APPCC

Association of Professional Property Consultants Chennai

A Comprehensive Update On Realty Scenario In And Around Chennai

Realty News

Vol.2, Issue 6, June 2022

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FENG SHUI is not just a design element. It's an art of orienting, aligning and tapping into good quality energy

Sustainable Infrastructure Development in Chennai Region

Locational advantage has always been Tamil Nadu's biggest USP for its growth in diversified sectors, says a joint **survey by JLL and CII**

At present, Tamil Nadu's economy stands at USD 290-300 billion approximately and the State has to grow at ~14% CAGR to achieve its vision to become a USD 1 trillion economy by 2030.

Chennai city's contribution to state's economy is approximately 40% and adding the nearby industrial zones such as Siruseri, Sriperumbudur, Oragadam etc, the Chennai region which includes the nine districts Chengalpattu, Cuddalore, Kanchipuram, Ranipet, Tirupattur, Thiruvannamalai, Villupuram and Vellore, the contribution could be approximately 65%-70% as per the sources.

The current global conflicts and various positives of our country would keep the state in good health. In the last nine months of 2021-22 fiscal year, the state has witnessed highest rate of growth in investments as per the sources. Hence, the government is proactively investing on infrastructures to make the city one of the best investment destinations in the global platform. Considering the major investments in Chennai region and the government's plan for the development of strong infrastructure base, the state is not far to achieve its vision.

Dynamics of Chennai or major investments in Chennai

Locational advantage has always been Tamil Nadu's biggest USP for its growth in diversified sectors. Being the capital, Chennai and its neighbouring regions such as Tiruvallur, Chengalpattu, Kancheepuram receive maximum investments in the state in diversified sectors such as automotive manufacturing, IT and electronics, aerospace and defence, textiles, pharma and general manufacturing. The state government has classified these districts into "Class A" with availability of various types of incentives for the investments. Tamil Nadu has emerged as the most attractive investment destination in the first nine months of FY'22. The State became net gainer in terms of investment during April to December 2021.

The state attracted investments worth INR 1,43,902 crore and has got the highest rate of growth in investments compared to last year nationally. Some of the companies that have committed investment in Tamil Nadu include Tata Group, JSW Renew, Hindustan Unilever, TVS Motor, Adani and Larsen & Toubro.

Few of the major investments in association with State Government which are proposed in Chennai Region are:

Industrial Parks: Heavy Engineering Hub, Ponneri

TIDCO has proposed to establish a Heavy Engineering Components Manufacturing Hub in an area of about 700 acres in the Ponneri Taluk of Tiruvallur District to accommodate shipbuilding support units, electrical and other engineering industries including auto component industries.

HLL Medi Park, Chengalpattu

TIDCO, in association with Government of India, is implementing a Medi Park Project in an area of 330 acres near Chengalpattu at an estimated project cost of INR 205 crore. The Park will have a medical devices and equipment zone, bio information zone and research & development and knowledge management infrastructure.

Aerospace Park, Sriperumbudur
With the objective of creating a strong eco-system for aerospace & defence manufacturing,

TIDCO, in association with SIPCOT, has established an Aerospace and Defence Industrial Park in Sriperumbudur. The Park has a total area of 250 acres with internal infrastructure including roads, storm water drainage, electricity, etc. The project is under construction and few companies have occupied the space. Initial stages of construction activity of Advanced Computing & Design Engineering Centre (ACDEC) are on-going, which is developed jointly by TIDCO & TIDEL Park.

Tamil Nadu Polymer Industries Park, Tiruvallur Tamil Nadu Polymer Industries Park Limited (TPIPL) is a joint venture of TIDCO and SIPCOT.

TPIPL is establishing a Polymer Industries Park in 265.66 acres of land at Voyalur and Puzhudhivakkam villages of Tiruvallur District at an estimated cost of INR 216 crore. This project, being implemented under the Government of India scheme, will accommodate medium and small scale polymer component manufacturing units. The environmental clearance for the project has been obtained and development works are in progress.

Excerpts from the joint survey on sustainable infrastructure development in Chennai region by JLL and CII. This is the first part of the series.

PE Investments in Realty sector up by 57% YoY

Approximately 97% of the total equity investments in the Indian real estate were made directly by foreign PE investors, says a **survey by Knight Frank India**.

