

Market Highlights

JUNE 2014



OFFICE INDEX

Leasing activity improves across cities



RETAIL INDEX

Leasing remains stable across high streets of cities



RESIDENTIAL INDEX

Demand largely remains sluggish except for Bangalore

Get city Pulse by clicking below

INDIA

BANGALORE

CHENNAI

DELHI NCR

HYDERABAD

KOLKATA

MUMBAI

PUNE

Budget 2014 - Positive for India Real Estate

The Union Budget 2014-15 was presented in parliament under economic circumstances requiring tax revenues to keep pace with targets. The Finance Minister has taken a cautious yet courageous path with his budget announcements and the key points are as below.

Housing

In terms of relief to the housing sector, the budget has allocated Rs. 4,000 Crores for low-cost housing schemes. Additionally, the budget has also enhanced the deduction limit on interest payment for housing loans from Rs. 1.5 lakhs to Rs. 2 lakhs. These two factors alone will lead to a vastly improved sentiment for the housing markets.

Infrastructure

The budget has allocated a total of Rs. 37,880 Crores towards the NHAI for the construction of highways, and additional Rs. 3000 Crores to boost road connectivity in the North-East regions. For the current year, it has targeted the completion of 8,500 kilometres of national highways, which are a known real estate catalyst.

Retail

The country's warehousing sector has received a boost with an allocation of Rs. 5,000 Crores. This exhibits positive implications for Retail real estate and specifically for E-Commerce, on account of a strengthened supply chain, which has been a crucial requirement of this sector. Apart from this, the budget has not provided any further benefits to the retail sector, which is certainly a disappointment.

REITs

The much-awaited clarity on taxation of REITs was finally delivered in the budget. REITs will be allowed tax pass-through status, which means it will not be subject to tax, provided all criteria for investments and dividend distribution are followed. This has laid the final roadmap for REITs to start operating in India and has opened-up an attractive avenue of raising funds.



Anuj Puri

Chairman & Country Head, JLL India

To read more refer to

http://www.asiapacific.joneslanglasalle.com/india/Gurgaon/July2014/JLL_Budget_Analysis_2014.pdf

Next

 <p>Real Estate Economics</p>	<p>The real estate industry is in an urgent need to reform and speed up the approval process for real estate projects. As state and central agencies act individually on real estate approvals without any correspondence with each other, they lead to delay in getting a project off the ground. Thereby increasing the project cost. The reform is likely to benefit the government as well, as healthy growth in real estate industry will contribute significantly in increasing state and central government's revenue while increasing the nation's GDP.</p>
<p>Market Sentiment</p>	<p>Investment sentiment improving with formation of the new government</p> 
<p>Deal of the month</p>	<p>The bungalow of renowned Indian scientist Dr. Homi J Bhabha located at Malabar Hill in Mumbai was bought by the Godrej family at INR 3.72 billion.</p>

Think About It!!

JLL's eighth global real estate transparency index, covering 102 markets worldwide showed that Indian cities have moved up the transparency ladder with improved data availability.

Green Wall


























The Ministry for Environment, Forests and Climate changed has started a system for online submission of applications for environmental clearances on World Environment Day.



Legend: Market Sentiment

 Favourable
  Neutral
  Unfavourable

Weather Map

Cities	Office Rental Value	Retail Rental Value	Residential Capital values
DELHI			
MUMBAI			
PUNE			
BANGALORE			
CHENNAI			
HYDERABAD			
KOLKATA			
Legend			
Growing	Stabilise	Stagnate	Falling
			



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Research Dynamics 2014
 Pulse reports from JLL are frequent updates on real estate market dynamics.

