

**PUNE COMMERCIAL REAL ESTATE
JUNE-2009**

ASIA COMMERCIAL

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Market Summary

Demand Supply

- Pune witnessed a supply of around 4 million-sq.ft area in Q1 2009. The supply is majorly coming from Yerwada, Airport Road, Wakdewadi, Kharadi regions and few others from Hinjewadi, Lullanagar, Kalyani and Bund Garden.
- Two major projects are coming, of which one is in the Airport road; the project is around 1.8 million-sq.ft area, which is expected by Q2 2010.
- The other project is in Yerwada, which is expected by Q3 2010. The project is of 2.5 million sq.ft of which 75 % of the work is completed.
- The supply in Pune mostly comes for I.T / I.TES Park and the Peripheral Business Districts (PBD) of Pune like Hinjewadi, Wakdewadi, and Hadapsar are preferred destinations for large I.T office requirements.
- Of the total supply, there is a vacancy of around 300,000 sq.ft in the Peripheral regions and around 1.5 million in Central Business Districts (CBD) of Pune.
- Further, reducing of prices will provide an opportunity for Grade B occupants to relocate to better space and hence the Central and off Central Business Districts (CBD) like Bund Garden ,Koregaon Park ,Kalyani Nagar can witness demand for office space.

Locations

- Central Business District
The Central Business District (CBD) of Bund Garden, Koregaon Park has witnessed demand for office space ranging from 1000 -3500 sq.ft area.
 - The Kumar Business Center in Bund Garden, a project of 62,000-sq.ft area is complete and has a vacancy of 21,000-sq.ft area. It is on Sale as well as Lease model.

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The lease rental of Bund Garden is around Rs.70-130 for Commercial and around Rs. 30-60 for I.T / ITES. The Outright Value for Commercial is around Rs.8000-12000 and for I.T / I.TES is between 3000-6000.

- Business Plaza, a project in Koregaon is completed and has a vacancy of around 100,000sq.ft area. The Lease Rental would be around Rs 60-70.
- Onyx, a project in Koregaon Park is ready for Fit Out. The total area of project is around 125,000 sq.ft, of which 35,000-sq.ft area is vacant. It is on Sale as well as Lease model. The lease rental is between Rs.60-70 and outright value is Rs. 8000-9000.

➤ Off Central Business District

The Off Central Business District (**Off CBD**) of Kalyani Nagar, Airport Road, Yerwada, and Nagar Road has witnessed major supply of projects coming up.

- **The Weikefield project is completed and it is been sold out to N.V .Realty.**
- The North Court project in Kalyani is complete. The project is of 25,000 sq.ft area .The project is on Sale as well as Lease model. It has a vacancy of around 50 % i.e. 12,500 sq.ft area. The Lease Rental is around Rs. 70. The Outright value is between Rs. 8000-12,000.
- The Business Bay project in Airport Road is under construction and expected to be complete by Q2, 2010. The project has an area of 1.8 million sq.ft and has ample of vacancy.
- The Kumar Cerebrum project in Kalyani Nagar is of 10, 00,000sq.ft area and expected to be complete by August 2009. It has a vacancy of around 450,000-sq.ft area.

The Lease Rental for Commercial is between Rs.65-95 and for I.T / I.TES is between Rs.30-60.

The Outright value for Commercial is between Rs. 6500-9500 and for I.T / I.TES is between Rs. 3000-6000.

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- Another huge project coming up is Commerzone in Yerwada. The project area is 2.5 million sq.ft, of which around 15.5 million sq.ft area is near completion.

Major leasing transactions are happening here because it is leasing out at a discount of 20 -30 %. The project is expected to be complete by Q 3, 2010. It on Sale as well as Lease model .The vacancy is around 25 %. I.T and Telecom Companies majorly occupy it. The Lease Rental is around Rs. 35 and outright value is Rs. 3500.

➤ Peripheral Business District

The Peripheral Business District (**PBD**) of Vishrantwadi, NIBM, Lullanagar Road, Hinjewadi, Kharadi and Wakdevadi has seen projects coming up and the vacancy in these projects are also very high.

