

Chennai Residential Real Estate Overview

February 2012

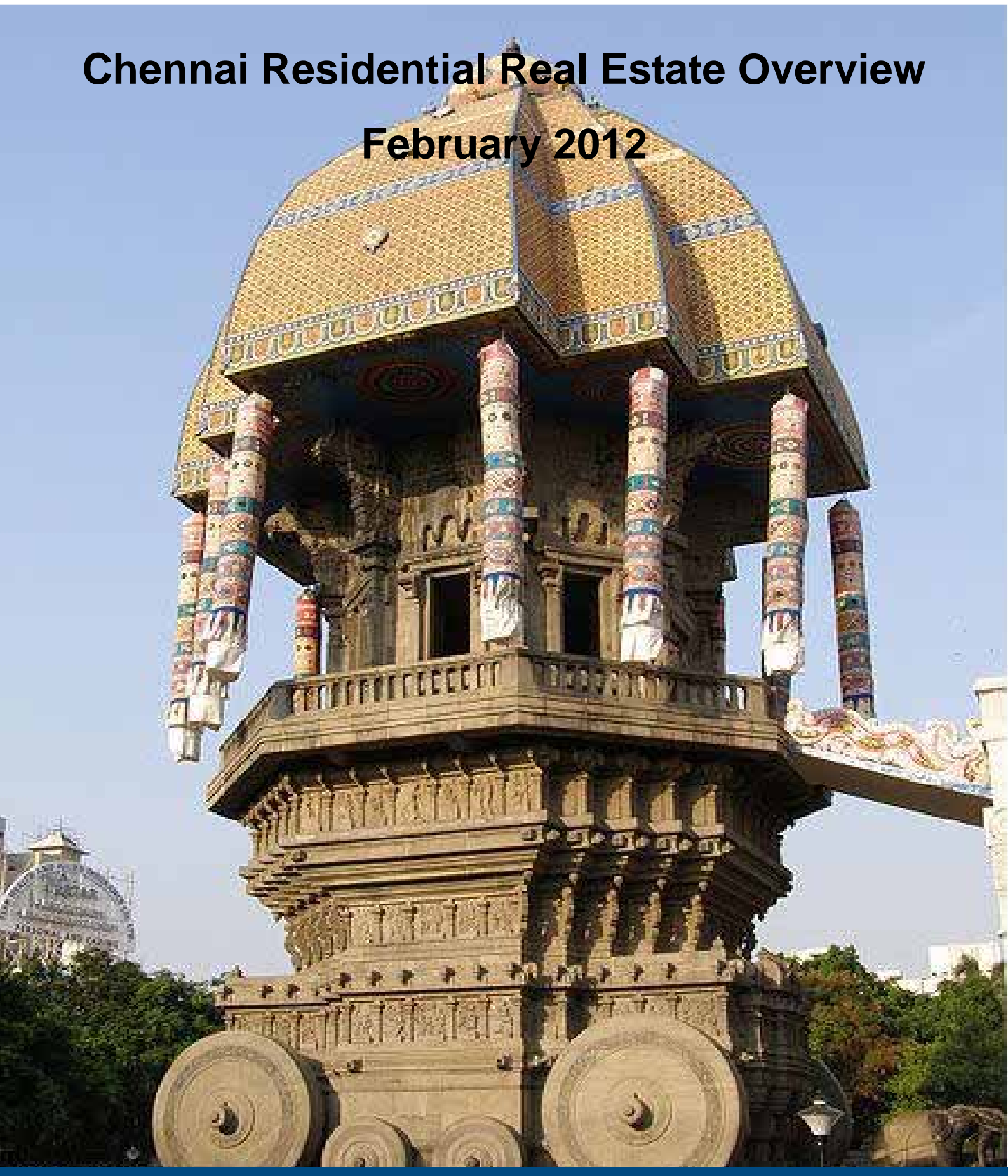


TABLE OF CONTENTS

1.	Executive Summary	3
2.	Chennai Fact File	4
3.	Infrastructure	6
3.	Chennai Real Estate	8
4.	Chennai City Map	9
5.	North Chennai	11
6.	South Chennai	13
7.	West Chennai	16
8.	Central Business District / Off Central Business District	18
10.	Location Attractiveness Index	20
11.	Disclaimer	21

The Chennai Real Estate Overview takes a look at the key micromarkets and the growth stimulators from a residential perspective. The report highlights the key findings of a week long survey of the residential markets.

