn sq ft)	0.61 (6.6)	49%	0.40 (4.3)	212%
Transactions in mn sq m (mn sq ft)	1.00 (10.8)	92%	0.58 (6.3)	82%
Average transacted rent in INR/sq m/month (INR/sq ft/month)	700 (65.0)	6.2%	-	-

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

8.27 (89.0)

2023 Stock mn sq m (mn sq ft)

10.5%

2023 Vacancy (%)

8%

2023 Change (YoY)

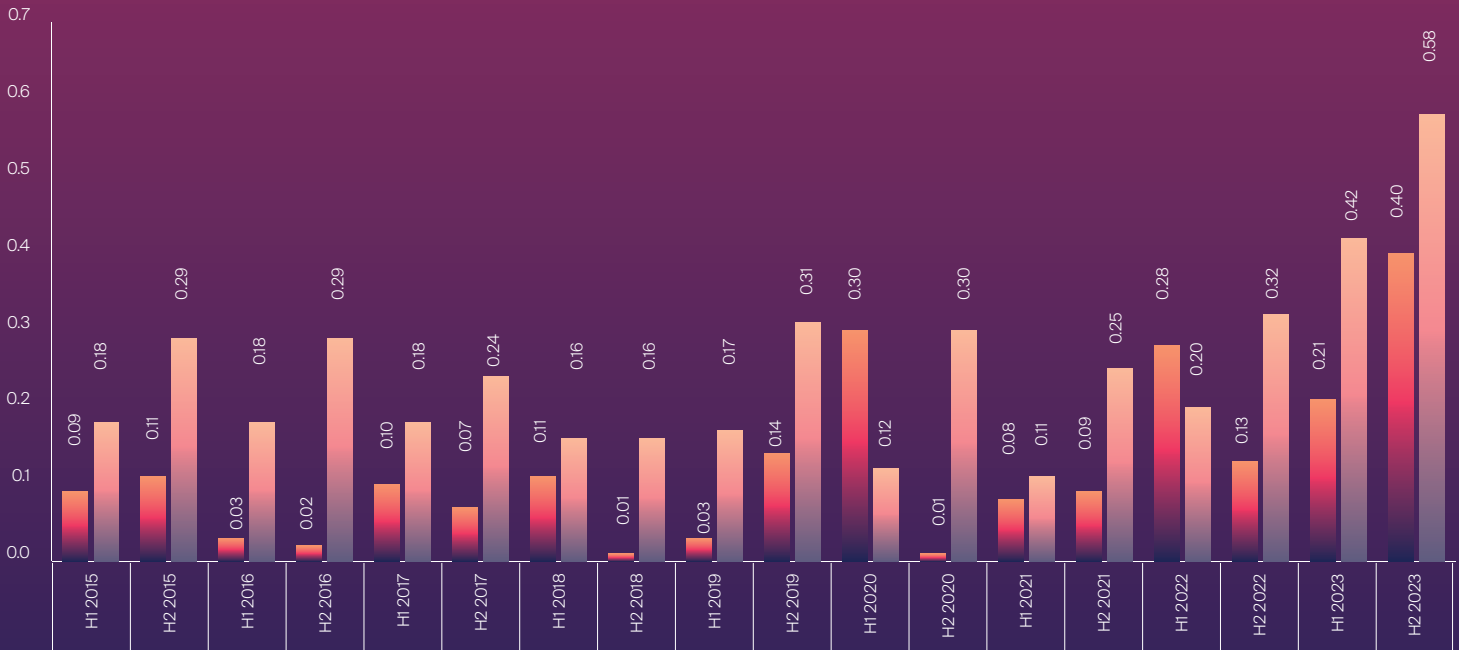
273

Basis points decrease

2023 Change (YoY)

CHENNAI OFFICE MARKET ACTIVITY (MN SQ M)

Completions Transactions



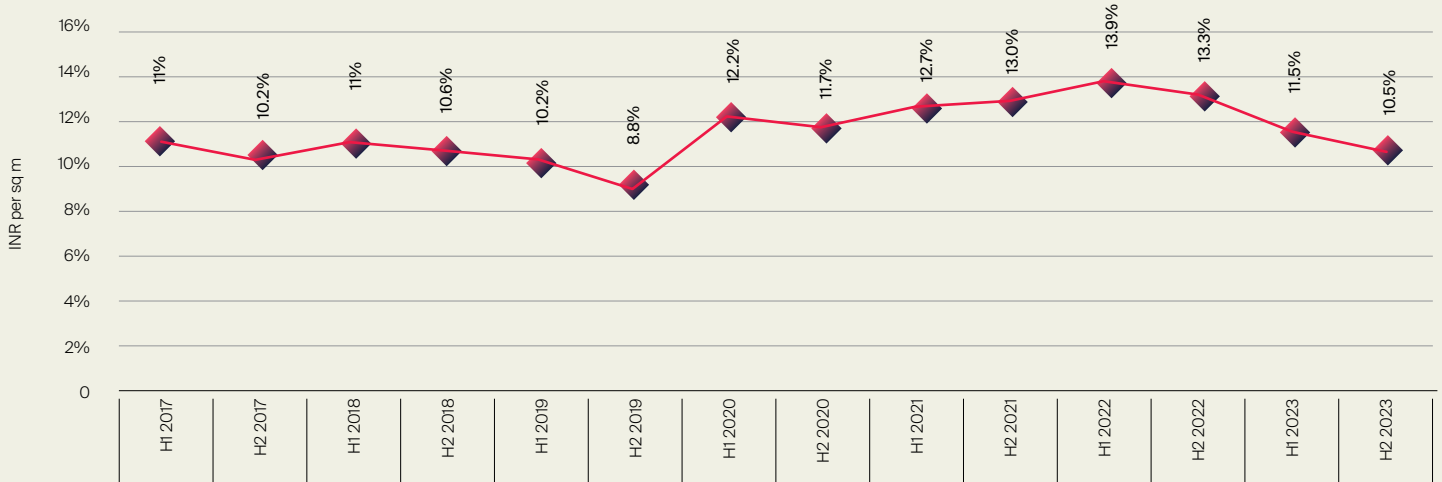
Source: Knight Frank Research

- Chennai's commercial real estate sector has experienced a remarkable upswing, achieving an unprecedented milestone in 2023 with an all-time high in office leasing activities. Transaction volumes increased sharply by 92% YoY to 1.00 mn sq m (10.8 mn sq ft). This surge is predominantly attributed to a robust leasing momentum driven by large space take up by multinational corporations. Furthermore, the market has demonstrated resilience by fostering a broad tenant base, highlighting the city's attractiveness for a diverse range of businesses. In the second half of 2023, the commercial real estate market in Chennai maintained its strong transaction momentum, experiencing an impressive 82% YoY increase in transaction volumes.
- During H2 2023, the majority of transactions, approximately 62%, were driven by Global Capability Centers (GCCs), representing offshore units of multinational corporations. Noteworthy tenants in this category include major corporations such as Hapag-Lloyd, UPS, Deloitte, Oppo, Citibank, Bank of America, and Fidelity. The average deal size of GCC occupiers during H2 2023 was ~0.008 mn sq m (0.08 mn sq ft) as compared with the space take up during H2 2022 which was ~0.003 mn sq m (0.03 mn sq ft).
- Companies whose operations are primarily focused on catering to the Indian market, leased 13% of the office space in Chennai during H2 2023. Of these companies, the predominant tenants were those in the IT/ITeS sector (41% of the total India facing transactions), followed by those from the Manufacturing (24%) and BFSI segments (21%). Notable occupiers in this category included Cholamandalam Finance, Tata Communication, L&T, Maruti Suzuki, and Caratlane (Titan Group). The average deal size of occupiers with an India facing business orientation during H2 2023 was approximately 0.001 mn sq m (0.02 mn sq ft), similar to the space take up during H2 2022 which was also approximately 0.001 mn sq m (0.02 mn sq ft).
- The transaction volumes for flexible workspace operators experienced a significant 81% YoY increase during H2 2023. However, in terms of the total share of transactions, it remained consistent at 16% of the total spaces leased, maintaining this level during both H2 2023 and H2 2022. Key players such as Smartworks, WeWork, and Workez were the most active operators in the flex space segment, contributing significantly to the transactions during this period. This increase in demand underscores the sustained appeal and relevance of flexible workspaces in Chennai's commercial real estate landscape.
- Companies primarily engaged in outsourcing services to clients abroad, specifically in the Third-Party IT services domain, constituted 9% of the total transactions.
- Since 2012, office completions in Chennai have reached a peak in 2023. The new office supply in the Chennai commercial market for the year 2023 saw a robust increase of 48% YoY, totaling 0.61 mn sq m (6.6 mn sq ft). The heightened demand and preference for occupier activity in Chennai has led developers to focus on the creation of office parks and buildings. Approximately 41% of the new office launches were concentrated in the SBD OMR zone (Perungudi and Taramani). It is worth noting the remarkable surge in office supply during H2 2023 reaching 0.40 mn sq m (4.3 mn sq ft), a sharp 212% YoY increase as compared with the new office supply released during H2 2022.
- Occupier activity in Chennai remained focused in the SBD OMR, with key locations like Kandanchavadi, Taramani, Perungudi, and Kottivakkam contributing to 49% of the total transacted area during H2 2023. Additionally, the SBD zone, encompassing areas like Guindy, Porur, and Nandambakkam, accounted for 27% of the overall leasing volumes.
- During H2 2023, rentals in Chennai increased by 6% YoY, with the SBD OMR area experiencing the sharpest surge. The key drivers for this upward trend are the robust leasing momentum, heightened occupier confidence, and the introduction of new office spaces with enhanced specifications and higher rents, collectively elevating the overall rent profile of the market.
- The Chennai office market is underpinned by a robust economy, a skilled workforce, well-established infrastructure, and relatively lower occupancy costs. These factors consistently attract occupiers to the region. The substantial growth in transaction volumes underscores the enduring vibrancy and allure of Chennai's commercial real estate sector, solidifying its status as a dynamic hub for business and leasing activities. Additionally, the market's affordability, as measured in INR per square foot per month, positions Chennai favorably amongst peer markets, highlighting a balanced and competitive pricing structure in the regional commercial real estate landscape.

BUSINESS DISTRICT CLASSIFICATION

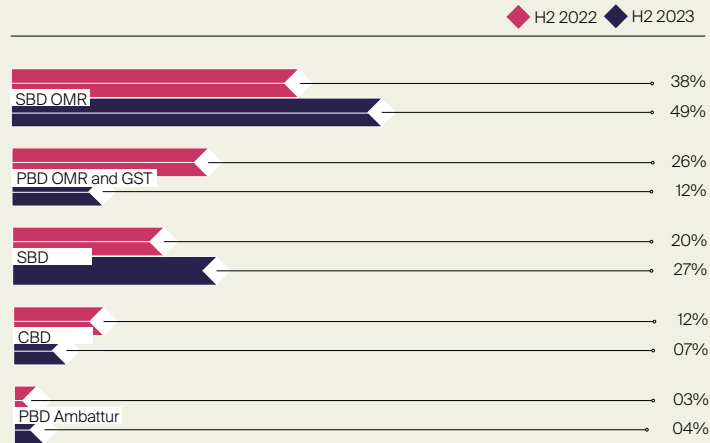
Business district	Micro markets
Central Business District (CBD and off CBD)	Anna Salai, RK Salai, Nungambakkam, Greams Road, Egmore, T Nagar
Suburban Business District (SBD)	Mount – Poonamallee Road, Porur, Guindy, Nandambakkam
SBD – Old Mahabalipuram Road (OMR)	Perungudi, Taramani
Peripheral Business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

CHENNAI OFFICE MARKET VACANCY



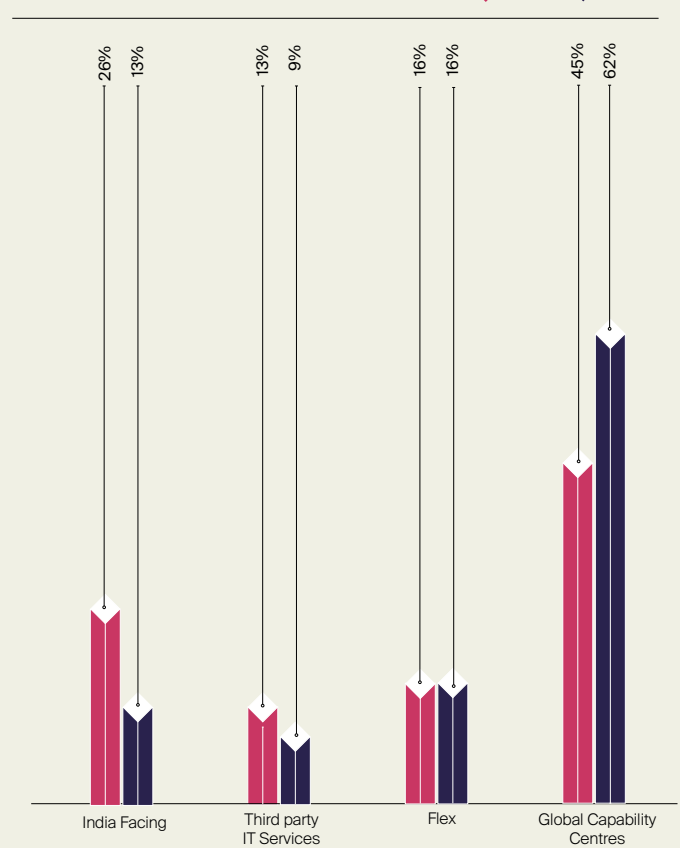
Source: Knight Frank Research

BUSINESS DISTRICT WISE TRANSACTIONS SPLIT IN H2 2022 AND H2 2023



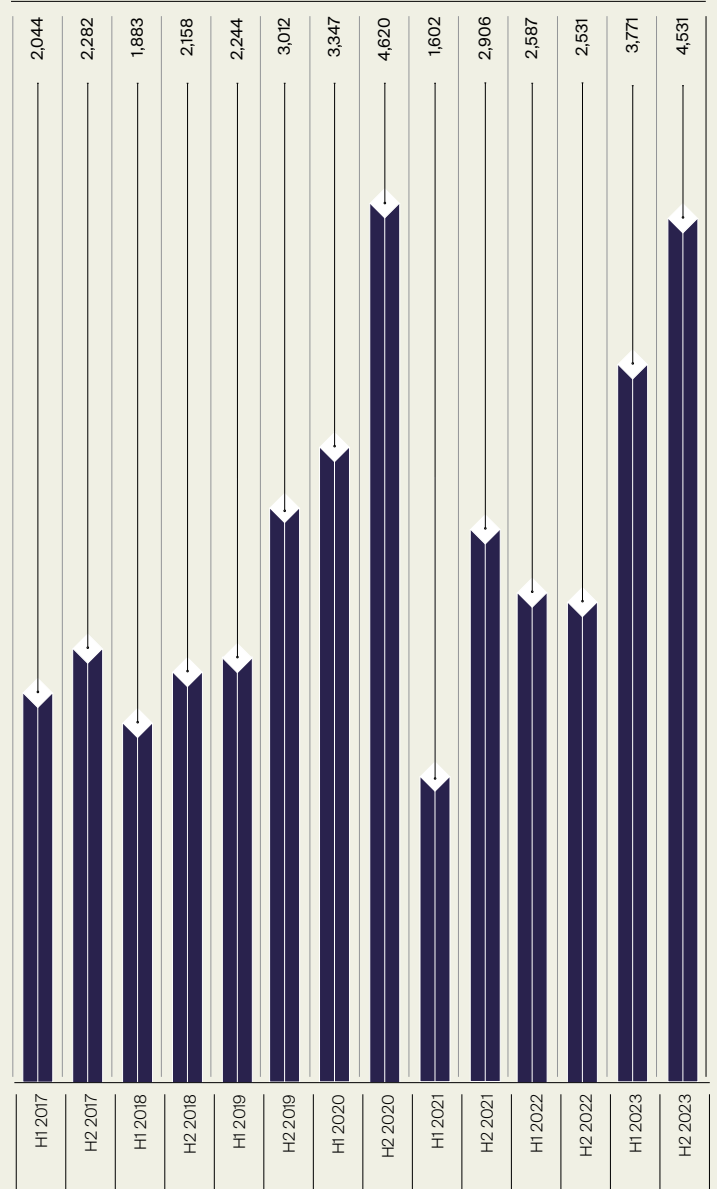
Source: Knight Frank Research

END-USE SPLIT OF TRANSACTIONS IN H2 2022 AND H2 2023



Annual transactions have reached an all-time high in 2023.

AVERAGE DEAL SIZE TREND



BUSINESS DISTRICT-WISE RENTAL MOVEMENT

	Rental value range in H2 2023 in INR/sq m/month (INR/sq ft/month)	12-month change	6-month change
CBD	700 - 1,023 (65 - 95)	7%	5%
SBD	807 - 969 (75 - 90)	8%	5%
SBD OMR	861 - 1,044 (80 - 97)	7%	7%
PBD OMR and GST Road	538 - 700 (50 - 65)	2%	4%
PBD Ambattur	323 - 431 (30 - 40)	-5%	-5%

Source: Knight Frank Research

Hyderabad



HYERABAD MARKET SUMMARY

Parameter	2023	2023 Change (YoY)	H2 2023	H2 2023 Change (YoY)
Launches (housing units)	46,985	7%	24,134	7%
Sales (housing units)	32,880	6%	17,525	7%
Average price in INR/sq m (INR/sq ft)	INR 59,740 (INR 5,550)	11%	-	-

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

Source: Knight Frank Research

45,505

Unsold inventory (housing units) 2023

5.7

Quarters to sell (in quarters) 2023

45%

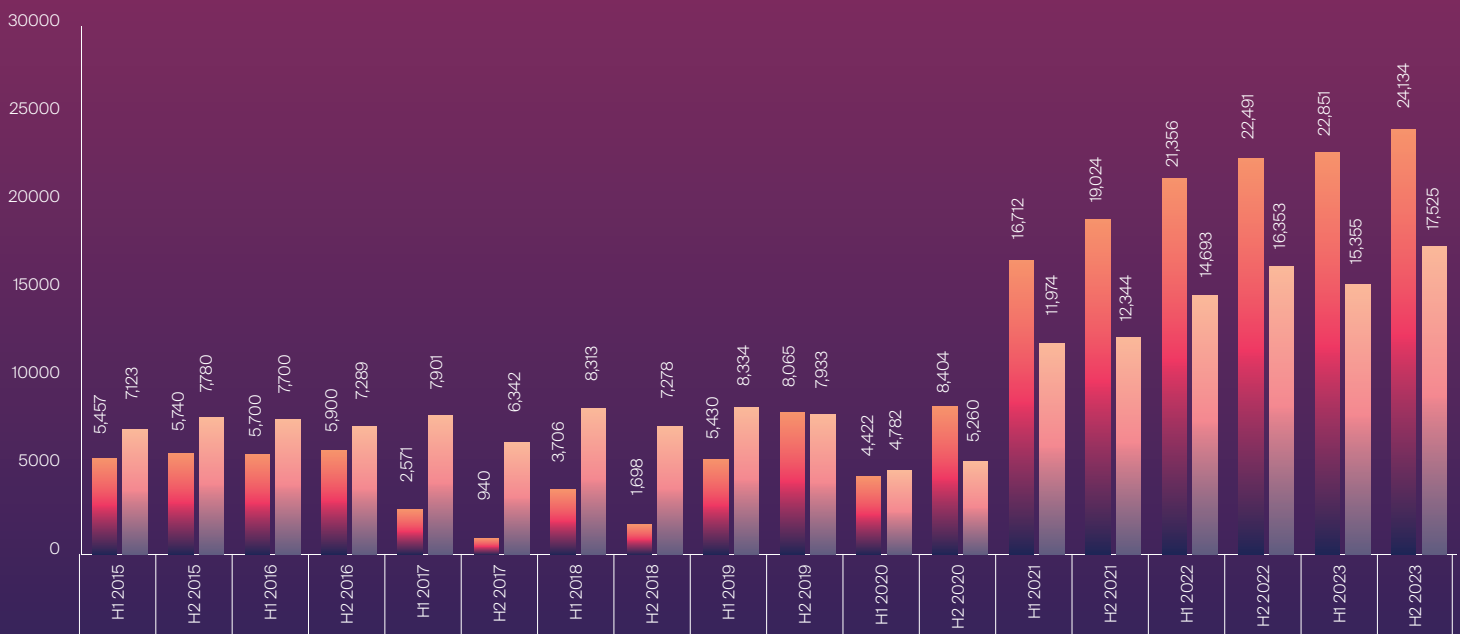
Change (YoY)

6.6

Age of unsold inventory (in quarters) 2023

LAUNCHES AND SALES TREND (NO. OF UNITS)

Launches (Units) Sales (Units)



Source: Knight Frank Research

- Since 2021, residential sales in Hyderabad have been marked by a trend of homebuyers consistently seeking to upgrade their living spaces. In 2023, annual sales rose by 6% YoY, reaching an all-time high of 32,880 units. The increase in sales was driven by homebuyers prioritizing on lifestyle upgrades, showing a preference for amenity-rich communities in well-established areas. Sales during H2 2023 increased by 7% YoY as compared with H2 2022.
- West Hyderabad remained the preferred choice for homebuyers in H2 2023 constituting 61% of the total sales, a trend consistent with H2 2022. The area's appeal is attributed to its proximity to key office locations such as HITEC City and the Financial District, coupled with robust infrastructure. These factors continue to compel homebuyers to opt for West Hyderabad.
- The proportion of high-value segment sales, representing homes valued at over INR 10 mn, has more than doubled, surging from 21% in 2018 to a substantial 49% in 2023. Half of the total sales now occur in this segment, and this upward trend is anticipated to persist in the coming years. The city's growing economy and sustained demand for luxury housing are expected to be key drivers of this continued shift towards higher-value real estate transactions. Annual transactions in this segment have increased by 38% YoY during 2023.
- The growing preference for luxury housing or higher value homes has resulted in a decline in the share of houses in the affordable and mid housing market. Transactions in affordable homes or houses in the less than INR 5 mn segment have decreased from 26% in 2018 to 11% in 2023. Similarly, sales in the mid housing or homes in the INR 5-10 mn segment have seen a decline from 52% in 2018 to 40% in 2023.
- Reflecting the changing preferences, developers launched a total of 46,985 units in 2023. Notably, 43% of these launches were for homes valued over INR 10 mn. West Hyderabad dominated the landscape with 62% of the overall launches, featuring prominent developers such as My Home Constructions, Rajapushpa Properties, Aparna Construction, and Prestige Group. Key locations like Kokapet, Tellapur, Kukatpally, and Nanakramaguda witnessed significant development activity, particularly in the luxury segment. The North and East zones, accounting for 18% and 10% of total launches respectively, saw a concentration of launches in the affordable and mid segments during 2023.

infrastructure projects, including the Hyderabad Metro Rail and the Regional Ring Road, are anticipated to enhance the city's appeal as an attractive place for both living and working. These developments are poised to further stimulate the demand for housing in Hyderabad.

