



NATIONAL
ASSOCIATION OF
REALTORS - INDIA

NAR-India Realty News

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Credai Chennai has voiced concern over increasing input costs. **P3**



Modern warehousing capacity has been growing at a CAGR of 18 to 20%, a major driver for warehousing landscape. **P8**



Sale of land after levelling, laying down of drainage lines etc. is sale of land and does not attract GST. **P12**

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PRESIDENT'S MESSAGE

ALL ROADS LEAD TO YES REALTOR CONVENTION IN BENGALURU



Samir Arora, President, NAR-India

Time flies and it is already time for our third edition of the monthly Newsletter at National Association of Realtors India. The industry stakeholders now look forward to news, information, statistics and trends in the real estate industry in India and globally, via this newsletter initiative of NAR-India and we have no doubt that sooner than later it will become the one source reference point for all the stakeholders of the industry including the consumer, buyer, seller, investor, government, RERA, developers and builders, realtors and brokers and the 272 allied industries' professionals like architects, interior designers, home loan providers, bankers & DSA's, material suppliers, CA's, lawyers et al.

Our Editor has asked me to pen in from the heart for a change for this edition. Instead of just updating all of you readers on the developments and progress at NAR-India on various initiatives, I decided to pen in this time from the bottom of my heart, an editorial piece on the great Indian Broker with a little bit of my own story and a little bit of the story of every broker, agent or realtor in this country. Someone asked me recently, "Where do you find the time and passion consistently to serve the broker fraternity via associations and what drives you?" Here is my heartfelt reply.

In 2006, as a graduate in chemical engineering and a management postgraduate after several years of work in engineering and fashion exports industry, I took the call to become a realtor, influenced by the fact that it is one of the most respected professions in the western world and so professionally organised in USA and other western countries. My wife, in fact threatened me then, if after all your education and world travel experiences, if broker is what you intend to become, I will divorce you. Now, after having attained some success, I do remind her once in a while that, I kept my word, while she did not. In a lighter vein apart, three major things happened that influenced my path ahead - I started real estate business thinking it was easy. The Lehman Brothers crash created a recession and 2007-2009 was a very tough period for business and for every industry, especially so for a newcomer. I failed many a times in my initial years but I learnt and the will to succeed was always bigger than anything else. I became so passionate about the industry along the passage of time. It taught me patience is a virtue.

There is no greater thing that you can do with your work and your life, than follow your passions, in a way that serves the world around you -
Samir Arora, President - NAR India.

I joined an association called CREA (I), Confederation of Real Estate Associates (India) in late 2009 early 2010 in Bangalore. It was a new association with just nine members then. I joined as a member, as selfishly as any new member would have done so with a ray of hope to network with established players in the industry to generate business. Then, one fine day, a banker approved my car loan but told me that he will put my old profile and IT papers as an exporter instead of real estate profile as loans were not usually sanctioned then for real estate profiles. This came as a rude shock to me and hit me so hard with the fact that broker and real estate are not respected professions in India. On the same day evening, another broker who was not very literate and did not speak fluent English, approached me to help him get his child admitted in an English medium reputed international school, where they refused him admission initially, till I intervened and got it done. That day left a significant and indelible impact on my life and changed me for good. Thereafter I decided:

- I will no longer be the asker or the taker at any association level. God has gifted me with the ability to lead a change and I will be the giver of that change momentum in the industry. Alone, we can do so little but together we can do so much more and hence the need for an association. CREA (I) and then NAR-India and my drive are a resultant of the experiences of the past.
- I decided, I will not complain to the association to help me resolve my issues. I decided, I will be the harbinger of change and will help create the association to help brokers, agents, realtors to resolve their issues with the government or developers or other realty stakeholders.
- I did not buy that car and rejected the loan. I got my broker friend's son admitted in the school he wanted. I evolved as a human being and grew within myself. Amazingly, the confidence helped me and my business also to prosper.

The innate drive, passion, mission, vision generates time, energy and zeal automatically and that is all what drives me, even today at the association level. The love, respect, adulation, encouragement and kudos that I have been blessed with, by the fraternity, both in Bangalore and nationally is worth more than what I have ever given and feel humbled



and blessed today. I thank God for this amazing remarkable journey with CREA (I), NAR-India and the great Indian broker fraternity.

CREA (I) grew from 9 members in 2010 to become a 350+ top companies of Bangalore with over 5000+ staff as members today and is not only the largest in the country but also considered the best role model for any organisation. The journey would not have been feasible without like-minded professionals and realtor's team who envisaged the vision, laid the foundation and worked along with me to create such a beautiful, strong, robust platform for the ever growing industry professionals. The teamwork at CREA (I) and NAR-India is their dream work. Change is the only constant in life, as they say. The real estate industry witnessed earthquakes, tsunamis, volcanoes etc. from 2015-2016 with several regulations like demonetisation, GST, NBFC banking issues and finally Covid-19 pandemic that dented the entire industry's prospects for a fairly long span of time. However, in this period, we had become a part of NAR-India, the mother association of all real estate associations in India with a presence in all Tier 2 and Tier 3 cities in India, 50,000+ members and called the credible voice of realtors. From joining in 2017 to serving as the Hon. Secretary at the national level from 2019-2021, President-Elect for 2021-2022 and serving as the President now for the term 2022-23, the journey at the national level for me has been short but full of action and has provided me the platforms to help grow the great Indian broker to REALTOR and bring in the momentum to build respect for the industry stakeholders, the force that drives me from day 1.

Sounds like, just my story but it is not. I have just narrated that way. Chairman of NAR-India, Mr. Ravi Varma, Vice Chairman of NAR India, Mr. Sumanth Reddy (also the President while I served as Hon. Secretary), Immediate Past President Mr. Tarun Bhatia, President-Elect Mr. Shiva Kumar, Special Ambassador Mr. Sam Chopra as the Leadership Team of NAR India are all driven individuals with their own stories to narrate that align and it's after all a team that is entirely responsible for the growth of this prestigious organisation. The Chairman of CREA (I), Mr Pradeep Joe (also the longest serving President of CREA (I) while I served as the Hon.

Secretary) is a visionary who helped me to create a platform for many of us to build on. The office bearers' team at the current term includes the strongest pillars of support and they are the true drivers of the initiatives. Amit Chopra, Anup Dalmia, Chandresh Vithalani as Vice-Presidents, Hitesh Thakur as the Hon. Secretary and Nishit Shah as the Treasurer, along with Vikas Agarwal as Joint Secretary and Chetan Chopra as Joint Treasurer are the backbone of the organisation, of course with all our zonal directors, Chairmen & Ambassadors of various initiatives and committees along with our secretariat staff that includes our Director General Ekta Jain and our Manager, Jyoti Nakarmi. To all of them and to all the givers of the industry, consider this as a salute from the Pradhan Sevak.

Now you all know where is the origin of the phrase we coined this year for our industry, which is a slogan now. **"Respect for the Profession and Respect for the Professional"** has gained momentum and in another 20 days, the whole real estate industry will stand in solidarity at the iconic Bangalore Palace in Bengaluru on August 6 and 7, 2022 at the 14th NAR India convention hosted by CREA (I) and aptly named **"YES REALTOR"**.

Credai Bengaluru is the official support partner for the convention and all the developers and builders of Bangalore have already shown massive support and will be at the event. IIM Bangalore is the knowledge partner and RERI from IIM Bangalore is helping to draw the contents for this world class convention.

