

**MARKET FUNDAMENTALS**

	YOY Chg	Outlook
<b>16.81%</b> Vacancy Rate	▼	▲
<b>2.45</b> Full-Year Net Absorption (MSF)	▼	▲
<b>INR 78.9</b> Stock Wtd. Rent (PSFPM)	▲	▲

**ECONOMIC INDICATORS**

	YOY Chg	Outlook
<b>5.40%</b> GDP Growth (Q2 FY24-25)	▼	▲
<b>5.48%</b> CPI Inflation	▼	▼
<b>58.2</b> Services PMI (3 months average)	▼	▲

Source: MOSPI, RBI, HSBC

**2024 RECORDS HEALTHY ABSORPTION LEVELS, DRIVEN BY GCCS**

Chennai's office market recorded a gross leasing volume of 2.1msf with a 20% increase on q-o-q. Net absorption during the quarter stood at 0.3msf, recording a q-o-q decline of 39%. Suburban South led quarterly leasing with a 41% share, followed by South-west at 21%. North-west submarket normally witnessing modest activity, doubled its leasing volumes compared to Q3. Engineering & Manufacturing accounted for 31% of the demand, while BFSI contributed 22%. Global Capability Centers (GCCs) remained a key growth driver, contributing 42% to Q4 demand, with a significant 39% q-o-q increase. For the full year, net absorption reached 2.45msf surpassing the five-year average and highlighting a strong appetite for fresh office space. Annual gross leasing volume totaled 7.32msf, a 19% decline compared to 2023. GCCs accounted for ~40% of annual demand, driven by Engineering & Manufacturing and BFSI focused occupiers.

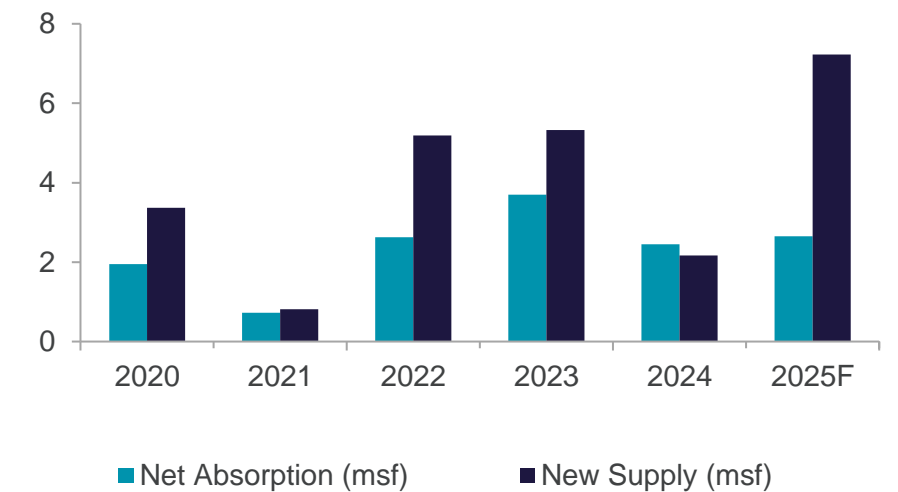
**MARGINAL VACANCY RISE AMID ROBUST NEW SUPPLY**

Nearly 0.93msf of Grade A office space entered the market in Q4, with 60% of this supply concentrated in the North-west submarket. City-level vacancy rose by 73 basis points on q-o-q to 16.8% in Q4. Despite the influx of new supply, healthy fresh demand helped limit the rise in vacancy. For the full year, ~2.17msf of new office space got operationalised. Looking ahead, the market is expected to grow further with a robust pipeline of 12.46msf of supply over the next two years.

