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TRENDS

CHENNAI TO GET SECOND INTERNATIONAL AIRPORT IN PARANDUR

Chennai is getting a facelift with the announcement of second international airport at Parandur by the Tamil Nadu chief minister M K Stalin. The site is 70 km away from the existing airport but it was chosen due to its proximity to 262-km six-lane Bengaluru-Chennai expressway, according to official sources.

While the ongoing metro connectivity is likely to be extended to Sriperumbudur, it will be further extended to Parandur. The project is likely to take 10 years for full fledged operation.

The existing airport at Meenambakkam has been handling 2.2 crore passengers every year. Due to ongoing expansion of the airport, Chennai airport may have to handle 3.5 crore passengers in the coming seven years. As a result of growing traffic and cargo movement in and out of the airport, the government undertook a study on the impact and the possibility of expansion at a new site and entrusted to TIDCO.

The study shortlisted four locations and referred to airport authority of India (AAI) which in turn has selected two locations. It was finally decided by the state government to opt for Parandur location. The existing airport and the proposed airport will both function simultaneously.

The new airport will be capable of handling 10 crore passengers with comprehensive plans to build two runways, terminal buildings, taxiways, Apron, cargo handling centre, and aircraft maintenance facilities.

While final estimate for the establishment of the Greenfield airport will only be known after a detailed study on the cost implications, it has been currently estimated to cost Rs 20,000 to build the Greenfield international airport at Parandur. The state government will soon forward the recommendations to the central government for site clearance. Once in-principle clearance of the site



M K Stalin
Chief minister of Tamil Nadu

has been obtained, the state government will swing into action to make arrangements for the acquisition of the requisite land. Subsequently, the central government’s in-principle approval and permission to operate the airport will be sought to take it forward.

After a prolonged delay, Chennai is poised to get a bigger and better international airport at Parandur which will also significantly contribute to the growth of western region of the city, reports **V Nagarajan**

continued on page 2

PRIME PLOTS ADJOINING CHENNAI-BENGALURU EXPRESSWAY

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FOR SALE

DTCP APPROVED PLOTS ONE GROUND (2400 SQFT) AVAILABLE IN LAYOUT DEVELOPMENT ADJOINING CHENNAI - BENGALURU EXPRESSWAY. LAND ACQUISITION IS COMPLETE AND WORK HAS BEGUN. WORLD-CLASS INFRASTRUCTURE FACILITY AND THE INITIATIVE OF THE CENTRAL GOVERNMENT TO PROVIDE INTERNATIONAL STANDARD EXPRESSWAY WITH 6-LANE AND EXPANDABLE TO 8-LANE. THE PROJECT IS DUE TO BE COMPLETE BY END 2023.

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Proposed Greenfield Airport at Parandur

The housing sector has tremendous potential as it is a major enabler as well as contributor to the economy. It is among the largest contributor to the exchequer and second largest employer. The sector also supports 250 other ancillary industries and has a huge multiplier effect on the economy.¹ Proper nurturing of the sector could help increase its share from 6 per cent in 2013 to 10 to 12 per cent by 2022, according to KPMG

INVESTMENT

BAHRAIN CONSTRUCTION COMPANY TO FORAY INTO INDIAN MARKET

The Santy Excavation & Construction Company W.L.L was founded in 2007 and is part of the exciting emerging landscape of a new Kingdom of Bahrain. Among the areas of specialisation include excavation, construction, infrastructure, earthworks and oil & gas off-shore works. The company has major projects like – Bahrain’s new Urban Development Projects such as Diyaar Al Muharraaq, Danaat Al Lawzi and Salman Town have all been served by the expertise and experience. Indeed, its Chairman, Ismael Hassan Ali Al Sayeghaptly says, “We entered the Bahrain construction and earthworks market at the right time” and as a result, we have been riding the reclamation and construction boom wave ever since our company’s inception.

Santy owns its own crusher plant with a massive storage yard which produces high quality materials for their own projects and for external clients. The heavy construction machineries and equipment are part of their assets that support contracting activities and are also available for rental services. The resources include a multinational team of over 400 professionals and workers, and a fleet of specialised industrial heavy vehicles. With ISO 9001: 2015 and ISO 45001: 2018 certifications, the group bring their excellence and quality above all else in its sphere of work.

At Santy, the group highly cares for employee safety and welfare first – “I always remember the fact that I myself

have risen through the ranks after a very humble beginning and I know that every person comes to the Gulf with dreams of a better life. Having had the good fortune to make it to the top, I am committed to serving the Kingdom of Bahrain which helped me to progress, as well as my homeland India which inspires me to work honestly with commitments. Above all, I strongly believe in treating and supporting every fellow-worker as a person who is seeking the same goal of happiness, family welfare and progress like me, said R. Ramesh, Managing Director, Santy Excavation & Construction Co. W.L.L

“India has come a long way from the days of the freedom struggle and today India has emerged as an economic and political powerhouse in the world. For me and the millions of Indians who live and work in the GCC, the growing closeness between our motherland and this region is a boon. It is possible only because of the favorable West Asian foreign policies of the Prime Minister



R. Ramesh, Managing Director,
Santy Excavation & Construction Co. W.L.L

Narendra Modi. It encourages us to contribute more to the progress of our adopted home, Bahrain, with our skills, commitment, hard work, and hard-earned investments,” said Ramesh.

