Analytical Study on the Growth of Real Estate as Business through Decades to Influence Urbanisation and Economy of the State Tamil Nadu

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Abstract: This research is to primarily study the economic status and the variation of economy of Chennai over years. Mapping this variation enables to study the growth of the city with respect to years and observes phases of apparent development in the context of economic growth, and associate the results with factors that contribute to the valuation of a land's economy, specificto the field of real estates. Statistical data are obtained retrieved from official government archives through web portals, and surveys were carried forward to acknowledge people's awareness and priorities in evaluating a land property.

I. INTRODUCTION

Chennai serves as aneconomic hub and a city of rapid urbanization. It is prevalent in industrialization, heritage, national and provincial significance, tourism, education and employment opportunities, marking itself as a site of development in South India. It stood for the factors which promoted attraction of immigrants, which increased productivity and availability of human resources within it, contributing to the development of the city in every field. Chennai was known to be a place where people's aspirations could witness paths for success.This research provides with the information about the city's evolution and significance in the economic sphere and illustrates the growth of it over years.**Hypothesis:**Chennai is a site of economic development over decades and serves remarkably as an ideal city for settlements due to urban factors and other facilities.

This study also finds the interest of people towards investing on lands or towards real estate and survey conducted to find the determining factors to select the land at Nungambakkam and kovur which are the busy and developed area and another is recently developed upon urbanization Kovur.

II. RESEARCH METHODOLOGY

Archives and government portals which are open for public access providing statistical data about the economic indicators and other comprehensive data are referred.Census reports are analyzed and official records are referred as primary sources for information. Several websites were referred to collect data about MNCs and real estates.

Graphical visualization methods are used to illustrate the variation in conditions and get required insights from the representation of dynamic data. Certain descriptive information about land valuation in Chennai were retrieved to analyze the demands that people lay before into considerations and associate them with the economy of Chennai in order to get relative insights.Comparative study on two different locations has been made to be more specific to the factors contributing the economy of landed properties and classify locations.

➢ *Urbanization Rates in Tamil Nadu:*

- 1991, 2001 and 2011Censuses of India provide us with the rate of urbanization of Tamil Nadu, of the role of Chennai plays a significant one as it was a predominant site of urbanization in the state.

- In 1991, the urbanization rate was in Tamil Nadu was 34.2% and that of 2001 was 44.0% and 2011 was 48.4%.

Though 2021 census program was unable to be carried out, the Handbook of Urban Statistics 2022 projects that the urbanization rate in Tamil Nadu by 2021 was 52.8%.
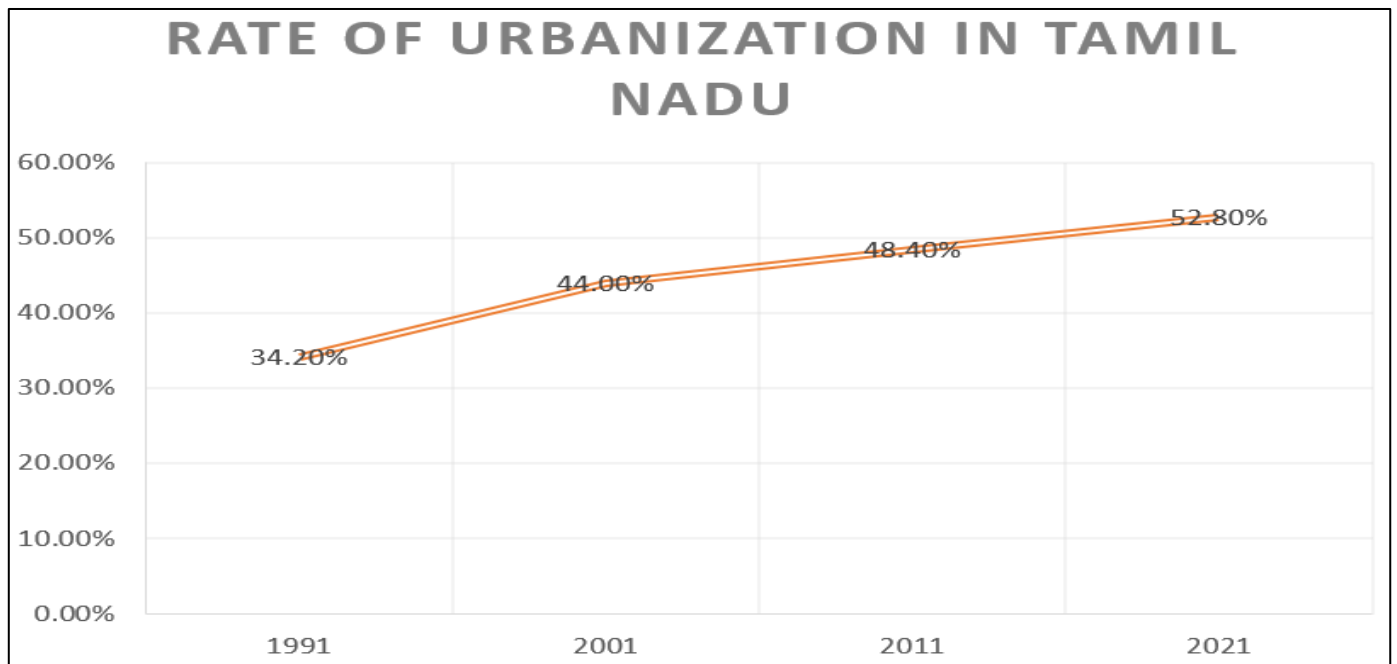

