



Research & Consultancy

Economic Overview

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Geography Wise Capital
Market Watch

REALTY ROUNDUP: MAY 2015

ECONOMIC OVERVIEW

- WPI-based inflation, as measured by the wholesale price index (WPI), fell 2.65% year-on-year in April 2015, following a 2.33% drop in the previous month, as petrol prices declined further and food price inflation decreased. The index has been in the negative territory since November 2014.
- CPI inflation in India slowed for the second consecutive month to 4.87% in April 2015 from an upwardly revised 5.25% in March 2015, dragged down by lower food prices.
- On the basis of an assessment of the current and evolving macroeconomic situation, the RBI revised the repo rate under the liquidity adjustment facility (LAF) by 25 basis points from 7.5% to 7.25% with immediate effect. *(Revised rate at the time of publication)*
- The Index of Industrial Production (IIP) with base 2004-05 for the month of March 2015 stands at 197.3, which is 2.1% higher Y-o-Y. However, it decreased from 4.8% in February 2015. The cumulative growth for the period of April-March 2014-15 over the corresponding period of the previous year stands at 2.8%.
- The Lok Sabha passed the goods and service tax reform, although the bill still awaits clearance from Rajya Sabha.
- The Cabinet gave its nod to foreign investments for the completed rent-yielding assets. This is expected to give a boost to the impending Real Estate Investment Trusts (REITs) in India.

- The Indian Green Building Council (IGBC) announced registration of 3 Bn sq. ft. of green construction projects in India and expressed its aim to increase this number to 10 Bn sq. ft. by 2022.
- One of the largest players in the Build-Operate-Transfer (BOT) development industry, IRB Infrastructure Developers Ltd, announced that it has won the development rights for the six-lane Agra-Etawah Bypass project from National Highways Authority of India (NHAI). The estimated cost of the project is INR 26.50 Bn, which is slated to be complete in ~2.5 years.
- Claims by farmers for better compensation in cases of land acquisition have been turned down by the Supreme Court of India. The apex court clarified that its ruling on land acquisition for farmers in Noida and Greater Noida should not be seen as a precedent.
- The Punjab and Haryana high court cleared a roadblock stalling construction of the 18-km Dwarka Expressway, which is being developed as an alternative link between Delhi and Gurgaon and was sanctioned nine years ago. The court vacated its stay on construction along a 2.5km stretch of the 18km-long Northern Peripheral Road (NPR) or Dwarka Expressway, which was stuck in litigation as property owners along the proposed thoroughfare demanded a fitting resettlement plan. Approximately 700 homes and land parcels came in the way of the construction, the owners of which contested the development. The settlement permitted land and home owners to be granted alternative land nearby and compensation to build homes.
- With a target of INR 25.05 Bn, the Delhi Metro Rail Corporation (DMRC) is in a race to generate revenue to fund the Phase III of the Delhi Metro network and thus is diversifying into building offices and commercial complexes as well as residential projects. This is expected to generate around INR 10 Bn from six projects that will be undertaken this year.
- The Union Urban Development (UD) Ministry approved the land pooling policy of Delhi Development Authority (DDA) while suggesting five amendments. With the new policy in place, land owners can pool their land for development by the DDA, which will plan and redevelop the land. Land owners will not get any compensation but instead get 43-60% of their land post development of the basic infrastructure by DDA.

Delhi NCR

- Home & Soul announced the launch of F Premiere along with Fashion TV. The project is situated in Jaypee Sports City, in Greater Noida, very close to Formula 1 Track. The project is aimed at offering a quiet, fashionable lifestyle away from the hustle-bustle of the city.
- One of the leading realty developers of North India, CHD, announced the launch of its Sohna-based project, CHD Resortico. Situated in the Aravallis, this project is a 10-minute drive from Gurgaon.
- Raheja Developers announced the launch of a technologically-advanced project, Raheja Ayana in Gurgaon. The project will have a voice recognition code, integrated with Home Automation systems of each unit.
- ATS Infrastructure won four accolades at the Asia Pacific Property Awards 2015-16. The awards were in four different categories, namely, Safe Home Award for India, Best Golf Development in India, Developer Website of the Year and Residential Redevelopment/ Renovation of Bulandshahr. The awards were bagged by ATS One Hamlet, ATS Golf Meadows, Atsgreens.com and Jeevan Geet, respectively.

