



AFFORDABLE HOUSING: MERE INCENTIVES ARE NOT ENOUGH





PREVIEW

August has been a month in transition as initial uncertainties over RERA and GST have settle down now and focus is gradually shifting back to demand-supply, for both buyers and developers. Most developers are laying greater emphasis on getting rid of ready to move in stock first with 'NO RERA, NO GST', being the biggest tag-line. Buyers, are also feeling rejuvenated, after having been on the fence for long now. However, buyers are cautious enough to 'Cherry Pick' their projects on fundamentals, while speculative demand is dwindling fast. This rationalisation of real estate industry, is a big positive for the future.

One definite theme is making headlines today is "Affordable Housing". With sops in the last 3 budgets, affordable housing segment seems to be more lucrative than ever and we are actually seeing some serious action on the ground. If tapped to the fullest, the segment potentially holds answers to India's housing woes, which in turn can have multiplier effects on socio-economic fabric and economic development of the country.

While this objective are clearly set out, the execution seemed a little fabulous to begin with. Growth on PMAY is slow, marred with limited private participation. Developers are still reluctant to launch projects in affordable segment due to structural problems including availability of land in urban areas, lack of single window clearances, inability of genuine beneficiaries to access organised finance due to fragmented ownership rights and so on. It has been a long drawn battle for our system to overcome these bottlenecks and time is just ripe to make a step forward.

It is heartening to see some action by the government to improve on the land availability. Central govt. is looking to identify unused land parcels held by many PSUs, which can be utilised with private participation through various models. Recently, the govt. has notified a policy to rope in private players to develop affordable housing projects on 'privately owned land' with incentives under PMAY available. However, there is lot more to be done in terms of execution of these policies to draw the desired results

Besides, there have been key developments including central govt. notifying new metro policy, Noida Authority tweaking its certification policy for faster execution, Maharashtra Govt. approving re-development of key clusters, Telangana Govt. announcing Rs 10,000 Crore package for Hyderabad amongst others.

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NEWS OF THE MONTH

Affordable Housing: Mere incentives are not enough

The sun is finally rising on the affordable housing in India. The segment is finally shedding its “down market” image to turn into a serious business for developers courtesy, a host of incentives by central government, making affordable housing economically viable and sustainable in the long run. The situation today, is fundamentally different from the past, when developers only resorted to affordable housing projects to keep their cash flow intact when demand for ‘more lucrative’ luxury segment stagnated. The trend was clearly visible during the sub-prime crisis of 2008. For developers, affordable housing has always been a “Low margin-High volume” business, wherein there were not enough incentives to compensate for the ‘low-margin’ factor while there were enough volumes. Over the past 1 year or so, the central govt. has done everything to bridge that gap.

In 2015, Narendra Modi led NDA government announced the ‘Housing for All by 2022/ Pradhan Mantri Awas Yojana (PMAY)’ scheme targeting 2 Crore homes to be built across all statutory towns by 2022, followed by ‘plenty of goodies’, served through union budgets and several other announcements from time to time.

Demand Side Incentives	Supply Side Incentives
In the Union Budget 2017-18, allocation for PMAY -Gramin increased to Rs 23,000 Crore 2018-19, as against Rs 15,000 allocated last year	Granted the coveted infrastructure status to affordable housing, giving developers access to cheaper sources of funding, including external commercial borrowings (ECBs)
Credit linked subsidy (CLSS) of up to 6.5% on home loans* taken by eligible urban poor (EWS/LIG) for acquisition/construction of EWS & LIG units with carpet area not exceeding 60sqmtrs	Affordable housing promoters have been granted more time for project completion - the deadline has been increased to 5 years from the current 3 years
New category** of CLSS introduced, allowing buyers to avail interest subsidy of 4% and 3% for a unit where carpet area doesn't exceed 90sqmtrs and 110 sqmtrs respectively. Additionally, the extension of tenure for loans under the CLSS increased from 15 to 20 years	The qualifying criteria for EWS and LIG units have been revised to 30 sqmtrs and 60 sqmtrs on the carpet, rather than the saleable area, for metros and non-metros respectively. This effectively increases the size of the affordable housing market across India
Union Budget 2016-17 has allowed service tax exemption for construction of affordable houses up to 60 sqmtrs, under any central/ state govt scheme, including PPP schemes	A 100% deduction for profits to a firm constructing affordable housing project with unit sizes not exceeding 30 sqmtrs (Carpet) in 4 metro cities and 60 sqmtrs (Carpet) in other cities. Project must be approved during June 2016 to March 2019
Reduction in the broad tax rate for individuals in the income tax slab of Rs 2.5 lakh to Rs 5 lakh from 10% to 5%. The tenure for long-term capital gains for affordable housing has been reduced from 3 to 2 years	Developers will get a year's time to pay tax on notional rental income on completed but unsold units.
Employees Provident Fund Organisation (EPFO) allows its subscribers from societies for withdrawing up to 90% of their EPF accumulations to buy homes	Introduction of PPP policy to rope in for affordable housing projects on privately owned land and still offers the same PMAY benefits
The National Housing Bank will refinance individual housing loans worth Rs 20,000 Crore in 2017-18	

*Income Eligibility: Up to Rs 6 Lakhs Per Annum, Subsidy calculated on a max loan of Rs 6 Lakhs

**For MIG Category buyers with income up to Rs 18 Lakhs Per Annum, Subsidy calculated on a max loan of Rs 12 Lakhs. For fresh loans approved only



Aforesaid measures have translated into easy financial credit for builders and increasing affordability is converting demand for affordable homes into a commercially viable opportunity. All of a sudden, the fundamental housing gap of 18.78mn households looks a decent enough market for developers to tap, especially when market has been in prolonged slump for mid and higher segment units. Looking at the opportunity, more developers have expressed interests in making inroads into the segment. Digging deeper into broader numbers over the past few quarters, there have definitely been a traction toward affordable housing demand as well as supply. During the latest quarter (Q1 FY 2017-18), there have a 16% (YoY basis) increase in the total sales (buyers side) for units priced below Rs 25 Lakhs – the highest in the all categories. On QoQ basis, however, the sales were a little more subdued at 8%, but still in positive territory.

