

Avadi, Chennai

From a prominent defence hub to a major residential hotspot

June 2019





About Micro Market

Avadi, in western Chennai, is situated along the Chennai-Tiruvallur NH 716 at a distance of 23 km from the city center. Over the years, the micro market has transformed from being a defence hub to a major real estate hotspot for residential and commercial developments. Lured by its green and serene environment, several people including current and ex-defence employees have acquired properties in this locality. Moreover, Avadi, a small town in Tiruvallur district, has seen robust infrastructure growth in the

past few years which has led to high residential activity by both end-users and investors alike.

The locality houses many defence and military establishments such as Indian Air Force, Heavy Vehicles Factory (HVF), Engine Factory Avadi (EFA), Combat Vehicles Research and Development Establishment (CVRDE), Indian Navy, Ordnance Clothing Factory (OCF) and Ordnance institute of learning among others. Additionally, IT-ITeS and other industrial companies have also set their base in

Avadi, thereby making it a preferred residential location not just for defence but also for IT professionals and industrial employees.

The locality is home to several well-known educational institutes and health care facilities. It is also well connected to other developed localities including Thiruvanmiyur, Poonamallee, Tambaram, Guindy, Ambattur, Anna Nagar, and Porur, to name a few.



Connectivity



Road

Chennai-Tiruvallur NH 716 in Avadi connects to the other prominent locations such as Ambattur, Anna Nagar, Kolathur and many more. Avadi Main Road connects the micro market to NH 48 and Kovilpadagai Road connecting Tiruvallur Highway via MD-575.



Rail

Avadi railway station serves the neighbourhood and surrounding areas. It is the major railway station of the Chennai Central-Arokkonam section of the Chennai Suburban Railway Network.



Air

Chennai international airport is approximately 27 km from Avadi



Major Growth Drivers

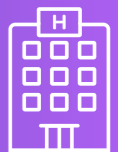


Popular defence establishments have transformed Avadi into a planned and well-developed locality with state-of-art social and physical infrastructure facilities.



Easy connectivity and accessibility to key localities of Chennai via NH 716.

Presence of several educational and healthcare facilities.



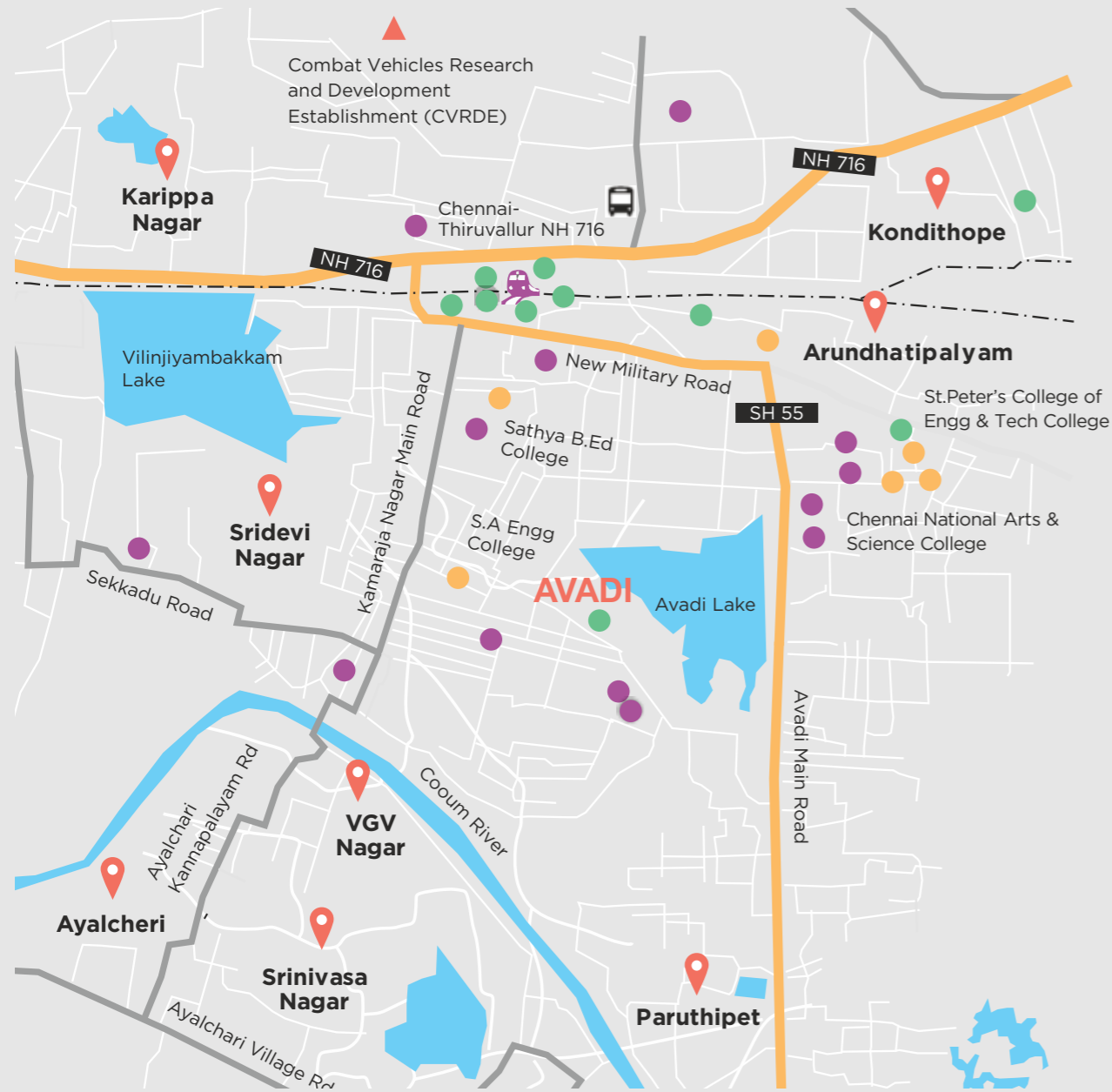
Growth of IT-ITeS sector in Chennai propelled influx of migrants within the city and Avadi cashed on this. Besides being a major defence hub, it provided employment opportunities to IT-ITeS professionals and industrial workers (in nearby Anna Nagar and Ambattur industrial belts). This, in turn, boosted real estate growth here.

