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2024 EDITION

The authoritative guide on Real Estate Scenario in CHENNAI

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EXCLUSIVE

NCLT RESOLVES AMBOJINI DEVELOPERS' INVESTORS' DUES

After nearly a decade, the vexatious issue involving Chennai homebuyers moving from pillar to post to recover their hard-earned savings in the hope of buying a home in Taramani Sai Peace & Prosperity project has been resolved by NCLT. The project was scheduled to have been handed over by December 2018.

The Supreme Court in its order in July last year noted the award passed by arbitral tribunal in favour of ASK Investment Managers Ltd. holding that the corporate debtor and its promoters were liable to repay the ASK Rs 155,32,56,626. In the meantime, one of the operational creditors moved the NCLT under IBC, 2016 to initiate corporate insolvency resolution process against Ambojini Property Developers. While the promoters and the buyers' association approached NCLAT against the order of the NCLT, and by an interim arrangement the resolution plan floated by the two resolution applications i.e. Sobha Ltd and Casagrande Regale Pvt Ltd., was put to vote on December 5, 2020. Under the e-voting results, by a 95% majority, the CoC members voted in favour of the resolution plan by



Casagrande Regale Pvt Ltd., with only ICICI voting against both the plans. The Supreme Court had the benefit of hearing submissions of Mr Nikhil Nayer, learned senior counsel and felt that the effect of NCLAT order would be to almost restart the process. The learned counsel submitted that the flat buyers having not seen the flats for so many years at least want their monies back and,

especially in regard to the number of aged persons involved. They have been waiting for more than a decade and suggested solutions to enable them to get their monies without directly affecting the plan. It so happened that during the lunch recess, the ASK and flat buyers represented through their counsels were able to iron out their differences to facilitate both the parties to get their dues. As a result, the 168 flat buyers will also

In a prolonged legal tussle, homebuyers heaved a sigh of relief at last when the NCLT ordered return of payment to investors and homebuyers recently, reports **V Nagarajan**

benefit from the extra share of Rs 11 crore, a sacrifice which would be made by ASK for their benefit. The outcome is that all pending complaints filed by the flat buyers pending before TNRERA shall stand withdrawn. Similarly, ASK's application before NCLT, Chennai shall stand withdrawn. Almost Rs 150 crore plus have been awarded to ASK, out of which, according to the successful resolution plan, would get about Rs 90 crore less Rs

Continued on page 2

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RESIDENTIAL MARKET

CHENNAI SET TO BECOME A DYNAMIC HUB FOR REALTY INVESTMENT

Being the focal point of real estate activity in Tamil Nadu, Chennai distinguished itself by substantial progress and a thriving property market post pandemic.

The residential real estate market in Chennai during the first six months of 2024 demonstrated resilience and adaptation to evolving consumer preferences and market conditions, positioning the city as a dynamic hub for real estate investment and development. The Chennai residential market has exhibited a 9% YoY increase in new supply, reaching 12,470 units in H1 2024 as compared to 11,450 units in H1 2023. Developers focused on launching new projects, particularly in emerging suburban areas of southern Chennai, catering to the increasing urbanisation and demand for modern housing solutions.

However, with the continued momentum, sales during the first half of current year remained 7% less than the sales recorded in the same period of previous year. During H1 2024, total sales stood at 10,530 units. Throughout the year, there was a steady increase in property values across diverse segments, indicating ongoing demand from both end-users and investors. Also, the city has the lowest share of available inventory among the top 7 cities, with 28,650 units at the end of H1 2024.

Demand-Supply Dynamics

- Around 77,145 units were launched, and 79,330 units were sold between 2019 and H1 2024.
- The market has achieved equilibrium as the absorption-to-supply ratio is greater than one.
- After the pandemic, absorption outpaced supply in 2022 and 2023, with both launches and sales at their highest level in the last 5 years.
- We expect the demand momentum to continue in the next couple of quarters on the back of the upcoming supply Source: ANAROCK Research Annual Demand-Supply Dynamics Supply Absorption

Chennai has amply demonstrated resilience and adaptation to evolving consumer preferences and consumer conditions, positioning the city as a dynamic hub for real estate investment and development, says *Anarock* and *FICCI* joint survey

Q1 2024 recorded the highest quarterly supply in the last 10 years with over 7,280 units launched.

- A total of approximately 12,500 units launched in H1 2024, up by 9% over the launches in H1 2023
- However, with 10,500 units sold in H1 2024, sales declined by 7% over the same period in the previous year.
- On average, the city has witnessed an average monthly sale of over 5,300 units during the last 6 quarters which is more than double of the sales in pre-pandemic era.

Zonal Break-up of Supply and Absorption

South Chennai, the knowledge hub of Chennai, continues to be the most active market; West Chennai is also gaining traction due to its emerging IT and educational hubs.

South Chennai accounted for 62% of the total supply since 2015. However, the share has reduced from 84% in 2015 to 52% in H1 2024. • The share for west Chennai and north Chennai improved over time with 36% and 12% respectively from 13% and 2% in 2015 • West Chennai is transforming into an emerging IT and education hub from being a predominantly manufacturing zone. South Chennai dominated the absorption with a 69% share since 2019. The share also remained largely stable over the years, with 60% during H1 2024.