- The current global economic scenario and the prevailing interest rates have impacted the real estate market in the short term. Chennai, which is primarily an end-user market, is expected to witness stagnation in capital values over a 12-month horizon.
- The Chennai realty market is driven by a healthy mix of IT/ITES, manufacturing and logistics. The investor participation is long-term in nature, thereby mitigating a speculative market scenario.
- North Chennai is dotted with locomotive workshops and port related industries. The self-employed and the public sector employees drive business in the region. These micromarkets are marked by the presence of smaller projects, which cater to the surrounding catchments. These projects are expected to sustain absorption levels.
- The southern part of the city, along Old Mahabalipuram Road (OMR) and Grand Southern Trunk Road (GST), is driven by the IT/ITES segment. The micromarkets closer to the city will continue to show homebuyer interest. However the peripheral regions in these micromarkets are witnessing a moderation in sales, which can be attributed to the deferment of expansion plans by major corporates. We estimate an inventory of 12-18 months present in this market.
- The micromarkets of Oragadam and Sriperumbudur are witnessing key infrastructural developments, which would help improve connectivity to the city and aid in the development of these micromarkets as self-sustaining hubs. In the current scenario, the products in the mid and premium segment are expected to witness a moderation in pricing of 5%-10% over a 12-month horizon. Products within the price bracket of INR 25 lac per unit would sustain sales volumes.
- The suburban markets along West of Porur, Poonamallee High Road and the southern micromarkets of Pallavaram, Chrompet and Tambaram are witnessing infusion of fresh supply. The surrounding catchments, proximity to the Central Business District (CBD) and industrial corridors are expected to help these micromarkets witness a moderate appreciation of 5%-10% over a 12-month horizon.
- The Central Business District and surrounding catchments will continue to show buyer interest. The markets command a premium due to lack of quality supply and an inherent demand for plots and independent bungalows in the region.
- The commercial markets have remained fairly subdued along the peripheral areas of Chennai, with an estimated vacancy level of 20%-25% in the micromarkets of OMR and GST. Commercial spaces in SEZs continue to attract clients. There remains an inherent demand for smaller office spaces in the CBD and Off Central Business District regions.
- In the retail markets, the operating malls are performing well. Maximum leasing activity was witnessed along high streets, due to lack of quality supply. In the coming months, fresh supply of mall space is expected to become operational in Chennai.

Overview:

Chennai, (formerly Madras) located on the northeastern tip of the southern Indian state of Tamil Nadu, is India's fourth largest city and the capital of Tamil Nadu. It is often referred to as the 'Gateway to the South'. The city is located on the Coromandel Coast, with the Bay of Bengal along its shoreline, was formerly a cluster of villages which grew around the British settlement of Fort Saint George. In its short history dating back to 350 years, it has absorbed surrounding towns and villages, such as Mylapore and Egmore.

History:

Chennai was once limited to the ancient province of Tondaimandalam, which had its capital and military headquarters at Pozhal, a small village in the north-west outskirts of Chennai. The apostle St Thomas is said to have preached here between 52 AD to 70 AD. The region has changed hands several times over the years, ruled by various South Indian empires of the Cholas, the Pandyas, the Pallavas and the Vijaynagar empire.

The Portuguese and the Dutch arrived in Chennai during the 16th century. The Portuguese established a port, Sao Tome or Sao Thome in 1522 and built churches. However, the modern city started taking shape when the British East India Company chose the fishing hamlet of Madraspatnam as a site for settlement during 1639.

The 18th century witnessed the French and the British compete for gaining control of the city. The French occupied the Fort and Madras from 1746 to 1749, but the British soon regained control, with the help of Robert Clive (Clive of India) in the Carnatic wars. The most important war of the French, which took place in the late 1750s, forced the French to withdraw to Pondicherry. Madras thereafter became an important naval base for the British and the administrative center of the growing British Empire in South India. In the 19th century, the city became the capital of the Madras Presidency, one of the four provinces of the British Imperial India.

Post Independence, the Madras presidency was reconstituted as the Madras State and was further disbanded into the states of Andhra Pradesh, Kerala and Madras. Madras continued to be the capital of Madras state, which was officially renamed Tamil Nadu in 1968. Madras was later renamed Chennai in 1996.

City Climate:

Chennai city has a tropical climate and is hot and humid throughout the year.

Temperatures:

Winter- 18-32 degrees Celsius.

Summer- 21-40 degrees Celsius.

Census 2011 Key Highlights

Description	2011	2001
Actual Population	4,681,087	4,343,645
Male	2,357,633	2,219,539
Female	2,323,454	2,124,106
Population Growth	7.77%	13.07%
Area sq. Km	174	174
Density/sq. km	26,903	24,963
Sex Ratio (Per 1000)	986	957
Average Literacy	90.33%	85.33%
Male Literacy	93.47%	90.01%
Female Literacy	87.16%	80.44%

Source: Census 2011



Madras University

Oragadam Industrial Corridor

Tamil Nadu government has proposed the INR 300-crore Oragadam Industrial Corridor Road. The project, executed by the Tamil Nadu Road Infrastructure Development Corporation and funded through the State Highways Department, is expected to give a thrust to industrial activity in the Oragadam-Sriperumbudur clusters. It will also provide additional connectivity between Grand Southern Trunk Road (National Highway 45) and Grand Western Trunk Road (NH-4 or Bangalore Highway).

Under the project, two roads will be upgraded - State Highway 48 between Vandalur and Wallajahbad and State Highway 57 between Singaperumal Koil and Sriperumbudur. The project has been split into four segments - S.P. Koil to Oragadam; Oragadam to Sriperumbudur; Vandalur to Oragadam and from there to Wallajahbad.

In addition, a grade separator is proposed at Oragadam, at the intersection of roads leading to the other four places. A sum of INR182-crore has been earmarked for the 24.6 km road between Singaperumal Koil and Sriperumbudur and 81.74 hectares of land in 28 villages will be acquired for expansion on this stretch.

In the first phase, the entire stretch will be converted into a four-lane highway and later, the segment between Oragadam and Sriperumbudur alone would be converted into a six-lane segment. This is required currently considering the increase in traffic density on this stretch in the past few years.

Outer Ring Road (ORR):

Chennai Metropolitan Development Authority (CMDA) is planning the development of the Outer Ring Road (ORR) along the periphery of Chennai Metropolitan Area (CMA) with the objective of relieving the congestion within the city.

