Indian Realty

Indian Real Estate

Vol.1, Issue 5,
January 2022
Price: ₹10

A monthly realty edition of
Priya Publications, Chennai

Priya Publications wishes its readers, advertisers and wellwishers a very happy and prosperous New Year.

Housing Sales Up 71% in 2021

Notwithstanding the devastating 2nd wave of COVID-19, Indian residential real estate staged a convincing comeback in 2021. ANAROCK data reveals that approx. 2.37 lakh units were launched across the top 7 cities during the year, touching the pre-COVID levels of 2019s. Yearly, new launches rose by 85% in 2021 over 2020.

Housing sales rose 71% Y-o-Y in 2021 with approx. 2.37 lakh units sold, thus reaching 90% of pre-COVID 2019 levels. MMR recorded the highest sales at 76,400 units, followed by NCR with approx. 40,050 units sold.

Of approx. 2.37 lakh units launched in 2021, the mid-segment (INR 40 lakh to INR 80 lakh) had the maximum share with 39%, followed by the affordable segment (priced under INR 40 lakh) with a 26% share. The premium segment (priced between INR 80 lakh to INR 1.5 Cr) had a 25% share.

Anuj Puri, Chairman - ANAROCK Group, says, "Despite the pandemic, 2021 was a fantastic year for the Indian housing sector. More or less an equal number of homes were launched and sold. The fact that launches were back to pre-COVID levels is very significant, and housing sales fell short of 2019 by a mere 10%. Of the four quarters, Q4 2021 was by far the best, with housing sales in the top 7 cities attaining a new high of approx. 90,860 units in Q4 2021. This was the highest quarterly sales performance since 2015."

> Defying pandemic adverse impact, housing sales are up by 85 per cent across seven cities and launched 85 per cent, says **Anarock survey.**

A tremendous rise in homeownership aspirations was aptly supported by developer discounts and offers, government incentives like Maharashtra's stamp duty cut, and lenders maintaining decadal-low interest rates.

"Extrapolating on the performance in 2021, 2022 will see very satisfactory growth as long as the coronavirus pandemic remains in check in India," says Puri. "Various trends will shape the sector in 2022 - Grade A developers will corner more market share, and sales will come back to the pre-pandemic levels of 2019. However, input cost pressure and supply chain issues may induce a 5-8% increase in property prices. End-users will remain the dominant market force, and peripheral areas of the larger cities will continue to see both supply and demand traction."

New Launch Overview: 2021 vs. 2020

Y-o-Y, the top 7 cities saw approx. 2,36,700 new units launched in entire 2021, against 1,28,000 units in 2020 – a significant increase of 85%, which put new launches back on par with the pre-pandemic 2019 levels.

The key cities contributing to launches in 2021 were MMR (Mumbai Metropolitan Region), Hyderabad, Pune, and NCR - together accounting for 76% of supply additions:

- MMR saw approx. 56,880 units launched in 2021 – a significant rise of over 88% over 2020. Approx. 58% of the new supply was added in the sub-INR 80 lakh budget segment
- Hyderabad added approx. 51,470 units in 2021 - a yearly increase of 144% over 2020 and a 71% increase over pre-COVID 2019. Approx. 81% new supply was added in the mid-segment (INR 40 lakh to INR 80 lakh) and the premium segment (INR 80 lakh to INR 1.5 Cr budget range)
- NCR added 31,710 new units in 2021 compared to 18,530 units in 2020 - a significant rise of 71%. Approx. 52% of the new supply was added in the mid and premium segments
- Pune added 39,870 units in 2021, a massive

jump of 67% over 2020. Approx. 57% of the new supply was added in the mid-segment
- Bengaluru added approx. 30,650 units in 2021, an increase of 43% over 2020. Approx. 72% of the new supply was added in the mid and premium segments
- Kolkata added approx. 13,750 units in 2021, a massive increase of 290% over 2020. Approx. 71% of the new supply was added in the affordable segment
- Chennai added approx. 12,370 units in 2021, an increase of 35% over 2020. Approx. 62% of the new supply was added in sub INR 80 lakh budget segments

Overall Sales Overview: 2021 vs. 2020

Altogether, the top 7 cities saw approx. 2,36,530 housing units sold in the whole of 2021, against 1,38,350 units in 2020 - a hefty increase of 71%.

- MMR saw maximum yearly sales of approx. 76,400 units among the top cities. City sales increased by 72% - from 44,320 units in 2020 to 76,400 units in 2021 (due to a significant increase of 88% in new launch supply)
- Hyderabad saw a huge 197% increase in sales - from 8,560 units in 2020 to 25,410 in 2021
- NCR saw sales increase by 73% - from 23,210 units in 2020 to 40,050 units in 2021
- Pune saw a significant sales increase of 53% - from 23,460 units in 2020 to 35,980 units in 2021
- Bengaluru saw sales increase by 33% - from 24,910 units in 2020 to 33,080 units in 2021
- Chennai saw a hefty 86% increase in sales - from 6,740 units in 2020 to 12,530 units in 2021
- Kolkata saw an 83% increase in sales - from 7,150 units in 2020 to 13,080 units in 2021

Housing Inventory Status - 2021-end:

Increased launches and overall absorption in the top 7 cities in 2021, when compared to 2020, resulted in minor changes in available inventory. However, compared to 2019, there has been a 2% reduction in available inventory by the end of 2021. Data indicates that the top 7 cities altogether have total unsold stock of approx. 6.38 lakh units as of 2021-end. Among the top 7 cities, MMR and NCR saw a yearly decline of 10% and 5%, respectively.

Price Movements

Average residential property prices across the top cities increased by 3-5% in 2021 compared to 2020. Bengaluru and MMR witnessed the highest price increase of 5%, while Chennai and Kolkata witnessed a 3% increase.

TRENDS AT A GLANCE

- New launches rose by 85% in 2021 against 2020; Hyderabad recorded a 144% yearly rise
- Housing sales saw 71% Y-o-Y rise in 2021 to touch approx. 2.37 lakh units, regaining 90% of pre-COVID 2019 levels; MMR recorded highest sales at 76,400 units
- MMR & NCR saw a maximum drop in unsold inventory with 10% & 5% respectively compared with 2020
- Housing sales in the top 7 cities reached a new high of approx. 90,860 units in Q4 2021 - a 79% increase over Q4 2020; MMR & NCR together comprised a 50% share
- Approx. 73,750 units were launched in Q4 2021 compared to approx. 52,820 units last year; MMR topped new supply with 18,675 units

