



Chennai

Detroit of India

Residential Market Report

April 2018



City Overview



ANAROCK Residential Market Report, Chennai

AREA*



426 km²

POPULATION



4.6 Million

Chennai, generally known as the Detroit of India, is also known for its port centric business, engineering, manufacturing, IT/ITES sector and temples. Chennai Metropolitan Region (CMR), is spread over 1,189 sq km and consists of parts of Thiruvallur and Kancheepuram districts, apart from Chennai city.

The development of the CMR is entrusted to the Chennai Metropolitan Development Authority (CMDA) - a nodal planning agency that prepares the master plans for the region. The CMDA prepared the Second Master Plan for Chennai Metropolitan Area, 2026, outlining the detailed development plan, along with land use, transportation, housing and other important aspects of the CMR.

Chennai has a well-balanced and diversified economy between manufacturing and service sectors. Chennai's economy is currently fourth largest economy in India and is forecasted to grow to 100 million dollars (which is 2.5 times the current rate) by the year 2025. Chennai is one among the top 10 fastest growing cities in the world's according to Forbes Magazine. The city ranked at 4th position, boasts of hosting a vast number of Fortune 500 companies in India.

Unit Launches in 2017

4,418 units



Total Under Construction Units

45,000 units



2017 - Highest Number Of Launches

**South Chennai
(2,650 units)**



City Inventory Overhang

32 Months



Total Unsold Stock

27,000 units



Predominant Budget Range

**INR 40 Lakh -
INR 80 Lakh ***

*Constitutes 43 % of total 2017
New Launch Supply



% Change in Price
2016 vs 2017

▲ 1%



% Change in New Launches:
2016 vs 2017

▼ 72%



City Indicators



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Zones	Capital Value	Supply	Absorption	Rentals
Central Chennai	↑	↓	↔	↔
North Chennai	↔	↓	↑	↑
South Chennai	↑	↓	↓	↑
West Chennai	↔	↓	↓	↑

Legend		
Growing	Stagnant	Falling
↑	↔	↓

- Capital values represent yearly change
- * Supply & Absorption represent yearly change
- Rental values represent yearly change

Chennai Top Micro Markets

Micro Markets	Price Range (INR/Sqft) - Q4 2017	% Change in Price (Q3 - 2017 Vs Q4 - 2017)	1BHK Rental (INR/Month)	2BHK Rental (INR/Month)	3BHK Rental (INR/Month)
OMR Road	3,500 – 5,900	1%↑	5,500 – 8,900	9,200 – 12,500	12,500 – 18,000
Perumbakkam	3,800 – 5,200	1%↓	7,800 – 11,500	8,800 – 17,500	11,800 – 21,500
Porur	5,000 – 8,300	2%↑	10,400 – 13,000	12,500 – 19,000	14,500 – 23,000
East Coast Road– ECR	3,700 – 6,900	3%↓	6,800 – 9,000	13,000 – 18,000	15,500 – 24,500
Pallikaranai	4,300 – 6,100	1%↓	6,400 – 9,700	8,600 – 16,600	12,000 – 20,000
Sholinganallur	3,950 – 6,200	2%↓	9,000 – 12,000	11500 – 18000	15000 – 26000
Medavakkam	3,700 – 5,100	1%↓	5,500 – 7,800	9,500 – 17,500	12,000 – 24,500
Velachery	5,500 – 9,400	1%↑	9,000 – 12,500	12,000 – 18,000	14,000 – 26,000
Poonamallee	3,200 – 4,500	1%↑	6,500 – 9,000	9,000 – 16,000	15,000 – 28,000
Anna Nagar	8,100 – 13,000	1%↑	12,090 – 16,000	15,000 – 26,000	18,000 – 36,000
Thoraipakkam	5,200 – 8,300	1%↑	9,000 – 12,000	14,000 – 26,000	22,000 – 36,000
Ambattur	4,000 – 6,200	0%↔	8,500 – 10,000	9,000 – 14,000	13,000 – 25,000
Guduvancheri	3,000 – 6,000	1%↑	6,000 – 8,000	9,500 – 15,000	13,000 – 24,000
Pallavaram	4,300 – 6,200	0%↔	7,500 – 12,000	9,000 – 15,000	13,000 – 25,000
Tambaram	3,300 – 5,300	0%↔	6,000 – 9,000	9,000 – 14,000	13,000 – 24,000
GST Road	3,100 – 4,800	1%↑	4,500 – 6,000	8,000 – 12,500	13,000 – 25,000
Perungudi	5,900 – 8,800	8%↑	8,500 – 12,000	13,000 – 21,000	16,000 – 28,000
Perambur	5,000 – 7,200	3%↑	10,000 – 15,000	13,000 – 21,000	15,000 – 29,000
Avadi	3,000 – 4,000	1%↓	5,000 – 7,500	8,000 – 14,000	10,000 – 18,000
Mogappair West	5,000 – 6,800	2%↑	5,500 – 9,500	14,000 – 20,000	16,000 – 25,000



Chennai Inventory Decoded



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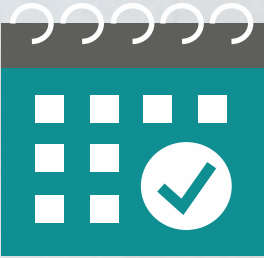
Zone Wise Inventory Break-up

Zones	Total Launched Units	Total Available Units	Value of Unsold Stock (in INR Cr.)	Weighted Average Size (In Sqft)	Weighted Average Price (INR/Sqft)
Central Chennai	1,500	388	861	1,480	15,000
North Chennai	4,200	1,096	592	1,150	4,700
South Chennai	80,500	18,521	11,483	1,240	5,000
West Chennai	34,000	6,995	4,622	1,180	5,600

- Chennai has the lowest unsold inventory among top cities, Chennai unsold stock of 27,000 units is now worth a whopping INR 17,500 crore
- Central Chennai is one of the most expensive real estate markets in the city topping the chart with wt. avg. price of INR 15,000/Sqft, followed by West Chennai, South Chennai & North Chennai respectively.
- South Chennai zone has an approx. 80,500 dwelling units supply, the highest amongst all zones. This zone has the highest number of mid-segment (INR 40 lakh – INR 80 Lakh, budget range) property options, with nearly 18,500 unsold units. Moreover, high property prices & unaffordable property options within the central zone has made south zone most sought-after investment destination for mid-segment properties with great amenities and specification depending upon the developers and location.



CITY INVENTORY OVERHANG

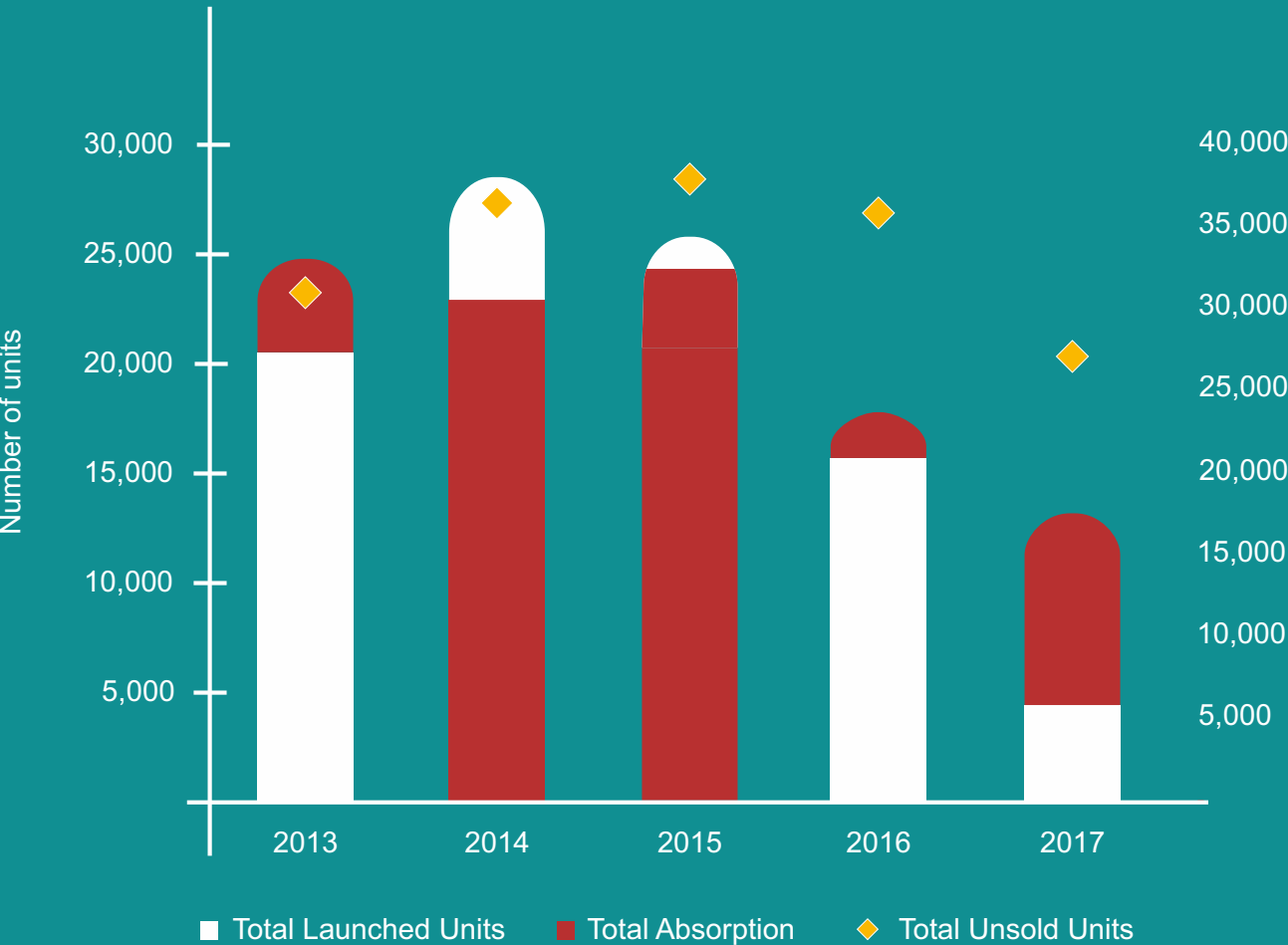
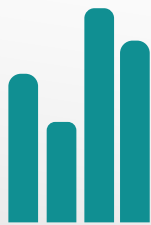


