



2015

A N N U A L R E P O R T



Editor's Note

After a slumber & subdued sentiments of the recent past, finally the Indian Real estate industry has started showing signs of recovery. Increase in traction & positivity in the buyer sentiments have been observed across most of the major Indian cities.

Besides surge in traction & sentiments, the year bygone was also remarkable in terms of the various paradigm shift witnessed in the Indian real estate industry ranging from technological innovations, structured deals to ambitious policy level plans such as **"Housing for All" & "Smart Cities"**.

Square Yards Annual Research Report is an attempt towards capturing all the major happenings of the Indian Real Estate Industry in 2015. This report presents city-wise analysis of the major Indian markets along with current state of the Indian real estate sector, highlighting key reforms undertaken by the government to augment the sector and explains key investment themes employed by the international & national investor community. It also captures current market themes & trends along with crystal gazing into 2016.

The report is a product of the dedicated efforts of our team of analyst, content developer & data management & we expect that it will be liked & appreciated by readers. The comprehensive report can offer meaningful insights to consultants, analysts, media & institutional investors looking to invest into the Indian real estate. Likewise, the report can also offer great insights for individual buyers & investors & others who have got a penchant towards the happening of Indian real estate.

Happy reading & feel free to come up with your inputs!



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Indian Realty Market

The year 2015 was a positive year for the Indian real estate industry, where the industry started to showcase signs of recovery after a slumber of the recent past. Positive sentiments have started to emerge in major Indian real estate markets, reflected in the form of surge in traction & positivity in the buyer's sentiments.

IT/ ITES centric markets such as Bangalore & Pune have been continuing with the positivity in the market. Other major markets like National Capital Region (NCR) & Mumbai has also started witnessing surge in tractions.

In Mumbai, the commercial capital of India, the market traction has been more focused towards upcoming locations such as Ghatkopar, Powai, Andheri & Vikhroli etc. In the city of Gurgaon in NCR the upcoming locations such as Golf Course Extension & New Gurgaon are attracting large chunks of new launches & deals. In Noida, the large volume of new launches are coming up in Noida Extension, the region spread between Noida & Greater Noida. In Pune, the next big attractions in terms of location attractiveness and market appreciation are Hinjewadi, Viman Nagar & Hadapsar.

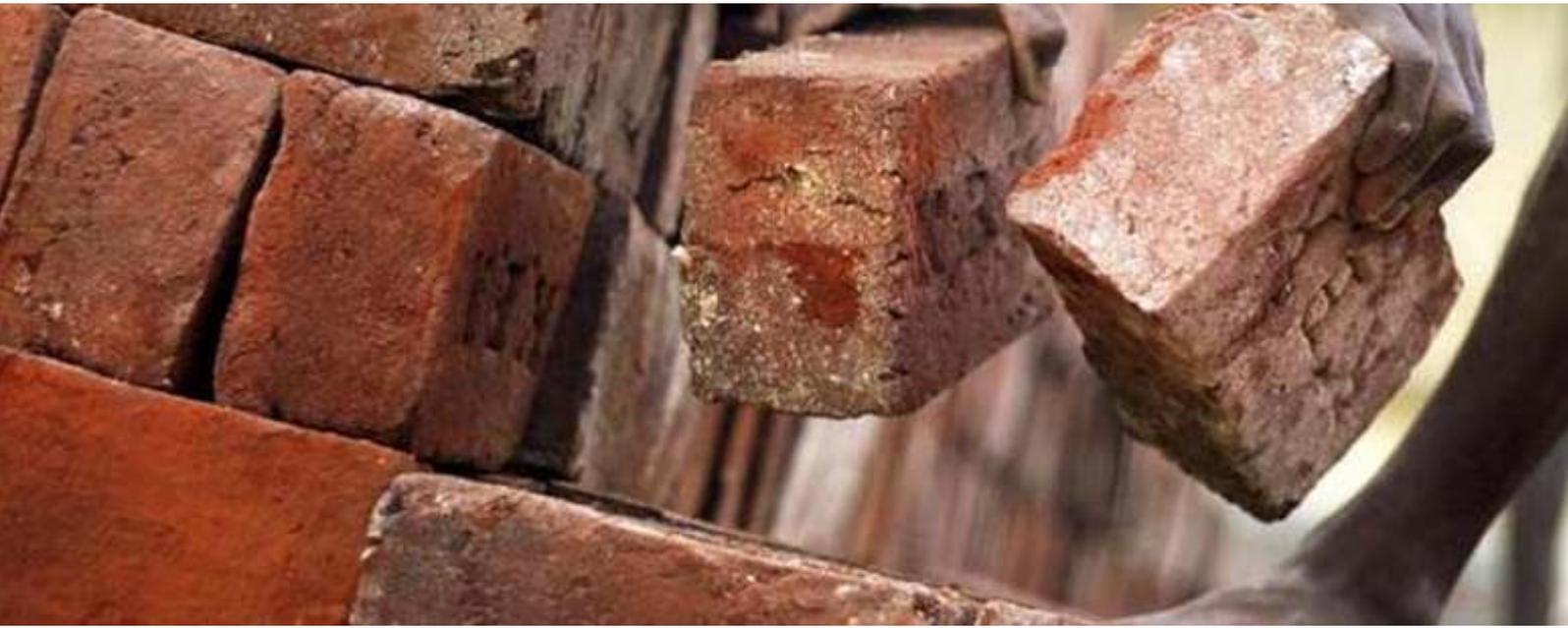
Besides surge in traction, the year gone was also remarkable in terms of the various paradigm shift witnessed by the Indian real estate industry. In order to bring in new positive sentiments in the Indian realty industry, developers have been rolling out various new schemes such as subvention, small & simple installments, assured rentals & much more.

Similarly, the year also witnessed, the

increasing & proactive role of technologies in the context of Indian real estate. So far the role of technology has been restricted to search & discovery platforms but now modern techniques such as virtual realty & 3-D animation have started playing a significant role in enabling individuals to close deals on the web, thereby saving time from repetitive iterations of property visits.

The year also saw the launch of Scapes, the proprietary online property transaction engine by Square Yards. The online engine saw a total transaction of over USD 40 million just within 19 hours of its launch.

The year 2015 was also remarkable because of the investment coming in the form of Private Equity (PE) players in the Indian real estate industry. A total of around INR 16,000 crores have been invested in the 1st three quarters of the year- an 84% increase over the corresponding period the year before. Major investors such as GIC, Blackstone, Kotak Mahindra & Black Stone Group &



Wanburg Pincus have been involved in the process.

Another positive news in 2015 has been the policy shift of government towards Smart Cities & Housing for All. The Government of India (GOI) has decided to develop 100 new smart cities across India. Likewise, GOI will also be emphasizing strongly on the Housing for All by 2022, wherein 11 crore housing units will be built for everyone by the year 2022. The initiatives such as Smart Cities & Housing for All by 2022 is expected to give spin to the overall realty industry in the coming time.

Looking at the present sentiments, it is expected that there will be more euphoria among the investors & buyers that will eventually translate into more transactions.

In order to further entice investments in the market, developers should continue bringing in more innovative payments plans that will further help in stimulating investor sentiments. The share of online transaction is also

expected to increase with rise in mobile & internet penetration integrated with newer technological platforms and latest innovations.



Delhi - NCR

National Capital Region (NCR) is the metropolitan area, primarily encompassing Delhi, Gurgaon, Noida, Faridabad & Ghaziabad.

New Delhi being the capital of India has been the focal point of trade, commerce & economy of the nation. As a consequence, both talent & businesses from various parts of India has been migrating to New Delhi in search of better opportunities. The growth of New Delhi has been simultaneously linked with emergence of well-planned neighbouring cities such as Gurgaon, Noida, Greater Noida & Ghaziabad etc. to accommodate rising businesses & population.

In the recent past, realty markets in NCR like some other parts of India has witnessed slowdown in market sentiments. Nevertheless, market has started showcasing signs of revival with substantial number of new launches coming up in 2015 in upcoming locations such as **Northern Peripheral Road, Southern Peripheral Road, Noida Extension, Yamuna Expressway & others.**

In order to entice market sentiments, NCR based developers are coming up with numerous new payment plans such as **Subvention, Buy-Back & Cost Linked to Possession (CLP)**. The market has also seen a lot of positive sentiments emanating from the Smart City project at Dwarka where land-

pooling has started off.

In Gurgaon, higher capital appreciation is seen in places **such as Sector 42, Sector 53, Sector 54 & Sector 26 etc.** The presence of nearby commercial hubs such as MG Road, Sector 44 and DLF Cyber City further contributed to the attractiveness of this region with strong future prospects.

Noida is one of the priority destination for mid-segment and affordable housing segments. **Greater Noida, Noida Extension and Yamuna Expressway** witnessed significant real estate activity in 2015 in terms of both new launches and absorption.

Ghaziabad has also emerged as an important destination catering primarily to the mid-segment and affordable housing investors. It primarily includes local investors and end-users who are looking for upgrading their current accommodation or investment.



Recent Infrastructure Growth

The Delhi-NCR region is witnessing a host of infrastructure developments which are expected to create a positive impact on the overall real estate market scenario in the coming time. Some of the ongoing projects are:

- **Delhi-Mumbai Industrial Corridor (DMIC)** is a high potential project that would enhance the infrastructural capabilities and connectivity between the two metropolitan cities. The project is proposed to link Dadri (in Uttar Pradesh) and Jawaharlal Nehru Port Trust in Navi Mumbai. The project aims to double employment potential, triple industrial output and quadruple exports from the region in the next seven to nine years. It is expected to create employment for over 3 million individuals. With such a massive growth across DMIC, the demand for residential units is expected to be double in the coming years.
- **The Faridabad-Noida-Ghaziabad (FNG)** corridor will improve the connectivity between Faridabad and Ghaziabad via Noida. This road begins at Chhijarsi village near the NH 24, passes through the sectors 142, 143B, 167 and ends at the Neharpar, Faridabad. The FNG expressway is 56 km long with 28.1km in Faridabad, 19.9 km in Noida-Greater Noida, and 8 km in Ghaziabad. The Noida Authority has almost developed the part of the FNG falling in the Noida region. The remaining patch is yet to be started in Faridabad & Ghaziabad region.
- **Northern Peripheral Road (NPR)** also known as Dwarka Expressway, is an 18 km long and 150-metre-wide road which runs from near Kherki Daula on NH-8 towards Dwarka. It is expected to reduce the travel time between Gurgaon & Delhi by half.
- Another major connectivity between **Golf Course Extension Road (GCER)** and **NH-8** is Southern Peripheral Road (SPR). The SPR is intended to solve the congestion issue at the intersection of IFFCO Chowk and Mehrauli-Gurgaon Road. Metro is planned along SPR in the future & it is expected to boost real estate activities in the vicinity.
- **Yamuna Expressway** is a six lane 165 km wide road that connects Delhi and Agra. It has been built to reduce the travel time upto 50% between the two cities. Metro is also proposed along Yamuna Expressway to further increase the attractiveness of the region. A large number of residential & commercial developments are planned across the Yamuna Expressway.

