

MW MARKET WATCH

Q4 2016 - 17



Key Residential Trends - Chennai

Sentiments, New launches and Enquiries

- Chennai witnessed a positive trend in enquiry in-flow as compared to the previous quarter. Majority of enquires were made by genuine buyers who were planning to purchase home since the past 5 to 6 months.
- The market which was constrained because of widespread price fall speculations as well as political instability has finally started to show signs of recovery owing to positive buyer sentiments.
- Affordable housing priced between Rs 30 to 50 lakh saw highest demand. This was followed by mid ranged 2 BHK units priced in the range of Rs 50 lakh to 1 crore. Apart from mid-segment housing the quarter also witnessed noteworthy demand for ultra-luxurious properties priced between Rs 5 to 10 crore.
- Projects located in IT driven micro markets such as Mogappair, Adayar, Koyambedu etc. saw higher demand. Resale properties located in central micro markets such as Vadapalani also witnessed a healthy response.
- However, owing to cautious stand post demonetization, many of the developers have kept their new launches on hold.

Sales Volumes, Inventory and Price Trends

- Buyers in Chennai have started to accept the fact that prices are not going to fall any further. As a result the city registered healthy sales.
- Absorption can be mostly attributed to the salaried end users. Investor activity on the other hand remained stagnant.
- Strong movement was registered by 2 BHK properties priced around Rs 40-50 lakh and 3 BHKs priced over Rs 60 lakh.
- Overall, the prices continued to remain stable. However, some peripheral micro markets witnessed marginal price decrease, in the range of 5 to 6 per cent.
- Determined to clear out their inventory, developers in Chennai were seen offering attractive discounts in the range of 10 to 15 per cent during final stages of negotiation.

Expected likely trends during Q1 2017-18

- The positive trend is expected to continue in the next quarter as well. Supply will see a surge as several developers are expected to launch new projects during the upcoming quarter. Brigade Xanadu at Nolambur and Prestige Courtyards are some of the anticipated new launches.
- Sales are expected to grow stronger in the next quarter as more and more end users who were waiting to buy home will come forward. New launches will further boost enquires in the market.
- On infrastructure front, pending lines under Phase 1 of Chennai Metro Rail are expected to get completed by Mid-2018. On the other the DPR for Phase 2 metro which includes three lines- Siruseri to Madhavaram, Koyambedu to Light House and Perumbakkam to Madhavaram has been submitted and is awaiting approvals.



- The effect Real Estate (Regulation and Development) Act is not expected to affect the market in the short term because of low awareness levels among the buyers.

Key new launches during the quarter:

Developer	Project	Location	Additional Details
Arun Excello Group	Arun Excello Ziva Villas	Mahabalipuram, Chennai	Total of 23 villas will be developed at this project. 2 BHK units are sized between 1,200 – 1,500 sq ft.
India Group	India Sushanthi	Anna Nagar, Chennai	2 BHK apartments are sized at 1,010 sq ft. Starting price of apartment at this project is 54.1lkhs.
India Group	India Devi Nivas	Anna Nagar, Chennai	3 BHK apartments are sized at 1,465 sq ft starting price of apartment at this project is Rs 2.27crore.
India Group	India Kokiladwani	Thiruvanmiyur, Chennai	4 BHK apartments are sized at 2,235 sq ft starting price of apartment at this project is Rs 3.46 crore.
Redbrick Group	Redbrick Rathnam	Adyar, Chennai	3 BHK apartments are sized at 1,416 sq ft starting price of apartment at this project is 2.48 crore.

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