



NATIONAL
ASSOCIATION OF
REALTORS - INDIA

NAR-India

Realty News

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OVERVIEW

Realty Mart set for a Turnaround in Development

After a considerable lapse of time, real estate sector is showing definite signs of revival. The Covid-19 disruption has changed the paradigm of real estate sector in commercial and residential segments. The impact has been felt by developers in the changing housing demand pattern, flexibility in work space, and a few other factors.

Private equity investment inflows into the Indian real estate sector stood at USD one billion (Rs 79 billion), during Q1 2022, which is almost 5 times the quantum recorded during Q4 2021, according to the report by Savills India. Commercial office assets continued to remain the frontrunner during Q1 2022, garnering more than two-third share of the investment pie.

Dedicated investment platforms have come a long way with a total announcement of \$ 19 billion commitments during 2012-March 2022, according to JLL's India Capital Market Review. Of these 79% of the platforms were formed during the last seven years primarily led by market-friendly reforms like REIT and GST.

As regards residential sector, apartment market in India recorded sales of close to 52,000 units in Q1, 2022, an increase of 11% on a sequential basis. Sales for the quarter also surpassed the average quarterly sales for the pre-Covid 2018-19 period by a significant 148%, according to JLL. Bengaluru contributed 24% of the sales activity during the quarter, followed by Mumbai with 22% and Delhi NCR accounting for 17%, while Pune represented 16% of overall sales. Sales in Q1 2022 scaled a new peak for the second straight quarter (since Q2 2013) as Bengaluru clocked the highest ever quarterly sales and MMR saw its sales stand at an 11-year high in the quarter. Significantly, there has been a hike of 83% YoY sales for units priced over Rs 1 crore or higher.

The US NRI market has reported monthly sales of Rs 30 crore for Lodha Realty, according to Sunil Hali, US realtor. Location, developer, quality and a range of amenities are prime movers for the surge in luxury home sales, he adds.

On the commercial front, total leasing of office space across major seven cities is expected to rise to more than 30 million sqft in 2022, compared to 26 million sqft in 2021 on better demand from corporates, according to Tata Realty and Infrastructure MD and CEO Sanjay Dutt. A surge in demand for even green

The government's pragmatic approach and progressive policies have laid a strong foundation for Indian real estate to display its immense potential on multiple fronts, reports V Nagarajan.



field projects in CBD areas in Chennai clearly illustrates this trend.

The industrial and logistics market witnessed absorption of 44 million sq. ft. across 2021 including 35.1 million sq. ft. from Tier I cities and 8.6 million sq. ft. from Tier II & III cities. Despite construction activities getting affected due to the lockdown, India witnessed a fresh supply of 45 million sq. ft. in 2021 including 36 million sq. ft. from Tier I cities and 8.9 million sq.ft. from Tier II & III cities, according to Savills India survey. 3PL and e-commerce sectors accounted for 62% of total absorption in 2021 followed by manufacturing at 14%. NCR accounted for 18% of absorption followed by Pune (15%) and Mumbai (14%). Tier II & tier III cities together accounted for 20% of the absorption. Overall vacancy increased and rental values remained stable in 2021 across the major cities.

In a related development, demand for alternative assets including life science labs, data centres, flex spaces has grown during the pandemic as investors seek new avenues for growth and returns. Data centres garnered a maximum share of 52% of foreign investments in

alternatives in last five years. Lack of income producing data centre assets in key locations and scope for future REIT listings will push investors to form new platforms for development opportunities. In the past five years, capital commitments equating USD13.5 billion have been made by global data center operators, corporates, and investors for the development of data centers in India", according to Vimal Nadar, Senior Director, Research, Colliers India.

The central government's pragmatic approach and progressive policies have laid much focus on infrastructure, affordable housing, stressed asset resolution and fiscal sops. There is no denying that PLI scheme will play a key role for manufacturing and allied sectors. The Model Tenancy Act has provided a comprehensive rental framework for both landlords and tenants. The GatiShakti connectivity plan has laudable objectives to reduce logistic costs, reduce turnaround time and boost the entire economy. A rock-solid foundation has been laid by the government on which all the stakeholders have a key role to play for the nation's overall progress.



Housing demand across India's top six cities is expected to grow at 5-10% despite rising property prices, interest rates and a high-base effect. **P4**



With high construction costs, developers are embracing methodologies like building information modeling, prefabrication, lean design, and use of robotics to cut costs. **P8**



A paradigm shift has taken place in the way of marketing realty among US NRIs in digital era. **P10**

Message from the Chairman, NAR-India

The NAR-India is pleased to bring out a monthly/quarterly newsletter for the immense benefit of every stakeholder in the real estate sector.

The objectives of launching a publication are manifold. Besides communicating effectively with every NAR-India member, it will enable us to broadcast our programmes and policies to the members. A significant feature is that it will also convey important developments, motivate realtors and enable them participate in the ongoing and upcoming programmes.

In addition to assisting in brand building exercise in no small measure, it will project our repu-



Ravi Verma

tation with various statutory bodies of the government both at the state and central levels. Major initiatives like membership drive, enhancing awareness level, imparting education programmes, and taking CSR initiatives. It will serve as an ideal platform to recognise excellence amongst members and narrate their achievements to motivate and encourage others. It will also help leaders of our association at all levels to communicate important measures taken from time to time directly with the members and stakeholders.

Above all, the publication will definitely benefit by having a cohesive, informed and empowered marketing tool that will continuously disseminate information about its overall objectives to interpret vital data and predict future trends in the industry. The overall objective is to provide an unbiased version on the various aspects of the industry, current status and emerging trends to enable decision makers for making informed decision.

Message from the President, NAR-India

The National Association of Realtors - India (NAR-India) is the mother association of all major city and state realtor associations across India and thus the only credible voice of realtors in India.

50000+ realtor Members and another 10 million brokers and agents across India look up to NAR-India to represent their interests with the developers, buyers, consumers, real estate investors, government, urban & housing ministry, finance ministry, RERA authorities, CREDAI, NAREDCO and key affiliate associations like CII, FICCI, ASSOCHAM etc. Real estate industry will play a humongous role in the growth story of India and the numbers predict that the industry will be 15% of our economy and 20% of our employment in India in next few years.

Realtors, as a part of NAR-India, are thus a large and important segment of the nation building today, a fact acknowledged in recent times by most government authorities. NAR-India has made some important contributions and strides in recent times for the realtor fraternity in specific and the real estate industry in general. Some of the salient ones include progress on 'One Nation One Licence' across India with the urban ministry, representation on GST rationalisation, education and certification courses via IIRE, the educational arm of NAR-India including for MahaRERA certification and renewal of licenses, knowledge sessions via webinars and events across India, CSR activities that include a blood donation drive and single day record collection of 1,800 units of blood, international representations and contributions with NAR-Global, USA, Technology integrations and growing social media & consumer outreach etc. but above



Samir Arora

all ensuring that every action leads to one common goal which is to create, "Respect for the Profession & Respect for the Professional". As individuals and as an organisation, whatever initiative we implement and execute must lead to "Respect for the Realtor & the Real Estate Industry".

It is an honor and a privilege for me as the President of NAR-India (Pradhan Sevak as I like to call myself) to launch another initiative to grow the outreach of NAR-India and realtor fraternity via this monthly newsletter of NAR-India. We hope to reach the various industry stakeholders and all realtors/brokers/agents via this newsletter initiative and print medium and we are confident, it will add value to all. Realtors today have an impregnable identity to do effective representation and guide prospective buyers on multiple fronts. What is more, they are capable of going the extra mile and provide all relevant market data to immensely benefit the buyers, who too should realise that they are dealing with investment of their lifetime. The moment both realise their interdependence for a mutually beneficial deal, a significant progress has already been made. It is with the objective of servicing with updated market data and assist in the decision-making exercise, NAR-India has embarked upon a monthly publication to serve the society better. We hope all the stakeholders in the real estate sector are benefited in our endeavors.

I would like to congratulate Team NAR-India, its leadership team and all office bearers for the initiative and fruition of this newsletter and would like to especially applaud our Chairman, Newsletter, Mr. Ramkumar for the painstaking efforts in bringing the thoughts and facts to print and convert an NAR-India dream into reality, exactly what all realtors do for buyers, which is to convert their dreams into reality. Above all, I would like to wish all realtors, brokers, agents in India a very successful, happy and safe 2022 and let us all do one thing, everyday of 2022 that builds the "Respect for the Profession & Respect for the Professional" for everyone to say #YesRealtor.

MEMBERS:



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OFFICE MART

India's Grade A Office Market likely to touch 1.2 billion sq ft by 2030

The office segment in India has been one of the fastest to recover from the impact of the pandemic. The recovery has been so phenomenal that India's Grade A office market across the top seven cities is poised to grow to over 1 billion sq ft in size by 2026, said a JLL paper titled 'Reimagining, Reinventing and Redefining Real Estate 2030'

leased today at the National Real Estate Development Council (NAREDCO), Maharashtra's flagship event, The Real Estate Forum 2022 where JLL has been associated as a knowledge partner.

In the post-Covid world, the flex space segment is expected to grow and be a mainstream occupier segment with operator-landlord partnerships creating superior office assets. As a result of the

evolution to a more distributed work model, occupiers will look at strategies to not only make their portfolio more agile but also tap into the talent pool from emerging urban centers. The flexible space segment will play a key role in supporting occupiers' growth strategies given the changing dynamics of portfolio optimization and employee needs. As such, the flex market is expected to double its footprint across the top seven cities by 2025 to ~75 million sq ft and cross the 100 million sq ft mark by 2030.

According to Karan Singh Sodi, Regional Managing Director, Mumbai & Ahmedabad, JLL, "given the growth dynamics, India's Grade A office market across the top seven cities is poised to grow to over 1 billion sq. ft in size by 2026 and touch 1.2 billion sq ft by 2030. India will continue to remain the leader in technology outsourcing and will build on its gains as the biggest R&D and Global Capability Centre hub across financial services, software development, new technology, artificial intelligence and machine learning. Also, with the country's renewed focus on making itself as a manufacturing hub, engineering and manufacturing firms will setup large R&D centers here, making its office market the most dynamic in the region. It has already proved itself as the global vaccine hub making it healthcare and life sciences R&D leader. India may potentially account for over 2/3rds of all occupier activity in the Asia Pacific region."

