

Office rentals likely to remain stable in Delhi, Mumbai

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The quarterly Asian Office Market Flash, prepared by CB Richard Ellis, studied 16 Asian cities that have recorded vacancy levels below five percent for four or more quarters. These cities include the regional financial centres of Tokyo, Hong Kong and Singapore, India's tier-one cities, Manila in the Philippines and Ho Chi Minh City in Vietnam.

'The ongoing supply crunch and continuous increases in occupancy costs have driven some companies to relocate beyond prime locations in many Asian cities that include Delhi and Mumbai,' said Anshuman Magazine, chairman and managing director of CB Richard Ellis, South Asia.

'In India, supply remained limited in commercial areas while facilities in secondary locations have attracted office occupiers due to superior availability,' he added.

'For example a number of leases in Mumbai's Nariman Point expired in the first quarter, with most tenants unable to renew office leases at the prevailing rentals,' he added.

'Many of these occupiers moved to more affordable areas. The Nariman Point is unlikely to witness substantial growth in rents through the rest of 2008,' he added.

In New Delhi, prime office rentals remained stable in the first quarter of 2008 and will see no change, he predicted.

In Bangalore, as supply remained limited in the first quarter, a further increase in rental and capital values is expected.

- Indo Asian News Service