32 Months

- Currently, Chennai has an unsold inventory of around 27,000 units, which will take approximately 32 months to be absorbed in the primary market.
- South Chennai zone tops the chart of unsold inventory with approximately 18,500 units (accounting for 69% of total unsold inventory), followed by West Chennai, North Chennai & Central Chennai with 26%, 4% & 1% respectively.
- Central Chennai has the lowest unsold inventory amongst the all zones.
- Pallikarani, Guduvanchery, Navallur, Perambur and Kelambakkam are the top five micro markets with highest unsold units in the Chennai. Around 9,500 units are available for sale in primary market in these micro market, at different stages of construction.

New Launch Supply & Absorption Dynamics With Unsold Inventory - 2013 Onwards

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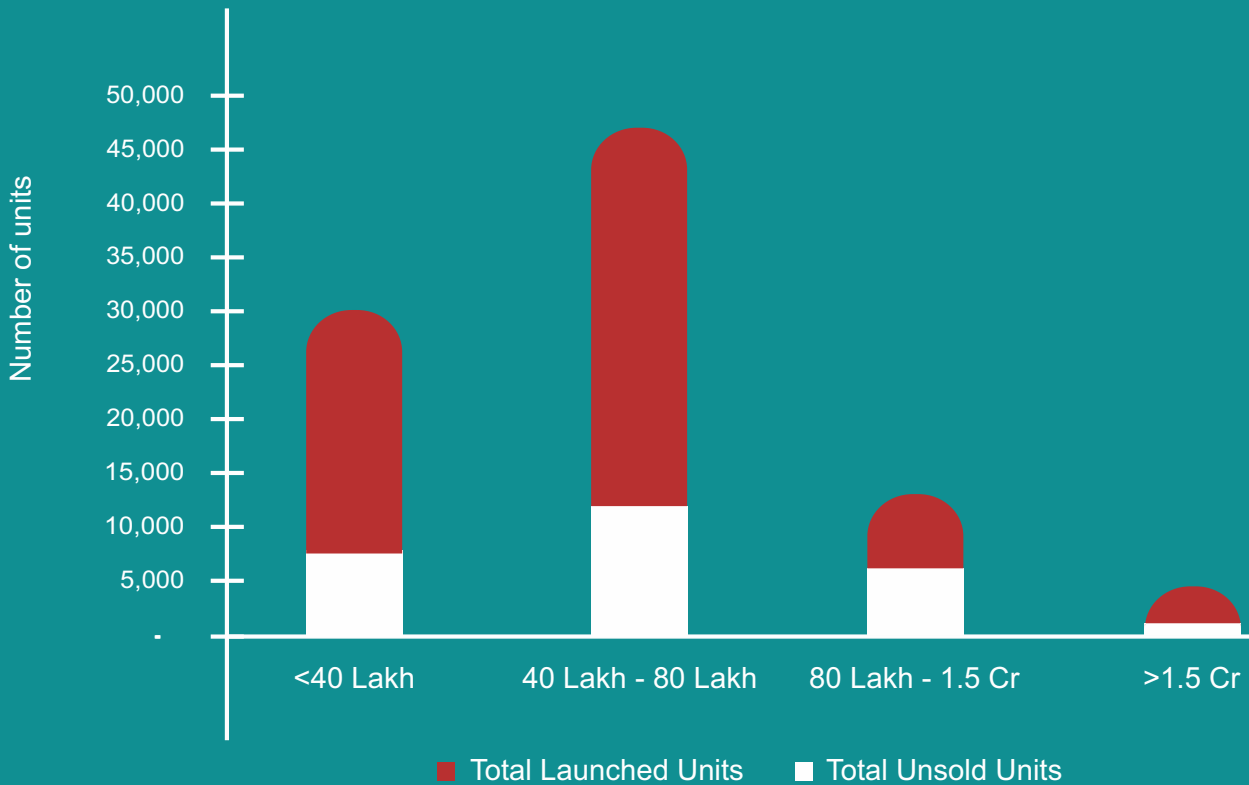
- The city added an approximate supply of 1.2 lakh units between 2013 and 2017.
- The Chennai residential market suffered primarily due to massive floods in 2015 and prolonged political instability in the state.
- Subsequently, sluggish new launch supply has brought down the unsold inventory level by 24% in 2017 over the previous year. The unsold inventory levels in the city are the lowest amongst the other top cities.
- Ready-to-move in units in the mid-segment garnered maximum traction in 2017.

Budget Classifications

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Total vs Unsold Inventory-Budget Wise Break-up (In Units)

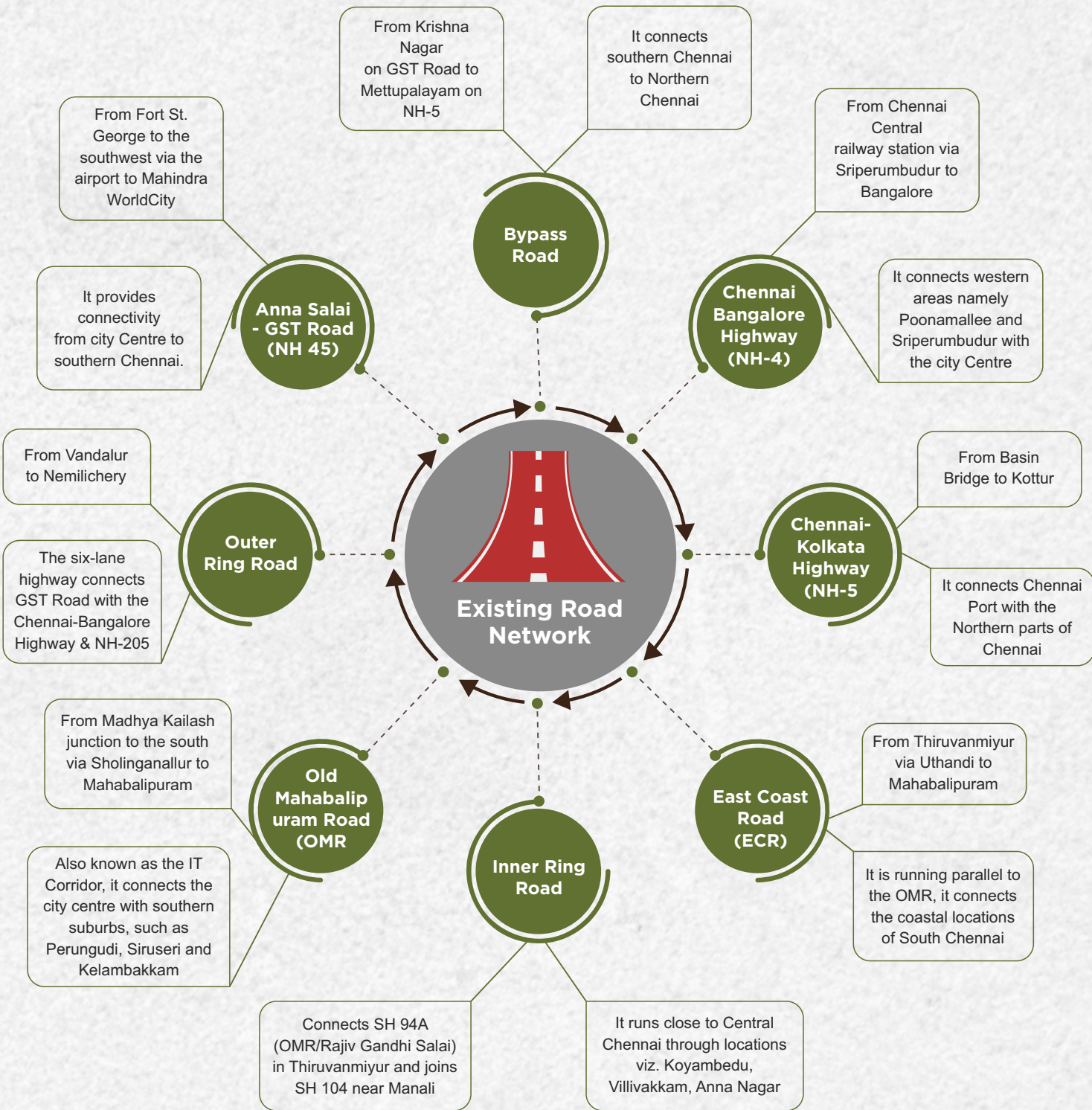


- Majority of available supply in the primary market in Chennai falls under ' INR 40 lakh – INR 80 lakh' budget range, which is around 44% of the total available inventory, followed by 'INR < 40 lakh', 'INR 80 lakh - INR 1.5 Cr.' and '> INR 1.5 Cr.', with 29%, 23 % and 4%, respectively.
- The affordable housing segment continued to generate maximum traction in 2017 as well, due to various schemes & incentives offered by the Government. Moreover, its share of supply increased by 18% in 2017, vis-à-vis 2016.
- Along with the affordable segment, mid-segment also witnessed a slight increase in availability, while demand maintained a status quo.
- Although sales volumes improved in second half of 2017 as compared to first half of 2017, the average price of unsold units across the city witnessed a marginal increase (+1%) in the year 2017, as compared to the year 2016.