- West Chennai accounted for 28% of the total absorption of the city during H1 2024. The share remained almost similar to the 2019 levels

Budgetwise supply

Increasing input costs coupled with the improved demand resulted in higher ticket prices across the segments Mid-end projects priced in INR 40 Lakh –

- INR 80 Lakh bracket, dominated the new supply in last few quarters, accounting for 69% share in H1 2024 as compared to 39% in 2019.
- On the other hand, the share of affordable housing reduced sharply from

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39 % in 2019 to just 1% in H1 2024.

- The share of properties priced between INR 1.5 Cr to INR 2.5 Cr also increased to 9% from 5% during the same period stated above.

- Developers remained wary of launching Ultra luxury projects

Price trends

With improved market dynamics property prices continued to appreciate over the last 5 years. Property prices have increased significantly by 32% in the past 5 years.

- Average property prices rose by 9% during the last 6 months, from INR 5,950/sq. ft at the end of 2023 to INR 6,500/sq. ft by H1 2024.

- Chennai's real estate prices are expected to rise on the back of increasing demand generated from the state government's aggressive efforts to draw in companies and employment opportunities.

Continued from page 1

NCLT resolves Ambojini Developers' Investors' Dues

11 crore being sacrificed for the flat buyers and objections under Section 34 of the Arbitration Act, 1996, have not moved at all, ostensibly on account of settlement talks, the Supreme Court held.

The promoters cannot derive any benefit out of the order of the NCLAT which is a common order in which they were one of the appellants and it is the flat buyers who are really the interested parties who have agreed to settle in the aforesaid terms. The apex court closed claims or rights of the promoters which they may seek from the NCLAT order impugned, to put a quietus to the matter.

The miserable plight of homebuyers to get their dues need not be overstressed as they were held together by the homebuyer's association which played a

stellar role in updating the homebuyers and keeping everybody's hopes alive in the interim.

A number of homebuyers have sought home loans to invest and they had been paying EMIs for over a decade without seeing their dream home coming into fruition. What is so shocking, how leading home loan companies did not anticipate the rigmarole while approving the project and sanctioning the home loans. What is even more shocking is that they did not follow up the progress on the project and failed to caution the investor as well. This raises several questions on the part of unwary homebuyers who on many occasions depend on lending institutions for legal due diligence.

All the homebuyers were settled their dues last month. It is significant to note

that while the investor ASK Investment Managers Ltd invested Rs 49 crore and claimed Rs 155 crore but ended up recovering Rs 75 crore. Whereas, homebuyers invested Rs 47 crore and settled for Rs 54 crore only. The miserable plight of homebuyers in particular retired people, some of whom are unfortunately not alive today to see their hard-earned money coming back to their kitty.

The homebuyers' association has been proactive right through the perilous journey of tapping the doors of every legal institution and experts to lend their voices for seeking support and corporates playing their mighty role. Their stellar role at considerable discomfiture to their time and efforts in updating and convincing at periodical intervals the

progress on the legal journey were well appreciated by homebuyers.

According to market sources, the policy makers are equally to be blamed for the sorry state of affairs and for the prolonged delay in according statutory approvals for planning and building permission. This is because it took a heavy toll on several developers' sustenance and progress in mobilising funds for no fault of theirs in their entrepreneurial journey as nation builders. The fourth estate certainly believes that there is a paramount need for the government to accord industry status to the housing sector and provide funding at competitive lending rates besides making ease of doing business a reality. What is required is immediate action and not rhetoric.

<< SNAPSHOTS >>

Key judicial pronouncements:

In a landmark ruling, the Supreme Court, for the time being, has settled the long-standing debate on the availment of the ITC on GST paid for the construction of immovable property. However, the apex court confirmed the constitutional validity of Section 17(5) of the CGST Act. It held that such ITC can be claimed when the property is used for renting or leasing, subject to the functionality test.

Golden Planet Senior Heritage Home Launched

Pujya Jagadguru Shankaracharya Jyotispeedeshwar Swami Avimukteshwaranand Saraswathy, laid Foundation for Goshala at the senior living facility near Mahabalipuram Chennai, October 17.



Golden Planet Senior Heritage Homes Pvt Ltd has announced the launch of its groundbreaking senior living facility near Mahabalipuram, designed to offer an unparalleled retirement experience deeply rooted in the spiritual and cultural traditions of India. The new community, inspired by Vedic heritage, aims to provide residents with a peaceful, holistic lifestyle that blends modern amenities with timeless spiritual values.

The expansive senior living facility spread across approx. 14 acres, set to accommodate around 800 dwelling units, is built to foster a serene environment that harmonizes with the rich cultural heritage of ancient India. Central to this vision is the integration of key elements like a Veda Pathashala (Vedic school), Go Shala (cow shelter), Guru Nivasa (residences for spiritual leaders), and a Shrardha Mandapa (ritual halls), making it a unique and deeply spiritual living space for seniors seeking a life enriched by tradition and wisdom.

During the foundation-laying ceremony of the Goshala, Pujya Jagadguru Shankaracharya Jyotispeedeshwar Swami Avimukteshwaranand Saraswathy Ji, the revered Shankaracharya of Jyotirmath, blessed the site and praised the community's focus on Gorakshana (cow protection) and the preservation of Vedic culture. He highlighted the importance of cow protection as a symbol of sustainability and spiritual well-being, encouraging all to participate in this noble cause.

