



6%

Q-O-Q RISE IN AFFORDABLE UNITS LAUNCHED

78%

SHARE OF AFFORDABLE SEGMENT IN NEW LAUNCHES (Q2 2020)

55%

SHARE OF SUBURBAN WEST IN NEW LAUNCHES (Q2 2020)

### COVID-19 impact felt as launches record a sharp decline

Chennai witnessed just about 500 new unit launches in Q2, a sharp decline of 82% over the previous quarter and 74% y-o-y. Launches were growing at a healthy annual average of 14% over the last five years but the COVID-19 outbreak and the subsequent lockdown, halt in construction activity and lack of enquiries from buyers all led to a steep decline in new launches. Most developers are cautiously waiting for resumption of construction activity post the lockdown, are currently focused on clearing the unsold inventory and have delayed plans for new project announcements in the short term. Western suburbs such as Avadi accounted for 55% of the units launched in Q2, followed by southern suburbs such as Sholingnallur, Perungudi with a share of 24%. Anan's Block B & C by Stepstone promoters and Altea Block 2 by Urbando Housing were among the few projects that were launched in Q2.

### Affordable segment dominates new launches

The affordable segment has been steadily growing for the past 12-18 months with developers focusing on this segment with significant growth potential in the city. It accounted for 78% of the new units launched during the quarter while mid and high-end segments accounted for 9% and 5% respectively. Target customers in the affordable segment who have been hit hard during the lockdown are more likely to put their home buying plans on hold in the short term. Sales could recover albeit at a slower pace post the lockdown given the extension of tax benefits for affordable housing units and developers bringing in new offers to increase sales.

### Capital and Rental values are stable; developers focused on increasing sales through attractive schemes

Capital values have largely remained stable across all the submarkets on a quarterly basis. Headline prices have not corrected yet as developers are selective in offering discounts. Instead, they are offering various incentives such as price protection plans, pre-EMI waivers for 6-12 months, reduced booking charges, no cancellation or re-allocation fee etc. to drive their sales. The city's sales momentum dropped in the wake of COVID, however, a few developers clocked moderate sales. Casa Grande has reported sales of more than 100 units across projects through its "Fantastic 5% offer campaign" and DRA Homes has sold more than 50 units during the quarter in their Navalur project, which had an online re-launch. Developers are actively marketing properties using virtual site tours and 3D walk-through services to generate online enquires over the last 2-3 months. On the other hand, TNRERA has extended project completion timelines by 6 months providing major relief for developers in the short term. Meanwhile, rental values have also remained unchanged across most residential catchments in the city on a quarterly basis.

A major proportion of the city's unsold inventory is in the affordably priced range and hence head room for price cut was limited, but pressure was there to lower prices to meet buyer expectations. Going forward, price correction at the market level across all major residential clusters is not likely in the short term but bargain hunters and investors could explore opportunities from smaller and cash-strapped developers. In the medium term, we could potentially see some price stagnation and headline price cuts to boost sales as liquidity pressures and buyer expectations could drive developers to offer price discounts as a way to push sales.

### SIGNIFICANT PROJECTS LAUNCHED IN Q2 2020

BUILDING	LOCATION	DEVELOPER	UNITS LAUNCHED	RATE**(INR/SF)
Anan's Block B and C	Perungudi	StepStone Promoters	22	6,500
Altea Block 2	Madipakkam	Urbando Housing	12	6,500

#### MARKET INDICATORS OVERALL Q2 2020

Y-O-Y  
Change12-Months  
Forecast

New Launches



Units Sold

Average Capital  
Values (INR/sf)



## RENTAL VALUES AS OF Q2 2020\*

SUBMARKET	AVERAGE QUOTED RENT (INR/MONTH)	QoQ CHANGE (%)	YoY (%)	SHORT TERM OUTLOOK
<b>High-end segment</b>				
Central	100,000-250,000	0%	0%	■
Off Central - I	90,000-150,000	0%	0%	■
Off Central - II	50,000-130,000	0%	0%	■
East Coast Road	100,000-250,000	0%	0%	■
<b>Mid segment</b>				
Central	50,000-75,000	0%	0%	■
Off Central- I	45,000-80,000	0%	0%	■
Off Central- II	25,000-50,000	0%	0%	■
Suburban South - I	22,000-32,000	0%	0%	■
Suburban South - II	15,000-25,000	0%	0%	■

## CAPITAL VALUES AS OF Q2 2020\*

SUBMARKET	AVERAGE QUOTED CAPITAL VALUES (INR/SF)	QoQ CHANGE (%)	YoY (%)	SHORT TERM OUTLOOK
<b>High-end segment</b>				
Central	23,000-27,000	0%	0%	■
Off Central - I	18,000-23,000	0%	0%	■
Off Central - II	12,000-17,500	0%	0%	■
East Coast Road	6,000-9,500	0%	0%	■
<b>Mid segment</b>				
Central	14,000-18,000	0%	0%	■
Off Central- I	15,000-18,000	0%	0%	■
Off Central -II	8,500-10,000	0%	0%	■
Suburban South - I	5,000-7,500	0%	0%	■
Suburban South - II	4,000-7,500	0%	0%	■
Suburban North	4,200-7,000	0%	0%	■
Suburban West	4,400-8,000	0%	0%	■
East Coast Road	4,500-6,500	0%	0%	■

## SIGNIFICANT PROJECTS UNDER CONSTRUCTION – TO BE COMPLETED IN NEXT 12 MONTHS

BUILDING	LOCATION	DEVELOPER	UNITS LAUNCHED	EXPECTED COMPLETION
En Veedu	Guduvanchery	XS Real	475	Q3 2020
M One	Madhavaram	Lokaa Developers	234	Q4 2020

Data collated from primary and secondary resources. Estimations are subject to change

\* Rental and capital values have been depicted only for key submarkets and based on saleable area

\*\* Quoted capital value of new launches on saleable area based on agreement values which includes, Base Rate, Car Parking Charges, Internal Development Charges, etc.

The above values for high-end segment are for units typically of 1,500-2,000 sf

The above values for mid segment are for units typically of 1,000-1,400 sf

Affordable housing has been defined as units with a carpet area of 60 sq.mt in metros / 90 sq.mt in non-metros and value up to INR 45 lakhs

## KEY TO SUBMARKETS

## High-end Segment

**Central:** Boat Club, Poes Garden, Nungambakkam  
**Off Central-I:** R.A. Puram, Abhiramapuram, Alwarpet and Teynampet

**Off Central -II:** T.Nagar, Mylapore, Annanagar, Kilpauk, Thiruvanniyur, Adyar, Kotturpuram, Besant Nagar, K.K.Nagar, Velachery, Vadapalani

## Mid Segment

**Central:** Boat Club, Poes Garden, Nungambakkam  
**Off Central-I:** R.A. Puram, Abhiramapuram, Alwarpet and Teynampet  
**Off Central -II:** T.Nagar, Mylapore, Annanagar, Kilpauk, Thiruvanniyur, Adyar, Kotturpuram, Besant Nagar, K.K.Nagar, Velachery, Vadapalani

**Suburban North -** Madhavaram, Perambur, Thondiarpet

**Suburban West:** Mogappair, Nollambur, Ambattur, Poonamallee High Road

**Suburban South-I:** Rajiv Gandhi Salai (Thiruvanniyur to Kelambakkam)

**Suburban South-II:** GST Road (Alandur to Tambaram, Porur)

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