



Insite

Quarterly Real Estate Analysis for CHENNAI

October - December 2015

Price Trends ◀
Growth Drivers ◀
Supply Analysis ◀

99acres.com[®]

INTRODUCTION

The 99acres.com Chennai Insite report brings to you major movements in the real estate market of the city, in Oct-Nov-Dec 2015 as compared to Jul-Aug-Sep 2015. The report not only captures the significant trends across various localities in Chennai, but also brings to you the analysis and the insights that will make this report valuable for investors and end users. The report also includes an in-depth supply analysis to enable sellers and buyers determine the direction of the market.

Content

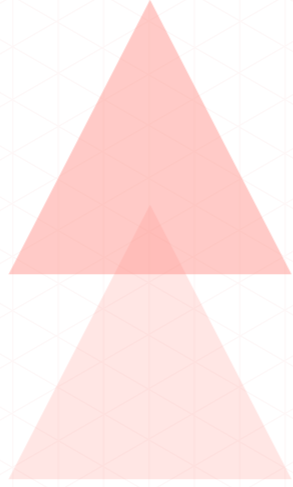
City-Highlights: 06

Supply Analysis: 08

Methodology

We have reported quarterly price movement of capital and rental values measured in per square feet for the analysis of Chennai's residential market. Effort has been made to provide comparable and accurate city level data, since prices and rents are floating and at any point may vary from the actual numbers.