Mr Hariharan N - CEO, Golden Planet Senior Heritage Homes Pvt. Ltd, expressed the company's excitement about the launch: "We are proud to offer a retirement experience that honour's the sacred traditions of India while providing the highest standards of modern comfort. This community will be a place where elders can live in peace, surrounded by nature, spirituality, and a deep connection to our cultural roots."

The senior living project is set to become a benchmark for integrating spiritual values into modern retirement lifestyles, offering its residents an enriching and fulfilling life surrounded by nature, tradition, and community.

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An estimated 20 deals amounting to USD 452 million, largely driven by significant private equity transactions

REALTY DATA

Developed Plot Prices in Chennai (Rs per sqft)			
Location	2024	Location	2024
Acharapakkam	800 - 1000	Potheri (Near Veterinary centre)	3,750
Akkarai	8,900 – 9,000	Ramapuram village, Trivellore high road	1,650
Ambattur	5,250 – 7,000	Behind Queensland	2,500 – 3,250
Arakonam-Trivellore road	600	Redhills Jaganathapuram	1,200 – 2,400
Arasankazhani (Sholinganallur)	5,999 – 7,500	Sembakkam (Chenglepet-Tiruporur road)	1,500
Avadi	4,800 – 5,000	Sholinganallur (Villa plots)	6,000 – 7,500
Ayapakkam	5,000 – 6,000	Singaperumal Koil	2,999 - 3,100
Chenglepet-Thirukazhukundram road	1,500 – 2,000	Siruseri	5,000 – 5,500
Chenglepet Nenmali	1,500 – 2,700	Sriperumbudur (Near Rajiv Gandhi Engineering College)	1,500
Chenglepet (inside Mahindra World City)	2,100 – 4,500	Sriperumbudur Pannur	1,550
Gerugambakkam	4,800 – 5,500	Sunguvarchathiram	1,790
Guduvancheri (Kannivakkam)	2,700 – 4,500	Tambaram East	
Kanchipuram (Behind Meenakshi med.college)	1,690 – 2,000	Vengambakkam	5,200
Karumbakkam (Chenglepet-Tiruporur road)	1,200 – 1,500	Tambaram (1 km from station)	8,500
Kelambakkam	4,500 – 5,000	Thandalam	3,000 – 3,500
Koot road (3 km off Chenglepet-Tiruporur highway)	1,500 – 2,500	Thaiyur	2,500 – 4,000
Kovilambakkam	6,000 – 7,000	Thiruverkadu	5,000 (commercial)
Kunrathur (Kavanur)	3,500 – 4,000	Thirumazhisai	2,200 – 4,500
Madhavaram	7,500 – 9,000	Tiruporur	2,500 – 3,000
Mahindra World City	2,100 - 4,350	Tiruvottiyur	8,000 – 9,000
Maraimalainagar	2,250 – 3,000	Trivellore	1,750 - 1800
Mannivakkam	5,000	Valarpuram	1,900
Madhurapakkam	4,000	Vandalur	5,000
Oragadam	2,500 – 4,000	Kunnam (Behind Samsung)	1,100
Padappai – Oragadam belt	2,000 – 3,500	Padur (OMR)	4,500 – 5,500
Parandur (near Sunguvarchathiram)	1,500 – 2,000	Urapakkam	4,000
Pattabiram	2,500 – 3,000	Varadarajapuram	4,000 – 4,200
Perungalathur	5,000 – 6,000	Wallajabad	1,500
Poonamallee	6,790	Wimco Nagar	5,000 – 7,000
Porur	7,000 – 8,000	<i>Note: The above rates are indicative only for CMDA/DTCP approved plots. They may vary depending on the location, developer, specifications and amenities offered in the project.</i>	

KEY INVESTMENT ACTIVITY

Property Type	Investor	Investee	City	Investment (Rs billion)
Office	Keppel Land	One Paramount – Chennai	Chennai	22
Office	IFC	Ramanujan Intellion Park	Chennai	8.28
Residential	Kotak	Supertech’s stalled project in Noida	Noida	7.61
Industrial	Blackstone & Hiranandani group (JV)	211-acre land acquisition	Chennai	7.03
Source: Cushman & Wakefield Research				

SIGNIFICANT CORPORATE TRANSACTIONS

Buyer	Buyer’s Sector	Investment (Rs million)	Type	City
OE Business Park Pvt Ltd.	Real estate	4112	Office	Pune
ClearBridge	BFSI	3550	Office	Mumbai
ICICI Prudential AMC	BFSI	3150	Office	Mumbai
Source: Cushman & Wakefield Research				

PLATFORMS FORMED

Investors	Type	Investment (US\$ million)
Arka Hreem Real Estate Opportunities Fund	Residential	59.7
360 One	Mixed	120
Source: Cushman & Wakefield Research		

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In a landmark ruling, the Supreme Court, for the time being, has settled the long-standing debate on the availment of the ITC on GST paid for the construction of immovable property. However, the apex court confirmed the constitutional validity of Section 17(5) of the CGST Act. It held that such ITC can be claimed when the property is used for renting or leasing, subject to the functionality test

REALTY UPDATE

PE Transactions Drive Realty Mart

In the third quarter of 2024, the Indian real estate market demonstrated solid activity, with 20 deals amounting to USD 452 million, largely driven by significant private equity transactions.

