PropEquity

CREATING INVESTOR INTELLIGENCE

Top 10 Cities in the Indian Real Estate Market

July 2009

Mumbai | Pune | Thane | Noida | Chennai | Bangalore | Gurgaon | Ahmedabad | Kolkata
Hyderabad | Ghaziabad | Navi Mumbai | Greater Noida | Faridabad | Kochi

STUDY BRIEF

Impetus, Objective and Scope of the Study

The immediate impact of the global slowdown on the Indian Residential Real Estate Market was most visible during the second half of 2008.

- Many under construction projects got delayed due to a sudden and rapid contraction in demand.
- This was accompanied by a significant drop in the residential real estate supply statistics across India as many developers adopted the cautious approach and deferred their plans for any new launches. For the rest of 2008.

By early 2009 many developers had adopted the obvious strategy of price correction in existing projects to clear mounting inventories and lure the consumers back into the market.

During this period there was another paradigm shift that occurred as many developers understood that the market had converted from an investor driven one to an end user dominant one. Recognizing that the end users were seeking homes that were affordable the developers altered their product portfolio and launched affordable housing across India to revive demand by the end of the first quarter of 2009. The Affordable housing concept coupled with reduced home loan rates put the residential real estate market on the path to recovery.

While this interesting phenomenon was emerging across India, PropEquity began the research on 36 cities in India to study the overall impact of this shift and rank the city that holds the highest potential of future growth, provides maximum investment potential and has demonstrated the healthiest absorption values during this dynamic phase of real estate development.

Over 10,000 Apartment and Villa projects of 3000 developers in 36 cities were analyzed during the course of the study for the first two quarters of 2009 to rank the top 10 leading real estate destinations in India.

This study is the first in the ranking series that PropEquity will release every six months going forward. This ranking is based on the largest proprietary data bank of real estate developments being tracked on a real time basis by PropEquity making it the only study of its kind in India today.

STUDY APPROACH

STEP I - Parameters For Ranking and Analysis of Cities

1. Absorption	(Jan-June 09)
2. Unsold Supply	(Jan-June 09)
3. New Launches	(Jan-June 09)
4. Price Drop	(May 08 to May 09)
5. Projects Delayed	

