



# Q2 2022 Market View

July 2022 | Gurugram & Noida

# SUMMARY | RE ACTIVITY CORRELATED WITH ECONOMIC SENTIMENT

For the period between April 2022 and June 2022



This Q2 2022 report was much anticipated and we at FirstLease were also eager to see how the market has fared compared to Q1 2022. The start of this year was full of optimism, C-19 impact was ebbing and it felt after a long wait of almost 2 years that things were coming back to normalcy. Commercial Real Estate Industry's wait was the hardest, empty offices, renegotiated contracts and growing vacancy levels were troubling most asset owners and Q1 2022 was finally looking like the light at the end of the tunnel. And it indeed was – with over 6 million sq.ft. of gross leasing in Q1-2022 at Gurugram alone, the real estate market sentiment changed visibly.

# Summary | RE Activity Correlated with Economic Sentiment (Cont.)

For the period between April 2022 and June 2022



However changing world conditions viz. Inflation fears and Russia-Ukraine war have had a major impact on the economic trajectory of the world as a whole. The US inflation figures that were published recently were more than expected, 9.1% as against anticipated 8.8% in turn making it almost certain that the key rate will be increased drastically by FED. This anticipated move to soften inflation figures is making US dollar stronger (to put things in perspective, for the first time in last 20 years Euro has come at par with US Dollar), shaving off foreign revenue value from balance sheets of most US firms and in turn putting more pressure on Trade deficit of most countries across the world.

*Rising Food & Fuel prices and rise in Interest rates across all major economies is making global economic activity slowdown fears real. Whether this slowdown will translate into recession is for time to tell.*

# Economic Data Source - Wion Gravitas 2022

India continues to remain a resilient economy but cautionary sentiment was bound to impact the economic activity and looking at the numbers it does feel so. This report covers commercial real estate activity across two major India cities - Gurugram & Noida and we have tried to drill down the numbers to bring out the true picture and have benchmarked these with the Q1 2022 figures to provide a comparative view.

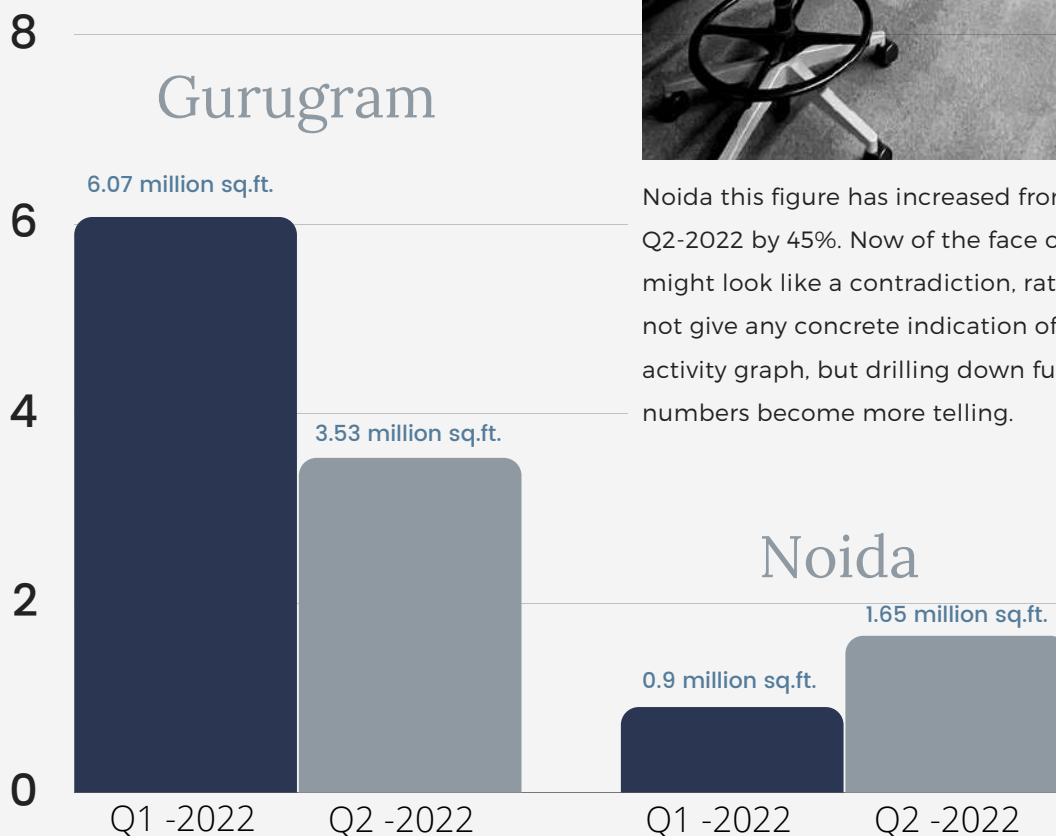


# Decoding Gross Leasing Activity

## Across Gurugram & Noida

The Gross leasing volume figures (encompassing office, retail & industrial stock) stands at **3.53 million sq.ft. for Gurugram** & **1.65 million sq.ft. for Noida** (covering key micro-markets) in **Q2-2022**.

