



## Old Mahabalipuram Road (OMR)

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The IT Corridor of Chennai

Micro Market Overview Report

May 2018







# About Micro Market

- Home to several IT-ITeS companies, Old Mahabalipuram Road (OMR) is a 45 km stretch extending from Madhya Kailash temple in Adyar (South Chennai) to Mahabalipuram in the Kanchipuram district. Popularly known as the “IT Corridor,” OMR is also known as the State Highway 49A and Rajiv Gandhi Salai. The road strategically intersects with East Coast Road (ECR) and provides easy commute between southern peripheral’s localities namely Thiruvanmiyur, Palavakkam and Neelankarai. Furthermore, the corridor harbors many prominent and well-developed localities along its bank such as Perungudi, Thoraipakkam, Karapakkam, Sholinganallur, Kelambakkam and Semmancherry.
- Backed by Tamil Nadu Government’s support to develop as a world-class IT destination, this corridor accounts for nearly three-fourth of the state’s software exports. Add to this, the belt encompasses almost 1.3 lakh employees in different IT companies situated along this corridor. Including Asia’s largest IT Park - Tidel Park, the stretch is dotted with a plethora of technology parks including SIPCOT IT Park, TECCI Park, International Tech Park, Futura Tech Park and Pacifica Tech Park.



OMR corridor accounts for nearly three-fourth of Tamil Nadu’s software exports.





# Connectivity

Old Mahabalipuram Road runs parallel to the East Coast Road



## Road



Running parallel to the ECR, OMR facilitates easy connectivity not only between localities situated along the corridor but also to areas located outside the city limits such as Mamallapuram. The Thoraipakkam - Pallavaram Radial road provides easy commute between Thoraipakkam and Pallavaram. Also, key link roads such as Maraimalai Adigal Bridge-Irumbuliyur Road & Medavakkam-Karapakkam road further assist in easy travel across different parts of the city.

## Rail



The city's main railway station - Chennai Central, is situated around 30 - 35 km away from OMR and can be reached through the Rajiv Gandhi IT Expressway. Also, Guindy Railway Station, which facilitates local travel to various parts of the city is located around 20 km away.

## Air




The Chennai International airport is at a distance of nearly 30 km from OMR and can be reached via Chennai-Nagapattinam Highway.



# Major Growth Drivers

- ▶ Presence of several IT parks coupled with a legion of prominent companies along the corridor makes OMR one of the most prominent employment nodes of Chennai. With several development plans on the anvil, the entire corridor is expected to grow further which in turn is luring developers to increase their footprint along the belt.
- ▶ OMR boasts of excellent social infrastructure with several renowned educational, health and entertainment centers. American International School, Sishya OMR School, Abacus Montessori School, MNM Jain Engineering College, Dhanraj Baid Jain College, and St. Joseph's College of Engineering are few well-known educational institutes present along this belt. Prominent hospitals include Lifeline, Apollo Hospital, Aditya Bone and Joint Clinic, and Global Hospital. Furthermore, the corridor hosts a plethora of entertainment centers, restaurants, and supermarkets too.
- ▶ The upcoming CMRL & TMRDC (Phase I) project will comprise of a 17 km long four-lane elevated road and above that, an elevated corridor of Metro Rail from Taramani to Siruseri. This is expected to give major convenience to large IT population commuting via the OMR.
- ▶ The proposed Metro Line-3 (Purple Line) from Madhavaram to SIPCOT (45.77 km) covers around 50 stations, majority of which are located on the OMR stretch. This will give a major boost to the realty growth of all suburbs.



Proposed metro rail network to boost the realty growth of suburbs along OMR



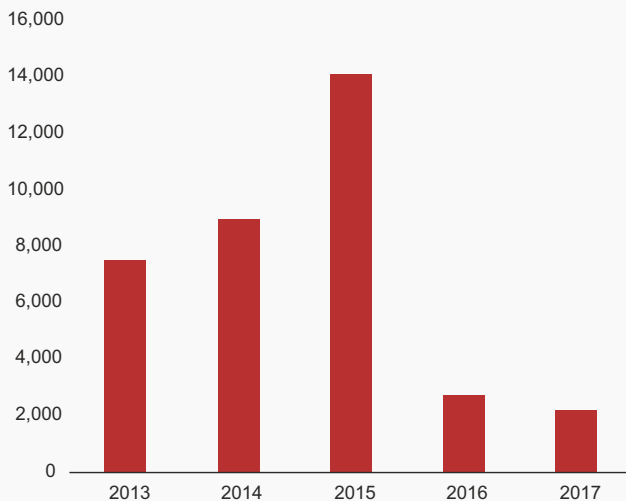
# Location





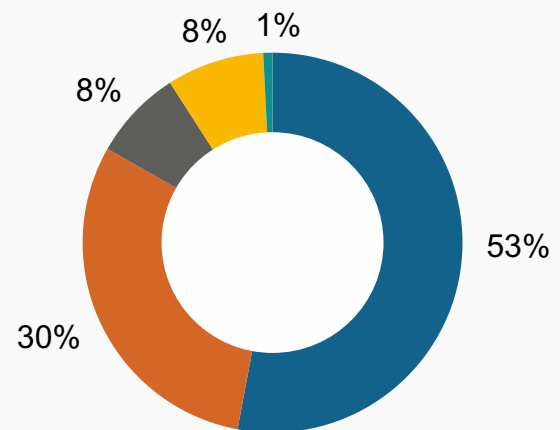
# Residential Market Assessment

## New Launch Supply



- ▶ As many as 35,500 new units were launched between 2013 and 2017. This accounts for almost 30% of the overall new supply in the city during the same period.
- ▶ Year 2015 saw maximum new supply with nearly 14,000 units, almost 40% of the overall new launches in the city. However, 2016 saw almost 5-fold decrease in new supply. This was primarily due to floods in the city in late 2015 which gave a major jolt to the realty market.
- ▶ Interestingly, mid segment projects (priced between INR 40 lakh - INR 80 lakh) saw maximum launches during 2015, followed by projects in the affordable category (<INR 40 lakh). This trend has continued till 2017 despite the fact that affordable housing has caught the fancy of several developers across the country.
- ▶ With just 2,200 new units, 2017 witnessed least supply since 2013 due to several reforms & policy changes including RERA and GST.
- ▶ Interestingly, out of the total new supply in OMR during this period, a whopping 63% units are already absorbed.

