

Grade A Office Market Overview

Gross leasing in India's top seven markets exceeded the 60 msf milestone for the very first time, reaching an impressive c.62 msf, a significant 26.4% y-o-y increase. The leasing volume in Q1 CY24 was recorded at 15.2 msf, better than the quarterly leasing volumes of Q1 CY23.

Grade A commercial office spaces in India have transitioned to a new paradigm where they are more than just places of work; they have evolved into high-quality experiential ecosystems where individuals can seamlessly blend work, leisure, and lifestyle activities. This transformation is evident in the integration of various amenities into office environments, including sports facilities, restaurants offering culinary delights, premium shopping options, and other conveniences. Occupiers now prioritize green buildings and spaces that incorporate lush landscapes and open areas into their parks, enabling natural lighting and fostering a connection with nature enhancing wellness and productivity.

The resultant uptick in demand for Grade A assets is evident, with institutionally managed office spaces capturing significant percentage of the demand.

Return to office becoming mandatory

Both occupiers and employees have come to recognize and appreciate the advantages of in-person interaction. As a result, there is a significant push from senior leadership to encourage employees to return to the office few days a week with some offices ending remote work completely and making it mandatory to be in office. The aim is to reintroduce employees to an environment that promotes collaboration, enhances innovation, and bolsters productivity. Consequently, there is a heightened emphasis on occupying premium Grade A office ecosystems.

Office demand recovery propelled by:

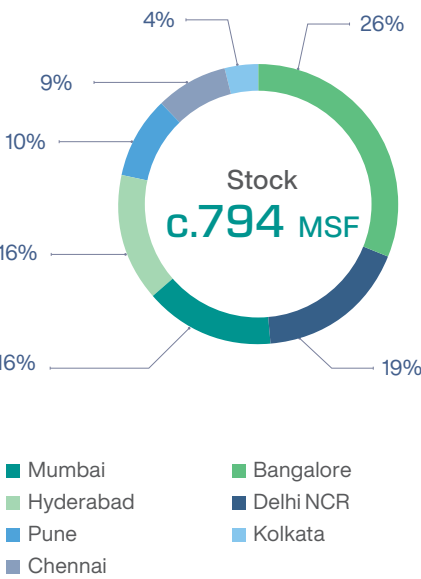
- Strong demand from Global Captive Centers (GCCs) and domestic enterprises on the back of growing economy and availability of skilled talent
- Companies starting to call back employees to office
- Preference of occupiers to operate from secured office environments with adequate health, safety and wellness protocols
- Shift from strata sold assets to quality, single-owner Grade A properties
- Rise in demand for campus-style developments



Presence in the best performing micro-markets

Top seven markets in India comprised c. 794 msf of Grade A completed stock as of March 31, 2024. Mindspace REIT is present in four of the top seven markets (Mumbai Region, Hyderabad, Pune, and Chennai). The net absorption during CY23 stood at c.43 msf, and our micro-markets constituted 59.0% of the net absorption during the year. These cities have exhibited strong underlying growth fundamentals, such as economic and employment growth, diverse pool of tenants, educated workforce, robust transportation infrastructure, and favorable demand and supply trends.

Completed Stock for top seven markets (%)



