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BUDGET MUSINGS

UNION BUDGET FOR 2024-25

Progressive, Persuasive and Pragmatic Approach

While presenting the union budget 2024-2025 in the Parliament, Finance Minister Nirmala Sitaraman stressed the need for people to work hard in order to build Viksit Bharat by the year 2047. "The Budget 2024 is the first step towards Viksit Bharat. India is the fastest growing economy and it has overcome after-effects of pandemic due to capex push. The government has been complying with the fiscal deficit trajectory. It will bring down the deficit to below 4.5 per cent by 2025-26 from the targeted 4.9 per cent for the current fiscal. The deficit was 5.6 per cent in 2023-24," said Nirmala Sitaraman.

On the realty sector front, as anticipated, the government has continued its task of developing additional 3 crore houses under PM Awas Yojana in rural and urban areas. This is expected to promote affordable housing for middle-class and EWS. Moreover, the interest subsidy will enable providing affordable home loans for urban housing projects. The policy on rental housing will boost transparency in housing market.

A significant development is the initiative taken by the federal government to



encourage states to moderate stamp duty rates which will have a positive impact on housing demand.

The proposed development of 12 industrial parks under National Corridor Development Programme with complete infrastructure in or near 100 cities will strengthen the overall industrial ecosystem. Moreover, these initiatives will influence Tier-II & III cities, facilitate the development of multi-modal logistics hubs, stimulate private sector investments, and result in the development of industrial and warehousing sectors in Tier-II & III cities, says Savill survey.

Rental housing for industrial workers

The dormitory type accommodation for industrial workers will be facilitated in PPP mode with viability gap funding support and commitment from anchor industries. This will enable purpose-built housing and enhance the availability of housing for this segment.

Urban and rural land related actions

In a significant development, the government has mooted the long pending drive to bring transparency in land transactions. Measures for rural and urban land parcels, such as the assignment of Unique Land Parcel Identification Number (ULPIN), and digitisation of land records with GIS mapping among others, will enhance transparency and reduce fraudulent transactions.

Clear identification of land will contribute to the appreciation of land prices and enhance development opportunities.

While the budget aims for bold measures, it has brought significant changes in realty sector, reports

V Nagarajan

Streamlining the database will allow for better land use planning and zoning, increasing the marketability of land parcels and make it easier to close land-related transactions, said Savills survey.

A major development in the budget is the doing away with indexation benefit for immovable property. However, the government has modified the budget

Continued on page 2

LAUNCHING SHORTLY

GLOBAL REALTY GUIDE

(A monthly edition for elite Indians looking to invest in select overseas real estate markets)

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The Union budget for 2024-25 has proposed development of 12 industrial parks under National Corridor Development Programme with complete infrastructure in or near 100 cities which will strengthen the overall industrial ecosystem. It has also introduced significant reforms aimed at fostering a more attractive investment climate, ease of investment and aligning tax with global tax standards

OVERVIEW

SRIPERUMBUDUR GETS A FACELIFT

The west Chennai is a mix of emerging locations such as MPH Road, NH-4 (Chennai-Bengaluru Highway), Ambattur, etc. and established locations such as Ashok Nagar, Vadapalani, Anna Nagar, etc. along the Jawaharlal Nehru Road (also known as Inner Ring Road).

The emergence of the NH-4 industrial corridor and completion of large-scale SEZ and IT developments has spurred residential demand in west Chennai. The apartment prices range between Rs 5,000 – 8,000 per sq. ft. for mid-end projects and Rs 9,000 – 15,000 per sq. ft. for high-end / luxury projects as of Q3 2021.

According to Anarock report on Tamil Nadu - The Industrial Services Powerhouse of India, 2023, property prices have increased by 7.4% from 2015 – Q1 2023. The increase was steep in recent years, around 8% between 2020 and Q1 2023. A sudden increase in input cost led to a rise in property prices. It may neutralise a bit once the supply-side challenges are mitigated.

What made Sriperumbudur get a facelift was the announcement of Chennai’s second airport at Parandur spread across 4,000 acres at a cost of around Rs 32,000 crore. Once completed in 2028, the airport may have an annual capacity of 10 crore passengers. The TIDCO had submitted an application to the civil aviation ministry for the grant of site clearance for the airport at Parandur in Kancheepuram district. After completion of the consultation process, the proposal was placed before the steering committee on greenfield airports and the same has been recommended for grant of site clearance to TIDCO for the development of greenfield airport at Parandur, in July.

Yet another significant development is the Chennai-Bengaluru expressway which is expected to be completed by December this year. Over 55% of the total work in the Tamil Nadu section has been completed. However, there are

With greenfield airport at Parandur and Chennai-Bengaluru expressway gaining momentum, land and housing prices are inching a new high in and around Sriperumbudur, reports **V Nagarajan**



Shyam Sundar, a pioneer in affordable housing.

indications that the project might be delayed for completion in 2025. The 262-km stretch will reduce commuting time between Chennai and Bengaluru by 13% to just two hours. The 90-metre-wide access-controlled expressway will support vehicle speeds up to 120 kmph.

Land prices in anticipation of both airport development and expressway soared to a new high. The affordable housing project, H4A Projects Pvt Ltd., adjacent



to the Chennai-Bengaluru expressway saw plot prices almost doubled to Rs 1,600 per sqft due to anticipated road widening to 100 ft from the expressway connecting the road to NH48. “There is a huge potential for affordable housing project and the migration of blue collared workers to Sriperumbudur industrial belt has pushed both land and property prices to a new high,” said Shyam Sundar, CMD of H4A Projects Pvt Ltd. Industry observers estimate the affordable housing demand in the vicinity at 40,000 units especially with the Apple manufacturing unit and expansion of some of the industrial undertakings in and around Sriperumbudur.

