



# NAI HEMDEV'S MID YEAR REVIEW 2010

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

OFFICE | INDUSTRIAL | RETAIL | RESIDENTIAL | LAND | INVESTMENT | HOSPITALITY

DEAR CLIENTS,

Welcome to our 2010 Mid-Year Chennai Market overview. We are pleased to share our market knowledge with you in every sector of real estate.

There has been a definite sign of improvement in the Residential Sector, followed by encouraging signs in industrial & manufacturing. The office and retail sectors are showing signs of improvement with more enquiries in the office sector and firming up rentals in the retail sector.

The real estate sector's recovery is closely associated with the economic recovery which is showing positive indications given the buoyancy in the stock markets and prevailing positive sentiment . The residential, office and industrial sectors are likely to see growth in the coming months.

Jayant Hemdev  
*Business Director*

**MID YEAR REVIEW  
IN THE CHENNAI REAL ESTATE MARKET**

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## REALTY NEWS

-  The Indian real estate sector is moving towards recovery with the return of end-users as well as institutional investors in the market. Developers are also more focused on the need of the consumers and few of them have announced new projects, particularly in the affordable housing segment.
-  Some of the Key highlights for the real estate industry in the Union Budget 2010 -2011 were the government's emphasis on infrastructure, new income tax regime, reaffirming SEZs, increase in urban development allocation, extension of interest subvention on housing loans, additional mega food park projects and investment linked tax incentive scheme to hotel industry.
-  The Tamil Nadu government is looking at setting up an industrial park for Japanese small and medium enterprises near the city in a bid to attract more investments to the state.
-  Japan based Nippon Paints is investing for its various expansion projects in India. It started operations in south India in 2006 and recently commissioned its first plant for decorative paints at Sriperumbudur, near Chennai.
-  Mahindra & Mahindra is to set up an automobile project at Cheyyar near Chennai.
-  Michelin Group is looking at setting up a radial tyre manufacturing unit at Thervoy Kandigai in Tiruvallur district. The manufacturing facility will focus on a range of Radial Truck/Bus tyres.
-  JK tyre is setting up a new production facility in Tamil Nadu. The facility is to come up at Sriperumbudur, near Chennai, where 100 acres will be allocated to JK tyre.
-  Consumer electronics group Videocon is gearing to set up a home appliances plant in Manamadurai town, near Madurai, Tamil Nadu.
-  HCL Technologies and Boeing have inaugurated a centre of excellence in HCL's Chennai facility to provide engineering applications design, development and support for applications used by Boeing on various products.
-  South Asia's first medical technology park was commissioned at Irungattukottai, near Chennai. The Triviron Medical Technology Park is designed to house international medical technology manufacturers.
-  Ashley Alteams India, a joint venture between Ashok Leyland and Alteams, Finland, has commissioned its plant at Cheyyar near Kanchipuram to produce high precession aluminium high pressure die cast components for the automotive and telecom sectors.
-  Borgwarner Inc, a US-based auto component and systems manufacturing company with presence in 18 countries, has established its Indian manufacturing facility at Sipcot Industrial Park at Sriperumbudur.

## CHENNAI OFFICE MARKET

There is cautious optimism that is coming amongst landlords and developers in Chennai as enquires have picked up and over 1.7 million sq.ft. has been absorbed in the first half of the year. Notable transactions amongst them being Nokia Siemens Network, Franklin Templeton, TCS Eserve, First Source, Slash Support, Reliance Communications and CTS. Development Centers, design & research and the Banking sectors being the main drivers for space.

In a sign of improving sentiment, take up of space has increased and rental values seem to have bottomed out .

The demand for return on investment properties i.e., purchase of office / commercial premises with tenants for assured rental returns continues to be strong in Chennai given the ROI coupled with property appreciation.

Demand from the Hospitality, education and health care sectors continues to grow given the opportunities being created by a growing economy.

With rental values correcting, a plateau of opportunity is represented for occupiers. Companies are renewing their search for properties given the availability and reasonable pricing existing currently. Companies and end users are also considering the possibility of outright ownership of commercial property given the correction in price and asset creation.

The overall outlook is positive with a continuing improvement in the economy indications are that demand for office space will increase but the existing vacancy rates will keep prices in check

