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NAR-India Realty News

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A Paradigm shift in US NRI Demand for Realty

There has been a surge in demand for residential and commercial property among US NRIs, reports V NAGARAJAN from Fremont, CA.

There has been a paradigm shift in demand for Indian real estate among 5.1 million Indian Americans comprising today's diaspora in the US.

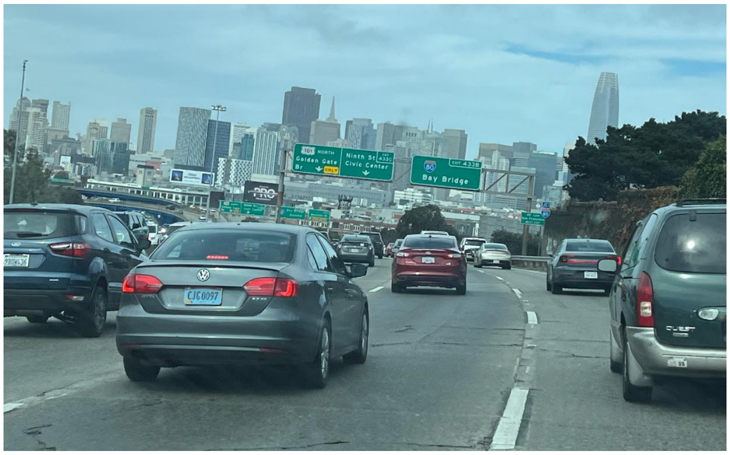
While the demand has perked up even from PIOs who have already established themselves in US to have their second or third home back in India, H1B visa-holders' requirement has picked up post-Covid.

Annual remittances to India have grown considerably in recent years, from $66 billion in 2015-16 to $113 billion in 2022-2023 according to RBI.

The US is the top source, with around $26 billion. These funds provide a crucial boost to the Indian economy, both balancing ledgers and fuelling innovation and development.

Having established firmly both on the financial and professional fronts, US NRIs are looking back for investment in Indian real estate.

However, unlike earlier, the number of trade shows organised to showcase Indian real estate across US cities has dipped due to steep hike in cost, travel and accommodation, difficulties in getting tourist visas on time and other factors. Yet a few events happening at periodical intervals provide an insight into the demand pattern, type of properties preferred, cities where expatriate Indians are evincing keen interest to invest back home and quantum of investment.



What makes Indian diaspora in US tick?

A look at the remarkable achievements of Indian diaspora across US speaks volumes of stellar performance in varied areas over a period of decades. "The US is home to the second largest segment of Indian diaspora. In all, ~78% of Indian Americans have a bachelor's degree or higher. 16% of Fortune 500 CEOs are of Indian origin. Among 358 unicorns, 72 (i.e.20%) have Indian migrants as founders or co-founders with $195 billion in valuation and 55,000 employees. 60% of all US hotels are owned by members of the diaspora. 5-6% of taxes are contributed by 1.5% of the Indian population. 25% of international students to the US each year are of Indian origin. Since 2000, 28 out of 34 Scripps Spelling Bee winners were of Indian origin. 13% of US scientific publications have an Indian American as co-author. Approximately 22,000 (2.6%) full-time faculty members are members of the diaspora, according to a survey on Indian diaspora in US by Boston Consulting Group.

On the philanthropy and social impact front, Indian American households are estimated to contribute $1.5-2 billion annually to charity. Indian Americans have donated over $3 billion to US universities since 2008. On the government and public service front, 5 out of 435 members of the House of Representatives are of Indian origin. 1 in 10 physicians in the US is of Indian origin. As of 2023, Indian companies have invested a cumulative $40 billion in the US leading to creation of ~426,000 jobs.

While PIOs prefer luxury homes costing Rs 5 crore and above, H1B visa-holders' preferred price range varies from Rs 70 lakh and Rs 2 crore. Among the types of properties that revolve around demand among US NRIs include villas, luxury apartments, plots and commercial units.

According to event organiser Srinivas Verma, director, Mysquarefeet, the response in varied cities provide the changing pattern of demand among US NRIs over a period of 10 years.

"While in the east coast, Edison drives demand for Delhi-NCR and Mumbai, people who have migrated to Charlotte in North Carolina and Virginia are evincing interest for investment back home.

Dallas drives demand predominantly for South Indian cities. There was a lull in housing demand for Chennai earlier but it has since picked up" said Verma.

Among the categories of properties preferred for investment, demand for villas assumes priority but the unit price soared threefold in the past 3-4 years.

Those who could not afford turn to apartments. US NRIs prefer vacant plots as an investment option for medium to long-term in the area range of 200 sqyd or more.

There continues to be demand for commercial units but the number of developers who are developing is less and whatever supply is made available back home has been absorbed by residents or corporates. Home loan is sought after by a majority of NRI homebuyers.

There are NRIs who are aware of the prolonged delay in acquiring US citizenship and the uncertainty has necessitated to fall back in the event of any eventuality.

This is one reason why they are looking back to invest in India, say realtors marketing Indian real estate in US.

According to Sunil Halli, a veteran realtor in east coast, US NRIs opting for luxury homes in Gurgaon ranging from Rs 5-8 crore is quite normal. "In Mumbai, the preferred price range is Rs4-5 crore whereas in Bengaluru it ranges from Rs 1.0 – Rs.2.5 crore," said Sunil. In a related development, commercial property is being sought for by select investor groups.

There are individual consultants who are assisting investors for their investment in commercial property across India.

Besides, select road shows by India's leading developers showcasing their multiple options do take place in select cities in the east coast, according to Sunil.

US realtors have now undertaken Dubai properties as there is a growing demand among US NRIs due to flexible terms, competitive returns and availability of property management services, according to market sources in east coast area.

On the flip side, US NRIs are contemplating investing in US due to lucrative rentals.

Here again there are deterrents like annual property tax at 1% of the property value and hike in borrowing cost at 6 per cent and above for 30 years.

The eligibility norms for obtaining home loans do pose challenges for expatriates as single earning member in a family may not be able to borrow to the anticipated quantum while investing in US$1.5-2 million homes.

The Vital Role of Education in Real Estate

Education is paramount and indispensable and lays the strong foundation for a vibrant and resilient real estate sector, says AMIT CHOPRA.

Education is fundamental for progress and innovation across all sectors, including Indian real estate. With its dynamic nature and ever-changing market trends, education plays a crucial role in ensuring sustainable growth, promoting professionalism, and mitigating risks in the real estate industry.

The National Association of Realtors – India (NAR India) stands out for its efforts in promoting professionalism, ethical conduct, and education among real estate professionals.

NAR India's focus on education is instrumental in shaping the industry and fostering sustainable growth.

NAR-India and RICS India recently launched an exclusive Executive Leadership Programme (ELP) for NAR-India members, addressing the skill gap in real estate management.

The program, developed in response to evolving industry needs and regulatory emphasis on RERA compliance and technology integration, offers diverse sessions led by experienced faculty.

NAR India regularly ties up with some prestigious Institutes and Universities like GIM, IIM-B, ISB, and NICMAR as Education Partners during RE Conventions.

Covering technical and non-technical skills such as communication, marketing, legal awareness, and digital strategies, the ELP equips participants with essential tools to navigate the complex real estate sector effectively.

Similar affiliation has been made with IIRE. NAR India regularly ties up with some prestigious Institutes and Universities like GIM, IIM-B, ISB, and NICMAR as Education Partners during RE

Image by freepik

Conventions.

Education provides professionals with the necessary knowledge and skills to navigate the complexities of the real estate market. Understanding property laws, financial analysis, and investment strategies are essential for making informed decisions, particularly in India where real estate transactions involve intricate processes.

NAR India offers various educational initiatives covering topics such as property laws, financial analysis, marketing strategies, and customer relationship management. These programs aim to equip professionals with the tools needed to excel in the industry.

Moreover, education promotes professionalism and ethical conduct by emphasizing principles of integrity, transparency, and accountability. This fosters a culture of trust among real estate professionals, enhancing the industry's reputation and instilling confidence in investors and consumers.

Furthermore, education drives innovation and adaptation in the real estate sector, especially in embracing technology and sustainability practices.

NAR India's certification courses are highly regarded, offering comprehensive training in specialized areas of real estate such as property development, project management, sales techniques, and legal compliance. These certifications demonstrate professionals' commitment to excellence and enhance their credibility.

In the realm of organized realty, education is crucial for standardizing practices and raising industry standards. Comprehensive education programs tailored to this segment provide professionals with the specialized knowledge demanded by organized real estate firms.

Furthermore, education drives innovation and adaptation in the real estate sector, especially in embracing technology and sustainability practices. Educational initiatives incorporating training in digital platforms, data analytics, and sustainability are essential for the industry's competitiveness in the digital age.

In conclusion, education is indispensable for the growth and sustainability of Indian real estate. By equipping professionals with necessary skills, fostering professionalism, standardising practices, and promoting innovation, education lays the foundation for a vibrant and resilient real estate industry. Investing in educational initiatives will be crucial for unlocking the full potential of India's real estate market.

Mr Amit Chopra is President, NAR-India.

