



Bengaluru, Hyderabad and Chennai contributed 58 per cent to total office leasing during Q3. **P3**



Investment flows in real estate would remain steady over the next two years, with about US\$16-17 billion. **P8**



As technology improves, integration of 3D printing with traditional techniques will change future of construction. **P10**

Fractional Ownership in Realty Gaining Momentum

With SEBI in the process of regulating online platforms offering fractional ownership in real estate, retail investors are evincing keen interest to get a slice of the market pie, reports **V Nagarajan.**

Fractional ownership (FO) is the new buzzword for investors in Indian real estate sector. The changing times provided an unparalleled opportunity for retail investors to own a portion of highly profitable yet unaffordable real estate. Unlike in the US and Europe, where it has made deep inroads, in India it is yet to make an impact.

Among the major companies involved in fractional ownership in India include hBits, Myre Capital, Property Share, YieldAsset, Asset Monk, Strata and PropReturns, according to magicbricks.com. The fractional investment system has provided investors with a new set of opportunities. Now, they can dream of owning a part of a large commercial property and earning with rising potential, according to JLL.

While REITs are controlled by SEBI, FO is not. It is mandatory for investors to invest 80 per cent of the money in income generating assets whereas in FO there is no such compulsion. Investment can be made both in built and ongoing properties. The minimum investment can be as low as Rs 25,000-50,000 in REIT, whereas in FO, it runs to lakhs.

The SEBI has stated that it will oversee the operation of fractional ownership in real estate sector. It will be registered under the MSM REITs. It will be set up as a trust to establish separate schemes. Among the pre-requisites for



SEBI registration include registration of MSM REIT with a net worth of at least Rs 20 crore. The size of the asset proposed should be at least Rs 25 crore and not exceed Rs 499 crore. The scheme will undertake periodical requirements and ensure compliance. The MSM REIT will have to be registered to ensure liquidity. This will enable investors to have liquidity and exit options. Further, the regulatory provisions of REIT would be extended to FOPs. This will provide the requisite tax

benefits. All this is expected to lead to drive capital to the real estate sector, according to Colliers.

According to magicbricks, there are equally risks involved in fractional ownership of real estate. Disputes among co-owners can be costly and time-consuming and may result in the need for legal intervention. It is not liquid and may difficult to sell at times of need. A co-owner may have limited control over the property. While co-owners are responsible for maintaining and repairing

the property, the value of the property may fluctuate based on market conditions which could result in a loss of value or difficult in selling one's share. If the property is not properly managed, it adds to investors woes.

With SEBI's new framework, the fractional ownership industry is all set to see a remarkable transformation in the days ahead. The guidelines will help in formalising the sector, instilling a sense of confidence and faith while addressing the nuances of SPV securities.



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Housing Prices Up 10% YoY in Q3

TRENDS

Housing prices across the top eight cities in India increased incessantly at 10% YoY during Q3 2023 led by steady housing demand amid positive home buyer sentiment and stable interest rates. All eight major cities experienced a notable increase in housing prices, with Hyderabad leading the pack at 19% YoY rise, closely followed by Bengaluru at 18% on an annual basis. The housing market is likely to further firm up by the end of 2023, driven by likely strong momentum during the festive season fuelled by positive market synergies in the form of attractive incentives, lucrative schemes for the homebuyers, and new launches in an already upbeat market. The top eight cities include Ahmedabad, Bengaluru, Chennai, Delhi NCR, Hyderabad, Kolkata, MMR, and Pune.

"Homebuyer sentiments have been quite positive in 2023, playing a huge factor in not just the volume of housing registrations, but also indirectly having

Housing prices across India's top eight cities up 10% led by steady housing demand, market sentiment and stable interest rates, says a survey by Credai-Colliers-Liases Foras.



the highest price rise at 18-19% YoY during the quarter. Tracing the strong streak of sales momentum with industry consensus, sales estimates already reaching closer to 2022 levels, 2023 is expected to close stronger than 2022. Furthermore, developers are increasingly targeting sustainable projects, with homebuyers' inclination towards eco-friendly living, affirming a green future for the country," Badal Yagnik, Chief Executive Officer, Colliers, India.

"Last year, the housing market grew by 35%. The sales in the first nine months of the current year grew further by 11% from the previous year. With a 10% increase in the prices, the housing market is at its most productive phase in India; sales, new supply, and prices are witnessing healthy growth", said Pankaj Kapoor, Managing Director, Liases Foras".

Hyderabad witnessed the highest price rise at 19% YoY during Q3 2023

Hyderabad emerged as the frontrunner with a 19% YoY upswing in housing prices, marking the highest surge among the top eight cities in India. Central Hyderabad, being an established sub-market, recently witnessed new property launches at a market premium, resulting in a notable surge in overall property prices. Moreover, the imminent development of Metro Phase 2 and the Airport metro line promises to further elevate the city's residential

- Housing prices across top eight cities in India increased 10% YoY
- Hyderabad saw the highest rise in prices at 19% YoY, closely followed by Bengaluru at 18%
- Unsold inventory in Delhi NCR continued to drop

landscape, connecting major office hubs to the airport, and is set to catalyse future residential developments.

"In Q3 2023, housing prices in Bengaluru's residential market surged 18% YoY, largely led by the periphery and outer east region where housing prices rose 39% annually, driven by high-end luxury project launches and completion of KR Puram and Whitefield metro lines. The city is emerging as a new luxury destination and several established developers are actively exploring to tap on this growing segment and cater to diverse preferences & demand dynamics. Whitefield, Sarjapur Road, and HSR Layout are likely to be the preferred localities for such high-end and luxury developments, said Vimal Nadar, senior director and Head of research, Colliers India.

Strong demand continues to pull unsold inventory down in Delhi NCR

The unsold inventory in Delhi NCR dropped 7% YoY, indicating a steady momentum in sales in this region. Interestingly, the dip in unsold stock has been seen for the third consecutive quarter this year, reflecting improving market fundamentals. Housing prices in MMR rose marginally in Q3 2023.

The average housing prices in MMR recorded a notable 2% surge on a sequential basis during the quarter ended September 2023. Navi Mumbai sub-market stood out, with the highest YoY price rise at an impressive 11% in the region. At the same time, the region saw a substantial surge in new launches, especially in suburban and peripheral sub-markets such as Western and Central Suburbs.

PAN INDIA RESIDENTIAL PRICES Q3 2023 (IN INR/SQ FT)

City	Average Price Q3 2023	QoQ change	YoY change
Ahmedabad	6,613	2%	9%
Bengaluru	9,471	9%	18%
Chennai	7,712	1%	7%
Delhi NCR	8,655	0%	12%
Hyderabad	11,040	5%	19%
Kolkata	7,406	1%	12%
MMR	19,585	2%	1%
Pune	9,014	6%	12%

Source: Liases Foras, Colliers Note: All the prices are based on

a cascading impact on increasing housing prices. On the back of a stabilized economy, job security, stable lending environment, we project this sales momentum to continue, with sustainable development and green housing expected to lead the next growth phase in

the industry. Developers have also been at the forefront to ensure that it remains a conducive buying environment, facilitating enhanced transparency and providing financial incentives that added to the overall appeal of purchasing homes," said Boman Irani, President of CREDAI National.

Alongside increasing sales, the top housing markets of Bengaluru, Hyderabad, Delhi NCR, and MMR saw a surge in new property launches, with a notable emphasis on the mid and luxury segments. The mid-segment accounted for the largest share of unsold units at 32%, closely trailed by the affordable segment. However, there was a 1% quarterly drop in unsold inventory, led by favourable market dynamics as of end of September 2023. With increased demand for spacious dwellings, developers continued to launch high-end projects, which pushed housing prices for under-construction units northward in markets like Kolkata, Hyderabad, Delhi NCR, and Bengaluru.

"The strong 10% annual increase in housing prices across India's top eight cities during the third quarter of 2023 signifies a competitive and flourishing housing market. Fuelled by strong homebuyer sentiments and positive market fundamentals, Hyderabad and Bengaluru witnessed

Investor Confidence Remains Intact, Despite Uncertainty in Global Environment



During Q3 2023, private equity investment inflows into the Indian real estate sector amounted to USD 934 million (INR 78 billion), almost 3 times the investments recorded during Q3 2022. Further, the investment inflows during January- September 2023 are noted as USD 2.1 billion (INR 173 billion), registering a marginal increase of 2% YOY compared to the quantum recorded in the corresponding period previous year. Despite intensifying global economic recessionary concerns and geo-political situation posing challenges, PE investments in the Indian real estate sustained the momentum as the sector provided favourable avenues for foreign and domestic institutional investors, according to Savills survey.

Commercial office assets continued to remain the frontrunner

The commercial office segment maintained the pivotal position during Q3 2023, garnering 81% share in the overall investment pie. All the quarterly investment in the commercial segment came from foreign institutional investors and was spread across development assets in Mumbai as well as core assets in Delhi-NCR and Chennai. Other investments were concentrated in the industrial and warehousing assets in Mumbai, Cuttack, Aurangabad, Hosur and Goa as well as residential assets in Pune and the NCR.