CITY-WISE NEW SUPPLY (IN UNITS) AND Y-O-Y PERCENTAGE CHANGE

City Name	2021	2020	%Change (2020 Vs 2021)	Q4-2021	Q4-2020	%Change (Q4-2020 Vs Q4-2021)
NCR	31,710	18,530	71%	12,720	5,520	57%
MMR	56,880	30,290	88%	18,680	11,910	36%
Bengaluru	30,650	21,420	43%	8,580	6,400	34%
Pune	39,870	23,920	67%	10,840	11,200	-3%
Hyderabad	51,470	21,110	144%	15,320	12,820	16%
Chennai	12,370	9,170	35%	1,670	3,930	-136%
Kolkata	13,750	3,530	290%	5,960	1,040	473%
Total	**2,36,700**	**1,27,970**	**85%**	**73,770**	**52,820**	**40%**

CITY WISE ABSORPTION (IN UNITS) AND Y-O-Y PERCENTAGE CHANGE

City Name	2021	2020	%Change (2020 Vs 2021)	Q4-2021	Q4-2020	%Change (Q4-2020 Vs Q4-2021)
NCR	40,050	23,210	73%	17,580	7,760	127%
MMR	76,400	44,320	72%	27,680	17,600	57%
Bengaluru	33,080	24,910	33%	12,300	7,900	56%
Pune	35,980	23,460	53%	11,930	9,260	29%
Hyderabad	25,410	8,560	197%	11,030	3,570	209%
Chennai	12,530	6,740	86%	4,680	2,460	90%
Kolkata	13,080	7,150	83%	5,660	2,350	141%
Total	**2,36,530**	**1,38,350**	**71%**	**90,860**	**50,900**	**79%**

Source: ANAROCK Research

Digital Transformation and Cloud-Based Solutions to Drive This New-age Asset

DATA CENTRE

The most common requirements to establish a data centre include submarine cable landing stations, ample power supply, and thriving IT infrastructure. All of these already exist in Tamil Nadu.

The rising propensity to consume data since the demonetisation in 2016 was accentuated during the pandemic. Low data tariffs and affordable smartphones have facilitated the need for data consumption along with the government's realisation of the criticality of data protection spurred the demand for data centres in India.

Chennai is well poised and to capitalise on this opportunity and the state government has already initiated plans to leverage the same.

Tamil Nadu has 6 submarine communications cables with a bandwidth of 14.8 terabytes per second (TBps), the highest in the country.

According to the Telecom Regulatory Authority of India, Chennai is among the top five service areas in India for broadband subscriptions.

Ambattur and Siruseri are the preferred choices for the data centre companies owing to the geographical conditions. Proximity to the sea cable landing stations and the presence of large-scale IT-ITeS, BFSI, and the manufacturing sector is also expected to drive demand in the future.

Singapore is the leading country in Southeast Asia that houses over 60% of the data centers in the region. The abundant availability of highband-width communications infrastructure and sub-sea connectivity together with the proven capability of managing data privacy and cyber security makes Singapore the leader in the region.

However, Singapore's Ministry of Trade and Industry has announced a temporary halt to the approvals of new data centres in the country as they evaluate the balance between environmental sustainability and supporting business needs. This lays open the opportunity for Tamil Nadu to fill in the gap.

The state government is planning to increase the capacity in Chennai from 54MW to 79MW over the next 2 years. The state government has been proactive and signed multiple MOUs with several global and national players such as Yotta, Web Werks, and CapitaLand among several others entailing investments of INR 18,827 Cr.

While the IT-ITeS and manufacturing sectors have enabled the economic transformations of the state, the data centres are also expected to catalyse the growth and create employment opportunities for nearly 10,000 people.

Excerpts from the survey by Anarock and FICCI on Tamil Nadu, Growth Engine of India.

Land requirement of about 1,300 acres to set up the targeted 110 GWh battery manufacturing capacity by 2030.

In its latest joint report with Indospace titled 'Electric Mobility in Full Gear', Colliers estimates that the Electric Vehicles (EVs) segment in India is likely to witness investments of USD12.6 billion or INR94,000 crore across the automotive value chain, over the next five years.

The investments are likely to benefit the Indian real estate sector in the form of setting up new or augmenting manufacturing units, industrial parks, and clusters with focus on last mile delivery by E-commerce firms and 3PL companies, government push for electrification of public transport, tax benefits and incentives for first time buyers amongst others. Tamil Nadu is the frontrunner accounting for about 34% share in total planned investments for EV, followed by Andhra Pradesh and Haryana with a share of 12% and 9% respectively.

Currently, 15 Indian States have either approved or notified EV policies, with 6 more states in the draft stage. States like Delhi, Gujarat, Maharashtra, and Meghalaya are focusing on demand incentives, whereas southern states and Uttar Pradesh are focusing on manufacturer-based incentives. States like Maharashtra, Delhi and Gujarat having strong demand side incentives should have provisions to set up industrial parks/clusters for EV or manufacturing of ancillary components with plug-and-play.

"Government's target of 30% electric vehicle sales by 2030 is an ambitious, but an achievable goal. In India, the transport sector is currently the third largest emitter of CO2. So, EVs can be a game changer. Real estate players can tap into the opportunity for manufacturing, warehousing, charging stations and dealerships of EVs. The government has a conservative scenario of manufacturing 110 GWh of EV batteries by 2030. This can spawn manufacturing requirement of about 1,300 acres of land pan-India," said Ramesh Nair, Chief Executive Officer, India & Managing Director, Market Development, Asia, Colliers.

About 13.5 million sq ft space required by 2025 for EV charging stations

Colliers estimates that India will need about 26,800 public charging spots by 2025, requiring space of about 13.5 mn sq ft (1.2 mn sq m). Landlords can outsource dedicated charging stations to charging service providers at busy locations. They can also enter into a revenue share model with charging service providers. There is also ample scope for developers to develop retail and recreation spaces in proximity to charging stations.

"State governments have initiated demand and supply-side incentives to boost the EV segment. Policies of Delhi, Gujarat and Maharashtra focus heavily on demand incentives, whereas southern states of Tamil Nadu, Karnataka, Andhra Pradesh and Telangana are focusing on manufacturer-based incentives. Overall, investments in original equipment manufacturing account for 64% share, with the remaining investments in battery manufacturing. Companies are also exploring ways to set up large facilities such as giga-factories, to manufacture components for EV," said Shyam Arumugam, Managing Director, Industrial and Logistics Services, Colliers India.

The government is also encouraging automobile manufacturers to ramp up local production of EVs to reduce the country's dependence on crude oil imports and curb vehicular pollution.

Vimal Nadar, Senior Director & Head of Research, Colliers India said, "India has also committed to become carbon neutral by 2070 which will entail meeting several milestones including reducing carbon emission per unit of GDP by 45%. Electrification of the transport sector is pivotal as it is the third major contributor of emissions. While the government has laid down a roadmap incentivizing key stakeholders in the automotive value chain, it is imperative to forge a strong alliance to establish an ecosystem to fuel the electrification of vehicular transport in the country."