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Bangalore

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OFFICE		<p>Corporate expansion continued across the city in June. Meanwhile the city witnessed completion of six new projects</p> <p>Major transactions:</p> <ul style="list-style-type: none"> Accenture and L&T Engineering in SBD 	Key Precincts	Rental Value (INR per sq ft per month)	Capital Value (INR per sq ft)
Demand 	Vacancy 		CBD	80-130	10,000-20,000
RV 	CV 		Old Airport Road	60-75	7,000-10,000
			Outer Ring Road (Eastern)	48-55	5,500-6,500
		Old Madras Road	45-60	5,000-6,500	
		Electronic City	26-28	2,800-3,200	
RETAIL		<p>Demand remained sluggish with slow leasing activity in upcoming malls in the city.</p> <p>Major transactions:</p> <ul style="list-style-type: none"> PN Rao in Malleswaram Dunkin Donuts in Brigade Road 	Key Precincts	Rental Value (INR per sq ft per month)	Capital Value (INR per sq ft)
Demand 	Vacancy 		Koramangala	80-150	9,000-16,000
RV 	CV 		Indiranagar	90-180	10,000-16,000
			New BEL Road	50-80	6,000-10,000
		Commercial Street	175-250	16,000-20,000	
		Jayanagar	100-150	8,000-18,000	
RESIDENTIAL		<p>All the sub-markets across the city continued to witness steady residential demand.</p> <p>New Launches:</p> <ul style="list-style-type: none"> Shriram Greenfields along off Old Madras Road Nitesh Melbourne Park on Hennur Road 	Key Precincts	Rental Value (INR per month for a 1,000 sq ft 2BHK apartment)	Capital Value (INR per sq ft)
Demand 	Launches 		Old Madras Road	15,000-25,000	5,000-6,000
RV 	CV 		Indiranagar	20,000-30,000	10,000-25,000
			Bellary Road	12,000-18,000	4,500-9,000
			Hosur Road	10,000-14,000	3,000-6,500
			Whitefield	18,000-25,000	4,500-8,000
			Tumkur Road	8,000-12,000	3,000-5,000
			Kanakapura Road	8,000-12,000	3,000-5,500
			Mysore Road	8,000-10,000	3,000-4,000

Policy/ Infrastructure

No new policy was announced in June.

Chennai

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OFFICE		<p>Office absorption improves with healthy demand for projects located in pre-toll OMR, Guindy and CBD sub-markets.</p> <p>Major transactions:</p> <ul style="list-style-type: none"> Qualcomm and GoDB in Pre-toll OMR 	Key Precincts	Rental Value (INR per sq ft per month)	Capital Value (INR per sq ft)
Demand 	Vacancy 		Mount Road	60-85	9,000-15,000
RV 	CV 		RK Salai	65-85	10,000-15,000
			Pre-toll OMR	40-67	5,000-6,500
			Post-toll OMR	25-35	3,500-5,000
		Guindy	45-65	6,500-9,000	
RETAIL		<p>High streets continued to see healthy absorption, while limited leasing activity was noticed in the malls.</p> <p>Major transactions:</p> <ul style="list-style-type: none"> Brown Tree leased space in T Nagar Levi's in GST Road Starbucks in the Market city mall 	Key Precincts	Rental Value (INR per sq ft per month)	Capital Value (INR per sq ft)
Demand 	Vacancy 		T.Nagar	120 - 180	12,000-15,000
RV 	CV 		Nungambakkam	130 - 150	13,000-16,000
			Velachery	80 - 120	10,000-12,000
			Pre-toll OMR	80 - 100	8,000-11,000
		Anna Nagar	120 - 150	11,000-13,000	
		LB Road (Adyar)	100 - 140	10,500-13,500	
RESIDENTIAL		<p>Residential sales was muted and new supply in the market also declined during the month.</p> <p>New Launches</p> <ul style="list-style-type: none"> Bollineni Hillside Phase II at Sholinganallur Color homes Kanchi Pattinam near Sunguvarchathiram KRM Enclave at Kolathur 	Key Precincts	Rental Value (INR per month for a 1,000 sq ft 2BHK apartment)	Capital Value (INR per sq ft)
Demand 	Launches 		Adyar	20,000 – 30,000	15,000-22,000
RV 	CV 		Medavakkam	7,000-14,000	3,750-5,500
			Tambaram	6,000-12,000	3,500-4,500
			Anna Nagar	15,000 – 25,000	9,000-15,000
			Porur	5,000-10,000	4,000-6,200
			Sholinganallur	9,000-12,000	4,250-5,800

Policy/ Infrastructure

CMDA forms an expert committee including IIT-Madras and Anna University to look into various factors including soil testing for residential buildings. CMDA has also began inspecting all the high rise buildings that are under construction in Chennai to prevent collapse of the high rises in future.