Chennai

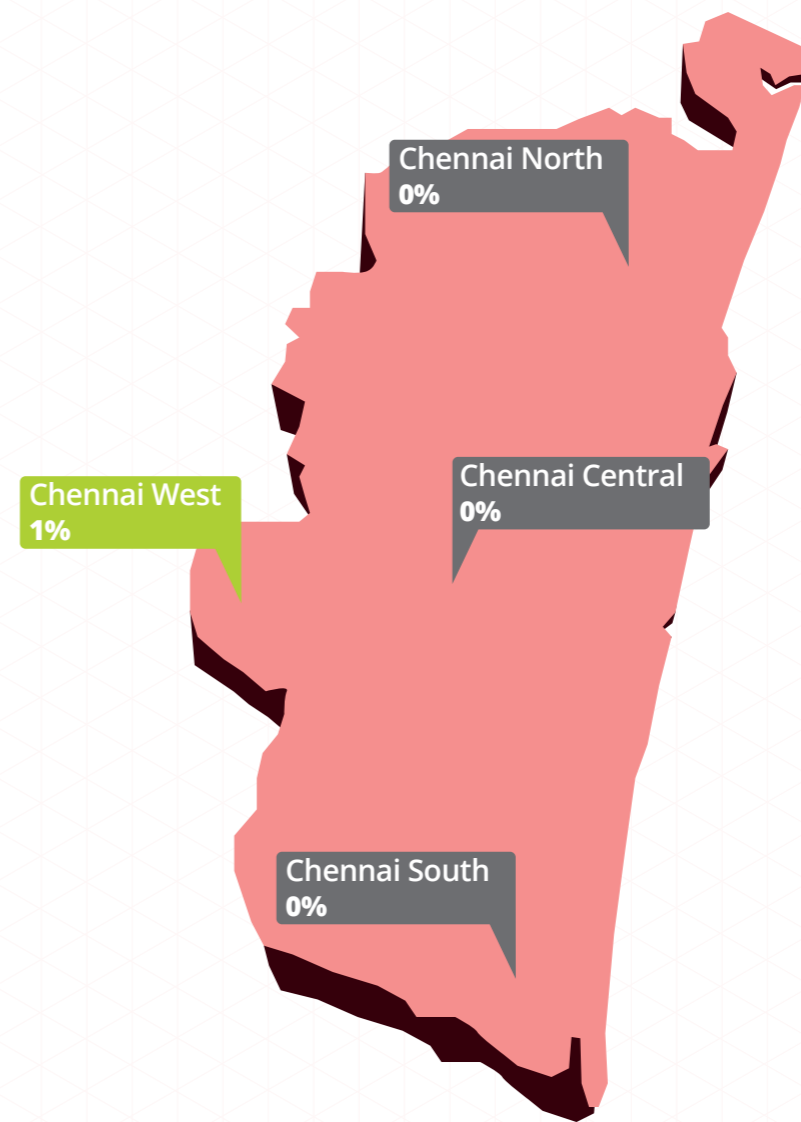


0%

City Insite Report

Oct-Dec 2015

Capital Growth

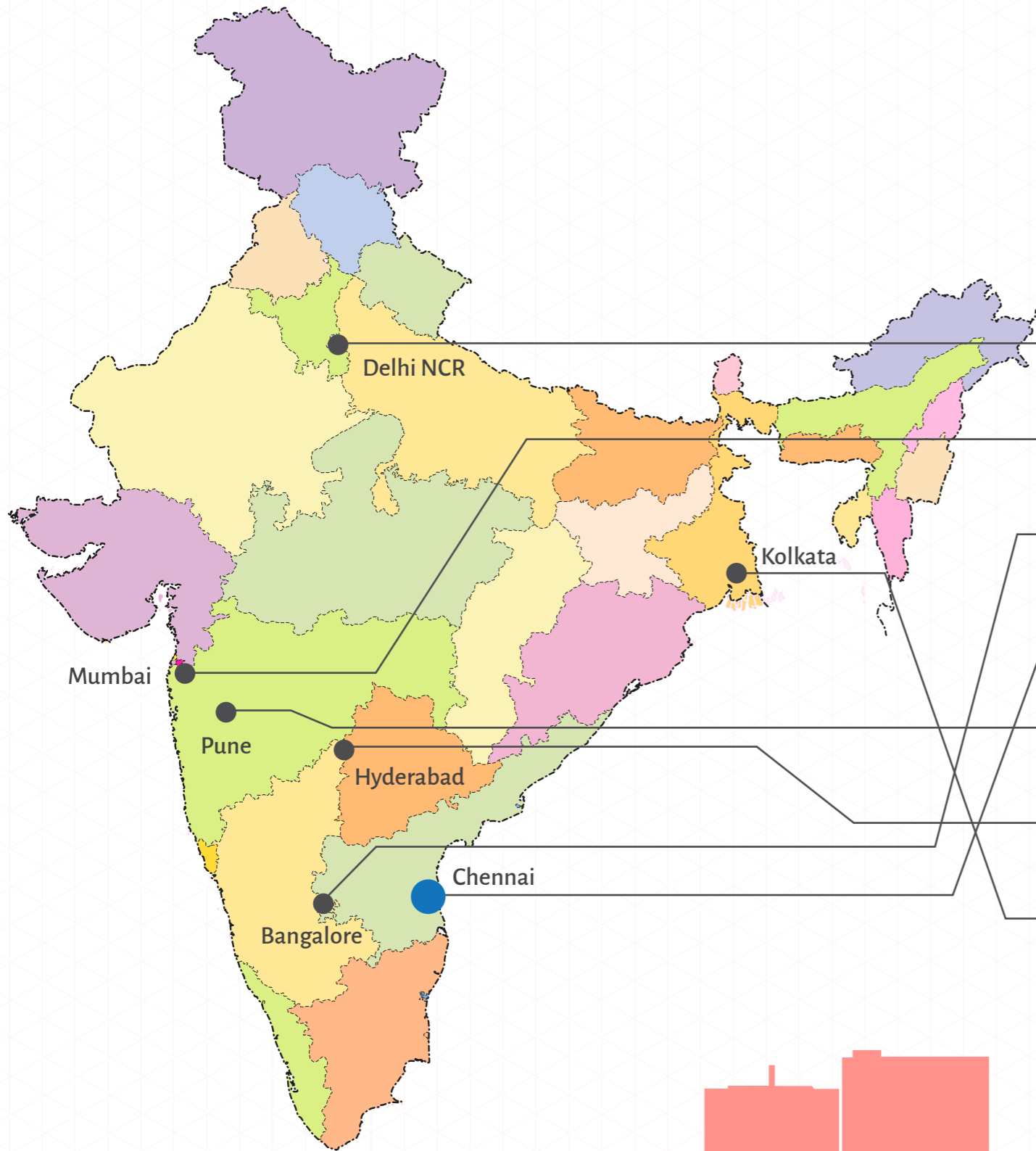


FLOODS

stormed the realty market and other businesses in the city alike

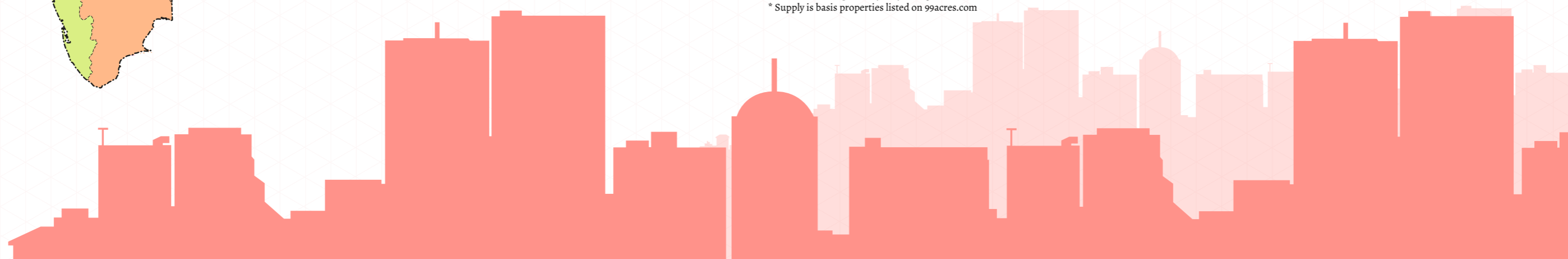


▶ Realty Round-up



	Capital Values	Rental Values	Supply
Delhi NCR	▼	◄►	▼
Mumbai	◄►	▲	▼
Bangalore	▼	▲	▼
Chennai	◄►	◄►	▼
Pune	◄►	◄►	▼
Hyderabad	▲	▲	▼
Kolkata	◄►	▲	▼

* Capital values represent quarterly change
 * Rental values represent yearly change
 * Supply is basis properties listed on 99acres.com



CHENNAI

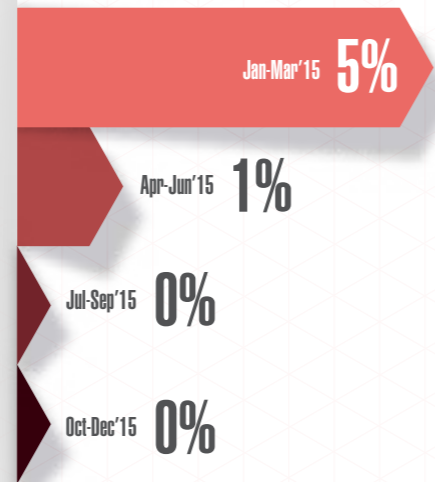
City Highlights



Before the real estate market was severely hit by the floods towards the concluding part of the fourth quarter, a few positives such as the AMRUT funding and the smart city project imbued hopes for a better future in the coming year. The city witnessed no upward movement in average capital rates in Oct-Dec 2015 as against the previous quarter.

- Like its other southern counterparts, Chennai's real estate market held up well against the slowdown that crippled real estate markets in North and West India, until the torrential rains struck. The real estate business is one of the worst-hit sectors in the city.
- Some of the most impacted locations due to the floods include Anna Nagar, Mylapore, Nungambakkam, Ambattur, Guindy, K K Nagar, Sholinganallur, T. Nagar, Velachery etc.