Since 2014, Ramesh has been the Managing Director of Santy Excavation & Construction WLL, a company that executes large-scale land reclamation and earthworks, civil engineering, and infrastructure works. Headquartered in Bahrain, the company’s business spans the sectors of engineering and construction, land reclamation, road works, earthworks, land development works, land filling, rock armor protection

CHENNAI PROPERTY

(A fortnightly publication)

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works, and hard and soft landscaping works. Ramesh also serves as the Director of Techmaxx Projects & Services, Bahrain.

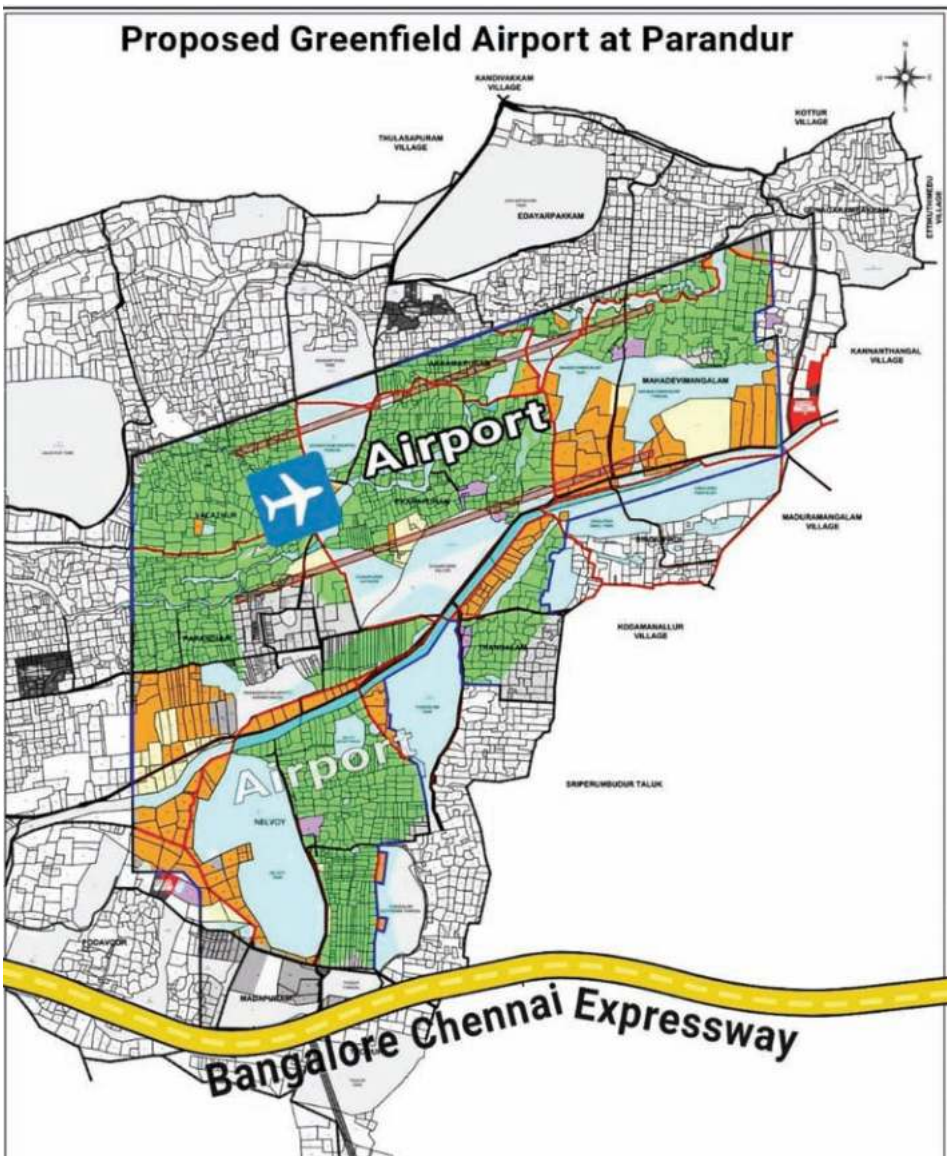
The group has recently entered India with a foothold in Chennai market and exploring options for excavation and construction projects. – V Nagarajan.

Continued from page 1

Chennai to get Second International Airport in Parandur

The proposed Greenfield airport at Parandur will be a milestone towards state government’s determination to achieve \$1

trillion of the state’s economy of, said M K Stalin, chief minister of Tamil Nadu.



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Housing prices have surged across top 8 cities on a YoY basis. Grade A developers started increasing prices from the latter part of 2021 led by robust demand and higher input prices. Delhi-NCR saw the highest YoY change with a 11.3% surge in housing prices, followed by Hyderabad at 9%, according to Colliers survey

<< SNAPS HOTS >>

Investor Conference in Bay area



Tamil Nadu Industries Minister Thangam Thennarasu has participated in the investor conference held at the bay area in California recently, reports our correspondent in US. Tamil Nadu government officials have been organising investor conclaves at periodical intervals across select countries to drive investment in order to achieve \$1 trillion economy.