Fig 1 Rate of Urbanization in Tamil Nadu

From 1991 to 2001, the average annual growth of urbanization was:

$$\frac{44.0\% - 34.2\%}{10} \sim 0.98\% \, pp/year$$

From 2001 to 2011 was:

$$\frac{48.4\% - 44.0\%}{10} = 0.44\% \, pp/year$$

From 2011 to 2021 was:

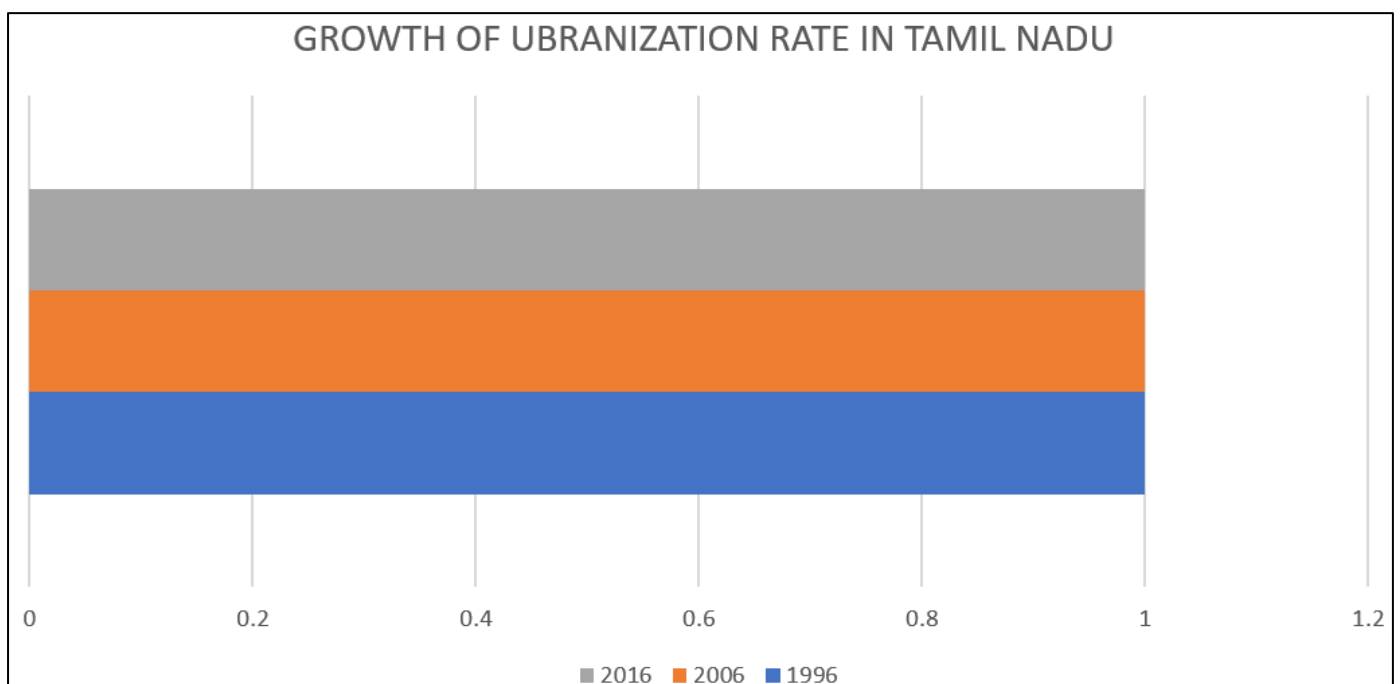$$\frac{52.8\% - 48.4\%}{10} = 0.44\% \, pp/year$$

