

Greater Noida and Noida Extension: Micro-Market Analysis



March 2013

Background:

The national capital territory of Delhi started to stretch its boundaries, because of rapid population growth in the city. Consequently, various residential and industrial regions were brought into the development spectrum around the city. The region popularly known as 'National Capital Region' encompasses the entire Delhi as well as urban areas ringing it in neighboring states of Punjab, Haryana, Uttarakhand, Uttar Pradesh and Rajasthan. The two key cities that witnessed maximum focus have been Gurgaon (Haryana) and Noida (Uttar Pradesh).

As a planned expansion, Noida's development plan was carefully laid out. However, huge growth in the Indian economy accelerated migration into Delhi and consequently to its satellite towns such as Noida, well exceeding the planned estimates. Consequently, the Government of Uttar Pradesh planned to develop Greater Noida, as a well-planned extension to the city of Noida.

Noida Extension: Noida Extension is an unofficial name given to the region of Greater Noida that touches Noida. Certain parts of this region were afflicted in a row of land acquisition issues that had turned market sentiments negative, however; most of the issues stand resolved now. In order to mitigate the negativity attached with the region, 'Noida Extension' is now often referred to as 'Greater Noida West' by certain market players.

Land Acquisition Issues in the Noida Extension Belt and Current Scenario:

- Greater Noida Industrial Development Authority (GNIDA) had acquired approximately 3,600 hectares of land from farmers between 2005 and 2010, for industrial use. However, in 2008 the authority changed the land use from industrial to residential (group housing) and continued with the acquisition.
- Approximately 2,500 hectares of this land chunk was allotted to developers, by the authorities.
- Land that was acquired at an approximate rate of INR 800/sq.mts. was sold at approximately INR 12,000/sq.mts. to the developers.
- Farmers feeling duped started moving to courts. First, farmers of 12 villages moved to courts, seeking quashing of land acquisition. Later, other villages of Greater Noida also reached courts, taking the total number of villages to 40.
- In October 2011, the Allahabad Court's verdict stalled construction activities in the afflicted Noida Extension region and directed the Greater Noida Authority to seek approval on the revised Greater Noida Master Plan from the NCRPB (National Capital Region Planning Board).
- In August 2012, the Greater Noida Master Plan was finally approved by the NCRPB.
- The prices that had remained stagnant, witnessed an uptrend post the NCRPB approval.
- While the issue is somewhat sorted, ambiguity still prevails as certain builders are seen to have canceled their projects and buyers are protesting against the same.
- While the transaction activity picked-up in the region, buyers maintain a cautious stance.

Source: Media Sources

Salient Features of the market:

1) Excellent Civic Infrastructure:

Well-planned City: Greater Noida is one of the best planned regions of NCR, with a comprehensive Master Plan for Urban Agglomeration. The city has well-developed civic infrastructure, that includes an excellent road network, drainage, sewerage, water supply and underground power infrastructure, with a futuristic vision. It is believed that the creation of an independent authority to manage the region has been a key stimulator. The GNIDA had acquired approximately 90,000 hectares of land from farmers and had developed the key infrastructure before giving the land to private developers.

Road Connectivity: The road network has been planned in a manner that the area does not require the signals and there is a minimal possibility of roads getting chocked. The minimum width of the sector roads is 12 m, which is more than that of Gurgaon.

Metro Connectivity: The 30 km metro rail extension from Noida to Greater Noida has been approved by the authorities. The line shall be funded by the Noida Authority and built by the DMRC (Delhi Metro Rail Corporation), at an approximate cost of INR 5,000 crore. The completion is expected in one and a half years from now. The line would extend from Noida City Center and culminate at Bodaki in Greater Noida. Approximately 20 proposed stations on the route include Sector 51, Sector 50, Sector 78, Sector 101, Sector 81, Dadri Road, Sector 83, Sector 137, Sector 143, Sector 147, Sector 144, Sector 153, and Sector 149 in Noida and Knowledge Park 2, Pari Chowk, Alpha 1, Alpha 2, Delta, Knowledge Park 4 and Bodaki (depot stations) in Greater Noida. According to DMRC and the Authority's estimates, nearly 65,000 passengers are expected to use the link everyday.

2) An affordable market of NCR: While the prices have touched very high levels in the Delhi, Gurgaon and Noida markets; Greater Noida and Noida Extension regions can still be considered 'affordable locations' with units priced at an average of INR 3,000 – 4,000/sq.ft. approximately.

