

North Chennai - Waiting for Growth Boosters

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- Sanjay Chugh -

North Chennai has been a prominent location since the 16th century due to its proximity to Chennai port. For many decades, the economy of this region revolved around port-related businesses such as fishing, transportation, and logistics. As the city evolved, the economic profile of this region has also developed.

In comparison to the southern and western parts of the city, North Chennai's real estate market has been relatively stagnant due to the absence of major demand drivers. The underdeveloped infrastructure failed to attract a variety of industries. However, the state government has planned many projects to improve the region's connectivity with West and South Chennai. As and when these infrastructure initiatives are completed, North Chennai's economic and real estate profile is also expected to improve.

Demand Drivers

North Chennai's economy is mostly driven by industrial and port-related activities. The region boasts of two major ports- Chennai port and Ennore port and a private port in the vicinity, Adani Kattupalli port.

An export-based economy provides an opportunity for warehousing in the region. The average rental values for warehousing assets are in the range of INR 15-30/sq ft/month while the same for industrial

spaces are in the range of INR 20-35/sq ft/month.

The region also has an industrial area - Manali Industrial Area - which hosts big petrochemical companies such as Manali Petrochemicals, Balmer Lawrie, Chennai Petroleum Corporation, Indian Oil Corp. Commercial spaces in North Chennai are dominated by non- IT/ITeS companies and offer only 0.5 million sq ft of office space in the rental range of INR 70-80/sq ft/month.

Infrastructure Initiatives

The recent completion of phase 1 of the metro rail has improved North Chennai's connectivity significantly with South and West Chennai. Corridor 1 of metro rail starts from Chennai Airport and ends at Washermenpet, benefitting the nearby localities such as Washermenpet and George Town. Corridor 2 of metro rail connects St. Thomas Mount to Chennai Central, running through West Chennai. The corridor runs through Kilpauk and Purasaiwakkam localities in North Chennai.

The state government has planned a couple of projects to improve the region's connectivity and connect it to its economically vibrant southern and western neighbourhoods:

Outer Ring Road (ORR) - With the completion of the remaining stretch from Nemilicherry to Minjur, the project is expected to provide seamless connectivity to North Chennai with West and South Chennai.

Chennai Peripheral Ring Road (CPRR) - The project is expected to connect Poonjeri junction of ECR to Ennore Port, running through Thamaraiakkam, Thatchur and Kattupalli localities of North Chennai.

Metro Rail - Metro corridor 3 is expected to improve North Chennai's connectivity with South Chennai through Central Chennai whereas metro corridor 5 is expected to improve the connectivity through West Chennai. Konnur, Kolathur, Perambur, Madhavaram, and Purasaiwakkam are some of the prominent localities amongst others which are expected to be benefitted from the proposed metro corridors.

Social Infrastructure

Several retail establishments of North Chennai are concentrated in the nearby localities of Central Chennai - Purasaiwakkam, Jamaliam, Perambur, Kolathur, and Washermenpet. Some of the prominent malls in the vicinity are Abirami Mega Mall, Spectrum Mall, The Grand Venus Mall, and SKLS Galaxy Mall.

North Chennai along with some neighbouring areas of Central Chennai is home to many reputed colleges. These include VEL Tech College, Madras Medical College, Kilpauk Medical College, Sree Muthukumaraswamy College, Thiruthangal Nadar Arts College, Dr. Ambedkar Government Arts College, Tamil Nadu Veterinary and Animal Sciences University, RB Gothi Jain College, and Kumaran Institute of Technology are some of the prominent colleges of North Chennai.

This part of Chennai also has access to healthcare facilities with hospitals like Rajiv Gandhi Government General Hospital, Perambur Railway Hospital, MGM Healthcare, Billroth Hospital, Apollo Hospital, Srinivas Priya Hospital, KVT Speciality Hospital, and Sugam Hospital.

Real Estate Scenario in North Chennai

The real estate market of North Chennai has been sluggish and hasn't grown at the same pace as the southern and western parts of the city. The lack of major demand drivers such as IT-ITeS and insufficient infrastructure has impeded the growth of real estate in the region. As of Q3 2019, only 4,619 units have been launched in North Chennai since 2015 which is only 6% of the total supply of the city. The region has sold 3,848 units in the last four and a half years which accounts for just 5% of Chennai's total residential sales.

The market of North Chennai hasn't been very active, but new launches have recently started gaining momentum. As a result of the increase in new launches, the unsold inventory also peaked in 2018. Currently, the region has nearly 1,975 units available for sale which is approximately 6% of the total unsold inventory of Chennai.

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