Green-certified Buildings Gaining Momentum

With growing demand for green office spaces at 75% in H1, developers are also retrofitting ageing office stock and incorporating sustainable elements in overall building design & construction, say ARPIT MEHROTRA AND VIMAL NADAR.

Bengaluru and Mumbai saw the highest leasing in green-certified buildings, accounting for over 50% share in Q2 2024.

With an unwavering focus on sustainable built spaces, occupiers' preference to lease in green certified buildings has gained momentum in key office markets across India. During Q2 2024, about 13 mn sq ft of office space in the top six cities has been leased in green-certified buildings. This represents a 24% YoY increase and accounts for an impressive 82% share in overall leasing during the quarter.

This rapid growth is an indication of the rising awareness amongst corporate occupiers with respect to the role that built structures have to play in containing issues related to climate change through reducing carbon footprint. The share of Bengaluru followed by Mumbai remained significant, together accounting for over 50% of the leases in green-certified buildings in Q2 2024. Interestingly, of the 13 mn sq ft of leases signed in green buildings, about 60% were in relatively newer developments which have come in the last 5 years.

Currently, LEED, GRIHA and WELL are some of the prominent green certifications available in the Indian market, which validate buildings as 'green' by assessing various parameters including energy consumption, waste generation and alignment of design with health and wellness aspects. Real estate developers are increasingly aligning their offerings with global sustainability standards, simultaneously presenting various tangible benefits to their tenants including lower operational costs, improved indoor air quality and enhanced employee productivity.

Currently, LEED, GRIHA and WELL are some of the prominent green certifications available in the Indian market...

Trend of leasing in green-certified buildings (Q1 2023 – Q2 2024)

Period	Leasing in green-certified buildings (msf)	Gross office leasing (msf)	Share of leasing in green certified buildings
Q1 2023	7.1	10.1	71%
Q2 2023	10.5	14.7	71%
Q3 2023	9.2	13.2	70%
Q4 2023	15.2	20.2	75%
Q1 2024	8.9	13.6	65%
Q2 2024	12.9	15.8	82%
Total	**63.8**	**87.6**	**73%**

Source: COLLIERS

Notes: Data pertains to Grade A stock; Gross leasing does not include lease renewals, pre-commitments and deals where only a letter of Intent has been signed; Top 6 cities include Bengaluru, Chennai, Delhi-NCR, Hyderabad, Mumbai, and Pune

Technology and Engineering & Manufacturing companies at the forefront

About 80% of leasing by technology and engineering & manufacturing firms since 2023 were in green-certified buildings. Moreover, it is noteworthy that 62% of the flex players prefer space take-up in green-certified buildings. Overall, at an India level, technology sector accounted for about 27% share in the cumulative space take up in green-certified buildings since 2023, followed by occupiers from Engineering & Manufacturing and BFSI sectors with about 19% share each.

"Over the last few quarters, developers, investors & occupiers in the office market have increasingly embraced adoption of sustainable elements in their portfolios. With 13 mn sq ft of leasing in green-certified buildings in Q2 2024, a significant 82% of occupiers were inclined towards green-certified buildings.

This also reflects occupiers' strong commitment to align their sustainability goals with the broader sustainability targets of the country.

Since 2023, about 70-80% of the space uptake by Engineering & Manufacturing, Technology and BFSI players has been in green-certified buildings.

The trend is expected to further accelerate in the next few years. Moreover, SEBI's mandatory sustainability reporting further provides a thrust to occupiers, investors and developers to increasingly consider green portfolios while meeting their ESG targets," says Arpit Mehrotra, Managing Director, Office Services, Colliers India.

More than two-thirds of Grade A office stock in India is currently green certified

In tandem with the rise in demand for green-certified building, green building stock is also seeing an increase. According to Colliers, as of June 2024, about 67% of the Grade A office buildings across the top six cities were green certified. Bengaluru and Delhi NCR account for about half of the green office stock in the country. Of the 13.2 mn sq ft of new Grade A office completions in Q2 2024, almost 70% are green-certified. In the next two-three years, majority of the over 150 mn sq ft Grade A office developments in various stages of construction across the six major cities are likely to be green certified, expanding Grade A green stock to over 600 mn sq ft.

"With increased inclination amongst occupiers for green-certified buildings, several Grade A developers are increasing sustainable offerings in their commercial portfolios. During the second quarter of 2024, almost 70% of the new supply was green-certified. With growing demand, developers are also retrofitting ageing office stock and incorporating sustainable elements in overall building design & construction.

About 300-350 mn sq ft of commercial building stock older than 10 years hold the potential to get refurbished in the next few years and add to the green-certified office stock of the country." says Vimal Nadar, Senior Director and Head of Research, Colliers India.

This growing affluence, coupled with rising household and disposable incomes amidst ongoing urbanisation, has led to a shift in homebuyer preferences.

Trends in new supply of green-certified buildings (Q1 2023 – Q2 2024)

Period	Green-certified supply (msf)	Total new supply (msf)	Share of green supply in overall supply
Q1 2023	7.2	9.5	76%
Q2 2023	9.9	12.4	80%
Q3 2023	9.0	10.8	83%
Q4 2023	15.7	17.5	90%
Q1 2024	5.9	9.7	61%
Q2 2024	9.1	13.2	69%
Total	**56.8**	**73.1**	**78%**

Source: COLLIERS
Notes: DATA PERTAINS TO GRADE A STOCK; TOP 6 CITIES INCLUDE BENGALURU, CHENNAI, DELHI-NCR, HYDERABAD, MUMBAI, AND PUNE

City-wise leasing in green buildings (Q1 2023 – Q2 2024)

Cities	Leasing in green-certified buildings (msf)	Total gross leasing (msf)	Share of leasing in green certified buildings*	Sector with highest leasing in green certified (Share)
Bengaluru	16.5	24.4	68%	Engineering & manufacturing (37%)
Chennai	11.2	14.1	79%	Technology (28%)
Delhi NCR	11.8	16	74%	Technology (26%)
Hyderabad	10.2	13.4	76%	Technology (48%)
Mumbai	8.9	12.4	72%	BFSI (45%)
Pune	5.2	7.3	71%	BFSI (29%)
Total	**63.8**	**87.6**	**73%**	**Technology (27%)**

Source: COLLIERS
*On basis of % of leasing in green-certified buildings for the specific city in a particular sector in Q1 2023-Q2 2024
Notes: Data pertains to Grade A stock; Gross leasing does not include lease renewals, pre-commitments and deals where only a letter of Intent has been signed

India's Business Parks Evolve to Stay on Top

Explore India's business parks focusing on sustainability and efficient design, hosting global blue-chip tenants in dynamic cities like Mumbai, Delhi NCR, Bengaluru, and Hyderabad, says SAVILLS SURVEY.

India's business parks sector is focusing on sustainability and efficient design as it continues to develop as the heart of the nation's commercial real estate sector.

Sited in the biggest and most dynamic cities, India's business parks are home to a host of blue chip tenants in modern office buildings, developed by both domestic and foreign players and often using international architects.

"These are buildings which would be very happily located in Manhattan or Singapore," says Arvind Nandan, Head of Research & Consulting at Savills India. "They are Grade A properties with the same quality of design and finish, which is why they appeal to global corporations."

India began creating modern business parks around the turn of the century, mostly on previously-unused lands, enabling a new breed of office development, modelled on the campuses popular with US tech firms. The combination of developing market rents and international quality space has proven irresistible to both foreign and domestic tenants.

Key locations include Mumbai, Delhi NCR, Bengaluru, and Hyderabad. The earliest among these modern parks was Bandra Kurla Complex in Mumbai, home to the India headquarters of many multinational companies as well as a hub for banking and financial services firms. "This is the most expensive office real estate in South Asia," says Nandan. The park is almost entirely devoted to offices, unlike later developments. Hotels and malls have come up relatively recently.

Manyata Tech Park, Bengaluru

Manyata has been a focus for sustainability improvements in the business parks sector and is a LEED Platinum rated campus.

In Gurgaon, part of the Delhi National Capital Region, the DLF Cyber City business park is a tech hub close to India's busiest airport. In 2013, the DLF Cyber-Hub opened, adding 400,000 sq ft of food and entertainment space, leading a trend towards more amenity space in business parks.

In Bengaluru, one of the leading business park is the Manyata Tech Park, which has 16.2m sq ft of office space over 121 acres, are home to many blue chip IT firms. Owner Embassy Business Parks REIT, India's first real estate investment trust, describes it as "our flagship asset".

Manyata has been a focus for sustainability improvements in the business parks sector and is a LEED Platinum rated campus. Sustainability initiatives include EV charging bays and waste water recycling.

Nandan says: "Sustainability and energy efficiency are now priorities for business parks developers and we see this in design; the older glass and steel style is now being revisited for facades more suited to India's hot climate and the need for energy efficiency."

Hyderabad is the other major business parks hub, also home to many tech firms. Earlier this year it hit the headlines as the home to a deal which reenforced the appeal of business parks to investors. Singaporean sovereign fund GIC teamed up with investment manager Xander Group to pay $244 million for Waverock, a 2.4m sq ft business park in Hyderabad. GIC was buying into the asset a second time, having bought a share from Tishman Speyer, the park's US developer in 2015 and sold it in 2019.

