

**16.65%** GRADE A VACANCY (Q2 2024)

**1.74 msf** GROSS LEASING VOLUME (Q2 2024)

**1.39 msf** NET ABSORPTION (H1 2024)

### Strong leasing in Q2, driven by fresh space take-up

During the second quarter of the year, Chennai recorded a gross leasing volume of 1.74msf, a rise of 5% on q-o-q and a 10% increase y-o-y. This leasing activity was primarily driven by the prime submarkets of South-west and Suburban South, which accounted for 34% and 33% of the quarterly leasing volume, respectively. Global Capability Centers (GCCs) remained dominant (32%) in the leasing activity, with significant contributions from the Healthcare & Pharmaceuticals and Engineering & Manufacturing sectors. Next in line was the IT-BPM sector, which accounted for 28% of the quarterly leasing volume. Net absorption in Q2 was recorded at 0.52msf, mainly driven by fresh space take-up.

In the first half of the year, Chennai recorded a gross leasing volume of 3.4 msf, a minor 7% decrease compared to the same period last year. The demand for fresh space was strong, with new space take-up comprising 97% of the half-yearly leasing volume. Net absorption in H1-24 stood at 1.39 msf, a marginal decline of 2% compared to H1-23.

### Decline in city-level vacancy due to healthy absorption

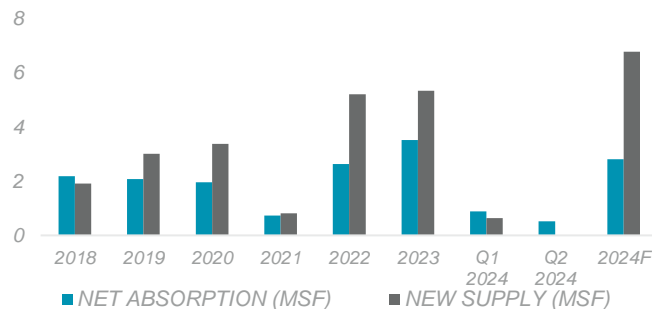
Healthy leasing activity led to a decrease in city-level vacancy by 78 basis points, bringing the vacancy rate to 16.65% from 17.43% in Q1. No new project completions were recorded in Q2. At the submarket level, South-west, Peripheral South-west and Peripheral South submarkets saw a vacancy drop ranging between 1% to 3%.

Currently, some of the city's SEZ portfolio is currently applied for de-notification and hence the occupancy levels these assets are expected to improve in near to mid term. The city is projected to receive a healthy supply of 5.28 msf over the next two quarters. With nearly 24% of the anticipated supply in the second half of 2024 already pre-committed and ongoing strong demand, the city is expected to maintain healthy absorption levels in the upcoming quarters.

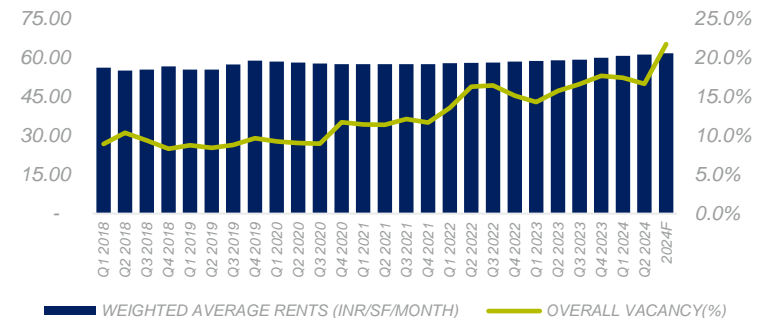
### City-level rentals saw a marginal increase

Rentals recorded a minor increase across the CBD, Suburban and Peripheral southern submarkets resulting in a marginal q-o-q rise of 0.7% in the city-level rentals. This increase can be attributed to higher rental rates quoted by newly added supply amid steadily growing demand for new space. This upward rental trend is expected to continue in the coming quarters, supported by ongoing occupier demand and a pipeline of good-quality supply.