However, the government needs to reduce the number of permits specially required for EV manufacturing set-up and provide specific tax concessions to the private sector for charging infrastructure in their premises for investments to scale in the EV segment. Further, there is a need to establish dedicated EV park that provides plug and play facilities, developing and retrofitting warehouses for storing lithium-ion batteries.

Investments of USD12.6 billion to fuel Electric Vehicles over the next 5 years, says **Colliers**

Construction Cost Up 8-9%

Construction cost of existing greenfield and interior fit-out projects has increased by 8-9% in Q4 2021 (Oct-Dec) as against Q4 2020 (Oct- Dec), as per JLL's Q4 2021 Construction Price Report.

This is primarily driven by procurement challenges, leading vendors to procure from the first available source at a higher price, increased cost towards health and safety and skilled labour availability. The major impact has been on services, especially Long Lead imported items where there is limited local sourcing of materials. Long Lead Item refers to items whose delivery/supply time is longer as they may be imported from other countries like China, Malaysia and so on. They may also be items that are built as per design. Therefore, these items are not bought off the shelf and take a longer time to reach construction sites.

The impact of the first wave of the pandemic on market benchmark rates has been neutral to significant depending on the asset classes. There are a few challenges like idleness of plant and machinery along with enormous market competition which is compelling contractors to discount their margin as they bid for new projects. This discount is not sufficient to offset the overall hike in construction material and labour costs.

The second wave has given an overall image that the Covid-19 restrictions are there to last for years and with lockdown, transportation, manufacturing challenges, all the stakeholders are anticipating material cost increase for the forthcoming months. The cost impact post-second wave has been significant. The cost of new projects is up by 10-12% while the existing projects went up by 8-9%. The supply chain breakdown is the key reason as the cost of material and its freight account for 50-60% of construction budgets.

The volatility is here to stay for a while until industry shows a steady sign of recovery along with other sectors like manufacturing, hospitality, FMCG, infrastructure, leisure and so on," said MV Harish, Executive Managing Director, Project Development Services, JLL India.

Spike in raw materials cost and labour cost leading to costlier homes

The findings of JLL's report demonstrates a price increase of overall 10-12% for new projects and 8-9% for existing projects. Contractors are increasing the overheads and profit, anticipating the uncertainty in the market majorly due to labour and material challenges.

The cost of labour has risen 10-15%, besides the regular increase, due to the knock-on impact of Covid-19 protocols and its associated costs. This includes costs related to compliance to new protocols like RT-PCR tests, idle time until test results, increased accommodation space for the same amount of labour, quarantine facility and sanitation measures. In addition to that, additional labour retention and transportation costs put together havecontributed to the increase.

> The cost of new projects is up by 10-12% while the existing projects went up by 8-9%. The supply chain breakdown is the key reason as the cost of material and its freight account for 50-60% of construction budgets, says **JLL survey.**

Since Q1 2020, steel is up 45-47% to INR 62,300/MT, copper also at 70-75% to INR 745,000/MT, followed by aluminium at 55-50% to INR 203,385/MT, PVC items by 80-90% to INR165,000/MT, and last, but not the least, fuel (primarily diesel) by a whopping 43-47% to about INR 94/liter.

While upsurge in construction cost per sq. ft for existing projects and new projects was at par (105%) in Q4 2020, new project cost went up substantially, from 105% in Q4 2020 to 113% Q4 2021 translating to an 8% hike.

While the markets continue to be volatile, it is anticipated that by Q2-Q3 2022 the construction prices will stabilize. The price rise that we have witnessed is going to be the "new normal".

OFFICE MART

2021 office leasing surpassed 2016-2018 average by 7%, says Colliers survey.

- Hyderabad leaped to the top three cities led by some large block deals in Q3 2021. Bengaluru accounted for the highest share at ~30%, followed by Delhi-NCR & Hyderabad at 19% & 18% respectively.
- Flex spaces gained a significant share at 15% followed by the engineering and manufacturing sector at 12%. IT-BPM and technology sector remained dominant at 40% of the overall demand and buoyed the growth in leasing.
- Leasing by start-ups up 56% in top 3 cities.

GRADE A GROSS ABSORPTION

City (in million sq ft)	2016-2018 (average) (A)	2020 (B)	2021 (C)	Market recovery % (C/A)
Bengaluru	11.2	10.2	9.8	88%
Chennai	2.3	3.3	2.8	122%
Delhi NCR	6.8	4.2	6.3	93%
Hyderabad	3.5	5.9	5.9	169%
Mumbai	3.9	3.7	4.6	118%
Pune	3.2	2.8	3.6	113%
Pan India	30.9	30.1	33.0	107%
Source: Colliers				

*Note: 2019 was an exceptional year in terms of market performance, hence not considered for analysis

Overall office gross absorption across the top six cities was at about 33 million sq feet, 10% higher compared to 2020, as per Colliers. Pan-India absorption during the year surpassed the annual gross absorption during 2016-2018 by 7%, signalling a strong revival in occupier confidence. Occupancy levels rose in prominent office micro markets across the top 3 cities at the end of 2021 from Q3 2021, led by a gradual revival in demand and fewer occupier exits.

Overall office space absorption is reviving and growing better-than-expected. On a city level, all cities, except Bengaluru and Delhi-NCR have surpassed the annual average absorption of 2016-2018. Hyderabad had seen strong recovery gains in 2020 and maintained its streak in 2021 as well. It was followed by Chennai and Mumbai which gained significant scale during the year. This is attributable to a strong fourth quarter, building on the momentum witnessed during the previous quarter of the year.

For instance, submarkets such as NCR's MG Road, Mumbai BKC and Bengaluru's SBD and Whitefield saw higher occupancy QoQ after a gap of at least 6 quarters. At the same time, total pan-India vacancy levels stood at 18.5%, a merely 40-basis point increase from Q3 2021.

"The year 2021 has emerged to be better than expected, considering the devastating wave we saw during the year. Demand continues to be led by technology companies. However, we are seeing greater appetite for office space by start-ups. The year 2022 will even be better, even if the concerns of Covid-19 persist. Gross absorption in 2022 will be about 15-20% higher as occupier confidence is back in the market," Ramesh Nair, CEO, India and Managing Director, Market Development, Asia, Colliers.

In terms of new supply, the year 2021 saw 35 million sq feet of supply, almost at similar levels of 2020 as developers exercised 'wait-and-watch' and aligned new supply in response to market demand.

"Office occupancy is likely to rise in prominent office districts with quality grade A stock. Occupiers have already started preferring next-generation offices. In tune with this, we expect supply in 2022 to be around 35-38 million sq feet, 4% higher than 2021 levels." says Vimal Nadar, Senior Director and Head of Research, Colliers India.