Gurgaon micro market wise Launches & Absorption

Gurgaon's residential real estate market can be classified into six major micro markets as follows:

- Golf Course Road (GCR)
- Golf Course Extension Road (GCER)
- Northern Peripheral Road /Dwarka Expressway (NPR)
- Southern Peripheral Road (SPR)
- New Gurgaon
- Central Gurgaon

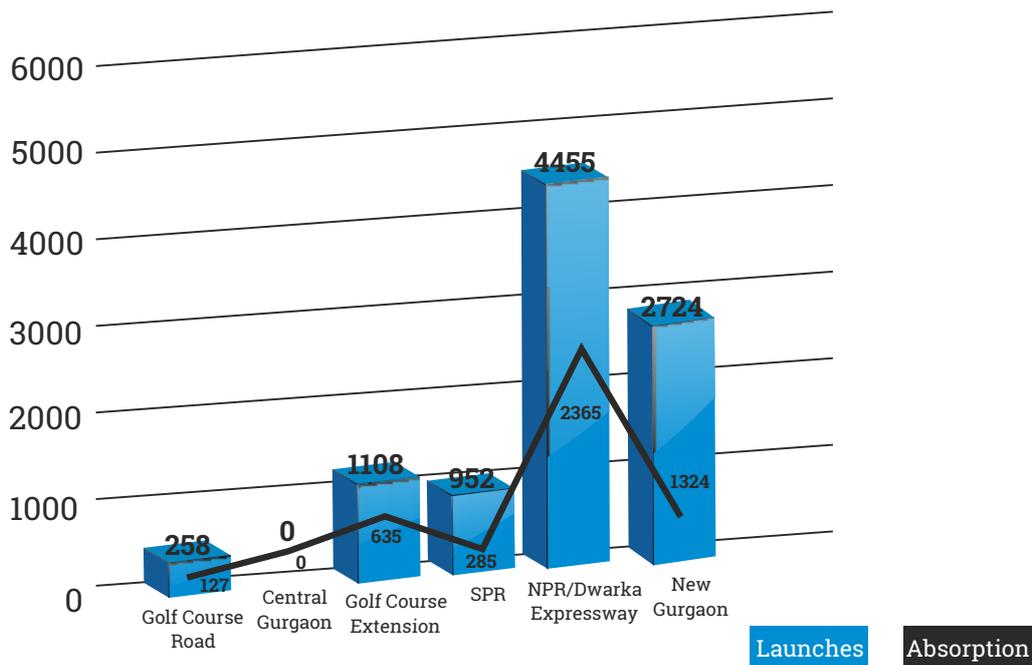
The GCR remained one of the premium localities with less number of new launches as the market is saturated in terms of new land parcels. The average capital value per Sq. Ft. in GCR in 2015 is INR 15,478 – Rise of 11.34% as compared to 2014. Most of the locations in GCR saw an annual increase in tune of 10-12% with Sector 42 remaining the premium residential space with capital value per Sq. Ft. of INR 24,999.

Avg. Capital Value per Sq. Ft. (INR)

2014	Micro market	2015
13902	Golf Course Road	15478
11266	Central Gurgaon	11843
8834	Golf Course Extension	10155
6581	SPR	7183
5661	NPR/Dwarka Expressway	5996
4924	New Gurgaon	5214



Launches & Absorption in 2015



To accommodate the growing population, **a total of 9497 units have been launched across Gurgaon in 2015**. Out of which, as seen in the above image, Northern Peripheral Road has the highest number of units launched – 4455 units followed by New Gurgaon with 2724 new units. The average occupancy rate of total new launches is nearly 50% in total with **GCER having the highest occupancy rate of 57%**. GCER is counted among an upcoming markets in the NCR, attracting interest of both end users & buyers in large volume.

Noida micro market wise Launches & Absorption

Noida's residential real estate market can be classified into four major Micro Markets as follows:

- Noida
- Main Greater Noida
- Greater Noida Extension
- Yamuna Expressway

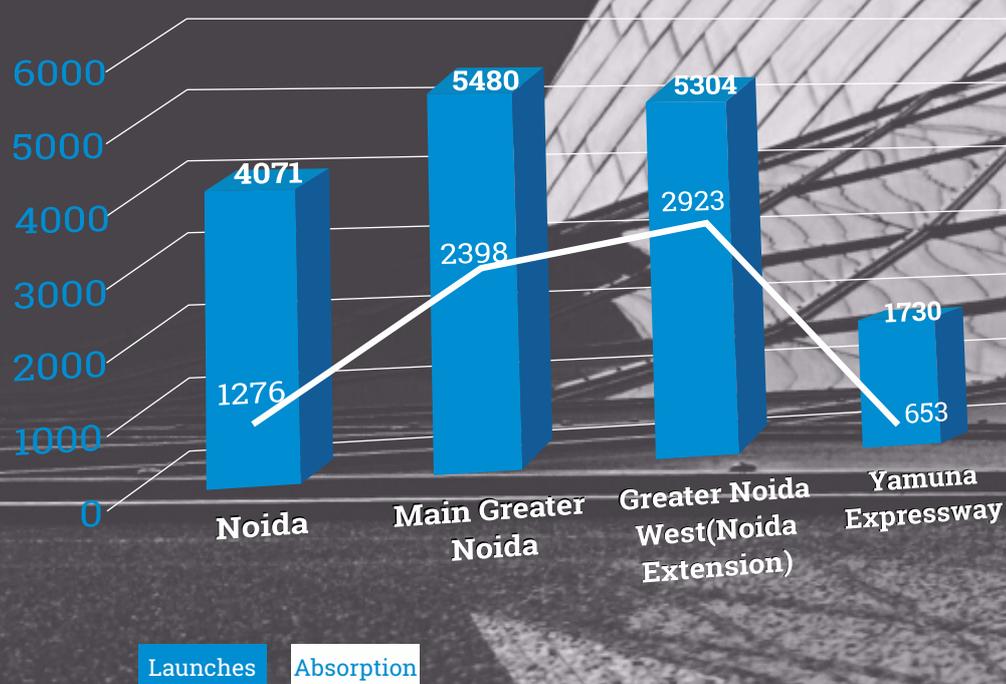
In 2015, out of the four micro-markets, Noida has the highest average capital value per Sq. Ft. of INR 7,298 – A rise of 6.35% as compared to INR 6,862 in 2014. In terms of price appreciation, **Greater Noida Extension is the most rapidly appreciating market, demonstrating an annual increase of 32.62%** in the average capital value per Sq. Ft. in 2015. The surge in prices have been driven by relatively economical prices in the micro-market along with a rapidly developing social infrastructure in the form of top quality schools, colleges & retail outlets etc.

The surge in prices of Greater Noida Extension is also supported by two proposed Metro corridors, Noida Sector 71 to Noida Extension and Okhla Bird Sanctuary to Noida Sector 142 that will provide smooth connectivity from Noida to Noida Extension. **Not to mention, upcoming commercial hubs such as Earthcon - Regal Emporia, City Walk, RJ Group – Cyber City, Aarza Square and Galaxy Plaza**, which are expected to make this micro-market attractive for both buyers & investors.

Avg. Capital Value per Sq. Ft. (INR)

2014	Micro market	2015
6862	Noida	7298
3903	Main Greater Noida	4420
3136	Greater Noida Extension	4159
3078	Yamuna Expressway	3284

Launches & Absorption in 2015



To accommodate residential demand, **a total of 16585 units have been launched across Noida** in 2015. Out of which, Greater Noida Extension & Main Greater Noida have the highest number of units – 5304 & 5480 units respectively followed by Noida with 4071 units. The occupancy rate of total new launches is nearly 43.71% with **Greater Noida Extension having the highest occupancy rate of 55.1%**.

Markets to look out for

Mentioned below are the major micro-markets in Delhi NCR that are expected to witness more traction in the coming time.

The Delhi Development Authority's recent approval of the land pooling policy is expected to unlock nearly 39,500 acres of land in the Delhi realty market. As per the policy, developers can acquire land directly from farmers & other who are willing to sell, wherein the seller gets back 40–60% of the developed land. The approval of the land pooling activity has fuelled the market in **Dwarka area** with investments pouring in from regional, national & NRI levels. In the coming time as well, Dwarka is expected to attract investor interest in large volumes.

Buyers have shown interest in cost effective micro–markets of Noida such as **Noida Extension and Greater Noida** which accounted for nearly 32% of the total absorption during 2015 in Noida region.

Yamuna Expressway is expected to become a big attraction for buyers & investors in the Noida market in the coming time. Various upcoming commercial projects like Export Promotion Zones and Taj Economic Zones, proposed Metro from Pari Chowk till Yamuna Expressway Sector 18 and 20, Tourist spot such as the proposed Night Safari etc. are expected to boost traction along Yamuna Expressway in the coming time.

The residential markets in Gurgaon witnessed an increase in supply, which is mainly concentrated in the emerging micro-markets of GCER, NPR, SPR and New Gurgaon. These micro-markets are witnessing major ongoing infrastructure developments such as Rapid Metro Phase II, Kundli-Manesar-Palwal Expressway & Northern Peripheral Road (Dwarka Expressway) etc, that are likely to boost the prices in Gurgaon in the coming time.

Pune



Pune, a vibrant Metropolis, is a centre of business & academia that exemplify 'New India' with its enigmatic mix of capitalism and spiritualism (The world famous OSHO ashrams are located in Pune). It is acclaimed as one of the historical cities of India with a remarkable past, an innovative present and an equally assuring future.

On the backdrop of rise in IT/ITES industry, Pune's residential market demonstrated strong emergence post 2010 with highest absorption in the mid-priced segment over 2011 – 2014. The Pune real estate market enjoys a healthy mix of end user & investors with a ratio of 60:40.