Fig 2 Growth of Ubranization Rate in Tamil Nadu

> *Urbanization Rate in Chennai:*

District Census Handbooks of Chennai of years 1991, 2001 and 2011 that the entire population and the city come under urbanized locality. Therefore, the urbanization rate remained to be 100% since decades. They specify rural population of Chennai to be zero.

However, these data do not include the other semi-urban areas under ChennaiMetropolitan Area. They provide only the data exclusive to the urban places since they comprehend the information only about the places that come under the district's administrative division.

> *Real Estates Statuses in Chennai:* 1991 – 2001

Central zones like Mount Road and Nungambakkam remained premium, with high values of economy.Suburbs plots such as in Ullagaram were sold at ~₹5–6 per sq. ft, which were very low, by the early 1990s.Early growth in Chennai increased by its expanding boundaries and emergence of IT Sector industries along OMR had set up a future demand for landed properties over the region towards potential residents.Reports of India Today states that prime residential areas in Chennai saw prices rise from Rs 2,000 to Rs 9,500 per square foot between 1990 and 1996. Commercial property prices were in the range of Rs 3,000 to Rs 4,000 per square foot.

• *2001 – 2011*

The suburban real estates prices were boomed along OMR and ECR because of industrialization. Numerous residential projects were launched in Velachery, Tambaram and Sholinganallur.

