

MARKET FUNDAMENTALS

	YOY Chg	Outlook*
<b>12.1%</b> Vacancy Rate	▼	▲
<b>5.4</b> YTD 2025 Net Absorption (MSF)	▲	▲
<b>INR 82.1</b> Stock Wtd. Rent (PSFPM)	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook*
<b>7.80%</b> GDP Growth (Q1 FY25-26)	▲	▼
<b>2.07%</b> CPI Inflation	▼	▲
<b>61.3</b> Services PMI (3 months average)	▲	▼

Source: MOSPI, RBI, HSBC

HIGHEST YTD LEASING VOLUME RECORDED

Chennai office market recorded leasing volume of 2.83msf in Q3, up 31% Q-O-Q and 59% Y-O-Y. Fresh leasing activity accounted for 84% of the total, recording a 68% growth compared to Q3 2024. YTD leasing hit 6.97 msf, a 35% growth over the same period last year. This was the highest that Chennai has ever recorded in first nine months of the year. South-west submarket led the leasing activity with a 40% share, followed by Peripheral South-west at 26%. Sector-wise, IT-BPM contributed 52% of the leasing in Q3 followed by Flex and E&M with 19% and 13% respectively.

Global Capability Centers (GCCs) remained a key driver of demand, accounting for 37% of the leasing activity in Q3 with continued demand from IT-BPM and E&M occupiers. On a YTD basis, GCCs accounted for 38% of the leasing, with the emerging hubs of MPR and PTR capturing nearly 70% of this leasing, attracting strong GCC occupier interest.

RECORD HIGH NET ABSORPTION; DECLINE IN CITY-LEVEL VACANCY

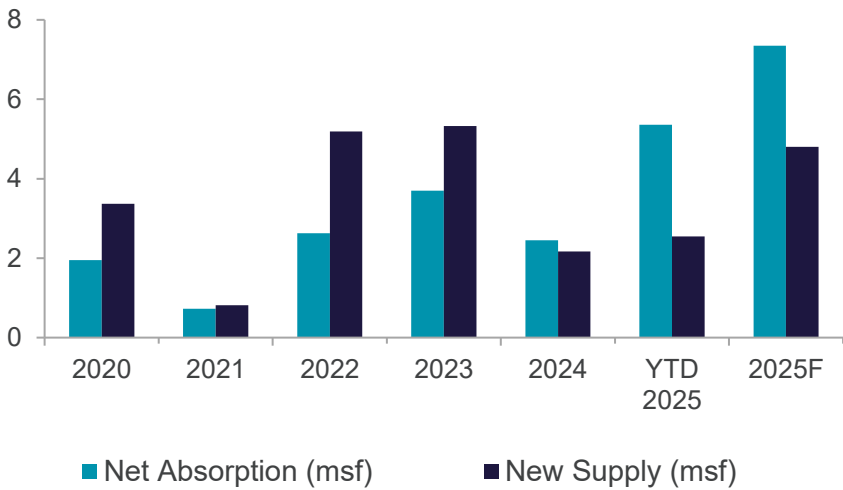
In Q3, the city recorded an influx of 1.33msf of Grade A supply, largely concentrated in the prime markets of South-west and Suburban South. With this supply addition, the city's total Grade A stock surpassed 70msf. In Q3, demand was relatively strong in markets that witnessed new supply, with nearly 68% of quarterly supply been absorbed by IT-BPM and flex occupiers. Fueled by strong demand, quarterly net absorption rose to 2.28msf - the highest recorded in the city. By the end of Q3, YTD net absorption reached 5.36msf, nearly 2.5x the levels recorded in the same period last year. This robust activity brought citywide vacancy down by 1.58% and stood at 12.08% by quarter-end.

Looking ahead, the city is expected to witness an additional 2.25msf of Grade A supply, with 2025 poised to set a record for the office market as historic demand volumes have already been recorded in the first nine months.

