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Tamil Nadu 2036: Building the next decade



Foreword

It gives me great pleasure to present Tamil Nadu 2036: Building the Next Decade, prepared by JLL Research for CREDAI Tamilnadu STATECON 2026.

Tamil Nadu's growth story is no longer Chennai's alone. Coimbatore, Madurai, Tiruchirappalli, Hosur, Salem and Thoothukudi are now growing at the same time.

The state is India's second-largest economy and its manufacturing powerhouse, with an urbanisation rate of 54%. It has close to INR 10 lakh crore in committed investment, and 78% of MoUs are now converting into projects. Each new factory, GCC and port terminal creates demand for homes, offices, warehouses and retail, and more of that demand now lies beyond the capital.

This report also shows the gaps. Housing is not keeping pace with investment. Public industrial land in mature markets is nearly exhausted. Organised development in emerging cities is still at an early stage. Closing these gaps is the task for CREDAI's members.

CREDAI Tamil Nadu is growing to match. Our 10 chapters across the state will soon be joined by five new ones, taking us to 15. This brings organised, responsible development closer to the cities where Tamil Nadu's next chapter is being written.

Real estate is the foundation of employment, infrastructure and economic resilience. As Tamil Nadu works towards its USD 1.5 trillion goal by 2036, CREDAI Tamil Nadu is ready to partner with the Government on four fronts:

- Faster approvals
- Land pooling
- Transit-oriented planning
- Housing that stays within reach

I thank JLL for this timely study. I invite every reader to treat it as a roadmap for building the next decade of Tamil Nadu, together.

W S Habib

President,
CREDAI Tamil Nadu



Preface

Tamil Nadu stands at a critical economic inflection point. With a GDP approaching INR 30 trillion and manufacturing contributing over 20% of state output, the question is no longer whether the state will grow, but how that growth will distribute across its urban landscape.

This report examines Tamil Nadu's transformation beyond Chennai tracking where investment capital is deploying, which cities are absorbing industrial and office demand, and how infrastructure, policy, and human capital are reshaping the state's economic geography.

We analyse six emerging cities, Coimbatore, Madurai, Tiruchirappalli, Hosur, Salem, and Thoothukudi that collectively represent Tamil Nadu's next phase of urbanisation and real estate development. These markets are not speculative hotspots; they are operational economies with institutional capital commitments, functioning industrial parks, and measurable employment growth.

The analysis is built on economic fundamentals: GDP growth rates, sectoral composition, infrastructure networks, investment absorption patterns, and real estate supply dynamics. Where Chennai concentrated growth for decades, these six cities are now diversifying it creating a distributed economic model that will determine whether Tamil Nadu reaches its USD 1.5 trillion ambition by 2036.

This is not a forecast. It is a structured assessment of where Tamil Nadu's growth is already occurring and what that trajectory means for capital allocation, policy sequencing, and real estate investment over the next decade.

Siva Krishnan

Senior Managing Director,
Kerala & Tamil Nadu
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Deconstructing Tamil Nadu's economy and growth drivers



Tamil Nadu: India's manufacturing powerhouse

Tamil Nadu ranks as India's second-largest state economy, driven by advanced manufacturing, services sector and substantial domestic and foreign investment flows. With a fast growing services sector anchored by GCCs across the tech, BFSI and Engineering R&D segments, the state is pivoting towards high-value economic activity across both the manufacturing and services aspects of its economy.

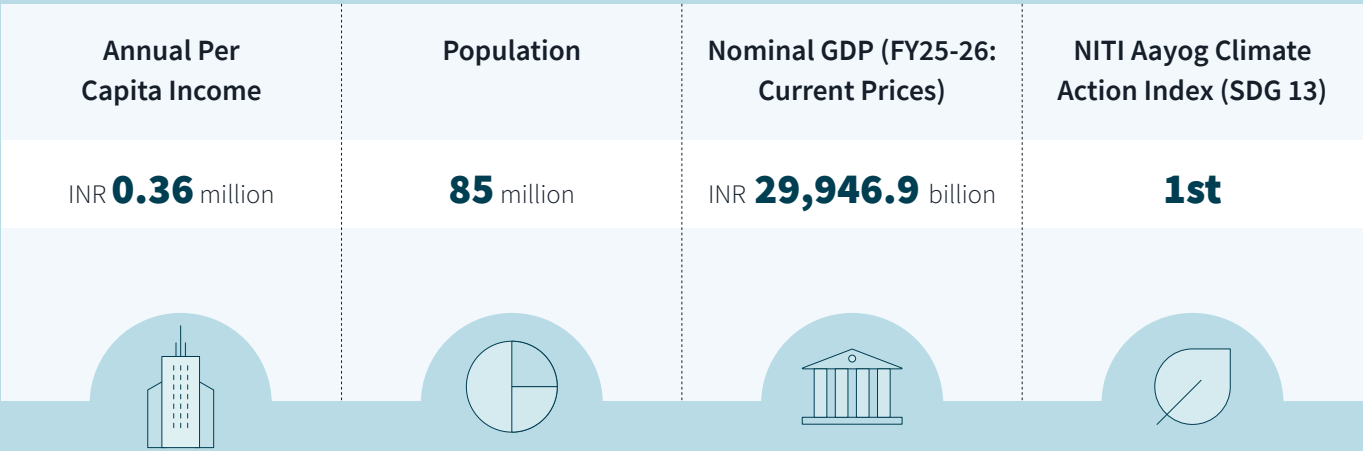
Information technology and electronics manufacturing have established Tamil Nadu as India's leading electronic goods exporter, with Chennai and Coimbatore serving as major technology and manufacturing hubs employing hundreds of thousands, while Hosur, Madurai, and Tiruchirappalli emerge as secondary industrial centres. This expansion is driving unprecedented demand for modern office space, industrial parks, and residential developments along with other support infrastructure.

Tamil Nadu has a distinct advantage of enjoying the highest Gross Enrolment Ratio in higher education in India that adds to the established talent pool every year. The state produces substantial engineering and STEM graduates, creating one of India's most skilled workforces. The state's urbanisation rate also significantly exceeds other comparable states,

creating multiple and diverse markets for real estate development opportunities.

Investment inflows, including foreign direct investment and large-scale corporate allocations have surged in recent years and are increasingly concentrated in high-value sectors such as electric vehicles, green energy, and semiconductors. Tamil Nadu commands a disproportionate share of India's total manufacturing investments and export capital, clearly indicating its credentials in the manufacturing segment.

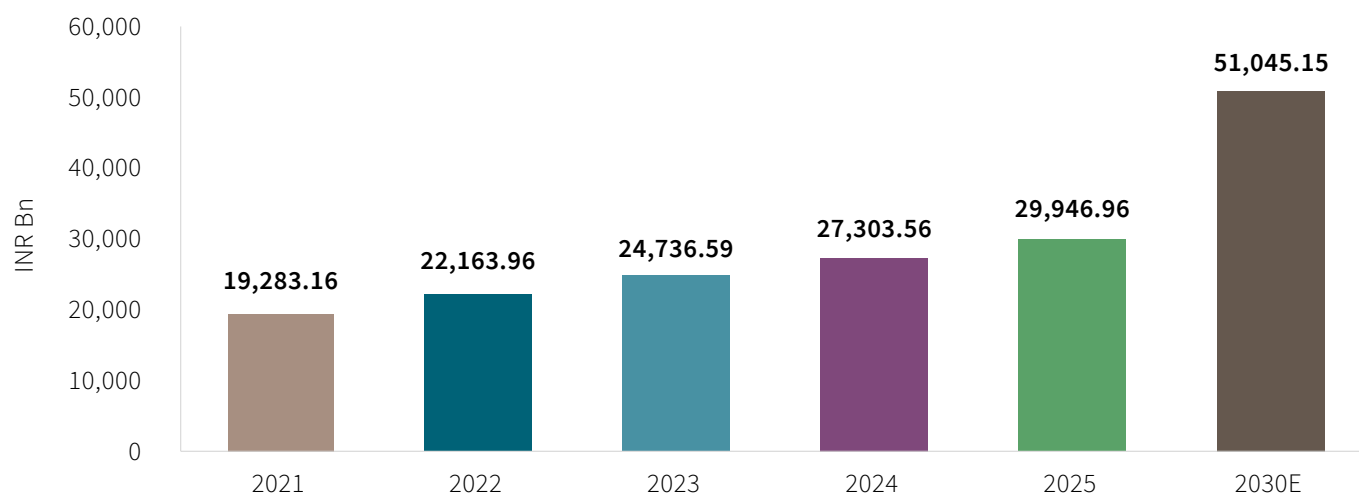
With the state's economic trajectory anchored in manufacturing and service sector strength, continuous corporate capital inflows, superior human capital, high urbanisation, and strategic coastal positioning, the state is positioned as an attractive investment destination. These converging factors establish Tamil Nadu as one of India's most attractive destinations for real estate investment, infrastructure development, and industrial expansion in the years ahead. This report looks beyond the core market and examines major growth clusters, infrastructure corridors, sectoral opportunities, and investment outlook for the state while identifying initiatives that will support in positioning Tamil Nadu's foundational advantages towards significant growth achievements in the next decade.



Source: Oxford Economics, MoSPI 2025

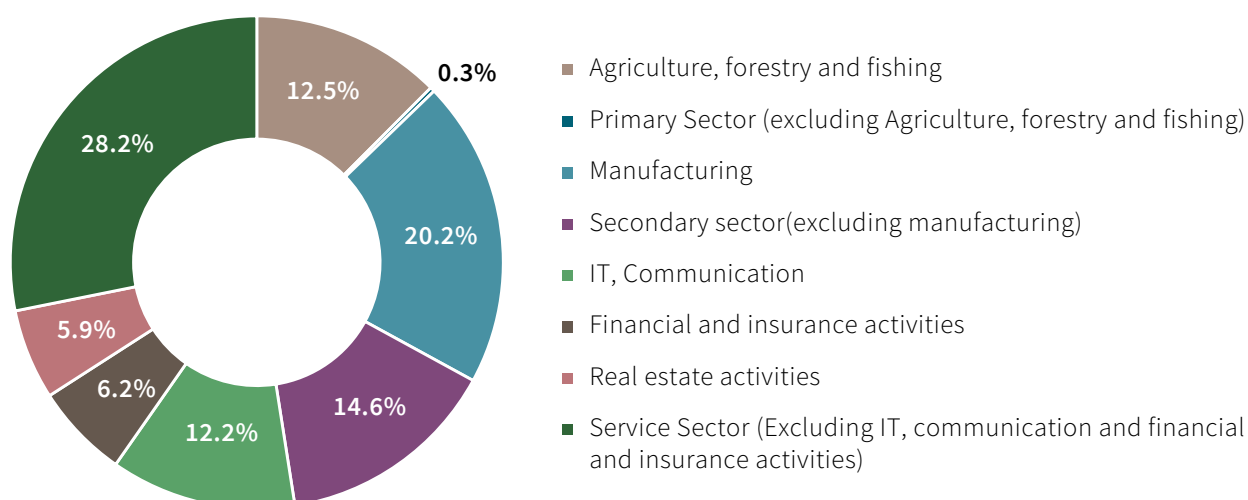
Tamil Nadu's manufacturing and industrial strengths fuel its GDP leadership

Tamil Nadu's Nominal GDP



- Tamil Nadu is India's second-largest state economy with a GDP of INR 29,947 billion, representing 10% of the national GDP.
- Manufacturing contributes INR 5,202 billion 2025 to the state's Gross State Value Added (GSVA), establishing it as the largest economic sector and anchor of Tamil Nadu's industrial foundation.
- Additionally, a robust services sector (IT/ITeS in Chennai), the strong industrial base & infrastructure and an active port economy (Chennai, Ennore) are the other key contributors to Tamil Nadu's GDP growth story.