Along with Bangalore, Pune is among the most aggressively appreciating residential markets in India in the recent past. While market sentiments in many parts of India has been slow in the recent past, Pune's large IT/ITES driven workforce coupled with its relatively economical prices have been driving market dynamics.

Rise in real estate prices in Pune is expected to grow further as it continues to be an IT, educational and manufacturing hub, all of which offer

significant employment opportunities and in turn, keep the residential demand stroking.

In the near future, residential real estate prices in Pune are expected to see a surge of 11 – 13%. The price increase will be driven by rise in demand from Pune as well as nearby cities such as Mumbai, Kalyan Ahmed Nagar, Thane, Sholapur & much more. NRIs have also increasingly started investing in the Pune market.

Data revealed by Square Yards Global Intelligence Cell (GIC) suggests that amongst buyers, 52% are from Pune, 26% from Mumbai and 22% comprises of NRIs and other nearby cities within the radius of approximately 250 – 350 KMs.

Investors from Mumbai and peripheral cities such as Thane & Kalyan are attracted primarily to Western parts of Pune due to higher probability of good capital gains, easy rental yields along with easy access from Mumbai-Pune Expressway.



Recent Infrastructure Growth

In the recent past, Pune witnessed several infrastructure developments such as civic infrastructure development projects, Roads, Highways, Airport & Metro etc. which have kept the real estate market in escalating mode.

- Pune witnessed the construction of numerous flyovers and subways in different parts of the city such as Shivajinagar and Pimpri. In addition, widening of roads particularly around Wakad, Hinjewadi & Prabhat Road etc have been taken up to decongest the city of all possible bottlenecks.
- Pune ring road has been proposed by administration to avoid traffic congestion in the city. The 170 KM proposed ring road will divert traffic from Mumbai-Pune-Solapur highway and roads like Pune-Nashik, Pune-Ahmednagar and Pune-Satara otherwise passing through the city.
- Pune Municipal Corporation has submitted proposal to the Union Govt. to make provisions in the

annual budget for the metro project. This will be consisting of 4 lines running across North – South and East – West of the city.

- New International Airport has been proposed in August 2012 that will be located near Rajgurunagar, in Khed district and will be accessible from Chakan.
- The government is planning to connect Hinjewadi to Sus via Baner - Balewadi road to improve the accessibility to Hinjewadi. This will benefit all those who travel to the three phases of the IT Park in Hinjewadi.



Micro market wise trends in 2015

Pune's residential real estate market can be classified into seven major Micro Markets as follows:

- Pune Central Peth Area
- Pune East to Nagar Road
- Pune West to Paud Road
- Pune west 1 Bypass Road
- Pune East 1 Solapur Highway
- Pune South
- Pimpri Chinchwad Municipal Corporation (PCMC)

The average capital value per Sq.Ft. remained all-time high in Pune Central Peth Area in 2015 - INR 10,247. Although, there was a slight dip in price compared to 2014 due to correction. Deccan Gymkhana, Erandwane and Sadashiv Peth remained the premium residential locations in the given micro-market.

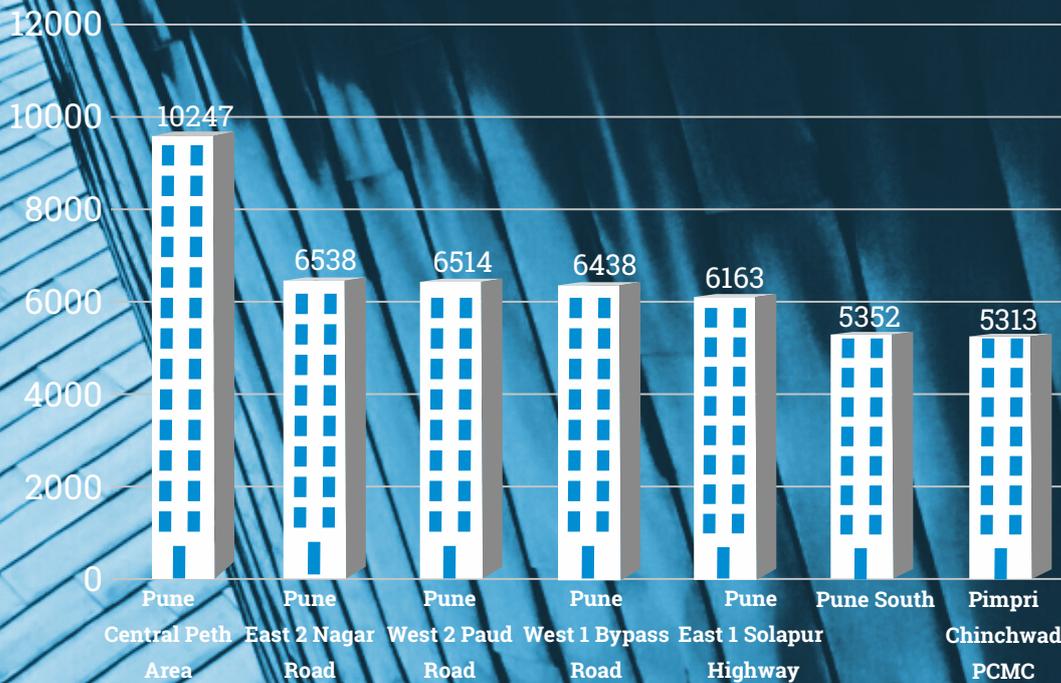
Pune East to Nagar Road is emerging as the new destination for investment with an annual appreciation of more than 8% in numerous locations such as Viman Nagar, Koregaon Park, Lonikand and Lohegaon etc. The growth is driven by upcoming IT and Business parks.

The professionals working in IT/ITES companies prefer 2 BHK apartments supported by the double family income of husband and wife; thus making this configuration affordable. Approximately 53% of total residential sales in 2015 comprised of 2 BHK units.

Avg. Capital Value per Sq. Ft. (INR)

2014	Micro market	2015
10661	Pune Central Peth Area	10247
6358	Pune East 2 Nagar Road	6538
6291	Pune West 2 Paud Road	6514
6219	Pune West 1 Bypass Road	6438
5793	Pune East 1 Solapur Highway	6163
4980	Pune South	5352
5118	Pimpri Chinchwad PCMC	5313

Avg. Capital Value per Sq. Ft. (INR) in 2015



Markets to look for

- Central Pune also known as the Central Business District of the city, witnessed some redevelopment projects at Prabhat Road & Model Colony. The area commands a premium price over other residential locations in Pune.
- Industrial Zone and Automobile Hub in Chakan and Talegaon is likely to raise the employment levels in this region. This area is also called the Detroit of India due to large number of automobile companies. This is further supported by proposed international airport in close vicinity of Chakan. It will have a direct impact on the nearby residential markets.
- In the Eastern parts of the city, Viman Nagar, Hadapsar & Kharadi have emerged as a prominent location with many mid-segment as well as premium & luxurious residential projects, educational institutes & much more. The growth has been driven by rise in IT/ ITES companies & business parks in the region such Tech Park, EON Knowledge Park & Panchshil Tech Park. It is well connected to central area of Pune and the airport, which further adds to its attractiveness.
- The residential developments on both sides of Mumbai – Pune Expressway has seen huge price appreciation in the recent time. The areas around Mumbai – Pune Expressway such as Aundh, Baner and Kothrud are counted among the most promising areas in West Pune.
- Availability of large land parcels, reputed schools and international institutions, Corinthians Club & Hospitals in the vicinity of Undri, Pisoli, Mohammadwadi and Katraj – Kondhwa Road (Pune South) are stimulating real estate activity in this area.
- Hinjewadi, located in Pune West 1 Bypass Road, is going to be the next biggest attraction in terms of location attractiveness and market appreciation as it has plans for its future infrastructure development along with commercial and residential developments. Its proximity to Mumbai-Pune expressway also makes it a very good investment option.

Bengaluru

Bengaluru (formerly Bangalore) is also called the Silicon Valley of India, because of its booming entrepreneurial culture & an active role it plays in the export of IT/ ITES services. It is also counted among the most sought after cosmopolitan cities in India, blessed with a benevolent climate and a burgeoning drinking, dining and shopping landscape.

While market sentiments have been slow in various parts of India in the recent time, Bengaluru is considered among one of the most successful real estate markets in the country. The market in Bengaluru is driven by the demand coming from the vast mass of IT/ITES crowd along with a relatively subdued price when compared with other metropolitan cities such as Mumbai & National Capital Region (NCR). The Bengaluru market also oversees sufficient traction from the NRI marketplace.

Demand from both buyers & investors are getting further push, as witnessed during the first half of 2015. Square Yards Global Intelligence Cell (GIC) suggest that end users prefer under construction or ready-to move-in apartments whereas investors are preferring pre-launch projects.

To cater the changing trends, many developers have become active in this market space. There are significant pre-launches such as Artha – Emprassa, Orchid Greens and Shapoorji Pallonji –

ParkWest 2 etc. coming up with innovative payment plans such as . interest subvention, assured rentals & buy back schemes along with discounts like - waiving off floor rise and preferred location charges.

As market sentiments are strongly linked with the booming IT/ITES industry of the city, South and East Bengaluru are among the most prominent realty markets. The growth of these realty markets has been driven by major IT/ ITES catchments in the region. Locations in these regions such as Whitefield, Outer Ring Road (ORR), Sarjapura, Bannerghatta Road and Electronic City, have developed into self-sustaining residential and commercial hubs.

In the recent past North Bengaluru is also emerging fast as a major residential market. The presence of new International Airport has changed the fortune of the region & is helping it metamorphose into a commercial epicentre. Areas along the northern corridor of the Outer Ring Road, such as Hennur Road and Thanisandra are attractive locations catering to the housing requirements of the IT/ITES catchments present along the north-eastern corridor.

Due to availability of large parcels of land, North Bengaluru is also coming up as major luxury residential market.



Recent Infrastructure Growth

Recently, Bengaluru has witnessed several infrastructure developments such as civic infrastructure development projects, Roads, Highways, Airport & Metro etc. which have kept the real estate market in escalating mode.