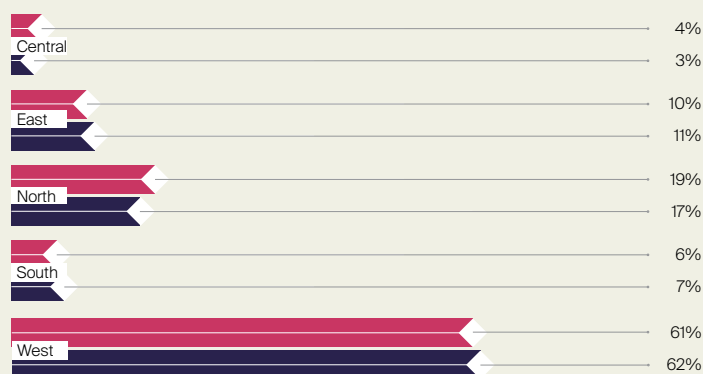
- Unsold inventory in Hyderabad residential market increased by 45% YoY to 45,505 units during 2023. Notably, 50% of the unsold inventory comprised of houses in the mid-range or houses falling in the INR 5-10 mn category. An intriguing observation is the decline in the quarter to sell (QTS) for luxury housing, from 5.1 in 2022 to 4.7 in 2023. In contrast, QTS increased for houses in the less than INR 5 mn and INR 5-10 mn segments, reaching from 3.9 to 5.7 and 4.4 to 6.8 respectively. This trend reinforces the prevailing narrative in the Hyderabad housing market, emphasizing a strong preference for luxury or higher value homes over those in the affordable and mid categories.
- Hyderabad residential prices rose by 11% YoY during 2023. Since the past few years there has been a sharp appreciation of land prices which has led to the increase in residential prices. Despite the price rise, the city continues to remain a desirable location for investors as well as end users.
- The prevailing trend in Hyderabad's residential market centers around the growing necessity to upgrade primary dwellings to apartment complexes that provide increased space and amenities. The city boasts a robust and well-planned network of roads, flyovers, underpasses, and wide ring roads. The government's ongoing investments in key

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

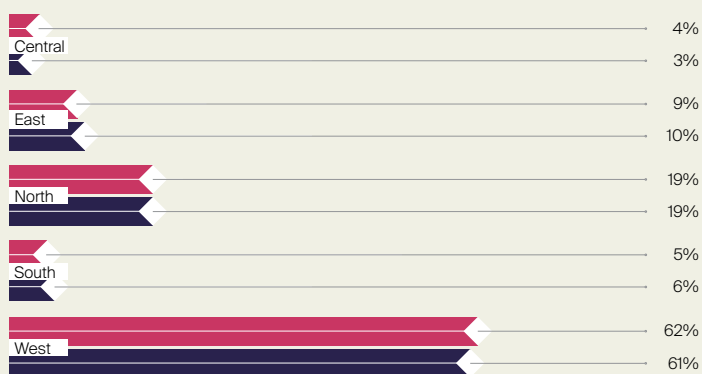
MICRO-MARKET SPLIT OF LAUNCHES IN H2 2022 AND H2 2023

◆ H2 2022 ◆ H2 2023



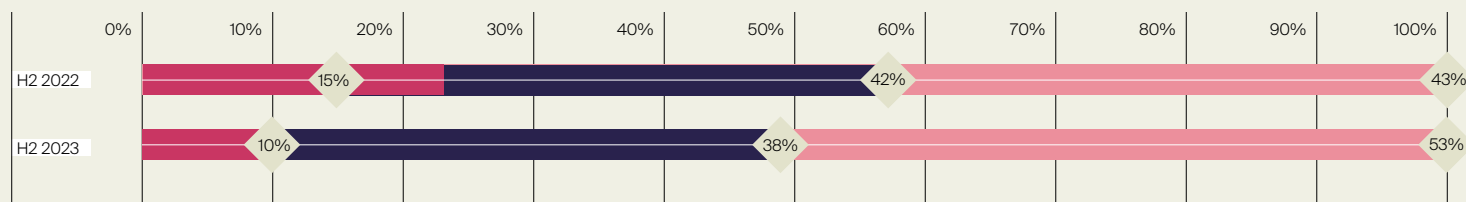
MICRO-MARKET SPLIT OF SALES IN H2 2022 AND H2 2023

◆ H2 2022 ◆ H2 2023



HYDERABAD TICKET SIZE SPLIT COMPARISON OF SALES DURING H2 2022 AND H2 2023

◆ <5 mn ◆ 5-10 mn ◆ >10 mn



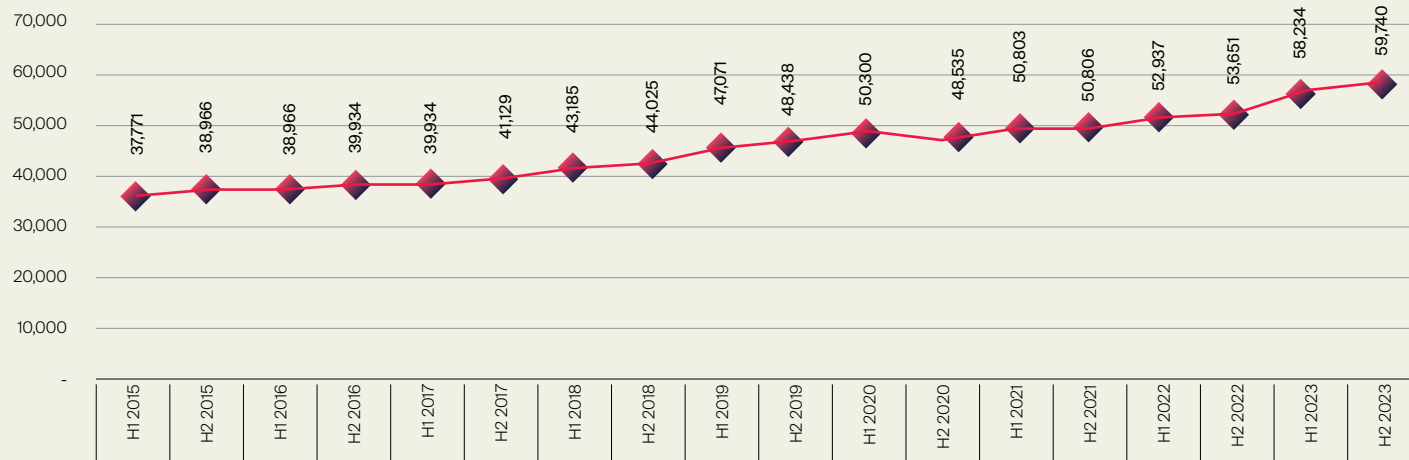
The highest price increase in 2023 relative to other markets.

TICKET-SIZE SEGMENT HEALTH

Ticket-size segment	Unsold Inventory (housing units) (YoY Change)	Quarters-to-sell (QTS)
0 - 5 mn	6621 (23%)	5.7
5 - 10 mn	22,726 (65%)	6.8
>10 mn	16,157 (32%)	4.7

Source: Knight Frank Research

AVERAGE RESIDENTIAL PRICE MOVEMENT (INR/SQ.M)



Source: Knight Frank Research

RESIDENTIAL PRICE MOVEMENT IN SELECT LOCATIONS

Micro Market	Location	Price range in H2 2023 in INR/sq m (INR/sq ft)	12 month Change	6 month Change
Central	Banjara Hills	1,55,002 - 1,72,224 (14,400 - 16,000)	12%	1%
	Jubilee Hills	1,44,238 - 1,61,460 (13,400 - 15,000)	5%	1%
East	LB Nagar	66,737 - 68,351 (6,200 - 6,350)	2%	1%
	Nacharam	63,508 - 65,660 (5,900 - 6,100)	8%	2%
North	Kompally	51,667 - 59,934 (4,800 - 5,568)	6%	3%
	Sainikpuri	52,744 - 54,896 (4,900 - 5,100)	-2%	-1%
South	Rajendra Nagar	74,670 - 88,512 (6,937 - 8,223)	20%	13%
	Bandlaguda	72,119 - 83,841 (6,700 - 7,789)	10%	2%
West	Kokapet	1,08,125 - 1,34,550 (10,045 - 12,500)	39%	4%
	Manikonda	91,494 - 98,168 (8,500 - 9,120)	28%	4%

MICRO-MARKET HEALTH

Micro-market	Unsold Inventory (housing units) (YoY Change)	Quarters-to-sell (QTS)
Central	1,382 (84%)	4.2
East	4,678 (52%)	6.1
North	7,123 (47%)	4.7
South	3,811 (65%)	8.2
West	28,511 (40%)	5.8



Hyderabad Office Market

HYDERABAD MARKET SUMMARY

Parameter	2023	2023 Change (YoY)	H2 2023	H2 2023 Change (YoY)
Completions				
in mn sq m (mn sq ft)	0.61 (6.5)	-42%	0.49 (5.3)	-12%
Transactions				
in mn sq m (mn sq ft)	0.82 (8.8)	32%	0.55 (5.9)	68%
Average transacted rent				
in INR/sq m/month (INR/sq ft/month)	705 (65.5)	1%	-	-

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

9.87 (106.3)

2023 Stock mn sq m (mn sq ft)

14.9%

2023 Vacancy (%)

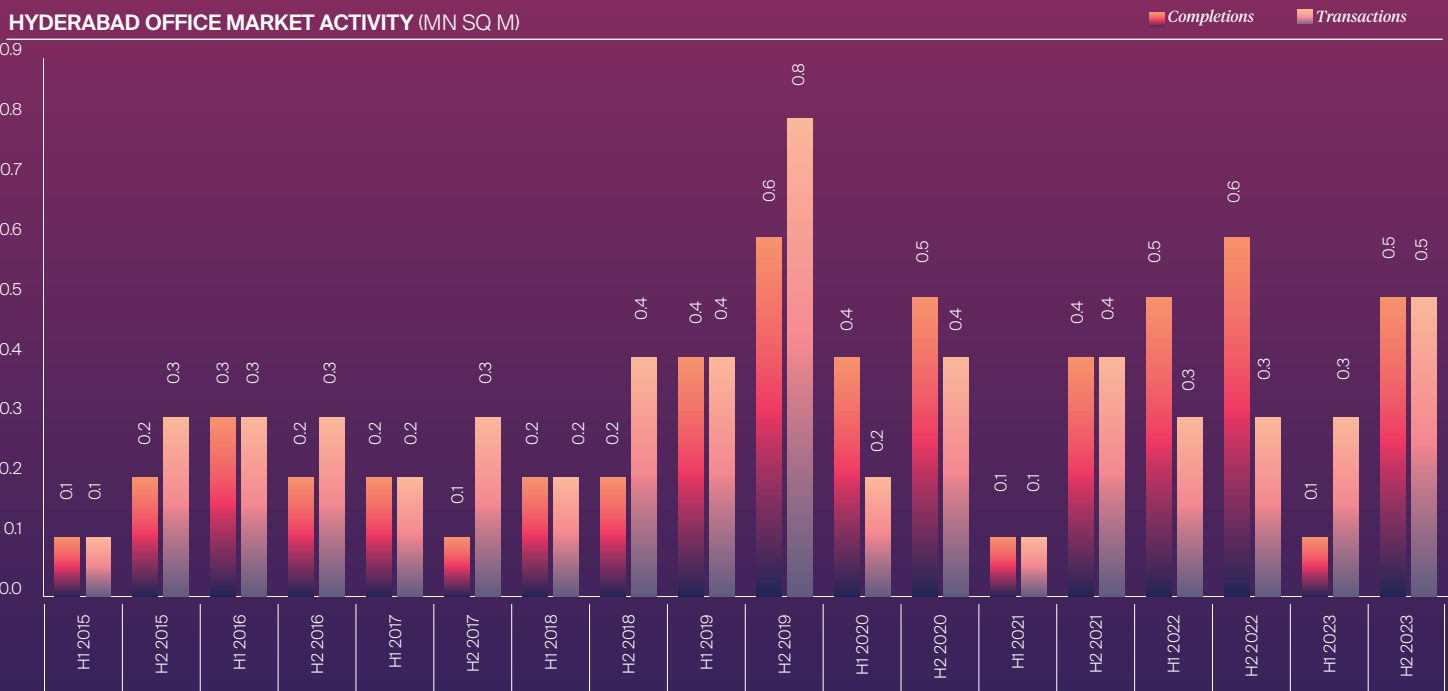
7%

2023 Change (YoY)

54

basis points decrease
2023 Change (YoY)

HYDERABAD OFFICE MARKET ACTIVITY (MN SQ M)



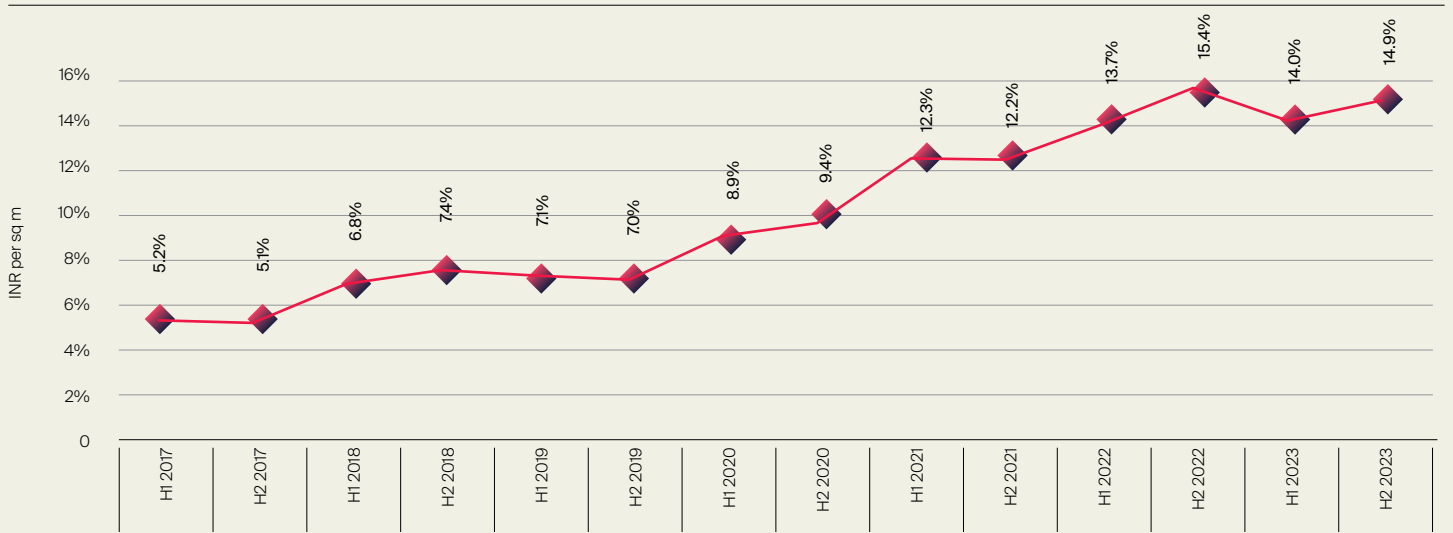
Source: Knight Frank Research

- The Hyderabad office leasing market experienced a significant 32% YoY growth, with a total of 0.82 mn sq m (8.8 mn sq ft) transacted in 2023. This growth can be primarily attributed to an increase in office leasing activities during the second half of 2023 which witnessed a remarkable 68% YoY growth. The substantial take-up by Global Capability Centers (GCCs), especially those outsourcing their IT and back-office operations to the city, played a pivotal role in achieving these robust figures. Additionally, the ongoing recovery in the IT sector has further contributed to the volume growth.
 - Offshore units of multinational corporations, recognized as Global Capability Centers (GCC), substantially increased their share, accounting for 67% of the leased office spaces during H2 2023, a notable rise from the 43% recorded in H2 2022. Key tenants in this segment include prominent names such as PepsiCo, HSBC, Apple, EY, KPMG, and Providence. While Providence focuses on developing technologies and solutions to enhance healthcare delivery and patient experience, PepsiCo operates a large facility providing diverse support services for PepsiCo's global operations. The Apple office is dedicated to sales, marketing, and support operations in line with the company's global business strategies. The average deal size of GCC occupiers during H2 2023 was ~0.011 mn sq m (0.12 mn sq ft) as compared to the overall average deal size in Hyderabad during H2 2022 which was ~0.008 mn sq ft (0.08 mn sq ft).
 - Businesses with a primary focus towards catering to the Indian market, accounted for 10% of the leased office space during H2 2023. Within this category, tenants in the BFSI sector, as well as those in the IT/TeS sector, were the most dominant and accounted for the bulk of transactions. The average deal size of occupiers with an India Facing business orientation during H2 2023 was approximately 0.005 mn sq m (0.05 mn sq ft), similar to the space take up during H2 2022 which was approximately 0.004 mn sq m (0.05 mn sq ft).
 - Despite flex spaces accounting for 8% of the total leased office space during H2 2023, which was a slight decrease from the 11% in H2 2022, there was a noteworthy 22% YoY increase in transaction volume. Key players in this sector, such as WeWork, Awfis, and Red Bricks, were particularly active during this period. The rise in start-up incubators and accelerators in Hyderabad has contributed to the increasing popularity of flex spaces, offering essential flexibility in scale and tenure for burgeoning businesses.
 - In a market traditionally dominated by the Information Technology (IT) sector, third party IT services players primarily engaged in outsourcing services to clients abroad, constituted 16% of total transactions during H2 2023. Transaction volumes increased sharply by 182% YoY during this period, reflecting a substantial increase in the presence and activity of these players in the market. The average deal size for these occupiers in the third-party IT outsourcing sector during H2 2023 was approximately 0.005 mn sq m (0.05 mn sq ft). This marked an increase compared to the space taken up during H2 2022, which was approximately 0.002 mn sq m (0.03 mn sq ft).
 - In 2023, office completions experienced a significant 42% YoY decline, totaling 0.61 mn sq m (6.5 mn sq ft). This drop can be attributed to the elevated base effect from the preceding year of 2022, when supply volumes reached their highest levels since 2014. Despite the decline observed, the forthcoming quarters in Hyderabad are expected to see new completions.
 - Hyderabad's vacancy rate declined slightly in H2 2023 to 14.9% from 15.4% during H2 2022. In addition to the fall in office space completions, the drop in vacancy can be attributed to the strong transaction volumes seen during the period, especially by GCCs occupiers whose transaction volumes increased sharply by 161% during H2 2023.
 - Occupiers showed a strong preference for leasing office spaces in the SBD zone, with 80% of overall transactions occurring in H2 2023 and H2 2022.
- HITEC City continues to stand out as the primary hub in the Hyderabad office market within the SBD zone.
- Rentals in Hyderabad maintained stability with a 1% YoY increase during H2 2023. In HITEC City and the Financial District which are key areas for office leasing, there has been a consistent flat growth in rentals during the same period.
 - Hyderabad continues to thrive as one of the fastest-growing cities in the country, attracting attention for its outstanding quality of life, strong infrastructure, and a consistent influx of top-tier talent and corporate entities. The city's growth-focused state policies, complemented by a favorable track record in execution, firmly establish its standing as one of the most business-friendly cities in the nation. Notably, it boasts some of the best office parks with consistently steady rentals, further enhancing its appeal for occupiers.

