

HindustanTimes

Title : Top 10 residential hotspots

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Top 10 residential hotspots

1 GURGAON

- Massive infusion of commercial office and retail space
- Currently at 22 million sq ft and likely to grow to 40 million sq ft by 2012
- Substantial rationalisation of prices
- Correction of over 25 per cent to 30 per cent across micro-markets
- Wide breadth of projects across price ranges and geographies
- The downturn has opened new geographies at rationalised prices
- Shortening absorption period
- Increased absorption rates has led to fewer unsold housing units
- Quality developers and developments
- Tier I developers and good quality developments
- Water, power and connectivity continue to be areas of concern
- The Delhi Metro is expected to improve connectivity



2 MUMBAI

- High-income demographics
- High investment activity levels across price bands
- Massive infusion of commercial office and retail space
- Relative affordability in suburban markets
- Most of the markets within the city are unaffordable. Affordability in eastern suburbs, Thane and Navi Mumbai
- Infrastructure can't keep pace with growth of city
- Infrastructure development to boost residential demand in suburbs

3 NOIDA

- Affordable micro-markets
- Reasonable price range has led to increased absorption momentum
- Excellent connectivity
- Connectivity through existing road infrastructure and the Delhi Metro
- Commercial office space
- Addition of another 12 million sq ft of office space in the next three years
- Residential demand primarily linked to IT/ITES sector



4 PUNE

- Huge supply of office space
- Addition of 19 million sq ft of office space over the next three years
- Affordable micro markets close to the city
- Oversupply in select micro markets only
- Proximity to Mumbai

5 BANGALORE

- Shifting geographies of commercial office development
- Most of the micro markets highly affordable
- Residential demand linked to growth of IT/ITES sector
- City has attained a critical mass of IT occupiers, which will help attract even more IT occupiers
- Infrastructure hasn't kept pace with the growth of the city



Many cities in the country, after the slowdown, are once again in the spotlight for the good investment potential they offer in the mid to long term

HT Estates Correspondent

The only segment to emerge almost unscathed from the turmoil that the real estate sector underwent during the slowdown was the residential sector. Its resilience in the face of negative global cues was as much a result of the latent demand for affordable housing in India as the large share of the Indian real estate pie that the residential sector holds.

As with office space and retail malls, residential property did, to a lesser degree, suffer the effects of the global downturn in 2008 and 2009. However, unlike its counterparts, the residential sector has begun to show signs of stability in many markets, and even recovery in certain cities. Whether this trend will continue depends in large part on economic factors (mortgage rates, GDP growth, labour market stability) and on prudent decisions by developers on issues relating to pricing and quality of products being offered.

Jones Lang LaSalle Mehraj Research conducted an analysis of residential markets across India to help

identify investment hotspots for retail investors. While abnormally large returns can be found in specific projects throughout the country, the analysis was limited to India's seven largest cities due to high residential demand from their large populations, relatively higher transparency levels and presence of premium regional and national developers.

The top ten cities were Gurgaon, Mumbai, Noida, Pune, Bangalore, Chennai, Hyderabad, Kolkata, Ahmedabad and Kochi. Based on proprietary data from the Real Estate Intelligence Service (REIS), each city's potential was examined across a variety of parameters, including affordability, investment yield, absorption momentum, supply overhang etc.

"Residential property is very definitely the flavour of the year in 2010. While the primary metros continue to command the highest demand and appreciation potential, many other cities are once again in the spotlight for their mid-to-long term investment potential," says Abhishek Kiran Gupta, head - research and REIS, Jones Lang LaSalle India.

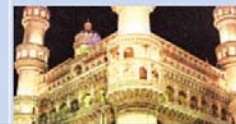


6 CHENNAI

- Diversified migrant population working in industrial, logistics and IT and ITES sector
- Prices have rationalised across micro-markets
- Properties along OMR benefit from excellent connectivity and proximity to IT hubs
- Absorption rate yet to pick up

7 HYDERABAD

- High affordability in Hitec City and Gachibowli
- Oversupply in Hitec City and Gachibowli
- Other markets having low activity
- Residential demand linked to growth of IT/ITES sector



8 KOLKATA

- Absorption rate has picked up in Rajarhat
- Highly affordable micro markets
- Growth in office take up projected to be low

9 AHMEDABAD

- Newest metropolitan city with population of more than 4 million
- Absorption rate has picked up in affordable markets closer to the city
- Highly affordable micro-markets
- Pharmaceuticals, logistics and automotive sector to drive population growth in the suburban markets
- Poor IT/ITES presence



10 KOCHI

- Diversified economy with growing IT/ITES presence
- Highly affordable micro-markets
- Huge non-resident Kerala demand drives residential real estate
- Micro-markets of Edappally and Kakkanad highly dependent on IT/ITES sector