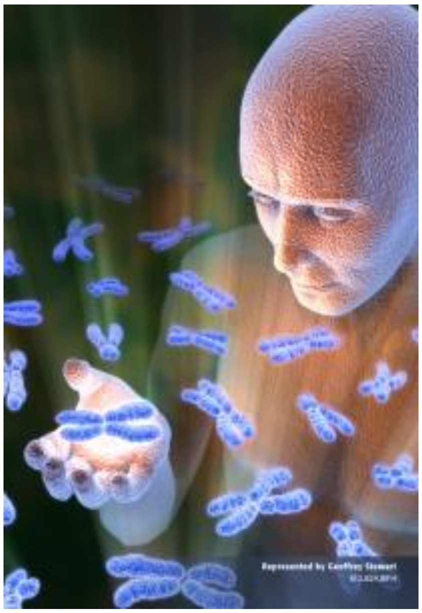
(A division of ICICI Home Finance Company Limited)

MAPPING CONSUMER GENOME

- RESIDENTIAL REALITY



Over the past few months, we at ICICI PSG have been covering some of the major property exhibitions in the key cities of Mumbai, Delhi, Chennai & Bangalore. The key highlight of the coverage has been the huge consumer data that we have been able to gather, the analysis of which you must have read in city specific exhibition reports.

http://www.icicihfc.com/kc/p_exhibition_report.html

While city specific information is vital, one cannot undermine the need for an inter-city diagnosis. This report intends to diagnose and map consumer behaviour and market sentiments across the various cities, over the time span of July 2009 and Oct 2009. As the data has been cumulated basis responses from random consumer footfalls, the consumer base can be safely construed to be representative of the city.

The pattern observed in the ensuing analysis brings out the contrast in consumer behaviour across different macro-markets.

Objective:

- To map and diagnose consumer behaviour and market sentiments for purchase of residential property across various cities.
- To study and map the different patterns observed across various macro-markets.

Methodology:

PLACE	EXPO
Mumbai	MCHI Property Expo
	October 1- 4, 2009
Delhi	Times Property Exhibition
	July 10-12, 2009
Chennai	Home Thiruvizha – Mega Property Expo
	Oct 23-25, 2009
Bangalore	CREDAI Karnataka – Realty Expo
	August 15-16, 2009

- A consumer survey conducted at various exhibitions using a two page objective questionnaire.
- Random footfalls interviewed over the time span of July 2009 and Oct 2009.
- Major property exhibitions in the key cities of Mumbai, Delhi, Chennai & Bangalore covered.

Disclaimer: The data gathered is from the projects displayed at the aforementioned expo. Hence, it may not be representative of the entire demand and supply in the city.

Key Highlights:

City		MUMBAI		DELHI		CHENNAI		BANGALORE	
		Supply	Demand	Supply	Demand	Supply	Demand	Supply	Demand
Resi Unit : Preferred	Location	Suburbs-Premium	Suburbs-Premium	Outside Locations	Suburbs-Premium	Suburbs-Mass	Suburbs-Premium	Suburbs-Mass	Suburbs-Premium
	Unit Type	2 - 2.5 BHK	2 - 2.5 BHK	3 BHK	2 - 2.5 BHK	3 BHK	2 - 2.5 BHK	3 BHK	3 BHK
	Construction Stage	Project under construction	Ready possession	Project at launch	Ready Possession	Project under construction	Project at launch	Project under construction	Project nearing completion
Budget : Stretch	LIG	N		M		M		N	
	MIG	N		M		H		M	
	HIG	N		N		H		M	

H : High Stretch, M : Medium Stretch, L : Low Stretch, N : No Stretch

- Across cities, the preference is of premium suburbs with supportive supply coming in only in Mumbai
  - Premium suburbs get preferred over other locations owing to well developed infrastructure supported by commercial activity in close proximity
- Delhi and Mumbai seem to have a potential demand for mass suburbs, far surpassing the current supply, on account of better infrastructure and connectivity to the business districts
  - The mass suburbs in the other cities are still in their initial stages with infrastructure and connectivity being the core issues
- 2-3 BHK remain favourite across all the cities
  - There seems to be oversupply in > 3BHK segment
  - Mumbai is the only market with substantial 1-1.5 BHK demand which remains largely unmet
  - Instead, Mumbai seems to have a huge pipeline of large premium properties without adequate demand

- As compared to the other cities, the Bangalore residential supply seems to be aping consumer demand
    - Vis-à-vis the other markets, the Bangalore consumers are relatively more aspirational