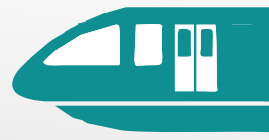
Existing Infrastructure - Chennai Road Network



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Existing Infrastructure - Chennai Rail Network



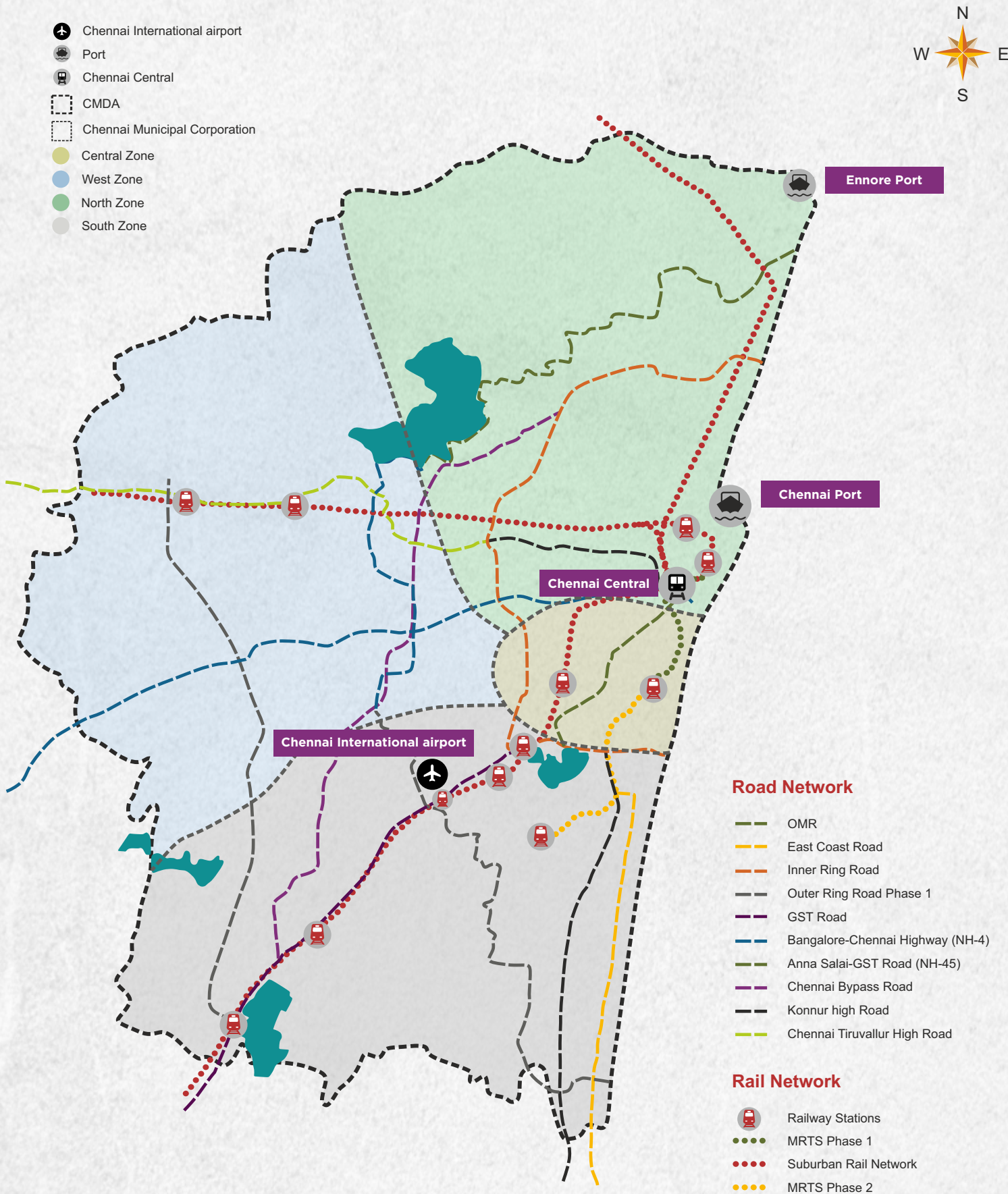
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Existing Infrastructure Development



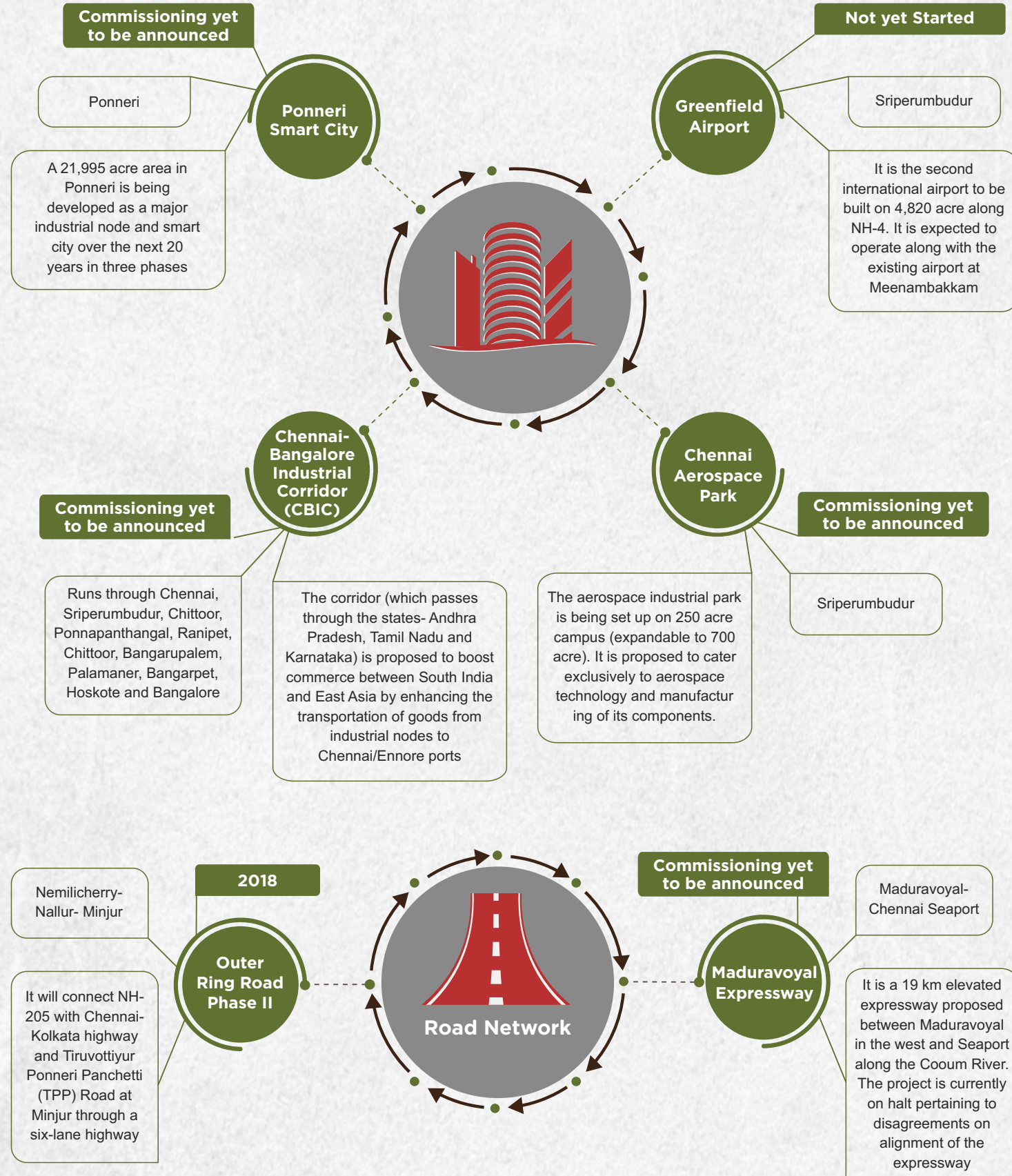
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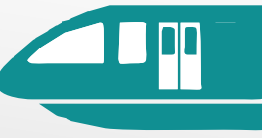
Upcoming Infrastructure Development



