



Research & Consultancy

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REALTY ROUNDUP: APRIL 2015

ECONOMIC OVERVIEW

- WPI-based inflation, as measured by the wholesale price index (WPI), fell 2.33% year-on-year (y-o-y) in March of 2015, following a 2.06% drop in the previous month, as petrol prices declined while food cost slowed. The figure came far below market forecasts and is the deepest decline since November of 1976.
- CPI-based inflation was recorded at 5.17% in March, 2015. Inflation rate in India averaged 8.69% from 2012 until 2015, after an all-time high of 11.16% in November of 2013 and a record low of 4.38% in November of 2014.
- The Index of Industrial Production (IIP) with base 2004-05 for the month of January 2015 increased 2.60% y-o-y. The cumulative growth for the period April - January 2014-15 over the corresponding period of the previous year stood at 2.5%.
- The General Index for the month of February 2015 stood at 181.3, which is 5.0% higher y-o-y as compared to the same period last year. The cumulative growth for the period April-February 2014-15 over the corresponding period of the previous year stood at 2.8%.
- The Rajya Sabha postponed the Real Estate (Regulation & Development) Bill which sought to establish a regulator for the real estate sector in order to protect home buyers. The bill was introduced in the Parliament for the first time in 2013 to protect the interest

of the consumers, to promote fairness in real estate transactions and to ensure timely execution of projects.

- The Cabinet approved for the development of 100 smart cities project and to rejuvenate another 500 cities. The rejuvenation mission will be implemented in 500 cities and towns each with a population of 100,000 and above. It allocated around INR 1000 Bn for this urban renewal project for a five-year period that includes allocation of INR 480 Bn to the Smart Cities Mission and INR 500 Bn to Atal Mission for Rejuvenation and Urban Transformation of 500 cities.
- Office space absorption increased by 35% in in the top cities in Jan-Mar 2015 as compared to the last quarter of FY14, as stated by a Cushman & Wakefield report. Approximately 8 million sq. ft. of office space was absorbed. However, growth in supply did not coincide with demand and declined by 2% within the time frame.
- MCHI-CREDAI successfully hosted the 24th edition of the Mega Property Expo at BKC, Mumbai in April. Prominent developers from Mumbai, MMR, Bangalore and Delhi showcased their projects for the property aspirants of the region.
- The Confederation of Real Estate Developers' Associations of India (CREDAI) is looking at bulk buying for the procurement of most of the building materials directly from manufacturers. The move is aimed at cutting material costs for its members numbering more than 11,000 across the country.

Delhi NCR

- Real estate major, Mahagun announced the launch of its ultra-luxury project 'The M Collection' in Noida. The project will feature a range of products such as villas, condos and penthouses.
- Saviour Builders launched a landmark project in the affordable category, Saviour Myra. The project is situated on Crossing Republik NH-24 and is easily accessible to Delhi, Ghaziabad, Noida and Greater Noida.
- Supertech Ltd. has geared up to list its retail assets as real estate investment trust (REITs). The realty major plans to raise INR 5 Bn from pooling several malls in the north, including Shopprix in Meerut, Ecobazaar I & II in Noida, Pentagon in Haridwar, Metropolis in Rudrapur and Doon Square in Dehradun.
- Supertech bought 140-acres land from Parsvnath Developers for ~INR 7 Bn with the aim of developing an integrated township at Sohna that would comprise of 1,900 flats and 1,800 independent homes and villas. The total cost of the project is estimated to be INR 24 Bn. This will be the company's fourth real estate project in Gurgaon.
- Kotak Mahindra Group, along with PE firm New Vernon Capital bought an Information Technology Park in Noida for INR 2.70 Bn. Green Boulevard is a 700,000 sq. ft. IT Park

located at Sector-62 in Noida. The deal is expected to be the first in a series of asset acquisitions from a separate pool of capital.

- M3M India launched a luxury residential project in Gurgaon by the name of M3M Marina. Designed like a seaside Marina, the theme-based project offers 914 housing units in high rise towers and targets the upscale population of the city.
- The Uttar Pradesh government increased the floor area ratio (FAR) by 0.5 in areas around the metro corridors, falling in the footsteps of the Transit Oriented Development (TOD) Policy of Haryana. Prior to this, the permissible FAR was 2.75, which has been increased to 3.25 as per the new policy. The new FAR will be applicable within a 500m radius of the existing and the upcoming metro lines in Noida and Greater Noida.
- Real estate player JD Group launched a project, UniPark, in Greater Noida which spans ~10 acres. The project features office, residential and retail space offering a total of 450 units.