KEY FINANCIAL METRICS FOR REITS FOR QUARTER ENDING JUNE 2023

	Embassy Office Parks REIT	Mindspace Business Parks REIT	Brookfield India REIT
Total area (million sqft)	45.0	32.1	18.7
Occupancy	85%	89%	89%
Incremental leasing (sqft)	407,000	380,000	300,000
In-place rents (Rs/sqft/month)	82	66	65
NOI (Rs million)	7,376	4,570	2,453
EBITDA (Rs million)	7,336	4,343	2,374
Distribution (Rs/unit)	5.38	4.80	3.85
Dividend yield (annualised)	7.4%	6.2%	5.8%
Price movement (YoY)	-22%	-12%	-19%
Market capitalisation (Rs million)	276,387	183,480	89,331
Gearing	41%	23%	61%

Source: REIT Quarterly filings, BSE

KEY TRANSACTIONS

Investor	Investee / Asset	Investment Quantum (US\$ million)
Sumitomo	Bombay Dyeing	627
ESR Group	57 acres land parcel in Cuttack (Odisha)	43
Mirae Asseet Global Investments	BGR Constructions LLP	21

Source: Savills India Research

Office Leasing Up 21% in Q3

India's most prominent office market Bengaluru remained slow during the July-September period as office space gross leasing fell by 28 per cent year-on-year while new supply declined 25 per cent, according to Vestian.

Real estate consultant Vestian expects office demand in Bengaluru to rise with large IT companies calling their staff back to office.

Vestian has released its office market report for the third quarter of this calendar year, showing 21 per cent growth in office leasing and 26 per cent increase in new supply across top seven cities.

As per the data, the absorption of office space in the July-September period rose 21 per cent year-on-year to 15.9 million sqft across seven major cities -- Bengaluru, Hyderabad, Chennai, Mumbai, Pune, Delhi-NCR and Kolkata.

Across these seven cities, the new office space supply increased 26 per cent annually to 13.4 million sqft during the third quarter of this calendar year.

Shrinivas Rao, CEO, Vestian, said, "In Q3 2023, the Indian office sector witnessed heightened real estate activities as absorption reached the highest level since pandemic and new completions increased to a five-quarter high."

The sector also reported healthy vacancy levels with an appreciation in average rentals. "This showcases the robust fundamentals of the sector and a healthy demand for quality office spaces in India," Rao noted.

City-Wise Trend of gross leasing and new supply during July-September:

Interestingly, Bengaluru -- the largest office market with a huge presence of IT companies -- witnessed a significant decline in leasing transactions and the new supply. In Bengaluru, the absorption of office space fell 28 per cent year-on-year to 3.6 million sqft during the July-September quarter. The new supply also declined 25 per cent year-on-year to 2.7 million sqft.

Leasing of office space in Delhi-NCR also fell 14 per cent year-on-year to 3 million sqft during July-September. New office space supply plunged 82

Bengaluru, Hyderabad and Chennai contributed 58 per cent to total office leasing and 70 per cent to new supply during Q3 of this calendar year, says Vestian survey.

per cent to 0.5 million sqft.

During the July-September quarter, the leasing transactions of office space in Chennai rose 82 per cent to 2 million sqft. The new supply was up 71 per cent to 1.2 million sqft.

In Hyderabad, the leasing of office space jumped 270 per cent to 3.7 million sqft. New supply soared 175 per cent to 5.5 million sqft.

Leasing of office space in Mumbai rose 21 per cent to 2.3 million sqft. New supply jumped 125 per cent to 0.9 million sqft.

Pune witnessed 83 per cent increase in office leasing to 1.1 million sqft. New supply rose 73 per cent to 1.9 million sqft.

Kolkata office market saw 0.2 million sqft of leas-

ing transactions and 0.7 million sqft of new supply.

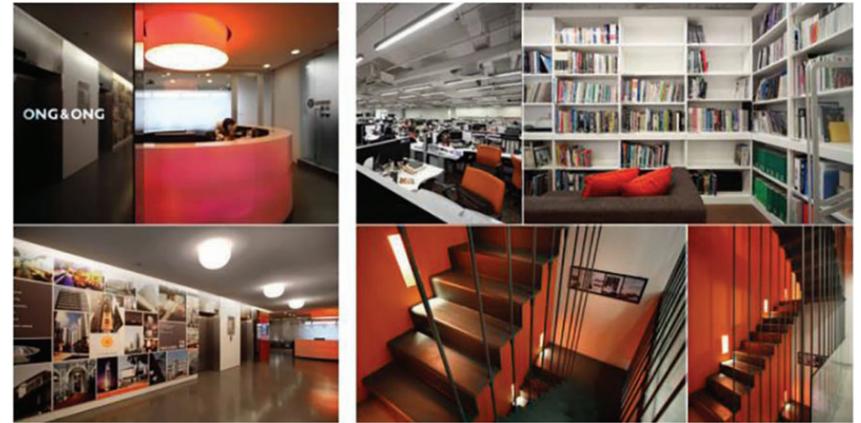
On the demand-supply trend, Rao said, "The key office markets in southern cities evolved and commanded the highest share of the pan-India absorption and new completions."

"Rentals are expected to rise in these cities on the back of renewed demand as many large conglomerates are calling their employees back to the office," he observed.

Office space occupiers' profile:

IT-ITeS sector dominated leasing during the July-September period with 25 per cent share. The BFSI sector accounted for 20 per cent of the total absorption in the third quarter of 2023.

Moreover, manufacturing and engineering and flexible space sectors accounted for 17 per cent and 16 per cent share, respectively, in Q3 2023.



DEMAND-SUPPLY DYNAMICS (GROSS LEASING)

City	Absorption (Mn sq ft) Q3 2023	Absorption (Mn sq ft) Q3 2022	Y-o-Y Change (%)	Q-o-Q Change (%)	New Completions (Mn sq ft) Q3 2023	Y-o-Y Change (%)	Q-o-Q Change (%)
Hyderabad	3.7	1	270%	61%	5.5	175%	34%
Bengaluru	3.6	5	-28%	-3%	2.7	-25%	-23%
NCR	3	3.50	-14%	50%	0.5	-82%	NIL
Mumbai	2.3	1.90	21%	28%	0.9	125%	200%
Chennai	2	1.10	82%	-9%	1.2	71%	-43%
Pune	1.1	0.60	83%	-39%	1.9	73%	138%
Kolkata	0.2	0.01	NA	100%	0.7	NA	NA
Total	15.9	13.11	21%	14%	13.4	26%	19%

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AROUND NAR-INDIA (A ROUND UP OF REALTOR EVENTS ACROSS THE COUNTRY)

NARVIGATE 2024 Mega Realty Event to kickstart from Feb 29 to March 2 in Goa

The National Association of Realtors, India (NAR-INDIA) will organise the 16th edition of the national convention, NARVIGATE, where possibilities will unfold and connections shall flourish in the enchanting coastal state of Goa from February 29 to March 2 next year.

The Conclave segment on February 29 next year will delve into the essential challenges and prospects in the industrial real estate and retail sectors. The concept of the 'leap' day is symbolically linked to the overarching theme of the 16th NAR-INDIA national convention, emphasising progress, innovation, and forward momentum. This additional day in the year offers you an opportunity to engage with industry leaders, establish new partnerships, and gain valuable insights to implement.

The national convention on March 1 and 2 next year guarantees to be a transformative event, uniting real estate professionals, visionaries, and thought leaders from across the nation and the globe. As we leap into the future of real estate sector, this convention



will act as a forum for education, networking, and the exploration of new frontiers. With a diverse roster of expert speakers, interactive sessions, and stimulating discussions, NAR-India is well-prepared to uncover the most recent trends, strategies, and developments shaping the industry landscape.

During the three-day multi-city expo, taking place from February 29 to March 2, next year, the core of the event is the intersection where innovation converges with reality and realty.

There will be plenty of opportunity for participants to explore state-of-the-art technologies, innovative construction methods, and a wide range of services and products that are propelling the real estate industry into an era of unparalleled transformation.

Amidst the informative sessions and bustling expo, there is no dearth of opportunity for participants to immerse themselves in the captivating beauty and cultural richness of Goa. The lively landscapes, tranquil beaches, and warm hospitality provide the ideal setting for both networking and relaxation.

President NAR-India pursues Association's Role

In a recent communique to the NAR-India realtors, C R Shivakumar, President, NAR-India, has reiterated the need to pursue networking efforts and contribution to the realtors' associations.

In particular, he has requested to share progress regarding yearly learning goals, in areas such as RICS and MahaRERA. It is equally important to know any other area where the realtor has pursued to enhance the professional skill set.

C R Shivakumar has also reiterated whether realtors have been able to establish networking with fellow realtors in new cities.

Of particular significance are the areas where significant contributions have been made by way participation in events, sharing valuable in-

sights and any other avenues, he said. He specified that realtors' contributions play a crucial role in the progress of realtors' community as a whole.

He has requested realtors' associations nationally to send a report on significant milestones, projects, events or any impactful endeavours that have been successfully executed by the respective associations.