The deal was considered a vote of confidence in the sector, however perhaps the most important investment activity in the business parks sector has been via public equity markets. Business park portfolios are at the heart of India's REIT market and three out of four listed REITs are in the sector. Embassy Office Parks REIT, Mindspace Business Parks REIT and Brookfield REIT own more than 100m sq ft of business parks space between them.

"These REITs hold some of the best office space in the country and have opened it up to wider ownership," says Nandan. "We expect business parks to continue to attract interest from both private and public equity investors."

The ESG initiatives of REITs mean their business parks are continually improved with both environmental and social programmes. Nandan says: "We see continued innovation keeping business parks at the top of the charts for modern, sustainable office space."


Embassy Oxygen One Buiness Park, Noida

A major challenge for business parks (and cities in India) is congestion, which is being partially alleviated by new transport infrastructure and planning, whether that is new roads to the park or links to public transport. "Traffic is a major pain point for business park users, but better traffic planning is now on the agenda for developers," says Nandan.

Tips to Investors while Switching Homes

There are ground realities to follow up for those looking to sell their existing units and upgrading to larger units, says TARUN BHATIA.

There are ground realities to follow up for those looking to sell their existing units and upgrading to larger units, says Tarun Bhatia.

The process of selling your current residence and upgrading to a larger one can be both exciting and challenging.

As a realtor with over 32 years of experience and as the Vice Chairman and Chair Global at the National Association of Realtors - India, I have seen many homeowners navigate this journey successfully.

Here are some essential dos and don'ts to help expedite the process and ensure a smooth transition.


Photo by Kindel Media, Pexels

One of the most crucial steps is to hire a reputable realtor / real estate agent.

A knowledgeable agent will guide you through every aspect of the selling process, ensuring a smooth and efficient transition.

Here are some essential dos and don'ts that your real estate agent will handle to expedite the process.

Dos

1 **Conduct a Market Analysis:** Your real estate agent will conduct a comprehensive market analysis to determine the value of your home. They will compare your property to similar homes in the area that have recently sold, helping you set a competitive price that attracts buyers while maximizing your return.

Staging your home can significantly impact the speed of your sale.

2 Enhance Curb Appeal: A good agent knows that first impressions matter. They will provide you with advice on simple upgrades like a fresh coat of paint, well-maintained landscaping, and clean driveways to make your home more appealing to potential buyers.

3 Stage Your Home: Staging your home can significantly impact the speed of your sale. Your agent will either help you with staging tips or recommend a professional stager who can arrange furniture and decor to highlight your home's best features, making it easier for buyers to envision themselves living there.

4 Market Your Property Effectively: Your agent will create a robust marketing plan tailored to your property. This includes listing your home on major real estate websites, leveraging social media platforms, and using high-quality photos and virtual tours to attract a broad audience.

5 Be Flexible with Showings: An experienced agent understands the importance of making your home available for showings at various times. They will manage the scheduling, ensuring your home is accessible to potential buyers, increasing the chances of receiving offers quickly.

6 Highlight Energy-Efficient Features: In today's market, energy-efficient homes are highly desirable. Your agent will identify and highlight any green features of your home, such as solar panels, energy-efficient windows, or smart thermostats, as attractive selling points.

Don't neglect repairs and maintenance

Don'ts

1 Overprice Your Home: One of the biggest mistakes is overpricing your home. Your agent will ensure your home is priced realistically based on market analysis. Overpricing can deter potential buyers and result in your property sitting on the market for an extended period.

2 Neglect Repairs and Maintenance: Ignoring necessary repairs can be a deal-breaker for potential buyers. Your agent will advise you on which repairs and maintenance issues to address before listing your home, ensuring it's in top condition and signals to buyers that the property has been well cared for.

In today's digital age, online marketing is crucial for reaching a broad audience.

3 Hide Information from Buyers: Transparency is key in real estate transactions. Your agent will ensure all known issues with your property are disclosed upfront, preventing legal complications and maintaining your credibility with buyers.

4 Make Emotional Decisions: Selling a home can be an emotional process, but your agent will help you make decisions based on market data and professional advice rather than emotions. They will keep you focused on the practical aspects of the sale.

5 Ignore Online Marketing: In today's digital age, online marketing is crucial for reaching a broad audience. Your agent will ensure your property is listed on major real estate websites and social media platforms, using high-quality photos, virtual tours, and detailed descriptions to attract more buyers.

6 Purchase of Your New Home: While selling your current home, your agent will help you research neighbourhoods, visit properties, and evaluate your needs to avoid unforeseen issues.

7 Forget to Plan for Moving Logistics: Moving can be a complex process, and your agent will help you plan ahead for the logistics of moving from your current home to your new one.

Selling your existing residence and upgrading to a larger home can be a rewarding experience with the right approach.

By hiring a reputable realtor, and following these dos and don'ts, you can expedite the process and achieve your real estate goals. Remember, preparation, flexibility, and professional guidance are key to a successful transition. Happy selling and upgrading!

Mr Tarun Bhatia is Vice-Chairman and Chair-Global, NAR India.

India's Data Centre set to reach a New High

The demand for consumption by the end of 2024 is estimated to be around 400 MW IT capacity, complemented with supply of over 350 MW IT capacity during the same period, across major cities, says SAVILLS SURVEY.

India's real GDP grew by 8.2% in FY24, surpassing the 7.0% growth in FY23. Domestic inflation dropped to a 12-month low of 4.75% in May 2024. The RBI has projected India's headline inflation rate at 4.5% for FY25, comfortably within the target range of 2-6%. The policy repo rate remained unchanged at 6.5%. GST collections for the Centre reached INR 20.18 lakh crore in FY24, marking an 11.6% YOY increase. Collections hit a record high of INR 2.10 lakh crore in April 2024, reflecting a strong start to the current fiscal year. These macroeconomic indicators point to resilient domestic activity in FY25, with real GDP growth projected at 7.2% for the full year.

Key Statistics

Supply:
71 MW IT capacity

Stock:
942 MW IT capacity

Absorption :
200 MW IT capacity

Growth Enablers:

Government interventions:

- Data protection & localisation bill
- Digital India initiative
- Proactive government policies
- Infrastructure status
- National e-commerce policy
- Growing public cloud market

Sectoral Factors

- Growing internet and mobile broadband penetration
- Growing IT and ITeS sector
- Increased adoption of cloud services
- Internet of Things (IOT) & Artificial Intelligence (AI)
- Growing Tier-II and III cities

India Data Centre – Highlights

- In H1 2024, around 71 MW IT capacity was added across India's eight major cities
- The market witnessed transactions of around 200 MW IT capacity across major cities, primarily driven by hyperscalers
- The total operational capacity reached around 942 MW IT capacity as of H1 2024
- Growth in demand for Edge Data Centres
- Growing DC footprint in Tier-II and III Cities

Capacity Additions in MW IT Capacity

City	H1 2024	H1 2024F
Ahmedabad	1	1
Bengaluru		66
Chennai	27	150
Delhi-NCR	-	26
Hyderabad	13	13
Mumbai	30	54
Kolkata	-	28.4
Pune	-	18
Overall	**71**	**356.4**

Source: Savills India Research

In H1 2024, around 71 MW IT capacity was added across the key data centre markets in India. The total stock grew at 21% YOY from 778 MW IT capacity in H1 2023 to 942 MW IT capacity in H1 2024. On the demand side, the market witnessed transactions of around 200 MW IT capacity, contributed by hyperscalers, BFSI, IT & ITeS and services sectors.

Data Centre Stock distribution by category

Description	Stock
Hyperscalers	22%
Enterprises	10%
Mixed (both hyperscalers and enterprises)	68%

Source: Savills India Research

The total IT capacity as of H1 2024 was around 942 MW, which has grown at a CAGR of 22% from 158 MW in 2014, spread across Mumbai (54.9%), Chennai (12.3%), Delhi-NCR(11.5%), Bengaluru (8.2%) and Pune (7.2%). Of the total stock as

Data Centre Stock by City as of H1

City	Stock
Ahmedabad	0.4%
Bengaluru	8.2%
Chennai	12.3%
Delhi-NCR	11.5%
Hyderabad	5.1%
Mumbai	54.9%
Kolkata	0.3%
Pune	7.2%

Source: Savills India Research

of H1 2024, stock dedicated for hyperscalers accounted for 22%, stock dedicated for enterprises stood at 10% and a mix of both hyperscalers and enterprises accounted for the remaining 68%.

Although the major absorption has been from hyperscalers across cities, enterprise colocation is witnessing significant growth. Factors such as high CAPEX and OPEX, along with ambiguity in predicting future demand and scalability, are driving the demand for enterprise colocation.

Other aspects such as the high cost of security systems and high-performance GPUs, and high real estate costs are making it more appealing for enterprises, and in turn for operators.

Outlook

India is well positioned to serve as a regional data centre hub in Asia. The adoption of 5G, increased use of internet in Tier-II and III cities, Internet of Things (IoT) and Artificial Intelligence (AI) are likely to drive the demand for data centres. In addition, government initiatives such as Digital India and data protection through data localisation are expected to increase the demand for data centre and cloud services. Supply in excess of 2,000 MW IT capacity is expected between 2024 to 2030 across the major cities in the country.

