

MARKET FUNDAMENTALS

	YOY Chg	Outlook*
13.9% Vacancy Rate	▼	▲
3.1 YTD 2025 Net Absorption (MSF)	▲	▲
INR 80.9 Stock Wtd. Rent (PSFPM)	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook*
7.4% GDP Growth (Q4 FY24-25)	▼	▼
2.8% CPI Inflation	▼	▲
58.7 Services PMI (3 months average)	▼	—

Source: MOSPI, RBI, HSBC

LEASING MOMENTUM ACCELERATES ALONG CHENNAI'S IT-CORRIDOR

Chennai's office market sustained strong leasing momentum in Q2 2025, fueled by consistent demand along the IT corridor. Gross leasing activity for the quarter stood at 2.17 msf, marking a 10% increase over the previous quarter and 25% growth YOY. Fresh leasing remained dominant, contributing to 92% of total leasing activity, highlighting sustained occupier appetite for new office spaces. Peripheral South emerged as the most active submarket this quarter, accounting for 33% of the total leasing volume, followed closely by Suburban South, which contributed 31%. Sector-wise, IT-BPM remained the key demand driver, commanding 47% of the quarterly leasing activity, while the BFSI sector followed with 22%. Building on strong quarterly momentum, Chennai recorded its highest-ever H1 leasing volume at 4.14 msf led by IT-BPM (47%) and flex space operators (23%).

Global Capability Centers (GCCs) particularly within BFSI and IT-BPM sectors, accounted for 0.66 msf of leasing in Q2. This took the GCCs' cumulative share to 38% of H1 leasing, a 22% growth compared to the same period in 2024.

ROBUST ABSORPTION LED TO DECLINE IN CITY-LEVEL VACANCY

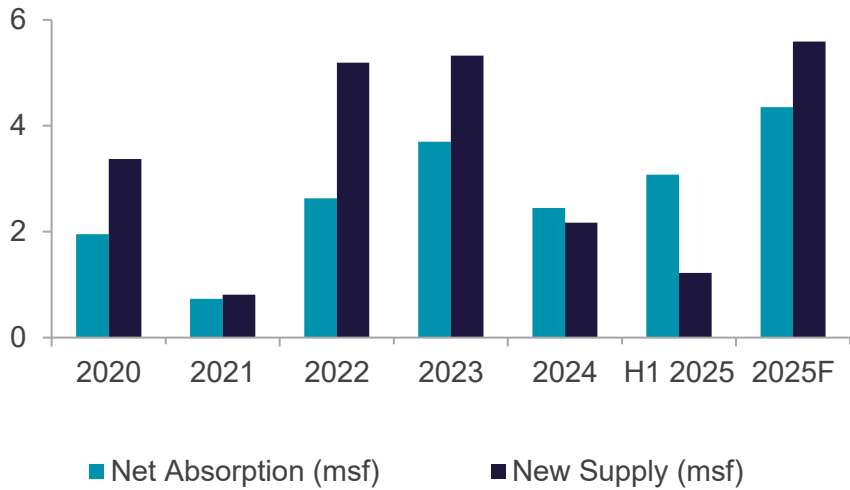
The city added 1.22msf of new Grade A supply during the second quarter. Meanwhile, net absorption rose sharply to 2msf, an 84% increase QOQ. This robust absorption was fueled by both healthy fresh leasing activity and significant pre-commitment in the new completion, resulting in the highest-ever half-yearly net absorption of 3.08msf. As a result, city-level Grade A vacancy declined by 138 basis points and stood at 13.85% by the end of Q2.

Looking ahead, nearly 12msf of new supply is expected by end-2026, largely in the Grade A+ category, emphasizing Chennai's position as an occupier-focused market offering premium office spaces.