In terms of new supply (developer’s side), there were a total of 11,073 units were launched during Q1 FY 2017-18 - an increase of 5% and 8% on YoY and QoQ basis respectively. Only category of Rs 50 lakhs to 1 Crore fared better affordable segment units (Priced below Rs 30 Lakhs). New supply was also restricted as developers have been concentrating more on completing existing projects before launching new projects. Delaying new launches also made sense as developers looked to wait it out the implications on RERA and GST on new projects.

Absorption - Across Top 8 Cities

	Q1 16-17	Q2 16-17	Q3 16-17	Q4 16-17	Q1 17-18
Less than 25 Lac	9,358	9,807	7,657	10,060	10,890
25 Lac-50 Lac	24,540	24,018	19,186	23,289	24,820
50 Lac -1Cr	18,732	17,537	14,489	17,862	18,129
1Cr -2Cr	6,442	6,232	6,124	6,806	7,416
2Cr+	3,232	3,906	3,332	3,197	3,626

Source: Liasis Foras Research

*NCR, MMR, Bengaluru, Chennai, Hyderabad, Pune, Ahmedabad and Kolkata

New Supply - Across Top 8 Cities

	Q1 16-17	Q2 16-17	Q3 16-17	Q4 16-17	Q1 17-18
Less than 30 Lac	10,515	8,745	9,251	10,251	11,073
30 Lac-50 Lac	10,462	13,656	11,320	9,373	7,161
50 Lac -1Cr	11,707	11,692	9,704	9,684	12,965
1Cr -2Cr	3,647	3,594	2,886	1,852	1,318
2Cr+	2,326	2,261	1,397	637	601

Source: Liasis Foras Research

*NCR, MMR, Bengaluru, Chennai, Hyderabad, Pune, Ahmedabad and Kolkata

Slow progress on PMAY

While the entire industry is lauding govt, efforts to bring in aforesaid much needed break-through, their execution is still founding to a large extent. To understand how difficult this is going to be, let us put things in perspective - out of its plan to provide 2 Crore houses under this Yojana by 2022, as on 31st July, 2017, only about 2.4 million houses have been approved and roughly around 1.27 lakhs have been built so far. Till date, Gujarat, has been the leading state with a total of 29,380 units getting completing, followed by Tamil Nadu (17,264 units). Clearly, too much efforts for too little results.

So, why, the progress till now has been excruciatingly slow on PMAY project. It’s because the incentives have not brought out the required private participations in the wake of many other hurdles that still requires government intervention on an immediate basis. Below are few of them, which hinders the growth of affordable housing in India:



Availability of land in prime areas

Land is a precious commodity and its unavailability in key areas of metropolitan cities in India has been a key hurdle. Builders will have to first ensure the viability of the project and see to it that the land on which it is coming up is not expensive. The developers' ability to acquire large tracts of land at low rates is the key for the viability for the projects. According to an estimate, close to 57,392 acres will be required to build the 2 Crore homes, if one were to assume a size of 500 sq ft. per home and an available FSI of 4.

It seems impossible if enough land is not released for the creation of affordable housing, especially within the big metros like Delhi and Mumbai. We believe that along with the government, private participation also needs to increase significantly, if we are able to achieve the said target. Fortunately, the govt. seems to be aware of the situation and working on improving the land availability

- In July 2017, a path breaking initiative, the ministry of Housing approved construction of 30,000 affordable houses for urban poor on private land in Maharashtra, under PMAY. Central assistance of Rs 450 Crore has also been approved for this project.
- Centre is pushing to free up huge land parcels belonging to sick and closing public sector enterprises (PSEs) in prime locations including in Gurgaon, Hyderabad and Pune. The government has identified at least 7 land parcels totalling over 2,500 acres where housing projects will come up. About half of the built-up area on these land will be "affordable house"

The government is looking to unlock non-essential lands currently being held by large government bodies including Railways, Sick PSUs/PSEs, textile mills, universities etc. Notably, Heavy Engineering Corporation Ranchi (1200 Acres), Hindustan Antibiotics, Pune (85 Acres), Indian Drugs and Pharmaceuticals, Gurugram (90 acres), HMT Bearing, Hyderabad (30 Acres) amongst others have been identified. Under the proposal, the PSUs will either sell or lease out land to a private player, who will build low-cost houses.

Further, The Model PPP (public private partnership) policy for affordable housing is out and open for public comments. The PMAY (Pradhan Mantri Awas Yojana) scheme was earlier confined to making affordable homes on government land. The new Model PPP policy is an attempt to rope in private developer owned land and offer the same PMAY incentives. What this means is that the government would now grant benefits - through interest subsidy and direct per beneficiary amount - to private players even if the project is planned on private land. Under the scheme, a bonus payment would be given to the private developer for every housing unit, after an eligible allottee accepts the allotment

Further, availability of land alone will not make the mission a success. Till date, there have been no emphasis over the geographical spread of the land available for affordable housing. In the past, affordable housing projects have come up far away from the city, such units are likely to remain unsold or unoccupied due to the lack of developing social fabric around them. However, affordable housing ecosystems cannot exist in isolation. Parallel focus on urban infrastructure such as roads, utilities, mass rapid transit systems and other social infrastructure is imperative to make the affordable housing proposition truly sustainable, across geographies. It is imperative, it is important for all the parties' concerned e.g. planning committee, development authority etc., to communicate effectively so that there is no confusion

Land funding

RBI regulations do not allow banks to fund land purchase. Developers, therefore, are left with only a few options. They can either form a JV with the land owner, or get funded through NBFCs - usually a very expensive route, which again precludes the prospect of developing affordable housing on the acquired land. It is therefore needed, that either bring down the costs of financing for land or provide the developers with land, so that they can work as contractors and hence, de-risks themselves from the costs of land acquisition.



