NATIONAL ASSOCIATION OF REALTORS - INDIA
NAR-India Realty News

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The RBI has directed all regulated entities to release all movable / immovable documents within 30 days of repayment. P2


Hyderabad is expected to witness a supply of ~21.5 msf in FY2024, the highest in its history. P7


About 2.9 million sqft of retail leasing recorded in H1 2023, up by 24% Y-o-Y. P3

Marketing Indian Real Estate Abroad

Indian developers are gearing up to explore overseas markets during the festive season, reports V Nagarajan.

An estimated 32 million overseas Indians are living over 210 countries globally, out of which 18 millions have accepted the nationality of host countries and 14 million Indians retained their Indian passports. NRI remittance is the highest among countries in terms of expatriate remittance globally to their home countries. India received US$87 billion in remittances in 2021, and US$110 billion in 2022, the top remittance recipient, according to a World Health Organisation report. It is said that India received more than 12% of the world's remittances in 2015.

After a period of three years, post-Covid scenario, there has been a perceptible shift in trend among NRI homebuyers. A number of NRIs are evincing keen interest to invest in real estate back home. Realty shows are ongoing globally across select countries besides individual road shows exclusively organised for developers to showcase their niche projects across Indian cities.

Among the categories of real estate, vacant plots, apartments ranging from mid-size to luxury, villas and row houses are much sought after. In Gulf countries, there has been a sudden upsurge for land development projects as price appreciation is much faster in land due to a combination of factors. A smaller portion of NRIs are evincing keen interest to invest in rent yielding commercial assets.

Besides overseas print media, radio, digital marketing and BPL activities are assuming significance to get across to NRI homebuyers. Overseas Indian property shows provide an effective medium to directly get across to NRI audience at select countries. A number of Indian and overseas international property shows are in the pipeline to provide multiple options for Indian developers to market their projects among overseas Indians.

Events are being planned by multiple organisers across US, AGCC countries, Far East and some European countries. The same occasion is being utilised to interact with fund managers, PE associations in select countries to explore possibilities of driving investment on competitive lending terms for real estate projects across Indian cities.

While NRIs wish to seek home loans, there are options to get cheaper loans at competitive terms abroad to fund investment back home. A number of banks and HFC are operating in Dubai or several years now. Incidentally National Bank of Kuwait (NBK), a local bank provides Indian expatriates home loans at 5 per cent lending rate but the quantum of loan is limited to KD15,000.

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While professionals could make use of this, unskilled labourers may find it difficult because it is a short-term loan for 3-5 years and the EMI in local currency would be high. In US, the regulatory norms are such that banks only display and guide on home loans for investment back home and they are prohibited from openly canvassing any home loan product openly among NRIs.

Unlike earlier, regulatory compliance is stringent now across AGCC countries. Only RERA approved projects can be sold and the realtors marketing the projects should hold RERA licence. Even realty show managers will have to obtain local licence in the Gulf and comply with rigid norms prescribed by the local authorities to organise Indian realty shows. It is even said that there are restrictions on the number of shows held in a year.

In order to provide value added service, event mangers are also planning to organise seminar on current market trends, regulations governing NRI investment in real estate and extending free advisory services to visitors during the event days.

The networking and seminars provide ample opportunity for the property developers to interact with overseas investors and retail NRI investors for marketing as well as fund raising options. This is apart from standalone investor conclaves planned in the coming months at select countries abroad. Indian realty conclave is scheduled during November across USA to drive HNIs and UHNIs in real estate projects back home. Eminent speakers and Indian developers are gearing up for the events across select countries. Besides lectures on current market scenario and trends, multiple investment options will be discussed for investors. In a related development, a few organisers are working on networking sessions in US to enable investors interact with select developers on project level investments.

The event is happening at a time when India is getting a facelift post G-20 event in the global arena due to progressive policies of the government and the nation becoming a sweet spot for investors.

ADVANTAGE HOMEBUYERS

Banks must return documents within 30 days of Loan Repayment

The Reserve Bank has directed all regulated entities (banks, NBFCs, HFCs, SFBs, regional rural banks and cooperative banks) to release, all movable / immovable property documents upon receiving full repayment and closure of loan account. However, the regulated entities follow divergent practices in release of such movable / immovable property documents leading to customer grievances and disputes.

The provisions shall be applicable to all cases where release of original movable / immovable property documents falls due on or after December 1, 2023.

In order to rectify the situation, the RBI has issued guidelines with regard to the release of the documents.

The regulated entities (REs) shall release all the original movable / immovable property documents and remove charges registered with any registry within a period of 30 days after full repayment/ settlement of the loan account.

The borrower shall be given the option of collecting the original movable / immovable property documents either from the banking outlet / branch where the loan account was serviced or any other office of the RE where the documents are available, as per her / his preference.

The timeline and place of return of original movable / immovable property documents will be mentioned in the loan sanction letters issued on or after the effective date.

In order to address the contingent event of demise of the sole borrower or joint borrowers, the REs shall have a well laid out procedure for return of original movable / immovable property documents to the legal heirs. Such procedure shall be displayed on the website of the REs along with other similar policies and procedures for customer information.

Compensation for delay in release of Movable / Immovable Property Documents

In case of delay in releasing of original movable / immovable property documents or failing to file charge satisfaction form with relevant registry beyond 30 days after full repayment/ settlement of loan, the RE shall communicate to the borrower reasons for such delay. In case where the delay is attributable to the RE, it shall compensate the borrower at the rate of ₹5,000/- for each day of delay.

In the event of loss/damage to original movable / immovable property documents, either in part or in full, the REs shall assist the borrower in obtaining duplicate/certified copies of the movable / immovable property documents and shall bear the associated costs, in addition to paying compensation. However, in such cases, an additional time of 30 days will be available to the REs to complete this procedure and the delayed period penalty will be calculated thereafter (i.e., after a total period of 60 days).

The compensation provided under these directions shall be without prejudice to the rights of a borrower to get any other compensation as per any applicable law.

The circular has been issued to all commercial banks (including small finance banks and regional rural banks, excluding payments banks), all local area banks, all primary (urban) cooperative banks, all state co-operative banks and district central co-operative banks, NBFCs (including HFCs) and all asset reconstruction companies.

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Leasing by BFSI surge two-fold at 7 million sqft

Foundational shifts across the banking and finance sector are presently underway, with a transformative focus on digital, workforce and Environment, Social and Governance (ESG) priorities, according to Colliers. Having invested significantly in technology, people and workplaces, banking and finance companies today find themselves at an inflection point, Colliers experts have highlighted.

Today, as banks and financial services firms rethink their future with Artificial Intelligence and next-gen technologies, integrating a diverse workforce with new ways of working, real estate plays a massive role in influencing positive business outcomes. It holds the key to powering the industry's digital, workforce and ESG goals.

Colliers has found physical offices have a profound impact: particularly on an organisation's digital transformation journey.

BFSI sector has seen a steady rise in demand in the last 2 years, with its share in total leasing regaining to 15% in H1 2023 from the pandemic lows. The resurgence in demand is fuelled by a healthy space take up by domestic & select global banks & financial institutions, supported by a higher rate of return to office. Domestic banks, insurance companies and financial institutions have witnessed an uptick in demand backed by improved economic outlook and heightened domestic demand.

BFSI leasing bounced back in 2022 at 6.8 million sq feet, surpassing pre-pandemic levels. Mumbai led the leasing at 31% share, followed by Bengaluru at 24% share, **say Peush Jain and Vimal Nadar of Colliers.**

Interestingly, majority of the large BFSI occupiers continue to prefer conventional office spaces & work mechanisms to suit their operational & technical requirements, keeping the demand for real estate space buoyant.

Offices provide an absolute opportunity to ensure customer experience along with employee satisfaction and productivity, collectively contributing to overall business performance while also addressing climate action goals.

Hybrid or remote work is adding new dimensions to the location strategy, with portfolios expanding and diversifying to include 'hub' and digital campus-type delivery models, as more occupiers are now exploring suburban and peripheral locations. There are also massive shifts in the ways office lease transactions are done today. For instance, Colliers' APAC research and client interactions indicate that more occupiers are exploring shorter lease terms and flexible space to drive efficiency and construct diversified portfolios that cater to different ways of working.

According to Colliers, the Asia Pacific region has possibly the most exciting 12 months ahead, globally, both in terms of money coming into Asia Pacific and Asian money looking to be deployed into other regions.

In India, Mumbai dominates BFSI leasing during 2022-H1 2023, Bengaluru sees increased traction

Mumbai continued to drive BFSI leasing activity, grabbing one of every 3 deals during last 18 months (2022-H1 2023). During this period under review, the city accounted for approximately 31% of the total leasing by BSFI sector across the top six cities in India, with an absorption of over 3.2 million sq feet. While Mumbai continues to attract higher BFSI demand, Bengaluru has also seen rise in space take up by BFSI occupiers in the last 4-5 years, as large global BFSI occupiers are setting up their technology and back-office operations in the city owing to its huge digital talent pool & robust infrastructure.