Moreover, Chennai houses multiple industrial parks, mainly in West and North Chennai. Key industrial clusters include Oragadam, Ambattur Industrial Estate, SIDCO Industrial Estate - Thirumudivakkam, Vallam-Vadagal Industrial Park, Sri City etc. Locations such as Sriperumbudur and Irungattukotai along NH-4 in West Chennai house manufacturing units of various international players, according to CBRE report on Tamil Nadu – The Blueprint of Real Estate Excellence.

Increasing manufacturing activity also led to a rise in demand for warehouses in the city over the past few years. The warehousing stock in Chennai crossed 28 million sq. ft. by Q3 2021, with close to 10 million sq. ft. added in the past three years alone. Western Corridors 1 & 2

CHENNAI PROPERTY

(A fortnightly publication)

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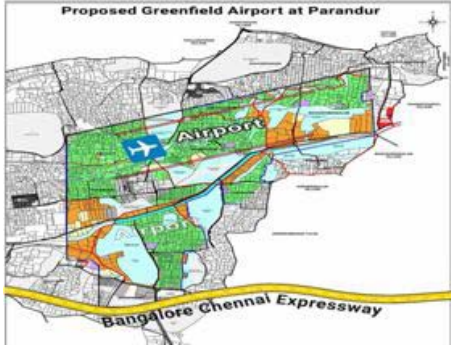
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include locations such as Sriperumbudur, Oragadam, Vallam, Mappedu, Mannur, Thiruvallur etc. and account for about 60% of the total stock in the city. Northern Corridor, covering locations such as Puzhal, Manali, Red Hills etc., accounts for about 35% of the total stock.

Total Residential Units Registered with TNRERA in Chennai (RegionWise) Q1 - 2024 by CREDAI/Non-CREDAI/TNHB				
Category	CREDAI	Non-CREDAI	Gov - TNHB	Grand Total
Central	143	76	0	219
North Central	1966	0	0	1,966
North Suburbs	0	60	0	60
South Central	137	94	0	231
South Suburbs	3,311	497	0	3,808
West Central	122	85	0	207
West Suburbs	667	60	0	727
Grand Total	6,346	872	0	7,218

Total (Building/Layout) Projects Registered with TNRERA (Tamil Nadu) - April 2023 to March 2024													
Type	Apr	May	Jun	Ju1	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Building	38	51	46	39	33	41	39	27	26	27	44	32	443
Building - Re-Registered	5	6	1	2	3	2	2	2	1	0	1	2	27
Layout	335	470	351	520	452	345	444	415	357	373	359	419	4,840
Layout - Re-Registered	0	0	1	1	2	0	1	0	0	0	0	0	5
Regularisation-Layout	146	178	131	121	110	74	140	112	75	89	56	136	1,368
Regularisation-Layout - Re-Registered	0	0	0	0	0	0	0	0	0	0	0	0	0
Grand Total	524	705	530	683	600	462	626	556	459	489	460	589	6,683

Source: Credai Chennai

Continued from page 1

Union Budget for 2024-25 : Progressive, Persuasive and Pragmatic Approach

proposal with regard indexation. Following various representations made by taxpayers and other groups, the government has decided to allow the taxpayer the option to calculate the long term capital gains at the rate of 12.5% without indexation or 20% with indexation, for properties purchased prior to 23rd July, 2024.

Under section 194H, payment of commission or brokerage, the TDS rate has been reduced from 5% to 2% with effect from October 1, 2024.

Thrust on Infrastructure development

A number of measures announced in the union budget will go a long way in improving the infrastructure on multiple fronts. The road infrastructure outlay of Rs 26,000 crore will boost connectivity. Construction of these highways and bridges will enhance connectivity between major urban and rural areas leading to creation of new urban clusters and consequent real estate development.

Restoring the cultural heritage across Bihar especially and Orissa will stimulate

investments in infrastructure and unlock real estate development opportunities especially in retail and hospitality sectors.

Promoting private investments in infrastructure through viability gap funding will bolster the infrastructure sector by resolving financial roadblocks through the infusion of private funds, thus spurring real estate growth. The redevelopment of cities will attract investments and promote sustainable development, hence minimising the urban sprawl.

The union government will facilitate development of ‘Cities as growth hubs’. This will be achieved through economic and transit planning, and orderly development of peri-urban areas utilising town planning schemes. The transit oriented development plans for 14 large cities with a population above 30 lakh. This allows cities to develop people centric neighbourhoods with easy access to public transport and economic opportunities resulting in urban development and employment generation, says Savills survey.

<< SNAPS HOTS >>

Clearance given to Parandur Greenfield airport

The Union government has granted clearance for the greenfield airport in Tamil Nadu's Parandur, which has faced stiff opposition from locals who are to be displaced due to the project, reports Hindustan Times.

The state government-owned Tamil Nadu Industrial Development Corporation Limited (TIDCO) had submitted an application to the civil aviation ministry for the grant of site clearance for the airport at Parandur in Kancheepuram district, 70km away from Chennai.

TN government launches single window system for building permits

The Tamil Nadu government has launched a single-window system to facilitate the sanction of building permits, an initiative aimed at ensuring transparency and expediting the completion of small residential projects in the state.