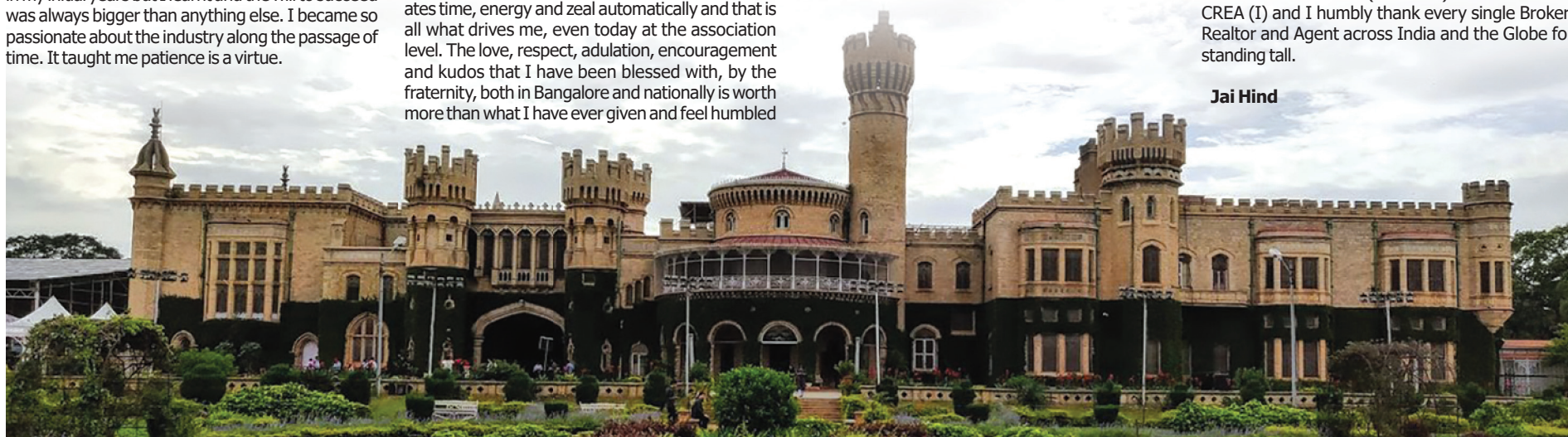
NAR-Global USA is participating with a delegation of international realtors. The best of the industry stalwarts and icons from India and globally are our keynote speakers and panelists include the likes of Dr. Niranjana Hiranandani. The motivational sessions are a class apart and include a luminary like Swami Gyanvatsal of Akshardham. The main stage and breakaway sessions are all content driven and content oriented whereas the entertainment at curtain raiser and gala night will have celebrities to enthrall the audience. The excitement to the build up of the magnum opus, **YES REALTOR** is at its peak now and with just 20 days left to go for the event for all the realty stars to descend on to Bangalore where 2,000 realtors are going to create history and make the world say, together, Yes Realtor. The confluence is the culmination of a dream for me individually, a dream that has its origin to the start of my association with associations.

To all the great Indian Brokers, this is the story of all of us, one way or the other and let us all write the golden chapter, together. Let us all stand united and let the world watch us exhibit in unison, the respect for the realtor, respect for the profession & respect for the professional by waving the **Yes Realtor** flag at Bangalore Palace on August 6 and 7, 2022.

The great Indian broker is the industry's torchbearer as the real estate industry is what will build the nation with a major contribution to both the GDP and the employment generation in the coming years. Let us build, not just a momentum but let us also help build a great nation, together.

What an honour, a privilege and pride it is for me to be the Pradhan Sewak (President) of NAR India and CREA (I) and I humbly thank every single Broker, Realtor and Agent across India and the Globe for standing tall.

Jai Hind



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AREA Group Celebrates Silver Jubilee

The Association of Real Estate Agents (AREA Group) has held its silver jubilee function with the installation ceremony of President Chandresh Vithalani and his team (2022-24) on June 16.

The association expressed its appreciation for Hon. MP Shri Gopal Shetty (Member of Parliament), Chief Guest Mr. Boman Irani (CMD Rustomjee Developers), Mr. Dhaval Ajmera (Director Ajmera Realty Pvt Ltd), and Mr. Samir Arora (Chairman NAR-INDIA) for gracing the occasion.

A dignitaries' event was also graced by NAR-INDIA Chairman Mr. Ravi Varma, Vice Chairman Mr. Sumant Reddy, immediate Past President (IPP) Mr. Tarun Bhatia, President Elect Mr. Shiva, Vice President Mr. Amit Chopra, and Secretary Mr. Hitesh Thakur.

The event was one of its kinds and was well attended by 100+ developers from Mumbai and more than 250+ AREA members, and around 50+ committee members of neighbouring association.

This whole event was sponsored by M/s N. Rose Developers Pvt Ltd, and AREA expressed its gratitude and support for the occasion.

It is said that no matter how tall the building is its strength always lies in its foundation. The AREA is truly indebted to its founder members and past presidents who have laid such a strong foundation for the association's prolific growth in the coming years.

There is no denying the immense support and enormous encouragement of Shri Ajaybhai Patel (Rajesh Builders) and Shri Alpesh Ajmera (Ajmera Builders) who have helped in forming this association and buying the first office for the association.



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 and details are enclosed.

Looking forward from each one of you to be a part of this event.

Regards

Chairman - Convention Committee

For Registration & Sponsorship Enquiries

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NAR India's Governing Body Meeting Held at Siliguri



The 61st governing body meeting of NAR-INDIA was held on the June 4 and 5 at Hotel Courtyard Marriott in Siliguri attended by almost 50 general body members, hosted by AREAS Siliguri.

The governing body meeting was held covering in-depth discussions, deliberations, presentations, information updates and felicitations held over a period of 1.5 days, according to Hitesh Thakur, Hon. Secretary.

In addition to the routine proceedings of the 61st governing body meeting, the main highlights include:

- Blood Donation Drive by NAR-INDIA during which 24 associations of NAR-India participated on May 1, and close to 1900 units of blood were collected. The participating associations were honoured with handing over of certificates from the President and the Honourary Secretary.
- 'One Nation One License' to be further taken up

- with the ministry on working out the modalities.
- Salient Achievement Reports were officially presented by the Heads of the following Committees:
 - Women's Wing
 - Newsletter
 - West Zone
 - North Zone
- Certificates & Medals awarded to CSR, Newsletter & West Zone for being star performers.
- Updates given on business meetings & visits to ACRI, APP and HRA
- Updates on Tuesday meetings with member associations to align national goals with local ones
- NAR-India signed the Bilateral Agreement with Durgapur Realtors Association adding another member to its ever growing family.
- Fresh bilateral agreements were signed between NAR-India and all its member associations
- While NAR-India's Quarterly Financial Reports presentation was made by the Treasury, the Zonal Directors and Committee Chairpersons made presentations on their respective areas.
- Six possible strategies for countering Nobroker were extensively discussed in the interest of Broker fraternity
- Further details were given on NAR-India's 14th Convention themed as 'YES REALTOR' by the host association CREA(I) to be held in Bengaluru.
- Avenues for fund raising were explained and discussed in an elaborate manner
- Emphasising on the importance of discipline was emphasised on that covered meeting absenteeism, email & Whatsapp etiquettes
- NAR-INDIA's grievance cell objectives were outlined to be confined to only important issues/concerns that may affect NAR-India's membership
- Trade Mission to the US along with attending the

NAR Convention in Orlando was discussed

- Internal Key decisions for representations in trade bodies and overlapping of certain roles were clarified.
- Few other NAR-India office related subjects were put forth for approval
- Proposal for NAR-India's PR activities was presented chalking out requirements versus feasibility
- Chapter formations and reorientation of zones were discussed for better operational ease
- Continuity of NAR-India office bearer's post for the whole term was discussed with probable ways to resolve the cropping issues

The meeting ended at a high note with warm and cheerful felicitations of all the governing body members from the host association, AREAS Siliguri.

SNAPSHOTS

Professional Realtors of Pune Launches Growth APP and Silver Membership for Realty Fraternity

Professional Realtors of Pune (PROP) has been working towards creating a community of realtors. PROP has recently launched its mobile application called 'PROP GROWTH APP' by Shri. Satish Magar, Chairman, CREDAI, National, Shri. Gautam Chatterjee, Founder Chairman, Maha RERA, Shri. Ravi Verma, Chairman, NAR India, Shri. Samir Arora, President NAR India, Shri. Shiva Kumar CR, President Elect, NAR India and Shri. Ashwin Rasane, Director, West Zone, NAR India.

This mobile application is now available on Google Play Store for android users. Along with this mobile APP, PROP has also launched its new category of membership, i.e. Silver Membership with only Rs. 3000 annual fee. Shri. Darshan Chawla, President, PROP said that considering the need of coming together, PROP has taken this initiative to introduce a new category for membership, as silver membership. It is going to provide an end-to-end experience of membership through the use of technology. The biggest benefit of silver membership is that each member will also get annual membership of NAR-India. This provides an opportunity to get connected with realtors across

the nation. Shri. Abhijeet Sabbarwar, Vice President, PROP said that the initiative is based on three principles, Education, Enrichment and Enhancement. The silver members will get an opportunity to attend various training programmes conducted by IIRE, NAR-India and PROP. These members will also have an opportunity to attend various channel partner meets organised by PROP, networking events, NAR-India conclaves and many more.