Private equity investments in Indian real estate sector increased by 57% YoY as investor confidence improved in 2021 despite the prolonged pandemic conditions. Investors pumped in USD 6.2 billion in the real estate sector as sentiments improved with the rollout of vaccine and return to normalcy.

2021 observed 52 deals as compared to 20 deals in 2020 with investments in 2021 spread across sectors and more diversified as compared to the previous year.

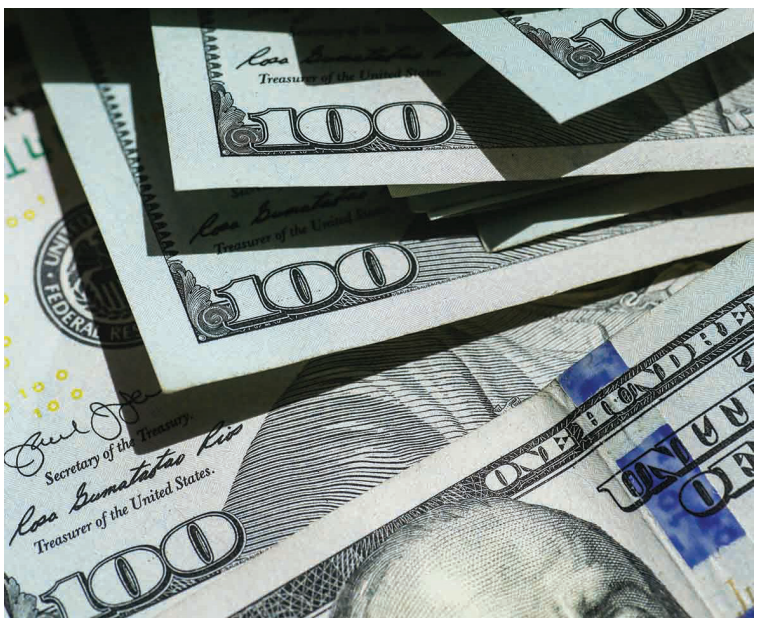
Foreign PE investors continued to remain the major contributor. Approximately 97% of the total equity investments in the Indian real estate were made directly by foreign PE investors.

The office sector accounted for the largest share: 46% of the total private equity investments during 2021, followed by warehousing (21%), residential (19%), and retail (13%).

Bengaluru received the highest investments, accounting for 35.8% of the total investments in 2021, while Mumbai received the second highest with 12.4% of the total investment pie.

The first half of 2021 accounted for approximately 85% of the total deals completed during 2021, as the onset of the third wave followed by overall restrictions during the second half of the year indirectly impacted the investment momentum.

While investor appetite across categories was strong in 2021, investors remained cautious in the first quarter of 2022. In Q1 2022, private equity investments in Indian real estate fell by 68.3% YoY to USD 1.1billion. Investors deferred investing in Q1 2022 owing to the influence of Omicron, and escalating global tensions due to Russia's protracted war with Ukraine. Moving forward, as tensions ease, the country's accommodating posture to enhance economic growth and push for infrastructure spending will accelerate investments in 2022 to levels observed prior to the pandemic.



Realty Data

CHENNAI – INDUSTRIAL & WAREHOUSING MARKET SNAPSHOT (Q1 2022)

Cluster/Micro Market	Capital values (Million)	YoY change	Rents	YoY change
GST Road	35-60	0.0%	24-36	1.8%
NH16 – Chennai Kolkata highway	12-32	0.0%	20-27	2.3%
Nh48 – Chennai Bengaluru highway	16-32	0.0%	23-29	4.0%
Oragadam	16-32	0.0%	16-25	21.8%

Source: Colliers

INDUSTRIAL & WAREHOUSING – KEY TRANSACTIONS

Type	Client	Building	Location	Area (sqft)
Warehouse	Flyjac	Indospace Sricity	Sricity	200,000
Industrial	HTL Furniture	Indospace Oragadam Phase II	Oragadam	180,000
Warehouse	SCINNTC	Polyhose – Gummidipoondi	Gummidipoondi	110,000
Industrial	A2mac 1	ESR Oragadam	Oragadam	55,000