Under the initiative, any person who wishes to construct, reconstruct or develop a building (with ground floor or ground plus one floor) in their plot of up to 2,500 sqft and built-up area of up to 3,500 square feet for residential purposes shall be eligible to obtain the building permit under the self-certification scheme instantaneously. The public can get the permit through the official website by uploading necessary documents such as plot information, ownership details, abutting road width, built-up area, and building height.

Among the criteria specified include that the building should be not more than seven metres high and must be constructed at a distance of 1.5 metres from the road. It is expected to ease the burden of the long wait to get building permits for the middle class and economically weaker sections in the state.

RMZ Corp and CPP completes sale of One Paramount 1

Bengaluru-based RMZ Corporation and the Canada Pension Plan Investment Board on August 6 said that they have completed the sale of One Paramount 1, an office complex in Chennai, to Singapore-based Keppel Ltd for \$264 million, reports Hindustan Times.

Located in Porur, Chennai, One Paramount 1 is spread across 12.6 acres of land with 2.4 million square feet of leasable space. It was jointly developed by RMZ and CPP Investments. The development comprises three modern office towers, complemented by support retail and amenities. The commercial space is home to a diverse tenant mix including global players like DOW Chemicals, Nielsen IQ, UPS, Maersk, Bechtel, Genpact, Hitachi Energy and VMware, among others.

MahaRERA leads in ensuring transparency

The Maharashtra Real Estate Regulatory Authority (MahaRERA) has made it mandatory for real estate developers to mention the exact date by which facilities and amenities will be made available to homebuyers along with the expected date of obtaining the occupation certificate (OC).

"As a progressive step towards enhancing transparency and accountability in the real estate sector, MahaRERA's decision to make it mandatory for developers to specify the delivery date of amenities and the occupation certificate is a welcome move. This regulation will not only strengthen the trust between homebuyers and developers but also ensure that projects are delivered as promised. It marks a significant shift towards more consumer-centric practices, which will ultimately lead to a more robust and trustworthy real estate ecosystem in Maharashtra. NAREDCO Maharashtra fully supports this initiative, as it aligns with our commitment to fostering ethical practices and enhancing customer confidence in the industry," said Prashant Sharma, President, NAREDCO Maharashtra.

Chennai High Court rules terms for finality by CoC

The High Court of Madras, in a recent case, opined that the plan approved by the Committee of Creditors should be (a) based on complete disclosure of information; (b) that its treatment of the interest of the operational creditor must be just, fair and equitable; and (c) that its allocation for the operational creditors is not less than that which the operational creditors might have obtained in a liquidation proceedings of the corporate debtor. Plans not satisfying the above criteria do not enjoy finality. [(2024) 4 MLJ 42 : LNINDORD 2024 MAD 1408], according to LexisNexis sources.



Registered Sale Deed cannot be held to be void during pendency of a suit

The Supreme Court recently held that that a registered sale deed cannot be held to be void merely because it was executed during the pendency of a suit in relation to the property. The doctrine of lis pendens under Section 52 of the Transfer of Property Act 1882 does not render the pendente lite transfer void. "...no title could be transferred with respect to immovable properties on the basis of an unregistered Agreement to Sell or on the basis of an unregistered General Power of Attorney. The Registration Act, 1908 clearly provides that a document which requires compulsory registration under the Act, would not confer any right, much less a legally enforceable right to approach a Court of Law on its basis. Even if these documents i.e. the Agreement to Sell and the Power of Attorney were registered, still it could not be said that the respondent would have acquired title over the property in question. At best, on the basis of the registered agreement to sell, he could have claimed relief of specific performance in appropriate proceedings. In this regard, reference may be made to sections 17 and 49 of the Registration Act and section 54 of the Transfer of Property Act, 1882. (Yogesh Goyanka Versus Govind & Ors) (Source: Whitespan Advisory).

Colliers to deliver project management services for two mega projects in Bengaluru for real estate developer, Fortius Infra

Leading real estate professional services firm, Colliers India, has recently delivered two significant projects for Bengaluru-based developer, Fortius Infra, headed by industry veteran and well respected realtor, Gopi Krishnan. Fortius Infra has an exceptional track record of delivering bespoke projects over the past decade. A long-standing client of the well-known project management firm, Fortius Infra appointed Colliers India to deliver project management services for two of their marquee projects in Bengaluru, Fortius Origin and Under the Sun.

"The strategic expertise and execution capabilities of Colliers, supported by a broad network of professionals and vendors, have been critical to our success. Their commitment enabled us to complete both projects ahead of schedule, demonstrating a level of professionalism and efficiency that has strengthened our market position." , says Gopi Krishnan, Founder and Chairman.

The commercial development, Fortius Origin, spans a built-up area of 1.80 lakh sq.ft. and is located in the city's hotspot, Koramangala. It is a state-of-the-art office establishment with an impressive and modern building façade. The client further went on to employ Colliers to manage the office leasing as well as the facilities management of the Grade A commercial asset, given the trusted partnership developed over the years.

"A city center project often comes with several operational challenges and restrictions. Additionally, the site area had a high-water table, making deep excavations complicated. Employing our innovative engineering solutions and in-depth technical expertise, we were successful in overcoming all logistical and construction challenges, and delivered a product that is par excellence and above the market standards.", says Indranil Basu, Managing Director, Project Management, Colliers India.