Tamil Nadu's Sectoral GSVA

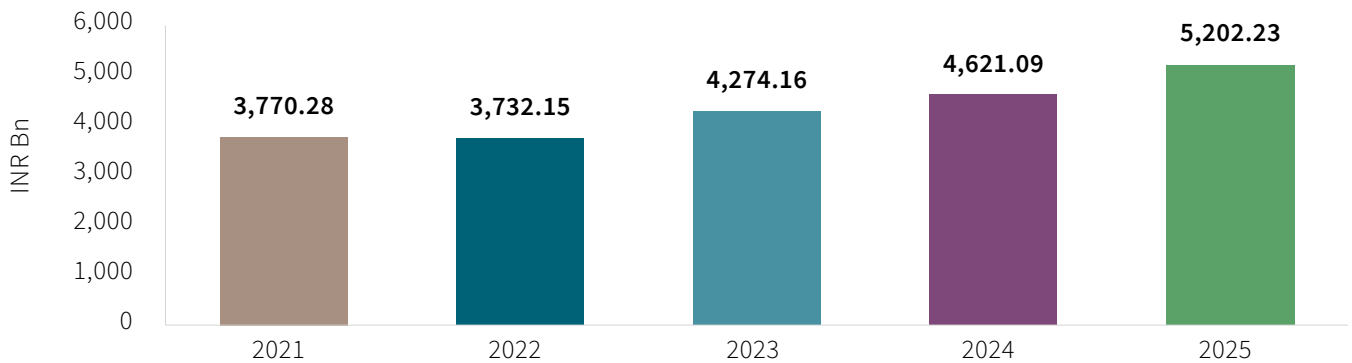


Source: Oxford Economics, MoSPI 2025

Tamil Nadu's economic strength lies in its above-average per capita income, significant FDI in manufacturing, well-developed industrial corridors, and a robust MSME sector that drives employment and entrepreneurship across the state.

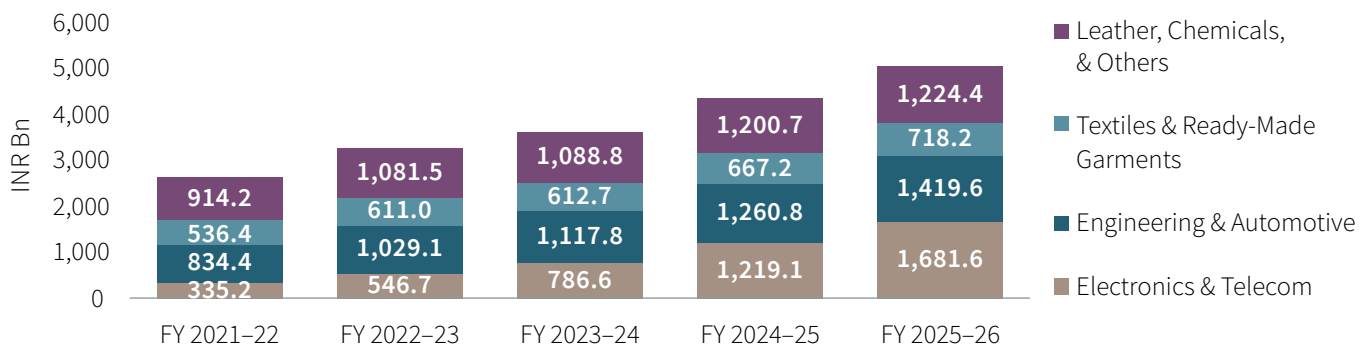
Not just an automotive hub; Tamil Nadu's manufacturing leadership status is well-diversified

Tamil Nadu's Manufacturing Contribution in State GDP



Source: Oxford Economics, MoSPI 2025

Tamil Nadu's Manufacturing Exports



Source: Ministry of Commerce and Industry, Government of India, Directorate General of Commercial Intelligence and Statistics (DGCI&S)

- Tamil Nadu is India's premier manufacturing hub, with Manufacturing contributing 20% of state output while growing at 8.3% CAGR (2021-2025).
- The state leads India in manufacturing employment, providing 15% of the country's total manufacturing jobs. It is however Tamil Nadu's third-largest employer after agriculture and construction, providing livelihoods for 4.2 million people.
- Tamil Nadu ranks third nationally in manufacturing output, accounting for 12% of India's total manufacturing production.

Key Sectors:

Automotive Leadership

Nation's top passenger vehicle producer and exporter; INR 1,419.6 billion in exports (FY26)

Electronics Dominance

India's largest electronics exporter; INR 1,681.6 billion in exports with 38% YoY growth (FY26)

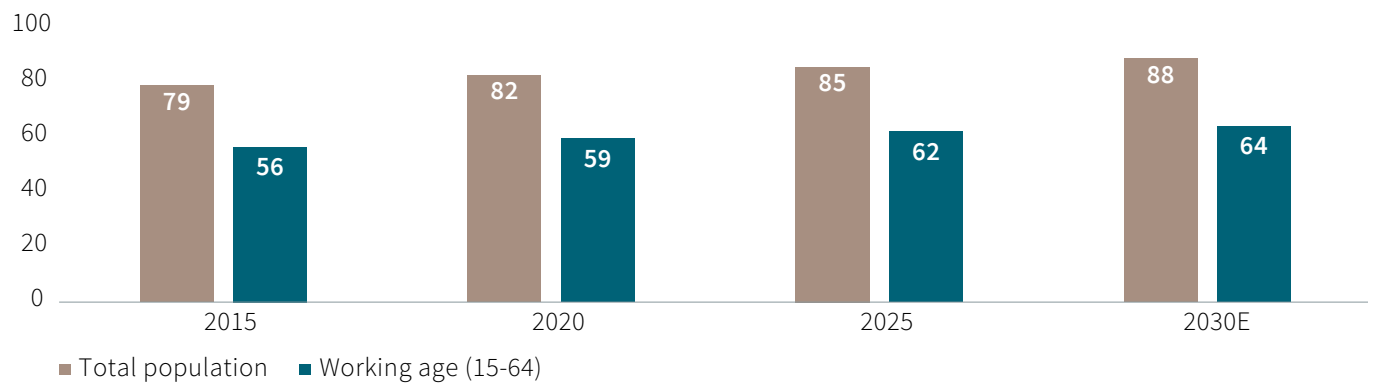
Textile Excellence

"Manchester of the South"; INR 718.2 billion in textile exports (FY26)

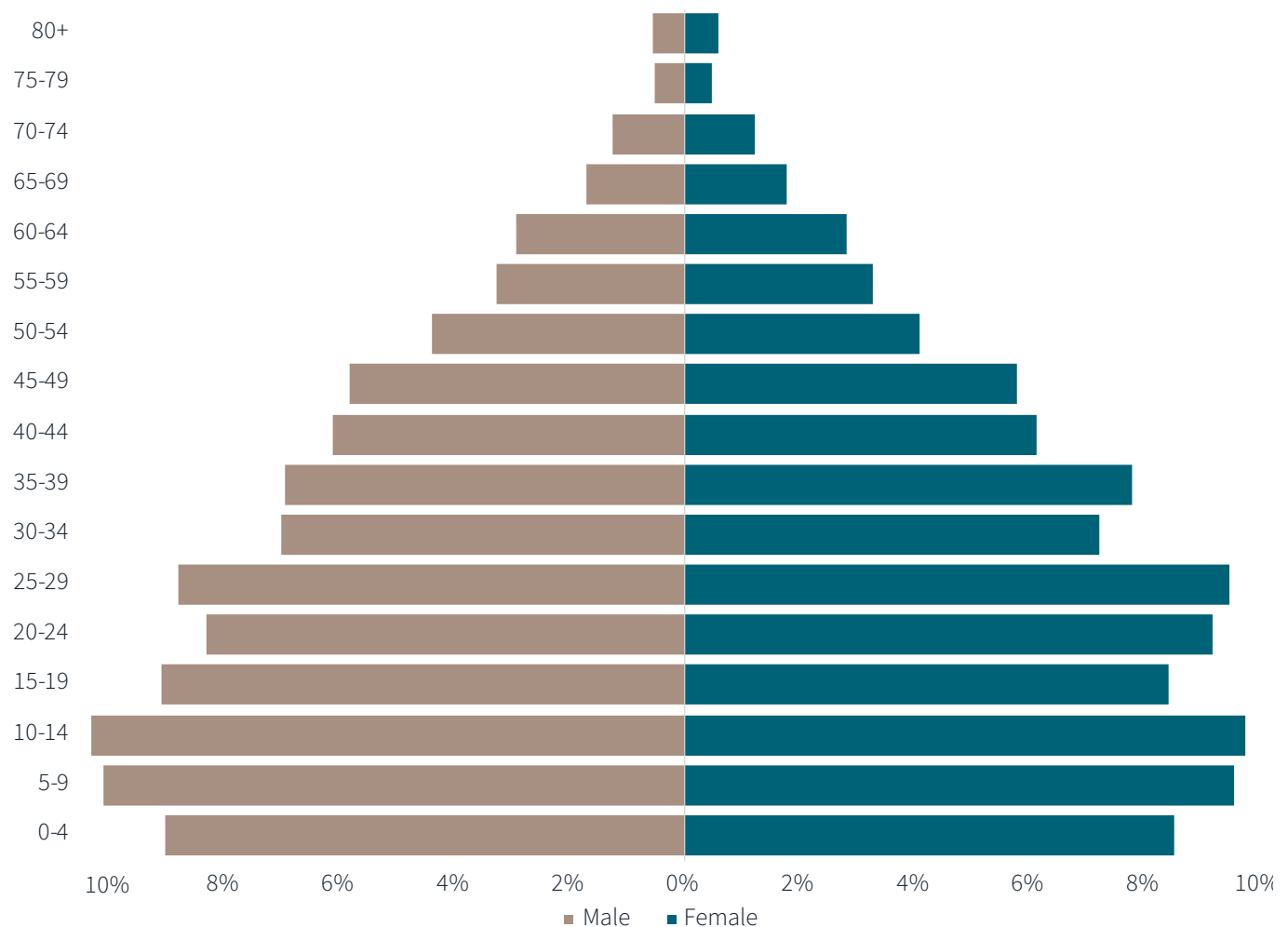
The manufacturing sector in Tamil Nadu delivers strong economic output, being the largest contributor to state GDP. The state offers healthy opportunities for industrial real estate and infrastructure investment, supported by production capacity, a stable, skilled workforce and a supportive policy ecosystem.