However, it is not too late as those who have missed the education goal

this year, may join RICS next year. Those who have missed the networking goal, the impending NARVIGATE 2024 15*/74* - 16 NAR-India convention @Goa, provides a rare opportunity to resume the goal by registering for participation.



South Zone Real Estate Business Exchange Meet held in Mysore



The NAR-India held its first South Zone Real Estate Business Exchange Meet in Mysore on December 9 at Southern Star hotel.

Hosted by Mysore Realtors Association and inaugurated by C R Shiva Kumar, President, NAR-India along with other dignitaries of NAR-India, the event has turned out to be an ideal and appropriate platform for effective interaction on varied issues like industry growth, future business prospects and collaboration opportunities among realtors.

The NAR-India has been periodically organising multiple events in particular across tier II cities like Bhubaneswar, Indore, Nagpur, Rajkot and Siliguri. It has also brought in government dignitaries, regulatory bodies and real estate experts under one platform. In a related development, realtors, developers, investors and financial institutions from India and globally have benefited

out of these events thus fostering valuable business relationship and transfer of knowledge in the process.

"The South Zone Real Estate Business Exchange Meet, was an exceptional opportunity for industry players to come together, share insights and explore the immense potential of the real estate market in India. We are grateful for the support of our esteemed partners and sponsors, who have made this event possible," said B Prabhu, Director, South Zone, NAR India.

"The convention has showcased incredible opportunities on what the real estate sector can offer in varied fields by bringing together industry leaders to discuss on current trends and future prospects," said Mahaveer P, President of Mysore Realtors Association.

NAR-India forges Global Alliance

As the curtains draw on the exhilarating final day at NAR NXT in Anaheim, NAR-India reflects on a day filled with strategic collaborations and groundbreaking initiatives.

NAR-India, alongside their global ambassador and a group of US-based Indian-origin Realtors, were engaged in a thought-provoking brainstorming session. The focus was on fostering robust business ties between members in the US and India. Discussions spanned topics such as NRIs from the US investing in India, selling properties in India, and Indians purchasing real estate in the US. The exchange of ideas was fruitful and insightful, laying the groundwork for exciting future endeavours.

The highlight of the day was the official signing of Memorandums of Understanding (MOUs) with three major US realtor associations. These significant agreements were inked with grandeur by Florida Realtors (over 200,000 members), Orlando Regional Realtor Association (more than 22,000 members), and Hudson Gateway Association of Realtors (with a robust 16,000+ member base). Each signing underscored a deep commitment to fostering collaboration and synergy between NAR-India and these influential associations.

In-depth discussions ensued on forming working groups with these associations to craft actionable plans. The shared goal is to transform these MOUs from symbolic gestures into tangible busi-



ness opportunities, unlocking the full potential of this international partnership.

Excitingly, the occasion revealed plans for a trade mission to India, orchestrated by these US associations, scheduled from February 19 to March 3, 2024. This mission aligns seamlessly with NAR-India's upcoming convention in Goa and anticipates the participation of around 45-50 international realtors.



BRAI celebrates Silver Jubilee Anniversary

At the inaugural ceremony marking the 25th Silver Jubilee anniversary of Bangalore Realtors Association of India (BRAI), NAR-India President, C R Shivakumar, joined the distinguished gathering.

Lighting the ceremonial lamp alongside the deputy chief minister of Karnataka, D K Shivkumar, CMD of Prestige, Irfan Razack and Farook Mahmood and Irshad Ahmed, both Presidents Emeritus of BRAI, the event unfolded at Conrad in Bangalore.

The commemorative occasion drew the presence of leading developers, architects and legal professionals giving significance to the milestone celebration.



Investment Trends



Overall investments are anticipated to remain steady in 2023 on the back of a strong acquisition pipeline. However, increased capital costs, mismatch in expectations between investors and sellers, and recessionary fears in developed economies might lead to delays in deal closures.

Gateway cities to lead investment activity, further traction likely in tier-II cities

Delhi-NCR, Bangalore and Mumbai are expected to retain pole positions in 2023.

Development sites (land), built-up offices and I&L to garner major investments

Capital flows in 2023 are likely to be led by development sites / land and built-up office assets; the I&L and residential sectors could also see higher equity inflows.

Heightened activity through opportunistic bets likely

Core and core-plus assets would continue to be preferred by major foreign investors in 2023. Greater activity via the opportunistic route amid the limited availability of investment-grade assets that are up for sale is also expected.

REIT landscape to get more diverse

Investment flows in real estate would remain steady over the next two years, with about USD 16 - 17 billion of cumulative inflows expected during this period, says CBRE survey.

The year 2023 could see the listing of India's first retail REIT, adding more depth to the REIT market in India.

Partnership models to gain further traction

The growing trend of commitments in investment and development platforms is likely to continue in 2023, with major commitments to be made in the office and I&L sectors.

Investments: Overall sectoral outlook

We anticipate that investment flows in real estate would remain steady over the next two years, with about USD 16 - 17 billion of cumulative inflows expected during this period.

Going by the historical and prevailing trends and the available capital with the existing investment platforms that have been raised over the past 2 - 3 years, we expect the office sector to continue garnering a majority share of the total institutional inflows, followed by the I&L sector and site / land parcels.

Excerpts from India Mid-Year Market Outlook 2023: Decoding the Growth Prospects by CBRE.

SEZ Rules Amended for Diverse Occupiers

The amendment in SEZ rules is a significant step in reforms to increase occupancy in IT-SEZs. Partial de-notification likely to result in freeing up significant space and increase attractiveness for diverse Occupiers. Further, operational challenges to manage occupiers between Domestic Tariff Area and non-processing zone shall also be simplified. With this notification, the Government continues to demonstrate a pro-Business approach and consistent policy framework to boost Business in Real Estate sector, said Piyush Gupta, Managing Director, Capital Markets & Investment Services, Colliers India.

- Ever since direct tax benefits were taken away for new units in SEZs from March 2020, SEZs lost their appeal as there were no major benefits provided for the occupiers. Furthermore, they had to be compliant with SEZ requirements. This led to occupiers' exits and relocations to non SEZ office spaces.

OVERALL VACANCY IN SEZ GRADE A OFFICE STOCK AS OF Q3 2023		
City	Total SEZ stock (million sq ft)	Vacancy (%)
Bengaluru	55.3	12%
Chennai	26.5	19%
Delhi NCR	23.3	21%
Hyderabad	34.5	29%
Mumbai	9.9	24%
Pune	23.7	18%
Total	173.0	19%

Source: Colliers

- Owing to this, the share of leasing for SEZ spaces in the overall office leasing dropped from 22% in 2019 to 14% in 2022 and 7% during Jan-September 2023.
- Since 2020, the vacancies across SEZs have been on the rise, and currently are about 20% across the top 6 cities.



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High-end Segment dominates in Residential Launches

HYDERABAD

Hyderabad witnessed a launch of 16,655 units in Q3 2023, a rise of 9% on q-o-q basis, and a significant increase of 68% when compared to the same period last year. This brings the total YTD 2023 launches to 46,296 units marking a 14% uptick compared to the cumulative launch figures from the same period in last year. Major share of the quarterly launches were in the western corridor claiming a 52% share mostly driven by submarkets such as Kukatpally, Tellapur and Nanakramaguda. This was followed closely by the northern Hyderabad including Gandimaisamma, Moosapet and Miyapur with 40% share. Similar to the previous quarter, ~68% of units launched in Q3 were 3 – 3.5 BHK, followed by 12% of 4 BHK launches.

High end segment continues to lead in Q3 2023 launches

The high-end segment continued as a frontrunner in this quarter's supply, capturing a significant 55% share. The western corridor contributed to this segment, accounting for 58% of the segment's pie, primarily in submarkets such as Kukatpally and Nanakramaguda. This was followed by the northern corridor which contributed a share of 38%, majorly in Moosapet and Miyapur. Mid segment secured a market share of 39%, while the affordable segment followed by

6% share. Within the mid-segment, a significant 68% of the units were concentrated in the northern corridor in the locations of Gandimaisamma and Miyapur, followed by 31% share located in the western corridor, majorly in Kollur and Tellapur.

Capital values and rentals largely remain stable during the quarter

Average property prices in the city remained stable during the quarter. Rental values across the city also remained unchanged during the quarter and are most likely to remain stable as there is good availability of rental properties across the city. However, land values have witnessed a notable rise over the last few years, with a few recent auctions that have significantly impacted property prices in the western corridor. This would most likely show a cascading effect on other locations such as northern, south-western Hyderabad as well. Additionally, the highly anticipated metro line, slated to link office corridors likeHITEC City, and Gachibowli to the airport via south-western corridor, is poised to unlock a promising residential corridor, generating significant interest among top-tier developers. Consequently, there may be an anticipated growth in pricing for upcoming developments in key prime markets, particularly in the south-western corridor, where the airport link is expected to pass through, over the upcoming quarters.

The high-end segment continued as a frontrunner in Q3 supply, capturing a significant 55% share, says Cushman & Wakefield survey.