- One of the major infrastructure developments is the proposed Peripheral Ring Road (PRR), starting from Hosur Road and connecting to Tumkur Road via K R Puram and Bellary Road. The PRR will link major highways and the district roads with Tumkur Road, Mysore Road, Old Madras Road and Hosur Road. It will increase the accessibility to various realty markets such as Hebbal, Marathahalli, HRBR Layout & Yeshwanthpur etc. that will shift the focus of real estate developers to these markets. This will result into push in the realty prices across these markets.
- Another significant development is the opening of 22-km stretch between Hebbal flyover and the International Airport which is fully developed as a signal-free corridor. It has reduced the commuting time to 20 min, from Hebbal to Kempegowda international Airport.
- The commencement of Bengaluru International Airport (BIA) near Hebbal and elevated highway (Bellary road) from Hebbal to Yelahanka makes the location – Hebbal, more attractive for residential real estate activities. Also the Government has proposed various economic activities such as planned Information Technology Investment Region (ITIR) near Devanahalli, Aerospace SEZ near the International Airport and Devanahalli Business Park.

These infrastructure developments are likely to create at least 3,00,000 white collar jobs in Devanahalli by 2017. The higher number of new jobs is expected to push the demand for residential units as employees prefer to reside closer to their workplace.

- The under construction Bengaluru-Mysore Infrastructure Corridor (BMIC) is a four to six lane expressway that will connect Bengaluru and Mysore. It is likely to boost the real estate activities along the corridor and expected to reduce travel time between Mysore and Bangalore from 3 hours to 1.5 hours.
- After Metro being operational between Baiyappanahalli and Mahatma Gandhi Road, Mysore Road and Magadi Road & Sampige Road and Nagasandra, there has been surge in real estate activities in the close vicinity. By the next year, the stretch between Nagasandra and Puttenhalli is expected to be completed.
- To boost the commercial activities across Bengaluru, various commercial hubs have been proposed such as Karle Town Center SEZ - Hebbal, Bhartiya City SEZ - Thanisandra Road, Hinduja SEZ, Brigade SEZ – Devanahalli, Bagmane Constellation Business Park SEZ - Outer Ring Road (ORR), Nelmangala Industrial Area - Tumkur Road and Narsapura Industrial Area - Old Madras Road area. The development of commercial zones will stimulate the residential markets in the nearby regions.

Micro market wise trends in 2015

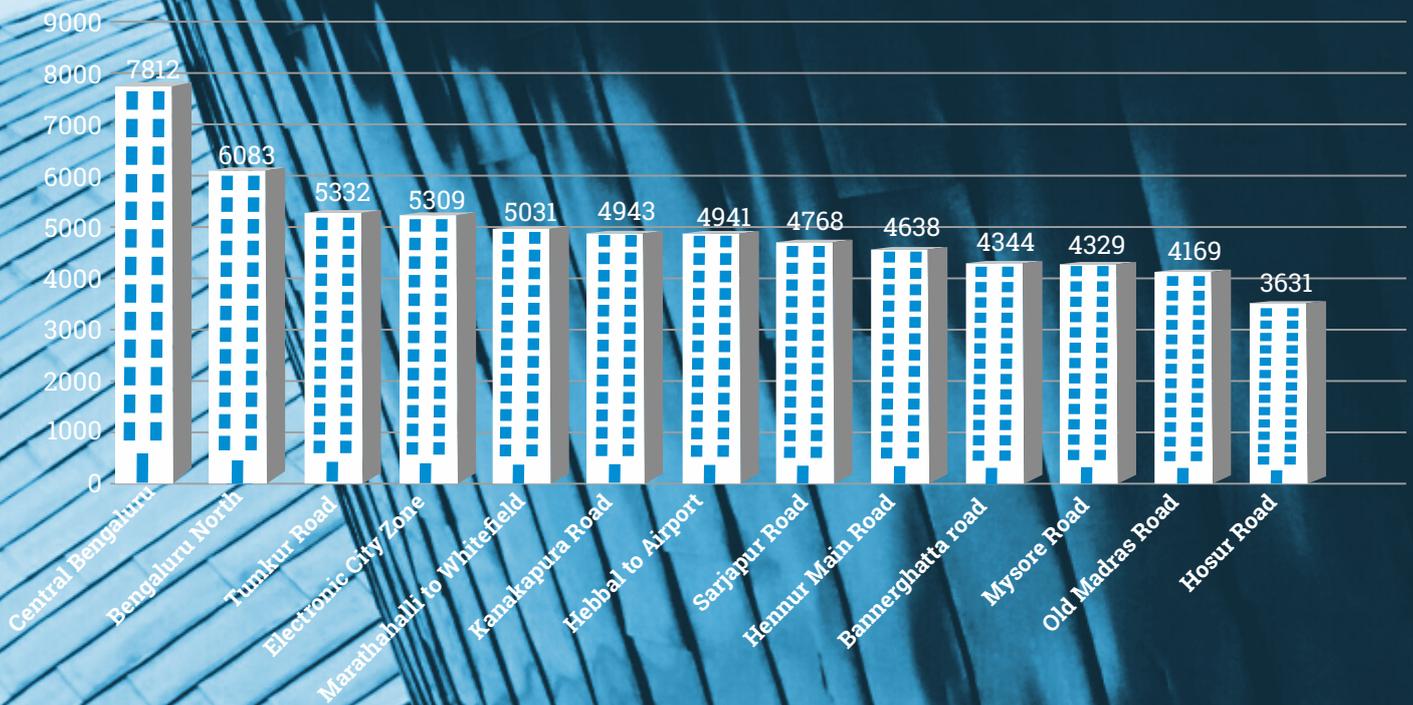
Bengaluru's real estate market strengthened in 2015 as almost all the zones recorded a hike in average property values. The demand in the Bengaluru's real estate market has been driven by rise in investment from the IT/ ITES & NRI investment.

- Central Bengaluru is the most premium location with maximum launches coming under the luxury segment. The premium locations of this region are Richmond Road, MG Road, Cunningham Road & Vasanth Nagar etc. The average capital value in this micro-market is INR 7,812 per Sq. Ft. in 2015 – increase of over 7% as compared to INR 7,248 in 2014.
- C V Ramana Nagar in East Bengaluru and Hebbal in North Bengaluru have witnessed maximum number of new launches in the luxury segment during the same period. More than 60 per cent of the launches in Hebbal belong to the luxury segment. Availability of large parcels of land in Hebbal makes it an optimum platform of luxury real estate projects.
- The locations such as Yelahanka–Doddaballapura Road, Marathahalli, Whitefield, Sarjapur, Hosur Road saw an appreciation of more than 12% in average capital value per Sq. Ft. in 2015.

Avg. Capital Value per Sq. Ft. (INR)

2014	Micro market	2015
7248	Central Bengaluru	7812
5266	Bengaluru North	6083
5166	Tumkur Road	5332
4969	Electronic City Zone	5309
4490	Marathahalli to Whitefield	5031
4556	Kanakapura Road	4943
4633	Hebbal to Airport	4941
4226	Sarjapur Road	4768
4277	Hennur Main Road	4638
4075	Bannerghatta road	4344
3956	Mysore Road	4329
3766	Old Madras Road	4169
3225	Hosur Road	3631

Avg. Capital Value per Sq. Ft. (INR) in 2015



Markets to look for

- Mysore Road in the Western Bengaluru has emerged as one of the top performers. Widening of certain road stretches, the upcoming metro up till Kengeri and Global Tech Village, an information technology (IT) special economic zone are the major factors that have boosted land values over here.
- Yelahanka–Doddaballapura Road is emerging as an important destination in North Bengaluru. The belt has witnessed a price appreciation to the tune of 6%-8.5% during the last 6 months. This can be attributed to the presence of social infrastructure, connectivity to the International Airport, the IT/ITES catchments around Hebbal. Not to mention availability of large parcel of lands that is luring many developers to launch large number of new projects in North Bangalore.
- The accessibility of Sarjapura Road to the IT/ITES catchments along Outer Ring Road (ORR) continues to entice buyers interest because of the appreciation in prices ranging between 6% - 9%. The construction of flyovers and underpasses along the stretch of the Outer-Ring Road (ORR) has decongested traffic and has provided further impetus to the growth of real estate in this region. Due to the lack of ready-to-occupy properties, the re-sale market is string at the moment.
- Kanakapura Road captures the attention of buyers & investors because of its accessibility to the city centre, connectivity through the Bengaluru - Mysore Infrastructure Corridor to areas like Bannerghatta Road, Hosur Road and Tumkur Road and along with the upcoming Metro connectivity will propel growth in this region.
- Tumkur Road is the next upcoming destination, witnessing significant infrastructure developments. The inauguration of Metro phase 1 from Sampige Road (Mantri Mall) to Peenya, Elevated Expressway, Bengaluru - Mysore Infrastructure Corridor (BMIC) and Bengaluru International Exhibition Center (BIEC) along Tumkur Road have helped improve its connectivity and aided in the growth of this region. There is also a significant increase in stand-alone developments and graded shopping complexes.

Mumbai

Roughly equivalent to Tokyo & Seoul, Mumbai is the commercial capital of India along with being the financial & cultural epicenter of the nation. Spread across an area of 600 Sq. Km. It also involves Navi Mumbai & Thane together forming Mumbai Metropolitan Region (MMR). True to its title of the commercial capital of India, the city has been witnessing some of the biggest infrastructure developments in the recent past.