Leasing by start-ups up 56% in top 3 cities

In the top three cities, start-ups leased about 2.2 million sq feet of space during 2021, a 56% rise from 2020. The biggest spurt was seen in Delhi-NCR where start-ups leased office spaces in Gurgaon largely. This comes at a time when India saw the 42 start-ups becoming unicorns – the highest ever.

Flex spaces expanding across peripheral and suburban locations

Flex spaces expanded at a fast pace this year led by occupiers' hybrid and decentralised work plans. During the year flex spaces leased about 4.8 million sq feet of space, a 60% rise YoY. Flex space leasing accounted for 15% of the leasing, compared to 9% share last year. Bengaluru accounted for maximum flex space leasing, followed by Hyderabad and Pune.

Operators are leasing space for new centers in suburban and peripheral locations as occupiers explore and adopt the decentralised way of working with hub and spoke-style offices, aligning with business continuity plans.

Delhi-NCR leasing up 50% led by demand for next-gen offices

Delhi NCR registered a 50% increase in leasing activity in 2021 on a YoY basis. Gurugram accounted for almost 64% share in leasing activity as many firms relocated to better quality buildings in upcoming micro markets such as Golf Course Extension Road and also centralized locations like Cyber City and MG Road. Recently delivered buildings are witnessing greater traction as occupiers consolidate their portfolios in Grade A buildings with better wellness standards. A similar trend is seen in other cities where occupiers are exploring next-generation offices to move into as developers and occupiers are committed to future-proof office spaces.

Realty Data

CHENNAI RESIDENTIAL MARKET SUMMARY

Parameter	2021	2021 change (YoY)	H2 2021	H2 2021 change (YoY)	Q4 2021	Q4 2021 change (QoQ)
Launches (housing units)	12,783	77%	7,360	98%	3,566	-6%
Sales (housing units)	11,958	38%	6,206	59	2,758	-28%
Average price in Rs/sqft)	Rs 4,050	6.7%	—	—	—	0%

Source: Knight Frank Research

CHENNAI OFFICE MART SUMMARY

Parameter	2021	2021 change (YoY)	H2 2021	H2 2021 change (YoY)	Q4 2021	Q4 2021 change (QoQ)
Completions (million sqft)	1.8	-47%	0.9	1,359%	0.7	—
Transactions (million sqft)	3.9	-14%	2.7	-15%	1.1	-55%
Average transacted rent in Rs sqft/month) (End of period)	58.3	-2.7%	—	—	—	0%

Source: Knight Frank Research

CHENNAI RESIDENTIAL PRICE MOVEMENT IN SELECT LOCATIONS

Micromarket	Location	Price range in H2 2021 (Rs/sqft)	12 month change	6 month change
Central	Anna Nagar	10,200-11,600	7%	1%
	Kilpauk	14,000-15,500	6%	2%
North	Kolathur	4,100-5,400	4%	2%
	Perambur	4,000-4,500	8%	0%
South	Perumbakkam	4,000-4,500	8%	0%
	Kelambakkam	3,200-3,900	9%	1%
West	Porur	5,100-5,700	8%	1%
	Mogappair	6,000-6,700	7%	0%

Source: Knight Frank Research

CHENNAI OFFICE MART – BUSINESS DISTRICTWISE RENTAL MOVEMENT

Micro- market	Rental value range in H2 2021 (Rs/ sqft/month)	12-month change	6-month change
CBD	65-95	-1%	1%
SBD	55-80	-3%	2%
SBD OMR	54-91	-2%	1%
PBD OMR and GST road	26-40	-4%	2%
PBD Ambattur	28-35	-3%	1%

Source: Knight Frank Research

MICRO-MARKET HEALTH

Micro-market	Unsold inventory (housing units) YoY change	Quarters-to-sell	Age of inventory (in quarters)	6 month change
Central	423 (-51%)	3.1	11.40	1%
North	411 (-32%)	4.8	16.80	2%
South	6,027 (-14%)	4.1	16.20	2%
West	5,993 (60%)	6.6	15.70	0%

Source: Knight Frank Research

RESALE PROPERTIES IN CHENNAI

Location	Type of property	Area details	Remarks
Kakkan Nagar, Thalambur road, Navalur, IT corridor, Chennai.	2 BHK apartment, second floor.	1273 sqft.	Call Raghav Realty on 9384836698.
Perungalathur, Chennai	Vacant plot	6239 sqft (2 plots)	Call Raghav Realty on 9384836698.
Oragadam HIRCO	3 BHK apartment with marble granite on 9th floor	1270 sqft	With Clubhouse and sports facilities. Call Raghav Realty on 9384836698.
Oragadam HIRCO	3 BHK apartment with marble granite on 14th floor	1300 sqft	With clubhouse and sports facilities. Call Raghav Realty on 9384836698.
Kunrathur main road near Sekkizahar boys high school	Vacant land	11 ground	Call Raghav Realty on 9384836698.

INDUSTRIAL AND LOGISTICS MART

Citywise Absorption and Supply in Tier II and III cities in 2021 (million sqft)

City	Absorption	Supply
Coimbatore	1.34	1.29
Guwahati	0.67	0.79
Indore	0.93	0.45
Nagpur	1.15	1.53
Lucknow	1.09	1.09
Jaipur	0.42	0.52
Rajpura	1.18	1.27
Bhubaneshwar	0.05	0.03
Kochi/Ernakulam	-	0.28
Patna	0.49	0.39
Hosur	1.29	1.29

Source: Savills India Industrial Research

Hyderabad – Industrial & Logistics Supply and Absorption by Micro Market in 2021

Micromarket	Absorption	Supply
Medchal-Kompally	49%	76%
Patancheru-Balanagar	5%	8%
Shamshabad	46%	16%

Major Transactions in Hyderabad in 2021

Occupier	Micromarket	Area leased (sqft)
Retail	Medchal-Kompally	150,000
3PL	Shamshabad	120,000
Manufacturing	Patancheru-Balanagar	100,000

BENGALURU

Mid and High-end Housing Share Up in H2, 2021, says Knight Frank survey

Q1 2021 was a strong period for the Bengaluru residential market and the COVID-19 second wave in Q2 2021 was expected to serve only as a temporary blip. Expectedly so, coming out of the second wave and with rapidly scaling up of vaccination drives, Q3 and Q4 recorded sales growth of 131% and 83% YoY respectively.

Omicron related developments towards the end of Q4 2021 did not have any material influence on home buyer decision making and accordingly, sales momentum across segments remained strong during the period.

Thus, on the back of a strong second half performance, Bengaluru residential market witnessed a 61% YoY jump in sales in 2021. With housing sales of 38,030 units in 2021, the city ranked as the 2nd largest market in the country next only to Mumbai.

Launches improved by 54% YoY to 30,607 units in 2021 as developers launched new projects, buoyed by strong end user demand and reducing inventory position. In H2 2021, launches improved 89% YoY to 17,218 units.