- The capital market of the city is on the threshold of a price correction with developers launching new projects at prices lower than current market rates. This kept the average capital values from picking up in the last quarter of 2015 as opposed to what was witnessed in the beginning of the year.
- Developers who were reluctant to slash prices despite low sales volumes finally let their guards down in Oct-Dec 2015. Those facing a fund crunch launched new projects at prices lower than the existing market rates to enhance cash flow. The central government's decision to levy taxes on unsold residential buildings also compelled them to reduce rates in order to offload existing inventory.
- There were some positive developments that are expected to keep the city's realty market floating post the devastating floods. The Chennai Corporation selected three localities - T Nagar, Sholinganallur and Mylapore for development under the smart city project. This pushed capital rates up in T. Nagar and Mylapore.
- The infrastructure upgrade announced for Chennai and eight suburbs under the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) scheme acted as a mood-

Q-o-Q Price Index



*The graph represents Q-o-Q change in average capital values in Chennai

lifter. The areas selected under the scheme will get funds to improve basic infrastructure services such as water supply, sewerage, storm water drains, transport and development of green spaces and parks.

- Ambattur, Tiruvottiyur, Alandur, Madhavaram, Pallavaram, Tambaram, Avadi and Kancheepuram are the suburbs nominated under the AMRUT scheme.