The event was graced by the presence of dignitaries like Shri. Satish Magar, Chairman, CREDAI, National, Shri. Gautam Chatterjee, Founder Chairman, Maha RERA, Shri. Ravi Verma, Chairman, NAR India, Shri. Samir Arora, President NAR India, Shri. Shiva Kumar CR, President Elect, NAR India and Shri. Ashwin Rasane, Director, West Zone, NAR India, along with Shri. Kishen Milaney, Chairman.

"This is one of its kind initiatives aimed at bringing together the entire realtor fraternity under one common roof. The esteemed panel of our honorable guests was glad to be a part of an association that aims at collective leadership that leads to sustainable growth. They visualise the event as a milestone in the history of the

real estate industry as it is expected to serve as a bridge between the existing and new members. PROP, being the pioneering initiative to take the leap of faith in the real estate business, the association is hopeful of attracting new talents in the field who have already excelled themselves and are passionate about this industry," according to officials of PROP.

Shri. Darshan Chawla, President, PROP, in his opening address with the slogan "Together we can grow", said that this is a timely and bold initiative of togetherness and giving an ideal platform to the real estate fraternity.

Shri Vikas Roongta, Head – Event Management, PROP, proposed vote of thanks. Shri. Darshan Chawla, President, PROP, conveyed his gratitude towards all governing body members including Shri. Abhijeet Sabbarwar, Vice-President, PROP, Smt. Kirti Bhosale, Secretary, PROP, and Shri. Padmanabh Warade, Treasurer, PROP and gold members of PROP for taking enormous efforts to make this event successful. He also appealed to the real estate fraternity to join PROP and be a part of continual growth happening on multiple fronts in the real estate sector.



Realty Data

DEVELOPED PLOT PRICES IN CHENNAI

Location	2017	2019 (Price Rs per sqft)	2022 (Price Rs per sqft)
Acharapakkam	300 – 600	390 – 650	300 - 600
Arakonam-Trivellore road			500 - 900
Avadi			4,500
Chenglepet-Thirukazhukundram road			2,500
ECR (Opp. Crocodile Park)	1,500 – 1,800	2,200 – 2,700	2,500 – 3,000
Kovilambakkam			8,000
Kunrathur	1,750	2,000	3,500 and above
Madhavaram	-	3,500 – 4,000	1,500 – 2,000
Maraimalainagar	1,500 – 2,000	1,495 – 2,500	1,000 – 2,000
Mannivakkam	2,500	2,800	4,000
Madhurapakkam	3,090	3,200	3,500 – 4,000
Padappai – Oragadam belt	850 – 1,400	1,200 – 1,650	2,000+
Pattabiram			2,200
Perungalathur			4,000
Perungudi			7,000 – 8,350
Behind Queensland	900 – 1,200	1,500	1,500
Singaperumal Koil	2,000 – 2,500	1895 - 2,800	3,000
Siruseri			3,500 – 5,000
Sriperumbudur (Near Rajiv Gandhi Engineering College)	750 – 850	950	1,000 – 1,500
Sunguvarchathiram	250 – 1,000	800 – 1,200	800 – 1,200
Tandalam	750 – 850	800 - 1,000	800 – 1,000
Thiruverkadu			4,300
Thuraipakkam			6,650
Tiruporur			1,800 – 2,200
Tiruvottiyur			8,000
Trivellore	1,500 – 2,000	1,500 – 2,200	1,500 and above
Wallajabad	700 – 1,000	800 – 1,100	800 – 1,100
Kunnam (Behind Samsung)	500 – 600	650 – 700	700 - 800
Padur (OMR)	-	3,200	4,000 – 4,500
Urapakkam			3,000 – 3,500
Uthandi			5,200
Wimco Nagar	-	5,000	7,000 – 8,000

Note: The above rates are indicative only for CMDA/DTCP approved plots. They may vary depending on the location, developer, specification and amenities offered in the project.

BENGALURU – MARKET SUMMARY

Parameter	2021	2021 Change (YoY)	H1 2022	H1 2022 Change (YoY)	Q2 2022	Q2 2022 change (YoY)
Launching (housing units)	30,607	54%	21,223	126%	11,117	10%
Sales (Housing units)	38,030	61%	26,677	135%	13,014	-5%
Average price (Rs per sqft)	5,150	4.4%	5,358	9%	-	-

MUMBAI – RESIDENTIAL PRICE MOVEMENTS

Location	Price range in H1 2022 (Rs/sqft)	Location	Price range in H1 2022 (Rs/sqft)
Lower Parel	25,000 – 36,000	Mira road	5,500 – 7,300
Worli	31,000 – 55,000	Virar	4,400 – 5,500
Ghatkopar	12,000 – 22,000	Tardeo	40,000 – 60,000
Mulund	10,700 – 14,000	Ghodbunder road	6,000 – 10,000
Powai	14,500 – 20,000	Naupada	14,000 – 18,000
Panvel	3,800 – 6,500	Andheri	15,000 – 22,000
Kharghar	6,700 – 9,000	Bandra (W)	40,000 – 60,000
Vashi	10,000 – 15,000	Borivali	11,000 – 15,000
Badlapur	2,700 – 3,500	Dahisar	9,000 – 11,000
Dombivali	4,500 – 6,000	Goregaon	13,000 – 15,000

Source: Knight Frank Research

AHMEDABAD - RESIDENTIAL PRICE MOVEMENTS

Location	Price range in H1 2022 (Rs/sqft)
Ambavadi	5,950 – 6,490
Navrangpura	5,150 – 6,100
Nikol	2,500 – 3,200
Vastral	2,200 – 2,800
Chandkheda	2,600 – 3,430
Motera	3,500 – 4,200
Aslali circle	1,500 – 1,800
Vatwa	1,700 – 2,100
Bopal	3,300 – 4,100
Prahlad Nagar	5,500 – 5,700

Source: Knight Frank Research

HYDERABAD – RESIDENTIAL PRICE MOVEMENTS

Location	Price range in H1 2022 (Rs/sqft)
Banjara Hills	12,200 – 12,600
Jubilee Hills	12,990 – 13,090
LB Nagar	5,100 – 5,900
Nacharam	4,578 – 4,989
Kompally	4,312 – 4,900
Sainikpuri	3,700 – 3,787
Rajendra Nagar	5,830 – 5,978
Bandlaguda	4,978 – 5,234
Kokapet	5,847 – 6,189
Manikonda	5,390 – 5,484

KOLKATA – RESIDENTIAL PRICE MOVEMENTS

Location	Price range in H1 2022 (Rs/sqft)
Park street	12,100 – 20,000
Rawdon street	10,000 – 19,500
Kankurgachi	5,200 – 8,500
Salt Lake	4,800 – 7,600
Madhyamgram	2,550 – 3,400
BT Road	3,000 – 4,000
Jessore Road	3,500 – 5,300
Rajarhat	3,500 – 7,100
Ballygunge	8,100 – 19,000
Tollygunge	5,200 – 14,000
Behala	3,200 – 4,600
Narendrapur	2,600 – 4,550

Source: Knight Frank Research

NCR – RESIDENTIAL PRICE MOVEMENTS

Micro Market	Location	Price range in H1 2022 (Rs/sqft)
Delhi	Dwarka	6,500 – 9,500
	Greater Kailash II	22,500 – 36,200
Faridabad	Sector 82	3,200 – 3,600
	Sector 88	3,100 – 3,400
Ghaziabad	NH-24 Bypass	2,900 – 2,955
	Raj Nagar Extension	2,950 – 3,327
Greater Noida	Sector 1	3,215 – 3,600
	Omicron 1	2,995 – 3,100
Gurugram	Sector 77	5,250 – 6,350
	Sector 81	5,400 – 6,200
Noida	Sector 78	4,600 – 5,800
	Sector 143	4,200 – 4,900

Source: Knight Frank Research



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MUMBAI

Residential Mart Resilient

MUMBAI RESIDENTIAL PRICE MOVEMENTS		
Micro Market	Location	Price range in H1 2022 (Rs/sqft)
Central Mumbai	Lower Parel	25,000 – 36,000
	Worli	31,000 – 55,000
Central Suburbs	Ghatkopar	12,000 – 22,000
	Mulund	10,700 - 14,000
	Powai	14,500 – 20,000
Navi Mumbai	Panvel	3,800 – 6,500
	Kharghar	6,700 – 9,000
	Vashi	10,000 – 15,000
Peripheral Central Suburbs	Badlapur	2,700 – 3,500
	Dombivali	4,500 – 6,000
Peripheral Western suburbs	Mira Road	5,500 – 7,300
	Virar	4,400 – 5,500
South Mumbai	Tardeo	40,000 – 60,000
Thane	Ghodbunder road	6,000 – 10,000
	Naupada	14,000 – 18,000
Peripheral Western suburbs South Mumbai	Andheri	15,000 – 22,000
	Bandra (W)	40,000 – 60,000
	Borivali	11,000 – 15,000
	Dahisar	9,000 – 11,000
	Goregaon	13,000 – 15,000

Source: Knight Frank Research

Defying post pandemic impact and disruption in supply chain, the market has shown great resilience, says a survey by Knight Frank Research.