While there has been a noticeable increase in deal activity in 2024 compared to the previous year, Q3 saw a decline in deal value while volume remained stable compared to Q2, which was marked by a single high-value transaction. Nonetheless, Q3 outperformed both Q1 2024 and Q3 2023 in terms of deal momentum.

Despite the dip in deal value in Q3, the volume of deals suggests the market remains resilient, underpinned by strong fundamentals. A shift towards more strategic, mid-sized transactions has emerged, with many companies increasingly turning to capital markets for funding. QIPs contributed 65% of the overall deal value. While the pace of large-scale M&A deals has slowed, investor appetite remains strong, particularly in commercial and residential real estate, which continues to attract attention from institutional investors.

The commercial real estate sector has been a key driver this quarter, buoyed by rising demand for office spaces and warehousing facilities. Notably, M&A activity in the warehousing segment gained traction, while office spaces continued to draw interest from private equity players. An emerging trend worth noting is the evolution of small and mid-sized REITs (SM REITs). With two SMREITs already registered, and few more under evaluation, this segment may likely become a vital part of the market, offering an attractive platform for smaller players to access capital.

Looking ahead, while there is expectation for stronger deal activity in Q4, recent volatility in the Sensex and broader capital markets could temper short-term investor enthusiasm. That said, sustainability and smart building technologies are likely to remain key focus areas, as investors continue to seek long-term value in energy-efficient and tech-enabled developments.

Notable Trends

- While the previous quarter saw strong growth, Q3 2024 experienced a sharp decline in overall deal value of 71%, with deal volume slightly up by 5%. Commercial development and real estate technology businesses were the largest contributors to overall deal activity in both M&A and PE spaces.
- The sharp decline in overall deal value is primarily due to the lack of high-value transactions this quarter. In contrast, the previous quarter saw just four deals account for nearly 85% of total deal values, amounting to USD 1.3 billion. Compared to Q3 2023, the volume of deals increased by 54%, while the value declined by 41%. However, the latter part of Q3 witnessed renewed private equity (PE) and M&A activity, signalling the potential for increased momentum in Q4.
- The number of M&A deals increased by 14%, while the corresponding deal values experienced a significant drop of 58%, indicating a lack of higher-value

HIGHLIGHTS

Overall deal activity including IPO and QIP | 25 deals at USD 1.4 billion

The quarter maintained strong deal volumes with 25 deals, marking an all-time high in terms of deal volumes and the second-highest values since Q2 2023. This quarter's values were primarily driven by the QIP activity, followed by private equity funding in the residential and commercial segments, with additional activity in real estate tech companies.

M&A activity | Eight deals at USD 51 million

M&A volumes reached an all-time high, witnessing an increasing trend from the past two quarters while the values took a dip this quarter on the back of the dominance of smaller ticket deals, reflected in the average deal size reducing from USD 17 million to USD 6 million.

PE/VC activity | 12 deals at USD 401 million

Private equity funding in Q3 2024 saw a sharp decline in deal values from USD 1.4 billion in Q2 to USD 0.4 billion this quarter. However, the volume of deals remained consistent, indicating sustained interest in smaller, more targeted investments.

One IPO at USD 49 million and four QIPs at USD 940 million

This quarter witnessed increased capital market activity. While IPOs remained consistent, with one raising USD 49 million, the standout was the surge in QIP activity, with four deals totaling USD 940 million—nearly six times the value in Q2, owing to one high-value transaction - Prestige Estates raising USD 602 million. This shows growing confidence in real estate firms' ability to access public markets.

Commercial development and real-estate tech segments collectively accounted for a 70% share in M&A and PE volumes while a whopping 92% share in values, indicating significant investor interest.



transactions this quarter. Domestic consolidations continued to dominate M&A activity. Notably, there were three inbound deals in the property development space and two outbound deals in the student housing and online rental platform sectors.

- There has been a shift toward emerging trends such as investments in warehouses, logistics parks, and student rentals. Additionally, investment in real estate technology companies continues, albeit with smaller deal sizes. Notably, the Lodha Group has made five acquisitions this quarter, collectively valued at USD 40 million.
- Although there was a decline in overall PE funding values compared to Q2 2024, deal values continued to outperform those in both Q1 2024 and Q3 2023, despite stable volumes. This highlights the ongoing strength of private equity interest in the sector, even with a smaller pool of high-value transactions.

- Deal of the quarter: Keppel acquiring a 100% stake in One Paramount, a freehold Grade A office complex in Chennai to create an investor interest in India's growing office market is the only high-value deal(> USD 100 million) that accounted for 59% of the overall deal values.

Highlights

Commercial development segment contributed to 60% of the top deals totaling to USD 386 million, accounting for 91% of top ten deal values this quarter.

M&A activity in Q3 2024 experienced sharp decline, with top five deals contributing just USD 41 million, down from USD 117 million in Q2 2024. The decline in value can be attributed to lack of high value deals in the quarter. Notably Macrotech contributed to the top four M&A deals together valued at USD 39 million in the real estate and commercial development space.

