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# MW MARKET WATCH

May 2016

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## Key Residential Trends - Chennai

### Sentiments, New Launches and Enquiries

- The recent legislative elections in Tamil Nadu kept buyers away from Chennai's realty market. Potential buyers chose to remain on wait and watch mode with the expectation of major policy changes post-election.
- Demand is higher for properties located in IT driven areas around GST and ECR. Majority of buyers in Chennai are interested in conservatively priced apartments. However, branded developers are preferred over the non-branded ones.
- Budget for a 2-BHK unit ranges between Rs. 30-50 Lacs per unit while, Rs. 40-60 Lacs per unit was the budget for a 3-BHK apartment.
- Demand from investors was stagnant due to poor market performance.
- Despite of elections and low enquiries, developers have continued to launch new projects. Around 3 to 4 new projects were launched which include Radiance Royale by Radiance realty, near Porur.

### Sales Volumes, Inventory and Price Trends

- Owing to weak financial position, the developers are struggling to deliver their projects on time. At present, the average construction delay for projects in Chennai is 1 year. As a result, sales performance of under construction projects has been very poor.
- Highest sales activity is witnessed at locations around GST, OMR and Urapakkam for 2 BHK units priced between Rs. 35-55 Lacs.
- Prices in Chennai continue to remain stable. In wake of financial stress and inventory overhang, the developers are giving discreet discounts, in the range of 10-15%.

### Expected Likely trends during June 2016

- Chennai is likely to witness a healthy addition to its residential supply. Expected new launches are Tuxedo by DRA Aditya at Velachery and Aristo by Criticon group.
- The price sensitive buyers are expected to hold their buying decision with the hope of significant reduction in prices by builders.
- The prices in Chennai market are expected to remain stagnant during the upcoming month.



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