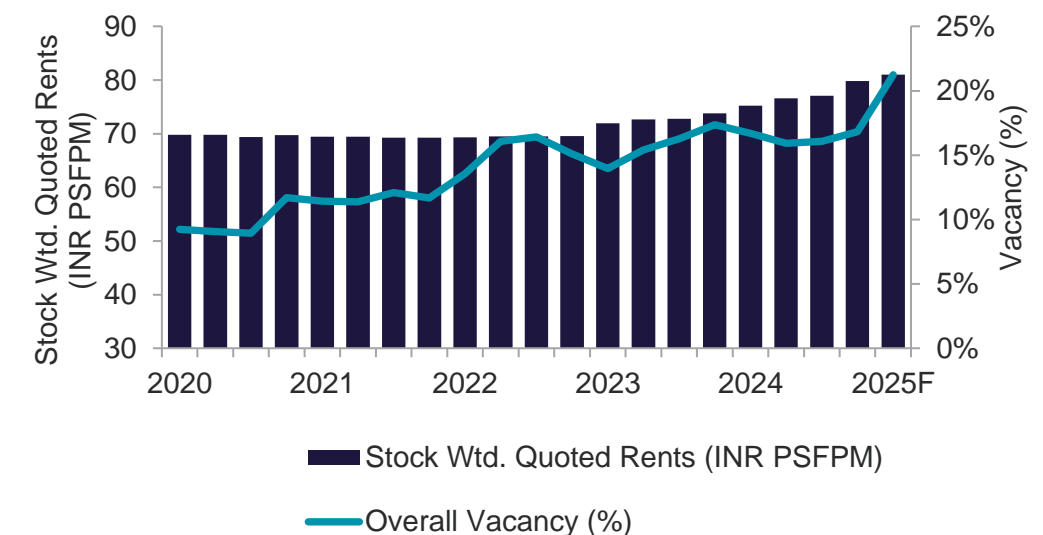
**RENT GROWTH FUELED BY STRONG DEMAND & LIMITED AVAILABILITY**

Rising demand, combined with limited supply of premium office spaces, drove q-o-q rental increase of 3-6% across Suburban South, North-west, South-west, Peripheral South and Peripheral South-west submarkets. On a y-o-y basis, overall city-level rentals increased by 8%, mainly driven by consistent demand from global occupiers. This upward trend in rentals is expected to continue in the coming few quarters.

**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	4.53%	-6,078	40,633	339,519	-	1,155,233	₹ 86.20
Off-CBD	699,760	21.80%	41,103	41,103	68,789	105,650	683,255	₹ 81.34
South-west	18,177,114	12.33%	-186,673	1,410,665	2,687,899	602,102	5,635,462	₹ 83.98
North-west	3,789,000	23.11%	49,800	118,402	200,970	557,000	500,000	₹ 47.23
Suburban South	21,153,431	11.03%	658,030	773,736	2,634,752	667,288	3,671,269	₹ 98.62
Peripheral South	13,700,497	20.43%	-338,231	-349,869	698,970	233,000	2,760,000	₹ 57.20
Peripheral South-west	8,058,890	37.10%	68,000	414,796	684,912	-	4,887,142	₹ 64.32
<b>CHENNAI TOTALS</b>	<b>68,574,371</b>	<b>16.81%</b>	<b>285,951</b>	<b>2,449,466</b>	<b>7,315,811</b>	<b>2,165,040</b>	<b>19,292,361</b>	<b>₹ 78.88</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 2027. \*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 = 84.4 INR € 1 = 90.1 INR

Numbers for the fourth quarter are based on market information collected until 20th December 2024

KEY LEASE TRANSACTIONS Q4 2024

PROPERTY	SUBMARKET	TENANT	SF	TYPE
Global Infocity Park	Suburban South	DTCC	104,887	Term Renewal
CyberVale IT Park	Peripheral South-west	RNTBCI	123,740	Term Renewal
ITPC, Taramani	Suburban South	Lennox	150,000	Fresh Lease
DLF Cybercity	South-west	Barclays	134,000	Fresh Lease
DLF Downtown	Suburban South	Bank of America	160,000	Fresh Lease

KEY CONSTRUCTION COMPLETIONS Q4 2024

PROPERTY	SUBMARKET	MAJOR TENANT	SF	OWNER/DEVELOPER
Tidel Park (Pattabiram)	North-west	-	557,000	TIDCO
ELCOSEZ IT Park	Peripheral South	-	233,000	ELCOT

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