ORR connects NH-45 at Vandalur, NH-4 at Nazarethpet, NH-205 at Nemilichery, NH-5 at Nallur and TPP road at Minjur, running across a length of 62.0 km. The alignment comprises of a road and rail corridor within a width of 72 metres. The estimated project cost is about INR 1,081.40 crore.

Land acquisition has been taken up in two phases. The first phase of land acquisition from NH-45 to NH-205 for a length of 29.2 km, covering 29 villages has been completed and possession taken by CMDA. The second phase of acquisition from NH-205 to TPP Road covering 27 villages is under progress.



Source: www.roadtraffic-technology.com

Chennai Metro Rail:

The Chennai Metro Rail visions the creation of two initial corridors in Phase-I of the project.

The details of the two corridors are given below:

Corridor	Length
Washermenpet to Airport	23.1 km.
Chennai Central to St.Thomas Mount	22.0 km.
Total	45.1 km.

Corridor-1:

Washermenpet-Broadway (Prakasam Road)-Chennai Central Station-Rippon Building-along Cooum River-Government Estate-Tarapore Towers-Spencers-Gemini-Anna Salai-Saidapet-Guindy-Chennai Airport.

Corridor-2:

Chennai Central-along EVR Periyar Salai-Vepery-Kilpauk Medical College-Aminjikarai-Shenoy Nagar-Annanagar East-Anna Nagar 2nd avenue-Tirumangalam-Koyambedu-CMBT-along Inner Ring Road-Vadapalani-Ashok Nagar-SIDCO-Alandur-St. Thomas Mount.

The portions of Corridor-1 with a length of 14.3 km from Washermanpet to Saidapet and Corridor-2 with a length of 9.7 km from Chennai Central to Anna Nagar 2nd Avenue will be underground and the balance will be elevated.

Elevated four lane link road from Chennai Port to Maduravoyal

The Chennai Port-Maduravoyal Expressway is a proposed 19 km elevated expressway. The corridor begins at War Memorial Gate at Chennai Port and travels along the bank of the Cooum River till it reaches Koyambedu and along the median of NH-4 thereon till it reaches Maduravoyal. The project is aimed at improving connectivity between Chennai city and the port, to aid easy transit of shipments.

The estimated cost of the project is INR 1,655-crore. This corridor is implemented under Phase-VII of National Highways Development Project by NHAI and would operate on a Build-Operate-Transfer (BOT) basis. The project is likely to be completed in 2013.

Chennai-Ennore Port Road Connectivity Project

The Chennai-Ennore Port Road Connectivity is in progress. The project is structured as a Special Purpose Vehicle (SPV) comprising the National Highways Authority of India, Chennai Port Trust, Government of Tamil Nadu and Ennore Port Ltd. The INR 600-crore project is vital for the future development of Chennai Port, as it will upgrade the city roads, connecting the Port to the hinterland and thereby improve the efficiency of cargo evacuation. The project network covering 30.1 km envisages strengthening and widening the northern approach roads to the Chennai Port comprising of 5 segments (Ennore Expressway-6.0 km, Thiruvotriyur Ponneri Pancheti Road-9 Km, Manali Oil Refinery Road-5.4 km, Northern segment of Inner Ring Road-8.1 Km and ChPT Fishing Harbour Road-1.6 km). All the roads are proposed to be upgraded to four lanes to efficiently transfer growing volumes of cargo between Chennai and Ennore ports to the hinterland. The project is likely to be completed by 2013.

Short Term	10-12 months	Stagnation/Stability in capital value
Long Term	50-60 months	7-9% YoY appreciation in capital value with an upward bias on a conservative note

The real estate market in Chennai has been a 'conservative' and promising destination for investments relative to other real estate markets in South India.

In the short-term, we expect the real estate prices in the peripheral areas of Chennai to remain flat. These areas are witnessing a pile up of large format supply, following a slow down in sales during the last two quarters. An estimated dip in absorption of 5%-10% is visible in these peripheral micromarkets, when compared to the previous quarters. Apart from the slowdown in absorption, a series of fresh approvals is expected to flow into the market after a time gap of approximately six months. These twin factors are expected to create a pressure on the existing prices.

However, the residential market in the Central Business District (CBD) / Off Central Business District areas remain robust. The inherent demand coupled with limited upcoming supply is expected to help the market remain stable over a 12-month horizon.

The real estate scenario of the city in the long-term appears promising as Chennai emerges as a major automobile, manufacturing and IT/ITES hub.

Some of the key observations pertaining to this realty market are as follows:

Market based guideline rates to be revised

Guideline value is the minimum value for land that is fixed by the government, based on which the stamp duty and registration charges are calculated. The cost incurred while registering a property adds up to approximately 9% of the property value. The revised values of the guideline rates are expected to be announced shortly. These values were last revised in 2007.

Due to fears of an apparent increase in guideline value, the Chennai market has seen an increase in the number of property registrations during the last few months.

Chennai Real Estate in a Wait-and-Watch mode

Homebuyers are maintaining a cautious stance with regards to the Chennai real estate market amidst fears of a global economic slowdown. The city is emerging as an IT and manufacturing hub. The slowdown in industrial output and restricted hiring witnessed in these sectors has impacted the real estate scenario in the city.

With the RBI increasing the interest rates, continuously during CY 2011, taking the repo rates to 8.5%, the purchasing power of homebuyers as well as their loan eligibility has decreased, impacting market sentiment.