HYDERABAD – RESIDENTIAL CAPITAL VALUES AS OF Q3			
Submarket	Average quoted capital value	QoQ change (%)	YoY change (%)
HIGH-END SEGMENT			
Banjara Hills/Jubilee Hills	10,000 – 15,000	0%	14%
Madhapur, Gachibowli	9,000 – 12,000	0%	19%
Kukatpally	8,000 – 11,000	0%	18%
Narsingi, Kokapet	8,500 – 12,000	0%	15%
MID-SEGMENT			
Madhapur, Gachibowli	7,000 – 8,000	0%	19%
Kukatpally	6,500 – 8,000	0%	16%
Kompally	6,000 – 8,000	0%	15%
Miyapur, Bachupally	5,200 – 7,200	0%	10%

Source: Cushman & Wakefield

SIGNIFICANT PROJECTS LAUNCHED IN Q3				
Building	Location	Developer	Unit launched	Rate (Rs/sqft)
Prestige Rainbow Waters	Gachibowli	Prestige group	150	9,999
Vasavi Sarovar	Moosapet	Vasavi group	2,175	7,300
Tripura Nirvana	Tellapur	Tripura Constructions	700	5,500

Source: Cushman & Wakefield

Chennai is poised for Major Realty Development

CHENNAI

Chennai is often referred to as "the Detroit of India" since it produces 40% of the nation's auto parts and 30% of the nation's automotive industry.

The strategic location, robust infrastructure, and bustling economy have undoubtedly made it a cosmopolitan city. Given the diversified economic base, the demand for real estate across asset types has grown rapidly over the years. The growth of manufacturing and IT/ITeS sectors has led to increase in the migration of young talents towards the city. The resultant rise in the city's population and expanding urban sprawl drove residential demand, especially in the suburban and peripheral locations of South and West Chennai.

Real Estate Market

The Chennai real estate market has been greatly impacted by various factors, such as the economic slowdown, changes in government regulations, etc. With its year-round pleasant temperatures and presence of coastal beach, Chennai is a dream destination for many investors and residents. The city is home to Tidal Park, Asia's largest IT park, making it a popular location for those working in the Tech sector for investment in residential sector.

Land: The large availability of land parcels along Old Madras Road (IT hub) and East Coast Road (ECR) with established social & upcoming physical infrastructure and other amenities are attracting investors/buyers to invest in land and real estate properties at various price points to gain

higher returns.

Key growth drivers for the expansion of city Multifarious economic activity

The city has made rapid strides in pursuing economic development over time. The urban sprawl expanded by the growth of office sector, with increasing IT / ITeS firms in South Chennai and buoyant Industrial activity in West Chennai.

Affordability moving towards suburbs

As the urban sprawl continued and capital values in core areas escalated, the peripherals started witnessing increased residential activity. The majority of this activity moved from the urban core to the suburbs, and subsequently to the peripheral areas.

Upcoming & Proposed Transit Infrastructure Projects

- Chennai Airport Expansion (Phase II)
- Proposed Three Metro Rail lines across key corridors
- Chennai Port-Maduravoyal Expressway
- Expansion of ECR Road
- Proposed Chennai Peripheral Ring Road (Phase II)
- Madhya Kailash Flyover
- Multi-modal Logistics Park in Chennai-Mappedu
- FinTech City at Nandambakkam and Kavanur

AVERAGE YOY CAPITAL APPRECIATION IN CHENNAI

Category	% capital appreciation
Residential	6.0%
Commercial	5.0%
Retail	5.0%
Branded land	8.0%

Source: Colliers

- Chennai's Second airport at Parandur

Yield in a Nutshell:

Annual rental yield for holiday home: 5%
Average YoY ROI on time sharing basis for holiday home for over 10 years: 10%
3.5X = Expected returns over next 10 years in land investments.

ECR: Injambakkam – Kovalam

East Coast Road (ECR), is one of the rapidly developing areas of Chennai and is located very close to the industrial zones and the IT corridor such as OMR in Chennai. The demand for properties along ECR has been increasing, led by its strategic location along the sea and proximity to key destinations. • ECR is one such area of Chennai which boasts leading social amenities and developed infrastructure along with proximity to employment avenues such as IT parks and SEZs.

- Connectivity, along with access to all world-class social infrastructure and competitive property rates is a major attractions.

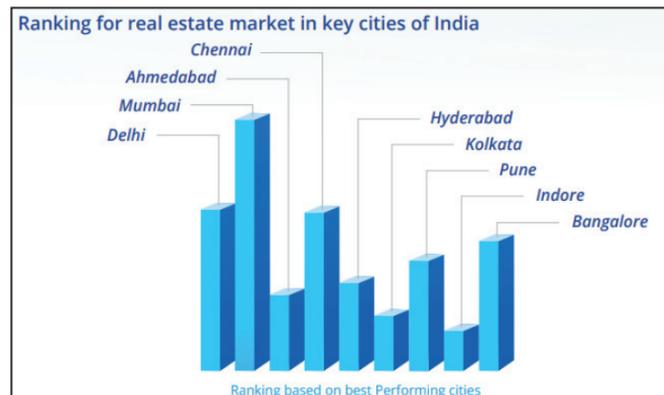
- Demand for residential spaces will continue to rise and so, it also makes for a good investment option.

Key Attractions to the market

- ECR is home to numerous important heritage sites that attract visitors from all around the world with an advan-

With multifarious manufacturing activities, Chennai's peripherals started witnessing increased residential activity, and better yields are anticipated for investors, says Collier's survey.

- tage of sea along the corridor.
- Key Tourists destinations include Cholamandal Artist's Village, Dakshinachithra, Muttukadu Boat house, Nettukuppam beach.
- With a unique location facing the sea, ECR offers a serene panoramic ocean view from the user adobe.
- Developers are capitalizing on this opportunity by developing various projects such as resorts, Villas, plotted development, making them ideal assets for investors.



Warehouse Leasing Gaining Momentum

In the first half of 2023, Mumbai's warehousing sector saw healthy leasing activity of around 4.88 msf, a growth of around 3% over H2 2022, but a drop of 21% from H1 2022, which was a peak period in terms of warehouse demand. About 41% of the total leases were mid to large-scale transactions (>150,000 sf) by 3PL sector players. Bhiwandi submarket continues to drive warehousing leasing activity (close to 75% share) followed by Panvel and Uran sub-markets. H1-23 was driven by 3PL segment (57% share) followed by Retail (23%). Existing 3PL companies expanded their portfolios in the Bhiwandi submarket and new 3PL players set up their base in this submarket. Bhiwandi also witnessed multiple warehousing asset acquisitions by major institutional players in last six months. However, the dearth of land supply remains a challenge for Bhiwandi. The need for in-city warehouses is expected to grow with demand from quick-retail and last-mile delivery centres and sub-markets such as Kurla and Panvel are likely to emerge as alternate destinations for occupiers aspiring to move out of old facilities in Bhiwandi.

Land prices inching upward in select micro markets

The land value in the Panvel submarket exhibited 5% growth in H1 mainly driven by its proximity to the Greenfield International Airport project and the cargo terminal of the upcoming airport. Land values in Thane Belapur Road continued to witness an uptrend ma-

warehousing sector has reported robust leasing of around 4.88 msf in H1, driven by 3PL and retail sectors, says Cushman & Wakefield survey.

ajorly due to recent land transactions by data centre operators.

Engineering & Manufacturing drove industrial leasing activity

In H1 2023, the industrial sector saw a leasing activity of 0.69 msf, much higher than that seen in H2 2022. Though the majority of the activity was witnessed in TTC MIDC, Bhiwandi and Taloja submarkets, JNPT-Uran Road also remained an active industrial cluster. Engineering & Manufacturing was the major segment which drove industrial leasing. In terms of rentals, TTC MIDC and Bhiwandi submarket witnessed an uptick of 4-5% over H2 2022 on the back of strong leasing demand.

KEY WAREHOUSING SUBMARKETS – RENTALS AND LAND RATES (JUNE 2023)

Submarket	Warehouse Rent		Land Rates	
	Rs/sqft/month	YoY change	Rs crore	YoY change
Bhiwandi	22	10.0%	2.5	0%
Thane Belapur road	40	14.3%	25.0	14%
Taloja industrial estate	30	0.0%	10.0	-17%
Panvel (Palaspe Phata)	24	0.0%	6.5	18%
JNPT & Uran road	22	10.0%	25	0%
Rasayani Patalganga	17	0.0%	25	25%
Pen Khopoli road	13	0.0%	18	0%

Source: Cushman & Wakefield

KEY INDUSTRIAL SUBMARKETS – RENTALS AND LAND RATES (JUNE 2023)

Submarket	Industrial Rent		Land Rates	
	Rs/sqft/month	YoY change	Rs crore	YoY change
Taloja	30	0.0%	9.0	-25%
JNPT & Uran road	24	9.1%	2.5	0%
TTC MIDC	50	0.0%	25.0	14%

Source: Cushman & Wakefield

SIGNIFICANT INDUSTRIAL / WAREHOUSE TRANSACTIONS H1 2023

Lessee	Lessor	Type	Submarket	Area (sqft)
Reliance	Global Logistics	Warehouse	Bhiwandi	350,000
DP World	Global Logistics	Warehouse	Bhiwandi	320,000
FM Logistics	Welspun One	Warehouse	Bhiwandi	280,000

Source: Cushman & Wakefield

SIGNIFICANT LAND TRANSACTIONS H1 2023 – L&I SECTOR LAND TRANSACTIONS

Buyer	Seller	Type	Submarket/ Location	Area (acre)
Vidhi Research	Pfizer	Industrial land and facilities	TTC MIDC	55

Source: Cushman & Wakefield

H1-23 witnessed a major pharmaceutical land and facility transaction in TTC-MIDC. With the improving connectivity

infrastructure in the location and numerous projects in the pipeline (Navi Mumbai airport, NAINA, DMIC etc.),

Taloja, JNPT-Uran corridor is likely to become a prominent manufacturing hub in the short to medium terms.

