



Avadi, Chennai

From a prominent defence hub to
a major residential hotspot

Micro Market Overview Report

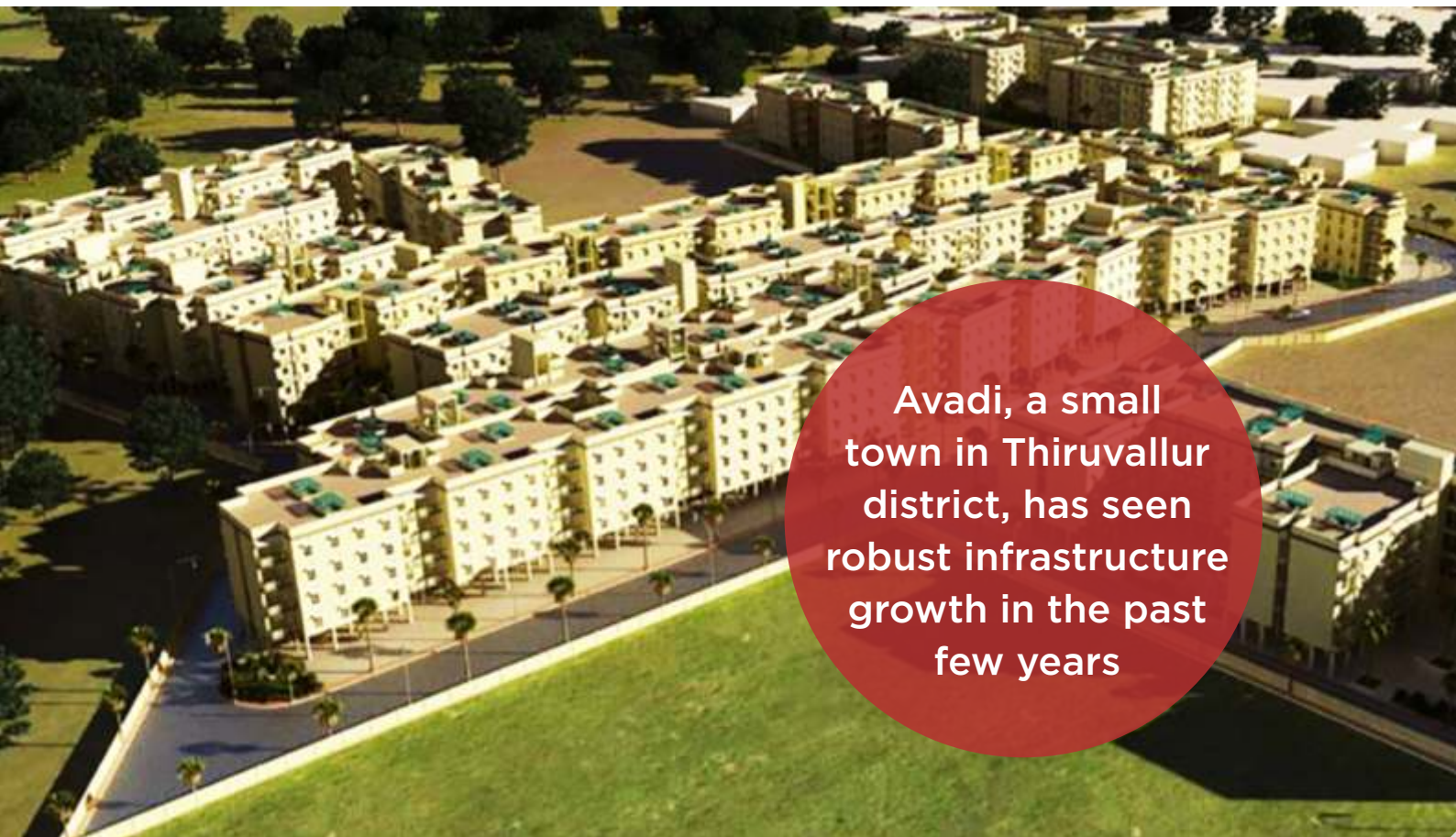
May 2018





About Micro Market

- ▶ Avadi, in western Chennai, is situated along the Chennai-Thiruvallur NH 716 at a distance of 23 km from the city centre. 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 purchased properties in this locality. Moreover, Avadi, a small town in Thiruvallur 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), EFA – Engine Factory, Combat Vehicles Research and Development Establishment (CVRDE), Indian Navy, Ordnance Clothing Factory (OCF) and Ordnance institute of learning etc. 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 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 Thiruvannamiyur, Poonamallee, Tambaram, Guindy, Ambattur, Anna Nagar, and Porur, to name a few.



