MARKETBEAT CHENNAI
OFFICE Q2 2026

CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook*
12.41% Vacancy Rate	▼	▲
1.76 H1-26 Net Absorption (MSF)	▼	▲
INR 87.6 Stock Wtd. Rent (PSFPM)	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook*
7.80% GDP Growth (Q4 FY25-26)	▲	▼
3.93% CPI Inflation	▲	▲
58.2 Services PMI (3 months average)	—	▼

Source: MOSPI, RBI, HSBC

GCC-LED OCCUPIER DEMAND REMAINED STRONG IN Q2

Chennai's office market recorded a gross leasing volume of 1.27 MSF in Q2 2026, a decline of 24% q-o-q and 42% y-o-y, largely owing to the strong leasing momentum witnessed over the previous few quarters. Suburban South remained the most active sub-market during the quarter, accounting for 52% of leasing activity, followed by Peripheral South with a 26% share. Occupier demand was led by the IT-BPM sector (34%), followed by Flexible Workspace operators (28%) and Engineering & Manufacturing occupiers (20%). Global Capability Centres (GCCs) remained a key driver of demand, accounting for 46% of the quarterly leasing activity. Although GCC volumes moderated on a q-o-q basis, their sustained contribution to overall demand highlights the city's continued appeal among multinational occupiers looking to expand their operations.

On a half-yearly basis, gross leasing volume of 2.93 MSF was recorded. Notably, GCC occupiers accounted for a record 51% share of total leasing activity in H1, highlighting Chennai's growing prominence as a strategic hub for GCCs.

VACANCY DECLINED AMID LIMITED SUPPLY ADDITIONS

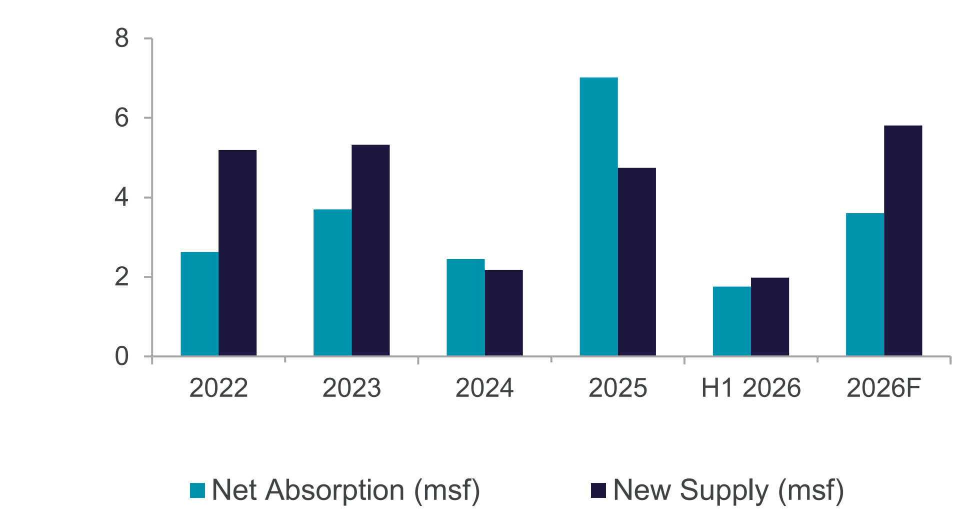
The city witnessed 0.36 MSF of new completions during Q2 2026, significantly lower than the previous quarter, while net absorption stood at 0.72 MSF. Despite net absorption declining by 31% q-o-q, healthy occupier demand coupled with limited supply additions led to a 53 bps q-o-q decline in city-level vacancy, which stood at 12.41% by the end of Q2. Occupiers continued to favour high-quality Grade A+ office developments across Chennai's southern office markets, where robust leasing activity contributed to a further decline in vacancy levels.

