

NAI HEMDEV'S INTERNATIONAL REALTY SERVICES MID YEAR REPORT 2009

NAI Hemdev's International
Realty Services
Commercial Real Estate Services, Worldwide.

CORPORATE SERVICES | RETAIL | RESIDENTIAL | LAND | INVESTMENT | HOSPITALITY

DEAR CLIENTS

NAI Hemdev's International Realty Services is pleased to present the 2009 Mid Year Market Report for Chennai.

Post elections, market sentiment is showing signs of improvement with stock markets performing well and a better liquidity situation. This positive sentiment has extended to the real estate markets with improved sales being seen by developers and an uptick in enquiry levels across most segments.

Exciting Proposals such as the High Speed Transportation Corridor along the banks of the city's waterways & a financial city near Chennai promise to help Chennai retain its position as a favoured destination amongst investors and corporates alike.

Going by recent transactions, real estate is showing the first signs of stabilizing after witnessing a downward trend since mid 2008. The stillness in the markets from the last quarter of 2008 seems to be finally lifting with the response seen from the recent launches in the affordable housing segment and recent Commercial transactions.

Jayant Hemdev

Business Director

MID YEAR REPORT 2009

CHENNAI MARKET

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CHENNAI OFFICE MARKET

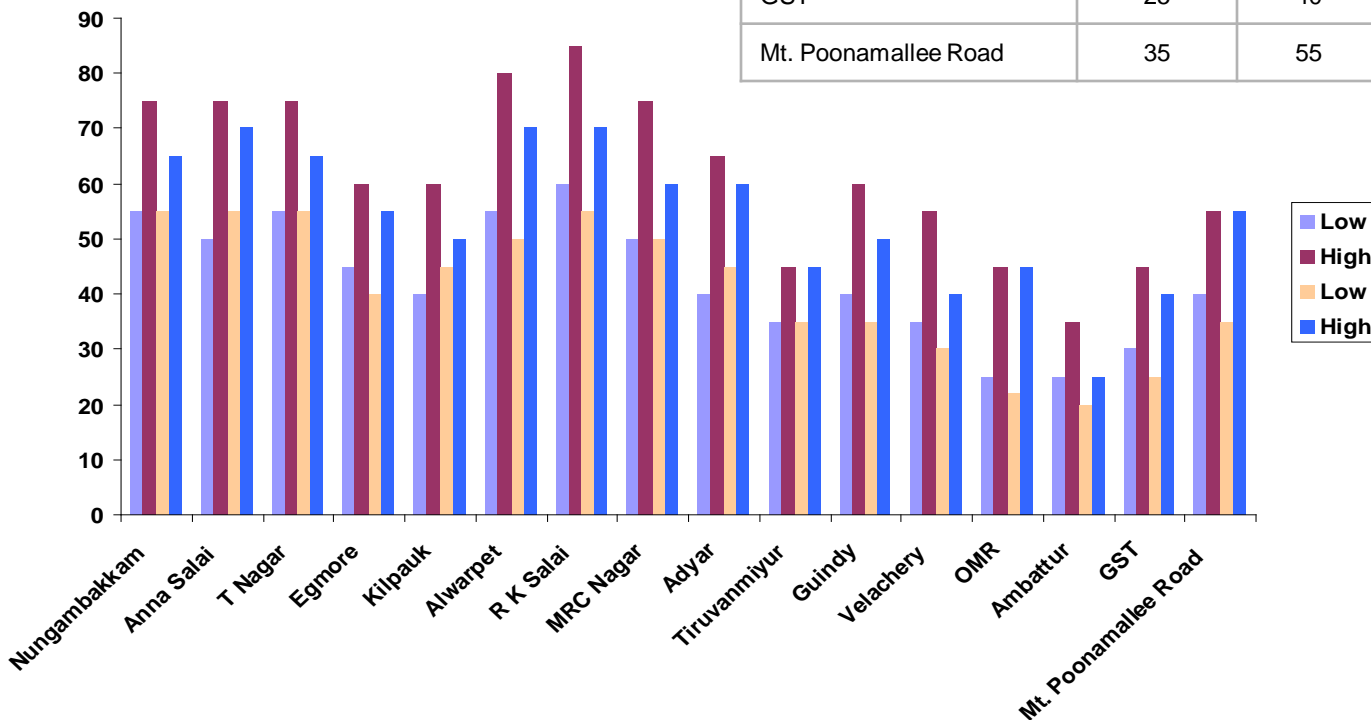
Commercial real estate transactions, considered a key indicator of economic activity, are showing the first signs of stability with over 1.5 million sq.ft. of space having been absorbed in Chennai during the 1st half of 2009. Notable among them being Royal Bank of Scotland taking up space @ India Land IT Park in Ambattur,

Sutherland taking up space in Velachery and SRM university in Vadapalani. Suburban markets of Manapakkam, Perungudi, Ambattur, OMR & Taramani continue to be most favoured by companies due to various factors.

Re-negotiations of pre committed space, slow down of expansion plans, migration to more cost effective locations adding to the clear over-supply in select pockets have driven lease rentals downwards. The second quarter of 2009 has seen a pick up of enquiries for space from the IT/ITES, Hospitality, Healthcare & Educational sectors.