BUSINESS DISTRICT CLASSIFICATION

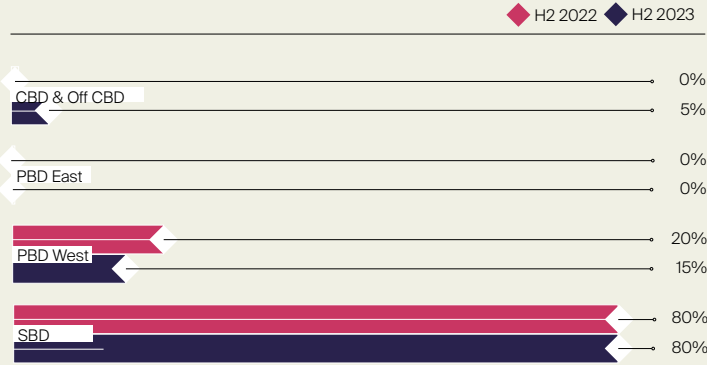
Business district	Micro markets
Central Business District (CBD and off CBD)	Banjara Hills, Jubilee Hills, Begumpet, Ameerpet, Somajiguda, Himayat Nagar, Raj Bhavan Road, Punjagutta
Suburban Business District (SBD)	HITEC City, Kondapur, Manikonda, Kukatpally, Raidurg
Peripheral Business District (PBD)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

HYDERABAD OFFICE MARKET VACANCY



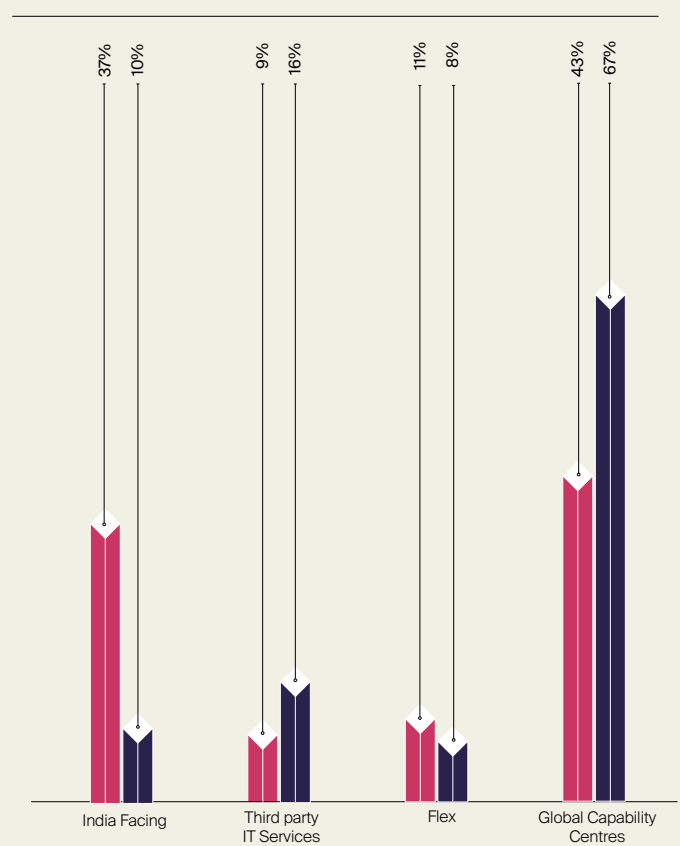
Source: Knight Frank Research

BUSINESS DISTRICT WISE TRANSACTIONS SPLIT IN H2 2022 AND H2 2023



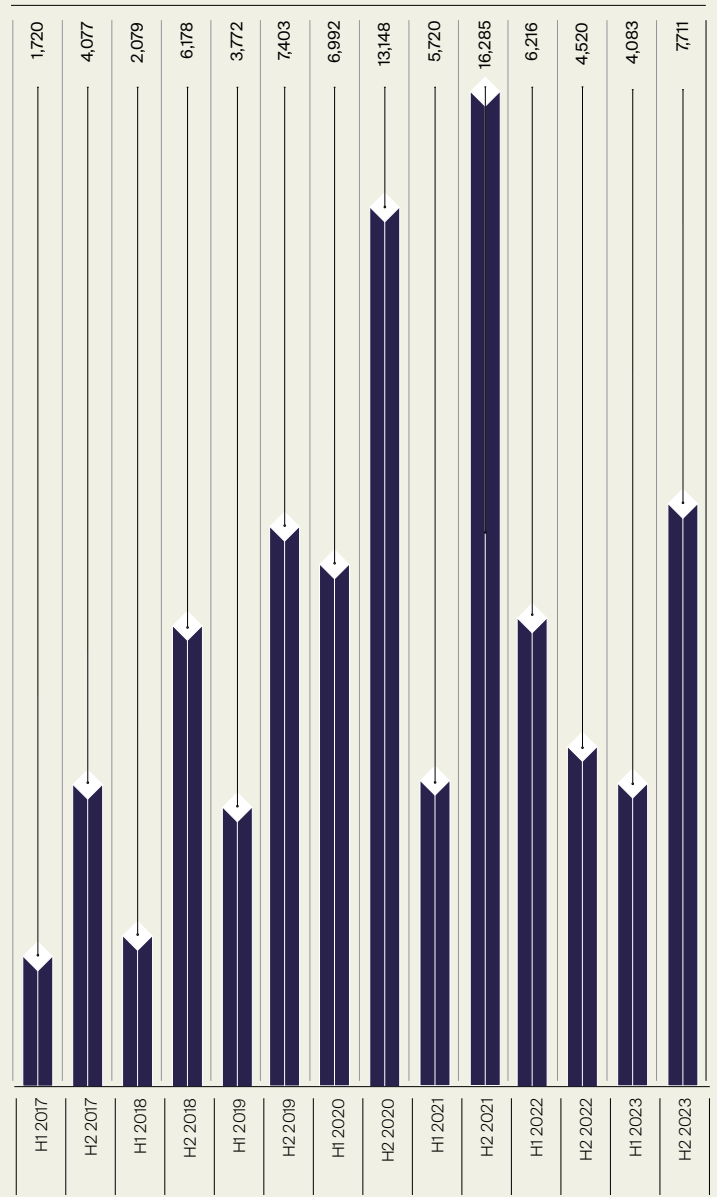
Source: Knight Frank Research

END-USE SPLIT OF TRANSACTIONS IN H2 2022 AND H2 2023



The highest share of GCC transactions in H2 2023 when compared to other markets.

AVERAGE DEAL SIZE TREND



BUSINESS DISTRICT-WISE RENTAL MOVEMENT

	Rental value range in H2 2023 in INR/sq m/month (INR/sq ft/month)	12-month change	6-month change
CBD and Off-CBD	592-646 (55-60)	1%	0%
SBD	732-807 (68-75)	2%	1%
PBD West	592-646 (55-60)	0%	0%
PBD East	323-377 (30-35)	-2%	1%

Source: Knight Frank Research

Kolkata



KOLKATA MARKET SUMMARY

Parameter	2023	2023 Change (YoY)	H2 2023	H2 2023 Change (YoY)
Launches (housing units)	15,730	28%	8,954	59%
Sales (housing units)	14,999	16%	7,675	32%
Average price in INR/sq m (INR/sq ft)	INR 38,632 (INR 3,589)	7%	-	-

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

Source: Knight Frank Research

21,417

Unsold inventory (housing units) 2023

6.1

Quarters to sell (in quarters) 2023

4%

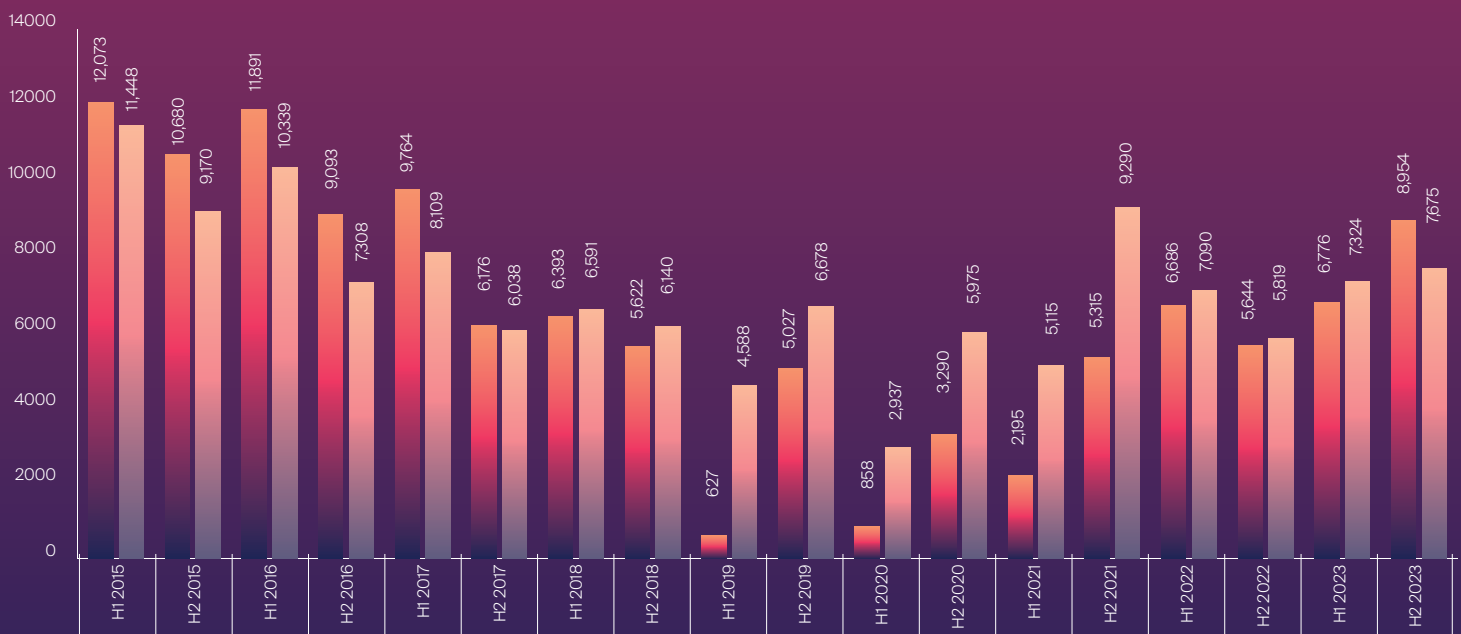
Change (YoY)

11.1

Age of unsold inventory (in quarters) 2023

LAUNCHES AND SALES TREND (NO. OF UNITS)

Launches (Units) Sales (Units)



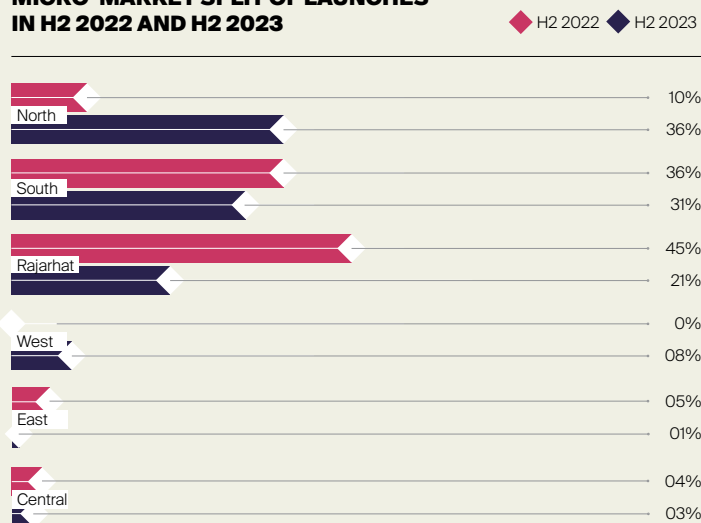
Source: Knight Frank Research

- In 2023, Kolkata's residential real estate market continued to witness strong homebuying demand encouraged by the continuation of the stamp duty rebate throughout the year. During this calendar year, 14,999 residential units were sold in the market, marking a 16% year-on-year (YoY) growth in the sales volume. This is a marked improvement over 2022 which had noted a 10% annual decline over 2021 as the price sensitive homebuyers in the city were affected by the multiple changes in repo rate in 2022. Despite the continuation of stamp duty rebate in 2022, the changes in lending costs and EMIs adversely impacted homebuying in 2022. With The Reserve Bank of India's (RBI) stance to keep repo rate stable for the larger part of calendar year 2023, sales volume shifted to an upward trajectory.
- In particular, H2 2023 witnessed a 32% annual growth over the sales volume in H2 2022. In terms of sales volume, H2 2023 is the second-best half yearly period in the past seven years. South (40%), Rajarhat (23%) and North (23%) remained the most popular micro-markets from a homebuyer perspective.
- In the past three years, the share of ticket sizes < INR 5 mn in Kolkata's total sales volume has been gradually declining. In 2023, the share of this segment reduced substantially from 62% in 2022 to 47% in 2023. High home loan rates in the past due to previous repo rate hikes impacted the homebuyer affordability in this segment. Interestingly, the share of projects with ticket sizes of INR 5-10 mn largely scaled up from 25% in 2022 to 37% in 2023. The share of residential products in > INR 10 mn category also rose from 13% in 2022 to 17% in 2023. Since the buyer profile in mid and high-end segments are less sensitive to changes in EMIs due to fluctuation in lending costs, the sales in these ticket size segments have bucked the trend noted in the < INR 5 mn segment.
- Strong homebuying demand led to a robust upswing in new residential launches in the market in 2023. New launches witnessed a 28% YoY growth over 2022 as developers launched new inventory in the market to cater to the demand surge. While both residential sales and launches witnessed a positive annual growth in 2023, the annual growth percentage in launches outpaced sales.
- On a half yearly basis too, H2 2023 recorded a strong 59% YoY growth in new launches over H2 2022. Of all the micro-markets, North Zone constituted 36% of the total units launched in H2 2023. Barasat, Madhyamgram and Sodepur witnessed launches in the northern belt during this period. South Zone (31%) and Rajarhat (21%) secured the second and third spots respectively. Locations such as Garia and New Town saw many launches in the mid segment during this period.
- Strong residential demand led to a 7% YoY increase in average residential prices in 2023. Moreover, new launches were introduced at prices higher than before by developers as the market is out of the shadow of the pandemic. Despite the strengthening of residential prices, the continuation of the stamp duty rebate will continue to provide relief to homebuyers.
- Due to a healthy growth in new launches, the unsold inventory rose by 4% YoY to 21,417 units in 2023. However, the stamp duty rebate and delivery of ready to move in inventory ensured that even older projects found significant take-up from homebuyers. This led to a decline in the age of inventory from 13.3 quarters in 2022 to 11.1 in 2023 which is indicative of improving market health.
- The quarters-to-sell (QTS) for the city remained stagnant at 6.1 in 2023. 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.
- Despite homebuying demand skewed in favor of products > INR 10 mn, the QTS for this ticket-size segment stands at 8.2 which is marginally higher than the market level QTS of 6.1 as indicated above. This is largely because of a significant increase of 87% in the unsold inventory for this ticket-size segment due to a spate of new launches in the recent past.
- Kolkata's residential market will continue to benefit from the 2% stamp duty rebate and the 10% rebate in circle rates which have been further extended to 30th June 2024 to provide support to homebuyers. Continuation of incentives such as these will drive buying decisions for completed and ongoing projects in a price sensitive market like Kolkata.

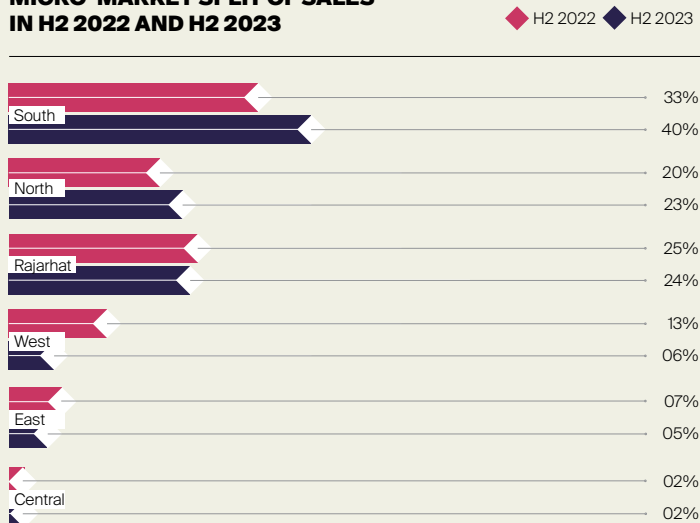
MICRO-MARKET CLASSIFICATION

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, Uttarpara, Chandan Nagar, Rajpur, Kona Expressway
South	Ballygunge, Alipore, Tollygunge, Narendrapur, Behala, Garia, Maheshtala, EM Bypass (southern parts)

MICRO-MARKET SPLIT OF LAUNCHES IN H2 2022 AND H2 2023

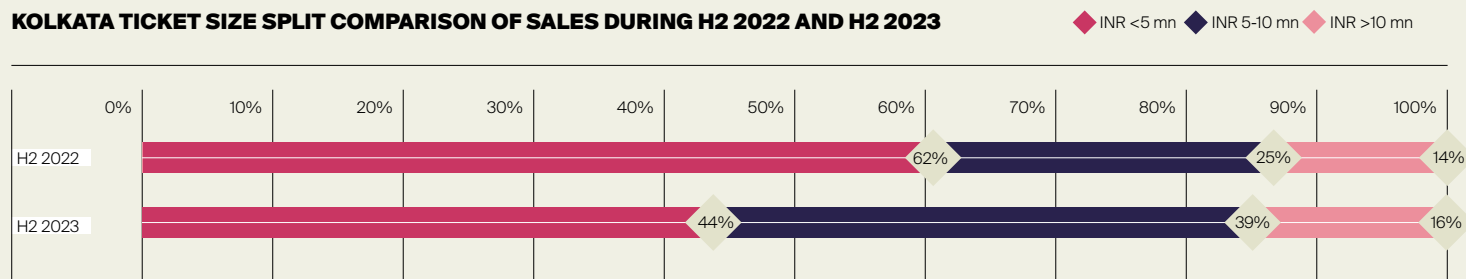


MICRO-MARKET SPLIT OF SALES IN H2 2022 AND H2 2023



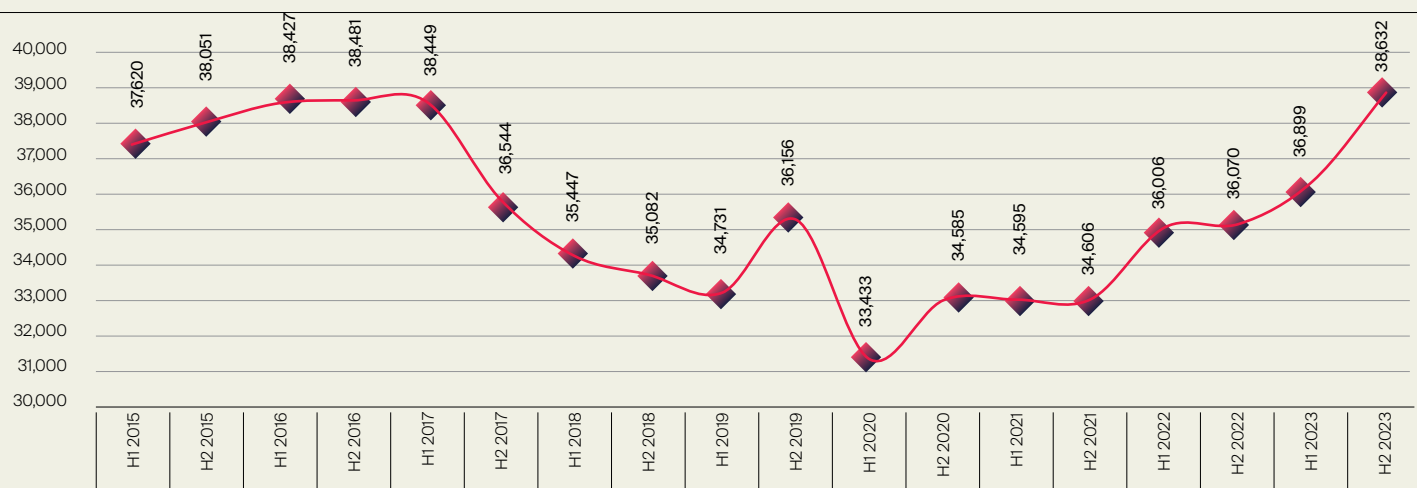
Source: Knight Frank Research

KOLKATA TICKET SIZE SPLIT COMPARISON OF SALES DURING H2 2022 AND H2 2023



Source: Knight Frank Research

AVERAGE RESIDENTIAL PRICE MOVEMENT (INR/SQ.M)



Source: Knight Frank Research

**TICKET-SIZE SEGMENT HEALTH**

Ticket-size segment (INR)	Unsold Inventory (housing units) (YoY Change)	Quarters-to-sell (QTS)
0 – 5 mn	8,717 (-27%)	4.7
5 – 10 mn	8,380 (29%)	7.7
>10 mn	4,319 (87%)	8.2

Source: Knight Frank Research

RESIDENTIAL PRICE MOVEMENT IN SELECT LOCATIONS

Micro Market	Location	Price range in H2 2023 in INR/sq m (INR/sq ft)	12 month Change	6 month Change
Central	Park Street	145,314-231,426 (13,500-21,500)	6%	6%
	Rawdon Street	107,640-215,280 (10,000-20,000)	8%	8%
East	Kankurgachi	59,202-91,494 (5,500-8,500)	2%	2%
	Salt Lake	53,820-96,876 (5,000-9,000)	12%	10%
North	Madhyamgram	27,986-39,289 (2,600-3,650)	5%	5%
	BT Road	32,292-44,132 (3,000-4,100)	1%	1%
	Jessore Road	37,674-59,202 (3,500-5,500)	2%	2%
Rajarhat	Rajarhat New Town	37,674-78,577 (3,500-7,300)	4%	4%
South	Ballygunge	87,188-209,898 (8,100-19,500)	1%	1%
	Tollygunge	55,973-159,307 (5,200-14,800)	2%	2%
	Behala	34,445-49,514 (3,200-4,600)	0%	0%
	Narendrapur	27,986 -48,976 (2,600-4,550)	0%	0%

MICRO-MARKET HEALTH

Micro-market	Unsold Inventory (housing units) (YoY Change)	Quarters-to-sell (QTS)
Central	252 (52%)	4.7
East	396 (-63%)	1.7
North	6,918 (39%)	9.4
Rajarhat	8,288 (6%)	10.5
South	4,614 (-21%)	3.6
West	950 (13%)	2.5

Source: Knight Frank Research



Kolkata Office Market

KOLKATA MARKET SUMMARY

Parameter	2023	2023 Change (YoY)	H2 2023	H2 2023 Change (YoY)
Completions in mn sq m (mn sq ft)	0.1 (0.8)	332%	0.1 (0.8)	-
Transactions in mn sq m (mn sq ft)	0.1 (1.4)	20%	0.1 (0.8)	44%
Average transacted rent in INR/sq m/month (INR/sq ft/month)	414 (38.5)	11%	-	-

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

3.1 (33.3)

