



Research & Consultancy

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## REALTY ROUNDUP: JANUARY 2015

### ECONOMIC OVERVIEW

- WPI-based inflation rose 0.11% in December 2014 compared with zero change in November 2014. CPI based inflation for January (new base year of 2011-12) came at 5.11% Y-o-Y as compared with 4.28% Y-o-Y growth in December 2014 (new base year). Crude oil and commodity prices continue to decline making way for rate cuts by RBI.
- The RBI cut its repo rate by 25 basis points (bps) on 15 January 2015, while the cash reserve ratio (CRR) and the statutory liquidity ratio (SLR) were kept unchanged at 4.0% and 22%, respectively. (SLR is slated for a 50 bps cut effective February 2015). The cut in repo rate, at which the RBI gives short-term credit to banks, is likely to help revive the real estate sector.
- The Index of Industrial Production (IIP) growth was subdued at 1.7% year on year (Y-o-Y) in December 2014 compared with 3.9% in November 2014 on slow growth in mining and electricity segments.
- The Land Acquisition Act Ordinance received presidential assent after clearance by the Union Cabinet, making room for significant changes in the Land Acquisition Act including removal of consent clause for acquiring land for five areas - industrial corridors, PPP projects, rural infrastructure, affordable housing and defence. Under the

amended law, the mandatory "consent" clause and Social Impact Assessment (SIA) will not be applicable if the land is acquired for these five purposes. However, the compensation, rehabilitation and resettlement packages will be applicable as per the new Land Acquisition Act for acquiring land for the five purposes.

- Market regulator SEBI has notified new norms that will allow Foreign Venture Capital Investors (FVCIs) in Core Investment Companies (CICs) for infrastructure sector to help attract overseas funds in this space. The move will remove any hindrance for investment in the infrastructure sector through the FVCI route and to boost the infrastructure sector in the country.
- The ready reckoner rates in Mumbai, have been increased by an average 15%-20% effective January 1, 2015. Posh residential localities such as Worli and areas near Bandra-Kurla Complex have seen increase of around 30-40%, while rates in popular suburbs such as Goregaon, Borivali, Malad, Chembur, Ghatkopar and Vikhroli have been increased by around 15%.
- Pune Ready Reckoner 2015, the annual statement of rates or property prices in Pune, have been increased by 15-25% and land rates have been increased by 20% to 100%.
- Delhi Government will introduce e-registration of properties including payment of registration fee. The aim is to do away with the long and tedious manual payment process and make way for online payment.
- Fair trade regulator CCI has approved mortgage lender Dewan Housing Finance's proposed buying of 50 percent stake each in two arms of US-based PGLH of Delaware Inc. Following the transaction, the entities would become 50:50 joint ventures between Dewan Housing and PGLH.
- Lieutenant Governor Najeeb Jung has issued a notification allowing waiver of stamp duty to Delhi Development Authority (DDA) on transfer of land from farmers under land pooling policy (LPP). The authority, will not charge any stamp duty on transaction of land from farmers to big developers under land pool policy.
- Indiabulls Asset Management Company has launched its real estate fund, an alternative investment fund (AIF) that will target residential projects in Mumbai, Delhi, Chennai, Bengaluru and Pune. The fund, rated 'AAA (AIF)' by CARE Ratings, has a target fund size of ₹500 Cr. with an option of raising another ₹500 Cr. and an average deal tenure of three years. The investments shall be through fully-secured non-convertible debentures with quarterly returns. The fund is sponsored by Indiabulls Housing Finance.
- The UP government on Friday approved the electronic manufacturing policy under which three clusters, including one in the Yamuna Expressway Industrial Development Authority (YEIDA) area, will be set up to encourage manufacturing of electronic products.

- Infosys co-founder Nandan Nilekani paid about INR 1.29 lakh per sq ft, i.e. INR 22.5 Cr. for the deal, for a sea-facing apartment in the marquee Samudra Mahal building at Worli in South Mumbai.
- Delhi International Airport Pvt. Ltd. (DIAL) has raised \$288.75 million in an overseas bond sale. This is the first US dollar high yield corporate bond from Asia and India placed in the offshore markets in Jan-2015.
- The Reserve Bank of India (RBI) has approved the de-merger of IDFC Ltd. to IDFC Bank Ltd., the infrastructure finance company said in filing to the National Stock Exchange (NSE). IDFC will have its lending business including project finance, fixed income and treasury operated from a new step-down subsidiary called IDFC Bank Ltd. The firm's other businesses, including private equity, investment banking and asset management, will have to be housed in new companies separate from the bank.
- Grabhouse.com has closed a Series A funding of \$2.5 million from Kalaari Capital and Sequoia Capital. Launched in July 2013, Grabhouse.com is a community-based online exchange for finding rented accommodation.

