



**NATIONAL
ASSOCIATION OF
REALTORS - INDIA**

NAR-India

Realty News

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TRENDS

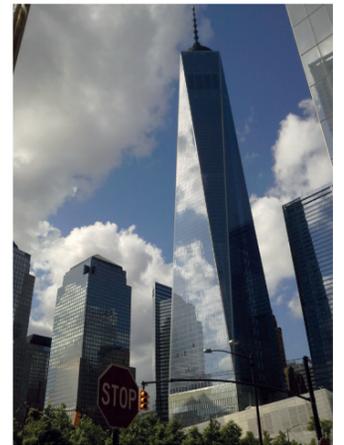
Uptick in US NRI Realty Demand

Post-Covid, there has been a perceptible shift in demand among NRI end users both for ongoing and built units in select Indian cities, reports
V Nagarajan from Santa Clara, CA.

There has been a growing demand among US NRIs post covid for Indian real estate in that a segment of returning NRIs are actively triggering enquiries for larger units. The demand mostly emerging from end users revolves around Rs 1crore – Rs 3 crore in value for quality homes with a range of amenities in tier 1 cities. Home loan continues to drive demand while investing and property management services has become an integral part of the overall services while marketing among NRIs.

In a survey conducted among the exhibitors during the 2-day Gruhapravesh property show held at Santa Clara Convention Center in bay area in California, and organised by Mysquarefeet Pvt Ltd., both end users and limited investors have evinced keen interest for investment in Indian real estate across select cities.

NRI population across US grew from 17 lakh when Chennai based Priya



Publications organised its maiden India property show in US in 2002 to 40 lakh in now. Traditionally, Edison on the east coast and California on the west are predominantly targeted by the event organisers due to expatriate Indian population exceeding 4.5 lakh in both the strategic locations. While Edison has a mixed population of techies and financial professionals employed in New York, bay area being the hub of Silicon Valley has substantial techie population and Bengaluru is invariably one of the sought after cities for real estate investment. This is due to re-employment opportunities that abound in the city back home and also the fact that most of the US

MNCs have their branches in Bengaluru. The marketing challenges for any organiser vary from locating an ideal location to drive potential NRI buyers to ground level work through digital promotion and other options at select cities. In US, NRIs are spread across suburbs and commuting to an ideal and strategic location well known for residents is important. Post Covid, the challenges mounted in the absence of very limited print media and soaring hotel tariff and event hall cost. "Out of 10 visitors, 7 visitors are keen to invest due to plans to return home and the apartment value desired varies from Rs 1 crore to Rs 3 crore for larger homes

with a range of amenities both in Bengaluru and Pune," said Isha Kotwal, Head, International Sales, Total Environment.

"Unlike earlier, the overall demand for apartment ticket size has improved from Rs 70 lakh to Rs 1 crore and in some instances demand even surged for units priced over Rs 2 crore plus. One of the reasons attributed for this trend is the WFH option which has necessitated homebuyers to opt for larger size apartments to accommodate varying work cultures," said Srinivas Verma, director, Mysquarefeet Pvt Ltd. and organiser of the event.

Among the categories of properties demanded during the property show specific mention should be made about plots, apartments and villas across cities like Bengaluru, Chennai, Hyderabad, Pune, Mumbai and NCR.

Continued on page 2

Message from the President, NAR-India

My heart swells as we launch the June edition of NAR-India Newsletter. With immense pride and emotion side by side, I thank each of you for the overwhelming response to our maiden launch in May. Congratulatory messages and words of encouragement were in abundance and on behalf of NAR-India, I express my deepest gratitude for the generous comments and enormous wishes from all the stakeholders of our real estate fraternity.

With multiple initiatives and programmes calendarised this year, this newsletter intends to bring all the latest and fresh updates to you straight from the core of NAR-India on a monthly basis. The credible voice of realtors would be periodically shared and keep the readers informed of the newest trends, updates, developments and events from all across the nation. Besides, it is also a great platform to leave a mark in the market about your brand or work with your advertisements to a large readership audience across India.

These are highly competitive spaces with lots of articles, data, trends, speculations, and advertisements vying for the same attention and inordinate amount of response. Hence, it is extremely critical to keep up with a stronghold that can guarantee to hook the readers. NAR-India with its branding, PR and social media teams is aiming to conjure this appeal and penetrate into the real estate periodicals arena in a consistent way.

We all know that statistics can pique interest, similar to a question, enticing readers to find out more. If it is relevant it is capable of lending author-

ity to a newsletter. On this front as well, we are gearing up to bring the most authentic and credible data to you and we hope the statistics provided would prove effective anywhere you choose to put them whether in your reports, presentations, analysis or blogs.

With these intentions, our dynamic Chairman of Newsletters Publications, Mr. Ramkumar has compiled yet another edition of NAR-India Realty News- June edition. Happy Reading! A brief update on the activities within the NAR-India family and some of the initiatives implemented in Q1 of FY 2022-23 are summated below.

The 61st Governing Body Meeting of NAR India and the first of this tenure was held on June 4 and 5 at Siliguri preceded by a large-scale East Zone Convention

Event named Real Touch 2.0, both hosted by AREAS Siliguri. They say, smaller town people have bigger hearts and members of Team AREAS Siliguri proved it every bit by their warmth of hospitality and an individualised touch to ensure every governing body member of 47 associations of India that attended the event, carried back fond memories that will last a lifetime. Knowledge sessions, interactions with North Bengal Minister and leading developers, motivational sessions par excellence, networking, bonding, business exchange were at display at their best coupled with hospitality that makes us proud of our India. Kudos and congratulations to Team AREAS Siliguri for adding yet another feather to their cap and pulling off an event of this scale with grace and elan.

Thank you to the dynamo President, Mr. Robin Mitruka, Event Chairman Mr. Basant Agarwal, Event Co-Chair Mr. Rakesh Garg, Secretary Mr. Yogesh Mittal and all of Team AREAS for the superlative event.

NAR India is getting all geared up to gather 2000 plus Realty Stars under one roof at the iconic Bengaluru Palace on the August 6 and 7, 2022 for its 14th annual convention named "YES REALTOR" hosted by CREA (I) Bengaluru. The magnum opus event will probably be the biggest real estate event in recent years with all industry stakeholders participating in large numbers. IIM Bengaluru, the prestigious management institute via its real estate wing has officially signed up as the Knowledge Partner for the Yes Realtor convention. CREDAI Bengaluru has signed up as official support partners for the convention. NAR Global will have an important delegate participation from USA with many leading international realtors attending the event. All top developers in the country and associated and allied Industry professionals like architects, interior designers, CA's, lawyers, bankers and home loan NBFCs are likely to participate in large numbers at the convention that is likely to set a benchmark as a content driven convention in the real estate industry. Kudos to the Team at CREA (I) that is working day and night already to deliver the best ever realty event to the Indian real estate industry.

With so many large initiatives under implementation, the base premise of "Respect for the Profession & Respect for the Professional" is not



**Samir Arora
President -
NAR India**

What we do, makes a difference. And we must decide, what difference we want to make. Maybe you can do things, I cannot do and vice versa. But surely, together we can do great things that make a difference.

forgotten and remains the driving force theme for Realtors in 2022-2023. The leadership team & office bearers of NAR-India are extremely motivated to deliver a punch performance with every initiative helping lift the fraternity and up the realty standards to get the real estate industry the reckoning it so deserves. It can only be a privilege and an honour to be chosen as the chosen one, to lead a large team of leaders and titled as the President (Pradhan Sevak) of this wonderful organisation and family called National Association of Realtors India (NAR-India).

My humble gratitude and best wishes to all stakeholders of the industry.

Home Ownership – A paradigm shift



The Covid-19 pandemic has shifted young Indians' home options - from rental or co-living to home ownership, says JLL survey.

It's no surprise that young Indians generally prefer the experiences and living standards acquired through a more flexible lifestyle, as compared to a sedentary lifestyle tied to permanent housing. This is especially the case among younger millennials born between 1989-1996 and generation Z, born between 1997-2012. This preference in lifestyle was reflected in their choice of living spaces – such as rental and co-living over ownership, proximity to the workplace over a home in distant suburbs, until the recent COVID-19 pandemic.

How did the global pandemic shift the notion of younger Indians towards home ownership?

In the last few decades, India has witnessed a dramatic demographic transition to become one of the youngest major economies. In terms of demographic dividend, the median age of the working population stood at a youthful 28 years in 2021. The newer generation grew up with minimal adult supervision, hence are high on independence and mobility. They have been known for exploring life and careers. These optimistic, digital natives and ambitious young Indians were soon to drive the country's labour market.

However, the recent COVID-19 pandemic reshaped the country's social and economic landscape. It remarkably elevated the need to be scrupulous, as economic uncertainties remained front and centre, leading to disappearing jobs and salary cuts, especially among the youth. As a result, many took the pandemic as an opportunity to redefine their choices in lifestyle, while others put greater emphasis on accentuating stable investments.