Under the Sun is a premium residential villa project built within the mango groves of Devanahalli, North Bengaluru. With a built-up area of 6 lakh sq.ft., the project scope comprises 125 luxury villas that are tastefully designed and infused with modern-day comforts and amenities.

Equinix invests USD \$65 million in Chennai data centre expansion

Equinix has announced the development of its first International Business Exchange (IBX) data centre in Chennai, supplementing its existing campus in Mumbai. The new facility, named CN1, is designed to support enterprises and hyperscalers, including artificial intelligence deployments, to assist businesses in maximising digital opportunities in India.

With an initial investment of USD \$65 million, CN1 will cover nearly six acres in Chennai's Siruseri tech landscape and is slated to open in the fourth quarter of 2024. This data centre will be linked to Equinix's three existing data centres in Mumbai, providing a strong digital infrastructure network aimed at driving innovation and digital transformation across India.

With greenfield airport at Parandur and Chennai-Bengaluru expressway gaining momentum, land and housing prices are inching a new high in and around Sriperumbudur

REALTY DATA

Chennai Residential Property Price at select locations

Location	Price range in H1 2024	12 month change	6 month change
Anna Nagar	13,128 – 14,000	10%	-4%
Kilpauk	13,060 – 14,300	-1%	-7%
Kolathur	5,800 – 6,200	2%	-1%
Perambur	6,620 – 7,220	9%	-1%
Perumbakkam	5,184 – 5,300	5%	3%
Kelambakkam	4,000 – 4,270	4%	2%
Porur	6,000 – 6,500	4%	4%
Mogappair	7,550 – 8,000	12%	0%

Source: Knight Frank Research

Total Residential Units Sold in Q1

Category	Units
Credai	2,648
Non-Credai	313
Government TNHB	22
Total	2,983

Significant Industrial / Warehousing Transactions

Lessee	Lessor	Type	Submarket	Area (sqft)
DHL	Indospace Ullavur	Warehouse	Oragadam	500,000
Inalfa Gabriel	Indospace – Kunnam	Industrial shed	Oragadam	200,000
Kerry Indev	Tapp Sem	Warehouse	Sriperumbudur	500,000
SV Global	Polyhose	Warehouse	Irungattukottai	220,000
First Solar	TVS Infra	Industrial shed	Sriperumbudur	570,000

Significant Land Transactions

Lessee	Lessor	Type	Submarket	Area (sqft)
House of Hiranandani	Aggregation	Industrial	Vishnuvakkam	35 acres

Source: Cushman & Wakefield

Residential Units registered with TNRERA in Q1

Category	Credai	Non-Credai	Government – TNHB	Grand Total
Central Chennai	143	76	0	219
North central	1966	0	0	1,966
North suburbs	0	60	0	60
South central	137	94	0	231
South suburbs	3,311	497	0	3,808
West central	122	85	0	207
West suburbs	667	60	0	727
Grand Total	6,346	872	0	7,218

Construction Costs Benchmarking

Construction Cost for Various Asset Classes (INR/Sft) - JLL.

Building Type		Key Consideration	Bangalore	Chennai	Delhi	Hyderabad	Mumbai	Pune
Residential	High Rise Luxury Apartments	Floors: 30+	4,020 to 4,700	4,000 to 4,650	4,100 to 4,800	4,000 to 4,700	4,250 to 5,000	4,050 to 4,750
	Mid Rise Luxury Apartments	Floors: 15+	2,600 to 3,000	2,550 to 2,950	2,650 to 3,050	2,600 to 3,000	2,750 to 3,200	2,650 to 3,050
	Standard /Affordable Apartments	Floors: 5 to 12	2,240 to 2,600	2,200 to 2,550	2,300 to 2,650	2,250 to 2,600	2,350 to 2,750	2,250 to 2,650
Commercial	High Rise	Floors: 12+	3,450 to 4,200	3,100 to 4,150	3,500 to 4,300	3,100 to 4,200	3,650 to 4,450	3,500 to 4,250
	Medium Rise	Floors: 8 to 12	2,850 to 3,500	2,800 to 3,450	2,850 to 3,550	2,850 to 3,500	3,000 to 3,700	2,900 to 3,550
Retail	Malls	Floors: 3 to 6	3,850 to 4,500	3,800 to 4,450	3,950 to 4,600	3,850 to 4,500	4,100 to 4,750	3,900 to 4,550
Industrial	Heavy Industrial	NA	4,350 to 5,100	4,300 to 5,050	4,450 to 5,200	4,350 to 5,100	4,600 to 5,400	4,400 to 5,150
	Light/Medium Industrial	NA	2,900 to 3,400	2,850 to 3,350	2,950 to 3,450	2,900 to 3,400	3,050 to 3,600	2,950 to 3,450
	Warehouse	NA	1,850 to 2,200	1,850 to 2,200	1,900 to 2,250	1,850 to 2,200	1,950 to 2,350	1,850 to 2,200
Hotel*	5 Star / Resort	Varies	10,500 to 13,800	11,400 to 13,650	11,750 to 14,100	11,500 to 13,800	12,200 to 14,650	11,600 to 13,950
	5 Star	100+ Keys	7,750 to 9,300	7,650 to 9,200	7,900 to 9,500	7,750 to 9,300	8,200 to 9,850	7,850 to 9,400
	4 Star	100+ Keys	5,500 to 6,600	5,450 to 6,550	5,600 to 6,750	5,500 to 6,600	5,850 to 7,000	5,550 to 6,650
	3 Star Budget	100+ Keys	4,800 to 5,800	4,750 to 5,750	4,900 to 5,900	4,800 to 5,800	5,100 to 6,150	4,850 to 5,850
Health**	Hospital	Floors: 5 to10	4,800 to 5,600	4,750 to 5,550	4,900 to 5,700	4,800 to 5,600	5,100 to 5,950	4,850 to 5,650
Education	University	Campus	4,400 to 5,100	4,350 to 5,050	4,500 to 5,200	4,400 to 5,100	4,650 to 5,400	4,450 to 5,150
	School	Floors: 3 to 5	3,400 to 4,000	3,350 to 3,950	3,450 to 4,100	3,400 to 4,000	3,600 to 4,250	3,450 to 4,050
Office Fit-Out***	Occupier Campus	CA: 3,00,000+	8,600 to 9,900	8,500 to 9,800	8,750 to 10,100	8,600 to 9,900	9,100 to 10,500	8,700 to 10,000
	Fit out-High	CA: 50,000+	5,500 to 6,400	5,450 to 6,350	5,600 to 6,550	5,500 to 6,400	5,850 to 6,800	5,550 to 6,450
	Fit out-Medium	CA: 30,000+	3,800 to 4,400	3,750 to 4,350	3,900 to 4,500	3,800 to 4,400	4,050 to 4,650	3,850 to 4,450
	Fit out-Basic	CA: 20,000+	3,150 to 3,700	3,100 to 3,650	3,200 to 3,750	3,150 to 3,700	3,350 to 3,900	3,200 to 3,750
Others	Multi-Level Parking	Floors: 3+	1,650 to 1,900	1,650 to 1,900	1,700 to 1,950	1,650 to 1,900	1,750 to 2,000	1,650 to 1,900