Puravankara announces first closure of Rs750 cr AIF



Puravankara has announced the first close of INR 200 crore of its targeted AIF (Alternative Investment Fund) of INR 750 crore (including a green shoe option of INR 250 crore). The Fund will invest in a mix of plotted developments and mid-sized mass housing projects under the 'Purva Land' and 'Provident Housing' brands.

Tata Power and JLL India collaborate to provide Green Energy Solutions in the realty space

Tata Power, one of India's largest integrated power companies, has signed a Memorandum of Understanding (MoU) with JLL India to promote green energy solutions in the realty space. With the real estate sector contributing nearly 40% of all greenhouse gas emissions, it is time to think green and to lead the realty sector towards green energy adoption.



JLL is India's premier and largest professional services firm specializing in real estate and investment management. With a presence in 11 cities, 17 offices, and over 135 client locations across the country, JLL manages over 415 million sq. feet of space. Under the collaboration, both the companies will jointly evaluate opportunities across JLL India's clients' portfolios to extend Tata Power's Green Energy solutions. Tata Power will also work with JLL India to support the transition of their existing offices in the country into Green Energy power hubs.

The MoU was signed by Tata Power and JLL India in a ceremony in Mumbai. Tata Power will provide quality, reliable and cost-effective renewable energy through Open Access Solutions. In addition to this, seamless and consumer-friendly metering and billing solutions using smart meters will be installed in all the properties. These smart meters will be equipped with data analytics that monitors real-time consumption along with consumption prediction and will help customers to optimise energy usage. Additionally, the company will also install solar rooftops, which will not only help in providing clean and green energy consumption but also help in savings in energy bills. To aid in a smart lifestyle, the company will also provide IoT-based, voice/app-controlled automation-based energy management solutions.

Tata Power will also encourage e-mobility solutions by providing 24*7 EV chargers which will include installation and annual maintenance. EV Users will be able to connect through the Tata Power EZ Charge mobile application for remote vehicle charging monitoring & e- payments options.

As part of its ESG roadmap, Tata Power is working towards becoming carbon net zero by 2045. The company also aspires to achieve a clean energy portfolio of 70% by 2030 and 100% before 2045 and is committed to becoming 100% water neutral and 100% zero waste the landfill before 2030.

According to JLL's 2021 Global Sustainability Report, JLL's net-zero target aims for the full abatement of 95% of its carbon footprint by 2040. By the end of 2021, JLL had reduced Scope 1 and 2 emissions by 17% from its 2018 baseline year, and the firm is on track to meet its net-zero 2030 target for occupied office space and its vehicle fleet.

Tamil Nadu Housing Board's schemes

The Housing & Urban Development, Tamil Nadu has announced the following schemes for the year 2021-22 in Chennai.

1. Construction of 155 Residential flats in Ambattur, Chennai To fulfill Governments Endeavour to provide affordable housing, Tamil Nadu Housing Board will construct 155 residential flats under Self Finance Scheme at Padikuppam road in Chennai at an cost of Rs.62.77 crore.
2. Construction of 216 Residential flats in Ayyanavaram, Chennai To fulfill Governments Endeavour to provide affordable housing, Tamil Nadu Housing Board will construct 216 residential flats under Self Finance Scheme at Ayyanavaram in Chennai at an cost of Rs.86.31 crore.
3. Development of 151 Plots in Ambattur, Thiruvallur District. Tamil Nadu Housing Board will take up development of 151 plots at an cost of Rs.8.87 crore at Ambattur in Thiruvallur District
4. Development of 45 Plots in Avadi, Thiruvallur District. Tamil Nadu Housing Board will take up development of 45 plots at an cost of Rs.1.74 crore at Avadi in Thiruvallur District
5. Development of 117 Plots in Sholinganallur, Chennai District Tamil Nadu Housing Board will take up development of 117 plots at an cost of Rs.4.75 crore at Sholinganallur in Chennai District.
6. Construction of Commercial Complex in Hosur, Krishnagiri District Tamil Nadu Housing Board will construct one Commercial Complex at an cost of Rs. 25 crore in Hosur at Krishnagiri District.
7. Redevelopment of Existing Lloyds colony with Commercial & Residential Development Redevelopment of Lloyds colony with Commercial & Residential development in Chennai District at an cost of Rs. 451 crore.

DLF Honours Channel Partners for Siruseri Project Parc Estate

DLF held its annual channel partner meet recently in ITC Grand Chola, Guindy. The city's channel partners were invited and rewarded with awards for their meritorious performance in marketing Siruseri project. The city's first nature inspired theme based plotted development project has a total inventory of 1,509 units, out of which 1,485 units have already been sold in record time. While channel partners contributed 76% of sales, direct sales was estimated at 24%. What is significant is the prebooking closure of 85% of the sales. There are an estimated 872 site visits and sales conversion ratio is 81%. An estimated 103 partners made the 3-day sale of 3-phases launch immensely successful and all units were sold out.

DLF's senior executives including Vivekananda Babu, Sr. VP, DLF, spoke on the occasion and a detailed presentation was made during the event. DLF officials commended the stellar role played by channel partners. Zafer Hussein, AVP Sales, DLF proposed vote of thanks.