- Chennai has a fair distribution of population across income classes; Bangalore has a higher concentration of HIG

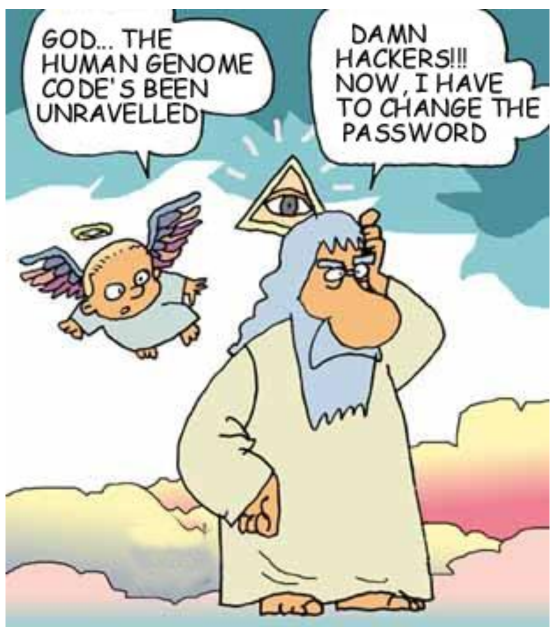
- Median age of home seekers has been declining across all cities

- End use of the property for self occupation indicates that genuine buyers are still there in market and they will certainly buy if right product as per their expectation is available

- Children play area and inverter backup seem to have become a hygiene factor for any residential development
    - A bus service and modular kitchen are the distinguishing amenities for LIG segment
    - The differentiating amenities in case of HIG are swimming pool, health club and club house

- It seems that new launches have considerably slowed down across the southern cities viz., Bangalore and Chennai and builders are concentrating more on completion and absorption of existing supply

- While consumers in the Northern and Western markets have exhibited apprehension on project delivery, consumers in Southern markets are still willing to invest in properties at launch stage thereby indicating relative stability in the Southern residential markets



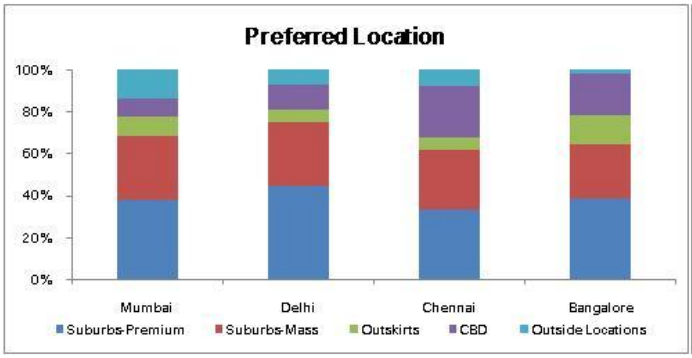
The detailed report follows in the ensuing pages.

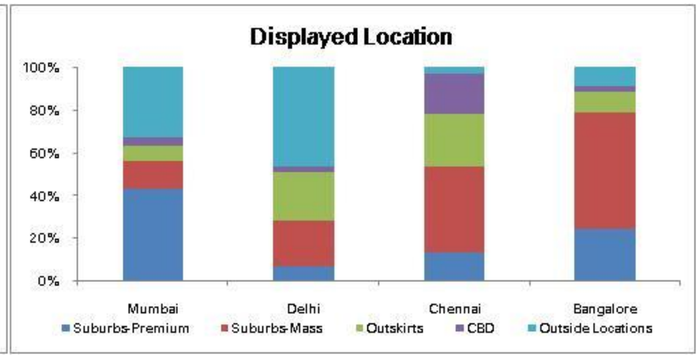
Preferred vs. Displayed Location:

- Displayed locations are the ones where the exhibited projects were located. Preferred Locations are those where customers' surveyed wanted to buy a property. These locations have been further classified as under Suburbs-Premium, Suburbs-Mass, Outskirts, CBD and Outside the City, the details of which are available in the Annexure.

