

# GIVING WHAT THE CUSTOMER NEEDS

*Appaswamy boasts of a five-decade stint in the real estate industry. TSS Krishnan, CEO, Appaswamy Real Estates Limited, shares with S Meera the reasons for Appaswamy's popularity*

**Appaswamy has a long history. Can you share some details of your journey this far with us?**

Appaswamy Real Estates Limited is five decades old in the industry. Our founder, S Appaswamy, commenced his career as a clerk with the railways. He graduated into entrepreneurship, and then went

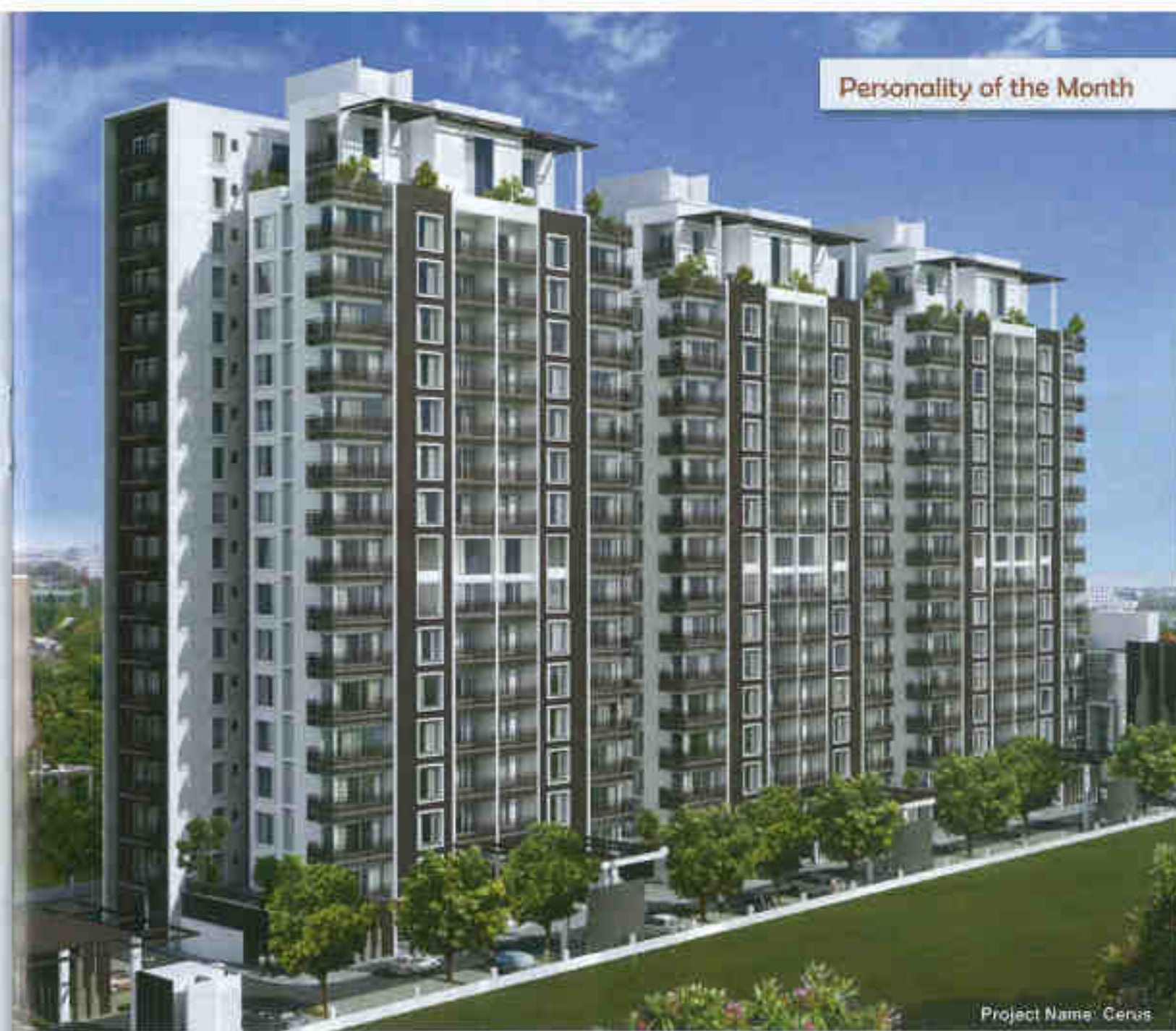
on to buy 100 acres of land in Pammal, which was considered the dark end of the city in those days. Many wondered at his decision. But he was a visionary and knew that the area would develop some day. We started with plotted development in those days.