## Age of Inventory – 2013 onwards



■ Ready to Move-in ■ < 1 year ■ 1-2 year ■ 2-3 year ■ > 3 year

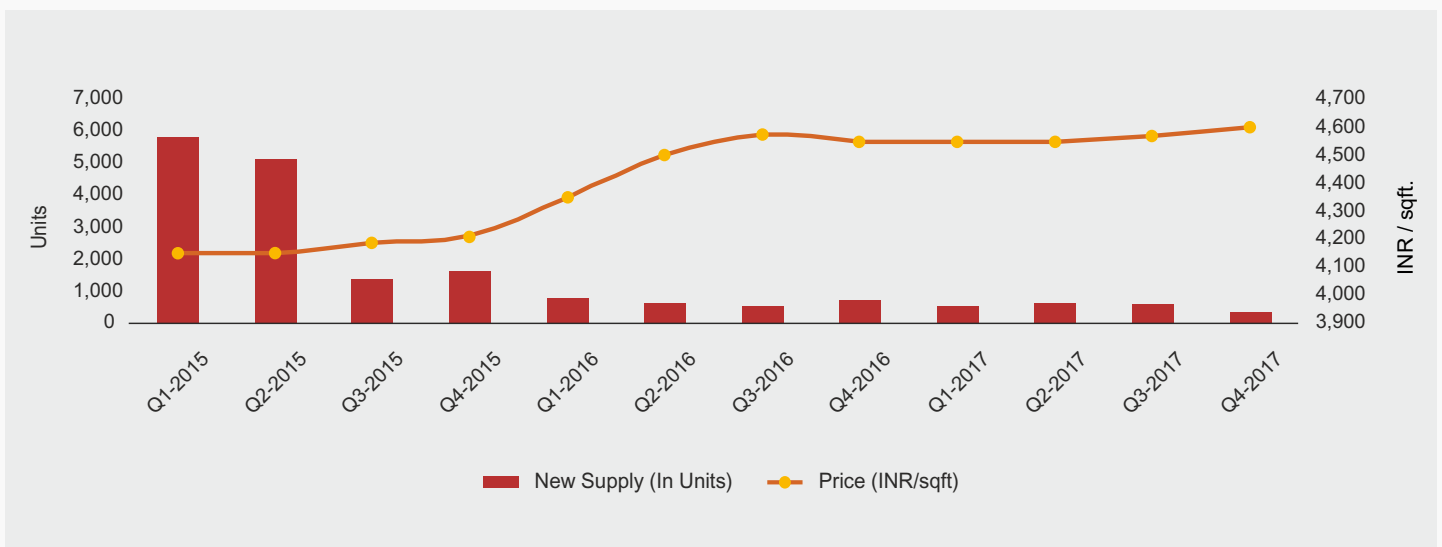
- ▶ Out of the total supply in OMR, more than half (53%) is already completed. Notably, around 30% of inventory is likely to complete in the next 1 year. This connotes a further rise in absorption as ready-to-move-in projects or those nearing completion are today the most preferred choice of prospective home buyers.
- ▶ A mere and negligible 1% of the overall supply in the precinct is likely to complete post 3 years. Developers with under construction projects are now focusing on speeding up the construction to avoid RERA penalties on execution delays.



# Residential Market Assessment

OMR's average price as of Q4 2017 is around INR 4,600/sqft

## Micro Market Price Movement wrt Supply



▶ Despite a continuous fall in new units supply during the past two years, OMR's average prices have remained steady at around INR 4,600/sqft as of Q4 2017. This indicates that the belt has been able to beat the downward trend of recent reforms.

▶ Interestingly, during the last two years, several localities' prices have either remained stagnant or witnessed a meagre drop. But, OMR has seen a considerable 11% rise in prices during the period Q1 2015 to Q4 2017.




# Outlook

▶ Rightly called the IT corridor, OMR has been branded as a topnotch IT destination by the Tamil Nadu government. Keeping in sync with the overall realty development, the government is also giving equal importance to the social infrastructure development in-and-around the corridor. This will further aid in the overall realty growth of the IT corridor in the near future. Moreover, it will lead to the burgeoning of more educational, industrial and housing ventures in the precinct. Currently, the stretch already boasts the presence of several renowned technical and educational institutions, research laboratories and commercial setups along its banks, which has been

continuously pushing the development and transformation of large land parcels for the residential real estate.

▶ The corridor has attracted several real estate developers over the years and with constantly-improving social and physical infrastructure, more developers are likely to follow suit, thanks to the presence of several IT parks that are home to several multi-national companies. Moreover, excellent road connectivity between the harboring micro-markets has attracted large number of professionals working along this corridor to reside here. All-in-all, OMR's future certainly looks bright.



Future of residential realty along OMR looks bright with constantly-improving social and physical infrastructure

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