Lack of ownerships rights

To derive benefits under central govt. schemes i.e. avail interest subsidy on a home loan, proper title documents play a key role. However, land and property records are currently not digitized, fragmented and remain in poor condition. This continues to be a major hindrance in the execution of the scheme laid out by PMAY. With most of the people dwelling in ancestral homes and the ownership in the name of their deceased parents or the slum dwellers with no property rights, such subsidies could not be availed

Besides, in case of big cities, where slum population are mostly migrated from nearby states, poses a big hindrance as they don't generally have ownerships rights or any other means on which they can access the formal organised source of financing.

Single window clearance

Recently, the RBI called for a separate single window mechanism for clearance of affordable housing projects as many are stuck at state government bodies. Approval time usually ranges from 6 to 12 months. The process and time required for permissions is the same for all projects including affordable, middle income or luxury. If you want the affordable segment to move at a faster pace, then this basic hindrance needs to be taken care of. In Rajasthan, the approvals take around 2 months with single window clearance in place. There is no reason why, the model cannot be replicated by other states. As per industry estimates, timely approvals can reduce costs for the end consumer by almost 20%

The Way forward

Affordable housing is undoubtedly the new theme for years to come. The segment alone possess that kind of sustained potential to push the entire real estate market out of the state of inertia that they have been over the past 12-18 months. While there are fiscal incentives for both buyers and developers, the fundamental flaws, unfortunately, still remain to haunt the implementation. Developers are still sceptical of launching affordable housing projects in the wants of cheaper land, notorious procedural delays in approvals, while demand, still remain subdued due to inability to tap organised housing finance by real beneficiaries. Central govt. is actively working upon improving the land availability, but more political will is required to improve upon other factors. But, these are structural reforms and not going to happen overnight. But, journey of a thousand mile starts with a little step. That little step has to come right today.

SECTOR/REGULATORY/POLICY UPDATE

Union Cabinet approves new Metro Policy

Union Cabinet has approved a new Metro Rail Policy that focuses on giving clarity on development of projects, collaborations, participation, standardising norms, financing and creating a procurement mechanism so that the projects can be implemented effectively. According to the new policy, the Metro rail projects will be approved and aided by the Central government only if there is private participation and the projects ensures last-mile connectivity for commuters. The policy allows respective states to formulate rules and regulations and it empowers them to establish permanent fare fixation authorities.

The three models are outlined in the policy:

- Public-Private Partnership with Central assistance. This will be part of the Union Finance Ministry's viability gap funding scheme.
- Grant by Centre whereby 10% of Metro project cost will be provided by the Central government as lump sum amount.
- 50-50% Equity sharing model taken between the Centre and state.

Further, the projects will now be cleared on the basis on economic internal rate of return of 14%- as against the current financial internal rate of return of 8%. The policy also provide models for states seeking to develop Metro projects with help by the Centre. All three models have a mandatory requirement of private participation

In the last 4 years, the Centre has sanctioned at least Rs 30,653 Crore to Metro projects across the country. A large portion of it, Rs 12,345 Crore, was sanctioned to overseeing companies. The current fiscal allotment for Metro rail projects till the June quarter stands at Rs 17,960 Crore. However, in the same period, the expenditure has only been Rs 4,650 Crore.

Govt reduces GST on work deals for affordable homes

The central government has reduced GST rate on work contracts for affordable housing to 12% from 18% fixed earlier. For the purpose, affordable housing would be any unit with a carpet area of upto 60 sq meter. It is to be noted that if a developer involves a work contractor for his project, post the above change in GST rates, his cost will be reduced by 6%. But in the affordable segment, developers construct projects themselves to be cost-efficient. Therefore, the cost for developers will remain the same. Hence, the rule is unlikely to have any impact on prices of affordable housing for buyers

Centre to incentivise states completing smart city projects fast

The Centre will give about Rs 3,700 Crore as incentive to states for faster completion of smart city projects in its bid to motivate the local governments to expedite works. The states will be chosen through competition. The said incentive amount will be about 2% of the cost of all projects. The central government has asked chief secretaries of states to monitor the progress of smart city projects for early completion. The Centre has already selected 90 cities under the ambitious smart city scheme and has approved projects worth Rs 1.91 Lakh Crore

Government sanctions over 2.17 lakh houses in PMAY

The 10 states-Andhra Pradesh, Tamil Nadu, Madhya Pradesh, Karnataka, Gujarat, West Bengal, Maharashtra, Uttar Pradesh, Jharkhand and Bihar--account for 82% of the total houses sanctioned so far under PMAY (U). Now, all states and Union Territories, except Delhi, Chandigarh, Goa and Lakshadweep, have got houses sanctioned under PMAY (U).

In its latest round of sanctioning, Housing and Urban Affairs Ministry has given nod to over 2.17 lakh houses for urban poor under PMAY schemes. The units sanctioned are spread over six states including Andhra Pradesh (1.2 Lakhs), followed by Uttar Pradesh (41,173), Assam (16,700), Gujarat (15,222), Jharkhand (14,017) and Maharashtra (9,894)

With this, the total houses sanctioned under the scheme increased to over 26.13 lakh with a total investment of around Rs 1.39 lakh Crore.

Central assistance of Rs 40,597 Crore has been approved for construction of these houses.