Living in rented apartments became increasingly difficult due to the volatile rental market, job insecurity, added chores and higher expenditure. The pandemic also injects some doubts into the popular co-living concept because of potential risks to health and security. In addition, the culture of work from home/flexible working further leads to the re-emergence of demand for homes in many far-off suburbs and Tier-2 cities away from dense city centres. In hindsight, the younger Indians preferred living in spacious, hygienic, and owned homes that accommodated their supplementary needs even if not located in the city centre.

To sum it up, the pandemic led to a paradigm shift from a nomadic, flexible way of living towards a more secure lifestyle among the young Indians. These changes in the preferences were further supported by the government incentives offered during the pandemic, such as reduced interest rates on home loans, tax rebates and a first-time homeowner's policy. These significant benefits, coupled with the realistic real estate options, additional discounts offered by the developer and increased supply triggered a remarkable shift to achieve the otherwise impossible-looking standard of living through home ownership among the young Indians.

With the plateaued and now slowly declining pandemic, the question arises - Is this notion here to stay? Like any other major upheavals, the pandemic indeed prompted an urge for flight to safety and security. However, it is yet to be seen if this trend will be permanent or dilute in the near future.

TRENDS

Uptick in US NRI Realty Demand

Continued from Page 1

Incidentally, demand is said to be more for villas in Hyderabad where the supply level is said to be limited as of now. Limited investors evinced keen interest in commercial property in Bengaluru. In a significant shift in trend, demand exists both for built units and under construction units. However, end users dominated the overall volume of enquiries.

According to local realtors, the shift in demand is primarily due to the soaring housing prices in California and H1B visa holders who are employed in the bay area for limited period. Moreover, with Fed rising its lending rate, mortgage rates have gone and current hovering between 4 and 5 per cent. The sudden slide in stock market too has also contributed to the shift in demand for real estate investment.

"Post Covid, a number of NRIs had plans to shift back home and started investing in housing either for their own or their parents' sake. Demand is growing for cities like Bengaluru, Mysuru, Chennai and Hyderabad among southern cities. The demand for 2BHK units is quite substantial

in the price range of Rs 55 lakh-Rs70 lakh which is also the fast moving segment among US NRIs. For 3 BHK units, preferred price category ranges from Rs 75 lakh to Rs 1.2 crore in most of the Indian cities, said an exhibitor.

There are other exhibitors who felt that there is a surge in demand for units in the integrated township projects as it comes with associated clubhouse amenities. Online marketing is picking up and people wish to send their relatives to inspect the property before finalising the transaction. There continues to be demand for home loans to part finance the investment in housing in India.

The surge in demand for Indian property is significant even though US local market property price appreciation has been reporting robust growth over a period of years. "In most of the cities, housing price appreciation is said to be 50 per cent over a period of three years. Even NRI homebuyers in select states face stiff competition over pricing due to Chinese expatriates' willingness to pay upfront in cash outsmarting other nationalities in pricing," said local realtors in bay area.



Housing Prices up by 4% and Inventory Declines Marginally in Q1

A pick-up in housing demand across most cities and skyrocketing prices of raw materials for almost 2 years, led to YoY increase in housing prices, surpassing pre-covid levels across all 8 metro cities (Delhi, Mumbai, Kolkata, Pune, Hyderabad, Chennai, Bengaluru, and Ahmedabad), according to the first edition of the Housing Price-Tracker report, jointly conducted by CREDAI, Colliers, and Lias Foras.

As per the report, the average residential prices in India rose 4% YoY during Q1 2022 after a prolonged slowdown, indicating that the residential market is on its path to recovery. While Delhi-NCR saw the highest YoY change with a noteworthy 11.3% surge in housing prices, prices in Bengaluru and MMR on the other hand remained largely stable. However, New Mumbai and western suburbs (beyond Dahisar) saw a 9-10% increase in prices on a YoY basis. Additionally, overall unsold inventory across the country declined marginally by 1% as demand improved for 7 consecutive quarters owing to by low loan rates and largely stable prices, even while all 8 cities saw an increase in prices.

Hyderabad and Ahmedabad also recorded a substantial YoY increase in prices with 9% & 8% respectively while Delhi-NCR led the charts in this aspect. Kolkata also recorded a 6% jump whereas Pune witnessed a 3% jump in its YoY increase in prices. However, MMR accounted for the highest share of unsold inventory, followed by Delhi-NCR and Pune.

"Price hike has been an ongoing issue, but we are pleased with the finance minister and the government's intervention to control the rise in the cost of raw materials and in turn control inflation as the Indian economy had stayed resilient while grappling the strains of cost infla-

tion of raw material prices in the last 18 months. Measures to reduce import duties on steel products, iron ore, and steel intermediaries, will provide a breakthrough for bolstering the availability of raw materials domestically, cool off the prices of steel products, and help tide the rise in prices of projects, strengthening consumer sentiment. Lowering custom duties on coal products will further aid the production of cement and shall help control the skyrocketing prices of cement," said Harsh Vardhan Patodia, President of CREDAI National.

PAN INDIA RESIDENTIAL PRICES Q1 2022			
City	Average Price Q1 2022 (INR/sf)	QoQ Change	YoY Change
Ahmedabad	5,721	0%	8%
Bengaluru	7,595	0%	1%
Chennai	7,107	-1%	1%
Hyderabad	9,132	4%	9%
Kolkata	6,245	3%	6%
MMR	19,557	-1%	1%
NCR	7,363	6%	11%
Pune	7,485	1%	3%

Source: Lias Foras, Colliers
Note: Prices are based on carpet area

"It will be important to capitalize on the current situation and help the sector back to a U-shaped recovery and the reduction in prices of fuel tax to pre-covid levels will provide an added impetus to help all sectors ag-

nostic of their business and it's respective consumers. Going forward, we suggest the state government cut down on state duties on fuel too to have a direct impact on the rise in inflation. CREDAI sincerely hopes that manufacturers will pass on the price cuts to end-users. This will help the real estate developers negate increased construction costs over the last 2 years, which will only help prospective homebuyers," he adds.

Bengaluru sees the steepest drop in unsold inventory

In Q1 2022, Bengaluru noted the steepest drop in unsold inventory by 23% YoY. Residential demand in the technology-led city has climbed as the pandemic saw technology companies



and startups performing well. Prices in the city have been stable for over a year.

After Bengaluru, Kolkata and Pune witnessed the next steep decline in unsold inventory with a 15% and 11% descent on a YoY basis, portending a recovery in demand. On the other hand, unsold inventory in Hyderabad increased 41% YoY. The rise in unsold inventory comes on the back of an increase in launches in the city. Most of the unsold inventory was seen in under-construction projects.

"It is exciting to see India's residential market performing well and beating market expectations after so many years. End-users have faith in the market, and we expect credible developers to see higher sales this year as end-users are discerning about the reputation of the developer. There can be a meaningful increase in prices over the next 6-9 months in the range of 5-10%, across most of the markets. We can also see more activity in the high-end segment, in addition to the affordable seg-

ment" said Ramesh Nair, Chief Executive Officer, India and Managing Director, Market Development, Asia, Colliers.

MMR sees demand returning

MMR, which accounts for the highest unsold inventory at 32% saw stable unsold inventory in the last one year. At a time when the region saw significant new launches, stable unsold inventory signifies a revival in demand in the market. In terms of unsold inventory, central suburb extension accounts for 26% of the unsold inventory with the majority share in the price range of INR5,000-7,500 per sq feet.

"Jan-March quarter 2022 witnessed the new launches back to the pre-covid level. The coming quarters see an increasing flow of new launches. The fresh supply will induce an improvement in volumes. Thus, the sales will continue to grow despite the recent increase in the interest rates", concluded Pankaj Kapoor, Managing Director, Lias Foras.

Dear Members

On behalf of CREA (I) we look forward to your presence for the 14th NAR Convention to be held at Bangalore Palace on the 6th and 7th of August 2022.

- This convention is going to be the biggest and the best of all. The registration link of the details are enclosed.
- Looking forward from each one of you to be a part of this event.

Regards
Chairman - Convention Committee

HOST
CREA (I)

ORGANISED BY
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06-07 AUGUST, 2022

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Realtouch 2.0 Edition – Participants Overwhelmed by Hospitality

Robin,
Chairman, Events,
NAR-India



After the grand success of Realtouch 2021, the Association of Real Estate Advisors Siliguri organised Realtouch 2.0 on June 3 at Courtyard by Marriott Siliguri where all city associations under National Association of Realtors India took part along with all governing body members.

This event brought new vibes among small associations to grow on a national level. The event commenced with the inauguration and the President Mr Robin Mitruka's address from Areas Siliguri. It was graced by Mr Ravi Varma, Chairman NAR-India, Mr Sumanth Reddy Vice Chairman NAR-India, Mr Samir Arora, President NAR-India, Mr Gautam Deb, Mayor Siliguri, Ms Sabina Yeasmin, Minister NBDD and Irrigation, Government of West Bengal, Mr Harshvardhan Neotia, Director, Neotia Ambuja Group, Mr Deepak Agarwal, Director, Dwarika Group, Mr Manish Agarwal, Director, Manokamna Group, Mr Anil Agarwal, Director MLA Group, Ms Juuhi Rajput, Media Advisor to The Ministry of Housing and Urban Affairs, Government of India with renowned builder from the east.