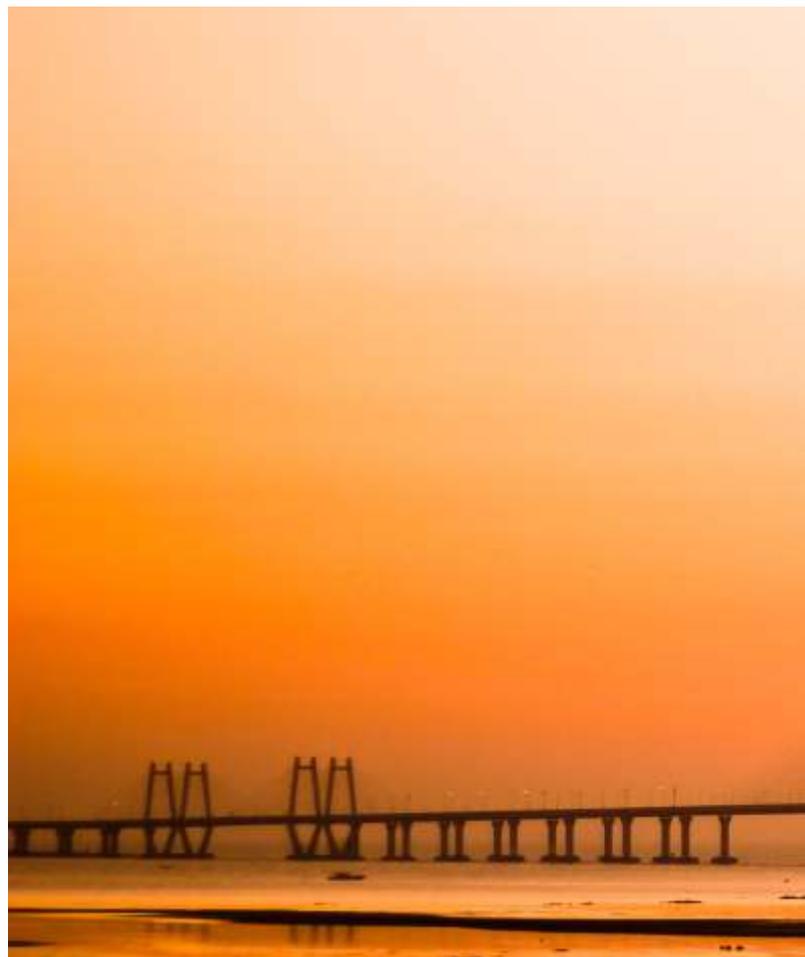
Known for higher standards of living & vibrant infrastructure, Mumbai is also boastful of one of the most robust real estate markets in the country. Its overall realty market can be roughly split into five major micro-markets namely, Central Mumbai, South Mumbai, West Mumbai, Navi Mumbai & Thane region.

Mumbai's robustness & underlying cultural charm makes it one of the most sought after realty markets in India. As a consequence, property prices have skyrocketed at an unprecedented rate making it the costliest market in the nation.

However in the recent past, Mumbai's realty market has not been insulated from the effect of rising property prices integrated with general sluggishness in the markets sentiments. Certain locations in the city has witnessed slowdown in terms of traction. Likewise, many primary locations have been subject to price correction as well.

On the other hand, peripheral locations

such as Vasai, Virar & Mira Road along with satellite cities of Navi Mumbai & Thane are spearheading a new cycle of growth in the city. Many areas in Central & suburban Mumbai such as Powai, Ghatkopar, Vikhroli & Andheri etc. are also witnessing fast price appreciation due to surge in demand & enhancement in connectivity coupled with emergence of a vibrant commercial market in the vicinity.



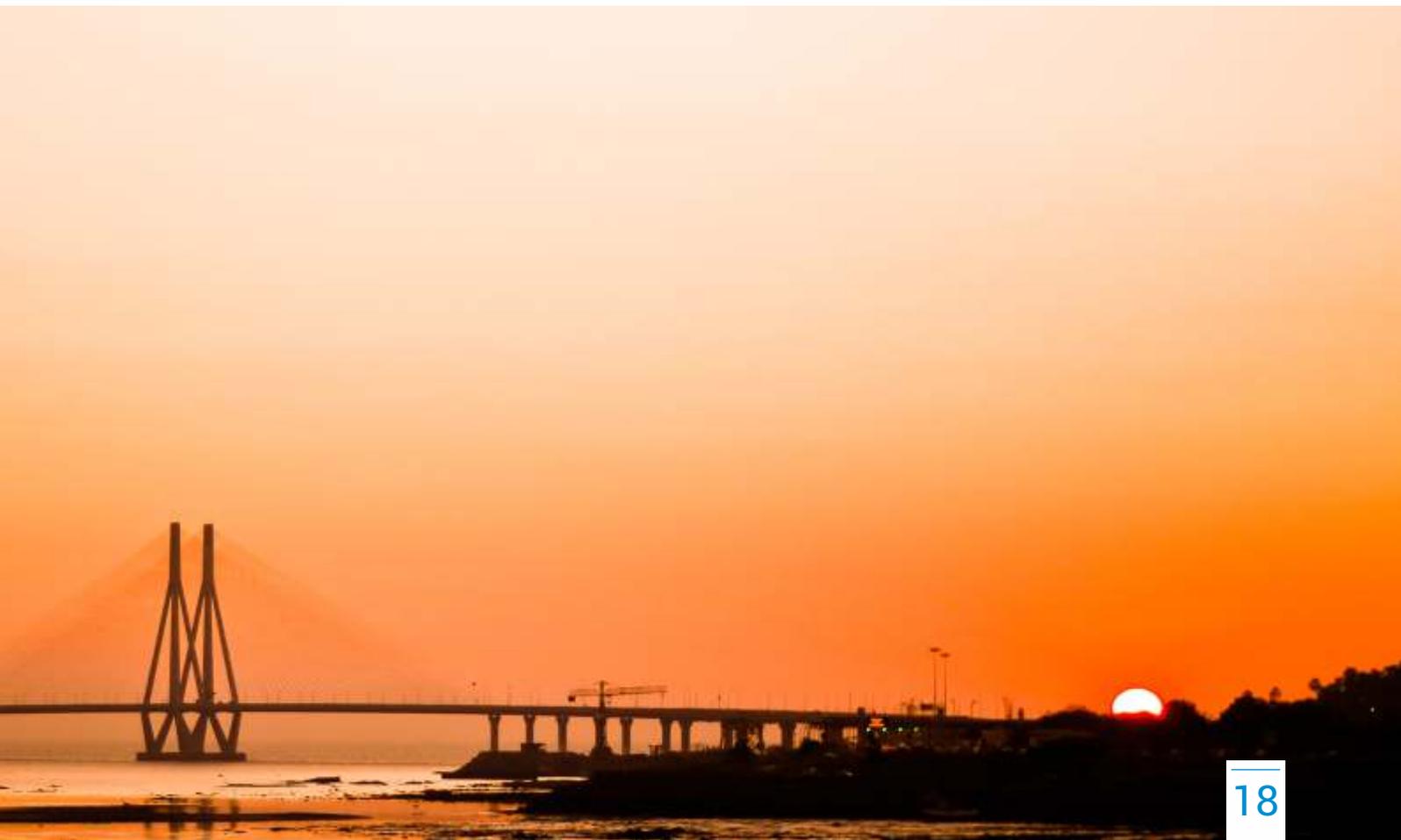
Recent Infrastructure Growth

As the commercial hub of India, Mumbai is witnessing a slew of new infrastructure developments as mentioned below:

- A new international airport has also been proposed in Navi Mumbai, which once completed will enable the satellite city to carve its own space in the Indian aviation landscape. The site is located in an area measuring 1,100+ hectares. It will support the rapidly growing air travel needs of Navi Mumbai along with the MMR.
- Peripheries & Suburban areas of Mumbai are also witnessing significant surge in terms of infrastructure growth & development. The metro project in Thane, once completed will enhance the connectivity between Thane & Mumbai.
- Six lane Sewri –Nhava Sheva road cum rail link is expected to reduce the travel time between Mumbai & Navi Mumbai.
- The Coastal Freeway is likely to extend

from Kandivali in the Western Suburbs to Nariman Point in South Mumbai. This proposed coastal road will ease traffic congestion in the Western Suburbs.

- The Mumbai Metro is touted as a great compliment to the Suburban metro line, also called as the Mumbai local. The spreading out of metro network has been associated with surge in property prices in the adjoining areas.
- The infrastructure in Mumbai has also been complimented with the monorail network that works as feeder for the metro & suburban railways. The 1st phase of the monorail is operational early this year.. Work on the 2nd phase is under progress.
- Mumbai has also seen upcoming commercial markets such as Bandra Kurla Complex (BKC). This has in turn again invigorated the nearby residential markets.



Micro market wise trends in 2015

Mumbai's residential real estate market can be classified into nine major Micro Markets as follows:

- Andheri to Dahisar
- Beyond Panvel
- Beyond Thane
- Central Mumbai
- Mira Road & Beyond
- Mumbai South
- Navi Mumbai
- Thane
- Worli to Andheri

In 2015 the overall sentiments in the market have been lukewarm with certain locations undergoing price correction. Nevertheless, there are many locations that has undergone appreciation on the backdrop of rise in demand. Locations in Central Mumbai such as Ghatkopar, Powai & Vikhroli have undergone significant average price appreciation of approximately 13% as compared to prices in 2014. The average capital value per Sq. Ft. in Central Mumbai is INR 17,057 according to data revealed by Square Yards GIC. The appreciation has been driven by proximity to Eastern Expressway, Ghatkopar-Andheri-Versova metro corridor, monorail & numerous other upcoming commercial markets.

The South Mumbai & Worli to Andheri micro markets are the most premium residential market with the average capital value per Sq. Ft. being INR 39,368 & INR 32,849 respectively. These markets are iconic, well developed and have little scope for further development. As a result of the lack of further development, prices have been historically high due to mis match in demand & supply dynamics.

Other locations such as Ghatkopar West, Vikhroli East, Tardeo & Bandra East etc. have also witnessed significant appreciation of more than 14%. The price appreciation has been driven by both end users as well as investment activities.

Avg. Capital Value per Sq. Ft. (INR)

2014	Micro market	2015
15544	Andheri to Dahisar	16470
2992	Beyond Panvel	3251
4055	Beyond Thane	4387
15136	Central Mumbai	17057
5975	Miraroad & Beyond	5505
38578	Mumbai South	39368
7552	Thane	7888
9688	Navi Mumbai	8651
30034	ThaneWorli to Andheri	32849

Markets to look for

- The year 2016 is likely to see a significant improvement in market momentum on the back of improving economic scenario, decrease in interest rates for home loans, developers offering discounts & better deals and much more. These trends are likely to push the growth and sales gearing towards an upward trajectory.
- Among the micro-markets, Thane and Beyond Thane are expected to benefit on account of their relatively affordable property prices, coupled with improved connectivity to office locations in Mumbai. Locations such as Kalyan and Dombivili would benefit on account of improving road connectivity to the Navi Mumbai office market through Mahape Road.
- Even in Navi Mumbai upcoming locations such as Ulwe, Kamothe, Karanjade and Dronagiri command better price appreciation than established locations due to relatively lower base price.
- In addition, other host of infrastructure developments proposed in Thane, Navi Mumbai, South Mumbai, Mira Road & Beyond are likely to boost the residential prices in these micro-markets. The proposed Ghodbunder Road will connect Eastern and Western Expressway in future, the proposed mono rail project will connect Thane to Kalyan and the under construction Colaba-Bandra-Seepz Metro corridor & Virar-Alibaug Corridor, once ready will connect four major highways - NH-8, NH-3, NH-4 & NH-17. All these developments in addition to others, are expected to give adequate boost to the residential markets of Mumbai.