Mumbai & Pune:

- The Maharashtra legislative assembly passed a bill in April that will enable projects like integrated townships (clubbing together industrial, commercial and residential activities) to get land ownership and non-agriculture certification in 60-90 days. This is expected to speed up development, including 'smart city' projects.
- The state government has decided to review and revive the Shivshahi Punarvasan Prkalp to redevelop slums by constructing a large number of housing units in Mumbai which is expected to ease the sky-rocketing prices of houses in the city.
- Oil marketing major Hindustan Petroleum Corporation (HPCL) bought commercial space worth INR 1 Bn at Lower Parel in Mumbai in one of the largest office transactions by any public sector undertaking.
- Maharashtra government has planned on constructing 1.1 Mn houses in Mumbai and about 700000 in the Mumbai Metropolitan Region (MMR). To give housing in the city an additional boost, the state government is expected to give an additional floor space index (FSI) for the redevelopment of all old dilapidated, cessed buildings of Mumbai. In the next five years, 550000 affordable houses are expected to be constructed in Mumbai out of the total 1.1 Mn affordable houses planned. The FSI for such buildings has already been raised from 2.50 to 3.00.
- The BJP-led government introduced a revised (Transfer of Development Rights) TDR policy whereby TDR will be charged at 60% of the prevailing ready reckoner rates (called circle rates in Delhi and guidance values in Karnataka) and its utilisation will be universal in the Mumbai suburbs. This brings the realty players and government to work in tandem with respect to the allocation and utilization of the TDR in Mumbai and its suburbs.
- The draft Development Plan (DP) 2034 of Mumbai that was released on 24th February 2014 was sent for revision on 24th April 2015. The Brihanmumbai Minicipal Corporation

(BMC) has been given a deadline of four months to weed out the errors in the draft DP and publish a revised draft following ~25,000 objections and suggestions that the DP invited.

- The Maharashtra government announced permanent ownership for Government property lease holders. Depending upon the area or size of their plots, lease holders would be required to pay the prevailing ready reckoner rate. The decision will also give lease holders the right to redevelop their properties.
- Omkar Realtors & Developers Private Limited obtained the consent of tenants for redeveloping the Mahalaxmi Dhobi Ghat project in Mumbai. The consent was expressed via a secret ballot held by the Slum Rehabilitation Authority (SRA).

Bengaluru

- The Bangalore Development Authority (BDA) increased the prices of land parcels to match the values specified in the government book. The BDA has introduced a price bandwidth of INR 1800-2500 per sq. ft., following the guidance value rates revision in October 2014.
- Subsequent to investing in the financial arm of the Shriram Group, global business conglomerate, Piramal Group has invested INR 750 Mn in Shriram Summit, an upcoming residential project the electronic city of Bengaluru. It is believed that the realty arm of Shriram is in talks with Piramal Enterprises and ASK to raise INR 3 Bn.
- Leading real estate company Sobha announced its plans to launch smaller homes in its new township project in Bangalore. The company has reduced the apartment size and used pre-cast technology in an attempt to boost sales and attract mid segment buyers.

Hyderabad

- Brookfield, a Canada-based asset management firm, and Hyderabad-based realty firm Incor are likely to enter in a joint investment of about INR 10 Bn. It is believed that Brookfield owns land parcels worth INR 3 Bn located near Forum Sujana Mall in Kukatpally.

Rest of India

- Real estate developer, Hero Group ventured into the real estate market of Punjab with its flagship housing project, Hero Homes. The developer launched this project with the aim of providing value-housing options to the younger generation. Priced specifically to appeal to the mid income group, the project will feature apartments at the starting range of INR 4 Mn.
- Twenty-two construction projects along the Bus Rapid Transit System (BRTS) corridor have been allowed with a floor space index (FSI) of 2.70 by the Urban Development Department (UDD) and Ahmedabad Municipal Corporation (AMC).