The Mumbai residential market saw swift recovery in 2021 despite the sales momentum being tamed by the second wave of Covid 19, recording a Year-on-Year (YoY) growth of 29% with 62,989 units absorbed. The supply remained strong with 70,023 units launched witnessing a 39% YoY growth in 2021. Fueled by low mortgage rates, stamp duty waiver, willingness of households to upgrade to larger spaces, and savings accumulated during the pandemic – the market witnessed a healthy recovery. Despite facing several bottlenecks, starting with the fear of Omicron followed by the implementation of the metro cess, effectively raising the stamp duty by 1 percentage point; from the increasing input cost pressure caused by the global supply chain disruption to the rise in mortgage rates effectively lowering homebuyer affordability – H1 2022 has shown great resilience while recording sales growth of 55% Year-on-Year (YoY) with 44,200 units absorbed.

To capitalise on the strong sales momentum, developers added new supply in the market, recording a YoY rise of 32% with 47,466 new units launched in H1 2022. As supply outstripped demand, it led to an increase in unsold inventory by 2% YoY. Peripheral central and western suburbs being the more affordable micro markets, attracted maximum housing demand. However, their combined share reduced from 45% in H1 2021 to 39% in H1 2022. Western suburbs also recorded a decline in demand, with its share contribution dropping from 19% in H1 2021 to 14% in H1 2022. Central suburbs and Navi Mumbai were the only two micro markets that recorded an increase in demand, with a share contribution of 16% and 14% respectively in H1 2022 from 9% each in H1 2021. Even though the demand for peripheral western suburbs has been high, supply remains muted with just 7% new supply in H1 2022 in this micro market. With supply added for western suburbs in H1 2022, Thane and Central suburbs outpaced its demand. The affordable housing category with ticket size 5-10 million saw a drop in share from 39% in H1 2021 to 22% in H1 2022. The mid-segment demand lagged behind the demand for high-segment housing with ticket size of >10 million where share take up of 28% was recorded in H1 2022. With rising raw material prices and improved demand condition, developers have opted for an increase in price, and Mumbai has therefore witnessed a price rise of 6% YoY in H1 2022. Developers remain confident of consumer appetite to absorb such price rise without affecting the overall sentiment of the market.

MUMBAI – RESIDENTIAL MARKET SUMMARY						
Parameter	2021	2021 Change (YoY)	H1 2022	H1 2022 Change (YoY)	Q2 2022	Q2 2022 Change (QoQ)
Launching (housing units)	70,023	39%	47,466	32%	23,908	1%
Sales (Housing units)	62,989	29%	44,200	55%	22,652	5%
Average price (Rs per sqft)	6,885	1%	7,163	6%	-	-

CITY OVERVIEW

Bengaluru Residential Sales up 80% in H1

Bengaluru’s residential market remained undeterred by the Omicron wave in early 2022 as the city registered strong sales and launch volumes in H1 2022. A total of 21,223 new residential units were launched in Bengaluru, registering a 59% upsurge over the corresponding period a year ago. H1 2022 witnessed one of the highest supplies since 2016. The strong momentum in new launches indicates a strengthening of developer confidence and a steady improvement of the buyer sentiment in the city, according to Knight Frank India research. Extensive hiring and rising income levels in the IT sector and consistent growth of startup and unicorns in the city continues to drive the demand for housing in Bengaluru. The city registered an 80% increase in residential sales in H1 2022; the growth rate is partly supported by a low base. In terms of absolute volume, the sales in H1 2022 was more pronounced. 38% of the total sales was in South Bengaluru which is an established cluster with some of the key commercial and business centers.

- Of the total launches in H1 2022, South Bengaluru remained the most favoured region garnering a share of 51% of the total launches, a marked increase from 35% in H1 2021. Distant peripherals in South Bengaluru such as Sarjapur and Kanakpura Road attracted some of the key Grade A and Grade B launches primarily in the mid and luxury segments. Housing demand in this cluster continues to remain steady due to the proximity of prominent tech parks and employment clusters located at Electronic City, Outer Ring Road (ORR) etc. The development of metro rail connectivity has also increased the demand for housing in South Bengaluru.
- East Bengaluru is another sought after region for residential demand in Bengaluru. In H1 2022, East Bengaluru accounted for 27% of the total launches in the city. The purple line metro rail, which extends connectivity to Whitefield and the surrounding areas, is likely to start operating from December 2022. This has further boosted the developer and the home buyer sentiment in the region.
- North Bengaluru has emerged as one of the fastest growing residential hubs in the last few years luring both developers and the real estate buyers. North Bengaluru’s economy continues to register a higher growth as the region is host to large Special Economic Zones (SEZs) such as Manyata Embassy Business Park and the KIADB Aerospace Park which accommodates an ample



number of MNCs and aerospace companies. The region also thrives in social infrastructure in the form of prominent educational institutes, flyovers, proximity to the international airport, and the upcoming development of the metro rail. Supported by the aforementioned factors, North Bengaluru has attracted large township developments such as Bharatiya Nikoo Homes, L&T Raintree Boulevard etc., and plotted developments by Grade A developers such as Manyata, Hiranandani etc.

- In H1 2022, the weighted average price of residential units in Bengaluru has increased by an estimated 9% YoY to INR 5,358 per sq ft. In the last few quarters, the residential prices in Bengaluru have been gradually increasing supported by strong demand and due to the rise in cost of construction. The increased cost of construction in the last few months is primarily transferred to the new launches along with a marginal price rise in the ongoing projects. As the residential demand in the city continues to remain strong, it suggests that the buyers have been able to withstand the price rise thus far.
- Due to the strong residential demand in the last two years, the volume of stock or inventory has significantly declined. The inventory in H1 2022 has reduced to 61,887 units, lowest in a decade. As a result of fast replenishment of stock, the quarter-to-sell (QTS) has sharply declined to 6, lowest since 2013.

BENGALURU – RESIDENTIAL PRICE MOVEMENTS	
Location	Price range (Rs per sqft)
Langford town	15,000 – 21,000
Lavelle road	21,000 – 30,000
KR Puram	4,000 – 7,100
Whitefield	4,750 – 7,998
Marathahalli	4,200 – 7,700
Hebbal	5,500 – 12,000
Yelahanka	4,200 – 7,800
Thanisandra	4,300 – 8,900
Hennur	4,200 – 9,000
Sarjapur road	4,300 – 8,500
Kanakapura road	4,200 – 7,500
Electronic city	3,500 – 6,500
Bannerghatta road	4,200 – 7,250
Yeshwantpur	6,000 – 10,900
Malleswaram	8,200 – 14,500
Rajajinagar	8,300 – 15,900
Tumkur road	3,750 – 6,250

Source: Knight Frank Research

DELHI-NCR

Home Sales Record 154% Growth

The year 2022 started on a very positive note for the National Capital Region (NCR)'s residential market with a new upcycle in terms of both new supply and demand in the primary market. In H1 2022, NCR's residential market maintained demand momentum with half-yearly sales of 29,101 units. This is the highest sales clocked in any half yearly period since H2 2013.

Notwithstanding the evolving scenario on increased home loan interest rate, new home sales registered in H1 2022 recorded a 154% YoY growth. The high growth was also driven by low sales volume recorded in the H1 2021 period, when sales activity had been adversely impacted due to the delta variant of COVID-19 pandemic.