*including FF&E **Excluding FF&E and medical equipment ***Cost based on Carpet Area

Cost of Key Building Construction Materials across various Cities

Below are key building construction material prices for various cities as of December 2023, says JLL.

Description		UoM	Bengaluru	Chennai	Delhi	Hyderabad	Mumbai	Pune
Cement	Grade 53	INR/Bag	295	285	280	275	w310	300
Steel	Reinforcement	INR/MT	56,500	54,500	55,500	56,900	52,000	51,500
	Structural steel	INR/MT	68,500	67,500	62,000	69,500	67,500	64,500
Metals	Aluminium	INR/Kg	189	189	189	189	189	189
	Stainless steel (302)	INR/Kg	230	230	230	230	230	230
	Copper	INR/Kg	706	706	706	706	706	706
Stone	Marble	INR/Sft	250-650	250-650	250-650	250-650	250-650	250-650
	Granite	INR/Sft	150-250	150-250	150-250	150-250	150-250	150-250
	Kota	INR/Sft	50-100	80-100	25-80	75-95	40-100	35-85
Wood	Plywood 12mm thick	INR/Sft	50-70	50-70	50-70	50-70	50-70	50-70
Clear Glass	8mm	INR/Sft	120-170	120-170	120-170	120-170	120-170	120-170
	6mm	INR/Sft	90-120	90-120	90-120	90-120	90-120	90-120
Paints	Emulsion	INR/Ltr	170-220	140-350	125-300	180-250	130-350	110-300
Plumbing*	CPVC 50-100 mm SDR 11	INR/m	650-2600	650-2600	650-2600	650-2600	650-2800	650-2800
	GI pipes- 50m to 100mm C class	INR/m	500-1,900	580-1,550	450-1,500	700-2301	790-1,810	790-1,810
	UPVC- 32- 100 mm	INR/m	210-1,100	230-1,600	150-1,300	480-2,300	225-1,465	225-1,035

Source: As per JLL internal database. All rates are supply rates and excluding GST for Dec 2023 and for guidance only. Metal prices are referred from LME. Transportation and any other abnormal costs are excluded. *Rates considered are without project discount

Developed Plot Prices in Chennai

Location Rate (Rs per sqft)

Navalur 4,500

Thirumazhisai 3,000

Oragadam 1,700~2,500

Tambaram 6,500

Sholinganallur 7,800

Perumbakkam 5,000~5,300

Injambakkam 10,000

Ayambakkam 6,500

Redhills Angadu 1,600

Padappai 3,500~4,400

Tambaram west 2,600

NearPoonamallee2,800~3,000

Kelambakkam 1,900

Thaiyur 2,100~3,000

Note: Rates are indicative only and may vary depending on the exact location, proximity to landmark areas, developer, specification and type of development.

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OVERVIEW

GREEN AND NET ZERO BUILDINGS AND TECHNOLOGIES GAINING MOMENTUM

India’s premier body for green building certification and related services, CII-IGBC, held its Green Buildings Congress 2024 Roadshow in Chennai which was attended by Industry Leaders who pledged their support to the Green Buildings movement in India. The roadshow is a precursor to the Green Buildings Congress 2024 which is slated to be held in Bengaluru in November 2024.

The green building congress roadshow featured an interesting panel discussion led by industry stalwarts from L&T, Saint-Gobain India, Johnson Controls, C N Raghavendran & Associates, Midori Architecture and Danfoss Industries. They deliberated on the growth of the construction and infrastructure development sector and the necessity of designing and constructing buildings that are self-sufficient and minimally dependent on external sources in terms of resource consumption.