Source: Colliers

Chennai Office Mart – Micromarket Statistics

Micromarket	Stock (million sqft)	Vacancy	Rental (Rs/sqft/ month)
CBD	12.5	16.5%	80-82
Guindy (SBD)	6.6	10.9%	65-75
MPR (SBD)	10.2	17.1%	65-76
Pre toll OMR (SBD)	22.3	12.9%	65-80
Post toll OMR (PBD)	11.3	21.2%	47-50
Ambattur (PBD)	4.5	14.7%	35-45
PTR (PBD)	5.3	13.2%	50-60
GST road (PBD)	3.1	6.9%	40-50
SBD others	2.0	8.3%	55-65
Overall	77.8	14.8%	35-82

Source: Savills Property Services (India) Pvt Ltd

TRENDS IN CHENNAI OFFICE MART – Q1

Description	Q1
Absorption	2.1 million sqft
YoY increase in office absorption	181%
Top leasing markets: MPR	47
Pre toll OMR	16
CBD	13
Size of deals dominating (%) Mid (25,000 – 99,000 sqft)	28%
Large (100,000 sqft or more)	52%
Small (<25,000 sqft)	20%

Source: Savills Property Services (India) Pvt Ltd

INDIA – INVESTMENT UPDATE FOR Q1

INSTITUTIONAL INVESTMENTS IN INDIAN REAL ESTATE (US$BILLION)

Year	Amount (US$billion)
2016	5.5
2017	8.0
2018	5.7
2019	6.2
2020	4.8
2021	4.0
Q1 2022	1.1

Source: Colliers

TRENDS FOR INSTITUTIONAL INVESTMENTS Q2 2022

YOY INSTITUTIONAL INVESTMENTS IN INDIAN REAL ESTATE (US$ BILLION)

Segment	Amount (US$billion)
Office	0.6
Industrial & Warehousing	0.2
Residential	0.02
Alternatives	0.04
Mixed use	4.8
Retail	0.3
Q1 2022	1.1

Source: Colliers

ASSETWISE SHARE OF INVESTMENTS

Segment	Percentage of investment
Office	57%
Retail	23%
Industrial & Warehousing	16%
Aternatives	3%
Residential	1%

Source: Colliers

INDIA – INVESTMENT UPDATE

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Source: Colliers

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Source: Colliers

Chenani Office Mart – Key Transactions Q1

Location	Client	Building	Lease area (sqft)
MPR	ABB	RMZ One Paramount	250,000
MPR	Nielsen	RMZ One Paramount	242,000
MPR	Maersk	RMZ One Paramount	136,000
PTR	WorkEZ	Featherlite	120,000

Source: Savills Property Services (India) Pvt Ltd

PE investment of US$4.0-4.5 billion in realty likely in 2022

India overcame the second wave of Covid but experienced a slow and thick-tailed decline lasting up to November last year. Despite this, improvements in macroeconomic indicators and sectoral performances were in clear evidence during 2H/2021. All sectors, including hospitality which was the most hit earlier, have shown growth compared to the previous year. Optimism is also reflected by expansion in manufacturing, which registered its steepest growth in November 2021 in the last 9 months.

Oxford Economics maintains India's GDP growth forecasts at 7.9% in 2021 and 7.8% in 2022. Since they believe that 70% of the population will be fully vaccinated by Q1 2022, this should not only boost consumer sentiment and spending early next year, but also establish a more durable recovery by better positioning the country against future COVID waves.

Nonetheless, towards the end of 2021, a new strain of the virus – Omicron – has surfaced. While its potency and contagiousness is yet to be fully ascertained, it can potentially disrupt the recovery process in the short run.

Private equity investment of US$4.0 billion – US$4.5 billion is expected in real estate in 2022, **according to Savills survey**.