OFFICE LEASE RATES

Areas	Low	High
Nungambakkam	55	65
Anna Salai	55	70
T Nagar	55	65
Egmore	40	55
Kilpauk	45	50
Alwarpet	50	70
R K Salai	55	70
MRC Nagar	50	60
Adyar	45	60
Tiruvanmiyur	35	45
Guindy	35	50
Velachery	30	40
OMR	22	45
Ambattur	20	25
GST	25	40
Mt. Poonamallee Road	35	55



PRIME PROJECTS

BUILDING	LOCATION	AREA (in sq. ft.)
Prince Infocity 2	Kandhanchavadi, OMR	780,000
SP Info City	Perungudi, OMR	970,000
Ambit IT Park	Ambattur	1,200,000
ASV Chandaliya	Thoraipakkam, OMR	500,000
TVH Agnitio	Kandhanchavadi, OMR	900,000
Signature Tower	Guduvanchery, GST	350,000



Triton Square - Guindy Industrial Estate



Prince Infocity II - Kandhanchavadi, OMR



Signature Tower - Guduvanchery, GST Road



SP Infocity - Kandhanchavadi, OMR



Matrix Towers - Perungudi, OMR

CHENNAI RESIDENTIAL MARKET

A certain stability is entering the residential segment with buyers and sellers transacting at realistic levels. Activity has increased in the new launches segment with developers seeing demand strengthening and bookings taking place.

Residential land transactions have seen more activity in the 2nd quarter in central areas of the city for fair price valued properties by both developers and end users.

Developers have started looking at new projects if valuations are attractive enough which is an encouraging sign for the Chennai real estate industry. Affordable housing has been the buzzword in 2009 with large developers jumping on the bandwagon with offerings in this segment.

Encouraging buyer response has been received in the new launches of affordable housing and projects which have offered a price cut on OMR which has many top of the line and exciting projects coming up.

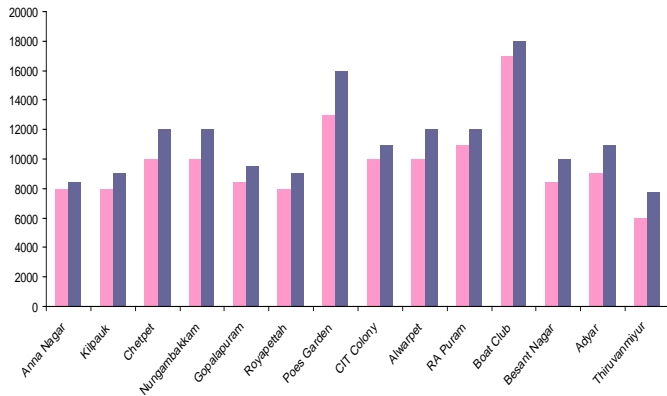
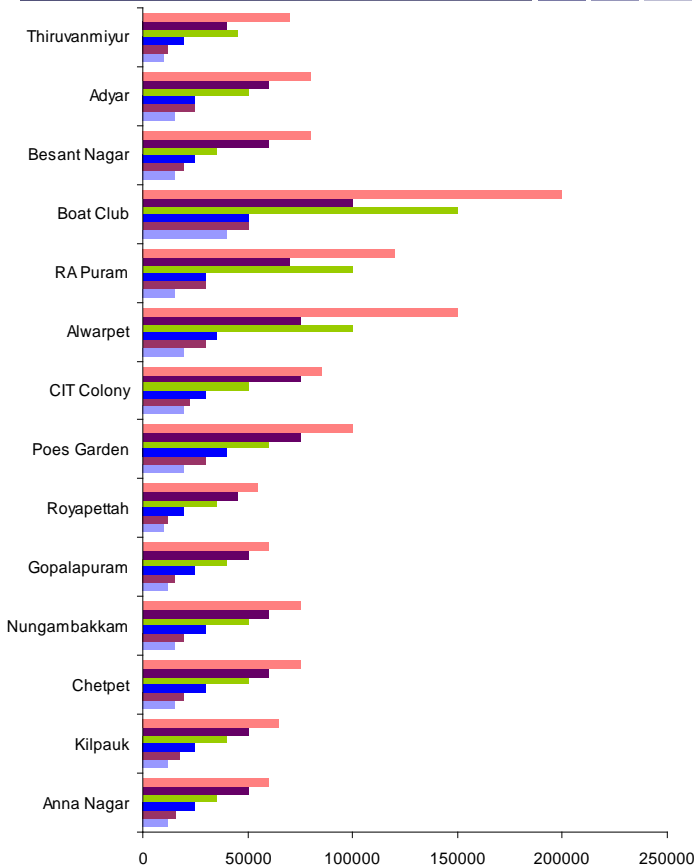
With sale & lease rates correcting, the second hand apartment segment has been seeing increased activity given the affordability and location preferences. Demand in the Indian residential market is expected to improve in 2010 due to improvement in affordability, steady economic growth and greater liquidity.