Whilst there is a marked dip in the Q2-2022 figure for Gurugram when compared to Q1-2022 figure – it has reduced by 42%, for



Noida this figure has increased from Q1-2022 to Q2-2022 by 45%. Now of the face of it, this might look like a contradiction, rather it does not give any concrete indication of market activity graph, but drilling down further the numbers become more telling.

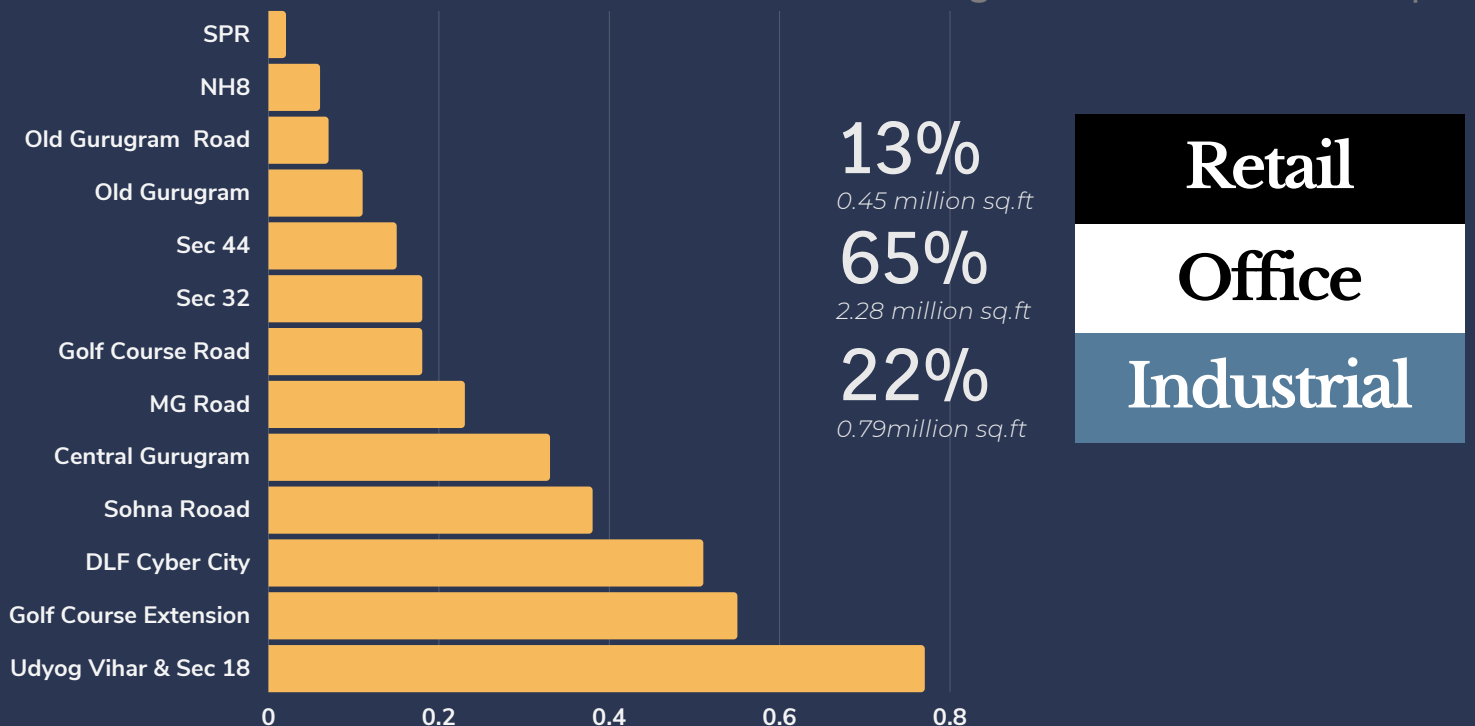
Major reason of this dichotomy is the difference in base or total stock figures of these cities. **Total office stock in Gurugram is approx. 122.4 million sq.ft. as against 43.9 million sq.ft. for the micro-markets in Noida considered for this study.** This means that a small no. of large transactions in Noida can show a growth impact on the overall market. This is exactly what happened in Q2-2022, when top 10 transactions in Noida by size added upto 50% of total leasing volume.