Major investment Transactions, Q1, 2021

Property	Location	Price	Buyer	Usage
Phoenix Mills' office-led mixed use asset	Mumbai	Rs13.5 billion/ US$179 million	CPPIB	Office
Alliance Groups Revolution One	Chennai	Rs 1.6 billion / US$22 million	Kotak Realty Fund	Residential
Prescon Group's Midtown Bay	Mumbai	Rs 1.3 billion / US$17 million	Tata Capital Housing Finance	Residential

Source: Savills Research & Consultancy

Private equity inflows into the Indian real estate sector amounted to US$218 million (INR16 billion) during Q4/2021, registering a decline of 54% QoQ. The investment inflow for 2021 was recorded as US$3.4 billion (INR250 billion), an annual decline of 48%. The temporary slowdown in investment activity can be attributed to the cautious approach of investors, owing to pandemic-related unpredictability during the year as well as the impending threat of a third wave.

Commercial office assets remained the frontrunner during 2021, accounting for 47% share of the investment pie. This is on the back of the resilience displayed by investible grade office assets, as reflected in the successful listing and operations of the REITs in India. Further, investors are increasingly investing in under-construction projects. All the investment in office assets was concentrated in build-to core assets in Mumbai and the southern cities of Bengaluru, Hyderabad, and Chennai.

In the near future, investment opportunities will likely arise across segments including office, residential and industrial categories. Savill expect to witness approximately US$4.0 billion – US$4.5 billion (INR302 billion - INR340 billion) of private equity investment in Indian real estate in 2022. The residential segment could play a key role as inflows in office assets will be measured, owing to economic uncertainties on account of the pandemic.

Savill also expect the life sciences segment to attract investor attention throughout this decade. Per our estimates, private equity institutional investment in life sciences research and development real estate may vary in the range of US$14 billion – US$27 billion (INR1,050 billion - INR2,025 billion) over the next ten years. This segment continues to grow owing to factors such as favourable policies, a large skilled workforce, and cost efficiencies.

LEASING

Six Tips to Negotiate your Commercial Lease Renewal

If you position yourself as a well-informed tenant that understands your leasing options and how they relate to the evolving needs of your business, you can ultimately secure a better deal and earn back a portion of your occupancy costs.

Here are six helpful tips to consider during your lease renewal

1. Start early and stay abreast of the market.

A lease is a significant investment. In terms of negotiations, it is beneficial to be proactive rather than reactive. Review your lease on an ongoing basis and approach your landlord months before the expiration date.

Because of the dynamic nature of the commercial real estate market, changing economic conditions may present the opportunity to renegotiate your lease early. Therefore, you should continually monitor the market in order to take advantage of these openings or opportunities for savings. Having more time for negotiation is always an advantage.

2. Understand your landlord's renewal profits.

As you can imagine, landlords enjoy financial benefits when they renew agreements with existing tenants. When a tenant leaves, the landlord stands to suffer a loss in rent, as well as incur additional expenses needed to make updates or renovations, and market the vacant space.

This presents the opportunity for successful negotiation. But to do so, it is critical to understand the landlord's current situation, including his or her overall portfolio, and the impact and value your lease has within the market.

It is important to know the dollar amount associated with keeping you on as a tenant and leverage that information to help win back a portion of this profit when renewing your lease.

3. Assess what your space can / should do for your company.

Look at your current space and ask yourself, "What does our company need in order to improve efficiencies and create the ideal work environment?" Some items to consider include amenities for employees, optimal office configuration and updated technology infrastructure.

Once you have identified these needs, include them as discussion points in the lease agreement negotiation. In some cases, your landlord may be willing to incur some of the update costs, if it means keeping you on as a tenant.

4. Research alternatives in the market.

Even if you intend to stay in your current space, take the initiative to educate yourself on other buildings and owners in the market. You may uncover an alternative solution that is competitive and worth exploring.

For example, market conditions and availabilities may have changed since you signed your last lease. Or, other owners may offer different contract terms, less debt, lower taxes or more desirable amenities.

You may choose to move locations or bring these differentiating factors to the table during the negotiation process, creating incentives for your landlord to make you a better offer.

5. Form a plan.

Building off the previous point, do not lead into the renewal process giving your landlord the impression that you fully intend to stay in your current space. If they believe renewal of your ease is guaranteed, this may be used against you in the negotiation process. For example, the building owner could seek less favourable terms, decline your requests or be less inclined to negotiate than if he or she thought you may consider other locations.

Use the tips to formulate a plan that puts your company in a position to benefit from an updated lease agreement. Taking a strategic approach will show the building owner that you have done your research and are able to negotiate.