In H1 2023, Bengaluru surpassed Mumbai in total BFSI leasing, accounting for 34% of the total leasing in the sector. As digitisation remains core to financial services, BFSI players will continue to explore larger markets with presence of tech-hubs such as Bengaluru, Delhi-NCR, Hyderabad, Chennai, Pune. Tier II markets are also likely to witness heightened demand as occupiers look to setup & expand their back-office operations in these locations owing to improving infrastructure, availability of digital talent pool and favourable real estate costs.

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

INDUSTRIAL & LOGISTICS SECTOR – KEY LEASING TRANSACTIONS

Property	Micro market	Size (sqft)	Tenant
DELHI-NCR:			
Independent warehouse	Gurgaon (NH-8)	250,000	Safexpress
Independent warehouse	Gurgaon (NH-8)	210,000	Reliance Retail
Independent warehouse	Ghaziabad (NH-24,58,91)	210,000	Havells
MUMBAI:			
Antariksh Greens	Bhiwandi (NH-3)	400,000	Gandhi Automation
Antariksh Greens	Bhiwandi (NH-3)	390,000	Patchems
Antariksh Logiworld	Bhiwandi (NH-3)	380,000	Yusen Logistics
BENGALURU:			
Individual warehouse	Western corridor	132,000	Toyota
Abhivridhi Warehouse	Eastern corridor	114,000	TVS Supply Chain Solution
Anjandri Warehouse	Eastern corridor	100,000	Dmart
CHENNAI:			
IndoSpace Industrial & Logistics Park	Northern corridor	350,000	Kerry Indev Logistics
Spaceintell Warehousing & Industrial Park	Western corridor-I	300,000	Eickhoff
IndiaLand Industrial & Logistics Park	Western corridor-I	200,000	Cult.fit
HYDERABAD:			
ESR Logistics Park	Southern corridor	1,000,000	A large e-commerce player
Independent warehouse	Eastern corridor	276,000	DHL
Independent warehouse	Northern corridor	99,000	A large FMCG player
PUNE:			
Chamadia Warehousing	Sanaswadi-Ranjangaon	250,000	ITC
Chondhe Warehousing	Sanaswadi-Ranjangaon	90,000	IFB
Mega Space Warehousing	Sanaswadi-Ranjangaon	72,000	Duroshox
KOLKATA:			
Independent warehouse	NH-6	250,000	Reliance Retail
Prospace Industrial Park	NH-2	200,000	Hyundai Mobis
NDR Warehousing	NH-6	156,000	Reliance Retail
AHMEDABAD:			
Crystal Logistics Park	Changodar	150,000	Large e-commerce player
ESR Jalisana	Sanand	116,000	Yazaki
Nihhon Industrial Park	Sanand	70,000	Yamato Logistics

Source: CBRE Research

Southern Realtors' Business Meet in Mysuru on 29 September

In a first of its kind, southern realtors are assembling together to interact and exchange information on improving business opportunities among its members. Hosted by Mysuru realtors' association, the meet will be held in the cultural city of Mysuru on Friday, September 29 at Hotel Southern Star where an estimated 150 realtors will be joining the networking session. It will enable all the southern chapter members to familiarise themselves on the current market scenario in each and every city and explore possibilities of aligning the mismatch between demand and supply.

The meeting is said to be assuming significance on all fronts as it was initiated for the first time with the overall improvement in business climate post Covid and the number of MNCs/corporates looking to set up operations and expansion of existing operations across South India is increasing year after year. NAR-India senior officials are expected to address the meet and share their thoughts on similar meet held at other centres. "The meet is the first of its kind in south India and is expected to provide a unique occasion of uniting the southern market operators under one umbrella to effectively coordinate among themselves and explore possibilities of improving business opportunities," said M C Rajesh, B2B chairman.

SANGAM – Confluence of Realty Champions – October 10 and 11, Hotel Miramar, Daman, GJ

The NAR-India presents first West Zone business exchange meet – BxM 2023 at Hotel Miramar, Daman.

Hosted by the Real Estate Agent's Association of Kandivali, REAAK (Mumbai), the event will be held on October 10 and 11 at Hotel Miramar, Daman.

Realtors will have an opportunity of interacting with 18+ real estate associations from Gujarat, Maharashtra and Goa.

Among the varied events planned include Rs500+ crore business exchange opportunity, insightful educational sessions, immersive training, motivational speakers, real estate games and entertainment, party and fun.

Limited delegates are planned upto 300 delegates. The registration fee is Rs 5,000 plus taxes. This includes one night stay with meals on twin sharing basis. For further information, contact Heena Chauhan on 9372495327.

AREA Real Estate Conference on October 3

The Association of Real Estate Agents (AREA) has organised its 8th prestigious real estate conference titled Evolve, on Tuesday, October 3 at India's biggest geo convention centre, BKC in Mumbai.

Powered by Sumeet group, the title sponsor is GroundHolding and gold sponsors are Crystal and H. Rishabraj. Elaborate arrangements are under way to bring more value added service to all the participants at the conference by Chandresh Vithalesh, President, Ashish Mehta, Conference Chairman and Ajit Jatan.

Flexible Office Space stock to rise 52 per cent by 2025 to 81 million sq ft

Flexible office space stock is estimated to rise 52 per cent by 2025 to 81 million square feet with operators expanding their business to tap rising demand, according to Vestian. Flexible office space operators currently have 53.4 million square feet area under operations and the number is estimated to reach 81 million square feet by 2025.

On Wednesday, Vestian released its report 'Flexing the Workspace-Back to Office', highlighting that over 7.6 lakh seats are available with flexible space operators spread across more than 1000 centers in India.

Vestian CEO Shrinivas Rao said the flexible spaces sector is at a nascent stage in India compared to other countries such as the USA and European countries. "It has grown gradually in India and flexible office stock has reached 53.4 million sq ft. Furthermore, the stock is anticipated to reach 81 million sq ft by 2025, growing at a CAGR of 23 per cent, as COVID-19 catalyzed the market growth," he said.

The report noted that wider adoption of flexible spaces in India started in 2015-16 when the market was fragmented and unorganized. However, it has since grown rapidly and become more organized. Flexible spaces are garnering significant attention not only from startups and SMEs but also from large enterprises, the report said.

"Flexible space operators provide what occupiers are looking for – low cost, flexibility and technologically advanced spaces. While 2023 is likely to be a challenging year for businesses amid macroeconomic uncertainty and fear of recession, flexible spaces are a way to navigate global headwinds," Rao observed.

As several companies return their employees back to office under a hybrid model, it is expected the demand for flexible spaces to rise. Furthermore, Vestian has projected that the flexible office sector would constitute around 25% of the overall office space absorption by 2025.

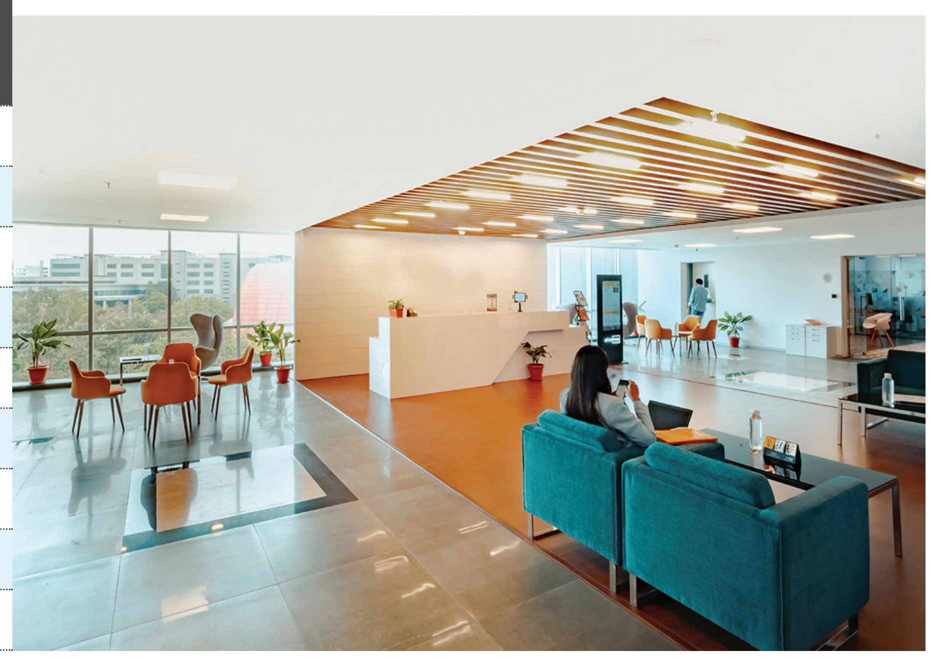
Flexible office spaces broadly include dedicated desks, hotdesking, coworking spaces, serviced and managed office spaces. While coworking centers are at the most flexible end of the spectrum, managed offices would be at the less flexible end, it added.

The report mentioned that there are 50 major flexible space operators. The top 10 players hold 84 per cent of the total flexible office space portfolio.