The end users and investors are both maintaining a 'wait and watch stance' amidst expectations of a dip in the interest rates and a correction in prices. In a recent move the RBI cut the Cash Reserve Ratio (CRR) by 50 basis points, from 6% to 5.5%. If rate cuts persist it may reflect in a downward movement of housing loan rates.

Is a correction expected in the Chennai real estate market?

We expect the prices of products in the affordable segment (< INR 3,000 psf) to remain relatively stable across micromarkets, on account of inherent end-user demand present in this segment. However these products are located along the peripheral areas of Chennai, catering to the surrounding IT/ Industrial catchments. These micromarkets have witnessed a dip in absorption levels during the last few quarters. If the trend persists for the next 3-4 months, there would be a pressure on the existing prices, as builders would make efforts to hold on to their rates.

The products in the mid and premium segment along the peripheral micromarkets of Chennai have witnessed a dip in absorption volumes during the last two quarters. We expect the products in this segment along the micromarkets of OMR, GST, Oragadam and Sriperumbudur to witness a moderation in pricing to the tune of 5%-10% over a 12-month horizon. There is currently an estimated inventory of 18-24 months present in this segment.

The projects located in the Central Business District and surrounding areas are expected to sustain absorption levels due to their location dynamics, inherent demand and limited upcoming supply in these micromarkets. The suburban markets along West of Porur, Poonamallee High Road and the southern micromarkets of Pallavaram, Chrompet and Tambaram are witnessing infusion of fresh supply. These micromarkets are expected to witness a moderate appreciation of 5%-10% over a 12-month horizon.

Different demand drivers for residential units for different regions of Chennai

The Small and Medium Enterprise industry workforce and government officials are largely driving the demand for residential units in North Chennai; Automobile and electronic manufacturing workforce is driving the demand for residential units around Oragadam, Sriperumbudur and Great Southern Trunk Road (GST Road); IT/ITES is predominantly driving the demand along the Old Mahabalipuram Road (OMR) and also the Great Southern Trunk Road (GST Road) to a certain extent.

Will the Chennai Metro lead to a boom in the real estate prices in Chennai?

The Chennai Metro primarily connects areas within city limits, which are already well connected by other modes of public transport. Therefore, any major push in real estate prices because of this infrastructure development, is unlikely. However, if the metro connectivity is extended to the industrial and IT hubs along the south and west of the city, it may help transform the real estate dynamics of Chennai, driving growth along the peripheral corridors.

Chennai is predominantly an end-user driven market

Chennai is an end user market with over 80% end users. The salaried class followed by the self-employed category is driving end-user demand in this market. Investor participation in the Chennai real estate market is predominantly long-term in nature. Builders also discourage short-term speculation in the market.

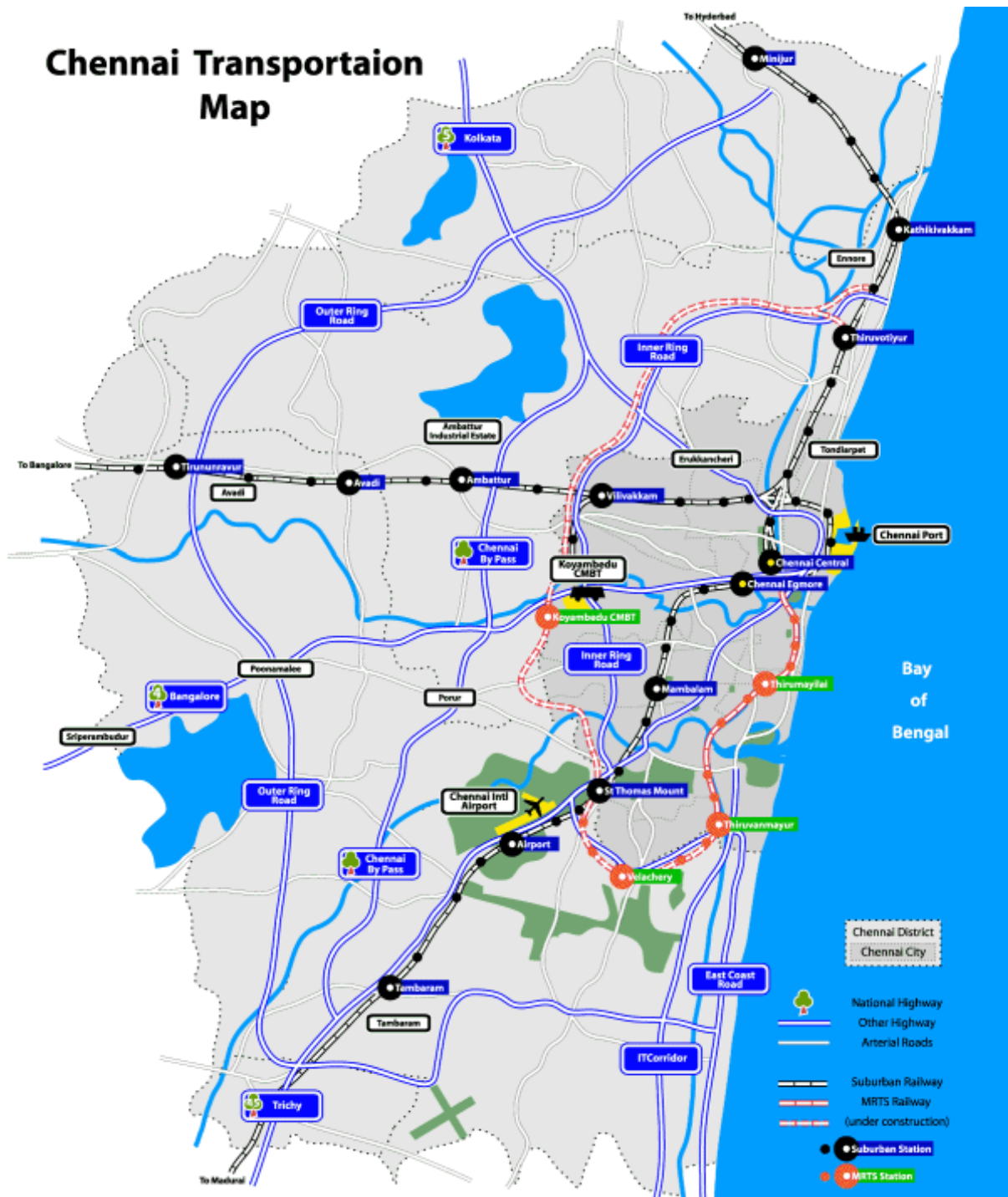
Poor social infrastructure witnessed along the peripheral regions of Chennai