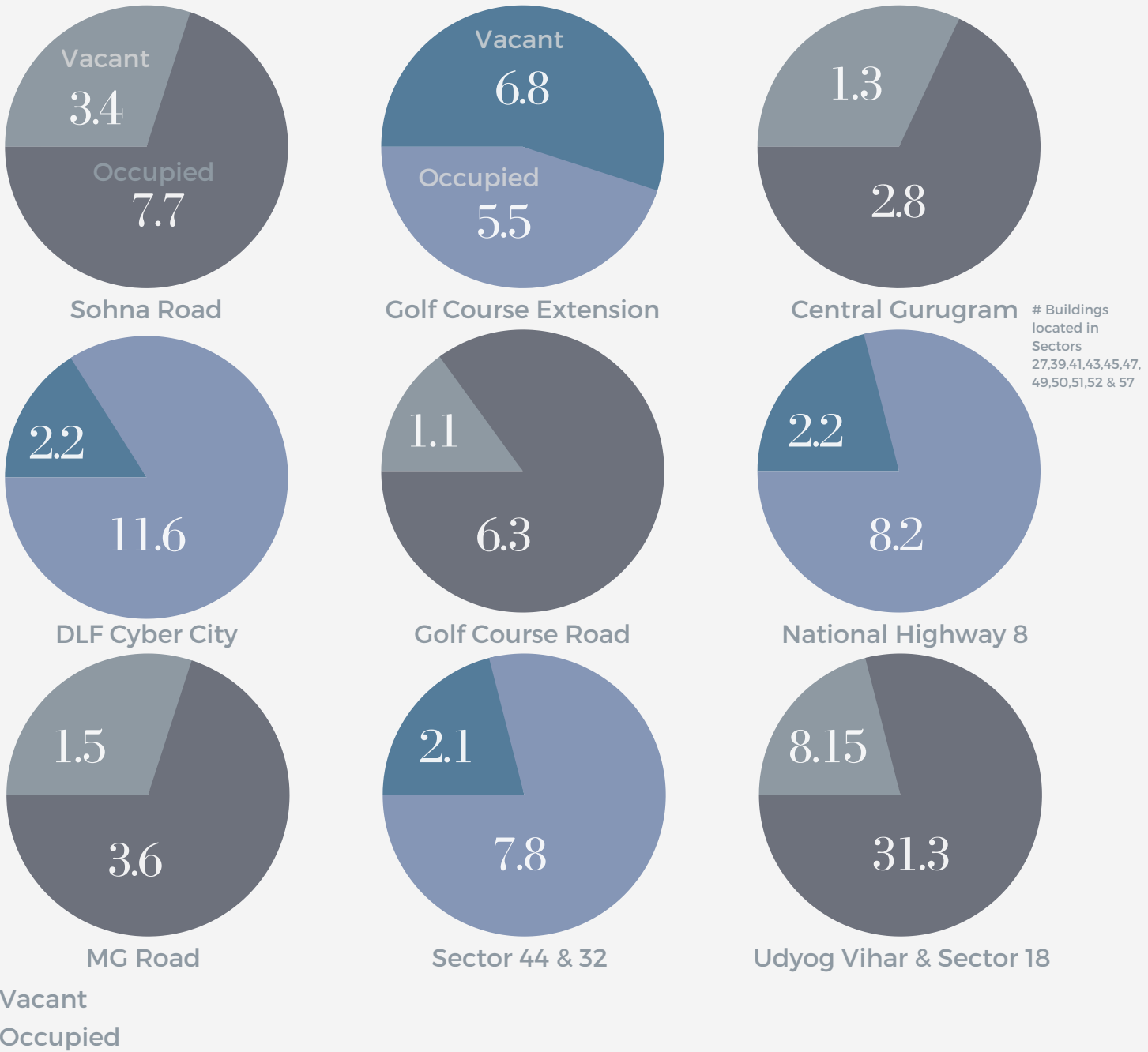
In Q1-2022 there were 50 transactions above 30,000 sq.ft. in Gurugram whilst in Q2-2022 this figure dropped to 23. In Noida, Q1-2022 & Q2-2022 both had almost similar no. of transactions above 30,000 sq.ft. viz. 10 transactions in Q1-2022 & 13 in Q2-2022, however two large transactions in Q2-2022 viz. Smartworks @ 251,623 sq.ft. & Renewal of IBM at Sector 62 @ 205,215 sq.ft. tipped the overall numbers for second quarter in Noida.