c.62 MSF
Gross Leasing in CY23

c.43 MSF
Net Absorption in CY23

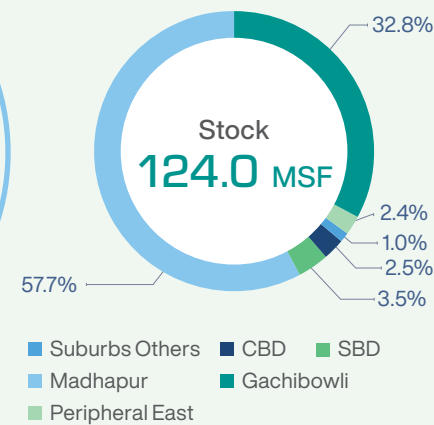


Hyderabad

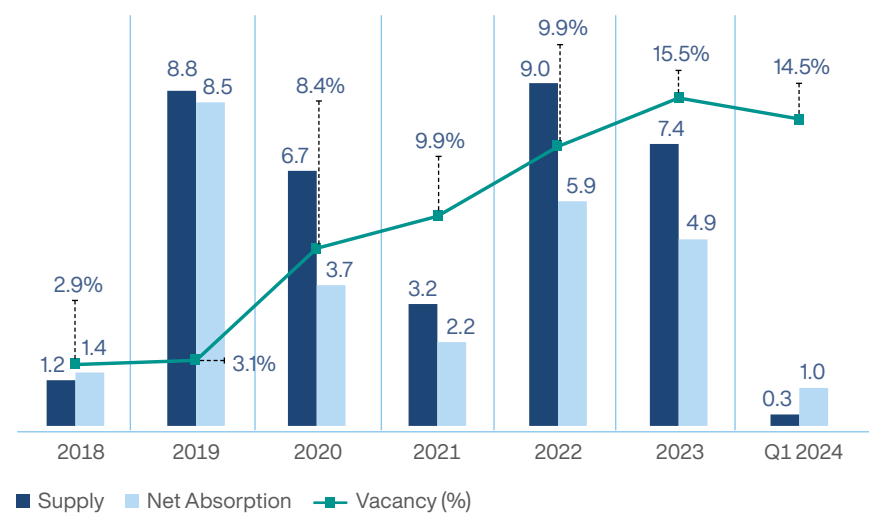
Hyderabad, Telangana's capital, has surged as India's second-largest tech hub, hosting a c.1 million strong tech workforce. The city's GDP is predominantly fueled by its IT/ITeS and pharmaceutical sectors. Initiatives like TS-iPass, Hyderabad's pro-business

environment has spurred rapid economic growth over the past five years, attracting both domestic and international investment. This growth cements Hyderabad's status as a pivotal player in India's tech arena.

Completed Stock in sq ft (%)



Key Updates - Madhapur



- Madhapur has been the most sought-after market in Hyderabad as it enjoys superior connectivity and well-established infrastructure in the city
- Leasing activity in Madhapur was largely driven by IT/ITeS over the years. However, in the last couple of years, GCCs from BFSI, healthcare and flex, telecom firms have also favored expanding their operations in the submarket
- Rents in Madhapur have grown at a CAGR of c.4.3% between 2018 and Q1 2024

Source: Jones Lang LaSelle Inc. (JLL)