Social infrastructure along the peripheral regions of Chennai is poor in terms of approach roads to projects, absence of storm water drains to prevent water-logging, dearth of adequate schools and lack of organised retail in the vicinity, relative to the total amount of upcoming residential supply in the area.

Thus, after analysing the macro-trends in Chennai Realty, we delve deeper and analyse the micro-trends.

We have classified the real estate space in Chennai into four distinct zones: **North Chennai**, **South Chennai**, **West Chennai** and **Central Business District / Off Central Business District**, on the basis of location and real estate activity.

Chennai Transportaion Map



Source: www.mapsof.net

Major Locations: Aminjikkarai, Villivakkam, Ayanavaram, Kolathur, Perambur, Vyasarpadi, Tondiarpet, Madhavaram, Manali, Tiruvottiyur.

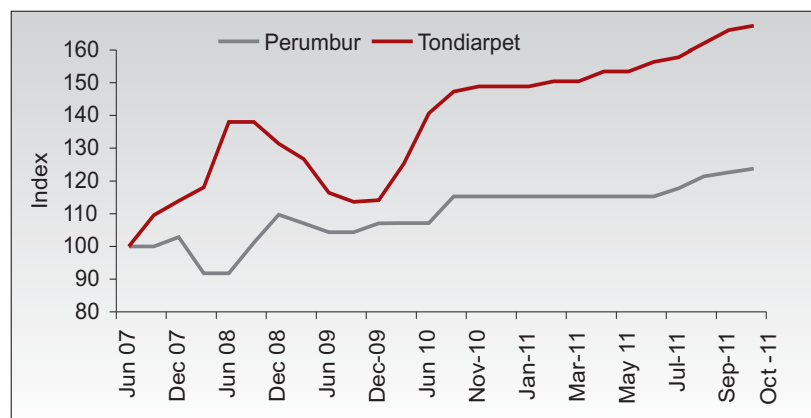
Key Highlights:

- The demand for real estate in North Chennai is predominantly driven by the business community and public sector employees residing in the region.
- Ayanavaram, a region dotted with locomotive workshops, has seen real estate prices firming up during the last 12 months. We expect the micromarket to remain stable in the coming quarters.
- Perambur is witnessing real estate activity, with a prominent builder foraying into the region. Properties are in the price band of INR 4,500 psf-INR 5,500 psf depending on the location, builder and specifications. We expect the prices to remain stable with a moderation in absorption levels over a 12-month horizon.
- The micromarkets of Vyasarpadi, Thondiarpet, Madhavaram, Manali, Tiruvottayur have smaller builder projects with basic amenities catering to the surrounding catchments. These markets would sustain their absorption levels in the months ahead.

Growth Stimulators:

- The development of port infrastructure at Ennore and improved road connectivity to North Chennai is expected to drive employment opportunities and provide the necessary push for growth of real estate in this belt.
- In the long run, the automobile industry and locomotive workshops dotting Perambur and the surrounding regions will help drive demand for residential real estate in North Chennai.

Price Trends in North Chennai*



*Assuming 100 as a base for June '07
Source: ICICI Mortgage Valuation Group

Residential Property Rates in Prime Residential Markets of North Chennai**

Location	Average Capital Values (INR/sq.ft)	Rentals for 2 BHK (INR/month)
Ayanavaram	6,500	8,000
Perambur	5,000	8,000
Villivakkam	6,000	8,000
Korathur	6,000	12,000
Madhavaram	3,500	7,000
Tondiarpet	5,000	8,000

***Indicative mid market segment
Source: ICICI Property Services Group*



Chennai Central Station

Major Locations:

Old Mahabalipuram Road (OMR): Perungudi, Thoraipakkam, Sholinganallur, Semmencherry, Siruseri, Navallur, Padur, Kelambakkam, Thiruporur.

Grand Southern Trunk Road (GST): Pallavaram, Chrompet, Tambaram, Perungalathur, Vandalur, Urupakkam, Guduvanchery, Singaperumal Koil.

Others: East Coast Road, Vandalur-Kelambakkam Road, Velachery-Tambaram Road, Perumbakkam, Madipakkam, Medavakkam, Pallikarnai.