Prominent office areas like Whitefield in Bengaluru, Hitec City in Hyderabad, Baner in Pune, Andheri (E) in Mumbai, and DLF Cybercity in Gurugram are popular with flex space operators and occupiers/tenants alike.

Years	Flexible spaces absorption (Million sq ft)	% Share in overall absorption
2016	1.1	2%
2017	2.2	5%
2018	4.8	10%
2019	6.8	14%
2020	3.5	9%
2021	4.9	12%
2022	8.4	16%
2023 (F)	10.5	20%
2025 (F)	12.8	25%

With a strong demand from 50 major flexible space operators and top 10 players holding 84 per cent of the total flexible office space portfolio, the market is poised to touch 81 million sqft by 2025, says a survey by Vestin



MUMBAI

Urban Warehousing on the Rise

The Mumbai urban warehousing market has witnessed a significant surge in demand throughout the year, mainly driven by the growing importance of last-mile delivery and the strong growth of quick commerce, **says Savills survey.**

In-city warehousing is experiencing rapid growth in metro cities of India as it enables quick access to inventory, reduces transportation costs, quick turn-around time, and improves last-mile delivery capabilities. The growing importance of last-mile delivery, urbanization, boom in organized retail and time sensitivity of delivery of perishable goods are driving the In-city distribution segment.

At present, warehouses in Indian metro cities are located outside the city limits, away from the customer base. The rising popularity of quick commerce companies and e-commerce, e-grocery, express delivery companies are focusing on improving the last mile delivery and customer experience has resulted in rapid growth of Urban warehousing.

Dynamic urban landscape of Mumbai

Mumbai, the largest metropolitan, and the world's ninth most populous city as of 2022, Mumbai is known as the commercial and financial capital of India and has a strong and diverse economy, which contributes significantly to India's overall economic growth. With its extensive network of expressways and intra-city railway systems, Mumbai already possesses a substantial infrastructure setup.

The Mumbai Metropolitan Region (MMR) has operational industrial and warehousing stock of 54 million sq. ft as of May-2023, the second highest in the country. The city has seen robust activity in recent years with the absorption rate peaking at 6.3 million sq. ft in 2022. The increasing e-commerce platforms, expanding 3PL sector, greater implementation of technology are major growth drivers for warehousing sector.

Growing In-city distribution market in Mumbai

As one of the largest cities in India, Mumbai has witnessed the growing popularity of the online shopping and app-based delivery services in recent years. This surge in demand has led to an increased need for urban warehouses to ensure efficient and timely deliveries. However, the in-city distribution system in the city encounters several challenges, including traffic congestion, ingress and egress of vehicles, and the need for warehouse structures that comply with regulations such as fire NOC and approved plans, limited availability of supply and proper warehousing infrastructure in most parts of the city.

At present, the city has ~ 1.2 million sq. ft of occupied urban warehousing stock located in South Mumbai (Churchgate to Sion), Western Mumbai (Andheri to Mira Road), Central Mumbai (Sewri to Mulund) in locations such as Byculla, Sewri, Worli, Kurla, Bhandup, Mulund, Andheri, Goregaon, and Mira Road, among others. The locations such as Vikhroli, Kanjurmarg, Bhandup, and Mulund are among the upcoming hotspots for in-city distribution in Mumbai. A significant portion of urban warehouses in Mumbai are located in vacant sheds, buildings which were built for industrial & different commercial purposes, including offices, restaurants, grocery stores/supermarkets and mainly situated on the ground floors, come in varying sizes, typically ranging from 4,000 sq. ft to 20,000 sq. ft. The rental values range between INR 75-120 per sq. ft per month depending on the location, which is much higher compared to traditional Grade A warehouses located outside the city.

Outlook

Mini distribution hubs are emerging in the major locations of Mumbai city, and we expect this trend to penetrate across the entire city in the near term. Looking at the growth potential, Mumbai will need to create a yearly supply of 2-3 million sq. ft of urban warehouses to meet the growing demand over the next 3 years. To meet the increasing demands, it is necessary to establish warehouses and fulfillment centers within city limits, situated in closer proximity to the end customers. It is anticipated that custom-made urban warehouses & ramp up warehouse (multi floor) will likely emerge in the coming years. Major real estate funds are expected to invest in in-city warehousing developers to capitalize on the opportunity and diversify their investment portfolios.

RENTAL VALUES IN CITY WAREHOUSES IN MUMBAI AS OF JUNE

Byculla	100-120
Mazgaon	70-80
Sewri	80-100
Worli	100-120
Mahul	80-90
Deonar	100-120
Vidyavihar	90-100
Saki naka	85-110
Kurla	85-90
Andheri	85-100
Goregaon	75-90
MiraRoad	75-95

Source: Savills Industrial Research

TRENDS

MahaRERA soon to bring an Act to monitor Quality Housing

MahaRERA (Maharashtra Real Estate Regulatory Authority), a real estate regulatory body, is planning to soon introduce an Act to monitor quality of housing with a view to safeguard interests of homebuyers in order to get houses of good quality as promised by the developers, announced Ajoy Mehta, Chairman, MahaRERA while addressing the Real Estate Forum, 2023 inaugurated today in Mumbai. JLL were the knowledge partners at the event.

Mr Mehta said, "In Maharashtra, 1.6 crore citizens are waiting for homes and about 14 lakh homes are under construction. Hence, the Government recognises importance of the real estate sector and good housing. While the foundation of regulation will remain the same, more emphasis will be laid on the issue of timely construction, delivery and quality of housing, as well, in order to make good housing available to all. MahaRERA will soon bring an Act to monitor quality of construction and housing. This enactment will resolve disputes arising from quality issues. More than an impediment, it will ensure seamless delivery of housing." He added, "If we are giving the RERA number, the house must be delivered on the day and with the quality promised. The enactment is currently at a discussion stage."

NAREDCO Maharashtra launches INR 50 crore RealTech Fund (RTF) to propel technology innovations in the real estate sector

The Real Estate Forum, 2023 organised by NAREDCO Maharashtra was inaugurated recently.

Appreciating NAREDCO Maharashtra's efforts to organise the Real Estate Forum, Atul Save, Minister of Housing, Government of Maharashtra said, "The government understands importance and contribution of the real estate sector in the State's development. The Government aims to ensure good housing to every person in the State and in order to achieve this; it will sort out any issues of the real estate sector."

Welcoming the real estate sector fraternity to the mega Real Estate Forum, 2023, Sandeep Runwal, President, NAREDCO Maharashtra said, "When the real estate sectors in countries like China, USA are struggling, India's real estate sector is a global bright spot. In Maharashtra, infrastructure projects are driving growth of the state while the RERA is evolving well to bring transparency and quality in functioning of development. In these interesting times, we foresee seamless growth of the State's real estate sector with conducive policies from the Government and issues getting addressed in real time." Runwal further announced the launch of an ambitious RealTech Fund (RTF) with an initial corpus of Rs 50 crore to propel technology innovations in the real estate sector and inculcate entrepreneurship.

Niranjan Hiranandani, Vice-Chairman, NAREDCO National lauded India's prominence globally as an emerging economy and the real estate sector's contribution in the growth story. Calling Maharashtra's strides in ensuring ease-of-doing-business, transparency through RERA implementation and infrastructure development phenomenal, Hiranandani said, "Housing and infrastructure development in the state has grown significantly. With more urban infrastructure projects underway, the State and the city of Mumbai needs housing for all. The State's real estate sector's aspiration is to give a home to every person. We need a further slew of pro - housing initiatives like reducing stamp duty and registration charges to boost housing demand."

Rajan Bandelkar, President, NAREDCO National said, "The earlier decade was for Information and technology, telecommunications, but now it is of the real estate sector; mainly due to the Central and State Government's focus on housing for all and making commensurate policies."

During the event, NAREDCO Maharashtra unveiled two new state chapters of Karad (in Satara district) and Akola. NAREDCO Maharashtra also announced another flagship event Homethon, 2023 to be scheduled on 24, 25 & 26th November, 2023. The event also saw the launch of a NAREDCO – JLL Research Report titled: Unlocking Opportunities with Infrastructure Development. According to the report residential sales value in Mumbai projected to exceed INR 2 lakh crore by 2030.

The report further states that mid-segment projects still account for most of the market activity in Mumbai. However, with changing customer preferences, there is an increased focus on upper mid and premium segments. Mumbai has been the fastest-moving city in terms of its home purchase affordability index score and became an affordable market with its threshold hitting 100 in 2021.

HYDERABAD OFFICE MART

All-time High Supply to up Vacancy Level by ~500 bps in FY2024, ICRA

Hyderabad is expected to witness a supply of ~21.5 msf in FY2024, the highest in its history and it is also the largest yearly addition in India across locations, **says ICRA survey.**

ICRA estimates the occupancy in the Hyderabad market to decline by ~500 bps to around 81.0-81.5% for Grade A office space by March 2024 from ~86.0% as of March 2023 due to all-time high supply addition of ~21.5 million square feet (msf) in FY2024. The office supply grew at a CAGR of ~13% during FY2017 – FY2024 (estimates) for the Hyderabad market, compared to a CAGR of ~7% for the top six cities in India. Hyderabad accounts for around 14.2% of total available office supply from the top six markets as on June 30, 2023, which is expected to increase to 15.5% by March 2024. ICRA has maintained a stable outlook on India's commercial office sector.