Tamil Nadu: Urbanisation and human capital strength support continued growth

Population (in million)



Age distribution (2026)



Source: Oxford Economics, 2025, Census 2011

Human Capital Strength

Key Demographic Indicators, 2025	
Median Age Group	35-39 years
Population (2025)	85 million
Tamil Nadu Dependency Ratio	50.4%
Literacy Rate(%)	85.5%
Working Age Population	62 million
Urbanisation rate	54% (Karnataka-43.45%;Telangana-46.11%)
Tamil Nadu’s working-age population is expected to keep growing right through 2030 — 61.7 million strong and rising, one of India’s largest and most experienced workforces.	

Source: NITI Aayog, MoSPI, Oxford Economics

INR 3.62 Lakh

Per capita income — 1.7x the national average

2nd

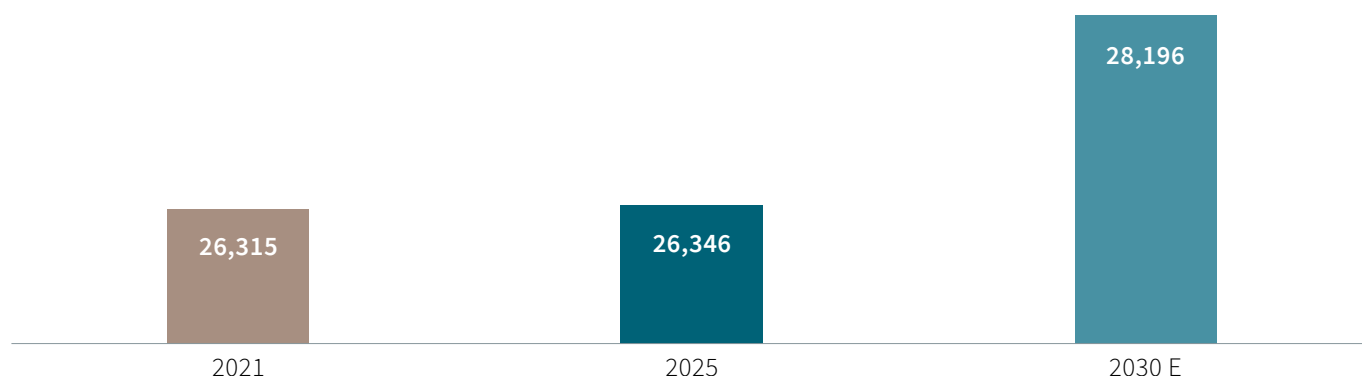
NITI Aayog Health Index — “Achiever” category

Tamil Nadu combines a per capita income 1.7x the national average with top-tier health and climate performance — a state converting scale into rising living standards even as its population ages.

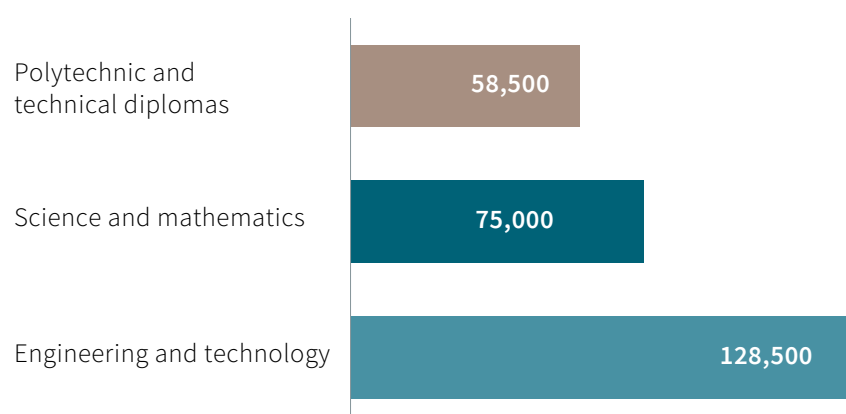


Tamil Nadu's human capital advantage drives sectoral transformation

Total employment ('000)



Annual STEM graduates by level



Source: Oxford Economics, 2025, AISHE 2022-23

Key Demographic Indicators, 2025

Total employment (2030E)	28.2 million
Unemployment rate	4.3% (above national avg. base)
Sector mix (workforce)	Services 35.2%, Construction 18%, Manufacturing 16.8%
Fastest-growing sector	Information & communication (+85%, 2015-2030)
Most job-generating sector	Construction (+2.44 million jobs)

Manufacturing productivity per worker is rising fast — Tamil Nadu is moving up the value chain, doing more with a stable, increasingly skilled workforce.

Human Capital Strength

2,900+

Number of colleges

260,000+

Number of STEM Graduates

NIRF (Overall)

1st

17 institutions in the overall Top 100, IIT Madras ranks #1 overall

Top 4

Preferred state for employment nationally

Source: AISHE 2022-23; India Skill Report 2025

With 35.8 lakh students forming India's widest talent pipeline, job growth centers on construction and information & communication, while manufacturing generates high-value opportunities.

Tamil Nadu's comprehensive policy ecosystem targets high-value sectors

Sector-specific policies

2026 Shipbuilding Policy SPV Clusters dedicated shipyard clusters & infrastructure - Integrated ecosystem for ship manufacturing & repair - Equity, capital subsidy, PLI & training support	2025 Space Industrial Policy Space Tech Fund dedicated fund for startups & innovation - World-class ecosystem for space investment, innovation & R&D - Clusters draw global OEMs & startups; land, capital & power subsidies
2024 Semiconductor & Advanced Electronics INR 1,219.1 TN electronics exports FY24-25 (41% of India) - First dedicated policy; up to 50% incentives over Centre's INR 963 chip plan - Trains 2 lakh skilled workers by 2030	2024 Special Scheme to promote Global Capability Centers (GCCs) in Tamil Nadu Payroll subsidies incentivize Forbes/Fortune companies establishing GCCs creating high-paying Tamil Nadu jobs.
2023 Electric Vehicles INR 50,000 Cr - Covers manufacturers, EVSE operators & consumers; 5-year validity 6 pilot "EV cities" incl. Chennai, Coimbatore, Madurai - Targeted investment - 1.5 lakh jobs	2023 Logistics Policy & TNILP INR 62,541 Cr investment across 50 interventions - First dedicated Logistics Policy + 10-yr integrated plan 1.4–1.6 lakh jobs; parks on 50+ acre clusters
2021 Data Centre Tier-1 hub leverages Chennai's subsea cable landing status - Fiscal & non-fiscal incentives for power, land, connectivity - Renewable energy, green data centres, industry R&D	2021 MSME Policy Capital subsidies, interest, cluster infrastructure Builds statewide vendor/supply-chain base behind anchor investments via interest subvention, cluster infrastructure.

▼ Built on common foundation policies ▼

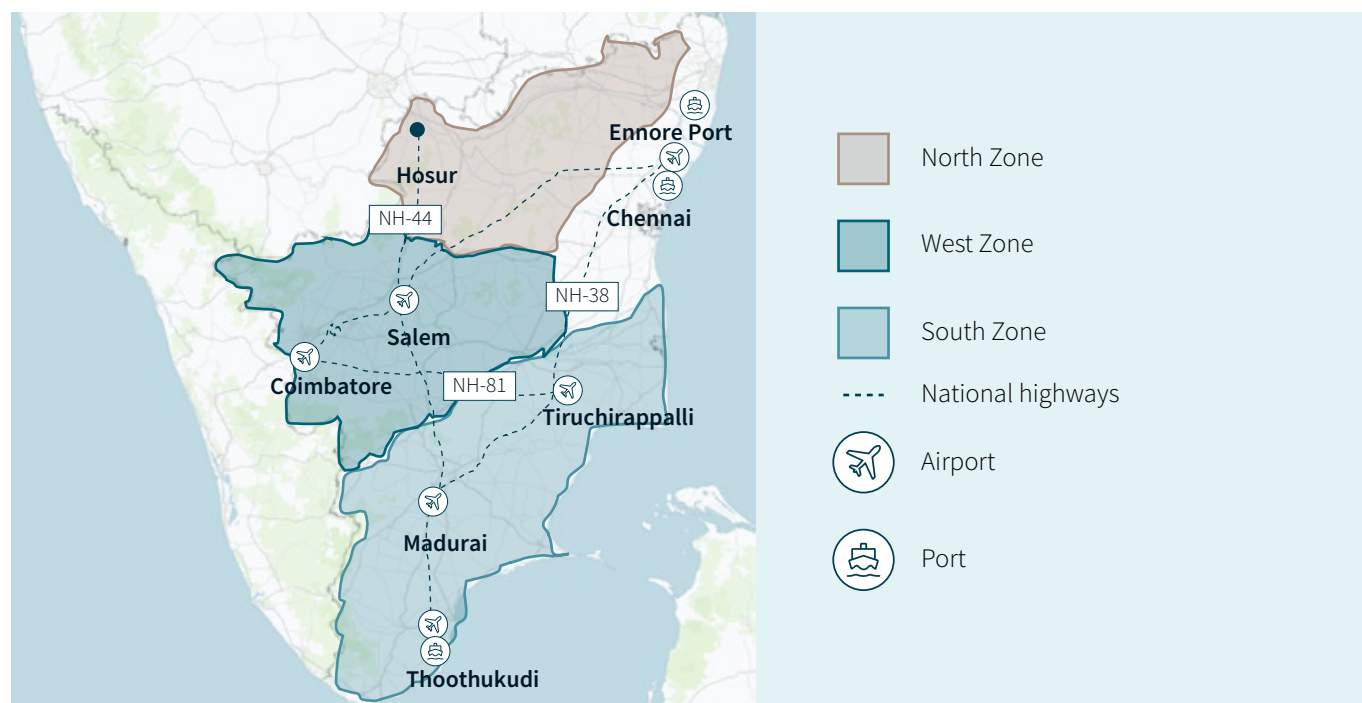
Tamil Nadu Industrial Policy 2021

District-tier subsidies & Sunrise Sector incentives — targets INR 10 trillion investment and 2 million jobs by 2025. Base structure every sectoral policy builds upon.