An estimated 20 deals amounting to USD 452 million, largely driven by significant private equity transactions, says Shabala Shinde of Grant Thornton



The third quarter of 2024 witnessed a notable decline in private equity (PE) investments, totaling USD 401 million across 12 deals. The top two deals alone accounted for USD 346 million, highlighting a concentration of value in fewer, larger transactions. This represents a significant drop from Q2 2024, where PE investments reached USD 1,439 million. However, the real estate tech segment showed promise, with a total investment value of around USD 14 million, a substantial increase from the USD 8 million recorded in Q2 2024.

Sector Trends

Commercial development dominated Q3 2024, accounting for 35% of overall deal volumes and 86% of deal values. This was followed by real estate tech, which witnessed a 75% increase in deal volumes but only contributed 5% of the overall values, indicating smaller ticket deals in this space. In contrast, no deals were recorded for residential projects, marking a shift from previous trends.

- A key trend in the quarter was the continued investment in co-working spaces, driven by the growing demand for flexible work environments. The ongoing e-commerce boom also fueled significant investments in logistics and warehousing, especially near major urban hubs. As online shopping grows, so does the need for efficient supply chains, making this segment a hot spot for investors.
- Additionally, the integration of proptech is becoming more prominent, with real estate developers incorporating smart building technologies to enhance operational efficiency and tenant satisfaction. This focus on sustainability and technology-driven solutions is likely to continue, particularly in high-demand sectors like logistics and commercial real estate.

Ms Shabala Shinde is partner and real estate leader, Grant Thornton Bharat.

REALTYSCENARIO

REALTY IPOs BREAK THE RECORD AT RS 135 BILLION IN 2024

India continues to exhibit strong economic growth prospects and business optimism is reflected in the increasing number of IPOs in recent years. The traction in the number and volume of public issues lends credibility to an environment of higher corporate earnings, rising participation by retail and institutional investors, and availability of adequate liquidity in the market. With 123 fresh issues (As of 20th October 2024) across multiple sectors, 2024 has already surpassed the total number of IPOs witnessed in 2023.

Taking cognisance of numerous factors such as strong housing demand, record-breaking office leasing activity, expansion plans of flex space operators, and an uptick in tourism, sentiments in the real estate sector have been positive. The strong momentum in Indian real estate is echoed in the fact that real estate IPOs have raised nearly Rs 135 billion from the markets in 2024, almost double the amount raised in 2023.

HFCs followed by REITs and real estate developers drive IPOs in the post-pandemic period

Real estate, a pivotal component of India’s GDP, has witnessed a marked uptick in IPO activity in recent years, particularly in the post-pandemic period. Since 2021, the bourses have witnessed 21 real estate IPOs, significantly higher than the 11 listings in the previous four years, during 2017-2020. In the post-pandemic era, 21 real estate companies have raised INR 319 billion through IPOs, more than double the funds raised in the preceding four-year period (2017-2020). Traction in IPOs in real estate is largely led by housing finance institutions, that attracted 46% of the capital raised during 2021-2024, followed by REITs, at 22% share. Leading real estate developers with a primary focus on residential assets too raised significant funds at INR 56 billion, more than 10X compared to the preceding four-year period.

Driven by strong demand across residential, commercial, and retail segments, IPOs by real estate developers, HFCs, and REITs with underlying assets such as Grade A offices and malls are likely to see continued momentum in the near-mid-term. Furthermore, the expectation of a probable reduction in the lending rates can further boost real estate activity.

“Since 2021, housing finance companies have formed a majority proportion of the IPOs within the domain of real estate at 46%. This was followed by REITs at 22% and real estate developers at 17% who have accessed the primary market. The positive outlook for IPO activity in India

Approx. 47 real estate IPOs listed since 2010; More than Rs 300 Bn raised from 20+ IPOs in post-pandemic era (2021 onwards). HFCs and REITs account for almost 70% of funds raised by real estate IPOs since 2021, says *Colliers India*

is underpinned by higher investment in infrastructure, favourable demographics, and higher consumer spending supported by a conducive regulatory framework.” said Badal Yagnik, chief executive officer, Colliers India.



Real estate filings and listings pick up new-found pace in 2024

In recent years, real estate IPOs on the stock exchanges have not only grown in volume but have also diversified into newer categories as well. Leading flex space operators have been expanding their portfolios across cities and expediting their IPO plans. In the near to medium term, several enterprises including flex operators, Small and Medium REIT (SM-REIT), amongst other developers within real estate have already queued up for their IPOs with the Regulator.

“At over 30% gains, the year-to-date performance of the BSE Realty Index has been impressive, significantly outpacing the Sensex. Interestingly, almost one-fifth of the real estate IPOs since 2010 have outperformed even the realty index in 2024. Over 90% of the real estate IPOs listed in the ongoing year have been oversubscribed, an indication of positive markets sentiment and investor confidence in the sector.” said Vimal Nadar, senior director & Head of research, Colliers India.