79 smart cities projects worth Rs 841 cr completed: Ministry of Housing & Urban Affairs

As per Ministry of Housing (MoH), around 3000 smart city projects worth Rs 1.2 lakh Crore are in various stages of implementation out of which 79 projects worth Rs 841 Crore have been completed. Also, MoH is preparing a Liveable Index for smart cities across the country, the bench marking of which should be emulated by the developers of such cities to make world class dwelling units.

The 30 cities announced in June proposed a total investment of Rs 57,393 Crore under respective smart city plans. This includes Rs 46,879 Crore for ensuring core infrastructure in the areas identified by citizens for area-based development and Rs 10,514 Crore for technology-based solutions for improving governance, service delivery and utilisation of infrastructure. With this the total investment approved under the smart city plans of 90 cities stands at Rs 1,91,155 Crore

INFRASTRUCTURE UPDATE

AIIB may pump in \$1.5 billion in Indian projects

Asian Infrastructure Investment Bank (AIIB) is considering investing \$1.5 billion (Rs 9,599 Crore) in 6 new projects in India that includes Rs 1,279 Crore in India's National Investment and Infrastructure Fund (NIIF). The projects that AIIB is reviewing are focused on improving transport, energy and urban infrastructure across the country. The total investment in India as of now stands at \$638 million. It has provided loans to two projects -- the Gujarat Rural Roads project and the Andhra Pradesh 24x7 Power for All project -- and has made an equity investment into the India Infrastructure Fund (IIF).

Name of the Project	Proposed Sum (\$ Million)
Mumbai Metro Line 4 Project	500
Bangalore Metro Rail Project Line	338
Amaravati Sustainable Capital City Development Project	200
Madhya Pradesh Rural Connectivity Project	141
Transmission System Strengthening Project	100
Investment in NIIF	200

Source: Media Reports

As a thumb rule, AIIB is mandated to consider projects that are financially sound, environmentally sustainable, and will have a positive social impact.

India's infrastructure output growth accelerated to 2.4% in July

India's annual infrastructure output growth accelerated to 2.4% in July, driven up mainly by higher electricity and steel production. For April-July, the annual output growth was minutely higher at 2.5%. The output grew a revised 0.8% YoY in June. Electricity production grew 5.4% last month from a year ago, faster than a 2.2% rise in June. Steel output in July was 9.2% on year compared with a 5.8% growth a month ago

Rajasthan govt gets Rs 1,349.55 Crore loan from NABARD

The National Bank of Agriculture and Rural Development (NABARD) has sanctioned a loan assistance of Rs 1,349.55 Crore to the Rajasthan government for the creation of rural infrastructure in the state under the Rural Infrastructure Development Fund (RIDF). The sanction includes assistance for construction of two rural drinking water supply projects, strengthening/ rehabilitation of 1,614 rural roads and modernisation of 3 major irrigation projects.



REGIONAL

DELHI NCR

Manesar to get power push, new substation on cards

Power Transmission Company Haryana Vidyut Prasaran Nigam Ltd. (HVPNL) will build a new 220kV substation for IMT Manesar in Sector 8. The substation will add 320MVA of carrying capacity to the state's power supply. The commissioning of the new substation will have 2 objectives - to ensure there is a backup facility, and to enhance capacity of the power infrastructure by a further 320 MVA. The new substation will supply electricity to sectors 1, 2, 3, 4 and 8 in Manesar, and will be ready within 2 years. HVPNL has also added three new 220 kV substations in Sector 33, Panchgaon and Sector 20. They have capacity to handle 320, 100 and 200 MVA respectively.

7 projects to reduce load on NH-8 stretch

In its bid to decongest the Delhi-Gurgaon stretch of NH-8, the NHAI has prepared a plan to complete a slew of projects with an investment of at least Rs 8,000 Crore in the next 3 years, including the Dwarka Expressway. Other project includes improvement of Gurgaon-Badshahpur – 6 lane highway with service roads, for which bids have been invited and it will require Rs 1,700 Crore investment. The 4.75 km section between Subhash Chowk and Badshahpur will be elevated. The NHAI work plan also includes building a bypass to Rangpuri to connect Dwarka and NH-8 with Vasant Kunj through Nelson Mandela Marg. The feasibility study is underway and the work is likely to be awarded by January

Gurugram gets its own agency to plan development

Fulfilling the long-pending demand for a local agency to expedite development in the city, the state govt. has set up a separate Gurugram Metropolitan Development Authority (GMDA) to develop newly launched Gurugram Metropolitan Area (GMA). The GMDA will prepare infrastructure development plans, which will be executed through annual plans in which schemes and projects for infrastructure work will be determined for each financial year. The jurisdiction of the GMDA will extend to areas within Municipal Corporation Gurugram (MCG); Municipal Committee, Farrukh Nagar and 86 Gram Panchayats i.e. up to two km of the Kundli-Manesar-Palwal expressway. It will extend over an area of 675 square kms.

Elevated corridor to link south Delhi with Greater Noida proposed

The residents of south Delhi may soon get a direct access to Greater Noida, with Delhi government proposing an elevated corridor to connect the Mehrauli-Badarpur road with the Noida expressway. The Public Works Department (PWD) has completed the feasibility study and proposed an elevated corridor over Yamuna River. The proposal will now be sent to the Unified Traffic and Transportation Infrastructure (planning & engineering) Centre for their approval, after which construction will start. The total length of the corridor is 7km and its construction is likely to take 30 months. But since the project is still in feasibility stage, the corridor will be completed only after 2020

Noida tweaks rules for faster flat delivery

Real estate projects in Noida will be given partial completion certificates for 3 months, from September 1 to November 30 this year, to hasten delivery of long overdue flats that are stuck because cash-strapped developers can't clear all their dues to get full completion certificates. Under the scheme, a developer is eligible for temporary completion certificates even if it has only paid 10% of the total land cost for a project to the Noida Authority. Noida expects the policy will be instrumental in speeding up of handover of flats to buyers in around 40 residential projects that are either nearly complete or whose first phase is ready.