Tamil Nadu IT Policy 2018

Policy promotes Tier-2 IT/ITES growth via cloud, AI/ML, cybersecurity incentives while sustaining Chennai's leading hub position.

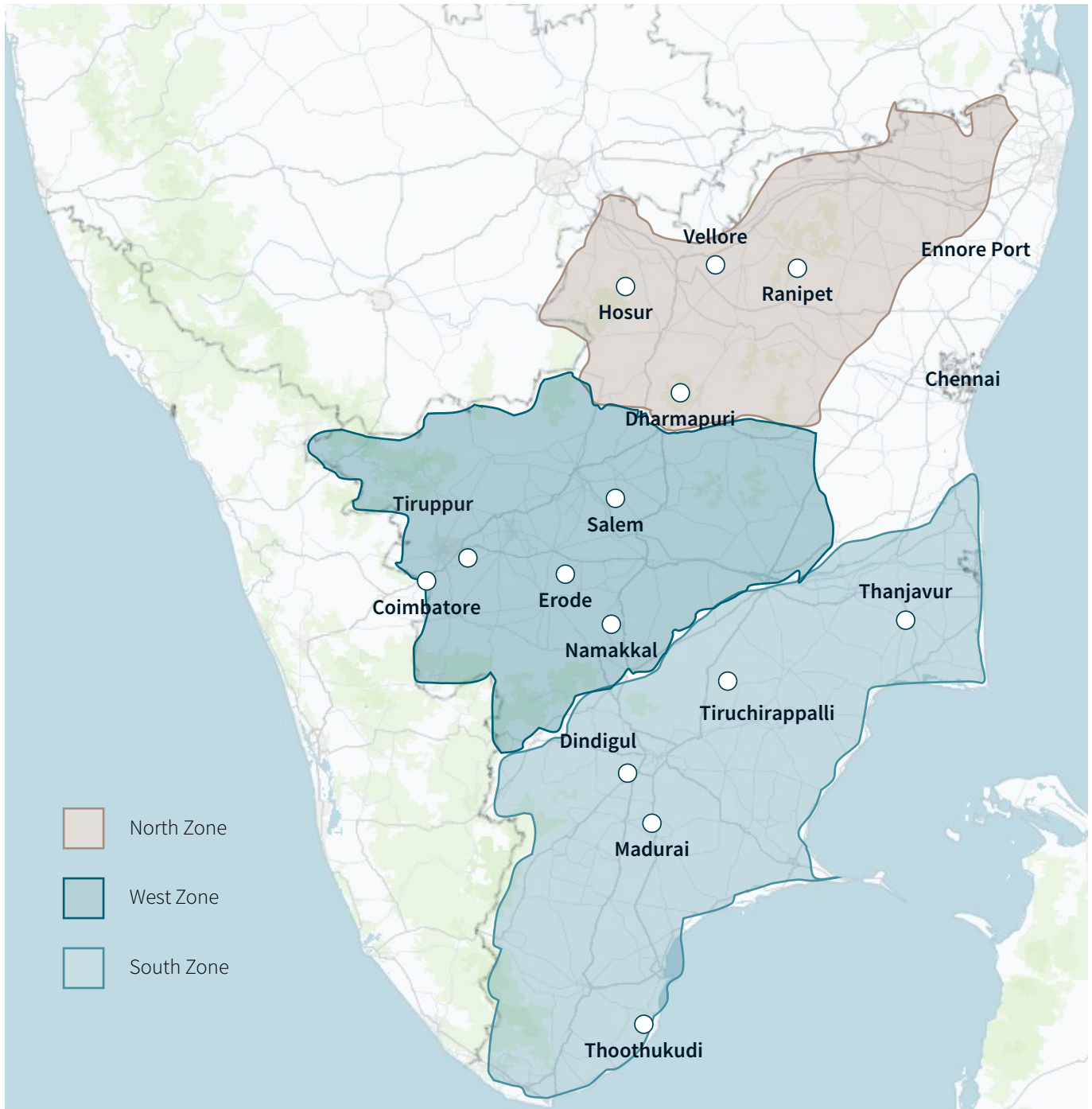
Tamil Nadu's infrastructure expansion: Building on a robust multi-modal connectivity network



Category	Operational	Upcoming/Under Development
Roadways	73,187 km classified road network - National Highways: ~7,000 km - State Highways: 12,291 km - District roads: ~54,000 km	- Bengaluru–Chennai Expressway under construction - Chennai–Salem Greenfield Expressway proposed - Chennai Peripheral Ring Road under construction
Railways	- Extensive network with major junctions - Chennai, Coimbatore, Madurai, Salem, Tiruchirappalli - Nilgiri Mountain Railway (UNESCO Heritage) - Pamban Bridge operational	- Chennai–Bengaluru High-Speed Rail in planning stage - Chennai–Mysuru High-Speed Rail land acquisition ongoing - Network doubling and new line works in progress
Airports	- Chennai (largest hub) - Coimbatore, Tiruchirappalli, Madurai operational - Tuticorin, Salem operational	Hosur Greenfield Airport awaiting Defence Ministry clearance
Ports & Maritime	- Three major ports operational - Chennai Port - Kamarajar (Ennore) Port - V.O. Chidambaranar (Thoothukudi) Port	- Kamarajar Port capital dredging complete - India's first Multi-Modal Logistics Park (Mappedu) under development
Metro Rail	- Chennai Metro Phase I: ~54 km operational - Record ridership growth	- Chennai Metro Phase II: 116–118.9 km - Yellow Line section targeted mid-2026 - Full ~173 km network by ~2030 - Coimbatore & Madurai Metro proposals resubmission pending

02

What's on offer beyond the state capital: Regional cluster analysis



These 14 cities were identified as Tamil Nadu's key regional leaders, demonstrating significant growth potential, strategic geographic positioning, expanding economic activity, real estate activity, and infrastructure development.

From MoUs to actual investments on ground, Tamil Nadu is surging ahead

1,283

MoUs signed over the last 5.5 years

INR **11** Lakh Crores +

Total committed investment last 5.5 years

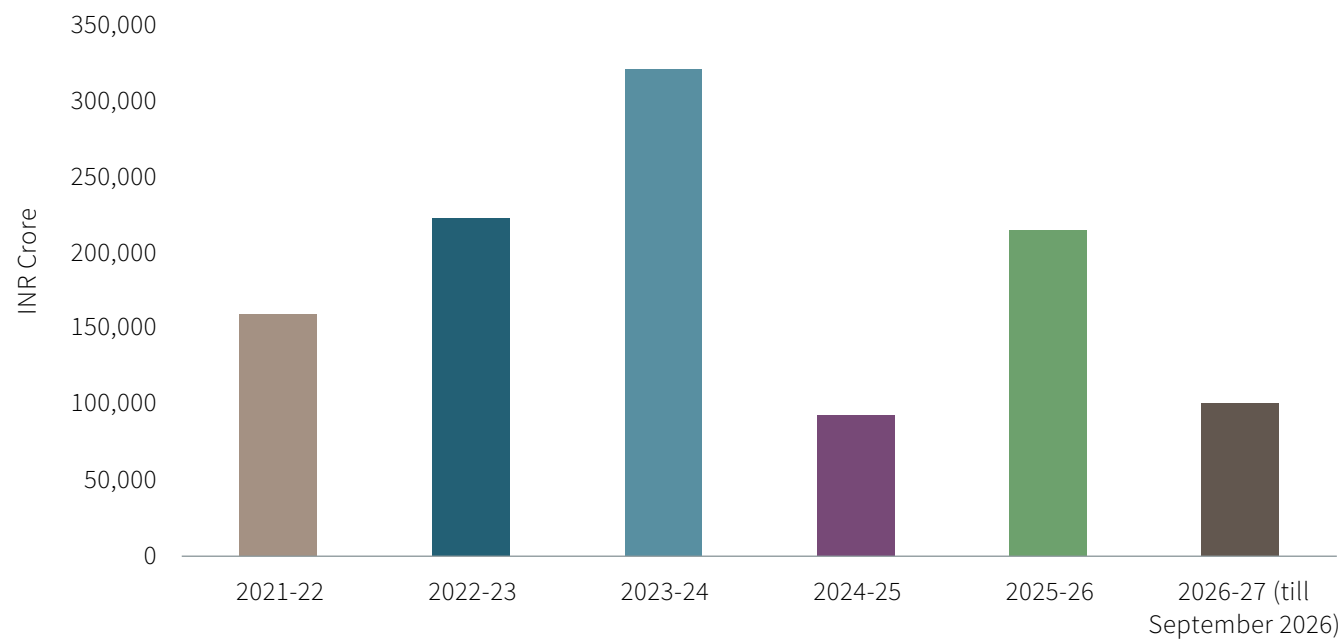
37 Lakh +

potential jobs projected

73% to 78%

MoU to project conversion rate

Yearly New Investments



Source: TN Govt, TN Guidance

73.5%

Highest Conversion Yet

The strongest MoU to project conversion rate recorded across any investment cycle to date

867

Projects Advancing

Projects currently sitting in advanced stages of implementation statewide

35%

Already Operational

Share of committed projects that have already moved from paper to production

55%

Indian Private Sector Investment

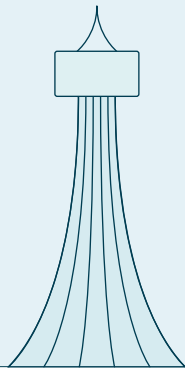
Share of new project investment by Indian Private companies in the state in FY26 followed by government and Foreign private sector with share of 37% and 9%, respectively

North Zone – The advanced manufacturing and logistics gateway

INR 51,000+ Cr

~4.6% of statewide investment

Tamil Nadu's core engine for automotive, EV and electronics manufacturing, built on the state's most developed Grade A logistics infrastructure



Zonal Leaders

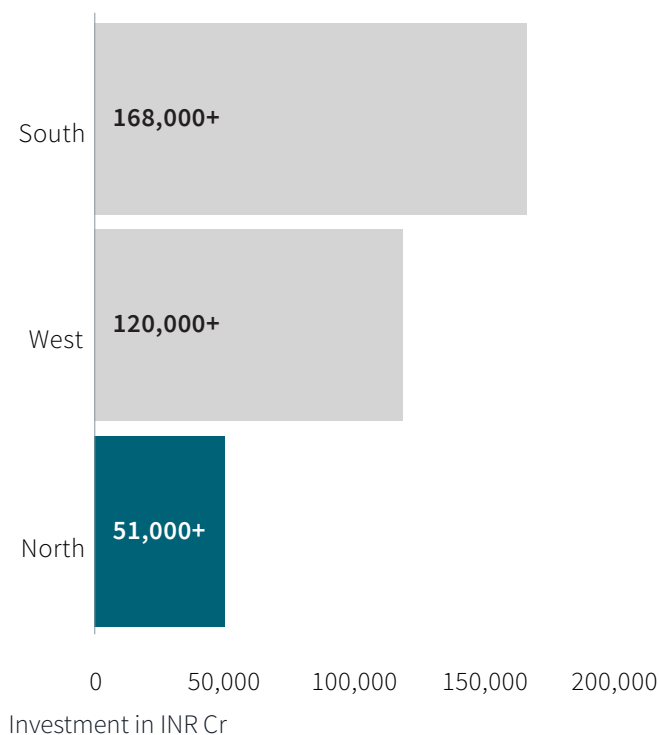
Hosur

Vellore

Dharmapuri

Ranipet

Zone Investment Compared



Source: JLL Research, TN Govt, TN Guidance

What's Driving Them



Hosur: Automotive and EV Manufacturing

Hosur, on the Chennai-Bengaluru highway, is a key EV and automotive manufacturing hub in the Hosur-Krishnagiri-Dharmapuri belt and a growing Grade A warehousing and logistics center.