## CHENNAI INDUSTRIAL MARKET

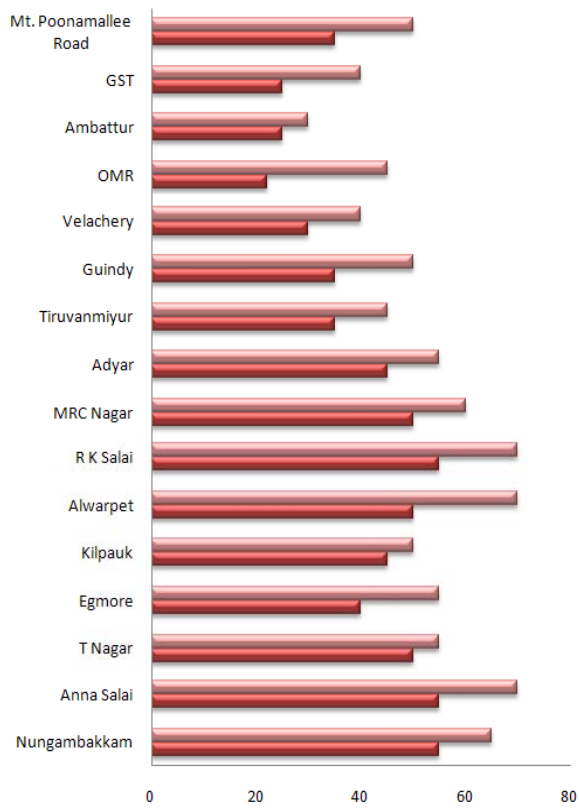
Industrial and Manufacturing activity has increased in and around Chennai given the demand from existing and new industries setting up base here. The Oragadam-Sriperumbudur cluster, 45 km from Chennai, is set to become a very large industrial hub. Investment in this cluster has been led by the automobile and allied industries, electronics and telecom, and fast-moving consumer goods.

Of the top 20 global auto makers, the belt houses five - Renault, Nissan, Daimler, Mitsubishi and Hyundai. Some of the majors in Sriperumbudur include Hyundai, Caterpillar, Saint Gobain, Nokia, Motorola, Sony Ericsson, Samsung, Foxconn and Flextronics.

Logistic Park developers like Realterm and Shri Kailash logistics are setting up logistic parks to cater to the demand. New demand is also expected from retail logistics for their backend operations, telecom and manufacturing companies looking at setting up base in Tamil Nadu.

Shri Kailash Logistics (SKL) launched Logicity, a logistics park, at Oragadam near Chennai, partnering with Singapore's BPS Global. Hirco & Inno Geocity are couple of large Developments coming up to cater to the residential demand in and around these areas.

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



PRIME PROJECTS



**ETA Mount Central**  
Anna Salai



**Prestige Palladium**  
Greens Road



**Ramanujan IT City**  
Taramani



**WSS Towers**  
Off Anna Salai

## CHENNAI RESIDENTIAL MARKET

The outlook on residential is positive given the demand being steady and genuine buyers coming back to the market.

The first half of 2010 saw an increase in project launches. Major launches were in and around the OMR / GST & Mogappair areas. The recovering economy, strengthening job market, buoyancy in employment and sentiments and affordable interest rates have led to increased enquires and transactions across Chennai.

However sale of residential land parcels in the city are slow given the rise in quoted prices making land purchase for development unviable.

Demand for premium residential housing is slowly coming back given the increasing demand and confidence creeping in among buyers.

There will also be a continued focus on affordable housing this year with launches by major developers expected.

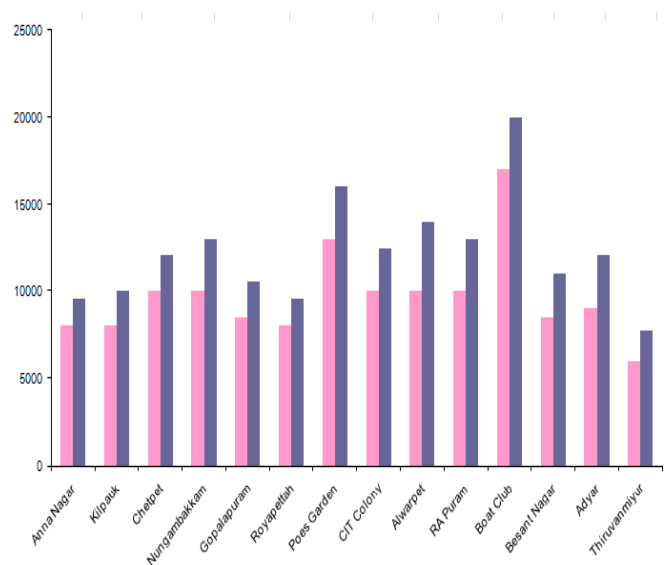
Parameters such as rental returns, capital appreciation, second homes, physical and social infrastructure have also become factors which influence decisions for buying a home.

There is a high demand for Second sale apartments in the city as not many new projects are near completion stage. New projects to look forward to are coming from developers like DLF, TVH, Vijay Shanthi, Chaitanya, ETA & Tulive developers.

Rental values have started to strengthen as enquires have increased and landlords are aspiring for higher values.

