

Overview

Residential Overview

Residential Roundup

Key Residential Project Launches

Overview

The Budget 2013-14, presented in the last week of February 2013, could be pronounced as moderately 'encouraging' for the infrastructure sector; however, 'lukewarm' for the real estate sector. Certain key highlights of Budget 2013 pertaining to the realty sector are enumerated below:

- While there have been no very significant policy or tax incentives to boost the real estate sector, certain measures have been proposed to encourage the affordable segment. As against the expectations, the much coveted 'infrastructure status' was not conferred to the real estate sector. Moreover, there were no proposals on implementation of 'Real Estate Regulator' and 'Land Acquisition Act'.
- The allocation of the Rural Housing Fund has been increased to INR 60 billion from INR 40 billion. On the similar lines, the Urban Housing Fund by the National Housing Bank, with an allocation of INR 20 billion has been proposed for FY 2013-14.
- There have been provisions to provide an impetus to the affordable segment. Buyers availing Home Loans not exceeding INR 25 lac for buying their first residential property shall be entitled for an interest benefit of upto INR 1 lac for the first year together with a carry forward benefit for the subsequent year. This deduction will be over and above the deduction of INR 1.5 lac allowed for self-occupied properties under Section 24. However, the value of the residential property being financed should not exceed INR 40 lac. This provision may boost the sales in Tier 2 - Tier 3 cities and extended suburbs of metros, where a substantial chunk of properties are priced within INR 40 lac.
- The rate of abatement on homes and flats of above 2000 sq.ft. carpet area or costing INR 1 Crore and above, has been reduced from 75% to 70%. This would essentially lead to higher service tax out-flow, hence high-end housing shall become more expensive.
- In case of a transfer of an immovable non-agricultural property by a resident, a TDS of 1% shall be charged, whenever the consideration exceeds INR 50 lac. This has been done with a view to improve the reporting of such transactions and the taxation of capital gains. Moreover, this provision may impact the resale transactions and mitigate the speculative behavior in the markets.
- The Budget has also laid focus on education and job creation. This is an important step to provide a boost to the real estate sector in the mid to long term.
- The additional allocation of INR 14,873 Crore to JNNURM towards public road transport would help make lagging real estate locations more viable in the long term.

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- Mumbai markets have witnessed increased buyer interest in the last two months. Various developers such as Lodha Group, Ekta Group and Bombay Dyeing have been noticed to be offering '20-80 scheme' to off load huge volumes of their residential inventory. In the Pune market, the residential capital values at locations such as Hinjewadi, Wakad, Baner and Kharadi showed an upward trend to the tune of INR 50 – 300/sq.ft. in all the major projects.
- The Gurgaon and Noida markets witnessed fresh project launches/pre-launches by renowned developers. In Gurgaon, Dwarka Expressway followed by New Gurgaon micro-markets exhibited maximum activity in terms of new launches and buyer interest. However, in the Noida region, maximum activity was exhibited along the Noida Expressway and Noida Extension belts.
- The Bangalore markets witnessed fresh launches by renowned developers at city outskirts in the affordable segment of INR 20-50 lac. Residential sales in Hyderabad remained modest and the absorption was primarily supported by the end-user demand.

