

**CHENNAI COMMERCIAL REAL ESTATE  
JUNE-2009**

**ASIA COMMERCIAL**

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## Market Summary

### Demand Supply

- Chennai didn't witness much of transaction happening in Q 1, 2009 as there was not much of demand.
- On the supply side too there wasn't much of a space added. An approximately 2.5 million sq.ft area was added which mainly included I.T Parks. Projects are put on hold and will start with the construction only if any demand comes for it.
- The vacancy level has risen as there is no demand coming for larger space.
- The downward pressure on Rentals and Values was not felt as much as compared to other cities as supply here was relatively less than other cities.

### Locations

➤ Central Business District

The Central Business District (CBD) of Anna Salai, Nungambakkam and Egmore saw considerably low demand. Moreover it didn't witness any fresh supply coming up in this quarter keeping the vacancy levels low.

➤ Secondary Business District

The Secondary Business District (SBD) of Guindy, Kilpauk, Velachery, Perungudi and Adyar also didn't see any fresh supply and demand. The Vacancy level is as low as 5 %.

- A project by Rajathi Group called Millers Road at Kilpauk is completed. The area of the project is approx 30,000 sq.ft area. It is on Lease basis and the Lease Rental is around Rs. 80. The Project is Ready for Fit Out.

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➤ Peripheral Business District

The Peripheral Business District of Perungalathur, Siruseri, Ambattu and GST Road are also among the worst hit areas of Chennai as no major supply has been seen and even the demand for was not much . The vacancy level here is as high as 15 %. Projects are put on hold due to lack of demand.

- Arihant Group is coming up with a project at Sriperambathur.
- Devinarayan Group is coming up with a project called I.T Green of 1.5 million sq.ft area. It is expected to get completed by 2010.

➤ Old Mahabalipuram Road

Old Mahabalipuram Road (OMR) witnessed major supply in terms of both completed and upcoming projects. The projects here are mainly I.T Parks coming up.

- Arihant Insight II project of 380,000 sq.ft area is expected to get completed by 2010.
- Alliance Galleria, a business park is coming up.
- Reversal North a project of 200,000 sq.ft area is under construction. It is 50 % complete and is expected to get completed by 2011.
- Maan Sarovar Techno Creek, a project of 3.5 lac sq.ft area is completed. It is on Sale and Lease both. The Lease Rental is around Rs 32 and Outright value Rs 3600
- Maan Sarovar has proposed to come up with one more I.T Park
- Futura, a 566,570 sq.ft area project is completed and has 100 % vacancy. It is on Lease basis.
- Egate project of 246,000 sq.ft area is completed and has 100 % vacancy.
- Millennia Project of 2.3 million sq.ft area is expected to be completed by Q 3, 2009. It is on Lease basis and Lease Rental is around Rs. 40. The project has a vacancy of 500,000 sq.ft area.

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**Rental Market Indicators**

There has not been any significant change in Lease Rentals in Chennai as compared to other cities mainly due to lack of supply coming up in this region and also due to the number of transaction here were lower than other cities.

| Sub Market                                | Avg Rent (per sq ft per month) |        |        |
|---|--------------------------------|--------|--------|
|   | Mar 09                         | Apr 09 | May 09 |
| CBD (Anna Salai , Nungambakkam , Egmore ) | 60-70                          | 55-70  | 55-70  |
| SBD (Velachery , Guindy ,Adyar )          | 50-55                          | 45-50  | 40-50  |
| PBD (Siruseri , Ambattu , Perungalathur ) | 30                             | 25     | 25     |
| OMR                                       | 35                             | 35     | 35     |

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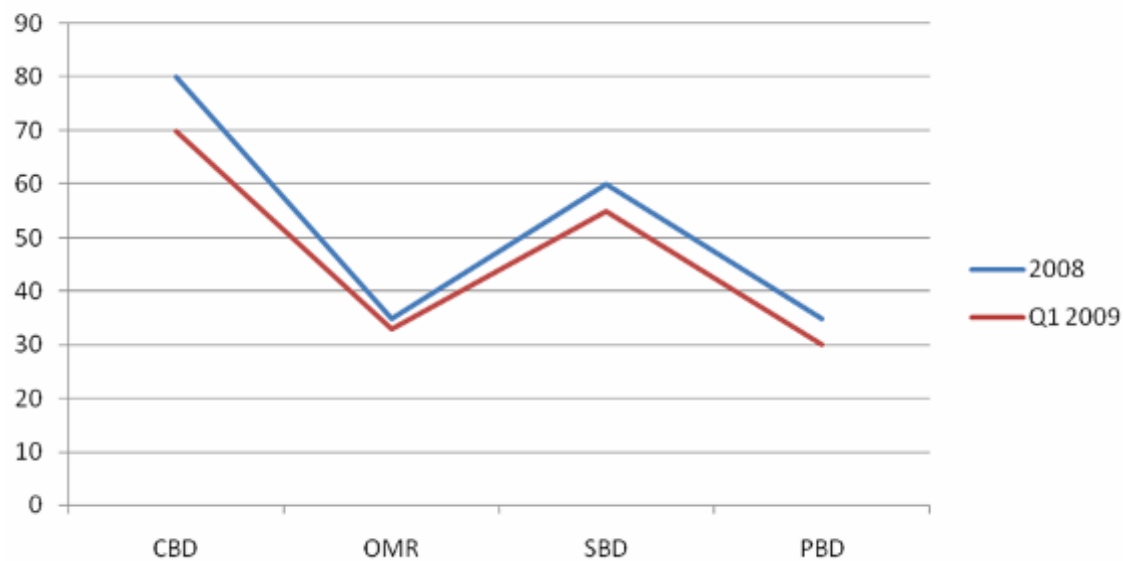
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Rental Value Trend