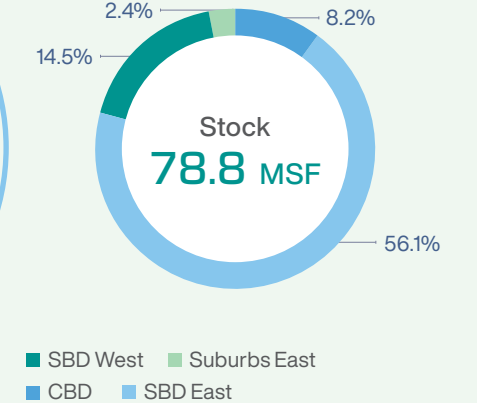


Pune

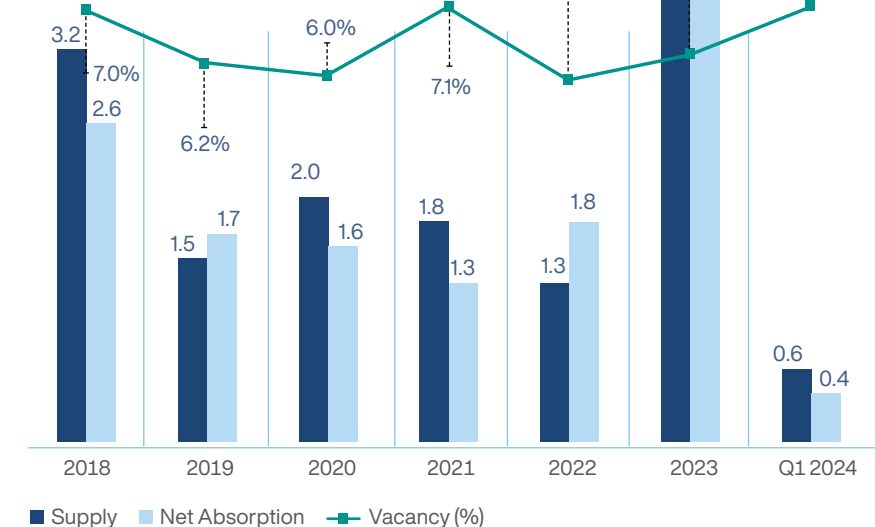
Pune is an important industrial hub having presence of prominent foreign as well as domestic automobile, automobile ancillaries and electronics manufacturers. Attractive demographics and readily available skilled workforce have attracted corporates from various

sectors like IT/ITeS, manufacturing/ industrial, BFSI, consulting etc., to have their set-up in the city. Other drivers like proximity to Mumbai, good connectivity through air, rail and roads, flow of Foreign Direct Investments (FDIs) have been instrumental in its growth.

Completed Stock in sq ft (%)