Key Highlights:

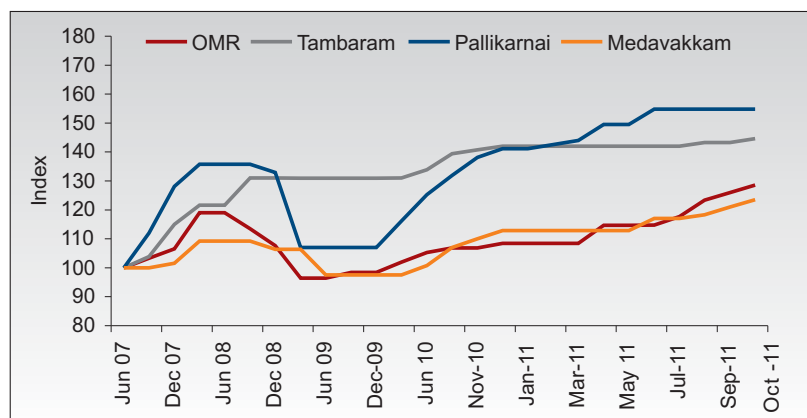
- The Old Mahabalipuram Road or Rajiv Gandhi Salai, spanning over 26 km, beginning at Madhya Kailash Temple junction on Sardar Patel road, is being developed as an IT/ITES corridor.
- The areas up to Sholinganallur on OMR, including Kottivakkam, Perungudi and Thoraipakkam, continue to show buyer interest due to their proximity to the city and the presence of operating commercial spaces. These areas have smaller projects and lack basic infrastructure such as good approach roads and storm water drains. We expect the prices to hold their own in this belt.
- Semmencherry is witnessing the development of an integrated township by a prominent builder. The region also has plotted developments. We expect this micromarket to remain stable over a 12-month horizon.
- The Navallur, Egattur belt has the presence of projects in the premium segment. The presence of sufficient upcoming supply in this segment is expected to keep the prices under check in the coming quarters.
- Siruseri houses the largest IT Park in Asia, State Industries Promotion Corporation of Tamil Nadu (SIPCOT) IT Park. It is spread over 1000 acres and houses prominent IT companies like Tata Consultancy Services, Cognizant Technology Solutions, Polaris and Hexaware Technologies, to name a few. Fresh supply of residential projects is expected in the coming months.
- The belt between Padur and Kelambakkam is dotted with projects by prominent builders in the price band of INR 2,800 psf-INR 3,500 psf. We expect a moderation in absorption levels over a 12-month horizon, due to presence of quality supply in surrounding catchments, which are relatively closer to the city.
- The region beyond Kelambakkam has affordable housing projects. The off-take in this segment is slow and we expect the trend to continue in the coming quarters.
- The strip along East Coast Road (ECR) has developed into a recreational zone with the presence of amusement parks and entertainment zones. The region is witnessing the development of high-end villas. The individual bungalows and approved plots that are located in close proximity to the coast, command a premium rate.
- Perumbakkam, off OMR is witnessing real estate activity by prominent builders foraying into the area. Projects are in the price band of INR 3,000 psf- INR 3,700 psf, depending on the location, specification and builder.
- The Velachery-Tambaram road continues to attract home buyers due to its connectivity to both OMR and GST. The projects located in this strip are in the price band of INR 3,500 psf-INR 4,000 psf. We expect the rates to firm up along Medavakkam and Pallikarnai, due to demand driven by location attractiveness.
- The Grand Southern Trunk Road (GST) or National Highway 45 (NH-45) beginning at Kathipara Junction in Guindy houses three prominent Special Economic Zones (SEZs): Shriram Gateway (5.5 million sq.ft), Mahindra World City (2.5 million sq.ft) and Estancia IT SEZ (3.04 million sq.ft).

- Pallavaram, Chrompet and Tambaram continue to show homebuyer interest due to the attractiveness of the location and presence of operating office spaces at close proximity. Pallavaram and Chrompet are witnessing the redevelopment of old leather tanneries present in the region. Projects are in the price band of INR 3,500 psf-INR 4,500 psf depending on the location, builder and specification. We expect the markets to remain steady in the short-term.
- The region of Vandalur, Urupakkam and Guduvancherry is witnessing development of projects in the mid-budget and affordable segment. We expect a moderation in pricing and absorption levels in the coming quarters, due a slackening of end-user demand in this market.
- The Vandalur-Kelambakkam Road is witnessing the development of budgeted apartments and villas. The region also houses plotted developments for investment purposes. There has been a dip in absorption levels during the last two quarters and we expect the trend to continue in the coming months.

Growth Stimulators:

- The IT/ITES corridor of OMR is developing into a self-sustaining hub with the presence of good schools, colleges, hospitals and organised retail. Further the infusion of mall space in the coming months, will lend greater push to real estate activity in the region.
- It has also been observed that IT companies are consolidating their operations from various parts of the city, into a single premise located along OMR. Such a development would help create a greater end-user segment for real estate activity in this belt.
- The GST proves to be a vital connecting link between Chennai and the city of Trichy. The region is dotted with SEZs, IT Parks, educational institutions, premium hotels and also serves as a gateway to the industrial hubs of Oragadam and Sriperumbudur.
- The south of Chennai, primarily houses end-users employed in the IT/ITES and manufacturing segment. An improvement in the economic scenario would help drive growth in this region, backed by an inherent need to cater to the housing needs of the growing population.

