



MARKET OUTLOOK

BENGALURU continues to remain not only a top occupier location (notably for technology companies), but also Asia Pacific's second largest Grade A office market by stock after Tokyo.

■ Supply addition in PBD, CBD and ORR was continuous. Over the second half of 2021 as a whole, the biggest drivers of new supply in APAC were the Indian cities, led by Bengaluru with new supply of 6.5 MSF. The new supply in Bengaluru to ease from the high levels of 2021, but to remain above 10 million sft annually.

■ No change in rental values in PBD, EBD, NBD and ORR on a quarterly basis.

NEW COMPLETIONS

Supply addition was witnessed in the form of medium-to-large-sized non-SEZ and SEZ developments in Whitefield, Brookfield and Electronic City - Phase 1 in PBD and a medium sized non-SEZ developments on Brunton Road in CBD and Marathahalli-Sarjapur on ORR. Large supply is expected to

come up towards North Bengaluru near international airport road.

SPACE TAKE-UP

Bengaluru was the star of the show in Q3 & Q4, 2021 with gross absorption of 3.5 million sft, inspite of the pandemic. ORR and CBD dominated leasing activity, followed by EBD & North Bengaluru. Space take-up in the city was mainly in primary spaces in non-SEZ developments. Quarterly SEZ absorption in SEZs increased due to primary leasing in recently completed buildings in NBD, ORR and PBD.

OCCUPIER TRENDS

Flexible space operators dominated leasing activity, followed by tech and pharmaceuticals companies. Medium-sized deals (100,000 to 200,000 sq. ft.) in ORR, EBD and PBD dominated leasing activity followed by large-sized deals (greater than 200,000 sq. ft.) closed in ORR and NBD.

The technology companies continued the space booking

MARKET HIGHLIGHTS

■ Majority of the Corporates (technology companies, software companies, design, R&D, AI, financial back-end operations etc.) are Working From Home (WFH) for the last 18 months and as per industry reports, this may likely to continue for at least another 3-6 months.

■ Top Indian Tech Companies such as Wipro, TCS, Infosys, HCL to name a few have opened offices from Sep 2021 for their Sr. Management, who will work from office twice a day to start with and gradually increase it to normal working hours, looking at the pandemic levels. Over 75% of eligible adult population is inoculated with atleast one dose so far and target is to complete the complete vaccination by Q2 2022. We expect offices opening up after this and majority of employees returning to office from Mid 2022.

■ Some companies are giving up partial spaces back to the LL, while others are looking to sub-lease it on a short-term basis, as they are still under lock-in or may need it once things get back to normal.



MARKET OVERVIEW

spree unabated inspite of the pandemic by signing up spaces in under construction & customised projects

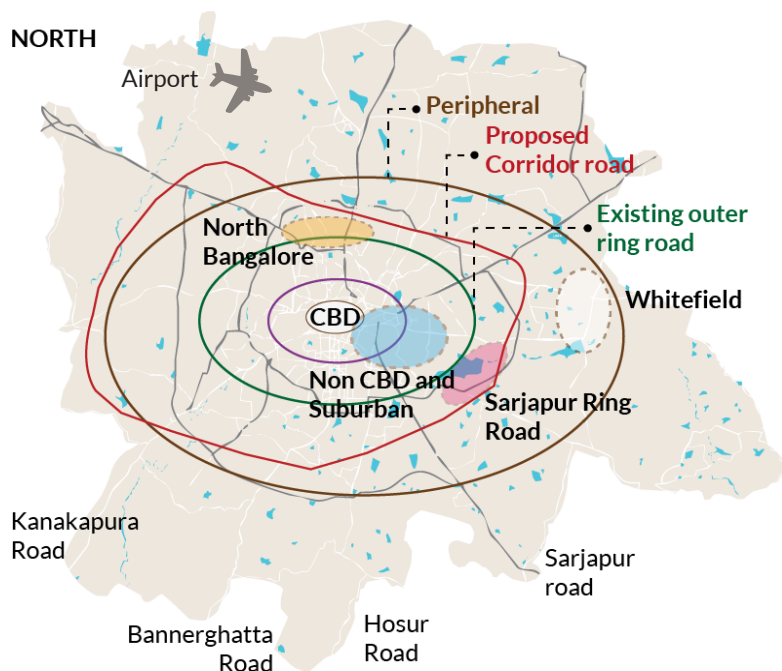
PRICING TRENDS

There has been no change in rental values, inspite of the pandemic. But it is expected to increase

marginally from last years lows in 2022, as the forecasted economic recovery becomes evident.

