

growth

Real estate prices, after remaining flat in the first three quarters of 2009, have begun to see some upward movement. The main driving factor behind revival in the sector is the launch of affordable apartments coupled with the stimulus packages of the government and liquidity infusion by RBI to keep interest rates around 8.5% on fresh home loans.

As demand for affordable housings in the range of Rs 15 lakh to Rs 40 lakh is large, the new mantra of constructing low-budget houses to tide over the slowdown in the sector has led to unprecedented construction activities in National Capital Region.

According to one estimate by real estate consultancy and research firm, PropEquity, at present, over 1 lakh apartments are in various stages of construction in NCR region. Anshuman Magazine, CMD of global consultancy firm CB Richard Ellis, said developers' decision to go for construction of affordable housing has resulted in an unprecedented construction activity in NCR.

The good thing is, he says, as economy picked up, demand for commer-

Realty sector, riding on the back of affordable housing, is registering a robust growth with almost one lakh apartments in various stages of construction in NCR. Prabhakar Sinha writes

cial office space has also started rising. After a lull of more than a year, a number of MNCs have started enquiring about office space to expand operations, Magazine said.

While IT/ITeS sector has been slower to get onto the recovery path, corporate office space being taken up has been quite encouraging, he says. Financial institutions, FMCG and telecom sectors have all contributed to demand for office space. Though volumes

are still at lower end of the spectrum, market is not as moribund as it used to be at the beginning of 2009, he says.

Demand for residential real estate follows that of commercial space. According to a thumb rule, the requirement for residential space to meet housing needs of the employees working in newly occupied office space is 10 to 12 times the area of that office space.

According to a Cushman and Wakefield report, in 2009, 3.82 million sq ft of office space was absorbed in NCR region. At an average house size of 1,000 sq ft, occupancy of 3.82 million sq ft office space is good enough for the creation of a fresh demand for around 40,000 apartments. In 2008, according to the report, a total of 8.6 million sq ft of fresh office space was absorbed. In 2010, the demand for office space is likely to increase substantially over that of 2009. However, whether it will reach the 2008 level is yet to be seen.

Because of a boom in the sector, as demand for both office and residential

space is growing year after year, the supply is also increasing proportionately. Following the trend of the last few years, developers in NCR were ready with a supply of 8.6 million sq ft of office space in 2009.

But as demand fell sharply in the second half of 2008, and also in the first half of 2009, there is a condition of oversupply in commercial real estate. This has led to a fall in rentals ranged between 3% and 26%. Vacancy rates went up substantially. But, now, as demand for office space has again picked up, there are expectations that there would be stabilization in rentals across most locations in NCR. However, Gurgaon (IT/SEZ) may witness some fall in rentals.

All this has made the demand quality conscious. Magazine says: "As supply has overtaken demand, facilitating increased competition, better quality developments are attracting demand. This is encouraging for real estate sector as a whole, with commitment to quality finally getting its due

rewards."

Another positive aspect to the story is the development of infrastructure in NCR due to forthcoming Commonwealth Game. All government - central and state, along with municipal and civic - agencies in NCR are working overtime to develop physical infrastructure in the city.

In the main, intra-city connectivity is witnessing an unprecedented improvement. Widening of major roads and de-congestion of other main roads through construction of a series of flyovers, which began sometime ago, is already close to completion. It is not Delhi administration alone, but other local authorities of NCR like Noida, Ghaziabad, Meerut, Faridabad, Gurgaon and Sonapat, which are also working overtime to improve connectivity of their areas with other parts of NCR.

Kundli-Manesar-Palwal (KMP) and Kundli-Ghaziabad-



Aurangzeb Road
Chanakyaपुरी Golf Links/ Jor Bagh, Sundar Nagar
Shanti Niketan, Westend
Vasant Vihar, Anand Niketan
Panchsheel Park/ Anandlok,
Niti Bagh, SDA Friends Colony, Maharani Bagh
Source: CB Richard Ellis

Palwal (KGP) Expressway direction. The alignment is also known as Westend off from National Highway 10 at West Bahadurpur and finally joins Noida-Gurgaon, Mewat, Rohtak top urban growth in Haryana, also known as bypass, provide signal at Faridabad and line to Gurgaon and the development of

These developments will save time from Noida to Faridabad, and other parts of NCR. Central Secretariat
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