



Q2 2022 Market View

July 2022 | Gurugram

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

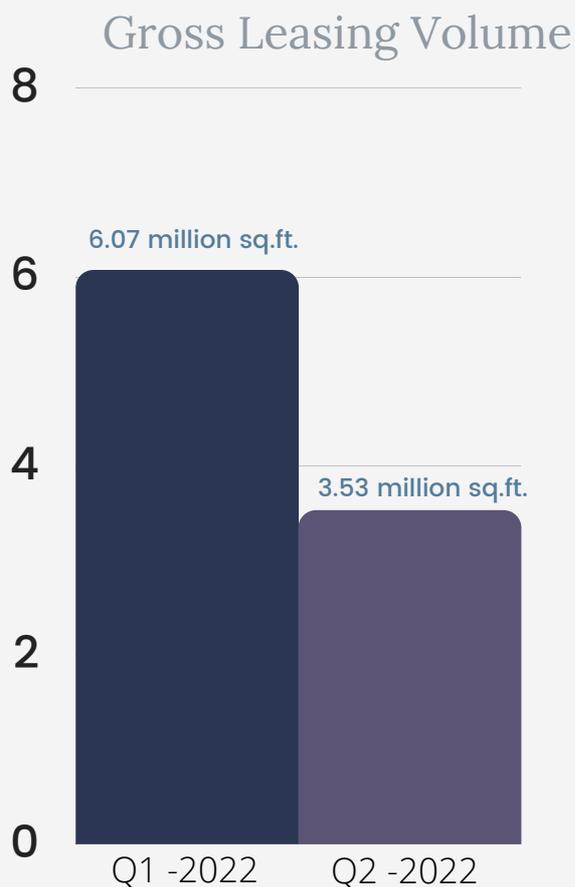
India continues to remain a resilient economy but cautionary sentiment was bound to impact the economic activity and looking at the numbers it does feel so. This report covers commercial real estate activity across a major India city viz. Gurugram and we have tried to drill down the numbers to bring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



Decoding Gross Leasing Activity

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

Also there is a marked dip in the Q2-2022 figure for Gurugram when compared to Q1-2022 figure -the gross leasing volume reduced by 42%