CITY-LEVEL RENTALS CONTINUED TO RISE

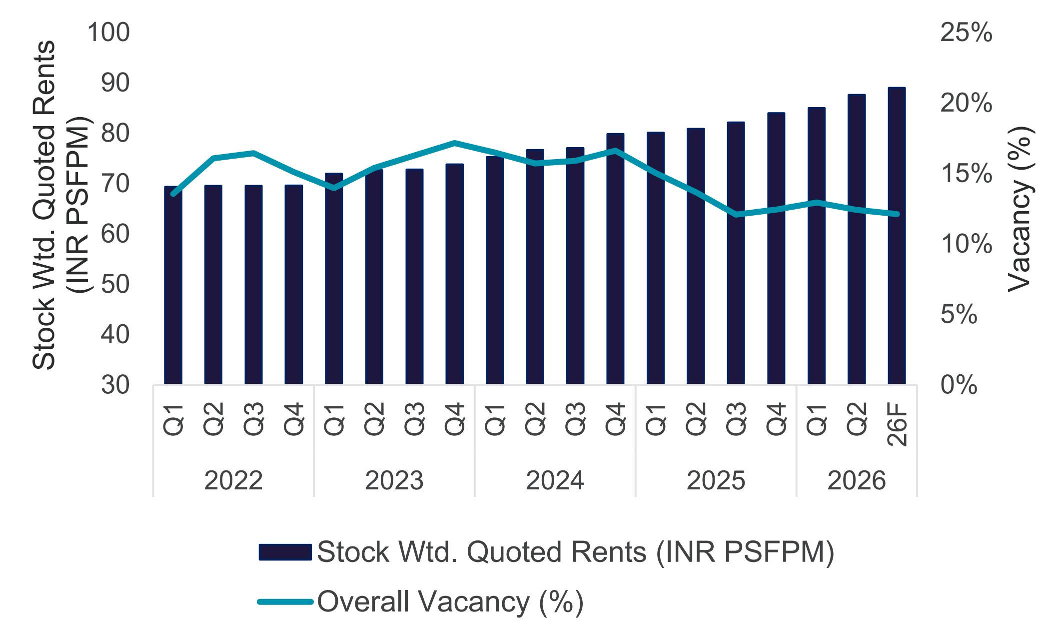
The city continued its upward rental trajectory during Q2 2026, with city-level weighted average rentals increasing by 3% q-o-q and 8% y-o-y. Off-CBD recorded the highest quarterly rental growth of 8.4%, primarily driven by new project completions entering the market at rentals significantly above the prevailing market average. This was followed by Peripheral South and Peripheral South-west where rentals appreciated by 3-4%.

Over the next three years, nearly 18 MSF of predominantly Grade A+ and institutionally backed office supply is expected to enter the market. While this will improve occupier choice, rentals are likely to remain on an upward trajectory, underpinned by healthy demand for premium office assets.

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	3.51%	20,183	20,183	-	-	1,155,233	₹ 92.26
Off-CBD	823,015	20.01%	-18,000	-18,000	44,000	123,255	657,578	₹ 91.45
South-west	19,655,576	8.17%	53,182	19,350	377,862	776,360	7,286,479	₹ 88.00
North-west	3,789,000	16.27%	-	163,750	169,950	-	150,472	₹ 56.76
Suburban South	23,493,517	8.95%	210,069	407,458	942,217	490,000	4,178,900	₹ 110.18
Peripheral South	14,360,497	12.33%	258,730	730,730	750,954	-	1,500,000	₹ 65.93
Peripheral South-west	10,187,431	29.25%	193,000	433,199	646,077	594,473	3,014,617	₹ 75.11
CHENNAI TOTALS	**75,304,715**	**12.41%**	**717,164**	**1,756,670**	**2,931,060**	**1,984,088**	**17,943,279**	**₹ 87.60**

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 2028. *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 = 94.6 INR € 1 = 110.4 INR
Numbers for the second quarter are based on market information collected until 19th June 2026

KEY LEASE TRANSACTIONS Q2 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
DLF Downtown, Chennai	Suburban South	Appian	80,454	Fresh Lease
Commerzone Pallikaranai	Peripheral South	CoWrks	100,000	Fresh Lease
Embassy Splendid TechZone	Peripheral South	Huron Consulting Group	70,000	Fresh Lease
DLF Downtown, Chennai	Suburban South	The Executive Centre	80,454	Fresh Lease
International Tech Park Chennai, Taramani	Suburban South	Tekion	80,000	Fresh Lease

KEY CONSTRUCTION COMPLETIONS Q2 2026

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
ASV CRN Business Park	South-west	NA	160,000	ASV Constructions
SKCL Summit	Off-CBD	NA	123,255	Sri Kausalya Constructions Ltd (SKCL)

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