

Chennai Metro Rail to fast-track realty sector

■ VARUN MANIAN



The year 2015 could be called the 'metro year' for India as new Metro rail projects were initiated in Chennai and Jaipur, along with the expansion of Delhi and Bengaluru. Following its success, the service was extended to other key cities including Mumbai and Kochi.

The phase 1 launch of Chennai Metro line in 2015 saw a significant impact on the real estate sector. Designed to be the most affordable, fastest and convenient mode of transport, it provides for better connectivity to bus depots, airport, local train stations, Commercial Business Districts (CBD) and key locations in the city. Mass transit systems such as these have always had a direct impact on traffic and tend to boost urban real estate value.

Land value around metro zone

Improved accessibility determines commercial growth value along the Metro zone. While reports indicate a whopping 45% likeliness of increase in appreciation, there has already been an improved demand in retail and office space segments around the existing Metro stations. This is expected to grow along the second phase of the project. With an increase in land value, there are positive headwinds for conversion of individual residential buildings and open plots to residential communities and IT corridors.

Densification and suburban growth

The Metro system has prompted home buyers to move away from urban centres as rapid connectivity is now available. A shift to the suburban areas becomes viable, as people prefer staying away from the rush of the city while enjoying an economic commute. And this could potentially lead to a rise in land value and densification along the corridor while also attracting property developers, commercial and retail companies.

Parts of north Chennai have now become an optimistic real estate zone with increased property launches around the Metro station. The Metro line is expected to push industrialisation and job creation in north Chennai. While the existing suburban rail network has been a big crowd puller, the Metro line converging at Alandur has also made it significantly more convenient for people. Guindy is poised to be the next commercial centre of Chennai and it has also begun to witness the impact of the Metro project.

With Phase II, Chennai will witness decongested roads, improved land value and boosted rental markets along the metro areas. Subsequently, this influential zone can provide for better standard of living and sustainable growth opportunities for communities.

— The writer is MD, Radiance Realty Developers Limited