Mumbai:

- In a bid to clear piled-up inventories, builders in Mumbai have sought alteration in the Leave and License Agreement from the Maharashtra government. This will allow them to rent out the unsold properties as service apartments and earn some revenue to repay banks during the slowdown phase. The builders are yet to submit a formal proposal to the Housing Department.

Rest of India

- With 14 office buildings already LEED Gold-certified, three more office buildings of DLF, two in Kolkata and one in Hyderabad, received LEED Gold certificate from the US Green Building Council (USGBC). The certificate is given to the building with best-in-class strategies and practices. LEED Gold certification aims at energy conservation, lesser water consumption and improved indoor air quality.
- With approval for seven smart cities (Ahmedabad, Surat, Vadodara, Rajkot, Bhavnagar, Junagadh and Gandhinagar) in the state, the Gujarat government has entered into an agreement with ZTEsoft, the software arm of ZTE, to develop the technical side of smart houses. The focus would primarily be on the upgradation of existing cities to smart cities with the help of technology.
- IBM has selected Allahabad, Surat and Vizag among 16 locations across the globe to develop smart cities. The technology titan will send its team to all the selected cities to analyse data related to critical issues which local bodies face.
- West Bengal Chief Minister announced her government's aim to develop seven smart cities. She further stated that the locations for six cities have been finalised – near Siliguri, Kalyani, Bolpur, industrial towns of Asansol-Durgapur, Garia and Nabanna – while the site of the seventh one is yet to be decided.
- The Ahmedabad Municipal Corporation (AMC) has launched smart cards, which can be accessed via cell phones and the internet, for homeowners and developers. This was done with the aim of furthering Prime Minister Modi's 'Digital India' campaign. The smart card will carry property-related data, such as project plan approval, layouts and permission status.

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 and optional buy-back schemes.• Developers also offered attractive brokerages to brokers to push their sales.• Noida Extension, Yamuna Expressway witnessed some absorption in the month of May from investors outside Delhi primarily from Bihar, Lucknow.• The absorption in Gurgaon mainly comprised of end-user buyers although

	<p>from the secondary market.</p> <ul style="list-style-type: none"> • No new projects were launched in the Delhi NCR market in the month of May as developers seemed to be waiting for the right time to launch their products at appropriate price levels. • The capital values remained more or less stable in Gurgaon and Noida except the psf value in DLF Camilias which was raised by INR 1500 psf. • For NCR, on a Y-o-Y basis for FY15, the unit sales were down by ~46% over FY14 and the corresponding sales value was down by ~41% <i>(Source: PropEquity)</i>
Kolkata	<ul style="list-style-type: none"> • Kolkata residential real estate markets continued to have subdued sentiment in terms of absorption and new launches. • 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. • Absorption was sluggish and comprised of end-users only. • New launches mainly took place in the mid-segment; priced at a ticket size of INR 4.2 – 4.5 Mn on the outskirts of the city. • For Kolkata, on a Y-o-Y basis for FY15, the unit sales were down by ~9% over FY14 and the corresponding sales value was down by ~5% <i>(Source: PropEquity)</i>
Mumbai	<ul style="list-style-type: none"> ➤ Mumbai residential RE prices continue to be stable at current levels with a persistence 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 continue to speculate on the implications of the new Development Control Regulations. ➤ The only launch in the month of May was Godrej Prime at Chembur at a price point of INR 13,000 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. ➤ For MMR, on a Y-o-Y basis for FY15, the unit sales were down by ~19% over FY14 and the corresponding sales value was down by ~2% <i>(Source: PropEquity)</i>
Pune	<ul style="list-style-type: none"> ➤ The residential real estate market in Pune witnessed a slowdown in the month of May compared to previous months. Property buying decisions were delayed as customers took time to investigate the market well before locking in a transaction. ➤ Absorption in this month primarily comprised of end user buyers. ➤ There were only two new project launches during May 2015 – Kalpataru