South Bengaluru remained the largest market accounting for 38% sales followed by North at 30% and East at 26% in H2 2021. However, North Bengaluru recorded the fastest sales growth of 134% YoY during H2 2021. South and East micro-markets saw growth of 127% and 59% respectively.

Mid and high-end ticket size segments (INR 5 million and above) saw their share rising from 65% in H2 2020 to 68% in H2 2021 as consumers preferred bigger apartments and better projects to accommodate increased space and lifestyle requirements.

With sales level ahead of launches in each successive year since 2015, unsold inventory has fallen to its lowest level in the last 10 years. The quarters-to-sell (QTS) stands at a healthy 9 quarters for the market raising expectations of a continuing strong momentum in 2022.

With improved demand supply dynamics in the market and a positive homebuyer outlook, the average price level increased by 4.4% YoY during Q4 2021. Although the price increase was broadbased across ready and under construction properties, it was more prominent in new project launches.

BENGALURU – RESIDENTIAL PRICE MOVEMENTS AT SELECT LOCATIONS

Micro market	Location	Price range in H2 2021 (Rs/sqft)
Central	Langford town	15,000 – 22,000
	Lavelle road	21,000 - 30,000
East	KR Puram	3,800 – 6,500
	Whitefield	4,500 – 8,000
	Marathahalli	4,200 – 7,000
North	Hebbal	5,500 – 10,000
	Yelahanka	4,000 – 8,000
	Hennur	4,000 – 8,000
South	Sarjapur road	4,000 – 8,000
	Kanakpura road	4,000 – 6,600
	Electronic city	3,500 – 6,000
	Bannerghatta road	3,500 – 7,000
West	Yeshwantpur	6,000 – 10,000
	Malleshwaram	8,000 – 14,000
	Rajaji nagar	7,000 – 15,000
	Tumkur road	3,000 – 6,000

Source: Knight Frank Research

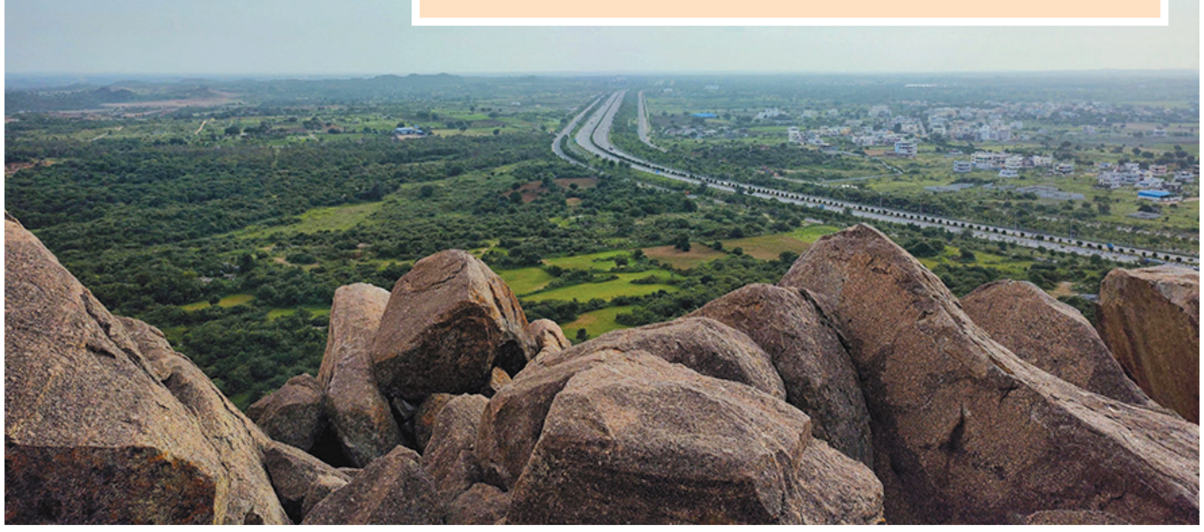
TELANGANA

IT/ITeS, Infrastructure Drive Growth in Telangana

A vibrant IT/ITeS sector and robust infrastructure development are prime growth drivers in the state, reveals the Credai-Anarock report.

TELANGANA ON THE MOVE

- State witnessed INR 1.5 Lakh Cr worth IT exports in 2020-21 - a 12.98% rise against the preceding year; 2.21X growth in IT/ITeS exports compared with the national average
- More than 6.3 Lakh employees presently working in IT/ITeS sector in Telangana
- Other than Hyderabad, various companies already exploring Warangal, Karimnagar & Nizamabad as alternate IT/ITeS hubs due to availability of cheaper land, sound infra & presence of many professional colleges; CYIENT & Tech Mahindra open offices in Warangal
- Sustained physical infra development in past & multiple upcoming mega projects (expansion of railways network, greenfield & brownfield airports, industrial corridors, Regional Ring Road, & metro rail corridors) to unlock future potential of new growth corridors in Telangana
- Large base of MSMEs provides ample opportunities for industrial development; 13,379 total registered MSMEs since 2014 in state
- Medchal-Malkajgiri, Sangareddy, Rangareddy, Karimnagar districts account for majority MSME units, investment, & employment across state; these districts have high potential to be developed as affordable housing destination



Telangana, India's youngest state, has grown exponentially since its formation in 2014. A vibrant IT/ITeS sector and robust infrastructure development are prime growth drivers in the state, reveals the CREDAI-ANAROCK report 'Telangana: A State on the Move.'

With a strong presence of large IT/ITeS companies, the state witnessed INR 1.5 Lakh Cr worth IT exports in FY 2020-21 - a 12.98% rise against the preceding year. Telangana witnessed 2.21 times growth in IT/ITeS exports compared with the national average. More than 6.3 Lakh employees are presently working in the state's IT/ITeS sector.

Various IT/ITeS companies are casting their nets beyond Hyderabad, exploring Tier II cities like Warangal, Karimnagar and Nizamabad as alternate IT/ITeS hubs. These cities offer cheaper land, sound infrastructure, and a strong talent pool emerging from many professional colleges there. Companies like CYIENT and Tech Mahindra have already opened their offices in Warangal.

Prashant Thakur, Sr. Director & Head - Research, ANAROCK Group says, "Currently, IT/ITeS activities are largely concentrated at Gachibowli, Madhapur, and Nanakramguda in Hyderabad. However, COVID-19 changed the working dynamics for the sector as WFH gained universal acceptance and adoption. This may lead to the decentralization of IT/ITeS companies from tier I to tier II cities due to the latter's' rich talent pools. Various companies are already exploring Warangal, Karimnagar, and Nizamabad as the next IT/ITeS destinations."

Another key growth driver in the state is the sustained physical infrastructure development in the past, and multiple upcoming mega projects. These include the expansion of the railway network, greenfield and brownfield airports, industrial corridors, the Regional Ring Road, and Metro rail corridors that will unlock the future potential of new markets and cities.