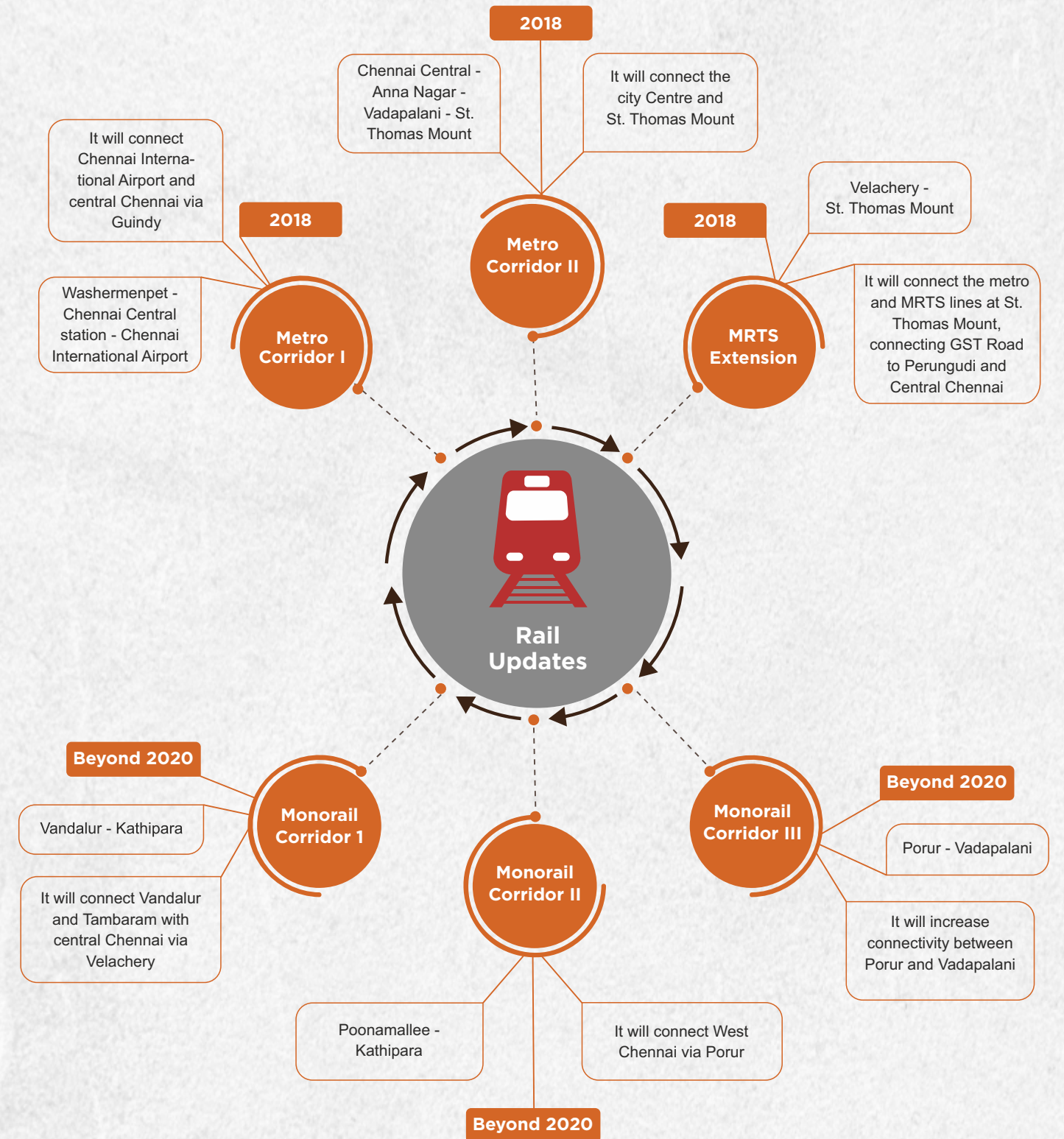
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Upcoming Infrastructure Development



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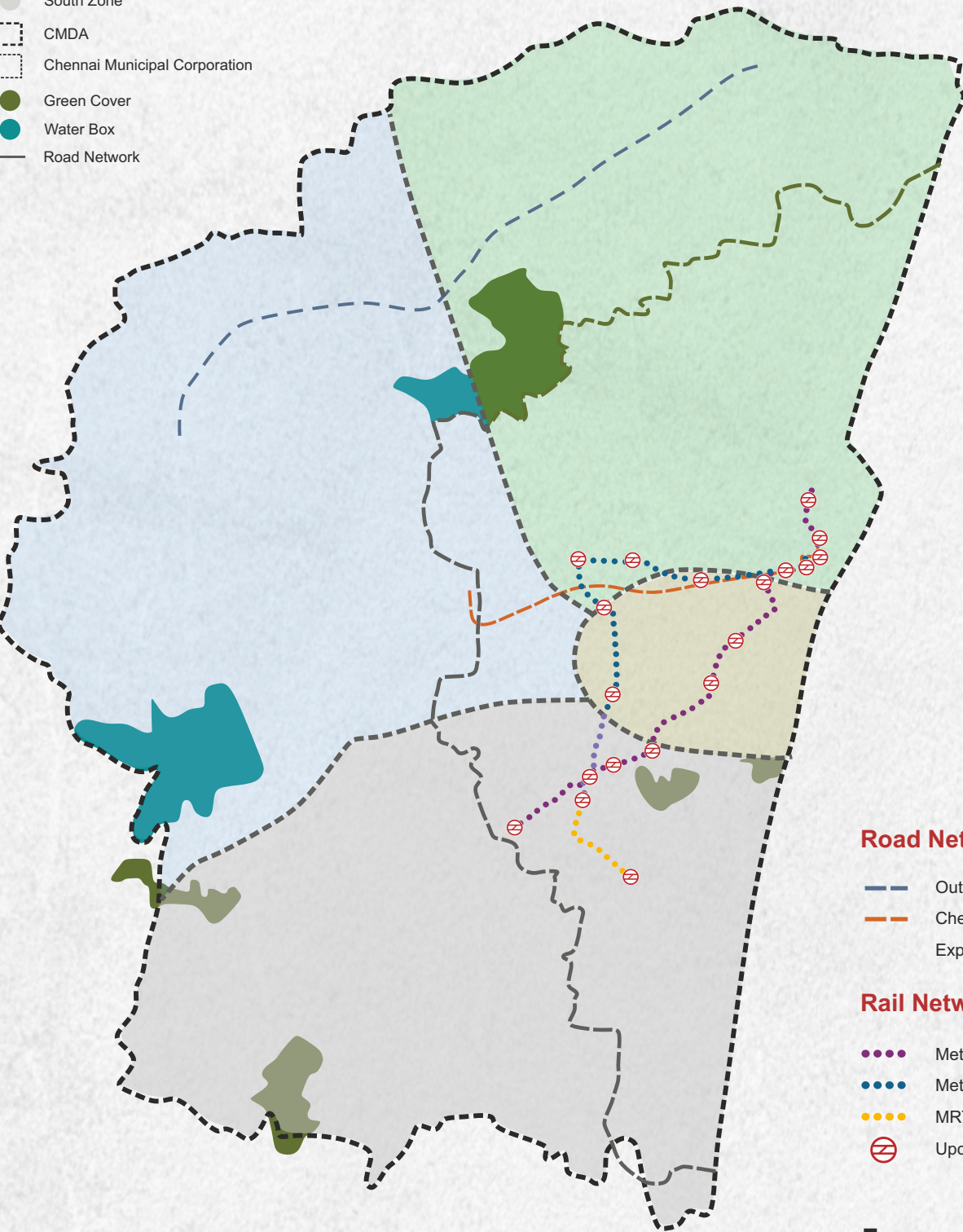


Upcoming Infrastructure Development



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- Central Zone
- West Zone
- North Zone
- South Zone
- CMDA
- Chennai Municipal Corporation
- Green Cover
- Water Box
- Road Network