STEP II - Assessment And Assignment of Weightage To The Parameters

Positive Parameters

1. Total Absorption	(Jan-June 09)
2. New Launches	(Jan-June 09)
3. Price Drop	(May 08 to May 09)

Negative Parameters

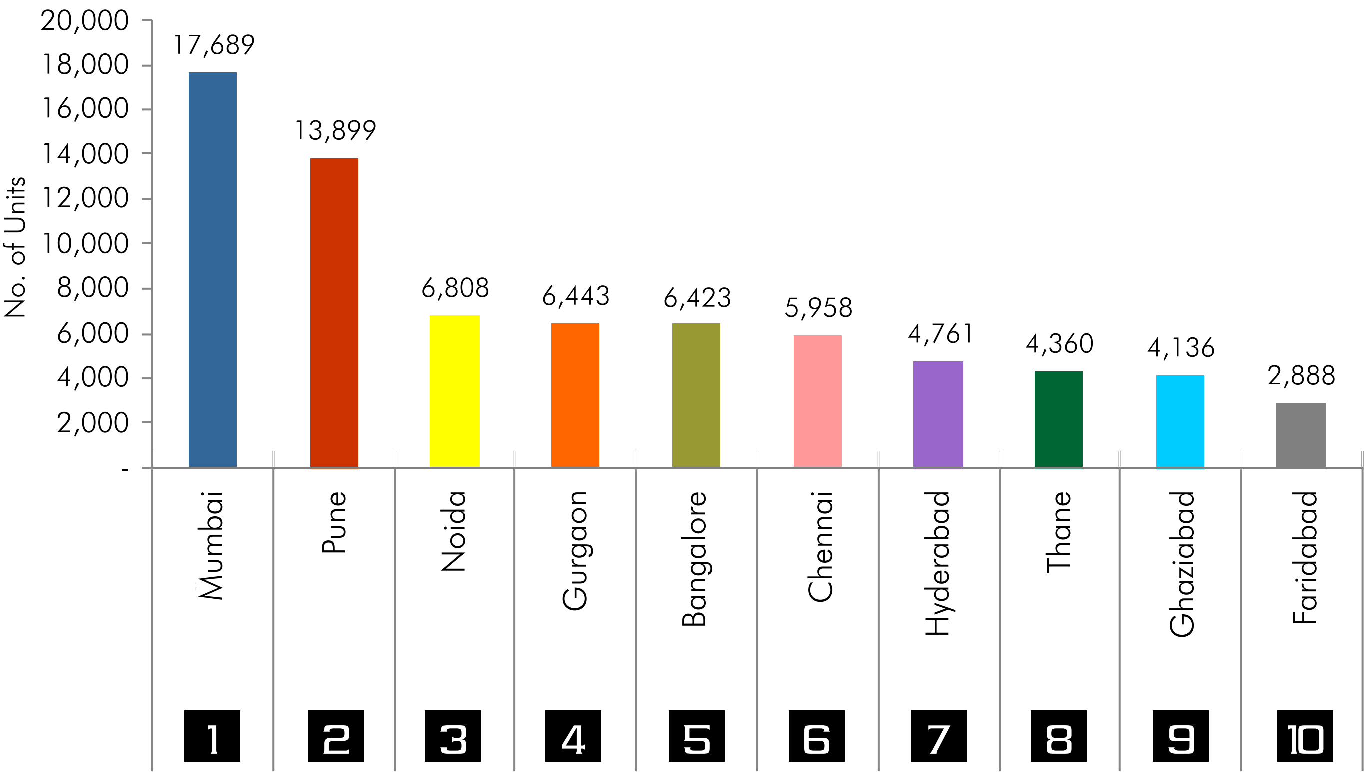
1. Unsold Supply	(Jan-June 09)
2. Projects Delayed	

STEP III - PropEquity's Ranking of The Top 15 Cities