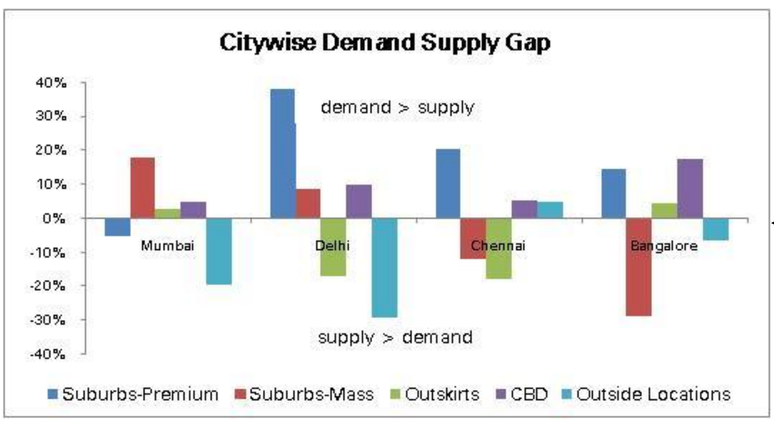
- Across cities, there is a visible preference for premium suburbs with supportive supply coming in only in Mumbai. Premium suburbs get preferred over other locations owing to well developed infrastructure supported by commercial activity in close proximity.

- The next preferred location is the mass suburbs. While Mumbai faces a short supply situation, Bangalore on the other hand suffers from short demand. There is a visible shift from CBDs to suburbs owing to short supply as well as unaffordable prices in CBD.





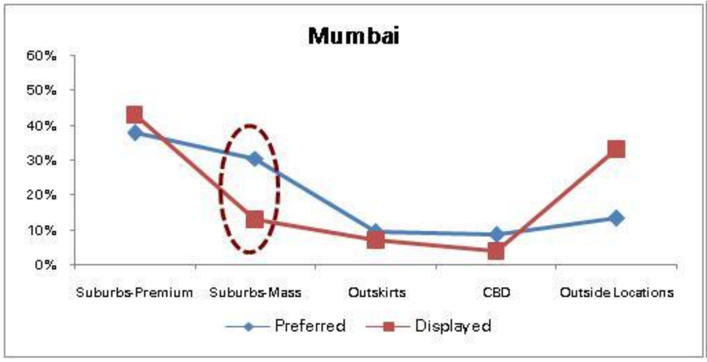
Citywise Demand-Supply Gap : The demand is higher than the supply in the Premium Suburbs and vice versa for outskirts. Outskirts are the locations which are in the initial stage of the development cycle, hence have low preference amongst end users.

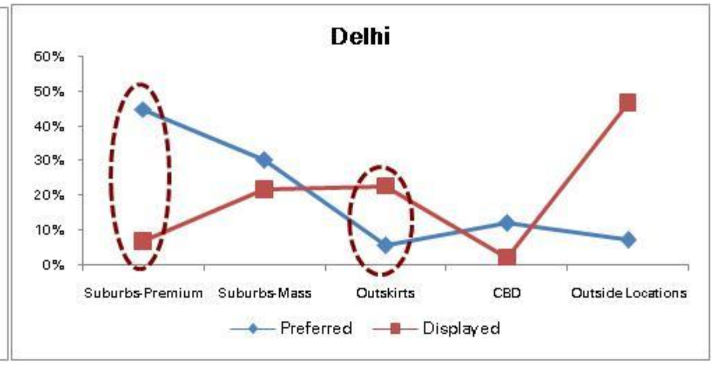


Across all cities barring Mumbai, demand is less than the supply in Suburbs- Premium and CBD

Maximum demand supply mismatch is observed in Delhi.

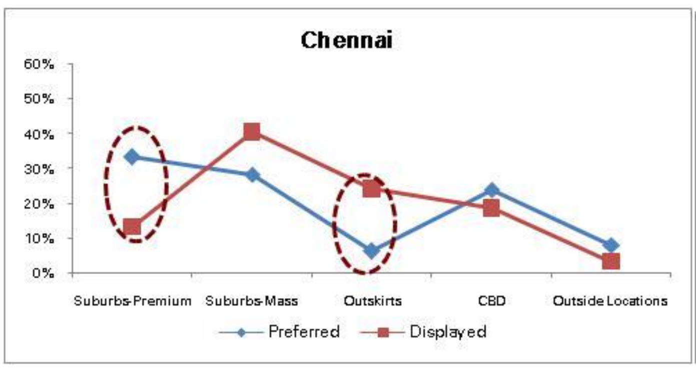
- Delhi and Mumbai seem to have a potential demand for mass suburbs, far surpassing the current supply, on account of better infrastructure and connectivity to the business districts. The mass suburbs in the other cities are still in their initial stages with infrastructure and connectivity being the core issues.

