MARKETBEAT
CHENNAI
INDUSTRIAL H1 2026

MARKET FUNDAMENTALS

	H2 2025	H1 2026
Inventory (in MSF)	59.5	63.6
Vacancy (%)	11.8	12.9
Upcoming Supply in next 12 months (MSF)	7.9	6.1
L&I Leasing (in MSF)	5.2	6.1
Average Rentals Range (INR PSFPM)	23-30	24-30
Land Transacted (in acres)	750	500
Land Values Range (INR Mn per acre)	20-24	21-25

NORTHEN SUBMARKETS DROVE WAREHOUSE DEMAND

Chennai's industrial and warehousing market witnessed a robust 6.1 msf of leasing in H1-26, recording a 39% increase on y-o-y and 16% growth over H2-25. Warehousing leasing reached 2.3 msf during H1-26, recording a 10% increase over H1-25 although it declined by 27% compared to H2-25. Unlike previous periods that were largely driven by 3PL operators, leasing activity in H1-26 was more diversified, with 3PL (38%), Automobile (32%) and FMCG (14%) emerging as the key demand drivers. Northern submarkets, particularly Periyapalayam and Madhavaram, together accounted for over half of the warehouse leasing activity, supported by improving infrastructure, enhanced connectivity to key logistics corridors and availability of land. This highlights the growing prominence of northern corridors alongside Chennai's established western warehousing hubs.

INDUSTRIAL SHED LEASING REACHED A RECORD HIGH IN H1-26

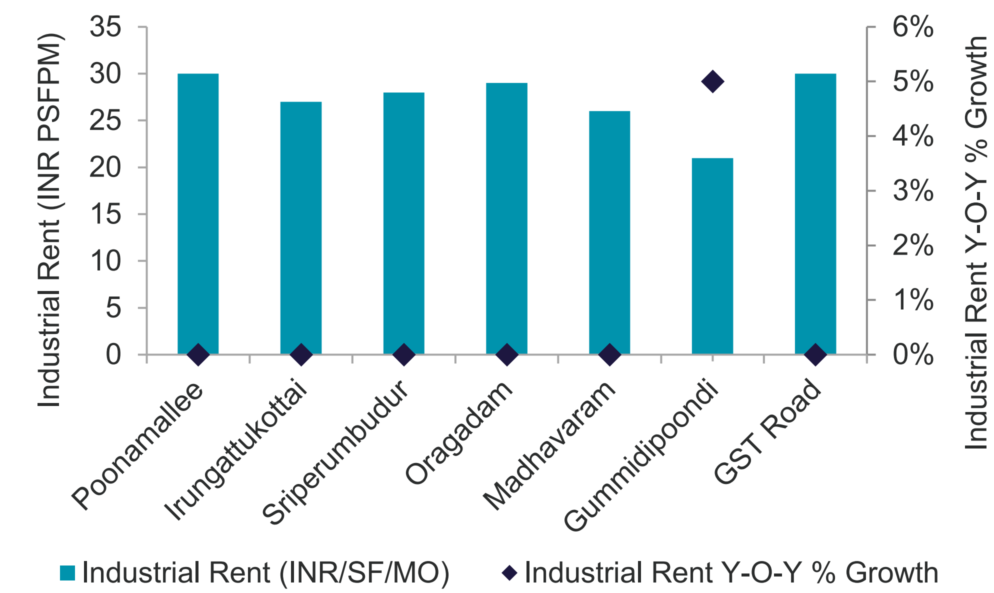
Industrial shed leasing surged to a record 3.8 msf, the highest ever recorded for any half-year, accounting for nearly 63% of the overall leasing activity. In H1-26 industrial leasing volume grew by 79% as compared to H2-25 and 64% on y-o-y basis. Engineering & Manufacturing occupiers dominated demand with a 48% share, supported by sustained demand from heavy engineering, precision engineering, electrical and electronics manufacturers. Automobile sector followed with a 29% share of industrial shed leasing in H1-26. While the established western manufacturing belt of Oragadam and Sriperumbudur remained the preferred industrial locations with a combined share of 45%, Madhavaram emerged as a fast-growing industrial hub, highlighting occupier's preference for a more geographically diversified industrial footprint.

