



Economic Overview

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Geography Wise Capital
Market Watch

REALTY ROUNDUP: JUNE 2015

ECONOMIC OVERVIEW

- WPI-based inflation, as measured by the wholesale price index (WPI), fell 2.36% year-on-year in May 2015, following a 2.65% drop in the previous month, as a decline in petrol prices eased while food cost slowed. The index has been in the negative territory since November 2014.
- CPI inflation in India increased 5.01% Y-o-Y in May of 2015, compared to 4.87% in April. The figure matched market expectations as cost of transport rose and prices of fuel and light advanced at a faster pace.
- The RBI, in its 2nd June monetary policy review, cut the Repo Rate (short-term lending rate) from 7.5% to 7.25%, but left all other policy tools like Cash Reserve Ratio unchanged at 4% and Statutory Liquidity Ratio at 21.5%. It had left the key rate unchanged in the April policy fearing rising inflation.
- The Index of Industrial Production (IIP) with base 2004-05 for the month of April 2015 stands at 179.7, which is 4.1% higher as compared to the level in the month of April 2014. The cumulative growth for the period April-March 2014-15 over the corresponding period of the previous year stands at 2.8%.
- The government is expected to table the Real Estate Regulatory Bill in the upcoming Monsoon session of Parliament.

- Prime Minister Narendra Modi announced that about INR 4 Trillion will be invested in the Atal Mission for Rejuvenation and Urban Transformation (AMRUT), Housing for All and Smart City mission. Under these three schemes, about 500 cities and approximately 20 million homes are expected to be developed.
- Initiatives taken by the government for the development of smart city projects has prompted the engineering giant Larsen & Toubro (L&T) to form a dedicated unit to facilitate three segments, namely, smart cities, smart communication systems and security solutions.
- VBHC (Value and Budget Housing Corporation Pvt Ltd) Value Homes Pvt. Ltd. announced a strategic partnership with Rotterdam-headquartered global investment firm, Stichting Van Herk Investments. Both companies will work towards developing affordable housing projects and development of affordable serviced apartments for young professionals and industrial workers in India.
- Global realty standard-setting body, RICS and National Real Estate Development Council (NAREDCO) have signed a pact to promote the adoption of professionalism, internationally-recognized standards and regulations in the Indian realty sector. The MoU permits the organizations to facilitate policy advice on issues plaguing the sector such as property market regulation and building approvals.
- A first-of-its-kind Indian Realty Flash Sale (IRFS) was organised by Amura Marketing Technologies in association with 99acres.com between June 26 and 28, 2015.

Delhi NCR

- A resolution was passed by a full majority in the Delhi Assembly to transfer the Delhi Development Authority (DDA) to the state government. Currently, the authority's power is vested under the Lieutenant Governor. Speaking in the assembly, one of the AAP MLAs said that the Delhi government must have control over DDA to carry out initiatives for the benefit of the people.
- Noida, Greater Noida and Yamuna Expressway Industrial Development Authority have joined hands with Green Rating for Integrated Habitat Assessment (GRIHA) to incentivise green construction. Together, they will provide five% FAR (Floor Area Ratio) incentive to individuals and builders constructing green buildings through GRIHA and other rating systems. Individual houses will also be incentivized in terms of taxes or fee relaxation for installing environmental friendly system.
- Dalian Wanda Group, a Chinese real estate titan, announced its plans of investing in a mega township in Gurgaon and is also enquiring about a contiguous land spanning ~500 acres along the expressway.
- The Delhi Development Authority (DDA) announced its plan to construct a lake view complex near the Sanjay Lake situated in East Delhi. The complex will have both residential and commercial properties and will be constructed in a land parcel spanning over 10 hectares. The DDA signed a MoU for the same with the National Buildings Construction Corporation (NBCC).

- Satya Group announced its plans to launch a premium residential project in Sector-99A of Gurgaon spread over 10 acres of land which will feature penthouses and apartments with 3-4 BHK configuration. The company has tied up with ARCOP & M.Paul Friedberg to design the architecture and landscape.
- E-commerce giant, Snapdeal has signed a 5-year lease deal worth INR 2.5 Bn for approximately 0.5 million sq ft of commercial space in Gurgaon. It will have the entire building of ASF Tower and ASF Center and the firm may shift its headquarters to this campus in Udyog Vihar Gurgaon.
- After being levied a fine for delayed delivery of apartments in Unitech's 'Vistas' project in June 8, 2015, the real estate giant has received another penalty order. The National Consumer Disputes Redressal Commission (NCDRC) has directed Unitech to pay a compensation amounting to 12% simple interest every year in lump-sum to buyers of its 'Residency' project, located in Gurgaon.
- Property buyers from the Nation Capital Region have decided to protest the delay in passing the real estate regulatory bill and eco-sensitive zone notification around the Okhla Bird Sanctuary. Hundreds of buyers from Noida, Greater Noida, Gurgaon and Ghaziabad will host a protest march on July 19 at Jantar Mantar.