Delhi NCR

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OFFICE		Demand continued to show strong momentum with more space enquiries coming in to the market. While relocation & consolidation continued, some expansion demand was also visible. Major transactions: • Concentrix in NH 8 Cybercity • Pinelabs & Adobe in Noida Expressway- Noida	Key Precincts	Rental Value (INR per sq ft per month)	Capital Value (INR per sq ft)
Demand	Vacancy		Barakhamba Road	170-400	28,000-35,000
RV	CV		Jasola	110-170	17,000-21,000
			DLF Cybercity	83-88	NA
			MG Road	115-140	17,000-19,000
RETAIL		Demand remained slow with some activity seen in under construction malls. While retailers are ready to reduce store size as well, alternately, they are preferring high streets too. Major transactions: • Foodhall, Nine West and Armani Junior in Prime South • CnM & Lifestyle in Prime Others • Pizza Express in Gurgaon	Key Precincts	Rental Value (INR per sq ft per month)	Capital Value (INR per sq ft)
Demand	Vacancy		South Delhi	180-330	24,000-32,000
RV	CV		West and North Delhi	140-230	15,000-23,000
			Gurgaon-MG Road	140-270	17,500-23,000
			Rest of Gurgaon	60-100	8,000-14,000
RESIDENTIAL		Residential sales continued to show a slowing trend in June. New Launches: • One Indiabulls & Monsson Breeze Phase-II in Gurgaon • Bulland Calisto & Marvella at Mywoods in Noida • Arocon Golf Ville & Raj Garden City in Ghaziabad • Emerald Heights in Faridabad	Key Precincts	Rental Value (INR per month for a 1,000 sq ft 2BHK apartment)	Capital Value (INR per sq ft)
Demand	Launches		Noida	130-220	14,000-25,000
RV	CV		Ghaziabad	90-150	10,500-16,000
			Golf Course Road	26,000-32,000	13,000-19,000
			Sohna Road	16,000-20,000	5,800-7,500
			Golf Course Extension Road	18,000-22,000	8,500-11,000
			Dwarka Expressway	NA	5,500-7,500
			Noida- Greater Noida Expressway	13,000-15,000	4,300-6,500
			Noida City	12,000-14,500	4,700-6,000
			Indrapuram	11,000-12,000	4,500-5,300

Policy/ Infrastructure

- Metro route from Central Secretariat to Mandi House has become operational now
- 3.9-km Botanical Garden (Noida)-Kalindi Kunj (Delhi) Metro corridor was cleared by UP government
- Noida gets INR 60 billion for infrastructure upgrade in this financial year



Hyderabad

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OFFICE		<p>Demand continued to improve in June. Leasing and pre-leasing activity remained strong at the back of political stability</p> <p>Major transactions:</p> <ul style="list-style-type: none"> Pega Systems and Cigniti leased space at Hitec City Honeywell leased space at Banjara Hills SBD 	Key Precincts	Rental Value (INR per sq ft per month)	Capital Value (INR per sq ft)
Demand	Vacancy		Begumpet	45-55	4,500-6,500
RV	CV		Banjara Hills	50-60	4,500-7,500
			Hitec City	38-42	4,000-5,200
			Gachibowli	36-42	4,000-5,200
		Uppal	25-35	3,000-4,000	
RETAIL		<p>Demand continued to remain stable on high streets Hyderabad in June.</p> <p>Major transactions:</p> <ul style="list-style-type: none"> Jade Blue leased space at Himayat Nagar Toons leased space at Vanasthalipuram Soch leased space at Dr A S Rao Nagar 	Key Precincts	Rental Value (INR per sq ft per month)	Capital Value (INR per sq ft)
Demand	Vacancy		Banjara Hills	100-130	10,000-13,000
RV	CV		Jubilee Hills	110-140	11,000-14,000
			Secunderabad	80-100	8,000-10,000
			Hitec City	100-130	10,000-13,000
		Kukatpally	100-120	10,000-12,000	
		Dilsukhnagar	100-120	10,000-12,000	
RESIDENTIAL		<p>Residential sales remained weak in June. New launches in remained weak</p> <p>The only launch in June</p> <ul style="list-style-type: none"> Phoenix Golf Edge Tower 2 at Nanakramguda 	Key Precincts	Rental Value (INR per month for a 1,000 sq ft 2BHK apartment)	Capital Value (INR per sq ft)
Demand	Launches		Banjara Hills	20,000-25,000	7,500-14,000
RV	CV		Begumpet	12,000-16,000	4,000-5,500
			Kondapur	8,000-16,000	3,200-5,000
			Gachibowli	8,000-16,000	3,500-4,200
		Tellapur	6,000-12,000	2,800-3,500	
		Kukatpally	7,000-10,000	3,500-3,800	
		Miyapur	5,000-8,000	2,400-3,500	

Policy/ Infrastructure

The IT Minister of Telangana Mr. K T Rao has said that the ministry is planning for an incubation facility in the short term and plans to make Hyderabad city Wi-Fi enabled by the medium term.