Advantage Kochi

KOCHI

Kochi is a commercial and financial capital city in Kerala with the highest GDP as well as income levels of all districts in the state. The city is home to one of the busiest airports amongst all tier-II cities and enjoys healthy flow of passengers from domestic as well as international destinations. The city also enjoys good connectivity through new-age transportation systems such as the metro rail and water metro. It boasts of healthy commercial office activity as occupiers from IT/ITeS, Logistics, and Supply Chain & allied services are based in the city.

Government's efforts towards encouraging IT/ITeS to set-up base in the city, and a government-backed initiative of providing quality supply through Info Parks and smart city. Kochi projects have now kick-started a virtuous circle of growth of the IT-ecosystem in the city. There is an increasing participation from private sector developers and corporate occupiers looking for quality space in the city around key commercial nodes.

Key Statistics:

- City population (2021): 3.2 million
- Population growth rate: (2011-21): 3.6%
- GDP per capita: Rs 8,53,813
- Tertiary enrolment rate (5-year average): 12,300

Cochin International Airport: One of the largest airports in the state with an average annual passenger traffic close to 9.5 million (both international and domestic).

Road Connectivity: Kochi has well developed national highways like NH66

With improved infrastructure and connectivity levels, close to 4.5-5.0 million sq. ft. of additional office supply is in various stages of construction, says Cushman & Wakefield survey.

KOCHI OFFICE MARKET SUMMARY

Submarket	Price range (Rs/sqft)
Marine Drive	10,000 – 13,000
Panampally Nagar	7,000 – 9,500
Kakkanad	5,800 – 7,000
Kalamassery	5,500 – 6,500

and NH544 passing through the city along with state highways like SH 15, 63 and 41.

Railway Connectivity: Kochi is connected to the southern railways' network, with multiple railway stations within the city and its suburbs. Ernakulam Junction (South) and Ernakulam Town are the primary railway stations in Kochi.

Water Transportation: The city has several ferry services and boat transportation options available. Kochi is also the first city in India to have its 'Water Metro Project' launched in early 2023 (with partial routes available) and is expected to be fully operational by 2024.

Kochi Metro: One of first operational metro providing multi modal connectivity (rail, bus and water transport). It is currently operational along 25.16 km stretch, handling close to 80,000 passenger tra c.

Kochi Port: The city has one of India's major ports acting as the nation's largest trans-shipment terminal handling close to 34.55 MT cargo annually. The

city also has India's largest shipyard playing a vital role in the country's maritime industry.

Commercial Office Market:

Kochi office real estate market could be segmented into SBD, CBD and Off CBD submarkets. Majority of the superior grade office supply is concentrated in the SBD market in locations like Info Park I & II and Smart City Kochi near Kakkanad. It largely consists of a concentration of IT/IT-SEZ campuses and GCC occupiers, with offices that are quoting rents in the range of INR 40-50 per sqft.

CBD and Off-CBD market are largely non-IT grade supply. CBD has supply scattered along Edappally and west ward locations while Off CBD is spread largely along NH-66 road as shown in the real estate map. The quoted rentals fall in a wide range of close to INR 40-75 per sqft across both markets owing to widespread geography and steep divergence

KOCHI OFFICE MARKET SUMMARY

Submarket	Inventory (msf)	Quoted rental (Rs/sqft/month)	Average vacancy
SBD	5.75	40-50	-7%
CBD	0.72	45-75	-34%
Off CBD	1.19	50-60	-21%

Source: Cushman & Wakefield

Note: Inventory includes Grade A and B+ stock only.

KOCHI RETAIL MARKET SUMMARY

Category	Inventory (msf)	Quoted rental (Rs/sqft/month)	Average vacancy
Prominent retail supply	-2.1	200-350	10-25%
Main streets (MG Road; Vytilla-Edappally junction)	-	150-250	-

in asset grade. The tenant mix of CBD submarkets largely includes professional services in legal, tourism and logistics services, while the off-CBD location has companies from telecom & media sectors along with some professional services (or consulting) firms. There is close to 4.5-5.0 million sq. ft. of additional supply that is in various stages of construction and should become part of the supply in coming years.

Retail:

Kochi has large format malls developed by established developers such as Lulu Group and Prestige Group. Besides in the organized retail space, few established developers like ABAD builders and Nippon Infra are also active. Few of these malls enjoy healthy footfalls as well as trading densities that could match with those observed in suburban / peripheral districts of tier-I cities.

MG road, Vytilla-Edappally and Seaport Road junction are few prominent main streets in the city of which first two are

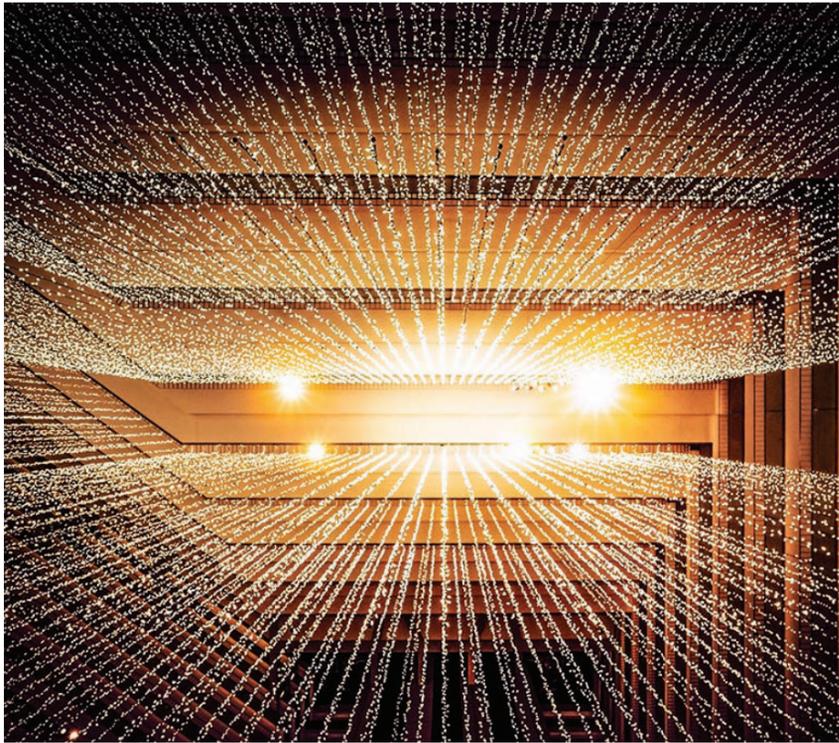
established presence of national and international lifestyle brands. MG road majorly has presence of fashion, lifestyle & accessories brands while Vytilla-Edappally road has retail outlets of electronics, automobiles and fashion brands.

Residential Scenario:

Kochi city has a presence of prominent national players like Prestige, TATA Sobha Group and Puravankara, besides regional prominent developers such as Skyline Builders, ABAD Builders, SFS, Asset Homes, Noel Villas & Apartments, Veega land Developers etc. Locations like Marine Drive and Panampally Nagar are premium residential clusters in the city with value in the range of INR 10,000- 13,000 per sqft. and INR 7,000-9,500 per sqft respectively. The Kakkanad cluster majorly has residents who are IT/ITeS employees and executives. The Kalamassery cluster is an emerging residential corridor given the improved accessibility by metro corridor in the city.



Data Centre – Powering the new phase of AI growth



By Rachit Mohan

A new wave of digital transformation started in 2023 with the launch of Chat GPT, an artificial Intelligence (AI) chatbot, which reached a milestone of 100 million users in just two months. Generative AI and Machine Learning (ML) have opened up a world of possibilities, resulting in a surge in compute usage across multiple applications. As a result, we anticipate a substantial increase in the demand for high computing and storage servers, driving a new wave of growth for high-end data centres on a global scale.

Data centres are poised for incremental demand along with existing drivers of digital transformation. Asia Pacific is expected to benefit from this demand due to the availability of resources and the growth of AI-led innovations in the region. Indian data centre industry is diligently preparing to meet the demands from this evolving landscape.