Comparatively lower property prices has given the locality an added advantage.





Location Mapping



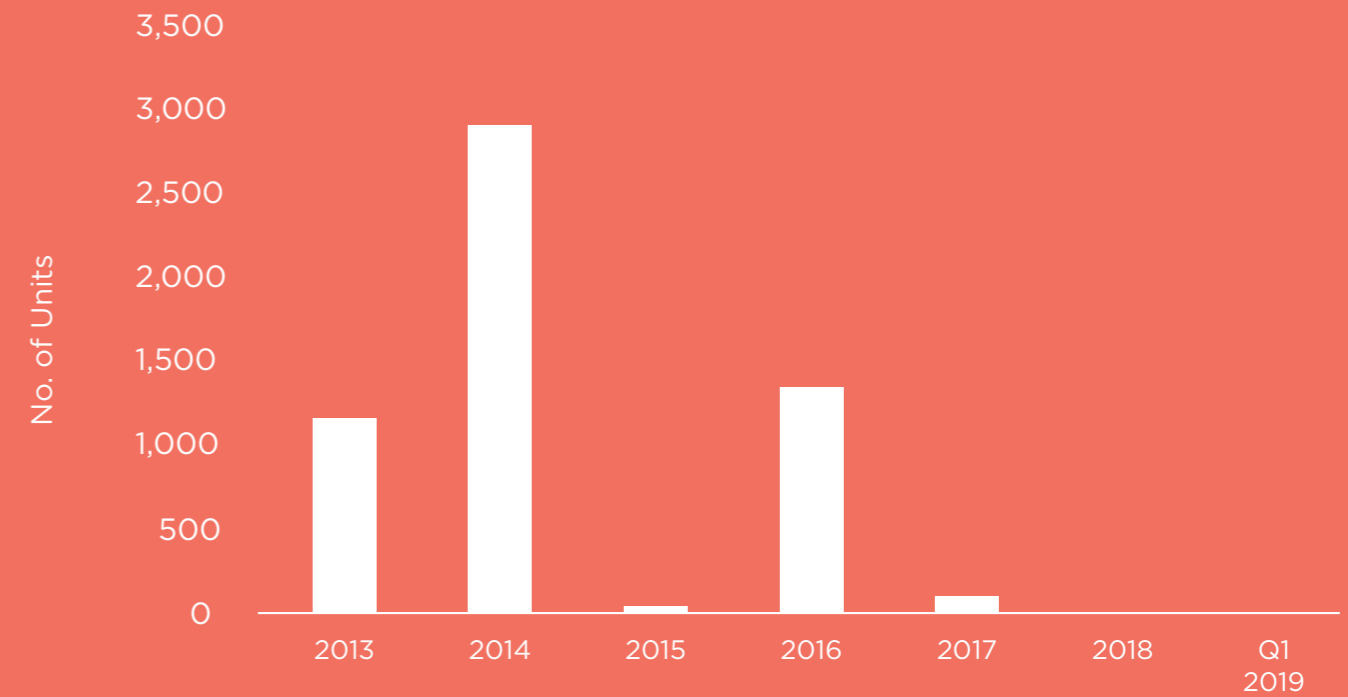
LEGEND

- Highway
- Major Road
- Road
- Metro Line
- River/Water bodies
- School
- College
- Hospital
- Railway Station
- Bus Stand



Residential Market Assessment

New Launch Supply (2013 - Q1 2019)



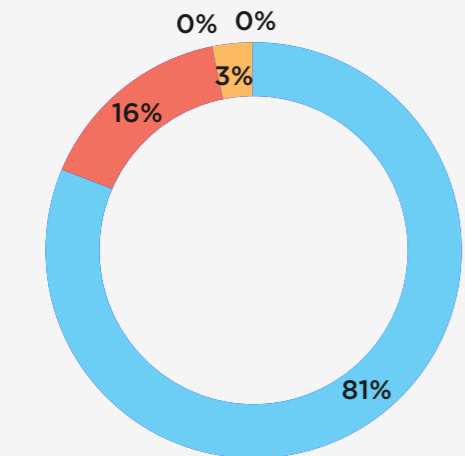
Around 5,580 units have been launched in Avadi over the since 2013, driven by the demand arising from the overall growth of the IT/ITeS and industrial sectors in and around the micro market. Various defence establishments in Avadi have also made it a popular residential hotspot