The office and the residential segments in India have seen a very smart and sustained recovery in the past few quarters. With investor confidence back, as witnessed by the rise in total institutional investments in the Indian real estate segment, we are well poised



to grow exponentially in the next few years. What is most heartening to witness is the occupiers' focus on sustainability and green solutions to help reduce the carbon footprint.

"One of the highlights of the post COVID world has been the recovery of the office segment and this segment is expected to grow to over 1 billion sq ft in size by 2026 across seven cities which includes Delhi, Mumbai, Pune, Chennai, Kolkata, Bangalore and Hyderabad. It's an interesting development which we believe is an apt topic to focus on at the NAREDCO Maharashtra flagship event The Real Estate Forum 2022," according to Sandeep Runwal, President, NAREDCO Maharashtra & MD, Runwal Developers.

Sustainability is the key to the future

India's commercial Grade A office stock across the top seven cities has a 42% green-certification penetration. The penetration of green-certified buildings is likely to cross the 50% mark overall over the next decade. In fact, new supply is likely to be green rated to an extent of 70-75% even as older projects look to upgrade and reduce their carbon footprint. With occupiers driving the green agenda and willing to pay a premium for such green buildings, affirmative action on net zero carbon pledges by occupiers will push the commercial office segment towards setting aggressive sustainability and net-zero carbon targets.

India's listed REITs would be one of the leading markets in the Asia Pacific

The market capitalisation of listed REITs which stood at USD 8 billion currently is expected to grow manifold with the specialized REITs market developing in the next few years. This will also lead to increased retail participation. Consolidation of rent yielding assets across segments Institutional investments in rent yielding assets across segments will increase leading to higher consolidation of assets. Portfolio deals will become prominent.

Urban logistics grows on the back of e-commerce

The rise of e-commerce and the 'within-15-minutes delivery' has been the powerful engine for the growth of the urban logistics and in-city logistics story. Multi-story warehouses would also act as the next step in logistics for effective utilization of land at the last mile delivery locations as well as peripheral logistics. On-demand warehousing offers flexibility and agility to direct-to-consumer sellers to avail of order fulfillment or warehousing services as and when required. With omnichannel focus, customers expect new alternatives such as buying online and pickup in-store or shipping from store.

Dear Members

On behalf of CREA (I) we look forward to your presence for the 14th NAR Convention to be held at Bangalore Palace on the 6th and 7th of August 2022.

This convention is going to be the biggest and the best of all. The registration link and details are enclosed.

Looking forward from each one of you to be a part of this event.

Regards
Chairman - Convention Committee

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NAR-India Annual Review – A Stellar Performance

Over the past one year, India has gone through an unprecedented time of tiding over two waves of the pandemic with disruption at all levels. The NAR-India team has walked together to tide over the situation.

India is emerging as the fastest growing major economy in the world and is expected to be one of the top three economic powers over the next 10-15 years. The momentum in the vaccination drive, along with the support and proactiveness on the reform front from the government, has lent enormous confidence to the process of recovery. The pandemic-induced crises have put us at crossroads but also have opened a plethora of new opportunities, said Tarun Bhatia, President, NAR-India. The team has done more than 150+ meetings encompassing over 500 hours in the last 12 months to take things forward, he adds.

In the trying times that we have all been through, in our interactions with our members there was complete clarity on several issues and focus has been on core issues. Among the significant achievements, specific mention should be made about the following:

- Membership drive grew by over 10%.
- Continuous interaction and inroads with the Ministry of Housing & Urban Affairs, submission of one nation, one licence petition to the government, official empanelment by MahaRERA as training provider, signing of MoU with NAREDCO, regular interaction with Credai and their leadership teams, acquiring membership of FICCI, regular interaction with the CII and ASSOCHAM teams.
- Establishing brokerage standards, education and training pro-



grammes, fund raising and financials for member directory.

- Partnership with IWG in UK to organise joint webinars.
- Intensifying to reach out through various social platforms.
- Significant inroads into international arena in US and Canada. Adding members under international membership of NAR-India. Signing of MoU's with the Greater San Diego Association of Realtors (SDAR) and the Canadian Real Estate Association (CREA). Above all, one year term on the Board of Directors at NAR US, the first for an Indian.
- As part of community service, NAR-India has joined hands with 17000 ft Foundation to facilitate school education in Ladakh.
- As an integral part of getting across to members, Mail Chimp and Whatsapp messaging service were put to use.

Other important tasks undertaken include filing of complaint against Nobroker.com to Competition Commission of India (CCI) and

Advertising Standard Council of India (ASCI) and against Thaprop.com to Competition Commission of India (CCI) and Advertising Standard Council of India (ASCI). Thaprop.com has since withdrawn all derogatory campaigns initiated against realtors.

Besides, other initiatives include backup of the NAR India data on the Cloud, transfer of NAR-India Domains and formation of Section 8 Company for NAR India.

"The last 12 months have been full of learning, discoveries, patience, perseverance, some victories, some losses and much more. Amongst other things, I have also learnt that leaders need to fully understand their skills and abilities to connect, converse, and share from their hearts. They need to be open to providing valuable feedback as well as to receiving transparent inputs. Critical conversations build relationships and personalised teams help collaborations. And, leaders must always be able to construct a personal vision for themselves, for their groups, and for the organisation. Understanding the unique strengths of team is the surest way to both help the organisation achieve its larger goals and help the team members feel engaged and motivated. But understanding each individual's strength is a practice in psychology that involves empowering and aligning talent with work opportunities," said Tarun Bhatia.

"Our industry has been making brisk progress of recovery and growth in most of the verticals. The nation's economy is poised for a very healthy 8% plus growth. We began this year with a very well attended "Hybrid" convention in Delhi which was attended by most luminaries of our industries and our partners in USA," said Ravi Varma, Chairman, NAR-India.



Glossary of Property Terms

Abatement notice

A notice served on the owner(s) or occupier(s) of a property from which a private nuisance arises, warning them of the intention to enter on the land in order to abate the nuisance.

Absolute title

The right of ownership or a legal estate in registered land, it thereby being guaranteed by the state that no one has a better title.

Acceleration clause

1. A clause used in a mortgage deed, which gives the right, in certain specified circumstances, to demand repayment in full, of the outstanding debt earlier than the due date.
2. A clause in a deed or contract, which provides for the early termination of an existing interest in land, in certain specified circumstances, thereby advancing the future interest.

Agreement for lease/sale

A contract to enter into a lease (or sale), which in order to be enforceable either must be evidenced in writing and signed by the person against whom action is taken for breach of the alleged contract and there must be a sufficient act of part performance.

Alternative user value

The value of land and buildings which reflects a prospective use which is different from that of the current use.

Amortisation

1. (UK) The concept of writing off the capital cost of a wasting physical asset by means of a sinking fund.
2. (USA) Payment of a debt in equal instalments of principal and interest, as opposed to interest only payments.

Anchor tenant

One or more department of variety

chain stores or supermarkets, introduced into a shopping centre in key positions to attract the shopping public into the centre for the purpose of encouraging other retailers to lease shops en route. The larger the development the more anchors required.

Annuity

A sum of money paid each year during the life of the recipient. An annuity is usually paid as a legal obligation under a contract or undertaking, as through a pension scheme, and may be paid in instalments more frequently than once very twelve months.

Asset valuation

In the property market this expression is applied to the valuation of land and buildings or plant and machinery. The term is often used to describe an expert opinion of the worth of a property which may be incorporated into company accounts, where the ownership of the asset is not necessarily to be transferred but he valuation is of interest to, for example, shareholders, or is required for company takeovers, share flotations or mortgages.

Assignment

The transfer of a property, interest, especially a lease, from one party to another.

Atrium

An entrance hall of a building, often rising through a number of storeys and containing lifts, reception areas and plants. Originally the hall or chief apartment of a Roman house.

Source: Jones Lang LaSalle

Note: This is the first part of a series of articles on the glossary of property terms.



NAR India is gearing up for Unified Total Solution to Realty Investors

NAR-INDIA has been founded on the principles of ethics, transparency, accountability, good governance and rule of law. As a unique PAN-India organisation that represents the voice of realtors, it promotes transparency, accountability and ethical business practices thus creating growth prospects for realtors in the industry.

NAR-INDIA covers more than 20 states covering more than 40 cities with more than 46 associations which have over 55,000 members.

NAR-INDIA is the top representative body and advocacy group for those in the real estate transaction advisory. Established in the year 2008 to maintain the highest standards and accreditation in the real estate industry and facilitate professional development for its members, it is a non-profit organisation targeted to remain as the collective voice of realtors in India.

NAR-INDIA encourages members to follow the highest professional and ethical standards in the industry. It also provides support and education for over 55,000 realtors and their associates all over the country through its member associations. It also offers comprehensive resources to realtors in order to provide world class services and create value for all the stakeholders involved in the industry, said Ravi Varma, Chairman NAR-India.

NAR-INDIA is an association of associations whose members follow a strict code of ethics and have protocols to provide ethical and professional services to their clients-before and after a sale. A unique advantage for investors is that it helps its members to provide multi-city solutions as all members are required to be registered under the RERA Act.

Significantly, NAR-INDIA was consulted while formulating the RERA Act. It continues to be on the central advisory council of the Urban Development Ministry for the last five years. NAR-INDIA is also affiliated with National Association of Realtors - USA, CREDAI (Confederation of Real Estate Developers' Associations of India), NAREDCO (National Real Estate Development Council), CII, FICCI, and Assocham.

NAR-INDIA believes that learning is a continuous process and initiated education programmes for all its members. The ultimate objective is to ensure that all its members possess the required skills, talent and knowledge about the realty sector so as to provide competent and efficient services to their clients. Through its partnership with NAR-USA, RICS and other similar organisations, NAR-INDIA is proud to offer a wide range of relevant courses and training programmes for achieving tangible results when applied in each and every transaction.

Through IIRE, NAR-INDIA imparts education to all its members in the relevant subjects to enhance their all-round ability to effectively serve their clients.



SNAPSHOTS

Underwater Tunnel in Kolkata to be functional by 2023

India's first underwater tunnel in Kolkata which is constructed under the Hooghly river is ongoing and is estimated to be functional by 2023. This Metro will provide connectivity between Howrah and Kolkata. The Metro corridor is a 16.6-km-long east-west stretch in which 520 metres will be under the river bed.