No additional FAR on Yamuna Expressway projects

In a recent meeting, The Yamuna Expressway industrial development authority has decided not to allow additional FAR to builders on Yamuna Expressway. The current allowed FAR is 3 in urban areas of Yamuna Expressway. In 2015, the Yamuna authority had sent CREDIA's proposal to allow purchasable FAR to the Uttar Pradesh government for approval, which was yet to be done. But now the Yamuna authority has turned down their realtors' plea saying their aim is to allow low density urban areas. In Noida and Greater Noida a builder is allowed FAR up to 3.75

Hindon Air Force Station may be used for regional flights

The Indian Air Force has agreed to allow the Hindon air force station to be used for regional flights from winter to back up the congested Delhi airport. The air force station is located close to Ghaziabad, Uttar Pradesh, and will soon host a civilian enclave. Talks with GMR Infrastructure Ltd-controlled Delhi airport are also on to seek approvals. If materialise, ministry of civil aviation will request from airlines if they want to use a defence airfield and the matter would be taken up with the defence ministry. The Hindon station is a single runway base and is home to Boeing C-17 Globemaster aircraft that form the backbone of the heavy airlift division of the Indian Air Force.

MMR

MMRC to venture into Real Estate to raise fund for metro expansion

MMRC is building a 33.5km long underground Metro III route between Colaba and SEEPZ at a cost of Rs 23 135 Crore. The project is expected to be completed by 2021. While the Japan International Cooperation Agency (JICA) has agreed to offer loan up to 57% of the project cost, the central and state governments will also provide equity to the company. However, the central government has asked the MMRC to raise Rs 1,000 Crore by using the land it possess for real estate

Point. As part of the plan, the MMRC will be building twin towers at Nariman Point. While one of the towers will be used to house political parties offices, the other one will be exploited commercially.

The other land, where too the corporation hopes to raise substantial money, is a 3-hectare plot located adjacent to Jogeshwari-Vikhroli Link road, which is currently being used by the MMRC as a casting yard. "Once construction work is over, the plot will remain vacant and can be used commercially

Maharashtra Govt. approves Rs 300 Crore cycle track project

State govt. of Maharashtra has given an "In-principle" approval to the proposal of the BMC to construct a cycle track in Mumbai City by clearing all encroachments along water pipelines in Mumbai, which will open a 100-metre wide corridor on both sides. It will have 40 entry and exit points and will connect to 19 railway, seven Metro and 4 Monorail stations. It will have a Bollywood walk, biodiversity corridor and a Mumbai books route. The project is expected to costs Rs 300 Crore and will take 18 months complete. The project will create the shortest route connecting north-south and east-west Mumbai

MMRDA appoints consultant for Metro 4 corridor

The Executive Committee of the Mumbai Metropolitan Region Development Authority (MMRDA) has appointed DB Engineering and Consulting with Hill International and Louis Berger Consulting as consultants for the Wadala-Ghatkopar-Mulund-Thane-Kasarvadavali metro-4 corridor. The scope of work for the Consultants includes design, assistance in procurement, construction management, supervision, system integration, interface management, testing and commissioning of the entire corridor among other various responsibilities. The Committee has appointed Niraj Cement Structural to construct the 2.2-km long elevated road from Bharat Diamond Bourse in Bandra Kurla Complex to Vakola Junction, which is expected to decongest BKC and Santacruz Chembur link road junctions. It has further appointed the consortium of Stup-Darashaw to prepare detailed project report for the 35km Marve-Bhayander-Godbunder Road (Thane) after concluding the economical and techno-economic feasibility surveys.

Metro Line 2B:

From DN Nagar to Mandala is 23.643-km-long elevated corridor with 22 stations that will connect Mumbai's eastern and western suburbs. Total Costs: Rs 10,980 Crore

Metro Line 4:

From Wadala to Kasarvadavali is 32.32-km-long elevated corridor with 32 stations that will connect Eastern Express Roadway, Central Railway, Mono Rail, Metro Line 2B and the proposed Line 5 (Thane to Kalyan), Line 6 (Swami Samarth Nagar to Vikhroli) and Line 8 (Wadala to General Post Office). **Total Cost:** Rs 14,500 Crore

Maha Govt. approves Cluster Redevelopment in Thane City

Barely a month after the Bombay High Court cleared the decks for cluster redevelopment in Mumbai suburbs, Thane and Navi Mumbai, state govt of Maharashtra has approved the regulation for the reconstruction in Thane city by implementing the urban renewal scheme. In Thane, cluster redevelopment projects will get an FSI of 4, depending on the width of the road next to the project. To ensure the policy does not further crowd the region, the minimum size of a cluster will have to be 10,000sqm. Builders will also have to develop public amenities on 25% of the plot, leave 15% for open spaces and implement development plan reservations. The Scheme is expected to pave way for redevelopment of old, dilapidated & unauthorised buildings in planned manner & in large public interest

OTHER CITIES

MOHALI

Relief of 3% in stamp duty only for six months

In a major relief to buyers, Punjab Govt. has reduced the stamp duty rates by 3% across cities for six months, after which fresh decision will be taken in the next financial year. Even after the reduction, the stamp duty in the state is higher than that in Chandigarh, where it is 5%. In Panchkula, Haryana the stamp duty is charged at 7% from males, 5% from females and 6% is charged jointly within the limits of municipal corporation (MC). The stamp duty is 5% for males, 3% for females and 4% jointly outside MC limits.

