



PE investments in realty sector touched USD 6.7 billion in 2025



Office leasing delivered strong performance with 10.1 million sqft last year



PMLA applies to all realtors with annual turnover of Rs 20 lakh or more.

Where to invest in 2026?

Real estate investment offers potential benefits such as wealth building, steady income, and a hedge against inflation, besides involving notable risks including illiquidity, high costs, and market volatility. However, investors are invariably faced with a dilemma where to invest and which options would result in driving maximum yield.

In Chennai and its suburbs, there are several micro markets where some report steep appreciation while others display moderate appreciation or low appreciation. As city limit areas are continuously reviewed and extended and infrastructure development engulfs more areas, price appreciation automatically follows and investors are rewarded over midterm to long-term horizon. It cannot be denied that suddenly select areas may even witness a higher appreciation due to external factors such as impending government project or infrastructure boost in the vicinity.

While end-users predominantly focus on owning a home at the outset, investors may focus on investing in land, commercial assets, leased assets and REITs. A survey of APPCC realtors who have been analysing multiple options over a period of years provides an insight into their rich expertise and valuable database to advise prospec-

There are multiple real estate investment options across Chennai's strategic locations and prudent investors should interact with realtors to understand the nitty gritty of the scrutiny process involved in the exercise, says V Nagarajan.

tive investors.

According to T Venkataramani of Hariram Enterprises, investors targeting with a sum of Rs 10 crore – Rs 25 crore, should invariably look at commercial option as there is a guaranteed minimum return in sectors like hotels, restaurants, salons etc. "For those looking at pan India operation, the above commercial options are ideal to consider for investment. Land investment is slow but offers potential depending on the specific location", said Venkataramani.

Unlike metros, tier 2 and 3 cities offer immense scope for capital appreciation, said Venkataraman Visweswaran



of MLM Realtors. "While land investment has given lucrative returns provided investment is made in the right location, city centric areas like Gandhi Nagar in Adyar has given 10x over a period of 20 years. However, if investment is spread to tier 2 and 3 cities, there is every possibility of lucrative return on investment provided property management services are ensured while investing. In Madurai's Kochadai, land investment of Rs 2.5 lakh per cent has yielded Rs 12.5 lakh per cent now. At the same time, a word of caution. One should understand the micromarket in its entirety before opting to go for investment," said Venkataraman.

Investment in land has resulted in reaping rich dividends for a majority of

the investors in Chennai. While investment at Rs 50 per sqft has resulted in 50x in Guduvancheri, in Mannivakkam, a mere investment of Rs 83 per sqft on land, has rewarded investors an astronomical sum of Rs 3,700 per sqft in a span of 22 years. These are just two instances to demonstrate that land investment in any city's suburbs provide not only cushion but ensure appreciation in the long-term as an hedge against inflation.

According to Swaminathan of Harithams, long-term investors should invariably look at corridors beyond Chenglepet – Madhurandhagam belt where plot prices vary between Rs 500 and Rs 1,000 per sqft. "While plots facing road is expensive, those interior parcels are quoted at Rs 50 lakh – Rs 1

crore per acre. GST is an ideal option for a competitive ROI for investors. Whereas OMR has reached the saturation level.

Incidentally, the entertainment corridor ECR is getting a facelift with the widening of roads. Due to this, it is suggested to look at ECR corridor for investment. On the western front, Thirumazhisai has picked up steam due to impending metro connectivity and infrastructure thrust. Besides, the upcoming Parandur international airport has given a new twist to Sriperumbudur micro market and long-term investors should not miss the opportunity of investment," said Swaminathan.

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Stable Demand pushes Residential Sales 12% YoY

The Chennai residential market delivered a strong performance in 2025 with annual housing sales reaching 18,262 units, reflecting a 12% YoY increase, according to Knight Frank India survey. This robust full-year outcome underscores sustained end-user demand, supported by stable pricing, improving affordability in select segments, and continued buyer confidence across the city's key residential corridors. The momentum remained firmly intact in the second half of the year with H2 2025 sales of 9,327 units, up 13% YoY, reinforcing 2025 as a notably strong year for the market.

