

MARKET FUNDAMENTALS

	YOY Chg	Outlook*
12.08% Vacancy Rate	▼	▲
2.80 YTD-26 Net Absorption (MSF)	▼	▲
INR 89.8 Stock Wtd. Rent (PSFPM)	▲	▲

ECONOMIC INDICATORS

	YOY Chg	Outlook*
7.80% GDP Growth (Q1 FY26-27)	▲	▼
4.82% CPI Inflation	▲	▲
54.9 Services PMI (3 months average)	▼	▲

Source: MOSPI, RBI, HSBC

GCCS CAPTURED A RECORD SHARE IN Q3 LEASING

Chennai's office market recorded a gross leasing volume of 1.99 msf in Q3 2026, a strong 57% q-o-q increase, although 30% lower y-o-y, on account of high base set in Q3 2025. Leasing during the quarter was driven entirely by fresh space take-up, with no pre-commitments or term renewals recorded. Quarterly demand was led by Peripheral South-west, which accounted for 36% of leasing, followed by South-west at 30%. On the sectoral front, IT-BPM remained the largest demand driver with a 43% share, followed by Engineering & Manufacturing at 18% and Flexible Workspace at 16%. Notably, GCCs accounted for a record 57% of quarterly leasing, the highest-ever share recorded, strongly emphasizing the continued demand from global occupiers.

On a YTD basis, the city recorded 4.92 msf of gross leasing, with GCCs contributing 54% of this demand. With global occupiers showing active interest in establishing their GCCs in Chennai, the demand base has also broadened, with the shares of Professional Services and Healthcare & Pharmaceuticals in GCC leasing also increasing.

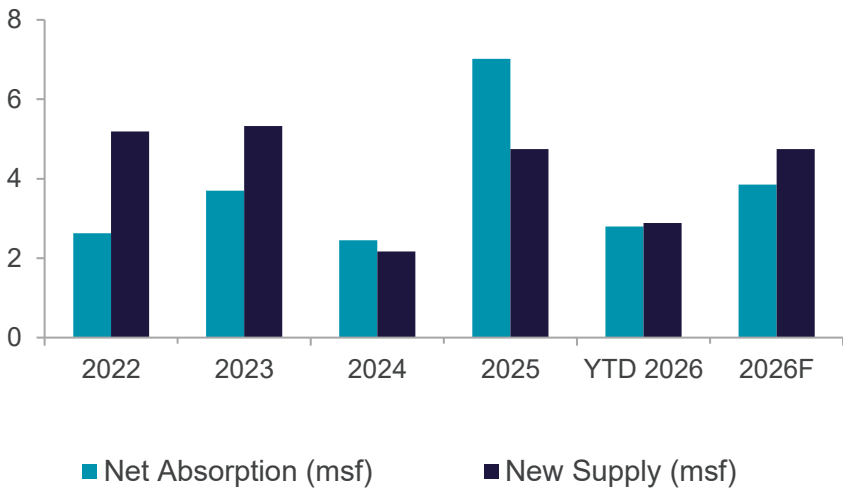
ABSORPTION GAINED MOMENTUM; VACANCY DIPPED FURTHER

The city witnessed 0.90 msf of new completions in Q3, while net absorption increased to 1.04 msf, up 45% q-o-q. With absorption outpacing fresh supply during the quarter, city-level vacancy declined by 33 bps q-o-q to 12.08%, in line with the level recorded in Q3 2025. YTD net absorption stood at 2.80 MSF, 48% lower y-o-y, as the absence of pre-commitments in newly completed projects weighed on absorption in 2026. In 2025, pre-commitments in new supply had been a key contributor to the higher absorption recorded during the year. The market remains well positioned to accommodate future demand, with 1.86 msf of supply expected in Q4 2026, followed by 6.80 msf in 2027. While a substantial portion of this upcoming pipeline is concentrated in South-west and Peripheral South-west submarkets, vacancy could witness a marginal uptick in the near term.