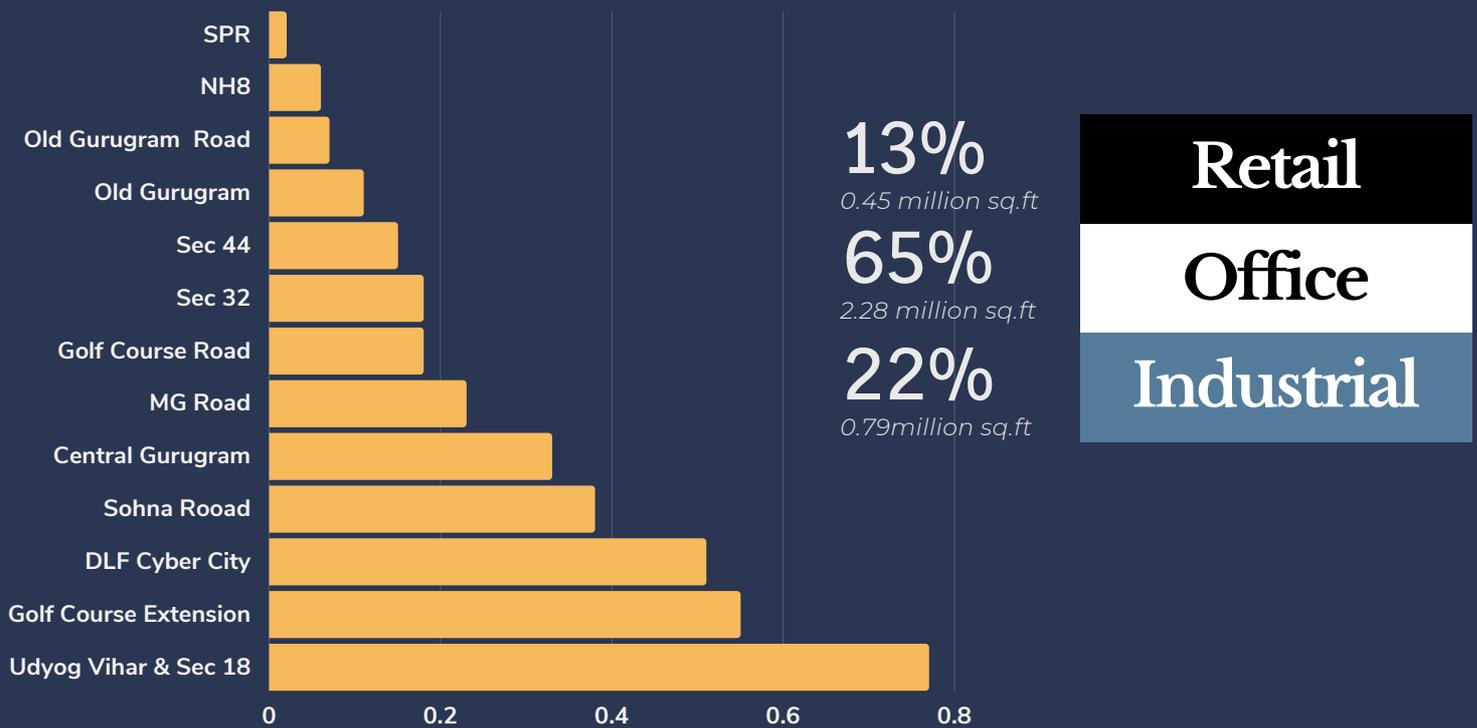


In Q1-2022 there were 50 transactions above 30,000 sq.ft. in Gurugram whilst in Q2-2022 this figure dropped to 23



01 Gurugram Q2-2022 figures

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



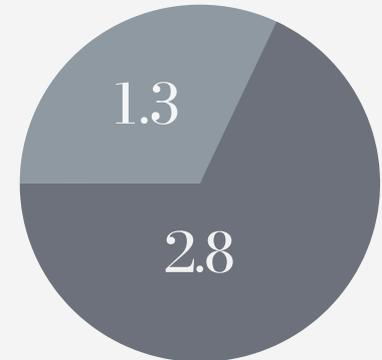
OCCUPANCY & VACANCY VIEW | KEY MICROMARKETS GURUGRAM (OFFICE)



Sohna Road

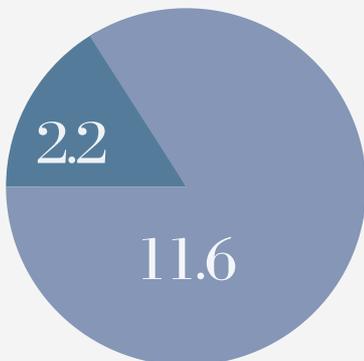


Golf Course Extension

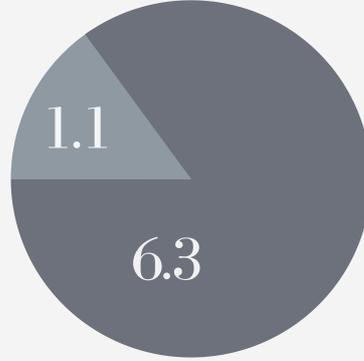


Central Gurugram

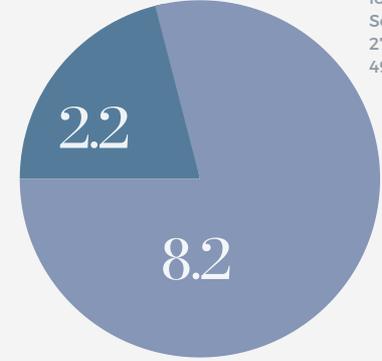
Buildings located in Sectors 27,39,41,43,45,47,49,50,51,52 & 57



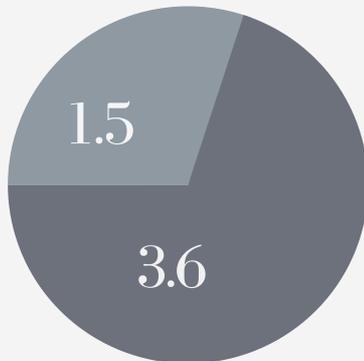
DLF Cyber City



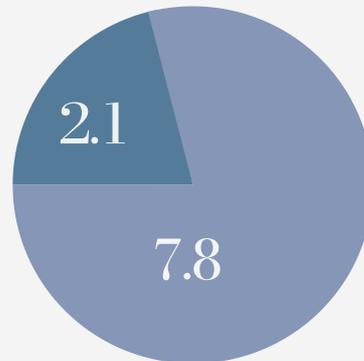
Golf Course Road



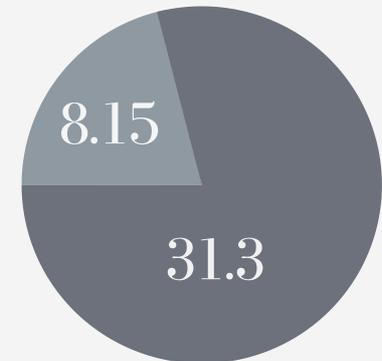
National Highway 8



MG Road



Sector 44 & 32



Udyog Vihar & Sector 18

■ Vacant
■ Occupied

All Occupancy & Vacancy Figures are in million sq.ft.