The demand for consumption by the end of 2024 is estimated to be around 400 MW IT capacity, complemented with supply of over 350 MW IT capacity during the same period, across major cities. Apart from colocation services, data centre operators are increasing their service offerings to other services such as networking, private and public cloud, GPU-powered solutions and other managed services.

Tier-II and Tier-III cities are expected to drive a significant portion of the demand due to increased internet usage.

There is a growing demand for edge DCs in these cities, to complement 5G bandwidth and further reduce latency for mobile and other applications.

Additionally, other major drivers include AI and IoT penetration across various sectors, where data centre operators can leverage GPU services to address these demands.

Key Data Centre Transactions in H1 2024

Occupier	City	MW IT capacity
Hyperscaler	Pune	33.0
Hyperscaler	Mumbai	20.0
BFSI	Mumbai	4.60
BFSI	Bengaluru	2.60
Hyperscaler	Chennai	1.50
IT/ITES	Mumbai	1.24

Source: Savills India Research

Key Data Centre Land Transactions in H1 2024

City	Location	Acres
Mumbai	Mahape	10
Chennai	Ponneri	10
Chennai	Ambattur	9.96
Mumbai	Mahape	6
Mumbai	Mahape	5
Lucknow	Lucknow	3

Source: Savills India Research

Citywise Stock as of H1 2024 and Upcoming Supply (2024-28) in MW IT Capacity

City	Existing	Upcoming
Ahmedabad Gift City	4	11
Bengaluru	77.6	143
Chennai	115.5	271.5
Noida, Greater Noida	108	140.5
Hyderabad	48.3	431
Mumbai	517.2	1209
Kolkata	3.2	28.4
Pune	67.8	72.3

Source: Savills India Research

PE Investments in Retail Sector

Cities	Amount invested (US$million)	Number of deals
Mumbai	1,664	9
Bengaluru	512	2
Pune	483	5
Chandigarh	267	2
Hyderabad	197	2
NCR	192	2
Ahmedabad	123	1
Lucknow	115	1
Chennai	106	2
Nagpur, Amritsar	100	1
Indore	61	2
Bhubaneshwar	46	1
Kolkata	77	1
Grand total	**3,944**	**31**

Source: Savills India Research

PE Investments in Retail Sector

City	Supply (million sqft)	Absorption (million sqft)
Bhubaneshwar	0.57	0.49
Coimbatore	0.41	0.18
Guwahati	0.17	-
Hosur	0.42	0.59
Indore	0.20	0.69
Jaipur	0.25	0.20
Lucknow	0.32	0.69
Nagpur	0.52	0.50
Pune	0.59	0.64
Rajpura	1.73	0.95
Other Tier II and III cities	**1.40**	**1.0**

Source: Savills India Research

Industrial & Logistics Market – Citywise Statistics – H1, 2024

City	Stock (million sqft)	Supply (million sqft)	Absorption (million sqft)	Vacancy
Delhi-NCR	89.2	4.8	5.4	13.2%
Ahmedabad	18.5	0.9	1.0	9.8%
Mumbai	62.5	3.0	2.3	11.6%
Pune	44.8	3.2	3.3	4.6%
Kolkata	37.8	2.1	2.2	8.3%
Hyderabad	26.0	0.9	2.2	8.8%
Bengaluru	48.4	3.2	3.1	13.6%
Chennai	40.5	3.6	1.9	14.3%

Source: SAVILLS, REIT QUARTERLY FILINGS, BSE.

Note: In-place rents for Nexus Select Trust is reflective of average rent for retail portfolio.

PE Investments received in Residential Sector

City	Investment (US$million)
Bengaluru	403
Mumbai	201
Delhi-NCR	97
Hyderabad	92
Pune	46
Chennai	15
Total	**854**

Source: Savills India Research

REIT Spotlight – Key Financial Metrics for REITs for quarter ending March 2024

	Embassy Office Parks REIT	Mindspace Business Parks REIT	Brookfield India REIT	Nexus Select Trust
Total area (million sqft)	45.4	33.2	25.5	9.9
Occupancy	85%	84%	82%	98%
Incremental leasing (sqft)	1,693,000	900,000	591,000	260,000
In-place rents (Rs/sqft/month)	87	69	84	155
NOI (Rs million)	7,656	4,768	4,608	4,166
EBITDA (Rs million)	7,580	4,492	4,563	3,943
Distribution (Rs/unit)	5.22	4.77	4.75	2.09
Dividend yield (Annualised)	5.7%	5.6%	7.5%	6.6%
Price movement (YoY)	18%	5%	-9%	NA
Market capitalisation (Rs million)	349,924	203,761	111,778	193,253
Gearing	41%	28%	52%	16%

Source: SAVILLS, REIT QUARTERLY FILINGS, BSE.

Note: In-place rents for Nexus Select Trust is reflective of average rent for retail portfolio.

Industrial & Logistics – Major Transactions – H1, 2024

City	Location	Sector	Area leased (sqft)
Ahmedabad	Aslali-Kheda	Manufacturing	284,000
	Changodar-Bavla	FMCG/FMCD	200,000
	Aslali-Kheda	3PL	150,000
	Aslali-Kheda	E-commerce	102,000
Bengaluru	Hoskote	E-commerce	300,000
	Tumkur road	Others	180,000
	Hoskote	3PL	161,000
	Hoskote	Retail	150,000
	Tumkur road	FMCG/FMCD	149,000
	Hoskote	Manufacturing	131,000
Chennai	Bengaluru highway	Manufacturing	292,000
	Bengaluru highway	Manufacturing	250,000
	Bengaluru highway	3PL	220,000
	NH-16 GNT road	3PL	200,000
	Bengaluru highway	3PL	160,000
	Bengaluru highway	3PL	125,000
Delhi-NCR	Gurugram	FMCG/FMCD	306,000
	Gurugram	FMCG/FMCD	279,000
	Sonipat	3PL	250,000
	Gurugram	E-commerce	223,000
	Noida/Ghaziabad	Manufacturing	200,000
Hyderabad	Shamshabad	3PL	260,000
	Shamshabad	Retail	250,000
	Shamshabad	Manufacturing	190,000
	Medchal-Kompally	3PL	130,000
	Medchal-Kompally	FMCG/FMCD	117,000
Kolkata	NH-19	FMCG/FMCD	280,000
	NH-19	3PL	229,429
	NH-19	Retail	190,000
	NH-19	3PL	145,000
	NH-16	3PL	140,000
Mumbai	Bhiwandi	3PL	322,000
	Bhiwandi	FMCDG/FMCD	284,000
	Navi Mumbai	Retail	200,000
	Bhiwandi	3PL	140,000
	Navi Mumbai	3PL	120,000
Pune	Chakan-Talegaon	3PL	440,000
	Chakan-Talegaon	Manufacturing	272,378
	Chakan-Talegaon	Manufacturing	265,622
	Chakan-Talegaon	Manufacturing	150,000
	Hingewadi	Manufacturing	150,000
	Chakan-Talegaon	3PL	135,000

Source: SAVILLS INDIA RESEARCH

APPCC AGM reports Rs 80 crore Business among Members in 2023

The association of professional property consultants Chennai (APPCC) held its annual general body meeting last month at GRT Grand Hotel on August 12. Welcoming the APPCC members and other dignitaries to the AGM which has reached a milestone by entering its 8th year, M R Nazeer, advisor to APPCC, attributed the growth and success of association to all its members' dedication, hard work, commitment and effort. Nazeer traced the origin of APPCC when it was founded in 2016 and subsequently how it had signed an MoU with NAR-India in 2017.

While thanking APPCC members for their tireless efforts to generate business worth over Rs80 crore among its members last year, Nazeer hoped that members would enlarge their scope of operation and reach even greater heights in the next 8 years.

The Chairman of APPCC, K Ramkumar, welcomed the members for attending the AGM in large numbers. "The primary objective of APPCC is to connect, network and transact. A significant development last year was that over 23 members received various categories of awards. The APPCC brings together a wide range of realtors as a well-knit family to capitalise on each other's strengths and complement each other," said Ramkumar.

APPCC President B Prabhu welcomed the members and expressed his immense pleasure for their all-round support and cooperation in joining the event in large numbers. While thanking the 11 founding members of the organisation who were predominantly instrumental for the current growth of the organisation, Prabhu thanked APPCC advisor Nazeer and Chairman K Ramkumar for their stellar contribution to the overall growth of the organisation. He also appreciated the Herculean task and the key role played by APPCC committee members.

According to Prabhu, the monthly news bulletin, APPCC Realty News, deserves all-round support as it has become popular amongst real estate fraternity.

NAR-India's President, Amit Chopra, Chairman Sumanth Reddy and NAR-India Chairman, Trade initiatives Samir Arora participated in the meeting and applauded the efforts taken by APPCC.