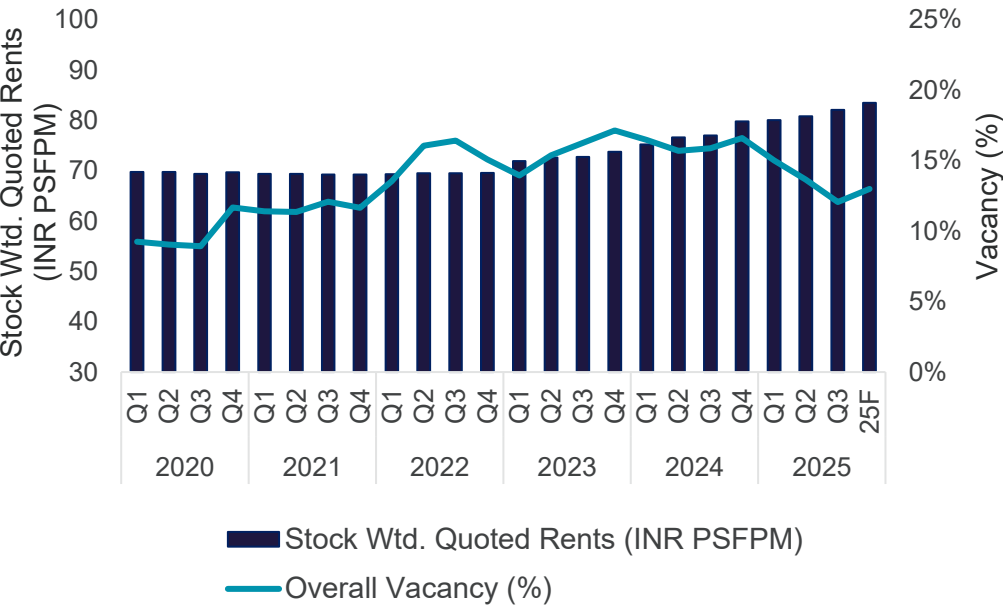
RENTAL GROWTH DRIVEN BY HEALTHY DEMAND

The city recorded a 7% rental growth on a Y-O-Y basis, driven by healthy demand mainly from GCC occupiers and multinational corporates. Submarkets of South-west, Peripheral South, Peripheral South-west and Suburban South recorded a rental appreciation of 6-7% on y-o-y basis. This upward rental trend is expected to continue in the coming quarters, supported by the ongoing healthy demand from occupiers and pipeline of good-quality supply.

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%	0	10,600	22,652	-	1,155,233	₹ 86.72
Off-CBD	699,760	9.27%	118,204	87,646	109,501	-	683,255	₹ 81.70
South-west	18,879,216	6.27%	1,211,847	1,711,569	1,925,740	702,102	5,178,360	₹ 85.11
North-west	3,789,000	20.59%	22,800	95,200	200,809	-	150,472	₹ 52.21
Suburban South	23,003,517	10.02%	555,563	1,880,091	2,106,603	1,850,086	2,738,085	₹ 103.02
Peripheral South	13,700,497	15.86%	110,872	540,801	835,077	-	1,850,000	₹ 59.04
Peripheral South-west	8,058,890	24.32%	257,232	1,030,158	1,771,557	-	4,151,210	₹ 67.03
CHENNAI TOTALS	71,126,559	12.08%	2,276,518	5,356,065	6,971,939	2,552,188	15,906,615	₹ 82.12

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 = 87.0 INR € 1 = 101.6 INR  
Numbers for the third quarter are based on market information collected until 15<sup>th</sup> September 2025

KEY LEASE TRANSACTIONS Q3 2025

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Embassy Splendid TechZone	Peripheral South-west	Optum	434,068	Pre-commitment
One National Park	Suburban South	CorporatEdge	140,000	Fresh Lease
Keppel One Paramount	South-west	Hitachi Energy Technology Services	119,813	Fresh Lease
L&T Innovation Campus	South-west	LTIMindtree	602,102	Fresh Lease
Anand IT Park	Suburban South	Vels University	220,000	Fresh Lease

KEY CONSTRUCTION COMPLETIONS Q3 2025

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
L&T Innovation Campus - Tower 2	South-west	LTIMindtree	602,102	L&T Realty
One National Park	Suburban South	NA	630,000	Phoenix Mills Ltd.

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