Kolkata

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OFFICE		Demand continued to witness improvement except the SBD. Projects with better facilities remained the key behind the market activities. Major Transactions: <ul style="list-style-type: none"> • Technolab and Genpact, both in Salt Lake 	Key Precincts	Rental Value (INR per sq ft per month)	Capital Value (INR per sq ft)	
Demand 	Vacancy 		Park Street	110-140	13,500- 22,000	
RV 	CV 		Topsia	70-90	7,500-10,000	
			Kasba	75-90	8,000-11,000	
				Salt Lake Sector V	40-45	4,000-4,800
				New Town and Rajarhat	32-36	3,200-4,100
RETAIL		Demand for retail spaces in organised malls remained stable with high street transactions retaining their momentum across the city. Major Transactions: <ul style="list-style-type: none"> • Forever New and Collective at Prime Others • Extension of Max in Suburbs 	Key Precincts	Rental Value (INR per sq ft per month)	Capital Value (INR per sq ft)	
Demand 	Vacancy 		Elgin Road	300-350	24,000-30,000	
RV 	CV 		Park Street (high street)	325-400	26,000-33,000	
			Prince Anwar Shah Road	125-160	12,000-15,500	
				Salt Lake	185-225	15,000--20,000
				New Town and Rajarhat	60-80	6,500-8,000
				Gariahat (high street)	200-250	16,000-22,000
RESIDENTIAL		Residential demand in the city was stable on the back of good activity in most of the projects barring the high-end ones, which remained slow. New Launches <ul style="list-style-type: none"> • The Address near Science City, EM Bypass • Ozone in Kamalagazi • Harbour Greens Phase I in Amtala 	Key Precincts	Rental Value (INR per month for a 1,000 sq ft 2BHK apartment)	Capital Value (INR per sq ft)	
Demand 	Launches 		Alipore	43,000-52,000	14,000-22,000	
RV 	CV 		Prince Anwar Shah Road	19,000-30,000	7,000-14,000	
			EM Bypass (Topsia)	15,000-25,000	6,000-10,000	
				Lake Town	11,000-17,000	3,800-7,500
				New Town (AA- I, II & III)	10,000-16,000	3,500-6,000
				Rajarhat	8,000-14,000	2,500-4,700
				Behala	8,000-14,000	3,000-5,500

Policy/ Infrastructure

The West Bengal government will synchronise the functioning of three transport undertakings. In the new system, the Calcutta Tramways Company (CTC), Calcutta State Transport Corporation (CSTC) and West Bengal Surface Transport Corporation (WBSTC) will be assigned separate zones where each will be the "primary operator". This is to ensure they do not run buses on the same routes at the same time and lose passengers in the unnecessary competition