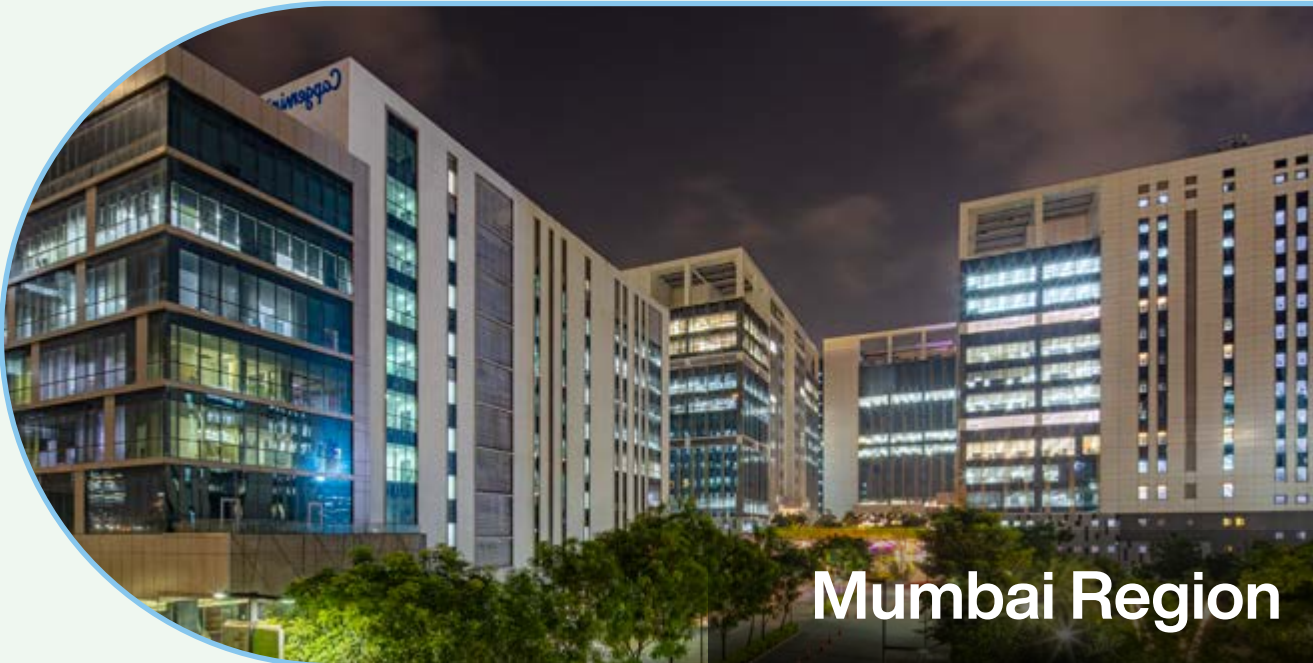


Key Updates - SBD East



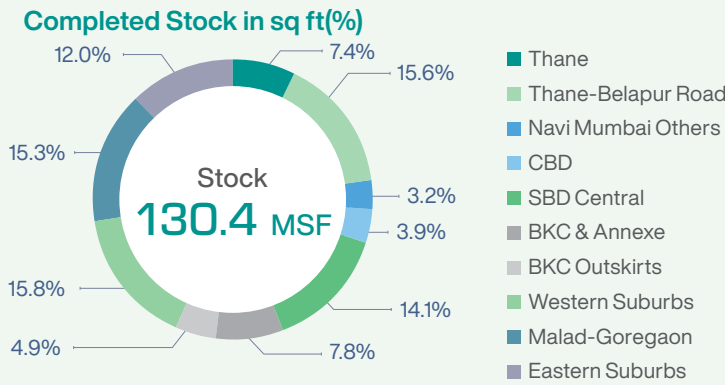
- SBD East has the largest share – c. 56.1% in the total Grade A stock of the city and has accounted for a 56% share of net absorption from CY2019 to Q1 FY24
- SBD East has consistently recorded lower vacancy levels than the city's average. It has highest rentals amongst all the micro-markets in Pune

Source: JLL and Wakefield Research

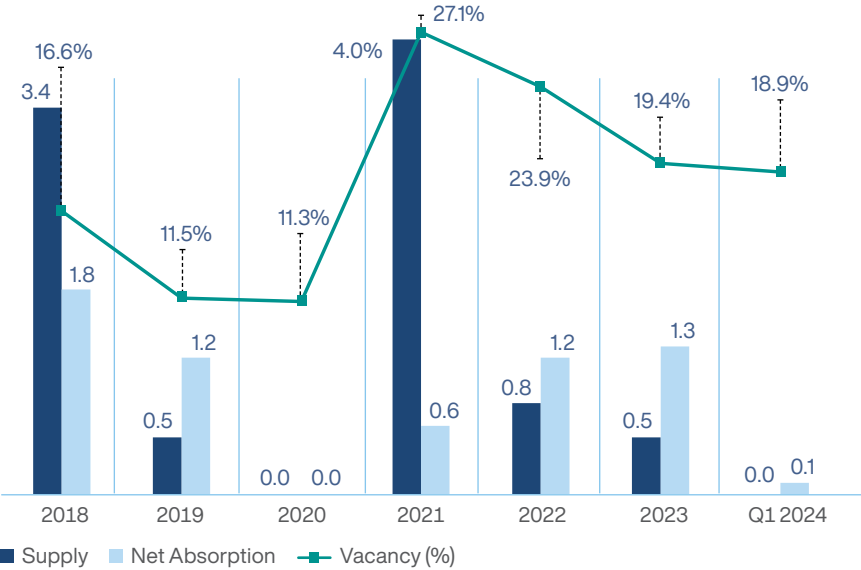


Mumbai Region

Mumbai is the financial capital, an economic powerhouse, and one of the key industrial hubs of India. It is also one of the most expensive real estate markets in India, with rents and capital values in the key office sub-markets being the highest in the country.