IPO TREND: HEIGHTENED ACTIVITY IN RECENT YEARS			
Year	Number of IPO listings	Number of real estate IPOs	Funds raised by real estate IPOs (Rs billion)
2010	74	4	39.1
2011	42	-	-
2012	26	3	1.9
2013	39	3	0.3
2014	46	1	0.1
2015	58	2	0.1
2016	70	2	30.1
2017	93	3	16.5
2018	88	4	28.5
2019	55	2	63.9
2020	36	2	45
2021	98	6	108.4
2022	99	3	6.5
2023	120	5	69
2024	123	7	135.5
Source: BSE, Colliers, Industry			
Note: IPOs indicate listings on BSE include both Mainboard IPOs and SME IPOs. Real estate IPOs include issues by developers, HFCs, flex space operators, REITs, PSUs of the Ministry of Housing and Urban Affairs and companies from the hospitality segment.			

TREND IN REAL ESTATE IPOs AND CATEGORY-WISE BREAK-UP						
	2010-16		2017-20		2021-24	
	Funds raised through IPOs (Rs billion)	Share (%)	Funds raised through IPOs (Rs billion)	Share (%)	Funds raised through IPOs (Rs billion)	Share (%)
HFCs	30.1	42%	29.6	19%	146.9	46%
REITs	-	0%	92.5	60%	70	22%
Real estate developers	40	56%	5.1	4%	55.5	17%
Flex space operators	-	-	-	-	6	2%
Hospitality companies	0.02	0%	26.8	17%	41	13%
Others	1.3	2%	-	-	-	-
Overall Real Estate	71.4	154	319.4			
Source: BSE, Colliers, Industry. Others include architecture, planning and design companies.						
Note: IPOs indicate listings on BSE including both Mainboard IPOs and SME IPOs. Others include PSUs of Ministry of Housing and Urban Affairs.						

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■ The Chennai residential market has exhibited a 9% YoY increase in new supply, reaching 12,470 units in H1 2024 as compared to 11,450 units in H1 2023

LOGISTICS WAREHOUSING

HOSUR EMERGING AS LOGISTICS HUB IN SOUTH INDIA

The real estate market in Hosur shown significant growth, particularly land in the industrial and warehousing sectors. The demand for land has increased due to industrial expansion, leading to a rise in land prices and rental rates.

Land Prices: The land prices along major state highways, including the Hosur- Thally, Hosur-Denkanikottai, Hosur-Kelamangalam, and Hosur-Rayakottai roads, range from ₹2 crores to ₹4 crores per acre, depending on their location.

The cost of land along the Hosur-Bagalur road is higher, ranging from ₹3 crores to ₹6 crores per acre, driven by increased residential demand.

Land prices along the Bangalore-Krishnagiri Road start at ₹4 crores per acre and can exceed ₹10 crores, depending on their proximity to the city and the upcoming Satellite Town Ring Road (STRR) development. This growing infrastructure has significantly increased the demand and value of land in this corridor.

The cost of land in SIPCOT is as follows: Hosur SIPCOT: Rs.1.2 crores per acre.

Shoolagiri SIPCOT: ₹1.7 crores per acre (with recent allocations for EV manufacturing expanding to 1,000-2,000 acres).

Bagalur Road ELCOT: ₹2.7 crores per acre for SEZ land and ₹3.5 crores per acre for non-SEZ land.

Rental Rates:

Grade A Warehouses: ₹20-24 per sq. ft. (Average yield across Hosur).

Demand Drivers: The warehousing market in Hosur is driven by its proximity to Bengaluru, which is a hub for e-commerce and 3PL (Third-Party Logistics). The industrial growth in Hosur, coupled with its strategic location on the Bengaluru-Chennai industrial corridor, creates a strong demand for warehousing facilities.

Key Demand Sectors:

E-commerce: The rise of e-commerce in Bengaluru directly influences warehousing demand in Hosur, as it serves as a logistics base for regional distribution.

Automobile and Manufacturing: The presence of major manufacturing units necessitates extensive warehousing for inventory management and supply chain logistics.

Electric Vehicle Manufacturing: The emergence of Hosur as an EV manufacturing hub adds a new dimension to the warehousing demand, requiring specialised storage facilities.

Market Trends

The warehousing market in Hosur is evolving, with several trends shaping its growth trajectory:

Strategic Location Advantage: Hosur's proximity to Bengaluru makes it an ideal location for warehousing, catering to the

Hosur's warehousing market is on a growth trajectory and poised for a major turnaround in development, says a survey by

Dhanvi Ventures India



consumption demands of Bengaluru and the surrounding region.

Infrastructure Development: The construction of the STRR ring road and the proposed Mega Tech city by ELCOT at Shoolagiri will further enhance Hosur's connectivity and attractiveness for logistics investments.

Shift towards EV Manufacturing: The emergence of Hosur as an EV manufacturing hub is likely to increase demand for specialised warehousing facilities.

Competitive Landscape:

Hosur's warehousing market is competitive, with several key players vying for market share. The competition is driven by the need to provide state-of-the-art facilities that meet the evolving needs of industries and providers.

Strengths, Challenges and Opportunities

STRENGTHS
Locational Advantage: Hosur's locational advantage lies in its ability to serve as a cost-effective, well-connected hub that facilitates efficient logistics and quick access to a large consumer market like Bangalore, making it an attractive site for warehousing operations.