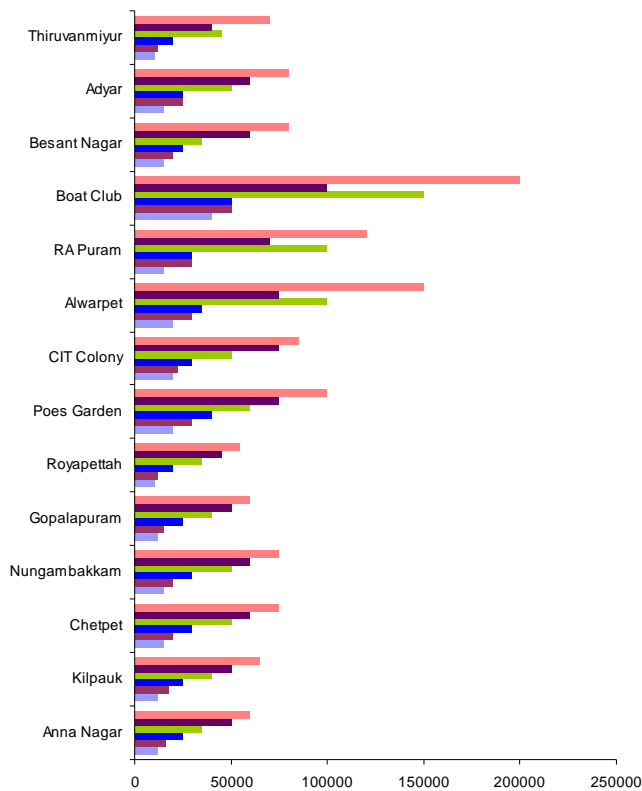
### RESIDENTIAL CAPITAL RATES

Areas	Low	High
Anna Nagar	8000	9500
Kilpauk	8000	10000
Chetpet	10000	12000
Nungambakkam	10000	13000
Gopalapuram	8500	10500
Royapettah	8000	9500
Poes Garden	13000	16000
CIT Colony	10000	12500
Alwarpet	10000	14000
RA Puram	10000	13000
Boat Club	17000	20000
Basant Nagar	8500	11000
Adyar	9000	12000
Thiruvanmiyur	6000	7750



RESIDENTIAL LEASE RATES

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



SIGNIFICANT PROJECTS UNDER CONSTRUCTION



**KG Signature City**  
Mogappair West



**Arihant Panache**  
Arumbakkam, Nr Anna Nagar



**Metrozone**  
Annanagar



**Kgeyes Delmare**  
Thiruvanmiyur



**The Summit**  
Shastri Nagar, Adyar



**Golden King's Court**  
Anna Nagar

## CHENNAI RETAIL MARKET

After a lull in the market signs of a recovery is being witnessed in Chennai's retail sector specifically in the high streets where increasing enquires and conversions are leading to strengthening of retail rentals .

Preferred high streets continue to be KNK Road in Nungambakkam, Cathedral road - RK Salai, Adyar main road, parts of Anna Nagar and Alwarpet.

The largest mall in Chennai - Express Avenue is operational and is expected to be a preferred destination to both retailers and shoppers alike given the size and proximity. Mall culture is catching on in Chennai given the response to Ampa Mall, Express Avenue and Chennai Citi Centre.

In under construction malls on the southern peripheral locations rentals remained stable as demand continues to be focused within city limits.

### RETAIL LEASE RATES

Area	Rental Rates (Rs./Sft.)	
Adyar	70	90
Anna Salai	70	100
Nungambakkam	80	140
Alwarpet	75	100
TTK Road	75	100
Anna Nagar	70	100
Ashok Nagar	50	70
Cathedral Road	75	125
R A Puram	65	90
Basant Nagar	60	80
T. Nagar	80	120
Cenotaph Road	80	100
ECR Road	25	40
Velachery	50	60

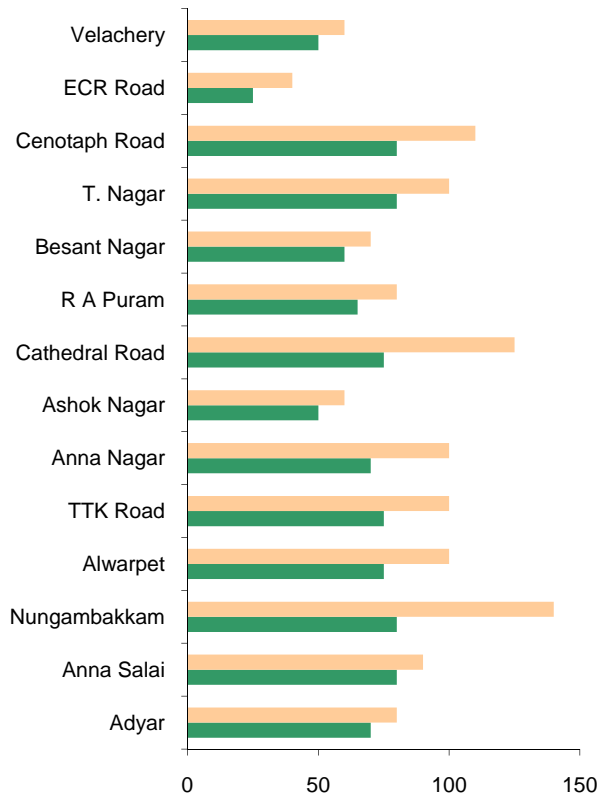
### MALLS IN CHENNAI



**Forum Vijaya Mall**  
Vadapalani



**Coromandel Mall**  
OMR



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