Price Trends in South Chennai*



*Assuming 100 as a base for June '07
Source: ICICI Mortgage Valuation Group

Residential Property Rates in Prime Residential Markets of South Chennai**

Location	Average Capital Values (INR/sq.ft)	Rentals for 2 BHK (INR/month)
Adambakkam	5,000	12,000
Chrompet	3,800	10,000
Tambaram	4,000	10,000
Madipakkam	3,500	8,000
Medavakkam	3,800	10,000
Sholinganallur	3,800	10,000
Semmencherry	3,500	10,000
Padur	3,500	10,000
Selayur	3,800	10,000
Urapakkam	3,000	7,000

***Indicative mid market segment
Source: ICICI Property Services Group*



Tidel Park

Major Locations: Oragadam, Sriperumbudur, Poonamallee, Chennai-Bangalore Highway (NH-4), Chennai Bypass, Porur, Valasaravakkam, Ramapuram, Moggapair, Ambattur, Nolumbur, Ayanambakkam.

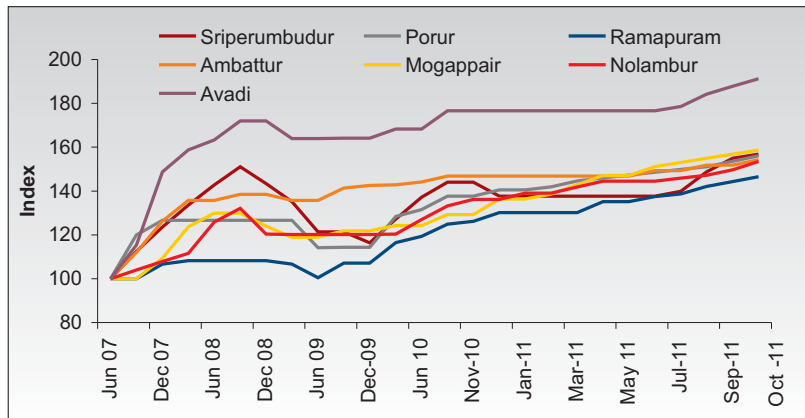
Key Highlights:

- An array of developers have forayed into the industrial belt of Oragadam, in order to tap the potential growth in the automotive sector. The region is witnessing the development of large integrated townships.
- The Oragadam belt has a mix of products, meant to cater to the High Net Worth (HNW) segment and also the affordable housing segment. We expect a moderation in pricing and absorption levels of these lifestyle products, while the affordable housing segment is expected to remain fairly stable over a 12-month horizon.
- Sriperumbudur has witnessed rapid industrial growth over the years, with major global players in the manufacturing segment venturing into the region. It's connectivity to the Chennai Port, improved infrastructure, the establishment of SEZs and Software Technology Parks (STP) have provided the necessary push to the growth of real estate in this region.
- The projects in the affordable housing segment, with a price band of INR 2,200 psf-INR 2,700 psf are expected to hold their own in the coming quarters.
- The region along Mount Poonamallee road and Porur is witnessing the infusion of fresh residential supply in the price band of INR 4,000 psf-INR 5,000 psf. The proximity to the CBD and excellent connectivity to the various industrial hubs is expected to drive growth in this region. We expect prices to remain stable in the coming months.
- The 200 foot wide Chennai-Bypass road along the western corridor of Moggapair and Ayanambakkam is developing into a residential hub with prominent builders foraying into this region. Presence of social infrastructure, connectivity to the key arterial roads, proximity to the industrial belt of Ambattur and the developed neighbourhood of Anna Nagar is driving real estate activity in this belt.
- The industrial belt of Ambattur is marked by the presence of smaller projects, catering to the surrounding end-user segment. The absorption levels are expected to remain fairly stable over a 12-month horizon.

Growth Stimulators:

- Sriperumbudur is strategically located along the Chennai-Bangalore Highway and is approximately 40 km from Chennai City. The availability of quality manpower, improved infrastructure and the presence of major manufacturing industries will continue to drive real estate prospects. The proposed Bangalore-Chennai expressway, the multi-modal logistics hub and the Greenfield Airport at Sriperumbudur will change the real estate dynamics of this region in the years ahead.
- Oragadam is being developed as an industrial corridor with automobile majors foraying into this region. The improved infrastructure, presence of quality living spaces and connectivity to the city, would help this region evolve into a self-sustaining micromarket in the years ahead.

Price Trends in West Chennai*



*Assuming 100 as a base for June '07
Source: ICICI Mortgage Valuation Group

Residential Property Rates in Prime Residential Markets of West Chennai**

Location	Average Capital Values (INR/sq.ft)	Rentals for 2 BHK (INR/month)
Aminjikarai	7,000	12,000
Porur	4,800	8,000
Ambattur	4,000	10,000
Mogappair	6,000	12,000
Nolumbur	5,500	12,000
Avadi	2,800	5,000
Sriperumbudur	2,400	4,000

**Indicative mid market segment
Source: ICICI Property Services Group



Gemini Flyover

Major Locations: Boat Club, Poes Garden, Nungambakkam, Adyar, Alwarpet, R. A. Puram, Besant Nagar, Mylapore, Santhome, T.Nagar, K.K. Nagar, Ashoknagar, Thiruvanmayur, Velachery, Vadapalani, Saligramam, Triplicane, Nelson Manickam Road, Koyambedu, Kilpauk, Purusuwakkam.