Post the lockdown in FY2021, Hyderabad saw healthy net absorption in FY2022 and FY2023, backed by good deal traction in new leases, back-to-office plans, and a steady rise in the physical occupancy in offices despite a hybrid working model. Vacancy levels thus eased to 13.8% as of March 2023 from 16.5% as of March 2021.

- Net absorption to decline by 10% YoY in FY2024 for office leasing segment; vacancy levels to rise marginally by 60 bps to 15.5%
- Sustained demand from 3PL, automobile and e-commerce sectors to support warehousing leasing; occupancy to remain at 90%

Giving more insights, Anupama Reddy, Vice President and Co-Group Head, Corporate Ratings, ICRA, said: "The net absorption in Hyderabad is expected to remain at ~12 msf in FY2024, similar to FY2023. However, with an all-time high supply of ~21.5 msf, the vacancy will go up steeply by ~500 bps. The current oversupply market conditions could turn out to be favourable for the new tenants. For the existing leased spaces, the rentals are expected to rise steadily due to contracted rental escalations. However, for new leasing, the landlords are expected to remain flexible by offering extended rent-free period and consequently, the effective rent rate would be at a discount to the prevailing market rates. The top three segments, which continue to drive demand in Hyderabad are IT – Business Process Management (BPM), BFSI and Pharma/life sciences segment. Moreover, the share of flexible workspaces is likely to increase in the medium term."

The north-west region in Hyderabad accounts for 88-89% of total grade-A office space as on June 30, 2023. Hitech city, Gachibowli and financial district are the top three micro-markets, which account for 75-76% of the total office supply. The vacancy levels are expected to remain stable in Hitech city (8.0-8.5%), high for financial district (18.0-18.5%) and increase significantly for Gachibowli (19.5%-20.0% from 11.6% in FY2023) in FY2024 due to higher supply than absorption. Despite higher rentals by around 9-10% in Hitech city compared to Gachibowli and financial district, it remains the preferred office location for tenants due to good transport connectivity.

The top 10 developers in Hyderabad (out of a total 130 – 140 developers) contribute to around 60-61% of the total grade-A office supply as of June 30, 2023, with seven of the top 10 having healthy occupancy of greater than 85%, which is higher than the average city-wise occupancy for Hyderabad on a sustained basis. The share of the top 10 developers is expected to remain intact as ~50% of the new supply is being added by them in FY2024.

"ICRA has maintained a stable outlook on India's commercial office sector as India remains a preferred destination for global capability centres (GCCs). Favourable demographics, a highly skilled and cost-effective talent pool, availability of high-quality office spaces at competitive rentals, would continue to drive demand for the Indian office portfolio in the medium to long term," Anupama Reddy added.

DELHI-NCR

Demand for Luxury Homes Up

Rising aspirations have been able to create an impact on sales which is anticipated to continue in forthcoming quarters, **says Savills survey.**

The capital values of residential plots plateaued in H1 2023 for most of the micro markets, except South East Delhi which witnessed a YOY growth of 10%.

The city witnessed an average increase of 11% YOY in the capital values of luxury floors. South East Delhi stands out with the highest price appreciation of 15% on an annual basis, followed by the South West and Central 2 micro markets which registered a YOY growth of 14% and 13% respectively.

The demand for luxury residential units has continued to grow in the first half of the year. This is attributed to the stable macro-economic environment and millennials aspiring for a better lifestyle.

The pent-up demand and limited fresh supply have been the fundamental factors for pushing up the floor prices. Moreover, the new price benchmarks established due to land acquisition at higher price in select pockets, extraordinary demand for top floors with a terrace and increased input costs have also contributed to rise of floor prices.

Delhi witnessed the launch of approximately 300 units in the luxury segment in H1 2023.

- **Rental trend:** Rental values have stabilised with 5% YOY increase in H1 2023 in comparison to 50% annual increase reported in H1 2022 at a city level.
- Central 1 micro market witnessed the highest annual growth in rentals at 10% followed by the South East micro market which observed 8% YOY increase.

Gurugram:

- The capital values for completed and under-construction properties have significantly escalated in the range of 11% to 40% YOY across all micro markets.
- Both, under-construction as well as completed properties saw notable increase in capital values. However, with 27% YOY appreciation averaging at a city level, the rise in capital values of under-construction properties beats the price hike in completed properties which witnessed an overall appreciation of 23% on an annual basis.
  New Gurugram and Dwarka Expressway, with a YOY increase of 40% and 29% respectively, are the two micro markets to have witnessed the highest rise in capital values of under-construction properties during H1 2023. This can be mainly attributed to the new price benchmarks set by the launch of premium projects by reputed developers and higher demand for new properties offering ultra-luxe facilities.
- Interestingly, GCER & SPR with a YOY increase of 35%, becomes the top micro market to register the highest capital value appreciation for ready-to- move properties. Improved connectivity, continuous infrastructure development in the area and relatively affordable prices are the few compelling factors among others that continue to drive the residential demand in this micro market.
- Average rentals witnessed an increase of 28% YOY across all markets.
- GCER & SPR and Golf Course Road saw the highest rise in rentals with 33% and 31% YOY growth, respectively.

Price trend for Plots:

- The capital values of residential plots in the city registered an average increase of 17% YOY in H1 2023.
- The year 2021 and 2022 marked a watershed for price hike in plotted developments when the capital values rose by a whopping 40% and 32% on a YOY basis respectively, on ground of unique factors. The last one year was the period of moderation with only select pockets registering phenomenal growth in land prices denoting the residential cyclical movement.
- Dwarka Expressway and New Gurugram, with 29% and 21% YOY growth retain the tag of top performing markets in terms of price appreciation for residential plots, whereas Golf Course Road witnessed marginal increase of 4% YOY.

Noida Price Trend

- Capital values of completed and under- construction properties in NOIDA witnessed substantial growth in H1 2023. Sector 150 micro market with 28% YOY growth witnessed the highest growth in capital values for under- construction proprieties.
- NOIDA Others with 24% YOY increase, bags the top position with highest appreciation in capital values for completed properties.
- The upcoming international airport in NOIDA, proximity to corporate hubs, planned infrastructural developments and quest for quality lifestyle have been the few important factors which pushed demand and consequently prices up in the micro markets of NOIDA.

Rental Trend:

- NOIDA Others micro market with 19% YOY saw the maximum hike in rentals in H1 2023. This is followed by the NOIDA-Greater NOIDA Expressway with 18% YOY increase in rentals in H1 2023.
- There has been newer availability of luxury residential apartments in Sector 150 which has resulted in softening of average rental values in this micro market.

Outlook for Delhi-NCR H2 2023

- The overall performance of the luxury residential market of Delhi-NCR has been witnessing an all-time high in recent times. The quest for spacious homes offering state-of-the art amenities has been at the core of this thriving market. Rising aspirations have been able to create an impact on sales which is anticipated to continue in forthcoming quarters.
- Supply-demand mismatch has undeniably been a crucial factor to have pushed up the prices of luxurious residential properties in select pockets of the region. Limited supply by reputed developers and significant demand created by the changing dynamics of life are expected to create new price benchmarks for luxurious floors and apartments.
- Under-construction infrastructure projects thatare nearing their completion like the Delhi-Mumbai Expressway, Delhi-Meerut Regional Rapid Transit System (Delhi-Meerut RRTS) and Dwarka Expressway etc. will improve overall connectivity of the region with other parts of the country. This will further attract end-users and investors alike who are looking to invest in uber luxury residential properties.

Kolkata – West Bengal's Engine of RE Growth

The strategic distribution of industrial and IT parks is expected to create new demand centres and result in the development of newer asset classes, says CBRE survey.

Real estate activity in Kolkata has traditionally been concentrated in the Central Business District (CBD) areas of Park Street, Camac Street, Acharya Jagdish Chandra Bose Road, New Market, Dalhousie, etc. with the development profile primarily consisting of institutional buildings housing government and Public Sector Undertaking (PSUs) offices. Owing to depleting land availability in these locations, there is limited scope for new supply addition. Consequently, commercial developments in this region command a significant premium in rentals as well as capital values owing to their strategic location, efficient infrastructure, and connectivity. Further, the paucity of land parcels within the CBD resulted in a spill-over of office activity from the central areas towards the southern and eastern parts of the city.

Availability of large land parcels, coupled with growth in the IT / ITeS industry over the last decade, has led to a spurt in construction activity of commercial office space in peripheral locations such as Salt Lake (part of Bidhan Nagar Municipality), New Town and Rajarhat. This has resulted in extensive growth of commercial office space in the peripheral micro-markets characterised by large-scale IT parks, special economic zones (SEZs) and other commercial projects. Kolkata has also emerged as a preferred IT / BPO destination in Eastern India. Besides, development initiatives undertaken by the West Bengal Electronics Industry Development Corporation (WEBEL) have also boosted commercial activity, particularly in Salt Lake. Some of the prominent companies that have set up operations in the city are Cognizant, IBM, Wipro and TCS, among others.