Mohali real estate market have been reeling under pressure due to lull in demand for speculators driven stock. In the past 2-3 years, markets like Zirakpur, Mullanpur, Kharar have added a lot of unsold stock to existing cities of Mohali, Chandigarh and Panchkula, that together forms "Tricity" It is expected that the rate cut will boost the market sentiment, at least, in the affordable to mid segment and will revive the slackening demand

Mohali (SAS Nagar) – Key Data Points

No of Projects	72
Total Supply (Units)	17,024
Unsold Stock (Units)	4,295
Weightage Avg price (Rs psqft)	3,955
Months Inventory (Months)	26
Sales Velocity (%)	0.8

Source: Liasas Foras Research

Punjab's draft industrial policy moots Chandigarh-Amritsar corridor

The Punjab government is finalizing plans for the Chandigarh-Amritsar corridor in its draft industrial policy, wherein the state will identify and transfer chunks of village common land and un-utilised government land by framing land pooling schemes. For the border belt, Chandigarh-Hoshiarpur-Gurdaspur industrial corridor has also been planned. As part of the Chandigarh-Amritsar urban industrial corridor plan, existing industrial clusters on this stretch will be strengthened. In all, four major industrial parks and 10 industrial estates are on the anvil and one new IT hub each has been planned in Amritsar and Mohali



This planned growth is also aimed at decongesting cities as industries located in crowded areas or non-conforming zones (where master plan stipulates their shifting after certain period) will be moved to new areas being developed and allow the inner areas for more value added city use. The state will separately formulate a scheme for promotion and development of Industrial Parks in private sector.

PUNE

NHAI to begin widening of road on 12km Moshi stretch

Pimpri Chinchwad Municipal Corporation (PCMC) has acquired more than 90% of the land required for widening the Pune-Nashik highway. This will allow the NHAI to start the tendering process to widen the 12km long stretch between Nashik Phata to Indrayani river in Moshi. NHAI not only will carry out the development work, but also bear the expenses for the same. Work is expected to be completed in 10 months once the construction starts.

HYDERABAD

Telangana government to spend Rs 10,000 Crore on Hyderabad infrastructure

The state government of Telangana is to spend Rs 10,000 Crore on improving infrastructure in the Hyderabad City over the next few years. Amongst others, works on 2 major flyovers, from JBS to Thumkunta and Paradise to Kompally, would begin at a cost of Rs 2,000 Crore after clearances from the defence department are obtained. Apart from these, 2 major flyovers, from Amberpet chowarasta to Uppal (Rs 250 Crore) and Uppal to Ghatkesar (Rs 1,000 Crore) are in the tendering stage. Further, state is considering the demand for extending the Balanagar flyover up to Qutubullapur

LUCKNOW

Tata Projects completes part 1 of Lucknow metro tunnelling

Tata Projects today said it has completed the first phase of 812-meter long tunnel connecting Lucknow Secretariat and Hazratganj stations, within 5 months of commencement. Tata Projects will now install the tunnel boring machine Gomti to construct another tunnel between the Sachivalaya and Hussainganj stations as the next part of construction

JAMMU

Jammu gets Rs 200 Crore funds under AMRUT

Over Rs 200 Crore funds have been allocated for Jammu under the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) to improve upon its urban infrastructure. The funds would be allocated to projects in urban transport, green spaces, drainage and sewerage space.

BHUBANESWAR

New Land Policy to expedite land acquisition launched

The state govt. of Orissa has come up with a new policy to ease land acquisition for smaller projects in a move that is expected to benefit both the government agencies and private landowners. The Right of User in Privately-owned Land Policy, 2017, will allow the government to acquire private land for small infrastructure projects from the owner on lease and compensate the latter according to the market price. The new rules will be implemented first in the state capital. The policy marks a significant alteration to the present Land Acquisition, Rehabilitation and Resettlement Act, 2013, where the government takes possession of the entire property after paying compensation to the owners.

According to the draft policy, the government will take private lands on 5 year lease periods, before renewing the lease agreement based on the value of the land at that time. The policy also outlines that if the government agencies takes over a smaller portion of land for any project, it would pay 25% of the land's market value to the owner, and full compensation in cases in which the project affects the owner's right of enjoyment of that land.

VIZAG

Vizag port to lease out land for real estate projects under PPP Model

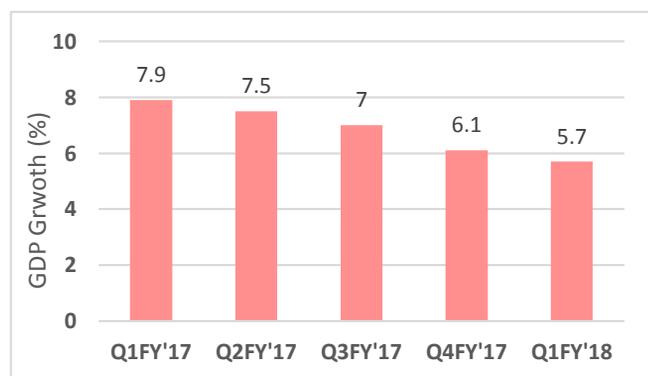
Visakhapatnam Port Trust (VPT) will be leasing out some of the land that it owns in the port city for developing real estate projects under the PPP model. VPT has close to 100 acres of land in areas including Saligramapuram and the Rajiv Gandhi stadium in Seethammadhara, which we will give on 33-year lease for real estate development. The land in the city will be for commercial purposes like office blocks or shopping complexes, and not for residential projects. VPT, will choose companies which can offer the highest lease fees.