KEY INFLUENCERS

The devastating floods impacted the real estate market of the city adversely

Infrastructure in city centre and suburbs to get a boost under the AMRUT scheme

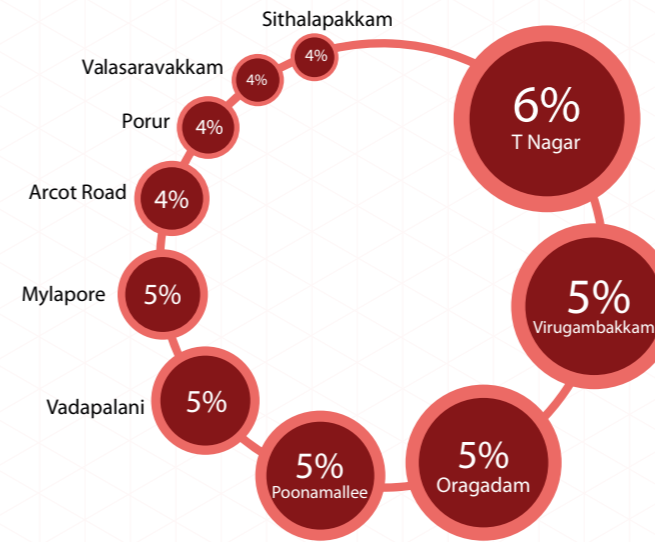
T Nagar, Sholinganallur and Mylapore shortlisted under the smart city plan

Developers launch new projects at lower prices to improve cash flow

Capital Analysis



Top Performers in Chennai (Capital Values)



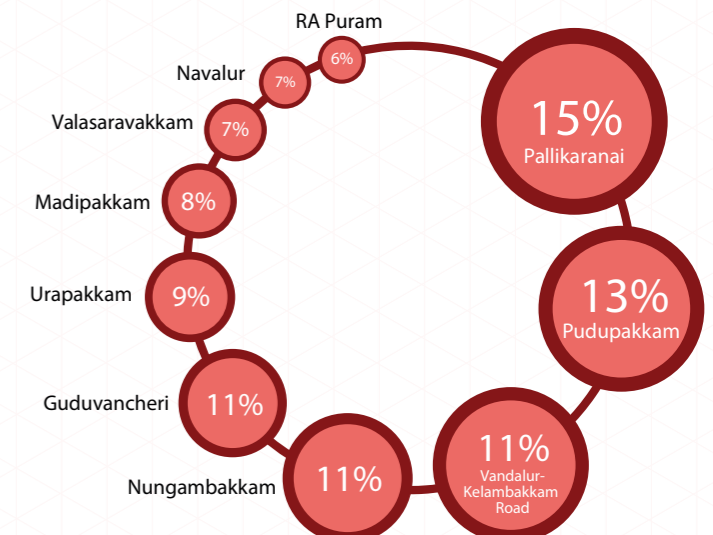
- As opposed to the five per cent rise that was noted in the average capital values during the first quarter of 2015, the last quarter of the year ended on a more subdued note. In line with the quarter ending September 2015, Oct-Dec 2015 too recorded no change in the average capital values of housing units in the city.
- Just over 40 per cent of the tracked localities recorded a rise in capital values in Oct-Dec 2015 as against the previous quarter. More than 50 per cent of the localities either recorded a drop in values or the prices remained stagnant.
- The capital values in T. Nagar grew to the tune of six per cent, the highest in the city during the last quarter of 2015. It is one of the three localities to get nominated for development under the Centre's smart city project. Mylapore is another location that registered a growth of five per cent in capital values due to the same reason.
- Proximity to premium localities such as K K Nagar and Anna Nagar and comparatively lower property prices ensured a consistent demand for localities in the western quadrant of the city. These included Virugambakkam, Arcot Road, Porur and Valasaravakkam, where average capital rates grew by four to five per cent in the last quarter of the year.
- In the last few months, occupancy levels in Oragadam improved with over 2000 families moving in during the last six months, leading to a rise of five per cent in the capital values.
- Locations that witnessed a negative trend in capital values were either those where the flood created a havoc or where developers were compelled to slash rates due to over-supply. These included Velachery, Sholinganallur, Siruseri and Navalur.

Rental Analysis



- The rental market of Chennai was driven by the age of the property and the facilities offered in the project and not by the location of the property. The tenant community largely looked for new properties in gated societies and seemed willing to move slightly away from the city center for the same.
- Pallikaranai, where a lot of new inventory has been added in the last six months, garnered high demand from tenants. This meant a rise of 15 per cent in rental values in the last one year (Oct-Dec 2015 vs. Oct-Dec 2014).
- Proximity to the IT hubs of OMR and lower rentals as compared to Velachery, the most preferred residential destination near OMR, helped Pallikaranai grow as a preferred destination among tenants.
- Price competitiveness kept rental demand high in Madipakkam and Valasaravakkam. The localities clocked an average rise of seven to eight per cent each in the year-on-year rental values.
- Nungambakkam recorded a significant rise of 11 per cent in rental values since Oct-Dec 2014. Commercial market in the city has been witnessing an upward trend in the last one year. Nungambakkam, being the central business district (CBD), reaped a lot of demand for commercial space. This infused demand for residential units as well.
- Rental values in Navalur, a suburban locality, surged up by seven per cent in the last one year owing to the presence of a few premium projects. This is not a commonly observed trend in peripheral areas. The recent project deliveries in the segment ensured high rentals in the locality.