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City	TOP 7 CITIES : RESIDENTIAL KEY TRENDS
Mumbai	Residential properties witnessed a heightened interest in the last two months. A good movement in sales of certain projects that were launched at the right price points was seen. New project launches by L & T Realty and Lodha Group exhibited a good response, which could be attributed to the pent-up demand that was not being met by the supply in the past few months. It has been noticed that various developers such as the Ekta Group, Lodha Group and Bombay Dyeing are adopting schemes such as the '20-80 offer' to off load huge volumes of their residential inventory. Going forward, Runwal Group plans to launch a residential property at Nepean Sea Road, on its sea-facing bungalow property.
Delhi NCR	Gurgaon region witnessed a fresh launch by Puri Constructions at sector 104 in the Dwarka Expressway micro-market. The project is priced at approximately INR 7,750/sq.ft. While certain existing/upcoming projects have received an over-whelming response from the buyers, the overall absorption remained subdued across the city, as prices touched high levels. Transaction activity, though sluggish across most of the locations, happened primarily on the Dwarka Expressway and the New Gurgaon belt. While the prices remained stable in most of the micro-markets, some projects along the Dwarka Expressway belt witnessed a price hike in the range of INR 500-2,000/sq.ft. Very few fresh launches were witnessed in Noida/Greater Noida markets. Sunworld pre-launched its apartment project 'Vandita' in Yamuna Expressway belt near the Formula 1 race track, offering units in the tentative price band of INR 2,800 – 2,900/sq.ft. Eldeco Group launched its project 'Inspire' at sector 119, Noida with units priced at INR 4,380 – 4,800/sq.ft. The capital values remained stable across the micro-markets. Absorption happened primarily in Noida Expressway, Noida Extension and sector 74-78 belt of Noida.
Bangalore	Bangalore markets have primarily remained stable. The city witnessed few fresh launches in the affordable segment. Pashmina Developers, TATA Housing and Provident Housing launched their projects in the city outskirts, with units in the price band of approximately INR 20-50 lac. Moreover, these projects have received an over-whelming response. Soul Space Projects, a subsidiary of B L Kashyap and Sons (a private sector construction company), launched 'Arista' - their first residential project in Bangalore. The project is spread across 2.9 acres, with 2, 3, 4 BHK (1302 – 3604 sq.ft.) bedroom duplexes and penthouses on offer. The residential units are priced in the range of INR 90 lac - INR 3 crores.
Chennai	The micromarkets that witnessed major activity include OMR, Porur, Poonamallee, Kundrathur Road, Ambattur, Mogappair, Perumbur, Kolathur, Sriperumbudur and Orgadam. Redevelopment activity was seen in areas such as KK Nagar, Annanagar, Thriumangalam, Mugappair. Appaswamy Real Estates launched a premium residential apartment project 'Mandarina Kotturpuram' in Kotturpuram. The project is planned to be developed on 28 grounds (1 Ground equals 2400 sq.ft.) with approximately 61 apartments and 3 large villas, spanning across configurations of 2, 3, 4 BHK on offer. Residential units in the project are expected to be launched at INR. 15,500/sq.ft. Casa Grande pre-launched its luxurious apartments 'Casa Grande Platina' in Arumbakkam. The project is priced at approximately INR 7,200/sq.ft. for 3 BHK units (1480 -1652 sq.ft.).
Hyderabad	Residential sales in Hyderabad remained modest and the absorption was primarily supported by the end-user demand. Also, most of the projects that were in the final stages of completion or ready for occupancy saw some movement in stocks. The Prime Western Precinct continued to witness some new launches. Expected launches were deferred due to a delay in the approval process. Going forward, the market is expected to witness new launches in the affordable and premium segment, along the western Hyderabad. The capital values have remained fairly stable across micro-markets of Hyderabad. NCC Ltd. launched an affordable residential project – 'NCC Urban One' in Narsingi at a price point of INR 2,999/sq.ft.
Pune	The month of February witnessed very few fresh project launches, especially from some category A developers. However, new phases of certain ongoing projects were launched. The residential capital values at locations such as Hinjewadi, Wakad, Baner and Kharadi show an upward trend to the tune of INR 50 – 300/sq.ft. in all the major projects. Kumar Urban Development launched a mega residential township project 'KUL Nation' in Kharadi. The project offers 264 units with one tower comprising 1 BHK (376 sq.ft.) and second tower comprising 2/2.5 BHK units (460 sq.ft. onwards). The launch price falls in the price band of INR 20 - 60 lac.
Kolkata	The month of February 2013 witnessed few new launches in the Kolkata markets by some category A and B developers. The capital values remained steady during the month, with no significant price hike. A slight increase in the offer-take was witnessed post the mid-January 2013 and the maximum absorption was witnessed in the Southern suburban locations, such as Garia, Narendrapur and Sonarpur. No remarkable activity was witnessed in the eastern micro-markets of Rajarhat, Salt Lake and EM Bypass.

Source : ICICI PSGs Channel Sources

Key Residential Project Launches

	PROJECTS	DEVELOPER	LOCATION	CAPITAL VALUE (INR/sq.ft.)
Bangalore	Brookwoods	Pashmina	Budigere Cross	2,950
	Sunworth	Provident	Kengeri, Mysore Rd.	3,000
	New Haven	TATA Housing	Near BIEC, Tumkur Rd.	2,900 - 3,200
Delhi NCR	Emerald Bay	Puri Constructions	Sector 104, Gurgaon	7,750
	Maria Sharapova Tower	Homestead	Sector 109, Gurgaon	12,500
	Vandita	Sunworld	Yamuna Expressway	2,800 – 2,900
	Inspire	Eldeco Group	Sector 119, Noida	4,380 – 4,800
Chennai	Mandarina Kotturpuram	Appaswamy Real Estates	Kotturpuram	15,500
Mumbai	Oberoi Exquisite	Oberoi Realty	Goregaon E	16,000
Hyderabad	NCC Urban One	NCC Ltd.	Narsingi	2,999
Pune	NSG Royal	NSG Group	Pimple Nilakh	5,500
	La Tierra	Shrimam Housing	Visharanthwadi	5,750
	Kul- Nation	Kumar Builders	Manjri-Budruk (Kharadi Annex)	3,550
	Tower	Panchshil Developers	Kalyani Nagar	20,000
Kolkata	Aqua Beaumont	Olympia Real Estate Chennai Pvt. Ltd.	E.M. Bypass	11,500
	Mounthill Essence	Mounthill Realty Pvt. Ltd.	Rajarhat	2,600 - 2,800
	Siddha Grandeur	Siddha Group	Rajarhat	2,700

Source : ICICI PSGs Channel Sources

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