• South Chennai continued to dominate with 54% share, marginally lower than 57% a year ago, due to growth in other zones rather than any weakening of demand. Chennai's leadership remains anchored in the OMR-led IT corridor, strong employment generation, and continued premiumization, with luxury housing driving value despite moderation in volume share. West Chennai maintained a stable 27% share, underscoring its evolution into a dependable IT and services cor-



ridor supported by metro expansion and steady mid-income demand. Central Chennai emerged as the key outperformer, increasing its share from 10% to 11%, backed by a sharp surge in sales momentum driven by CBD revitalisation, infrastructure upgrades around Egmore and Guindy, and renewed developer interest. North Chennai, while still a smaller

market, recorded the maximum structural change, improving its share from 6% to 7% on the back of affordability, improving connectivity, and new employment anchors such as TIDEL Park, signalling the early stages of a longer-term shift.

• In H2 2025, Chennai's residential market demonstrated a clear and sustained up-market shift, reinforcing the

Chennai's sustained end-user demand has ensured consistent absorption and long-term stability, says Knight Frank India survey.

city's transition toward mid-to-premium housing. Homes priced between Rs 5-10 million remained the backbone of demand, accounting for 45% of the

total sales, up from 43% in H2 2024, reflecting the continued strength of the city's core end-user segment. The Rs 10-20 million category emerged as the fastest-growing mainstream segment, expanding its share from 23% to 26%, supported by a 29% YoY increase in volumes, as buyers increasingly prioritized larger homes, better locations, and superior amenities. Demand in the Rs 20-50 million segment strengthened meaningfully, with sales rising sharply and their share increasing from 7% to 10%.

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CHENNAI RESIDENTIAL SNAPSHOT

Parameter	2025	2025 Change (YoY)	H2 2025	H2 2025 Change (YoY)
Launches (housing units)	20,865	20%	11,244	31%
Sales (housing units)	18,262	12%	9,327	13%
Average price in Rs/sqft	5,135	7%	-	-

Source: Knight Frank Research

Realty Data

APPCC Annual Day Well-Spent at Yelagiri

The annual day among APPCC members gave an ideal opportunity for its members to re-energise themselves from monotony and drudgery. There is no denying that it spruced things up, interjected variety in the midst of their sojourn in Yelagiri and found an ideal diversion or to simply have an eternal adventure amidst nature.



While foodies satisfied their taste buds with variety of cuisines and sports lovers had a rare occasion to display their immense skills and talents among friends, it is a memorable and unforgettable occasion for participating members to enjoy the idyllic ambience hitherto experienced in their career.

On reaching the Green Residency Yelagiri, there was warmth and hospitality amidst drizzling rain and misty fog to make their sojourn comfortable and enjoyable. While group members split and enjoyed their solitude or interaction with others, the evening

hours provided a rare opportunity to interact with their peers on varied issues.

While returning at Kanchipuram Arcadia, Aerocity site, the members were welcomed by Jayaram of Propshell Business Solutions Pvt Ltd. The team members had another occasion to enjoy varied sports activities and experience the hospitality extended by APPCC member.

Overall, it was an unforgettable experience for all the participating APPCC members. Above all, it is not an exaggeration to reiterate that the vivid memories of interaction and recreation at an idyllic destination will linger on for a long time in memory.

Where to invest in 2026?

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In a related development, N K Raymond Thirupugazh of First Property Consultants, exudes confidence on micro-markets across Chennai due to a combination of factors like improved connectivity level, metro operation, infrastructure thrust and other factors. "Land prices doubled and even lead developers are focusing on plotted development to take advantage of the market vibrancy. Investors should not miss any opportunity available at micro markets in and around Chennai," said Raymond.

All said and done, however, there is a word of caution. A prudent investor should be wary of ground realities while investing in any option. There are basic parameters which an investor should invariably exercise extra caution while investing in land development projects. Seeking a plot loan mitigates hardship of most of the due diligence exercise by the borrower as the institution/bank takes care of the due diligence process after which only they will extend loan to plot buyers.