REALTY DATA

Significant Projects Planned and Under Construction

Property	Submarket	Major Tenant	Area sqft.	Completion
Featherlite IT Park Block B	Peripheral Southwest	NA	221,102	Q1 2022
Embassy Tech Zone Block 4	Peripheral Southwest	Bank of NewYork Mellon	600,000	Q1 2023
ASV Husainy Tech Park	Southwest	NA	1,000,000	Q3 2023

Source: Cushman & Wakefield Research

Chennai Industrial & Warehousing Market – Capital Values & Rents

Cluster / Micromarket	Capital values	YoY change	Rents	YoY change
GST road	35-60	0.0%	24-36	1.8%
NH48-Chennai Bengaluru highway	12-32	0.0%	20-27	1.9%
Oragadam	16-32	0.0%	23-29	3.0%
NH16-Chennai-Kolkata highway	10-20	0.0%	16-25	21.7%

Source: Colliers India

Chennai Industrial & Warehousing Market – Key Transactions

Type	Client	Building	Location	Area
Warehouse	TVS Supply chain solutions	TVS ILP	Thamaraipakkam	200000 sqft
Warehouse	DHL	Shakti Park	Katrambakkam	176,000 sqft
Industrial	ILJIN Automotive	CCI Industrial Park	Polivakkam	111,500 sqft.
Industrial	Agnikul Cosmos	TVS ILP	Thamaraipakkam	100,000 sqft.

Source: Colliers India

Citywise PE Investments in Office segment

City	Amount invested (US\$ million)	Number of deals
Mumbai	5,629	22
Bengaluru	4,245	18
NCR	2,927	17
Hyderabad	2,081	14
Bengaluru, Chennai, NCR*	2,000	1
Pune	1,143	12
Chennai	923	9
Chennai, Hyderabad	415	1
Mumbai, Pune, Hyderabad, Chennai*	240	1
Kerala	67	1
Grand Total	19,670	96

Source: Knight Frank Research

* represents investments in a single deal | The Grand Total represents investments since 2011.

Chennai's Micromarket Statistics Rental Indictors

Micromarket	Rental (Rs/sqft/month)
CBD	80-82
Guindy (SBD)	65-75
Mount Poonamallee Road (SBD)	65-76
Pre toll OMR (SBD)	65-8
Post toll OMR (SBD)	47-50
Ambattur (PBD)	35-45
Pallavaram-Thuraiyapakkam road	50-60
GST Road (PBD)	40-50
SBD others	55-65

Source: Savills

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OVERVIEW

AFFORDABLE HOUSING AT CROSSROADS

With the recent announcement of Greenfield airport at Parandur by the Tamil Nadu government, there will be a surge in demand for affordable housing in and around Sriperumbudur. As most of the employees in the industrial undertakings in the area are blue-collared workers, the impact on housing demand in particular for affordable housing category need not be overstressed further.

Unfortunately not many entrepreneurs are in the fray today and come forward to develop affordable housing in the area, said Shyam Sundar, Chairman of H4A Projects Pvt Ltd., which develops affordable housing in Sunguvarchathiram in proximity to Bengaluru-Chennai expressway.

The Covid-19 pandemic has played havoc on affordable housing developers in and around the city and they had to suspend operations for over two years impacting cost and time over-run on their projects, let alone the approval delays that has consumed disproportionate time for the projects. With the land prices going high and the cost of input materials are moving north, it is tough time for developers to factor in all these issues in the costing.



Shyam Sundar, Chairman, H4A Projects Pvt Ltd

Prime Minister's housing subsidy for first time homebuyers will enable Rs 2.67 lakh free by way of subsidy while investing in affordable housing. The scheme is no doubt laudable but the ground realities are different. Even though affordable housing has been given the infrastructure status and fiscal sops in select areas, not much has been done to provide the funding for the developers to venture into affordable housing development. Land prices are high and the state government's guideline values and registration costs are prohibitive for

There are laudable objectives and fiscal sops for development of affordable housing but the government has failed to take into account ground realities while assessing the impact of lackadaisical response from developers. A number of developer entrepreneurs who have sacrificed their hard won savings, time, effort and expertise are finding the going tough in the current market scenario, reports **V Nagarajan**

economically weaker sections to enter into affordable housing segment.

According to Shyam Sundar, it is increasingly becoming a challenge to raise capital by the new generation of entrepreneurs for affordable housing even though the government has

laudable objectives and determined to provide housing for all by 2022. "With innovation and disruptive technologies, construction technologies though involves a higher capital cost, is worth it because it accelerates the pace of development," said Shyam Sundar.

