

With the current realty slowdown, massive, ultra-luxury homes no longer attract home buyers. The trend of small, compact homes is in. Nidhi Adlakha speaks to developers in the city on what fuels the demand for such homes

To boost the sluggish realty market and fuel housing demand, developers across the country have been launching projects with small unit sizes (800-1,200 sq. ft). The trend is especially catching on in cities such as NCR, Bangalore, Mumbai and Chennai, where the market is gradually opening up and trying to solve its large unsold inventories.

In these cities, there are rising avenues for fund-flow and infrastructure development, says Shushmul Maheshwari, CEO, RNCOS. "As land prices are high in these cities, home buyers are opting for small, compact homes at reasonable prices. Chennai's residential market is dominated by end-users with little presence of investors, resulting in lower price volatility compared to Mumbai, Delhi, NCR and Bengaluru." Arun Kumar, MD, Casa Grande, who has compact housing projects in Adyar, Ashok Nagar and Nungumbakam, says, "The demand for compact homes is gaining momentum and most developers launch such projects in central parts of the city due to constraints in acquiring large land parcels."

While the non-availability of land and the high costs are driving the demand for compact homes, another major reason for the trend is the conscious effort by developers to create affordable projects for middle and lower middle income groups. In Chennai, the trend is common in areas such as Perumbakkam, Porur, Mogappair and Medavakkam. "Developers and end-users find the South and West Chennai housing market appealing due to more vacant land, affordable prices, and proximity to central Chennai and employment hubs," says Maheshwari.

Chennai, traditionally, has been a relatively new market for apartments as a majority of people used to live in independent houses or preferred large apartments, says Mallika Ravi, CEO, Lancor Holdings. It's only a few decades ago that the switch to apartments and smaller housing units emerged. "Over the last two years, rising inflation, land prices and construction costs have reduced the size of apartments to make them affordable," she says.

Compact houses will be the future of housing in India, given that population density, land prices, infrastructure, and other civic services are a major concerns, points out A. Shankar, National Director-Strategic Consulting, JLL. "Developers think there is a huge demand for the mid-segment end-user market and hence create units in small sizes. The trend is bound to increase since land rates are high and an increase in floor area increases the unit cost as well," he says.

Another reason, says Kanchana Krishnan, Director - Chennai, Knight Frank (India), is the absorption of a large volume of office space by the IT/ITes sector, which translates into residential demand. "These buyers are below 30. As most investments are funded by home loans, smaller apartments mean that EMI outflows are manageable. Prashant Mirkar, GM-Marketing, House of Hiranandani, says the modern buyer is inclined to opt for compact homes strategically located near commercial zones and IT parks.

Apart from affordability, what's in it for the buyer? Ensuring that the in such projects match buyer requirements is crucial. Developers face higher construction costs as more units means more walls, rooms, water and sewage connections. "However, when compact homes are part of larger projects, buyers get to enjoy the same amenities. Smaller homes also have lower maintenance costs," says Ravi.

Says Maheshwari of RNCOS, "We expect the development of smart cities to create a great demand for housing units. As the proportion of mid-income group households remains higher than their high-income group counterparts, compact houses will continue to be in high demand."

Zone	Major Residential Destinations
Central	Nungambakkam, Boat Club, Anna Nagar, Kilpauk, T.Nagar (Theagaraya Nagar), Mylapore, R.A.Puram, Adyar
West	Kuthambakkam, Chembambakkam, Poonamallee, Sriperumbudur, Ambattur, Korattur, Mogappair, Porur, Manapakkam
North	Tondiarpet, Madhavaram, Perambur, Ayanavaram
South	Old Mahabalipuram Road (OMR), GST Road