- The Phoenix project in Hinjewadi is of 125,000-sq.ft area, of which 35,000-sq.ft area lying vacant. It is on Sale as well as Lease basis. The Lease Rental is between Rs.30-35 and outright value is around Rs 3400 – 3600.
- Matrix, a project of 250,000-sq.ft area in Wakdevadi has occupancy of 150,000-sq.ft area. It is only on Lease basis and Lease Rental charge is around Rs.55.
- Almonte project at Kharadi is of 175,000-sq.ft area and has vacancy of about 125,000-sq.ft area. It is on Lease basis and average Lease Rental charge is between Rs.30 – 35.
- Shoppers Orbit at Vishrantwadi is complete, sold out at Rs.8500 per sq.ft, and has no vacancy.
- Bizzbay project at NIBM is complete and has an office area of 28,000 sq.ft .It is operating on Sale and Lease both. The lease rental is around Rs. 70 and Outright value of Rs. 9000.The vacancy is 30 % in office space.
- Ganga Collidium project at Lullanagar Road is complete and is open for sale. Model is Sale as well as Lease basis. The Lease Rental is around Rs. 50 and Outright value is around Rs.5, 000. There is a vacancy of around 16,000-sq.ft area. On the top floor around 8,000-sq.ft area is been sold out to Max New York Life

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Rental Market Indicators

The PBD is emerging as an IT hub with many IT companies being clustered in this location. This is due to availability as well as affordability of space in these areas.

The Lease Rentals differ from projects, since CBD is saturated; some major projects in other regions like Off CBD and PBD are charging Rentals as high as CBD.

Where the average rental of Off CBD is around Rs.60-70, Commerzone is charging around Rs 35 and in case of NIBM which is in PBD is charging a Rental as high as Rs. 70.

Sub Market	Avg Rent (per sq ft per month)		
	Mar 09	Apr 09	May 09
CBD (Bund Garden , Koregaon Park, Shivaji Nagar)	55-75	50-70	60-75
Off CBD (Kalyani Nagar, Airport Road , Nagar Road)	40-55	40-50	60-70
PBD (Hinjewadi, NIBM , Kharadi)	30-35	30-35	35

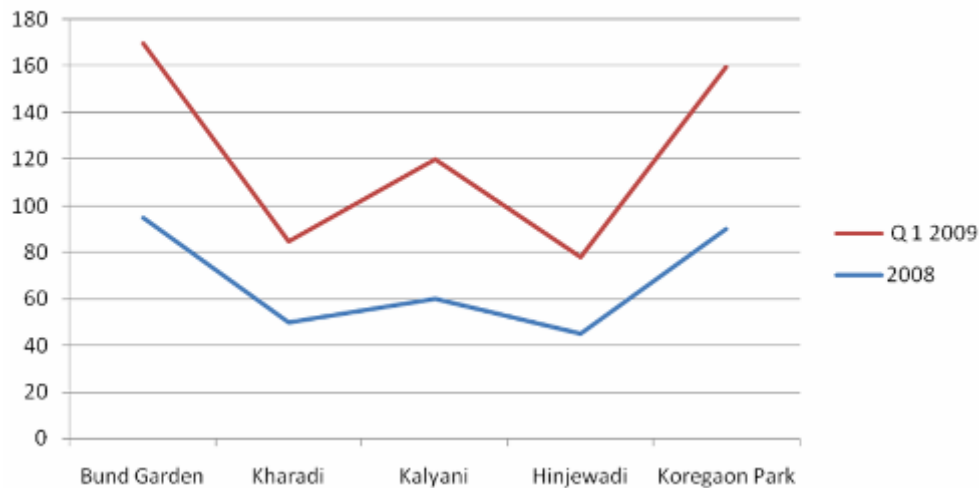
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Rental Value Trends

Comparison of Lease Rentals



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Capital Value Trends

There has been a significant fall in Capital Value across various locations in Q 1 2009 as compared to the previous year mainly on account of recessionary trend and tight liquidity condition prevailing in the market

- Capital Value of major locations in Pune is as follows :