MARGINAL RENTAL APPRECIATION IN SELECT SUBMARKETS

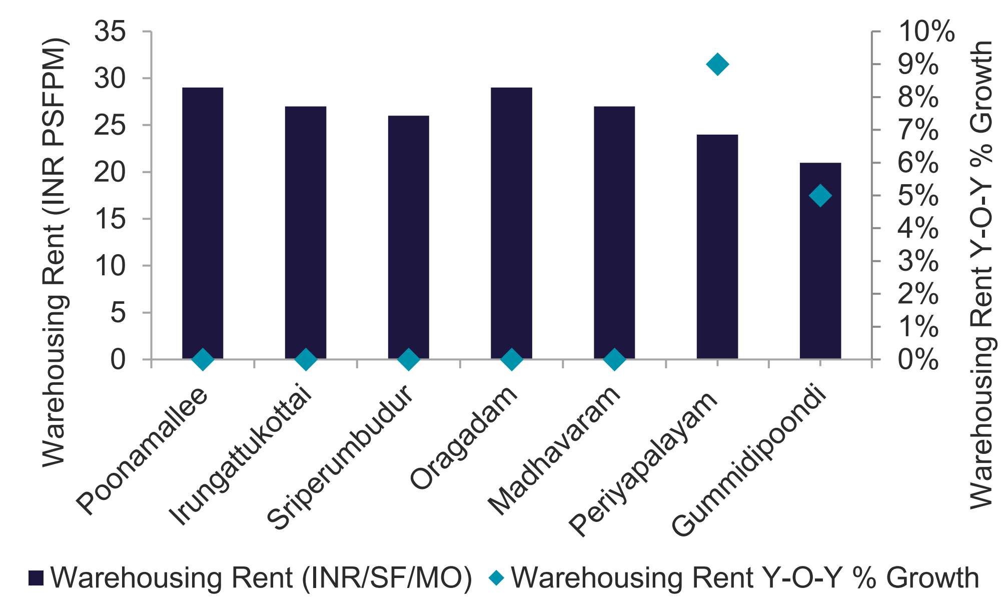
While the industrial and warehousing rentals remained largely unchanged across most submarkets during H1-26, Periyapalayam witnessed a 4% half-yearly increase in warehousing rentals, supported by growing occupier interest. Select northern corridors recorded annual rental appreciation of 5-9%. Land values continued to move upward across most industrial corridors, with submarkets such as Poonamallee and Irungattukottai witnessing a 7% annual increase, indicating sustained investor confidence and healthy demand for industrial land.

Looking ahead, Chennai's industrial and warehousing market is expected to remain on a strong growth trajectory, supported by sustained manufacturing investments and ongoing infrastructure upgrades, including the Chennai Peripheral Ring Road, Multi-Modal Logistics Park and the Chennai-Bengaluru Industrial Corridor. These developments, together with Tamil Nadu's continued focus on advanced manufacturing and electronics production, are expected to further strengthen Chennai's position as one of India's leading industrial and logistics hubs.

INDUSTRIAL RENT / Y-O-Y GROWTH



WAREHOUSING RENT / Y-O-Y GROWTH



KEY WAREHOUSING SUBMARKETS – RENTALS AND LAND RATES – JUNE 2026

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	27	0%	94	0.99	0.85	4%
Periyapalayam	24	9%	17	0.18	0.15	6%
Irungattukottai	27	0%	29	0.31	0.26	7%
Sriperumbudur	26	0%	25	0.26	0.23	4%

KEY INDUSTRIAL SUBMARKETS – RENTALS AND LAND RATES – JUNE 2026

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	28	0%	25	0.26	0.23	4%
Oragadam	29	0%	27	0.29	0.24	4%
Irungattukottai	27	0%	29	0.31	0.26	7%
Gummidipoondi	21	5%	16	0.17	0.14	0%

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= 94.6 INR and Euro 1 = INR 110.4

SIGNIFICANT INDUSTRIAL / WAREHOUSE TRANSACTIONS H1 2026

LESSEE	LESSOR	TYPE	SUBMARKET (LOCATION)	AREA (SF)
Nefab	SVR	Industrial Shed	Sriperumbudur (Mannur)	115,000
BYD	Casagrand Vanguard	Warehouse	Sriperumbudur (Pillaipakkam)	330,618
Transystem Logistics (Yamaha)	Ascendas Firstspace	Warehouse	Oragadam (Vallam)	450,000
MRF	NDR Warehousing	Industrial Shed	Madhavaram (Minjur)	500,000
Stanley Black & Decker	National Plastics	Industrial Shed	Oragadam	85,000

SIGNIFICANT LAND TRANSACTIONS H1 2026

BUYER	SELLER	TYPE	SUBMARKET / LOCATION	AREA (ACRE)
Carrier Airconditioning and Refrigeration Ltd.	Sri City Private Limited	Industrial	Sri City	39
Ecostone Logistics Park Pvt. Ltd.	Thalaivar Steels Limited	Industrial	Periyapalayam	12

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