Venkataraman Visveswaran

M R Nazeer

B Prabhu

N Sivaramakrishnan

Murugesh Kumar

K Ramkumar

NAR-India Chairman Sumanth Reddy

NAR-India Chairman, Trade Initiatives Samir Arora

NAR-India President Amit Chopra

NAR-INDIA at IREC 2024, Kuala Lumpur:

Bridging Borders, Building Opportunities

The international conference in Malaysia has further strengthened relationship with global realtors and NAR-India remains committed to fostering international partnerships, leveraging global insights, and driving growth within India's real estate sector, says TARUN BHATIA.

The International Real Estate Conference (IREC) 2024, held in Kuala Lumpur from September 6th to 8th, was a remarkable success for NAR-India and its delegation. With a vibrant theme of "Bridging Borders, Building Opportunities," the event provided an ideal platform for exchange of knowledge, global collaboration, and facilitate networking among real estate professionals from across the world under one platform.

1 Day: Leadership Meeting and Study Tour

On day 1, the NAR-India delegation led by Chairman, Sumanth Reddy and Vice-Chairman & Chair Global, Tarun Bhatia participated in a leadership meeting with NAR-US, where they met with President, Kevin Sears, Mark Kitabayashi, Alejandro Escudero, Ayres D'Cunha, and others. The meeting underscored the importance of strengthening global partnerships and provided valuable insights into the evolving real estate landscape.

The delegation was also treated to a study tour of the iconic Merdeka 118, the second tallest building in the world. The tour left delegates in awe and wonder, showcasing cutting-edge architectural innovations and offering valuable lessons on urban development.

2 Day : Engaging Discussions and Networking

The second day commenced with a formal welcome by

This growing affluence, coupled with rising household and disposable incomes amidst ongoing urbanisation, has led to a shift in homebuyer preferences.

Jonathan Lee, Organising Chairman of IREC 2024, followed by key addresses from T K Aun, President of MIEA, and Kevin Sears, 2024 President of the National Association of REALTORS®.

Among the highlights include a captivating presentation by our delegation, led by Tarun Bhatia, who spoke on the topic "India: Overview & Opportunities." Our insights on India's rapidly growing real estate sector were met with great enthusiasm, providing a powerful overview of both the opportunities and challenges that lie ahead. We were pleasantly surprised by the strong interest from realtors across various countries who approached us with a desire to become International Realtor Members (IRMs) of NAR-India.

The day also included fascinating sessions on the Japanese and Thai real estate markets. In the evening, delegates participated in a networking cocktails and dinner event, which provided an excellent opportunity to connect with realtors from various countries, fostering

future collaborations.

3 Day: Insights into Emerging and Established Markets

The final day of IREC 2024 focused on opportunities in North America, presented by Kevin Sears, followed by sessions on emerging markets such as the Philippines, Malaysia, and Thailand. These sessions provided valuable insights into real estate dynamics across various regions, offering NAR-India delegates a broader understanding of global trends, the best one being the session with JP Lewis of Keller Williams (KW). This particular session touched on several key aspects that are essential for navigating the rapidly evolving real estate industry. Key takeaways include the importance of regular communication, embracing innovation, staying ahead of industry disruptions, and adopting technology to remain competitive. The session emphasised the critical role of accountability in leadership and highlighted that data, when refined, can be a powerful tool for driving insights and decisions.

Key Highlights for NAR-INDIA at IREC 2024

- Indian Real Estate Presentation: Our team's presentation on the Indian real estate market was a key highlight, offering attendees a comprehensive understanding of India's dynamic market. The insights sparked keen interest among international realtors looking to collaborate with NAR-India.
- Study Tour to Merdeka 118: The delegation was treated to a study tour of the second tallest building in the world, Merdeka 118, where they witnessed groundbreaking architectural innovations.
- Engagement with Team NAR US: Meaningful exchanges with Team NAR US, led by their esteemed President Kevin Sears, provided valuable perspectives on the international real estate market. These interactions further strengthened the bond between NAR-India and NAR US.
- Networking Across Borders: It was wonderful to catch up with realtors from Malaysia, Thailand, the Philippines, China, Singapore, Indonesia, Mongolia, Japan, the United States, and many other countries. The countless networking opportunities, learning sessions, and discussions will undoubtedly help shape the future of real estate in India and beyond.
- Building Relationships: Beyond the formal discussions, the event offered ample opportunities for fun and camaraderie, fostering stronger bonds both within the NAR-India delegation and with international peers.

Looking Ahead: Strengthening Global Ties

The NAR-India delegation returned from IREC 2024 with new knowledge, meaningful experiences, and strengthened relationships that will serve as a foundation for future collaborations.

The overwhelming interest in joining NAR-India as International Realtor Members is a testament to the global recognition of India's real estate potential.

As we move forward, NAR-India remains committed to fostering international partnerships, leveraging global insights, and driving growth within India's real estate sector.

The organisers and all the participants deserve warm appreciation for making the remarkable event IEC 2024 a unique and enriching experience. NAR-India members can be rest assured of more such events and collaborations in the coming months. ●

Mr Tarun Bhatia is Vice-Chairman and Chair-Global, NAR India.

Hyderabad – Luxury Homes see an Upsurge

Spacious and premium residences of over 2000 sqft, contributed over 41% of the city's total residential sales in H1 2024, says CBRE SURVEY.

This growing affluence, coupled with rising household and disposable incomes amidst ongoing urbanisation, has led to a shift in homebuyer preferences.

Luxury real estate in Hyderabad has long served as a coveted asset class for discerning homebuyers and astute investors, reflecting their aspirations and evolving lifestyle preferences. Once solely characterised by standalone bungalows in prestigious locations, luxury residences now encompass a broader spectrum, covering a holistic blend of premium specifications, robust infrastructure, and integrated technology, seamlessly complementing residents' multifaceted lifestyles.

The Covid-19 pandemic has profoundly reshaped this landscape, placing an elevated emphasis on security and access to essential amenities. Consequently, there is a marked preference for branded residences, penthouses, sky villas, and independent floors within meticulously planned townships. These modern living options not only offer opulent lifestyles but also foster a sense of community and enhanced security. This evolution highlights Hyderabad's adaptability and ability to seamlessly blend traditional prestige with modern convenience, solidifying its status as a premier luxury real estate market

Luxury Real Estate Surge Unveiling New Affluent Horizons

The demand for premium / luxury residences in Hyderabad is driven by a convergence of factors elevating the city's appeal among high-net-worth individuals (HNIs) and ultra-high-net-worth individuals (UHNIs). This surge in interest is primarily fuelled by increased retail investor activity and heightened sentiments among end-users. Limited availability of luxurious spaces and amenities in the older CBD, Jubilee Hills, Banjara Hills, and HITEC city coupled with congestion challenges, have shifted preferences towards new luxury developments around the ORR, which offer superior facilities, connectivity, high-quality construction, smart home features, exclusive amenities, and enhanced privacy, further elevating their appeal. Notably, the strengthening US Dollar against the Indian Rupee has further incentivised investments in the premium and luxury segments, resulting in a significant rise in property registrations.

Hyderabad's allure is reinforced by its standing as one of the world's top 65 wealthiest cities and the 10th fastest-growing millionaire hotspot11, reflecting a substantial increase in both HNIs and UHNIs. This growing affluence, coupled with rising household and disposable incomes amidst ongoing urbanisation, has led to a shift in homebuyer preferences. Buyers are now prioritising larger, higher-quality homes with bespoke amenities—a trend highlighted by the CBRE Live-Work Shop Consumer Sentiment Survey 2022/2023, which identified 'better-quality property' and 'larger homes' as key factors driving relocations in India.

Interestingly, this shift is not limited to traditional HNIs and UHNIs but extends to the upper and upper-middle classes, who are now also entering the premium / luxury market. These new entrants are allocating larger budgets for more spacious and premium residences, contributing to a significant increase in the share of homes larger than 2,000 sq. ft., which now account for over 41% of Hyderabad's total residential sales in H1 2024, up from less than 20% before 2022.

Since 2022, approximately 80% of the city's premium / luxury housing stock has been introduced to the market. Key areas such as Jubilee Hills, Banjara Hills, Hitech City, Raidurg, and Kokapet have experienced heightened sales activity, with properties priced above INR 4 crore becoming increasingly common. These neighbourhoods have become synonymous with opulent living, offering modern amenities and proximity to essential infrastructure.

Rising Appeal of Luxury Villas

In addition to the burgeoning demand for luxury apartments, Hyderabad's villa segment is experiencing remarkable growth. These upscale residences, characterised by ample land and privacy, cater to HNIs seeking exclusivity and premium living.

Unlike residential apartments, which are concentrated in a few key hotspots, luxury villas are spread across the entire city, enhancing their appeal. Significant villa developments are evident in diverse areas, including Tellapur, Patancheru, Bachupally, Mokila, Kollur and Beeramguda in the West.; Shamshabad, Maheshwaram, Mamidipally, and Tukkuguda in the South; Kompally, Dundigal, Gundlapochampally and Medchal in the North.; and Pocharam, Nagole, Hayathnagar, and Ghatkesar in the East.