Mumbai & Pune:

- Residents of Adarsh Society, Mumbai have raised a petition to the Parliamentary Select Committee to incorporate safety measure for homebuyers against government officials in the Real Estate (Regulation & Development) Bill 2013. The bill aims to establish a regulatory body to settle customer disputes, while regulating transactions between homebuyers and promoters.
- Spread over 16.5 acres of land, Bhandi Bazaar Redevelopment Project has been taken up by Saifee Burhani Upliftment Trust (SBUT) and is being developed in a sustainable manner involving techniques such as rainwater harvesting and solar panels.
- Maharashtra Chief Minister Devendra Fadnavis has announced that his government is trying to clear the issues related to the Urban Land Ceiling Act (ULCA). The government has sought the opinion of the solicitor general of India on the matter and wants to clear about 14,000 pending files related to the act in a year.
- With an aim to make the state a hub of animation and gaming industry, the Maharashtra government has formulated a new IT policy which offers an additional 200% floor space index (FSI) over and above the base FSI to IT parks. The policy is expected to bring down the rent in IT parks and attract more investment.
- Environment minister Prakash Javadekar gave clearance to the much-awaited 35-km Mumbai Coastal Road between Nariman Point and Kandivali. The minister said that the project has been approved on the condition that coastal and marine life will not be adversely affected by it and that minimal land is reclaimed.

- The Gujarat government has prepared the final draft of 'redevelopment policy' with the aim of converting old, dilapidated colonies in the major cities into new, affordable housing projects. The state intends to build one lakh affordable houses in Ahmedabad, Rajkot, Surat and Vadodara, announced Mona Khandhar, Secretary, Urban Development and Urban Housing (UDD).

Rest of India

- The Union Environment Ministry has amended the norms of coastal regulation zone, permitting construction of high-rise buildings in localities near the high tide line and is applicable in Andhra Pradesh, Gujarat, Karnataka, Odisha, Tamil Nadu, West Bengal, and rest of Maharashtra (except Mumbai).
- Ashiana Housing Ltd has joined hands with Arihant Foundation to develop a senior housing project spanning 20-acres, in Chennai, called "Ashiana Shubham". The project is part of the Villa Viviana 45-acre township, situated in Maraimalai Nagar, close to Mahindra SEZ. Key highlights of the project includes an in-house facility management and property services division.
- After a lull in commercial real estate absorption in Chennai, the city saw absorption of more than five acres of space in Karapakkam and Sholinganallur on Old Mahabalipuram Road (OMR). Prominent Japanese bike company Yamaha and Indian two-wheeler major Royal Enfield picked up land parcels to set up their corporate offices and R&D facilities.
- The integrated business city by Mahindra Group, situated 25 km from Jaipur, has become the first project in Asia to promise commitment to developing a carbon-positive roadmap. This move by Mahindra World City Jaipur (MWCJ) made it the sixth project in the world to take on this commitment as part of an international network of cities addressing climatic changes, the C40 Cities Climate Leadership Group.

RESIDENTIAL MARKET - KEY TRENDS

CITY	TOP 7 CITIES : RESIDENTIAL KEY TRENDS
Delhi NCR	<ul style="list-style-type: none"> ➤ The Delhi NCR market saw some investor buying in last month, 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. ➤ Developers also offered attractive brokerages to brokers to push their sales. ➤ Noida Extension and Noida Expressway witnessed some absorption in the month of June from investors outside Delhi. ➤ Absorption in under-construction projects seemed under pressure. ➤ No new projects were launched in the Delhi NCR market in the month of June as developers seemed to be waiting for the right time to launch their