Road Network

- Outer Ring Road Phase II
- Chennai Port Maduravoyal Expressway

Rail Network

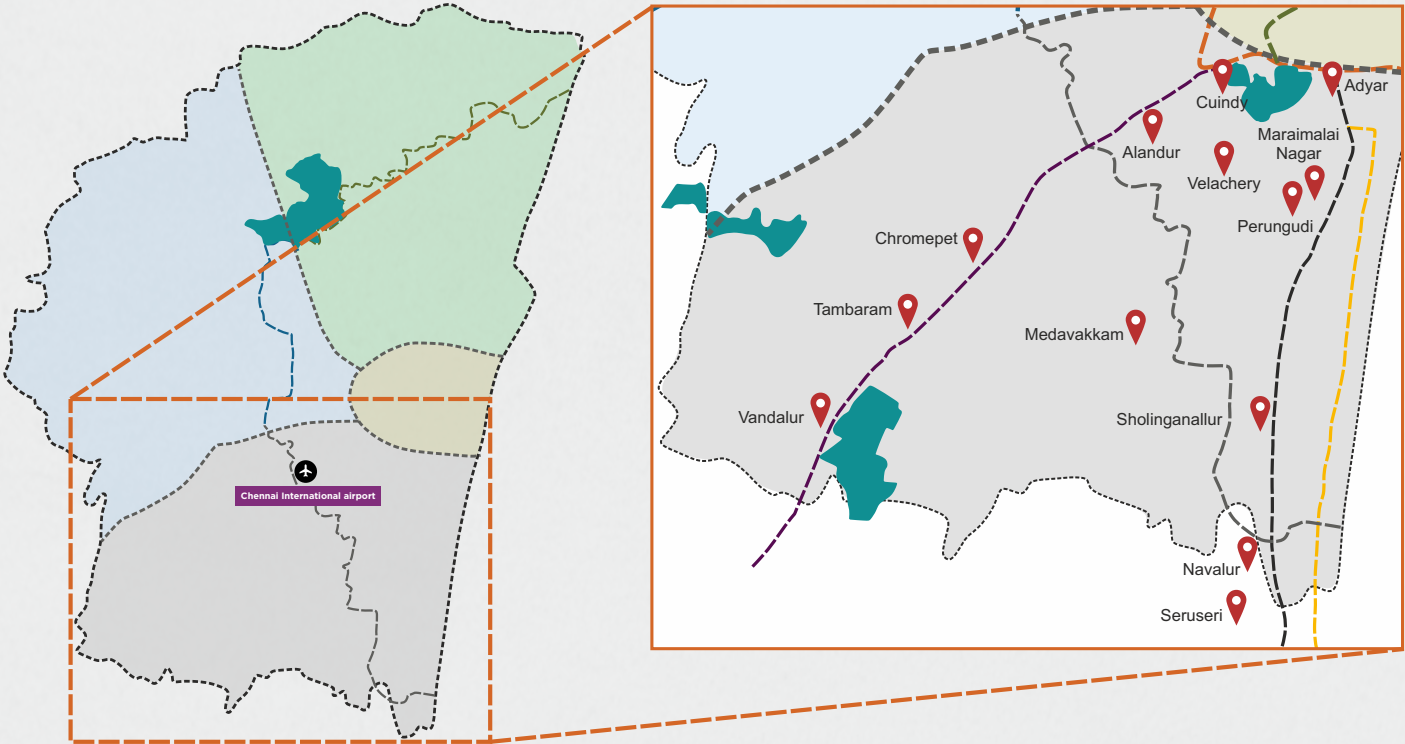
- Metro Line I
- Metro Line II
- MRTS Phase II Extension
- Upcoming Metro Stations

- Proposed Ponneri Smart City
- Proposed Greenfield Airport
- Proposed Aerospace Park

South Chennai



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With the presence of IT parks, SEZs and manufacturing units, South Zone of Chennai has evolved as a commercial hub along the Old Mahabalipuram Road (OMR), Thoraipakkam - Pallavaram Road (TPR) and Grand Southern Trunk (GST) Road. These establishments in turn have given a boost to the real estate market in this region.

- Chennai International airport
- Port
- Chennai Central

- Central Zone
- West Zone
- North Zone
- South Zone
- CMDA
- Chennai Municipal Corporation
- Green Cover
- Water Box
- Road Network

Road Network

- OMR
- East Coast Road
- GST Road

South Chennai Residential Overview



ANAROCK Residential Market Report, Chennai

South Chennai zone has seen the fastest growing markets in the city and accounts for 65% of the total city supply, which makes south Chennai as the top zone as per the residential development. This zone caters the supply of all type of budget range residential property in and around the Old Mahabalipuram Road (OMR) with the world class amenities and specifications depending upon the developer and location.

The Old Mahabalipuram Road (OMR) stretch has witnessed the major traction during the last few years, with launches along certain stretches of this road witnessing good absorption levels. However, pricing relative to the location remains the key factor in shaping the success of the residential projects.

The micro-markets of Sholinganallur, Perumbakkam Pallikarnai, Medavakkam, and Vengaivasal continue to attract home buyers. These micro-markets are witnessing the launch of products in the upper mid-segment, priced at INR 4,700/Sqft - INR 5,350/Sqft, depending on the locations, builders and specifications.

South Chennai has been more in focus in terms of large scale residential projects with more traits of affordability & mid-

segment, majorly in markets such as Ottiyabakkam , Mannivakkam along with Kelambakkam amongst others.

The Thoraipakkam - Pallavaram Road (TPR), with the presence of grade A office space and excellent connectivity to various parts of the city, is evolving into a prime realty market, with micro markets near to the city witnessing an inherent demand over the last 1 year. Moreover, approx. 5 million sqft of office space will be coming in TPR within next 3 years.

East Coast Road (ECR) endures to witness the development of luxury homes to cater to the High Net Worth (HNW) segment. There remains an inherent demand for Villas / Row House and sea-facing properties.

Grand Southern Trunk Road (GST) is also one of the most preferred destination among the investors with great infrastructure, shopping malls, colleges, hospitals, automobile giants and several SEZs. Tambaram, Chromepet, Pallavaram and Perungalathur are the micro-markets in the GST Road catchment.

Approx. 29,000 units are under construction in south Chennai, out of which 15,500 are unsold.

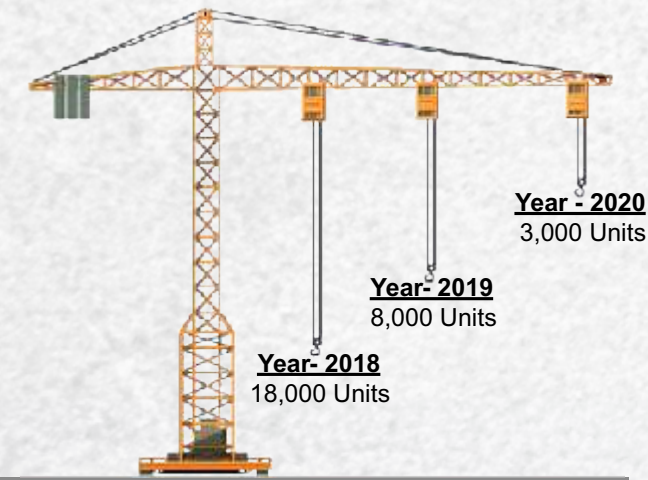
Approx. 18,000 units will be completing in less than a year, followed by 8,000 units will take 12 months to 24 months time frame to complete & approx. 3,000 will be taking more than 24 months.

Moreover, approx. 2,000 – 2,500 units are available for sale in south Chennai primary market at ready to move in stage.

Top Micro Markets of West Chennai

Micro Market	Launched Units	Value of Unsold Stock (INR in Cr)	Average Size (In Sqft)
Medavakkam	1,177	195	1,240
Perumbakkam	5,739	450	1,150
Navallur	1,796	460	1,030
Sholinganallur	4,623	800	1,750
Pallikaranai	2,618	350	1,050
Guduvanchery	6,602	600	1,010
Siruseri	2,592	325	1,180
Chromepet	3,933	775	1,060
Kelambakkam	3,235	510	1,400
Pallavaram	2,305	400	1,140

