

MARKET FUNDAMENTALS

	YOY Chg	Outlook
15.91% Vacancy Rate	▼	▲
0.62 Q1-25 Net Absorption (MSF)	▼	▲
INR 80.1 Stock Wtd. Rent (PSFPM)	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook
6.20% GDP Growth (Q3 FY24-25)	▼	▲
3.60% CPI Inflation	▼	▲
58.3 Services PMI (3 months average)	▲	▬

Source: MOSPI, RBI, HSBC

HEALTHY LEASING VOLUME IN Q1, IT-BPM CONTINUED ITS DOMINANCE

In the first quarter of the year, the city recorded a gross lease volume (GLV) of 1.97 msf with a 19% increase on y-o-y. The quarterly leasing activity was driven by the Suburban South submarket which accounted for a 38% share of the total volume. Peripheral South-west followed with a 34% share and recorded 3x volume than the previous quarter. In Q1, IT-BPM accounted for 47% of the total GLV. Flexible Workspace, which recorded 3x the volume of previous quarter, contributed 28% to the quarterly leasing volume, followed by Engineering & Manufacturing with a 16% share. Global Capability Centers (GCCs) of multinationals had a significant 47% share in Q1 leasing volume, driven by companies in IT-BPM and Engineering & Manufacturing sectors. Net absorption during the quarter stood at 0.62msf, which is over two-fold increase compared to the previous quarter.

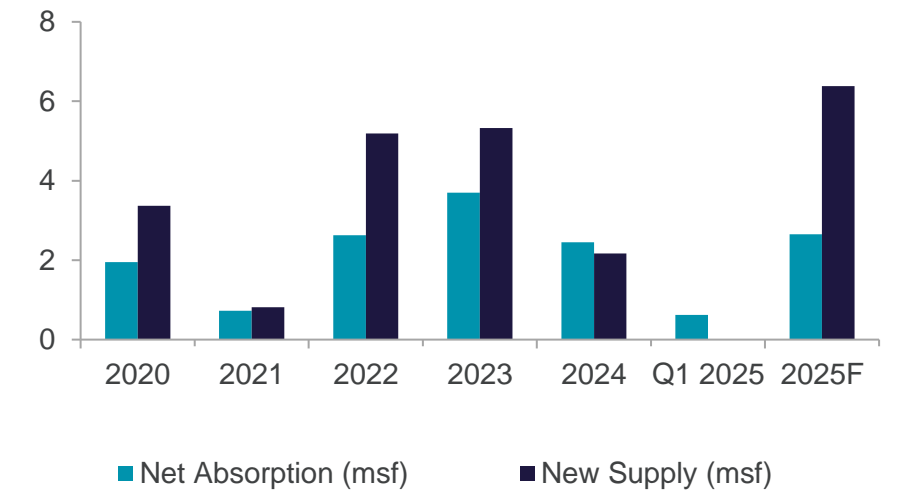
NO NEW SUPPLY IN Q1, DECLINE IN CITY-LEVEL VACANCY

The city did not witness any new supply during the quarter. Muted supply and healthy absorption levels recorded during the quarter, led to a 90 basis points q-o-q decline in overall Grade A vacancy which stood at 15.91%. An influx of 6.38msf of Grade A supply is likely to enter the market over the next three quarters, with more than 50% of this supply expected in the prime submarkets of Suburban South and South-west submarkets. Given that 27% of the expected supply between Q2 and Q4 2025 has already been pre-committed, net absorption levels are likely to remain strong for the rest of the year.