Investcorp Launches North America Infrastructure Investment Platform

Investcorp, a leading global alternative investment firm, today announced the launch of a private infrastructure investment business in North America. The new platform will apply the firm's global expertise and track record in real estate and infrastructure spaces, previously holding leadership positions at Morgan Stanley, Blackstone and OMERS Infrastructure. During his tenure at OMERS, Michael was responsible for deployment of almost US\$4 billion of equity in the renewable power, regulated utilities, midstream, and government services

sectors. Michael has led teams responsible for all stages of the investment lifecycle from transaction origination, structuring and execution, asset management and value creation, through to successful exits.

NAR-India Team 2022-23 inducted

At the Annual General Body Meeting of NAR-INDIA, held on 23rd March 2022 @ 3 PM in Hotel Sahara Star, Mumbai, the change of guard was observed with the following team assuming charge for the year 2022-23.

Team NAR-India

NATIONAL ASSOCIATION OF REALTORS - INDIA
Year: 2022-23

Message from Hon. Secretary

With a profound sense of gratitude, I would like to extend warm greetings to the esteemed members and stakeholders of real estate fraternity who has received NAR-India newsletter which is meant to be a vehicle of communication building trust and credibility with members, customers and collaborators.

It is a great pleasure for the NAR-India secretariat to support and contribute to this project which will magnify the grasp and command of the stakeholders, besides ushering in steady updates on new tendencies and laws in the market.

I am proud that the dedication with tireless efforts exerted by our predecessors to

take NAR-India to the height of an august national association to foster betterment and development for realtors seems to be headed in the right direction.

In a similar manner, I would like to congratulate the newsletter publication chairman Mr. Ram Kumar and the team for their laudable performance in releasing the first edition of NAR-India Newsletter. Only a precious few have the apt approach, technical acquaintance and high level strategic thinking to relentlessly work in tandem with an association and deliver the assigned responsibilities. The efforts taken to bring about innovative content is appreciable.

Wish you all a grand operation throughout the year.

Hitesh Thakur,
Hon. Secretary - NAR INDIA

Housing demand to stay firm in spite of rising prices, interest rates

The leverage and credit profiles of real estate developers, which had strengthened on the back of recovery in fiscal 2022, should sustain over the medium term.

CRISIL estimates housing demand rose a solid 33-38% last fiscal, surpassing pre-Covid-19 levels. But this was on a low base of fiscal 2021, when demand had fallen 20-25% (refer to annexure 1).

Affordability, after improving upto 20% between fiscals 2016 and 2021, had started declining from the second half of fiscal 2022. The headwinds now are higher capital values and interest rates, reinstatement of stamp duty, and the high-base effect of fiscal 2021, CRISIL Research's proprietary MAHTITM Index2 indicates.

Says Aniket Dani, Director, CRISIL Research, "We expect residential real estate prices to rise 6-10% across the top six cities this fiscal due to a steep rise in material costs and relatively favourable demand-supply dynamics, especially for established developers. Some of them have started hiking prices by ~2% per quarter and may continue to do so over the next couple of fiscals to account for rising land prices. However, in spite of these headwinds, housing demand is likely to grow 5-10% supported by favourable demographics and urbanization."

Inventory levels in majority of the top six cities are at a comfortable 2-4 years as against 3-5.5 years before the pandemic. The correction happened because of fewer launches in the past two years owing to the pandemic, and slower sales momentum. Although new launches are expected to catch up, healthy demand will keep the inventory levels in check over the medium term. This will be largely driven by established developers, which will benefit from the sales momentum, the shift in demand to organised players, sound balance sheets, and an asset-light approach.

These realtors will continue to gain market share, cornering 24-25% of the spoils by March 2022, com-

The momentum in housing demand across India's top six cities is expected to continue this fiscal and grow 5-10% despite rising property prices, interest rates and a high-base effect, according to CRISIL survey.

pared with ~18% at the start of the pandemic. In fiscal 2021, their sales grew 13%, while the industry contracted 20-25%; in fiscal 2022, sales of these developers are estimated to have grown 35-40%, in line with the industry.

Says Kshitij Jain, Associate Director, CRISIL Ratings, "Established developers now have stronger balance sheets, reflected in a comfortable debt-to-total assets ratio of ~25% last fiscal versus more than 40% at the start of the pandemic (refer to annexure 2). They are also well-placed in terms of liquidity, having raised ~Rs 13,000 crore through both, equity and monetisation of land and commercial assets in the past two fiscals. Their improved financials will come in handy to fund growth and keep credit profiles stable."

Small and mid-sized developers, too, are seeing better days. Their balance sheets have improved, with their debt-to-total assets ratio falling below 50% in fiscal 2022 from 55-60% before the pandemic. However, these players have higher dependence on debt and may need to tie up with established players for new launches to benefit from the latter's financial flexibility and strong brand.

CRISIL believes that strong demand, lower inventory levels and strengthened capital structures auger well for the industry. However, any aggressive debt-funded growth in the industry will bear watching over the medium term.

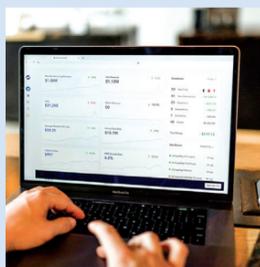


The MOU for installing 5000 Electric Vehicle Charging station across real estate projects of NAREDCO West members was exchanged in the presence of Hon'ble Minister for Tourism, Environment & Protocol, Government of Maharashtra Shri Aditya Thackeray and TataPower.

5000 electric charging stations to be set up soon in Mumbai

Around 5000 electric charging stations will be coming up in the city of Mumbai soon thanks to the joint efforts of National Real Estate Development Council (NAREDCO) and Tata Power. The initiative was signed in the presence of Hon'ble Minister for Tourism and Environment, Maharashtra, Shri Aditya Thackeray.

Speaking at The Real Estate Forum 2022, a one-day flagship event organised by NAREDCO, Shri Aditya Thackeray stated, "Whenever there is talk of EV (electric vehicle) adoption, I'm often asked about the infrastructure of charging stations; it's one of the biggest issue charging infrastructure facilities. So, thank you for this initiative to install 5,000 electric charging stations in Mumbai."



The State Minister of Tourism and Environment also shared that NAREDCO should collaborate with the government to fulfill citizens' basic dream of owning a house.

"We are shy about the peripheral tag of builder-politician that has been given to us. But I am here to say that whenever there is a builder-politician partnership which is positive, we have seen the good it can do to the citizens, Mumbai, and the real estate industry in the past few years," Shri Thackeray said.

He explained that when the government in consultation with the real estate developers

took a decision to reduce stamp duty and the premiums, the sector witnessed a huge boost. "There is a need to collaborate on such similar initiatives to build a better ecosystem," he explained.

Speaking on the need of building a better and safer city, he said, "It's not just about constructing a city, but building an identity. When we go to London, Paris, New York, or Australia, the first thing we observe are the amenities and secondly, its architecture. Mumbai has the best minds in terms of architecture and engineering, if you come together to create all these facilities in-house, you are helping us to construct not just 15 minute cities, but 5-minute cities."

Shri Thackeray also spoke about his plans, which include reduction time of CRZ clearance to 1-2 months and creating a complete digital interface for approval of any future project. At the same event, NAREDCO announced the formation of its Thane chapter.



Realty Data

MAJOR INVESTMENTS IN LOGISTICS – 2021

Country	Developer	Amount (\$ million)
Embassy	Blackstone	700
Bagnan	Xander	28
TRAC	Blackstone	40
KSH	Indospace	135
Lodha	Morgan Stanley	80
Welspun	AIF	67
Jai Mata Dee	Xander	45
Mapletree	Morgan Stanley	62.7
Casa Grande	Ascendas Firstspace	29

Source: Savills India Industrial Research

AHMEDABAD – INDUSTRIAL & LOGISTICS UPDATE MAJOR TRANSACTIONS IN 2021

Occupier	Micromarket	Area leased (sqft)
E-commerce	Changodar-Bavla	100,000
E-commerce	Changodar-Bavla	45,000
Retail	Changodar-Bavla	221,000
Others	Kadi-Kalol	200,000

Source: Savills India Industrial Research

KOLKATA INDUSTRIAL & LOGISTICS UPDATE – SUPPLY & ABSORPTION BY MICRO MARKET IN 2021

Micromarket	Absorption	Supply
NH-19	47%	37%
NH-16	51%	60%
Kolkata Ports	2%	3%



INDUSTRIAL AND LOGISTICS MARKET – 2021 SUPPLY & ABSORPTION IN TIER II & III CITIES

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

Source: Savills India Industrial Research

AHMEDABAD – INDUSTRIAL & LOGISTICS UPDATE

Micromarket	Absorption	Supply
Aslali-Kheda	30%	20%
Changodar-Bavla	47%	37%
Kadi-Kalol	23%	20%
Sanand	0%	11%
Mandal-Becharaji	0%	12%

KOLKATA INDUSTRIAL & LOGISTICS UPDATE – MAJOR TRANSACTIONS IN 2021

Occupier	Micromarket	Area leased (sqft)
E-commerce	NH16	140,000
E-commerce	NH16	120,000
3PL	NH19	115,000
Retail	NH19	100,000
Retail	NH19	90,000

Source: Savills India Industrial Research

INDIA INVESTMENT – Q1 2022 SIGNIFICANT INVESTMENT TRANSACTIONS – Q1 2022

Investor	Investee	Transaction Type	City	Investment (Rs billion)
Lake Shore India Advisory	Ashwin Sheth, GIC	Retail	Mumbai	19.0
Blackstone group	Prestige Estates	Office, retail, hospitality	Multiple	16.9
Brookfield Asset Management, Digital Realty		Data centre	Chennai	2.3
Mapletree Logistics Trust		Industrial	Bengaluru	1.1
Walton Street Blacksoil	Shapoorji Pallonji, Vakratunda group	Residential	Mumbai	0.75

SIGNIFICANT CORPORATE TRANSACTIONS – Q1 2022

Investor	Buyer's sector	Transaction Type	City	Investment (Rs million)
Skechers	Retail	Office	Mumbai	1750.0
KGK Diamonds	Others	Office	Mumbai	887.6
Kansai Nerolac Paints	Others	Office	Mumbai	820.1
Web Werks	Data Centre	Office	Bengaluru	550.1