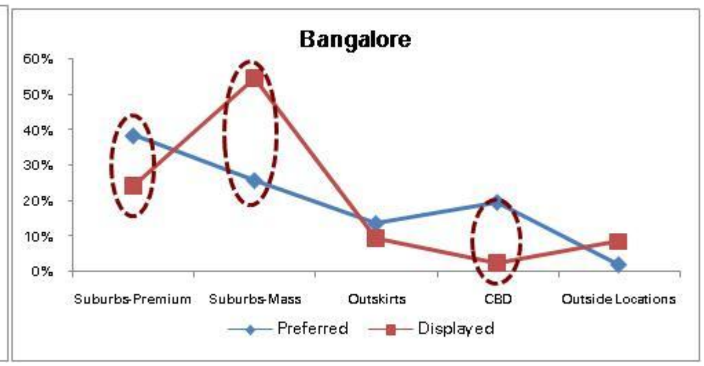




- In Tier1 cities, over a period of time, with increasing rental and capital values, the residential properties are getting more & more out of reach. With suburbs providing more affordable options, even the affluent class has been seen seeking properties beyond CBDs. In the same budget, a consumer is likely to get a bigger space and is willing to trade-off with the proximity to work place. With increasing commercial rentals, even offices have started shifting towards the suburbs, further boosting the suburban housing demand.

- Amongst all the cities, CBD preference is the lowest in Mumbai due to exorbitant prices. In Delhi, premium suburbs are more in demand and as such, there seems to be a huge disparity between the underlying demand and upcoming supply. The infrastructural bottlenecks in outskirts Bangalore seem to be forcing a section of the Bangalore home seeker to prefer CBD.

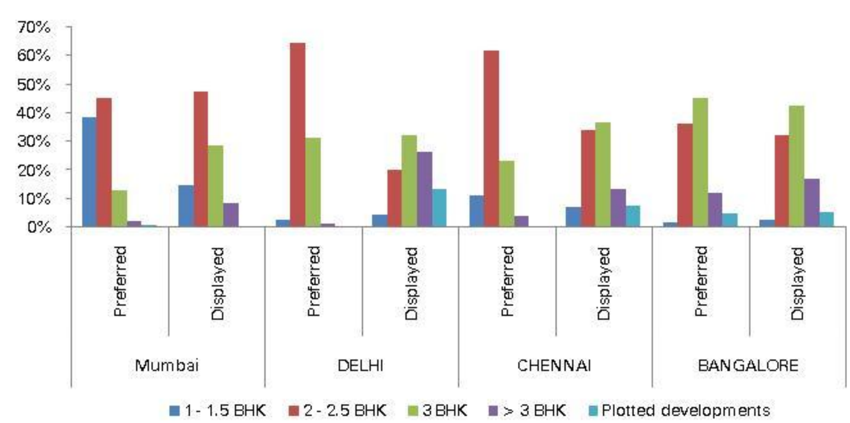




Preferred vs Displayed Apartment Types:

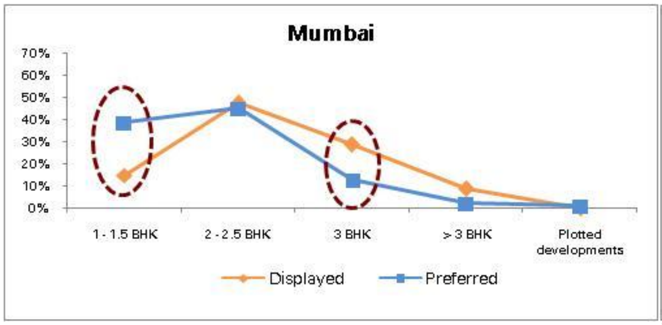
- In Mumbai and Chennai, the supply for 3 BHK has outstripped the demand. Upcoming supply seems to be in line with the demand in Bangalore and Delhi.

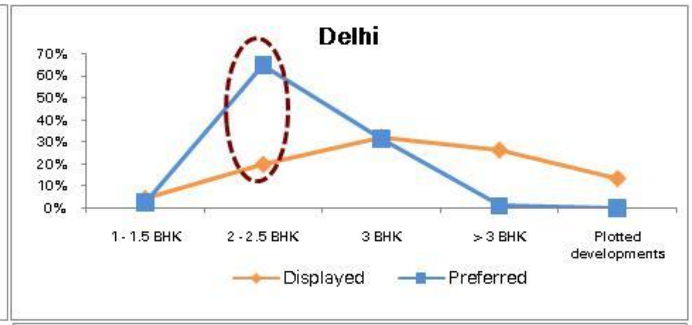
- Mumbai is the only city with significant 1-1.5 BHK demand, driven primarily by affordability and high capital values.
- The supply of >3 BHK units