MACRO ECONOMIC TRENDS

GDP growth at 3-year low of 5.7% in Apr-June as GST, demonetisation bite

As per the recent data released by the Central Statistics Office (CSO), Indian economy grew 5.7% in April-June, the first quarter of the current fiscal year, slower than the previous quarter's 6.1% and much lower than the 7.9% growth registered in the first quarter of 2016-17. Most predictably, the Indian economy lost steam in the April-June quarter, slowing to a 3 year low as companies stalled production in June to prepare for the switch-over to the GST. According to economists, lingering effects of demonetisation also contributed to the slowdown. The GDP growth rate for the full year (2016-17) came in at 7.1% in line with official estimate compared to a revised growth figure of 8% in FY16.

India GDP Growth (%) in recent quarter



Source: Central Statistics Organisation

The slower pace of GDP growth also means India lost the tag of the world's fastest-growing large economy for the second straight quarter to China, which grew 6.9%.

The first volume of the Economic Survey released in January, earlier this year, had projected growth in the range of 6.75-7.5% in 2017-18 against 7.1% in 2016-17. The Survey warned that with monetary policy having been tighter than assumed, it is unlikely that the upper band of the projected growth rate will be achieved.

RBI on demonetisation: 99% banned notes back in banking system

As per the recent data released by the RBI, a total of 8.9 Crore old Rs 1,000 notes out of 632.6 Crore have not been returned post the note ban last November. This means all but 1.4% of the old Rs 1,000 notes have come back into the banking system. Further, old notes worth Rs 15.44 lakh Crore were there in the market, out of which 15.28 lakh Crore have been received by the bank. RBI said there were as many 588.2 Crore of Rs 500 notes, both old and new in circulation as of March 31, 2017. As of March 31, 2016, there were 1,570.7 Crore Rs 500 notes in circulation.

The report further said that the cost of printing of currency notes more than doubled to Rs 7,965 Crore in 2016-17 from Rs 3,421 Crore in the previous year on account of new currency printing.

India's consumer inflation at record low of 1.54% in June

As per recently released govt data, India's consumer inflation dipped to a record low of 1.54% in June - even lower than the RBI estimates made during the monetary policy statements. RBI has fixed an inflation medium term target of 4 per cent with a band of +/- 2%. As per the data, drop in food and oil prices dragged down the consumer inflation in June. Latest inflation numbers would further pressure RBI to go for a rate cut at its next monetary policy meet

The consumer inflation was 2.18% in May. Retail food prices fell 2.12% in June from a year ago, compared with a 1.05% fall in the previous month

FDI jumps 37% to \$10.4 billion during April-June quarter

According to the figures of the Department of Industrial Policy and Promotion (DIPP), India has received 37% to \$ 10.4 billion during the first quarter of the current fiscal, as against \$7.59 billion for the corresponding period last year. The main sectors which attracted the highest foreign inflows include services, telecom, trading, computer hardware and software and automobile. In terms of geographies, Bulk of the FDI came in from Singapore, Mauritius, the Netherlands and Japan. A strong inflow of foreign investments will help improve the country's balance of payments situation and strengthen the rupee value against other global currencies, especially the US dollar

INVESTMENT ACTIVITY

Private Equity Investments

Investor(s)	Target	Stake (%)	Amount (Rs Crore)	Business	Strategy
GIC	DLF Cyber City Developers	33%	8,900.0	Commercial Assets Management	Late
Edelweiss Group	Vipul Ltd	NA	150.0	Real Estate Development	Debt
HDFC Property Fund	Lodha Developer	NA	500.0	Real Estate Development	Debt

Source: Liasis Foras Research

Land/Development Rights Transactions

Buyer	Seller	Location	Deal Value (Crore)	Strategy
Island Star Mall Developers*	NA	Wakad, Pune	160.0	To develop a retail mall

Source: Liasis Foras Research

*a JV between Phoenix Mills Ltd and Canada Pension Plan Investment Board (CPPIB)

Key Trends/Activities:

ASK Group, TVS Emerald set up \$62 million investment platform

ASK Property Investment Advisors, the real estate private equity unit of ASK Group, and TVS Emerald Haven Realty Ltd have set up an investment platform to back residential projects of the property development arm of TVS Motor Company. The partners will jointly invest Rs 400 Crore (\$62 Million) in affordable and mid-segment projects. TVS Emerald builds houses for mid-income groups and has delivered one project in Chennai. It is developing 5 more projects in and around the city and plans to expand to Bangalore in the near future.

The first investment under the platform, of Rs 83 Crore, has gone to a project of TVS Emerald at Porur, Chennai. The 10-acre project has a saleable area of 5,48, 000sqft

ICICI Prudential AMC plans \$400 million platform for realty investment

ICICI Prudential Asset Management Co. (AMC) Ltd, the asset management joint venture of ICICI Bank Ltd and UK's Prudential Plc., is looking to set up a real estate investment platform with a corpus of almost \$400 million. This will be the largest real estate fund raised by ICICI Prudential AMC till date, which currently manages more than Rs 3,700 Crore in its real estate business. The platform will invest equity and debt instruments in residential projects.