Top Performers in Chennai (Rental Values)



*Rental values represent yearly change

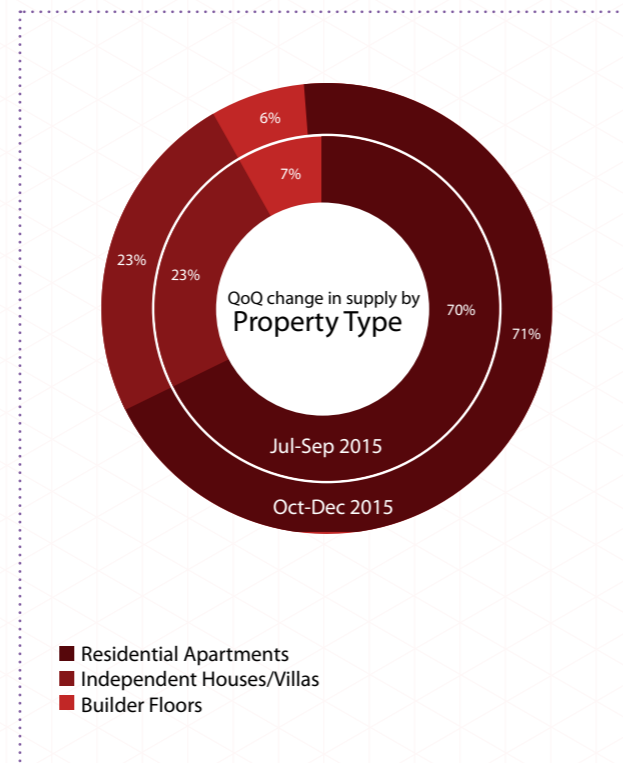
Supply Analysis



As observed in Jul-Sep 2015, the last quarter of 2015 also witnessed a cumulative availability of ready residential units in the market, indicating a slow rate of absorption. Buyers' growing preference for better amenities within a limited budget ensured that apartments in the price bracket of Rs 40-60 lakh continued to rule the roost.

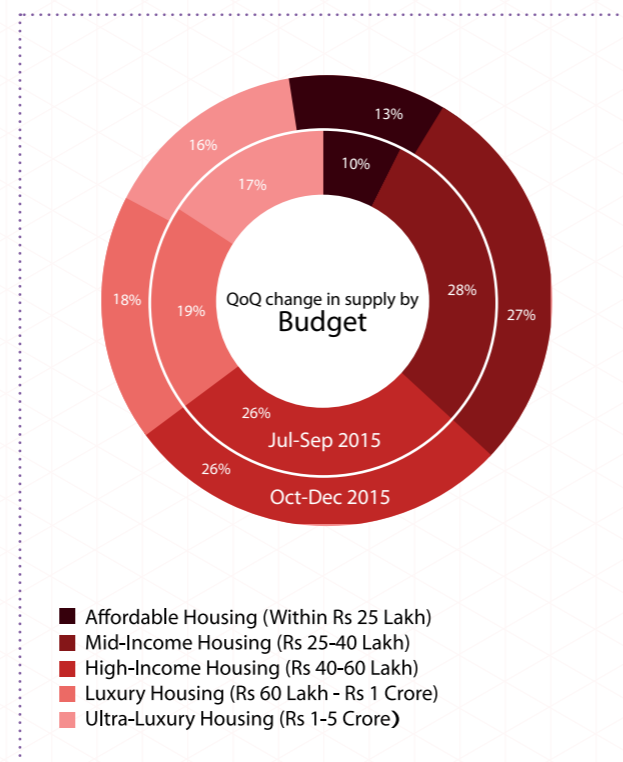
Availability of Different Property Types

- The preference for value-for-money homes that offer better security and more amenities shifted demand towards society apartments in Chennai over the last decade or so. Thus, the segment now captures almost 70 per cent of the market share in the city.
- South Chennai had the highest share of apartments in the city, a factor experts believe has resulted in their over-supply, restricting the growth of average capital values in the zone.
- End-user demand coupled with limited sales volume forced developers to keep the ticket size of their offerings within Rs 25-60 lakh. Thus, nearly 60 per cent of the apartments in the city were priced within this range. The Chennai residential market is flooded with 2BHK units, reclaiming the trend.
- Even though, demand for apartments has surpassed the demand for independent homes, the category still forms more than 20 per cent of the total residential stock in the city. However, most of the available inventory was concentrated in the re-sale market as nearly 70 per cent of the supply was ready-to-move.
- Saturation in South and Central Chennai propelled residential development towards the North almost two years back. North Chennai offered the second highest supply of both apartments as well as independent houses in the city.



