

**MARKET FUNDAMENTALS**

	YOY Chg	12-Month Forecast
<b>16.1%</b> Vacancy Rate	▼	▲
<b>2.16</b> YTD Net Absorption (MSF)	▼	▲
<b>INR 77.1</b> Stock Wtd. Rent (PSFPM)	▲	▲

**ECONOMIC INDICATORS**

	YOY Chg	12-Month Forecast
<b>6.70%</b> GDP Growth (Q1 FY24-25)	▼	▲
<b>3.65%</b> CPI Inflation	▼	▲
<b>59.6</b> Services PMI (3 months average)	▲	▲

*Source: MOSPI, RBI, HSBC*

**Q3 LEASING LED BY FLEX; GCC TAKE-UP DOUBLED Y-O-Y**

Chennai office market recorded a healthy leasing volume of 1.8 msf, with modest q-o-q growth of 2%. The prime submarkets of South-west and Suburban South continued to dominate quarterly leasing, with respective shares of 57% and 26%. Global Capability Centers accounted for 36% of leasing share, recording a 17% q-o-q growth, with volumes nearly doubling on a y-o-y basis. This trend highlights the growing interest of global occupiers, particularly in BFSI and Engineering & Manufacturing sectors to set-up innovation centers in Chennai. Flexible workspace operators exhibited significant expansion in Q3, accounting for 38% of total leasing volume, followed by BFSI at 24%. YTD leasing reached 5.2 msf, recording a small decline of 5% on YoY basis. Fresh space take-up accounted for over 90% of leasing volume as of YTD-24.

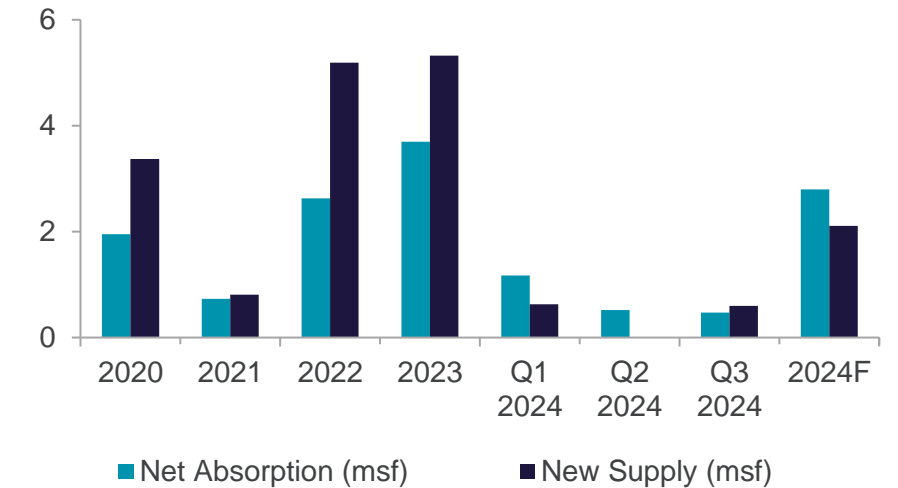
**MINOR DECLINE IN CITY-WIDE VACANCY; EMERGING MARKETS DRIVE ABSORPTION LEVELS**

City-level vacancy witnessed a drop of 17bps to 16.1% in Q3. Healthy absorption levels contributed to drop in vacancies, particularly in submarkets such as South-west, North-west and Peripheral South-west. YTD net absorption surged to 2.16 msf, largely owing to commencement of new supply with high pre-commitments. Emerging markets such as Mount-Poonamallee Road and Pallavaram Thoriapakkam Radial Road accounted for a significant 80% of the YTD net absorption in 2024. Looking ahead, over 6.5 msf of new office supply is anticipated over next 12 months, with ~45% of this supply expected in prime submarkets of South-west and Suburban South.

