

# MARKETBEAT


**155,064 sf**
**GRADE A LEASING  
ACTIVITY (Q1 2018)**
**8.4%**
**VACANCY RATE  
(Q1 2018)**
**4.2 msf**
**UPCOMING SUPPLY  
Q2-Q4 2018**

## HIGHLIGHTS

### Drop in leasing and net absorption

Approximately 155,000 square feet (sf) of Grade A leasing was recorded in the first quarter of 2018, a 90% drop over from the last quarter of 2017. More than 56% of leasing activities in first quarter of 2018 was observed in South West followed by Suburban South submarkets. Due to exits and relocations, vacancy has increased quarter-on-quarter (QoQ) to 8.4%. Similar to leasing, net absorption also declined in the first quarter of 2018.

### Robust supply in the offing

Grade A supply amounting to 4.2 million square feet (msf) is expected to be available in the next few quarters of 2018. Majority of this is slated to come from the Peripheral South submarket of the city. Though there were no Grade A completions in first quarter of 2018, the upcoming supply mostly in the Chennai Special Economic Zone (SEZ), is expected to lead to an increase in leasing activities in the coming quarters.

### Rentals to gain momentum

Rentals appreciated in the select submarkets of Guindy, OMR and Perangudi during the first quarter of 2018 due to limited availability of quality Grade A supply. Rentals in the city are expected to further rise as limited supply coupled with strong demand from Information Technology-Business Process Management (IT-BPM) occupiers will continue to drive the market.

A Cushman & Wakefield  
Research Publication

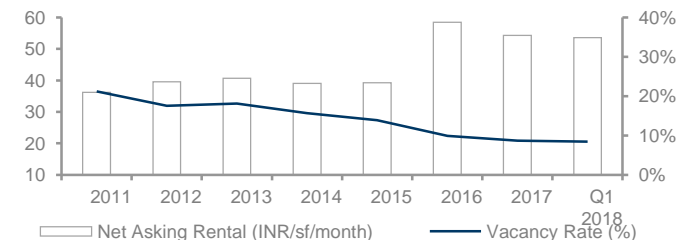
**DATA  
INTO  
ACTION**

### MARKET INDICATORS

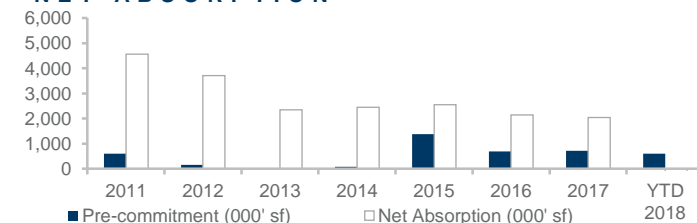
	Q1 17	Q1 18	12 Month Forecast
Overall Vacancy	9.2%	8.4%	▼
Weighted Average Net Asking Rentals (INR/sf/month)	57.36	53.59	▲
YTD Net Absorption (sf)	709,000	-205,633	▲

Source: Cushman & Wakefield Research

### GRADE A OVERALL RENT & VACANCY RATE



### GRADE A PRE COMMITMENT AND NET ABSORPTION



# CHENNAI OFFICE MARKETBEAT

MARCH 2018



SUBMARKET	INVENTORY (SF)	VACANCY RATE	YTD LEASING ACTIVITY (SF)	PLANNED & UNDER CONSTRUCTION (SF)	YTD CONSTRUCTION COMPLETIONS	YTD NET ABSORPTION (SF)	WTD. AVG. RENT*		
							INR/SF/MO	US\$/SF/YR	EUR/SF/YR
CBD	2,276,768	15.6%	0	629,673	0	0	75.93	US\$14.02	€11.40
Off-CBD	392,636	27.8%	0	151,474	0	0	69.88	US\$12.90	€10.50
South-west	10,251,569	5.8%	88,000	3,884,907	0	-65,670	66.35	US\$12.25	€9.97
North-west	2,872,000	6.5%	2,314	360,000	0	-75,000	37.18	US\$6.86	€5.58
Suburban South	16,119,012	3.6%	33,750	1,870,000	0	-99,963	62.65	US\$11.57	€9.41
Peripheral South	9,944,655	16.6%	31,000	2,607,450	0	5,000	43.49	US\$8.03	€6.53
Peripheral South-west	3,142,000	10.2%	0	960,000	0	0	45.00	US\$8.31	€6.76
<b>TOTALS</b>	<b>44,998,640</b>	<b>8.4%</b>	<b>155,064</b>	<b>10,463,504</b>	<b>0</b>	<b>-205,633</b>	<b>53.59</b>	<b>US\$9.89</b>	<b>€8.05</b>

The report highlights Grade A details only

Net absorption refers to the incremental new space take-up; renewals not included in leasing activity statistics

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

IT-BPM – Information Technology – Business Process Management

Key to submarkets:

CBD – Anna Salai, Nungambakkam, RK Salai; Off-CBD – T.Nagar, Alwarpet, Kilpauk, Egmore, Chetpet, Royapettah, Kotturpuram; Peripheral South- Shlinganallur, Thoraiyakkam, Navalur, Siruseri, Padur; Suburban South – Perungudi, Taramani, Thiruvanniyur, Velachery; South West – Guindy, Ashok Nagar, Vadapalani, Manapakkam, Ekkaduthangal; North West – Ambattur, Padi, Annanagar, Koyambedu, Arumbakkam; Peripheral South-west – Singaperumalkoil, Tambaram, Guduvanchery, Perungalathur, Pallavaram.

US\$ 1 = INR 65; € 1 = INR 79.9

Numbers for the first quarter are based on market information collected until 10<sup>th</sup> March 2018

## KEY LEASING TRANSACTIONS – Q1 2018

PROPERTY	SUBMARKET	MAJOR TENANT	SF	LEASE TYPE
DLF IT SEZ Block 2	South West	Trans Union	88,000	New Lease
Chennai One Magnum	Peripheral South	Tata Elexi	31,000	New Lease
RMZ Millenia Block 3B	Suburban South	Infotreis	20,000	New Lease

## SIGNIFICANT PROJECTS PLANNED & UNDER CONSTRUCTION

PROPERTY	SUBMARKET	MAJOR TENANT	SF	COMPLETION DATE
Chennai One Magnum Block 2 – Phase II	Peripheral South	NA	1,087,450	Q3 2018
Commerzone	South-West	NA	1,000,000	Q4 2019
Brigade WTC Tower I	Suburban South	NA	1,000,000	Q4 2019

**Somy Thomas**  
Managing Director  
Valuation & Advisory, India  
Tel: +91 80 40465555  
Somy.thomas@ap.cushwake.com

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