Availability of Property by Budget

- Due to the ever-dwindling demand for luxury properties in the city, developers focused on building mid and high-income housing largely priced at Rs 25-60 lakh. The two categories together formed more than 50 per cent of the total residential inventory in the city.
- Most of the units that were priced between Rs 25 and 60 lakh were configured as 2BHK units.
- In the last one year or so, the western part of the city endorsed burgeoning real estate activity as buyers actively looked out for investments in the micro-markets of Porur and Virugambakkam. Developers catered to this demand by offering units in the Rs 25-60 lakh category, making West Chennai the largest contributor of homes in the mid and high-income segments in the city in the last quarter of 2015.



- The supply of luxury (Rs 60 lakh-1 crore) and ultra-luxury properties (Rs 1-5 crore) noted a negative trajectory as developers restrained from building these units due to depleting traction. Central Chennai, due to the presence of large number of re-sale properties, had the maximum availability (over 60 per cent) of properties in the luxury and ultra-luxury categories.
- A rise of three per cent in supply of affordable units (priced below Rs 25 lakh) was witnessed in Oct-Dec 2015 quarter as against the previous one. This may be attributed to the fact that developers have been slashing prices of their projects by 15-25 per cent in the city. The budget category offered almost equal supply of 1 and 2BHK units, together forming more than 80 per cent of the market share.

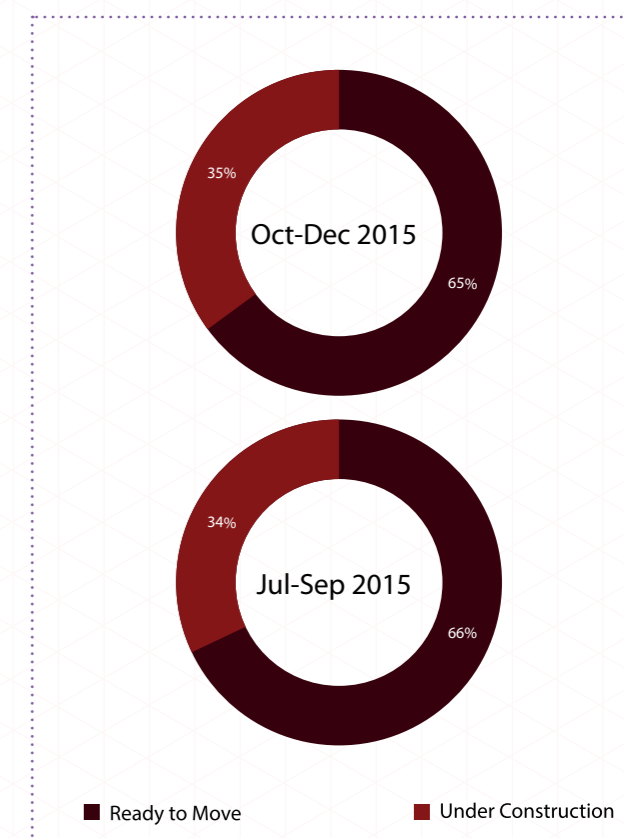
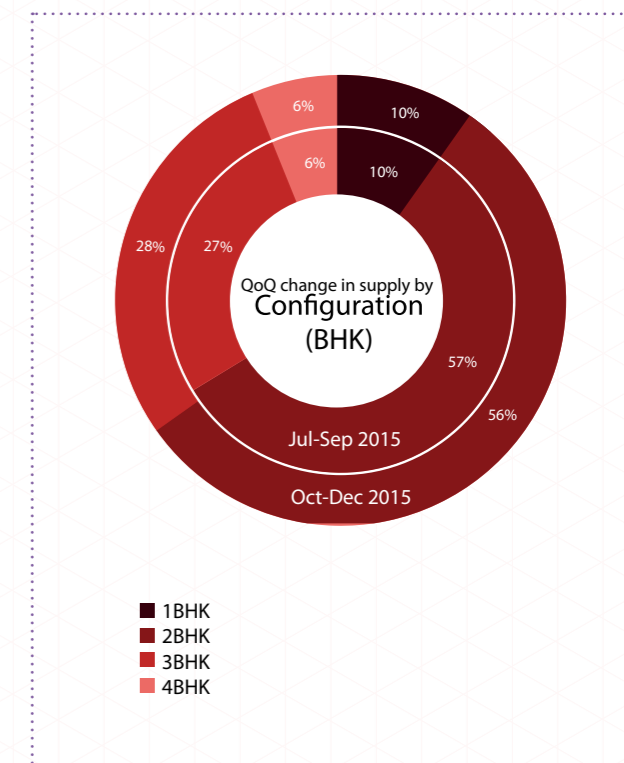
BHK-wise Distribution of Property