Supply as per completion status



OMR Road & Adjoining Micro-markets

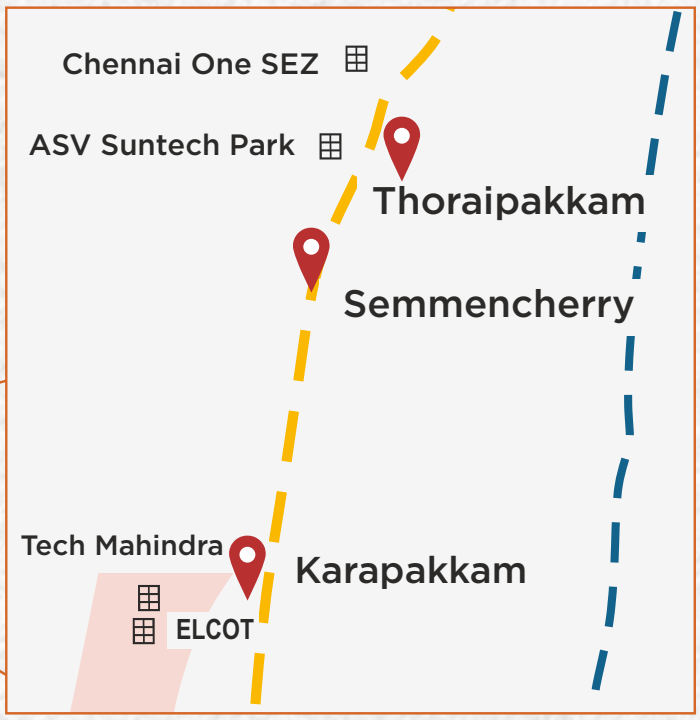
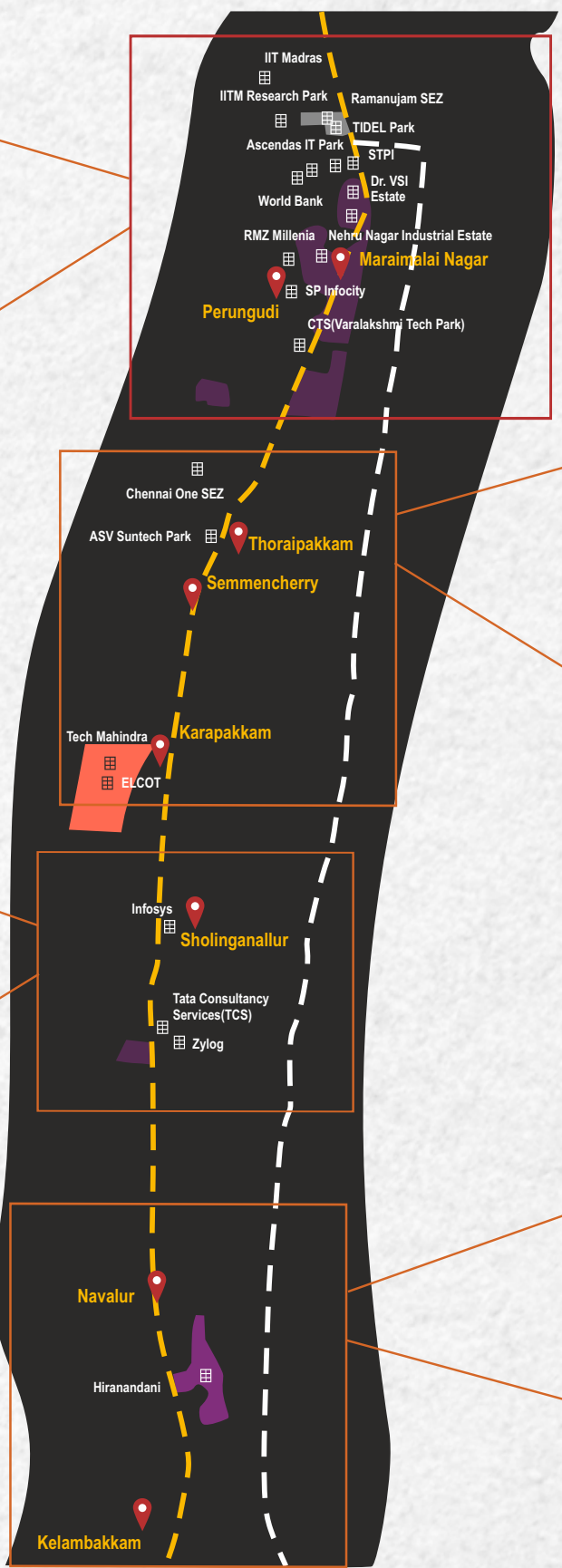
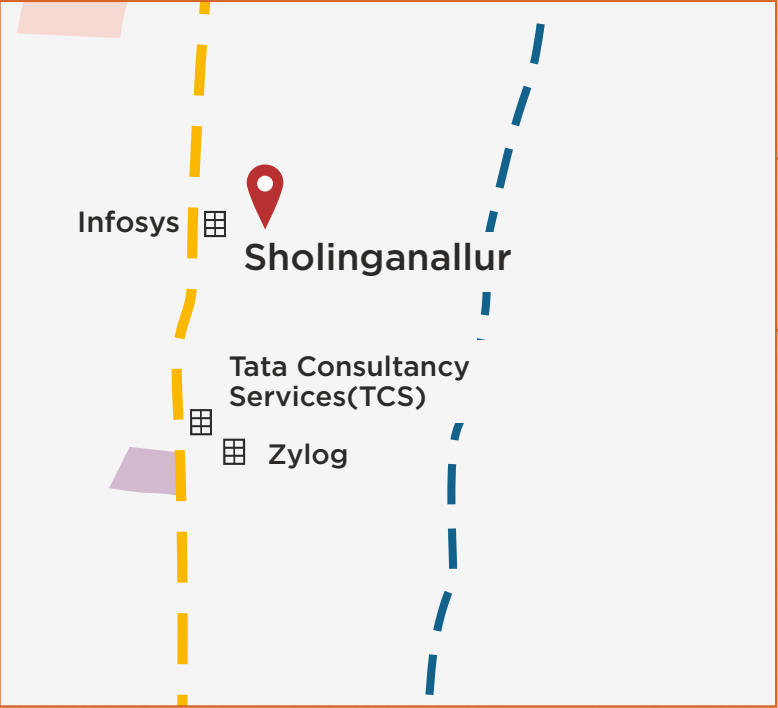
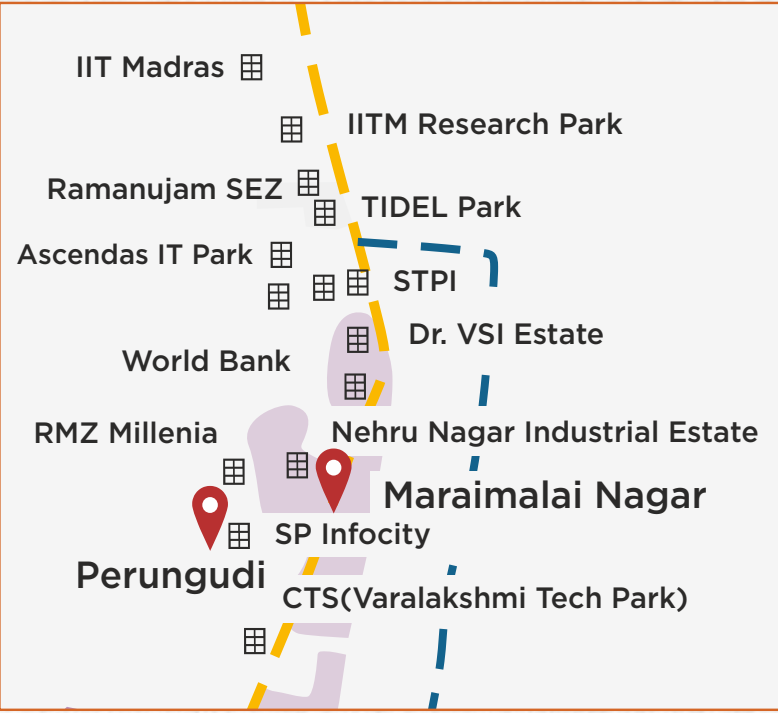


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OMR Road & Adjoining Micro-markets



ANAROCK Residential Market Report, Chennai

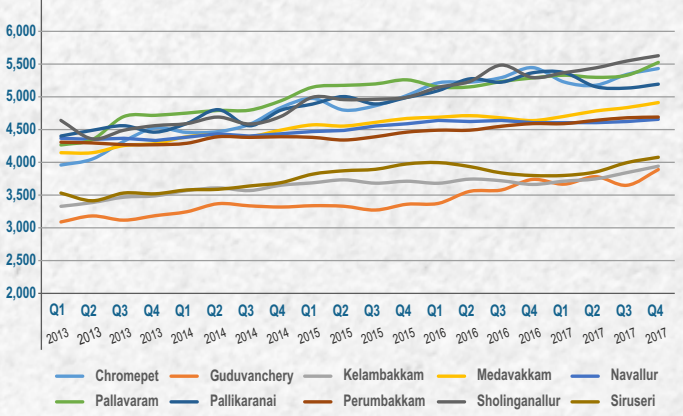


The Old Mahabalipuram Road (OMR) region in South Chennai is starting up to attract various multinational companies to Chennai. With ideal location and well linked to the key office markets of the City, this road is likely to disrupt the linear growth pattern of the south part of Chennai. Over the next three years, we expect 12.9 million Sqft of office space supply to be completed in Chennai. Of this total, 66% is concentrated along the OMR road. We expect that by 2020 the improved infrastructure and new offices with modern amenities would greatly enhance the south zone's charm.

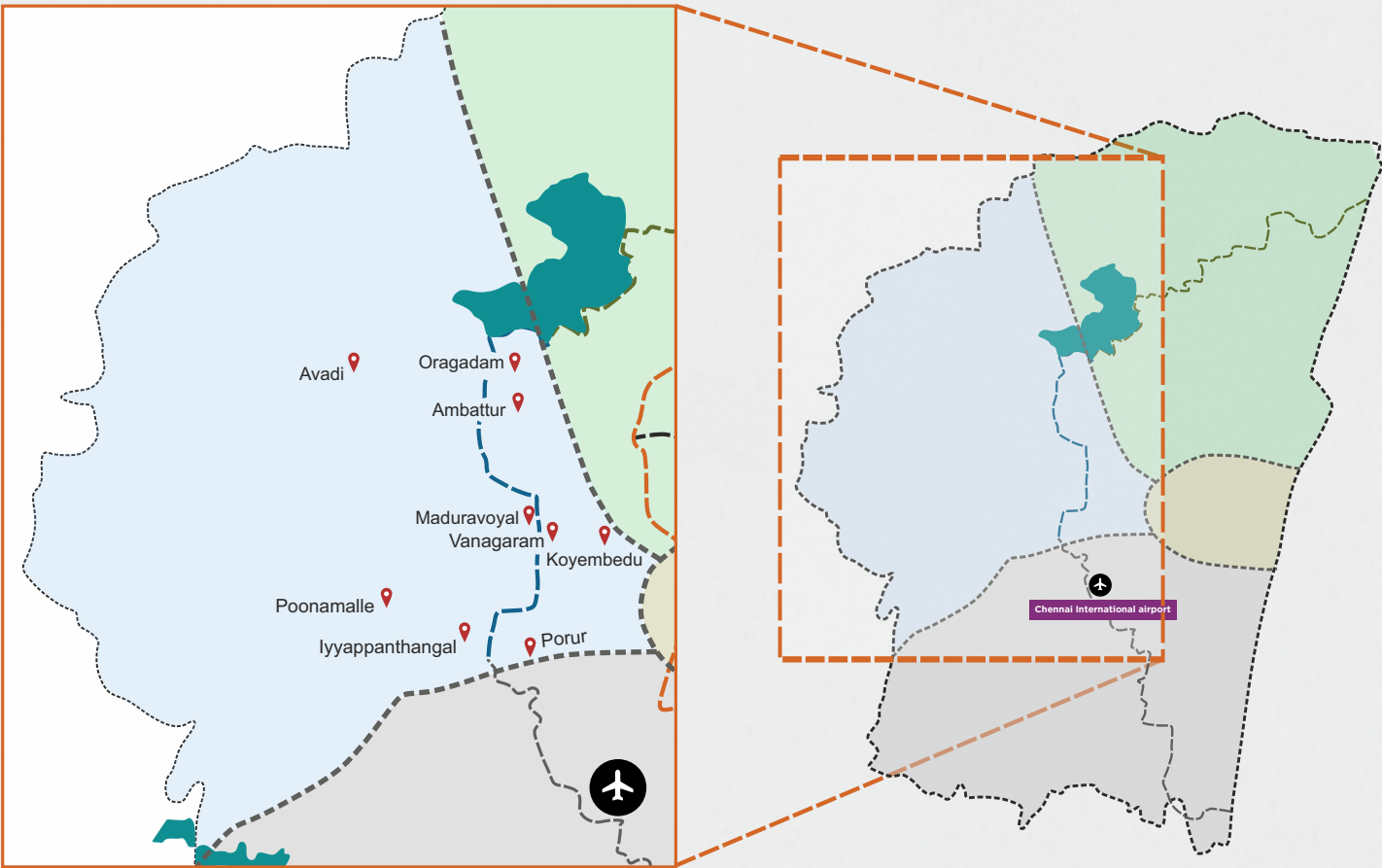
Also known as 'IT Corridor', OMR (Old Mahabalipuram Road) is branded by Tamil Nadu Government as a topnotch tech destination with about three-fourths of Tamil Nadu's software exports getting shipped out of the corridor which runs from Madhya Kailash to Siruseri. More than 1.2 lakh employees work at the IT companies present in this belt. Along with the presence of Asia's largest IT Park i.e. Tidel Park in this belt, the other technology parks present here are SIPCOT IT Park, TECCL Park, International Tech Park, Futura Tech Park and Pacifica Tech Park.