The session began with a beautiful presentation from Mr Sam Chopra, Delhi and Avinash Ananda, Mumbai. The event had fabulous panel discussions which was moderated by Mr Mahesh Somani, Rera, Chairman NAR-India and Mr Shiva Kumar CR, President Elect NAR-India.

The event was enlightened by Mr Samir Arora, chief guest & President NAR-India who advised the small associations to grow and develop themselves by organising such types of events for the growth of NAR-India and it was he who boosted us and inspired us for organising such an event where sharing of ideas regarding real estate industry and development across the country could be focused where networking opportunity can be better used for the betterment of the realtor fraternity and industry as a whole.

The event was witnessed by esteemed sponsors like Dwarika Group Embee Manokamna group MLA OSL group and along with esteemed dignitaries from eastern and Pan India.. Credai, North Bengal has played a supporting role in the entire event where Naresh E Agarwal, President, Credai, North Bengal and Vice-President, Credai, West Bengal were present to grace the occasion.

The lucky draw and Sand Art were the highlights of the event with the valedictory session and vote of thanks by Secretary Areas, Mr Yogesh Mittal. The event was organised with the overwhelming support of the entire vibrant team Areas Siliguri. It was followed by a cultural evening and gala dinner.



AREAS and Team Siliguri have created a hospitality standard that has set new benchmarks and some of the recent past events, it appeared impossible to beat the high standards of hospitality set by host associations. Thank you is a very small word to express our gratitude to the team that has worked for months and has stayed up last 4 days and nights to ensure all of us at NAR India general body have the most wonderful moments to go with a fabulous event and a superb general body meeting.

Thank you, Robin, Basant, Yogesh, Rakesh, Shubham and all of Team AREAS

Blessed to be a part of the NAR-India team that creates such great benchmarks and lovely memories.

Long live NAR-India and all its member associations.

Samir Arora, President NAR-India

Real Touch 2.0 had great content, excellent format and timely execution of segments which is difficult to achieve.

The goodwill Robin, Basant, Rakesh, Yogesh and your entire team enjoys in Siliguri was evident from the quality of chief guests and city fathers who attended the show. You all raised the bar on organisation and hospitality.

Please thank every member of AREAS on behalf of all of us at NAR-INDIA. The event is over ...the flavour will linger for a long time. Cheers!

Ravi Verma, Chairman, NAR-India



Where there is will there is a way & Team AREAS Siliguri you guys pushed the limits to go beyond the best. You guys ensured every moment was memorable & once again proved people from smaller places have a big heart. I would not like to simply thank you as it would suffice the amazing efforts you made to make us feel at home.

@Robin, @Basant Agarwal Nar Siliguri, @Rakesh Garg Areas Siliguri, @Yogesh Mittal, Nar Siliguri, Kanishk, Yash, Gaurav, Shubam & Team, I can't thank you enough for making us feel special all through. I can tell you REAL TOUCH 2.0 lived up to the theme & I'm sure everyone from NAR-INDIA felt the same over four days. God Bless You!!

Keep Shining Team AREAS!!!

Sumanth Reddy, Vice-Chairman, NAR-India

NAR-India's Efforts on Blood Donation Camp Lauded

At Pan India level NAR-India (National Association of Realtors - India) has organised blood donation camp on May 1, 2022. This event was conducted under the CSR Chairman, NAR-India Mehul Vithalani. In all, 24 associations at Pan India level participated in the occasion.

It was stressed repeatedly by the organizers of the event that blood donation is a noble cause and if one can save the lives of others, then the donor is no less a life saver than the doctors. Not everyone can become a doctor but all of us can help the doctors by becoming blood donors. Every year countries around the world celebrate 'World Blood Donor Day'

on June 14. The event has been conducted to raise the level of awareness among people to encourage blood donation camps. It is also celebrated to thank voluntary and unpaid blood donors for their life-saving gifts of blood.

The support of the sponsors, volunteers, co-coordinators and especially all the donors who saved the lives of people by donating bloods were well appreciated. The organizers have also thanked NAR-India Samir Arora and NAR-India Secretary, Hitesh Thakur for organising such a useful and meritorious service to encourage blood donation in order to save the lives of others.



CSR Chairman Mehul Vithalani,
NAR-India



Realty Data

TRENDS IN OFFICE MARKET TRANSACTIONS (MILLION SQFT)

Market	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q1 2022 YoY growth %	Q1 2022 as % of 2019 Qtr average
Bengaluru	0.2	4.3	4.4	3.5	5%	92%
NCR	0.8	2	2	2.3	37%	106%
Hyderabad	0.7	2.1	2.3	1.6	72%	49%
Chennai	0.8	1.6	1.1	1	124%	76%
Mumbai	0.4	1.2	1	0.9	-24%	38%
Pune	0.4	1	1.7	0.9	15%	55%
Ahmedabad	0.2	0.3	0.4	0.5	165%	130%
Kolkata	0.1	0.1	0.4	0.1	9%	43%
All cities	3.6	12.5	13.3	10.8	25%	71%

Source: Knight Frank Research

INDIA – INVESTMENT UPDATE

INSTITUTIONAL INVESTMENTS IN INDIAN REAL ESTATE (US\$BILLION)	
Year	Amount (US\$billion)
2016	5.5
2017	8.0
2018	5.7
2019	6.2
2020	4.8
2021	4.0
Q1 2022	1.1

Source: Colliers

TRENDS IN RESIDENTIAL SALES DURING Q1 2022

Market	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q1 2022 YoY growth %	Q1 2022 as % of 2019 Qtr average
Mumbai	4,855	15,942	18,440	21,548	-9%	141%
NCR	4,743	9,101	14,498	15,019	123%	140%
Bengaluru	4,593	11,337	11,881	13,663	34%	114%
Pune	3,821	9,565	10,179	10,305	-25%	126%
Hyderabad	5,065	5,987	6,357	6,993	1%	172%
Ahmedabad	1,163	1,607	3,096	4,105	35%	98%
Kolkata	1,519	6,861	2,429	3,619	1%	128%
Chennai	1,693	3,610	2,597	3,376	-17%	80%
Total	27,453	64,010	69,477	78,627	9%	128%

Source: Knight Frank Research

TRENDS FOR INSTITUTIONAL INVESTMENTS Q2 2022

YOY INSTITUTIONAL INVESTMENTS IN INDIAN REAL ESTATE (US\$ BILLION)	
Segment	Amount (US\$billion)
Office	0.6
Industrial & Warehousing	0.2
Residential	0.02
Alternatives	0.04
Mixed use	4.8
Retail	0.3
Q1 2022	1.1

Source: Colliers

INDUSTRIAL & WAREHOUSING MARKET SNAPSHOT

BENGALURU - CAPITAL VALUES/RENTS

Cluster / Micro market	Capital Values	Rents (Rs/sqft/month)
Peenya	130-180	35-45
Nelamangala	18-25	19-23
Dabaspote	14-22	17-21
Hoskote	17-30	21-23
Naraspura	12-15	18-21
Soukya Road	31-35	22-24
Bommasandra	90-120	28-40
Jigani	17-25	21-30
Anekal	16-22	20-23
Doddaballapur	32-40	19-25
KIADB – Devanahalli	24-28	25-40

INDUSTRIAL & WAREHOUSING MARKET SNAPSHOT

DELHI-NCR - CAPITAL VALUES/RENTS

Cluster / Micro market	Capital Values (Rs million/acre)	Rents (Rs/sqft/month)
NH-48	15-27	18-24
Manesar	126-147	30-35
Farukhnagar	10-25	17-23
Ghaziabad	13-30	18-24
Noida	105-168	25-35
Greater Noida	32-48	25-35
Faridabad-Palwal	25-35	18-22
Ballabgarh-Sohna road	25-35	18-22
Sonipat	30-37	18-20

ASSETWISE SHARE OF INVESTMENTS

Segment	Percentage of investment
Office	57%
Retail	23%
Industrial & Warehousing	16%
Alternatives	3%
Residential	1%

Source: Colliers



KEY TRANSACTIONS IN BENGALURU

Type	Client	Building	Location	Area (sqft)
Industrial	Homag India Pvt Ltd.	Rajdhani group	Dabaspote	200,000
Warehouse	DB Schenker	MBS	Nelamangala	200,000
Industrial	Sandhar Technologies	Devegowda group	Bommasandra	115,000
Warehouse	Snowman Logistics	ATB Warehouse	Bannerghatta Road	100,000

Source: Colliers

KEY TRANSACTIONS IN DELHI-NCR

Type	Client	Building	Location	Area (sqft)
Warehouse	DB Schenker	Indospace Logistics Park	Luhari	250,000
Warehouse	Havells	Sevenedge	Luhari	165,000
Warehouse	Reliance Jio	Outrank Logistics	Bilaspur-Tauru Road	160,000
Warehouse	Mearsk	Future Warehouse Solutions	Sikandrabad	150,000

Source: Colliers



MUMBAI

Property Registrations shows Uptick in Demand

The number of units registered was the highest in a decade for the month of May, while monthly state revenue collections were at a 10-year high for the May month. 54% registrations were in the price band of Rs1 crore and over, while in terms of apartment size, homes ranging between 500-1000 sq ft were the most preferred category of properties registered.