- Supply of all configurations - 1, 2, 3 and 4BHK remained almost unchanged in the last six months with only minor variations. Even though the 2BHK category recorded a nominal dip in supply in the quarter ending December 2015, the category continued to capture more than half of the total market share.
- Nearly 80 per cent of the total 2BHK units in the city were available in societies and were largely priced at Rs 25-40 lakh. A large number of these units were also available in the price bracket of Rs 40-60 lakh, depicting the developers' intent of targeting the young and middle aged IT crowd, opine experts.
- The 3BHK category was the second most supplied in the city with more than one-fourth of the total market share. Almost one-third of these units were priced between Rs 60 lakh and Rs 1 crore, while a quarter of these were available in the price bracket of Rs 40-60 lakh. Prime residential stretches such as OMR and GST offered the maximum supply of these units.
- The supply of 1 and 4BHK units remained subdued across the city. More than 60 per cent of the 4BHK units were available as independent villas or houses, which were largely priced over Rs 1 crore.

Ready to move in vs Under-construction

- The year 2015 saw a steady supply of ready units in the market as compared to under-construction units. The last quarter of the year was no different with almost two-third of the total residential stock in the city being ready to move.
- This validates that the developers consciously held back new launches in a bid to offload their ready stock. In addition to this, heavy discounts and freebies were offered to expedite the sale of existing inventory.
- Builder floor units had the maximum percentage of ready units as compared to any other property type, clearly indicating a lack of new launches in the segment.

- Out of the total residential stock in the city, the 2BHK category had the highest share of ready units (68 per cent) while 3 and 4BHK categories recorded the maximum share of under-construction properties.
- Properties in the price bracket of Rs 60 lakh to Rs 1 crore recorded the highest supply of ready-to-move units with more than 70 per cent market share.



ANNEXURES

CAPITAL VALUES

Locality	Oct-Dec 2015	% Change
Adambakkam	6300	-3
Adyar	13200	1
Ambattur	4000	-4
Anna Nagar	8000	1
Arcot Road	7000	4
Ashok Nagar	9000	1
Avadi	3450	0
Besant Nagar	15000	3
Choolaimedu	7800	2
Chromepet	4950	-3
ECR	6100	2
Egattur	7350	-2
Gerugambakkam	4200	-5
GST Road	4400	-2
Guduvancheri	3400	3
Guindy	7950	0
Hastinapuram	5000	-5
Iyyappanthangal	4200	-2
Karapakkam	5850	-4
Kattupakkam	4350	-3
Keelkattalai	5300	0
Kelambakkam	3450	-4
Kilpauk	11600	-3
K K Nagar	7500	1%
Kodambakkam	8050	2
Kolapakkam	4500	-4
Kolathur	5400	-1
Korattur	6450	-2

CAPITAL VALUES

Locality	Oct-Dec 2015	% Change
Kotturpuram	17000	1
Kovilambakkam	4600	0
Kovur	4150	0
Koyambedu	6500	3
Kundrathur	3800	0
Madambakkam	3800	-5
Madanandapuram	4600	-8
Madhavaram	4300	2
Madipakkam	5100	1
Mambalam (West)	8600	4
Manapakkam	5750	-7
Maraimalai Nagar	3500	0
Medavakkam	4600	0
Mogappair (West)	5800	-2
Mudichur	3650	-6
Mugalivakkam	5500	4
Mylapore	13100	5
Nanganallur	8000	0
Nanmangalam	4300	2
Navalur	4300	1
Nungambakkam	11500	0
OMR	4600	5
Oragadam	4000	5
Padur	4100	1
Pallavaram	5250	-1
Pallikaranai	5100	1
Pammal	4500	-3
Perambur	5500	-3