"Telangana's real estate market is set for growth on the back of sectoral development across the state," says D. Murali Krishna Reddy, President - CREDAI Telangana. "Demand and supply have already attained equilibrium in Hyderabad. The state's strong fundamentals and robust infrastructure support the immense potential of the sector. The planned Regional Ring Road and the industrial corridors will unlock new land parcels in the adjoining districts and boost overall economic development."

The large base of MSMEs provides many opportunities for industrial development. As many as 13,379 MSMEs have been registered in the state since 2014. Medchal-Malkajgiri, Sangareddy, Rangareddy, Karimnagar districts account for most of the state's MSME units, investments, and employment.

Backed by robust infrastructure, this sector will create abundant direct and indirect employment opportunities and thereby generate demand for affordable and midsegment housing across the state.

MUMBAI

Western Suburbs dominate housing sales in Mumbai in 2021

As per Knight Frank India, property sale registrations in Mumbai saw a 70% rise to 111,552 units in 2021 from the previous year and 45% more than the pre-pandemic year of 2019. Meanwhile, the Western suburbs dominated housing sales in the city by 53 per cent followed by Central suburbs with a sales contribution of 31 per cent in 2021. The upcoming infrastructure has played a significant role in recent years, leading to an increase in demand for properties in western suburbs. Further, the Metro 2A, Metro 7 and Metro 3 routes will put the area on a realty growth track.

Describing the growth factors of the western suburbs, Ms. Shraddha Kedia-Agarwal, Director, Transcon Developers said, "The western suburbs are witnessing traction in the high-end residential segment; the growing number of projects is a response to growth in demand. Everything from business hubs, domestic and international airports, Western Express Highway to hubs of entertainment, hospitals and educational institutions are in close proximity. Infrastructure is another key factor where metro rail connectivity has helped and soon there will be more metro links in the region."

Taking into consideration the planned infrastructure initiatives like the enhanced metro connectivity and the increasing demand for office properties, one can expect considerable growth in the area's real estate market in the near future.

Commenting about the real estate growth in the area, Mr. Himanshu Jain – VP-Sales, Marketing & CRM, Satellite Developers Private Limited said, "The western suburb of Mumbai is becoming an epicenter of realty transactions, both for end-users and investors. Called as the suburb with innumerable opportunities, it boasts everything from connectivity to social infrastructure to an urban lifestyle that is driving both end-users and the developers equally to it. With so much infrastructure development coming in this area, it definitely promises to be a safe bet for your real estate investments."

Commenting from the investment point of view, Mr. Bhushan Nemlekar, Director, Sumit Woods Ltd. said, "The Western suburbs fulfills the expectations of homebuyers of all categories with its wide range of options for residential properties. The area is all set to witness more developments for providing a world-class living experience for its citizens. The property prices too are expected to increase once the Metro connectivity commences. The investors too are looking up to this booming marketplace for safeguarding healthy returns."

The upcoming Coastal Road planned between Nariman Point and Kandivali along with the Metro connectivity is touted to enhance the connectivity nexus and real estate prospects around the north corridor of Mumbai's western suburbs.

CHENNAI

Chennai's industrial and logistics mart – An overview

The industrial and warehousing space absorption was 3.5 million sqft during 2021, says a survey by **Savills.**

Chennai is a hub for global auto production with major vehicle producers, and also home to many electronic and renewable energy companies. The economic development in the capital city of Chennai has been closely tied to its seaport and transport infrastructure.

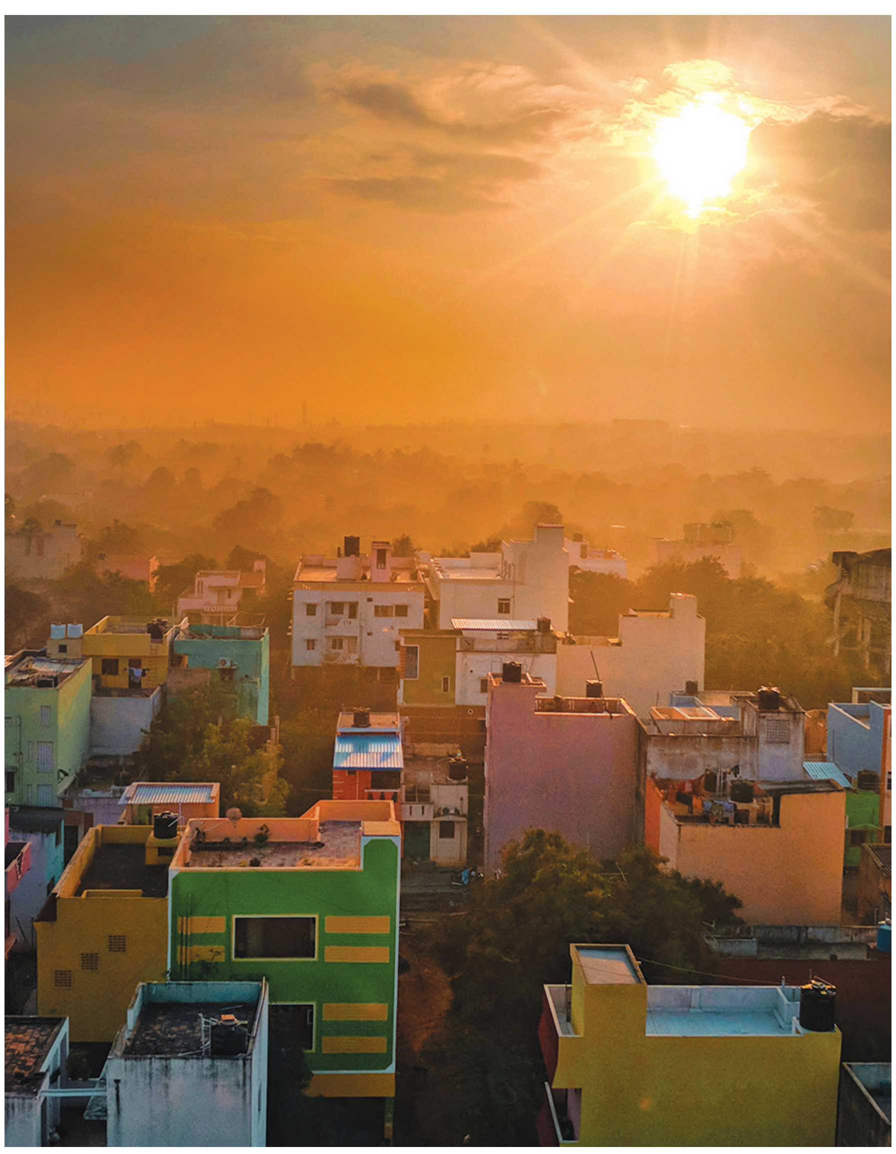
The city provides able infrastructure for these companies to integrate well with their suppliers, vendors, and customers. Driven by the robust growth seen in the 3PL and manufacturing sectors, industrial and warehousing space absorption in Chennai was at 3.5 million sq. ft. in 2021. The 3PL and manufacturing sectors together accounted for 56% of the total absorption in 2021, followed by the retail sector at 13%.