Stable Demand pushes Residential Sales 12% YoY

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underscoring rising affluence and growing acceptance of premium pricing. In contrast, the affordable segment below Rs 5 million saw a pronounced correction, with its share falling from 27% to 18%, driven by a notable decline in volumes amid affordability pressures, higher input costs, and limited new supply at the lower end. While ultraluxury homes above Rs 50 million remained niche, transaction activity improved, signalling early traction at the very top end of the market. Overall, the distribution of sales in H2 2025 highlights a structurally maturing residential market in Chennai, where demand is progressively consolidating in mid-to-premium price brackets, reflecting evolving buyer aspirations, income growth, and a preference for quality-led housing over entry-level affordability.

- Chennai's residential prices continued their steady upward trajectory in 2025, with average values rising 7% YoY to Rs 55,273/sq m (Rs 5,135/ sq ft). This appreciation has been driven by sustained employment-led housing demand from the IT and GCC ecosystem, improving rental fundamentals, and infrastructure-led connectivity gains, particularly across metro-linked corridors. The price growth remains broad-based yet measured, underscoring Chennai's position as one of India's most stable residential markets where capital value appreciation is firmly anchored in end-user demand rather than speculative excess.
- Overall, Chennai's position as a resilient, employment-led housing market offering long-term stability, consistent absorption, and compelling value for both end-users and developers.

CHENNAI OFFICE MART – SELECT LEASING TRANSACTIONS Q4 2025

Tenant	Area (sqft)	Property	Micromarket
Citibank	250,000	DLF Cybercity	Mount-Poonamallee road
WeWork	104,600	CapitaLand ITPC – Taramani	OMR Zone 1
FL Smidth	90,000	CapitaLand ITPC – Radial Road	Pallavaram-Thuraiyakkam road

Source: Colliers

CHENNAI OFFICE MART – KEY LEASING TRANSACTIONS Q4 2025

Property	Micromarket	Size (in sqft)	Tenant
Anand IT Park	OMR Zone 1	173,000	Vistas
One National Park	OMR Zone 1	139,000	Amura
One National Park	OMR Zone 1	104,000	CorporatEdge

Source: CBRE Research Q4 2025

CHENNAI OFFICE MART – RENTALS

Micromarket	Rentals (Rs/sqft/month)
OMR zone 1	99.5
Guindy	90.0
CBD	88.8
Mount Poonamallee Road	83.5
Average city rent	78.2
Off CBD	71.6
Pallavaram Thuraiyakkam road	69.8
GST	52.6
OMR zone 2	49.0
Ambattur	44.0

Source: Colliers

CHENNAI OFFICE MART – KEY SECTORS DRIVING ABSORPTION

Sector	% share	QoQ movement
Life Sciences	28%	▲
Technology	24%	▲
Flexible space operators	13%	▲

Source: CBRE Research Q4 2025



REAL ESTATE ROUNDUP

Gross office space absorption remains stable at **75.2 million sq. ft.** across tier I cities** in 2025

The industrial and warehousing sector saw a **20% YOY** growth, with **59.5 million sq. ft.** of absorption in 2025 across tier I cities***

Premium residential markets of Delhi-NCR, Mumbai, Bengaluru and North Goa witnessed appreciation in capital values up to **36% YoY** in 2025

PE investments in Indian real estate touched **USD 6.7 billion** in 2025, recording a **59% YOY** increase

Embassy Office Parks REIT divests **0.38 million sq. ft. (35, 303 sq. m.)** of office space in Bengaluru for **INR 5.3 billion**

International Finance Corporation (IFC) invests **INR 3.0 billion** in affordable housing through Grihum Housing Finance

Bagmane Prime Office REIT files draft papers for an **INR 40.0 billion** IPO to monetise its commercial office portfolio

ArcelorMittal leases **0.1 million sq. ft. (9, 290 sq. m.)** office space in Hinjewadi, Pune to set up a Global Capability Centre

SoftBank to acquire DigitalBridge for **USD 4.0 billion** to boost AI infrastructure and global data platforms

Gaours Group raises **INR 4.4 billion** rough issuance of debentures for land acquisition

