

It's still advantage OMR

Old Mahabalipuram Road will underpin the development of Chennai in the years to come

Business Line, (Investments), 1 March 2009, Chennai, R. Balaji



The scene of action. (Photo: M. Karunakaran)

Old Mahabalipuram Road (OMR), the IT corridor or Rajiv Gandhi Salai — names that refer to a 35-km stretch of road running south from Adyar in Chennai which has been in the news often. It is a stretch that stands as a showpiece, as a destination for investments by global leaders in IT and ITES; and a road that opens up a whole new space for Chennai to grow in the coming years.

Name a leading developer with a national or regional presence and they are on the OMR — L&T, **Hiranandani**, DLF, Puravankara, TVH, Marg, Khivraj Group, Akshya, Mantri, SSPDL, Lancor... According to industry estimates over 15,000 residential units are in the pipeline .

Till August/September last year pricing was not a concern — in the buoyant period a square foot of residential space was pegged anywhere between Rs 3,000 and Rs 4,000 for the projects located up to a distance of over 30 km down the OMR. Among the top end, for **Hiranandani's Upscale** project, the basic price was pegged at over Rs 4,100 a sq.ft when it was launched in mid-2007.

When one of the largest real-estate players in India, DLF announced its project, DLF Gardencity at Semmencheri, about 20 km from Adyar and 4 km off the main road at Rs 2,700 a sq.ft it set the market

abuzz in December 2007. Within the next three months DLF hiked the price to Rs 3,200 as it saw rapid booking of apartments.

After the down turn last year the market dropped for every one. Developers reset their plans to announce 'affordable' projects with prices in the sub-Rs 2,000 a sq.ft range or cut down on the size of apartments to bring down prices.

But offtake continues to be low and builders are worried.

So where does that leave OMR? The next couple of years could be of concern, but OMR will underpin the development of Chennai in the years to come, say builders confidently. A few of them give their reasons here.

'The place to be in'

Mr R.V. Shekar, Managing Director, Lancor Holdings Ltd, which has set up a 370-apartment project Central Park, at Sholinganallur, 20 km from Adyar, says OMR is fast emerging the place to be in. Lancor will soon announce the next phase of 172 apartments in the project. The company has handed over 191 apartments and by March end will hand over 172 more. Schools, retail chains, hospitality and healthcare facilities are fast coming up along the OMR.

Cost factor

What would attract residents to the OMR? Leading IT companies have operations along the OMR and a few million sq.ft of IT or office space is now lying vacant which is bound to be taken up by companies. Now despite the cost pressure IT companies are spending Rs 700-800 per worker per month for transportation by bus.

If they were to live along the OMR, the 'bus-sing' cost could be saved and employees would not have to spend the early mornings and evenings travelling, Mr Shekar says.

Developers have gone that extra mile to attract customers through competitive pricing and amenities. Lancor, for instance, has joined hands with other developers, to lay a kilometre-long public road that matches the best of highways connecting the OMR to the project site.

According to Mr S. Hariharan, Convenor, Confederation of Indian Industry - Urbanisation Panel, Chennai Zone, and an executive in one of India's largest infrastructure and construction companies putting up a township project on OMR, the area is ideally located for growth of the high-end and high-value segment of the residential market.

Along the three arterial roads and highways that connect Chennai, the Kolkata Highway to the north is dominated by heavy industries including refineries and chemical units.

The west, along the highway leading to Bangalore, is taken up by industries such as automobile units, manufacturing and electronic hardware units. Both these areas are high-traffic zones with heavy vehicle movement throughout the day.

But to the south of Chennai, along the OMR the home of IT and ITES companies.

There is little scope for movement of heavy goods vehicles — except for IT companies' staff in air-conditioned buses and even less pollution.

Growth prospects

Mr Ajit Chordia, who is setting up Opaline, a high-end residential project, points out that OMR is the only area where there is potential to cater to an emerging market or the growth in demand when the economic cycle turns. In the industrial zones to the north of Chennai or to the west, there are few projects in the offing. But on the OMR over 20,000-30,000 residential units are planned.

OMR projects are among the most competitively priced for the specifications and amenities. Developers along the OMR are holding prices in multi-storeyed projects at around the Rs 3,000-3,300 sq.ft level.

Others off the OMR are around Rs 2,500 . Large IT players such as TCS, Hexaware and others have created over 20 million sq.ft of IT space and are consolidating their campuses on OMR. Residential demand is bound to grow — it is only a matter of time, says Mr Chordia. And based on the available IT space, there is enough to generate over two lakh jobs and that represents a huge demand, he says.

<http://www.thehindubusinessline.com/iw/2009/03/01/stories/2009030150771500.htm>