

Property Articles in Chennai

'Chennai Real Estate has come of age'

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Compared to Mumbai, Delhi or Bangalore, Chennai realty is pretty well shielded from the present economic downturn, says **M Harinath**, Director-Sales and Marketing, Inno GeoCity, who speaks about Geocity, Oragadam, affordable housing, realty growth in Chennai, et al.

About Geo city

Inno Geocity is our first or rather flagship project in Chennai, where we are developing a complete township at Oragadam, the Detroit of Chennai. Town planners and master developers are drawn from abroad to design a city which is complete in itself, integrated with modern facilities.



The project is a 131-acre development being built in sector by sector basis. First sector, which is completely sold out, has less than 500 houses comprising villas, row houses and semi-independent houses with essential social and civic amenities. We launched this at the rate of Rs 1780 per sq ft about two years ago. Now, we have completed the second sector, which is a mixed-use development catering to wide range of tastes and budgets containing bungalow apartments, villa houses and commercial buildings. This sector, launched at the basic price of Rs 2450, has only few flats available.

Now the price has gone up to Rs 2900 per sq ft. So, one can understand the potential of the area in terms of development and value for money. Built as per international specifications, the European styled 4-in-1 apartments are high on aesthetics yet functional in design.

The project has locational advantage too as it is closer Chennai and also surrounded by international engineering and manufacturing giants. Geocity's last phase, that is sector five, which is fully commercial, will be completed by 2017.

Real estate in Chennai

Real Estate in Chennai has come of age and becoming more and more sophisticated. The type of customers and demands has also changed. Gone are the days when we believed that we could launch a project, fix up a price and inform the people about the pricing and it would be sold out easily. Now, housing projects are no longer belonging to one single segment. There are people who want to own a house, which is typical to the middle class dream, while there are upper middle class, who are looking for second home or week end home.



So, we face different customers who are looking at a single product in different ways. We, as a developer, need to understand their needs and accordingly deliver the products. Sometime our product has to be altered slightly to match the aspirations of our customers.

While investment customer are not much perturbed about the price tag but the prospect of asset growth, the end use customer is looking at the benefits, facilities available around and future prospects of the project.

In Geocity, we provide all these that people need or aspire, which include retail and commercial space, health care, school, playground, place for social activities and environment area, etc. For example, when we launch the first phase, we brought an international public school along which is functional now.

Why Chennai?

Being an international group, we wanted to choose a city in India, which has steady and consistent growth potential. Compared to all big markets like Mumbai, Delhi or Bangalore, Chennai is pretty well shielded from the present downturn.

One big advantage we see in Chennai is that it's a steady market and people are inclined towards long term investments in realty market. In terms of state-wise growth, among the top five states, Tamil Nadu, over the last few years, has been fairly doing well. It's a highly industrialised and urbanised as a state. If one looks at market's point of view, Tamil Nadu has excellent growth potential. Very clearly, the state is putting itself upfront looking for large scale urbanisation and industrialisation.

So, both these work perfectly for us to choose the state for our maiden project. Urbanisation and industrialisation bring housing need, which we wanted to tap. Also for office and commercial space, Chennai market is lucrative despite adverse market condition exists across the country.

Growth prospect of Oragadam

Within Chennai, we know that OMR and ECR are very well developed and close to IT hub. But right now, these two places are over heated. Due to oversupply, the percentage of property appreciation is very low for the last few years.



In Oragadam, we wanted to be the 'first'. It will not only help in brand building, the place has a potential for faster appreciation too compared to OMR or ECR. And our predictions are right. From launching price of Rs 1790 per sq ft, we are now selling at Rs 2900 per sq ft. This speaks volume about the locational advantages and growth prospects of Oragadam.

So, someone who invested a year and half ago will almost double his investment in about three years. The place will be on demand for the next three to four years and by then, other big players too would have launched their projects here. In a way, Oragadam is like OMR and ECR in about five to six years ago. That is the big advantage we saw before we chose to launch our project here.

The government too is looking at this place as a hub and investing a lot on infrastructure development. We are going to have a rail link, which is a happy advantage. Tambaram and Ponnammale are well connected from Oragadam.

Also, the presence of heavy engineering and manufacturing units around gives a kind of stability to this place. As per our study, Oragadam is poised for a big growth in three to four years.

Future projects

Oragadam will remain to be our focal point for few more years as we see a lot of opportunities here. But at the same time, we are not averse to moving to other developing areas in the state. We have already in the process of acquiring parcels of land from individuals not only around Oragadam but also from other areas in Chennai.



Uneven development in Chennai

Due to lack of infrastructure and other facilities, Chennai is not growing evenly. South Chennai has seen tremendous growth compared to other parts of the city. Though areas in north and west Chennai and south east part of the city have good growth potential, due to lack of basic facilities, realty development has been lackluster here. Many of these areas still to have sewage and drinking water facilities, leave alone proper roads and other civic amenities.

One can reach Anna Salai to Anna Nagar faster, but from there to Ambattur or Avadi is not that easy. There should be all around developments in terms of office space, schools, amenities and mainly the infrastructure for these areas to develop faster.

Affordable housing

As I told you, Geo City was conceived to cater to all segments. We have row houses, bungalows, villas and luxury apartments, which cater to from middle-income to higher-income groups. But right now, it's difficult to launch exclusive affordable housing projects. As land cost and material costs have gone through the roof, the definition of affordable housing has changed. The upward trend of material and labour cost are squeezing the margin. One has to work at wafer thin margin to deliver low cost houses. Unless the government enters into a partnership with builders by providing land and other necessary approvals for building affordable housing, it is going to be difficult.



Labour issue

The construction industry is facing acute labour crunch. We used to get workers from states like Bihar, Orissa, UP, Jharkhand and AP, but are dried up now as these states are on the growth path offering job opportunities. Bihar for instance, is the fastest growing state in India, which provides a lot of jobs. Same is true for Jharkhand, Bihar and Orissa. So, getting migrant labourers from these states has been extremely difficult for the last few years. Due to this the demand has gone up and so the labour cost. Everyone, from big players to small builders, is facing this problem. The ongoing metro work in Chennai has taken away a chunk of workers leaving very little for the construction industry.

Green initiative

Geocity is a LEED certified project. We have gray water treatment plant for better water management system and buildings are equipped with energy efficient features. In the first sector, walls were built using Hydraform blocks, which reduce internal temperature due to which power consumption will be very low. To make it further green, we have kept about 65 per cent of the project space open.

As told to KR Iyer