Salubrious Weather: Hosur's favorable climate makes it an attractive location for industries to establish operations, which in turn, drives up the demand for warehouse parks in the area. The risk of wind and cyclone hazards is low across most of Krishnagiri district, including Hosur. This factor is also playing a crucial role for industries to set up in Hosur, as it minimizes the likelihood of disruptions caused by natural calamities, unlike in areas such as Chennai.

3.Well Connected by Roadways and Railways: Hosur is well-connected through an extensive network of roads and railways, enabling seamless transportation of goods to and from the town. This connectivity is a significant

advantage for the warehousing industry, ensuring timely delivery and distribution.

Low Cost of Living: The relatively low cost of living in Hosur attracts a skilled and unskilled workforce, which is beneficial for warehousing operations that require a significant amount of human resources.

Corporation Status: Hosur enjoys the benefits of being a municipal corporation, which ensures better governance, infrastructure development, and public services. This status supports industrial growth and urban development, making it a favorable location for warehousing operations.

Challenges:

Development Restrictions: Hosur's development is constrained on the eastern side by the Sanamavoo reserved forest and on the western side by Karnataka border. These geographical limitations can restrict the expansion of industrial and warehousing facilities in future.

Undulated Terrain: The uneven terrain in certain areas of Hosur poses challenges for construction and infrastructure development potentially increasing the cost and complexity of establishing warehousing facilities.

High Land Cost: Despite the overall low cost of living, the cost of land in Hosur is relatively high, which can be a deterrent for businesses looking to establish large-scale warehousing facilities.

Shared Economic Potential: Hosur shares its economic potential with the neighbouring state of Karnataka, particularly with Bengaluru's industrial area. This shared potential may lead to competition and division of resources, affecting the growth of warehousing in Hosur.

Absence of Airport: The lack of a local airport in Hosur increases transportation and logistics costs, as the nearest airports are located in Bengaluru and Chennai. This absence of direct air connectivity can

lead to delays in the movement of high-value or time-sensitive goods, impacting the efficient of warehousing operations.

Opportunities:

Large Tracts of Land for Development: Despite some land cost issues, there are still large areas available for development in Hosur, offering significant opportunities for establishing new warehousing facilities to meet the growing demand.

Proposed Industrial Estates: Continued expansion of SIPCOT, ELCOT and development of other industrial estates like GKSIR in and around Hosur provides an excellent opportunity for businesses to set up warehouses in close proximity to these industrial zones, ensuring efficient supply chain management.

Availability of Skilled and Unskilled Human Resources: The presence of a diverse labor pool, including both skilled and unskilled workers, supports the growth of the warehousing sector. Businesses can easily find the workforce needed to manage and operate warehousing facilities.

Infrastructure Projects: The STRR ring road and other major infrastructure projects such as proposed Mega Tech city project are expected to attract more warehousing and logistics investments.

Emerging Sectors: Growth in EV manufacturing and aerospace components will necessitate specialized warehousing facilities, creating new opportunities for developers.

The warehousing market in Hosur

The warehousing market in Hosur is on a significant growth trajectory, driven by the town's strategic location along the Bengaluru-Chennai industrial corridor, its proximity to Bengaluru, and its robust industrial base. As an emerging logistics hub, Hosur is well-positioned to cater to the rising demand for warehousing, spurred by sectors such as e-commerce, manufacturing, and automotive industries, including the electric vehicle sector.

Key infrastructure developments, such as ongoing road projects and industrial expansions, will further enhance connectivity and make Hosur an even more attractive destination for logistics investments. The increasing presence of large developers and modern, tech-enabled warehousing facilities is a clear indication of the market's potential.

With competitive land prices, solid rental yields, and supportive government policies, Hosur's warehousing market presents ample opportunities for investors, developers, and businesses. As industrialization continues to accelerate in this region, the warehousing sector will play a pivotal role in supporting the broader supply chain ecosystem, making Hosur a vital logistics hub in South India.

Excerpts from the report on Warehousing Market in Hosur by Dhanvi Ventures India Pvt. Ltd. For more information, contact shiva@dvipl.com

Triplicane Vyasaraja Mutt Triplicane, Chennai

Sri Vyasaraja Math is one of the three premier Dvaita Vedanta monasteries descended from Jagadguru Sri Madhvacarya through, Rajendra Tirtha and their disciples. Vyasaraja Math, along with Uttaradi Math and Raghavendra Math, are considered to be the three premier apostolic institutions of Dvaita Vedanta and are jointly referred as Mathatraya.Chennai's Triplicane based Vyasaraja Mutt development work has been undertaken and the construction cost has been estimated at Rs 2.5 crore. Devotees are requested to contribute their mite for the noble cause. For more details, please contact the number below. **Contribute through GPay No. 9789990188, Call Mr N Ramakrishna Achar on 9940317614 or 9444802951for more information.**



The Indian realty market size—currently valued at USD 265.18 billion—is up by about 32 per cent since 2021, showcasing strong growth trends fuelled by economic stability and investor confidence

LEGAL

Judgements in a Nutshell

Land acquisition under Land Acquisition Act of 1894 will not lapse if compensation is tendered in the State treasury

In a significant judgment, the top court held that land acquisition under the earlier law of 1894 will be deemed to have lapsed only when government authorities fail to take possession and pay compensation in the treasury.