CAPITAL VALUES

Locality	Oct-Dec 2015	% Change
Perumbakkam	4250	0
Perungalathur	3500	-4
Perungudi	6100	2
Poonamallee	4200	5
Porur	4950	4
Rajakilpakkam	4650	0
RA Puram	15350	3
Saidapet	7900	3
Saligramam	8800	2
Selaiyur	5000	0
Sholinganallur	4700	-2
Siruseri	4450	-2
Sithalapakkam	3900	4
T. Nagar	11100	6
Tambaram	4500	0
Tambaram (East)	5300	2
Thiruporur	3700	0
Thiruvanmiyur	10800	-4
Thoraipakkam	6400	3
Urapakkam	3500	-1
Vadapalani	8500	5
Valasaravakkam	6250	4
Vandalur	3850	1
Vandalur-Kelambakkam Road	3600	-4
Velachery	6750	-4
Vengaivasal	4250	0
Virugambakkam	7000	5

RENTAL VALUES

Locality	Oct-Dec 2015	% Change
Adyar	24	-4
Alwarpet	35	6
Anna Nagar	22	0
Arcot Road	18	6
Ashok Nagar	21	5
Chromepet	13	-8
Guduvancheri	9	11
KK Nagar	18	-6
Kilpauk	22	0
Madipakkam	12	8
Medavakkam	11	0
Navalur	15	7
Nungambakkam	27	11
Pallikaranai	13	15
Porur	14	-7
Pudupakkam	8	13
RA Puram	32	6
T Nagar	24	4
Thoraipakkam	16	-6
Urapakkam	11	9
Valasaravakkam	14	7
Vandalur-Kelambakkam Road	9	11

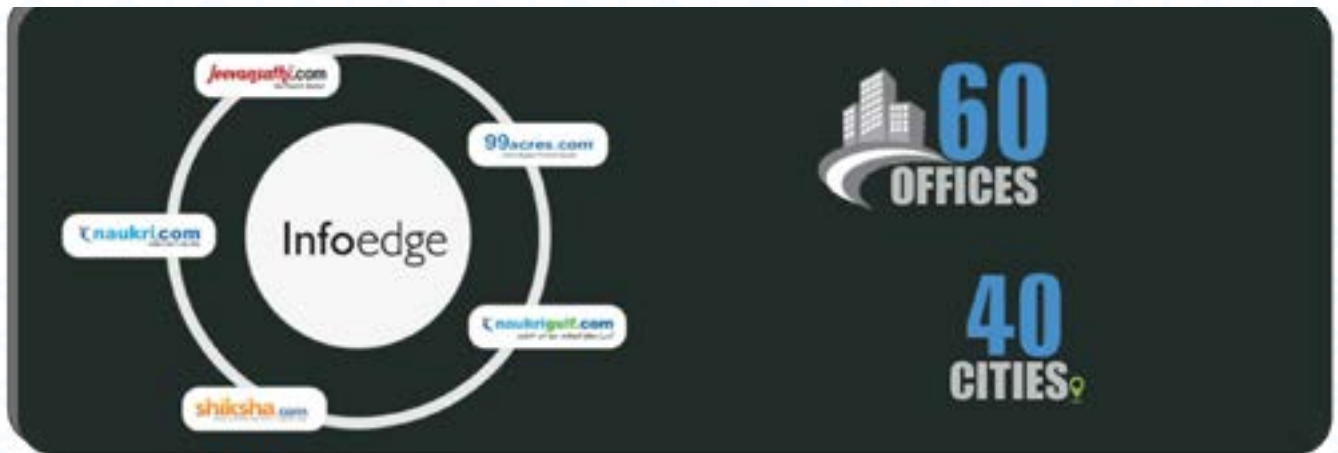
*All prices are per sq ft rates
*Capital values represent quarterly change
*Rental values represent yearly change

Our Heritage

First Internet Company to be Listed

Info Edge (India) Ltd is India's premier on-line classifieds company in recruitment, real estate, matrimony and education.

A USD 1.5 Billion listed Indian Internet Conglomerate



Credentials of www.99acres.com

5 Million Unique Visitors a month

9 Million Visitors a month

11 Lakh Residential and Commercial Properties

10 Lakh Searches everyday

1.5 New Projects

20% NRI Visitors

2.5 Million Registered Database

Contact Us



0120 308 2248

Monday - Friday

9:30 AM to 6:30 PM IST



Email: content@99acres.com