In the late 70s and early 80s, we were among the first to introduce the apartment culture in the city along with

SI Constructions and Rama. We have done a lot of work since then, developing property around 10 million sqft, and continue to have ongoing and planned projects for about another 7 million sqft. Our projects include residential, commercial and hospitality. However, our focus is on residential projects, and we are among the top players in the city. We have also developed properties



Project Name: Mapleton



Project Name: Cetus

in Coimbatore and believe that these two cities have provided us with enough potential for growth.

**The core of Chennai is becoming unaffordable for the middle class. What is your take on this?**

Our focus has been on the core of Chennai. We have ongoing projects at Kotturpuram, Lur, Virugamakkam and OMR. We also have projects in the secondary business districts such as Sholinganallur, Pallikarai and Pammal. And yes, the pricing has fallen into

a vicious cycle. Initially, the demand outstripped the supply, and so, the prices went up. Land owners adjusted their prices correspondingly, which led to an unhealthy rise in price from the perspective of volumes in the market. But then, the definition of middle class is also changing. What would have constituted for ₹40 lakh has now become ₹1.2 crore, which is also affordable by them. But more than the prices, it is the outlay that matters. There are several properties on offer for ₹2.5 crore upwards. If the twin criteria of location and outlay meets their expectation, their buyers are willing to purchase.





## Personality of the Month

### Are buyers mostly NRIs looking for an investment?

Whether they are NRIs or from the local population, the intention is to use the property now or at a future date. It is more of a user-driven market. And, though the economy is supposedly bleak, it is not reflecting commensurately in real estate buying.

### Do you see the prices coming down at any point?

It will hover around the same level. But, I don't see it going up either for a while.

### What are some of the highlights of an Appaswamy

### Real Estate Limited construction?

We source land at a vantage location and create a product of the right size and functionality, and offer it at the right price. Our history works to our advantage as our customers have reasons to trust us. We ensure quality and delivery on the stipulated time. Most buyers these days are exposed to global trends and demand delivery on time and a quality development. We have introduced quality processes to ensure this. The list of amenities provided increases day by day to meet customer satisfaction. However, these amenities are provided based on the potential utilisation and functionality

rather than to increase the line items in our offering. Our current projects are Gold Certified IGBC (Indian Green Building Council) buildings.

### What are some of the challenges you face? How do you overcome them?

While on one hand, the quality and time lines are becoming very critical, labour, on the other hand, is becoming difficult to source from the city. So, we have started sourcing people from outside. And, we face additional problems of average skills and attitude. Balancing the customer expectation with the availability of average labour skills is one of our

greatest challenges. So, we have started hiring a middle management that has the exposure in international development and is well versed in quality practices. We have also strengthened our own processes. We are even contemplating on hiring a third party quality agency to fine tune our products.

### Tell us about your IT Park projects....

We have developed two IT Parks, Egate and Futura. Egate was marketed through investors, but at Futura, we had top class clientele such as PayPal occupying our building. Subsequently, Xanders evinced interest and bought out the IT Park. This is a rare occurrence, as funds normally prefer developers to be co-owners at least in some small measure. But, it was our reputation that gave Xanders the confidence to go for a 100 percent buyout.

### You also are into hospitality, which is a totally different kind of a game. How do you manage that?

The Residency group of hotels is a brand created by us. We have built and managed five hotels in southern India, and are planning to add more, one in Maldives, and a few in other parts of the country. These hotels have been managed professionally with the top management providing us direction and guidance.

### Are you planning on an expansion?

We may expand beyond Chennai in other parts of Tamil Nadu and are exploring the opportunities. Wherever the market demand is robust, it is worthwhile to be present. Each state has different statutory and customer requirements based on the local culture and market dynamics. But, I

think that if one can master that, there is enough space for growth for all.

### Tell us about your association with the real estate industry? What makes you want to continue here?

I am a chartered accountant and a cost accountant. I joined Appaswamy Real Estate Limited as the finance manager for Residency Hotel in 1991, and went on to become the group's financial controller. After eight years, I embarked on my own for a while. I returned in 2005 as the COO, and now, I am the CEO.

I think this is my true calling. I was yearning for a challenge and width in my job, which the real estate industry provides in ample. From negotiating for land acquisition to customer service to managing deliveries, it is a fascinating experience. ■



Project Name: Greentide



Project Name: Brookdale