Mirae to enter India realty business with \$500 million investment

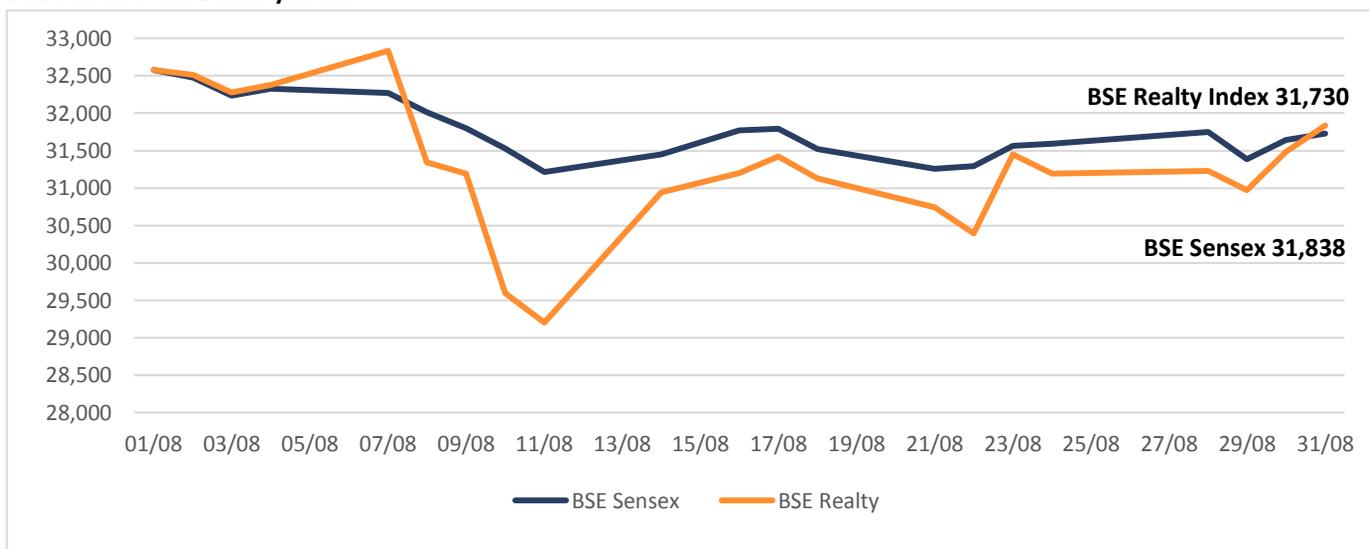
South Korea's Mirae Asset Global Investments Co. Ltd plans to enter India's real estate sector with a \$500 million investment for buying commercial leased properties. The proposed fund will not have any dedicated investment horizon and will invest purely opportunity based. However, firm will look to buy prime commercial assets including IT parks, corporate offices, warehousing and "selected hospitality assets" in Mumbai, Bengaluru, NCR, Pune, Chennai and Hyderabad.

Logos Group, Assetz jointly float \$400 million logistics fund

Real estate developer Logos Group has set up a JV with Singapore-based Assetz Property Group to invest \$400 million in Indian logistics and warehouses. Logos will invest \$400 million in equity capital to set up the platform, named Logos India, to focus on the logistics hubs of Mumbai, Pune, Chennai, Delhi-NCR, Bangalore, Hyderabad and Ahmedabad. Other shareholders in the joint venture include Canada's Ivanhoé Cambridge and Macquarie Corporate Holdings, who are shareholders in the parent entity Logos India.

STOCK MARKET UPDATE

BSE Sensex vs. BSE Realty Index



Source: BSE Sensex. BSE Realty Index is rebased to BSE Sensex

Commentary

- During the Month of August, BSE Realty Index fell by 2.3% (mom) and were slightly better than 2.6% - decline achieved by BSE Sensex Index during the corresponding period.
- Company specific issues and broad macro factors were mainly responsible for the broad decline in both the index during the corresponding period.



Disclaimer

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About Us

Strategic Partner: **dmg** information

Liases Foras: The Pioneer in Scientific Research in Real estate

Founded in 1998, Liases Foras is a non-brokerage research centric firm that offers data and advisory services. Our works on industry and scientific prognosis of the local market is highly regarded. We have an organized and structured data source on real estate and property trends in India, which is updated on quarterly basis by primary market survey.

In 2015, DMG information, UK acknowledged us as their strategic partners.

Data & Coverage

Liases Foras has a geographical coverage of more than 125000 projects all over India. As of today, we monitor more than 18,000 ongoing projects every quarter spanning 55+ cities in India, which comprises 80+ Census cities. We have tracked over more than 50 billion sq ft of Residential, Commercial and Retail supply over time.

PRODUCTS

 <p>Ressex Ressex, our online data interface, provides structured solutions to day-to-day questions pertaining to real estate markets and projects.</p>	 <p>Comparables Comparables is a first of its kind, web based property value validation tool.</p>	 <p>Developer's Rating Extensive analysis of on-ground performance of more than 9000 developers across 62 cities in India.</p>	 <p>Business Intelligence and Risk Analytics With our razor-sharp analytics, we help banks, HFCs and corporates to identify the potential opportunity and underlying risks.</p>	 <p>Crystal Crystal is a valuation workflow system which streamlines the interaction between lenders, valutors, and surveyors in carrying out valuations using automation and mobile devices.</p>
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ADVISORY SERVICES

 <p>Highest and best-use analysis Every structure belongs to its location and time. The analysis scans various options to find out the one which gives the highest/maximum development realisation.</p>	 <p>Valuation advisory Liases Foras offers transparent, scientific, data-driven and unbiased valuation solutions.</p>	 <p>Urban planning services We prepare City Development Plans outlining the vision and development strategy for unlocking land in a city.</p>	 <p>Preparing A design brief Extending beyond the best-use prognosis, we write uncluttered, contextual design briefs for Master Planners/Architects.</p>	 <p>Consumer survey & profiling We specialise in the field of real estate-specific consumer surveys.</p>
 <p>Product viability study This study is to ascertain whether the envisaged development and product plan of the developers are correct or risky.</p>	 <p>Risk Reports Risk Reports are carried out primarily to assess the state of the market and measure the price correction during oversupply scenario or default risks in the market.</p>	 <p>Portfolio Optimization Strategy Every structure has an opportunity cost. We analyse organisational functions, manpower and real estate assets to arrive at an optimal cost and an effective portfolio.</p>	 <p>Location & Entry Strategy This study understands the growth patterns of a city and real estate developments, to arrive at an ideal location for projects and establishments.</p>	 <p>Marketing Strategy Partnering with the developer to formulate a marketing plan keeping in mind the target audience, positioning, product and pricing.</p>