In the recent past, development activity has picked up pace along the major transport corridor of Salt Lake Sector V, Eastern Metropolitan Bypass and Central Business District, with projects being launched by developers such as South City Group, PS Group and Aurora Group, to name a few. Currently, the city's office stock stands at more than 34 million sq. ft. Further, about 2.4 million sq. ft. of investment-grade space such as Ideal Unique Center (approx. 756,000 sq. ft.), The Summit (approx. 350,000 sq. ft.), and Imagine Tech Park (approx. 350,000 sq. ft.) in PBD are lined up for completion by the end of 2024. Meanwhile, corporates took up 0.6 million sq. ft. of space in H1 2023 with most deals being closed in small-to medium-sized space formats.

Residential sector, Expanding to new Horizons

During the early 1990s, the city's organised residential market was largely concentrated in northern and central Kolkata. While the northern region consisted of mid to high-end residential complexes, the central region was largely characterised by premium and high-end standalone developments. In the mid-1990s – 2000s, the southern and western regions started emerging as prominent residential destinations due to the limited availability of developable land coupled with high capital values in the northern and central locations of the city. From the 2000s onwards, new investment-grade residential properties were largely seen in the eastern region of the city (Salt Lake, Rajarhat and EM Bypass); these predominantly consisted of mid- and high-end projects, plotted developments and townships.

Retail sector

Kolkata's retail history can be traced back to the late 1800s when the country's first market complex was established here by the British. One of its oldest marketplaces, currently known as New Market, was established in 1903 as Hogg Market. During the 1990s, the retail sector spread towards central locations such as Park Street and Camac Street. The advent of the mall culture in the 2000s saw the launch of the city's first mall – Forum Mall. Since then, several such developments have come up across the city, prominent among which are South City, City Centre, Mani Square and Axis Mall. Since 2013, the city has seen the entry of luxury retail malls such as Quest and Acropolis. Currently, Kolkata has more than 8 million sq. ft. of organised retail space. Expanding city limits and a positive demographic dividend mean that there is tremendous potential for growth in the retail sector. Some prominent retailers who have entered the city in the past couple of years are Decathlon, Cantabil, Melorra, and Blue Stone among others.

Logistics sector

Despite global headwinds and a slowdown in e-commerce leasing, I&L space take-up remained resilient in the first half of the year in the city. Also, the half-yearly supply addition touched an all-time high with the completion of pent-up projects across cities. Additionally, Kolkata's strategic location as the entry point to the country's east and the state's industrial prowess have further boosted the city's logistics industry. As a result, the demand for logistics space has grown with a CAGR of ~60% till the end of 2022 after 2020 which experienced a more than 45% fall in demand due to the onset of COVID-19. This has led to the inflow of institutional funding from various corporates looking to set up their facilities in the city. As of now, the city has close to 10 million sq. ft. of Grade A logistics developments on NH-2, NH-6, Taratala and other micro markets

Outlook

On the other hand, real estate dynamics in West Bengal, especially in Kolkata, is at a stage wherein addition of quality supply is boosting absorption - which in turn is helping further the state's Real Estate growth trajectory. The strategic distribution of industrial and IT parks is expected to create new demand centres and result in the development of newer asset classes. The state's focus on infrastructure development in the form of roads, highways and ports is bound to boost the logistics sector, which the state expects will register a growth of 9-10% in the coming years. With the right push from the Centre and state governments, West Bengal is expected to put itself on the global investment map sooner rather than late.

Advantage Siliguri

Siliguri is favourably positioned to serve as the commercial link between the Northeastern states and the state economy. The real estate market in Siliguri and North Bengal has gained tremendous momentum in the past few years, especially in the high-end residential sector. Investors from the Northeastern states and the neighbouring countries such as Nepal, Bhutan and Bangladesh are driving this demand. Further, the city has also witnessed the emergence of IT firms such as Fixfin Technologies and Techomax. The growing real estate demand has positioned Siliguri as one of the fastest-growing RE markets in West Bengal. The state's logistics sector too has been growing rapidly, with the government developing an Inland Container Depot in the city to facilitate trade with the neighbouring countries.

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TRENDS

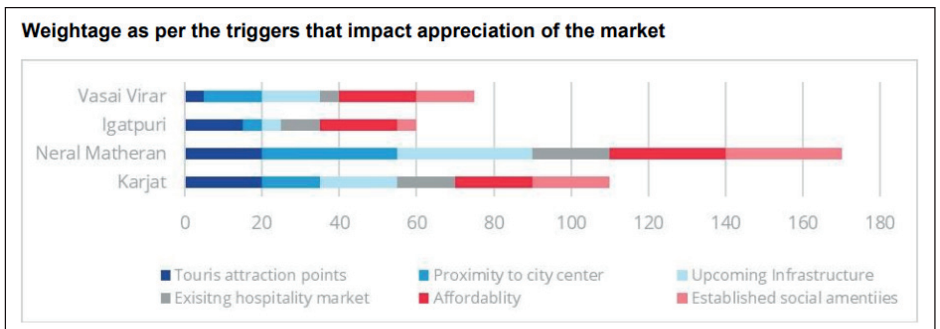
Time to Invest in Real Estate

Top Investment Corridors in India' – a latest report published by Colliers' Advisory Services highlights how there's never been a better time to leverage the full benefits of real estate investments in India. The report which put forth India's strong position as a favoured destination for international investments across various assets in the real estate sector, highlights factors such as combination of enhanced housing affordability, pandemic-era savings, health and wellness hygiene, favourable investment policies as key drivers that are triggering the housing demand across the country.

Delving deep, the report suggests that since the real estate sector continues to get traction, coupled with acceleration in infrastructure developments, micro-markets in India across major metropolitan cities are evolving as key investment corridors.

When it comes to the key benefits that are influencing the investment sentiment, the report suggests that with well-chosen assets, investors can enjoy predictable cash flow, excellent returns, tax advantages, and diversification—and it's possible to leverage Real Estate to build wealth. Real Estate investors generate income through rental income, appreciation, and profits generated by business activities that depend on the property. Another factor is the high appreciation of land which is a lucrative proposition for investors to get better yields and returns, especially at a time when the rate of appreciation is much higher than it was few years ago.

Source: Colliers



Source: Colliers

As the real estate sector continues to get traction, coupled with acceleration in infrastructure developments, micro-markets in India across major metropolitan cities are evolving as key investment corridors, **says a survey by Colliers.**

- Investing in land and monetizing it in rental format gives 10X higher yield compared to ready apartments.
- Proximity to city center, upcoming infrastructure, social amenities, tourism attraction and affordability are the key triggers for property appreciation.
- Neral-Matheran in Maharashtra is expected to witness 5X return on land investment followed by Sanand-Nal Sarovar in Gujarat and ECR in Chennai at 3.5X, respectively.

Investment corridors	Annual rental yield	Price appreciation in a year (land)	Average YoY return on time sharing basis	Tourism expected	Impact of infrastructure	Availability of supply
Neral - Matheran	2.5% - 4.0%	8%	28%	High	Moderate	High
Sanad – Nal Sarovar	2.0% - 3.0%	6%	25%	Moderate	Low	High
ECR – Injambakkam - Kovalam	2.5% - 3.0%	7%	20%	Moderate	Moderate	Moderate
Kompally - Medchal – Shamirpet	2.0% - 2.5%	7%	20%	High	Moderate	Moderate
New Town-Rajarhat	2.0% -2.5%	6%	15%	Moderate	Low	Moderate

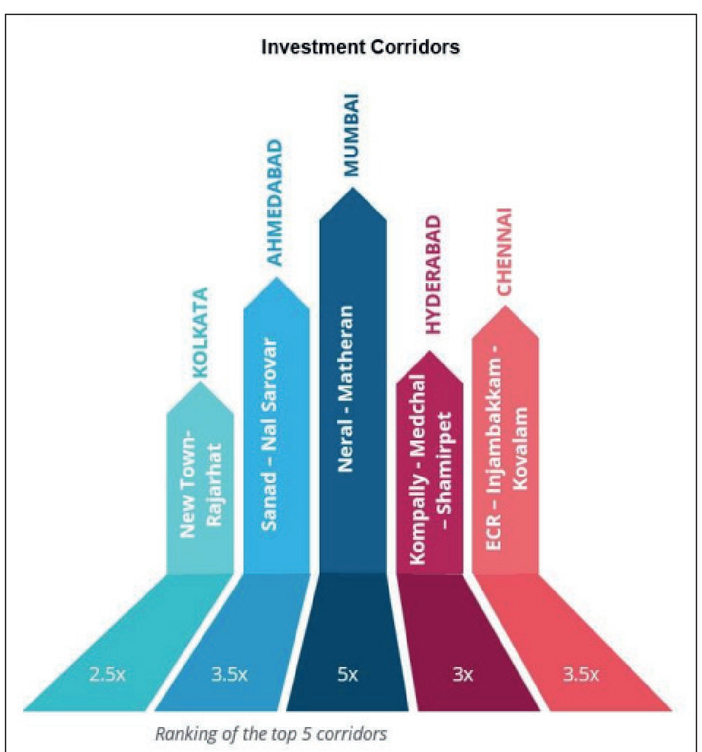
Source : Colliers

Wealth creation and the opportunity to diversify are other reasons that are garnering interest from investors as by investing in land, there is a huge range of potential for monetization. The investor could just hold the land for long term, build a structure on it to lease out, have a holiday property and can earn pay-outs from there too.