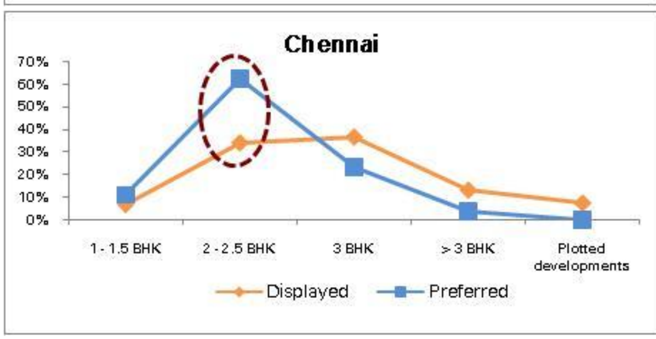


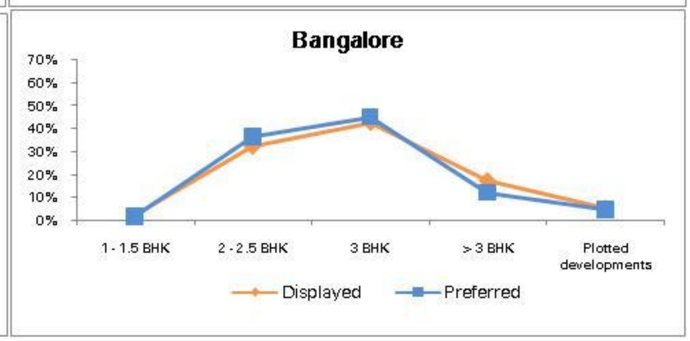
is the highest in Delhi NCR, but the same is not backed by adequate demand.

- Bangalore & Chennai markets have primarily been 2BHK & above markets; the corresponding supply & demand also seems to be suggesting the same.



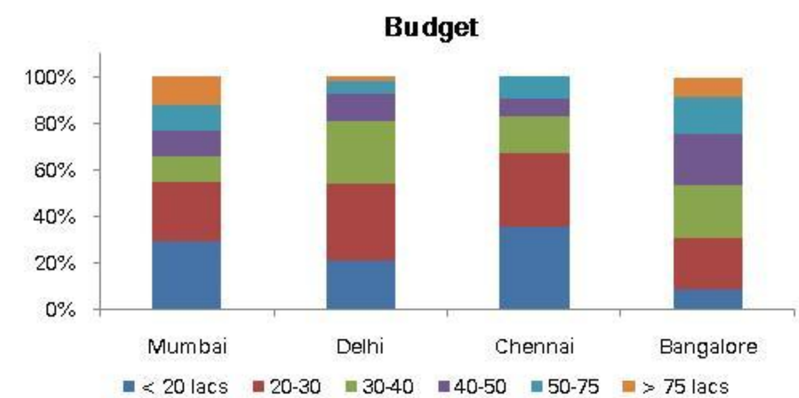






Budget:

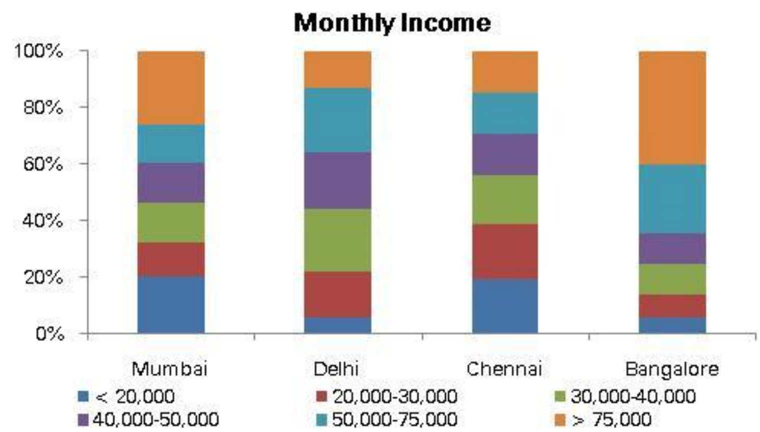
- More than 50% of the reported budget is in the sub-Rs.30 lacs properties, across cities, with the exception of Bangalore.
  - Bangalore, shows the maximum demand (61%) for homes in the budget range of Rs.30-75 lacs. The supply appears to be in line with this demand.