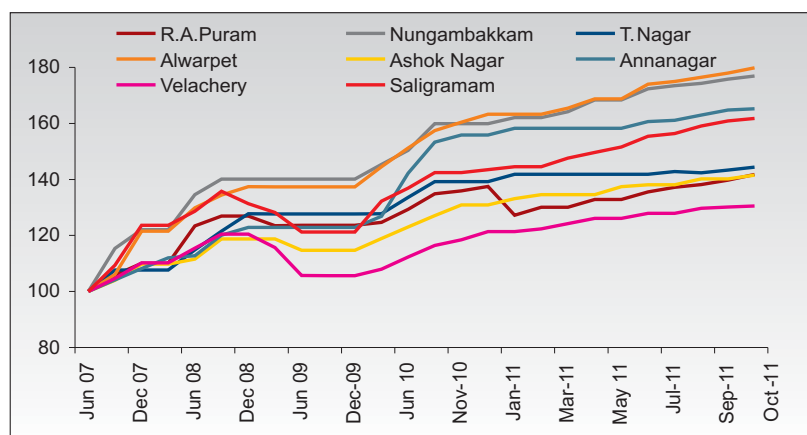
Key Highlights:

- The Central Business District areas of Boat Club, Mandevali, R.A. Puram, Nungambakkam, T. Nagar and Alwarpet houses smaller projects in the premium segment, catering to High Net Worth (HNW) individuals. The demand for individual bungalows, plots and re-sale of properties remain robust.
- Egmore is witnessing real estate activity with a prominent builder developing a premium project in this micromarket. The region has witnessed a price appreciation to the tune of 10%-15% in the last 12 months. We expect the prices to remain stable with a moderation in absorption levels in the coming quarters.
- The Off CBD area of Purusuwakkam is witnessing infusion of supply in the premium segment. Properties are in the price band of INR 12,000 psf-INR 14,000 psf depending on location, builder and specifications.
- The Off CBD areas of Annanagar, K.K. Nagar, Ashok Nagar and Vadapalani are witnessing the redevelopment of projects.
- Velachery has developed into a prime residential destination. Presence of social infrastructure, connectivity to the key arterial roads and proximity to the CBD has made it an attractive residential location. The properties are in the price band of INR 6,000 psf-INR 7,000 psf depending on the builder and specification.

Growth Stimulators:

- The presence of reputed financial institutions, corporate workspaces, good social infrastructure and excellent connectivity to the various parts of the city will drive growth in the region.
- The Off CBD location of Velachery is witnessing the infusion of mall space in the coming months. This will provide a further push for the growth of real estate along the region.

Price Trends in Central Business District / Off Central Business District*



*Assuming 100 as a base for June '07
Source: ICICI Mortgage Valuation Group

Residential Property Rates in Prime Residential Markets of CBD / Off CBD Areas**

Location	Average Capital Values (INR/sq.ft)	Rentals for 2 BHK (INR/month)
Adyar	12,500	25,000
Alwarpet	15,000	25,000
Nungambakkam	15,000	25,000
Mandaveli	12,000	16,000
Egmore	15,000	25,000
T. Nagar	14,000	20,000
Kilpauk	8,000	15,000
Velachery	6,500	14,000
Annanagar	14,000	20,000
K.K. Nagar	9,000	15,000
Saligramam	7,000	14,000
Vadapalani	7,500	14,000

***Indicative mid market segment
Source: ICICI Property Services Group*

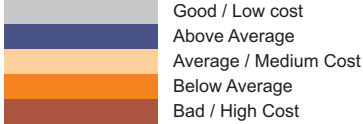


SIPCOT

We have short-listed eight prime locations within Chennai and critically examined them on various parameters. We have chosen the key micromarkets across various zones in Chennai. Ayanavaram represents North Chennai, while Perungudi and Tambaram represent South Chennai. The micromarkets of Oragadam, Sriperumbudur and Porur represent West Chennai; Velachery represents the Off Central Business District Area while Adyar is an indicator of the Central Business District region in the city.

Location Attractiveness Index - Chennai

	Ayanavaram	Perungudi	Tambaram	Oragadam	Sriperumbudur	Porur	Velachery	Adyar
Infrastructure (connectivity, roads, markets, schools)	Grey	Grey	Grey	Orange	Grey	Grey	Grey	Grey
Residential Cost	Orange	Orange	Orange	Orange	Orange	Orange	Maroon	Maroon
Proximity to Organised Retail	Orange	Dark Blue	Dark Blue	Orange	Orange	Dark Blue	Grey	Grey
Proximity to Commercial Development	Dark Blue	Grey	Grey	Grey	Grey	Grey	Grey	Orange
Future Infrastructure Development	Orange	Dark Blue	Grey	Grey	Grey	Grey	Dark Blue	Grey
Future Employment Generation	Orange	Grey	Grey	Grey	Grey	Grey	Orange	Dark Blue



Explanatory Note: The region of Tambaram and Porur depicts four greys, indicating that the location scores well on a majority of the parameters. The industrial belts of Oragadam and Sriperumbudur also score well in terms of proximity to commercial development and future prospects, but an orange indicates lack of organized retail in their close proximity. The CBD / Off Central Business District regions depict a maroon box for residential cost, indicating that these locations are unattractive in terms of pricing.

Source: ICICI Property Services Group

ANALYSTS

DIRISH MOHAN

Assistant Manager - Research
ICICI Property Services Group
dirish.mohan@icicifhc.com

GAURAV MAHESHWARI

Economist, Private Clients Research Group
ICICI Bank Ltd.
gaurav.maheshwari@icicibank.com

For any further queries, please e-mail us at psgresearch@icicifhc.com

or

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