Infrastructure development to boost real estate markets across top metropolitan cities

Though real estate as a sector depends on various internal and external factors, the development of Infrastructure and civic amenities help in the development of the city and impacts the real estate sector adversely. Infrastructure projects are socio-economic climates that serve as a conduit of investments and developments in real estate. Several factors such as employment, regional connectivity, accessibility to healthcare and educational facilities, safety and security, environmental sustainability, good governance, and socio-political stability are key growth drivers for investments.

"The micro-markets close to financial and industrial hubs in major cities of India are anticipated to gain more attraction in the upcoming years and holding real estate in these micro-markets is the key to securing and enhancing wealth for the smart investors. In fact, it is observed that the demand for Villas, farmhouses, plots, and land across key destination close to nature and proximity to metro cities have increased 2X post Covid-19," said Umakanth Y, Senior Director & Head of Delivery, Advisory Services, Colliers India.



Source: Colliers

Emerging Investment opportunity at key tourism destinations

Investing in land and monetizing it in rental format gives 10 times higher yield than ready apartments. There has been a spike in demand for investing in land at a nature friendly location and across key tourism destinations. The concept of investment in serene locations has gained significant traction during the lockdowns and travel restrictions during the pandemic and is now on an upward trajectory.

Destinations close to metropolitan cities on investor radar

Maharashtra-Neral-Matheran: The financial capital, economic powerhouse, and industrial hub of India. The business hub, with an established media & entertainment industry. Mumbai is one of the most vibrant and dynamic real estate market in the country due to high property prices, limited land availability, and a growing population, which creates significant demand for real estate. The locations such as Vasai Virar, Bhiwandi, Neral-Matheran, are the key hotspots, led by availability of non-agricultural large land parcels along key upcoming infrastructure developments and presence of branded developers.

The Neral-Matheran corridor has emerged as a major hotspot amongst investors due to the presence of branded developers with sizeable real estate projects, proximity to the city centre, and well-established social amenities like Bhimashankar Wildlife Sanctuary, ND Film Studio, Neral-Matheran toy train, Rambag point. The Neral-Matheran micro-market is considered as one of the

key investment regions with an average annual rental yield of 15% for holiday homes and is expected to achieve 5X return on land investments in the next 10 years.

The tourism and industrial hub of Gujarat – Sanand Nal Sarovar corridor, ECR in Chennai, Medchal in Hyderabad, New Town and Rajarhat in Kolkata are also attracting investments. These corridors with ample amount of land availability, increased traction in tourism and uptake in infrastructure are emerging as destination investments with an average annual rental yield between 2.5% - 4.0% and price appreciation for land between 6 - 8% annually.

The real estate investment market for land is still at nascent stage of development in few corridors, while corridors closer to tourism destinations and metro cities have grown multiple times with the impact of pandemic and increased real estate investments. Therefore, the growth rate of second homes or weekend homes in India is expected to grow multiple folds led by wide infrastructure projects planned and under construction across the states.

"Better infrastructure, affordability, Higher rental yield, scope of capital appreciation, tourist attractions, proximity to city center are the key parameters while looking for any investments. These factors, together with the rising popularity of remote work and flexible work options, have contributed to make tourism destinations in India more attractive to investors. Overall, Neral-Matheran in Maharashtra and Sanand Nal Sarovar in Gujarat are attractive to real estate investors seeking higher returns due to their lower capital investment as well as the potential for price growth and higher rental yields. However, the investors should also do their due diligence and carefully evaluate the risks and opportunities before investing in any specific region." said Swapnil Anil, Executive Director & Head of Advisory services, Colliers India.

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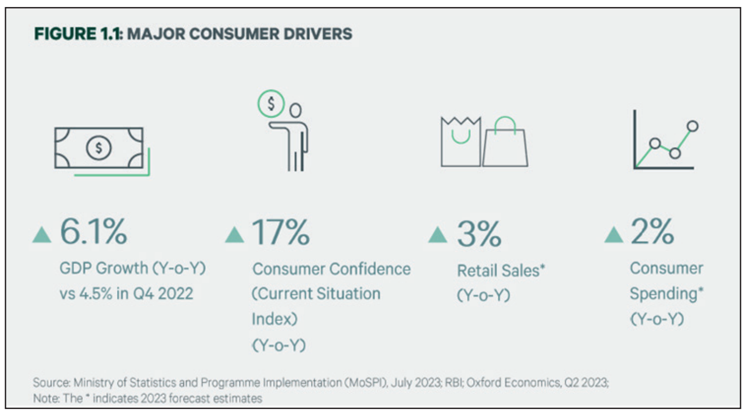
Retailing Sector Upbeat despite Headwinds

About 2.9 million sqft of leasing recorded in H1 2023, up by 24% Y-o-Y; supply addition crossed 1 million sqft, **says CBRE survey.**

Retail Sentiment To Remain Upbeat Despite Prevailing Headwinds

- Inflation turned sticky at the start of the year, exceeding the RBI's comfort band of 4% (+/- 2%). It moderated to 4.25% in May owing to a cooling of food prices and a low base effect from the food price surge caused by the European geopolitical crisis in 2022. However, a trend reversal was witnessed in June, as inflation again rose to 4.81% and witnessed another sharp rise in July to reach a 15-month high peak of 7.44%'. This increase was primarily driven by a substantial uptick in food and vegetable prices, which can be attributed to the adverse effects of heavy monsoons on crops and disrupted supply networks.
- The percent share of private consumption expenditure in the GDP increased marginally from 58.3% in the previous year compared to 58.5% in Q1 2023. * As the trend of "pent-up demand" subsides, the surge in consumer spending and retail sales witnessed last year is expected to rationalise and witness a 2% and 3% Y-o-Y growth respectively by the end of 20232 However, spending across non-essential categories such as restaurants and hotels; transport services and vehicle purchases and apparel and footwear are expected to witness a Y-o0-Y growth of 17%, 7% and 1%, respectively.

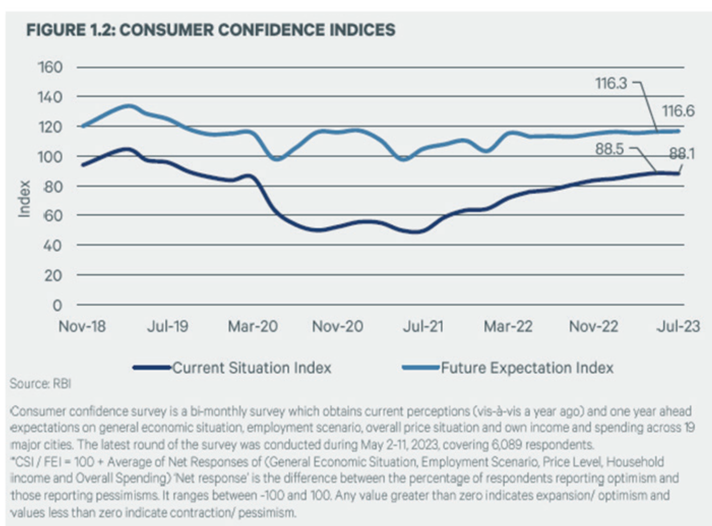


Marginal tapering in consumer confidence during H1 2023

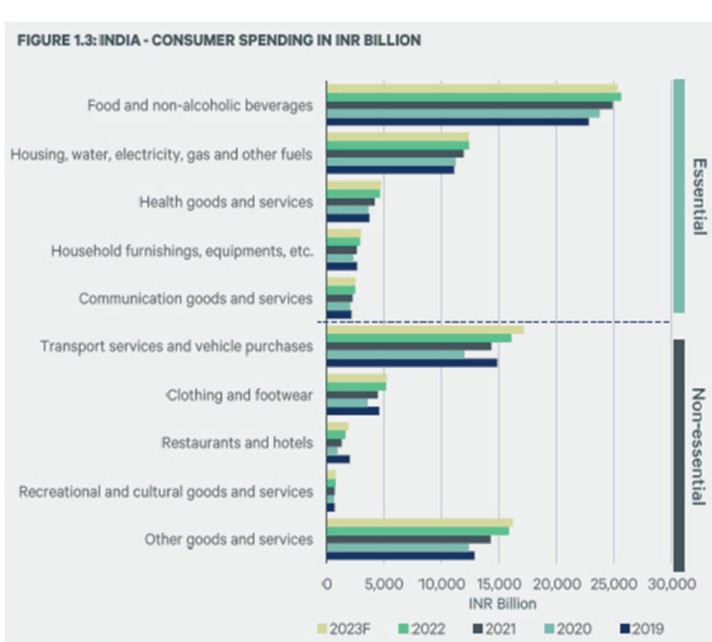
- Consumer confidence rebounded, and the RBI's Current Situation Index (CSI) Increased to 88.1 in July 2023 from 77.3 in the same period last year. Respondents remain optimistic about the economic situation in the coming year, with the Future Expectations Index (FEI also improving marginally by 3% Y-o-Y. However, the current situation index witnessed a minor decline compared to May 2023, which could be attributed to a recalibration of respondents' sentiment on income and spending due to their slight scepticism regarding general economic and employment situation.
- Itis likely to dip further in HZ 2023 due to global macro-economic headwinds, a lagged impact of monetary tightening and the lurking El Nino threat which might lead to continued surge In food prices pushing up inflation expectations.
- Growth in consumer spending expected to temper in 2023 across both essential and non-essential categories