Indian DC operational capacity stood at 778 MW with the first half of 2023 posting normal growth in light of the fact that there was an unprecedented surge in demand during 2022 due to pandemic led spurt in use of digital infrastructure. Demand from hyperscale Cloud Service Providers (CSP) moderated during H1 2023, resulting in a 26% y-o-y decline in absorption to 66 MW. Industry capacity followed the demand trends, indicating a normalisation of industry dynamics.

During the first half of 2023, an additional 57 MW was added, representing a 34% decrease compared to the same period last year. Consequently, the industry experienced low vacancy levels of 6.7% due to reduced supply additions.

Looking forward, we project robust growth for the industry, with an estimated increase of 693 MW from the second half of 2023 to 2026. This growth will necessitate an additional 8.8 million sq. ft of real estate and fresh investments of \$4.4 billion. However, such substantial growth also presents challenges, particularly concerning power availability in

key markets such as Navi-Mumbai and Chennai. However, we can find some respite in the recent commissioning of a 1,000 MW transmission line in Mumbai, which is expected to alleviate this concern.

The Indian digital landscape has been abuzz with numerous noteworthy developments in 2023, painting a promising picture of future growth. Key highlights include the passage of the Digital Personal Data Protection Act, the accelerated rollout of 5G technology, the establishment of a robust digital public infrastructure, and the advent of new cable landing. Additionally, significant partnership deals for AI/ML development in India and the entry of a large telecom player via a joint venture further signify the high-growth phase

that the Indian data centre industry is entering. Indian DC industry being the enabler of digital transformation is expected to witness secular growth in the long term.

Key Highlights

- Industry live capacity stood at 778 MW with occupancy of 726 MW as of June 2023.
- Tight vacancy of 6.7% as demand exceeds supply during H1 2023.
- Absorption in normal range at 66 MW during H1 2023. 34% yoy decline in supply at 57 MW during H1 2023.
- Data protection law compliance to open up new colocation opportunities.
- Industry capacity to grow at 20% CAGR in next 3.5 years to 1,471 MW.
- 8.8 million sqft real estate space required by 2026. US\$4.4 billion investment opportunity.
- Faster 5G rollout to support growth of virtual reality applications with high data consumption.
- AI led demand growth for Indian DCs expected to gain pace from 2024.

AI led demand growth for Indian DCs expected to gain pace from 2024.

1. India has 1,259 companies which account for 4% of total AI companies globally.
2. AI will lead to AI will lead to multiple rise in high density server racks (5KW to 50KW) and consequent cooling requirements. Colo operators will have to upgrade IT infra that meets these needs
3. Immersive cooling, high density racks and network density will be key differentiators to attract CSPs who will account for major share of AI market.
4. Indian Generative AI landscape had more than 60 startups of May 2023, according to NASSCOM.
5. Indian Generative artificial intelligence (AI) is expected to grow at 28% CAGR from 2023-30 which will translate into strong demand for Data Centres.

Technology and player actions to propel India DC market on new growth path:

1. Nvidia and Tata group firms to deliver AI computing infrastructure and platforms for developing AI.
2. Nvidia and Reliance Industries to develop a foundational large language model (LLM) for generative AI applications.
3. Reliance Industries partners with

Brookfield Infrastructure and Digital Realty SPVs for setting up data centre across the country.

4. Reliance Industries plans to create up to 2000 MW of AI-ready computing capacity, across both Cloud and Edge locations as per latest announcement in their Annual General Meeting.
5. Digital Personal Data Protection (DPDP) Bill was passed by the Parliament in August 2023.
6. ChatGPT launched in November 2022 has led the start of AI tools and has witnessed sharp growth in 2023.
7. Rollout of 5G across India has been implemented before schedule by leading telecom players in 2023.
8. Vi Business, Vodafone Idea's enterprise arm, has partnered with Yotta Data Services for data centre colocation and cloud service offerings.
9. Chennai witnessed new MIST cable landing with 200 terabytes bandwidth.

Industry to grow at 20% CAGR in the next 3.5 years with 693 MW capacity addition.

Mr Rachit Mohan is APAC Lead - Data Centre Leasing and India Lead - Data Centre Transactions, JLL.

MUMBAI TO ACCOUNT FOR 51% OF REAL ESTATE DEMAND

City	Real estate demand (million sqft)
Mumbai	4.5
Chennai	2.7
NCR	0.6
Hyderabad	0.3
Pune	0.4
Bengaluru	0.1
Kolkata	0.2
Others	0.09

Source: JLL Research

US\$ 4.4 BILLION CAPEX EXPECTED BY 2026

City	Capex (US\$ billion)
Mumbai	2.2
Chennai	1.3
NCR	0.5
Hyderabad	0.1
Pune	0.2
Bengaluru	0.1
Kolkata	0.1
Others	0.04

Source: JLL Research

2024 TO WITNESS HIGHEST CAPACITY ADDITION OF 227 MW.

Year	Capacity addition
H2 2023	89
2024	227
2025	205
2026	172

Source: JLL Research

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Indian Manufacturing Market has potential to touch USD 1 trillion by 2025-26

By Swapnil Anil

The manufacturing sector in India has been witnessing a proliferating growth in investment, depicting crucial phase in the country's economic arena. As per the published dossiers by the Department for Promotion of Industry and Internal Trade (DPIIT), manufacturing sector engrossed substantial Foreign Direct Investment (FDI), with FDI equity inflows tallying around USD 17.51 billion in the FY 2020-21 itself. This surge emphasizes intensified investor confidence and exhibits India's attractiveness as one of the most lucrative manufacturing destinations in the world, as per Colliers India.

The 'Make in India' initiative, a government-led campaign aimed at encouraging domestic manufacturing, has played a pivotal role in accelerating investments. Furthermore, policy reforms and incentives, comprising of the Production Linked Incentive (PLI) scheme, the government has proactively incentivized various manufacturing industries, such as automobiles, electronics, and textiles, nurturing an environment conducive to augmented investment.

The Indian government is actively fostering a conducive environment for global manufacturing companies through strategic initiatives such as the Bharatmala Pariyojana Project, the proposed DESH Bill, National Logistics Policy, appropriate taxation and incentives for various sectors, thereby enhancing opportunities in the industrial market. Emulating these measures, Indian states offer a myriad of advantages to industrial players, including incentives, subsidies, robust infrastructure, and essential utilities. These companies also assess critical factors such as Ease of Doing Business, government policies, economic conditions, pricing, labor availability, regulatory environment, supply chain efficiency, proximity to transport nodes, and raw material accessibility when considering entry into the Indian market.

Propelled by progression in significant sectors and urged by favorable megatrends, India's manufacturing sector has started itself into new geographies and sub sector/segments. Emphasis on the competitive advantage of a skilled workforce and lower cost of labor, the manufacturing sector is also beholding an amplified inflow of capital investment and M&A activity, leading to a surge in manufacturing output and consequential increased contribution to exports.

The manufacturing GVA at current prices was estimated at US\$ 110.48 billion in the first quarter of FY24.

The manufacturing sector contributes around 17% to the GDP supported by robust physical and digital infrastructure which is expected to grow to 21% in the next 6-7 years. India is well-positioned to enhance its manufacturing sector, making considerable advances in global supply chains.

The automotive sector, a keystone of India's manufacturing prowess, has seen prominent interest from global players like Tesla and Ford, depicting intents for establishing or expanding their manufacturing footprints within the country. Electronics manufacturing experienced a rise in investments, particularly in smartphone production domain.

Major players like Apple's contract manufacturers established assembly units in India, implying a shift to local production strategies. Additionally, the textiles and garment manufacturing sectors have witnessed upsurge in investment activities, with several global brands reconsidering their sourcing strategies and investing in Indian textile units, take advantage of on India's competitive advantages in the said domain.

The Government of India's Ministry of Heavy Industries and Public Enterprises has launched SAMARTH Udyog Bharat 4.0 in 2021 as a strategic initiative intended to enhance the manufacturing sector's competitiveness, predominantly in the capital goods domain.

The government is committed to fostering comprehensive national development by emphasizing the development of industrial corridors and smart cities. These corridors are intended to encourage the adoption of advanced manufacturing practices as well as to facilitate integration, monitoring, and the creation of a favourable environment for



industrial growth with employment for more than around 27 million workers.

With all the policy incentives and various initiatives, the Indian manufacturing market has the potential to reach US\$ 1 trillion by 2025-26.

Number of MoU's in Manufacturing sector by various states

There has been various MoUs signed but different states in India to boast industrial and manufacturing sector. The Maharashtra government has signed 21 memorandums of understanding (MoUs) of Rs 88,420 crore at World Economic Forum in 2023. The MoU have employment potential of over 55,000 jobs. The MoU conversion rate in Maharashtra is 30- 40%. Andhra Pradesh signed MoUs in Global submit 2023 with 352 firms in with proposed investment of 13.5 crore. These projects of launched successfully will create 6,00,000 jobs within the state. In addition to this, Gujarat has signed 3 MoUs in Oct 2023 worth Rs. 3,000 crores for textile, industrial park, engineering, including auto sector; 9,000 new employment opportunities followed by Tamil Nadu state, which has signed total 79 MoUs in year 2022-23 with the total sum of 165,748 cr.