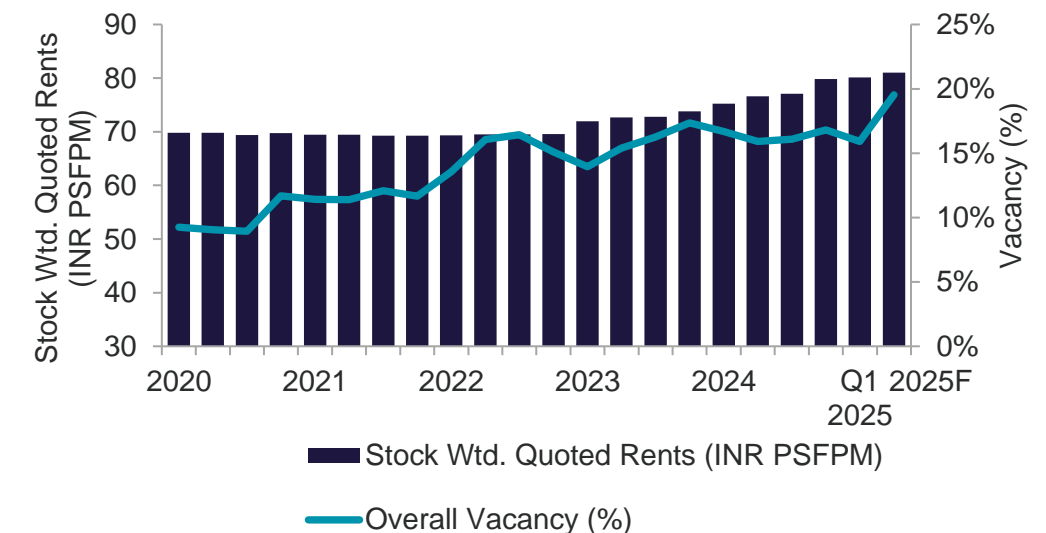
CITY-LEVEL RENTALS RECORDED GROWTH

City-wide rentals recorded a 6% y-o-y increase, driven by sustained demand and limited availability of premium office spaces. Suburban South, North-west, South-west, Peripheral South and Peripheral South-west submarkets witnessed a rental appreciation of 1-5% q-o-q. This upward trend is expected to continue in the coming quarters, backed by strong ongoing active demand and a healthy Grade A+ supply pipeline quoting higher rentals than market average.

NET ABSORPTION / NEW SUPPLY



OVERALL VACANCY & STOCK WTD. QUOTED RENT



MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	OVERALL VACANCY RATE	CURRENT QUARTER NET ABSORPTION (SF)	YTD NET ABSORPTION (SF)	YTD LEASING ACTIVITY (SF)	YTD CONSTRUCTION COMPLETIONS (SF)	PLANNED & UNDER CONSTRUCTION (SF)^	GRADE A STOCK WEIGHTED AVERAGE RENT (INR/SF/M)
CBD	2,995,679	4.18%	10,600	10,600	10,600	-	1,155,233	₹ 86.20
Off-CBD	699,760	28.54%	-47,165	-47,165	12,835	-	683,255	₹ 81.34
South-west	18,177,114	10.84%	271,503	271,503	478,515	-	5,725,462	₹ 85.07
North-west	3,789,000	22.78%	12,200	12,200	12,200	-	500,000	₹ 49.71
Suburban South	21,153,431	8.55%	525,367	525,367	746,389	-	3,751,269	₹ 99.36
Peripheral South	13,700,497	21.24%	-110,750	-110,750	43,250	-	2,760,000	₹ 58.78
Peripheral South-west	8,058,890	37.63%	-42,820	-42,820	667,910	-	4,887,142	₹ 66.51
CHENNAI TOTALS	68,574,371	15.91%	618,935	618,935	1,971,699	-	19,462,361	₹ 80.10

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 2027. *Stock weighted average asking rental rates for 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, Thiruvanmiyur, 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 = 86.7 INR € 1 = 90.5 INR

Numbers for the first quarter are based on market information collected until 20th March 2025

KEY LEASE TRANSACTIONS Q1 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
ITPC, Radial Road	Peripheral South-west	Walmart Global Tech	464,000	Pre-commitment
Olympia Crest	Suburban South	Incuspaze	227,194	Fresh Lease
ITPC, Radial Road	Peripheral South-west	Vestas	115,000	Fresh Lease
ITPC, Taramani	Suburban South	Mindsprint	86,774	Fresh Lease
Ramanujan Intellion Park	Suburban South	WeWorks	150,000	Fresh Lease

KEY CONSTRUCTION COMPLETIONS Q1 2025

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
No Grade A office supply in Q1 2025				

A.M.LAKSHMI

Manager, Research

Tel: +91 44 42995555

am.lakshmi@cushwake.com

SUVISHESH VALSAN

Senior Director, Research

Tel: +91 22 6771555

suvishesh.valsan@cushwake.com

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