Hosur: Bengaluru Spillover

45 km from Bengaluru on the NH 48 corridor, pulling residential demand and electronics investment across the state border



Hosur: MSME Density

Around 40 MSME projects committed since 2021, among the highest counts of any city in the zone



Vellore: Diversified Economy

Vellore strengthens Tamil Nadu's economy through leather manufacturing, medical tourism (Christian Medical College & Hospital), higher education (Vellore Institute of Technology), and heavy engineering (BHEL, Tamil Nadu Explosives Limited)



Investment takeaways

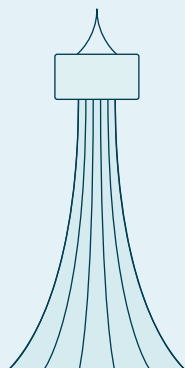
- Hosur is functioning as an extension of Bengaluru's economy rather than a traditional satellite industrial town.
- The city is growing four to five times faster than most Tamil Nadu cities, driven by rapid inflows of EV, electronics, and MSME investments.
- Investment is arriving faster than the housing and worker accommodation infrastructure can support, so the state has already commissioned large-scale worker hostels to address the accommodation gap.
- The North Zone's true opportunity lies not in headline investment figures, but in workforce housing and border spillover residential demand generated by this accelerated growth.

South Zone – Leading maritime, energy and tourism frontier

INR 1.68 Lakh Cr +

~15.0% of statewide investment

The highest capital concentration of any zone, driven by port led heavy industry and green energy megaprojects, with a fast formalizing tourism pipeline



Zonal Leaders

Madurai

Thoothukudi

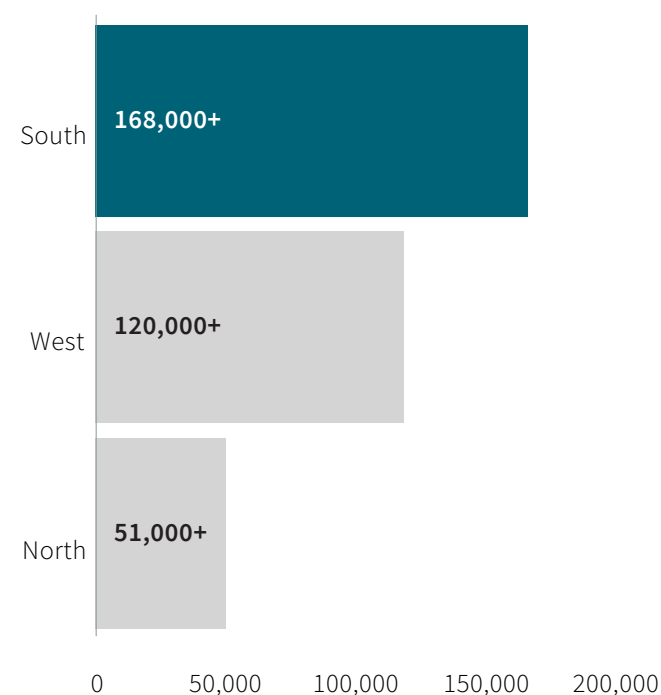
Tiruchirappalli

Dindigul

Thanjavur

Tiruchirappalli sits outside the three core zones as Tamil Nadu's central connector, grouped here as the fourth city to watch.

Zone Investment Compared



Investment in INR Cr

Source: JLL Research, TN Govt, TN Guidance

What's Driving Them



Thoothukudi: Port and Green Energy

Anchored by V.O. Chidambaranar Port, with the state's two largest green hydrogen investments from Sembcorp and Leap Green



Madurai: Services and Tourism

Fastest growing office employment among all tracked cities, backed by medical tourism and the Meenakshi Temple pilgrimage circuit



Tiruchirappalli: Strategic Central Transit Node

Strong real GDP, income and office employment growth, anchored by BHEL and its NIT and medical college base

Investment takeaways

- Thoothukudi: Attracts the largest project values driven by port-led infrastructure and green hydrogen megaprojects, though these generate relatively fewer jobs per rupee invested.
- Madurai: Building the fastest-growing office employment base among all tracked cities in the zone.
- Tiruchirappalli: Outpacing both cities in GDP, income, and office employment growth despite having the smallest population base, positioning it as the zone's most undervalued opportunity.

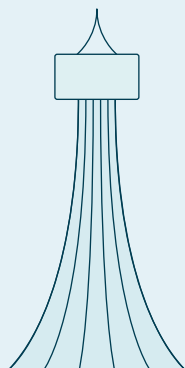


West Zone – The building block for the services economy spread

INR 1.2 Lakh Cr+

~11% of statewide investment

A historical textile export and heavy engineering heartland now diversifying into aerospace, data centers and cement manufacturing



Zonal Leaders

Coimbatore

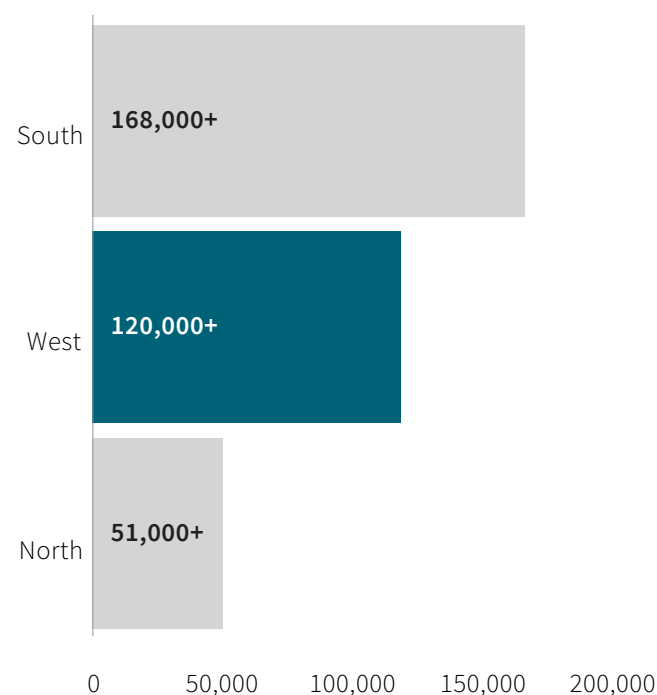
Salem

Tiruppur

Namakkal

Erode

Zone Investment Compared



Investment in INR Cr

Source: JLL Research, TN Govt, TN Guidance

What's Driving Them



Coimbatore: ICT and Data Centers

Adani and Larsen and Toubro data center investment alongside 28 percent growth in ICT employment



Coimbatore: Aerospace Entry

Seven aerospace and defence MoUs mark a genuine new growth vector beyond textiles



Salem: Textile and Engineering

Continues to anchor the zone's historic textile export and heavy engineering base



Salem: Entrepreneurial Base

Strong MSME and entrepreneurial density supports the zone's broad, distributed investment pattern

Investment takeaways

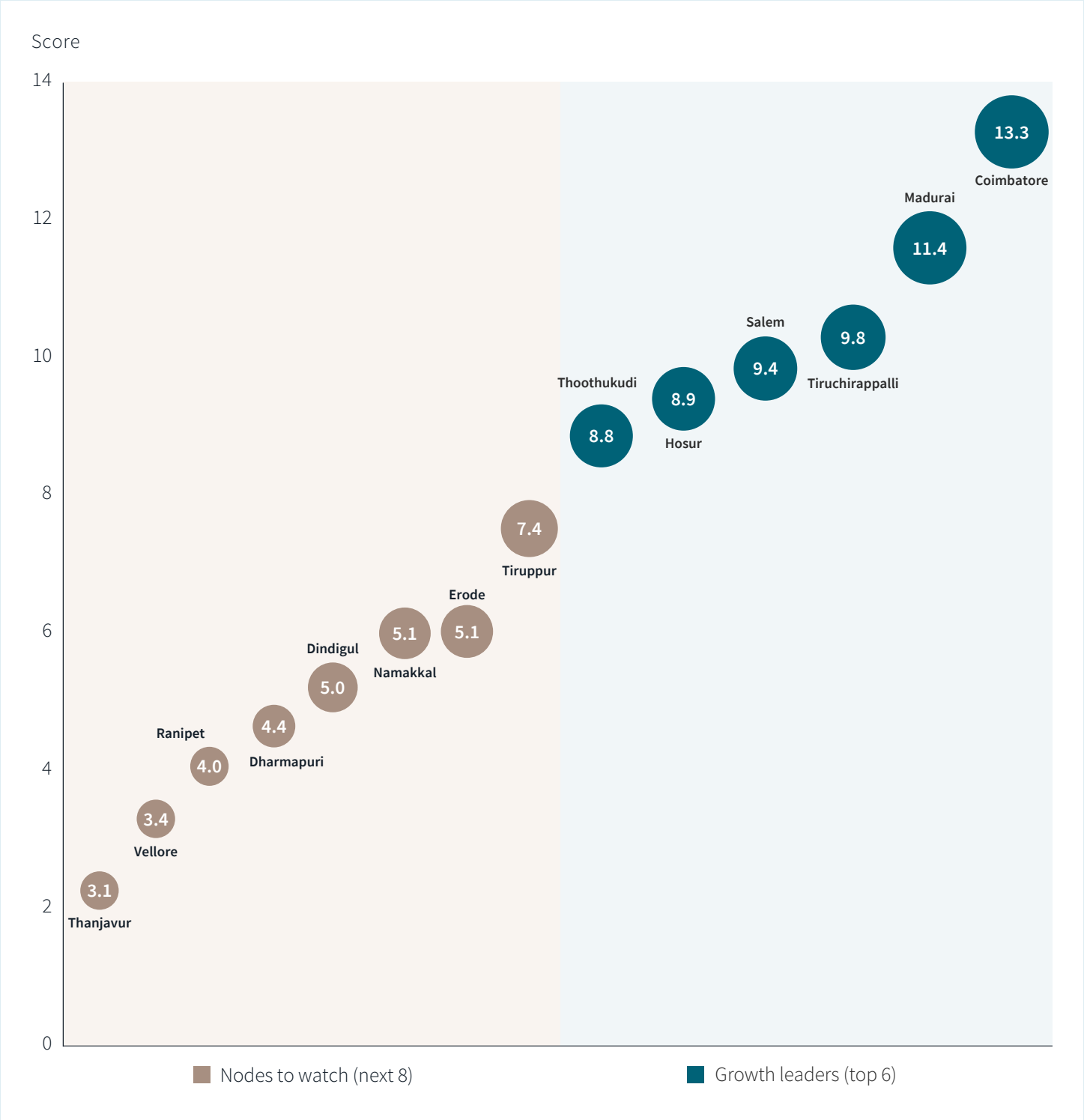
- Coimbatore's income is growing faster than its GDP as employment shifts from traditional manufacturing into ICT, aerospace, and construction sectors.
- Salem continues to anchor the zone's textile and MSME base, maintaining its role as the industrial backbone.
- The West Zone represents an established industrial base undergoing reinvention through economic diversification.
- The investment case for the West Zone is built on rising incomes and sectoral diversification, not on any single large-scale project.

