

# Delhi, India

Tenant's Guide ■ International Markets ■ Third Quarter 2009

## Overview

(NCR) National Capital Region-New Delhi, Gurgaon & Noida  
Delhi is the capital of India, the second largest city after Mumbai, and ranks 12th highest in the world office rental market. The NCR region constitutes one of the largest geographical reaches in the region.

The 2nd quarter recorded a supply of approximately 3.10 million sf across the region. The entire supply catered to the IT/ITeS Sector in the suburban locations which included 1.5 million sf of SEZ space accounting for approximately 85%. The supply mainly comprised of 56% at Gurgaon, 42% at Noida, and 2% at Delhi. Total absorption was recorded at approximately 1million sf. concentrated in Gurgaon and Noida. The quarter did not witness any pre-commitments on commercial office space.

Vacancy level increased and stood in the range of 9-11% across the NCR during the quarter due to increased availabilities in all micro markets. Gurgaon recorded a vacancy level of 10%, however, Noida continues to have the highest vacancy rate in the region in the range of 18-20%.

The improved market sentiments led to reduced rate correction while leasing activities are still low. Enquiries have increased as some sectors have started showing growth. Even with a stable government, Gurgaon and Noida are still under pressure mainly due to reduced demand and over supply.

## Market Trends

- Vacancy rate continues to rise
- Rental values are stabilizing

## Tenant's Perspective

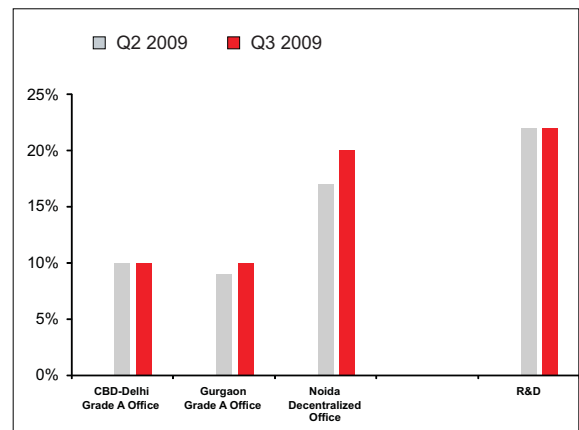
Rising vacancy and reduced pre-commitments indicate that rental values are likely to fall under pressure in the short- to medium-term. The estimated supply of 14 million sf for the year appears hard to achieve due to the slow progress of projects and economic condition.

## Major Transactions

Tenant/Buyer	Size	Type	Lease/Sale
Xerox	35,000	Office	Lease
Unitech Wireless	45,000	Office	Lease

\* Size is represented in square feet

## Vacancy Rate



## Average Rental Rates

CBD Delhi	Q2 2009	Q3 2009
Grade A Office	INR 225-260	INR 225
Grade B Office	INR 145-190	INR 145-190

Off CBD	Q2 2009	Q3 2009
Grade B Office	INR 140-180	INR 140-175

Gurgaon	Q2 2009	Q3 2009
Decentralized Off.	INR 50-80	INR 50-80

Noida	Q2 2009	Q3 2009
Office	INR 30-50	INR 30-50
R&D & IT	INR 20-35	INR 20-33

\* 1US\$=.49INR

\* All rates are quoted on warm shell s/ft/month space which include power back up and high side air conditioning.

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