The prominent IT/ITeS establishments in this corridor are Tata Consultancy Services, Wipro Technologies, Infosys, Polaris Software Lab, Cognizant Technology Solutions, HCL Technologies, Satyam Computer Services, Wipro Technologies, Scope International, Accenture India, Photon Infotech and Bahwan CyberTek Group.

Price Trend of key Micro Markets along the OMR corridor



There has been a marginal increase of prices witnessed in Old Mahabalipuram road and its adjoining micro markets, the residential property prices in the key micro markets are remained muted and weaken during the year 2017. On an average basis, the key micro markets along the 50 km stretch has grown at the rate of 4 percent on YOY.



With the saturation of Central part of Chennai, West Chennai has evolved in terms of real estate development. Existence of Multinational companies like Hyundai, Dell, Nokia, Samsung and Saint-Gobain along with the electronic hardware establishments in Sriperumbudur and Auto ancillary manufacturing units in Oragadam led to the growth in the residential market in this zone. IT and financial companies along the Chennai Bypass Road and ORR are boosting up the real estate in West Chennai

- Chennai International airport
- Port
- Chennai Central
- Central Zone
- West Zone
- North Zone
- South Zone
- CMDA
- Chennai Municipal Corporation
- Green Cover
- Water Box
- Road Network

West zone holds the second highest residential units after south Chennai in the city, which is 34,000 units and accounts 27% of the total supply of Chennai.

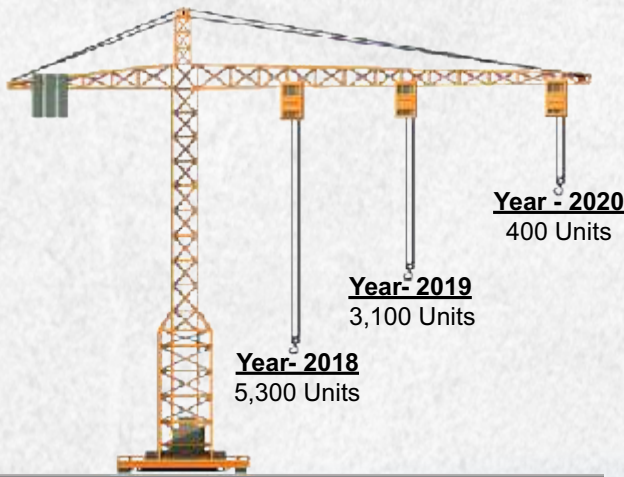
A huge number of units were launched during 2013 and 2014 in the micro-markets like Oragadam, Tiruvallur and Iyyappanthangal, in order to tap the potential growth in the industrial sector of Oragadam. The region is witnessing the development of integrated townships. Most of the integrated township projects are in ready to move in stage now & has a mix of products, meant to cater to the luxury segment as well the affordable housing segment.

Anna Nagar, Kodambakkam & Vadapalani witnessed the luxury home markets to cater the High Net Worth (HNW) segment in the west zone with a price band of INR 9,500/Sqft - INR 14,000/Sqft

All the new launches of 2017 have witnessed in Avadi, Korattur, Porur & kattupakkam region with the budget range of INR 4,500/Sqft - INR 7,000/Sqft in West Chennai. With the implementation of RERA & GST, developers seem to have purposefully restricted the flow of new launches during 2017. New launches in west zone declined by 68% in 2017, as compared to the previous year.

Capital value in micro-markets like Ambattur and Mogappair increased by 2% in 2017, as compared to the last year.

Supply as per completion status



Approx. 9,000 units are under construction in West Chennai, out of which 7,000 units are unsold. 5,300 units will be completing in less than a year, followed by 3,100 units will take 12 months to 24 months time frame to complete & approx. 4,000 will be taking more than 24 months. Moreover, approx. 1,000 – 1,500 units are available for sale in west Chennai primary market at ready to move in stage.

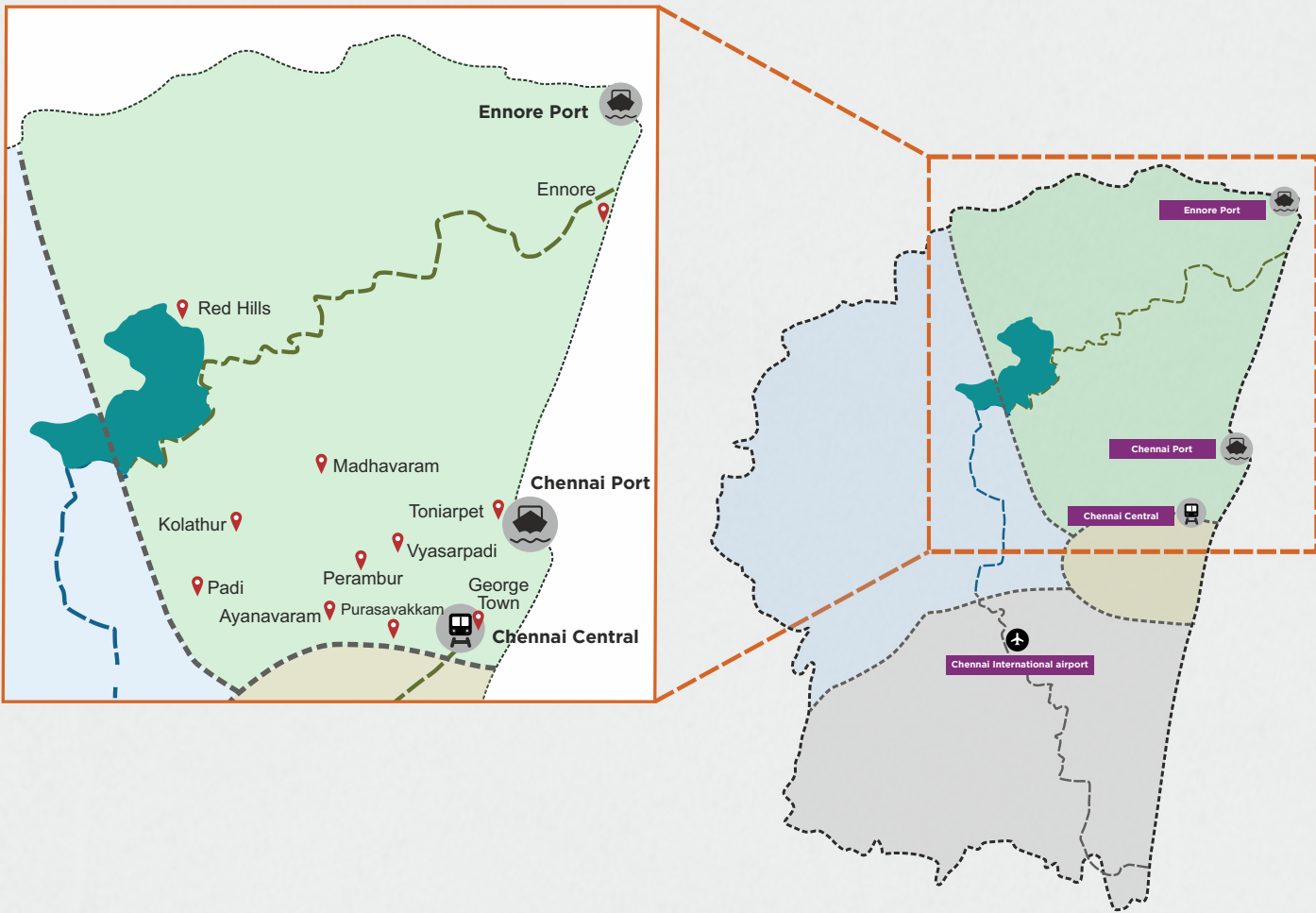
Top Micro Markets West Chennai

Micro Markets	Launched Units	Value of Unsold Stock (INR in Cr)	Average Size (In Sqft)
Oragadam	4,100	97	1,220
Poonamallee	3,800	319	1,173
Avadi	2,800	104	946
Sriperumbudur	2,600	65	1,435
Porur	2,500	282	1,299
Mogappair West	1,500	292	1,347
Iyyappanthangal	1,300	153	975
Tiruvallur	1,150	60	870
Vadapalani	1,100	727	1,215
Thiruverkadu	1,050	135	1,065

North Chennai



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When compared to South & West zones of Chennai, Northern part of Chennai mostly comprises port-related activities & small industrial units due to the presence of the Chennai Port and Ennore Port; thereby restricting the real estate growth in this region. The other factors hampering the expansion here are narrow arterial road and non-availability of vacant land.