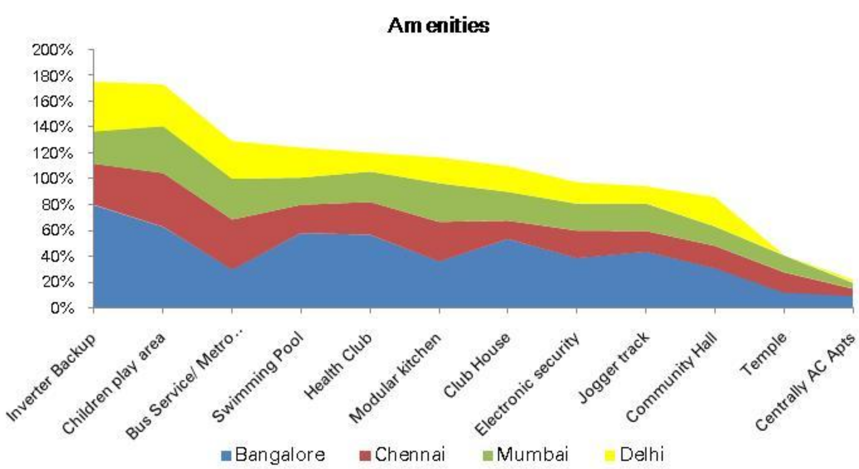


- Consumers in Delhi and Chennai prefer a 2BHK and above unit, with a budget of sub-Rs.20 lacs!

Monthly Income of the Home Seekers and occupation:

- Mumbai seems to be divided into 2 extremes with maximum number of consumers reported in LIG (Income < INR 20,000) and HIG (Income > INR 75,000) income classes.
- Delhi has reported the largest proportion of MIG (INR 20,000 < Income < INR 75,000) income class.
- Bangalore has the maximum of HIG & minimum of LIG
- Chennai seems to be an ideal market, with maximum proportion of the consumers reported at the bottom of the pyramid, decreasing gradually up the chain!
- The Salaried class represented more than 70% of the visitors across all the cities.

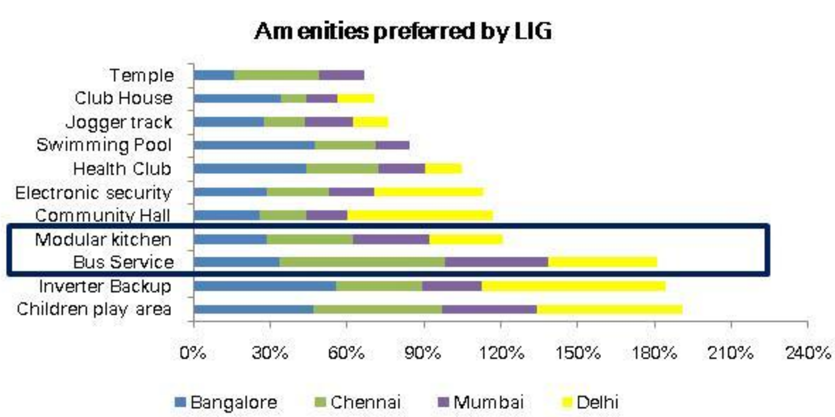


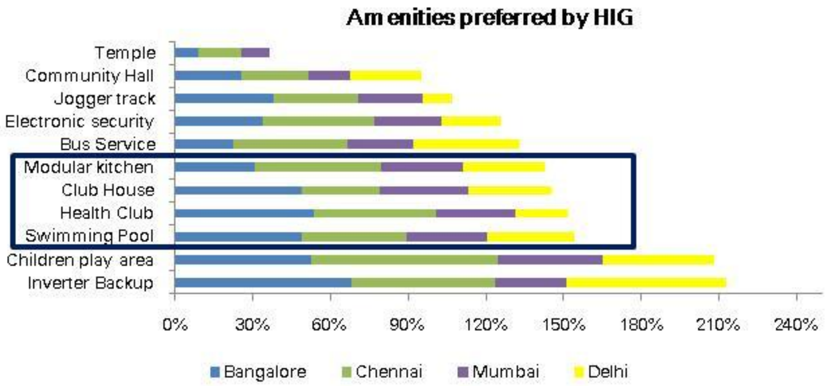


- Basic amenities like Children play area, inverter backup and bus service continue to top the list of amenities.
- Amenities like Temple & Centrally AC Apartments do not find many takers.
- The Bangalore consumers show affinity for almost all the amenities.

Amenities for HIG and LIG segments:

- As the preference for amenities is driven directly by the purchasing power of the consumer, it was thought worthwhile to look at the preference sets of both the LIG & HIG segments to diagnose the similarities and differences, if any.
- Children play area and Inverter back up feature amongst the most preferred amenities for both LIG and HIG.

