A road to ring in growth

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Commercial development of a stretch of government land along Chennai's proposed Outer Ring Road is expected to spark growth in the suburbs.

Road connectivity catalyses real estate development.

A 300-acre development planned in public-private partnership by the Chennai Metropolitan Development Authority (CMDA) on the outskirts of the city is expected to catalyse development of suburbs and peripheral areas. This would be the commercial exploitation of the real estate alongside the 62-km Outer Ring Road (ORR), a bypass connecting four national highways.

Work on the ORR is set to be kicked off in early 2010 and will link a number of suburbs as it connects NH-45, NH-4, NH-205 and NH-5. Starting from Vandalur, about 20 km South of Chennai on NH-45, the ORR moves west, arching along the periphery of the Chennai Metropolitan Area, and ends at Minjur to the North of Chennai. In the first phase, the plan is to take up a 30-km stretch.

PPP initiative

Mr Sunil Paliwal, Managing Director, Tamil Nadu Road Development Company Ltd, the managing associate for the ORR project, addressing a conference on infrastructure development earlier this week, said a 50-metre width of land running 30 km along the ORR representing about 300 acres owned by the Chennai Metropolitan Development Authority would be developed through public-private partnership (PPP) for a variety of projects, including industrial, residential and commercial.

Making this effort possible was the decision of the State Government to acquire a 122-metre-wide Right of Way for the 50-metre, 6-lane carriageway for the ring road and the 20 metres needed for public transportation and future expansions.

The balance 50-metre broad area stretching the length of the first phase of the ORR would be allowed for commercial development in the public-private partnership mode.

According to sources in the know, this would catalyse the development of not just the real estate along the ORR but also the surrounding 3-4 km. A private player bidding for the specific PPP project along the ring road could also aggregate adjacent land and promote a suitable development such as a retail project, theme park, hotel or a township.

The objective is to provide for organised development of real estate along the ORR.

Market Survey

The sources said PricewaterhouseCoopers has done a micro market study. While the survey indicates the potential and the options, the CMDA is likely to seek public feedback on the development and planning of the project.

The public opinion would form an inherent part of the detailed development plan.

PWC has suggested that the components of the development could include a 5-star hotel, retail segments – including an “auto main street” where the ORR connects industrial suburbs

that house automobile giants such as Hyundai, Ford and Renault Nissan – and facilities like multiplex, residential, hospital, commercial, warehouse and green spaces. Developers would be identified through open competitive bidding for these projects.

The report says that a financial analysis has indicated that internal rate of rate could range from 16 per cent to 80 per cent depending on the development option with the aggregate rate of return pegged at about 28 per cent for all the development options.

The objective of the Government holding on to the prime land is to ensure that speculation is avoided in real estate aggregation.

The sources said areas along the ORR have been segmented into six to seven zones with the potential and nature of the projects assessed based on the surrounding development.

Zoning

For instance, the region close to NH-45 is seen as a high-growth area covering the suburbs of Vandalur, Mannivakkam and Mudichur. This would be the location for a 5-star hotel; localities near Oragadam and Sriperumbudur, which are hubs of automobile and component industries, would be the ideal locale for the auto main street, which is a niche retail for the automobile industry for which about 50 acres have been earmarked.

Residential areas would come up on 50 acres near Thirumudivakkam; Kundrathur, Kollaicheri would be the site for a hospital, non-IT commercial, and public spaces and green areas; while Nazarathpet and Poonamallee would be residential spaces. A major warehouse and logistics facility could come up in Nemilicheri and Pattabiram.

According to the sources, the project provides for inclusive development with housing covering the entire range of the market, including the economically weaker section and industrial workers.

The hospital would also cater to the mass market segment and could come up as a public sector project or in PPP.

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