3) Proximity to Delhi and Noida: Greater Noida is situated approximately 55 mins. (52 km.) from the IGI International Airport in Delhi, 45 mins. (42 km.) from Connaught Place, Delhi via Noida-Greater Noida Expressway. The region is located approximately 20-25 mins. away from Noida.

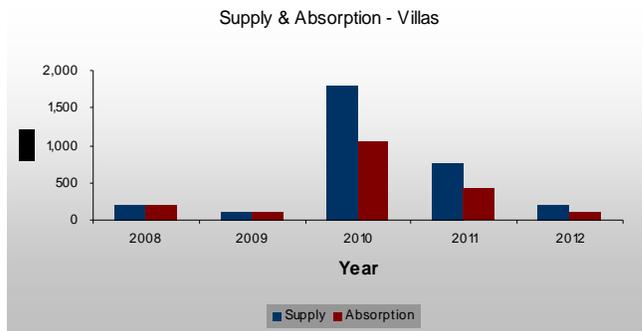
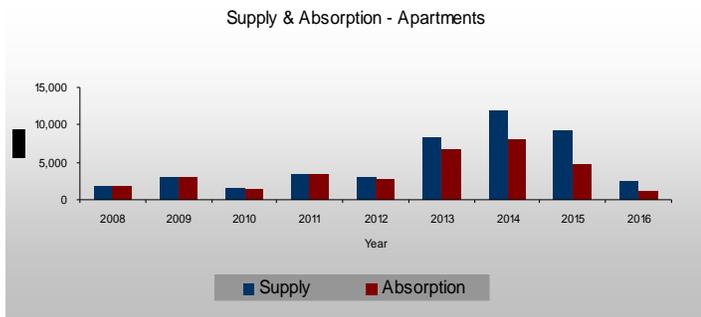
4) Commercial and Industrial Development: Despite the well zoned-out commercial and industrial regions, the city has lagged behind its competitor satellite town of Gurgaon in terms of attracting corporate and MNCs into the region. While there have been numerous factors, key reasons could be the need for a more proactive effort to attract companies and the region's greater distance from the international airport.

SWOT Analysis of Housing Development in Greater Noida:

Strengths	Weaknesses
<ul style="list-style-type: none"> • City Plan: The city has a well-laid out plan, which is at an edge over the other regions of Delhi NCR. • Water & Electricity: No issues, decently high water table. Well planned power infrastructure. • Proximity to NCT of Delhi. • Noida-Greater Noida Expressway offers excellent connectivity between Noida and Greater Noida. • Yamuna Expressway that recently became operational extends Noida-Greater Noida Expressway to Agra and further to Mumbai. • Affordable property prices vis-à-vis the rates at Gurgaon and Noida. • Planned developments such as Night Safari, Expo Mart, Golf Courses, Sports City, Formula-1 track. • Metro connectivity approved, expected completion by 2016. • IT/ITeS, BFSI and BPO in Noida and along the Noida-Greater Noida expressway. • Land allocation through government Authorities. 	<ul style="list-style-type: none"> • Greater Noida is more distant from Delhi than are Noida and Gurgaon. • While good infrastructure prevails, people do not see price appreciation at most of the regions of Greater Noida in near to mid-term future. • Buyers not comfortable with law and order situation. • Scrapping-up of the proposed International Airport at Jewar. • Land acquisition issues in the Noida Extension region had dampened the market sentiment. This has turned buyers more cautious about the region. • Few very renowned developers as compared to those in Gurgaon. • Lack of commercial presence in the region to support the residential supply. • Connectivity with business districts of Gurgaon and Delhi is not very good. Currently, connected via Noida-Greater Noida Expressway.
Opportunities	Threats
<ul style="list-style-type: none"> • Metro connectivity may boost migration from Delhi, Noida and other neighbouring regions. • Majority of comparable NCR markets are high priced. 	<ul style="list-style-type: none"> • Options available in closer locations like Noida, has deterred the flow of demand to Greater Noida. • Other emerging locations such as Ghaziabad, Faridabad, Manesar, etc. offering residential units at similar price points. • Supply exceeding demand. • Law and Order situation

