

**0.2 msf** NET ABSORPTION (Q1 2020)

**9.35%** GRADE A VACANCY (Q1 2020)

**27%** SHARE OF FLEXIBLE WORKSPACE  
IN GROSS LEASING (Q1 2020)

**MARKET INDICATORS**  
OVERALL Q1 2020

	Q1 2019	Q1 2020	12-Mo. Forecast
Overall Vacancy	9.81%	9.35%	▲
Weighted Average Net Asking Rents (INR/sf/month)	55.18	58.93	▬
YTD Net Absorption (sf)	352,916	203,790	▲

**Moderate leasing activity in Q1; sluggishness anticipated with COVID uncertainty**

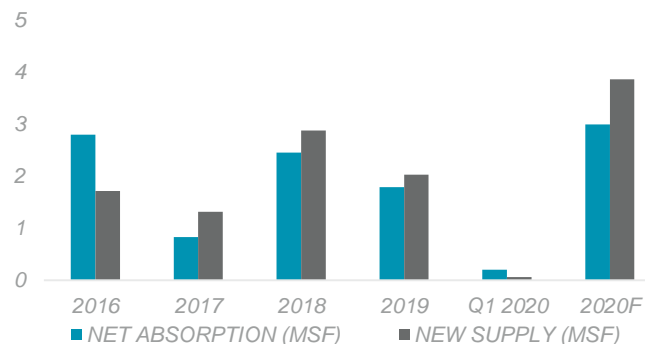
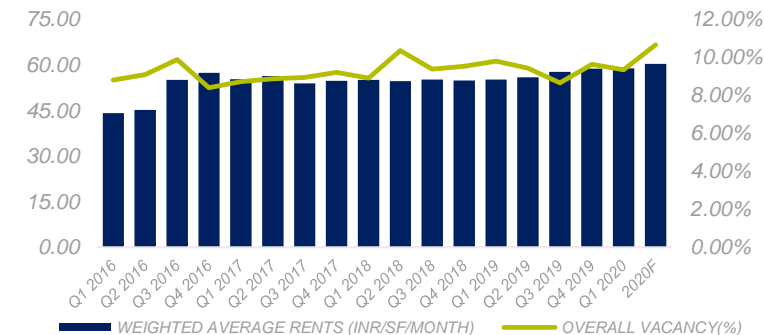
Gross leasing activity was 0.7 msf in Q1; lower on both a q-o-q and y-o-y basis as occupiers slowed down towards the latter part of the quarter. The prominent submarkets of South West and Peripheral South recorded maximum occupier traction, accounting for 59% of the quarterly leasing activity. Key occupiers active in Q1 were FCA Engineering, Omega Healthcare and Work EZ among others. Flexible workspace operators dominated with a 27% share of the quarterly leasing volume followed by IT-BPM with a share of 19%. Global Capability Centres (GCCs) and Healthcare & Pharmaceutical Sectors followed closely, each accounting for 18% of the quarterly leasing activity. With activity at a standstill in the wake of the COVID-19 outbreak and the subsequent lockdown in effect, ongoing deals have been put on the backburner. Occupiers are currently busy with ensuring business continuity first and then likely to consider reworking their workplace strategies which may cause a short to medium term drop in occupier activity. The impact of economic headwinds on business cycles shall determine the direction of occupier growth plans going forward.

**Mild decline in vacancy levels**

The overall vacancy for Grade A buildings in the city dropped by 29 bps q-o-q with the Suburban South and South-West submarkets recording the lowest vacancy rates in the city since the last couple of quarters. Sustained demand in these submarkets is driven by quality office and support infrastructure. While supply deferments have been taken into consideration, the current pre-commitment levels in Suburban South and South West submarkets, which account of a majority of upcoming supply shall ensure that these projects are delayed by 1-2 quarters only. Vacancy is likely to remain low, with developers likely to be strategic in project completions and taking up new construction after carefully assessing the demand levels in the market.

**Rents to hold their ground in the short to medium term**

Even though, city level rent were largely stable during the quarter, we saw a marginal appreciation of 2-3% q-o-q in Off-CBD and Suburban South submarkets. Rents are likely to remain stagnant in the wake of space deferments and a sluggish demand environment to prevail for some time. Long-term fundamentals remain healthy, though a quick, broad-based recovery may be 2-3 quarters away.

**SPACE DEMAND / DELIVERIES**

**OVERALL VACANCY & ASKING RENT**




## MARKET STATISTICS

SUBMARKET	INVENTORY (SF)	VACANCY	YTD GROSS LEASING ACTIVITY# (SF)	PLANNED & UNDER CONSTRUCTION (SF)^	YTD CONSTRUCTION COMPLETIONS (SF)	YTD NET ABSORPTION (SF)	GRADE A WTD. AVG. RENT*		
							INR/SF/MO	US\$/SF/YR	EUR/SF/YR
CBD	2,685,809	11.75%	150,678	377,415	-	140,258	79.19	12.45	11.61
Off-CBD	544,110	29.18%	9,800	50,000	-	-	77.24	12.15	11.32
South-West	11,440,740	1.76%	203,866	4,862,299	65,000	99,222	75.2	11.83	11.03
North-West	3,232,000	23.83%	34,250	-	-	-155,973	45.00	7.08	6.60
Suburban South	16,450,412	4.11%	92,400	3,935,268	-	-7,700	76.00	11.95	11.14
Peripheral South	11,882,105	16.25%	214,271	80,000	-	127,983	50.28	7.91	7.37
Peripheral South-west	4,292,000	15.66%	-	3,953,096	-	-	59.51	9.36	8.72
<b>TOTALS</b>	<b>50,527,176</b>	<b>9.35%</b>	<b>705,265</b>	<b>13,258,078</b>	<b>65,000</b>	<b>203,790</b>	<b>58.93</b>	<b>\$9.27</b>	<b>€8.64</b>

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 2022

\*Weighted average asking rental rates for vacant spaces that provide core facility, high-side air conditioning and 100% power back up

Key to submarkets:

CBD – Anna Salai, Nungambakkam, RK Salai; Off-CBD – T.Nagar, Alwarpet, Kilpauk, Egmore, Chetpet, Royapettah, Anna Nagar, Kotturpuram; Peripheral South- Sholinganallur, Thorapakkam, Navalur, Siruseri, Padur; Suburban South – Perungudi, Taramani, Thiruvannamiyur, 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 = INR 76.30 € 1 = INR 81.85

Numbers for the first quarter are based on market information collected until 15<sup>th</sup> March 2020

## KEY LEASE TRANSACTIONS Q1 2020

PROPERTY	SUBMARKET	TENANT	SF	LEASE TYPE
DLF IT Park - Block 3	South-West	Visionary RCM	43,644	Fresh Lease
Chennai One Magnum Block 2 - Phase II (Chennai One Opus)	Peripheral South	FCA Engineering	123,851	Fresh Lease

## SIGNIFICANT PROJECTS PLANNED AND UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	COMPLETION
Brigade WTC Tower 1	Suburban South	NA	1,000,000	Q3 2020
DLF Downtown Taramani	Suburban South	NA	1,900,000	Q4 2022
Olympia Cyber space	Guindy	NA	1,100,000	Q4 2022

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