2023 Stock mn sq m (mn sq ft)

39.6%

2023 Vacancy (%)

3%

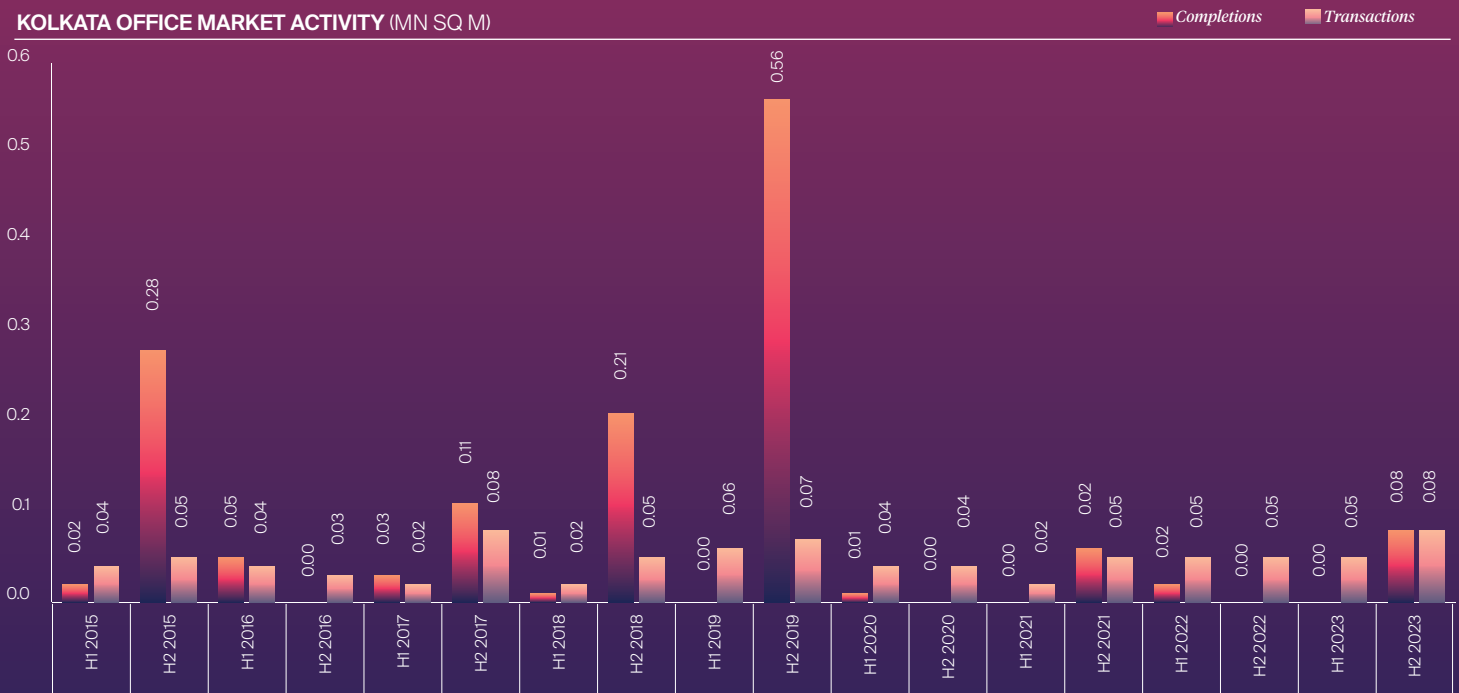
2023 Change (YoY)

235

basis points decrease

2023 Change (YoY)

KOLKATA OFFICE MARKET ACTIVITY (MN SQ M)



Source: Knight Frank Research

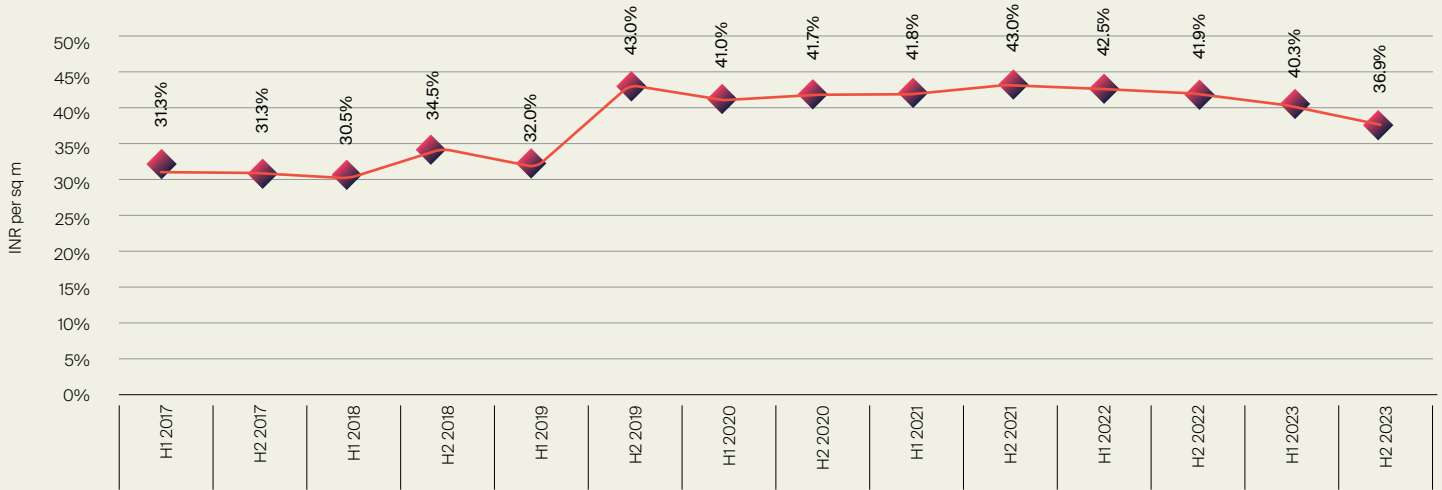
- For Kolkata's office market, 2023 can be considered as one of the most remarkable calendar years witnessing a 9 year high in office leasing transactions. Driven by strong occupier interest from diverse sectors, 0.1 mn sq m (0.14 mn sq ft) of office spaces was leased in the city which also marks a 20% year-on-year (YoY) growth over 2022. In half yearly terms, H2 2023 leasing volume grew by 44% over H2 2022. For Kolkata, this is the highest half-yearly transaction volume recorded in the past two years.
- The peripheral business district of Salt Lake City (PBD-1) maintained its firm position as the cynosure of occupier interest during H2 2023 accounting for 78% of Kolkata's total leasing volume. Suburban business district (SBD -2 Rashbehari Connector) comprised 17% of the city's leasing and CBD and Off CBD business districts accounted for 6% of the total. SBD-2 (Rashbehari Connector)'s share has expanded from 6% in H2 2022 to 17% in H2 2023 as this business district witnessed many healthcare, e-commerce, media and logistics sector occupiers establish office footprint in locations such as Anandpur on Eastern Metropolitan Bypass, amongst others.
- In terms of the end-use split of office spaces transacted, the share of India facing businesses which was limited to 55% in H2 2022 has expanded to 72% in H2 2023. The share of this end-use segmentation has been strengthening in the wake of a strong domestic economic environment which has led to a focus on serving India based businesses and clients locally. Global Capability Centres (GCC) accounted for one-fifth of the overall leasing in H2 2023. The share of flex space occupiers remained stable at 8% in both H2 2022 and H2 2023.
- In 2023, 0.08 mn sq m (0.8 mn sq ft) of new office space completions became available in Kolkata. This is the highest volume of office space completions in the past five years in the city. This entire volume came on the block in the second half of the year in PBD-2 (Rajarhat New Town) and CBD & Off CBD business districts. 76% of new office completions were in Rajarhat New Town while the remainder was in CBD & Off CBD. Infusion of this new office supply in Rajarhat New Town will give more affordable options to occupiers who are looking at establishing or expanding office space footprint in Kolkata.
- Driven by strong leasing, Kolkata's office space vacancy declined by 235 basis points compared to the year ago period. From 41.9% in 2022, office space vacancy reduced to 39.6% at the end of 2023. In particular, it declined from 42.7% in 2019 to sub-forty percent levels for the first time in the past four years. Despite this significant decrease, Kolkata continues to record the second highest vacancies in India's top eight markets, after Ahmedabad. If office leasing holds steady in 2024 and speculative office completions remain absent, the office space vacancy will reduce further.
- The average office space rents have increased by 11% YoY in 2023 largely due to high demand for office spaces in Salt Lake City Sector V which accounts for a substantial volume of office space leasing sequentially. Quality office spaces in this business district have become expensive due to limited space options and desired tenant profile. Rajarhat New Town has also witnessed strong rent growth in 2023 as it has emerged as the second-best option for office space occupiers in Kolkata over the years.



BUSINESS DISTRICT CLASSIFICATION

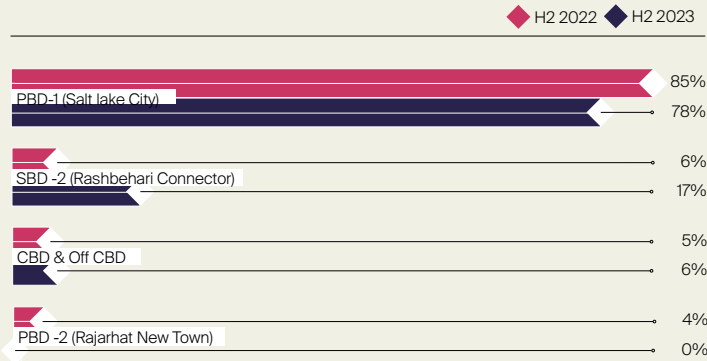
Business district	Micro markets
Central Business District (CBD) and Off CBD	Park Street, Camac Street, Theatre Road, AJC Bose Road, Elgin Road, Rabindra Sadan, Esplanade, Lenin Sarani, S N Banerjee Road, Central Avenue, Dalhousie Square, Mangoe Lane, Brabourne Road, Chandni Chowk, Rawdon Street, Loudon 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	HITEC City, Kondapur, Manikonda, Kukatpally, Raidurg
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

KOLKATA OFFICE MARKET VACANCY



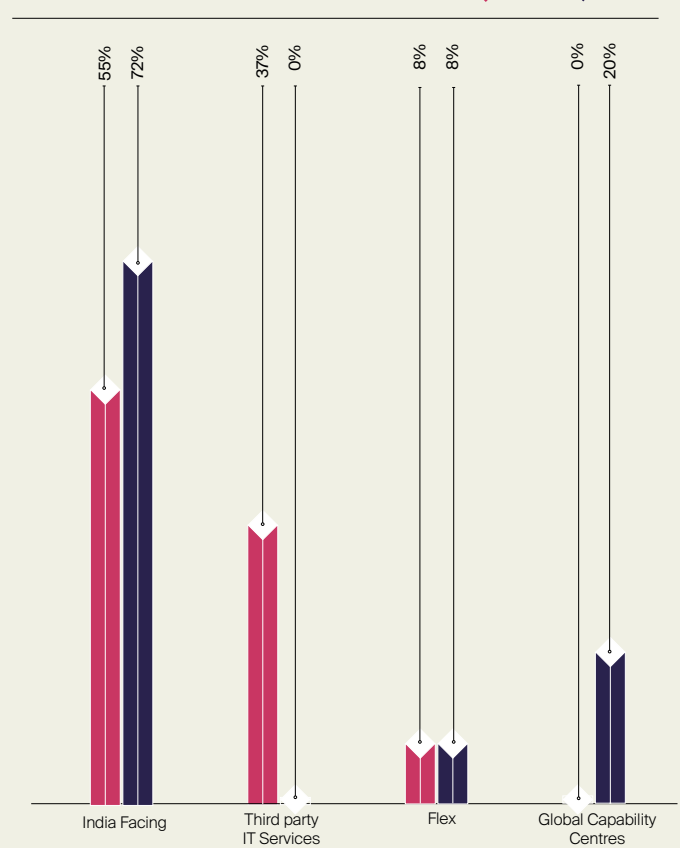
Source: Knight Frank Research

BUSINESS DISTRICT WISE TRANSACTIONS SPLIT IN H2 2022 AND H2 2023



Source: Knight Frank Research

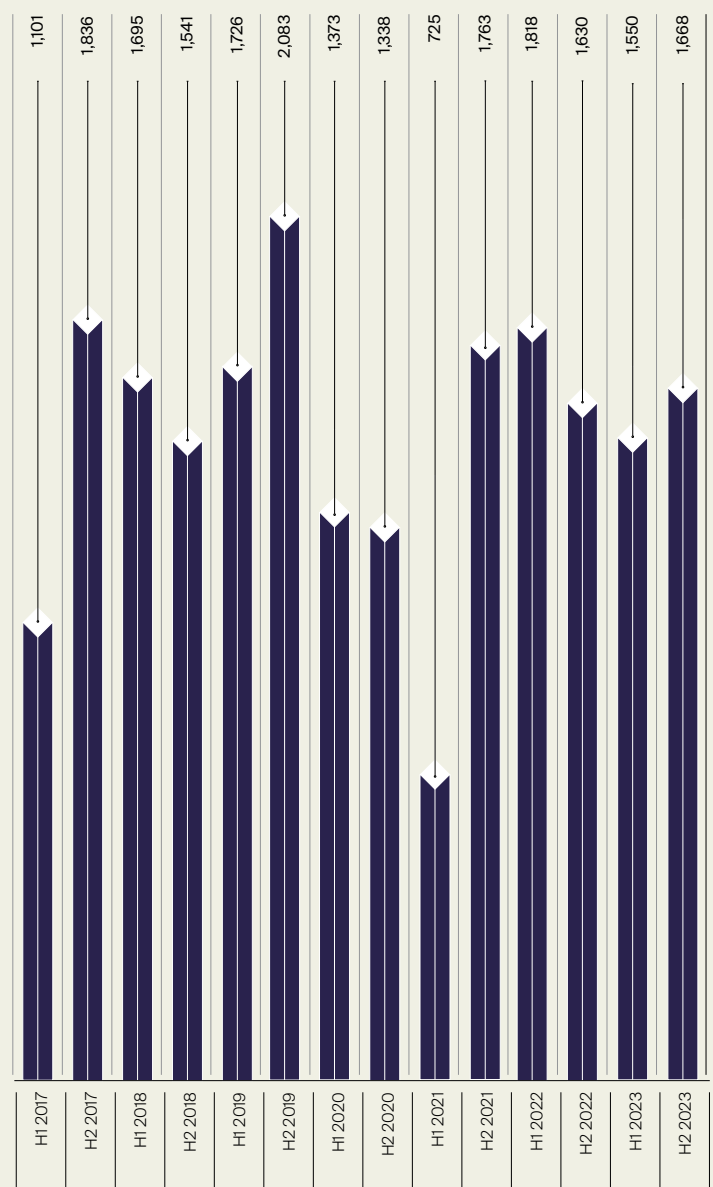
END-USE SPLIT OF TRANSACTIONS IN H2 2022 AND H2 2023



Source: Knight Frank Research



AVERAGE DEAL SIZE TREND (SQ M)



BUSINESS DISTRICT-WISE RENTAL MOVEMENT

	Rental value range in H2 2023 in INR/ sq m/month (INR/sq ft/month)	12-month change	6-month change
CBD & Off CBD	700-1,023 (65-95)	0%	0%
SBD-I (Park Circus Connector)	538-753 (50-70)	0%	0%
SBD-II (Rashbehari Connector)	538-915 (50-85)	0%	0%
PBD-I (Salt Lake City)	323-624 (30-58)	14%	4%
PBD-II (Rajarhat New Town)	269-517 (25-48)	11%	6%

Source: Knight Frank Research

Mumbai



MUMBAI MARKET SUMMARY

Parameter	2023	2023 Change (YoY)	H2 2023	H2 2023 Change (YoY)
Launches (housing units)	93,051	3%	42,505	-1%
Sales (housing units)	86,871	2%	46,073	12%
Average price in INR/sq m (INR/sq ft)	INR 84,849 (INR 7,883)	7%	-	-

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

Source: Knight Frank Research

165,395

Unsold inventory (housing units) 2023

7.7

Quarters to sell (in quarters) 2023

4%

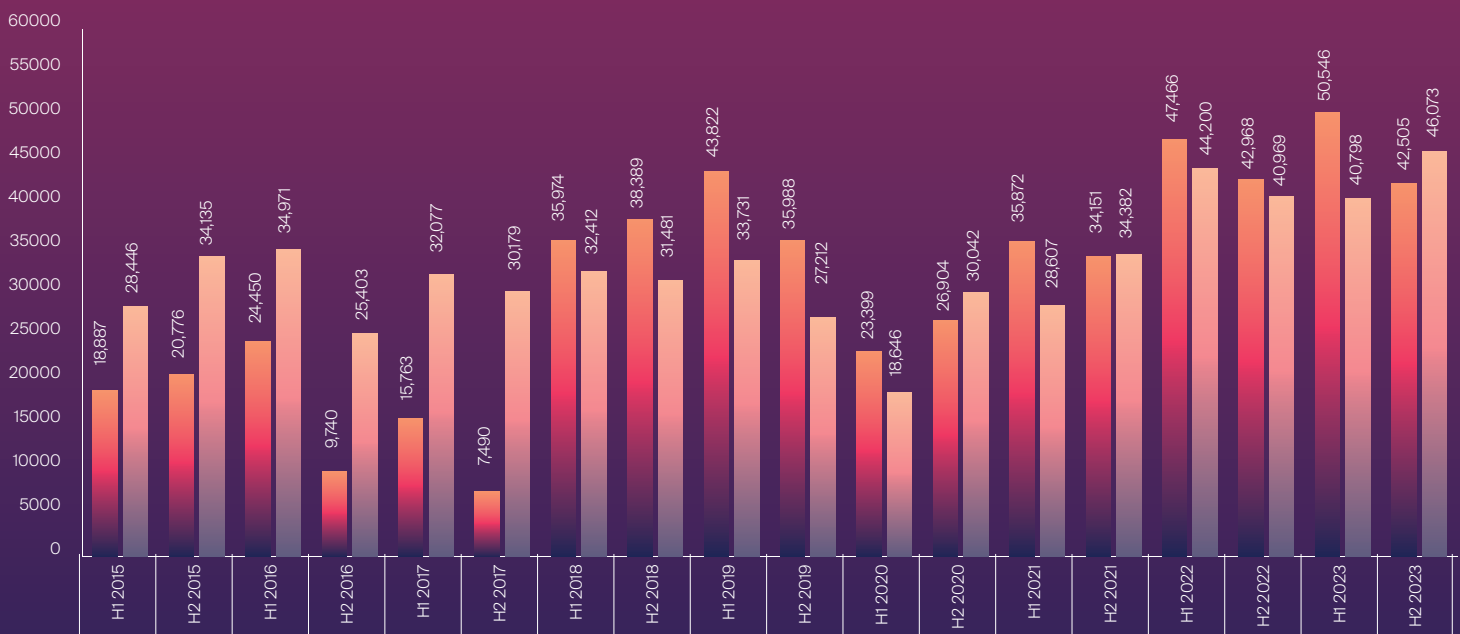
Change (YoY)

17.8

Age of unsold inventory (in quarters) 2023

LAUNCHES AND SALES TREND (NO. OF UNITS)

Launches (Units) Sales (Units)



Source: Knight Frank Research

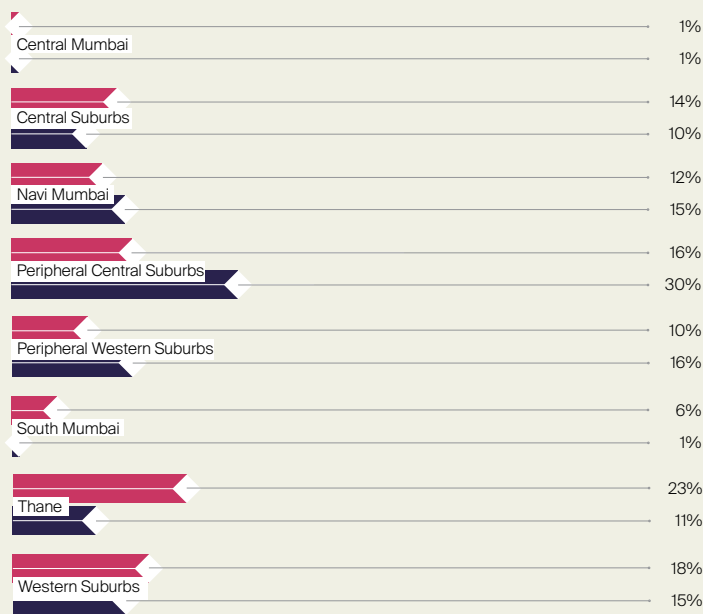
- The Mumbai real estate market in 2023 exhibited robust growth despite global challenges. It retained its status as the leading market, recording the sale of 86,871 units, marking the highest sales volume in the past eleven years. This upsurge in sales was propelled by a positive economic outlook, increased disposable income among home buyers, a shift in preference for larger homes, and a fear of missing out on purchasing property in the largest real estate market amidst consistent price escalations.
- Sales during H2 2023 improved at a faster rate, growing at 12% YoY compared to the first half, primarily driven by heightened demand during festive periods such as Navratri, Dussehra, and Diwali. Traditionally, these festive seasons witness increased real estate activities due to positive sentiments, combined with developer strategies of launching new projects and offering attractive payment plans.
- The momentum of new project launches remained strong as developers displayed confidence in the market potential. The residential market in Mumbai saw the launch of 93,051 new units in 2023, the highest since 2014. In H2 2023, the city witnessed over 42,505 unit launches, showcasing a slight decline of 1% YoY, potentially influenced by developers concentrating on reducing existing inventory.
- Approximately 66% of the new supply added during H2 2023 was observed in suburban markets like the Peripheral Central Suburbs, Western Suburbs, Thane, and Central Suburbs. Among these, the Peripheral Central Suburbs contributing 30% of the total, witnessed the highest number of launches.
- In H2 2023, a significant portion of properties transacted in Mumbai belonged to the less than INR 5 mn ticket size category. Despite this, the share decreased from 48% in H2 2022 to 44% in H2 2023. There was also a noticeable shift towards the INR 5-10 mn category, as the share declined to 25% compared to 33% in H2 2022. The >INR 10 mn category witnessed an increase in share from 20% in H2 2022 to 31% in H2 2023 due to rising demand for larger homes amid escalating prices.
- Residential property prices demonstrated an upward movement in H2 2023 rising by 7% YoY, with sustained high demand enabling developers to implement price hikes.
- Despite a 4% YoY increase in unsold inventory in H2 2023 due to a substantial supply influx, the QTS decreased from 8.6 quarters in H2 2022 to 7.7 quarters in H2 2023. This reduction indicates a quicker pace of property sales, suggesting the market is efficiently absorbing available inventory.
- The Mumbai residential market is poised to maintain its positive trajectory, buoyed by strong consumer demand. Factors such as ongoing infrastructural development projects, rising affluence, and evolving consumer preferences are anticipated to drive continued demand in the foreseeable future.