## RESIDENTIAL MARKET - KEY TRENDS

CITY	TOP 7 CITIES : RESIDENTIAL KEY TRENDS
Delhi NCR	<ul style="list-style-type: none"> <li>The Delhi NCR markets have been primarily end-user driven for the 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 and optional buy-back schemes.</li> <li>The New Year saw selected few launches in Gurgaon-Sohna market from developers like DLF, Raheja, Lotus Greens and Supertech. The developers like Raheja, Ramada and Conscient have also tapped-into affordable housing segment in the Gurgaon-Sohna belt with an average pricing of INR 4000 per sq. ft. of carpet area with no extra charges, PLC, etc.</li> <li>The developers are on a look out for the right time to launch their regular projects at appropriate price levels. Market activities have been on the Southern Peripheral Road and Sohna. The capital values have been more or less stable in Gurgaon.</li> <li>DLF has launched The Crest Edition 2 on the established micro-market of Golf Course Road at a BSP of INR 17000 psf. Supertech launched Aadri on Sec 79B, Gurgaon and Hill City on Sec 2, Sohna. Raheja also launched independent floors project “Ayana Floors” at sec 79, Gurgaon, while Lotus Greens has also come-up with a project in Sohna micro-market.</li> <li>The capital values have been stable in Noida. Mahagun launched Manoreal on sec 128, Noida on the Noida expressway micro-market.</li> <li>Markets like Ghaziabad and Greater Noida have seen better absorption due to end-user driven buying and affordable price-points.</li> </ul>
Mumbai	<ul style="list-style-type: none"> <li>Mumbai residential RE prices continue to be stable at current levels with a continuation of the ongoing inertia in sales reflected by higher number site visits per customer to close a transaction successfully. The market witnessed the investors waiting for positive cues before investing and the transaction volumes were also lower compared to previous month.</li> <li>There were a few launches in the premium segment by developers like Rustomjee and Kanakia while Lodha, Oberoi, Arkade, Spenta, and Vijay Group launched in the mid/affordable segments.</li> <li>Rustomjee launched a premium project “Paramount” at Khar West at a price point of INR 49,500 per sq. ft. Kanakia launched project “Paris” at Bandra East at a price range of INR 23,900 to 24,900 per sq. ft.</li> <li>Many of the developers are offering flexible payments schedule and variations of possession and construction linked subvention schemes to their buyers in order to lock in sales.</li> <li>In the mid-segment, Arkade launched 1BHK apartments “Arkade Art” at Mira Road at a price point of INR 7,250 per sq. ft., while Spenta came up with “Alta Vista” at Chembur. Thane saw launch of projects “Blockbuster” and “Orvio” by Lodha and Vijay Group respectively. Project “Eternia” and “Enigma” were launched at Mulund by Oberoi Group in the same category.</li> <li>Vijay Group launched its second project “Vijay Estate” at Neral to cater to the affordable housing category with a pricing of INR 2700 per sq. ft.</li> </ul>