	<p>Codename at Wakad and Supreme Amadore at Baner.</p> <ul style="list-style-type: none"> ➤ The prices continued to be stagnant over the past 1-2 months. ➤ Many developers were seen offering flexible payment schemes and discounts in order to lock in sales. ➤ For Pune, on a Y-o-Y basis for FY15, the unit sales were down by ~7% over FY14 and the corresponding sales value was down by ~1% <i>(Source: PropEquity)</i>
Bengaluru	<ul style="list-style-type: none"> ➤ The residential RE market in Bengaluru witnessed stability in terms of absorption and launches in the month of May compared to previous months. Launches are however expected to increase significantly in the second quarter in the month of June and July. ➤ While capital values remained stable, discount schemes were offered by developers hinting towards an intrinsic price correction. ➤ Absorption in this month primarily comprised of end user buyers but investors have also started focusing on this market due to the comparative affordability and good future prospects. ➤ Bengaluru residential market has also witnessed an increasing trend of launches targeting the budget segment, lying in the price range of INR 4 - 8 Mn. Following this trend, Sobha Developers which was primarily focused on premium properties, have launched the Sobha Dream series. ➤ Resale availability of units has significantly increased in this month with the investors looking for an exit expecting a correction in prices. ➤ Known developers outside Bengaluru have started entering the Bengaluru market such as Kolte Patil, Supertech, Evansha to name a few. ➤ For Bengaluru, on a Y-o-Y basis for FY15, the unit sales were down by ~8% over FY14 and the corresponding sales value was down by ~1% <i>(Source: PropEquity)</i>
Hyderabad	<ul style="list-style-type: none"> ➤ There were no new launches in Hyderabad in the month of May. ➤ Price points were seen to be stable while the market witnessed a sluggish uptake. ➤ Developers were seen to be offering a number of schemes and offers to move the existing inventory. ➤ The overall market seemed to be in a wait and watch mode where buyers continue to anticipate a price correction while developers waited for the right time to launch their projects. ➤ For Hyderabad, on a Y-o-Y basis for FY15, the unit sales were down by ~29% over FY14 and the corresponding sales value was down by ~20% <i>(Source: PropEquity)</i>
Chennai	<ul style="list-style-type: none"> ➤ Chennai residential markets had a subdued month of May 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

	<p>approximately up to 20 - 25% of the marked-up prices in certain projects.</p> <ul style="list-style-type: none"> ➤ Two new projects were launched in the month of May in Chennai by one by Godrej and another by Akshaya Group. ➤ For Chennai, on a Y-o-Y basis for FY15, the unit sales were down by ~24% over FY14 and the corresponding sales value was down by ~18% (Source: PropEquity)
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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	There were no new launches or pre-launches in May in Delhi NCR				
Kolkata	Elegance	Bengal Greenfields	Rajahat	3,700	Dec-2018
Mumbai	Godrej Prime	Godrej Properties Ltd.	Chembur	13,000	Jun-2019
Pune	Kalpataru Codename	Kalpataru Group	Wakad	5,805	Jun-2017
	Supreme Amadore	Supreme Builders	Baner	8,999	Jun-2017
Bengaluru	Scarlet Terraces	Purvankara	Kanakpura Road	5200	Dec-2018
	Starlight	Bren	Old Madras Road	3900	Dec-2018
	Embassy Springs	Embassy	Devanahalli	4000	Dec-2018
	Emmanuel Heights	Emmanuel Constructions	Sarjapura Road	4200	Jun-2018
Hyderabad	There were no new launches or pre-launches in Hyderabad in May				
Chennai	Godrej Azure	Godrej Properties Ltd.	OMR Padur	3,500	Jun-2018
	Akshaya Level Up	Akshaya Group	Sterling Road, Nungambakkam	19,000	Dec-2017

GEOGRAPHY-WISE CAPITAL MARKET WATCH

MUMBAI & WEST:

- Real Estate PE player, ASK group exited from its four year old venture Raj Altezza, a project by Rajesh Lifespaces in Mulund, Mumbai. The fund had invested INR 550 Mn that was routed through ASK Group's second fund of INR 10 Bn, 'ASK Real Estate Special Opportunities Fund' in August 2011. The fund has exited, pocketing 2.26x amounting to an exit value of INR 1244 Mn recording an IRR of 26%.
- Singapore's GIC through its affiliate, Reco Berry Private Limited has acquired additional 25.6 Mn shares in BSE listed knowledge park, Nirlon Limited for INR 5.68 Bn. The open offer hikes Reco Berry's stake in company to 63.92%. In the latest deal, shares were acquired at a unit price of INR 222. Last year, Reco Berry Private Limited had acquired 35.52% Stake in Nirlon Limited through share purchase agreement.
- Bengaluru-based property developer Nitesh Estates Limited along with global investment bank Goldman Sachs announced an agreement to jointly invest in income-producing, commercial real estate assets in India for up to INR 15 Bn. With this announcement, Goldman Sachs' committed INR 2.2 Bn for financing Nitesh Estates' acquisition of Koregaon Park Plaza, a million sq. ft. operational shopping mall and future high-end office complex development in Pune, from Elbit Imaging Group owned by Israeli billionaire Mordechai Zisser. With the Goldman Sachs investment, Nitesh Estates will accelerate its firm's foot print across the country by providing capital where it is needed as well as through acquisitions of existing projects.
- Gujarat based realty developer Ganesh Housing Corporation has raised INR 2.25 Bn from Piramal Fund Management, the realty investment arm of Piramal Group, for its Ahmedabad project spread over 10 acres. The investment was done through debt instruments having a fixed return investment of over 18%. Out of the funds raised, INR 2 Bn will be utilized to acquire land parcel situated close to Surdhara Circle in Thaltej, Ahmedabad and the rest will be used for meeting working capital requirements.

BENGALURU:

- Ozone Group, a real estate company has raised INR 5.75 Bn led by Piramal Fund Management, for its 150-acre Urbana township project based at Bengaluru. The funded amount has been given through a structured transaction, through a mix of equity and debt and will be used to refinance the developer's existing loans and to

provide working capital in the company. Of the total amount, INR 4 Bn will be utilised to refinance Ozone Group's bank loans and rest to be used as working capital.

- Piramal has invested INR 750 Mn in Shriram Summit, a residential project coming at Electronics City in Bengaluru. The investment was done through debt and internal accruals.

REST OF INDIA:

- International Finance Corporation announced its plans to invest INR 1.60 Bn in Tata Value Homes, the affordable housing development arm of the Tata Group. The investment will provide Tata Value Homes with long-term capital to develop about 16,800 homes over the next 10 years.
- BSE listed real estate developer, Puravankara Group is tying up with ASK Property Investment Advisors, the real estate focused PE fund, to acquire a land parcel admeasuring 31.69 acres worth INR 1.10 Bn. ASK would be funding 75% of the cost i.e close to INR 820 Mn. The land located in Poonamalle in Chennai would house a residential project being developed by Provident Housing Ltd, the group's affordable housing arm. The project is expected to generate revenue of INR 15 Bn with units being sold at a unit price of around INR 4,500 sq ft.
- Milestone Capital Advisors has exited Kolkata's IT building, Millennium Tower – I for a realisation of over INR 910 Mn. The fund, through IL&FS Milestone Fund I, had invested INR 570 Mn in 2008 and earned rental income of around INR 340 Mn over a period of seven years. This property is owned by Milestone City Complex Pvt Ltd., an SPV formed under the IL&FS-Milestone Yield Fund-1. The fund also monetized its investment in ACORN Logistics Park, selling the 1.1 million square feet logistics park at Bhiwandi to an HNI for INR 1.50 Bn.
- Chennai based realty firm Casa Grande Private Limited has acquired the 5.34 acre land parcel belonging to Rane Group, at Alandur, around 5 km from the Chennai airport for an estimated price INR 780 Mn.
- Jones Lang LaSalle India's Segregated Funds Group has invested INR 250 Mn in a residential project of Chennai based Vishwakarma Real Estates & Constructions Pvt Ltd, through its maiden fund Residential Opportunities Fund-I. The investment is in a mid-luxury residential project, Skypod, strategically located on the 200 ft. Pallavaram-Thoraipakkam Radial Ring Road in Chennai.

- PropTiger.com owned by Elara Technologies Pte Ltd, acquired real estate portal of People Group, Makaan.com.
- Softbank-backed Housing.com (owned and operated by Locon Solutions Private Limited) acquired Delhi based Realty Business Intelligence Private Limited, an information portal focused on the realty industry for an estimated price INR 120-240 Mn. With this acquisition, Housing.com aims at strengthening its analytics capabilities to help consumers and investors make informed decisions about real estate purchases.

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