Speaking at the roadshow, B Thiagarajan, National Chairman, IGBC & Chairman, Green Building Congress 2024, said, “CII-IGBC, , remains committed to spearhead the net zero building movement in India. We have developed a number of tools and methodologies that facilitate the adoption of Net Zero concepts for Energy and Water consumption and over 350 organizations, from across India, have pledged to join us in our mission. Tamil Nadu remains at the forefront of our green building movement with 496 IGBC



certified green and net zero projects covering an area of 167 million sq ft.”

The Council works closely with the Government of Tamil Nadu who, apart from a large number of IGBC certified projects, have favourable policies and regulations in place. Their Industrial Policy offers a 25% subsidy on the setup costs for environmental protection infrastructure. Simultaneously, their data centre policy promotes green and sustainable initiatives by providing a 25% subsidy with the aim to encourage environmentally responsible practices in the rapidly growing data centre industry. In addition, the state emphasizes sustainable tourism through financial assistance for initiatives prioritizing environmental protection. Initiatives aligning with IGBC standards, particularly those achieving platinum, gold, or silver ratings, are eligible for

significant benefits under the tourism policy.

IGBC’s Mission on Net Zero is aligned with World Green Building Council’s Whole Life Carbon Vision which states that by 2030, new buildings, infrastructure and renovations must have at least 40% less embodied carbon with significant upfront carbon reduction and all new buildings must be net zero operational carbon. Being a founding member of WorldGBC, IGBC envisions to achieve 100% net zero embodied carbon by 2050, for new buildings and infrastructure and work towards making all buildings including existing buildings, net zero operational carbon.

Mahesh Anand, co-Chairman, IGBC Chennai chapter and President, Nippon Paint, India, said, “This Prelude Roadshow sets the stage for what promises to be a landmark event, bringing together thought leaders, innovators, and practitioners from across the country to advance our shared vision of a sustainable future. Our aim is to encourage greater awareness and participation among all stakeholders in the construction and building sector. We believe that through collaboration and innovation, we can accelerate the transition to a greener, more sustainable built environment.”

The IGBC net zero energy buildings rating was launched in the year 2018. This rating system is a tool which enables the project team to apply energy efficiency concepts and adopt appropriate renewable sources by design to construct a net zero energy building. In case of an existing building, the tool enables implementation of energy efficient

Tamil Nadu remains at the forefront of the green building movement with 496 IGBC certified green and net zero projects covering an area of 167 million sq ft.

measures to reduce overall energy demand and meet the rest of the energy requirements through renewable energy sources.

Speaking at the roadshow, M. Anand, deputy executive director, CII IGBC, said “The buildings and the construction sector remains one of the largest emitters of carbon and it is, therefore, imperative for it to take the lead in India’s endeavour to be net zero by 2070. Today IGBC has over 14,230 Green building projects covering 11.92 billion sqft across the country. I take this opportunity to invite the industry leaders to the CII-IGBC Green Building Congress in Bengaluru and participate in India’s green built environment movement.”

IGBC’s Net Zero Carbon Rating System that was launched last year at the 21st edition of Green Building Congress 2023 held in Chennai, promotes the use of low-embodied carbon materials and technologies and on-site or off-site renewable energy sources, and adherence to a Whole Building Life Cycle Analysis. The rating system addresses projects in both 'Design & Construction' and 'Operations' phases. This approach allows tailored strategies for minimising or eliminating carbon emissions at different project stages.

The net zero energy, water, waste and carbon rating systems present an excellent opportunity for the building sector to lead the adoption of net zero practices and facilitate India's transformation into one of the foremost countries achieving net zero by 2070.



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REALTYSCENARIO

LOGISTICS & WAREHOUSING ABSORPTION UP BY 8% IN H1

Logistics and warehousing sector has absorbed 16.6 million sqft in H1 2024 witnessed an absorption of 16.6 Mn sq ft, showcasing an increase of 8% over the same period a year earlier. However, it reduced by 26% when compared to H2 2023. The reduction could be attributed to a significant dip of 74% in NCR’s absorption.

Mumbai and Pune together accounted for 63% of the total absorption in H1 2024, followed by southern cities (Bengaluru, Chennai and Hyderabad) at 29%. Mumbai’s share saw an increase from 25% in H1 2023 to 41% in H1 2024, the growth can be attributed to an increase in demand for grade-A warehouses in areas such as Bhiwandi, Panvel, Uran, Taloja, and Ambernath. NCR witnessed a significant decline in its share from 31% to 6% in the same period. Furthermore, Chennai reported absorption of 1.5 Mn sq ft in H1 2024, registering an increase of 191% over H1 2023 due to the low base effect.

3PL (3rd Party Logistics) companies dominated absorption with 39% share in H1 2024. The share has increased from 26% in H1 2023. Similarly, the share of Engineering & Manufacturing and Automobiles & Auto Components sectors also saw an increase from 16% and 4% in H1 2023 to 22% and 9% in H1 2024, respectively.

The sector received investments worth USD 1.6 Bn in H1 2024, accounting for 42% of the total institutional investment received in the real estate sector. As major economies of the world started expanding

Warehousing and Logistics absorption increased by 8% annually in H1 2024, dominated by Mumbai and Pune, surveys
Vestian

again and the participation of foreign investors increased in the Indian warehousing sector, investments in H1 2024 were equal to 1/3rd of the total institutional investment received in the past four years. Moreover, investments increased by 4.5X in H1 2024 compared to H1 2023.

Shrinivas Rao, FRICS, CEO, Vestian said, “As participation of foreign investors increased, availability of funds eased in the sector. Moreover, recent government announcements to boost infrastructure developments is likely to reduce logistics costs from 8-9% to 5-6% of the GDP, which in turn will lead to an increase in real estate activities in the warehousing sector.”