<p><b>Pune</b></p>	<ul style="list-style-type: none"> <li>• The residential RE market in Pune witnessed decent activity with a renewed interest of buyers and few new project launches during January 2015. Residential RE sales volumes showed an upward movement while the prices continued to be stagnant over the past 1-2 months.</li> <li>• The developers are offering heavy discounts where there is genuine buyer interest in order to lock in sales.</li> <li>• While there exists a genuine end-user demand in Pune, basic affordability has gone down owing to increase in saleable areas of the residential units. For instance, a 2BHK unit costs INR 75-85 Lac on an average whereas there exists a demand for 2BHK units in the range of INR 40-65 Lac, hence there is a huge demand-supply mismatch. Home buyers now prefer ready to move in projects compared to under construction projects. We expect RE sales to pick up pace and improve over the next few months during the year.</li> <li>• Kolte Patil launched “KP Towers” at Kothrud, while Marvel Realtors launched “Marvel Piazza” at Viman Nagar in the INR 8000-9000 segment.</li> <li>• Lodha launched “Belmondo-Riviera” at Gahunje, while Kumar Properties launched “Megapolis Mystic” at Hinjewadi in the INR 5100-5193 segments.</li> <li>• Amit Enterprises launched Phase 2 at Undri in its existing project “Colori” at INR 3600.</li> </ul>
<p><b>Bangalore</b></p>	<ul style="list-style-type: none"> <li>• The residential RE market in Bangalore witnessed moderate activity during January 2015 mainly owing to cautious sentiments and lean or no investments by traditional buyers during ‘Margazhi Masa’ month (mid-Dec to mid-Jan, considered inauspicious).</li> <li>• RE transaction volumes are mainly concentrated in East, South and North Bangalore at competitive pricing vis-a-vis existing unsold inventory.</li> <li>• Transaction volumes are biased in favour of ticket sizes between INR 70-80 Lakhs. Transactions above this ticket size saw resistance from buyers.</li> <li>• During January 2015, developers such as RMZ, KMB, Bluejay, Brigade, Ashok Piramal and Bhartiya City Developers pre-launched new projects. RMZ and KMB launched on Sarjapur-Outer Ring Road at price point between INR 6700 to 6750 per sq. ft. while Bluejay and Ashok Piramal launched near Hosur Road and JP Nagar respectively.</li> <li>• Brigade had two launches on Mysore Road and Kogilu Main Road at price points of INR 3690 and 4650 respectively. Bhartiya City Developers launched serviced and managed apartments “Leela Residencies” at Thanisandra.</li> </ul>
<p><b>Chennai</b></p>	<ul style="list-style-type: none"> <li>• Chennai residential markets was slightly subdued on a M-o-M basis in terms of transaction volumes because of many traditional buyers opting not to buy property during the “Margazhi Masa” month (mid-Dec to mid-Jan, considered inauspicious). 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.</li> <li>• A few new launches happened during the month including “Silver Crest” at Madurapakkam by Rajkjam, “Pinnacle Crest” at Shollinganalur by Bhasyam Developers.</li> <li>• S&amp;P Infrastructure launched a second phase in its existing project “Living Space” at Aiyypakkam. Godrej launched “Lagoon” at Chembrabakkam under subvention scheme.</li> <li>• Many developers seemed to be under pressure to negotiate prices by approximately INR 100-200/sq. ft. in certain projects.</li> </ul>

<b>Kolkata</b>	<ul style="list-style-type: none"> <li>• Kolkata residential real estate markets witnessed a slow start in the new year in terms of absorption and new launches. The month of January 2015 witnessed few new launches.</li> <li>• Eastern micro-market of Rajarhat witnessed new project by Mounthill Realty offering residential units in the price range of INR 3,937 – 4,141 /sq.ft. The micro-market of B.T. Road had a couple of launches by Keventer Homes and Tata Value Homes at price points of INR 5,100 and 4000 respectively.</li> <li>• 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.</li> </ul>
<b>Hyderabad</b>	<ul style="list-style-type: none"> <li>• No launches in the RE residential segment and the market seemed to be stagnant waiting for right cues and stability before developers and investors could expand the existing market.</li> </ul>

Source: ICICI PSGs Channel Sources

#### KEY RESIDENTIAL PROJECT LAUNCHES: JANUARY 2015

	PROJECTS	DEVELOPER	LOCATION	CAPITAL VALUE (INR / SFT.)	EXPECTED POSSESSION
<b>Bangalore</b>	Marq	RMZ	Sarjapur, Outer Ring Road	6,750	DEC-2018
	La Plazzo Phase 2	KMB	Sarjapur, Outer Ring Road	6,700	JUL-2018
	9 Forum	Bluejay	Off Hosur Road	6,500	JUL-2017
	Panorama	Brigade	Mysore Road	3,690	MAR-2018
	North Ridge	Brigade	Kogilu Main Road	4,650	MAR-2018
	Ashok Heights	Ashok Piramal	JP Nagar	8,450	JUL-2018
	Leela Residencies	Bhartiya City Developers	Thanisandra	10,500	JUL-2018
<b>Delhi NCR</b>	Ayana Floors	Raheja	Sec 79, Gurgaon	4,575-5,575	JAN-2019
	The Crest Edition 2	DLF	Sec 54, Gurgaon	17,000	MAR-2018
	Arascape	Lotus Greens	Sec 33, Sohna	4,300	SEP-2018
	Hill City	Supertech	Sec 2, Sohna	4,490	SEP-2018

