

# Square Yards Micro-Market Analysis of Southern Peripheral Road

Once a farmer land, Gurgaon has emerged as one of the fastest growing cities in India. The city boasts offices of over half of the Fortune-500 companies and is touted as one of the favorite Indian destinations for global businesses and investors.

As a rapidly growing city, it is still adding new frontiers of urban and commercial development. One of the new frontiers that has been catching up attention include South Peripheral Road (SPR) connecting Golf Course Extension (GCE) with National Highway (NH) – 8. This Micro-market is one of the upcoming residential market capitalizing on better connectivity and robust commercial sectors in the nearby GCE and Sohna Road.

The report prepared by Square Yards Global Intelligence Center (GIC) evaluates SPR's residential market across multiple parameters to understand its potential for investment.

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### Southern Peripheral Road- Introduction

The 150 meter wide and 16 kilometer SPR connects GCE with NH-8 passing through Sohna Road. Part of New Gurgaon, SPR is touted as a link between old and new Gurgaon. It is also touted as an upcoming residential and commercial location in the National Capital Region (NCR). However, recently its attractiveness has been slightly subjugated by other upcoming locations such as Dwarka Expressway.

It capitalizes on a strategic location and convenient connectivity to major commercial hubs in Gurgaon. With surge in move in in the locations, it is also demonstrating an evolving physical and social infrastructure.

Due to its strategic position, it is also touted as the one of the lifelines of Gurgaon along with other key roads such as Golf Course Road, Golf Course Extension Road, Mahatma Gandhi Road and Sohna Road.

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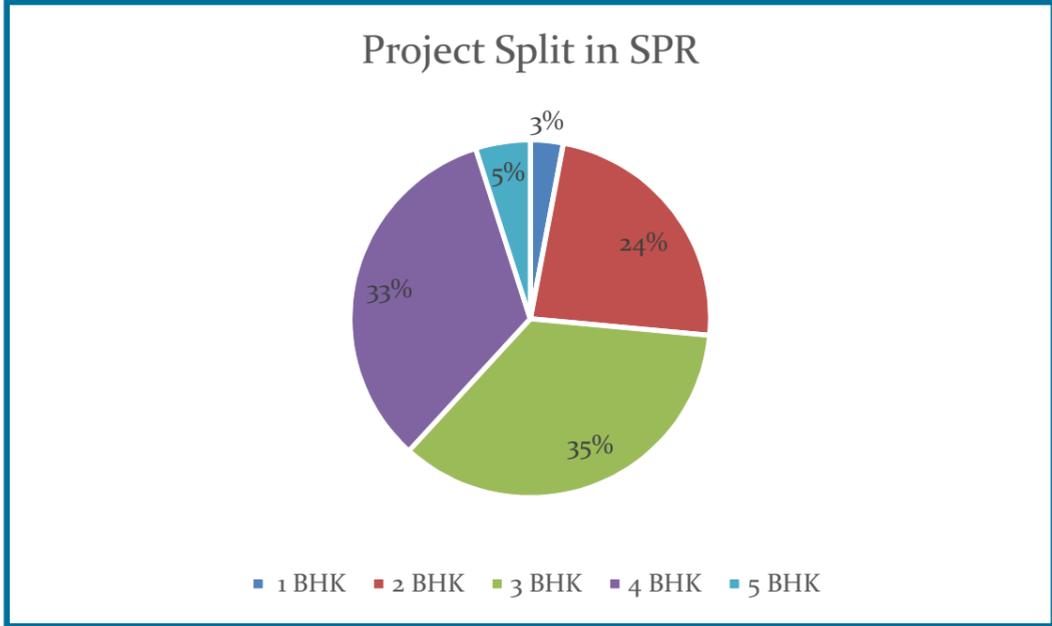
### Expansion of Physical and Social Infrastructure

As an upcoming location SPR is undergoing relentless expansion of physical infrastructure. The road which is partly spilt into 2 and 3 lanes will be soon transformed into 6 way lane. Likewise, the extension of Yellow Line of New Delhi metro will further enhance its connectivity. The Yellow line of Delhi metro that connects Jahangir Puri and Huda City Center will be extended till Manesar thereby bringing SPR as well under the range of metro and hence boosting its overall connectivity significantly. On similar lines the social infrastructure is also evolving fast comprising of top class education institutes and restaurants.

### Builder Involvement

Pertaining to the inherent attractiveness of the SPR, leading Indian developers such as TATA, Unitech, Avlon, Vipul, SPAZE, Supertech and IREO etc. have taken large land parcels in the area to develop residential projects.