Adani Group expands presence in Madhya Pradesh with **INR 15 billion** and **INR 14 bn** grinding units in Guna and Ujjain

Union Home Minister inaugurates infrastructure projects worth **INR 9 billion** in Assam

NOIDA International Airport partners with Tech Mahindra to launch a 24x7 integrated NOC-SOC cybersecurity system in India's largest Airport

Unity Small Finance Bank acquires Aviom India Housing for **INR 9.7 billion**

Infosys sells **53.5-acre** land parcel to Puravankara in Bengaluru for **INR 2.5 billion**

Spring House Workspaces launches **52,000 sq. ft. (4, 830 sq. m.)** headquarters at Vipul Plaza, Gurugram

Source: Savills.com

Chennai Office Mart reports Robust Growth

Chennai's office market delivered a resilient and structurally strong performance in 2025, with total leasing volumes reaching 10.1 million sq ft, marking the second-highest annual absorption on record after the peak year of 2023, when transactions touched 10.8 million sq ft. Leasing momentum remained robust despite a relatively tighter supply environment, supported by sustained occupier confidence across GCCs, flex operators, and India-facing businesses.

Global Capability Centres continued to anchor demand throughout 2025, strengthening their dominance in Chennai's leasing landscape. GCCs increased their share of total leasing to 41% share of the occupier pie during H2 2025 with transactions increasing by 19% YoY driven largely by manufacturing-led GCCs and diversified services operations. Sectorally, manufacturing emerged as the largest contributor, accounting for 44% of GCC leasing during the period, underscoring Chennai's deep integration with global industrial and engineering value chains. Large transactions by occupiers such as Optum, Qualcomm, Schneider Electric, Hitachi Energy, and BMW reinforced Chennai's appeal as a scalable, talent-rich destination for global enterprises seeking long-term operational depth beyond conventional IT-centric markets.

Flex space operators emerged as one

Leasing momentum remained robust despite a relatively tighter supply environment, supported by sustained occupier confidence across GCCs, flex operators, and India-facing businesses, says Knight Frank India survey.

CHENNAI OFFICE MART – BUSINESS DISTRICT WISE RENTAL MOVEMENT

Business district	Rental value range in H2 2025 (Rs/sqft/month)	12-month average	6-month average
CBD	70-95	2%	1%
SBD	75-100	4%	2%
SBD OMR	80-115	5%	2%
PBD OMR and GST road	55-70	2%	0%
PBD Ambattur	38-50	2%	1%

Source: Knight Frank Research

of the fastest-growing demand segments in 2025, accounting for 23% of the total office leasing in H2 2025 and registering a sharp 53% YoY increase in absorption. Growth was predominantly led by managed office solutions, which comprised 16% of overall leasing, reflecting occupier preference for flexibility, faster deployment, and capital-efficient expansion. Coworking operators contributed the remaining 7% share, continuing to

support startups, project-based teams, and enterprise overflow requirements. Transactions led by players such as The Executive Centre, Coworks, Tablespace, and CorporatEdge Business Centre highlight the increasing institutionalization and maturity of Chennai's flex office market, positioning it as a critical component of occupier strategy rather than a peripheral alternative.

India-facing office leasing in Chennai



increased by 18% YoY in H2 2025 and accounted for 20% of the city's overall office absorption, underscoring the strengthening role of domestic demand alongside export-oriented occupiers which continue to form the supporting base of the market. Prominent India-facing transactions were led by Amura Healthcare, Vels University, Godrej, and ICICI Lombard.

Third-party IT services, while seeing a relative moderation in H2 2025 compared to the strong rebound witnessed in the first half of the year, remained an important pillar of demand. Key transactions during 2025 were led by established technology players such as TCS, HCL, and L&T Technology Services, reinforcing Chennai's longstanding position as a core IT and engineering services hub, even as the overall leasing mix became more diversified.

Spatially, leasing activity continued to consolidate around well established, infrastructure-led corridors, with a clear shift toward peripheral business districts offering scalability and improved connectivity. Key locations such as

Sholinganallur, Perungulathur, and PTR Road were particularly active, benefiting from improving road infrastructure, proximity to residential catchments, and the availability of institutional-grade office stock. The SBD corridor, including established hubs such as Guindy and Manapakkam, continued to play an important role in the market; however, its relative share declined from 50% to 34% as occupier demand diversified beyond traditional central locations.