Mumbai

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OFFICE		<p>Gross Leasing volumes increased notably. Nonetheless, occupiers continued considering corporate real estate strategies such as the relocations & consolidations. SBD BKC and SBD North witnessed traction. Major transactions:</p> <ul style="list-style-type: none"> DHL in SBD North Johnson Controls in Eastern Suburbs 	Key Precincts	Rental Value (INR per sq ft per month)	Capital Value (INR per sq ft)
Demand 	Vacancy 		Lower Parel	160 - 185	17,000 - 21,500
RV 	CV 		BKC	250 - 330	25,000 - 34,000
			Andheri	105 - 135	10,000 - 14,500
			Goregaon-Malad	85 - 105	9,000 - 10,900
			Wagle Estate	50 - 65	5,200 - 6,800
RETAIL		<p>F&B and Apparel brands continued to dominate leasing as in June. Lack of malls in Prime South and Prime North submarkets resulted in brands going to high streets. Major transactions:</p> <ul style="list-style-type: none"> Mufti in Prime North Five Fat Monks in Prime North Theobroma and Go Colors n Suburbs 	Key Precincts	Rental Value (INR per sq ft per month)	Capital Value (INR per sq ft)
Demand 	Vacancy 		Lower Parel	260-390	22,000-32,300
RV 	CV 		Malad	160-250	12,500-20,000
			Ghatkopar	130-220	10,100-18,300
			Mulund	125-200	9,500-15,500
			Thane	100-185	8,000-14,500
RESIDENTIAL		<p>Demand picked up in select projects that are newly launched where customers found the pricing attractive. However, under-construction projects continued to witness subdued demand owing to high prices. New Launches:</p> <ul style="list-style-type: none"> Lodha Codename Quattro at Thane Kanakia Rainforest at Andheri 	Key Precincts	Rental Value (INR per month for a 1,000 sq ft 2BHK apartment)	Capital Value (INR per sq ft)
Demand 	Launches 		Lower Parel	60,000-1,10,000	25,000- 40,000
RV 	CV 		Wadala	35,000-60,000	15,000-23,000
			Andheri	32,000-55,000	12,500-21,500
			Ghatkopar	30,000-45,000	11,500-16,000
			Ghodbunder Road	12,000-26,000	6,000-9,500
			Kharghar	10,000-18,000	6,000-9,000

Policy/ Infrastructure

Most awaited first phase of Mumbai Metro connecting Versova - Ghatkopar, a 11.4 km long route became operational in the month of June. This is India's first metro railway project implemented on a public-private partnership model by a consortium headed by Reliance Infra since 2007.

Pune

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OFFICE		<p>Office leasing remained stable during June, while occupancy levels improved in SBD Sub-Market. Enquiries increased from the office space occupier during the month. Major transactions:</p> <ul style="list-style-type: none"> Careersoft Global in Pentagon Towers Xcalibre Technologies in Prabhavi Tech Park 	Key Precincts	Rental Value (INR per sq ft per month)	Capital Value (INR per sq ft)
Demand	Vacancy		Hadapsar	45-65	5,500-7,500
RV	CV		Kharadi	40-55	4,500-6,000
RETAIL		<p>The leasing activity of retail space remained subdued during the month. Meanwhile, transactions were also restricted to only small leases on high streets retail areas. Rents and capital values remained stagnant across the city.</p>	Key Precincts	Rental Value (INR per sq ft per month)	Capital Value (INR per sq ft)
Demand	Vacancy		MG Road	100-160	15,000-21,000
RV	CV		Bund Garden Road	90-130	13,000-17,000
RESIDENTIAL		<p>Demand for the residential properties remained stable over the month. A few large projects and integrated townships are in the pre-launch stage. New Launches:</p> <ul style="list-style-type: none"> Urban Nest and Konark Karia in South East submarket Song of Joy in North East submarket 	Key Precincts	Rental Value (INR per month for a 1,000 sq ft 2BHK apartment)	Capital Value (INR per sq ft)
Demand	Launches		Wakad	10,000-13,000	4,700-5,700
RV	CV		Hinjewadi	9,000-11,000	4,800-6,500
			Kharadi	11,000-15,000	4,800-5,800
			Hadapsar	13,000-18,000	5,000-7,500
			Undri	8,000-11,000	4,000-5,200
			Pimri-Chinchwad	8,000-13,000	4,500-6,000

Policy/ Infrastructure

In a major boost for the proposed Metro in the city, Pune Municipal Corporation (PMC) has decided to move one step ahead towards achieving the vision of superfast connectivity around the city. The civic body is all set to issue a notification to the public, inviting their suggestions or objections regarding the proposed Metro routes.

About JLL

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JLL has over 50 years of experience in Asia Pacific, with over 27,500 employees operating in 80 offices in 15 countries across the region. The firm was named 'Best Property Consultancy' in three Asia Pacific countries at the International Property Awards Asia Pacific 2013, and won nine Asia Pacific Awards in the Euromoney Real Estate Awards 2013.

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About JLL India

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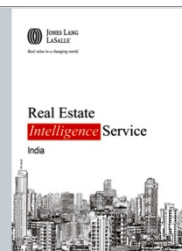
The firm was named the Best Property Consultancy in India (5 Star Winner) at the International Property Awards – Asia Pacific for 2012-13.

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Research Dynamics 2014

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