Source: Cushman & Wakefield Research

BENGALURU – RESIDENTIAL PROPERTY PRICES

Micro-market	Location	Price range in H2 2021 (Rs/sqft)	12 month change	6 month change
Central	Langford town	15,000-22,000	1%	3%
	Lavelle road	21,000-30,000	0%	1%
East	KR Puram	3,800-6,500	0%	1%
	Whitefield	4,500-8,000	1%	4%
North	Marathahalli	4,200-7,000	0%	1%
	Hebbal	5,500-10,000	1%	3%
	Yelahanka	4,000-7,500	3%	3%
South	Thanisandra	4,000-8,000	0%	0%
	Hennur	4,000-8,000	0%	1%
	Sarjapur road	4,000-8,000	3%	5%
	Kanakapura	4,000-6,600	-1%	0%
West	Electronic city	3,500-6,000	3%	5%
	Bannerghatta	3,500-7,000	-1%	1%
	Yeshwantpur	6,000-10,000	-1%	0%
	Malleswaram	8,000-14,000	-2%	4%
	Rajaji Nagar	7,000-15,000	0%	2%
	Tumkur road	3,000-6,000	0%	1%

Source: Knight Frank India

DELHI NCR OFFICE MART – Q1, 2022

Submarket	Inventory	Va-cancy	Leasing activity (sqft)	Planned and under construction	Constru. completions	Net absorption	Grade a weighted average rent
Delhi CBD	1,483,547	24.2%	7,641	50,000	0	22,641	282.41
South East Delhi	6,825,653	18.9%	87,000	105,000	0	89,543	104.53
Delhi Intl airport	1,366,825	10.6%	15,000	0	0	2,394	194.32
Cyber city	13,985,813	6.5%	657,153	1,500,000	0	106,918	117.74
MG Road	3,331,886	19.3%	149,669	0	0	(84,759)	118.71
NH8-Prime	14,540,638	13.8%	317,129	2,054,118	0	6,219	82.05
Golf Course Road	5,757,262	9.4%	153,938	962,000	0	6,550	90.13
Gurugram others	42,831,323	37.1%	724,908	11,673,478	130,000	451,319	53.23
Noida	36,653,491	32.4	1,068,216	8,627,921	1,486,687	706,381	50.52
Total	126,776,438	26.6%	3,180,654	24,972,517	1,616,687	1,307,206	62.08

Source: Knight Frank India

DELHI NCR - KEY OFFICE LEASE TRANSACTIONS IN Q1 2022

Property	Submarket	Tenant	Area in sqft	Type
Skymark One	Noida	Network 18	210,000	Relocation
Capital City Scape	Gurugram Others	Pristyn Care	150,000	Pre-commitment
Capital Business Park	Gurugram Others	Spinny	150,000	New lease.
DLF World Tech Park	NH8-Prime	ZS Associates	100,000	Expansion

Source: Cushman & Wakefield Research



Mumbai Residential Demand up by 15.2 per cent

Housing demand (searches) in Mumbai grew 15.2% while supply (listings) grew 3.8% QoQ, revealed Magicbricks PropIndex Report Q1' 2022. The report further observed that in Mumbai, smaller-sized 1 and 2 BHK apartments dominated the homebuyers' preference and cumulatively accounted for 69% of the demand and 73% of the supply, during the period. The demand and supply for 2 BHK configurations accounted for 40% and 42%, respectively. Navi Mumbai exhibited a similar trend with demand for 2 BHKs accounting for 48% of the total demand and 46% of the total supply in Q1 2022. In Thane, smaller configura-

tion homes continued to dominate the housing market with 1 and 2BHK units comprising 78% of the total demand and supply, and 2 BHK constituting a demand share of 43%. The report further identifies Malad and Kandivali as the residential hotspots in Mumbai during the quarter. While the overall upsurge in housing demand and supply in Mumbai was majorly driven by regulatory initiatives like the reduction of construction premium charges by half; western suburb localities such as Andheri, Borivali-Dahisar, Goregaon, and regions beyond Mira Road witnessed the highest demand and supply during the quarter due to proximity to commercial office spaces, affordable pricing, and construction of the met-

ro line. Speaking from the demand perspective in the region, **Ms. Shraddha Kedia-Agarwal, Director, Transcon Developers** said, "The Malad-Kandivali location is one of Mumbai's popular suburbs that enjoy excellent connectivity and a robust social infrastructure. The suburbs' skyline has completely transformed with several high-rises that offer stunning views of the natural and splendid surroundings in the region. The location also enjoys excellent connectivity to Bandra-Worli Sea Link, Western Express Highway along with both domestic and international airports. With Metro rail being partially operational, and other infrastructural developments like the

GMLR and the coastal road in progress, it is definitely emerging as a prominent realty destination." New Panvel, Kharghar, Airoli, Taloja, Vashi, Kamothe, and Nerul were observed to be the most preferred localities in Navi Mumbai due to their connectivity to the rest of MMR. In Thane, localities such as Ghodbunder road and Dombivali continued to be the preferred micro-markets supported by factors such as connectivity, good amenities, and better access to employment hubs. **Mr. Rajat Rastogi - Executive Director, Runwal Group** said, "The Thane-Dombivli location is the fastest growing micro-market in the Mumbai MMR region, the locality has witnessed considerable growth in

residential real estate. Due to the upcoming infrastructure and connectivity with Mumbai & Navi Mumbai; it is fast becoming the preferred choice of first time home buyers. Also, the Work-from-Home concept allowed the potential home-buyers to opt for bigger homes in this region whilst staying close to the city." The report predicts an onward trajectory for 2022 due to external stimuli such as digitization of land records, and increased allocation of INR 48,000 crores under PM Awas Yojna and PM Gati Shakti that are expected to further strengthen infrastructure and boost investments in the real estate sector.



PUNE

Industrial & Warehousing demand set to touch 7.5 million sq.ft in 2022

The Pune industrial and warehousing market has grown rapidly, with the current stock at 33.2 million sqft in 2021. The forecasted supply is close to 60million sq.ft until the end of 2025. As we have seen, over the past few years, Grade A supply has attracted quality tenants. Pune has been a manufacturing hub since the 1960's, and has attracted several large multinational corporations, focused on auto, auto and ancillaries, electronics, white goods, and some of the newer industries like Electric Vehicles (EVs) and renewables. The supply is predominantly concentrated in the Northern part of the city namely Chakan and Talegaon and the Eastern belt starting fromPhulgaon to Ranjangaon. Chakan and Talegaon account for almost ~70% of the industrial & warehousing supply, owing to the excellent ecosystem set up by the MIDC, including the physical infrastructure, roads, water, power, and connectivity to National Highways and JNPT.

Pune's industrial and warehousing supply is forecast at 60 million sqft until the end of 2025, says a report by JLL.

Chakan, connected via the NH4. The micro-market has limited ready supply on offer for clients. Chakan – Talegaon



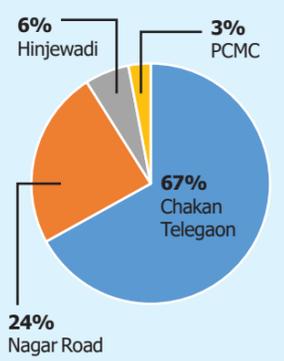
cluster is the largest warehousing hub in the city, with a concentration of Grade A spaces, and has the largest amount of demand contribution on an annualized basis. Pimpri-Chinchwad Municipal Corporation (PCMC), India's oldest automobile industrial area has more than 4,000 auto and ancillary units. PCMC is characterized by SMEs MSMEs and Large Indian and Multinational corporations operating within the micro-market. "The Pune market has been characterized by excellent demand-supply dynamics over the few years, which resulted in vacancy levels hovering around the 10%. We expect the healthy demand-supply dynamics to continue over the next few years, making Pune one of the most attractive markets in the country for the development of industrial

and warehouses," said Sanjay Bajaj, Managing Director - Logistics and Industrial, India, JLL& Pune, JLL.

Looking ahead

The year 2022 looks extremely promising for the Industrial & warehousing sector of Pune. Historically, considering the slump in demand during COVID the city has witnessed approx. 4 million sq. ft of annual absorption from 2017-to 2021. JLL expects 2022 demand to be quite solid, owing to the renewed confidence in the Indian economy and special focus on the manufacturing sector as well as the buoyancy of E-commerce and 3PL players, which shall further propel demand. This could potentially lead to the all-time high demand of ~7.5million sq.ft.

PUNE WAREHOUSING STOCK, 2021



Micro markets grow substantially

Pune witnessed peak demand of 6.5 million sqft in 2021, indicating clear resurgence of the economy as well as customer sentiments, led by manufacturing, 3PL and e-commerce. Additionally, the city witnessed increased interest from global investors and funds, evaluating further investments. Projected growth in demand is ~15-16% in 2022 to take it to 7.5 million sq. ft by the end of 2022. Talegaon is an upcoming industrial and warehousing market in proximity to

THE PUNE STORY IN NUMBERS

Supply average annual between 2017 & 2021 (million sq ft)	4.1
Net absorption average annual between 2017 & 2021 (million sq ft)	3.7
Rents as of 2021 (Rs per sq ft per month)	17-30
Stock as of 2021 (million sq ft)	33.2

Source: JLL

KEY LEASE TRANSACTIONS IN THE LAST 2 YEARS (2020-2021) DONE BY JLL

Sr. No	Location	Size of Transaction	Year of Transaction
1	Phulgaon	167,000 sq.ft.	2021
2	Sanaswadi	101,000 sq.ft.	2021
3	Chakan	65,000 sq.ft.	2021
4	Chakan	~800,000 sq.ft	2020-2021
5	Talegaon	70,000 sq.ft.	2020
6	Chakan	82,000 sq.ft.	2020

Source: JLL

BENGALURU

Residential Launches remain Steady and Southern Corridor active

Units launched in the quarter stood at around 8,830, a 23% increase over Q4 2021 and a 2.4X jump as compared to the same period in 2021. This sustained momentum in project launches indicate strengthening of developer confidence and steady increase in buyer enquiries. Southern and south-eastern submarkets, the major IT corridors of the city, accounted for 61% share in quarterly launches with locations such as Sarjapur Road, Hosur Road and Kanakapura Road at the forefront. Eastern submarket mainly Whitefield held a share of 20% in Q1 2022 launches. These submarkets are expected to continue to drive launch and sales activities, supported by healthy demand, according to Cushman & Wakefield survey.

Bengaluru's residential market continues to be marked by project launches from developers of national repute. Sobha Developers, Brigade Group, Prestige Group, Mahindra Lifespaces, Assetz Lifesyle and Casagrand Builders accounted for approx. 60-65% of the unit launches. This may be attributed to customer preference for projects and developers with a robust track record of execution. However, remaining 35-40% was contributed by regional and local players.