- Kolkata-based Primarc Group announced the launch of its gold-rated green project, Astitva, in Kankurgachhi in North Kolkata. Astitva features 115 residential apartments spread across three blocks. The green initiative is evident in the use of water-efficient landscaping, energy-efficient HVAC system, waste water treatment and solar PV powered street lighting, among others.

RESIDENTIAL MARKET - KEY TRENDS

CITY	TOP 7 CITIES : RESIDENTIAL KEY TRENDS
Delhi NCR	<ul style="list-style-type: none"> ➤ The Delhi NCR market has been primarily end-user driven for the past few quarters, with category A and B developers of Gurgaon and Noida offering good buying schemes to customers with deferred payments options like possession linked subvention schemes such as 75:25, 65:35 and optional buy-back schemes. ➤ Two projects were launched by TATA Value Homes and Godrej Properties Ltd. at INR 4000 and 6,499 psf, respectively in Gurgaon. ➤ There was no new launches in Noida. ➤ The capital values remained more or less stable in Gurgaon and Noida with number of customer enquiries slipping from January levels. ➤ Markets like Ghaziabad and Greater Noida saw some absorption due to end-user driven buying and affordable price-points.
Kolkata	<ul style="list-style-type: none"> ➤ Kolkata residential real estate markets saw a sluggish movement in terms of absorption as this end-user driven market anticipated a revision in prices. ➤ There were no new launches in the month of April in Kolkata. ➤ Capital values remained largely stable. Various developers were seen to be offering discounts and freebies to lure buyers and boost their sales volumes. A few developers were also seen to waive off location and floor-rise PLCs.
Mumbai	<ul style="list-style-type: none"> ➤ Mumbai residential RE market saw a slowdown in the construction and development activity in the month of April as developers awaited the decision on the new DP plan. ➤ Properties by renowned brands and those nearing possession saw a significant traction. ➤ Residential prices, however, continued to be at stable levels. ➤ The only launch that took place in Mumbai in April was Vicinia launched by Shapoorji Pallonji Group at Powai. ➤ Many developers offered flexible payments schedule and variations of possession and construction linked subvention schemes to their buyers in order to lock in sales.
Pune	<ul style="list-style-type: none"> ➤ The residential RE market in Pune witnessed a cautious stance as buying

	<p>decisions were delayed as customers took time to investigate the market well before locking in a transaction.</p> <ul style="list-style-type: none"> ➤ There were few new project launches during April 2015. Residential RE sales volumes showed an upward movement while the prices continued to be stagnant over the past 1-2 months. ➤ While there has been sale in all budget ranges, major movement was seen in popular mid segment in the range INR 7.5 – 15 Mn. ➤ Premium properties in Pune also witnessed some uptake while the low end property market of ticket size < 7 Mn saw a sluggish movement.
Bengaluru	<ul style="list-style-type: none"> ➤ The residential RE market in Bengaluru witnessed moderate activity during April 2015 with quite a few pre-launches and launches. ➤ RE transaction volumes were mainly concentrated in West and South Bengaluru at competitive pricing vis-a-vis existing unsold inventory. ➤ Transaction volumes were biased in favour of ticket sizes between INR 7 - 10 Mn.
Hyderabad	<ul style="list-style-type: none"> ➤ Hyderabad RE saw a higher residential uptake in April as compared to the month of March. However, no new launches were witnessed in the month of April. ➤ Hyderabad RE is expected to witness a revival owing to recent power issue resolution. ➤ Of total absorption, the uptake in the ticket size of INR 5 – 7.5 Mn segment was higher. ➤ The market is anticipating a positive movement as plans were announced for multi-level flyovers around most congested areas such as Central Hyderabad, Banjara Hills, Jubilee Hills and Madhapur aimed at decongesting the city traffic.
Chennai	<ul style="list-style-type: none"> ➤ Price points have remained stable; however developers have been giving discounts on BSP to the extent of INR 100-200 per sq. ft. to boost sales. ➤ Many developers seemed to be under pressure to negotiate prices by approximately up to 20~25% of the marked-up prices in certain projects. ➤ No new launches took place in the month of April in Chennai.