An Overview of the Retail Sector in H1 2023

- Despite global headwinds and looming uncertainty, India is poised for a strong economic growth and sustained recovery during the endemic stage. This trend positions India as one of the most promising consumer markets in the Asia-Pacific region. CBRE's latest Asia Pacific Leasing Sentiment Survey reveals that retailers have expressed positive leasing sentiments, indicating their strong interest in establishing new setups, expanding operations, and upgrading existing stores3
- During the first half of 2023, there was a notable upswing in space take-up across tier | cities*, with a Y-0-Y increase of approximately 24%, amounting to 2.9 million sq. ft. The leasing performance displayed positive trends on a half-yearly basis as well, exhibiting a 15% rise in space take-up compared to 2.49 million sq. ft. of leasing recorded during H2 2022. The leasing activity was led by Bangalore, followed by Delhi-NCR and Ahmedabad, accounting for nearly 65% of the total absorption. Going forward, the anticipated growth in mall supply coupled with encouraging consumer spending trends, especially during the festive season, is expected to further augment the sentiment for expansion among both international and domestic retailers who are well positioned in the market.
- Strong demand for fashion and apparel products continued, spanning across opposite ends of the spectrum, which not only included value chain but also luxury brands. Therefore, fashion and apparel retailers drove leasing activity with a 34% share in total absorption during H1 2023. Other prominent categories that dominated absorption during H1 2023 included food & beverage (~15%), along with homeware and department store (~14%) categories. The luxury segment accounted for approximately 9% of the total leased space in H1 2023.



- During H1 2023, there was an increase in supply addition, with an uptick of 8% on a half-yearly basis and 148% Y-o-Y growth. This rise in supply can be attributed to the commencement of operations of three investment-grade malls located in Ahmedabad, Delhi-NCR, and Chennai, collectively contributing to 1.1 million sq. ft. of new retail space during H1 2023. Several investment-grade malls are slated for completion during H2 2023, which is expected to further augment the total supply for 2023, surpassing pre-pandemic levels. in select micro-markets across most cities. Among high streets, rents rose by about 4-13% in Pune and Kolkata; by 4-12% in Hyderabad and Ahmedabad; and by 1-5% in Delhi-NCR and Bangalore. While prominent mall clusters in Kolkata reported a rental growth of 7-16%, Delhi-NCR and Bangalore witnessed rental growth of 4-9% and 1-2% respectively.
- Tier Il cities** continued to maintain their growth trajectory and the total space take-up increased significantly to touch 0.46 million sq. ft in H1 2023 compared to 0.05 million sq. ft. and 0.19 million sq. ft. during H1 2022 and H2 2022 respectively; the leasing activity was dominated by Indore. Negligible supply became operational in H1 2023 - no change on a yearly basis but a 100% decline compared to H2 2022.
- Recognizing the immense potential of the consumer market in India, international brands continued to reinforce their presence in the country. Apple launched its first two stores in Mumbai & Delhi-NCR and UK based coffee and sandwich chain, Pret A Manger also opened stores in Mumbai and Delhi-NCR. Canadian coffee brand, Tim Hortons which debuted in India last year, strengthened their presence in Delhi-NCR and Punjab, and entered the Mumbai market this year. ¢ European luxury brand Balenciaga Is set to open Its first brick-and-mortar store in Delhi-NCR through its partnership with Reliance Brands. Additionally, Galeries Lafayette, a leading shopping centre based in Paris, is also planning to enter India by opening two stores in Mumbai and Delhi-NCR in collaboration with Aditya Birla Fashion and Retail Ltd.



Several **notable investments were reported in the e-commerce along with consumer durables and home furnishing sectors during H1 2023. Some of the key transactions are liste**d below:

- Led by strong demand for quality retail space, rental values increased on a half-yearly basis
- "Asia Pacific Leasing Market Sentiment Survey, June 2023
- 'Tier | cities include Delhi-NCR, Bangalore, Mumbai, Hyderabad, Chennai, Pune, Kolkata and Anmedabad
- **Tier Il cities include Chandigarh, Indore and Kochi

Note: The atest numbers are updated as of 3ist July and may vary slightly from the CBRE market monitor released on 25th July

India Retail Outlook 2023

Leasing activity will continue to inch up Despite global headwinds, sustained discretionary spend and strong retail consumption amid easing inflationary pressures is likely to drive retail leasing activity. CBRE's APAC Retail Flash

Survey 2023 *has tracked stronger expansionary sentiment among retailers since mid-2022. In this survey, nearly 71% retailers stated that they planned to expand in 2023 and India emerged as one of the top 10 desti tions for cross-border expansion. However, the survey also revealed that retailers would remain prudent in extending their presence in new markets. It also revealed that they would adopt a highly disciplined approach to portfolio planning as they seek to navigate economic uncertainty.

Retail leasing in India is expected to touch 5.5 - 6.0 million sq. ft. in 2023, the highest level after the 2019 peak of 6.8 million sq. ft. It is expected that primary leasing in newly completed malls would remain the key driver of retail soace demand in 2023. We expect fashion & apparel, homeware and department store, hypermarkets, food & beverage, and consumer electronics segments to lead retail leasing activity in 2023.

Supply scenario set to improve

Significant amount of pent-up supply lined up for completion is set to improve the supply scenario in 2023. We also expect several investment-grade projects launched by reputed players in the past 2 years to become operational during the year.

Nearly all major cities which include Chennai, Hyderabad, Bangalore, Delhi-NCR, Mumbai and Pune are expected to witness investment-grade supply addition towards the end of the year. Reputed investment-grade players are also expected to strengthen their presence across tier Il cities to explore the untapped potential of organized retail in these markets.

Key Retail Trends Taking Shape in 2023

Prime assets will continue to gain traction: Strong flight-to-quality demand will continue to prompt retailers to seek high quality retail spaces in city centres and along prime high streets. While decentralised properties will also continue to attract interest, we expect assets in prime locations to outperform in 2023. Cost sensitive/market-testing retailers are likely to seek Opportunities to add new stores in secondary locations.

Experience to remain at the helm of retailer strategies: The retail equation is more evolved than ever with the elements of experience, leisure and customer-centric strategies gaining greater significance. Experiential retail has emerged as a compelling response to the prevalent accessibility of e-commerce, offering a strategic avenue for brands to optimize their physical presence and yield substantial returns by prioritizing immersive and engaging in-store experiences.

Retail supply chain optimization to become a new normal: As the final 50 feet remains one of the most expensive legs of the logistics journey, retailers can thus hedge against rising transportation costs by assigning a more active supply chain role to their brick-and-mortar stores. As consumers increasingly expect to be able to shop for any product, any time, retailers will not only look to manage their expectations in-store but also upstream throughout the supply chain.

Retailers will continue to explore tier Il, III and IV markets: Population with increased spending potential, smart city recognition by the government, developing infrastructure and airport connectivity, availability of land and successful brand launches in tier Il, III and IV markets are some of the factors that are elevating preference for these markets. The surge in online shopping during the pandemic led stakeholders to move operations closer to the end-user markets. India's transition into an organized retail market will be driven by the continued growth in these cities and it will become vital for retail stakeholders to harness their economic and development potential.

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Tax Implications of Immovable Property

By CA Geetanjali Pandey

Ascertaining the nature of asset is crucial, whether it be a 'capital asset' or 'not a capital asset', it should be clearly understood by the nature of activity performed by the owner and accounting treatment of the said asset in the books of the assessee. This issue has become quite complex especially when it comes to sale of Immovable Property being land and Building.

An attempt has been made to explain the applicability of two provisions of the Income Tax Act which is related to immovable property being land and building. However, both these sections i.e., section 50C & 43CA of the IT Act dealt with immovable property being land and building but it's differed from the point of view of taxability of income and reporting under correct head of income.