Over the next 5 years, Bengaluru should see rents increase at 3 percent or more. Steady vacancy levels with tight demand & supply should support the increasing rents.

PREFERRED LOCATIONS OF CORPORATES



Map not to scale, just for graphical representation

MARKET HIGHLIGHTS

■ About 1 MSF of fresh inventory has been added in various micro-markets because of some corporates giving up space. Another 200,000 sft may get added in about 3-months' time, bringing the total inventory back to the market to more than 1.2 MSF. There has been spurt in demand from top technology & e-commerce cos. They are not shying away from setting up Global Development Centres (GDCs).

■ Couple of institutional/ corporate developers such as Tata group, L&T and CapitaLand are in the process of developing very large campuses in North & Southeast Bengaluru respectively.

■ So overall, both the supply & demand is continuing in Bengaluru. While corporates are hoarding up space for future space expansion & consolidation, as they feel that this is the right time as they can really bargain hard for some good deals, some large developers will take care of demand for the next atleast 5-6 years.



RENTAL VALUES Q1 2022

Micro Markets	INR /Sft/Month	\$ US/Sft/Month	QOQ %	YOY %
CBD	120 - 170	1.6 - 2.3	0.00%	5.60%
SBD (Indiranagar, OMR Koramangala)	90 - 130	1.2 - 1.8	0.00%	2.30%
ORR (Sarjapur-Marathahalli)	95 - 120	1.2 - 1.5	0.00%	2.90%
ORR (KR Puram – Hebbal)	75 - 100	1.0 - 1.4	0.00%	8.10%
Bannerghatta Road	70 - 85	0.9 - 1.2	0.00%	13.80%
Hosur Road	40 - 50	0.5 - 0.6	0.00%	8.10%
EPIP Zone/Whitefield)	45 - 65	0.6 - 0.8	0.00%	18.30%
Electronic City	38 - 48	0.6 - 0.6	0.00%	7.50%
North (Hebbal- Yelahanka)	45 - 75	0.6 - 1.0	0.00%	6.10%
Others (Mysore Road)	55 - 70	0.7 - 0.9	0.00%	4.30%

KEY RECENT LEASE TRANSACTIONS

Company	Building	Location	Size (SFT)
Scientific Games	ITPL	Whitefield	110,000
Apple Inc	Prestige Minsk Square	CBD	420,000
Ola	Prestige Star Tech	SBD	420,000
Target Corporation	Manyata Tech Park	Hebbal ORR	300,000
Microsoft	Bagmane Solarium/Luxor	Whitefield	250,000
Palo Alto	Bagmane Tech Park	Off CBD	150,000
AWFIS	Prestige Multiple locations	SBD	140,000
Cardinal Health	Bagmane Tech Park	Off CBD	78,000
Societe Generale	ITPL	Whitefield	350,000
J P Morgan	Embassy Tech Village	ORR	1.1 million