# 01 Gurugram Q2-2022 figures

Drilldown - Total Leasing Volume ~ 3.53 million sq.ft.



# OCCUPANCY & VACANCY VIEW | KEY MICROMARKETS GURUGRAM (OFFICE)



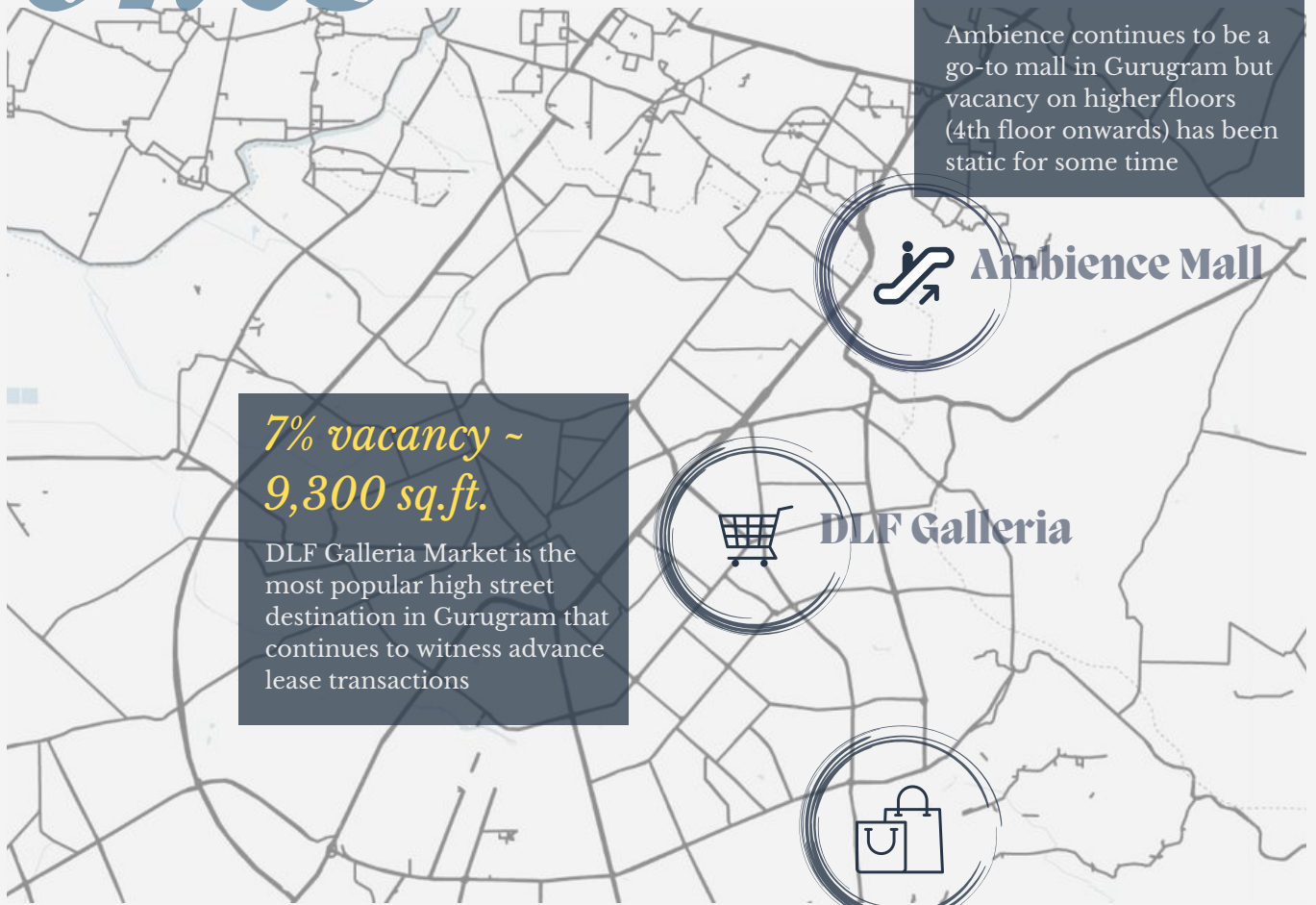
*All Occupancy & Vacancy Figures are in million sq.ft. Retail stock doesn't figure in numbers above*

The average vacancy for overall Gurugram stock at the end of Q2-2022 stands at **26%**. Golf Course Extension will continue to attract occupiers on account of aggressive rental & newer grade construction. Also DLF Cyber City has an appetite to continue offering space to occupiers and will stay put as the preferred office destination in Gurugram.