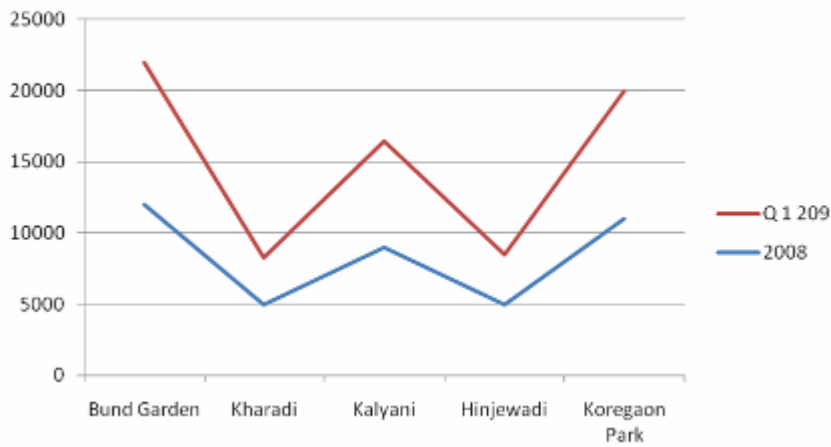
Location	Capital Value (Rs. per sq.ft)
Bund Garden (Commercial)	8000 - 12000
Bund Garden (I.T Parks)	3000 – 6000
Koregaon Park	8500 – 9000
Hinjewadi	3200 – 3500
Lullanagar Road	4500 5000
Kalyani (Commercial)	6500 – 9500
Kalyani (I.T)	3000-6000
NIBM	8000 – 9000
Yerwada	3300 - 3500

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Comparison of Capital Value



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Vacancy Rate

Many projects are coming up in different districts of Pune and each having substantial amount of vacancy. The vacancy rate has risen considerably due to lack of demand for these commercial spaces.

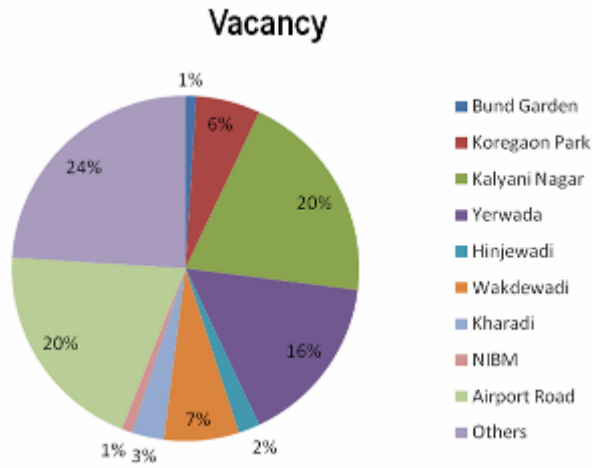
Vacancy in some of the significant projects is as follows:

Project	Location	Vacancy (sq.ft)	Vacancy %
Business Center	Bund Garden	21,000	33.33
Business Plaza	Koregaon Park	100,000	100
Onyx	Koregaon Park	35,000	28
Cerebrum	Kalyani Nagar	450,000	45
Commerzone	Yerwada	375,000	25
Ganga Collidium	Lullanagar Road	16,000	-
Business Bay	Airport Road	Ample	-
Phoenix	Hinjewadi	35,000	28
Matrix	Wakdewadi	150,000	60
Almonte	Kharadi	50,000	22
North Court	Kalyani Nagar	12,500	50
Bizzbay	NIBM	8500	30

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Significant Completed Projects

Project	Location	Area (sq.ft)
North Court	Kalyani Nagar	25,000
Shoppers Orbit	Vishrantwadi	-
Bizzbay	NIBM	28,000
Phoenix	Hinjewadi	125,000
Matrix	Wakdewadi	250,000
Almonte	Kharadi	175,000
Ganga Collidium	Lullanagar road	-
Business Center	Bund Garden	62,000
Business Plaza	Koregaon Park	100,000
Onyx	Koregaon Park	125,000

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Major Supplies coming in different Regions

Project	Location	Area (sq.ft.)	Status
Kumar Cerebrum	Kalyani Nagar	1000,000	July 2009
Commerzone	Yerwada	25,00,000	Dec 2010
Business Bay	Airport Road	18,00,000	Q 2 , 2010

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Market Outlook

Pune has witnessed abundant supply of Commercial projects coming up, whereas the demand for those spaces is relatively less. This has led to the vacancy of many projects, which will in turn affect the rental values of projects in Off CBD and PBD markets. Moreover, Developers are not considering any new proposals as the slump in the economy has led to the delay of these projects.

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