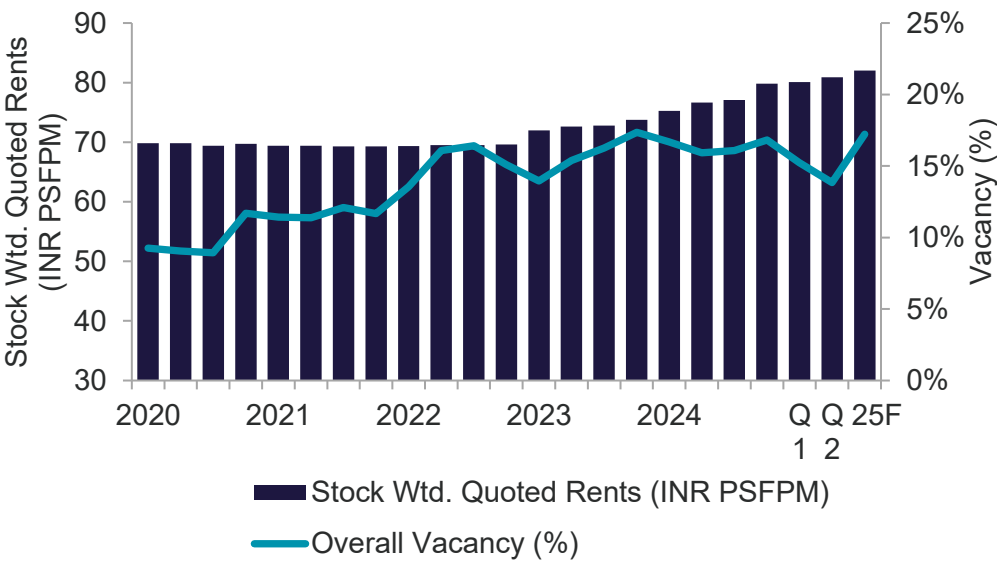
MARGINAL RENTAL GROWTH ACROSS SUBMARKETS

At the city level, rentals recorded a 6% growth YOY. Submarkets such as Suburban South, South-West and Peripheral South witnessed 5-6% rental appreciation on YOY, while North-West and Peripheral South-West recorded stronger growth in the range of 11-12% YOY. With the upcoming pipeline of premium Grade A+ developments, Chennai's rental growth trend is expected to continue, supported by rising demand and premium supply which will command rentals above current market averages.

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	19,848	-	1,155,233	₹ 86.20
Off-CBD	699,760	26.16%	16,607	-30,558	33,619	-	683,255	₹ 81.34
South-west	18,177,114	9.59%	228,219	499,722	793,288	-	5,825,462	₹ 85.07
North-west	3,789,000	21.19%	60,200	72,400	129,009	-	150,472	₹ 52.01
Suburban South	22,373,517	9.97%	799,161	1,324,528	1,410,563	1,220,086	3,158,085	₹ 100.34
Peripheral South	13,700,497	17.29%	540,679	429,929	754,115	-	2,760,000	₹ 58.78
Peripheral South-west	8,058,890	27.51%	351,746	772,926	1,000,505	-	5,147,142	₹ 66.51
CHENNAI TOTALS	69,794,457	13.85%	1,996,612	3,079,547	4,140,947	1,220,086	18,879,649	₹ 80.88

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

Outlook*: The Outlook represents our forward-looking view of key market indicators over the next 12 months, based on current market trends, economic conditions, policy developments, and available data. Projections are indicative and may be adjusted as market dynamics evolve.

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 = 85.4 INR € 1 = 96.4 INR
Numbers for the second quarter are based on market information collected until 16th June 2025

KEY LEASE TRANSACTIONS Q2 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
DLF Downtown Chennai	Suburban South	American Express	167,115	Fresh Lease
ITPC, Radial Road	Peripheral South-west	State Street	200,000	Fresh Lease
DLF Downtown Chennai	Suburban South	Table Space	111,617	Fresh Lease
Ozone Techno Park	Peripheral South	Tata Consultancy Services	631,276	Fresh Lease
Ramanujan Intellion Park	Suburban South	WeWork	100,000	Fresh Lease

KEY CONSTRUCTION COMPLETIONS Q2 2025

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
DLF Downtown Chennai (DT3)	Suburban South	Standard Chartered	851,354	DLF Limited
Chaitanya The Wings	Suburban South	NA	90,000	Chaitanya Builders

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