Organized developers delivered township-style projects, shifting Chennai's real estate profile to an update.The stretch from Taramani to Padur saw prices increase from Rs 900 per sq. ft in 2003 to Rs 3,400 per sq. ft in 2006. The ceiling of residential land prices stood around Rs 15,000 per sq. ft by the year.In OMR aka IT Highway, as befits, land prices were on the rise, with one plot selling for Rs 50 lakh per ground in October 2006 and another for Rs 54 lakh per ground in December of the same year, according to Times of India.The Economic Times says that the average housing price in Chennai rose from approximately Rs 2,490 per sq. ft in 2000 to Rs 3,784 per sq. ft in 2009.
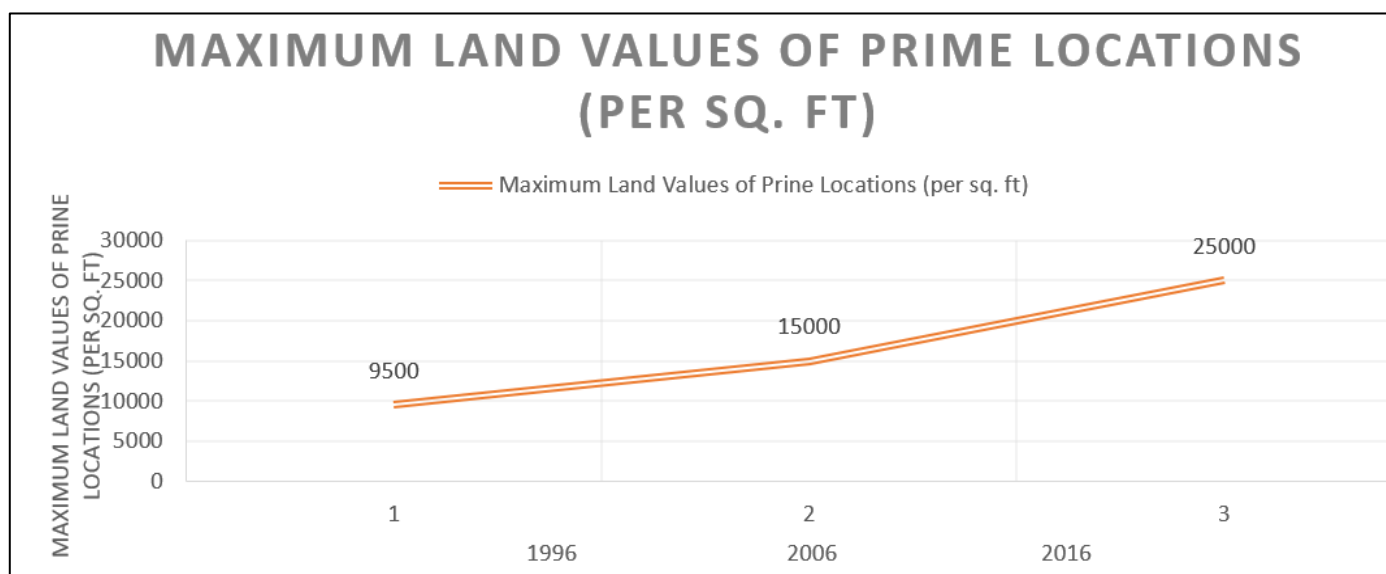

Fig 3 Maximum Land Values of Prime Locations (per sq. ft)

• *2011 – 2021*

Chennai had the shortest project completion times (approx. 3.6 years for large residential projects) among metros between 2014–2021.The Chennai real estate market experienced a decline in 2016, primarily due to the impact of demonetization of all ₹500 and ₹1,000 banknotes and the previous year's floods, leading to a notational revenue loss of 1,100 crores, as per Knight Frank India, a global real estate consulting firm.The typical value of prime residential lands in Chennai in 2016 ranged from Rs 10,000 to Rs 25,000 per sq. ft.In Q2-2021, the average residential price stood at ₹4,950 per sq. ft, recovering from 2016–17 declines.Rental demand saw a +17.9% spike in Q2–2023, showing a broader trend of rising tenancy market value.Emergence of office leasing in suburban areas such as Porur was increasing by time.

> *Role of MNCs in Real Estate Price and Growth:*

• *1991 - 2001*

By 1991, MNC presence was modest, largely limited to major players like Ashok Leyland, Britannia, and TCS. Global Capability Centers (GCCs), serving as offshore hubs for R&D and support services, were virtually non-existent.At that stage, MNC activity remained embryonic—just a handful of IT units and manufacturing facilities. As a result, city-level turnover data was not systematically reported.

Formal employment figures for MNCs in Chennai during the 1990s are scarce or unavailable.Between 1991 and 2001, the tertiary sector—including IT and BPO—grew steadily, increasing its share from approximately 68.7% to 74.7% of the economy.By 2001, MEPZ had expanded

substantially and was likely employing several tens of thousands. Overall, MNCs—including automotive firms, early IT companies, and units within Madras Export Processing Zone (MEPZ)—were estimated to employ 30,000 to 50,000 people in the Chennai region.These MNCs played a vital role in valuation of landed properties.In the 1990s, the influx of Multinational Corporations (MNCs) into Chennai significantly impacted the real estate sector by driving up demand for both commercial and residential properties. The growth of the IT industry, which was closely linked to the MNC presence, further boosted the real estate market.