Mid segment remain dominant; rise in share of high-end launches

The mid segment comprised around 81% of quarterly unit launches with the high-end and luxury segment accounting for another 15% share. The increase in share of high-end and luxury segment may be attributed to a healthy traction from cash-rich buyers in the city. Bengaluru is also witnessing new developments of high-end villas and premium plotted housing. The affordable segment has however recorded a decline in its quarterly share in launches, with a meagre 5% share. There is an expectation that launches of mid-segment will rise as demand for mid-segment projects is



strengthening due to affordability or price competitiveness. Demand for villas and plotted developments is likely to maintain its uptrend as buyers prefer to invest in spacious homes at peripheral locations.

Developers continued to focus on higher proportion of larger unit size of apartments in their newly launched projects. While 2 & 2.5 BHK apartments held a share of approx. 30-35% in the quarterly launches in the city, 3&4 BHK apartments accounted for 40-45% share. There is rising preference for larger unit size of apartments among buyers and investors and developers in the city have plans of launching higher number of such units in the coming quarters.

City wise capital values remain unchanged during the quarter

Average capital values remained stable across

submarkets in Bengaluru amid good sales momentum witnessed across project categories. Few developers, however, continue to offer incentives to potential buyers in the form of stamp duty & maintenance charge waiver, discount on booking amount, among others.

Along with healthy demand observed in mid-segment projects, the Karnataka governments' 2021 policy of reduction in stamp duty payable on primary sales of flats priced between INR 35 lakh and INR 45 lakh from 5% to 3%, has continued to positively impact sales in the affordable segment. Limited launches in the affordable segment during the current quarter is likely to result in clearing of unsold inventory, thereby restricting any price decline. Housing rentals in the city might witness an increase, particularly in prominent residential catchments in the coming quarters as employees are gradually returning to work.

BENGALURU RESIDENTIAL MART – CAPITAL VALUES AS OF Q1

Submarket	Average quoted capital value (Rs/sqft)
HIGH-END SEGMENT	
Central	18,000-30,000
South	9,000-12,500
East	7,500-11,500
North	8,000-12,500
MID-SEGMENT	
Central	9,500-15,000
East	4,600-5,800
South-East	4,900-6,100
North	5,300-6,500
South	5,500-7,000
Off Central I	8,000-12,000
Off Central II	7,500-8,900
North-west	6,300-7,000
Far South	3,400-3,900
West	3,700-4,300

Source: Cushman & Wakefield

HYDERABAD

Commercial Realty Buoyant

INDUSTRIAL AND WAREHOUSING SECTOR – LAND RATES AND RENTALS

Industrial and warehousing submarkets	Land rates in Rs million/acre	Industrial land rents – Rs/sqft/month	Warehousing rents – Rs/sqft/month
Jeedimetla	25-35	12 to 14	12 to 14
Gunda Pochampally	20-30	12 to 14	12 to 14
Kandlakoya	20-30	13 to 16	10 to 12
Kompally	30-40	14 to 16	14 to 16
Bowrampet	15-30	10 to 12	10 to 12
Gajularamaram	15-30	10 to 12	10 to 12
Medchal	50-60	12 to 14	12 to 14
Turkapally	30-35	12 to 14	12 to 14
Dandupally	25-30	10 to 12	10 to 12
Shamshabad	70-90	-	18 to 20

MAJOR DEALS IN INDUSTRIAL AND WAREHOUSING - JAN-DEC 2021

Property	Location	Tenant
Individual	Medchal	Amazon
Individual	Patancherru	Flipkart
Individual	Kompally	Big Basket
Individual	Kompally	Reliance Retail
Individual	Patancheru	Stellar Value Chain

Hyderabad commercial market continues to be one of the front runners in terms of commercial leasing activities in India. It witnessed absorption of around 7.2 million sqft last year, a 5% y-o-y growth compared to 2020. IT-BPM (50%) sector followed by co-working operators (20%) were biggest contributors to gross leasing volume last year. Madhapur submarket continued to remain occupiers' preferred submarket and accounted for 75% of total leasing activity.

Around 11.5 million sqft of Grade A office space was added to the commercial market last year, one of the

highest in India. Large share of new completions saw preleasing activity with most of the space already pre-committed.

The rentals in most micro markets remained stable with many occupiers consolidating the space requirements while developers have floated incentives such as longer rent-free periods to attract occupiers. Sufficient future supply would most likely favour Hyderabad rentals to remain stable in 2022.

It is expected that Hyderabad market would continue its sustained with several investors reviving large deals gradually coming back to the market.

IT & ITES along with co-working space are major demand drivers in the city.

Industrial and Warehousing Trends

The warehousing market witnessed transactions of around 3.2 million sqft last year which is about 50% increase compared to the year 2020. Markets witnessed significant demand from commerce (65%) followed by consumer durables (15%) occupiers with large scale transactions by 3PL, FMCG and pharmaceutical companies. The western and north-western corridors, particularly locations such as Patancherru, Edulnagulpally, Gundlapochampally, Medchal, and Kallakal are expected to witness most of the traction. The majority of the leasing activity was concentrated across independent warehouses.

Rents saw appreciation of 3-5% during last year across micro markets. Shamshabad has emerged as a preferred e-commerce destination due to proximity to airport while Medchal witnessed robust leasing activity in industrial warehousing. Most locations abutting ORR have recorded an average of 15-25% growth in land values over the last six months.

Warehousing sector will remain attractive for investors. Rentals are expected to see further appreciation in 2022 driven by e-commerce, 3PL and FMCG.



Key Building Material Costs Up

Chennai is at the lower end of the cost spectrum against which the cost of Mumbai is 14% higher. Taking into account the other metros like Bangalore, Pune, and Delhi, the overall average cost increase in Mumbai is 10-12% according to the guidebook 'Construction Cost Guide Book' launched by JLL today. The price rises largely attributable to corresponding higher prices of key construction materials like cement, reinforcement steel, structural steel, stones, and so on. The guidebook throws light on the market trends, and the construction cost of real estate assets across major markets of India and includes a cost matrix representing different style and quality levels, and an analysis of market trends of the major building materials.

The growth pattern has experienced a sustained upswing, allowing the forecasts for 2022 to reach new heights. The industrial, residential, and warehousing sectors have seen a significant increase in investment, accounting for around 40% of overall investment this year, with total investment approaching INR 370 billion. Simultaneously, commercial office spaces remained the most preferred asset type in real estate according to an analysis guidebook 'Construction Cost Guide Book'

For the past year, the built environment has remained heavily loaded with a price increase of major key construction materials, resulting in cost uncertainty on a major scale in the Indian Construction Industry. Since Q1 2020, steel is up 45-47% to INR 62,300/MT, copper also at 70-75% to INR 745,000/MT, followed by aluminum at 55-50% to INR 203,385/MT, PVC items by 80-90% to INR 165,000/MT, and last, but not the least, fuel (primarily diesel) by a whopping 43-47% to about INR 94/liter.

The cost of labour too has risen 12-15%, besides the regular increase, due to the knock-on impact of COVID-19 protocols and its associated costs. This includes costs related to compliance to new protocols like RT-PCR tests, idle time until test results, increased accommodation space for the same amount of labour, quarantine facility, and sanitation measures. In addition to that, additional labour retention and transportation costs put together have contributed to the increase.

Some major reasons for this cost increase are rising raw material shortage, rising global material prices, steel, cement, aluminum, copper & PVC production challenges, logistic challenges, increasing Fuel Price to name a few. With the onset of the pandemic that resulted in a sudden slowdown in economic activities globally, it was amply evident that commodities would go through a period of market turbulence.

"Going ahead, we see cost as one of

With high construction costs, developers are embracing methodologies like building information modelling, prefabrication, lean design, and use of robotics to cut costs, says a survey by JLL.

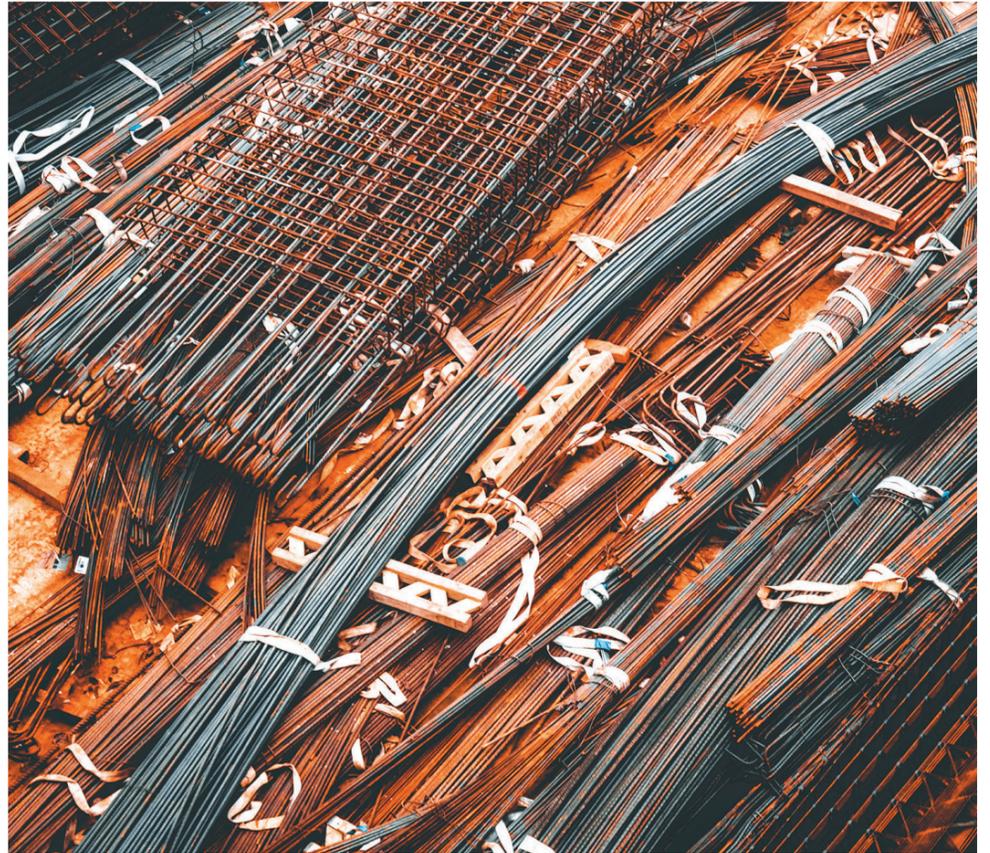
the key drivers in real estate decisions. If you really see the overall project development and the project costs, materials almost account for close to 60 percent of the total construction cost and we have been seeing this material increase randomly. There has been a cost overrun on projects. Now, this is beyond the contingency inflation anticipated during the planning stage. The projects have been delayed in last two years due to COVID-19 and the current geopolitical scenario is also impacting this," said MV Harish, Managing Director, PDS, JLL India.