	<p>products at appropriate price levels.</p> <ul style="list-style-type: none"> ➤ The capital values remained more or less stable in Gurgaon and Noida. ➤ Absorption in terms of number of units sold in the month of May was higher than April by 4.5% and stood at 3,668 units. While the sales value increased by 1% to record a sales value of INR 29 Bn in the month of May. <i>(Source: PropEquity)</i>
Kolkata	<ul style="list-style-type: none"> ➤ Kolkata residential real estate market seemed to pick up pace in the past few months. ➤ Capital values remained largely stable. Various developers were seen to be offering discounts, free car parks and freebies to lure buyers and boost their sales volumes. A few developers were also seen to waive off location and floor-rise PLCs. ➤ Absorption mainly comprised of end-users only. ➤ Rajarhat saw higher absorption as compared to other locations in the city. ➤ Absorption in terms of number of units sold in the month of May was higher than April by 3% and stood at 1,566 units. While the sales value increased by 34% to record a sales value of INR 11 Bn in the month of May. <i>(Source: PropEquity)</i>
Mumbai	<ul style="list-style-type: none"> ➤ Mumbai residential RE prices continue to be stable at current levels with a continuation of the ongoing inertia in sales reflected by higher number of 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 months. ➤ The market witnessed a wait and watch mode amongst customers and developers who continued to speculate on the implications of the new Development Control Regulations. ➤ The only launch in the month of June was Lodha Codename at Kolshet, Thane at a price point of INR 7500 psf. ➤ Many developers offered flexible payments schedule and variations of possession and construction linked subvention schemes to their buyers in order to lock in sales. ➤ Absorption in terms of number of units sold in the month of May was down by ~4% compared to April and stood at 5,676 units. While the sales value decreased by 3% to record a sales value of INR 53 Bn in the month of May. <i>(Source: PropEquity)</i>
Pune	<ul style="list-style-type: none"> ➤ The residential RE market in Pune has been witnessing a stagnancy in terms of absorption since a past few months. ➤ Developers have taken a note of the ongoing apprehension in the market and have become increasingly willing to negotiate on the price front to lock in sales. Many developers were seen offering flexible payment schemes and discounts in order to boost volumes. ➤ The current situation in Pune looks like a good opportunity for a buyer who has investigated the market well but is on the fence with respect to the

	<p>buying decision.</p> <ul style="list-style-type: none"> ➤ Kharadi, Keshavnagar in East Pune and Baner, Hinjewadi in West Pune witnessed higher absorption compared to other locations in Pune. ➤ Absorption in terms of number of units sold in the month of May was down by ~3% compared to April and stood at 3,803 units. While the sales value decreased by 4% to record a sales value of INR 21 Bn in the month of May. <i>(Source: PropEquity)</i>
<p>Bengaluru</p>	<ul style="list-style-type: none"> ➤ The residential RE market in Bengaluru witnessed a slowdown in number of launches and sales as compared to the same period in CY2014. Launches are however expected to increase significantly in the month of July and August. ➤ While capital values remained stable, discounts and buyback schemes were offered by developers hinting towards an intrinsic price correction. ➤ The market is also witnessing an influx of inventory being sold exclusively by the project investors in addition to the sales team and channel partners of the developer itself. This has resulted in a lot of inventory being sold at various competitive rates. ➤ Resale availability of units has significantly increased in this month with the investors looking for an exit fearing a correction in prices. ➤ Absorption in this month primarily comprised of end user buyers but investors have also started focusing on this market due to the relative affordability and good future prospects. ➤ Absorption in terms of number of units sold in the month of May was down by ~3.3% compared to April and stood at 3,865 units. While the sales value decreased by 4% to record a sales value of INR 30 Bn in the month of May. <i>(Source: PropEquity)</i>
<p>Hyderabad</p>	<ul style="list-style-type: none"> ➤ Having kept away from the real estate market of Hyderabad for almost a year, homebuyers seem to be returning. Enquiries have increased considerably in the city, especially along the metro project and in western region of Hyderabad. ➤ The commercial sector also showed improvement and is expected to positively impact the residential sector in the forthcoming months. ➤ Price points saw a somewhat upward revision as the market witnessed a better uptake compared to previous months. ➤ The market reflected a positive sentiment following the clarity brought about by the split of Andhra Pradesh and Telangana and also due to the ongoing festive season. ➤ Major issues plaguing the Hyderabad real estate market – namely, water and electricity issues stand resolved now which has further given the much needed boost to this sector. ➤ Demand was seen to be higher for ready-to-move in units and those having possession date within next 12 months. ➤ Absorption in terms of number of units sold in the month of May was down by ~2% compared to April and stood at 1,058 units. While the sales value decreased by 4% to record a sales value of INR 8 Bn in the month of May.