May 2022 recorded property sales registrations of 9,839 units denoting an 84% YoY (Year-on-Year) rise. The substantial rise comes on the back of low sales registrations recorded in May 2021, as the month was impacted by lockdown due to the second wave of Covid.

Compared to April 2022, May 2022 recorded a 16% MoM (Month-on-Month) drop in property registrations. The dip in MoM sales registrations can also be explained by the advance purchasing up to the deadline of 31st March 2022 when homebuyers could potentially save 1% metro cess. With the rush behind us, the registration momentum has now returned to regular market activity that is devoid of such externalities

Buyers making advance purchase to save metro cess levy continued to register bought properties in May 2022: A good share of consumers advanced their purchases by filing them in March 2022 while registering them in April and May 2022, effectively saving 1% metro cess on their deals. 37% of property registrations executed in May 2022 were filed in March 2022 at the effective stamp duty rate of 5%, while 2%

Mumbai City (BMC area) saw property sales registrations of 9,839 units in May 2022, contributing over INR 7.27 billion to state revenues, says Knight Frank India survey.



of all properties registered in May 2022 were filed in April 2022. The remaining 60% were filed in May 2022 having an effective stamp duty rate of 6%

Property Deal Type: 85% of the properties registered in May 2022 were residential. 85% of property registrations in May 2022 were for residential deals while commercial property deals contributed 10% of the total deals registered. Industrial property deals contributed 2% while land deal registrations stayed under 1%. Other forms of property deals contributed 3% of the total deals registered in May 2022.

Ticket Size: Focus on 10 million and below deals, with the segment bag-

ging a share of 46%. The focus remained on residential properties with a ticket size of INR 10 million (million) and below which made up 46% of the residential registrations in May 2022. INR 10 to 25 million had a contribution of 39% while INR 25 to 50 million had a contribution of 10%. Residential properties above INR 50 million contributed to 5% of the total residential deals in May 2022.

Apartment Size: share of 500 - 1000 sq ft deals rose marginally. Compact homes of up to 500 sq ft contributed to 34% of all properties registered in May 2022. Homes of 500-1,000 sq ft continued to be the top preference, account-

ing for 48% of the total registrations in May 2022 compared to 47% in April 2022. The share of homes of 1,000-2,000 sq ft remained unchanged accounting for 15% of the total registrations in May 2022.

Micro Market: Western suburbs continue to dominate the market, however central suburbs gain traction. The share of western suburbs fell from 62% in April 2022 to 51% in May 2022 while central suburbs recorded a jump in share going up from 25% in April 2022 to 36% in May 2022. Central Mumbai also saw an increase in its share contribution to 8% while south Mumbai recorded a drop to 5%.

A maximum share of property registra-

tions having ticket sizes of INR 50 million and below have been recorded in the western suburbs micro market. For high value ticket sizes of INR 50 million to INR 200 million, luxury micro markets like central Mumbai recorded the largest share contribution.

Consumer Sentiment: A majority of buyers did not prefer relocation outside their micro markets. In May 2022, consumers within Mumbai continued to demonstrate low inclination towards relocation to a different micro market. Out of city buyers showed interest in purchasing residential properties primarily in Western Suburbs followed by Central Suburbs.

Central and western suburbs being relatively affordable markets, buyers in these micro markets have shown a tendency to upgrade to properties within their own micro market. 92% of homebuyers from central suburbs and 81% homebuyers from western suburbs preferred their current location while purchasing new property. About 15% of home buyers from the western suburbs relocated to central suburbs.

Homebuyers from prime micro markets like central and south Mumbai have shown inclination towards property purchase within their micro markets. 55% of home buyers from Central Mumbai and 50% of home buyers from south Mumbai purchased a home in the same micro market. Central suburbs have emerged as the second preferred market for homebuyers of central and south Mumbai having a share contribution of 26% and 20%.

AHMEDABAD

Quarterly Launches rise in Q1

Ahmedabad witnessed launch of 4,301 residential units in the first quarter of 2022, a 37% rise on a q-o-q basis as well as 28% growth on a yo-y basis. New launches during the quarter were dominated by mid segment units with 60% share owing to two-fold increase in the volumes from the previous quarter. Affordable segment had a 24% share in the total launches this quarter. The share of high-end and luxury residential units in total quarterly launches has dropped to 15% from an average of around 23% in the previous two quarters. West and West Peripheral markets remained popular for home buyers owing to excellent connectivity and social infrastructure. Shivalik Group, Kavisha Group and Saanvi Nirman were the prominent city-based developers active during the quarter responsi-

Mid-segment units dominated the new launches, says a survey by Cushman & Wakefield

ble for close to 25% of the launches in the city.

Peripheral markets dominate new launches

The West Peripheral submarkets accounted for 49% of new launches in Q1 2022, and 75% of the launches in this submarket were in the mid segment category. West peripheral submarket accounted for 61% of the total launches in the mid segment while North Peripheral submarket contributed 19%. East Peripheral submarket, which accounted for close to 30% of the new mid-segment launches in the previous two quarters, man-

aged to attract only 11% of the new launches in this quarter. However, with 3 Town Planning (TP) schemes sanctioned in Naroda, the East Peripheral submarket is expected to have higher launch volumes going forward, especially in the affordable segment. Moreover, the sanction of 2 TP schemes in Santej in the West Peripheral submarket, could attract developers owing to the strategic location between SP Ring Road and upcoming DFIC. Further, this submarket is all set to change the skyline of the city given the permission received for high-rise residential towers in Bopal-Ambli road and

Shilaj. In affordable category, South Ahmedabad submarket dominated with 42% share of the total launches in the segment. High-end and luxury segment launches were concentrated in West Peripheral submarket with new projects in Bopal and Ghuma.

Capital values likely to increase to keep up with rising input costs

Quoted prices have remained stable during the quarter, however the announcement of price hike by the developer's association Credai is expected to come into effect from next quarter. The announcement caused a rise in enquiries and conversion rates in Q1 as home buyers rushed to book units at lower prices. Property prices have stabilised in the core city submarkets, however, considering high demand in peripheral markets along with improving connectivity and higher input costs, we expect capital values to increase marginally in peripheral markets in the upcoming quarters. Rental values across the submarkets and categories remained stable during the quarter.



SIGNIFICANT PROJECTS LAUNCHED IN Q1, 2022

Building	Location	Developer	Units Launched	Rate (Rs/sqft)
Sarang Sky	Vaishnodevi	Divyajyot Buildcon	164	7,600
Altura	Shilaj	Sharanya Realty	296	9,200
Skydeck Serene	Godhavi	Saanvi Nirman	100	7,000
Dev 84	Vatva	Shree Developers	84	4,500
The Canvas	Bopal	Kavisha group	404	6,900

Source: Cushman & Wakefield

OFFICE MART

Chennai Office Market is Resilient

In India, Chennai has carved an identity as a stable office market, unlike its southern counterparts like Bengaluru or Hyderabad. Its manufacturing hub status and talent pool have always attracted occupiers across segments. There were no major upheavals until the floods of 2015, followed by a cyclone in end-2016. The situation put a dent into the occupier sentiment, with net absorption for the city declining by 10% y-o-y in 2016 and a further 52% y-o-y in 2017.

A strong rebound in Chennai's office market was visible across 2018 and 2019, with office space demand improving by 107% y-o-y. When the city's skyline was opening up to robust commercial projects and beginning to witness green shoots, the outbreak of Covid-19 in March 2020 halted the growth momentum. The government-imposed lockdown to control the spread of the virus impacted the realty sector by causing business disruption and delaying construction timelines. Office occupiers faced major uncertainties around business dynamics and their real estate portfolios. The impact, though quite intense, was marked by the city adapting to the new normal and quickly pivoting to re-energise itself.