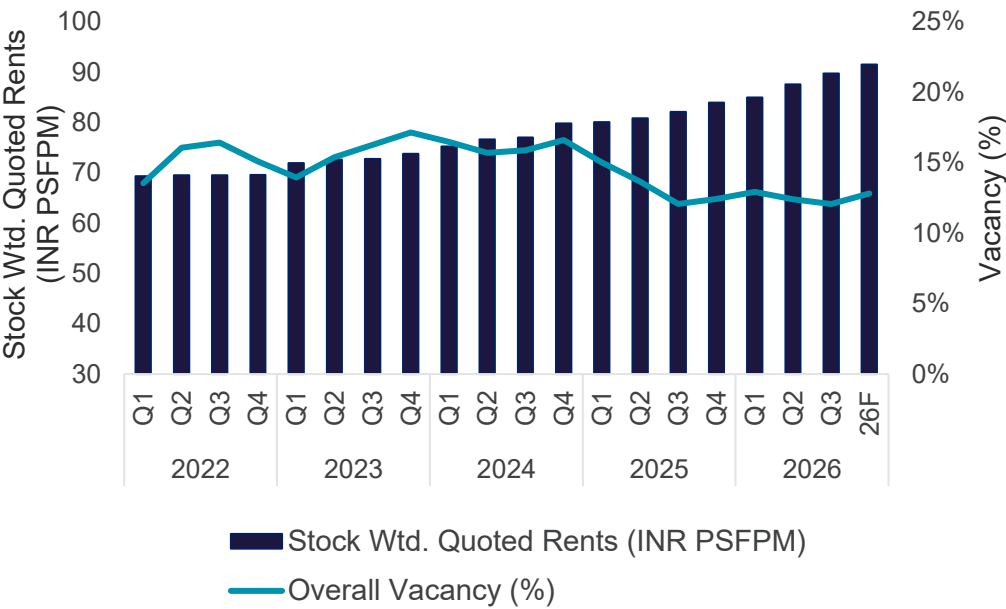
CITY-LEVEL RENTALS CONTINUED TO RISE

Chennai's city-level stock-weighted rentals increased by 2.5% q-o-q and 9% y-o-y in Q3. Off-CBD recorded the sharpest quarterly increase at 8%, followed by Peripheral South-west and North-west at 4%. On a YTD basis, rentals have increased by nearly 9% from Q3 2025 levels, despite the moderation in overall leasing volumes. This is largely due to the lower-than-expected supply conditions and increasing demand, mainly from global occupiers. Looking ahead, rentals are expected to maintain their upward trajectory, supported by strong GCC demand for premium 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	4.11%	-18000	2183	12,675		1,155,233	₹ 94.82
Off-CBD	933,015	25.53%	36450	18450	80,450	233255	547,578	₹ 98.84
South-west	19,800,576	6.63%	438275	457625	965,772	921,360	7,641,479	₹ 89.87
North-west	3,789,000	16.27%	0	163750	169,950		150,472	₹ 58.78
Suburban South	23,493,517	8.79%	37,919	445377	1,462,741	490,000	4,178,900	₹ 112.38
Peripheral South	14,360,497	12.43%	-14,000	716730	868,954		1,190,000	₹ 67.91
Peripheral South-west	10,832,603	28.28%	561699	994898	1,358,666	1,239,645	2,407,142	₹ 78.11
CHENNAI TOTALS	76,204,887	12.08%	1,042,343	2,799,013	4,919,208	2,884,260	17,270,804	₹ 89.76

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, Kotturpuram; Peripheral South-Sholinganallur, Thoraipakkam, Navalur, Siruseri, Padur; Suburban South – Perungudi, Taramani, Thiruvananthapuram, Velachery; South West – Guindy, Ashok Nagar, Vadapalani, Manapakkam, Ekkaduthangal; North West – Ambattur, Padi, Koyambedu, Arumbakkam, Anna Nagar; Peripheral South-west – Singaperumalkoil, Tambaram, Guduvanchery, Perungalathur, Pallavaram.

US\$ 1 = 95.5 INR € 1 = 110.1 INR
Numbers for the third quarter are based on market information collected until 25th September 2026

KEY LEASE TRANSACTIONS Q3 2026

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Embassy Splendid TechZone	Peripheral South-west	Cognizant	645,172	Fresh Lease
Ramanujan Intellion Park	Suburban South	Astra Zeneca	229,047	Fresh Lease
International Tech Park Chennai, Taramani	Suburban South	Caterpillar	86,766	Fresh Lease
DLF Cybercity Chennai	South-west	Table Space	72,550	Fresh Lease
One Paramount	South-west	Wind River Systems	21,029	Fresh Lease

KEY CONSTRUCTION COMPLETIONS Q3 2026

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Embassy Splendid TechZone (B-1)	Peripheral South-west	NA	645,172	Embassy Property Developments Ltd.
DRA Downtown	Off-CBD	NA	110,000	DRA Homes

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