The average cost of constructing a luxury residential apartment in a high-rise and mid-rise building in key cities - The average cost of construction for a luxury residential apartment in a high-rise building in Mumbai is INR 5,975 per sq. ft, while in Delhi & Pune, the price would be 5,725/sq. ft and 5,450 respectively, while in Hyderabad such a house would command INR 5,300/sq. ft. Similarly, constructing a mid-rise luxury apartment will cost INR 4,175/sq. ft in Mumbai and INR 4,000/sq. ft in Delhi.

The average cost of constructing a commercial building in a high-rise and medium-rise building in key cities - While constructing a medium-rise commercial building in Mumbai would cost INR 3,675/sq. ft, the price would be INR 3,525/sq. ft in Delhi and INR 3,250/sq. ft in Bangalore for constructing a similar property. Construction costs for a medium-rise commercial buildings in Hyderabad and Bangalore are almost at the same level.

Similarly, the construction cost for a high-rise commercial building in Mumbai is INR 4,175/sq. ft, while it is INR 3,975/sq. ft and INR 3,800/sq. ft in Delhi and Pune. The cost of constructing a high-rise commercial property in Chennai is the lowest i.e., INR 3,650/sq. ft.

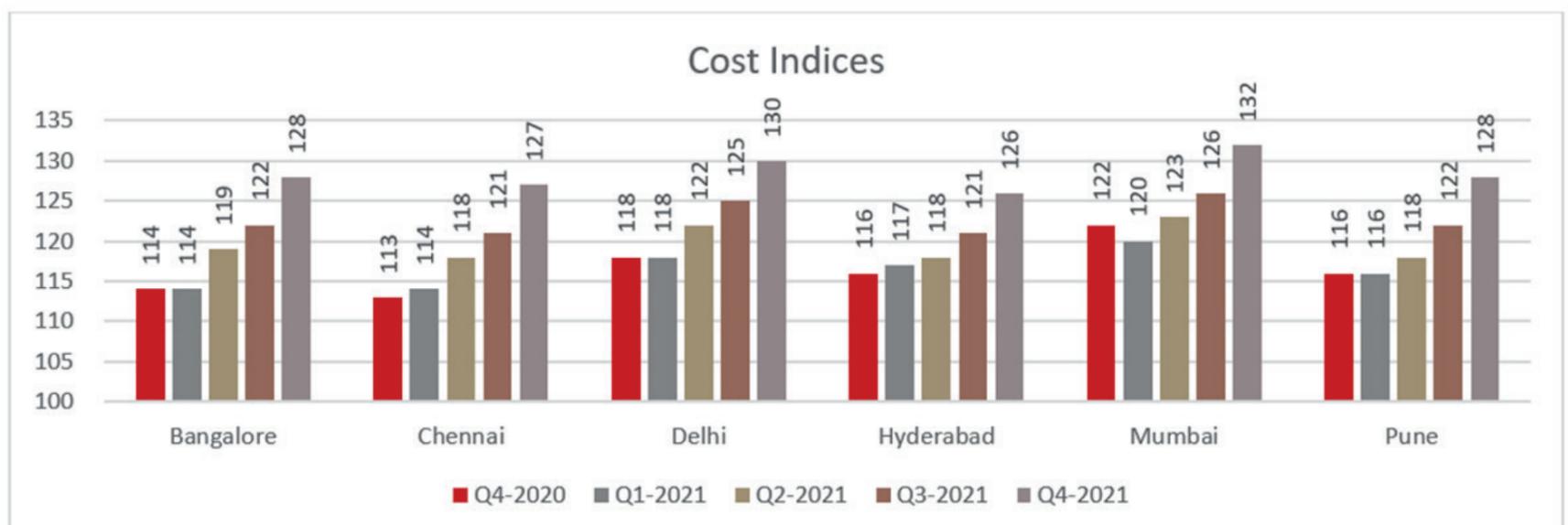
JLL has made a concerted effort to compare quarterly cost variances in several Indian cities. Bangalore's cost in Q4 2019 is set at 100. These are based on the evaluation of awarded work orders in the given quarters. To say the least, and unparalleled in the previous six to eight months, however, this rise is projected to continue for some time.



COST OF KEY MATERIALS ACROSS VARIOUS CITIES

Description	UoM	Bengaluru	Chennai	Delhi	Hyderabad	Mumbai	Pune
Cement							
Grade 43	INR/MT	7,100	7,000	7,000	6,900	7,000	7,000
Steel							
Reinforcement	INR/MT	61,150	61,500	61,800	61,500	63,500	61,300
Structural steel	INR/MT	71,800	70,800	71,300	71,800	70,800	70,300
Metals							
Aluminium	INR/ Kg	205	205	205	205	205	205
Stainless steel	INR/ Kg	218	218	218	218	218	218
Stone							
Granite	INR/ sqft	140-250	140-250	140-250	140-250	140-250	140-250
Marble	INR/ sqft	180-500	170-500	200-500	180-500	200-500	190-500
Wood							
Plywood 12mm thick	INR/ sqft	65-75	65-75	65-80	65-75	65-85	65-80
Clear Glass							
6mm	INR/ sqft	80-85	80-85	90-100	80-85	95-105	90-100
8mm	INR/ sqft	100-110	100-110	110-115	100-110	100-120	100-110
Paints							
Emulsion	INR/ ltr	160-178	160-178	165-180	160-178	165-185	165-180
Plumbing							
GI pipes- 50mm to 100mm C class heavy	INR/mtr.	520-1170	520-1170	540-1185	520-1170	540-1200	540-1185
uPVC- 32- 110 mm	INR/mtr.	280-1420	280-1420	300-1450	280-1420	300-1480	300-1450

Source: As per JLL Internal Database, All prices exclude GST.



Source: As per JLL internal cost benchmarking data



MARKETING

Marketing Indian realty among US NRIs

There is a consistent demand for Indian real estate among US NRIs but the penetration level has undergone a paradigm shift now, reports V Nagarajan.

There are 4.2 million people of Indian origin residing in the United States, according to data from the 2018 American Community Survey (ACS)—which is conducted by the U.S. Census Bureau. Although a large proportion are not U.S. citizens (38 percent), roughly 2.6 million are (1.4 million are naturalised citizens and 1.2 million were born in the United States).

The US NRI's remittance to India is second after Gulf in terms of volume every year. Though they have migrated from India, a number of them continue to maintain their links back home and invest in specific assets.

Over the years, Indian government investment regulations have made them to look at multiple options back home for investment. Among the options, specific mention should be made about real estate. A number of H1B visa holders are keen to own a home of their own back in India. While competitive lending rates are made available abroad for their investment globally, Indian banks and HFCs too started extending home loans provided the repayment is made through banking channels. Even this option has been relaxed of late wherein local income sources like rents can be utilised for repayment of home loan.

NRIs can invest in any property except agriculture land, farm land and plantation properties. They can buy, sell and repatriate sale proceeds upto two residential units. They can inherit immovable property which again can be repatriated after payment of taxes where necessary.

Indian developers on seeing the immense demand potential among US NRIs started marketing their projects. India property shows have been a regular phenomenon across US over decades and this correspondent alone has organised nine such shows between 2002 and 2016 across East and West coast cities where NRI population has been substantial for marketing



exercise.

Realtors exclusively marketing Indian properties are very few and far between and unless the revenue model is justified they are reluctant to represent. One of the reasons could be that US realtors earn much better service charge on brokerage deals and that too in hard currency. The NAR India, a realtor body, recently tied up with US realtor forum for better coordination and cross border deals and time alone will answer the outcome.

A significant development during Covid-19 pandemic across US is that all the sectors had been badly hit with disruption on multiple fronts. A number of small to medium print media houses

had to down their shutters and still struggling to come back. In its place, the digital editions have become the order of the day. Mergers and acquisitions of small business had changed the corporate structure of several PR firms. But things are slowly returning to normalcy now.

A significant change post-pandemic is that people are now allowed to travel which was not the case earlier. This is one reason for the dip in enquiries even though there was a pent-up demand brewing up for select cities, said Sunil Hali, CEO, Best India Properties in New Jersey, representing select Indian developers for marketing among US NRIs. "The demand for Indian real estate has picked up with the resumption of flexible travel plans now. A leading developer in Mumbai has notched up 30 per cent growth in sales revenue year-on-year. Cities like Mumbai, NCR, Gurgaon, Bengaluru and Hyderabad are driving housing demand for investment by US NRIs. Unfortunately, the new homebuyers may have to built in additional cost in construction as

a result of hike in input costs happening across India now," said Sunil.

With the spiralling inflation and soaring cost, organisers of Indian property shows had to factor in indirect costs on deliverables while organising future events, say event managers in Edison and Santa Clara. There is potential but penetrating a highly dispersed Indian population across the vast area comes with a high cost and multiple marketing options need to be resorted to get across to them. The prospective buyers can be expected to visit only during week-ends and public holidays.

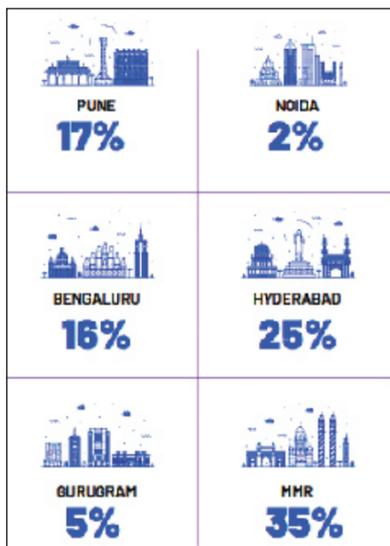
According to Rippy Sethi, CEO, Risa Realty, in New York, there has been an inflow of younger generation in search of employment to the US. Unlike earlier, they are not part of the cultural associations through which most organisers wish to get across to prospective buyers. A paradigm shift has taken place in the way of accessing prospective homebuyers in today's digital era. A few events are in the pipeline by event managers in the coming months.

80,000+ new residential units launched across top six cities in Q1, 2022: Square Yards Report

The latest report by Square Yards titled 'India Residential Overview: Jan-Mar 2022' captures the trends of the housing market amidst the changing buyer preferences under the influence of a few policy reforms, expected price appreciation, and demand-supply dynamics. The cities covered in the report include Hyderabad, Bengaluru, MMR, Pune, Noida, and Gurugram.