On the supply side, office completions remained elevated through 2025, with total additions of 3.5 million sq ft, enabling the market to absorb occupier expansion without materially loosening underlying fundamentals.

Average office rents increased by 5% YoY, while vacancy levels remained among the tightest across major Indian office markets, closing the year at 7.7%. This reflects sustained occupier demand and the continued scarcity of quality Grade A office space, particularly in preferred growth corridors. Transactions in Grade A properties was around 85% during H2 2025.

Impact of Construction Cost on Realty Sector

JLL's Construction Cost Guide 2025 provides comprehensive insights into India's real estate construction industry, covering various asset classes, strategies, and market trends across six major cities: Mumbai, Bengaluru, Chennai, Delhi, Hyderabad, and Pune.

There has been significant demand for improvements in construction bringing in higher standards of safety, sustainability and innovation. The new revised baseline has had a marginal cost impact in the range of 2-5% across various sectors in 2025 compared to 2024 costs, says JLL survey.

Key Influencers that impacted Construction costs were: labour costs (upskilling of labour, specialisations, rapid urbanisation etc.)

Despite global challenges, India's construction and real estate sectors demonstrate remarkable resilience, driving the country's economic transformation. These sectors are actively shaping India's future, spearheading the nation's journey towards sustainability, efficiency, and prosperity.

Projections indicate sector growth from 13% in 2025 to 18% by 2047, with the market expanding from \$300 billion in 2024 to \$1 trillion by 2030, and further to \$4.8 trillion by 2047. This growth under-

There has been significant demand for improvements in construction bringing in higher standards of safety, sustainability and innovation, says JLL survey.

scores real estate's pivotal role in India's journey towards a \$26 trillion GDP by its centenary of independence.

The 5th India Construction Cost Guide, tracks the market since the 2020 global paradigm shift. It aims to equip CRE leaders, investors, and industry stakeholders with essential insights for navigating this dynamic landscape. By providing a detailed examination of trends, forecasts, and key drivers shaping the market, the guide enables informed decision-making and strategic planning in an environment of unprecedented growth and change.

Real estate in India

The global economy has demonstrated remarkable resilience despite multiple shocks and is now beginning to embrace a sense of cautious optimism, even in the face of ongoing geopolitical risks. Growth has remained steady, with head-

line inflation reaching target levels faster than anticipated. According to the IMF's October 2024 World Economic Outlook Report, global headline inflation is expected to decline from an annual average of 6.7% in 2023 to 5.8% in 2024 and further to 4.3% in 2025. Concurrently, global GDP growth stood at 3.3% in 2023. For 2024, global GDP growth is estimated at 3.2% and is projected to continue at a similar pace in 2025. However, these projected growth rates remain below the pre-pandemic (2017-19) annual average of 3.4%. In contrast, according to the RBI's latest projections, India is expected to experience robust GDP growth of 6.6% in FY 2024-25, defying global trends. This performance solidifies India's position as the fastest-growing major economy in the world.

Labour rates in Metro cities

The construction industry's need for a

OVERVIEW OF INDIA CONSTRUCTION COST TRENDS

Asset / Material Cost	% Change 2023 vs 2024	% change 2024 vs 2025 (F)
Greenfield construction costs:		
Commercial	3 – 5% ▲	3 – 4% ▲
Residential	3 – 4% ▲	3 – 4% ▲
Office fit-out	5 – 6% ▲	3 – 4% ▲
Cement	6 – 8% ↓	2 – 4% ▲
Steel	3 – 5% ↓	2 – 4%▲
Labour	4 – 5% ▲	5 – 6% ▲

Source: JLL

skilled workforce will compel companies to invest in training and upskilling, with partnerships with trade schools and apprenticeship programmes being essential to bridge the skills gap. As construction technology continues to advance, there's a push to reduce labour intensive processes, making tech-savvy workers highly sought after. Although the de-

mand for construction labour remains strong, economic fluctuations might affect project funding and hiring, necessitating flexible workforce strategies. By embracing technology, upskilling and inclusivity, construction businesses can successfully navigate these challenges and seize future opportunities.