Commercial Markets in India in 2015

2015 has been a good year for the commercial realty markets in India driven by surge in economic growth & rise in businesses & industrial outputs. The surge is also driven by lack of supply as due to global economic crisis, most of the developers were apprehensive of building large stock of office spaces.

In H1 2015, the total office market transaction has been in tune of 18 million Sq. Ft. By the end of the year a total of around 40 million Sq. Ft. of office space has been absorbed, which is a significant surge from the year before, wherein the total transactions stood at around 30 million Sq. Ft. – Over 33% increase.

The year had seen some of the biggest commercial market transactions with Tata Consultancy Services leasing over 2 million Sq. Ft. of space in Hiranandani, Mumbai for a time period of 15 years. Earlier this year in May, Flipkart has leased 2 million Sq. Ft. of space in Bangalore.

The demand has not been distributed even across the various cities in India with growth being more centred on cities such as Chennai, Bangalore & Pune etc. The demand in these cities has been driven primarily by surge in IT/ ITES industry. In Bangalore key IT hubs such as Whitefield, Marathahalli, Sarjapur Road, Old Madras Road (OMR), Electronic City, Old Airport Road etc. have witnessed major traction. In Pune, markets such as Hinjewadi & Kharadi are the center of significant transaction volume due to demand from IT/ITES workforce.

The market sentiments have been relatively slow in Delhi- NCR. However, Gurgaon saw a large volume of traction, again driven by a robust IT/ ITES sectors, which has accounted for over two-third of the market absorption in the city. This was followed by manufacturing. In similar lines, Noida though a small market compared to Gurgaon, is also expected to see more traction in the coming time. The demand will be driven by the rapidly emerging IT/ ITES space that constitutes around 90% of the Noida market.

Mumbai, the commercial capital of India has also seen significant surge in volume of deals in the latter half of the year with deals mainly centred across Western Suburb & Bandra Kurla Complex (BKC).





IT/ ITES Propelling the Growth Juggernaut

As discussed above change in demand dynamics has been linked to surge in the IT/ITES sectors. Due to the resurrection in US economy, there has been surge in IT/ITES activities in India, which is eventually driving the commercial markets. Other industries that are also contributing towards the growth in commercial markets include, E-Commerce, BFSI, Fashion & Pharmaceuticals etc.

In the coming time, the overall sentiments in the commercial markets are expected to remain bullish. The market sentiments will be driven by the economic growth & government programs such as Make in India, which will see surge in demand for commercial & office units. Lot of companies in NCR, Mumbai & Bangalore are going to expand further thereby giving further push to the commercial markets.

High Returns Enticing More Investment

Due to higher demand in the market, there is substantial surge in investor's interest in the commercial segment as well. The annual yield in most of the Indian markets have been over 10% in the recent past, thereby surpassing numerous other international cities such as Singapore, New York & Tokyo etc. The commercial markets in Indian cities have also done significantly well in terms of the rental yields that presently lie between 17 to 23 %. Over two third of the investment coming from overseas markets are now being channelized into the commercial sector.

The nature of the commercial market also adds to the return dynamics of the commercial sectors. If one leases out an

office for rent, it is generally not feasible to switch address soon. Moreover, the tenant has to spend on fit-outs which further makes switching over a difficult job, thereby ensuring better returns for the investors.

Along with institutional investors such as GIC & Blackstone, there has been significant surge in interest from other corporates towards the commercial markets in India.

Positive Upcoming Sentiments

With the national GDP expected to grow by around 7.3% in the coming year, according to estimates made by IMF, the commercial markets in India are expected to pick up more, leading to increase in traction. According to estimates made by Square Yards GIC, till 2020, the average annual growth rate will be around 11-12% in the Indian commercial realty sector.

The rise in commercial markets will also entice more sales in its residential counterpart. It should be noted that underlying fundamentals in the residential markets are always closely linked with the movements in commercial markets. Since individuals generally prefer staying near their offices, upcoming commercial projects with increasing occupancy results in price appreciation of nearby residential markets as well.

Smart Cities in India

Smart Cities – An initiative taken by Indian government led by Prime Minister Narendra Modi after tremendous victory in General Assembly Elections 2014. The Indian Govt. had announced its vision to set up 100 smart cities across the country soon after it was sworn into power. Since then a race has been started among the cities to land onto the list that the Ministry of Urban Development (MoUD) has been compiling.

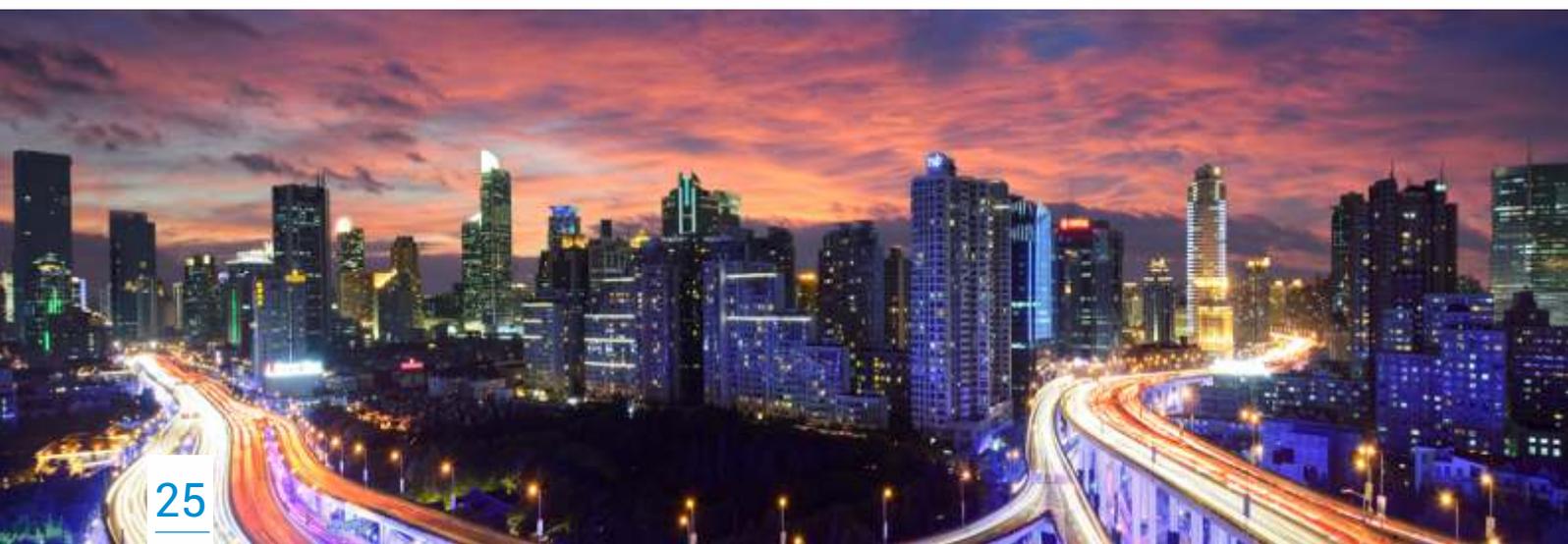
The MoUD is solely responsible for selecting the cities for developing into Smart Cities. The selection process has been done in two steps, firstly, the MoUD will dispatch letter to all the state governments to shortlist potential Smart Cities and on the basis of response, the list of potential 100 Smart Cities will be announced. Secondly, the cities will compete on all India level, where each potential Smart City prepares its proposal which will be rigorously evaluated for prioritizing cities to receive finance in first round of funding from Central Govt. Among 100 potential cities, top 20 scorers will be chosen for financing during this financial year. The remaining would be asked to make up the deficiencies identified by the Apex Committee in the Ministry of Urban Development for participation in the next two rounds of competition. Next 40 cities will be selected for financing during the next rounds of competition.

Selected cities will set up Special Purpose Vehicle (SPV) to implement Smart City action plan. The SPV will be signed with the urban local body, state government and the Centre for implementation of the project. The SPV will plan, appraise, approve, release funds, implement, manage, operate, monitor and evaluate the Smart City development projects.

In August 2015, Government released a list of 98 cities, including state capitals, which are to be developed as SMART cities such. To name a few, Chandigarh, Amritsar, Jalandhar, Navi Mumbai, Thane, Greater Mumbai, Rajkot, Faridabad, Ghaziabad, Chennai, Coimbatore, Indore & many more.

The idea of Smart Cities is to drive economic growth & improve the quality of life by enabling local area development and harnessing technology. It will transform existing area into better planned ones, a clean and sustainable environment through application of some smart solutions and development of new cities to accommodate expanding population in urban areas.

The envisaged project will encompass a wide range of activities involving integrated townships, enhancement of physical infrastructure and logistic infrastructure, usage of state of the art information and communication technology to promote e-governance and better transparency, modernized waste management aimed at healthy and safe living, enhanced security facilities and affordable housing for every citizen.





Scope of SMART Cities in India

The initial announcements have been emboldened with government taking a string of decisions to expedite its efforts including creation of a holistic framework to select the cities and commencement on research activities to identify the building standards. In support of this, PM Narendra Modi's announced a vision of transforming India into 'Digital India', which will help to achieve the target of building 100 Smart cities.

Digital India envisages making India a leader in providing health, education and banking sectors through digital technology enabled platform. This activity will provide competence to realize the dream of Smart Cities which is a boast of SMART Solutions. For this, the government has allocated an outlay of USD 15.33 billion to execute 100 smart cities, and the Atal Mission for Rejuvenation and Urban Transformation (AMRUT), which is an urban rejuvenation programme for 500 towns and cities in next 5 years.

To adhere to the idea of Smart Cities, a number of cities are already under construction, especially, along the Delhi Mumbai Industrial Corridor. It would spur economic development in the region, including construction Special Investment Regions or Special Economic Zones which drive the demand of residential projects.

The Govt. of India plans to connect 12 smart cities with the maritime hubs at an estimated cost of USD 7.82 billion. Correspondingly government is also emboldening measures to incentivize FDI in the realty sector. For instance, the cap of project entitled for FDI has been reduced to 20,000 SQM from 50,000. This step attracted many foreign nationals to invest in Smart Cities concept such as Japan, UK and France etc. Japan has invested USD 26 billion in Delhi Mumbai Industrial Corridor, accounting for nearly 26% investment in the USD 100 billion project.