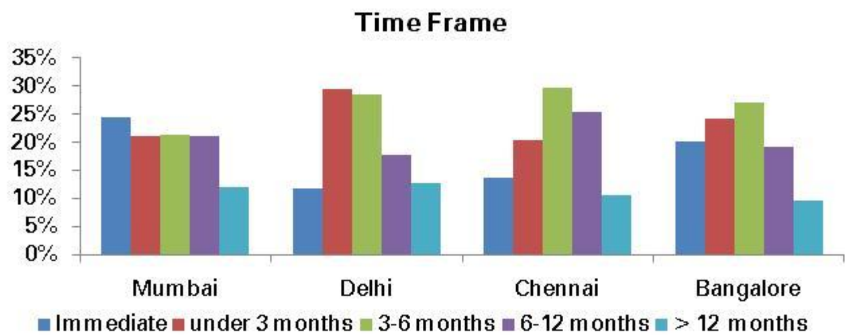




- Bus service and modular kitchen have emerged as the most preferred LIG segment amenities.
- Temple as an amenity does not find takers among both LIG and HIG.
- Swimming pool, health club and club house and modular kitchen have emerged as HIG amenities indicating a clear preference of HIG class for these facilities in addition to the basic hygiene factors such as children play area and inverter back up.

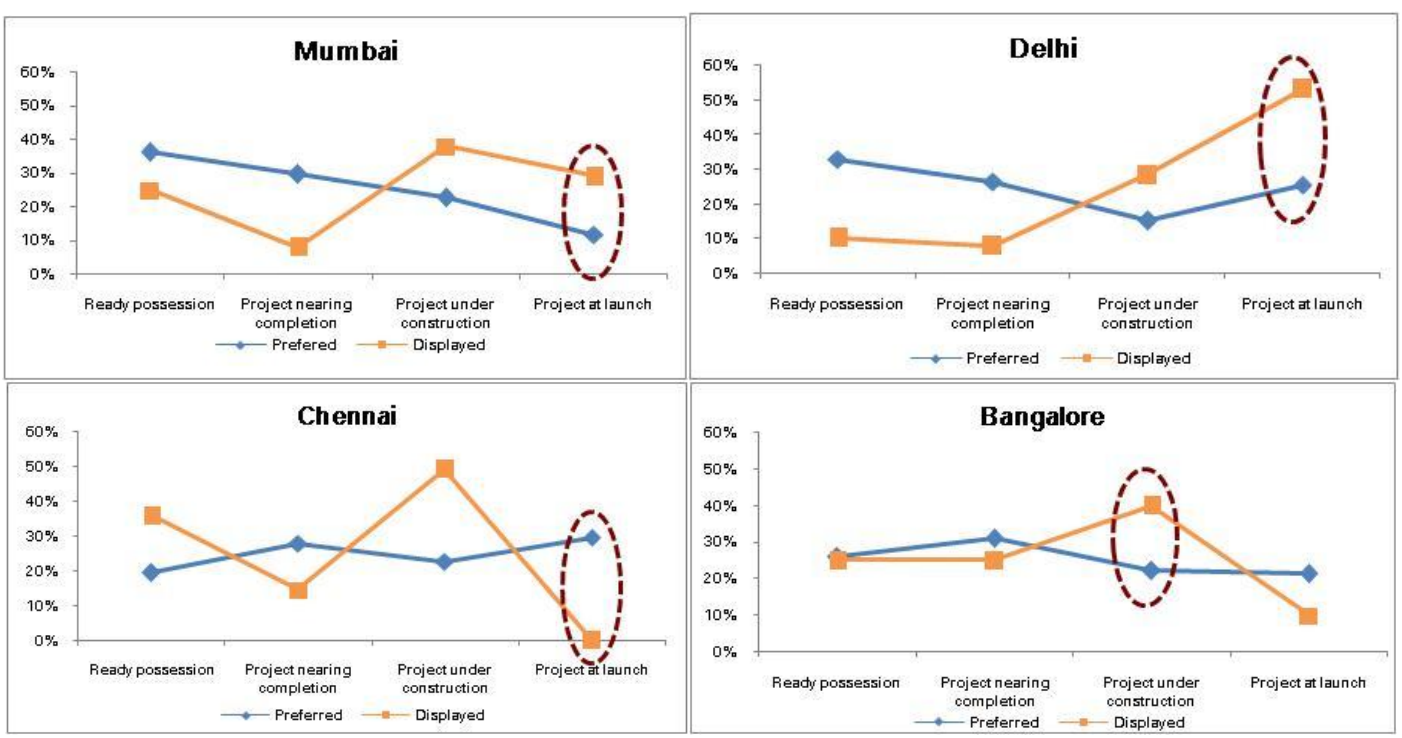
Time frame for purchase of property and stage of construction:

- More than 60% of the consumers wish to purchase a property in the next 6 months period, thereby indicating the potent demand across cities.



