

# MW MARKET WATCH

Q2 2016 - 17



## Key Residential Trends - Chennai

### Sentiments, New launches and Enquiries

- The 2nd quarter of FY 2016-17 continued a straight lined trend, similar to the previous quarter. The inflow of enquires remained subdued owing to weak buyer sentiment. The market appeared to be still struggling from the torrential floods that occurred in 2015.
- Majority of enquiries were made by end users. Enquires from investors remained low on account of stagnant market.
- The demand remained concentrated around 2 BHK units priced around Rs 30-50 lakh and 3 BHK units priced between Rs 50-75 lakh. A lot of buyers were also enquiring for premium resale properties priced within a range of 90 lakh to 1 crore.
- The quarter witnessed few new launches on account of a slow market. Key new launches during the quarter include Sobha Winchester at Thoraipakkam, Fantastic by Urban Tree at Vanagaram and Spring Filed Daisy By Navin Group at Medavakkam.

### Sales Volumes, Inventory and Price Trends

- As a result of low enquiry inflow, the sales continued to remain subdued.
- The majority of transactions took place for 2 BHK units priced between Rs 35 to 55 lakh.
- Projects located in and around GST (Grand Southern Trunk Road), OMR (Old Mahabalipuram Road), Vadapalani, Porur and Urapakkam registered comparatively higher sales.
- Notwithstanding the pressure of the poor market conditions, developers continued to keep their prices stable. However, some developers were offering discounts in the range of 10 to 15 per cent to buyers with genuine intent.

### Expected likely trends during the Q3 2016-17

- In the wake of upcoming festival season, the next quarter is expected to see some revival in the market as more and more buyers are expected to come for site visits.
- However, at an overall level, sales are expected to follow a stagnant trend as price sensitive buyers are expected to hold back their buying decision until they see a desirable fall in capital values.
- Most buyers are also expected to extend their wait until a major real estate policy reform, such as the Real Estate Regulation Act, gets implemented.
- On account of the growing unsold inventory, majority of the developers are expected to stay away from launching new projects and concentrate on completion and sales of their under construction projects.
- The quarter saw inauguration of 8.6 km stretch of Chennai Metro's Corridor one which connects Airport to Little Mount Station. This is a crucial addition to the 10.15 kilometre elevated section between Koyambedu and Alandur which was inaugurated in June



2015. This development is expected boost the real estate market in the surrounding localities.

- Chennai monorail project, which is another key upcoming infrastructure project is still in the planning Phase. The 43 km corridor is proposed to be developed under Public Private Partnership (PPP) mode.

### Key new launches during the quarter

Developer	Project	Location	Additional Details
VGN Developer	Noting Hill	Nungambakkam, Chennai	Spread over 1.5 acre, the luxury project will consist of 166 apartments in 3 BHK format. The area of the apartments will range between 1,425 sq ft and 1,516 sq ft and the base price will be `2.35 crore
Navin's Group	'Spring Field Daisy'	Medavakkam	Navin's launched 'Spring Field Daisy' – luxury residential project at Medavakkam in Chennai. Spread over 2.65 acre, the project will consist of 40 luxury apartments in 3 and 4 BHK formats. The area of the apartments will range between 1,579 sq ft and 1,717 sq ft and the base price will be `5,250 per sq ft.
Urban Tree Infrastructure	'Fantastic'	Vanagaram	Spread over 4.67 acre, the project will consist of 300 apartments in 1, 2 and 3 BHK formats. The area of the apartments will range between 588 sq ft and 1,414 sq ft and the base price will be `3,899 per sq ft. The company is expected to invest `125 crore in the project and the 1st phase is expected to be completed by Jun-2018.
Casa Grande	'Monte Carlo'	Mount Road	Spread over 1.43 acre, the project will consist of 100 apartments in 2, 3 and 4 BHK formats. The area of the apartments will range between 1,299 sq ft and 3,345 sq ft and the base price will be `10,250 per sq ft. The project is expected to be completed by September 2018.
Olympia Group	'Olympia Teknos'	Guindy	Spread over 10 floors, the total built-up area of the project will be 1.11 lakh sq ft. The project is expected to be completed by September 2017.
Olympia Group	'Olympia National'	Guindy	Spread over 10 floors, the total built-up area of the project will be 70,500 sq ft. The project is expected to be completed by December 2017.



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