03

Tamil Nadu's Emerging
Cities: Where growth
meets opportunity



Expanding economic landscape: Growth leaders vs. markets to watch



This analysis examines Tamil Nadu’s key emerging economic clusters across four key parameters: GDP growth rates, infrastructure quality and connectivity, population size and demographics, and overall investment attractiveness. The composite score is on the Y-axis. The cities are segregated into two distinct tiers: “Growth Leaders” with strong fundamentals across all metrics, and “Nodes to Watch” representing developing markets with moderate growth trajectories and evolving infrastructure.

Coimbatore: Where industrial legacy meets digital economy

The Western Anchor

4,723 sq. km

Area

3.46 million

District population

83.98%

Literacy rate

**564th among global 1000 cities
and 14th among Indian cities**

Oxford Economics Global Cities
Index 2026

INR 1.01 Lakh Crores

GDDP (Ranked 4th in the state,
with 6.51% share in state GDP)

7.2%

Gross District Domestic Product
(GDDP) Growth (%)

INR 4.08 Lakh

Per capita income

Economic drivers



Textile and pump manufacturing

Largest textile and spinning mill cluster in India plus the country's biggest pump manufacturing base and 700+ foundries.



IT and GCC expansion

Growing base of Global Capability Centres and coworking operators layering onto a 15,000+ MSME ecosystem.



Healthcare tourism

Kovai Medical Center and PSG are pulling patients from across South India into an expanding super-specialty cluster.

Real estate and infrastructure



Airport led east corridor

The state's second largest international airport and adjacent tech parks are pulling commercial growth eastward.



Proposed Metro and ORR

An outer ring road and proposed metro rail are set to formalise transit-oriented growth across the city.



Mills to mixed-use

Old textile mills are being converted into mixed use developments as land economics shift toward services.

Source: JLL Research, Department of Economics & Statistics, Govt of Tamil Nadu 2023-24

Real estate takeaway

Coimbatore is successfully layering Global Capability Centers and technology infrastructure onto its established manufacturing and MSME base, creating a distinctive dual competency in precision engineering and knowledge services. This rare combination is attracting professionals back from metros, positioning the city as a compelling destination where industrial strength meets digital economy opportunity.

Madurai: Transforming heritage into economic advantage through services and connectivity

The southern service and cultural capital

3,741.73 sq. km

Area

3.04 million

District population

83.45%

Literacy rate

**576th among global 1000 cities
and 16th among Indian cities**

Oxford Economics Global Cities
Index 2026

INR 0.56 Lakh Crores

GDDP (Ranked 8th in the state,
with 3.63% share in state GDP)

6.1%

Gross District Domestic Product
(GDDP) Growth (%)

INR 1.74 Lakh

Per capita income

Economic drivers



Temple tourism economy

The Meenakshi Temple draws 15+ million visitors a year, anchoring Madurai as southern Tamil Nadu's commercial centre.



ELCOT and Meenakshi Tech Park

IT parks and a distinct cost advantage are pulling in Global Capability Centres and remote-work relocations.



Medical tourism growth

Apollo and Meenakshi Mission are expanding specialty capacity for patients from Sri Lanka and the Middle East.

Real estate and infrastructure



Smart city investment

More than INR 1,200 crore in smart city works is upgrading infrastructure alongside a new international terminal & ring road.



Gated communities near ELCOT

Residential communities are emerging around the ELCOT SEZ to house IT professionals and NRI buyers.



Bypass road retail

Modern retail and budget hotels are expanding along Bypass Road as core city construction moves to peripheral zones.

Source: JLL Research, Department of Economics & Statistics, Govt of Tamil Nadu 2023-24

Real estate takeaway

Madurai is emerging as southern Tamil Nadu's services gateway by building operational IT parks, international airport connectivity, and medical tourism infrastructure around its resilient religious tourism foundation. This strategic integration of modern capabilities with enduring heritage assets positions the city to capture growth where tradition provides stable demand and contemporary services unlock new economic potential.

Tiruchirappalli: Untapped GCC opportunity with logistics advantage

The strategic central transit node

4,404 sq. km

Area

2.72 million

District population

83.23%

Literacy rate

**538th among global 1000 cities
and 11th among Indian cities**

Oxford Economics Global Cities
Index 2026

INR 0.47 Lakh Crores

GDDP (Ranked 11th in the state,
with 3.05% share in state GDP)

2.9%

Gross District Domestic Product
(GDDP) Growth (%)

INR 1.63 Lakh

Per capita income

Economic drivers



BHEL Heavy Engineering

BHEL, HAPP and TREAT anchor a heavy engineering base, alongside a railway junction role for Cauvery delta trade.



NIT Talent Pipeline

A National Institute of Technology feeds a skilled talent pool that is now attracting early GCC interest.



Tertiary Healthcare Pipeline

Tiruchirappalli anchors a healthcare cluster with brands like Apollo and Kauvery, drawing patients from delta districts of TN and Sri Lanka.

Real estate and infrastructure



Chennai-Tiruchirappalli industrial corridor

A proposed industrial corridor, outer ring road and airport runway expansion are the next infrastructure catalysts.



Transit oriented growth

Development is concentrated around the railway station, with real estate closely tracking institutional expansion.



Institution led housing

Large healthcare and education institutions generate steady residential demand even as the broader economy grows slowly.

Source: JLL Research, Department of Economics & Statistics, Govt of Tamil Nadu

Real estate takeaway

Trichy's institutional depth from premier engineering colleges, manufacturing PSUs, and multi-specialty hospitals creates robust talent pools and healthcare magnetism that remain underutilised. Combined with railway connectivity positioning it as central Tamil Nadu's logistics hub, the city offers balanced services-logistics-manufacturing capabilities with significant untapped GCC potential waiting to be activated.

Hosur: Factory hub + EV and electronics powerhouse

The advanced tech-manufacturing outpost

Tamil Nadu's highest income city, built almost entirely on proximity to Bengaluru and now shifting from factories toward GCC style employment.

5,143 sq. km

District Area

1.88 million

District population

71.46%

Literacy rate*

INR 0.49 Lakh Crores*

GDDP (Ranked 10th in the state, with 3.17% share in state GDP)

6.7%

Gross District Domestic Product (GDDP) Growth (%)*

INR 4.27 Lakh*

Per capita income, highest among the six cities identified as growth leaders

*All GDP and per capita income figures presented are for Krishnagiri District.

Source: JLL Research, Department of Economics & Statistics, Govt of Tamil Nadu

Economic drivers



EV and electronics anchor

Tata Electronics has anchored Hosur as a precision electronics export hub, alongside the Shoolagiri Future Mobility Park.



Bengaluru border advantage

Location on NH 7 and NH 44 gives Hosur direct logistics access to Bengaluru, India's largest technology market.



Knowledge corridor ambition

A proposed Hosur Knowledge Corridor with a TIDEL Park and R&D space aims to pull the city up the value chain.

Real estate and infrastructure



Land rates rising fast

Industrial and warehousing demand pushed non residential construction up 216 percent since 2020, the fastest of any city tracked.



Proposed international airport

A greenfield airport and a cross-border Bengaluru metro link would each independently justify a re-rating of the market.



Residential still catching up

Residential demand is gradually increasing, supported by established industrial and IT activity.

Real estate takeaway

Hosur is experiencing rapid industrial transformation as operational EV manufacturing and precision electronics investments elevate the city from its heavy engineering base into a high-value mobility and electronics export hub. The proposed international airport will further accelerate this evolution, positioning Hosur to capture premium manufacturing segments where established infrastructure meets cutting-edge automotive and electronics capabilities.

Salem: The manufacturing-services gateway

The agri-business and metal gateway

A steel, sago and magnesite economy at the junction of Chennai, Bengaluru and Coimbatore, now layering IT and logistics on top.

5,205 sq. km

Area

3.48 million

District population

72.86%

Literacy rate

**684th among global 1000 cities
and 30th among Indian cities**

Oxford Economics Global Cities
Index 2026

INR 0.56 Lakh Crores

GDDP (Ranked 8th in the state,
with 3.58% share in state GDP)

4.1%

Gross District Domestic Product
(GDDP) Growth (%)

INR 2.79 Lakh

Per capita income

Economic drivers



Steel and sago processing

Steel rolling mills and sago and tapioca processing, half of India's national output, anchor the traditional economy.



India's largest magnesite base

Salem holds the country's largest magnesite deposits alongside textile mills and a jewellery manufacturing cluster.



Solar and food processing SEZ

Solar equipment manufacturing under PLI schemes and a food processing SEZ targeting exports are the newest additions.

Real estate and infrastructure



Three highway junction

Salem sits at the junction of the Chennai, Bengaluru and Coimbatore corridors, capturing overflow from all three.



ELCOT and Neo TIDEL

Operational IT parks are creating back-office and KPO jobs, pulling a services layer onto the industrial base.



Plotted and villa developments expanding

Demand for plotted developments, villas and mixed use projects is rising across emerging urban corridors.

Source: JLL Research, Department of Economics & Statistics, Govt of Tamil Nadu 2023-24

Real estate takeaway

Salem is positioned as western Tamil Nadu's diversified manufacturing-logistics gateway, leveraging its strategic transport junction connecting three metros and niche industrial strength in commodities and minerals. Operational IT infrastructure combined with compelling cost advantages is attracting back-office and KPO operations, positioning the city to capture growth where established industrial capabilities meet emerging knowledge services demand.

Thoothukudi: India's next maritime-aerospace capital

The port and maritime logistics powerhouse

India's next shipbuilding capital, anchored by a major port, green hydrogen megaprojects and a fast-emerging private space industry.

