

# Cost-effectiveness of apartments a key factor

A. Srivathsan

**CHENNAI:** The 240 apartments promoted by Dugar MME properties on Rajiv Gandhi Salai (formerly Old Mahablipuram Road) were nearly sold out in a day.

The booking for the first phase is closed and the buyers await the announcement of the second phase of the project in which 140 apartments will be available. The pricing was the most attractive feature of this project.

After many years, single bedroom apartments were made available through this project. Such one bedroom apartment type had almost become extinct in Chennai.

In the Dugar MME proper-

ties, single bedroom apartment, measuring 489 sq.ft, was priced under Rs.10 lakh and the advertised price of a three bedroom apartment covering 1,000 sq.ft was Rs.19.75 lakh.

"There is no magic in this. Planning, pricing and caring for customers need is our approach," says T.Padam Dugar, Managing Director of the company. "We have neither compromised on the specifications nor the quality. What we eliminated are the frills. Why would a buyer spend one or two lakh on club membership when his desire is to have an affordable shelter? We have given what the customer wants," he added.

Ramesh Nair, Managing

Director, Jones Lang LaSalle Meghraj Chennai, reiterates this.

"Developers who figure out what matters most to buyers and invest in it and through value engineering eliminate those frills that don't matter to customers will find themselves with fewer competitors when the economy returns to normal."

"Without a price differentiation strategy, the developer's ability to command

substantial and sustained returns is going to be substantially lower," he adds.

## The rush

The rush to book this project yet again shows that pricing is a key consideration in current Chennai real estate market. Recently, a response closer to this was witnessed in Mogappair when a developer quoted a price that was Rs.400 per sq.ft less than what was prevailing in that

- Single bedroom apartments made available through this project
- Centre's home loan policy will clearly favour the Rs.5 lakh to 20 lakh segment

area. A few months ago, as many as 1.67 lakh people applied to buy 170 Tamil Nadu Housing Board apartments at Mogappair.

The cost of these TNHB flats (six to twelve year old) varied from Rs.6.18 lakh to Rs.7.4 lakh and the plinth area ranged from 665 to 758 sq.ft.

The Union Government has indicated that the home loan policy in days to come will clearly favour the Rs.5 lakh to Rs.20 lakh segment.

This too would provide impetus to the cost effective real estate projects. The middle and lower income groups in Chennai may soon have more of Rs.20 lakh apartments to choose from.