Source: ICICI PSGs Channel Sources

KEY RESIDENTIAL PROJECT LAUNCHES: APRIL 2015

City	Projects	Developer	Location	Capital Value (INR per sq. ft.)	Expected Possession
Delhi NCR	Godrej Icon	Godrej Properties	Sector 88A Gurgaon	6,499	Dec-2019

		Ltd.			
	New Haven	Tata Value Homes	Bahadurgarh, Gurgaon	4,000	Dec-2019
Kolkata	There were no new launches or pre-launches in Kolkata in April-2015				
Mumbai	Vicinia	Shapoorji Pallonji	Powai	13,000	Jun-2019
Pune	Nyati Equitorial	Nyati	Bavdhan	6,300	Mar-2017
	Abhitante	Puranics	Bavdhan	5,450	Mar-2018
	Ivy Botanica	Kolte Patil	Wagholi	4,400	May-2017
	Ivy Apartments	Kolte Patil	Wagholi	4,150	Jun-2017
	Ivy Villa	Kolte Patil	Wagholi	5,500	Jul-2017
Bengaluru	Dream Acres	Shobha Developers	Balegere	4,800	Dec-2018
	Windchimes	Mahindra Lifespaces	Bannerghatta Road	6,000	Dec-2018
	Serene Plots	Artha	Hoskote	1,800	Jun-2016
	Iksha	Rohan	Bhoganahalli	5,100	Dec-2018
	Energia	Mantri	Manyata Techpark	5,200	Dec-2018
	City of Gold	Purvankara	Kanakapura Road	4,800	Jun-2019
	Mirabilis	Kolte Patil	Hormavu	4,800	Jun-2018
	Rio Plots	Nitish Estate	Kanakapura Road	5,000	Dec-2016
Hyderabad	There were no new launches or pre-launches in Hyderabad in April-2015				
Chennai	There were no new launches or pre-launches in Chennai in April-2015				

GEOGRPAHY-WISE CAPITAL MARKET WATCH

DELHI NCR & NORTH:

- Parsvnath Developers Limited, a real estate and infrastructure developer has raised INR 3.55 Bn by issuing 7,100 unlisted, secured, redeemable, NCDs having face value of INR

0.5 Mn. each carrying a coupon of 13% through private placement. The fund has been raised from Edelweiss and will be used to prepay debt of the company.

MUMBAI & WEST:

- Private equity company Piramal Fund Management (PFM) has invested INR 2.25 Bn in realty firm Ganesh Housing Corporation's mixed use development project. The investment was made towards a prime city centric land parcel situated close to Surdhara Circle in Thaltej, Ahmedabad.
- Vijay Khetan Group announced its plans to raise INR 15 Bn. from private equity funds and institutional investors, which would be used mainly to buy distressed land assets. The real estate company intends to pool the investments in a special purpose vehicle (SPV) that would be set up with an equity partnership with the investors.
- Financial services firm IIFL Group has raised INR 7 Bn. for its new residential housing fund, the IIFL Real Estate Fund (Domestic) Series II, and has closed the first two transactions in projects in Mumbai.
- Singapore's sovereign wealth fund GIC is in advanced talks to acquire Shriram Group's ~2 million sq. ft. IT SEZ in Chennai for INR 8.60 Bn, marking its third big-ticket commercial office purchase in the last five months in India.
- GIC has also announced raising its holding in an IT park firm from Mumbai, Nirlon Ltd to 63.92%. The Singapore-based fund acquired more shares from Nirlon in an open offer for INR 5.68 Bn.

BENGALURU:

- Amplus Realty Fund, the real estate focused PE fund owned by Lalbhai Group, has exited its two year old investment in Assetz Lumos, a Bengaluru based residential project of the Assetz Property Group. The fund had invested in November 2012 and is known to have exited with 2x returns.
- Century Real Estate Holdings, the real estate arm of Century Group has raised INR 1.65 Bn through NCDs to fund the development of two projects in Bangalore namely; Century Ethos, a residential development at Bellary Road and Century Eden, a plotted development at Doddaballapur.

REST OF INDIA:

- Public listed real estate developer Puravankara Ltd. has entered into its first private equity partnership raising around INR 820 Mn from ASK Group for its arm Provident Housing Ltd. The investment has gone in a Chennai project which will be developed on an area of 31.69 acres in Poonamallee.

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