### NET ABSORPTION & NEW SUPPLY



### OVERALL VACANCY & WEIGHTED AVERAGE ASKING RENT



### MARKET INDICATORS OVERALL Q2 2024

Q2 2023    Q2 2024    12-Mo. Forecast

Overall Vacancy	15.71%	16.65%	▲
Weighted Average Net Asking Rents (INR/sf/month)	58.95	61.10	▲
YTD Net Absorption (sf)	1,422,379	1,394,759	▲

## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	VACANCY	YTD GROSS LEASING ACTIVITY# (SF)	PLANNED & UNDER CONSTRUCTION (SF)^	YTD CONSTRUCTION COMPLETIONS (SF)	YTD NET ABSORPTION (SF)	GRADE A WTD. AVG. RENT*		
							INR/SF/MO	US\$/SF/YR	EUR/SF/YR
CBD	2,995,679	4.71%	189,560	1,550,000	-	35,406	80.00	11.51	10.68
Off-CBD	699,760	27.67%	13,840	293,255	105,650	-	76.45	11.00	10.20
South-west	17,575,012	14.66%	1,217,155	4,501,655	-	669,999	77.65	11.17	10.36
North-west	3,232,000	13.44%	13,568	-	-	2,500	41.10	5.91	5.49
Suburban South	21,009,431	12.21%	1,295,222	3,365,000	523,288	398,883	81.50	11.73	10.88
Peripheral South	13,373,497	15.95%	343,689	2,860,000	-	-11,638	51.75	7.45	6.91
Peripheral South-west	8,058,890	38.53%	327,172	3,052,750	-	299,609	55.75	8.02	7.44
<b>TOTALS</b>	<b>66,944,269</b>	<b>16.65%</b>	<b>3,400,206</b>	<b>15,622,660</b>	<b>628,938</b>	<b>1,394,759</b>	<b>₹ 61.10</b>	<b>\$8.79</b>	<b>€ 8.16</b>

The report highlights Grade A details only. Certain indicators are historically corrected by addition / deletion of older / refurbished projects as per grade A classification and accounting for changes in built-up / leasable area besides adjusting tenant leases to reflect accurate market conditions.

Net absorption refers to the incremental new space take-up

#YTD gross leasing activity includes pre commitments and term renewals

^Includes planned & under construction projects until 2026

\*Weighted average asking rental rates for vacant spaces that provide core facility, high-side air conditioning and 100% power back up

Key to submarkets:

CBD – Anna Salai, Nungambakkam, RK Salai; Off-CBD – T.Nagar, Alwarpet, Kilpauk, Egmore, Chetpet, Royapettah, Anna Nagar, Kotturpuram; Peripheral South- Sholinganallur, Thoraipakkam, Navalur, Siruseri, Padur; Suburban South – Perungudi, Taramani, Thiruvanniyur, Velachery; South West – Guindy, Ashok Nagar, Vadapalani, Manapakkam, Ekkaduthangal; North West – Ambattur, Padi, Koyambedu, Arumbakkam; Peripheral South-west – Singaperumalkoil, Tambaram, Guduvanchery, Perungalathur, Pallavaram.

US\$ 1 = 83.4 INR € 1 = 89.9 INR

Numbers for the second quarter are based on market information collected until 20<sup>th</sup> June 2024

## KEY LEASE TRANSACTIONS Q2 2024

PROPERTY	SUBMARKET	TENANT	SF	LEASE TYPE
RMZ One Paramount	South-west	Guide House	240,000	Fresh Lease
Ramanujan Intellion Park	Suburban South	Astra Zeneca	230,000	Fresh Lease

## SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	COMPLETION
ASV Husainy Tech Park	South-west	NA	1,000,000	Q4 2024
Embassy Tech Zone Block 10	Peripheral South-west	NA	430,000	Q1 2025
Fintech Tower (@ Fintech City)	South-west	NA	560,000	Q4 2025

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