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Super Chennai rising

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Chennai is witnessing a major transformation in its real estate landscape. The state's economy and strategic policy initiatives have positioned it as an attractive investment destination, drawing talent and businesses from across India and the globe, including countries such as the US, UK, Australia, Japan, South Korea, Taiwan, and Singapore. As India's largest automobile hub with an annual installed capacity of 1.71 million units, Chennai is also the country's second-largest cable city, boasting six undersea cable landing stations as of last year. The city leads in electronics exports and has emerged as India's SaaS capital, home to over 36 fintech startups. Globally, it ranks as the second most competitive electronics FDI destination after Seoul as of 2022.

INFRASTRUCTURE DRIVING GROWTH

Over the years, Chennai has seen several large-scale infrastructure projects come to fruition, enhancing connectivity and boosting real estate growth. According to a CBRE survey, key projects such as the inner and outer ring roads, Metro Rail Phase 1, and the Mass Rapid Transit System (MRTS) have played a crucial role in improving accessibility. Upcoming projects like CMRL Phase II (Corridors 3, 4, and 5), Chennai Airport expansion (Phase II), the Anna Salai four-lane elevated flyover, expansion of ECR road, the Peripheral ring road, Maduravoyal expressway, and the greenfield airport at Parandur will further strengthen the city's infrastructure. The new airport is expected to handle one million tonnes of cargo and will have direct connectivity to the multi-modal logistics park (MMLP) at Mappedu in Tiruvallur district.

BOOMING REAL ESTATE MARKET

Chennai's real estate sector has been on an upward trajectory, with significant growth across various verticals. According to Knight Frank, the residential property market recorded sales of 16,238 units in 2024, marking a nine per cent year-on-year (YoY) increase, while property prices rose by six per cent YoY. The demand for larger apartments has surged post-COVID, with luxury housing, priced at Rs 5 crore and above, gaining traction among entrepreneurs and the nouveau riche.

The city's office market has also witnessed impressive growth, with an absorption of 8.6 million sq ft in 2024, making Chennai the fifth-largest office market in India. Private equity (PE) investments in office assets reached Rs 9,800 crore between 2022 and 2024. Notably, Chennai ranked third in Global Capability Centre (GCC) leasing, following Bengaluru and Hyderabad, underscoring the increasing presence of multinational corporations. CBRE highlights that US firms have been the most active in setting up GCCs between 2022 and 2024.

Chennai's real estate sector is booming, driven by robust infrastructure, policy reforms, and rising investments. With growing demand for housing, office spaces, and logistics, the city is evolving into a global investment hub

The industrial and logistics sector is also thriving, with space absorption reaching 5 million sq ft in 2024, up from 4.5 million sq ft in 2023. The manufacturing segment accounted for 43 per cent of total absorption, followed by the 3PL (third-party logistics) segment at 31per cent, according to Savills. Chennai has emerged as India's second-largest data centre market, accounting for 20 per cent of the country's total data centre stock, with an occupancy rate of 64 per cent and 220+ MW of data centre capacity as of last year.

POLICY REFORMS ENHANCING EASE OF DOING BUSINESS

The Tamil Nadu government has introduced several reforms to enhance ease of doing business, significantly benefiting the real estate sector. The Chennai Metropolitan Development Authority (CMDA) has launched a single-window clearance portal, setting deadlines for 11 departments to issue No Objection Certificates (NOCs). If a department fails to respond within the stipulated period, deemed approval is granted—a long-pending demand of property developers. This move is expected to attract greater investments, benefiting all segments of real estate.

Another crucial reform is the amendment to the Tamil Nadu Ownership Act, aimed at addressing longstanding issues faced by apartment owners. The introduction of new regulations governing apartment owners' associations has facilitated faster redevelopment projects, providing relief to homebuyers and developers alike.

"The structured framework is commendable, but its success will depend on effective implementation," says P Jayaprakash, partner at Fox Mandal, solicitors and advocates. He believes that the new act will lead to improved housing supply in prime city areas while reducing unnecessary litigation and delays. "For the first time, we have a structured process for redevelopment, ensuring that a small minority cannot obstruct the interests of the majority owners. It's a step in the right direction, but judicial interpretation will determine its long-term impact."

'SUPER CHENNAI' – A VISION FOR THE FUTURE

"At the Fairpro 2025 property expo at the Chennai Trade Centre, chief minister M K Stalin unveiled Super Chennai, a visionary initiative by CREDAI Chennai to reposition the city as a global investment hub," says Ranjit Rathod, managing director, DRA Homes. "This initiative aims to challenge outdated perceptions and highlight Chennai's strengths as a cosmopolitan, innovative, and rapidly growing urban centre. By fostering civic pride and showcasing the city's potential, Super Chennai seeks to attract global attention and investment."

Mohamed Ali, president, Credai Chennai notes that the property show reinforced the strong demand for quality housing, generating an estimated Rs 363 crore in sales and attracting 44,712 visitors.

THE ROAD AHEAD

"With robust infrastructure development, policy-driven reforms, and an expanding real estate market, Chennai is well-positioned for sustained growth. As new projects take shape and investment flows increase, the city is set to become an even more attractive destination for businesses, homebuyers, and investors alike. The coming years promise to usher in a new era of transformation, further solidifying Chennai's status as one of India's most dynamic and future-ready cities," says R Karthikeyan, AVP, Shriram Properties Ltd.