Avadi, a small town in Thiruvallur district, has seen robust infrastructure growth in the past few years



Connectivity

Avadi connects to other prominent locations such as Ambattur, Anna Nagar, Kolathur and many more via NH 716.



Road

Chennai-Thiruvallur NH 716 in Avadi connects it to 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 Thiruvallur Highway via MDR575.



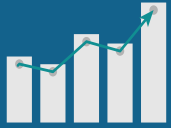
Rail

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



Air

Chennai international airport is approximately 27 km from Avadi






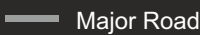




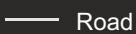

Major Growth Drivers

- ▶ 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, Ambattur industrial belt, etc.). This, in turn, boosted real estate growth here.
- ▶ Comparatively lower property prices has given the locality an added advantage.

Avadi provided employment opportunities to IT-ITeS professionals and industrial workers.

Location

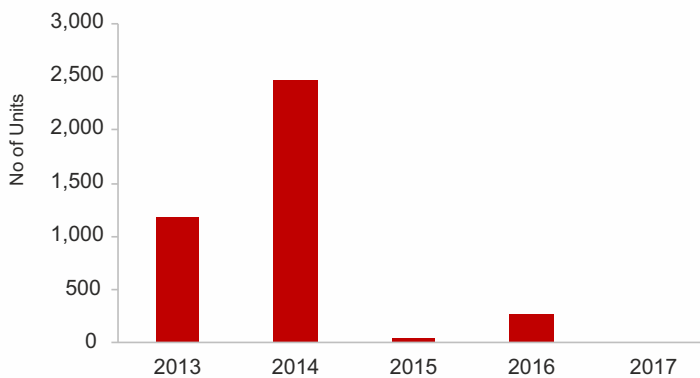


 School	 Hospital	 Bus Stand	 Major Road	 Railway Line
 College	 Railway Station	 Highway	 Road	 River/Water body

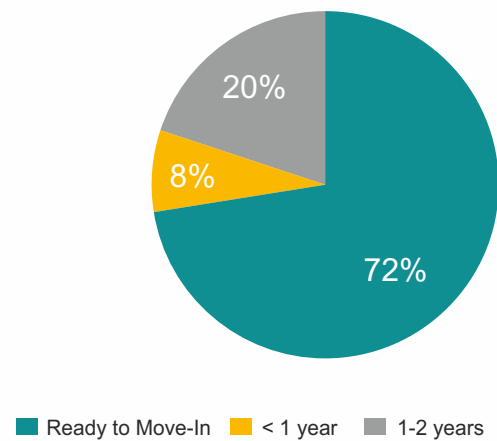


Residential Market Assessment

New Launch Supply (2013 -2017)



Age of Inventory – 2013 onwards



- ▶ More than 3,900 units have been launched in Avadi over the last five years 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 62% 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.

- ▶ Out of the total new supply in Avadi, 72% (approx. 2,900 units) is ready-to-move-in and another 8% will be completed in a span of one year. Buyers will have a plethora of options in the affordable and mid segment categories.