Key Investment Deals (H1 2024)



- USD 1.5 Bn investment in Reliance Retail Ventures warehousing assets by KKR and Abu Dhabi Investment Authority (ADIA) was the largest deal concluded by value in H1 2024, accounting for 96% of the total investments in the sector
- CapitaLand India Trust (CLINT) has entered into a forward purchase agreement with Casa Grande Group to acquire three industrial facilities at OneHub Chennai, with a total net leasable area of 0.79 Mn sq ft. The deal is valued at approximately USD 32.3 Mn. This investment is expected to be executed in three phases, with the completion of Phase 1 by the first half of 2025.
- Goa Investment Promotion and Facilitation Board (Goa-IPB) signed a

Memorandum of Understanding (MoU) with TVS Industrial and Logistical Parks (TVS ILP). This agreement is expected to facilitate the development of a grade-A warehousing and logistics park in Verna Industrial Estate with an investment of USD 15.6 Mn.

Weighted average rentals marginally declined by 3% to INR 21.6/sq ft/month in H1 2024 over the same period a year ago. Rentals in Bengaluru declined the highest by 8% whereas Hyderabad witnessed a decrease of 7% during the same period stated above. On the other hand, rentals saw a significant increase of 30% to INR 27.1/sq ft/month in Pune, followed by Chennai with 22% uptick in rentals during H1 2024 compared to H1 2023.

City-wise Absorption

City	Absorption (Mn sq ft)			% Change	
	H1 2024	H2 2023	H1 2023	H1 2024 vs H1 2023	H1 2024 vs H2 2023
Bengaluru	1.4	1.9	1.7	-19%	-27%
Chennai	1.5	3.0	0.5	191%	-52%
Hyderabad	1.9	1.8	1.3	48%	7%
Pune	3.6	4.4	2.6	40%	-18%
Mumbai	6.8	6.4	3.8	80%	7%
Kolkata	0.3	0.8	0.8	-65%	-63%
NCR	1.1	4.1	4.7	-77%	-74%
Total	16.6	22.4	15.4	8%	-26%

Source: Vestian Research

Sector-wise Absorption (% share of total)

Sectors	H1 2024	H1 2023
3PL	39%	26%
Engineering & Manufacturing	22%	16%
Automobile & Auto Components	9%	4%

Source: Vestian Research

Institutional Investments

Period	Value (USD Mn)	% Share of Total Investments in RE
H1 2024	1,558.9	42%
H2 2023	296.2	21%
H1 2023	349.7	12%

Source: Vestian Research

City-wise Weighted Average Rentals

City	Rentals (INR/sq ft/month)			% Change	
	H1 2024	H2 2023	H1 2023	H1 2024 vs H1 2023	H1 2024 vs H2 2023
Bengaluru	20.2	21.2	22.0	-8%	-5%
Chennai	24.3	21.9	19.9	22%	11%
Hyderabad	19.1	20.0	20.5	-7%	-4%
Pune	27.1	23.5	20.9	30%	15%
Mumbai	18.7	22.9	19.7	-5%	-18%
Kolkata	19.1	20.6	18.2	5%	-7%
NCR	23.5	22.7	22.5	5%	4%
Total	21.6	22.3	22.3	-3%	-3%

Source: Vestian Research

Triplicane Vyasaraja Mutt Triplicane, Chennai

Sri Vyasaraja Math is one of the three premier Dvaita Vedanta monasteries descended from Jagadguru Sri Madhvacarya through, Rajendra Tirtha and their disciples. Vyasaraja Math, along with Uttaradi Math and Raghavendra Math, are considered to be the three premier apostolic institutions of Dvaita Vedanta and are jointly referred as Mathatraya. Chennai’s Triplicane based Vyasaraja Mutt development work has been undertaken and the construction cost has been estimated at Rs 2.5 crore. Devotees are requested to contribute their mite for the noble cause. For more details, please contact the number below. **Contribute through GPay No. 9789990188, Call Mr N Ramakrishna Achar on 9940317614 or 9444802951 for more information.**



TAX PLANNING

Foreign Investors and Union Budget, 2024

ABHINARAYAN MISHRA

India's Union Budget 2024 has introduced significant reforms aimed at fostering a more attractive investment climate, ease of investment and aligning tax with global tax standards. These changes are further expected to simplify regulatory frameworks, enhance investor confidence, and improve trade relations.

In this article, let us explore the changes and their implications for foreign investors.

1. Reduction in Corporate Tax Rate for Foreign Companies

o The union budget 2024 proposes to reduce the corporate tax rate for foreign companies from 40% to 35%.

o This move will make India more attractive to foreign investors, enhance its global competitiveness, and stimulate economic growth by increasing foreign capital inflows, expanding international business activities, and creating jobs.

2. Abolition of Angel Tax:

o Under angel tax, any amount in excess of fair value was treated as premium and being taxed at approximately 31% under income tax law. This was creating lot of troubles for investors.

o The abolition of angel tax will positively impact investments by reducing paperwork and complicated formalities in applications, thereby making the investment process smoother.

o This simplification will boost investor confidence, attract more capital and enhance

overall investment climate in India, particularly for early-stage startups.

3. Abolition of Equalization levy: Equalisation levy was being made on advertisements hosted on platform of offshore firms for Indian consumers. This was levied at 6% since 2016. The budget has not abolished this levy.