The Bench held that the compensation need not be deposited in the court. Once the compensation amount is tendered by the State in the government treasury, its obligation will stand complete with respect to the payment of compensation.

In such a scenario, landowners, who had refused to accept the compensation under the earlier Act, cannot now take advantage of the deemed lapse of acquisition under Section 24 of the new Act of 2013. Further, the Court overruled all the previous precedents in this regard. (Courtesy: barandbench.com).

Non-payment of entire sale consideration cannot be a ground for cancellation of sale deed

The Supreme Court, while interpreting Section 54 of Transfer of Property Act, stated that actual payment of the whole of the price at the time of the execution of the sale deed is not a sine qua non for completion of the sale. (Case: Dahiben v. Arvindbhai Kalyanji Bhansuli (Gajra) (D) Thr LRs [2020 SCC OnLine SC 562] Coram: L Nageswara Rao and Indu Malhotra JJ). (Courtesy: barandbench.com).

Development Rights taxable under GST

The development rights are taxable under GST. The liability to pay tax in case of transfer of development rights in exchange of constructed space shall be the date of allotment of constructed complex, i.e., the letter of allotment issued by the developer after the construction is complete. The notification clearly suggests the liability to pay tax on transfer of Development Rights. (Notification 4/2018-CGST(Rate), dated 25.01.2018).

As regards the valuation modus operandi to tax in GST, the value of supply has to be determined in accordance with Notification No. 11/2017 Central Tax (Rate), dated 28 June, 2017 read with notification No. 4/ 2018 Central Tax (Rate), dated 25 January 2018. (Source: Taxguru.in).

RERA does not bar initiation of proceedings by allottees against builders under Consumer Protection Act, 1986

Case: Imperia Structures v. Anil Patni [2020 SCC OnLine SC 894] Coram: UU Lalit and

Vineet Saran, JJ.

The Supreme Court held that the Real Estate (Regulation and Development) Act, 2016 (RERA) does not bar the initiation of proceedings by allottees against the builders under the Consumer Protection Act, 1986.

“It is true that some special authorities are created under the RERA Act for the regulation and promotion of the real estate sector and the issues concerning a registered project are specifically entrusted to functionaries under the RERA Act. But for the present purposes, we must go by the purport of Section 18 of the RERA Act”, the Court held. (Courtesy: barandbench.com).

Landlord-tenant disputes under Transfer of Property Act are arbitrable

Case: Vidya Drolia and Ors .v. Durga Trading Corporation [2020 SCC OnLine SC 1018] Coram: NV Ramana, Sanjiv Khanna and Krishna Murari JJ.

The Supreme Court held that landlord-tenant disputes governed by the Transfer of Property Act (TP Act) are arbitrable (except when they are covered by a specific forum created by rent control laws) as they are not actions in rem but pertain to subordinate rights in personam that arise from rights in rem. The Court, therefore, overruled its own 2017 judgment in Himangni Enterprises v. Kamaljeet Singh Ahluwalia [(2017) 10 SCC 706]. (Courtesy: barandbench.com).

Daughters become equal coparceners at birth even if born prior to 2005 amendment to Hindu Succession Act

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

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

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

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

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

Case: S Vanitha v. Deputy Commissioner, Bengaluru Urban District [Civil Appeal No. 3822 of 2020].

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

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

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

Warehouses are immovable property

As per the definition of immovable property contained in the General Clauses Act and the Transfer of Property Act, it is clear that things attached to the earth or permanently fastened to anything attached to the earth is immovable property. Anything imbedded in the earth or attached to what is so imbedded for the permanent beneficial enjoyment of that to which it is attached, qualifies to be attached to the earth.

10.9 As far as the contention of the applicant regarding procurement of PES and subsequent fitting to be in the course of business is concerned, it is admitted that the same is in course of business but the question is whether the applicant is eligible to ITC in light of the provisions contained

in section 17(5)(d) of the CGST/ HGST Act. The applicant shall be eligible to ITC only if it is so established that the property i.e. warehouse constructed/ erected by way of PES qualifies to be movable property.

Further, when any object is said to be imbedded in earth, it does not mean that a part of it is to be inserted/ put deep beneath the earth by digging the earth for several meters. For laying any foundation especially in case of area of considerable dimension as in case of a warehouse, the top soil has to be removed, surface has to be levelled and some part of foundation stone always rests with in the earth. So this contention of the applicant that the support base of the warehouse made of PES neither attached to nor imbedded in the earth is rejected.

As regards the issue of the non-permanent nature of the PES structure is concerned, it has already been discussed that the degree and nature of annexation is vital to the decision whether a property is a movable property or an immovable property. In the case of applicant, the warehouses are rented out to industrial consumers and manufacturers. These warehouses cover considerably large area and caters to the need of business which in terms requires permanence and stability. So, it cannot be said that the warehouses constructed/ erected by way of fixing pre-engineered structures is non-permanent in nature.

In light of the above discussion it is concluded that the warehouses constructed/ erected by the applicant are an immovable property for the purposes of GST Law and the applicant is not eligible to ITC in view of the provisions contained in section 17(5)(d).

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