Moreover, the British Government has selected two cities of Maharashtra, namely Pune & Amravati, and one from Madhya Pradesh i.e. Indore for developing them as 'Smart City'. In addition, France has committed an investment of over 2 billion euros for 'Smart Cities' project in India with focus on Chandigarh, Nagpur and Puducherry.

To strong the Communication & Digital technology in India, companies such as Tel Aviv and Huawei, plays an important role in helping India build Information and Communications Technology (ICT) infrastructure for the development of smart cities. The Ministry of Railways has introduced world-class station programme aimed to enhance & rehabilitate the existing railway station. New Delhi will be the first station to be redeveloped followed by Surat railway station.

SMART City – Influence on Indian Realty

Smart cities are going to have a tremendous impact on India's property market. It will usher India into a new future enabled by glittering yet sustainable metropolises. Similarly, the endeavour will stimulate FDI along with generation of large scale employment in construction, realty, IT, cement, steel and metal etc. Likewise, the project is anticipated to generate revenue through surge in industrial, commercial and tourism activities.

The Smart City can also be a bonanza for the Indian real estate as it is expected to rejuvenate the overall sentiments in the Indian realty market, which has lately been slightly subdued due to higher supply and lower investment appetite.

It is anticipated that land prices will skyrocket in proposed Smart City locations due to the magnitude of proposed development, thereby stimulating higher investment.

Some of the existing smart city projects have been witnessing a growth prospect of 10-15% annual increase with a much better long term investment prospective. Kochi Smart City, Gujarat International Finance Tec-City (GIFT) in Ahmedabad, Naya Raipur in Chhattishgarh and Antriksh Urban Greek near Dwarka, New Delhi are some of the popular smart city projects that have already taken a lead with active investments from end users & investor.

For instance, the prices near to GIFT like Valad, Chandkheda and Urjanagar are appreciating around to 30 to 40% annually and one can expect 10-15% annual gain on such investment. In L-Zone located on outer skirts of New Delhi, prices which till recently was INR 6000 PSF have already started to rapidly escalate post the government's approval of the land pooling policy.

The prices are expected to reach INR 11,000 by the time of Land Transfer Certificates (LTC) will be obtained- which will be tentatively 2 years down the line- annual price appreciation of over 45%.

The proposed Smart City project has all the ingredient of being a windfall for everyone involved such as government, public, developers and investors and can reckon the beginning of a new India- smarter, stronger and sustainable.



Housing for All by 2022

As a part of its commitment towards sustainable & inclusive growth, Government of India (GOI) has announced its “Housing for All” scheme. The mission envisages to provide housing for everyone by 2022. According to this plan, the government will require to build a total of 110 million units by 2022. This will also include the present shortage of 60 million units.

It will set up the pace for developing low-cost housing units for economically under privileged sections of the societies. The mission will aggressively focus Economically Weaker Sections (EWS) of society with an income of INR 3 Lacs annually & Lower Income Group (LIG) with an income of INR 3-6 lacs. Nearly 85 to 90% of the housing costs will be focused on the urban areas of India due to higher prices of land.

Salient Features

Mentioned below are the salient features of the Housing for All Scheme:

- A total of 110 million housing units are required to be rolled out by 2022. However, the number is an estimation as the exact numbers will be decided with the data shared by various individual cities & states.
- It will require a total investment of USD 2 trillion or USD 250 billion annually till 2022.
- Under the Housing for All scheme, the interest subsidies have been increased to 6.5%. Previously it was 4.98% & 3.33% for EWS & LIG respectively.
- The monthly EMI will come down to a modest INR 4,050 from INR 6,632 for a loan amount of INR 6 lacs for 15 years' time period.
- The Housing for All scheme is closely interlinked with the Smart City Plan in India. Although the Housing for All will cover all the over 4,000 towns in India, the initial phase will target the 100 Indian Smart Cities.
- The ownership of the houses would be either given to the female head of the family or in the form of a joint ownership of the male & female head of the family.

Interestingly the Housing for All is also associated with an environmental friendly technological aspect, in which increasingly adoptive, innovative & greener technologies & materials will be used, which cannot only ensure a faster execution but also a sustainable & eco-friendly living.

Economic Impact

It is believed that the Housing for All, can be a great boost to the Indian economy in the coming years. The overall contribution of real estate industry in the Indian GDP is roughly around 6%. With its forward & backward integration with 250 other large industry segments, the overall significance, which the sector holds are even larger. Hence a gigantic project as big as the Housing for All is expected to make a quantum impact on the economy.

Estimations indicate that through Housing for All, the Indian GDP can get an annual boost of up to 3.5% by the year 2022. Some of the key markets that will be benefited the most will be industries related to the construction sector such as Cement, Iron & Steel. There will be a massive surge in employment opportunities as well especially in the construction sector. It is estimated that through Housing for All, there will be an addition of 160,000 annual man hour of work.

Although economic benefits will be distributed all across the states, U.P, Maharashtra & West Bengal are expected to be the biggest beneficiaries.

Bottlenecks & Challenges

Although a great mission with humble objectives, it is not devoid of bottlenecks & challenges. Mentioned below are some of the major bottlenecks in implementing the Housing for All mission.

- One of the key challenges towards the ambitious scheme will be capital & investment flow. Presently investment in the realty sector is increasing at a CAGR of 5-6%, which implies that by 2022, the total investment in the sector will be roughly around USD 1.5 billion. This means there will be a shortage of USD 500 billion.
- In order to realize the ambitious mission a further investment of USD 1.5 trillion will be required to upgrade infrastructure.
- The rising land & construction cost will add up to the cost factor of the Housing for All Scheme.
- At present a total of over 30 permissions & licenses are required, which makes the overall process of building construction very cumbersome & time-taking. Likewise, limited funding channels for developers & higher cost of credit further add to the cost of construction.
- The lower FSIs in the Indian urban areas have resulted into poor utilization of land, which will be a bottleneck for the successful implementation of the Housing for All Scheme. Likewise, poor urban land utilization further adds to the housing prices.





Impact on Real Estate Market

Notwithstanding the several challenges which Housing for All might have, it is expected that once realized it can significantly influence the overall real estate landscape of India besides helping the economy to expand by further 3.5%.

Every year India adds 10 million residents in its cities. With this pace by 2050, the total number of urban dwellers are expected to reach over 80 million. However, in spite of a rapid pace of urbanization, a large volume of population still lives under miserable condition due to higher cost & lower affordability. In this regard, the government's objective to develop decent quality affordable housing for the economically under-privileged sections of the society won't just be a great relief in the living conditions of such households but also a great boost to the government's urbanization centric economic growth plans.

However, this also calls for the government to undertake necessary steps in the form of enhancing the existing Public-Private-Partnership, increased coordination between various housing stakeholders, delegation of power to urban administrative bodies, streamlining regulation & licensing processes, rationalization of fees & taxes & empowerment of the EWS & LIS households along with introduction of innovations to cut down the project & construction cost.

Innovative Payment Plans

One of the silver linings that has emerged out of the sluggish realty market sentiments of the recent past is the emergence of new kinds of structured deals & innovative payment plans. Developers, real estate advisories & marketing companies have realized the significance of innovative payment plans that cannot only lure buyers to undertake investment decisions but also safeguard their investment, giving them a peace of mind.

2015 saw the emergence of many such plans in the form of Subvention Schemes, Buy backs, Small Monthly Instalments, Assured Rentals & much more.

Subvention Schemes

This is one among the innovative schemes, which increasingly many developers are taking up to attract investors & buyers. In subvention three players are involved- Buyer, Developer & Bank. Under the scheme the buyer will pay an amount upfront to the developers, which is generally 10-20% of the total price of the unit. The remaining amount is paid by the bank in the form of loans to the developer.

Although the loan is in the name of buyer, but for a fixed amount of time, which is generally till the time of possession, the cost of interest on the loan is paid by the developer itself. This saves the buyers from the double cost, which otherwise they have to pay in the form of EMIs as well as rentals simultaneously.

Buy Backs

Numerous developers in the recent time have come up with the concept of Buy-Backs. Herein they offer buying back a property at a higher rate after a stipulated time frame.

In Buy-Backs, the investors have the alternative to either get higher returns from the developer after a certain time or just continue with their investment. Eventually this assures a guaranteed amount of return on the investment made & hence safeguards the buyer's investment.

Many leading developers such as VVIP & Mantri etc. are successfully using Buy-Backs to attract investment into their projects.



Small Monthly Payment Plans

Developers are also coming up with monthly payment plans wherein they have to pay small amount upfront & the remaining amount could be paid in the form of small monthly instalments thereafter. Antriksh Urban Geek, a project based out of Dwarka, in collaboration with Square Yards (Where the proposed smart city is located) introduced the concept of 0.9% monthly payments, wherein the buyer has to pay a small amount of INR 10,000 as down payments & thereafter an EMI of 0.9% of the property price to be shelled out every month.

Assured Rentals

Developers have introduced the concept of assured rentals wherein a fixed rental will be given to the investor post possession, generally for a fixed time interval. The scheme was initially more popular in the commercial real estate segment, but thereafter it is becoming popular in the residential market as well.

One of the developers that has adopted assured rentals has been Artha. The South India based developer has recently launched Emprasa Smart City project in Bangalore, which is a smart city dedicated to start-ups. The development will comprise of 5000 housing & equal number of office spaces.

The project has an assured rental yields up to 10% for 2 years. Interestingly the monthly EMI will be lower than the rental yields thereby safeguarding the investment of the buyer as the rental could cover the EMI.

In the coming time it is expected that the frequency of such schemes & innovative marketing plans will be more in number. Along with the existing schemes, developers in collaboration with real estate advisories & marketing companies will roll out more such schemes to lure buyers by giving them a better safety net & convenient payment plans. It will be a win-win situation in the real estate ecosystem as developers can sell more number of units faster & buyers can leverage from the innovative & easy plans.

Rise of Private Equity in Real Estate

The present day India is perceived as an attractive investment destination on the back of numerous factors – Rapid Urbanization, Strong Economic Growth, Demographic Advantage & a Pro-Investment Policy Framework.