In Q4 2020, the national vaccination drive and dwindling infection rate instilled some confidence in the real estate market, but the second wave of the pandemic in April 2021 again gave a big jolt to the recovery underway. However, the characteristic resilience rose to the fore, with market activity showing a quick uptick once the effect of the second wave started dwindling. The average quarterly net absorption during the peak of the pandemic (Q2 2020 to Q2 2021) reached almost 50% of the average quarterly net absorption witnessed

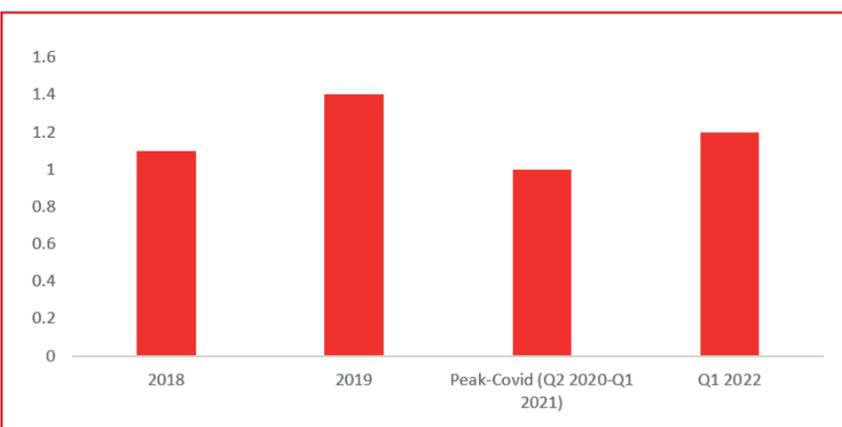
during the pre-Covid 2018 and 2019. Conversely, the net absorption in Q1 2022 surpassed the average quarterly absorption of both pre-Covid and peak-Covid periods.

The waning effect of the pandemic and reopening of the city led to overall occupier activity (measured in gross leasing volume terms) in Q1 2022, nearly the average quarterly numbers of pre-Covid (2018-2019) and surpassing the peak-Covid period (Q2 2020-Q2 2021). These are the early signs of strong recovery and growth in Chennai's office market. The active RFPs in Q1 2022 nearly touched 50% of pre-Covid numbers, which augurs well for overall occupier sentiment and market dynamics.

Around 13.4 million sq ft was added to the city's Grade A stock from 2018 until Q1 2022, and about 11.32 million was absorbed.

Growth - Corridors of Chennai's Office Market

The submarkets of SBD (Guindy and MPR), SBD OMR (Pre-toll OMR) and PBD OMR (Post Toll OMR) are the key office growth corridors in the city. Together, they are likely to contribute to the city's 77% of the total operational Grade A stock and almost 85% of the upcoming supply in the next couple of years with a 30-40% pre-commitment rate. These submarkets contribute to almost 60-70% of the total net absorption. These corridors have witnessed rapid growth over the past two decades and have been home to major developers and institutional owners. SBD and PBD OMR are likely to be the leaders in net absorption contribution. Quality supply, pre-commitments and lack of options in the SBD OMR are crucial factors expected to push demand towards these two submarkets going forward.



Source: JLL Research and REIS



TABLE 1: AVERAGE QUARTERLY NET ABSORPTION

Years	2018	2019	Peak-Covid (Q2 2020 - Q2 2021)	Q1 2022
Average quarterly net absorption (in million sq ft)	0.74	0.71	164	7,600

Source: JLL Research and REIS

Why Senior Housing Demand is on the Rise

With National Statistical Office's estimate of senior population likely to touch 194 million by 2031, a 41 percent increase, developers are gearing up to introduce the asset class in large urban residential projects, says JLL survey.



Senior living operators in India have witnessed unprecedented enquiries and conversion rates in the past year, with demand surging amid the elderly population struggling with repeated lockdowns and seeking a sense of community.

Enquiries have risen up to 30 percent after the pandemic, according to recent reports. Some operators, like Columbia Pacific Communities, witnessed the demand quadruple. Antara Senior Living's facility at Dehradun saw its sales double in recent months.

"More developers are now keen to introduce senior living in their integrated township and large residential projects due to the rise in demand," said Rahul Vaidya, Senior Director, Alternatives, JLL India.

Senior living has been slowly growing in the country for over 15 years, with developers focussed on families willing to pay a premium to buy a unit at the facility. This kept overall penetration relatively low, alongside a lack of policy reforms, weak rent laws in many states, and a traditional mindset (most people still equated senior living communities with old-age homes). But the mindset is slowly chang-

ing, especially due to the pandemic. Seniors, who were reluctant to stay in these communities, are now ready to relocate there as their permanent residence. Children settled abroad are actively searching for senior living communities for their parents who stay alone.

"There is a rise in the number of people taking professional retirement in their early- or mid-fifties. They are physically fit and want to lead an active lifestyle," says Vaidya. "They want to join the senior living community early on and be with like-minded individuals in their golden years."

Betting on senior living

Until recently, senior living communities have remained limited to select urban centres and prominent idyllic locations blessed with a pleasant climate and scenic views.

The segment, however, holds potential as health and wellness take centre stage due to the pandemic, and the senior population is on the rise. In 2021, there were nearly 138 million people aged 60 and above in India, according to the country's National Statistical Office. It estimates the senior population to touch 194 million by 2031, a 41 percent increase.

Bull Run on Land Continues in Realty Sector

The appetite for land acquisition continues unabated for developers and other entities in the post-pandemic world. Players with the financial wherewithal are eyeing prime land at key locations across India to deploy developments across real estate asset classes.

ANAROCK Research reveals that between January 2022 till date, various entities sealed at least 28 separate land deals cumulatively accounting for over 1,237 acres across the country. Of the total transacted land, at least 18 deals accounting for 351 acres are earmarked for multiple residential projects across cities.

At least 3 deals for over 115 acres are proposed for data centres, while two deals for over 63 acres are for logistics and warehousing projects. At least 4 deals for over 108 acres are for mixed-used developments. A single, currently anonymous land deal for 600 acres has taken place in Hyderabad.

- Hyderabad remained highly buoyant in the period, with the most land transactions - 5 separate deals for 715 acres accounted for over 59% of the total land transacted between Jan to date. These included one for 600 acres (development type not yet revealed)
- Bengaluru saw 3 separate deals for a total of 140 acres earmarked for residential, mixed-use, and logistics developments
- NCR also sealed 5 separate deals accounting for 9% of the total land deals in this period with approx. 106.3 acres. This includes 2 deals for a total of 91 acres in Gurugram, and one deal each in Delhi, Faridabad and Noida. The proposed developments include residential, mixed-use and warehousing
- Pune saw 5 separate deals for over

With 28 land deals for 1,237+ acres closed in 2022 till now, realty mart is set to scale a new high, says Anarock survey.

91.1 acres of land, accounting for 7% of the total land area transacted pan-India. All are proposed for residential development

- Land-starved MMR saw 5 deals involving 54.85 acres, all earmarked for residential developments
- Chennai saw 1 deal for 5.5 acres where a mixed-use development has been proposed
- Tier 2 & 3 cities with major land deals included Ahmedabad (2 deals for over 6 acres), Nagpur (1 deal for over 58 acres), and Sonipat (1 deal for over 50 acres)

Anuj Puri, Chairman - ANAROCK Group, says, "The leading developers and entities who bought land parcels for residential developments include Godrej Properties, Oberoi Realty,

Mahindra LifeSpaces, Gaur's Group, Birla Estates, Hetero Group, Microsoft, and Mapletree Logistics, among others."

Land remains an important focus area for the sector post-Covid, with many well-capitalized developers and other entities sealing deals in the first five months of 2022.

"In comparison to H1 2021, the number of deals has doubled - from 14 deals in H1 2021 to 28 deals between January 2022 till date," says Puri. "And there's more than a month to go for the half-year mark. As expected, residential development remains the prime focus, given the robust housing demand that has lost little of its steam despite interest rate and property price hikes. However, these two factors may yet reflect in the momentum going forward"



TOP LAND DEALS ACROSS CITIES

Deal in Quarter	Landowner	Buyer	City	Approx. Size (in Acres)	Approx. Value (INR-crore)	Proposed Development
Q1-2022	Anonymous	Hetero Group	Hyderabad	600	350	Not divulged yet
Q1-2022	Indiabulls Real Estate	Elan Group	Gurgaon	40	580	Mixed Use
Q1-2022	Anonymous	Microsoft	Hyderabad	41	164	Data Centre
Q1-2022	Anonymous	Arttech Group	Faridabad	7.3	70	Residential
Q1-2022	Anonymous	Godrej Properties	Pune	9	NA	Residential
Q2-2022	Anonymous	Mahindra LifeSpaces	Pune	11.5	NA	Residential
Q2-2022	Anonymous	Madhav Group	Ahmedabad	2	250	Residential
Q2-2022	PB Global	Runwal Developers	Thane	20	471	Residential
Q2-2022	Anonymous	JMS Buildtech	Gurgaon	51	400	Residential
Q2-2022	Anonymous	Oberoi Realty	Thane	18.3	NA	Residential

India's Real Estate and Infrastructure Trusts - The way forward

India's real estate sector is expected to reach a market size of USD 1 trillion by 2030 from the current levels of USD 200 billion. Continuous policy reforms in the real estate sector is expected to contribute to the growing confidence of global funds and encourage them to invest in India, says pwc survey.