6. Consider hiring a broker to help you negotiate properly.

If your company is not familiar with the market and rental negotiations—or doesn't have someone with the time to properly manage the re-negotiation—you should consider representation through a professional services firm that can help win you the best deal.

As you approach a lease renewal, you might begin to feel like a captive tenant. Take control of the situation by hiring a broker to aid in competitive negotiations. Good brokers are always aware of current market conditions and opportunities and can help you leverage this information.

Engage a broker that adds value, not cost, and that will take time to understand your specific situation and business objectives. This is the only way to have a successful negotiation.

While you may be satisfied with your current space, your company should view this financial investment from all angles and select an action plan that makes the most sense from both business and economic standpoints.

> Lease renewal time presents an opportunity for companies to assess their current position as a renter, revisit the commercial real estate market and use that information to negotiate a better lease agreement, **says JLL.**

Case in Point: One Client's Story

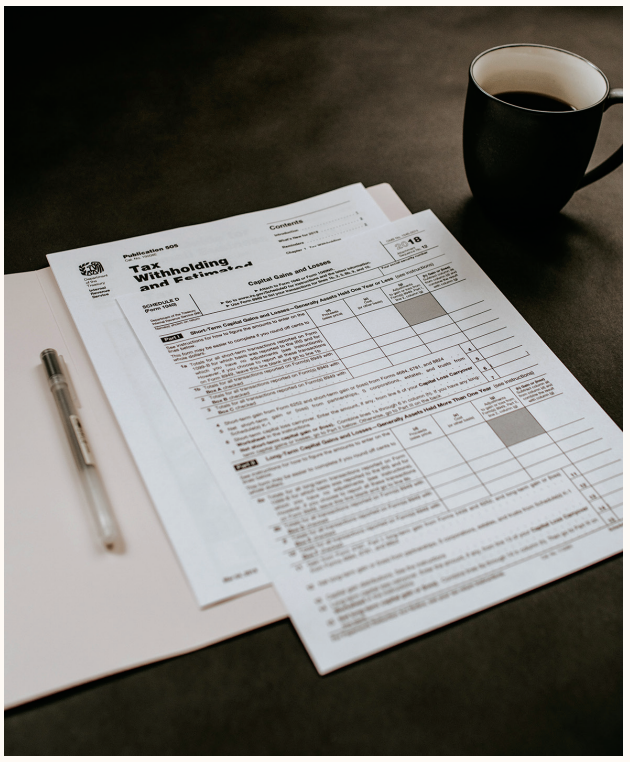
This came into play with a recent client who was initially apprehensive to employ a broker. The client had already engaged the landlord in lease negotiations but was unhappy with the outcome.

To fully understand needs and goals, we sat down and talked business specifics. JLL helped the client to realise that they did not need the originally allotted amount of space. With our help, the client was able to renew the lease about six months early, reaping immediate savings. The client was also able to give back a portion of unneeded space, at a 15% lower rate than originally negotiated.

In cases just like these, it is pivotal to know your value in the market—and for your landlord specifically—and leverage it accordingly.

TAXATION

Section 54F Exemption allowable even if New Residential House is purchased in Wife's Name