In line with the trend witnessed in H1 2021 and H2 2021, the share of products with ticket sizes < INR 5 million in the total sales volume continued to diminish in H1 2022. From 36% in H1 2021, the share of this category has shrunk to 25% in H1 2022. The demand shift to ticket sizes upwards of INR 5 million has been significant, a trend prevalent across locations due to the need for upgrading the family's primary residence. In NCR's overall sales volume, the share of INR 5- 10 million segment has climbed from 26% in H1 2021 to 34% in H1 2022.

The structural shift in homebuyer preferences has been a blessing in disguise for the high-end and premium residential segment in NCR. Demand for bigger and better homes equipped with modern amenities to support long periods of home isolation has given a fillip to products above INR 10 million in the total sales volume. The share of such products has increased from 38% in H1 2021 to 41% in H1 2022. Heightened buyer interest for such developments will continue to have a prominent impact on the overall sales volume for the remainder of the year.

With buoyancy in home sales since H2 2020, home sales not only breached pre-pandemic levels but also led to homebuyers lapping up ready inventory. Developers, being cognizant of a strong homebuying appetite, have been augmenting the supply of new residential projects since the past few months. In the first half of 2022, 28,726 new residential units were launched in the NCR region recording a growth of 876% YoY.

Many developers have increased residential prices in the past few quarters to absorb the rising input costs. In the past six months, the impact of rising input costs for cement and steel have bumped up the

NCR's residential market has maintained demand momentum with sales of 29,101 units in H1, says Knight Frank India survey.

residential product pricing in NCR in a very pronounced manner. Due to the current demand momentum, prices have firmed up across many locations. In H1 2022, the average residential pricing in the NCR market stood at a 7% annual upswing compared to the H1 2021 period. With the strong underlying trend in NCR's residential realty, if this demand surge is sustained, developers may continue to revise prices upwards if the cost cycles keep increasing.

A healthy demand for residential real estate led to a 6% YoY correction in the unsold inventory burden in NCR in H1 2022. At the end of the H1 2022 period, NCR's unsold inventory stood at 95,811 residential units. However, compared to the half yearly period of H1 2021, when unsold inventory had shrunk by 13% YoY due to the post-pandemic recovery, the rate of decline tapered off as new residential launches played catch-up during this period.

Due to the decline in unsold inventory, the quarters-to-sell (QTS) also inched down from 14.7 in H2 2021 to 9.6 at the end of H1 2022. QTS is the number of quarters required to exhaust the existing unsold inventory in the market. The existing unsold inventory is divided by the average sales velocity of the preceding eight quarters to arrive at the QTS number for the current quarter. The QTS of NCR reduced significantly in the past one year due to sustenance in demand for residential products in the primary market.



KOLKATA

A Paradigm Shift in Demand Pattern



The demand is for a bigger apartment size with the share of INR 5- 10 million ticket size category increasing from 18% in H1 2021 to 45% in H1 2022, says Knight Frank India survey.

In H1 2022, Kolkata's primary residential market noted good sales volume with 7,090 units sold during this period. Whilst this represents a 39% Year-on-Year (YoY) increase, the sales velocity compared to the H2 2021 period has slowed down. This is primarily due to the fact that many homebuyers completed their primary home purchases in the six months before the announcement in March 2022 about the third extension of 2% government rebate on stamp duty for property registration of all documents (except the documents of amalgamation of contiguous land) to September 30, 2022.

Due to demand sustenance and low home loan interest rates, most of the ready to move in inventory in the city is nearing exhaustion. This has prompted real estate developers to launch new residential projects translating into 6,686 residential units launched in H1 2022. As new launches had slowed down during H1 2021 due to the second wave of the pandemic, this represents a 205% YoY upswing due to the base effect. This is the highest number of new launches recorded since H1 2017 in Kolkata's residential market.

In line with past trends, the share of ticket sizes < INR 5 million continued to command the lion's share in the overall sales volume. In H1 2022, this category comprised 62% of Kolkata's overall sales, shrinking only marginally from the 63% share recorded in H1 2021.

In H1 2022, the share of projects with ticket sizes of INR 5-10 million remained stable at 25%. In H1 2021, this category had accounted for a 24% share of total sales. The homebuying preferences for spacious homes continue to benefit both the mid-end and high-end segments.

Residential products in > INR 10 million category commanded a similar share in the total sales volume as in H1 2021 remaining stable at 13% at the end of this review period. It wasn't only the pandemic, the state government's demand stimulation by way of stamp duty cut has been a big demand driver for new purchases in this segment.

Whilst South Kolkata commanded the highest share of 31% in the city's sales volume in H1 2022, its share has reduced from 40% in H1 2021. In contrast, North Kolkata's share increased from 27% in H1 2021 to 32% in H1 2022, making it the best performing micro-market in the city.

In line with the previous year, the trend of preference for a bigger apartment size amongst homebuyers remains a dominant theme in the residential market. With the homebuying demand skewed in favour of bigger units, new residential supply mirrors this preference. In H1 2022, the share of homes < INR 5 million decreased to 42% compared to the corresponding period of H1 2021 when this segment had commanded a mammoth 72% share. The share of INR 5- 10 million

ticket size category increased from 18% in H1 2021 to 45% in H1 2022. In the > INR 10 million category, the share in new launches expanded from 9% in H1 2021 to 14% in H1 2022.

A high demand from homebuyers coupled with high raw material costs have led to a 4% YoY increase in average residential prices in H1 2022. Several reputed developers are now able to command a premium for their under-construction residential developments. Due to two consecutive repo rate hikes, housing affordability in the near term has been impacted and we are in a new residential business cycle with both rise in volume and price. While there are concerns regarding the inflationary pressures on home loan interest rate and property price, the stamp duty rebate opportunity for homebuyers continues until 30th September 2022.

A strong sales volume in the past one year has led to a sharp decline in unsold inventory which now stands at 20,861 units, a 17% YoY decline.

The continuous reduction in Kolkata's unsold inventory has also led the quarters-to-sell (QTS) for the city to inch down from 9.8 in H1 2021 to 6.1 in H1 2022. QTS is the number of quarters required to exhaust the existing unsold inventory in the market. The existing unsold inventory is divided by the average sales velocity of the preceding eight quarters to arrive at the QTS number for the current quarter.



India's Warehousing Sector – The Way Ahead

India has the unique distinction of being the 7th largest transport and logistics industry in the world. The expected growth is 1 to 1.2x of GDP growth rate. The industry is highly fragmented and unorganised and MNCs have less than 20% market share in the market.

The global average for share of services within logistics is 20%-25% while it is low at 6-8% in India.

While capacity addition for traditional warehousing has been growing at a rate of 7 to 8%, modern warehousing capacity has been growing at a CAGR of 18 to 20% and is the major driver for warehousing landscape in India.

The steady growth in modern warehousing supply is due to rising prevalence of high quality products and sophistication in buying patterns.

Total India capacity	320 to 350 million sqft
Top 8 metro cities	55%
Rest of India ca-	45%

Utilisation of modern warehouses in key markets ranges from 85-95%, whereas traditional warehouses operate at ~65% of the capacity.

- Over the next decade modern retail and e-tail are expected to be the major buyers of modern warehouses across India.
- 3PL companies are expected to have a play across the above sectors, companies like DHL, ATS etc. have major plans to invest in the sector.
- Covid has accelerated the pace of development, investments and technological advancement in the warehousing sector.

Types of operating models

Developer Model

In this scenario, the land is procured and the facilities are developed. Then facility is leased out to logistics and 3PL players

Developer plus Operator model

In this scenario, the land required for warehouse is procured and the necessary infrastructure is built. The devel-

oper will continue operations in the facilities.

Operator Model

In this scenario, the facilities in the warehouse are taken for lease various services like 3PL, warehousing, trading, distribution etc. are conducted

Technology integration in Warehousing

Key benefits:

- Agile decision making
- Improved operational efficiency and cost optimization
- Near shoring capabilities
- Enables timely and transparent data flow among stakeholders
- Improved forecast accuracy
- Enhanced customer delight

Faster adoption of technology is likely to disrupt the way warehouses operate in India in the coming years.