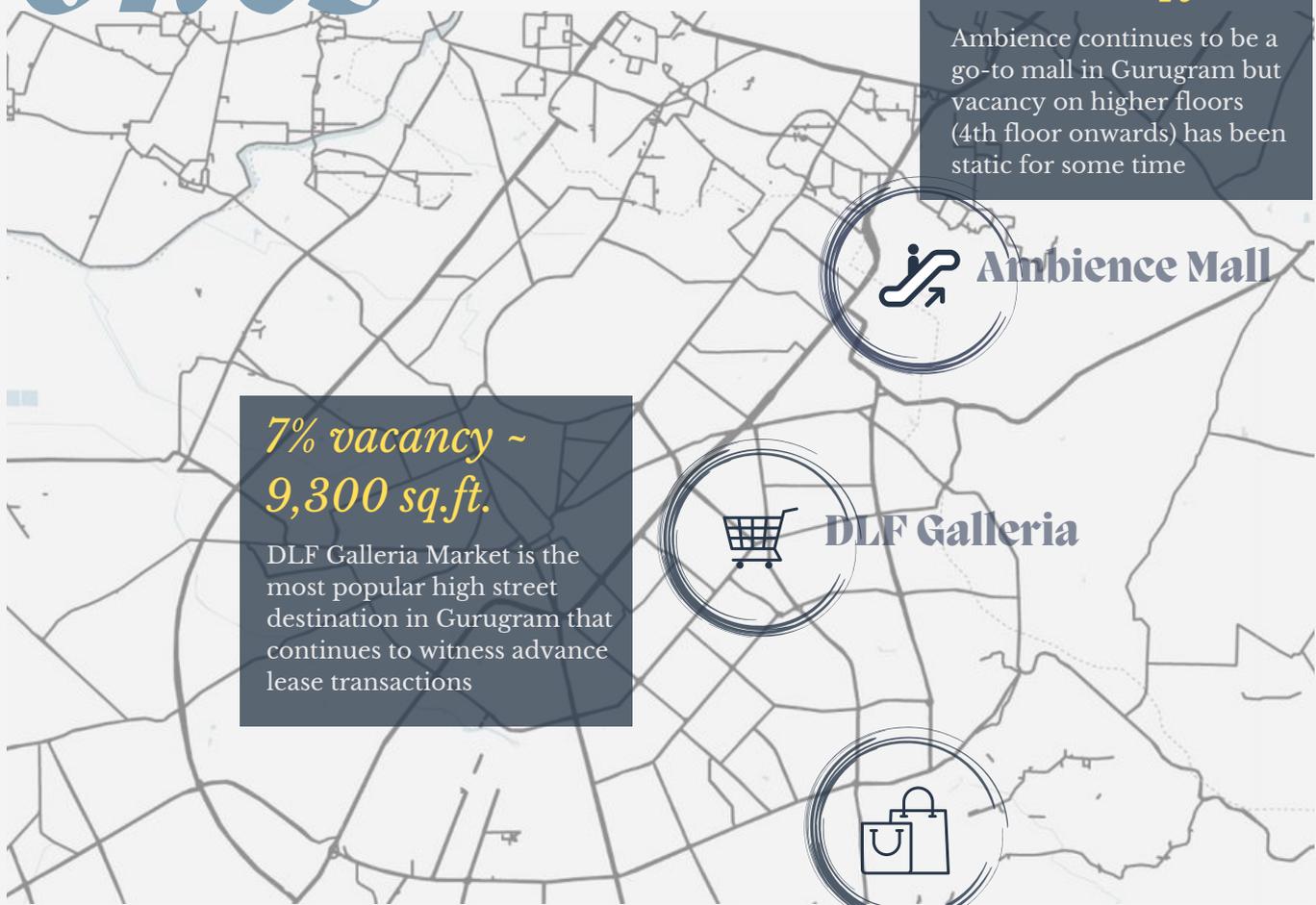
Retail stock doesn't figure in numbers above

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

Key Transactions

Gurugram | Q2 2022

KEY SPACE TAKEUPS - GURUGRAM

Keyence

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

Encore Capital

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

Zomato

Pioneer Square (350,000 sq.ft.)

Rosmerta

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

Marelli India

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

CNH Industrial

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

Cubastion Consulting

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

Spencers

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

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