Notably, about one-third of the city's total villa stock has been added since 2019. These villas are not only distinguished by their expansive plots but also by their premium amenities. Developers offer bespoke features such as private swimming pools, home automation systems, landscaped gardens, and expansive outdoor entertainment areas. Many also include advanced security systems, high-end finishes, and sustainable design elements, further enhancing their appeal. ●

Pune - Office Rentals Up

The BFSI (Banking, Financial Services and Insurance) sector garnered a 35% share in the leasing activity in Pune to emerge as the dominant demand driver during H1 2024. This marked a notable change from the previous year, where IT-BPM had led the leasing activity in H1 2023. At 1.6 million sq. ft. in H1 2024, BFSI registered a 28% YOY increase. In the overall BFSI leasing in India, Pune contributed a 27% share standing at the second place only after the country's financial capital, Mumbai. The preferred micro markets of BFSI occupiers were the CBD, SBD East and SBD West.

Occupiers' preference shifts to mid-sized deals: Mid-sized deals of 25,000- 99,999 sq. ft. accounted for a 41% share in Grade-A gross absorption during H1 2024. These were mainly signed by technology occupiers. On the other hand, engineering & manufacturing occupiers preferred small-sized deals of less than 25,000 sq. ft. In contrast, large-sized deals of over 100,000 sq. ft. dominated the leasing activity in H1 2023. Interestingly, flexible workspace operators, which previously dominated large-sized deals, have now shifted their focus to mid and small-sized office spaces.

LEASING & COMPLETIONS

Absorption: Pune witnessed Grade-A gross absorption of 4.6 million sq. ft. during H1 2024, registering a rise of 37% YOY, marking the highest half-yearly absorption observed in the last decade. 31% of the gross absorption was concentrated in the micro markets of CBD and SBD East each, followed by 19% in SBD West, 18% in PBD West and the remaining 1% in PBD East.

Sector Split: During H1 2024, BFSI replaced the IT-BPM sector to take the pivotal position in driving the leasing activity with a 35% share. IT-BPM accounted for 22% of the total leasing. Engineering and manufacturing also contributed significantly to the leasing activity with a share of 16%. The remaining 27% share was distributed among consumer goods, e-commerce, research & consulting, energy & chemicals, and pharma & healthcare occupiers.

Supply: Pune witnessed supply infusion of 2.9 million sq. ft. during H1 2024, 21% lower than that registered in H1 2023. Additional supply mirrored the robust office demand in the micro markets of CBD, SBD East and SBD West, as 82% of the overall supply in the city was concentrated in these micro markets. A majority 78% of the new supply was in the form of IT developments, 22% as non-IT developments.

VACANCY RATE As demand exceeded supply, the city's office market saw a decline in overall vacancy rates, from 17.1% in June 2023 to 13.5% in June 2024. Notably, barring select micro markets of PBD East and PBD West, all others are operating at sub-10% vacancies.

RENTS City-wide quoted rental values appreciated by 10% YOY as new supply added by institutional landlords in the market commanded higher market rents.

RENT & VACANCY

Quoted rental values are likely to remain stable across all micro markets in 2024. Amidst significant supply infusion and robust leasing activity, we expect the vacancy rate to hover around 14%-15% at the end of December 2024.

SECTORS

We expect continued interest from BFSI as well as technology occupiers to drive leasing activity during 2024. The micro markets of CBD, SBD East and SBD West are likely to attract occupier attention due to expected infusion of quality supply offering large contiguous spaces.

SUPPLY

New supply of 5.9 million sq. ft. is scheduled to be completed during H2 2024. Interestingly, more than half of this planned supply is likely be concentrated in the micro market of SBD East while the remaining will be equally distributed amongst the other micro markets including the CBD and SBD West. ●

Chennai - CREDAI Chennai calls for declogging Regulatory Logjams

While rise in residential unit registrations is laudable, the decline in project launches and sales highlights the need for focused efforts to overcome existing challenges, says CREDAI CHENNAI SURVEY.

The Research and Analysis Wing (RAW) of CREDAI Chennai has released its latest report, revealing a mixed performance in the Chennai real estate market for the second quarter of 2024. The report provides key insights into the market dynamics, project registrations, and sales, indicating both areas of growth and concern.

According to the RAW report, Chennai saw the registration of 65 new projects during Q2-2024. Of these, CREDAI members were responsible for 65%, demonstrating their strong presence in the market. However, this figure represents a 34% decline from the 98 projects registered in the same period last year, signalling a slowdown in new project launches.

In contrast, the number of residential units registered in the city showed a robust increase. Q2-2024 witnessed the registration of 8,793 residential units, marking a 37% rise compared to the 6,435 units registered in Q2-2023. CREDAI members continued to dominate this segment, accounting for 90% of the registered units, underscoring their significant influence in Chennai's real estate sector.

The geographical distribution of project registrations highlighted Central Chennai as the leader, with 29% of the total projects registered.

The South Suburbs followed closely with 28%, while also leading in unit registrations, capturing 45% of the total units registered during the quarter. This trend points to the South Suburbs' growing appeal among both developers and homebuyers. The West Suburbs accounted for 19% of the unit registrations.

However, the report also brought to light some challenges in the market. As of June 2024, the inventory of unsold residential units in completed projects stood at 7,989 units, indicating a slower absorption rate. Sales figures in Q2-2024 were less encouraging, with only 2,597 units sold, a significant 53% decline from the 5,498 units sold in Q2-2023.

This decline in sales reflects the difficulties in reducing existing inventory, posing a challenge for developers contemplating new project launches.

Mohamed Ali, President of CREDAI Chennai, expressed concerns over the steady decrease in the total number of building and layout projects registered over the last three months.

"The Q2-2024 analysis reflects a pivotal moment for Chennai's real estate market. While we are encouraged by the rise in residential unit registrations, the decline in project launches and sales highlights the need for focused efforts to overcome existing challenges.

By addressing regulatory bottlenecks and fostering strategic collaborations between the government and industry, we can unlock Chennai's true potential as a leading real estate destination" said Mr. Ali.

Aslam Mohamed, Secretary of CREDAI Chennai, emphasised, "While developers are progressing with larger projects, the growing unsold inventory indicates a misalignment with market demand.

It's essential that we tailor new developments to better meet the evolving needs of buyers".

Particulars	Q2-24	Q2 -23	Difference in %
Total Residential Projects Registered with TNRERA - Tamil Nadu (Including Chennai)	91	123	Projects Declined by 26%
Total Residential Projects Registered with TNRERA - Chennai	65	98	Projects Declined by 34%
Total Residential Units Registered with TNRERA - Tamil Nadu (Including Chennai)	10333	7977	Units increased by 30%
Total Residential Units Registered with TNRERA - Chennai	8793	6435	Units Increased by 37%
Total Residential Units Sold in Chennai	2597	5498	Sold Units Decline by 53%
Total Residential Completed Projects Unsold Units in Chennai	7989	7938	Unsold Stock by 1%

Source: CREDAI Chennai survey

Main Streets Dominate Retail Leasing in Q2

-By ADITI VIJ.

Retailers are increasingly focusing on main streets in prominent locations across India, with emerging clusters forming around residential and commercial hubs. This trend is reflecting in leasing activity with high street leases accounting for 70% of total leases in Q2 2024, compared to 30% for mall leases, according to Cushman & Wakefield survey.

The rental growth across prominent main streets in Q2 2024 further underscores their growing appeal. Kolkata, Bangalore, Hyderabad and Mumbai, have all experienced significant year-on-year rental increases, demonstrating strong demand and potential for high street retail in the country:

City	Rental growth across prominent Main Streets (YoY as of Q2, 2024)
Mumbai MMR	9-10%
Delhi-NCR	3-5%
Bengaluru	11-15%
Pune	7-8%
Hyderabad	10-25%
Chennai	5-7%
Kolkata	13-16%
Ahmedabad	7-12%

The report also reveals a notable decline in mall vacancy rates across Delhi NCR, Bengaluru, Pune and Ahmedabad during the second quarter. This trend is attributed to the lack of new mall openings and the robust demand for high-quality retail spaces, thereby contributing to a demand-supply imbalance to some extent. Superior Grade A/ A+ category malls (institutional grade or listed developer assets with high experiential quotient), continue to maintain very low vacancy rates (typically in the single digits) across major cities.

City	Mall vacancy (Q2 2024)	QoQ change
Mumbai MMR	7.6%	-
Delhi-NCR	15.6%	50 bps drop
Bengaluru	12.6%	60 bps drop
Pune	7.74%	21 bps drop
Hyderabad	4.4%	-
Chennai	14.7%	352 bps surge
Kolkata	6.8%	-
Ahmedabad	17.3%	34 bps drop

In terms of supply, while the first half of 2024 saw no new mall supply enter the market, the second half is anticipated to witness a surge in retail space, with an addition of approximately 4.5 million square feet (MSF) of primarily Grade-A malls. Mumbai is anticipated to lead the supply with 1.2 MSF, followed by Chennai at 1.2 MSF, Delhi-NCR at 1.2 MSF and Bengaluru at 0.9 MSF.

The tightness in the superior grade retail real estate space can be also seen in the retail portfolio of NEXUS Select REIT, where occupancies have reached ~98%. The REIT's stock prices have climbed nearly 30% since its IPO in May 2023, and looking at the under-penetration, it has announced a near doubling of portfolio size over next 5 years.