Impact of government policies

Various states in India, including Gujarat, Maharashtra, Rajasthan, Madhya Pradesh, Telangana, and Andhra Pradesh, have strategically implemented a range of incentives to attract and support manufacturing plants within their borders. In Gujarat, the government offers Common Environmental Infrastructure Facilities at 40% of the project cost up to INR 50 crore, along with a concessional rate for land use conversion for industrial purposes. Maharashtra extends support by providing manufacturing plants with land at concessional rates and offering a 10-year tax exemption on profits earned from manufacturing activities. Mega and Ultra Mega projects in the state also benefit from the government's equity partnership of 9% with Financial Closure Institutions exceeding INR 500 crore.

Rajasthan provides a substantial investment subsidy, covering 75% of the state tax due and deposited for a period of 7 years. Meanwhile, in Madhya Pradesh, large-scale industrial units with

investments exceeding INR 10 crore are eligible for a Basic IPA ranging from 40% to 10%. Additionally, financial assistance of up to INR 1 crore is provided for the development of power, water, and road infrastructure, along with support for the establishment or development of industrial parks, including a 15% assistance cap at INR 5 crores.

Telangana focuses on easing the establishment of manufacturing units by providing doorstep access to essential resources like land, power, and water. The government contributes 50% of the infrastructure cost from the Industrial Infrastructure Development Fund (IIDF), with a maximum limit of INR.1.00 crore. The state also supports the adoption of cleaner technologies by offering a 25% subsidy, up to INR 5.00 lakhs, for implementing 'Cleaner Production Measures.' Lastly, in Andhra Pradesh, anchor units receive the benefit of required land for their projects at 25% of the land prices, based on the appraisal from the Andhra Pradesh Industrial Infrastructure Corporation (APIIC). These multifaceted incentives showcase the states' commitment to fostering a conducive environment for manufacturing growth and economic development.

Top Regions to Invest in India

A detailed study was carried out by Colliers across the states of Gujarat, Maharashtra, Rajasthan, Madhya Pradesh, Karnataka, Andhra Pradesh, Tamil Nadu, Telangana, and Odisha focusing on the Industrial Sector.

Gujarat ranked 1st, marginally followed by Maharashtra and then Tamil Nadu. Below are the factors that make them the top-ranking states:

- **Gujarat – Ranks 1** – Due to easy labour availability and at a cheaper cost along with the government supporting policies for the labour force; the state has cheaper land rates for industrial developments. The infrastructure availability in the state, which has such great last mile connectivity and presence of major ports, roadways, railways and also provides water, electricity and renewable energy resources at a cheaper rate compared to other states with very minimal energy dependence. Gujarat also has other financial offering to give to the developers setting up their business within Gujarat.
- **Maharashtra – Ranks 2** – Due to the best

policies, subsidies, and incentives offered by the state government. All major and competing businesses have at least a presence in Maharashtra and the state has the highest FDI inflow, industry GDP share, lower unemployment rate, higher number of healthcare and educational facilities, which all combine to make a better general economic scenario of the state. Maharashtra always offers a great deal of support infrastructure in terms of roadways, waterways and railways.

- **Tamil Nadu – Ranks 3** – The state has great availability of labor with cheaper rates and favourable labour policies. Tamil Nadu also has good policies, subsidies, and incentives for the industrial sector and has a fair presence of support infrastructure with many industrial companies having their footprint in the state.

Emerging Manufacturing sectors in India

Exciting emerging themes in India's manufacturing sector include advanced technologies, sustainable practices, Industry 4.0, local manufacturing focus, AI integration, 3D printing adoption, and IoT (internet of things) driven processes.

The emerging sector includes semi-conductors, agri tech, waste management particularly e waste on which the government has also formulated various policy documents.

Key indicators of economic growth include automotive and auto components, cement and capital goods, engineering, chemicals, pharmaceuticals, paper and paper products, and the paper and paper products industry.

The union budget 2023-24 announced significant measures to boost various sectors of the Indian economy. Startups received additional benefits, such as a tax deduction of up to 100% of profits and an extension of the period for carrying forward losses. The income tax rate for new manufacturing co-operative societies was reduced from 22% to 15%, with a 10% surcharge. By establishing bio-input resource centres, the government hoped to promote natural farming. M-SIPS, electronics manufacturing clusters, and NPE 2019 have all aided in the growth of the electronics system design and manufacturing sector.

Mr Swapnil Anil is executive director & Head, Advisory services at Colliers India.



CONSTRUCTION TECHNOLOGY

3D Printing Technology in Construction Takes Less Time



3D printing technology in construction, also known as additive manufacturing, is a technology that creates a 3D object layer by layer using a computer aided design tool or a 3D scan of the object that needs to be built. Additive manufacturing is widely used in the automotive industry, pharmaceuticals industry, product prototyping, etc.

3D printing technology is not a very new invention, it has been around for more than 40 years now in some form or other. The first 3D printer was invented by Charles Hull in the 1980s based on the principles of stereolithography, which is used to take input from a digital file and transform it into a resin-based 3D object layer by layer and simultaneously curing and cross-linking the polymers with the help of UV light. Ever since, the use case of this technology has been enormous and is widely used in Industrial designing, the automotive industry, the pharmaceutical, healthcare industry, etc. The potential varies from creating a very small and simple 3D object to large and complex structures like rocket engine components, 3D prototypes of complex organs, tissues, etc.

Adoption in Construction Industry

In the construction industry, the use of 3D printing technology is very new, perhaps 6-7 years old. Over this period, we have seen many promising residential dwelling units that are being constructed using this technology around the world, however, the implementa-

tion of this technology for large-scale construction projects is still debated and one can say that it is in its developmental stages. As technology improves, there is no doubt that the integration of 3D printing with traditional construction techniques is going to change the future of construction.

After being successfully implemented in several significant projects across the world, the technology was adopted in India, by L&T. In 2023, India's first 3D printed post office spread across 1100 sqft was built by L&T in 45 days at a cost of 23 lacs. The duration was reduced by approximately 40 percent, whereas the cost was approximately the same as compared to similar scale construction using traditional techniques, however this can be made affordable if implemented on a large scale. L&T had earlier constructed a 650 sqft residential unit back in 2019 using 3D printing technology.

Advantages

Faster Construction Technology 3D printing construction takes less time as compared to traditional constructional technology. Depending on the scale and complexity of the building, developments that take months to complete with traditional methods, can be completed within days using 3D printing technology. There is a considerable saving of approximately 40-50% in construction duration which is a huge benefit for the project.

Reduced Wastage In traditional construction techniques, there is lots of wastage as the exact quantification and precision can't always be achieved. This is mitigated when the construction

is done using 3D printing technology as it is computer-aided and has no margin for error. It is estimated that 3D printing technology in construction can reduce construction waste by approximately 30-40%.

Sustainable There is a wide range of materials that can be integrated with concrete and used in 3D printing construction. One can use recycled plastics, soil, farm waste, etc. to make the design more sustainable and reduce carbon footprint.

Cost-effective: Since the 3D printing technology is computer-aided, the measurements and executions are accurate as per the input given and this reduces lots of wastage. Apart from this the project duration and manpower requirement are drastically reduced, resulting in considerable savings in terms of cost of construction.

Disadvantages

Expensive Technology: Even though the construction duration and manpower requirement reduction are resulting in huge cost savings, it is being nullified by the cost of the printer and the technology. At present, the technology is being implemented on a small scale; it may become more cost effective if the execution is done on a large scale.

Training requirement: Since 3D printing construction is a relatively new technology, there is a requirement to provide adequate training and certifications to the labour to increase efficiency and be able to deliver complex projects.

Limited Technology Providers: Currently, the international market is

dominated by COBOD International which provides 3D construction printing solutions worldwide. Other prominent technology partners with international presence are ICON, Apis Cor, CyBe Construction, Black Buffalo 3D, Mighty Buildings, Diamond Age, Aeditive, Mobbob, Contour Crafting Corporation, FBR, Change Maker 3D, Adimant, Serendix, AMT, WASP, WINSUN, D-Shape, BatiPrint 3D etc.

Future Scope

The 3D printing technology in the construction industry is in its developmental phase and we are already seeing many individual small-scale residential projects and demo buildings coming up which are showcasing its potential and benefits. Since the construction industry is very complex and crowded with multiple stakeholders working on site simultaneously, the intervention of 3D printing technology simplifies a lot of things and streamlines the process, thereby achieving more efficiency and reducing the chances of error.

Over time, we will experience challenges with the adoption of this technology like any other technology that has come up in the past, but they will be mitigated and soon 3D printing will dominate the way construction is being done. There have already been talks about using similar technology for space missions and it would be very interesting to see the limits and potential of this technological advancement.

Mr Taha Ansari is MD, Business & Operations and Developer Relations, Colliers India.

As technology improves, the integration of 3D printing with traditional construction techniques is going to change the future of construction, says Taha Ansari.

How to Save Tax while Buying a House?