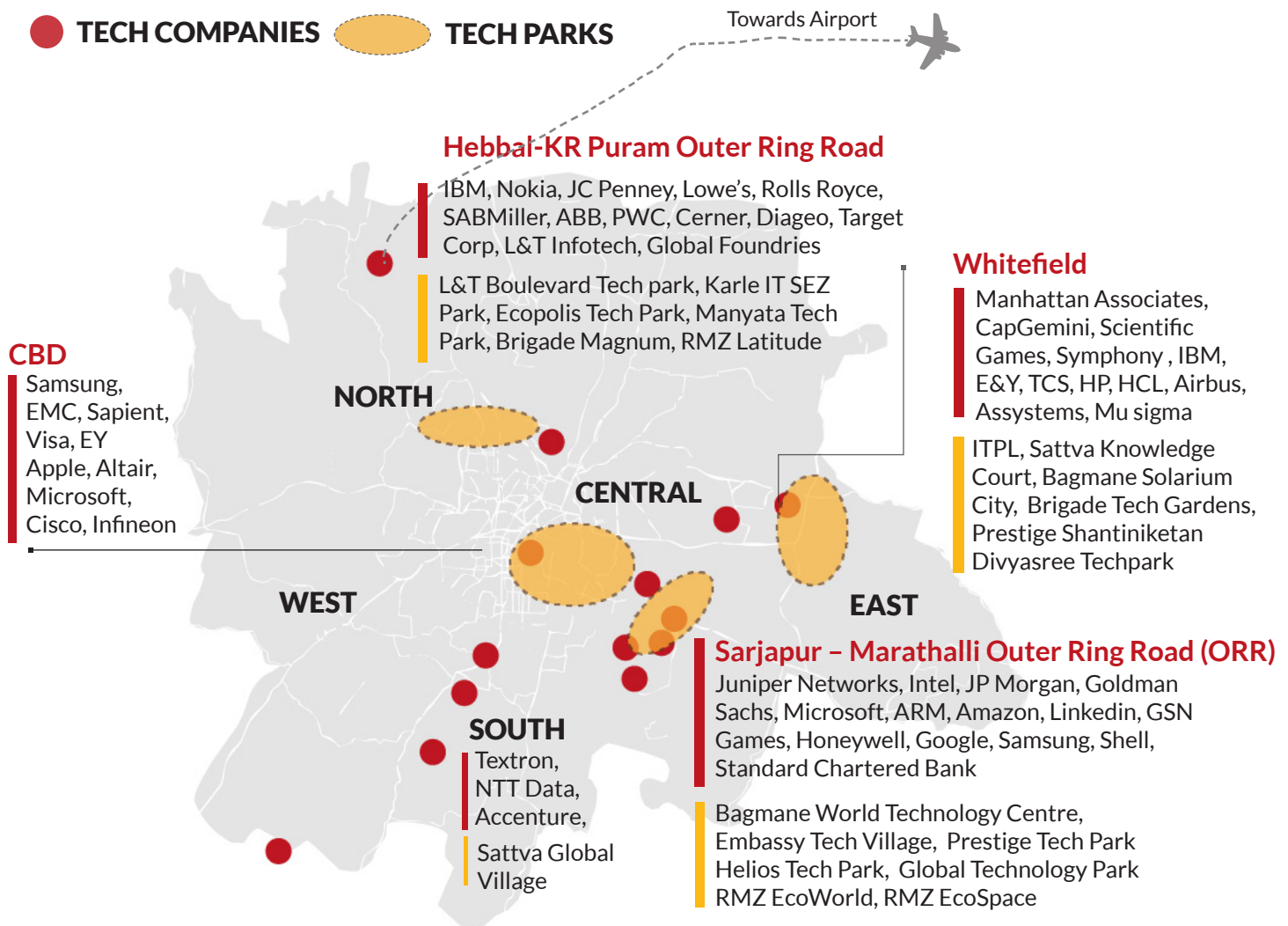
MARKET REPORT

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MAJOR TECH COMPANIES AND TECH PARKS

● TECH COMPANIES ○ TECH PARKS



BENGALURU METRO

The Bengaluru metro rail connects the East-West and North-South corridor. The West-East purple line traverses through the CBD and reaches out to the SBD locations such as Indiranagar and Old Madras road. This line is being extended to Whitefield, the IT micro-location and would be operational by mid of 2022. The work on the Outer Ring Road and the Hosur Road-KR Puram stretch is in progress and is slated to be completed in 3 year's time. With this, the metro would have connected the entire IT corridor.

For more Information: english.bmrc.co.in

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