OFFICE MART

MONTHLY AGGREGATE OFFICE LEASING ACTIVITY UP 1.48X Y-O-Y AT 5.8 MILLION SQ FT

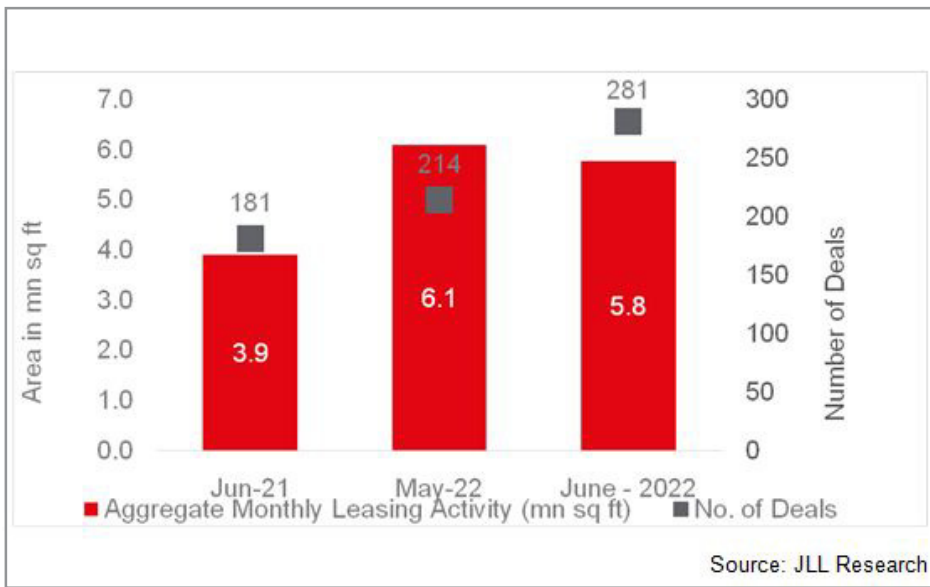
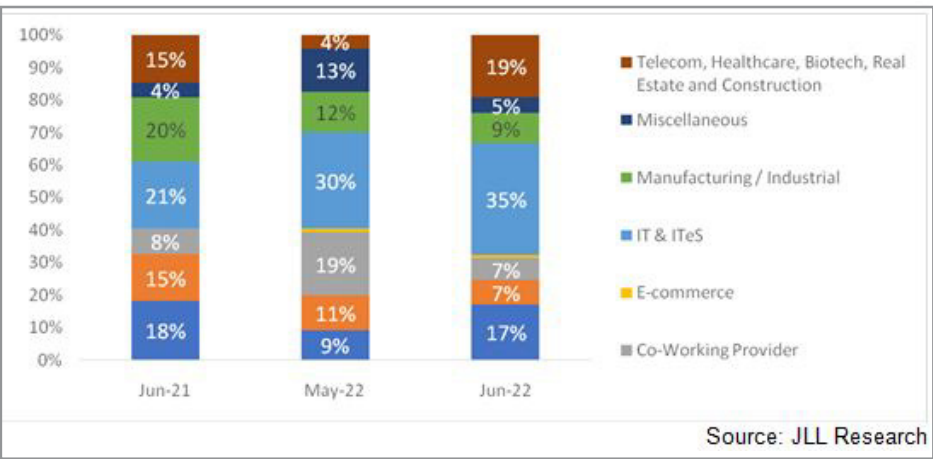
Leasing activity remains robust with space leased up 1.48X Year-on-Year (Y-o-Y) in June 2022. On a monthly comparison basis, leasing activity is slower by just 5% in June 2022. The top four cities with a cumulative share of 87% in monthly leasing activity for June 2022 are Bengaluru, Chennai, Mumbai, and Delhi NCR in that order.

A significant increase in the number of deals both Y-o-Y and Q-o-Q is indicative of rising occupier activity which is in sync with rising occupancy levels in offices. Mumbai led with the maximum number of deals during June 2022 followed by Chennai and Delhi NCR.

Tech occupiers continue to remain the key drivers of the aggregate market leasing activity in June 2022 with a 35% share. Healthcare occupiers are pushing the share of the composite occupier category of telecom, real estate & construction with BFSI showing a near-doubling of its share month-on-month.

Tech and BFSI are growth drivers as usual; healthcare shows promising growth

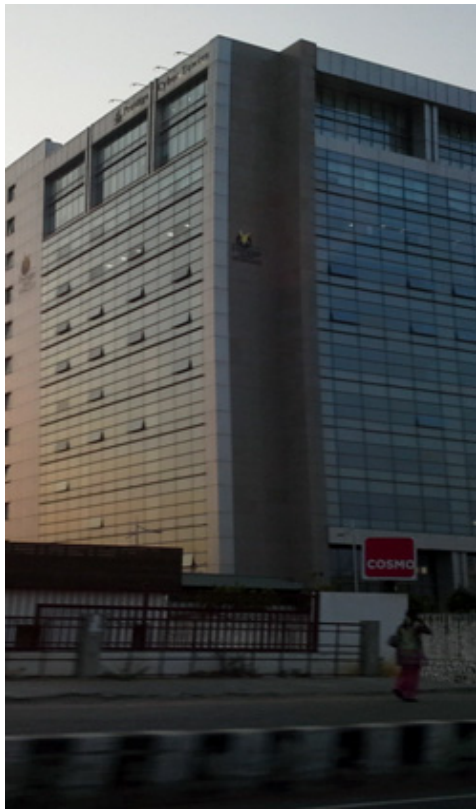
"Market leasing activity showed robustness in June with a 1.48X y-o-y growth and with over 280 deals recorded during the month, indicating that occupier activity has stayed the course with return to work and hybrid workplace strategies



supporting an increase in office occupancy levels. On a q-o-q basis, there was a slight decline, a trend on which we will keep a close eye given the global headwinds that may impact market leasing activity as occupiers are likely to be cautiously optimistic about growth-oriented real estate space requirements."Dr. Samantak Das, chief economist, and head research and REIS, India, JLL.