Note: Scope of the study includes Apartments and Villas only and does not take into account Plots and Independent Floors

RANKING – TOTAL ABSORPTION

Ranking of Cities on the basis of Total Absorption during Jan-Jun-09



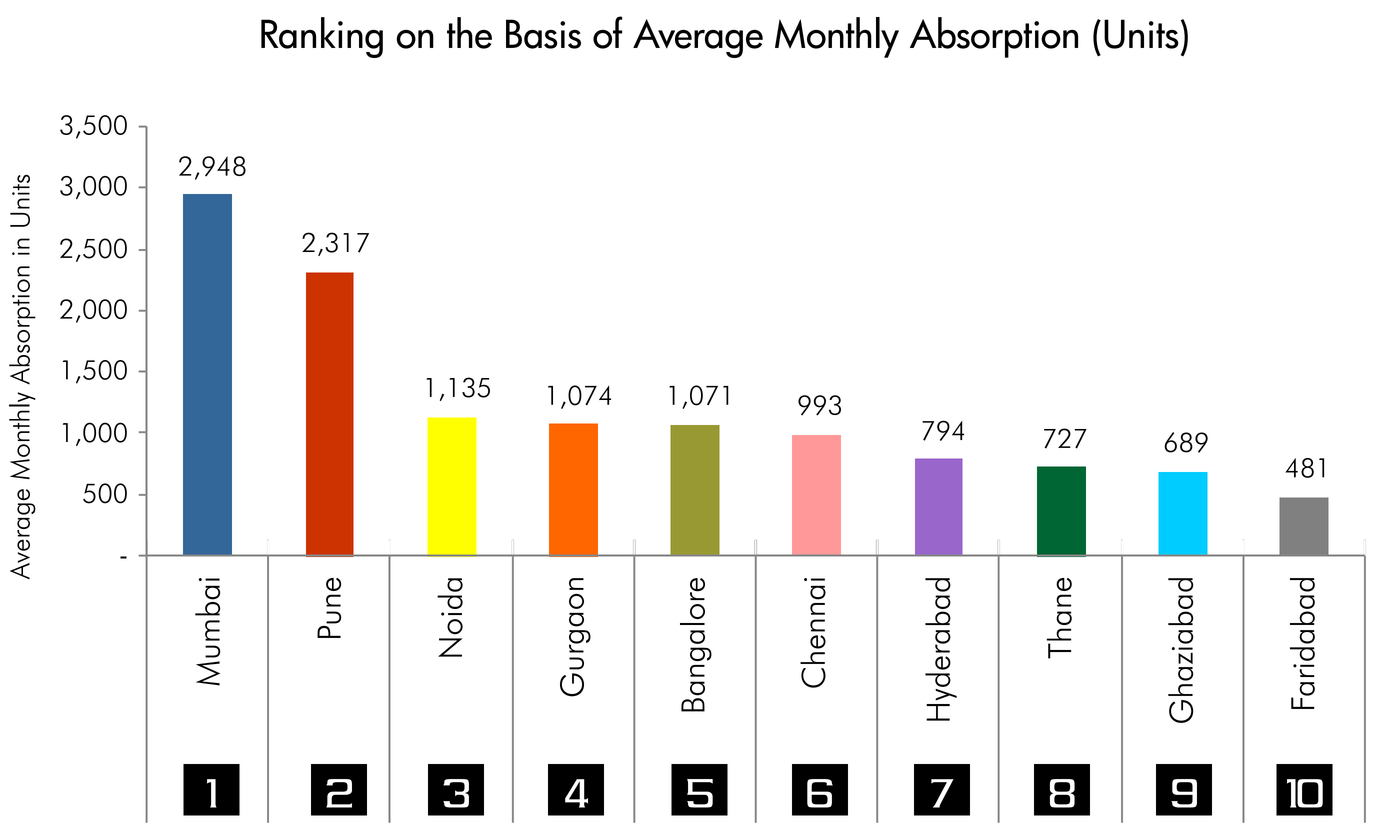
Note: Only Apartments and Villas are considered