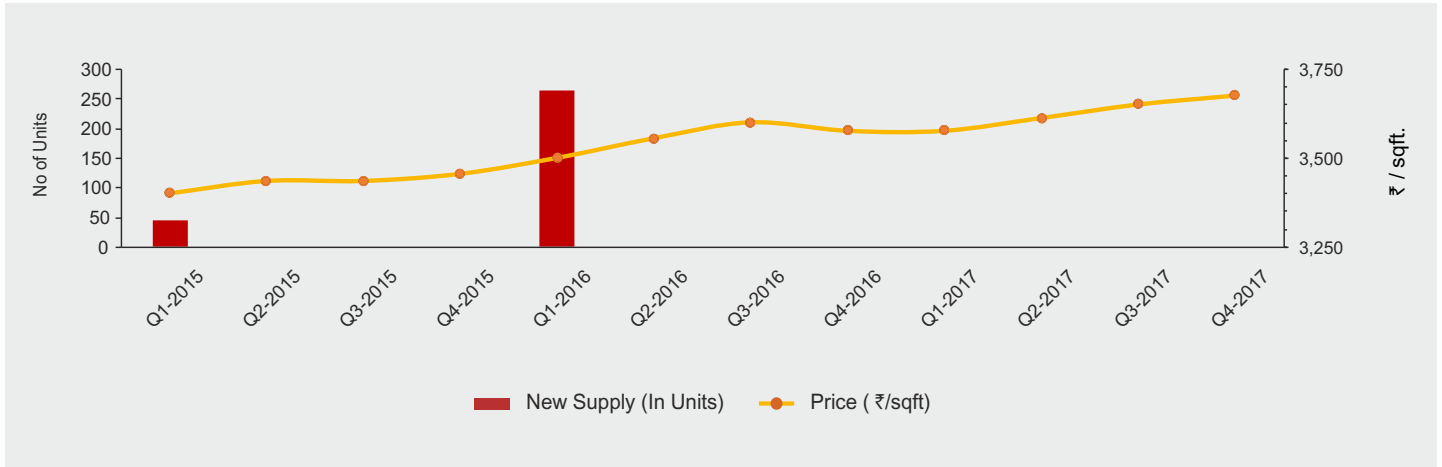
20% of the inventory will be completed in a period of 1-2 years. There have been few cases of project delays due to the floods. Moreover, with ambiguity around RERA and GST clearing, developers are now focussing more on project completion rather than new launches in order to avoid penalties



Residential Market Assessment

Avadi's average price as of Q4 2017 is around ₹3,600/sqft

Micro Market Price Movement wrt Supply



- ▶ With maximum launches in < ₹40 lakh and ₹40 lakh - ₹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.
- ▶ The prices in the micro market have been in the range of ₹3,400-3,700 per sq. ft. from 2015 to 2017, with greater scope for appreciation.

- ▶ Interestingly, despite low launches in 2016 due to the impact of economic reforms, the property prices appreciated over 3% from Q4 2016 to Q4 2017.
- ▶ There are 800 unsold units in the market, out of which only 300 are completed and 500 are under construction.



Outlook

▶ Avadi has fast 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 ₹ 3,400 – 3,700 per sq. ft.) has further scope for appreciation. Despite reduced launches in 2016 and thereafter, the property prices have appreciated by as much as 3% from Q4 2016 to Q4 2017. 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.



ANAROCK PROPERTY CONSULTANTS PVT LTD
(Formerly Jones Lang LaSalle Residential Pvt. Ltd)

ANAROCK is India's leading independent real estate services company that houses a comprehensive range of complementary businesses. ANAROCK serves the needs of developers, home buyers, investors, financiers and the public sector. Our key strategic business units are Residential Transaction & Advisory, Retail Transaction & Advisory, Capital Markets, Investment Management and Research & Consulting.

ANAROCK is headquartered in Mumbai with a staff strength of over 1500 qualified and experienced professionals. With offices in all major markets in the country ie. Navi Mumbai, Gurgaon, Noida, Ghaziabad, Pune, Kolkata, Bengaluru, Hyderabad, Chennai and dedicated services in Dubai, ANAROCK also has a global footprint with over 80,000 preferred channel partners.

Every facet of ANAROCK reflects the core promise and vision to its clients and partners – Values over Value.”

Visit: www.anarock.com

ANAROCK Property Consultants Private Limited

4thFloor, 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
Head of Research
prashant.thakur@anarock.com

Registered Office:

ANAROCK Property Consultants Private Limited

1002, 10th Floor, B Wing, One BKC, Plot No. C-66
G Block, Bandra Kurla Complex, Bandra East,
Mumbai - 400051
T: +91 22 4293 4293



ANAROCK Property Consultants Pvt. Ltd.

Formerly, Jones Lang LaSalle Residential Pvt. Ltd. © 2017. All rights reserved.

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

All information in this report is provided solely for internal circulation and reference purposes. ANAROCK makes no statement, representation, warranty or guarantee as to the accuracy, reliability or timeliness of the information provided. No part of this report may be reproduced, distributed, or transmitted in any form or by any means, including photocopying, recording, or other electronic or mechanical methods.