MICRO-MARKET CLASSIFICATION

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

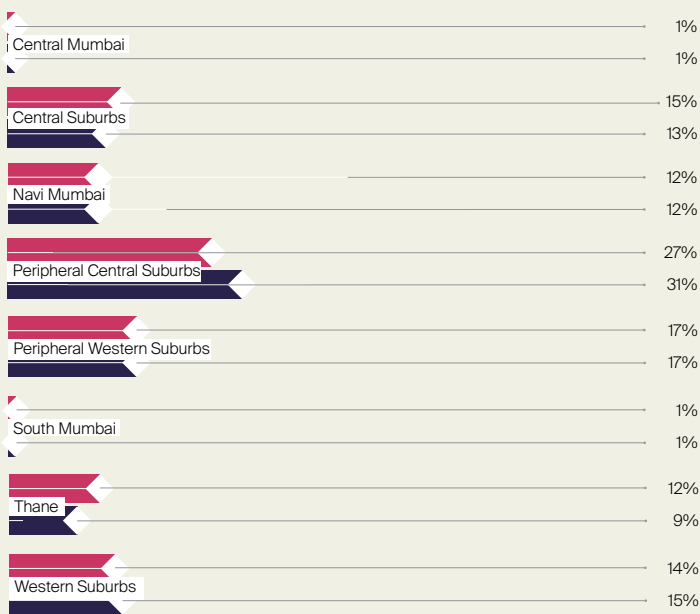
MICRO-MARKET SPLIT OF LAUNCHES IN H2 2022 AND H2 2023

◆ H2 2022 ◆ H2 2023



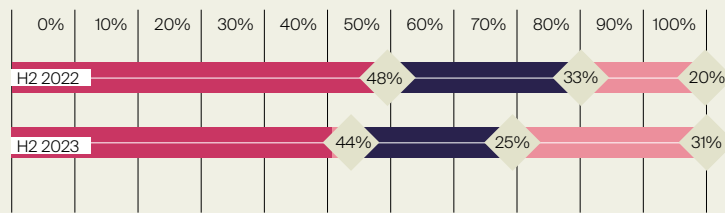
MICRO-MARKET SPLIT OF SALES IN H2 2022 AND H2 2023

◆ H2 2022 ◆ H2 2023



MUMBAI TICKET SIZE SPLIT COMPARISON OF SALES DURING H2 2022 AND H2 2023

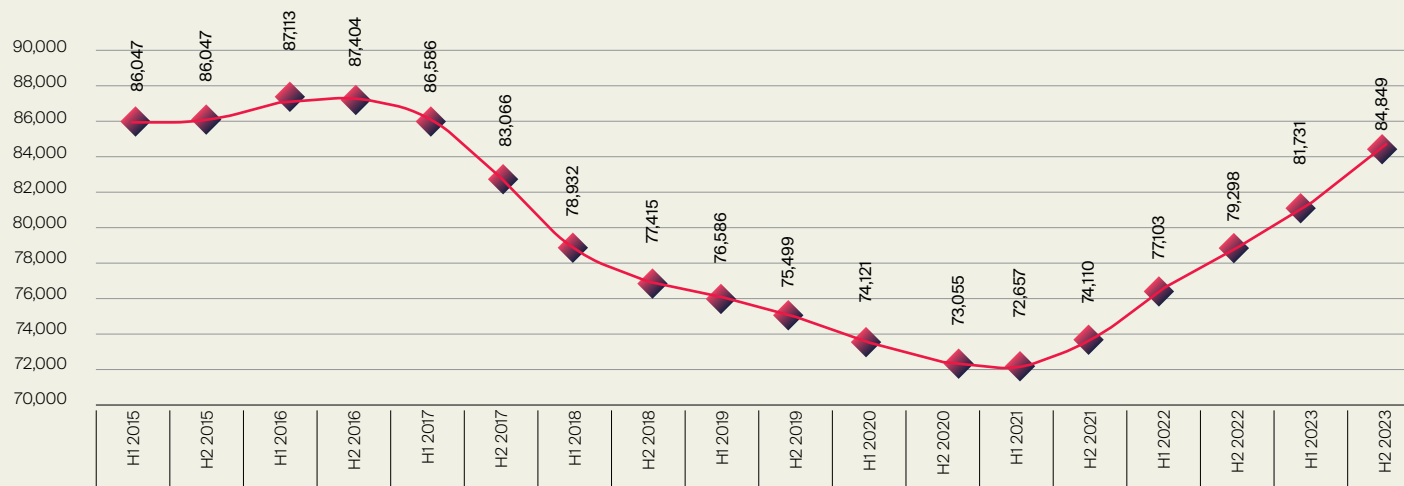
◆ <5 mn ◆ 5-10 mn ◆ >10 mn



TICKET-SIZE SEGMENT HEALTH

Ticket-size segment	Unsold Inventory (housing units) (YoY Change)	Quarters-to-sell (QTS)
0 - 5 mn	80,058 (-2%)	7.9
5 - 10 mn	38,707 (14%)	6.2
>10 mn	46,630 (7%)	9.0

AVERAGE RESIDENTIAL PRICE MOVEMENT (INR/SQ M)



Source: Knight Frank Research

RESIDENTIAL PRICE MOVEMENT IN SELECT LOCATIONS

Micro Market	Location	Price range in H2 2023 in INR/sq m (INR/sq ft)	12 month Change	6 month Change
Central Mumbai	Lower Parel	279,864-403,004 (26,000-37,440)	4%	1%
	Worli	615,701-839,592 (57,200-78,000)	4%	2%
Central Suburbs	Ghatkopar	135,626-248,648 (12,600-23,100)	5%	2%
	Mulund	134,335-246,280 (12,480-22,880)	4%	3%
	Powai	193,967-342,295 (18,020-31,800)	6%	2%
Navi Mumbai	Panvel	43,357-85,574 (4,028-7,950)	6%	3%
	Kharghar	79,869-104,971 (7,420-9,752)	6%	2%
	Vashi	134,335-268,669 (12,480-24,960)	4%	2%
Peripheral Central Suburbs	Badlapur	32,249-51,829 (2,996-4,815)	7%	2%
	Dombivali	57,587-97,899 (5,350-9,095)	7%	2%
Peripheral Western Suburbs	Mira Road	69,751-106,951 (6,480-9,936)	8%	3%
	Virar	57,587-82,926 (5,350-7,704)	7%	2%
South Mumbai	Tardeo	456,394-684,590 (42,400-63,600)	6%	2%
Thane	Ghodbunder Road	68,459-136,918 (6,360-12,720)	6%	2%
	Naupada	158,231-271,253 (14,700-25,200)	5%	2%
Western Suburbs	Andheri	171,148-296,656 (15,900-27,560)	6%	3%
	Bandra(W)	575,874-806,224 (53,500-74,900)	7%	2%
	Borivali	162,752-290,628 (15,120-27,000)	8%	3%
	Dahisar	103,657-184,280 (9,630-17,120)	7%	3%
	Goregaon	151,127-279,003 (14,040-25,920)	8%	3%

MICRO-MARKET HEALTH

Micro-market	Unsold Inventory (housing units) (YoY Change)	Quarters-to-sell (QTS)
Central Mumbai	7,136 (-4%)	22.2
Central Suburbs	31,786 (-6)	10.1
Navi Mumbai	30,397 (16%)	11.5
Peripheral Central Suburbs	6,481 (-48%)	1.1
Peripheral Western Suburbs	7,021 (-26%)	1.9
South Mumbai	5,982 (11%)	29.0
Thane	37,948 (22%)	16.2
Western Suburbs	38,644 (14%)	12.5
Total	165,395 (4%)	7.7



Mumbai Office Market

MUMBAI MARKET SUMMARY

Parameter	2023	2023 Change (YoY)	H2 2023	H2 2023 Change (YoY)
Completions				
in mn sq m (mn sq ft)	0.28 (3.1)	51.6%	0.16 (1.7)	66.7%
Transactions				
in mn sq m (mn sq ft)	0.69 (7.4)	16.3%	0.39 (4.2)	22.8%
Average transacted rent				
in INR/sq m/month (INR/sq ft/month)	1,227 (114)	3.6%	-	-

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

14.9 (161.4)

2023 Stock mn sq m (mn sq ft)

20.4%

2023 Vacancy (%)

1.9%

2023 Change (YoY)

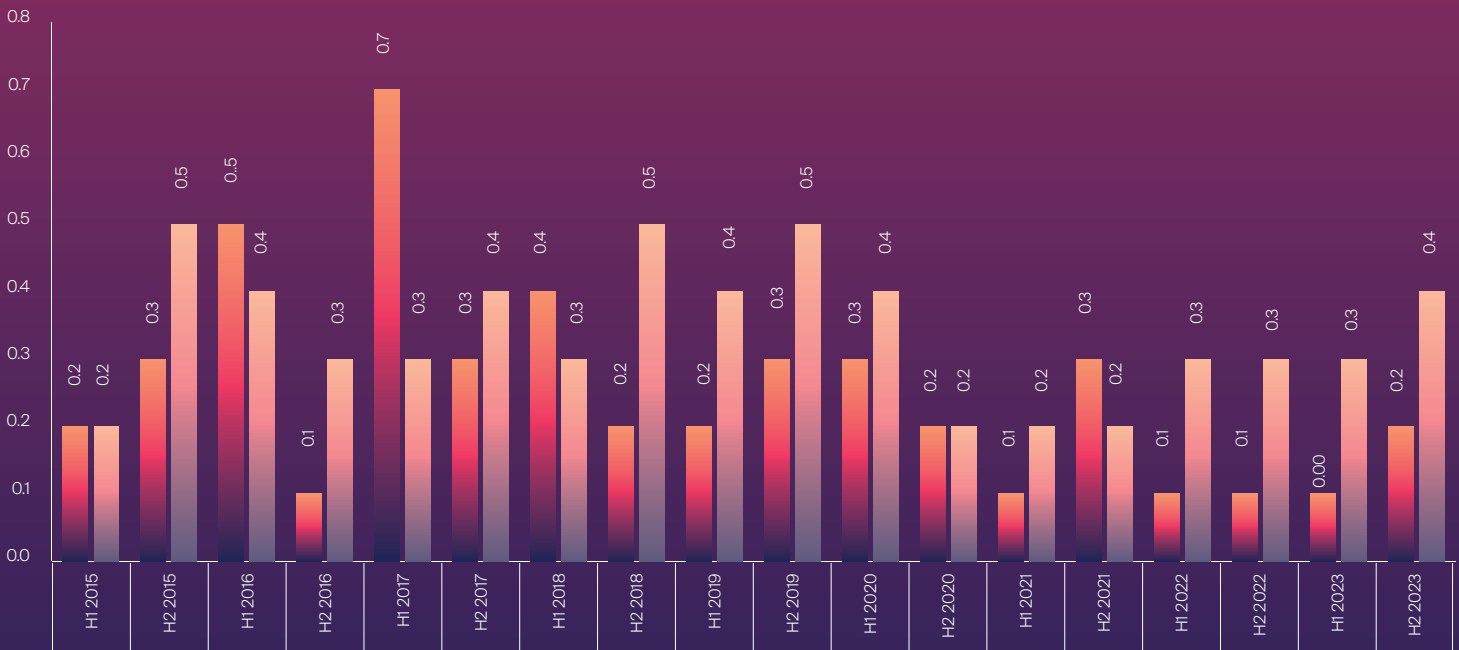
80

basis points increase

2023 Change (YoY)

MUMBAI OFFICE MARKET ACTIVITY (MN SQ M)

Completions Transactions



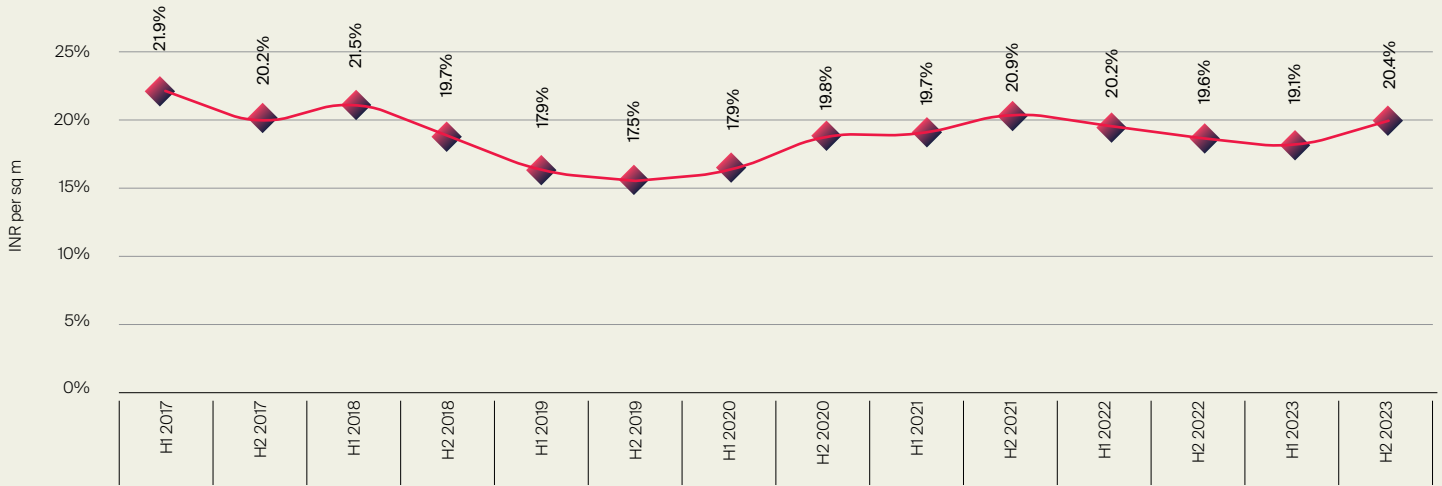
Source: Knight Frank Research

- Mumbai witnessed approximately 0.69 mn sq m (7.4 mn sq ft) of leasing, marking a 16.3% YoY increase in 2023 with a significant number of BFSI (Banking, Financial Services, and Insurance) firms dominating the leasing landscape. Mumbai's office leasing trajectory has consistently shown improvement, hitting its highest transactional volume since 2020. This upsurge in leasing activity is attributed to optimistic market sentiments and substantial investments in enhancing infrastructure. India facing businesses accounted for the majority of transactions, contributing around 80% to the overall share of transactions in 2023, while GCCs (Global Capability Centres) followed as the second-highest contributors, making up 10% of the total transactions.
- In the second half of 2023, Mumbai witnessed around 0.39 mn sq m (4.2 mn sq ft) of leasing, marking a 22.8% YoY increase. The PBD and SBD Central submarkets jointly accounted for 49% of the total transactions in H2 2023.
- Number of expansion and relocation deals constituted 46% and 43% of the total transaction volume respectively in the second half of 2023. Numerous companies are actively reassessing their current space utilization and expansion strategies, with tenants progressively embracing hybrid working models to enhance the efficiency of their office spaces.
- Most transactions in the second half of 2023 were centered in the Lower Parel area, comprising a total area of 0.07 mn sq m (0.72 mn sq ft), followed by Goregaon, which recorded transactions covering an area of 0.04 mn sq m (0.40 mn sq ft). Additionally, Powai and Andheri accounted for transactions of 0.03 mn sq m (0.32 mn sq ft) each while BKC accounted for total transactions of 0.02 mn sq m (0.17 mn sq ft).
- There has been a notable surge of new supply in Mumbai due to increased office transactions and enhanced developer confidence. The total supply added during the year stood at 0.28 mn sq m (3.1 mn sq ft), indicating a robust increase of 51.6% YoY. Specifically, 0.16 mn sq m (1.7 mn sq ft) of new supply was observed in H2 2023. As transaction volumes continue to rise, it is anticipated that developers will persist in introducing new supply in the coming period.
- Most of the new supply in H2 2023 was noticed in the SBD West micro market, constituting 40% of the total, followed by PBD with 20%.
- Rents in the Mumbai office market have consistently risen indicating stable growth, post pandemic. In 2023, rents experienced a YoY growth of 3.6%. With the operationalization of Metro 2A and 7 lines, along with improved infrastructure, it is expected that rentals will continue to improve.
- Due to a higher number of completions of new projects in 2023, the vacancy rate increased by 80 basis points to 20.4% in H2 2023.
- Occupier sentiments in the country's commercial capital remain optimistic in H2 2023 as the economic environment steadily improves and physical occupancy levels rise. The steady improvement in transaction volumes and rents since the pandemic signifies strength and resilience and this bodes well for the market as it steps into the new year.

BUSINESS DISTRICT CLASSIFICATION

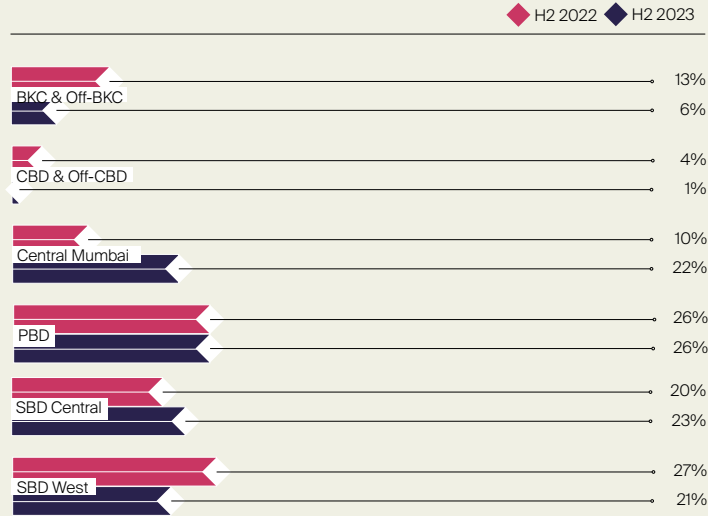
Business district	Micro markets
Central Business District (CBD and Off CBD)	Nariman Point, Cuffe Parade, Ballard Estate, Fort, Mahalaxmi, Worli
Bandra Kurla Complex & Off Bandra Kurla Complex (BKC & Off BKC)	BKC, Bandra (E), Kalina and Kalanagar
Central Mumbai	Parel, Lower Parel, Dadar, Prabhadevi
Secondary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

MUMBAI OFFICE MARKET VACANCY



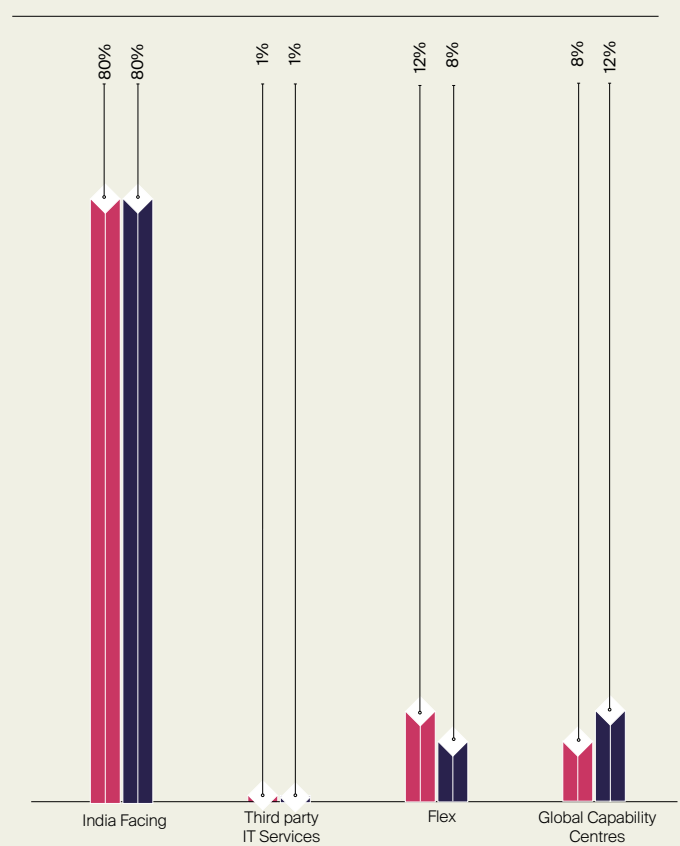
Source: Knight Frank Research

BUSINESS DISTRICT WISE TRANSACTIONS SPLIT IN H2 2022 AND H2 2023



Source: Knight Frank Research

END-USE SPLIT OF TRANSACTIONS IN H2 2022 AND H2 2023



80%
India Facing Transactions in 2023

AVERAGE DEAL SIZE TREND (SQ M)



