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MARKET WATCH

July 2016


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Key Residential Trends - Chennai

Sentiments, New Launches and Enquiries

- Flow of enquiries and rate of conversion in Chennai remained far from encouraging. Being an end-user driven market, speculations have remained at bay for long and particularly after the torrential flood last year, the market has not seen a complete revival.
- Price escalation has also kept buyers at bay. Residential stretches of ECR and GST continued to be preferred for mid-segment properties. Buyers seemed more inclined towards branded developers as compare to non-branded ones.
- Budget preference for a 2-BHK unit ranged from Rs. 30-50 lakh while Rs. 40-60 lakh per unit was the desired range for a 3-BHK apartment.
- Similar to the previous month, there were not many significant new launches during July. Slow market coupled with severe financial shortage kept builders away from launching new projects. Luxury apartment project by Sobha group at Thoraipakkam-Pallavaram road-Sobha Winchester-was one of the noteworthy new launches that happened in July.

Sales Volumes, Inventory and Price Trends

- Cash strapped developers continued to struggle with timely project deliveries. At present, the average construction delay for projects in Chennai is as high as 1 year. As a result, rate of transaction for under-construction projects continued to remain poor.
- Micro-markets such as GST (Grand Southern Trunk Road), OMR (Old Mahabalipuram Road) and Urapakkam witnessed the highest activity with respect to sales volume. The 2-BHK category priced within Rs. 35-55 lakh saw the highest demand.
- Prices in Chennai continue to remain stable. In wake of financial stress and inventory overhang, developers are giving discreet discounts, in the range of 10-15per cent.

Expected Likely trends during August 2016

- Price sensitive buyers are expected to hold their buying decision with the hope of significant change in policy by the newly formed government.
- However, it seems unlikely that developers will slash the rates of their projects. Hence, the capital values of residential property in Chennai will continue to remain stagnant.
- At present, the monorail corridor and the outstanding sections of the Chennai Metro are the two major infra-projects that are expected to have a positive impact on the market.

Key New Launches

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



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