	Aadri	Supertech	Sec 79B, Gurgaon	7,000	MAR-2018
	Manoreal	Mahagun	Sec 128, Noida	7,500	JAN-2019
Mumbai	Arkade Art	Arkade	Mira Road	7,250	JUN-2016
	Paramount	Rustomejee	Khar West	49,500	JUN-2018
	Paris	Kanakia	Bandra East	23,900-24,900	MAR-2018
	Blockbuster	Lodha	Thane	6,993	DEC-2017
	Alta Vista	Spenta	Chembur	12,500	DEC-2017
	Eternia, Enigma	Oberoi	Mulund	12,250	DEC-2010
	Orovio	Vijay Group	Thane	8,100	DEC-2018
	Vijay Estate	Vijay Group	Neral	2,700	DEC-2017
Chennai	Silver Crest	Rajkham	Madurapakkam	3,480	OCT-2016
	Pinnacle Crest	Bhashyam Developers	Sholinganalur	5,199	JAN-2018
	Living Space Phase 2	S & P Infrastructure	Aiyyapakkam	NA	JAN-2017
	Lagoon	Godrej	Chembrabakkam	4,100	JAN-2017
Pune	KP Towers	Kolte Patil Developers	Kothrud	9,000	MAR-2018
	Marvel Piazza	Marvel Realtors	Viman Nagar	8,000	DEC-2017
	Amit Colori Phase 2	Amit Enterprises	Undri	3,600	SEP-2016
	Megapolis Mystic	Kumar Properties	Hinjewadi	5,100	MAR-2018
	Belmondo Riviera	Lodha	Gahunje	5,193	SEP-2016
Kolkata	The North	Keventer Group	BT Road	5,100	JUL-2017
	Pyramid	Mounthill Realty	Rajarhat	3,937-4,141	JUL-2018

	Code Name	Tata Value Homes	BT Road	4,000	JUL-2019
Hyderabad	No New Launches				

## GEOGRAPY-WISE CAPITAL MARKET WATCH

### DELHI NCR:

- Emaar MGF has raised INR 600 Cr. from private equity (PE) fund SSG Capital Management against the security of two residential projects and one industrial park in Gurgaon.
- Realty firm M3M India paid INR 300 Cr. as installment to Sahara group as part of the deal to buy 185 acres of land in Gurgaon for INR 1,211 Cr..
- Piramal Fund Management, the real estate investment arm of the Ajay Piramal Group, has invested INR 225 Cr. in two projects of Noida-based builder Lotus Greens. Lotus Greens will use a part of the funds to pay for the land it has bought in Noida. The rest will be used to complete old projects, including Lotus Boulevard and Lotus Panache, for developing the second phase of its Arena project in Sports City in Noida's Sector-79 and for a new plotted development in Sports City.
- Private equity firm Kotak Realty Fund has sold its stake in 3C Company's information technology park project in Noida back to the promoters, earning a return of less than 30% on its investment. The fund had picked up a 35% stake in the project for about INR 65 Cr. in 2007.

### MUMBAI:

- LIC Housing Finance Ltd (LICHFL) has taken possession of Orbit Corporation's 35-storeyed premium residential tower in central Mumbai, after the realty player failed to repay a INR 95.50 Cr. loan. The realty firm had borrowed the money from LICHFL and the 25,670 sq ft property was a collateral for the loan, which had Orbit Managing Director Punit Agarwal and Chairman Ravikiran Agarwal as the guarantors.
- Godrej Properties Limited entered into an agreement with Godrej & Boyce (G&B) to develop a new mixed-use project on the property at Pirojshanagar, Vikhroli West, Mumbai. The potential saleable area in this project will be approximately 110,000 square meters (1.2 million sq. ft.).
- Hiranandani Constructions has acquired 30-acre land parcel near Sanathal junction on SG highway close to Ahmedabad and is looking to develop a mixed-use project with an investment of nearly INR 1,000 Cr..

- Pune-based Kolte-Patil Developers has secured three society redevelopment projects in the Western suburbs of Mumbai. The projects are in Khar, Malad and Goregaon.
- Mumbai-based Realty player Poddar Developers has raised INR 125 Cr. through qualified institutions placement (QIP) route.
- Clariant Chemicals (India) has completed the sale of 87 acres of land near Mumbai to realty major Lodha Group and received INR 1,102.5 Cr. in full and final payment.

#### **PUNE:**

- Paranjape Schemes (Construction) Ltd, has attracted Ascendas India Trust (a-iTrust) to invest over INR 600 Cr. over a period of about two years, including immediate infusion of capital of INR 260 Cr. via listed Non-Convertible Debentures and balance by way of purchase of shares of SEZ Phase II SPV Company at Hinjewadi, Pune.

#### **BANGALORE:**

- Alliance Group has raised INR 200 Cr. funding by non-convertible debentures from Indostar Capital Finance Ltd. and Reliance Capital Ltd.
- US e-commerce giant Amazon is near to close a lease deal of 1.3 million square feet of prime office space in Bagmane World Tech Centre in Bengaluru at an estimated annual rent of INR 85 Cr.

#### **CHENNAI:**

- US-based private equity fund New Vernon Capital is said to be buying out Shapoorji Pallonji's 51% stake in the latter's business park in Chennai, valued at about \$200 million or roughly INR 1200 Cr.

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