BUSINESS DISTRICT-WISE RENTAL MOVEMENT

	Rental value range in H2 2023 in INR/sq m/month (INR/sq ft/month)	12-month change	6-month change
BKC & Off-BKC	1,894 – 3,391 (176-315)	2.5%	0.5%
CBD & Off-CBD	1,528-2497 (142-232)	2.9%	0.5%
Central Mumbai	1,184-2,153 (110-200)	3.2%	0.5%
PBD	527-969 (49-90)	3.9%	1%
SBD Central	861-1,938 (80-180)	3.6%	1%
SBD West	797-1,399(74-130)	2.7%	0.5%

Source: Knight Frank Research

NCR MARKET SUMMARY

Parameter	2023	2023 Change (YoY)	H2 2023	H2 2023 Change (YoY)
Launches (housing units)	62,649	-1%	32,911	-5%
Sales (housing units)	60,002	3%	29,888	2%
Average price in INR/sq m (INR/sq ft)	INR 51,226 (INR 4,759)	6%	-	-

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

Source: Knight Frank Research

103,603

Unsold inventory (housing units) 2023

7.0

Quarters to sell (in quarters) 2023

3%

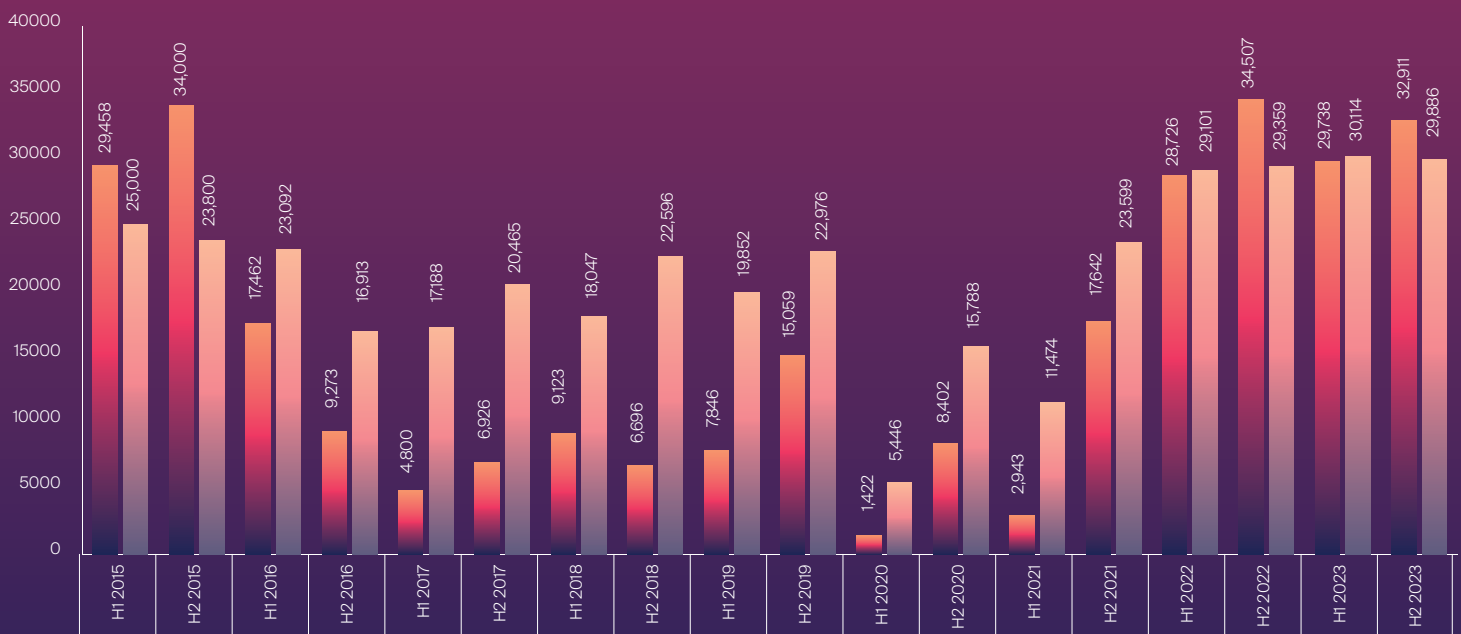
Change (YoY)

23.9

Age of unsold inventory (in quarters) 2023

LAUNCHES AND SALES TREND (NO. OF UNITS)

Launches (Units) Sales (Units)



Source: Knight Frank Research

- In 2023, the National Capital Region (NCR)'s primary residential market continued to witness unhampered growth in homebuying demand. Clocking a decadal high, 60,002 residential units were sold during the year which is the highest since 2013. However, the robust annual growth in demand witnessed in 2021 and 2022 moderated by the end of this calendar year, while still maintaining an upward trajectory. 2023's residential sales market volume registered a 3% year-on-year (YoY) growth over 2022 as the pent-up demand that arose as a byproduct of the pandemic was fulfilled already. Lack of ready to move in projects in desired locations contributed to some delay in homebuying decisions which restricted the upward momentum in sales. Despite these concerns, homebuyers continued to lap up new products by credible developers across different cities in NCR as the year drew to a close.
- In terms of half yearly sales volume, H2 2023's residential sales volume represents a 2% YoY growth over H2 2022. Reserve Bank of India's (RBI) status-quo stance on the repo rate hike cycle in 2023 coupled with a positive sentiment towards homebuying during the festive period continued to support new sales in the region. Post pandemic, buyer confidence in timely delivery of new projects has been reinstated to some extent. These factors have contributed to making H2 2023 the strongest half yearly period since H1 2013.
- Of the total units sold in H2 2023, Gurugram accounted for a 45% share. Premium segment projects in Gurugram's key locations continue to draw a substantial number of homebuyers who are looking for contemporary amenities and new addresses that are synonymous with luxury. The imminent completion of Dwarka Expressway has also given a fillip to homebuying in locations near Central Peripheral Road and Southern Peripheral Road.
- Greater Noida (27%), Noida (12%) and Ghaziabad (12%) cumulatively accounted for a 51% share of the total sales pie. The Uttar Pradesh government's stance to tackle prolonged issues with respect to stalled projects has helped to dispel legacy issues within these markets. This has helped developers attract homebuyers for newly launched projects.
- Delhi and Faridabad comprised a share of 2% each in the total sales pie as the supply of new residential projects in these primary markets remain limited.
- In contrast to residential sales, new launches remained largely stagnant in 2023 witnessing a marginal 1% YoY dip over 2022. From 63,233 units in 2022, new launches tapered off to 62,649 units in 2023. During 2023, developers continued to launch new projects to capitalise on the demand-run for new homes and focused on new land acquisitions to create a future pipeline of projects.
- In H2 2023, NCR's total launches declined by 5% over H2 2022. Gurugram accounted for 65% of the total half yearly launches as its growing peripherals received a major boost with improving connectivity, making them a hotbed for developers to expand real estate development. Noida comprised 14% of the total launches in this period as many developers launched new projects to meet the latent homebuying demand. In the past two years, many homebuyers in Noida had held off on home purchase decisions due to a lack of new project options to choose from as launches had almost dried up in the city. In H2 2022 and H1 2023, Noida had accounted for only 4% and 3% share in NCR's total launches, respectively.
- In the past two years, the share of residential products with ticket sizes > INR 10 mn in the total sales volume has consistently surged in the NCR. From 37% in 2021, the share of this category has expanded to 65% in 2023. Homebuyer preference for products priced upwards of INR 10 mn continued to remain strong as spacious homes with high-end amenities are redefining post pandemic living by high-net-worth individuals.
- The sales volume in the INR 5-10 and < 5 mn category continues to reduce as homebuyers considering purchase of these products have been more price sensitive to escalating borrowing costs due to previous repo rate revisions. For the INR 5-10 mn category, the percentage share in total sales volume has declined from 32% in 2022 to 23% in 2023. For products priced < INR 5 mn, the percentage share has shrunk from 23% to 12% in the same period. In particular, this category has been the hardest hit by the repo rate revisions as the buyer profile for such products usually look at affordable home ownership options and any changes to lending costs hampers decision-making much sooner than with other categories.
- For the past two years, upward price revision in average residential prices has continued across NCR. In 2023, the average residential prices rose by 6% YoY over 2022. This price growth is largely led by a continued homebuying spree and the launch of new inventory at higher prices. However, this price rise is lower compared to the 7% YoY percentage growth noted in 2022.
- At the end of 2023, NCR's unsold inventory rose by 3% YoY to 103,603 units. Due to many new projects being launched in the market, the available units rose by this percentage despite healthy sales velocity.
- Despite a 3% annual growth in the unsold inventory, the quarters-to-sell (QTS) scaled down from 8.6 in 2022 to 7.0 at the end of 2023. This is attributed to healthy sales velocity in this calendar year as the homebuying demand has sustained despite inflationary pressures. QTS is the number of quarters required to exhaust the existing unsold

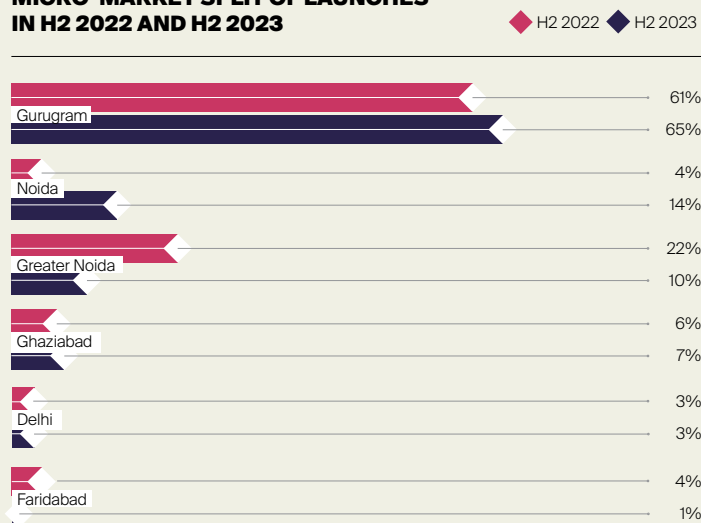
inventory in the market. The existing unsold inventory is divided by the average sales velocity of the preceding eight quarters to arrive at the QTS number at the end of the current quarter.

- Due to homebuying demand skewed in favor of products > INR 10 mn, the QTS for this ticket-size segment stands at 4.5 which is much below the market level QTS of 7.0 as indicated above. A lower QTS than the overall market signals a healthier scenario as sales velocity remains strong to support the uptake of these products. On the other hand, high QTS of 14.0 for products < INR 5 mn signifies that the unsold inventory in this segment will take nearly double the time to exhaust compared to products of all segments in NCR cumulatively.

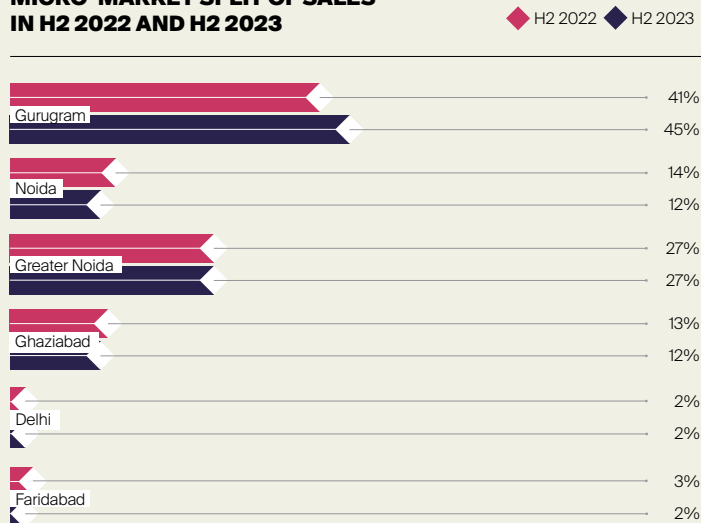
46%

YoY growth in sales of residential products above INR 10 mn in 2023

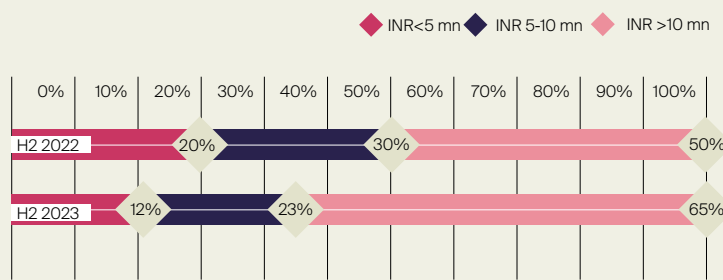
MICRO-MARKET SPLIT OF LAUNCHES IN H2 2022 AND H2 2023



MICRO-MARKET SPLIT OF SALES IN H2 2022 AND H2 2023



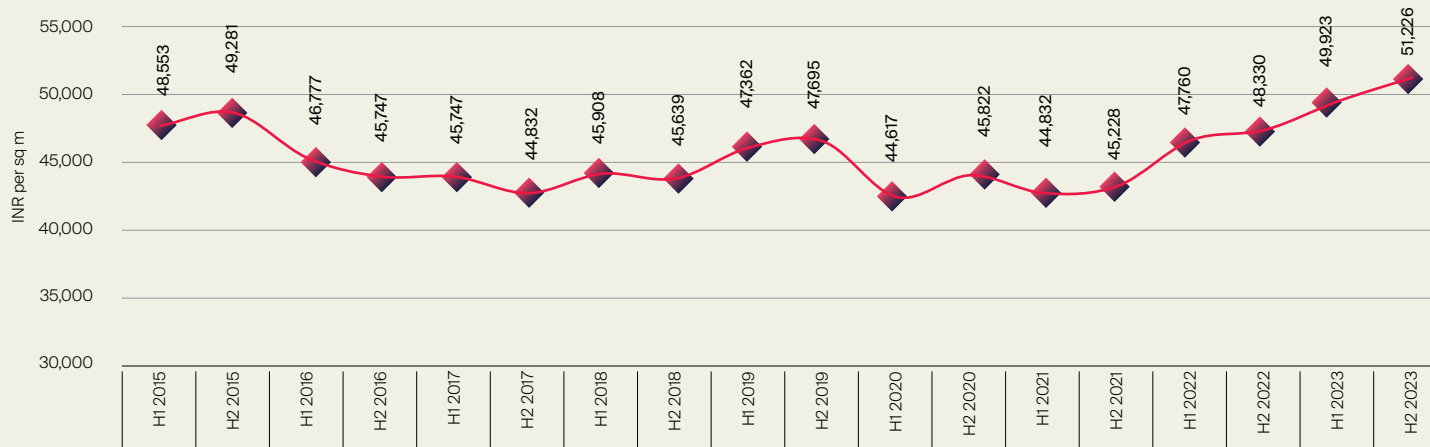
NCR TICKET SIZE SPLIT COMPARISON OF SALES DURING H2 2022 AND H2 2023



TICKET-SIZE SEGMENT HEALTH

Ticket-size segment (INR)	Unsold Inventory (housing units) (YoY Change)	Quarters-to-sell (QTS)
0 – 5 mn	36,266 (-17%)	14.0
5 – 10 mn	30,669 (-15%)	7.6
>10 mn	36,668 (72%)	4.5

AVERAGE RESIDENTIAL PRICE MOVEMENT (INR/SQ M)



Source: Knight Frank Research

RESIDENTIAL PRICE MOVEMENT IN SELECT LOCATIONS

Micro Market	Location	Price range in H2 2023 in INR/sq m (INR/sq ft)	12 month Change	6 month Change
Delhi	Dwarka	69,966-118,404 (6,500-11,000)	6%	3%
	Greater Kailash -II	247,572-398,268 (23,000-37,000)	1%	1%
Faridabad	Sector 82	34,445-38,750 (3,200-3,600)	0%	0%
	Sector 88	33,368-36,597 (3,100-3,400)	0%	0%
Ghaziabad	NH-24 Bypass	31,217-33,960 (2,900-3,155)	0%	0%
	Raj Nagar Extension	31,754-35,812 (2,950-3,327)	0%	0%
Greater Noida	Sector 1	34,606-48,438 (3,215-4,500)	7%	3%
	Omicron 1	32,238-39,827 (2,995-3,700)	3%	0%
Gurugram	Sector 77	56,511- 80,730 (5,250-7,500)	9%	5%
	Sector 81	58,126-76,424 (5,400-7,100)	6%	2%
Noida	Sector 78	49,514-64,584 (4,600-6,000)	1%	1%
	Sector 143	45,209-54,896 (4,200-5,100)	1%	1%

MICRO-MARKET HEALTH

Micro-market	Unsold Inventory (housing units) (YoY Change)	Quarters-to-sell (QTS)
Delhi	3,212 (-)	8.9
Faridabad	2,699 (-20%)	8.4
Ghaziabad	11,402 (-25%)	6.0
Greater Noida	25,155 (-26%)	6.8
Gurugram	51,978 (47%)	8.0
Noida	9,160 (-8%)	4.5

NCR MARKET SUMMARY

Parameter	2023	2023 Change (YoY)	H2 2023	H2 2023 Change (YoY)
Completions				
in mn sq m (mn sq ft)	0.7 (7.0)	-11%	0.3 (3.1)	-43%
Transactions				
in mn sq m (mn sq ft)	0.9 (10.1)	14%	0.5 (5.0)	4%
Average transacted rent				
in INR/sq m/month (INR/sq ft/month)	917.1(85.2)	2%	-	-

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

17.5(188.9)

2023 Stock mn sq m (mn sq ft)

12.3%

2023 Vacancy (%)

4%

2023 Change (YoY)

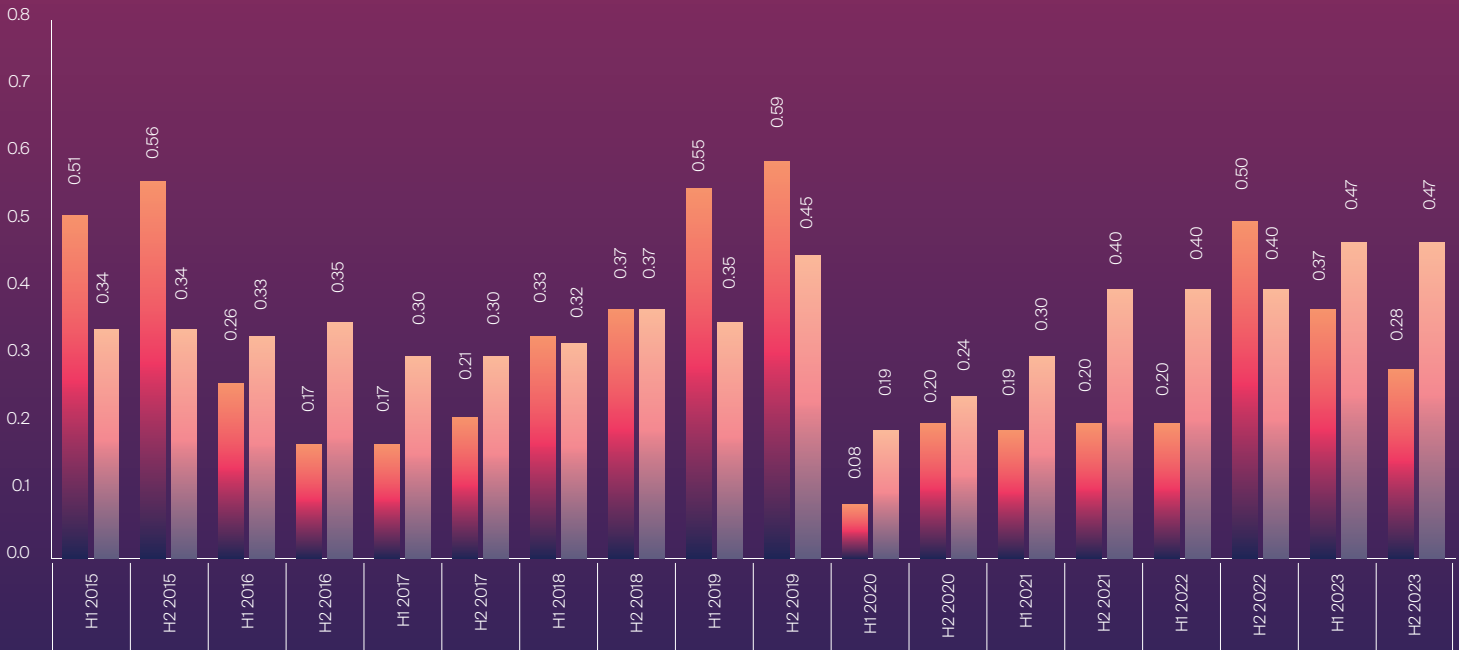
219

basis points decrease

2023 Change (YoY)

NCR OFFICE MARKET ACTIVITY (MN SQ M)