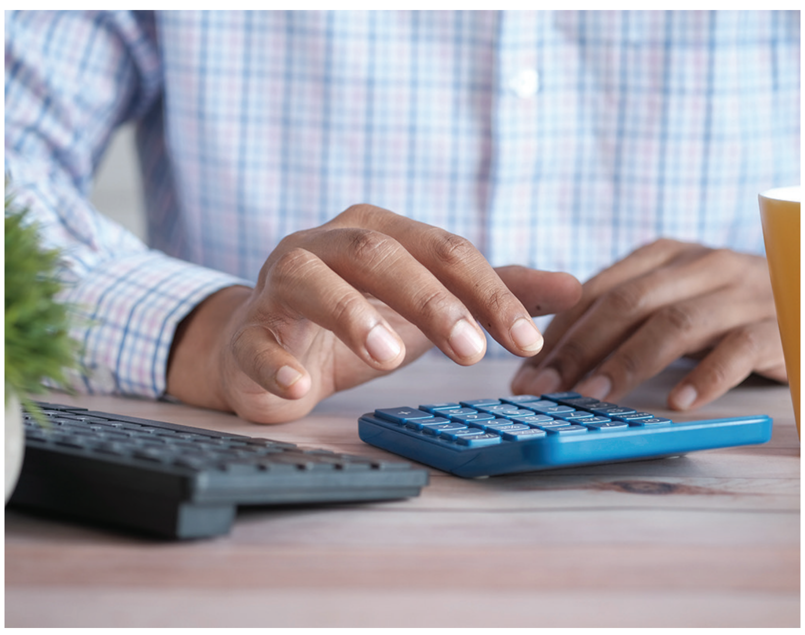
Sec 50C deals with immovable property as a "capital asset," while Sec 43CA applies to property treated as "stock in trade." The accounting treatment, activities of the owner, and nature of income upon sale differ under these sections. Sec 50C mandates capital gain taxation, while Sec 43CA taxes business income. Various deductions and considerations affect profit/gain computation.

Exclusions apply to both sections, protecting certain transactions.

Before discussing the issue, let's get clarity on the definition of asset "capital asset" means by property of any kind whether or not connected with his business or profession but doesn't include stock in trade, consumable stores or raw materials used for the purpose of business or profession. "Business" includes any trade, commerce or manufacture or any adventure or concern in the nature of trade, commerce or manufacture.

Sec 50C & 43CA hold crucial implications for the taxation of immovable property sales. Distinguishing between capital asset and stock in trade is pivotal while determining the applicable section.

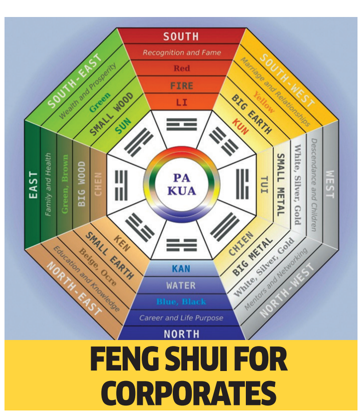
Courtesy: www.taxguru.in



TABULATED SUMMARY OF SEC 43CA & SEC 50C OF THE INCOME TAX ACT

Particulars	Section 50C	Section 43CA
Applicability	Immovable property being land and building in the nature of 'capital asset'	Immovable property being land and building in the nature of 'stock in trade'
Accounting treatment under books	Recorded in books under the head 'fixed assets'	Recorded in books under the head 'current assets' as stock in trade
Activities of the owner	Under this, assessee is usually not engaged in real estate activities with respect to such Immovable property being land and building.	Under this assessee must be engaged in the nature of 'Real estate activities' as Trader of Real estate developer. Business activities must be there to prove the contention of the assessee. (like assessee can have RERA registration for projects undertaken, or conversion of land u/s 143 for selling thereon in units)
Nature of income in case of sale of immovable property	Any profit or gain arising from the transfer of Immovable property being Land and building as Capital asset will be taxable under the head "Capital Gain"	Any profit or gain arising from the transfer of Immovable property being Land and building as Stock in Trade will be taxable under the head "Business income"
Sale consideration	Sale consideration should not be less than the stamp duty value determined by the Government or 110% of the stamp duty value	Sale consideration should not be less than the stamp duty value determined by the Government or 110% of the stamp duty value
Exclusion	Sec 50C do not apply in the following cases: · Transfer of leasehold rights in a building, since leasehold rights in plot of land is not land or building. · Transfer of development rights with respect to land owned by the owner. (Voltas Ltd. v. ITO [2016] 74)	Sec 43CA do not apply in the following cases: · Transfer of 100% shares of the company where immovable property is the only asset. (Irfan Abdul Kader Fazlani v. ACIT [(2013)) · Rights which are attached to or incidental to or connected with land or building or both don't come within the scope of Sec 43CA.

Declutter for positive flow of energy



Decluttering not only increases the positive flow of energy but also makes room for happiness at home, says S BS Surendran.

Feng Shui has been followed as a tool to harness happiness and the focus of Feng Shui is to harness the surroundings and the energy around to help us navigate our way to a better life. Feng Shui is all about the technique of energy balancing. It is not magic that will make you spontaneously wealthy and happy. It is a meticulous practice whose techniques take years of practice to perfection.

It is well-known that without effort and hard work it is impossible to achieve success in any of our pursuits. Peace, harmony or achieving personal goals is nothing but success and this is more fulfilling than achieving monetary success alone. Often all our failures are attributed to luck and we blame our failure on luck rather than analysing our own efforts in order to find solutions and ways to overcome the shortcomings.

Feng Shui teaches us that everything is energy, and we are in a constant energy exchange with everything around us. Thus, it is it very important to create a Feng Shui home that has a happy and healthy energy.

Feng Shui has a variety of tips for a happy Feng Shui home, all based on the fact that if you live in a healthy and happy Feng Shui home, your own energy will inevitably become healthy and happy!.

- Clutter has a profound impact on your well-being. If you have clutter, then the energy in your home is stagnant. And if you live in stagnant energy, then the energy in your body will start to stagnate as well. When you clean and declutter you not only increase the positive flow of energy, you also make room for happiness to come into your life.
- The element of air will assist in clarifying and uplifting your emotions. Letting wind stream through your home is an excellent way to purify your environment and gain control over your state of mind and pushing out stagnation.
- Humans need sunlight as sunlight plays a vital role in health and well-being. Light also activates and enhances 'chi' hence if there is less sunlight coming into your home, activate bright lights in the corner to shine towards the roof to lift up the spirits.
- Symbols of Dragons are the most representative symbols of the Chinese enhancers. Feng Shui dragons are also very symbolic and create balance in people's lives and space. Feng Shui dragons represent the 'yang' energy, creativity and strength.
- Dragon and Phoenix is a symbol of marital happiness. This celestial couple is the symbol of everlasting love and they being together are the ultimate symbol of marital happiness. The dragon will bring prosperity, good career luck and success in every area of life for mankind, while the phoenix would bring out the excellent side of the female.
- Infinity (The Figure-8) is Feng Shui's symbol of unlimited happiness. Displaying this symbol attracts positive energy and brings balance to your life, it can be at the south sector to activate fame and relationship or in the north for charging up your career luck.

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

Leased Land not considered while Assessing Agricultural Income

By Poonam Gandhi

Case Law Details Case Name : Late Madan Mohan Sharma Vs ITO (ITAT Delhi) Appeal Number : ITA No. 2829/Del/2018 Date of Judgement/Order : 18/08/2023 Related Assessment Year : 2014-15 Courts : All ITAT ITAT Delhi. Late Madan Mohan Sharma Vs ITO (ITAT Delhi) ITAT Delhi held that addition under section 68 towards unexplained income unsustainable as AO failed to consider leased land while assessing the agricultural income.

TAX TALK

Facts- The return of the assessee was selected for limited scrutiny. The reason for scrutiny selection was to examine large agricultural income. Based on investigation, AO estimated the agricultural income to be Rs.8,000 per bigha. He held that the assessee is holding 77.305 bighas and estimated the agricultural income at Rs.6,18,444 (77.305 x 8000). Since the assessee had shown agricultural income of Rs.20 lakhs in the return, the ld. AO added the remaining sum of Rs.13,81,556 (Rs.20,00,000 (-) Rs. 6,18,444) as unexplained income u/s 68 of the Act and sought to be taxed at the rate prescribed in section 115BBE of the Act.

CIT(A), considering the fact of lands taken on lease by the assessee, estimated the agricultural income at Rs.10 lakhs and restricted the addition made by the ld. AO to Rs.10 lakhs as against Rs.13,81,556/-. Aggrieved, the assessee is in appeal before us.

Conclusion- Held that the agricultural income figure for 14 acres should be Rs.17.5 lakh. As against this, the assessee had reported Rs.20 lakhs in his return. It is a fact that even in AY 2015-16, pursuant to the Tribunal order, agricultural income was accepted by the ld. AO only at Rs.15 lakh. We find that the lower authorities had been considering the agricultural holdings of the assessee including the leased lands only for 12 acres and accordingly had estimated the agricultural income at Rs.15 lakh in AYs 2012-13, 2013-14 and 2015-16. Hence, we estimate the agricultural income at Rs.15 lakh for AY 2014-15 also. The ld. AO is directed accordingly.

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