Since the turn of the century, infrastructure has been considered the sunshine sector in India and has played a pivotal role in helping the country emerge as one of the fastest growing economies in the world. Moreover, the Public Private Partnership (PPP) model in the sector has been a stimulus for significant domestic and foreign investment, and propel the economy.

Since 2014, the country has been witnessing a revival on account of several reform measures undertaken by the Indian Government. The liberalisation of FDI rules for the real estate sector, opening up of the domestic fund industry to foreign investment, and the enactment of the Real Estate (Regulation and Development) Act, 2016, had infused vigour and vitality into this industry. However, with the sector weathering the storm of the pandemic, fresh efforts would need to be taken to give it the required boost.

India's real estate sector is expected to reach a market size of USD 1 trillion by 2030 from the current levels of USD 200 billion. Here too, with the economy likely to be recovering from the current pandemic, the possibility of this expectation becoming a reality, though certain, may be somewhat delayed.

The asset mix in investors' portfolios will now be different due to the paradigm shift from traditional asset classes such as offices and residential spaces to data centres and logistics, which are likely to become the favoured asset classes. Furthermore, this is the year when the Government of India aims to fulfil its target of providing housing to all. This made the industry participants vie for the affordable housing segment. The housing supply increased by 228% in Q2 FY22 and the additional budget allocation for construction makes affordable housing an attractive investment segment for the industry.

The real estate sector is closely related to the infrastructure sector, which is fundamental for the former's growth. And in

view of the capital-intensive nature of this sector and the limited options available to real estate and infra developers to raise funds, REITs and InvITs continue to offer a way forward.

In general terms, REITs and InvITs are investment vehicles that own and operate real estate and infrastructure related assets, and allow individual investors to earn an income without actually buying any assets. Typically, the income-producing real estate assets owned by a REIT include office buildings, shopping malls, apartments, warehouses and mortgaged property. Whereas the typical infrastructure assets owned by an InvIT are roads, renewables, tower infrastructure, etc.

Over the years, REITs have constructively changed the way in which the real estate market operates, and benefitted investors as well as real estate developers.

The SEBI introduced its draft REIT regulations in 2007. Over the years, the regulator has done a commendable job of structuring these regulations by closely partnering with important stakeholders, government bodies, investors and real estate developers in the country, bringing them in sync with globally recognised norms. After considerable modifications, the Real Estate Investment Trusts Regulations, 2014 (REIT Regulations), were enacted in India on 26 September 2014. The listing of Embassy Office Parks in April 2019 has broken the ice in the Indian REIT industry. This was followed by the listing of the Mindspace REIT in August 2020 and Brookfield REIT in early 2021 with the market eagerly waiting to see how others materialise.

The encouraging response and positive listing of REITs have paved the way for many real estate enterprises with substantially large portfolios of rent-yielding properties (not restricted to commercial but including warehousing and retail) to set up their own Indian REITs. This has also boosted the confidence of investors in REITs. We have also seen various InvITs being set up with portfolios com-

prising power transmission infrastructure (viz. fibre and tower), road assets and renewables.

With enhanced emphasis on e-commerce and data localisation, there has been an increase in the demand for warehousing and data centres. We are likely to see a data centre and/or warehousing InvIT in near future, especially with data centres being granted infrastructure status.

Since the formulation of the REIT regulations and the time these were notified in 2014, SEBI seems to have adopted an all-inclusive approach in developing these robust regulations to align them not only in sync with international standards but also on the basis of the business requirements of industry players. Continuous policy reforms in the real estate sector have taken India to the 34th position in the Global Real Estate Transparency Index (GRETI) 2020. This ranking, coupled with the successful listing of REITs, is expected to contribute to the growing confidence of global funds and encourage them to invest in India.

It is interesting to note that the regulatory regime governing these investment vehicles in India is similar to those in several developed and developing countries, especially with respect to distribution policies, capital requirements, etc.

Although several foreign REITs have been investing in Indian assets over the last few years, an encouraged response and the listing of the recent REITs in India paves the way for many real estate enterprises with a substantially large portfolio of rent-yielding properties to set up their own Indian REIT. The GoI permitted REITs/InvITs incorporated in permissible jurisdictions to be listed on stock exchanges operating in the IFSC in India.

The IFSCA has prescribed a regulatory framework for listing of REITs on stock exchanges in the IFSC which is aligned with the SEBI regulations.

Excerpts from the report on India's real estate and infrastructure trusts: The way forward by pwc.



CONSTRUCTION COST GUIDE FOR INDUSTRIAL & LOGISTICS

Industrial and Warehousing Construction Cost Set to Go up

The economic slowdown due to the COVID-19 pandemic over the last two years has had a significant impact on the construction sector, which is sensitive to economic disruptions. The cascading effect has led to an increase in prices of crucial construction materials including steel, fuel, cement, copper and labour, as well as procurement-related challenges, all of which are pushing up overall construction costs.

Savills India has attempted to estimate variations in construction costs for the manufacturing and warehousing sectors with the help of real-time construction cost data and project budgets, as handled by the Project Management Services team of Savills India. The results and insights gained from this exercise have been brought out in the form of this Construction Cost Guide. This guide serves to understand market trends and presents an overview of macroeconomic indicators, price trends, building specifications, approval processes, timelines and construction costs of manufacturing and warehousing assets across eight major markets in India.

Industrial and warehousing space absorption stood at 44 million sq. ft. in 2021 to include 35.1 million sq. ft. from Tier I cities and 8.6 million sq. ft. from Tier II and III cities, driven by a robust growth in the e-commerce and manufacturing sectors as well as rising demand in emerging Tier I and Tier II cities. On the supply side, India witnessed a fresh supply of 45 million sq. ft. in 2021 where 36 million sq. ft. was from Tier I cities and 8.9 million sq. ft. was from Tier II and III cities. Growing demand for warehouse space for manufacturing, e-commerce and organised retail are likely to drive warehousing demand in 2022. The market is likely to see absorption in excess of 40 million sq. ft. (including Tier I, II and III cities) in 2022. On the supply side, Savills India expects around 45+ million sq. ft. during the same period. Tier II and Tier III cities such as Rajpura, Lucknow, Coimbatore, Jaipur, Guwahati, Bhubaneswar, Nagpur, Kochi/Ernakulam, Indore, Hosur and Patna are likely to witness 12+ million sq. ft. of supply in 2022.

Savills India conducted a thorough examination to estimate the cost of construction for industrial and warehousing projects across the



While demand for industrial and warehousing facilities is expected to remain unscathed in the long term, construction costs for industrial and warehousing projects are set to go up, says a survey by Savills India.

major cities of India. The prices of the most commonly used materials in construction were estimated across the cities to arrive at the overall cost. These materials include cement, steel, crude oil, copper, glass, wood and other materials required, along with labour wages

Global construction costs

The global construction market size reached \$12.63 trillion in 2020 and is expected to grow at a compound annual growth rate (CAGR) of 7.4% according to EMERGEN Research, driven by rapid technological advancements and environmentally friendly buildings with low carbon footprint. Additionally, technological advancements in the construction sector, urbanisation, im-

provement in economic conditions of developing countries and increased investments in infrastructure are augmenting the sector.

As per EMERGEN Research, the Asia Pacific region accounted for over 41% of the market share in the global construction market in 2020. In the last two years, construction costs have increased due to rising material prices such as crude oil, steel, aluminium, cement and cost of plumbing and fixtures. COVID-19 caused a significant shift in construction costs, resulting in slightly higher material costs and supply chain disruptions.

The way forward

According to market research firm 'Research and Markets', India's construction industry is ex-

pected to grow at a CAGR of 9.5% between 2022 and 2026. This is expected to be driven by the government's increased focus and spending on large-scale infrastructure projects, along with growing demand for industrial and warehousing facilities including data centres, and recovery of demand from the residential and office sectors. In 2020-21, the construction sector's contribution towards the GDP was 7.6%.

Going forward, the expected increase in construction activity is likely to contribute significantly to GDP. In fact, the industrial and warehousing sector is the most resilient segment in India, and is expected to emerge quickest and strongest post COVID-19. While demand for industrial and warehousing facilities is expected to remain unscathed in the long term, it is expected that construction costs for industrial and warehousing projects will increase going forward. The magnitude of this increase will be dependent on the cost of construction materials, including cement, steel, copper and aluminum, labour, equipment rental costs, interest rates and other related costs.