The year 2014 saw highest launches (around 52% of the total new supply) mainly in the affordable (< ₹40 lakh) and mid segment (₹40 lakh - ₹80 lakh) categories.

Launches have been significantly low post 2014 as a series of economic reforms and policies were introduced thereafter. The 2015-Chennai floods further dampened the real estate scenario in the entire city. Just when things were beginning to lift up, DeMo, RERA and GST badly hit the realty market of Avadi..



Age of Inventory (2013 to Q1 2019)



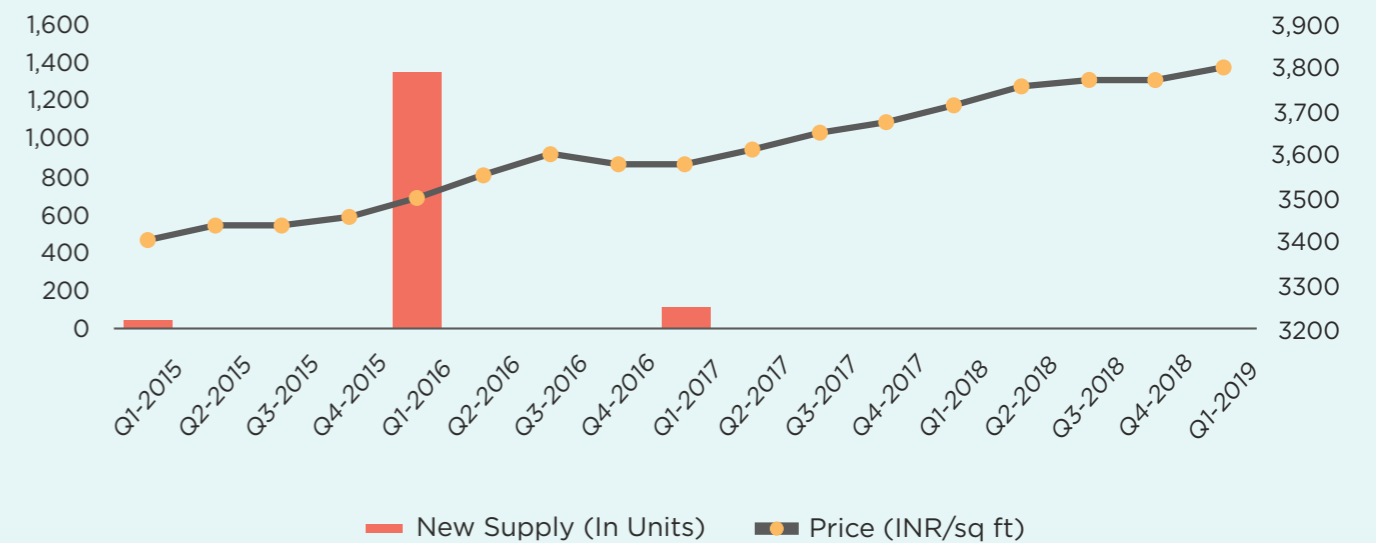
■ Ready to Move-In ■ < 1 Year
■ 1-2 Year ■ 2-3 Years ■ >2-3 Years