- *2001 – 2011*

By 2011, Chennai had emerged as a major automobile and IT hub. Global auto giants like Ford, Hyundai, Mitsubishi, BMW, Renault-Nissan, and Daimler had set up manufacturing plants. The IT/BPO sector had thousands of offices—many were run by Indian multinationals or global service firms such as Accenture, Cognizant, and IBM. An estimated 100–150 MNCs were operating in the region by then.However, city-specific revenue data remained limited, as most MNCs operated via manufacturing units or IT SEZs without separate financial disclosures.Employment growth in the organized sector was significant.

According to Ma Foi Randstad, over 273,000 jobs were added in 2011 alone, with IT/ITeS and services leading the surge. In Q3 2011, Chennai saw a 3.8% quarterly rise, adding ~15,500 new jobs.The tertiary sector's share had already risen to ~98.5% by 2001, continuing into 2011. With expansions by MNCs such as IBM, Cognizant, Accenture, TCS, Infosys, Wipro, Ford, and Hyundai, MNC-led employment in Chennai likely reached 150,000–200,000 by 2011.

- *2011 – 2021*

By this time, Chennai had evolved into a major MNC hub, with several high-performing centers contributing significantly to global operations:Cisco's Chennai R&D Centre generated approximately $1.5 billion in global revenue.HCL Technologies' Chennai campus, a key R&D center, grew by ~18% in FY2023, contributing to $12.6 billion in global revenue.TCS's Siruseri campus remained among the company's largest delivery centers, supporting $27.9 billion in global revenue.At a macro level, India hosted ~1,430 Global Capability Centers (GCCs) as of April 2021, generating $4 billion) of this output.

As India's second-largest software export hub after Bengaluru, Chennai hosted numerous large IT MNC campuses, employing an estimated 200,000–300,000+ professionals.With the addition of automotive plants (e.g., Ford's 200k vehicles/year capacity), manufacturing zones, and 214 operational GCCs in 2022, total MNC employment in Chennai likely reached 300,000–400,000 by 2021–22.

It is very apparent that the growing presence of multinational corporations (MNCs) in Chennai has significantly impacted the city's real estate landscape. As demand surged for office spaces, industrial parks, and employee housing, new commercial corridors—especially along OMR, GST Road, and Sriperumbudur—emerged

rapidly. The expansion of IT parks and Special Economic Zones (SEZs) drove infrastructure development, transforming peripheral areas into vibrant economic zones. Residential real estate also experienced a boom, with townships, gated communities, and rental demand increasing in proximity to corporate campuses. Overall, MNC-led growth catalysed a major shift in Chennai's urban planning and real estate dynamics.

➤ *Factors Contributing to Valuation of Landed Properties:*

- *Amenities*

The closer proximity to amenities like schools, hospitals, grocery, parks and restaurants make a place as a desired location. As this is a very obvious factor that the people would expect the presence of these amenities around a particular location increases the cost of land at such location.

Chennai serves to be ideal with the abundance of these amenities due to the urbanization activities, thus makes wide range of people rely on the city even in its outskirts for them, which include essential facilities such as medical supplies and general and specialised hospitals.

- *Employment*

People from rural areas migrate to urban cities like Chennai in search of employment as it is an important city in India and has wide range of IT professional offices. Therefore, urbanized spots attract a large number of people, especially those nearby heavy economic areas like Anna Nagar, Old Mahabalipuram Road, Nungambakkam, etc. Very practically, lands and houses cost too high, since they are centers of public attraction. The most typical reason of immigration towards Chennai is the abundant availability of employment opportunities by means of variety of companies and industries set up in the city.

- *Demographic Conditions*

A well populated place has a positivity of socialism and gives a sense of security to in the locality. Also, dense settlements could be seen in the places of proximity to amenities and developing areas. Thus, citizens can make sure that they get the facilities they require easily without any necessity to move from their locality. Fast sales of property in a particular location can be stated as evidence for the desirability of the location. These factors are very considerable for the valuation of land.