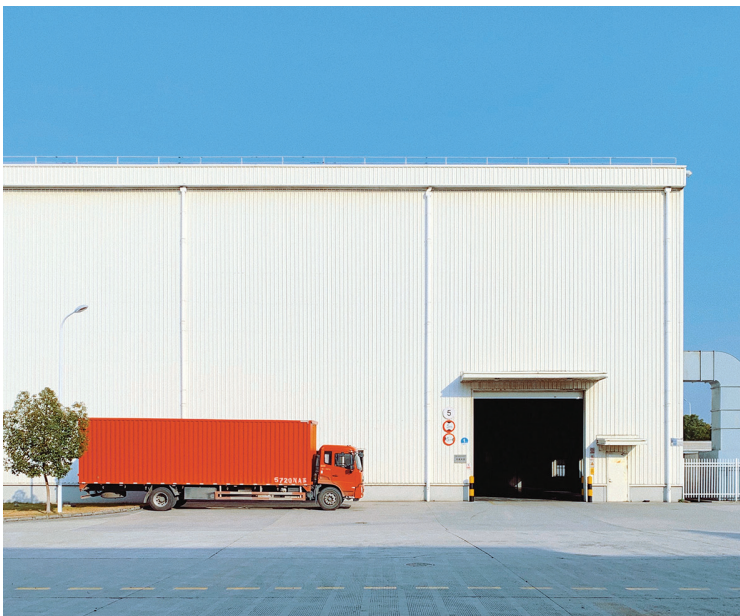
- Internet of Things (IoT)
- Robotics
- Blockchain in warehousing
- Augmented Reality (AR)
- Big data and analytics
- Mobile business solutions
- Warehousing management system
- Other expected automations:
 - Geo-tagging of orders
 - Delivery packaging linked to RFID
 - Drones in-house inventory monitoring

Modern warehousing capacity has been growing at a CAGR of 18 to 20% which is the major driver for warehousing landscape in India, says Sushanta Dey.

Warehousing – Key enablers to pave the way ahead

- Investor participation to drive momentum in the sector.
- E-commerce at the forefront of warehousing demand.
- Greater adoption of technology will drive change
- Government initiatives to push the sector demand across the country.
- Push towards manufacturing will boost warehousing demand.

Excerpts from the lecture delivered at E-commerce exhibition held at the Chennai Trade Centre recently.
Mr Sushanta Dey is Technical Director - Transport & Logistic, KPMG.



OVERVIEW OF INDIA'S WAREHOUSING SECTOR

	Grade C	Grade B	Grade A	Grade A+
	A traditional godown like structure with basis infrastructure	A more modern warehousing facility with extensive VAS capability	High grade warehouses matching international standards, often used as distribution centres.	Grade A+ facilities possess similar infrastructure as grade A facilities, but possess all required regulatory approvals. They can be used either for warehousing or for light manufacturing.
Size	Upto 5,000 sqft	~10,000 to 20,000	>50,000 sqft+	
Height	~12 ft	~20 ft	>30 ft	
Structure	Standard brick structure	Steel or pre-engineered structure	Pre engineered structure	
Storage	Limited to floor stacking.	Racking facility available.	Multi level racking facility	
Value added services	Limited capacity	Services include labelling, bar coding, packing etc.	Significant scope for Value added services, usually automated.	

Hyderabad tops to set up AI in India followed by Chennai

India and China stand out as world's best places for AI Labs, says fDi Intelligence

Prominent Indian tech hubs stand out as the most attractive locations to set up an artificial intelligence (AI) office, owing to their relatively cheap operating costs and deep software engineering talent pools, according to fDi Intelligence sources.

The city of Hyderabad ranked first in fDi's latest assessment of the world's 100 most competitive locations to set up AI-related operations, followed by Bangalore and Chennai. In short, the study reveals the best cities to open a modelled 70-person AI-focused centre occupying 900 square metres of office space.

Several prominent corporations have recently set up a presence in these Indian cities, including US tech giant IBM, which opened a new business process operations facility in Hyderabad in November 2021. It will act as backup to its sites in Chennai and Bangalore.

Svetlana Sicular, an analyst focused on AI at Gartner, a technology research and consulting firm, says that India "is probably the best location for finding talent" for doing an AI project, but not necessarily for leading thought.

This sentiment is reflected in the types of AI operations opened by multinationals. In February 2022, Bosch Global Software Technologies, a subsidiary of Germany-based Robert Bosch, announced plans to open a technology and innovation centre in Hyderabad, adding to its existing hub in Bangalore. The centre is expected to employ 3000 people by 2025 and will focus on areas

BEST LOCATIONS FOR COST OF ARTIFICIAL INTELLIGENCE (AI) OFFICE			
Location	Country	Rank	Total operating cost/y (\$m)*
Kyiv	Ukraine	1st	2.33
Hyderabad	India	2nd	2.46
Chennai	India	3rd	2.48
Pune	India	4th	2.83
Jakarta	Indonesia	5th	2.91
Vilnius	Lithuania	6th	2.93
Mumbai	India	7th	2.99
Gurgaon	India	8th	3.07
Bengaluru	India	9th	3.12
Budapest	Hungary	10th	3.25

Source: fDi Benchmark. *Cost needed to set up a 900 sqm office with 70 people working on AI.

including AI, the cloud and cyber security. Allan Beechinor, the CEO of Altada, an Ireland-based AI solutions provider that opened an Indian office in March 2022, says that AI talent in the country is "phenomenal",

but cautions that the labour market is very competitive: "There's a huge risk of poaching and hunting on every level".

Gulf NRIs Evince Keen Interest in Real Estate

Over 2 million NRIs in the UAE are exploring real estate options both for self use and investment purposes, reports V Nagarajan.

There has been a paradigm shift in the demand pattern among Gulf NRIs while investing in real estate back home. With WFH option, demand for larger unit is up and luxury homes are finding favourite with NRIs who are looking for additional amenities to create workspace within home. Bengaluru based Maxpo Exhibitions has organised India property show in Dubai in association with Gulf News at the Dubai World Trade Centre. Close to 2,500 expatriate Indian families have visited for India property show on both the days. The quality of visitors came in for appreciation as they are serious buyers and end users who are looking for apartments in the price range of Rs 60 lakh – Rs 1 crore. There is demand for even units priced at Rs 1.6 crore and above. A significant section of NRIs are keen to invest in second homes. Budget villas for Rs 1.5 crore and above are favourites among NRIs. For CAs and other professionals, rent yield-

ing commercial properties are becoming favourites for investment. The ticket size among individuals is said to be region of Rs 40-50 lakh. A consortium of NRIs are keen to make collective investment in a single unit. Among the Indian cities that drove interest among Gulf NRIs for investment in real include Mumbai, Pune, Bengaluru, Chennai, Delhi-NCR, Hyderabad, Kochi, Bhopal, Chandigarh and a few tier 2 and 3 cities. Affordable housing in the price range of Rs 30 lakh-Rs 35 lakh drove demand. According to the organisers, Gulf NRIs with their proximity of living together over a period of years have developed an affinity to make collective investment in select properties. It is said that there are about 50 NRIs with varied options. This new trend among collective investor option has not been experienced in the past, said the organiser. There are enquires for holiday homes and independent homes from select NRIs during the event.



Institutional Realty Investments reach US\$2.6 billion in H1



Institutional investments in Indian real estate rose 14% YoY in H1 2022. Domestic investors garnered 38% share in H1 2022, from just 13% share in H1 2021. In H1 2022, office sector garnered 48% of the investments at US\$1.3 billion, according to Colliers survey.

- Trends shaping the Investments**
- Multi-city deals accounted for 43% of the total investments in H1 2022 indicating entity-level deals continue to gain traction.
 - During H1, 2022, retail sector saw a 19% share in investments, following a recovery seen in the sector. Malls have been seeing a healthy pick-up in footfalls since last year.
 - Domestic investors are back in the market, with inclination towards mixed-use assets and retail sector. However, foreign investors continue to drive investments betting on office, retail and alternative sectors.
 - There is a continued traction in investor-developer platforms. Platforms for Greenfield assets continue to be attractive for investors, especially in the commercial, industrial and logistics sectors.
 - Investors are seeing encouraging signs of revival in the office sector since late last year. Investors are taking a medium to long term view of the sector, with the intention of bundling assets into REITs. As a result, investments into the office sector rose 20% YoY in H1 2022.

Investors are seeing encouraging signs of revival in the realty sector, surveys Colliers.