# Occupancy & Vacancy Trends

## Key Retail Zones

Retail view of the market has to be studied in silos to fully comprehend the preference of brands. So we took a view of three varied sections of Gurugram. One a prominent mall (Ambience Mall) and second a prominent High Street destination (DLF Galleria), both mature real estate examples that have been operational for many years with steady footfalls. We have also picked up an upcoming micro-market (Golf Course Extension) that today corners a major share of total retail supply of Gurugram and is slated to double in size in the next few years on account of ongoing construction



**15% vacancy ~ 188,000 sq.ft.**  
 Ambience continues to be a go-to mall in Gurugram but vacancy on higher floors (4th floor onwards) has been static for some time

**7% vacancy ~ 9,300 sq.ft.**  
 DLF Galleria Market is the most popular high street destination in Gurugram that continues to witness advance lease transactions

**70% vacancy ~ 1.07 million sq.ft.**  
 Golf Course Extension, the most prominent upcoming business district in Gurugram has seen a lot of retail construction activity on account of dense residential catchment located in this zone. However brands are yet to consume this ready supply. With the exception of Worldmark, every retail development in this zone has a double digit vacancy

### Golf Course Extension

# 02 Noida Q2-2022 figures

Drilldown - Total Leasing Volume ~ 1.65 million sq.ft.



Film City & Sec 16B

0.37 million sq.ft.

Noida Expressway

0.59 million sq.ft.

Sector 62

0.69 million sq.ft.

0 0.25 0.5 0.75

Zone of focus for this study of Noida is limited to Sector 16A (Film City), Sector 16B, Sector 62 & Noida Expressway (Sectors 98, 125, 126, 127, 129, 132, 135, 136, 142, 144A)

Equal Leasing Volume at both Noida Expressway & Sector 62 in Q2-2022

1%

0.01 million sq.ft

98%

1.62 million sq.ft

1%

0.02 million sq.ft

Retail

Office

Industrial



# Occupancy & Vacancy View

## KEY MICROMARKETS | NOIDA



73%

3.5 million sq.ft. - Occupied

Film City & Sector 16B



61%

15 million sq.ft. - Occupied

Noida Expressway



73%

10.6 million sq.ft. - Occupied

Sector 62

**Noida Expressway** has emerged as a strategic & preferential location for occupiers. The vacancy levels are fairly high ~ 39% and they are expected to continue an upward trajectory on account of multiple projects that are in completion stage of construction. Newer Grade Construction, Competitive Rentals, Seamless connectivity to Central Delhi & aspirational value for clients

already occupying space in older Grade B sectors of Noida – have all cumulatively added to the focus on this micro-market.

**Whilst the transaction share in Q2-2022 for Noida Expressway stands at 35%, it is noteworthy that in last quarter it had a lion’s share of pie at 51%.**

## 03

## Key Transactions

Gurugram &amp; Noida | Q2 2022

## KEY SPACE TAKEUPS - GURUGRAM

## Keyence

Emaar Capital Tower-1 (14,314 sq.ft.)

## Marelli India

Candor G1 Techspace (39,497 sq.ft.)

## Encore Capital

Candor G1 Techspace (221,794 sq.ft.)

## CNH Industrial

DLF Building No 14 (41,983 sq.ft.)

## Zomato

Pioneer Square (350,000 sq.ft.)

## Cubastion Consulting

Magnum Tower 1 (18,089 sq.ft.)

## Rosmerta

M2K Corporate Park (63,880 sq.ft.)

## Spencers

JMD Empire Square (24,001 sq.ft.)

## KEY SPACE TAKEUPS - NOIDA

## Smartworks

World Trade Tower (251,623 sq.ft.)

## Atria

Candor N2 Techspace (41,332 sq.ft.)

## Judge Group

Tapasya Corporate Heights (32,000 sq.ft.)

## Pentair Water

Candor N1 Techspace (45,197 sq.ft.)

## Trade India

Riana Tower, Sector 136 (22,300 sq.ft.)

## Innovaccer

Candor N1 Techspace (25,550 sq.ft.)

## Schoolnet

World Trade Tower (27,833 sq.ft.)

## DLT Labs

Candor N1 Techspace (35,273 sq.ft.)

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