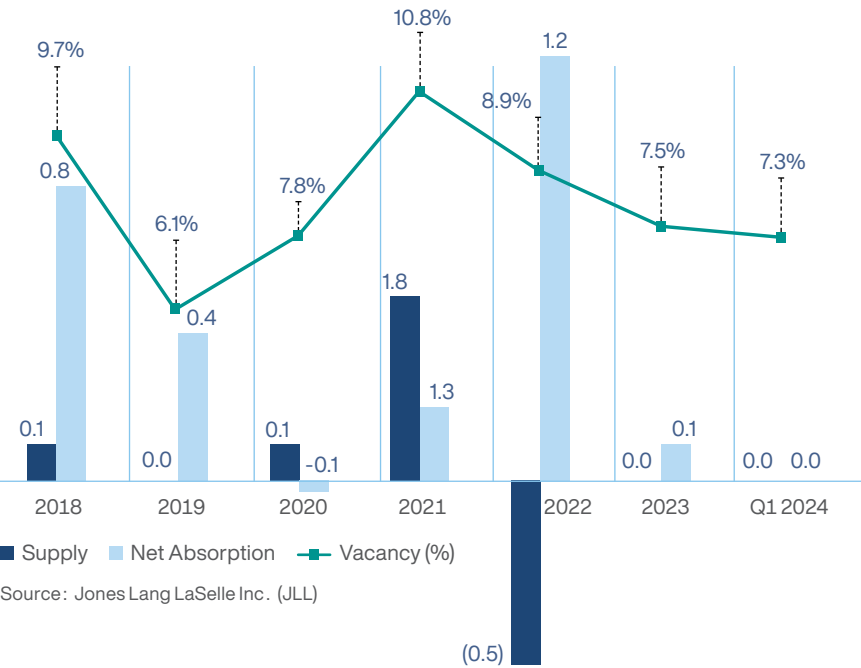
Key Updates - Thane-Belapur Road



Source: Jones Lang LaSelle Inc. (JLL)

- In the Thane-Belapur market, quality institutional assets have enjoyed strong occupancy levels and strata-titled projects are major contributors to headline vacancy
- The IT/ITeS tenants accounted for a major chunk of the leasing activity in the past five years in the Thane-Belapur market. Recently, BFSI and co-working operators have been quite active
- Thane-Belapur Road has witnessed strong demand from IT/ITeS companies and BFSI back offices as they require larger office spaces at relatively cheaper rents
- Vacancy in the micro-market is largely on account of SEZ properties

Key Updates - BKC and Annexe

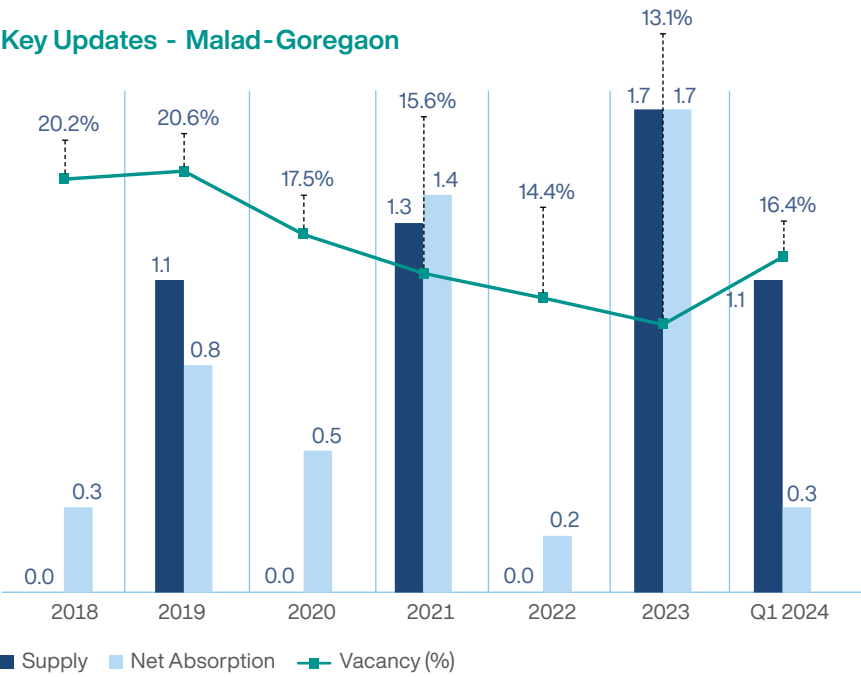


Source: Jones Lang LaSelle Inc. (JLL)