Note: Aggregate market leasing activity refers to lease transactions for all grades in the top 7 cities (Delhi NCR, Mumbai, Bengaluru, Chennai, Hyderabad, Pune and Kolkata) recorded during the period, including confirmed pre-commitments and term renewals. Deals in the discussion stage are not included.

June witnessed a significant jump in the number of transactions, a clear indication of the rising occupier activity in the office mart, says **JLL survey**



RETAILING

New Mall Supply to Double to 10.15 Million sq. ft. in 2022

Retail real estate is staging a strong comeback, with nearly 10.15 million sq. ft. of new mall supply set to hit Tier 1, 2 and 3 cities in 2022, and another 7.25 million sq. ft. in 2023. In 2022, new mall supply will be almost twice that of 2021, when approx. 5.76 million sq. ft. of new retail real estate supply entered the country.

As many as 15 new malls will enter the market in 2022 spread across 12 cities in the country. Chennai will see the highest supply of four new malls this year spread over an area of 2.55 million sq. ft.

Other tier 1 cities with new mall supply include Ahmedabad, Bangalore, Hyderabad, Mumbai, Pune and Ghaziabad in NCR spanning 5.10 mn sq. ft. area. Tier 2 & 3 cities include Baroda, Budaun, Indore, Nagpur and Udaipur with total area of approx. 2.50 million sq. ft.

COVID-19 severely impacted the general economy - and retail in particular - in 2020. Brick-and-mortar retail stores in malls and high streets were hit hard, and a quick recovery seemed improbable.

"In the course of two severe waves that saw massive restrictions forced on malls, operators had to rethink their business plans and strategies," says Pankaj Renjhen, COO & Jt. MD - ANAROCK Retail. "However, the massive nationwide vaccination drive resulted in a much milder 3rd wave at the beginning of 2022 - and the withdrawal of restrictions allowed economic activities to restart. This has fuelled new growth in the retail sector."

As consumers return to more normal shopping and socializing patterns and populate malls again, India's retail real estate market is responding to significantly improved footfalls. Malls are again witnessing high occupancy levels, and the requirement for more organized retail space is pronounced.

Going by the high leasing volumes by occupiers across categories and the momentum witnessed in the Tier II & III cities, mall developers are finishing

- Total number of 15 new malls to enter the market this year spread across 12 cities in the country; Chennai to see highest supply of 4 new malls this year spread over 2.55 million sq. ft.
- Tier 1 cities with new mall supply include Ahmedabad, Chennai, Bangalore, Hyderabad, Mumbai, Pune & Ghaziabad in NCR spanning 7.65 million sq. ft. area; Tier 2 & 3 cities include Baroda, Budaun, Indore, Nagpur & Udaipur with remaining 2.50 mn sq. ft. area
- In 2021, India saw new mall supply of approx. 5.76 Million sq. ft., of which 70% was in Tier 1 cities and 30% in Tier 2 & 3 cities
- In 2023, approx. 7.25 Million sq. ft. of new mall supply spanning 16 new malls will hit the market across the country - 67% area in Tier 1 cities, 33% in Tier 2 & 3 cities
- Tier 1 cities include Bangalore, Chennai, Gurgaon (NCR), Hyderabad, Mumbai & Pune while tier 2 & 3 cities include Bhopal, Cuttack, Jamshedpur, Kochi, Lucknow & Vizag

their projects and rapidly adding new inventory.

"While 2020 was a washout year with new mall supply of just 2.1 million sq. ft. in tier I cities, it nearly doubled to 4.01 million sq. ft in 2021," says Pankaj Renjhen. "The performance of most malls in key consumption centres has either surpassed pre-pandemic levels in February 2020 or inched closer to those thresholds."

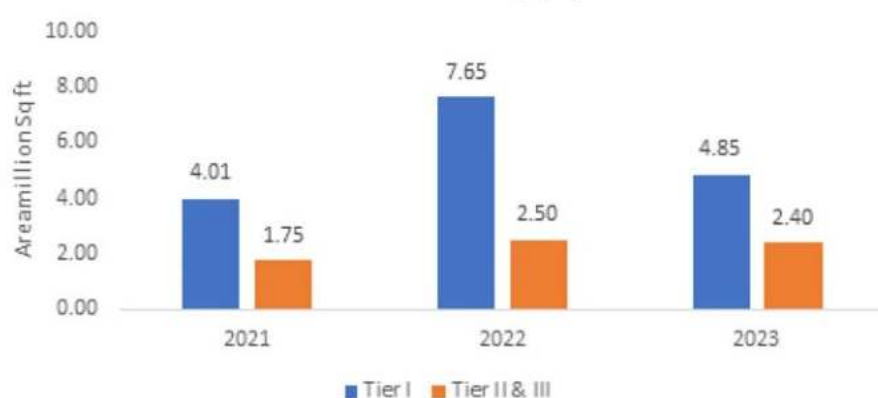
Tier II & III cities are witnessing rapid mall penetration. The supply in these cities in the current year is close to 2.5 million sq. ft., recording a yearly growth of 91%. The cities include Baroda, Budaun, Indore, Nagpur and Udaipur.