01 Out of the total new supply in Avadi, 81% (approx. 4,510 units) is ready-to-move-in and another 16% is expected to be completed in a span of one year. Buyers will have a plethora of options in the affordable and mid segment categories.

02 There have been few cases of project delays due to the floods. Moreover, with ambiguity around RERA and GST clearing, developers are now focusing more on project completion rather than new launches in order to avoid penalties.

Micro Market Price Movement wrt Supply



01 With maximum launches in < INR 40 Lakh and INR 40 Lakh - INR 80 Lakh budget segment, Avadi has emerged as a favourable realty destination for purchase and investment by professionals employed in the nearby IT-ITes and industrial developments.

02 The prices in the micro market have been in the range of INR 3,400-3,800 per sq ft from Q1 2015 to Q1 2019, with greater scope for appreciation.

03 Interestingly, despite low launches from Q1 2017 to Q1 2019 due to the impact of

economic reforms, the property prices appreciated over 6% as the locality is still affordable and has good connectivity through outer ring road

04 There are 1,150 unsold units in the market, out of which only 260 are under construction and remaining are ready-to-move-in



Outlook

Avadi has emerged as the favourable realty hotspot of the western region of Chennai. Popular for its defence establishments, the area has transformed into a major residential hub with the prevalence of robust physical and social infrastructure facilities including healthcare and education. Enhanced connectivity to other prominent localities of Chennai via NH 716 gives it an added advantage. The locality is also backed by good modes of public transportation. The recent influx of IT professionals within the city and the industrial growth in and around Avadi have given a major boost to the real estate development in this micro market.

With maximum real estate activity in the affordable and mid segment categories, Avadi is fast transforming into a realty hotspot buzzing with activity. The price point for properties here (usually within Rs 3,400 - 3,800 per sq ft) has further scope for appreciation. Despite reduced launches in 2017 and thereafter, the property prices have appreciated by as much as 6% from Q1 2017 to Q1 2019. Moreover, Avadi has an upper edge over other nearby localities like Ambattur due to the green and serene environment, making it the most sought-after realty destination for end-users and investors alike. Avadi is also the most preferred destination by people working in the nearby IT hubs such as Ambit & Indiabulls IT Park and the DLF IT Park.

Thus, considering the existing connectivity, presence of defence establishments and good infrastructure facilities, Avadi is touted to be one of the most favourable realty hotspots in Chennai with greater scope for price appreciation in the future periods.

Avadi has fast emerged as the favourable realty hotspot of the western region of Chennai



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Please visit www.anarock.com

ANAROCK Property Consultants Private Limited

4th floor, Rear Block,
Chaitanya Imperial, Anna Salai,
Teynampet, Chennai - 600018
T : +91 44 40484555
RERA NO. TN/Agent/0060/2017

For research services, please contact:

Prashant Kumar Thakur
Director & Head - Research
prashant.thakur@anarock.com

ANAROCK Property Consultants Pvt. Ltd
1002, 10th Floor, B Wing
ONE BKC, Plot No. C-66, G Block
Bandra Kurla Complex
Bandra East, Mumbai 400 051
www.anarock.com

MahaRERA Registration No. A51900000108 available at <http://maharera.mahaonline.gov.in>

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