- *Community*

In certain places, people migrate with the intention of settling along with their community. Such locations attract people with this idea. The land in those locations have a constant demand by a specific group of people and is concentrated with such people, thus, people will accept to afford the land despite the high cost. Utilizing this mindset, lands are valued very high. Still, we can observe fast sales of properties in those locations. Places like Sowcarpet are more dedicated to North-Indian immigrants, which reflects their practices, culture and language in various forms in Chennai.

- *Transportation*

Places situated near important economic centers at central locations act as transportation hubs to the people and provide them with convenience to commute through various locations. We can observe the increase in the cost of land at such locations, as transportation a is very considerable factor for a person to determine the location of a property. Also, proximity to metros, railways and airport considerably impact the valuation of land's economy in such locations.

- *Market Trends*

Markettrendscansupportyoutoincreaseyour possession's price as it acts as a justification for the price and the property, as well as may turn against if statistics are down regarding similar ones in the market, adds up a point to argue in favor to customers, even makes people to ignore the sale. Incase of depiction of less cost for your property, only way to show up a lump profit is by enhancingthe featuresof your property such that people neglect the current market status. Chennai exhibits a variety of market levels in landed properties, creating space for commercial activities as well as resident settlements.
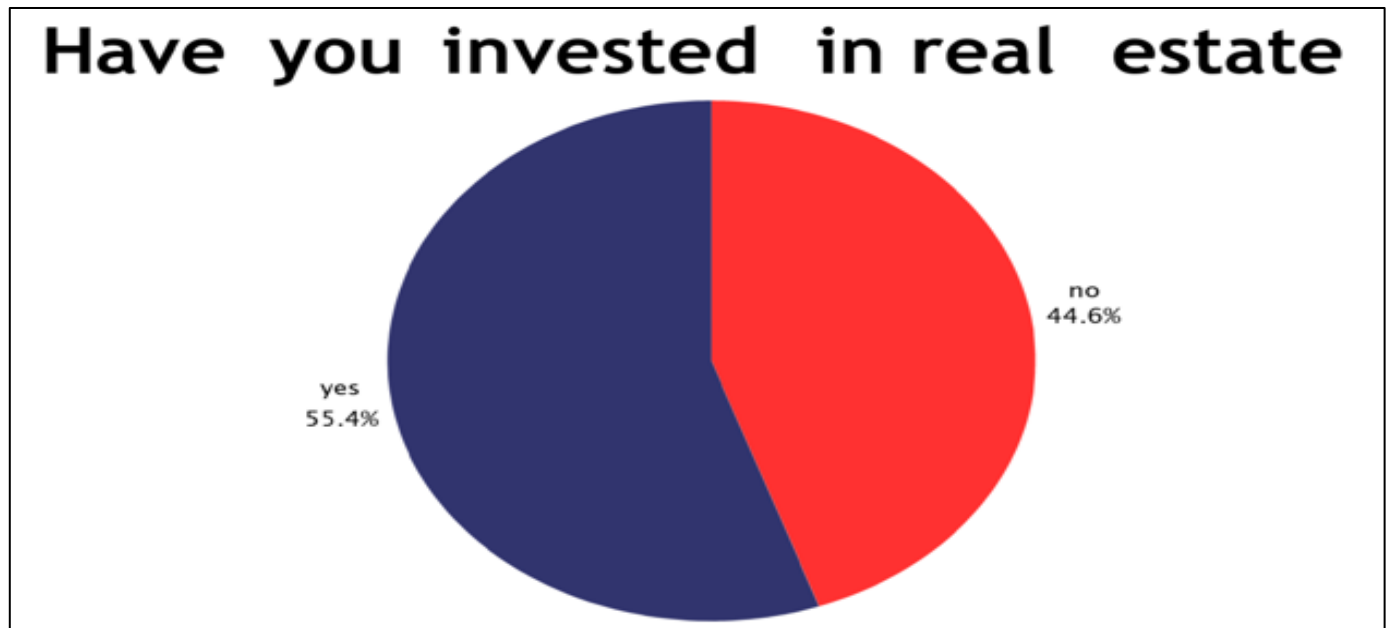