Highlights of the report:

- The number of new project launches in the top six cities recorded a quarterly rise of 43%, with MMR once again bagging the highest share of 35%, followed by Pune which accounted for 25% of the total new launches.
- With a 26% share of the total online searches in Q1, 2022, MMR was the most searched city, closely followed by Hyderabad at 22%.
- Mid-segment properties in the budget bracket of Rs 30-60 Lakhs and Rs 60-100 Lakhs were the most searched by online property seekers in Q1, 2022.
- Rooted in strong developer confidence, 3BHK configurations formed more than 40% of the residential supply in Bengaluru and Gurugram for Q1, 2022.
- Interestingly, while 2BHK units continued to be the most preferred by homebuyers in Q1 2022 with 42% of the total demand share, the preference for 1BHK units also inched up. The recent announcements of property tax waivers on smaller configurations in MMR and adjacent areas and speculations around expected property price appreciation are the most likely factors behind the cursory trend. The demand for 3BHK and



above configurations also remained evident.

- Independent homes are once again in vogue with a 27% share of the total property searches across the top six cities. Southern cities namely Hyderabad and Bengaluru lead the searches with about 42% demand each for independent homes in the cities during the Jan-Mar 2022 quarter.
- Demand for luxury and ultra-luxury residential spaces (>3000 Sq. Ft.) was more prominent in Bengaluru and Gurugram with 12% and 8% share respectively, for the total online searches recorded in these cities.

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INVESTMENT

HOW FDI IS REGULATED IN INDIA: AN OVERVIEW



By Ankita Singla

India is expected to attract foreign FDI of US\$ 120-160 billion per year by 2025, according to a CII and EY report. Let us get to know how the FDI is regulated in India, the permissible routes and basic compliance related to the same. Foreign direct investment (FDI) is when an entity (Individual/Body corporate) acquires business ownership in an entity outside home country.

With respect to India, FDI means setting up of a business or acquiring business stake in the already existing Company by investors from outside India. India ranked 63rd in ease of Doing Business Index 2020, which makes India an attractive destination to attract Foreign investments. After the economic reforms of 1991, India has seen a surge in FDI and is among one of the top countries in the world to

have received highest FDI.

With FDI, Indian companies not only gain the benefit of money, but it comes with knowledge, technology and skill of the investor. In India, FDI is regulated by Ministry of Finance through RBI and Ministry of Commerce and Industry through Department for Promotion of Industry and Internal Trade (DPIIT). RBI has formulated various acts and rules, for ex: Foreign Exchange Management Act, 1999 ("FEMA") and DPIIT keeps on issuing various press notes for the purpose of FDI regulation

FDI in India has three routes: 1. Automatic route: No prior approval is required. Permitted sectors includes IT, manufacturing, infrastructure 2. Approval route: Prior approval is required from concerned ministries. sectors includes Defence, Print media,

pharmaceuticals, civil aviation, telecom 3. Prohibited sectors: FDI is prohibited in lottery business including government/private lottery, online lotteries, etc., Gambling and betting including casinos etc., chit funds, Nidhi company etc. Eligible entities which can receive FDI in India are Indian Companies, LLPs, startups, partnership firms, and proprietary concerns subject to applicable rules and regulations. In return, Indian companies issue them equity shares, fully compulsory and mandatorily convertible debentures into equity shares; fully compulsory and mandatorily convertible preference shares into equity shares.

In LLPs they get to contribute in capital and gain profit share. Recently,

Indian regulators have introduced the concept of convertible notes for startups, wherein a startup can issue convertible notes with a minimum value of Rs. 25 lakh each to each investor. This has enabled foreign investors to acquire convertible notes of Indian startups.

Concept of FDI in India has come up with various rules and regulations to comply which are as follows:

1. FCGPR: to be filed with RBI upon issuance of fresh shares to non-residents within 30 days of issue of shares
2. FCTRS: to be filed with RBI upon transfer of shares between resident and non-resident, Non resident (repatriable) and / Non resident (non-repatriable) within 60 days
3. FORM CN: Indian startup Company needs to file Form CN within 30days of

issue of Convertible Notes

4. FORM LLP I: to be filed when received LLP contribution from Non-residents within 30 days

5. Return of Foreign Assets and Liabilities (FLA): It is an annual return which is required to be submitted by those entities which have received FDI and/or made overseas investments in any of the previous years including the current year i.e., entities which have foreign assets or liabilities in their balance sheets. Due date for such return is 15th July of every year. This is not an exhaustive list of compliance. Other forms also need to be filed as per the event, for example, Form DRR (for issue of depository receipts).

Courtesy: info.taxguru.in

TAX PLANNING

COMPUTING CAPITAL GAINS USING COST INFLATION INDEX

Purchasing power of money decreases with increase in inflation which results in increase in prices of goods. Indexed cost allows assessee to claim higher deduction in respect of cost of the asset by taking inflated cost while calculating capital gains.

The overall cost of acquisition is adjusted per the prevailing Cost Inflation Index for the year and the year in which acquisition took place.

Steps to Calculate the Indexed Cost of Acquisition:

We must follow two step approach to calculate the Indexed Cost of acquisition.

Step1 – Calculate the Cost of Acquisition of Capital Assets.

Step2 – Multiply Cost of Acquisition with Cost Inflation Index of the year when the asset was transferred and divide it by Cost Inflation Index of the year in which the asset was first held by the assessee. In case the Asset was acquired before 2001, then Cost Inflation Index of 2001-02 need to be used in place of Cost Inflation Index of the year in which the asset was first held by the assessee.

The benefit of indexation shall not be available in case of transfer of long-term capital asset, being listed equity shares, units of equity oriented mutual funds or units of business trust, or any transfer of a bond or debenture if the capital gain is taxable under Section 112A.

$$\text{Indexed Cost of Acquisition} = \text{Cost of Acquisition} \times \frac{\text{CII of the year in which asset is transferred}}{\text{CII of the year in which asset is first held by assessee or CII of 2001-02, whichever is later}}$$

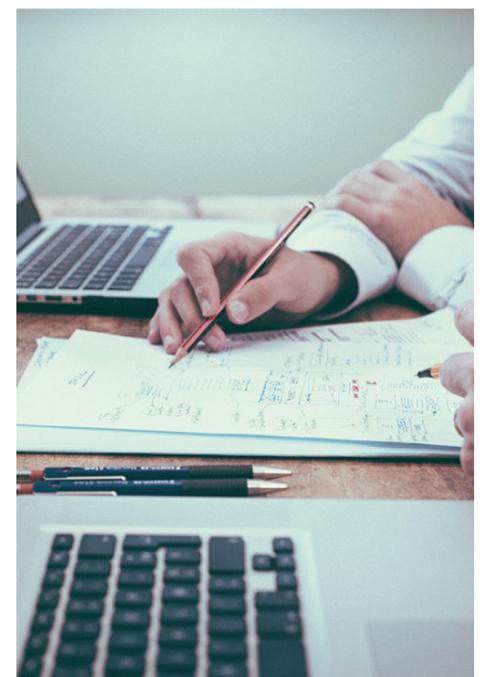
In case asset was acquired by way of gift or inheritance etc. then base year shall be the year in which the previous owner first held the asset.

TABLE OF NOTIFIED CIIS

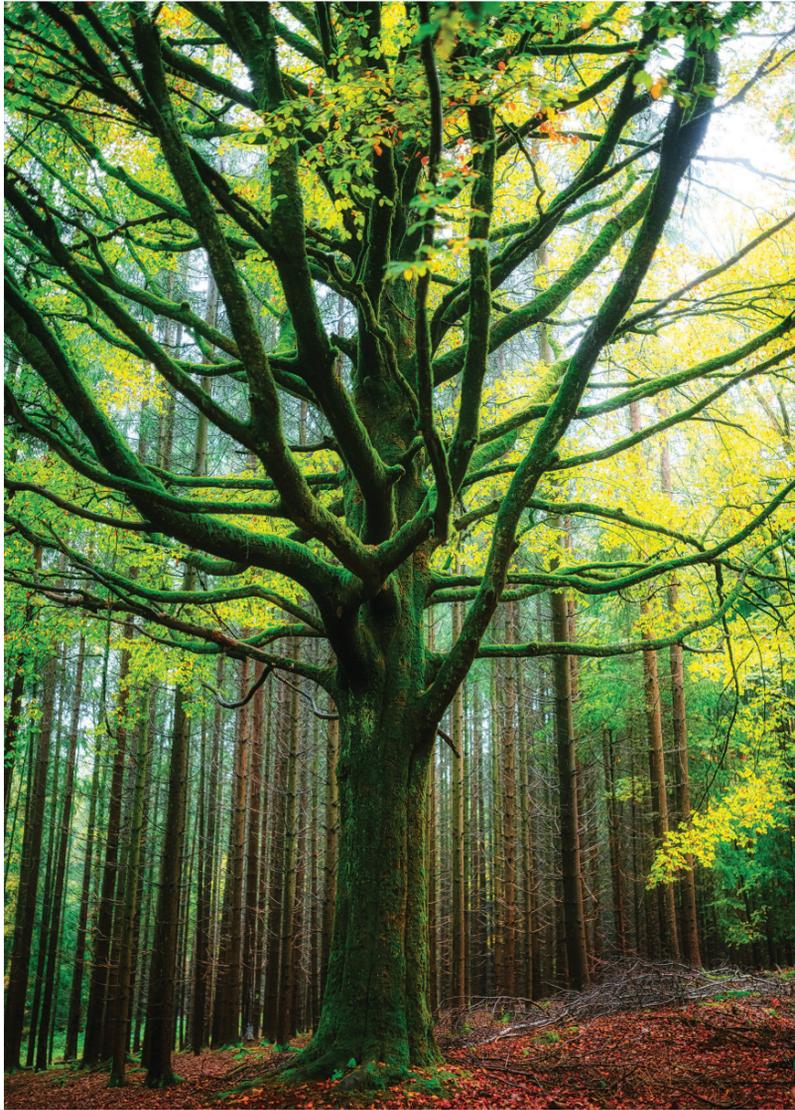
Financial Year	CII	Financial Year	CII
2001-02	100	2011-12	184
2002-03	105	2012-13	200
2003-04	109	2013-14	220
2004-05	113	2014-15	240
2005-06	117	2015-16	254
2006-07	122	2016-17	264
2007-08	129	2017-18	272
2008-09	137	2018-19	280
2009-10	148	2019-20	289
2010-11	167	2020-21	301
		2021-22	317

Depreciable Assets are always deemed as short-term capital assets. Thus, no indexation benefits shall be available on such assets and where a non-resident acquires shares or debentures of an Indian company in foreign currency, scheme of indexation does not apply.