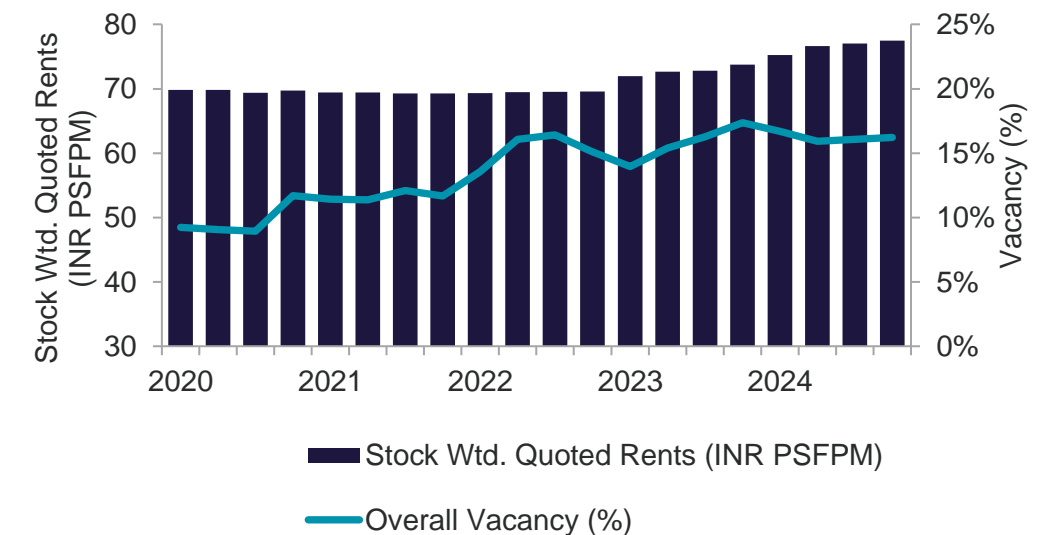
**INCREASE IN CITY-WIDE RENTALS AMID STRONG DEMAND**

Overall city-wide rentals recorded a 6% appreciation on y-o-y, backed by steady demand for new space. This upward trend in rentals is expected to continue in the upcoming quarters, supported by ongoing demand from occupiers and a healthy pipeline of good-quality supply, which is expected to be quoted at rates higher than the market average.

**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	4.33%	11,305	46,711	263,865	-	1,355,233	₹ 86.20
Off-CBD	699,760	27.67%	-	-	13,840	105,650	683,255	₹ 81.34
South-west	18,177,114	11.31%	629,079	1,597,338	2,132,739	602,102	3,135,462	₹ 80.56
North-west	3,232,000	11.39%	66,102	68,602	79,670	-	557,000	₹ 46.29
Suburban South	21,009,431	13.56%	-283,177	115,706	1,856,492	523,288	2,675,000	₹ 96.41
Peripheral South	13,467,497	16.54%	-	-11,638	343,689	-	1,860,000	₹ 55.71
Peripheral South-west	8,058,890	37.94%	47,187	346,796	493,172	-	3,052,750	₹ 62.96
<b>CHENNAI TOTALS</b>	<b>67,640,371</b>	<b>16.09%</b>	<b>470,496</b>	<b>2,163,515</b>	<b>5,183,467</b>	<b>1,231,040</b>	<b>13,318,700</b>	<b>₹ 77.06</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 2026. \*Stock weighted average asking rental rates for 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, 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 = 83.7 INR € 1 = 92.1 INR

Numbers for the third quarter are based on market information collected until 20th September 2024

KEY LEASE TRANSACTIONS Q3 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Commerzone Porur	South-west	Hitachi Energy Technology Services	90,295	Fresh Lease
Olympia Tech Park	South-west	Verizon	45,000	Term Renewal
Gateway Office Parks	Peripheral South-west	Teleperformance	98,000	Fresh Lease
Global Infocity Park	Suburban South	Tablespace	67,000	Fresh Lease
DLF IT Park	South-west	Citicorp Services	301,000	Fresh Lease

KEY CONSTRUCTION COMPLETIONS YTD 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
L&T Innovation Campus - Tower 1	South-west	LTIMindTree	602,102	L&T Realty
Olympia Pinnacle	Suburban South	Smartworks	177,000	Olympia Group

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