On the supply side, 2.7 million sq. ft. of supply was witnessed in 2021. The operational stock stands at 26.9 million sq. ft. as of 2021. The overall vacancy levels decreased from 11.6% in 2020 to 7.2% in 2021 and the rental values remained stable in 2021 across the major micro-markets of the city.

The Bangalore Highway micromarket accounted for 54% of the total absorption witnessed in the city in 2021 followed by GNT Road (27%).

Outlook

Manufacturing, e-commerce and 3PL sectors will continue to drive warehousing demand in Chennai in 2022. Rental and land values are expected to remain stable in 2022. The vacancy level is likely to increase further in 2022 from current levels.



KEY TRENDS

- Bangalore Highway and GNT Road are leading in terms of supply and absorption.
- 3PL, e-commerce and manufacturing sectors are driving the demand.
- Vacancy rates declined more towards Bangalore Highway micro markets.
- Rental values remained stable across the micromarkets

SUPPLY AND ABSORPTION BY GRADE IN 2021

63% Grade A 37% Grade B

ABSORPTION BY SECTOR IN 2021

- **31%** - 3 PL
- **25%** - Manufacturing
- **3%** - FMCG/FMCD
- **5%** - E-commerce
- **13%** - Retail
- **22%** - Others

SUPPLY AND ABSORPTION BY MICROMARKET IN 2021

Micromarket	Absorption	Supply
Bengaluru highway	54%	73%
CTH road	16%	0%
GST road	2%	0%
NH-16 GNT road	27%	26%

Source: Savills India Industrial Research

KEY STATISTICS

	2021	2020
Supply (million sqft)	2.7	4.5
Net absorption (million sqft)	3.5	3.5
Total stock (million sqft)	26.9	24.2
Vacancy (%)	7.2	11.6

MAJOR TRANSACTIONS IN 2021

Occupier	Micromarket	Areas leased (sqft)
3PL	Bengaluru highway	220,000
Retail	Bengaluru highway	200,000
3PL	Bengaluru highway	180,000
Manufacturing	Bengaluru highway	130,000
3PL	Bengaluru highway	120,000

Source: Savills India Industrial Research

INNOVATION

Personalised Homes: How to get one?

Personalisation is a process where a customer can select design options, colour, texture, or any other aspects of his home without having to step out of his home, says **Upendra Narayan.**

In the medieval times, only the kings or the privileged members of the society would personalize their lifestyle but fast forward to 2021, people have started making their homes custom to their lifestyles.Personalisedhomes are generally handmade and not made in a factory. They are designed specifically around the people who live in it. Their liking for their lifestyle, color, texture, hobbies (reading, music, sports, etc.). Mass homes arelike cars off an assembly line, come pre-assembled and popped out in cookie cutter fashion, with no muss, no fuss and, above all, no surprises—or frustration.

While custom homes are never perfect, they are personal; it's hard not to get attached to something you watch grow from the ground up.

Biggest challenge in the market for most people dreaming about building their home is the unorganised availability of services and inferior service standards resulting in customer ambiguity of what to expect as the result. This new home will be your design. Your ideas brought to life!

In the recent times, there has been a lot of effort in standardising home design details to mass manufacture with the help of technology. Most of the platforms are integrators which integrate various stakeholders to complete a task.

Like I mentioned, personalization is a process where a customer can select design options, color, texture, or any other aspects of this home without having to step out of his home.

When customers talk to us, they are filled with amazing ideas and know what they want but not quite how to get it for example they may know they want to have a home office but will not have an understanding on how it must be integrated with the other design elements, efficient space management, theme etc.

We have formulated a strategy to have our own design philosophy, standardization, process, curation of materials in place. We have developed palette specifications to the last detail and allow customers to even take quotes for various bill of materials from the market through our online portal supp-ly.com. It Is essentially a transparent process which can be used to buy all home essential which is well coordinated with the designs they would have selected. This Is unique and one of Its kind in the market which creates an environment for home buyers to get their home personalised.

With thedefinition ofpre-sets like rental homes, semi-furnished, furnished as a starting point for customers to decide on the specifications. This becomes starting point for them to personalise their home through our unique design process and more Importantly insulating them from making any mistakes.

***Mr Upendra Narayan** is an architect and co-founder of Lumber & Yarn Homes. He is an urban designer from Karnataka University and holds Mastersdegree in Urban Design from JUCD, Oxford UK. He has 20+ years of experience in designing unique residential and commercial projects. Narayan, Kumar, an Electrical Engineer, turned supply chain professional with 25 years of experience in all facets of supply chain covering industry sectors like mining, steel, power and real estate. They can be reached through email: upendra@ly-homes.in. Visit website:www.ly-homes.in, www.supp-ly.com.*

RESOLUTION

Transfer of Immovable Property for Less than Stamp Duty Value - Implications

By CS Deepak P. Singh

Sections Involved : 43CA, 50C & 56(2)(x) of Income Tax Act, 1961. Sale /Transfer of land or building on consideration less than Stamp Duty Value.

QUESTION: Mr. Hari , a property dealer , sold a building in the course of his business to his friend ,Mr. Rajesh ,who is a dealer in automobile spare parts, for Rs. 90.00 Lakhs on 01/01/2022, when Stamp Duty Value was Rs. 150.00 Lakhs. The agreement however entered on 01/09/2021. Mr. Hari has received the payment of Rs. 15.00 Lakhs by a crossed cheque from Mr. Rajesh on the date of Agreement.
Discuss the tax implications in the hands of Mr. Hari and Mr. Rajesh assuming that Mr. Hari has purchased the building for Rs. 75.00 Lakhs on 12th July,2020. Also share your views in case Mr. Hari was a Share Broker instead of a State Broker.

Let's consider first applicable provisions of the Income Tax Act,1961
Section 43CA of the Act, inter alia, provides that where the consideration declared to be received or accruing as a result of the transfer of land or building or both, is less than the value adopted or assessed or assessable by any authority of a State Government (i.e. —stamp valuation authority") for the purpose of payment of stamp duty in respect of such transfer, the value so adopted or assessed or assessable shall for the purpose of computing profits and gains from transfer of such assets, be deemed to be the full value of consideration.