4,621 sq. km

Area

1.75 million

District population

86.16%

Literacy rate, highest of six

INR 0.28 Lakh Crores

GDDP (Ranked 18th in the state, with 1.87% share in state GDP)

4.0%

Gross District Domestic Product (GDDP) Growth (%)

INR 2.92 Lakh

Per capita income

Economic drivers



V.O. Chidambaranar Port

Container terminal expansion and a planned RORO ferry to Sri Lanka anchor one of India's 13 major ports.



Green hydrogen capital

JSW and other majors are investing in green hydrogen and ammonia production, positioning the district as a clean energy hub.



Shipbuilding and space

A 1,700-acre dual shipyard cluster and vehicle integration facilities from Agnikul Cosmos and Skyroot are being built simultaneously.

Real estate and infrastructure



Industrial land near the port

Land demand is rising fastest near the port corridor and SIPCOT zones as warehouse and cold storage capacity expands.



Fastest residential growth

Residential construction grew 98 percent since 2020, the fastest of any city profiled, tracking industrial employment.



Beach resort tourism emerging

A smaller, longer dated hospitality opportunity is emerging alongside the district's industrial build out.

Source: JLL Research, Department of Economics & Statistics, Govt of Tamil Nadu 2023-24

Real estate takeaway

Thoothukudi is transforming into India's emerging maritime and aerospace capital with its dual-shipyard cluster, private space launch facilities, and expanding container terminal anchoring South India's heavy engineering hub. Green hydrogen investments and maritime trade connectivity are positioning the port city to capture growth where maritime capabilities meet clean energy infrastructure and advanced manufacturing opportunities.

04

Sector Deep Dive: Real estate opportunities across asset classes



Tamil Nadu residential: Plotted layouts dominate amid decentralization beyond Chennai

Residential launch activity across Tamil Nadu: Chennai metro and secondary growth corridors

51.5%

Chennai metropolitan area's share in state's total residential launches.

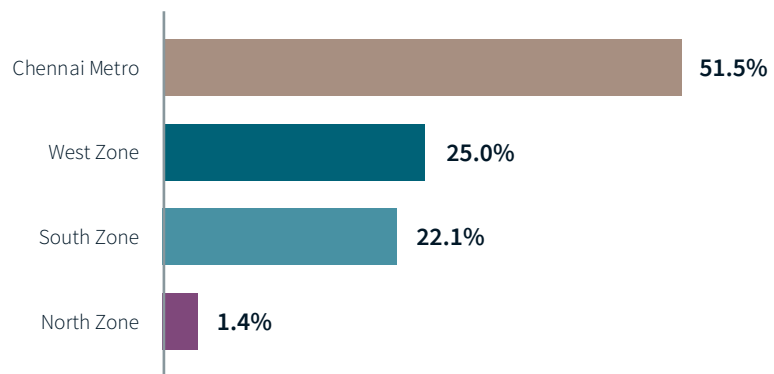
79% – 88%

of launches in every secondary corridor is contributed by plotted layouts.

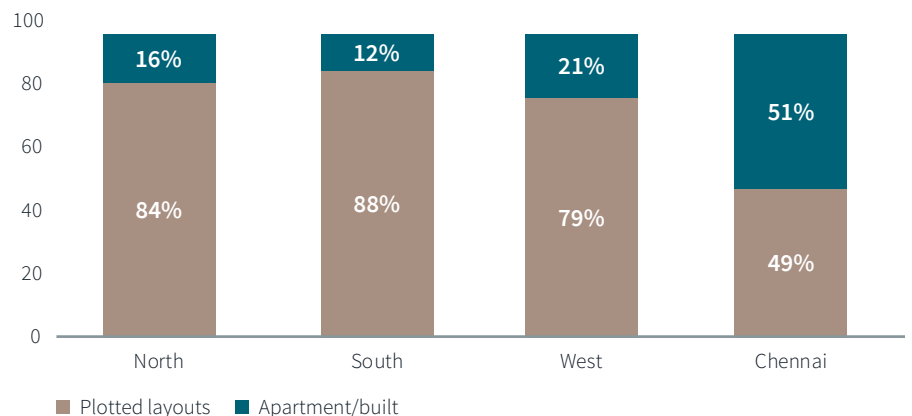
21%

of launches held by apartment typology in Tamil Nadu's West zone; the highest outside Chennai.

Zone-wise share in residential launches/supply



Typology mix: plotted layouts vs apartment/built



Key takeaways

- **Land-based formats dominate.** Statewide, plotted layouts account for a significantly large share of registered residential launches vs. apartment/built, even with Chennai included.
- **Chennai anchors the market.** Accounts for approximately half of the registered launch activity, and the only market where apartments pose strong competition to plotted developments.
- **Secondary corridors are land-led.** Plotted layouts hold 79–88% outside Chennai; self-build demand outweighs developer stock.
- **West is maturing fastest.** Coimbatore–Salem's 21% apartment share (vs 12–16% elsewhere) signals an early move towards developer-led momentum.
- **Decentralisation is gradual.** West and South zones are witnessing more launch activity as economic activity has grown; North Zone (Hosur) still in nascent stage.

From manufacturing to logistics gateway: How six cities are capturing Tamil Nadu's next industrial growth wave

Grade-A industrial investment flows to six-city corridor: Hosur and Coimbatore lead multi-sector momentum

**INR
280 Cr**

Horizon's
(Blackstone-backed)
investment in Hosur

**1.3 mn
sq. ft**

Of Grade-A industrial
park in Hosur

1 of 8

Hosur is among
Embassy's priority
national sites

Private and anchor industrial investment across cities

Emerging

Coimbatore

Emerging as a premier industrial and manufacturing powerhouse in South India: IndoSpace and TVS Industrial and Logistics Parks (2 sites); serves Kerala, Karnataka and Tamil Nadu.

Emerging

Salem

Home to Salem Steel Plant also serves as one of the five key nodes in the Tamil Nadu Defence Industrial Corridor; Salem Aerospace Park; New Women's Industrial Park and upcoming Chennai-Salem Expressway corridor to attract investments.

Early-stage

Madurai

Logistics hub, automotive and rubber component destination, emerging IT parks, backed by strategic industrial corridors (Chennai-Kanyakumari Industrial Corridor and planned Madurai-Thoothukudi Industrial Corridor) and regional distribution investment.

Mature Grade-A logistics

Hosur

Premier multi-sectoral manufacturing and logistics hub: Horizon Industrial Parks (Blackstone-backed) spread across 1.3 mn sq. ft. involving around INR 280 Cr investment.

Early-stage

Tiruchirappalli

Boiler and Fabrication Capital of India, driving central Tamil Nadu's industrial economy through heavy manufacturing (BHEL), defence production (Ordnance Factory), Industrial and IT Parks (ELCOT & SIPCOT) and a vast network of supporting MSMEs.

Port-anchored

Thoothukudi

Regional growth centre of maritime trade, thermal energy production, manufacturing, and chemicals backed by VOC Port, EV manufacturing plant, heavy Industries and Chemical industries and salt production (caters to 70% of Tamil Nadu's salt requirement).

Key takeaways



- Institutional investors including Blackstone and Embassy are prioritising Hosur, Tiruchirappalli and the central corridor over saturated northern markets, deploying capital into IGBC-certified Grade-A assets where land costs are 4-7x lower.
- Beyond traditional manufacturing hubs, the state is building specialised clusters — Coimbatore as a tri-state logistics gateway and aerospace hub, Hosur as an EV manufacturing centre — to capture higher-value segments of India's industrial growth.
- Tri-State Gateway Advantage: Coimbatore and Salem's tri-state positioning enables multi-state distribution reach, offering institutional investors broader market access than single-state nodes.

SIPCOT's land exhaustion in mature cities drives Grade A private capital investment

Fifty SIPCOT parks, including 8 SEZs, span 24 districts; but the mature cities are close to fully allotted

50 SIPCOT industrial parks, including 8 SEZs

24 Districts covered

48,900 Total acres across SIPCOT parks

SIPCOT available land by district (acres)

District: Tiruchirappalli
Industrial (Acres): 312.1

Status: Deepest runway

District: Thoothukudi
Industrial (Acres): 127.4

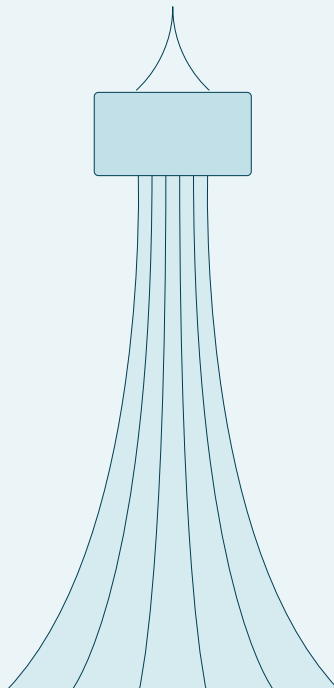
Status: Runway

District: Hosur (Krishnagiri)
Industrial (Acres): 12.1

Status: 12 acres left

District: Madurai
Industrial (Acres): 0.0

Status: Fully absorbed



Absorbed

Coimbatore and Madurai have 0–9 acres left, which catalysed IndoSpace, TVS and other Grade-A institutional participation.



Hosur: 12 acres left

State response: a 1,025-acre third estate with Tamil Nadu's first 300-acre EV park.



Runway

Tiruchirappalli (312 acres) and Thoothukudi (127 acres) hold the deepest industrial land banks; earlier-stage, with pricing upside.

Source: JLL Research, SIPCOT

Key takeaways

- Coimbatore and Madurai's complete SIPCOT absorption has triggered institutional investors to deploy private Grade-A capacity where public land is exhausted.
- Hosur's depletion to 12 acres prompted a new 1,025-acre estate with Tamil Nadu's first 300-acre EV park, showing investor appetite driving public capacity expansion.
- Tiruchirappalli and Thoothukudi hold 312 and 127 acres respectively, positioning them as earlier-stage markets with significant pricing upside.
- Remaining SIPCOT inventory distribution creates clear timing strategies—mature markets for built-to-suit projects, runway markets for land banking and greenfield development.
- SIPCOT's 50-park, 48,900-acre network provides infrastructure foundation, but absorption patterns show where private capital must now lead capacity creation.