**Comparision of Lease Rental**



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**Capital Value Trends**

The Capital Value in Chennai has not been that badly affected as compared to other cities. There has been a fall of 10 % in value.

Capital Value prevailing at some of the prime commercial locations is as follows

| Location       | Capital Value (Rs. per sq.ft) |
|----------------|-------------------------------|
| Anna Salai     | 6500                          |
| R.K Salai      | 8000                          |
| T Nagar        | 7500                          |
| Ambattu        | 4000                          |
| Mount Road     | 5000                          |
| Ponamalle Road | 4500                          |
| OMR            | 3000-4000                     |

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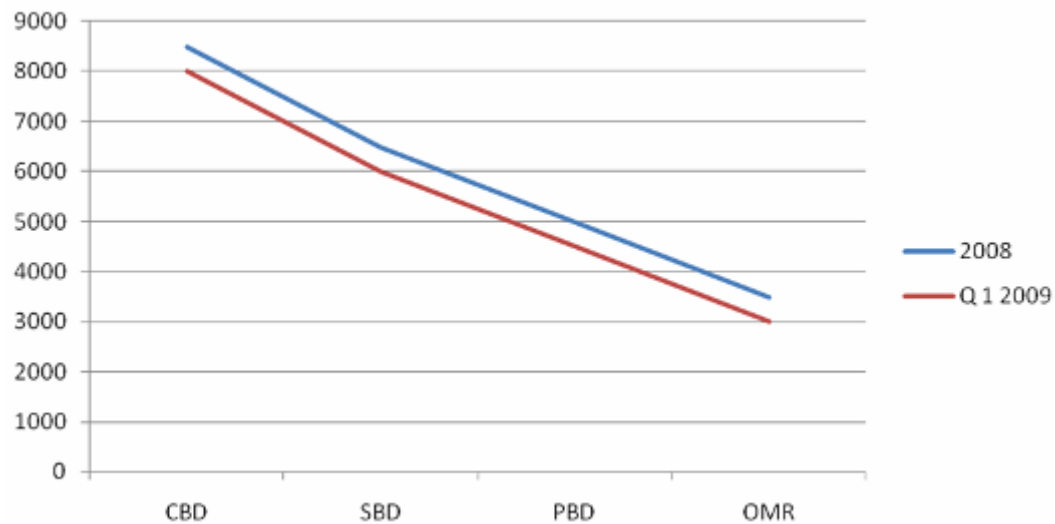
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Comparison of Capital Value



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**Vacancy Rate**

The supply in Q 1 2009 was not much as no major significant projects have come up. The OMR witnessed major supply as it has become I.T hub with many I.T projects coming up.

The vacancy level in CBD and SBD is not much since most of the vacancy can be seen in OMR.

An I.T Park project in OMR has been put on hold due to lack of demand and is expected to start with construction as economy revives.

The Vacancy in some of the significant projects

| Project / Developer       | Location  | Vacancy (sq.ft ) |
|---------------------------|-----------|------------------|
| Millers Road              | Kilpauk   | 30,000           |
| Rajathi                   | R.K Salai | 6000             |
| Maan Sarovar Techno Creek | OMR       | 350,000          |
| Reversal North            | OMR       | 200,000          |
| Futura                    | OMR       | 566,570          |
| Egate                     | OMR       | 246,000          |
| Millennia                 | OMR       | 500,000          |

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**Significant Completed Projects**

| Project                   | Location | Area (sq.ft ) |
|---------------------------|----------|---------------|
| Maan Sarovar Techno Creek | OMR      | 350,000       |
| Millers Road              | OMR      | 30,000        |
| Futura                    | OMR      | 566,570       |
| Egate                     | OMR      | 460,000       |

**Major Supplies coming in different Regions**

| Project            | Location | Area (sq.ft ) | Status     |
|--------------------|----------|---------------|------------|
| I.T Green          | Siruseri | 1.5 million   | 2010       |
| Arihant Insight II | OMR      | 380,000       | 2010       |
| Reversal North     | OMR      | 200,000       | 2011       |
| Alliance Group     | OMR      | -             | -          |
| Millennia          | OMR      | 2.3 million   | Q 3 , 2009 |

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**Market Outlook**

The Supply was not significant in Q 1, 2009 as majority of projects were concentrated in OMR and few in other locations. On the demand side too there wasn't much of a demand for larger space requirement. The values have not been that badly affected as compared to other cities.

Projects are put on hold due to lack of demand and are expected to start once demand picks up.

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