

	Warehouse	Industrial
LEASING in msf (H1 2023)	2.45	1.30
AVG RENTALS in INR/sf/month	24.0	25.3
LAND VALUE Avg. Y-o-Y growth	-1%	1%

Robust growth in warehouse leasing, driven by Logistics and Manufacturing sectors

The warehouse leasing market in Chennai witnessed remarkable growth in H1 2023, recording 2.45 msf of half-yearly leasing, a significant increase of 2x compared to H1 2022. The Oragadam submarket emerged as the dominant submarket, accounting for 35% of the leasing activity, followed by Periyapalayam and Madhavaram with 21% and 14% shares respectively. The demand for warehouse space was primarily driven by the logistics sector, which accounted for 69% of the half-yearly leasing, while Engineering & Manufacturing occupiers held a 26% share. Logistics players who expanded their footprint in H1 primarily served engineering & manufacturing, FMCG, and multi-product clients.

Strong demand for warehouse space in the northern submarket

The northern submarkets have witnessed an influx of supply in H1. Periyapalayam, a recently sought-after market in the north, has seen a surge in demand due to the availability of high-quality supply from Grade A developers. With developers actively introducing new Grade A warehouse spaces in this area, this submarket has experienced a substantial rental appreciation of 29% on a y-o-y basis. Other sub-markets such as Oragadam, Irungattukottai, Sriperumbudur, and Gummidipoondi as well experienced rental increase in the range of 8-13% y-o-y, driven by robust demand. This trend of consistent and healthy demand from the logistics and manufacturing segments is expected to continue in the upcoming quarters as well.

Healthy demand for Industrial sheds in key western clusters

During the first half of the year, leasing of industrial sheds in Chennai reached 1.3 msf, nearly 3X the quantum recorded in H1 2022. The key western industrial clusters, such as Oragadam, took the lead at 76%, followed by Sriperumbudur at 20%. Electronics good manufacturers, holding a share of nearly 83% dominated the leasing activity in H1, on the back of their city-wide footprint expansion. The Tamil Nadu government's new electric vehicle (EV) policy has played a significant role in encouraging EV and ancillary product manufacturers to establish their presence in the city, with cumulative industrial leasing at 0.1 msf in H1. Healthy demand coupled with the limited supply of industrial sheds led to a rental appreciation of 9-13% y-o-y, across key industrial clusters in Chennai, including Irungattukottai, Sriperumbudur, Oragadam, and Gummidipoondi. The submarkets of Sriperumbudur and Irungattukottai have seen a minor increase of 2-4% (y-o-y) in industrial land prices. These vibrant industrial hubs have been thriving due to strong infrastructure support and high demand, thus driving up land values.

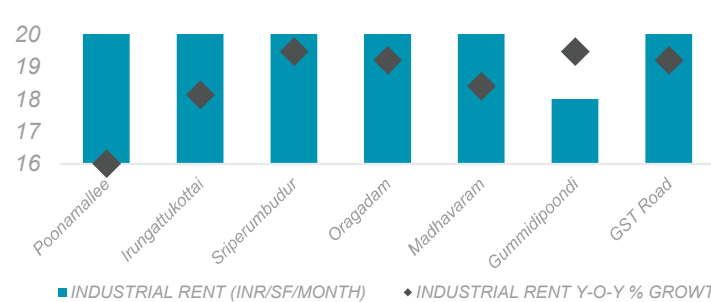
Notable announcements in H1 included Mitsubishi Electric's announcement on a greenfield air conditioning manufacturing plant in Chennai. The Tamil Nadu Government has proposed a multi-storey plug-and-play factory space in the SIDCO Industrial Estate in Guindy to support manufacturing-centric startups.

ECONOMIC INDICATORS H1 2023

	2022	2023	2024 Forecast
GDP Growth	7.2%	6.1%	6.5%
CPI Growth	6.7%	5.3%	5.0%
Consumer Spending	7.5%	7.0%	6.7%
Govt. Final Expenditure Growth	9.7%	8.1%	7.4%

Source: Oxford Economics, RBI, IMF

INDUSTRIAL RENT / Y-O-Y GROWTH



WAREHOUSING RENT / Y-O-Y GROWTH



KEY WAREHOUSING SUBMARKETS - RENTALS AND LAND RATES – June 2023

SUBMARKET	WAREHOUSE RENT		LAND RATES			
	INR/SF/MONTH	Y-O-Y Change	INR MN/ACRE	US\$ MN/ACRE	EURO MN/ACRE	Y-O-Y Change
Madhavaram	23	0%	80	0.97	0.89	0%
Periyapalayam	22	29%	16	0.19	0.18	6%
Irungattukottai	27	8%	26	0.32	0.29	0%
Sriperumbudur	25	9%	23	0.28	0.26	-8%

KEY INDUSTRIAL SUBMARKETS - RENTALS AND LAND RATES – June 2023

SUBMARKET	INDUSTRIAL RENT		LAND RATES			
	INR/SF/MONTH	Y-O-Y Change	INR MN/ACRE	US\$ MN/ACRE	EURO MN/ACRE	Y-O-Y Change
Sriperumbudur	26	13%	23	0.28	0.26	4%
Oragadam	28	12%	25	0.30	0.28	7%
Irungattukottai	27	8%	26	0.32	0.29	1%
Gummidipoondi	18	13%	16	0.19	0.18	0%

Note: quoted industrial and warehousing rents are historically corrected to reflect accurate market conditions.

Quoted land rates for serviced industrial land parcels are mentioned

Represents government owned serviced plots in industrial parks

Percentage growth are in local currency; Y-O-Y – Year on Year

Conversion Rate: US\$1 = 82.17 INR and Euro 1 = INR 89.43

SIGNIFICANT INDUSTRIAL / WAREHOUSE TRANSACTIONS H1 2023

Lessee	Lessor	Type	Submarket	Area (sf)
Rikun	Indospace	Industrial shed	Oragadam	530,000
Kerry Indev	Indospace	Warehouse	Sri City	300,000
Expeditors	Indospace	Warehouse	Sriperumbudur	108,000
Sanmina	Green Base	Warehouse	Oragadam	90,000

SIGNIFICANT LAND TRANSACTIONS H1 2023

Buyer	Seller	Type	Submarket / Location	Area (acre)
Pragathi	Aggregation	Industrial	Oragadam	35 Acres

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