Completions Transactions



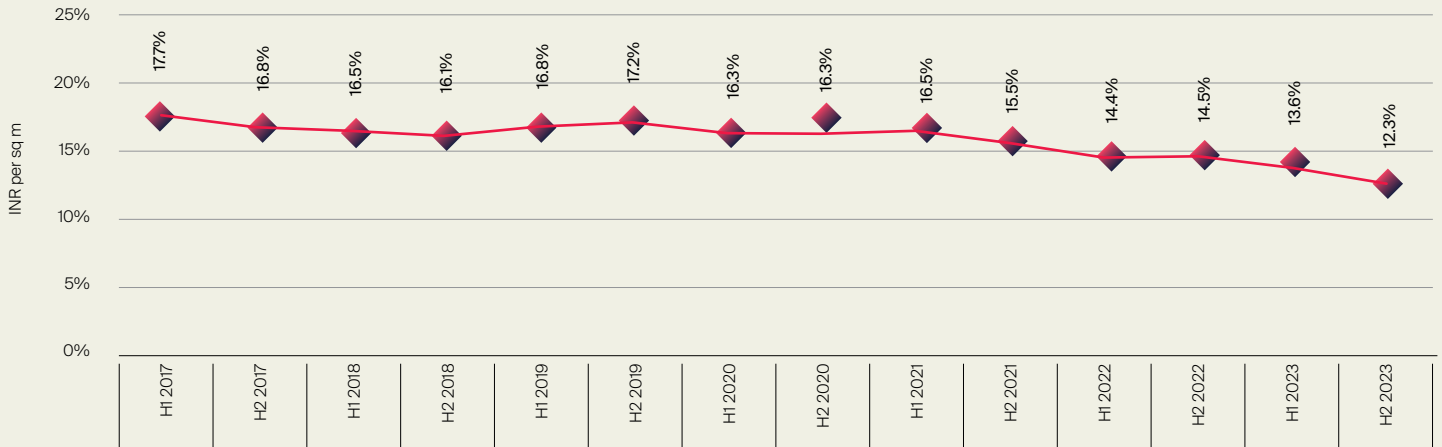
Source: Knight Frank Research

- In 2023, the National Capital Region (NCR) witnessed an unprecedented growth in office space leasing recording 0.9 mn sq m (10.1 mn sq ft) in transaction volume. Not only is 2023's gross leasing stronger by 14% over 2022, but this is also the year of a decadal high for NCR. Resilient domestic economic growth has supported occupier demand from diverse sectors and is demonstrative of a positive trend for office space absorption despite weak global cues. The growing trend of work from office has improved occupier confidence and brought traditional office formats back to the centre stage. While occupiers were skeptical towards office space expansion during the pandemic years, they are now taking a long-term view about office space occupancies which bodes well for office market health in NCR.
- In H2 2023, nearly 0.5 mn sq m (5.1 mn sq ft) office spaces were leased in the various business districts of NCR representing a 4% annual growth over H2 2022 transaction volume. While the hybrid work model still continues to exist in sectors such as Information Technology, the emergence of office space requirements from core businesses such as banking, financial services and insurance (BFSI), manufacturing, consulting and education has been strong in the second half of the year.
- Of the total volume of office spaces leased during H2 2023, Gurugram accounted for 65% share of the pie, increasing from 55% of the total in H2 2022. Noida's share has moderated from 41% of NCR's total leasing in H2 2022 to 20% in H2 2023. In H2 2022, Secondary Business District (SBD) Delhi had accounted for 3% of the total office spaces transacted in NCR. The share of this business district has grown to 11% of the total in H2 2023 on the back of demand resurgence for traditional office spaces.
- In Gurugram, DLF Cyber City, Golf Course Extension Road, NH-48, Golf Course Road and Udyog Vihar garnered a lot of occupier interest, and many deals were sealed in these five locations during this calendar year. In Noida, locations along the Noida-Greater Noida Expressway such as Sector 135, 142 as well as Sector 18 witnessed a lot of occupier interest.
- In terms of space utilisation, spaces catering to India facing operations comprised 61% of the total space followed by Global Capability Centres (GCCs) that accounted for 29% of the end usage. The remaining 10% was split between flex space occupiers (6%) and third-party IT services (4%). The share of India facing businesses and GCCs cumulatively has grown from 69% in H2 2022 to 90% in H2 2023. The share of both these end-use segments has grown substantially in the past one year as businesses focus on serving India focused clients in a growing domestic market. The strengthening GCC play in NCR is driven by the dynamics of the financial services domain and many other sectors as their role evolves beyond routine tasks to encompass innovation and cutting-edge technologies.
- In H2 2023, office space demand for flexible working space formats decelerated as the occupier outlook has shifted from scaling up temporarily to planning of office spaces strategically for the long haul. From 17% in H2 2022, the share of flex spaces has shrunk to 6% in H2 2023. Flexible space operators largely leased co-working seats in the various locations of Gurugram, followed by Noida. With the pandemic now completely out of the picture, preference for co-working spaces is getting rationalized in favour of traditional office formats. However, intrinsic demand for co-working and managed offices spaces from certain occupier segments continues, much like before the pandemic.
- In 2023, new office space completions of 0.7 mn sq m (7.0 mn sq ft) were witnessed in NCR. This is indicative of an 11% YoY degrowth as limited office buildings received occupancy certificates during the period. On a half yearly basis too, new completions in H2 2023 reduced by 43% YoY. Similar to the trend witnessed in case of office space demand, Gurugram (49%) and Noida (43%) comprised maximum infusion of new supply. A growing demand for office spaces in these cities has led to constant greenfield office space development. With growing occupier focus on ESG compliant buildings, many new office assets with sustainable focus are now coming on the block.
- Record office space leasing during 2023 led to a 219 basis points decline in vacancies in NCR to 12.3% at the end of this calendar year. If the trend of sustained occupier demand continues in 2024, we may witness further correction in office space vacancies which is good news for the overall health of NCR office market.
- In 2023, NCR's average transacted office rents witnessed a 2% YoY growth over 2022. With 2023 transaction volumes for office leasing breaching the previous record high of 2022, rents inched up on the back of reduced availability of quality spaces.
- The stupendous growth in office space demand is also clearly visible in the number of deals closed in NCR in 2023. 324 office leasing deals were closed in NCR in 2023, which is also the highest in the past six years. As the contours of NCR's business districts have expanded in the past few years, new office development and unceasing occupier interest have led to the record number of deal closures in the period under review.

BUSINESS DISTRICT CLASSIFICATION

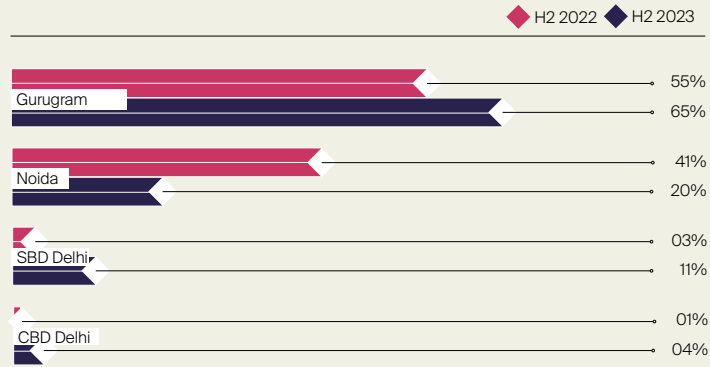
Business district	Micro markets
CBD Delhi	Connaught Place, Barakhamba Road, Kasturba Gandhi Marg and Minto Road
SBD Delhi	Nehru Place, Saket, Jasola, Bhikaji Cama Place, Mohan Cooperative, Okhla and Aerocity
Gurugram Zone A	M G Road, NH-8, Golf Course Road and Golf Course Extension Road
Gurugram Zone 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
Greater Noida	Sector Alpha, Beta, Gamma and Tech Zone

NCR OFFICE MARKET VACANCY



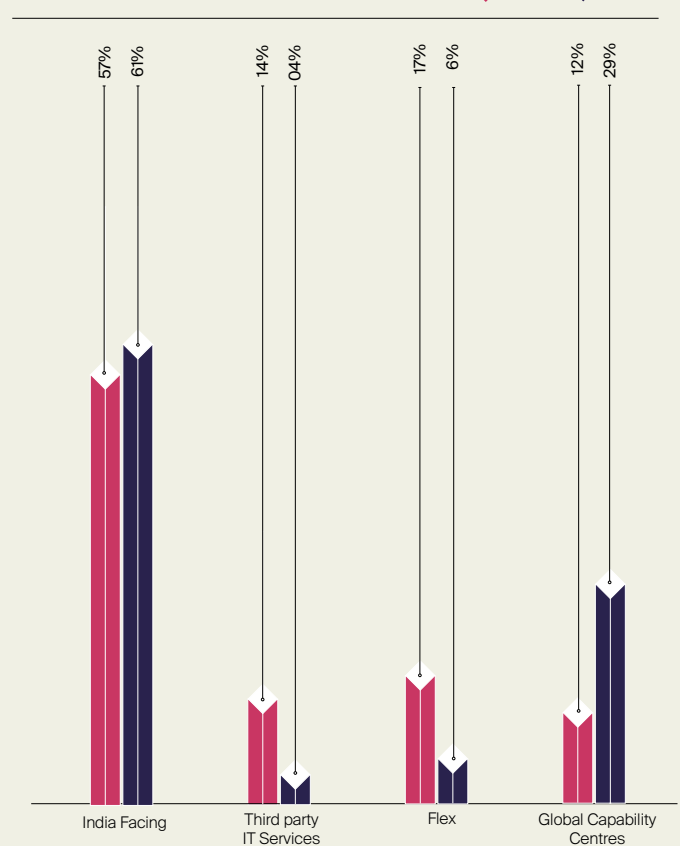
Source: Knight Frank Research

BUSINESS DISTRICT WISE TRANSACTIONS SPLIT IN H2 2022 AND H2 2023

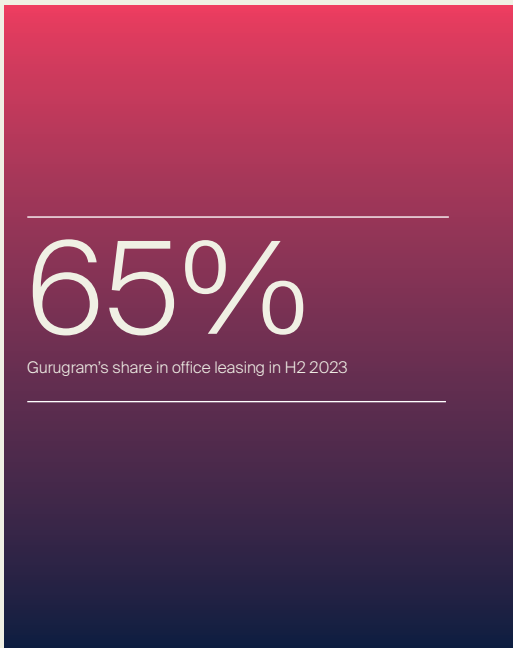


Source: Knight Frank Research

END-USE SPLIT OF TRANSACTIONS IN H2 2022 AND H2 2023



Source: Knight Frank Research



AVERAGE DEAL SIZE TREND (SQ M)



BUSINESS DISTRICT-WISE RENTAL MOVEMENT

	Rental value range in H2 2023 in INR/ sq m/month (INR/sq ft/month)	12-month change	6-month change
CBD Delhi	2,347-3,767 (218-350)	0%	0%
SBD Delhi	915-2,153 (85-200)	0%	0%
Gurugram Zone A	1,184-1,776 (110-165)	2%	1%
Gurugram Zone B	915-1,507 (85-140)	2%	2%
Gurugram Zone C	269-377 (25-35)	0%	0%
Noida	538-947 (50-88)	2%	2%
Faridabad	484-592 (45-55)	0%	0%

Source: Knight Frank Research

Pune



PUNE MARKET SUMMARY

Parameter	2023	2023 Change (YoY)	H2 2023	H2 2023 Change (YoY)
Launches (housing units)	42,437	10%	21,203	-0.2%
Sales (housing units)	49,266	13%	27,596	28%
Average price in INR/sq m (INR/sq ft)	INR 48,515 (INR 4,507)	-	-	-

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

Source: Knight Frank Research

39,214

Unsold inventory (housing units) 2023

3.4

Quarters to sell (in quarters) 2023

-15%

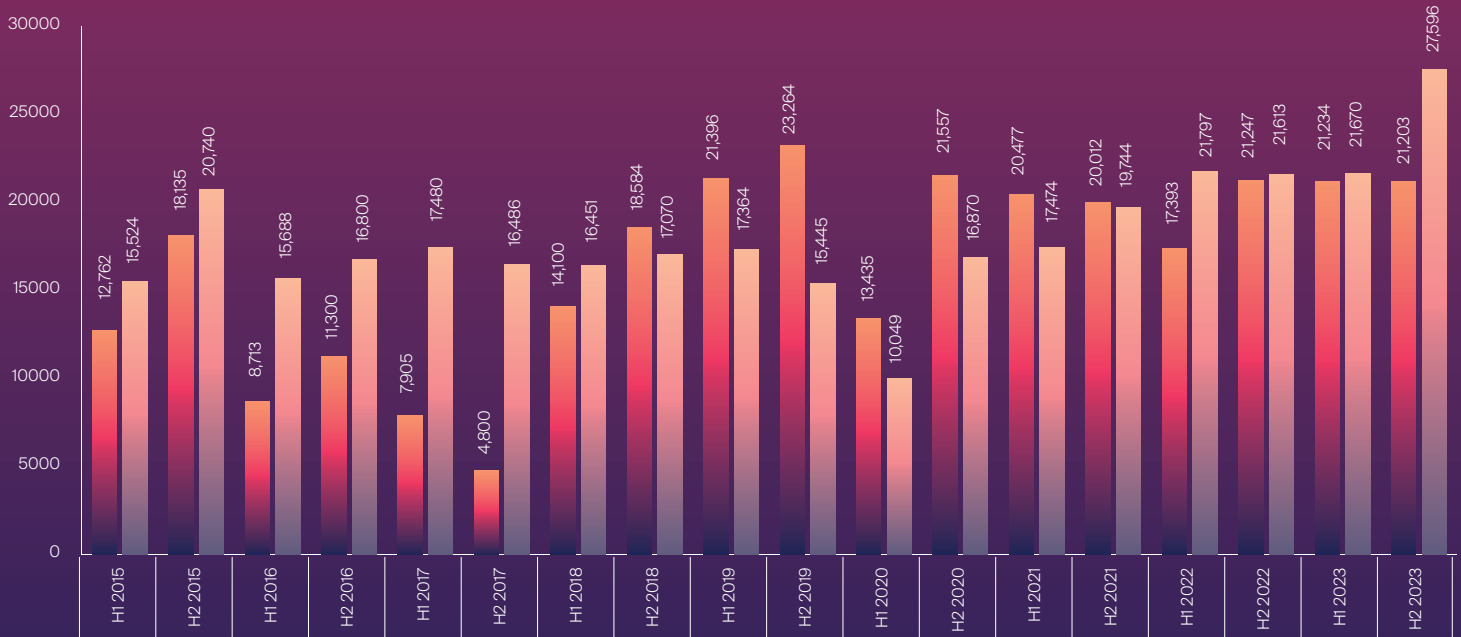
Change (YoY)

9.5

Age of unsold inventory (in quarters) 2023

LAUNCHES AND SALES TREND (NO. OF UNITS)

Launches (Units) Sales (Units)



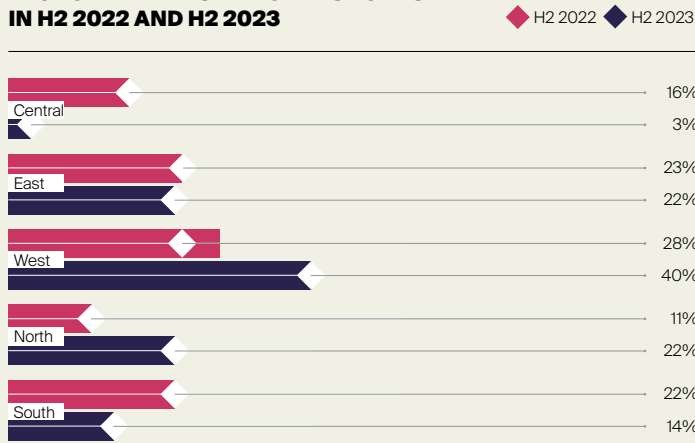
Source: Knight Frank Research

- In 2023, Pune's real estate market displayed continued growth, achieving its highest-ever residential sales figures in the last eleven years. The total sales in the Pune residential sector surged by 13% YoY to reach 49,266 units. Notably, a significant portion of homebuyers in Pune comprise migrant workers, particularly salaried employees seeking housing mortgages. Their perception of the market continues to remain positive, despite high home loan rates.
- Sales in H2 2023 soared by 28% YoY to 27,596 units, predominantly influenced by heightened demand during the festive season, especially for ready-to-move-in units and mid-segment homes.
- The number of new project launches remained robust, with Pune's residential market witnessing 42,437 units launched in 2023, marking a 10% YoY increase. Like Mumbai, there was a noticeable demand for larger homes and apartments in Pune with dedicated workspaces. Gated communities with amenities and green spaces also continued to garner increased interest.
- Pune's evolution as a thriving Information Technology hub, coupled with the government's focus on infrastructure development, has positioned the city as a crucial housing destination. Consequently, leading developers are actively pursuing opportunities in this market.
- In H2 2023, Pune saw a substantial shift in the share contribution of new project launches across zones, with the Western Zone accounting for 40% of total launches. Areas like Hinjewadi and Baner in the West Zone, near major workplaces, are expected to witness increased sales momentum as the trend of returning to office-based work grows, attracting homebuyers seeking proximity to their workplaces.
- Sales volumes in the Pune real estate market was predominantly concentrated in the West, comprising 41% of the total share, while the North and East accounted for 24% and 22% respectively. These regions emerged as key areas for substantial residential property transactions, indicating high demand and market activity.
- The sale of properties in the INR 5-10 mn ticket size category increased its share from 45% in H2 2022 to 47% in H2 2023, while properties below INR 5 mn witnessed a decline from 46% to 35% YoY in H2 2023. Additionally, properties exceeding INR 10 mn saw a significant rise in share, from 9% in H2 2022 to 18% in H2 2023, indicating a growing demand for high-value properties.
- Residential prices in Pune grew by 5% YoY in H2 2023, aligning with robust demand and allowing developers to adjust prices accordingly.
- Pune's QTS metric decreased from 4.6 quarters in H2 2022 to 3.4 quarters in H2 2023, reflecting strong market demand and rapid property sales. The reduction in the age of unsold inventory from 11.7 quarters in H2 2022 to 9.5 quarters in H2 2023 indicates increased buyer interest in both new and existing projects.

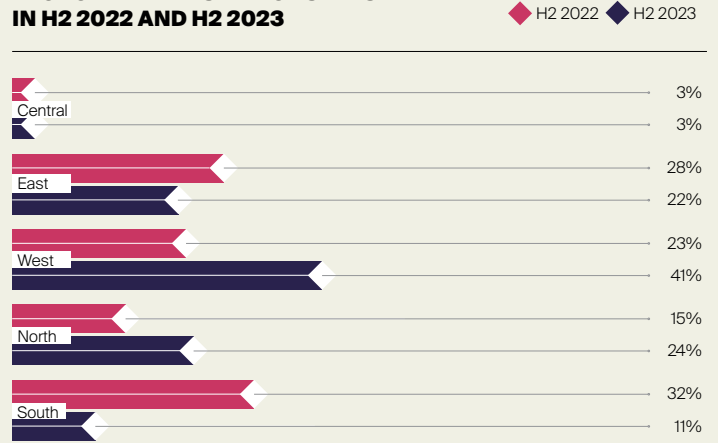
MICRO-MARKET CLASSIFICATION

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

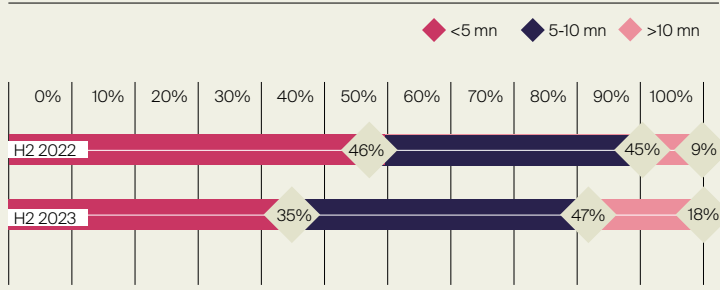
MICRO-MARKET SPLIT OF LAUNCHES IN H2 2022 AND H2 2023



MICRO-MARKET SPLIT OF SALES IN H2 2022 AND H2 2023



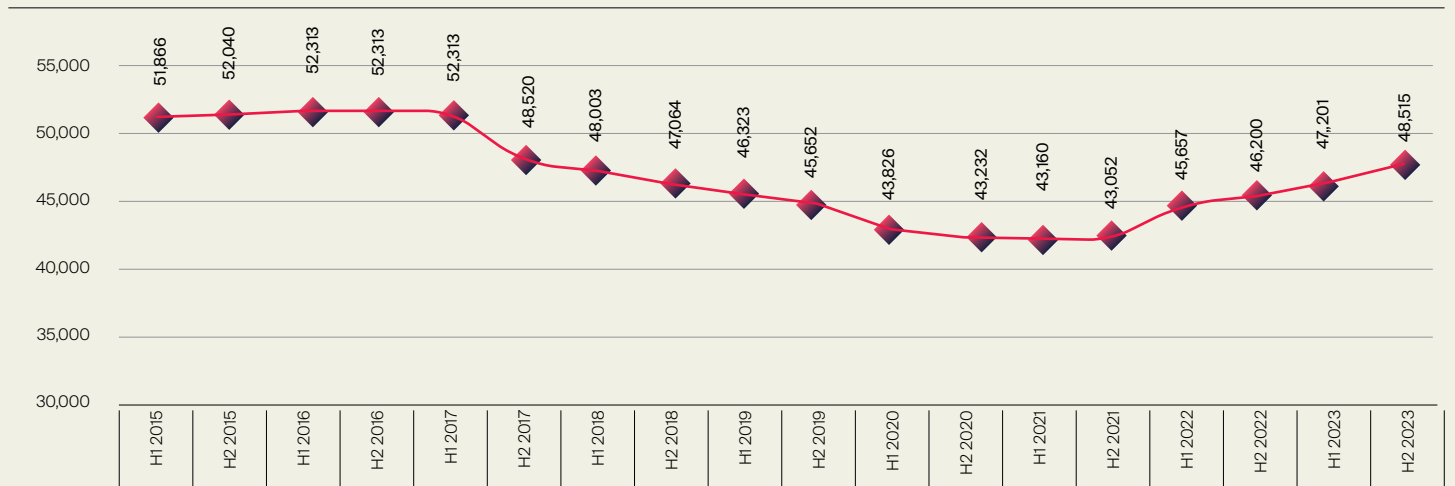
PUNE TICKET SIZE SPLIT COMPARISON OF SALES DURING H2 2022 AND H2 2023



TICKET-SIZE SEGMENT HEALTH

Ticket-size segment	Unsold Inventory (housing units) (YoY Change)	Quarters-to-sell (QTS)
0 - 5 mn	26,973 (-15%)	5.4
5 - 10 mn	4,887 (-38%)	0.9
>10 mn	7,355 (11%)	5.2