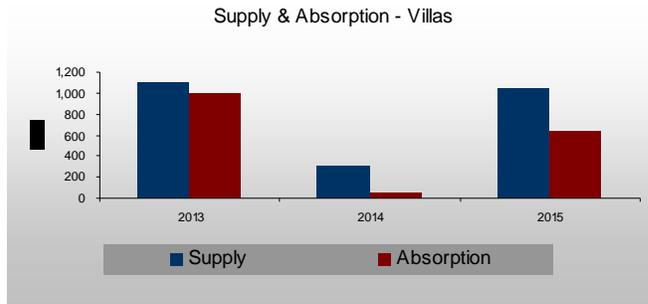
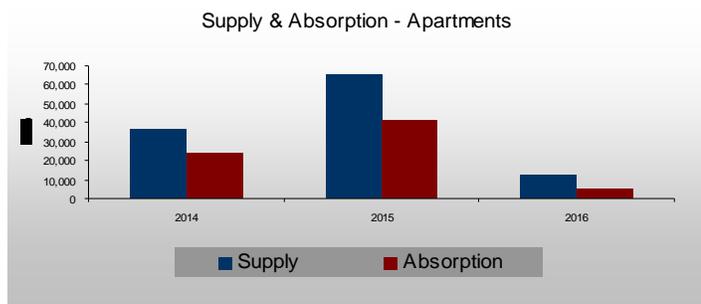
Residential Supply & Absorption Trends*

Greater Noida



Supply is based on completion year of the projects.
 Absorption figures are at current levels (updated till Dec 2012)
 Source: PropEquity, ICICI HFC

Noida Extension



Supply is based on completion year of the projects.
 Absorption figures are at current levels (updated till Dec 2012)
 Source: PropEquity, ICICI HFC

Note:

Noida Extension Micromarkets include Sector 1, Sector 2, Sector 4, Sector 5, Sector 12, Sector 16B, Sector 16C, Knowledge Park-5 and Tech Zone-IV.
 Greater Noida includes all the sectors in the region except for those considered in the Noida Extension.

Data updated as of Dec-2012

Quarterly Price Trends:

Greater Noida:



Source: PropEquity, ICICI HFC

The prices of available residential units have been predominantly stable. No significant price appreciation has been noticed in Greater Noida residential realty markets.

Noida Extension:



Source: PropEquity, ICICI HFC

The graph above indicates that the prices of Noida Extension remained stable in the span of CY H2 2010 – CY 2011, with a slight uptrend. Going forward, the prices remained stagnant till CY Q2 2012, which is indicative of subdued market sentiments because of a row of land acquisition issues in the region. A significant uptrend in prices is noticeable post Q2 CY 2012, when NCRBP approval on the Greater Noida Master Plan came in August 2012.

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Data updated as of Dec-2012

Key Residential Projects:

Project Name	Eco Village 1, 2
Developer	Gaursons
Location	Sector 4, 16 C, Noida Extension
Details	Apartment Complex (1,2,3,4 BHK)
Configuration & Saleable Area (approx.)	860 – 2300 sft.
Basic Sales Price	INR 3,200 – 3,500/sft.
Expected Possession	2015

Project Name	Gaur City
Developer	Gaursons
Location	Noida Extension
Details	Apartment Complex (1,2,3,4 BHK)
Configuration & Saleable Area (approx.)	800 – 2,300 sft.
Basic Sales Price	INR 3,800/sft.
Expected Possession	2015

Project Name	Sunnyvale Homes
Developer	Jaypee Group
Location	Jaypee Sports City, Greater Noida
Details	Residential Plots
Configuration & Saleable Area (approx.)	153 – 239 sqyds
Basic Sales Price	INR 27,200/sqyds.
Expected Possession	2016

Project Name	My Woods
Developer	Mahagun Group
Location	Sector 16C, Noida Extension
Details	Apartment Complex
Configuration & Saleable Area (approx.)	935 – 1,810 sft. (2,3,4 BHK)
Basic Sales Price	INR 3,590/sft.
Expected Possession	September 2015

Project Name	Golf Village
Developer	Supertech Group
Location	Yamuna Expressway, Greater Noida
Details	Apartment Complex (1,2,3 BHK)
Configuration & Saleable Area (approx.)	690 – 1,440 sft (tentative)
Basic Sales Price	INR 2,700/sft (tentative)
Expected Possession	Upcoming Project

Project Name	Kove
Developer	Jaypee Group
Location	Jaypee Sports City, Greater Noida
Details	Apartment Complex (2,3,4 BHK)
Saleable Area (approx.)	850 – 2,100 sft.
Basic Sales Price	INR 3,200/sft.
Expected Possession	December 2015

Project Name	Kassia Floors
Developer	Jaypee Group
Location	Jaypee Sports City, Greater Noida
Details	Apartment Complex (1,2,3,4 BHK)
Saleable Area (approx.)	770 – 2,295 sft.
Basic Sales Price	INR 3,300/sft.
Expected Possession	May 2014

Source: ICICI PSG

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