By Arghya Sen

Buying your first home is a significant milestone, and it's crucial to consider all aspects, including potential tax implications. One avenue to explore is the utilisation of sections 54 and 54F of the Income Tax Act, which can help you save taxes on capital gains arising from the sale of old capital assets. In this comprehensive guide, we'll delve into the strategies you can employ to optimise your tax position.

Understanding Sections 54 and 54F:

Sections 54 and 54F of the Income Tax Act provide provisions for saving taxes on capital gains when purchasing a new residential property. However, it's important to note that these benefits are usually applicable if the seller reinvests the capital gains in the new property within a stipulated time frame.

Scenario: No Capital Asset in Your Name: If you currently do not have any capital assets in your name but have potential gains from assets held by your parents, there's a strategic approach to consider. Start by identifying any capital assets your parents may own. In a hypothetical situation, let's explore the example of gold purchased by your father.

Utilising Gifts and Tax Efficiency:

One way to optimise tax efficiency is by considering gifting. In this example, if your father has gold valued at a certain amount, and the current market value is substantially higher, there might be a significant capital gain. To minimise tax liabilities, consider having your father gift the gold to you.

Tax Implications of Gifting:

Gifts received from relatives are generally not subject to taxation under section 56(2)(x) of the Income Tax Act. Therefore, if your father gifts you



the gold, you may not attract taxes at the time of the gift, avoiding the provisions of section 56 to 10.

Capital Gains at the Time of Selling:

When you eventually sell the gifted gold, the capital gains that would have been in your father's hands (e.g., Rs. 50 lakh) will now be considered in your hands. This transition of capital gains can be

managed efficiently under section 54F, especially since you are purchasing your first home.

Consulting with Tax Professionals:

It's crucial to consult with qualified tax professionals or financial advisors to ensure compliance with tax laws and to receive personalised advice based on your specific circumstances. They can guide you through the intricacies of tax planning and help you make informed decisions.

By strategically utilising provisions such as gifting and understanding the nuances of tax laws, you can potentially save significant amounts on capital gains taxes when buying your first home. Take proactive steps, seek professional advice, and navigate the process with confidence to make the most of tax-saving opportunities.

Courtesy: www.taxguru.in

Ensuring the Right Energy in a Building



The right Feng shui design and interior decorations could enhance or counter the kind of 'chi' energy that moves around, says S BS Surendran

An easy and simple approach to enhance the quality of energy movement in your home or office is to strengthen the "earth Chi". This was considered quite important from the early days and it is synonymous with the tenets of good Feng shui.

The 'Chi' energy flows not only throughout our planet, but through the entire solar system and galaxy. Our own planet, earth, radiates 'chi' energy that flows out and away from the planet and is said to be the 'chi' energy moving upwards referred to as the earth's force. The energy moving downwards towards the earth known as the heaven's force is from the planets surrounding the earth which radiates 'chi' energy. Hence the movement of 'chi' energy on the surface of the earth, and therefore in our homes and in our own bodies, is influenced by the earth itself and the surrounding planets. As the position of the earth and planets change, the movement of 'chi' energy also changes, affecting our own flow of 'chi' energy.

Buildings alter the flow of such 'chi' energy due to their shape, openings and the materials they are made of. The orientation of a building to the sun and planets will determine the kind of 'chi' energy that enters it and it has been found that energy most easily moves through the doors when compared to windows and other apertures. Features of the immediate surroundings, such as water or roads, further determine the kind of 'chi' energy that flows back and forth through the doors of the building and the energy keeps changing as the planets move through the sky, so there is a new pattern of 'chi' energy each year, month, day and hour. The right Feng shui design and interior decorations could enhance or counter the kind

of 'chi' energy that moves around.

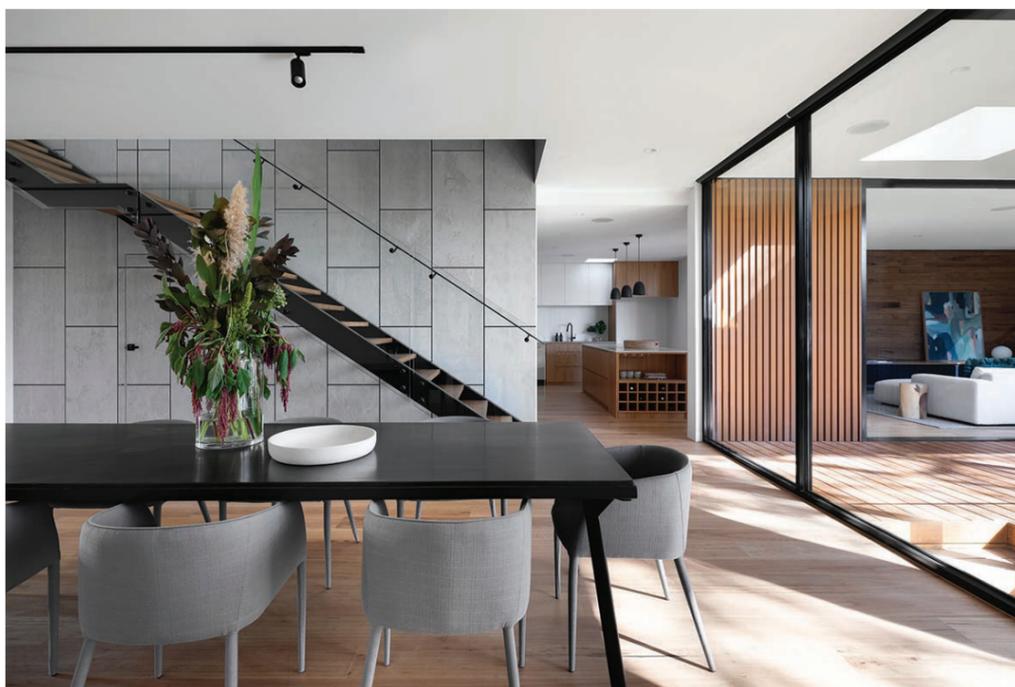
Taoist Feng Shui speaks of the combination of the heaven and earth 'chi' which establishes a natural phenomenon upon which mankind exists and builds shelters. Earth 'Chi' is the most significant influence in our fortunes no doubt so much importance is given when a new construction is started or completed as the process of ushering in the right energy in a building needs to be looked into from the time the property is identified till the time it remains occupied and functional.

Few important ways to strengthen the earth 'chi' are:-

- Adapt floorings of solid (not broken or terrazzo) marble, granite or tiles (earth materials) especially in the ground floor and avoid wood and carpet on the ground floor. Anything broken or haphazard suggests unstable "foundation" to the 'chi' movement.
- Surround your home with natural rocks and if few rocks are placed at the four corners of the property they signify strong and stable earth 'chi'.

- A solid wall at least 1.2 metre behind the home signifies earth support.
- Create a square patch filled with sand or pebbles to strengthen the earth 'chi' in front of the house.
- Accentuated patches of yellow especially towards northeast centre and southwest sectors of the home in the furnishings is a good enhancer of earth 'chi'.

Mr Surendran is an accredited master Feng shui consultant, bioenergetician and traditional Vaastu practitioner.



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NRI PROPERTY SALE IN INDIA

Navigating Bank Accounts & Tax Compliance

By CA Arun Tiwari

Navigating the complex world of real estate transactions in India as a Non-Resident Indian (NRI) can be challenging due to strict financial regulations set by the Reserve Bank of India (RBI). This guide simplifies the essential steps for a smooth property sale, focusing on opening an NRO (Non-Resident Ordinary) account and obtaining the required Certificate of Tax Compliance (Form 15CA/15CB).



Understanding RBI Mandates
The RBI mandates that all income from India must pass through an NRO account before being repatriated. This ensures tax compliance and monitors fund flows, preventing potential financial issues.

Opening an NRO Account

NRIs must first open an NRO account, serving as the channel for funds from property sales in India. Required documents include a scrutinised copy of the passport and visa, proof of overseas residency, and a PAN card. These documents are essential for validating the legitimacy of repatriation funds.

Role of Form 15CA/15CB

Before transferring funds from the NRO account, NRIs must obtain the Certificate of Tax Compliance. This involves acquiring Form 15CA/15CB from a chartered accountant. The 15CB form certifies tax obligations, while the NRI lodges the 15CA form, declaring remittance and completing the transaction.

Transfer Limits and Additional Documentation

NRIs should be aware of the RBI's transfer limits, currently set at USD 1 million annually. Amounts exceeding this require supplementary documentation submitted to the RBI, including a detailed explanation of the transfer purpose and accompanying documents for regulatory compliance.

Summarising the Process

For NRIs navigating property sales in India, prioritise the following: Open an NRO account for seamless sale proceeds. Obtain Form 15CA/15CB from a chartered accountant for tax compliance. Adhere to RBI regulations on fund transfers, with comprehensive documentation for amounts over USD 1 million.

Executing a well-organised and planned approach is crucial for NRIs selling property in India. By understanding and following the stringent mandates set by the RBI, opening an NRO account and securing necessary tax compliance certificates, NRIs can navigate the transaction process expertly, avoiding legal pitfalls and unnecessary delays.

Courtesy: www.taxguru.in

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