Saurabh Shatdal, Head Retail and Managing Director, Capital Markets, Cushman & Wakefield, "The second quarter of 2024 was marked by a strong demand for both Grade A malls and high street retail. The growth in both formats underscores the vibrancy of India's retail landscape. While high street rental growth has seen a notable increase, the upcoming Grade A mall supply of 4.5 MSF may stabilize rental costs in the short to medium term as demand-supply dynamics shift to an extent. However, we anticipate the main street activity to remain healthy. Additionally, the dominance of domestic brands, accounting for 53% of leasing volume, along with the strong performance of fashion and F&B highlight the evolving retail preferences in India."

- Delhi-NCR's main streets and malls saw a combined total of 0.51 million square feet (msf) of activity in the second quarter of 2024, almost double the activity from the previous quarter and up 54% from the same time the previous year. This quarter, no new mall supply was recorded. With 0.36 million square feet of main street leasing, primarily from Gurgaon, main streets were the main drivers of activity this quarter. For the current year, we estimate roughly 1.0 million square feet of new mall supply, which should greatly enhance absorption volumes.
- In Mumbai, a total of 132,900 square feet were leased in the second quarter of 2024 at grade-A malls, reflecting a strong leasing activity. Two Mumbai suburban micro-markets will have about 1.2 million square feet of Grade A mall space operating by the end of 2024. Term renewals in the city's malls were the main cause of this spike. Prominent Mumbai main streets saw consistent lease activity during the quarter, totalling about 71,200 square feet.
- Bengaluru saw 0.16 million square feet of main street leasing in the second quarter of 2024; 0.9 million square feet is anticipated to be added to Grade A mall space overall in 2024. In the second quarter, Bengaluru recorded no new mall supply. Prominent shopping centres like Nexus Shantiniketan in Whitefield, East Bengaluru, and Prestige Falcon City on Kanakapura Mian Road in South Bengaluru both showed signs of a robust demand for space.
- The lease activity in Hyderabad's retail sector increased significantly in Q2 2024, totalling 0.63 msf, a 29% QOQ rise and a 43% YOY gain. The city's overall Grade-A mall vacancy rate is currently a healthy 4.4 percent, despite the fact that leasing activity at malls remained mild. Important locations on important roadways have seen a notable boost in recent quarters, even though mall leases are still steady. The average rentals in the city's main streets have increased by up to 14% year over year but has stayed relatively stable quarter over quarter.
- In Q2 2024, Kolkata saw retail lease volumes of around 63,000 square feet, representing a 61% rise on QoQ basis and a 46% increase on YoY bases. Despite being low in the previous few quarters, leasing across Grade A malls saw a

rise in Q2. Malls accounted for 35% of quarterly lease volumes, up from 10% the quarter before.

- About 59,013 square feet were leased at Pune's Grade-A malls during the second quarter of this year, marking a notable 2x increase in leasing volume when compared on a year-over-year basis. The fashion segment maintained its 30% market share. The number of well-planned main streets in the city is growing as more and more residential units and commercial constructions are added. Strong leasing in Koregaon Park's high street resulted in a massive 127% gain in rentals. It is projected that the city's main streets will continue to have range-bound average rental prices.
- The lease volume on Chennai's main streets increased significantly in the second quarter, hitting 0.10 million square feet. 77% of the lease volume was made up of domestic brands, demonstrating the dominance of local companies in Chennai's retail market. Suburban South, Northwest, and Southwest were the main suburban routes in the city where the majority of leasing activity was cantered. Even while overall mall rental rates were not much different from the previous quarter, certain malls saw small year-over-year increases of up to 4%. On the other hand, rentals for prime retail spaces on main streets noticeably increased.
- In the second quarter of 2024, Ahmedabad had a decent main street lease volume of approximately 61000 square feet, indicating a slight decline of 9% from the previous quarter's robust results. On a quarterly basis, main street rentals have mostly stayed steady, while year-over-year growth has been between 7-12%. In Q2 2024, leasing activity at Ahmedabad malls was recorded at approximately 10,000 square feet, a 45% decrease from the average of the preceding three quarters. The decline in leasing activity during the quarter might be linked to the restricted availability of premium mall space.

Legal: Judgements in a Nutshell

Double Allotment of Flat annulled

The NCDRC has allowed the refund of amount paid along with interest to the respondent who booked the flat for the accommodation of its director. While the appellant contended that the respondent is not a consumer and as such the complaint is not maintainable, there was no evidence to show that it was in any way connected with the real estate business. As a result, the NCDRC held that the purchase of the aforesaid flat was for personal use and not as part of the commercial activity and as such the complaint filed by the respondent was maintainable.

In view of the above, the NCDRC held that the complaint of the respondents was maintainable and the services rendered by the appellant were held to be deficient. It issued directions to refund the forfeited amount of Rs. 7,16,41,493 along with the delay compensation @ 6% per annum from the date of deposit till refund within two months, failing which the interest would be payable @ 9% per annum. (Omkar Realtors and Developers Pvt Ltd. vs. Kushalraj Land Developers Pvt Ltd.)

Resolving the intricacies in ownership

In a significant judgement, the Supreme Court of India has held the paramount need for adhering to statutory requirements over the validity of wills under Section 63 of the Indian Succession Act, 1925.

While the plaintiff relied on purportedly acquired through a registered sale deed, the defendant contested on the assertion of her right to possession under a Will. The court said that the defendant no.1's deeds were driven by a lack of understanding rather than a deliberate intent to transfer property rights. The court affirmed the validity of the will and confirmed defendant no.2's rightful ownership of the property.

The court observed that Indian Succession Act, 1925, imposes stringent requirements for the execution of wills, mandating that they must be attested by two or more witnesses. Section 63 served as a cornerstone in determining the legal validity of the testamentary disposition, ensuring that the testator's intentions were accurately reflected and upheld in the legal proceedings. (Savitri Bai and another v. Savitri Bai, Civil Suit No. 22A/80).

Individuals cannot be deprived of their property unless authorised by Law.

The Supreme Court of India ruled that any acquisition of private property by the state must meet a set of criteria under Article 300A of India's Constitution, which includes being carried out for a public purpose, following the law, and following proper procedure. A two-justice bench held that in various decisions interpreting Article 300A, this court has also held that a person can be deprived of his right to property only through the procedure established by law.

The state must mandatorily comply with the procedure that has been provided under the statute for an acquisition to be valid under Article 300A. Therefore, a valid acquisition of property is premised on the law providing a procedure for such an acquisition and the State complying with this statutory procedure. Procedural justice is therefore a significant mandate of Article 300A. The existence of and adherence to procedural safeguards is crucial for the protection of the right to property as they ensure fairness, transparency, natural justice, and non-arbitrary exercise of power in the process of acquisition. The bench emphasized the importance of following the due procedure when it comes to the payment of compensation for the acquisition of private properties.

The court emphasised the importance of complying with the seven fundamental procedural rights conferred on a landowner by Article 300A before a valid acquisition occurs.

Are you Ready for AI?

Artificial intelligence has an incredibly broad role to play in the world of commercial real estate, says KNIGHT FRANK REPORT.

Writing in Knight Frank's latest Wealth Report, Ian McGuinness, Head of Research Analytics, puts it neatly: "Success in real estate has always been about information. That's why it's so exciting that we are at the beginning of a revolution in artificial intelligence (AI) – one that will enable us to make sense of quantities of information that would have seemed impossible only a few years ago." Indeed, our expanding AI-driven data processing capabilities will result in the largest improvement to productivity since the arrival of the internet, saving the average worker more than 200 hours a year, according to Google. In the UK alone, the company estimates that AI-powered innovation is expected to create more than £400 billion in economic value by 2030. GDP is expected to be more than 10% higher over the same period than it otherwise would have been, according to PwC.

Driving a Retail Renaissance?

One sector poised to benefit from greater AI adoption is retail. As Emma Barnstable explains in recent research: "The theory goes that by augmenting AI with its human workforce, productivity and efficiency improvements will drive profitability.

For instance, self-service checkouts enabling one staff member to handle multiple transactions at once, reducing staffing costs. With AI technologies capable of optimising both operators' "back end" (automated warehouses) and "front end" (customer service chatbots), the accrual of even small implementations across retailers' value chain could lead to major gains. All basic retail disciplines can be revisited using AI technologies, such as what to stock, how much and when".

Centres of Excellence

The UK is an established world leader in the AI space, and as Jennifer Townsend notes, AI-focused employment clusters have sprung up across the UK.

AI companies can have some very specific real estate needs. Firstly, flexibility is key, given that 80% of companies are either SMEs and/or at seed, start-up, or scale-up stage. Proximity to talent and like-minded companies in a collaborative ecosystem is also high on the checklist, as well as buildings and neighbourhoods that provide an exemplar employee experience.

Generative AI workloads can consume a significant amount of power, making access to sufficient energy resources a major consideration.

AI's Role in ESG

While generative AI is undoubtedly a significant consumer of energy, it also opens up possibilities to address ESG challenges in new and innovative ways.

Flora Harley identifies several important use cases for AI in ESG. First and foremost, the ability to monitor and optimise building use could lead to notable reductions in emissions.