- Home seekers in Chennai have highest inclination to go for Project at launch stage than in any other market.

Citywise comparison of properties based on stage of construction : Preferred vs. Displayed



The Affordability Equation :

LIG		Mumbai	Delhi	Chennai	Bangalore
Preferred Apt. Size	A	600	900	750	1100
Preferred Budget	B	15	16	14.5	23.65
Average Price of Properties exhibited (per sq ft)	C	2323	2300	2300	2140
Capital Value of Property (Rs. In lacs)	D	13.94	20.70	17.25	23.54
Stretch (Rs. In lacs)	D-B	-	4.70	2.75	-

There seems to be no / minimal stretch for LIG segment across all the cities. LIG Segment in Bangalore and Delhi can afford the luxury of a comparatively bigger home than in Mumbai and Chennai.

MIG		Mumbai	Delhi	Chennai	Bangalore
Preferred Apt. Size	A	750	1200	1000	1300
Preferred Budget	B	29	32	25.5	33.66
Average Price of Properties exhibited (per sq ft)	C	3381	2800	3200	2800
Capital Value of Property (Rs. In lacs)	D	25.36	33.60	32.00	36.40
Stretch (Rs. In lacs)	D-B	-	1.60	6.50	2.74

There is no stretch budget in Mumbai for both MIG & HIG segment and the same is minimal for Delhi and Bangalore. However, there seems to be a considerable stretch for Chennai MIG & HIG consumers.

HIG		Mumbai	Delhi	Chennai	Bangalore
Preferred Apt. Size	A	1000	1450	1200	1500
Preferred Budget	B	63	71.25	44	52.48
Average Price of Properties exhibited (per sq ft)	C	6290	4300	4250	3750
Capital Value of Property (Rs. In lacs)	D	62.90	62.35	51.00	56.25
Stretch (Rs. In lacs)	D-B	-	-	7.00	3.77

Consumers in Mumbai have to be satisfied with a lesser apartment sizes in all categories due to higher costs!

While there is demand for residential property, supply needs to catch up in the right place, right configuration & right pricing. Where all these factors have matched consumer's expectations, deals have happened and would continue to happen. However, as has been the case in certain markets, should property prices keep heading northwards, the markets might see a muted response!

We only wish that for all the stakeholders of the Indian Real Estate sector, stepping into 2010 be a memorable one.

Annexure:

	Mumbai	Delhi	Chennai	Bangalore
Suburb-Premium	Central Suburbs upto Mulund, Western Suburbs upto Dahisar	Gurgaon, Noida	Velachery, OMR Road:Taramani to Sholingnallur, Guindy to Porur, Mogappair, Ambattur	Jayanagar, JP Nagar, Banashankari, Koramangala, Basavanagudi, Bannerghata Road, Rajajinagar, Malleshwaram, HSR layout, RMV Stage II ,Sarjapur ORR
Suburb-Mass	Navi Mumbai, Thane	Ghaziabad: Kaushambhi, Vaishali, Vasundhra, Indirapuram, NH 24 upto Crossing Republic Faridabad upto the Canal	Tambaram, OMR Road:Sholingnallur to Kelambakkam, GST Road:Guildy to Tambaram	Whitefield, Marathalli, Kanakpura Road, Sarjapura Road, Hebbal, Yelahanka, Jalahalli
Outskirts	Western Suburbs beyond Dahisar, Central Suburbs beyond Thane	Gr. Noida, Ghaziabad: Raj Nagar and beyond, NH 24 beyond Crossing Republic Faridabad beyond the Canal	OMR Road:Kellambakkam and beyond, GST Road: Tambaram to Maraimalainagar	Doddaballapur Road, Hosur Road, Tumkur Road, Devanahalli
CBD	South Mumbai	Delhi	Vadapalani, Saligramam, Valsaravakkam, Annanagar, Kilpauk, Purusawalkam	Convent Road, Cooke Town , Kumarakrupa Road, MG Road, Lavelle Road, Ulsoor, Indiranagar
Outside	Outside Mumbai	Outside Delhi	Outside Chennai	Outside Bangalore

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