AVERAGE RESIDENTIAL PRICE MOVEMENT (INR/SQ M)



Source: Knight Frank Research

RESIDENTIAL PRICE MOVEMENT IN SELECT LOCATIONS

Micro Market	Location	Price range in H2 2023 in INR/sq m (INR/sq ft)	12 month Change	6 month Change
Central	Koregaon Park	144,130-188,478 (13,390-17,510)	3%	1%
	Kothrud	83,959-156,724 (7,800-14,560)	4%	3%
	Erandwane	152,580-203,440 (14,175-18,900)	5%	3%
	Boat Club Road	162,321-279,864 (15,080-26,000)	4%	1%
East	Kharadi	58,760-88,695 (5,459-8,240)	3%	1%
	Wagholi	39,181-61,570 (3,640-5,720)	4%	1%
	Dhanori	54,250-76,855 (5,040-7,140)	5%	2%
	Hadapsar	63,292-90,418 (5,880-8,400)	5%	2%
West	Aundh	87,317-145,529 (8,112-13,520)	4%	1%
	Baner	74,594-12,4324 (6,930-11,550)	5%	1%
	Hinjewadi	54,250-90,418 (5,040-8,400)	5%	1%
	Wakad	61,614-98,124 (5,724-9,116)	6%	1%
North	Moshi	41,022-66,522 (3,811-6,180)	3%	2%
	Chikhali	38,804-57,652 (3,605-5,356)	3%	1%
	Chakan	33,261-42,130 (3,090-3,914)	3%	2%
South	Ambegaon	49,262-76,124 (4,576-7,072)	4%	2%
	Undri	43,239-55,435 (4,017-5,150)	3%	1%
	Kondhwa	50,999-63,196 (4,738-5,871)	3%	4%

MICRO-MARKET HEALTH

Micro-market	Unsold Inventory (housing units) (YoY Change)	Quarters-to-sell (QTS)
Central	8,727 (62%)	26.6
East	9,334 (-24%)	3.1
West	16,405 (-15%)	5.0
North	4,581 (-43%)	2.2
South	100 (-90%)	0.1
Pune City	39,214 (-15%)	3.4



Pune Office Market

PUNE MARKET SUMMARY

Parameter	2023	2023 Change (YoY)	H2 2023	H2 2023 Change (YoY)
Completions				
in mn sq m (mn sq ft)	0.34 (3.6)	-45.5%	0.10 (1.1)	-35.8%
Transactions				
in mn sq m (mn sq ft)	0.62 (6.7)	9.0%	0.41 (4.4)	54.1%
Average transacted rent				
in INR/sq m/month (INR/sq ft/month)	791.2 (73.5)	2.1%	-	-

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

8.58(91.2)

2023 Stock mn sq m (mn sq ft)

6.5%

2023 Vacancy (%)

4.1%

2023 Change (YoY)

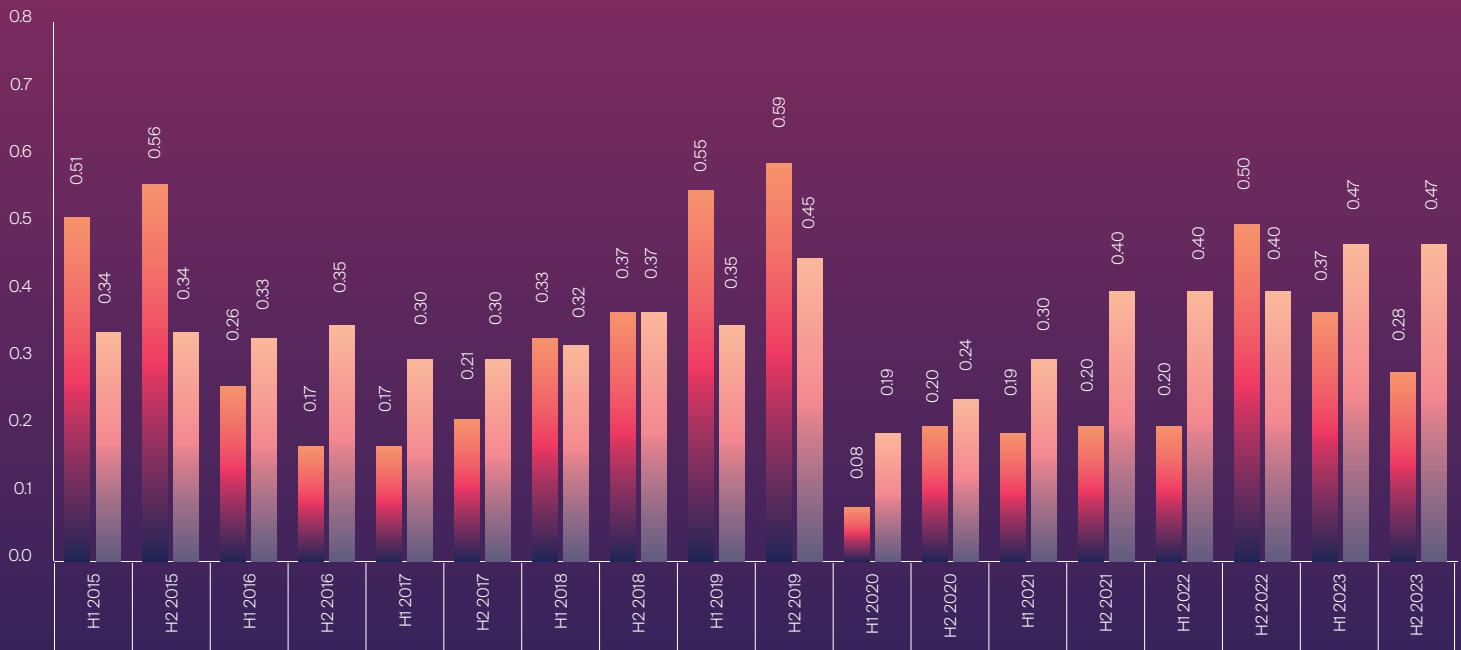
380

basis points decrease

2023 Change (YoY)

PUNE OFFICE MARKET ACTIVITY (MN SQ M)

Completions Transactions



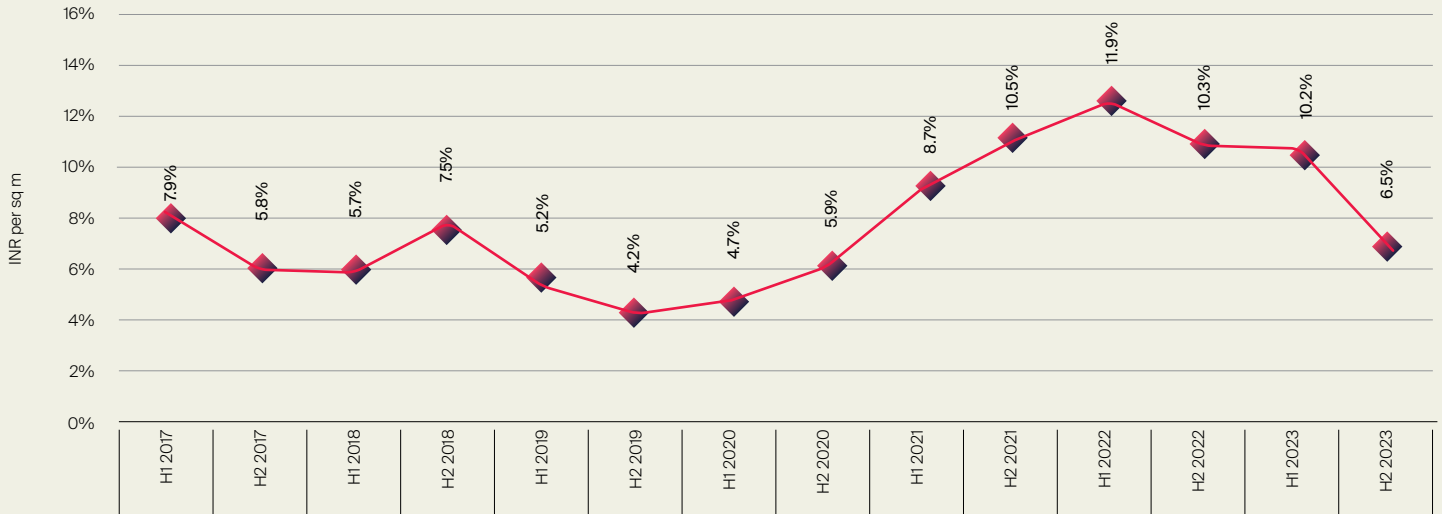
Source: Knight Frank Research

- Pune recorded a sizeable growth in transactions with approximately 0.62 mn sq m (6.7 mn sq ft) of office space leased in 2023, marking the highest annual registrations to date. The IT-ITeS sector remained the primary driver of demand, leveraging Pune's status as a significant hub for IT and engineering talent. Anticipated enhancement in connectivity through ongoing infrastructure projects such as the expansion of the metro rail, are expected to bolster real estate growth, particularly in areas along these new metro lines.
- On a half yearly basis, Pune saw a total of 0.41 mn sq m (4.4 mn sq ft) of office space transactions, indicating a 54% year-on-year (YoY) growth. Global Capability Centre (GCC) transactions notably contributed to 56% of the total transactions in the latter half of 2023, while India facing transactions comprised 29%.
- Throughout the second half of 2023, demand predominantly surged in micro markets like Peripheral Business District (PBD) East, Secondary Business District (SBD) East, and Peripheral Business District (PBD) West, collectively accounting for 84% of transactions. Individually, they contributed 35%, 32%, and 17%, respectively.
- Kharadi emerged as the top-performing market, representing 35% of total transactions in the latter half of 2023. Hinjewadi Phase 1 and 2 collectively accounted for 15%, closely followed by Viman Nagar, contributing 13% to the total transaction volume.
- Global Capability Centre (GCC) transactions comprised 56% of the transaction volume in H2 2023. Pune's diverse talent pool, improving infrastructure, presence of IT parks, and seamless connectivity collectively position it as a preferred choice for GCCs.
- Pune witnessed a significant YoY decline of 46% in annual office completions, totaling 0.34 mn sq m (3.6 mn sq ft). Completions are expected to improve in the coming months with new projects nearing completion.
- Most of the new supply in H2 2023 was observed in the SBD West micro market, accounting for 50% of the total, followed by SBD East with 30%.
- Rents in Pune's office market exhibited moderate growth in 2023 nearly reaching pre-pandemic levels, with a YoY growth of 2%. This rise in rent is largely influenced by increased transactions compared to the limited office supply observed in the city.
- Due to a lower number of completions in 2023, the vacancy rate in H2 2023 decreased by 380 basis points to 6.5%. The city anticipates new supply in 2024 to provide some relief.
- Pune's office market continues to display strength, attracting Global Capability Centers (GCCs) due to its robust workforce and improving infrastructure. The market is adapting to changing dynamics, notably embracing flexible workspaces and sustainability as key emerging trends.

BUSINESS DISTRICT CLASSIFICATION

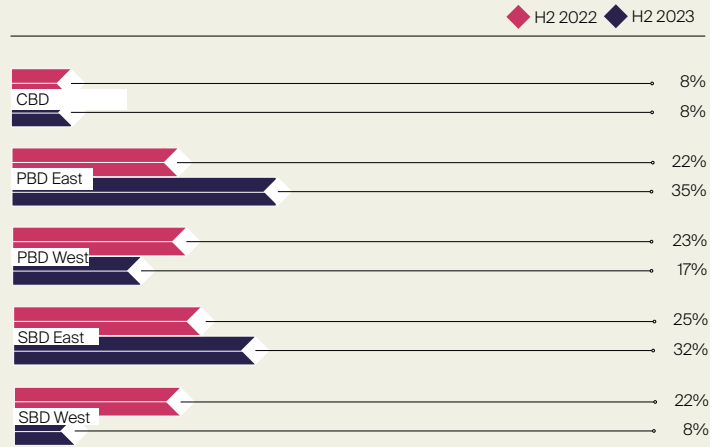
Business district	Micro markets
Central Business District (CBD and Off-CBD)	Bund Garden Road, S B Road, Camp, Deccan, University Road, Shankar Sheth Road
Secondary Business District (SBD) East	Kalyani Nagar, Yerwada, Nagar Road, Hadapsar
Peripheral Business District (PBD) East	Kharadi, Phursungi
Secondary Business District (SBD) West	Wakdewadi, Aundh, Baner, Kothrud, Balewadi
Peripheral Business District (PBD) West	Hinjewadi, Bavdhan, Wakad
Secondary Business District (SBD) North	Pimpri, Chinchwad, Khadki, Moshi and Bhosari

PUNE OFFICE MARKET VACANCY



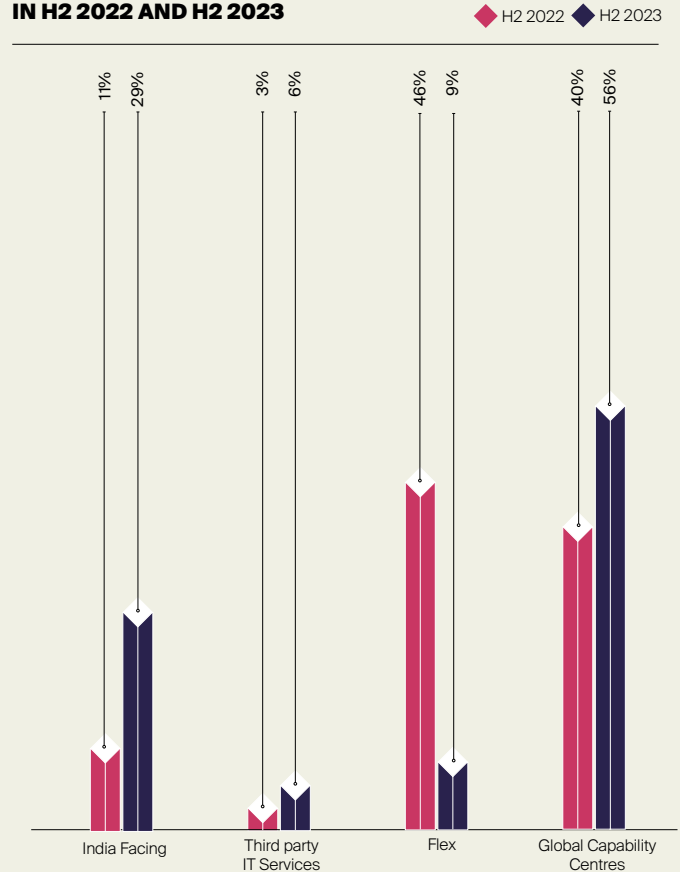
Source: Knight Frank Research

BUSINESS DISTRICT WISE TRANSACTIONS SPLIT IN H2 2022 AND H2 2023



Source: Knight Frank Research

END-USE SPLIT OF TRANSACTIONS IN H2 2022 AND H2 2023

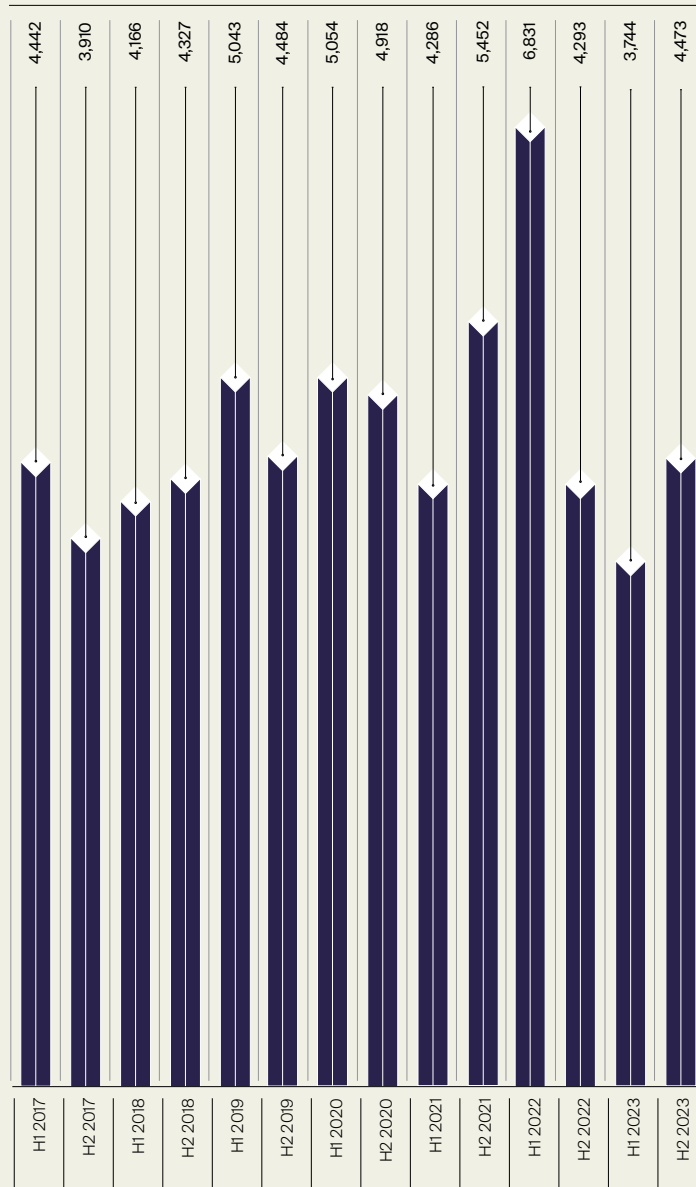


Source: Knight Frank Research

0.62 (6.7)
m sq m mn sq ft

Office Transactions Reach All Time High

AVERAGE DEAL SIZE TREND (SQ M)



BUSINESS DISTRICT-WISE RENTAL MOVEMENT

	Rental value range in H2 2023 in INR/sq m/month (INR/sq ft/month)	12-month change	6-month change
CBD & off CBD	819-1,420 (76.125-131.95)	1.5%	0.0%
SBD East	665-1,275 (61.8-118.45)	3.0%	1.0%
SBD West	659-1,043 (61.2-96.9)	2.0%	0.0%
PBD East	662-1,092 (61.5-101.475)	2.5%	1.0%
PBD West	489-815 (45.45-75.75)	1.0%	1.0%

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CONTACT

Knight Frank India
Headquarters
Paville House, Near Twin Towers
Off Veer Savarkar Marg, Prabhadevi
Mumbai 400 025

KEY CONTACTS

Shishir Bajjal

Chairman and Managing Director
shishir.bajjal@in.knightfrank.com

INDUSTRIAL & LOGISTICS SERVICES

Viral Desai

Senior Executive Director
viral.desai@in.knightfrank.com

Balbirsingh Khalsa

Executive Director
balbirsingh.khalsa@in.knightfrank.com

Pinkesh Teckwani

National Director
pinkesh.teckwani@in.knightfrank.com

OCCUPIER STRATEGY AND SOLUTIONS

Viral Desai

Senior Executive Director
viral.desai@in.knightfrank.com

CAPITAL MARKETS

Viral Desai

Senior Executive Director
viral.desai@in.knightfrank.com

PROJECT MANAGEMENT SERVICES

Deben Moza

Senior Executive Director
deben.moza@in.knightfrank.com

FACILITIES & ASSET MANAGEMENT SERVICES

Sathish Rajendren

Senior Executive Director
sathish.rajendren@in.knightfrank.com

ADVISORY & VALUATION

Gulam Zia

Senior Executive Director
gulam.zia@in.knightfrank.com

Rajeev Vijay

Executive Director - Advisory
rajeev.vijay@in.knightfrank.com

Saurabh Mehrotra

Executive Director - Advisory
saurabh.mehrotra@in.knightfrank.com

RESEARCH

Vivek Rathi

National Director
vivek.rathi@in.knightfrank.com

AHMEDABAD

Balbirsingh Khalsa
Branch Director
balbirsingh.khalsa@in.knightfrank.com

BENGALURU

Shantanu Mazumder
Executive Director
shantanu.mazumder@in.knightfrank.com

CHENNAI

Srinivas Ankipatti
Senior Director
srinivas.ankipatti@in.knightfrank.com

HYDERABAD

Joseph Thilak
National Director - Occupier Strategy and Solutions (Hyderabad & Chennai)
joseph.thilak@in.knightfrank.com

KOLKATA

Abhijit Das
Senior Director - East
abhijit.das@in.knightfrank.com

NCR

Mudassir Zaidi
Executive Director - North
mudassir.zaidi@in.knightfrank.com

PUNE

P Vilas
Branch Director
pvilas@in.knightfrank.com

REPORT AUTHORS

Yashwin Bangera

Senior Vice President - Research
yashwin.bangera@in.knightfrank.com

Divya Agarwal

Vice President - Research
divya.agarwal@in.knightfrank.com

V Shilpashree

Assistant Vice President - Research
shilpa.shree@in.knightfrank.com

Naresh Sharma

Assistant Vice President - Research
naresh.sharma@in.knightfrank.com

Urvisha Jagasheth

Lead Consultant - Research
urvisha.jagasheth@in.knightfrank.com

GRAPHICS & DESIGN

Mahendra Dhanawade

Senior Manager Graphic & Design
mahendra.dhanawade@in.knightfrank.com

We like questions, if you've got one about our research, or would like some property advice, we would love to hear from you.

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INDIA REAL ESTATE
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INDIA WAREHOUSING REPORT

.....
Research

Vivek Rathi - National Director - Research
vivek.rathi@in.knightfrank.com

.....
Corporate - Marketing & Public Relations

Piyali Dasgupta - Director
Corporate - Marketing & Public Relations
piyali.dasgupta@in.knightfrank.com



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