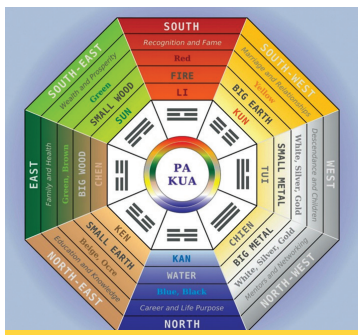


By Poonam Gandhi

Case Law Details: Case Name: Kaushlendra Singh Vs ITO (ITAT Jaipur) Appeal Number: ITA. No. 191/JP/2021
Date of Judgement/Order : 04/05/2022 Related Assessment Year : 2011-12
Courts : All ITAT ITAT Jaipur Download Judgment/Order Kaushlendra Singh Vs ITO (ITAT Jaipur)
Facts- The assessee sold immovable property for sale consideration of Rs.14,75,000 on 11/10/2010. The value of which evaluated at Rs.14,79,960 by the Stamp Duty Authority. Out of sale consideration of Rs. 14,75,000, the assessee made investment of Rs. 7,48,000 in the purchase of new residential house property in the name of his wife namely, Smt. Garima Singh, within the prescribed time limit as prescribed under the provisions of section 54F of the Act.
Accordingly, the assessee claimed exemption u/s 54F of the Income tax Act. Consequently, no capital gain was chargeable under the head Long term capital gain on sale of above immovable property. Despite these facts, the AO while completing assessment u/s 143(3)/147 of the Act on 08/12/2018 disallowed the exemption claimed under section 54F of the Act at Rs. 6,33,190 and added the same to the total income of the assessee as long-term capital gain, holding/observing that since the assessee made investment in immovable property in the name of his wife and the assessee and his wife are different persons as well as separate assessee the deduction claimed u/s 54F of the Act, is not allowable to the assessee.
The AO arrived the findings as held that the assessee did not file her return of income voluntary as per provision of section 139 of the IT Act, 1961 besides having taxable income for A.Y. 2011-12, therefore, penalty proceedings under section 271F of the Income Tax Act, 1961 is hereby initiated. Being aggrieved by the assessment order, the assessee preferred an appeal before the ld. CIT(A) and later on before ITAT.
Conclusion- We observed that the exemption was claimed under section 54F of the Act on this account is Rs. 6,33,190. It is further noticed that the Assessing Officer has not disputed the purchase of new house in the name of wife of the assessee though the claim was denied by the AO. Therefore, the claim of deduction under section 54F of the Act cannot be denied merely on the ground that the new residential house was purchased in the name of his wife when the investment made by the assessee from the sale proceeds of the existing asset and yielded capital gain from the said transactions.

Source: www.taxguru.in

Published by the Association of Professional Property Consultants of Chennai. All communications should be addressed to APPCC through email id: appcchennai@gmail.com.
Editor: V Nagarajan



FENG SHUI FOR CORPORATES

Enhancing the feel of your living space

By S.BS. Surendran

Feng Shui is not just a design element to get to know where to place the bed, mirror, wealth and stove, it's an art of orienting, aligning and tapping into good quality energy. This calls for skill, intuition and knowledge of compass directions and mathematics in interpreting the floor plan and layout of the house also known as the natal chart of the house.
Feng Shui addresses almost the entire spectrum of human aspiration. The practice operates at various levels. It can be highly personalized when practiced according to specific compass school formulas, or it can be broad based and generalized. In the ancient days the method involves interpretation of the terrain, contours, shapes, topography, elevation, rivers, and waterways, while compass Feng Shui offers recommendations in terms of compass directions.
What we see, and where we go, strongly determine the lives we lead, Feng Shui design uses all elements in moderation for creating the balance in a space and makes us move further towards our goals in life. You always get to know and feel when you have entered a healthy home. Regardless of the period and style, there is a sense of harmony and purity that nourishes both body and soul.

When a house's energies match our body's energy, it lets us feel comfortable--there's a sense of security and confidence. Very often when we look for a house, we tend to settle in houses that have similar energies. However, this does not necessary mean that the house is good for us.
Our body responds and contains energy or "chi" that is sensitive to our surroundings. Likewise, a building's form, structure and interior layout reflect the energies that it embodies. Even if the living space is cramped and tight, you don't need to sacrifice on your style and utility but make it multi-functional and beautiful by adapting the techniques of Feng Shui.

- Use mirror opposite a light source such as a window to maximize the natural daylight and enlarge the space and to cover your couch and sofa
- Enhance "dead alcoves", niches, corridors, corners, and highlight them effectively through lighting or artifacts and décor.
- Use lighter hues like icy blues, pale green, white and cream, butter yellow, pale lilac, the color palette is exhaustive and large so need to choose on the right shade and ensure it matches with your accessories and furnishings.
- Placing Glass shelves in a window also lifts the energy and when you add a shade of blue and green glass candle holders or glass bottles it transforms the place and in case they are in the wealth and prosperity sector of the home, it would be quite appropriate, the corners being Southeast and South sectors
- Clutter tends to visually accentuate the potentially cramped look of small spaces. Work out your storage needs incorporating built-in storage designed to fit.

Mr Surendran is an accredited master Fengshui consultant, bioenergetician and traditional Vaastu practitioner.