These cities have seen considerable growth in disposable income, mobile internet penetration, and support infrastructure. Consumers in tier II and Tier III cities now show an apparent propensity for branded products, which

As many as 15 new malls will enter the market this year spread across 12 cities in the country. Chennai will see the highest supply of four new malls this year spread over an area of 2.55 million sq. ft, says **Anarock** survey



Retail Mall - Supply



sets the stage for accelerated growth of organized retail across the country.

The pandemic-infused ecommerce boom cannot be wished away and continues to be patronized by some segments of society. However, the upcoming supply of mall spaces - clearly in response to increased demand - proves that physical retail remains the dominant force in India.

COVID-19 led to significant advancements, technological adaption, and a fresh burst of innovations in the retail sector as retailers respond to evolving consumer requirements. The result is omnichannel retail, which offers a new balance between convenience and experiential shopping - and has also boosted the demand for offline premises.

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■ As many as 15 new malls will enter the market this year spread across 12 cities in the country. Chennai will see the highest supply of four new malls this year spread over an area of 2.55 million sq. ft, says Anarock survey

OFFICE TRENDS

TDS ON SALE AND PURCHASE OF IMMOVEABLE PROPERTY BY NON-RESIDENTS (NRIs)

■ DR. CA ABHISHEK MURALI



Introduction to the TDS provisions:

Owing to an increase in the transactions of purchase and sale of immoveable properties, going unreported and undervalued, the Government felt the need to bring a regulation to improve the reporting of such transactions, with the PAN card number and details of the buyer and seller. The result of the same is Section 194IA. Vide the Union Budget 2013-14, Section 194IA was introduced directing a TDS on Property @ 1% on all Immoveable Property Transactions of Rs. 50 Lakhs or more under Section 194IA.

Summary of TDS on Sale of Immoveable Property

Particulars	%
Where Seller is a RESIDENT Any immoveable property (other than agri. land) provided consideration is Rs.50 lakhs or more – Sec 194IA	1% of the Sale Consideration
Where Seller is a NON-RESIDENT and certificate of Capital Gains is obtained from ITO (Sec 195) - Any immovable property	20% of Capital Gains
Where Seller is a NON-RESIDENT and no certificate obtained from ITO (Sec 195) - Any immovable property	20% of the Sale Consideration

TDS on Sale of Immoveable Property by Non-Residents (Sec 195)

Introduction : The TDS to be deducted on sale of immoveable property by a Non-Resident is vastly different from the case of a sale of property by a Resident.

Scope of Taxation on Sale of Immoveable Property by Non-Resident

In case of purchase of property from NRI, TDS under Section 195 is required to be deducted on the Capital Gains, if conditions are complied, as below. There is no monetary limit for the purpose of applicability of TDS:

Particulars	Rate (%)
Long Term Capital Gains (i.e. Property held for more than 2 years)	20%
Short Term Capital Gains (i.e. Property held for less than 2 years)	Slab Rate of seller

For a resident, TDS is applicable only if the sale value is Rs.50 lakhs or more. However, for a non-resident, there is no monetary limit for the purpose of TDS in case of sale of property. Hence, even if the sale value of the property is Rs.5 lakhs and the property is sold by a non-resident, the TDS of 20% u/s 195 will be applicable.

Hence, this TDS is required to be deducted whenever any payment is made to the NRI for purchase of property. Even if any advance is being paid for purchase of property – TDS is required to be deducted on that advance.

Amount on which TDS is deducted – Sale Consideration or Capital Gains

The initial idea is that the TDS is required to be deducted on the Capital Gains. The perception is that the seller will calculate the amount of Capital Gains arising in their own hands, from sale of this property. Seller shall intimate the same to the buyer, to appropriately deduct the tax on 20% of the amount.

HOWEVER, this computation of Capital Gains cannot be done by the Seller himself and should be done by the Income Tax Officer ONLY. The Income Tax Officer will issue a certificate with the capital gains taxable, which should be provided to the buyer.

Hence, if the certificate is not obtained by the Seller, then TDS should be deducted at 20% of the Sale Consideration.

Particulars	%
Where seller is a NON-RESIDENT and certificate of Capital Gains is obtained from ITO (Sec 195) - Any immovable property	20% of Capital Gains
Where Seller is a NON-RESIDENT and no certificate obtained from ITO (Sec 195) - Any immovable property	20% of the Sale Consideration

TDS Remittance, TDS Return and PAN No.:

TAN No. to be Obtained : Buyer should obtain a TAN No. first. TAN No. is not required in case the property is purchased from a Resident Indian but is required in case the property is purchased from a Non-Resident Indian. A TAN No. is different from a PAN No. Hence, in addition to PAN, a TAN No. must be obtained by the BUYER.

TDS to be Deposited in 7 Days from end of Month of Sale : The TDS so deducted by the buyer shall be deposited with the Govt within 7 days from the end of the month in which the TDS has been deducted vide Challan No./ ITNS 281.

TDS Return to be Filed : After the deposit of TDS, the buyer is required to furnish a TDS Return. This TDS Return is required to be furnished in Form 27Q and is required to be furnished separately for each quarter in which the TDS has been deducted.