The location is primarily set to become a luxury micro-market- with most of the builders planning high end residential units focused towards upper and upper-middle class segment working in nearby location- equipped with state of the art amenities and international quality design elements such as modular kitchen, imported floorings and VRV air-conditioning etc. Over 73% of the projects involve a unit size of 3 BHK and above as captured below.

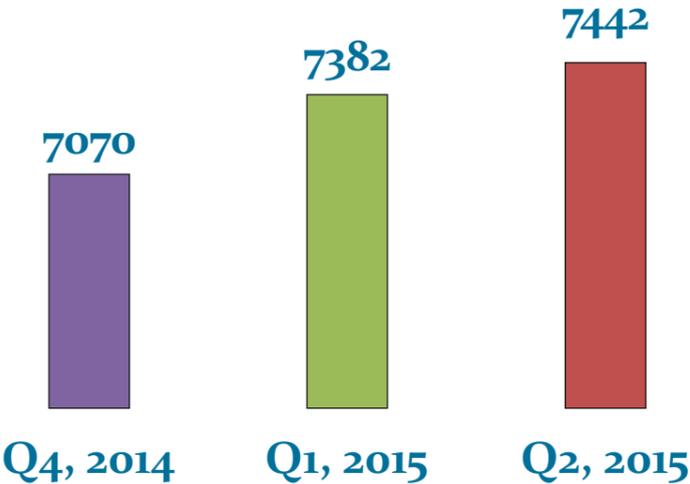


### Price Appreciation

As an evolving residential market SPR boasts an inventory of 16,240 units-Over 14% of the total units available in Gurgaon.

Presently the average price is estimated at INR 7,225 per Square Feet (PSF) and has registered a 5% increase over the span of last 6 months, according to the estimates by Square Yards Global Intelligence Center (GIC). Compare this with 2009, when the price was INR 2,250 PSF.

### Price Appreciation in SPR(INR,PSF)



In the coming time it is anticipated that the annual price appreciation of SPR will be in tune of 20-25%. However, it will also be subject to the completion of the road. It should be noted that towards NH-8, there is a small part of the road that is not yet complete due to legal hassles.

## Existing Sentiments

In spite of inherent benefits associated with SPR, the overall market sentiments have been far from being highly euphoric. The subdued sentiments could be explained on the basis of general slowdown in the NCR region due to recent oversupply in the market coupled with delay in the final completion of SPR. Nevertheless, the positivity seems to have emerged back in the recent past. Though there has not been phenomenal increase in transaction volumes, the positivity in terms of sentiments could be sensed. Sooner or later the same should translate into higher volumes.

## Long Term Fundamentals

The long term market fundamentals of SPR are believed to be stable at the present time with moderate appreciation. However, once the road project will be completed, it is expected that prices will start aggressively rising again, with SPR becoming one of the most sought after locations in the NCR.

## Investment Recommendations

In terms of suggestions, at Square Yards we believe that investors and end users both should look at SPR as a residential micro-market. Nevertheless, the investment decision should be taken keeping a long term perspective in mind. An investment decision intended with a short term return objective might not be prudent at the moment.

The Square Yards team believes that SPR will see sustained investor and end user interest in the coming time. It will capitalize on its powerful connectivity to NH-8 and Sohna Road. Likewise the demand will also be driven by business in nearby commercial location such as GCE and Sohna Road. Metro is also planned in the region, which will further add to the connectivity of the SPR.

However, it should be noted that as a location SPR still does not have a highly evolved social infrastructure and civic amenities, which will result into inconvenience for early movers. Likewise, most of the projects in the micro-market is in early stages of development, which will again result into certain difficulty for early movers. Though the silver lining could be as the occupancy levels pick up social infrastructure and civic amenities will evolve.

Synergizing all the factors mentioned above, an annual price appreciation of 20% can be expected. However, it should be noted that projects which will be placed farther from the SPR might demonstrate a slightly slower pace of appreciation. Likewise, appreciation will also be subject to builder brand name and stage of development.

## About Square Yards

Square Yards is the No.1 pan-India organized real estate advisory for residential properties. Growing at a scorching pace, it has established presence in 20 cities and 5 countries across the globe within a short span of 18 months. Backed by the competence and impeccable service quality of more than 700 employees across the globe, Square Yards offers a host of cross-border real estate investment opportunities to investors and home buyers.

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