The said section also provide that where the value adopted or assessed or assessable by the authority for the purpose of payment of stamp duty does not exceed one hundred and ten per cent (110%) of the consideration received or accruing as a result of the transfer, the consideration so received or accruing as a result of the transfer shall, for the purposes of computing profits and gains from transfer of such asset, be deemed to be the full value of the consideration.
Note: the provisions of Section 43CA will be applicable in case of Seller of the property.

Section 56(2)(x) of the Act, inter alia, provides that where any person receives, in any previous year, from any person or persons on or after 1st April, 2017, any immovable property, for a consideration which is less than the stamp duty value of the property by an amount exceeding fifty thousand rupees(Rs. 50,000/-), the stamp duty value of such property as exceeds such consideration shall be charged to tax under the head —income from other sources".
It also provide that where the assessee receives any immovable property for a consideration and the stamp duty value of such property exceeds ten per cent of the consideration or fifty thousand rupees, whichever is higher, the stamp duty value of such property as exceeds such consideration shall be charged to tax under the head —Income from other sources.
Note: the provisions of Section 56(2)(x) are applicable to buyers of immovable property.

Section 50C(1) provides that where the consideration received or accruing as a result of the transfer by an assessee of a capital asset, being land or building or both, is less than the value of adopted or assessed or assessable by any authority of State Govt. for the purpose of payment of Stamp duty in respect of such transfer, the value of adopted or assessed or assessable shall be deemed to be full value of the consideration received or accruing as a result of such transfer. Therefore, if the value adopted or assessed or assessable for stamp duty purposes is more than the consideration returned by the assessee then the value adopted or assessed or assessable for stamp duty purposes will be deemed as full value of consideration.
Note: the provisions of Section 43CA will be applicable in case of Seller of the property.

PLEASE NOTE THAT the most essential condition of Sections 43CA ,50C & 56(2)(x) is that the Sale Consideration in whole or part should be received on or before date of registration of agreement only through ECS/RTGS/NEFT/EFT/IMPS/UPI/BHIM or other approved means of money transfer. In this case the Stamp Duty Value at the date of agreement will be allowed to be considered as Sale Consideration instead of Stamp Duty Value at the date of transfer of property under consideration.

Courtesy: www.taxguru.in

Published by **Priya Publications**.
Editor: V Nagarajan Tel. 9384836698

ANSWER:

CASE 1. Mr. Hari is a property dealer

In Hands of Mr. Hari(A Property Dealer)

Provisions of Section 43CA are applicable since building represents its Stock-in-trade and he has transferred the same for a consideration less than the Stamp Duty Value; and the Stamp Duty Value exceeds 110% of consideration.

- Sale Consideration on Rs. 90.00 Lakhs.
- Stamp Duty Value 01/09/2021 Rs. 150.00 Lakhs.
- 110% of Rs. 90.00 Lakhs was 99.00 Lakhs.

Now in this case Sale Consideration will be Stamp Duty Value i.e. Rs. 150.00 Lakhs.
Please Note That- u/s 43CA the option to adopt the SDV on the date of agreement can be exercised only if whole or part of the consideration has been received on or before the date of agreement by way of account payee cheque or draft or ECS or RTGS/NEFT etc. In this case Rs. 15.00 Lakhs has been received on the date of agreement by a Crossed Cheque and not by Account Payee Cheque , then this option cannot be exercised.
Solution:
Therefore Rs. 75.00Lakhs = Sale Consideration (SDV) Rs. 150.00 – Purchase Price Rs. 75.00 Lakhs will be taxable in the hands of Mr. Hari as income from " Business and Profession.

In the hands of Mr. Rajesh (Buyer)

Since Mr. Rajesh is dealing in automobile spare parts and building purchased by him is a Capital Asset for him. The provisions of Section 56(2)(x) will be applicable here.
Mr. Rajesh has received immovable property without adequate consideration and the difference between the consideration and the SDV exceeds Rs. 9.00 Lakhs , being higher than Rs. 50,000 /- or 10% of consideration.
Therefore Rs. 60.00 Lakhs= Rs. 150.00 Lakhs(Stamp Duty Value) – Rs. 90.00 Lakhs (Sale Consideration).
Would be taxable under provisions of Section 56(2)(x) in head " Income from other siurces).
Please Note That- since the payment on the date of agreement is made by crossed cheque not by Account Payee Cheque /Draft/ECS/RTGS/ ETF/NEFT etc.

CASE 2. Mr. Hari is a Share Trader

In Hands of Mr. Hari(A Share Trader)

In this case the building now considered as a "Capital Assets" in the hands of Mr. Hari and same was transferred on a value ,which is less than the Stamp Duty Value and Stamp Duty Value exceeds 110% of the Sale Consideration.
In this case provisions of Section 50C are applicable.
Thus Rs. 75.00 lakhs = Rs. 150.00 Lakhs -Rs. 75.00 lakhs on the date of registration would be chargeable as Short Term Capital Gain.
Please Note That- u/s 50C the option to adopt Stamp Duty Value at the date of agreement (i.e. Rs. 140.00 Lakhs) can be exercised only if the whole or part of the Sale Consideration has been received on of before the date of agreement through Account Payee Cheque/ ECS/NEFT/RTGS/ IMPS/ETF/UPI etc. other modes as may be prescribed. In this case Rs. 15.00 Lakhs has been paid through Crossed Cheque and not through above mentioned means and hence provisions of Section 50C cannot be claimed in this case.
Solution
Therefore Rs. 75.00Lakhs = Sale Consideration (SDV) Rs. 150.00 – Purchase Price Rs. 75.00 Lakhs will be taxable in the hands of Mr. Hari as income from " Business and Profession.

In the hands of Mr. Rajesh (Buyer)

There would be no difference in the taxability in the hands of Mr. Rajesh whether Mr. Hari is a State Dealer or Share Traders.
In this case also provisions of Section 56(2)(x) are applicable to Mr. Rajesh.
Mr. Rajesh has received immovable property without adequate consideration and the difference between the consideration and the SDV exceeds Rs. 9.00 Lakhs , being higher than Rs. 50,000 /- or 10% of consideration.
Therefore Rs. 60.00 Lakhs= Rs. 150.00 Lakhs(Stamp Duty Value) – Rs. 90.00 Lakhs (Sale Consideration).
Would be taxable under provisions of Section 56(2)(x) in head " Income from other sources).
Please Note That- since the payment on the date of agreement is made by crossed cheque not by Account Payee Cheque /Draft/ECS/ RTGS/ETF/NEFT etc.

CONCLUSION: Section 43CA is applicable on any type of property, whether it is a business assets or capital asset. The provisions of Section 50C and 56(2)(x) are applicable of immovable properties. The difference between Stamp Duty Value and Cost of Acquisition of property will be charged as Short Term/ Long Term Capital gains based on the period of holding. These provisions are applicable in case Stamp Duty Value exceeds 110% of the Sale Consideration.
Courtesy: www.taxguru.in