This TDS Return is required to be deposited within 31 days from the end of the quarter in which the TDS has been deducted.

Frequently Asked Questions on TDS on Sale of Property by Non-Resident (FAQs)

1. What details to provide the Tax Officer?

The Officer will go through details like Purchase Price, Date of Purchase, any expenses on Renovation/ Construction etc.

2. What if excess TDS is deducted than actual tax payable?

In such a case, the seller can claim refund of TDS at the time of filing of the Income Tax Return.

3. What certificate should the seller collect from the buyer?

Seller should collect Form 16A from the Buyer when it is available.

4. What if multiple payments are made for the property?

Deduct TDS at the time of each payment and not at the time of Registration of Property

5. What if TDS is Wrongly Deducted or Not Deducted at All?

If the TDS is wrongly deducted or not deducted, the Income Tax Dept will not do anything to the seller but will catch hold of the buyer of property to deposit the TDS. If the buyer forgot to deduct the TDS or deducted less TDS – the Income Tax Dept will recover the TDS from the buyer.

Conclusion : Hence, it is evident that TDS on sale of property is a very important provision for Sellers/ Buyer of Immoveable Properties. It is even more important to know the nuanced provisions applicable when it is sold by a non-resident.

Hence, it is important to plan the taxes and remittance of the same, with the assistance of your professional, before the property is sold.

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TAXATION

GST ON RENT OF RESIDENTIAL DWELLING

C A KUNAL JAIN

As per sub-section (1) of section 11 of Central Goods and Services Tax Act, 2017, the services by way of renting of residential dwelling for use as residence (under Heading 9963 or Heading 9972) were exempt under GST.

With Effect From 18.7.2022.

The Central Government has issued a Notification (04/2022- Central Tax (Rate) dated 13.7.2022, amending the Notification 12/2017 dated 28.6.2017, against “Serial number 12 in column (3)” after the words “as residence”, the words, “except where the residential dwelling is rented to registered person” shall be inserted.

Sr. No.: 12 **HSN/SAC :** Heading 9963 or Heading 9972 dwelling for use as residence except to registered person **Description of Services :** Services by way of renting of residential where the residential dwelling is rented **Rate:** Nil **Conditions:** nil

Further, Notification 05/2022-Central Tax (Rate) dated 13.7.2022, states that the services by way renting of residential dwelling for use as residence to be covered under Reverse Charge Mechanism (RCM) at the rate of 18% under entry 5AA. “Services by way of renting of residential dwelling to a GST registered person for either residential or commercial purpose shall attract GST and is to be paid under RCM in the hands of the GST Registered person who is the recipient of such services.”

SL.No. : 5AA **Category of supply of services:** Services by way of renting of residential dwelling to a registered person. **Supplier of services :** Any person **Recipient of services :** Any registered person

The below tables clearly show analysis of the above notification:

Scenario 1: Where residential property is rented out for residential purpose by registered supplier

Applicability	To unregistered recipient	To registered recipient	
		Upto 17.7.2022	WEF from 18.7.2022
Taxability	Exempt under GST	Exempt under GST	GST @ 18% under RCM
ITC	NA	NA	ITC may be denied by the department considering such supplies are used for personal consumption of employees under section 17(5) OF CGST Act, 2017.
Notification no.	Notification 12/2017 dated 28.6.2017	Notification 12/2017 dated 28.6.2017	Notification (04/2022 –Central Tax (Rate) dated 13.7.2022 NN-05/2022

Scenario 2: When residential property is rented out for Residential purpose by unregistered supplier.

Applicability	To unregistered recipient	To registered recipient	
Taxability	NA	Upto 17.7.2022	WEF from 18.7.2022
		Exempt under GST	GST @ 18% under RCM
ITC	NA	NA	ITC may be denied by the department considering such supplies are used for personal consumption of employees under section 17(5) of CGST Act, 2017.
Notification No.	NA	Notification 12/2017 dated 28.6.2017	Notification (04/2022 – Central Tax (Rate) dated 13.7.2022 NN-05/2022

Scenario 3: When residential property is rented out for commercial purpose by registered supplier

Applicability	To unregistered recipient	To registered recipient	
Forward charge @ 18%		Upto 17.7.2022	WEF from 18.7.2022
		Forward charge @ 18%	GST @ 18% under RCM
ITC	ITC can be claimed	ITC can be claimed	ITC can be claimed by recipient
Notification No.	Notification 12/2017 dated 28.6.2017	Notification 12/2017 dated 28.6.2017	Notification (04/2022 – Central Tax (Rate) dated 13.7.2022 NN-05/2022

Scenario 4: When residential property is rented out for commercial purpose by unregistered supplier

Applicability	To unregistered recipient	To registered recipient	
		Upto 17.7.2022	WEF from 18.7.2022
		NA	GST @ 18% under RCM
ITC	NA	NA	ITC can be claimed by recipient
Notification No.	NA	NA	Notification (04/2022 – Central Tax Rate) dated 13.7.2022 NN-05/2022

Courtesy: www.taxguru.in

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Where opinion is expressed it is that of the authors and does not necessarily coincide with the editorial views of the publisher or Chennai Property.

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