Investor	Investee	Asset class	City	Amount (Rs million) (USD Million)
Brookfield	Bharti Enterprises	Office	Delhi NCR	50,000 (633)
Bain Capital	TARC Limited	Mixed use	Delhi NCR	13,300 (175)
Nadir Godrej Family Office + Burman Family Office	Isprava and Lohono Stays	Alternatives	Multi-city	10,266 (130)

Source: Colliers

GROSS YIELDS	
Sector	Yield
Grade A warehouses (fully leased)	7.0 – 8.5%
Retail (Minimum guaranteed rental revenue)	5.5 – 7.0%
Co-living, student housing	6.0 – 7.0%
Residential	2.0 – 2.5%
Grade A completed office assets (fully leased)	8.0 – 9.0%

Source: Colliers

OFFICE MART

Quarterly Office Mart Leasing Up by 61% in Q2

The office sector in India continued on the path of a strong recovery in Q2 2022 as occupier sentiments were uplifted due to the relatively less severe Omicron wave, the subsequent relaxation of restrictions and improved vaccination rates, says CBRE survey. Below are a few broad office trends observed in the quarter gone by:

- Leasing activity grew by almost 61% Q-o-Q and 220% Y-o-Y, reaching an all-time high of 18.2 million sq. ft. in Q2 2022. Absorption in H1 2022 more than doubled on an annual basis to touch 29.5 million sq. ft.
- Bangalore, followed by Delhi-NCR and Hyderabad, continued to drive absorption, together accounting for nearly two-thirds of the transaction activity in Q2 and H1 2022.
- Supply also witnessed an uptick during the quarter, growing by 78% Q-o-Q and 64% Y-o-Y to touch 16.7 million sq. ft. In H1 2022, about 26.1 million sq. ft. of new project completions were witnessed – increasing by 26% Y-o-Y.
- Hyderabad, Delhi-NCR and Bangalore led supply addition, both during the quarter and H1 2022.
- Technology firms, engineering & manufacturing companies and flexible space operators together accounted for almost 60% share of the overall leasing in Q2 2022.

According to CBRE survey, the robust recovery in leasing was also reflected in Google Mobility trends – with workplace visitors in India rising by 31% in July 2022 as compared to the median value of the baseline – a 5-week period from January 3 to February 6, 2020.

Supply also witnessed an uptick in Q2, 2022, growing by 78% Q-o-Q and 64% YoY to touch 16.7 million in H1 2022, about 26.1 million sqft of new completions were witnessed – increasing by 26% YoY but declining by 10% as compared to H2 2021. The supply addition in Hyderabad was particularly notable, as the city's stock crossed 100 million sqft during the quarter, making it the fourth market in India after Bengaluru, Mumbai and Delhi-NCR to reach that milestone.

Hyderabad, Delhi-NCR and Bengaluru led supply



Leasing activity has reached an all time high of 18.2 million sqft in Q2, says CBRE survey.

addition during the quarter and H1 2022, accounting for a cumulative share of 76% and 68% respectively. The non-SEZ segment continued to dominate development completions during the quarter with a share of about 62%. The share of SEZ developments also rose to 38% from 17% in the previous quarter. Similarly, on a half-yearly basis, supply was led mostly by the non-SEZ segment with a share of 69%, while the share of SEZ developments rose from 17% to 31% when compared to H1 2021.

On a quarterly basis, technology corporates continued to drive leasing with a share of 31%, followed by engineering and manufacturing companies (16%), flexible space operators (12%). Banking and financial services (BFSI) firms (12%) and e-commerce players (7%). In H1 2022, technology corporates (30%), followed by engineering and manufacturing firms (15%) and BFSI firms (13%) led leasing activity. Other leading sectors driving the absorp-

tion during H1 2022 included flexible space operators (12%) and research, consulting and analytics firms (6%).

Office space take-up was driven by small (less than 10,000 sqft) to medium-sized (10,000 – 50,000 sqft) transactions with a share of 84%, which remained similar to the previous quarter. The share of large-sized deals (more than 100,000 sqft) in Q2 2022 was about 6%, decreasing marginally from the previous quarter. Bengaluru followed by Delhi-NCR, Pune and Hyderabad, dominated large-sized deal closures during the quarter, while a few such deals were also reported in Mumbai, Chennai and Ahmedabad.

Due to decreasing vacancy and demand for premium assets, a rental increase of about 1-5% QoQ was recorded across multiple micro-markets in Delhi-NCR, Chennai and Bengaluru and PBD Hinjewadi in Pune. Moreover, driven by growth in select premium assets, SBD Kharadi in Pune and PBD in Hyderabad recorded a rental rise of about 6-9% QoQ.

Credai Chennai Raises Concern Over Input Cost Hike

In a review of the second quarter performance of housing sector in Chennai, Credai Chennai voiced concern over the continual increase in prices of input materials, labour cost and increased GST rates on construction material. As a result, new launches would have to factor in the corresponding hike while launching new projects in future, said S Sivagurunathan, President, Credai Chennai.

"While steel prices are up by 2.5 times since 2017, cement prices have gone up by 35%. Both river and M sand prices are up and what is more river sand shortage is crippling the pace of construction across the state. As a result of the sharp increase in input cost, apartment price increase will be inevitable. Property prices will henceforth rise by 15 per cent and it is not only Chennai but even tier 2 and 3 cities will be impacted due to price rise," said Sivagurunathan.

While releasing the half yearly figures for sales and launches for Q2, Viswajit Kumar, executive committee member, Credai Chennai, said that in the last couple of years Chennai has become the 10th fastest growing cities in the world. "The city is also home to 4th largest city when it comes to the number of Fortune 500 companies operating in the city. Commercial office space absorption has been reported at 1.3 million sqft in the last quarter. Rentals are stable and large scale office absorption has been reported in the city," he said.

According to Sivagurunathan, Credai developers hold a market share 85-86% in the housing sector. "We are constantly following up with the state level authority, Chennai Metropolitan Development

With shrinking unsold inventory level and price hike of input costs, apartment prices are likely to jump by 15 per cent in the next quarter, reports V Nagarajan.

Authority (CMDA). There were problems in the initial stages and we are requesting to extend the single window clearance facility for layout projects as well. Chennai has the lowest unsold inventory

at 5,000 units which may be cleared in 4.5-5 months time. Further, even before the enactment of RERA, Credai Chennai has established a grievance redressal forum wherein disputes involving its

members were resolved within Credai itself. Since commencement, we have resolved 306 representations. Out of 62 complaints, only six are remaining unresolved," he said.

With a business friendly, proactive government, thrust on infrastructure development, the ripple effect of investment has been felt even in tier 2 and 3 cities in the state of Tamil Nadu. "Regular interaction with the CMDA authorities to simplify approval process and to provide support to the single window clearance option is continuing. In single window clearance, for multistoried buildings, as many as 20 NOCs may be required from various state departments and efforts are made to simplify the process with the active cooperation and support of the appropriate authorities," said Sivagurunathan.

According to Abhishek Mehta, Treasurer, Credai Chennai has taken a big initiative towards resolving contentious issues involving its members. The representation can be made even through email. "On the market front, Abhishek said, that property prices are going to go up by 15-20 per cent in the next quarter. As new launches have been restricted and home loan rates are also inching a high, it is high time for people keen to invest in housing to take a decision now, he adds.

According to Credai Chennai sources, there has been a perceptible shift in trend in demand among homebuyers in that those looking for 1-2 BHK units are now seeking 2-3 BHK units due to increasing need for larger spaces. On the commercial front, with hybrid model working, companies continue to look for rental premises.



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Building Collapses - The Dangers of Illegal Construction

By Anil Pharande

Illegal construction pertains to any building or addition to an existing building which does not comply with the existing municipal or civil laws and has been built without proper permissions. It may or may not be built on encroached or otherwise illegally appropriated land. In India, both are usually true, and instances of building collapses here garner negative press globally each year.

It may seem like a typically Indian problem, in the past created by a combination of an acute housing shortage and collusion of shady politicians with unscrupulous fly-by-night builders. However, illegally constructed buildings do not necessarily cater to only the lower rungs of the social pyramid. In India, there have also been well-documented instances of luxury towers being erected either on encroached land or without the required building clearances.

Also, India is not the only country waging war against the scourge of illegal construction. This has been and continues to be a problem in many parts of the world, across developed and developing countries.

There is no shortage of examples of how illegal construction has hijacked cities' real estate markets and indeed their overall potential.

Here are a few:

ITALY - Italy's once scenic Palermo, which caught the spillover housing demand from nearby Sicily, saw a tremendous amount of what was referred to as 'private construction' for almost three decades between the 1950s and the 1980s between 1951 and 1961. This illegal construction boom happened under the active patronage of the organized crime syndicate known as the mafia.