But the scope of equalisation levy was expanded in 2020 to include any provision for digital advertising space or selling of goods to Indian residents or users accessing goods/services through Indian IP addresses. The rate of tax was 2% of gross consideration. This 2% levy is abolished in the budget.

This was abolished due to complexity of classification and partly due to the frictions with USA. This will surely boost the digital



economy and encourage reduction in tax litigation.

4. Reduction in Tax on Long term capital gains

o A flat 12.5% tax rate on long-term capital gains, irrespective of asset type or investor's residential status, provides clarity and uniformity, enhancing investment attractiveness and ensuring equitable treatment of foreign and domestic investors.

o However, the foreign investors will get currency fluctuation benefits while computing LTCG.

5. FDI through CCD:

In India, the preferred mode of foreign direct investment is the unlisted compulsory convertible debentures. Unlike the earlier rate of 10%, the budget has increased the tax burden at the rate of 35% i.e., maximum marginal tax rate, by amending Section 50AA

of Income Tax Act. Any gain on transfer or redemption will be taxed accordingly. Now, the investors may explore the provisions under relevant tax treaties.

6. Share Buybacks:

Entire buyback proceeds will be taxed as dividend. There will be no option to offset initial investment cost. Earlier, the companies were paying taxes on share buybacks. Now, investors will be paying the tax.

7. Variable Capital Company (VCC):

The budget has allowed the investors to set up VCC in GIFT city. At the global level, VCC is accepted vehicle for investment fund. It will be an umbrella fund under which many funds can be brought up. This will increase the ease of management and operational dynamics of the funds.

Overall, the Indian union budget has taken some positive steps to attract foreign investors. However, there will be new challenges for investors in the form of enhanced tax rates on CCD and taxing of share buybacks.

Mr Abhinakaran Mishra is part with KPAM & Associates, Chartered Accountants, New Delhi. He can be reached through email: ca.abhimishra@gmail.com; abhi.mishra@kpam.in



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The Union government has granted clearance for the greenfield airport in Tamil Nadu's Parandur, which has faced stiff opposition from locals who are to be displaced due to the project

TAX TALK

FINANCIAL TAX PLANNING: A COMPREHENSIVE GUIDE

CHETANA RAJPUT

Financial tax planning is a crucial aspect of personal and business finance management. Whether you're an individual taxpayer or a business owner, understanding tax laws and implementing effective tax strategies can significantly impact your financial well-being. In this comprehensive guide, we'll explore the importance of financial tax planning, key strategies to minimize tax liabilities, and how to optimize your financial position while staying compliant with tax regulations.

Why Financial Tax Planning Matters:

Tax planning is not merely about complying with legal obligations; it's about strategically managing your finances to minimize tax liabilities and maximize wealth accumulation. Effective tax planning can help individuals and businesses:

1. **Maximize Tax Efficiency:** By strategically structuring financial transactions and investments, you can reduce the amount of tax you owe, allowing you to keep more of your hard-earned money.
2. **Plan for the Future:** Tax planning involves forecasting future income and expenses to anticipate tax liabilities accurately. This foresight enables individuals and businesses to make informed financial decisions and allocate resources efficiently.
3. **Enhance Cash Flow:** By optimizing tax deductions, credits, and deferrals, tax planning can improve cash flow, providing individuals and businesses with more liquidity to pursue investment opportunities or meet financial obligations.



4. **Achieve Long-Term Financial Goals:** Whether it's saving for retirement, funding education, or expanding a business, tax planning plays a crucial role in achieving long-term financial objectives by minimizing tax burdens and maximizing savings.

Key Strategies in Financial Tax Planning:
Effective tax planning involves a combination of proactive strategies tailored to individual or business circumstances. Some key strategies include:

1. **Income Deferral and Acceleration:** Timing income and expenses can significantly impact tax liabilities. Deferring income to future years or accelerating deductions into the current year can help manage taxable income effectively.
2. **Maximizing Deductions and Credits:** Take advantage of available deductions and

- tax credits to minimize taxable income. This includes deductions for charitable contributions, mortgage interest, education expenses, and various business expenses.
3. **Investment Planning:** Choose tax-efficient investment strategies such as investing in retirement accounts (e.g., 401(k), IRA), tax-exempt municipal bonds, or capital gains deferral through tax-loss harvesting.
4. **Entity Structure Optimization:** For business owners, selecting the right legal structure (e.g., sole proprietorship, partnership, corporation) can impact tax obligations significantly. Each entity type has its own tax implications, so it's essential to choose wisely based on factors such as liability protection, tax treatment, and operational flexibility.
5. **Estate Planning:** Implementing estate planning strategies can minimize estate taxes



and ensure smooth wealth transfer to heirs. Techniques such as gifting, trusts, and life insurance can help preserve assets and minimize tax consequences upon transfer.

6. **Tax Law Compliance and Updates:** Stay informed about changes in tax laws and regulations to ensure compliance and identify new opportunities for tax optimization. Consulting with tax professionals or financial advisors can provide valuable insights into navigating complex tax landscapes.

Conclusion: Financial tax planning is a fundamental aspect of prudent financial management for individuals and businesses alike. By implementing strategic tax planning techniques, you can minimize tax liabilities, optimize financial resources, and achieve long-term financial goals. Whether it's through income deferral, maximizing deductions, or entity structure optimization, proactive tax planning can pave the way for financial success and security. Stay informed, seek professional guidance when needed, and make tax planning an integral part of your overall financial strategy.

Courtesy: www.taxguru.in

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