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North Chennai Residential Overview



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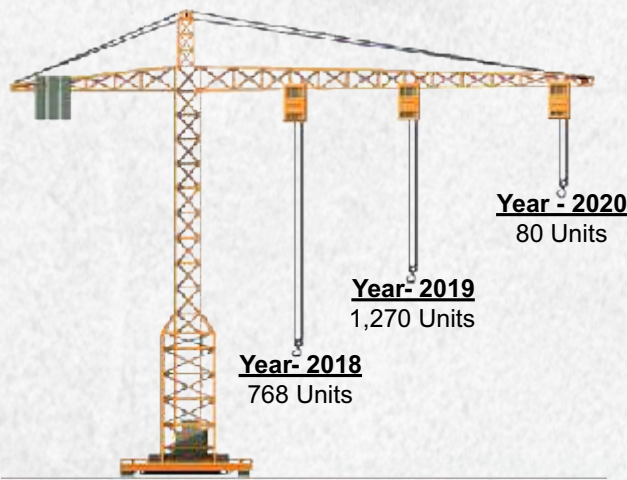
North Chennai holds only 3% of total supply in Chennai, which is 4,200 units and out of which 56% supply is unsold.

Perambur & Madhavaram are more active micro markets in this zone in term of real estate activities, with some prominent developers launched their projects into the region. Properties in this region are in the price band of INR 4,600/Sqft - INR 6,500/Sqft depending on the micro market, developers and amenities offered.

All other micro markets in the north zone, like Puzal, Moolakadai, Purasawakkam, Tondiarpet have smaller developer projects with basic amenities catering to the nearby catchments.

With the announcement of developing Ponneri as a Smart City means a lot for residential real estate development in the zone. Currently only two or three apartment projects available in this micro market. Moreover, many land & plots transactions have been witnessed in and around Ponneri in 2017. Ponneri has already witnessed 25% - 30% price appreciation in last 2 years. Ponneri has been a economical alternative to a fast paced Southern corridor.

Supply as per completion status



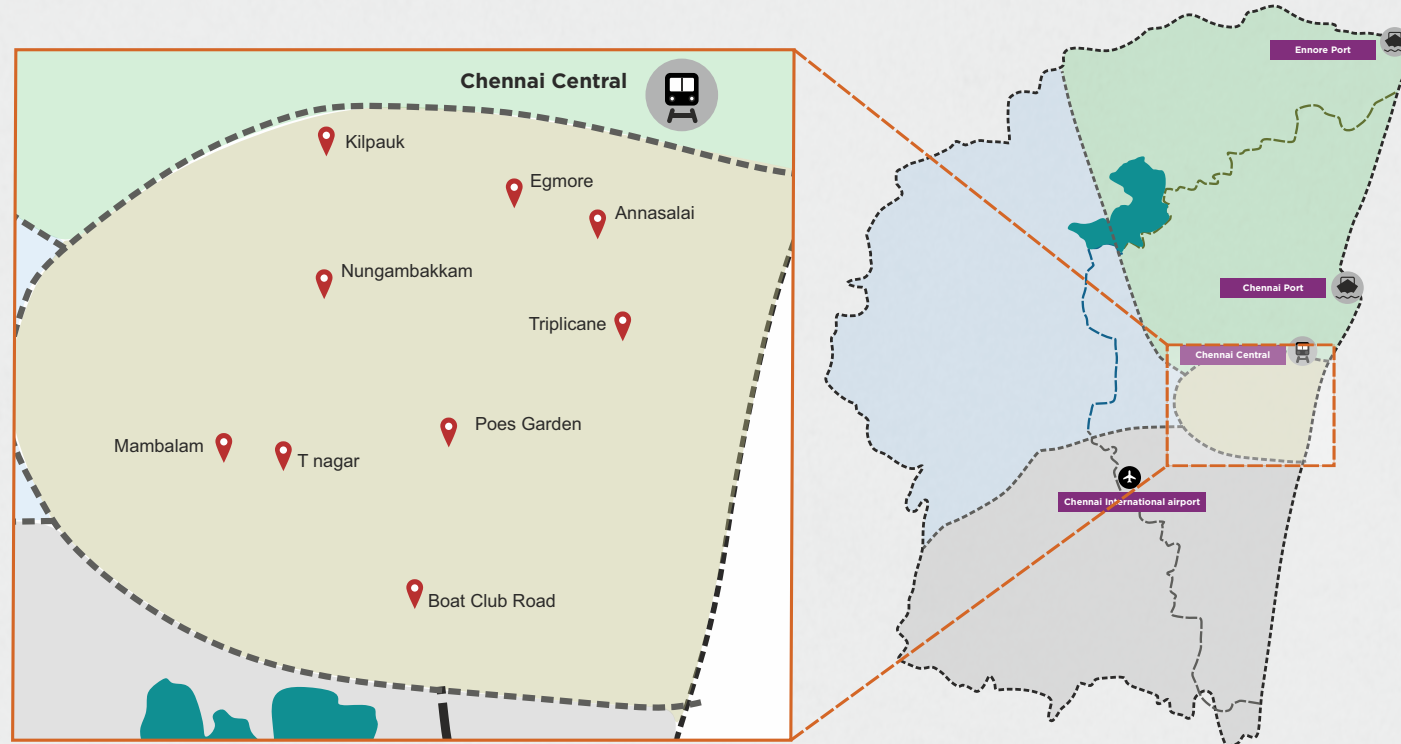
Approx. 2,100 units are under construction in north Chennai, out of which 96% are unsold. Approx. 768 units will be completing in less than a year, followed by 1,270 units will take 12 months to 24 months time frame to complete & approx. 80 units will be taking more than 24 months. Moreover, approx. 300 units are available for sale in north Chennai primary market at ready to move in stage.

Prominent localities: Perambur, Ponneri, Ayanavaram, Vyasarpadi, George Town, Madhavaram, Purasavakkam, Red Hills, Tondiarpet, Kolathur and Ennore etc.

Central Chennai Residential Overview



ANAROCK Residential Market Report, Chennai



The central zone of Chennai is the oldest, most developed and the commercial heart of the city. Central Chennai provides excellent connectivity to various parts of the city. There are huge number of offices in the Central Business District (CBD). This zone of Chennai constitutes of both high-rise residential properties as well as independent units and bungalows.

As Central Chennai is an already developed market, supply is very limited due to unavailability of land parcels. This zone has an inherent demand for villas & big size apartments in the micro markets of Alwarpet, Besant Nagar, Nungambakkam, R.A Puram, K.K Nagar and Adyar. These micro markets are facing the issue of limited land parcel and premium pricing.

All project launched at central Chennai in 2017 were very small unit projects in luxury budget segment, which accounts altogether approx. 80 units in T Nagar, KK Nagar, Nungambakkam, Egmore & Teynampet micro markets with price band of INR 12,000/Sqft-INR 16,500/Sqft depending on the micro market, developers and amenities offered.

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Prominent localities: Egmore, T Nagar, Anna Salai, K.K Nagar, Nungambakkam, Mambalam, Triplicane, Boat Club Road and Poes Garden

Chennai- Residential Market Outlook



ANAROCK Residential Market Report, Chennai



2017 ended with lower new launches in Chennai & minor price correction in few micro-markets as compared to the previous year. Overall sales continued to move southwards with 1% to 2% price appreciation compared to 2016. This trend was primarily visible in the adjoining part of central Chennai areas and investors hotspots, such as OMR & TPR region.

Throughout 2017, developers remained focused on completing their under construction properties & marketing of unsold inventory. In order to improve the sales, developers offered discounts on price points, many lucrative payment plans, and other offers such as future rental assurance, overseas vacations and gifts to buyer's. This trend is likely to follow in 2018 as well.

With restricted supply and stable demand, the all four quarters of 2017 witnessed higher absorption and so Chennai unsold inventory decreased by 24% in Q4-2017, vis-à-vis Q4-2016. Despite the current sluggish market conditions, sales would likely to pick up in the subsequent quarters, primarily due to restricted new launches and narrowing demand-supply mismatch due to realistic pricing. With a continued restriction on new launches, the mammoth unsold inventory is likely to reduce further.

The affordable housing segment is likely to generate maximum traction in the next few quarters due to various schemes & incentives offered by the Government, leading to an increased focus on this segment.

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