AVERAGE CONSTRUCTION COST FOR GENERAL MANUFACTURING (RS PER SQFT)

Quarter	Bengaluru/ Hyderabad	Pune	Delhi NCR	Mumbai	Chennai	Ahmedabad	Kolkata
Q1-20	2,980	3,010	3,010	3,035	2,990	2,995	3,040
Q2-20	3,000	3,035	3,035	3,060	3,010	3,115	3,060
Q3-20	3,020	3,060	3,060	3,095	3,035	3,045	3,090
Q4-20	3,055	3,070	3,070	3,120	3,060	3,070	3,120
Q1-21	3,065	3,100	3,100	3,140	3,075	3,080	3,135
Q2-21	3,095	3,130	3,130	3,165	3,105	3,110	3,160
Q3-21	3,115	3,165	3,165	3,195	3,125	3,135	3,200
Q4-21	3,150	3,195	3,195	3,225	3,160	3,185	3,220
Q1-22	3,210	3,265	3,260	3,295	3,225	3,255	3,295

Source: Savills

AVERAGE CONSTRUCTION COST FOR GRADE A WAREHOUSING (RS PER SQFT)

Quarter	Bengaluru/ Hyderabad	Pune	Delhi NCR	Mumbai	Chennai	Ahmedabad	Kolkata
Q1-20	1,890	1,910	1,915	1,930	1,910	1,915	1,915
Q2-20	1,920	1,960	1,960	1,975	1,940	1,945	1,980
Q3-20	1,945	1,976	1,976	1,990	1,955	1,950	1,995
Q4-20	1,945	1,980	1,980	2,000	1,960	1,965	1,995
Q1-21	1,950	1,990	1,990	2,015	1,970	1,975	2,015
Q2-21	1,980	2,005	2,005	2,015	1,980	1,985	2,020
Q3-21	1,990	2,020	2,020	2,030	2,005	2,010	2,025
Q4-21	2,010	2,035	2,035	2,050	2,025	2,030	2,045
Q1-22	2,065	2,100	2,095	2,115	2,090	2,105	2,115

Source: Savills



PE Investments in Realty sector up by 57% YoY

Private equity investments in Indian real estate sector increased by 57% YoY as investor confidence improved in 2021 despite the prolonged pandemic conditions. Investors pumped in USD 6.2 billion in the real estate sector as sentiments improved with the rollout of vaccine and return to normalcy.

2021 observed 52 deals as compared to 20 deals in 2020 with investments in 2021 spread across sectors and more diversified as compared to the previous year.

Foreign PE investors continued to remain the major contributor. Approximately 97% of the total equity investments in the Indian real estate were made directly by foreign PE investors.

The office sector accounted for the largest share: 46% of the total private equity investments during 2021, followed by warehousing (21%), resi-

Approximately 97% of the total equity investments in the Indian real estate were made directly by foreign PE investors, says a survey by Knight Frank India.

dential (19%), and retail (13%).

Bengaluru received the highest investments, accounting for 35.8% of the total investments in 2021, while Mumbai received the second highest with 12.4% of the total investment pie.

The first half of 2021 accounted for approximately 85% of the total deals completed during 2021, as the onset of the third wave followed by overall restrictions during the second half of the year indirectly impacted the investment momentum.

While investor appetite across categories was strong in 2021, investors

remained cautious in the first quarter of 2022. In Q1 2022, private equity investments in Indian real estate fell by 68.3% YoY to USD 1.1 billion. Investors deferred investing in Q1 2022 owing to the influence of Omicron, and escalating global tensions due to Russia's protracted war with Ukraine. Moving forward, as tensions ease, the country's accommodating posture to enhance economic growth and push for infrastructure spending will accelerate investments in 2022 to levels observed prior to the pandemic.



Y-o-Y PE/VC investments in May up by 42% to US\$5.3 billion, says IVCA-EY survey

HIGHLIGHTS

Growth investments were the highest in May 2022 at US\$2.0 billion, 54% increase y-o-y

Real estate was the top sector with US\$938 million in PE/VC investments



According to the IVCA-EY monthly PE/VC roundup, May 2022 recorded investments worth US\$5.3 billion across 109 deals, including 14 large deals worth US\$3.9 billion. Exits recorded US\$400 million across 22 deals in May 2022, including five PE-backed IPOs with US\$301 million in exit proceeds.

Vivek Soni, Partner and National Leader Private Equity Services, EY said, "May 2022 recorded US\$5.3 billion in PE/VC investments, 42% higher than May 2021 and 29% lower than April 2022. Growth investments continued to receive the largest share of inflows and were up 30% y-o-y.

Despite the liquidity tightening by the US and Indian Central Banks, the flow of PE/VC capital into India has continued with year-to-date investments worth US\$28.8 billion, 35% higher y-o-y. The large amounts of dry powder amassed by global PE/VC funds are finding their way into India which remains one of the few bright spots of growth.

Real estate and infrastructure sector investments took the top spot in May 2022, recording US\$1.7 billion in investments, after having been the laggard for many months as PE/VC funds focused capital allocation towards high growth sectors of e-commerce and technology throughout 2021.

The financial services sector with US\$5.3 billion in investments till date, is the top sector for PE/VC investors, a change from 2021 when e-commerce and technology were the sectors that saw maximum PE/VC investment activity. This has been driven by large investments in the fintech and payments space which account for 59% by value and 75% by volume of all deals in the sector in 2022. Our spotlight section covers the trends in this sector in more detail.

In the absence of large strategic and secondary deals, PE/VC exits remained subdued at US\$400 million. However, PE-backed IPOs made a comeback with 5 IPOs in May 2022.

While overall macro remains positive, uncertainty abounds. Monetary policy tightening continues to remain a key sensitivity affecting capital flows into India. Other downside risks that can impact growth expectations, business risk premium and PE/VC investment activity include rising inflation, spike in oil prices, dollar appreciation vs Indian Rupee, rising Indian interest rates and any potential resurgence in COVID 19 in the country."

Investments

PE/VC investments in May 2022 were

~US\$5.3 billion, 42% higher than the value recorded in May 2021 (US\$3.8 billion) and 29% lower than investments in April 2022 (US\$7.5 billion). May 2022 recorded 109 deals, 65% higher than May 2021 (66 deals) and 12% lower than deals in April 2022 (117 deals). 68% of the total PE/VC investments in May 2022 were pure-play investments (excluding real estate and infrastructure sectors) compared to 67% in May 2021 and 79% in April 2022.

May 2022 recorded 14 large deals (deals of value greater than or equal to US\$100 million) aggregating US\$3.9 billion, compared to 11 large deals worth US\$2.9 billion in May 2021 and 18 deals worth US\$5.9 billion in April 2022. The largest deal in May 2022 saw Adani Group controlled Mumbai International Airport raise \$750 million in debt from Apollo Global, followed by Bain Capital and Ivanhoe Cambridge (a unit of CDPQ) announcing an investment of US\$667 million in a JV with Lodha group to setup Lodha Logistics Platform, a platform of logistics and light industrial parks and in-city fulfillment centres.

By deal type, growth deals received maximum PE/VC investments in May 2022 at US\$2.0 billion across 19 deals (US\$1.3 billion in May 2021 across 12 deals). Start-up investments were the second highest with US\$1.6 billion invested across 73 deals (US\$1.2 billion across 43 deals in May 2021). Buyouts recorded US\$294 million across three deals (seven deals worth US\$1.2 billion in May 2021). Credit investments recorded US\$1.0 billion across six deals (one deal worth US\$3 million in May 2021). PIPE investments recorded US\$436 million across eight deals (three deals worth US\$27 million in May 2021).

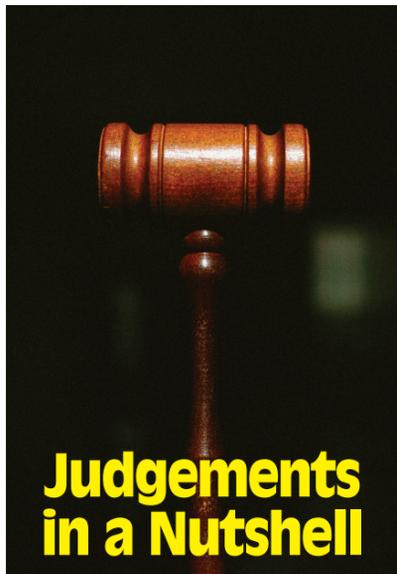
From a sector point of view, real estate was the top sector in May 2022 with US\$938 million in PE/VC investments across seven deals (US\$997 million across seven deals in May 2021), followed by the infrastructure sector with one US\$750 million deal. The real estate and infrastructure sectors attained the top spot in monthly PE/VC investments by value after a long time. The third-largest sector was education with US\$649 million recorded across ten deals (US\$33 million across five deals in May 2021), primarily propped up by the large US\$600 million investment in ALLEN Career Institute, a test preparation services company, by Bodhi Tree Systems.

Fundraise

May 2022 recorded a total fundraise of US\$668 million across five funds compared to US\$154 million raised in May 2021 by three funds. The largest fundraise in May 2022 was by Jungle Ventures which raised its fourth India dedicated fund at US\$600 million.



LEGAL



Judgements in a Nutshell

Daughters Become Equal Coparceners at Birth even if born prior to 2005 Amendment to Hindu Succession Act



Case: Vineeta Sharma v. Rakesh Sharma & Ors. [2020 SCC OnLine SC 641]. Coram: **Arun Mishra, S Abdul Nazeer and MR Shah, JJ.**

The Court held that daughters have right in coparcenaries by birth and that it is not necessary that the father should be living when the Hindu Succession (Amendment) Act, 2005 came into force for the daughters to get a share. The judgment states

“The conferral of right is by birth, and the rights are given in the same manner with incidents of coparcener as that of a son and she is treated as a coparcener in the same manner with the same rights as if she had been a son at the time of birth.”