	<i>(Source: PropEquity)</i>
Chennai	<ul style="list-style-type: none"> ➤ Chennai residential markets had a subdued month of June reflected by number of enquiries and overall transaction volumes (M-o-M). Price points 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. ➤ Real Estate developers in Chennai are resorting to offering discounts and freebies to home buyers, in order to boost the sale volume. ➤ Absorption in terms of number of units sold in the month of May was down by ~2.5% compared to April and stood at 1,431 units. While the sales value increased by 3% to record a sales value of INR 9 Bn in the month of May. <i>(Source: PropEquity)</i>

Source: ICICI PSGs Channel Sources

KEY RESIDENTIAL PROJECT LAUNCHES: JUNE 2015

City	Projects	Developer	Location	Capital Value (INR per sq. ft.)	Expected Possession
Delhi NCR	There were no new launches in Delhi NCR in the month of June				
Kolkata	Greenfield Elegance	Bengal Greenfield	Rajarhat	3,700	June 2018
	Lakewood Estate	Unimark	Patuli	5,500	Dec 2018
Mumbai	Lodha Codename	Lodha Developers	Kolshet Road, Thane	7,500	Dec 2018
Pune	Godrej Infinity	Godrej Properties	Keshavnagar	5,255	Sept 2018
	Supreme Amadore	Supreme Landmarks	Baner	8,600	Dec 2016
	Amit Bloomfield	Amit Enterprises	Ambegaon	5,500	Aug 2018
	Lodha Belmondo	Lodha Group	Gahuje	5,292 (New Tower)	Mar 2016 onwards
	Cresendo	Kalpataru Developers	Wakad	5,805	Sept 2018
Pune	Nisarg Nest	Shagun Developers	Balewadi	5,500	Dec 2017
	Nisarg Palms	Shagun Developers	Bavdhan	5,500	Sept 2018

Bengaluru	Peepal Tree	Salarpuria Sattva	Magadi Road	1,600	Dec 2017
	Divinity	Salarpuria Sattva	Vijaynagar	5,000	June 2018
	Casa Irene	Salarpuria Sattva	Banerghatta Road	5,900	Dec 2018
	NorthLand	Salarpuria Sattva	Hennur Road	6,890	June 2018
	Windhchimes	Mahindra Lifespaces	Banerghatta Road	6,800	Dec 2018
Hyderabad	There were no new launches in Hyderabad in the month of June				
Chennai	Azure	Godrej Properties Ltd.	OMR-Padur	3,500	June 2018

GEOGRAPHY-WISE CAPITAL MARKET WATCH

DELHI NCR:

- Real estate advisory firm Square Yards has acquired a Singapore-based property advisory firm LUXE Real Estate. This acquisition will help Square Yards foray into the prime district areas of Singapore real estate and catapult it into the top 30 agencies by number of agents. Present in 20 cities across five countries, the Gurgaon-based company said it had facilitated transactions worth USD 350 Mn so far.

MUMBAI & WEST:

- Making its exit from corporate park - 247 Park in Vikhroli, HCC has sold entire 26% stake in the park to Blackstone for INR 2 Bn. HCC will use the funds to pare its debts. The deal was valued at over INR 10 Bn, which includes assumed debt, resulting in a net cash inflow of approximately INR 2 Bn to HCC.
- D-Mart's owner Radhakishan Damani, has bought Phadnis Group's five-star hotel Radisson Blu Resort & Spa in Alibaug, for a consideration of about INR 1.35 Bn. The 156 rooms property has been acquired via Damani's Derive Trading Pvt Ltd. Constructed in 2008 at a cost of INR 1.10 Bn, Radisson Blu Resort & Spa is owned by Pune-based real estate developer Phadnis group and managed by Carlson Rezidor Hotel Group under its Radisson Blu brand.

REST OF INDIA:

- SPREP Pte Ltd, a joint venture of Canada Pension Plan Investment Board (CPPIB) and Shapoorji Pallonji Group, has acquired SP Infocity IT Park located on the Old Mahabalipuram Road in Chennai. Companies such as HSBC, Amazon, Ford, Siemens, Citibank, AT&T and Hapag Lloyd have offices in the IT Park, which is valued at INR 13.2 Bn.
- Mumbai based Propstack, an online commercial real estate information provider, has raised INR 190 Mn in a Series A round of funding led by DMG Information, the investment subsidiary of British media conglomerate Daily Mail & General Trust. The proceeds will be utilized to expand its presence across the country as well as to launch its upcoming product, a listings and marketing platform for real estate brokers and developers.
- Rupert Murdoch controlled media and information services company NewsCorp, has acquired an additional 5% stake in Singapore based Elara Technologies Pte, the parent company of real estate marketing and transactions services provider, PropTiger.com for an undisclosed amount. In Nov 2014, the company had picked up a 25% stake in PropTiger for INR 1.8 Bn valuing the three year old firm at INR 7.2 Bn.

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