AI can also help in various different aspects of measurement. This is important not only to ensure that buildings can achieve the accreditations they warrant, but also to address trickier questions on topics such as the 'social' aspects of ESG.

Demystifying AI Implications on Realty

Why is AI crucial in today's real estate market?

AI enables the fast processing of vast quantities of data, improving insights and decision making in real estate. By 2030, AI innovations could generate the UK over £400 billion in economic value and increase UK GDP by more than 10%.

Why is technological integration affecting real estate in the gaming industry?

Investments in robust technology infrastructure are crucial to support high-performance gaming operations, including advanced connectivity and power supply.

Why are investments in data centre markets rising?

Increased demand for digital data storage and AI capabilities is driving higher investment in data centres, with significant capital directed towards accommodating the digital economy's growing needs.

Why is investment in technology crucial for real estate owners?

Investing in technology is essential not only for regulatory compliance and achieving sustainability goals, but also for increasing real estate value through enhanced energy efficiency and reduced emissions.

Excerpts from Quantifying Technology in Real Estate by Knight Frank.

How to Set up Cross-Border Joint Venture in India

There are ground realities to be observed while entering into JVs in India with any overseas partner, says ABHINARAYAN MISHRA.

With Indian economy set to play a key role in the global arena, it is pertinent to discuss the various nuances of formation of joint venture entities and their operation in India. Joint venture is coming together to business/enterprises from different jurisdictions to do business in India, along with at least one Indian partner. Partners contributes and shares risks and rewards as per their agreements or through the proposed entities in India. The entities can be a private or public limited company or through Limited Liability Partnership (LL.P). Let us discuss here the pre- check points and important pre-cautions for cross border joint venture in India:

A. Check points for Cross Border Joint Ventures in India:

1 **FDI Policy:** Presently, India has Consolidated FDI Policy 2020. First and foremost, the foreign partner and Indian counterpart must check this policy to ascertain whether the proposed business is allowed through Automatic Route or Approval Route and to what extent. There are certain prohibited categories of investment as well. Automatic Route means that that there is no prior approval requirement for starting the business in India. In case of Approval Route, there is specific approval to be obtained before entering the joint venture and starting business. In case of China and other land border sharing countries, all investment and joint venture are under the Approval Route only.

2 **DPIIT:** In case of Approval Route, the joint venture will apply for seeking approval with documents and details from the DPIIT (Department for Promotion of Industry and Internal Trade) in the Ministry of Commerce, Government of India. Online application needs to be filed on www.nsws.gov.in. This is the single national portal for seeking all kinds of approval, particularly FDI from various ministries of government both at the central and state levels. On filling the details, the portal guides the relevant approvals applicable to the proposed business. All documents can be filed online.

3 **FEMA :** India is still an exchange-controlled economy, so there are specific laws like Foreign Exchange Management Act, 1999(FEMA) and related rules and regulations. Foreign investment in India and payments to foreign partners are regulated under these laws. There are separate regulations for equity funding and debt funding. Reserve Bank of India is the apex regulator of foreign exchange.

4 **Competition Law:** Proposed Joint Venture must consider the Competition Act, 2002, as any agreement which causes appreciable adverse impact on competition in India is void. However, this can trigger only on crossing of thresh holds in terms of turnover and asset size.

5 **Company Law:** In case of limited liability company, sequential steps are as follows:

(a) Obtain digital signatures of the proposed directors

(b) Obtain DIN (Directors Identification Number) for all directors

(c) Check the proposed name availability

(d) Submit standard set of documents including charter documents to Registrar of Companies (ROC), who finally will issue the certificate of incorporation, thus the entity is legally born.

These steps are all online and there is no physical interface.

B. Important terms of Joint Venture Agreement and Shareholding Agreement:

These will be incorporated in Article of Association of the joint venture company.

- Define the Purpose and scope of the joint venture
- Contribution to the capital by the partners
- Governance Issues: Composition of the board of directors, quorum of meetings, manner of approval of resolutions
- Distribution of profits
- Restrictions on transfer of shares like right of first offer (ROFO), the right of first refusal (ROFR), Tag along right or drag along right etc.
- Mechanism of resolution of deadlock
- Non-complete and non-solicitation clauses
- Representation and warranties
- Grounds of termination and their consequences
- Confidentiality and non-disclosures
- Affirmative vote matters like anti-dilution rights, preemptive rights upon new share issuances, veto rights over certain business matters.

C. Other Important Issues in Joint Ventures:

- In-kind contributions from joint venture partners are generally not allowed.
- Contribution from foreign partner in existing company has to be made as per the valuation report.
- Differential voting rights are allowed to joint venture partners.
- Optionality clauses are allowed in which case, the Indian partner can buy back the share of the foreign partner after the minimum lock in period.
- Exit of joint venture partner can be made as per the fair value of shares of the joint venture.
- There is no statutory mechanism to resolve the deadlock between the joint venture partners but contractually, there can be mechanism of arbitration and mediation, or to put and call option and other mechanism like Texas shootouts, Russian roulettes, Mexican shootout, drag along and liquidation of the company. ●

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Call for GST Rationalisation for Realtors

As the real estate sector continues to play a crucial role in India's economic development, a more balanced and fair GST structure for brokers could be a significant step forward, says VIKAS AGARWAL.

As the real estate sector continues to grapple with various economic challenges, there is a growing demand for the rationalisation of the Goods and Services Tax (GST) levied on real estate brokers in India. Currently, brokers are subject to an 18% GST on their services, a rate that applies uniformly across the sector, irrespective of the transaction size or the scale of the brokerage firm. This high tax rate is having a significant impact on the profitability of brokers and is making services more expensive for consumers, potentially deterring real estate transactions.

GST Restructuring in Other Sectors: A Precedent

The case for rationalizing GST for real estate brokers gains strength when compared to the restructuring seen in other service sectors:

1. **Restaurant Services:** Initially taxed at 18% with Input Tax Credit (ITC), the GST on restaurant services was reduced to 5% without ITC. This move was aimed at making dining out more affordable and stimulating demand in the hospitality sector. The impact was immediate, with reduced costs for consumers, increased footfall in restaurants, and higher compliance in the sector.

2. **Affordable Housing Construction:** Previously taxed at 12% with ITC, the GST rate for affordable housing was slashed to 1% without ITC, and to 5% for other residential properties. This restructuring supported the government's 'Housing for All' initiative, making homes more affordable for the lower and middle-income segments. The result was a significant boost in affordable housing sales, making homes more accessible to a larger population.

Affordable Housing Construction: Previously taxed at 12% with ITC, the GST rate for affordable housing was slashed to 1% without ITC, and to 5% for other residential properties.

3. **Transportation Services:** The GST for transportation services was restructured from 18% to 5% with ITC for goods transportation by road, or 12% with ITC, depending on the nature of the service. This reduction aimed to cut down logistics costs and enhance the sector's competitiveness, ultimately stabilizing costs in related sectors like e-commerce and manufacturing.

4. **Tourism and Hospitality Services:** The tourism sector, initially taxed at 18%, saw a reduction to 5% for restaurant services and 12% for hotel rooms with tariffs between ₹1,000 and ₹7,500 per night. This restructuring made travel and tourism more attractive and affordable, stimulating growth with increased occupancy rates and higher footfall in restaurants.

The Case for GST Rationalisation in Real Estate Brokerage

The current 18% GST rate on real estate brokerage services appears excessive, especially when juxtaposed with the commission rates in the industry, typically ranging from 1-2% of the property value. To address this disproportionate burden, there is a strong case for revisiting the GST rate for brokers.

Proposed GST Restructuring:

It is suggested that the GST rate for brokerage services be reduced to 5% without ITC or 12% with ITC, aligning it with the revised rates seen in other service sectors. This adjustment would offer multiple benefits:

- **Increased Affordability:** A lower GST rate would reduce the overall cost of property transactions, making real estate more affordable for consumers.
- **Boost in Transactions:** With lower transaction costs, the real estate market could see a rise in the number of property deals, benefiting both brokers and the broader economy.
- **Enhanced Cash Flow:** Lower GST would improve cash flow for brokers, allowing them to reinvest in their businesses and expand operations.
- **Formalisation of the Sector:** A lower GST could encourage more brokers to operate within the formal economy, reducing black money transactions and increasing tax compliance.

International Comparisons

India's current GST rate for real estate brokers is significantly higher compared to international norms. In the United Kingdom, real estate agent services are generally exempt from VAT, except for certain commercial property transactions. In Australia, the GST rate is 10% across most goods and services, including real estate agent commissions. This is notably lower than India's 18% GST for brokers, suggesting that there is room for adjustment.

Rationalising the GST for real estate brokers by lowering the rate to 5% without ITC or 12% with ITC would not only align the sector with the GST restructuring seen in other service industries but also bring significant benefits. These include making real estate services more affordable, stimulating market activity, improving compliance, and ultimately supporting economic growth. As the real estate sector continues to play a crucial role in India's economic development, a more balanced and fair GST structure for brokers could be a significant step forward. ●

Mr Vikas Agarwal is Secretary, NAR-India.