Fig 4 Data Showing People's Interest in Real Estate

The adjacent chart illustrates people's experience in investing in real estates and gives us insight about the awareness what generally peoplehave about the factors determining the economy of real estate.
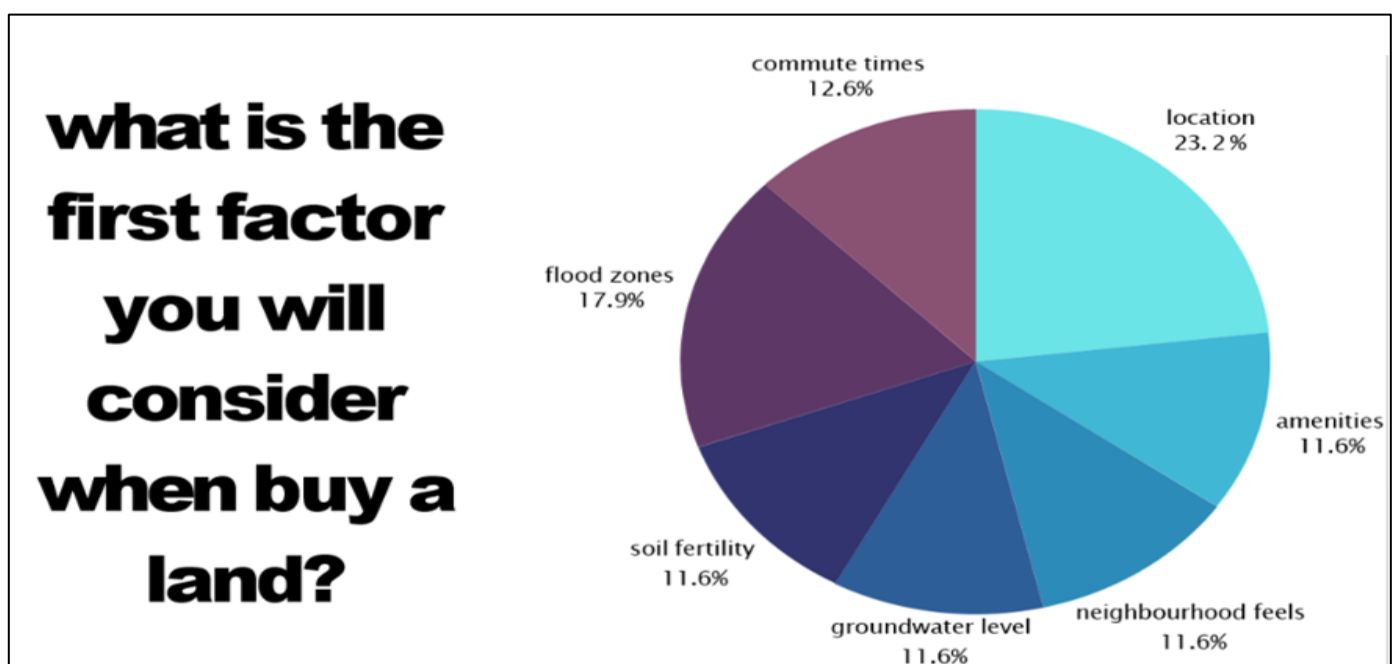

Fig 5 Factors Determining the Interest in Buying Land

We can observe that more than half of the people have the knowledge about the real estate, which proves the significance of the factors which people lay as demands on investments in properties. Demand is the primary factor that is needed to consider for any sales to get carried forward. A product attains its value only if the features of the land are satisfactory to the customer.

Apart from the discussed factors, even people lay down several other demands among which several distinct and distinguishable factors are included which are not very widely considered as keys, providing us an idea that there are people with different expectations and some among them have less exposure to the trends and functions of land valuation and real estates.

➢ *Comparative Study: Central Location vs Outskirt Area:*

• *Nungambakkam*

Real estate prices in Nungambakkam, are elevated due to its prime central location and excellent connectivity to major business hubs and educational institutions. The area is well- developed with robust infrastructure, including good roads, public transport,and a range of amenities like shopping centers and parks. High demand, combined with limited land availability, further drives up property values.