On the leasing front, Rentals of properties have dropped in all premium locations over the past year given the decision of a number of companies to reduce the volume of higher level executives/officials as a part of their cost containment programme, slowdown in demand and affordability.

AVERAGE RENTAL RATES (In Rs./Sq.ft.)

Areas	2BHK		3BHK		4BHK	
Anna Nagar	12000	16000	25000	35000	50000	60000
Kilpauk	12000	18000	25000	40000	50000	65000
Chetpet	15000	20000	30000	50000	60000	75000
Nungambakkam	15000	20000	30000	50000	60000	75000
Gopalapuram	12000	15000	25000	40000	50000	60000
Royapettah	10000	12000	20000	35000	45000	55000
Poes Garden	20000	30000	40000	60000	75000	100000
CIT Colony	20000	22000	30000	50000	75000	85000
Alwarpet	20000	30000	35000	100000	75000	150000
RA Puram	15000	30000	30000	100000	70000	120000
Boat Club	40000	50000	50000	150000	100000	200000
Besant Nagar	15000	20000	25000	35000	60000	80000
Adyar	15000	25000	25000	50000	60000	80000
Thiruvanmiyur	10000	12000	20000	45000	40000	70000

RESIDENTIAL LEASE RATES



RESIDENTIAL PROJECTS IN CHENNAI



Sunnyside - Ayanavaram



Lakewood Enclave - Thalambur

RESIDENTIAL CAPITAL RATES

Areas	Low	High
Anna Nagar	8000	8500
Kilpauk	8000	9000
Chetpet	10000	12000
Nungambakkam	10000	12000
Gopalapuram	8500	9500
Royapettah	8000	9000
Poes Garden	13000	16000
CIT Colony	10000	11000
Alwarpet	10000	12000
RA Puram	11000	12000
Boat Club	17000	18000
Besant Nagar	8500	10000
Adyar	9000	11000
Thiruvanmiyur	6000	7750

SIGNIFICANT PROJECTS UNDER CONSTRUCTION

BUILDING	LOCATION	AREA (in sq. ft.)
Sunnyside	Ayanavaram	1599
Lakewood Enclave	Thalambur	2450
Arihant Heirloom	Thalambur	1600

CHENNAI RETAIL MARKET

Most retail micro markets saw a correction in rental values in line with the downward rental trends witnessed pan India.

The downturn is having an impact with pan India players closing unviable stores but at the same time rolling out new ones with better business models and revenue drivers. Non food retail especially consumer durables and apparel have witnessed a slowdown since the last quarter of 2008.

There has been a slight upward trend in the number of enquiries for retail space since the second quarter with retailers taking into account the corrections witnessed in rentals and landlords being more open to reasonable prices.

Construction activity of Ampa Mall & Coromandel plaza continue at a steady pace and the former is expected to commence operations in the 3rd quarter of this year and the latter in the 1st quarter of 2010.

MALLS IN CHENNAI



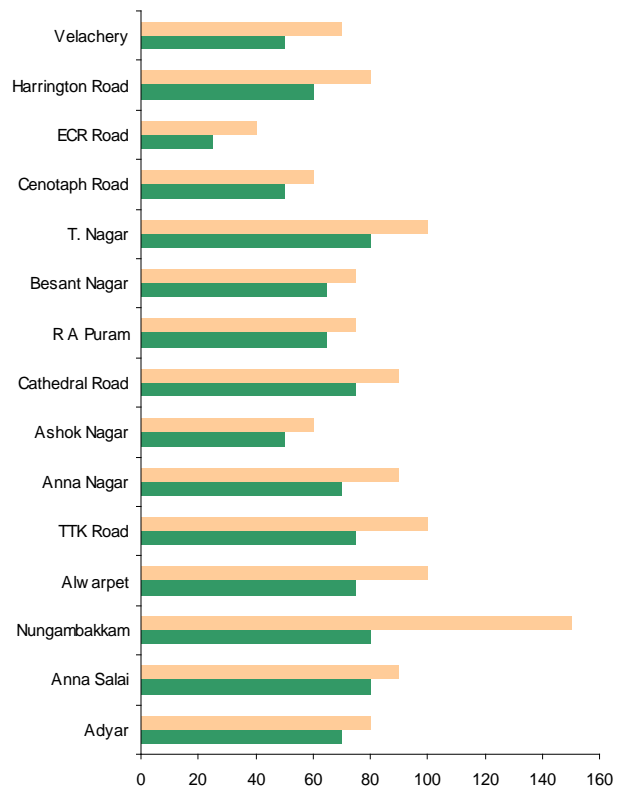
The Ampa Mall
Aminjikarai

Coromandel Plaza
OMR



RETAIL LEASE RATES

Area	Rental Rates (Rs./Sft.)	
Adyar	70	80
Anna Salai	80	90
Nungambakkam	80	150
Alwarpet	75	100
TTK Road	75	100
Anna Nagar	70	90
Ashok Nagar	50	60
Cathedral Road	75	90
R A Puram	65	75
Besant Nagar	65	75
T. Nagar	80	100
Cenotaph Road	50	60
ECR Road	25	40
Harrington Road	60	80
Velachery	50	70



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