Beyond back-office: Coimbatore's GCCs with 60% engineering R&D reshaping Tamil Nadu's tech corridor

ELCOT's IT SEZs in Coimbatore, Madurai, Tiruchirappalli, Salem and Hosur pre-date the current TIDEL Neo expansion

9.1 mn sq. ft

Grade-A office stock in Coimbatore

60+

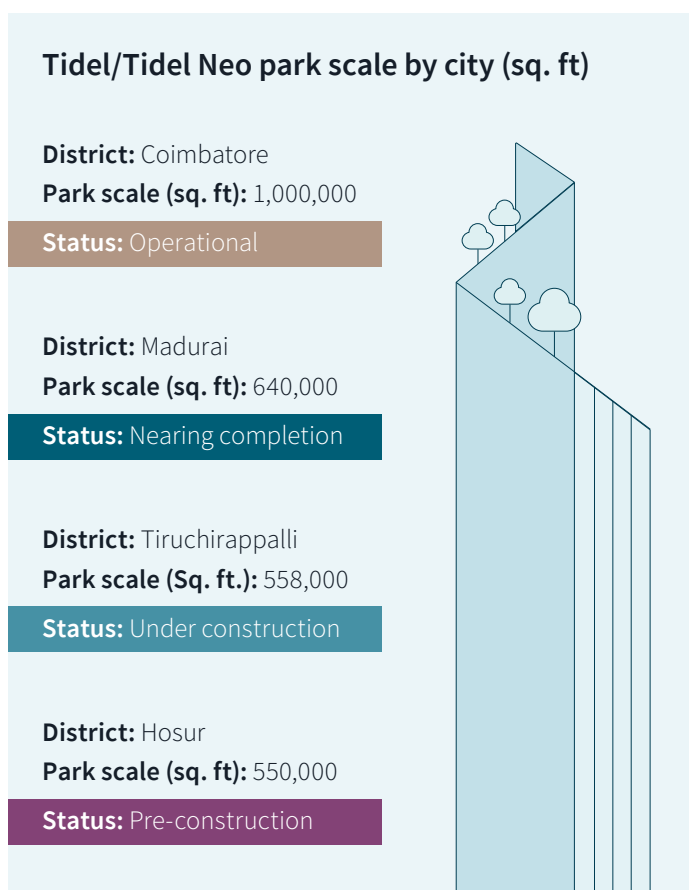
GCCs operating in Coimbatore

75,000

Professionals employed in Coimbatore's GCCs

~60%

of that workforce is in engineering R&D roles



Source: JLL Research, Tidel Park

Coimbatore GCC workforce mix

~60% of Coimbatore GCC roles are in engineering R&D

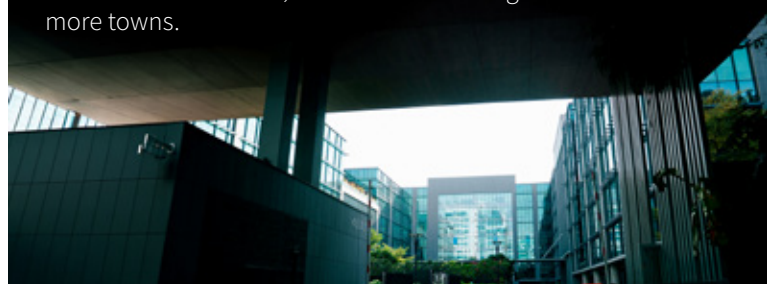
Engineering R&D

Nearly 60% of GCC roles are R&D, the remaining ~40% cater to other functions.



Mini-IT parks:

50,000–64,000 sq. ft. each, operational or under construction in Salem, Thoothukudi and eight more towns.



Key takeaways

- Coimbatore's engineering R&D dominance proves infrastructure-ready Tier-2 cities can deliver metro-quality talent at 40-50% lower costs without compromising function complexity.
- Mini-IT parks in tertiary towns pre-empt talent dispersion by placing capacity near engineering colleges, preventing metro migration and securing local graduate retention.
- The corridor's distributed expansion prevents single-city concentration risks while maintaining competitive edge across multiple talent pools for sustained GCC growth.



Retail capital deployment follows job growth: Madurai-Trichy-Hosur-Thoothukudi await investment

Coimbatore and Salem have institutionally-backed retail developments; the other four cities are the corridor’s next organised-retail wave

1.2 mn sq. ft

of institutional malls in Coimbatore and Salem

03

Anchor malls: Prozone, Fun Republic and Reliance Mall in Coimbatore and Salem

04

Madurai, Tiruchirappalli, Hosur, Thoothukudi cities are still high-street led offering unique opportunities

Institutional capital in Tier-2 retail

INR
370 Cr

Phoenix Mills × GIC · Coimbatore
9.03-acre Avinashi Road site, Aug 2024; a GIC affiliate holds 32.9% of the project company

INR
3,500 Cr

Lulu Group (Abu Dhabi) · Tamil Nadu MoU
Mar 2022 pact for malls and hypermarkets; first store (1.1 lakh sq. ft) opened in Coimbatore, June 2023

INR
110 Cr

Prozone Realty stake · Coimbatore mall owner
Intu (UK) sold its entire 28.83% stake to Apax Trust in January 2025.



**Organised:
Proof of concept**

Coimbatore: Prozone Mall (500,000 sq. ft, Prozone Realty, formerly Prozone Intu) and Essel Group’s Fun Republic (325,000 sq. ft). Salem: Reliance Mall, roughly 400,000 sq. ft.



Next wave: High-street and unorganised High-street retail to structured, neighbourhood retail formats

Madurai

Tiruchirappalli

Thoothukudi

Hosur

Note: Institutional Retail refers to singly owned, professionally managed, compliant and income generating retail developments

- Key takeaways**
- Coimbatore and Salem’s 1.2 mn sq. ft institutional mall presence validates Tier-2 consumer power while four high-street cities of Madurai, Tiruchirappalli, Hosur and Thoothukudi await their organized retail wave timed with GCC and industrial employment growth.
 - GIC and Lulu’s simultaneous Coimbatore commitments signal institutional investors prefer proven Tier-2 consumption over saturated metro markets
 - The corridor shows varying retail development stages-Coimbatore offers immediate opportunities, while growing employment cities like Madurai and Trichy are better suited for land acquisition and high street-level retail growth
 - Retail development follows job creation, income growth, and consumer spending. Large malls arrive after economic growth is established.
 - The retail gap in these four cities signals timing opportunity, not weakness since organized retail follows job growth, so current street-level retail dominance is simply an earlier development stage

Tourism investment: Resilient temple tourism and supply constrained hill station tourism drive opportunities

Two demand drivers: resilient temple footfall in the plains, capacity-constrained tourism in the hills

INR 450 Cr

Residency Signature, Madurai, opened Jun 2026.

326 keys

Signed on the temple circuit: IHCL Tiruchirappalli (176) + IHG Madurai (150).



Temple tourism

- Madurai's spiritual tourism market draws over 27 million annual visitors, attracting significant premium hospitality investments
- The 191-key Residency Signature Madurai opened in June 2026 with a INR 450 crore investment, leading the expansion wave
- A 176-key Gateway hotel is under construction on the Tiruchirappalli spiritual circuit
- A 150-key Holiday Inn Express Madurai is scheduled to open near the airport in early 2029
- Tiruchirappalli, Thoothukudi, and Kumbakonam have emerged as primary expansion targets after Madurai

12.9 million

Nilgiris tourist footfall, 2025

14,000+

vehicles/day entering the Nilgiris



Hill tourism

- The introduction of mandatory Electronic vehicle pass (6,000-8,000 daily in Nilgiris, 4,000-6,000 in Kodaikanal) has shifted hill stations from mass tourism to high-value sustainable luxury
- Annual visitors stabilized at 12.9 million from a congested peak of 13.8 million, creating a healthier, more manageable tourism flow
- Large-scale commercial developments are now restricted, favoring custom-made, environmentally sensitive hospitality projects

Key takeaways



- IHCL's 25-room Yercaud resort shows small luxury properties work best where regulations block large hotel developments
- Temple cities attract chain hotels through proven visitor demand, while hill stations focus on luxury positioning before markets become crowded
- Investors can diversify by building scalable hotels near temples and exclusive boutique properties in hill stations
- Government policy creates premium hill destinations through entry caps while allowing temple cities to grow through unrestricted access

Source: JLL Research, based on information available on public sources

Tamil Nadu 2036: Building the Next Decade

05

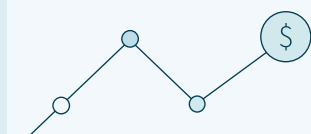
Strategic outlook and recommendations



Looking ahead: Tamil Nadu's path to USD 1.5 Trillion economy by 2036

What the decentralization data implies for capital and policy

Capitalizing on decentralized growth



Tamil Nadu's trajectory toward a USD 1.5 trillion economy as envisioned by the current government depends on one structural shift: decentralization must move from aspiration to execution.

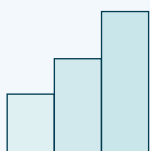
Coimbatore is no longer an experiment, it is the definite proof of concept that supports the future growth potential in Madurai, Tiruchirappalli, Hosur, Salem and Thoothukudi.

The state's growth can no longer be limited to its state capital; dispersion of growth is inevitable and necessary to achieve future economic scale.

The data shows this shift is already underway. Coimbatore has validated the Tier-2 model with 60+ operational GCCs, 9.1 million sq. ft. of Grade-A office stock, and institutional retail commitments exceeding INR 3,870 crore.

Strategic recommendations

Building on existing state initiatives



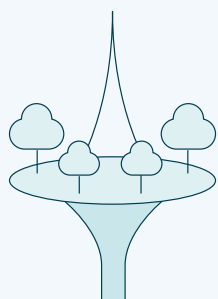
Extend single window clearance to project expansions removing the bottlenecks that prevent existing investments from scaling.

Pre-approve Transit-Oriented Development zoning along Coimbatore and Madurai's planned metro corridors before construction completes, synchronizing housing supply with job creation.

Formalize land pooling as SIPCOT's default mechanism converting its 48,900-acre network into usable industrial capacity faster than acquisition-based models allow.

Publish a unified TIDEL Neo rollout calendar making the state's GCC infrastructure expansion predictable and allowing capital deployment to follow a visible sequence.

The way forward



Prioritize social infrastructure deployment – Accelerate workforce housing, schools, and hospitals to match the pace of manufacturing and GCC investment arriving in emerging cities.

Enable parallel urbanisation across all six cities – Support simultaneous growth in Coimbatore, Madurai, Tiruchirappalli, Hosur, Salem, and Thoothukudi rather than sequential development behind Chennai.

Build enablers ahead of employment – Proactively develop worker accommodation, education facilities, and healthcare infrastructure before job creation peaks to prevent bottlenecks.

Lead with policy – Fast-track clearances, land pooling mechanisms, and zoning approvals before capital commitments arrive to reduce implementation delays.

Tamil Nadu's USD 1.5 trillion target as envisioned by the current government requires coordinated growth across six cities, not sequential development behind Chennai. Success depends on the state approving clearances, land pooling, and development permissions before investment arrives, enabling Coimbatore, Madurai, Tiruchirappalli, Hosur, Salem, and Thoothukudi to urbanize simultaneously. Proactive policy reform will transform fragmented city expansion into synchronized statewide economic momentum.

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