Additionally, Nungambakkam's reputation as a prestigious and desirable locality contributes to its premium real estate prices.

Table 1 Land Price at Nungambakkam

Year	Range of land prices
1991	~ Rs 1,000 - Rs 5,000 per sq. ft
2001	~ Rs 3,000 - Rs 8,000 per sq. ft
2011	~ Rs 8,000 - Rs 20,000 per sq. ft
2021	~ Rs 21,400 - Rs 31, 900 per sq. ft

• *Kovur*

Land prices in Kovur, Chennai, are relatively low due to its location on the outskirts of the city, which means it's farther from central business districts. The area is still developing, with infrastructure and connectivity not yet matching more central locations. Lower demand and higher supply, combined with perceptions of limited future growth potential and possible environmental or planning issues, contribute to the lower land values.

Still such locations are expected to be attain some better position in real estates in terms of economy as these locations offer peaceful and harmonious locations for people those who are willing to stay away from busy parts of the city.

Table 2 Land Price at Kovur

Year	Range of land prices
1991	~ Rs 100 - Rs 200 per sq. ft (based on extrapolation)
2001	~ Rs 300 - Rs 1,500 per sq. ft
2011	~ Rs 3, 350 - Rs 6,000 per sq. ft
2021	~ Rs 3, 350 - Rs 9,800 per sq. ft

III. DISCUSSION

The data across decades clearly supports the hypothesis that Chennai has undergone significant economic transformation, particularly visible in the land and real estate sectors. Central locations like Nungambakkam have consistently commanded higher land values due to their connectivity, infrastructural superiority, and historical prominence. In contrast, developing suburban areas like Kovur have shown fluctuating yet upward trends, reflecting growing urban sprawl and investment potential.

The role of multinational corporations (MNCs) and the expanding IT sector emerges as a decisive factor in boosting land prices, especially along corridors like OMR and GST Road. This correlates with the rising tertiary sector dominance in Chennai's economy, which surged from 68.7% in 1991 to nearly 99% by 2011.

Another critical insight is the interplay between urbanization, infrastructure, and employment opportunities. The city's complete urban classification and consistent demand for housing—especially in areas proximate to tech parks, educational institutions, and hospitals—have driven real estate booms. Surveys reflect a high level of public awareness about land valuation, showing that people prioritize proximity to amenities, job centers, and transportation.

Suburban regions like Kovur, although lagging in value, show promising potential due to increasing connectivity, peaceful environment, and development prospects. The price gap between core and peripheral areas highlights both spatial economic disparity and growth opportunity.

Moreover, socio-cultural preferences (such as community-based migration) and external policy events (e.g., demonetization) also influence the economy of real estate. Thus, the economy of Chennai's land is not shaped by one factor alone, but by a complex network of demographics, policy shifts, migration patterns, and market sentiments.

IV. CONCLUSION

Research confirms that Chennai has undergone significant economic transformation over the past three decades, most notably reflected in the dynamics of its real estate sector. Central localities have consistently retained high valuations, driven by historical significance and robust urban infrastructure, while peripheral areas such as Kovur are increasingly recognized for their emerging economic potential.

Key drivers of land valuation include the presence of multinational corporations, employment distribution, transportation connectivity, and the availability of essential amenities. The progressive integration of suburban zones into the metropolitan core suggests a gradual shift toward a more balanced land value distribution.

Recognizing these spatial and economic variations is essential not only for investors and policymakers, but also for urban planners striving to ensure equitable and sustainable development. The study underscores that Chennai's economic evolution is multifaceted, with the land economy serving both as an indicator and an instrument of the city's broader socio-economic transformation.

V. RECOMMENDATIONS

Our study propose idea for future benefits as followsAssess how the rise of gated communities in OMR, GST Road, and Porur is reshaping Chennai's urban edge. Examine environmental and zoning impactsStudy how metro rail expansion, Outer Ring Road (ORR), and new flyovers affect land appreciation.

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