To ensure that this decision does not lead to reopening of earlier family settlements or partition suits already decreed, the apex court held that a registered settlement or partition suit decreed prior to December 20, 2004 (the date when the Amendment Bill was tabled in Rajya Sabha), will not be reopened.

Daughter-in-law’s right to residence under DV Act versus right of in-laws to seek eviction under Senior Citizens Act, 2007

Case: S Vanitha v. Deputy Commissioner, Bengaluru Urban District [Civil Appeal No.

3822 of 2020].

Coram: **DY Chandrachud, Indu Malhotra and Indira Banerjee JJ.**

The Supreme Court has held that the Maintenance and Welfare of Parents and Senior Citizens Act has no overriding effect over the right of residence of a woman in a shared household within the meaning of the Protection of Women from Domestic Violence Act.

It was also stated that the Tribunal under the Senior Citizens Act, 2007 may have the authority to order an eviction, if it is necessary and expedient to ensure the maintenance and protection of the senior citizen or parent. However, the over-riding effect for remedies sought under the Senior Citizens Act 2007, cannot be interpreted to preclude all other competing remedies and protections that are sought to be conferred by the DV Act 2005.

A trust created for benefit of an individual can claim Section 54F relief:

In the case of Balgopal Trust v. Assistant CIT [2017] 81 taxmann.com 367 (Mumbai – Trib.), the assessee was a private non-discretionary trust. Ms. V, daughter of the trustees, was the sole beneficiary of the said trust. Trust earned capital gain from sale of a capital asset and

claimed deduction under section 54F. AO rejected said claim on the ground that said deduction was allowable only to an individual or HUF.

The Mumbai ITAT held that in terms of section 161, representative assessee is subjected to same tax treatment in respect of an income as if it was received by the beneficiary. By virtue of Section 161, a Trust is assessed in respect of income that is meant for the benefit of the beneficiaries. Therefore, deduction under section 54F couldn’t be denied on ground that trust wasn’t an individual or HUF (Courtesy: Taxmann.com).

Advance payment to realty firm for booking a flat can’t be considered as debt for initiating insolvency process:

In the case of, Satish Mittal vs. Ozone Builders & Developers (P.) Ltd. [2017] 84 taxmann.com 18, the NCLT held that the appellant who had deposited advance amount for booking of plots with real estate company could not be considered as operational creditor even if he had no right to file the application for initiation of the insolvency process against the real estate company as the debt had not arisen out of the provisions of goods and services.



FENG SHUI

Bau-Biology to aid Real Estate

By **S.BS.Surendran**

Real Estate investment is akin to investing in “pure gold”, always worth its value, appreciates over a period of time and one could say a very safe investment. Builders and developers design apartments, home and condominiums not with the sole intention of reaping in big monetary gains but it also stands as a symbol of their craftsmanship, quality and satisfaction when well executed. By adapting few Vaastu and Fengshui tenets one could ease the situation and look forward to better times. To understand the science better let us get an idea of what building is all about and how it affects the occupants. Bau-biology translated from German is “building biology” or “building for life.” It specifically refers to the study of the impact of the built environment on human health and the application of this knowledge to the construction or modification of homes and workplaces. It studies the interwoven relationships between people and their homes as well as their homes and the earth. Business Performance can be enhanced by different methods such as unlocking value in company’s real estate assets and improving corporate

performance. The earth, its influence and the building biology needs to be considered in the selection of building sites and design of buildings. A basic knowledge of the fundamentals of Physics and chemistry point out that reduction of the geomagnetic background will have an impact on the necessary chemical processes needed for life. Certain locations exhibit relatively permanent magnetic distortions that have an effect on the occupants and surroundings. For many of the builders and developers facing crisis, it’s time for introspection of your own premises and one could say “charity begins at home”. If your home ground is strong and well designed it can sustain the “rough weather” and business can bounce back soon. Look at the design and layout of your office is it harmonious and is you feeling fresh and fine or do you get a feeling of stagnation?

Take a look at the following:-

- Check your entrance especially the main door and look for afflictions.
- Remove clutter and unwanted materials
- Move the furniture and try to open the windows to allow fresh air and

- light in
- Complete cleaning of the carpet, furniture and light fitting would help
- Bring in life into your premises by adding healthy green indoor plant and small water features especially in the North and EAST SECTORS OF YOUR OFFICE/FOYER.
- Try to display information on your projects which are getting difficult to market towards Northwest sector of the office.
- Re-position key people in the office away from “danger nodes” or bad energy spots which could defocus them.
- Do not have excessively large and over powering water features
- Install bright lights in the foyer and have more up lit lightings to boost the energy and “lift” your business prospects.

Building biology may still be a relatively obscure science, but by following these rules, you can help make your office more productive and supportive to your business especially when the market looks gloomy

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Should You Gift or Bequeath Your Assets Through a Will

By Balwant Jain

If you want to help someone by giving your assets whether partly or fully to anyone for his benefit you can do so by two methods. Either you can make a gift of the assets while you are alive or you can enjoy the assets as long as you are alive and bequeath it to the person under a Will which comes into effect only after your death and not before that. Both the modes have some pros and cons. Let us discuss.

Giving it away by making a gift

In case you wish the person to enjoy the benefits of the asset immediately, making gift of the same is the right way but you lose control over the asset once and for all. A person can gift away his self-acquired assets the way he wishes including making gifts in favour an outsider. However, a Hindu cannot make gift of his share in the Hindu Undivided Family assets though he can bequeath the same to anyone including an outsider.

Gift of a movable asset can be made by delivery itself whereas for making a gift of an immovable property you need to execute a gift deed and need to pay stamp duty on the market value of the property. The gift deed is required to be registered if the value of the immovable property subject matter of gift exceeds one hundred rupees making it practically mandatory for every transaction of immovable property subject to registration. Some of the states like Maharashtra levy a nominal stamp duty for gifts made between certain blood relations. A gift made does not become final unless and until it is accepted by the proposed recipient.

If the person to whom you wish to make gift is not covered under the categories of specified relatives and the value of gifts received by such person from all the



sources during the years exceeds rupees fifty thousand, the aggregate value of all the gifts become the income of recipient without there being any threshold exemption. Please note that it is the recipient who has tax implications for such gifts but the donor does not have tax implications for gifts. Please note that as long as the value of all the gifts received during the year does not exceed rupees fifty thousand, it is not to be treated income of the recipient.

Bequeathing through a Will

After one's death his assets pass on in two different ways. In case no Will is executed all the assets owned by a person, at the time of his death, will pass on to his relatives as per the provisions of succession laws applicable to the deceased. In case a Will is executed by the deceased, the assets which are bequeathed under a

Will get inherited by person/s named in the Will. In case all the assets are not covered under the Will, the assets not covered under the Will get inherited by the legal heirs of the deceased as per the succession law.

Under a gift, transfer of ownership happens immediately on acceptance of the gift by the recipient whereas vesting of rights under a Will does not happen as long as the person making a Will is alive. So under a Will you are free to enjoy such assets during your life time. A Will is neither required to be stamped nor is it required to be registered unlike a gift deed. Moreover, as we do not have any inheritance tax in India, the beneficiary under the Will does not have to pay any tax on the assets so inherited making bequeathing of assets through a Will the cheapest way to pass on your assets to the desired person.

It may be noted that under the law of succession applicable to Hindu, there are no restrictions on a person bequeathing all his assets to any person/s to the exclusion of his legal heirs whereas a Muslim cannot bequeath more than one third of his assets under a Will as per the Sharia law.

Which one is better for you

The answer to this question cannot be a readymade as the circumstances are different for everyone. But while deciding about the appropriate mode of transferring your assets you should take into account certain points. For example, if your

wish is only to ensure that assets owned by you pass on to persons of your choice only after death and you want to enjoy and have control over those assets during your life time, bequeathing your assets through a Will is the only advisable way. Making of a Will is also advised if you want to ensure smooth succession of your assets after your death even to your legal heirs. In case you want your assets to go to persons who are not your legal heirs or want your legal heirs to inherit your assets in different ratio than what is prescribed under the personal law against making of a Will is the right way.

On the contrary in case you want to help someone immediately it can only be ensured through making of a valid gift. This will ensure instant gratification for the needy person. Gift mode should be resorted to only when it is needed under specific circumstances. Under no circumstance you should make gift of all or substantial part of your assets. Never make gift of your assets with the sole purpose of saving tax. In my opinion, it is foolish to lose control of your assets just to save a few bucks in taxes. Transferring part of your wealth through a gift can be considered in case you wish to see for yourself that certain portion of your assets are distributed amongst your legal heirs while you are alive to ensure that no litigation happens around those assets.

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