- BKC and Annexe remains the premier front office submarket in Mumbai
- Limited supply and robust space take-up has ensured that vacancy levels have now dropped down to single digits and vacancy remains extremely limited in quality assets

Key Updates - Malad-Goregaon



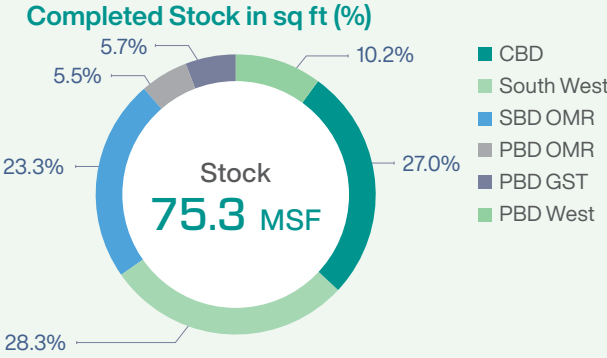
Source: Jones Lang LaSelle Inc. (JLL)



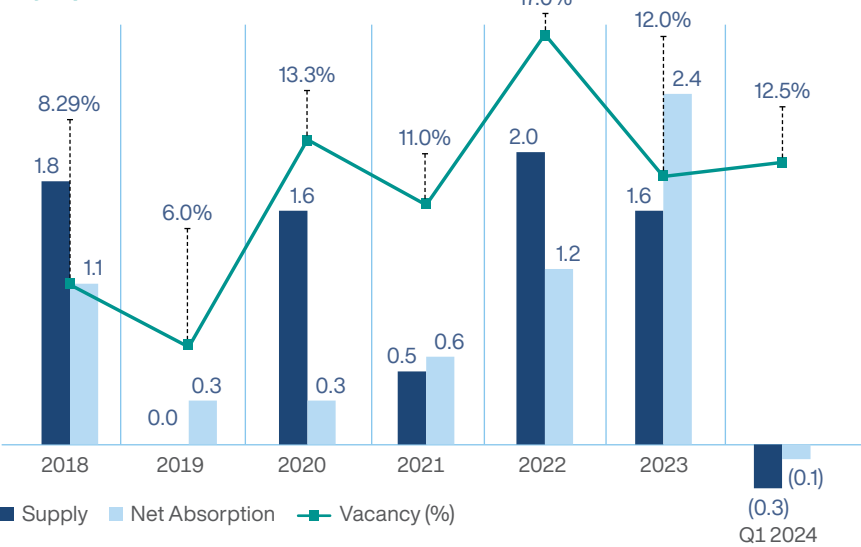
- Quality social infrastructure, improving connectivity through the operational metro lines, and competitive rentals make Malad-Goregaon a major office corridor for global occupiers
- The strong demand and low relevant vacancy have combined to push up the average rents



Chennai is the fourth-largest metropolitan city in India. The rapidly evolving real estate sector is benefiting from the strong growth of the IT and Manufacturing industries and improving infrastructure. The city is culturally diverse and socially cosmopolitan.



Key Updates – South-West



Source: Jones Lang LaSelle Inc. (JLL)

- The South-West market accounts for c. 27% share of the operational Grade A stock in Chennai
- The South-West market has clocked an average 28% share of net absorption from CY2019 to Q1 FY24. In the post-COVID period, it has recorded highest ever net absorption in CY2023
- The submarket has been dominated by Manufacturing/Industrial and IT/ITeS occupiers in terms of share of leasing activity, but in more recent times BFSI occupiers have scaled up their presence