Real Estate Agents (REAs) and Prevention of Money Laundering Act (PMLA)



By: Manish Ghiya



estate with an annual turnover (which generally means gross income) of Rs 20 lacs or more. However, compliances under the UAPA and the WMD laws apply to all agents. These two topics are also covered in these FAQs.

1. Who is a real estate agent for the purpose of PMLA?

- Real estate agent means any person, who negotiates or acts on behalf of one person in a transaction of transfer of his plot, apartment or building, as the case may be, in a real estate project, by way of sale, with another person or transfer of plot, apartment or building, as the case may be, of any other person to him;
- The REA receives remuneration or fees or any other charges for his services whether as a commission or otherwise;
- REA also includes -
 - a person who introduces, through any medium, prospective buyers and sellers to each other for negotiation for sale or purchase of plot, apartment or building, as the case may be,
 - property dealers, property brokers, or such by whatever name called.

- Such REAs are having an annual turnover of Rupees twenty lakhs and above.

If you are not covered by above definition, you will not be a REA for the purpose of PMLA.

This is the first part of a series of article on Real Estate Agents and Prevention of Money Laundering Act.

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2. When did PMLA become

applicable to the real estate agents in India?

PMLA obligations started to apply from November 2022, when the Central Government notified real estate agents as Designated Non-Finance Business and Profession, thus categorising them as "Reporting Entities" under the PMLA.

3. Who is the regulator for real estate agents, for the purpose of the PMLA Act?

The Central Board of Indirect Taxes and Customs (CBIC) is the designated Regulator for the real estate agents for the purpose of the PMLA Act. The guidelines to regulate them are issued by the Directorate General of Audit, CBIC (DGA CBIC).

The PMLA law overall is administered by the Financial Intelligence Unit - India (FIU).

4. Does PMLA apply if an REA deals only in rentals or leases?

No. Currently, rental/lease broking transaction is currently outside the scope. Only real estate sale/purchase/transfer transactions are covered.

5. If a REA's annual earnings as a REA are below ₹20 lakh, am I outside the PMLA?

As per the applicable law, REAs whose annual turnover (which generally means the annual gross income) is less than Rs 20 lacs are not covered in the scope of the PMLA.

However, note that all REAs, irrespective of the turnover, are covered in the scope of the UAPA / WMD related obligations - see FAQs towards the end for the UAPA/WMD compliances. Hence, all REAs must ensure such compliances.

Preventing Money Laundering in Real Estate

Risks in Real Estate

- Cash Purchases
- Hidden Ownership
- Overvaluation
- Shell Companies

Illicit Funds in Property Deals

Law in India

PMLA 2002
Prevention of Money Laundering Act

- Asset Seizure
- 3-7 Years Jail
- Heavy Penalties

Compliance Requirements

- KYC Checks
- Report Cash Transactions
- Suspicious Activity Reports
- Record Keeping
- Transparency in Ownership
- FIU-IND (Financial Intelligence Unit - India)

Stay Compliant to Prevent Money Laundering!

- Enforcement Directorate (ED)
- Global AML Standards

6. Is there a requirement to register under the PMLA?

REAs covered under the PMLA must register on the FIU-IND portal as a Reporting Entity (RE). They also are required to designate a Principal Officer and a Compliance Officer under the PMLA. The REA must also put in place the PMLA compliance framework. However, there is no specific separate registration requirement in relation to compliances under the UAPA/WMD laws.

7. Are real estate agents required to appoint a Principal Officer and designated director?

Yes, all reporting entities must appoint the Designated Director (DD) and the Principal Officer (PO), which must be registered on the FIU-IND portal. Their details must also be informed to

the DGA, CBIC and the concerned state RERA.

The DD and PO have responsibility for operationalising and implementing the PMLA compliance framework, and the oversight in the organisation. They are also responsible for regulatory reporting, and formulating and implementing client acceptance policies and client due diligence measures.

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