MALTA - In a more recent instance in the European island country of Malta, a luxury project consisting of 75 high-end units was illegally constructed in collusion between the developer and the local environmental protection agency. The case is still being fought out.

BRAZIL - In Brazil's Rio de Janeiro, the infamous 'favelas' or illegally constructed slums have existed since the 19th century and continue to confound the city's development authorities to the present day. Created and protected by local crime organizations, Rio's favela slums are notorious for being densely packed, extraordinarily unsanitary and polluted, and breeding grounds for disease.

TURKEY - Turkey has its own problems with what they call Gecekondu - homes constructed almost overnight without any clearances or permissions. The people who build these low-cost housing projects are usually migrants from Turkey's rural areas seeking to settle down on the larger cities' outskirts. Gecekondu - literally meaning 'constructed overnight' - exploit an interesting legal loophole in Turkish law.

This law prevents the authorities from tearing down or taking any action against people who manage to construct homes between late evening and early morning of the next day without being noticed by the law enforcement authorities. Instead, the authorities can only begin legal proceedings against such squatters, which usually pull on endlessly.

JERUSALEM - In Jerusalem, illegal constructions have been taking place at an enormous scale for over a decade. These illegal constructions are invariably full-fledged buildings, built on plots over which the builders have no legal claim. The plots are usually land reserved for public utilities such as parks, schools, and places of worship, as well as on roads. Such buildings are constructed without the benefit of licensed architects and fall completely afoul of Jerusalem's civic safety codes.

BULGARIA - Bulgaria, the 16th-largest country in Europe, has been plagued by illegal constructions in the middle of its famous reserved biodiversity zones. Abuse of various loopholes in the country's laws has allowed unapproved buildings to crop

up on the coastline of the Black Sea coastline. This has also led to the pollution of rivers and destruction of biodiverse areas. In Bulgaria's famous Pirin National Park, illegal ski tracks have been laid to pander to winter tourists, destroying the natural habitat of protected plants and animal and plant species.

NEW YORK - Massive world cities like New York have their own problems. Just last year, an infamous NY slumlord (interestingly with an Indian name) was among three notorious real estate players who attracted heavy fines for exploiting the extreme shortage of affordable homes in the city. This person had to cough up USD 105,000 for illegally creating micro-residential units, known as SROs (single-room occupancies) in local real estate parlance, and renting them out.

These units have neither bathrooms nor kitchens, and the households that inhabit these homes must share such facilities with each other - a system that has long since been illegal in New York. This person owns and rents out several completely neglected, dilapidated buildings.

If all this sounds familiar, it is because most of these examples - mere tips of the global illegal construction iceberg - have ready representation in India. In our country too, city planning and development authorities wage a constant battle against this scourge. Even highly-planned cities like the Pimpri Chinchwad Municipal Corporation (PCMC) must regularly demolish illegally erected structures.

The Dangers of Illegally Constructed Buildings

Most illegal buildings tend to be unsafe. As we have seen with the annual collapses of illegally-constructed housing projects and unapproved structural changes and additions, circumventing local building codes, not engaging qualified architects, and using substandard or adulterated construction materials comes at a high cost to people living in these buildings. When they collapse, completely or partially, lives and possessions are lost.

Also, illegal constructions - shoddily built or not - invariably usurp land reserved for creating infrastructure and other public utilities. This impedes the movement of people and goods, which are critical for the welfare and prosperity of a city, create drainage blocks which cause urban flooding during the monsoon, and often present a significant health hazard since they are not professionally maintained.

Illegal buildings in cities like Mumbai and

Pune often operate without proper water supply and subsist on pilfered electricity.

Because they are illegally constructed, such properties tend to be much cheaper than regular properties in the same area. Obviously, their developers had no long-term plans for these buildings and most abandoned them as soon as they were sold out. There is no legal recourse for homeowners in such buildings.

Many of such buildings were constructed after bribing the local civic authorities to look the other way, a fact which is invariably exposed sooner or

later. When this happens, homeowners in these buildings must write off their entire investments.

The instances where illegal buildings are regularized are few and far between. Even if regularization is applied for under an amnesty scheme, the authorities will first conduct a structural audit to determine whether the building even qualifies in terms of safety. In most cases, such buildings are condemned because they are completely unfit for habitation.

Precautions for Homebuyers

While RERA has gone a long way in addressing the problem by making future illegal constructions impossible to pull off, it unfortunately does not apply retrospectively to older buildings developed before its implementation. Even today, countless urban Indians live in unsafe, legally and structurally doomed buildings that endanger their hard-earned money and their families' lives.

Aspiring homebuyers looking for good deals must conduct sufficient due diligence when considering an unnaturally cheap property. If the building has serious legal flaws, it may very likely be demolished in the future, and the property owners will not be compensated. In the meantime, their residents do not benefit from legal protection or municipal support.

Investing in a home must be done with complete awareness and should not be driven merely by the lowest rate. Always deal with reputed developers who have multiple successful projects in their portfolios. For newer buildings, a RERA registration is an absolute must and for older ones, a proper title search conducted by a good advocate will reveal the project's legal status.

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GST on Sale of Land

By Anuj Gupta

There were various grey areas in GST, where chargeability or rate of tax is a matter of constant debate and discussion. The contradictory rulings issued by various Advance Ruling Authorities on a same nature of transaction adds up to the confusion. As a welcome step, the 47th GST Council meet, held on 28th & 29th of June in Chandigarh, provided clarity on some of these issues.

In the press release, issued on 29th June 2022 with respect to recommendations of 47th GST Council meet, clarification with respect to chargeability of GST on sale of land was also provided. As per the press release: "Sale of land after leveling, laying down of drainage lines etc. is sale of land and does not attract GST."

Background:

1. Business of developing and selling plotted area takes place in three ways i.e.
2. The land owner develops a large piece land on his own account, divides it into small developed plots and sells such small pieces of land.
3. The land owner hires a developer to develop a large piece of land into small plots and the later is provided consideration for his construction services in money.
4. The land owner and a developer (providing development services on a large piece of land to make it marketable into small plots) enter into a contract where:
5. Either the consideration received on sale of final plots are divided into a predetermined ratio between the land owner and the developer, or Advertisement



Section 9 read with section 7 of the CGST Act 2017, defines the scope of supply of goods or services or both, on which GST shall be applicable. Further Schedule III of the CGST Act, read with section 7 of the said act, specifically excludes 8 activities which shall not be considered as a supply of goods or service or both and hence, GST shall not be applicable on same. As per the entry no. 5 of Schedule III i.e.:

Sale of land and, subject to clause (b) of paragraph 5 of Schedule II, sale of building.

specifically excludes sale of land from the preview of GST. Further, as per LIST – II of the Constitution of India which specifies exclusive power to make laws to the state, the power to collect tax on land are reserved to the states and hence tax on land is any-ways excluded from the scope of GST.

Confusion started when few advance rulings and authorities namely:

The AAAR, Gujarat in the matter of Shree Dipesh Anilkumar Naik [Advance Ruling No. GUJ/GAAR/APPEAL/2021/35, dated December 12, 2021] affirmed the order passed by the AAR holding that GST is leviable on sale of plot of land, where primary amenities such as water line, electricity line, and other infrastructure are being constructed/developed. Held that, it is a sale of developed plots and will be cov-

ered under the scope of supply of taxable service falling under the head of 'Construction services'. Hence liable to 18% GST. As a result, various GST authorities started demanding tax on the sale of developed land.

Holding our final opinion until the legal draft with respect to said matter is issued by the Ministry and relying on the text of press-release, we can conclude that: Sale of land after performing basic development services like leveling, laying down of drainage lines ETC... will still be treated as sale of land and no GST shall be charged on same. Hence sale of plot as mentioned in point 1 & 2 above shall not be chargeable to GST. However, works contract service provided by the developer to land owner in case no. 2 shall be taxable. However, taxation with respect to services provided by:

- The Land Owner to Developer i.e. TDR (Transfer of Development Right) and
- Services provided by developer to land owner (Development Services)
- Are still a subject of debate and taxability on same is still in question. Further, relying on few Advance Rulings like Vidit Builders by AAR-Madhya Pradesh, case number – 19/2019, order number – 02/2020, tax shall be payable on TDR and development services provided by land owner to developer and vie a versa.

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