Source: Taxman.com



How to Transplant Old Trees Successfully?



There is no need to destroy old trees which are 10 to 100 years, plus in today's urbanisation drive as landscape architects are providing tangible solution to preserve the nature in its pristine glory, reports V Nagarajan.

Mankind destroys trees in the gross commercialism shifting towards increasing urbanisation. But the landscaping experts now have found a lasting solution to save those precious old trees and preserve them in their pristine glory for future generation. It is said that 25 million square miles of leaf surface are daily engaged in the miracle of photosynthesis, producing oxygen and food for man and beast. Of the 375 billion tons of food we consume each year, the bulk comes from plants and the remainder from animal products which in turn are derived from plants.

Is it not our duty to protect and preserve the plants with a little extra effort when technology is available to carry it forward to the deserving next generation? Says Sekar James, a well-known landscape architect based in Chennai, who has successfully transplanted over 2500 trees between the age group of 25 years and 100 years in a career spanning 35 years plus. "It is important to follow the ground rules on what to do and what not to do with the tree", he added.

Among the cities where the transplantation has been carried out by Master Plan architects include Bengaluru, Chennai, Hyderabad, Visakhapatnam and other cities. Corporates who have sought the services of transplanting trees in their new premises include the property developer Olympia group in Chennai, IT major Infosys, etc. As regards hospitality sector, GRT Temple Bay in Mahabalipuram near Chennai needs specific mention where 250 coconut trees have been transplanted in a single location in the hotel.

"There are ground realities one should observe before transplanting such trees from one location to another. One has to be doubly careful while dealing with such exercise," cautions Sekar James.

"Perfect balance between the root pruning and shoot

pruning (pruning of branches) is a must. How much you can prune away also depends on age or species of the trees. Professional approach by an expert might even end up pruning away 85% tree roots, including tap root! The balance in pruning is so important to regulate intake of water by the root system and the transpiration (out-go) of water through the leaves! Protecting the evaporation from the stem and the branches is yet another challenge. The normal practice is to burlap the stem with straw or gunny to keep it moist," says Sekar James.

How does then one go the whole exercise of transplanting trees? First one has to prune the branches as the volume of leaves is the main source of evaporation. However, we leave twigs on the top of the branches to see if the pumping system is still working to make sure the tree is still alive.

The pruning of the tree is done on one day and pruning of the shoot of the branches after a week or so leaving the tree to get over the shock. One has to arrest or discourage the evaporation. There are hormones which are playing a vital role which will discourage evaporation through leaves, it is said.

According to Sekar James, root promoting hormones will be injected into the earth ball of the tree to encourage quicker formation of roots for survival. New leaves will start sprouting from the fourth week. The foods stored in the stem negate growth of new leaves and the new leaves have to produce food using sun light to strike new roots. The straw burlapped stem is kept moist, for the next eight weeks by hosing water!

It is never the age or the size of the tree that matters but the standard horticultural procedures and the aftercare that matters and in the process there is no denying that 100% survival is assured, said Sekar James.



Feng Shui for Home office

By S.BS.Surendran

Traffic problems, space constraints and budgeting has given rise to the concept of SOHO (Small Office Home Office). This is catching up rapidly in many cities and quite a few organizations have been forthcoming in encouraging their staff to operate from their homes .

Often many home offices are set up in available spaces like corner of the bedroom, basement, attic, beneath stairs, close to toilet walls etc. Some areas within a home are good for a home office while others are not so great. When setting up a home office, it can be tempting to use whatever extra furniture is on hand to economize; this is acceptable provided the furniture's are not falling apart and discolored. Second-hand office furniture requires special consideration, as it often has terrible "predecessor chi." Never buy used furniture from a business that went bankrupt, no matter how cheap it is - it will fill your home office with the energy of failure, anxiety, and disappointment. Family furniture inherited, will have good or bad energy for you depending on the quality of your family relationships. If for example you have a great relationship with your father, consider him a good role model, using his old desk and chair in your office can help you feel looked after, supported, and inspired. If you hold client meetings in your home office, it is best if clients can use a separate entrance from that used by



your family. That way your clients can come and go without having to pass through your living spaces, and both of your energies will remain focused on business. Clients who walk through your living space before getting to the office are likely to make a subtle shift away from a business focus, and their confidence in your professionalism or capabilities may subconsciously be weakened

Certain areas of the home are especially ill-suited for home office use. Here are some locations that you should avoid if at all possible:

- Center of the home, Work will dominate over family life

- Bedroom, Work issues may cause or contribute to relationship conflicts, thoughts of work may interfere with sleep, you may feel drowsy and unfocused when trying to work
- Office in nook underneath stairs, Oppressive overhead energy may cause headaches, contribute to difficulty concentrating;
- Next to bathroom, with desk & toilet on opposite sides of the shared wall - Business chi gets flushed down the toilet Slanted ceilings create a similar problem that is focused on one side of the room.

If your office has a slanted ceiling, place

your desk on the taller side of the room, and use the lower side for file cabinets, book cases, or other storage. Plants and lights that shine upward (rather than down) are good addition to rooms with low or slanted ceilings. Remember that the work you do is a form of self-expression. Although it is important that your office furniture be ergonomically suited to the work you do, don't feel you have to give this space an "office" look unless it helps you concentrate on business.

Mr Surendran is a master Fengshui consultant and traditional Vaastu practitioner.

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

By CS Deepak P. Singh

Mr. Hari, a property dealer, sold a building in the course of his business to his friend, Mr. Rajesh, who is a dealer in automobile spare parts, for Rs. 90.00 Lakhs on 01/01/2022, when Stamp Duty Value was Rs. 150.00 Lakhs. The agreement however entered on 01/09/2021. Mr. Hari has received the payment of Rs. 15.00 Lakhs by a crossed cheque from Mr. Rajesh on the date of Agreement.

Discuss the tax implications in the hands of Mr. Hari and Mr. Rajesh assuming that Mr. Hari has purchased the building for Rs. 75.00 Lakhs on 12th July, 2020. Also share your views in case Mr. Hari was a Share Broker instead of a State Broker.

Let's consider first applicable provisions of the Income Tax Act, 1961

Section 43CA of the Act, inter alia, provides that where the consideration declared to be received or accruing as a result of the transfer of land or building or both, is less than the value adopted or assessed or assessable by any authority of a State Government (i.e. —stamp valuation authority) for the purpose of payment of stamp duty in respect of such transfer, the value so adopted or assessed or assessable shall for the purpose of computing profits and gains from transfer of such assets, be deemed to be the full value of consideration. The said section also provide that

where the value adopted or assessed or assessable by the authority for the purpose of payment of stamp duty does not exceed one hundred and ten per cent (110%) of the consideration received or accruing as a result of the transfer, the consideration so received or accruing as a result of the transfer shall, for the purposes of computing profits and gains from transfer of such asset, be deemed to be the full value of the consideration.

Note: the provisions of Section 43CA will be applicable in case of seller of the property.

Section 56(2) (x) of the Act, inter alia, provides that where any person receives, in any previous year, from any person or persons on or after 1st April, 2017, any immovable property, for a consideration which is less than the stamp duty value of the property by an amount exceeding fifty thousand rupees (Rs. 50,000/-), the stamp duty value of such property as exceeds such consideration shall be charged to tax under the head —income from other sources”.

It also provide that where the assessee receives any immovable property for a consideration and the stamp duty value of such property exceeds ten per cent of the consideration or fifty thousand rupees, whichever is higher, the stamp duty value of such property as exceeds such consideration shall be charged to tax under the head —Income from other sources.

Note: the provisions of Section 56(2)(x) are applicable to buyers of

immovable property.

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

Note: the provisions of Section 43CA will be applicable in case of seller of the property.

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

Section 43CA is applicable on any type of property, whether it is a busi-



ness assets or capital asset. The provisions of Section 50C and 56(2)(x) are applicable to immovable properties. The difference between s t a m p

duty value and cost of acquisition of property will be charged as short term/ long term capital gains based on the period of holding. These provisions are applicable in case stamp duty value exceeds 110% of the sale consideration.

Courtesy: www.taxguru.in

Message from the Chairman, Newsletter

It is with immense pleasure we announce that NAR-India has launched its maiden edition, NAR-India Realty News, a monthly newsletter on current developments happening in and around realty sector. The objective is to keep all our members and the public well informed of ongoing developments across multiple sectors in the real estate sector so that they can take appropriate decision accordingly. NAR members across various regions can share data pertaining to their area for inclusion in the newsletter in order to reach the decision-makers across the nation.



K Ramkumar

ANSWER:

CASE 1. Mr. Hari is a property dealer

In Hands of Mr. Hari (A Property Dealer)

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

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

Now in this case Sale Consideration will be Stamp Duty Value i.e. Rs. 150.00 Lakhs.

Please Note That- u/s 43CA the option to adopt the SDV on the date of agreement can be exercised only if whole or part of the consideration has been received on or before the date of agreement by way of account payee cheque or draft or ECS or RTGS/NEFT etc. In this case Rs. 15.00 Lakhs has been received on the date of agreement by a Crossed Cheque and not by Account Payee Cheque, then this option cannot be exercised.

Solution:
Therefore Rs. 75.00Lakhs = Sale Consideration (SDV) Rs. 150.00 – Purchase Price Rs. 75.00 Lakhs will be taxable in the hands of Mr. Hari as income from " Business and Profession.

In the hands of Mr. Rajesh (Buyer)

Since Mr. Rajesh is dealing in automobile spare parts and ilding purchased by him is a Capital Asset for him. The provisions of Section 56(2)(x) will be applicable here.

Mr. Rajesh has received immovable property without adequate consideration and the difference between the consideration and the SDV exceeds Rs. 9.00 Lakhs, being higher than Rs. 50,000 /- or 10% of consideration.

Therefore Rs. 60.00 Lakhs= Rs. 150.00 Lakhs(Stamp Duty Value) – Rs. 90.00 Lakhs(Sale Consideration).

Would be taxable under provisions of Section 56(2)(x) in head " Income from other sources).

Please Note That- since the payment on the date of agreement is made by crossed cheque not by Account Payee Cheque / Draft/ECS/RTGS/ ETF/NEFT etc.

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