Out of the various opportunities to look into, real estate is also increasingly becoming a popular asset class for investment purpose. Major chunk of investment started in real estate sector, post the opening of Foreign Direct Investment (FDI) in the Real Estate Sector in India. Out of the various investment tools pouring in, Private Equity (PE) is increasingly becoming a popular investment channel as compared to Bank Lending, Private Lending & Non-Banking Financing Company (NBFC) Lending etc. Improving macro-economic conditions juxtaposed with increasing capital requirements of the Indian real estate sector have sparked PE firms' growing inclination towards Indian real estate.

Private equity (PE) investments in real estate rose sharply in the first six months of 2015, with global funds taking the lead in backing affordable housing developments, office space and mixed-use projects.

Square Yards GIC, indicates that PE investments in real estate has reached INR 15,937 crore during the 1st three quarters of 2015, January – September (2015), the highest since 2008. This is an increase of 84% over the corresponding period of last year, signifying the growing confidence of PE investors in the fundamentals of Indian real estate sector. The total number of deals in the same period was recorded at 53, as against 80 in the corresponding period of last year, according to data from VCC Edge which tracks investments. Higher investments and less number resulted into bigger deal size – INR 300 crore as against an average deal size of INR 190 crore during the same period last year.

The residential sector attracted the highest transaction volumes during the period (January – August) with 76% share in these investments (49% in value terms). Whereas the commercial sector attracted 18% (33% in value terms). The rest has been invested towards others including retail & hospitality etc.

Attractive returns on investments, increased focus on housing from government & proposal to implement REIT etc. are likely to attract higher PE investments in near future.



List of Major PE Investments in 2015

Date: Type	Developer	Investor	Deal Value (INR crore)
December: Entity level investment	Godrej Properties Ltd	Kotak Mahindra Bank	90.6
September: Investment in residential projects in Delhi	DLF Home Developers Ltd	GIC Pte Ltd	2,003
August: Entity level investment	Piramal Realty Ltd	Goldman Sachs Group Inc.	915
August: Investment in affordable housing projects	Shapoorji Pallonji Group	Asian Development Bank, International Finance Corp., SCM Real Estate Singapore Pvt. Ltd.	1,322
July: Entity level investment	Piramal Realty Ltd	Warburg Pincus	1,903
June: Investment in IT park in Chennai	Faery Estates Pvt. Ltd.	SPREP Pte Ltd, alliance between Canada Pension Plan Investment Board (CPPIB) & Shapoorji Pallonji Group	1,470
May: Investment in commercial office project in suburban Mumbai	HCC Real Estate Ltd & IL&FS Milestone Realty Advisors Pvt Ltd	Blackstone Group	1,060
April: Investment in Palava project in suburban Mumbai	Lodha Developers Pvt Ltd	Kotak Realty Fund	542

Note: Entity level investments are made into a company

PE funds in Infrastructure Development

As discussed, India has become an attractive market for Global PE investors. Even the developers which were earlier hesitating to go for PE because of fear of diluting control and ownership, are showing increased appetite for PE because it is sometimes perceived as better substitute for high debt rates and unwelcoming equity market.

Along with real estate, PE will play a significant role in the wider infrastructure sector. The Planning Commission has projected that investment in infrastructure would almost double at INR 67 lakh crore in the 12th Five-year Plan (2012-17) compared to INR 34 lakh crore in the 11th plan- As data revealed by International Journal of Core Engineering & Management (IJCEM).

The positive investment trends are likely to continue owing to improved macro-economic factors such as the decline in twin deficits (fiscal and current account), controlled inflation which is well within RBI comfort zone.

The Rise of Technology

The year 2015 will also be considered a ground breaking year in the realty industry, since it witnessed a new wave of technologies & innovative platforms. The new web enabled technologies such as Virtual reality & 3-D animations have started making strong inroads in the world of online real estate. Likewise slew of new innovations are observed in the analytics space with focus on offering consumer-centric usable insights.

From Search & Discovery to Deal Closure

So far the web has been an integral part of the search & discovery platforms helping buyers in searching & shortlisting properties fine-tuned to individual requirements. However in the recent past, there has been a paradigm shift with the web increasingly becoming the tool not just for search & discovery but a credible medium to execute & close transactions.

Equipped with the power of latest innovations that include state of the art digital walkthroughs, 3-D rendered views & augmented floor plans, these technological platforms can replicate the real world properties on the web world very easily & hence can save the viewer from a real world site visits, which often takes a lot of time.

Integrated with safe & transparent online transaction engine, these new platforms also enable to make safe payment & close deals, something which was nearly impossible till recently.

The Rise of Analytics

2015 has also witnessed some breakthrough innovations coming up in the domain of analytics & research, where technologies are again playing a significant role. Powered by innovative algorithms, these technologies are constantly transforming large chunk of databases into usable consumer insights that are enabling users to search, access & find properties across a range of significant parameters.

In the recent time, property buyers have been battling an array of challenges – ranging from biases and information gaps to getting a firm grip on their own needs and constraints – while looking for perfect property in an increasingly complex, cluttered, and confusing market. Hence the focus is being put on strong analytical tools that can help users cut through the clutter and make an informed choice.

Likewise 2015 has also seen coming up of various need based recommendation tool that uses in-depth data on locations, projects and units that are at the heart of any property decision. Using tools of data analytics, all potential projects and units worthy of consideration are scored and sorted & based on the same recommendations are provided. Due consideration is given to wide variety of significant inputs including, but not limited to, developer rating, project status, unit loading, project's amenities and specifications, quality of construction etc.



The Way Ahead

Indian customer, in lock step with global trends, is increasingly smart digital user and is expecting businesses to provide personalized and effective services. However, real estate market in India still suffers from digital lag and service vacuum. Considering the size and dynamics of Indian real estate industry, it is believed that significant opportunity exists to help customers take optimized and delighting property decisions through innovative DIGITAL + SERVICE business model underpinned by platform-based customer-centric approach.

Similarly research & analytics will also witness new wave of changes. In the coming time existing portals are expected to be revamped to introduce next-level insights through deep research capabilities & newly designed navigational supports. These new features will be co-created with users & will be focused on addressing all pain points that users experience irrespective of the stage of decision journey they are in or depth of know-how that they have in real estate.

Since mobile is integral part of the ongoing internet consumption in India, large emphasis will be on the Android and iOS platforms as well. Likewise in order to cater to the need of seasoned investors, further innovations could be expected in areas such as property valuation engine and client portfolio management services.

Crystal Gazing into 2016

The year gone by was a significant year for Indian realty. Although there was no drastic change in terms of market sentiments, but the year had definitely demonstrated signs of early positive trends. Our discussions with various industry experts & insiders indicate that 2016 will be an extension of 2015, albeit with more positive news & euphoria in the real estate industry.

There should be more positive sentiments in 2016 cutting across both residential & commercial segments. There should be further rise in sales of residential units that till recently have been stagnated but have eventually started to bottom out with rise in sales in major Indian cities.

Peripheral locations will be major growth driver in the Indian cities, due to their relative economical prices. In major cities such as Mumbai & NCR, the number of launches will be low, which will further help to bring the inventory low & enable developers to have better inventory turn-around. Cities like Bangalore, Pune, Chennai & Hyderabad will keep moving ahead on the backdrop of IT/ITES workforce.

Like the year gone by, the market will get more push through various structured deals & innovative marketing plans adopted by the developers. Nevertheless, the downside of such schemes will be that, it won't help developers to deleverage soon since payments will be deferred.

The commercial market will also remain stronger on the backdrop of economic growth. The total absorption in the commercial space has been 40 million Sq. Ft. in 2015. With economy expected to grow by 7.3% in 2016 as per the estimates by IMF on the backdrop of rise in investment & manufacturing activities, further rise will be expected in the commercial real estate sectors.

According to GIC the overall commercial space launch is estimated at 42 million Sq. Ft., with growth coming from Secondary Business Districts (SBDs) & Peripheral Business Districts (PBDs) as well along with Central Business Districts (CBD). Along with regular players such as IT/ITES, BFSI & start-up space, other players such as FMCG & telecom etc. will also play a very instrumental role in the Indian commercial markets. The average occupancy is expected somewhere around 85-89% according to estimates by Square Yards GIC.

2015 has been an interesting year in terms of capital market activities in the Indian real estate industry. As mentioned in the report there has been ample investment both in terms of project level as well as entity level. Similar sentiments are expected in 2016 as well with majority of investments expected to be focused on tier-I cities such as Mumbai, NCR & Bangalore towards attractive risk-adjusted deals.



Ambitious regulatory & policy level initiatives such as Smart Cities & Housing for All by 2022 are expected to bring in significant changes in the infrastructure & related activities. It will also conceptualize new revenue streams for builders & developers in the coming time. Such large scale policy level changes are also expected to result into rise in confidence among the international investors.

Technologies will again play a more proactive role in Indian real estate in 2016 on the back of rise in internet & smart phone penetration. Major Indian real estate developers & advisories will invest more to tap further into the online medium.

In terms of technologies, the focus will be more towards technology enabled transaction platforms that will hand-hold investors & buyers through various cycle of property purchase on the web world without the need of actual physical visits. Further investments will get channelized towards technologies such as animation & virtual realities. The analytics space will also see increased activity with focus on user-centric insights.

On the other hand there will be less emphasis on the search & discovery space due to limited financial rewards associated. The space might see more consolidation in the form of mergers & acquisitions.



Why Square Yards?

Square Yards in a very short span has managed to establish a strong foothold in the realty industry. With a global presence in 9 countries and 21 cities in India we aim to be your investment coach through the onerous path of Real Estate investing.

Help you make an informed investment decision is our mission and so we continue to educate investors with rich and in-depth analysis, market trends, exhaustive research and unbiased investment recommendations.

With a team of realty investment specialist build to untangle property related complexities, our goal is to help you capitalize on opportunities across the globe.

- We have excellent working relationships with hundreds of A-grade developers,
- We have a team of over thousand employees specialized in delivering simply the best,
- And over a million supporters, just like you...

But what makes us every investor's first choice?

A 'Customer Centric' end-to-end Approach.

We provide a number of services to realty investors and fundamentally have your best interest at heart.

With a client centric approach, we are always working round the clock in getting you excellence, quality and perfection in all the services we offer.



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Personalized, Research Backed & Analytics Driven Real Estate Portfolio Management across Global Markets



Financial Support

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Real Estate Consultant of the Year 2015



Company of the Year 2015 - Real Estate



Realtor Of The Year 2014



The World's Greatest Brands & Leaders 2015 - Asia & GCC



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