Source: PropEquity Research, 2009

- Mumbai witnessed the highest absorption of 17,689 units during the period of Jan 09 to Jun 09.
- Pune which had recorded low absorption levels till Dec 08 witnessed a healthy absorption of 13,899 units during the first half of 2009 and was ranked 2nd in this category.
- The gap between the first (Mumbai) and second (Pune) ranked cities is 21% . However this gap doubles (51%) between the cities ranked 2nd (Pune) and 3rd (Noida). Thereafter the rank differences are marginal.
- 4 cities of the National Capital Region are amongst the top 10 cities ranked on absorption. Noida has emerged as the leader in NCR followed by Gurgaon.
- Noida and Faridabad have demonstrated high absorption primarily due to launch of affordable housing projects .

"Mumbai Emerges In The No. 1 Position In The Total Absorption Category Followed By Pune"

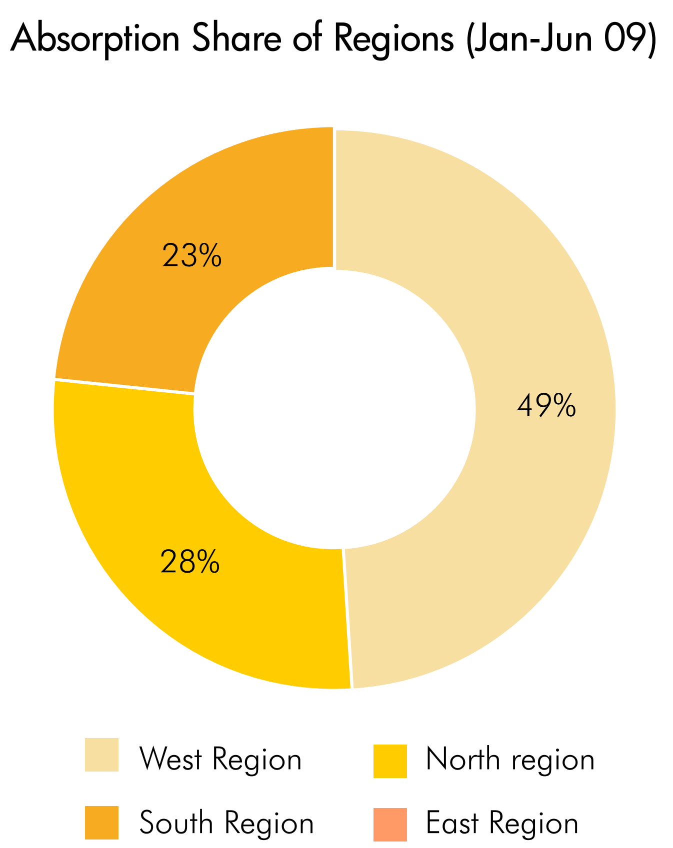
RANKING – AVERAGE MONTHLY ABSORPTION



Note: Only Apartments and Villas are considered

Source: PropEquity Research, 2009

- The projects of Jaypee in Noida and BPTP in Faridabad were primarily driving the high absorption values in these cities with these developers commanding more than 70% of the market share for the period of Jan-Jun 09.
- Mumbai and Thane representing Mumbai Metropolitan Region, together lead the total absorption at 22, 049 units, followed closely by the National Capital Region of Delhi at 20,275 units.
- In terms of total absorption , the Western region at 49% is almost equal to the total absorption in the North and South (i.e 51%).
- The eastern region has witnessed lowest absorption levels As compared to the rest of India.

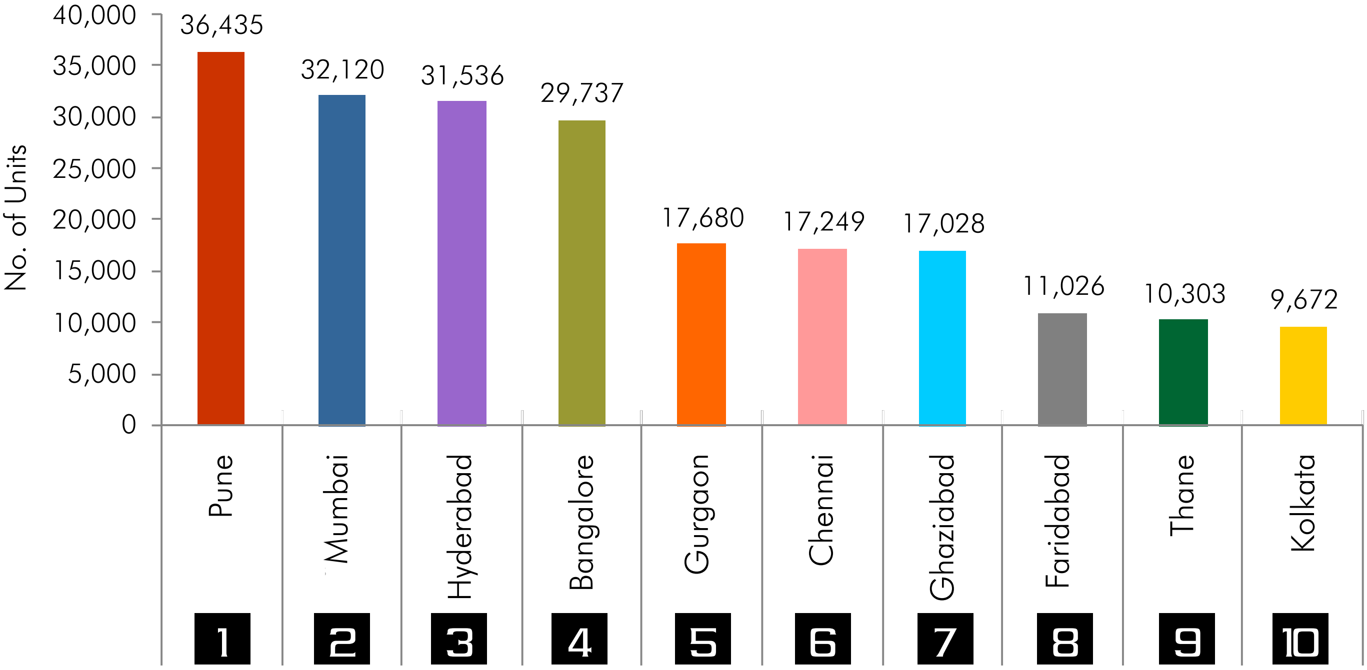


Total Absorption (Top 10 cities) = 73,365 Units

Source: PropEquity Research, 2009

RANKING – UNSOLD SUPPLY

Ranking of Cities On the basis of Unsold Supply (June 09)



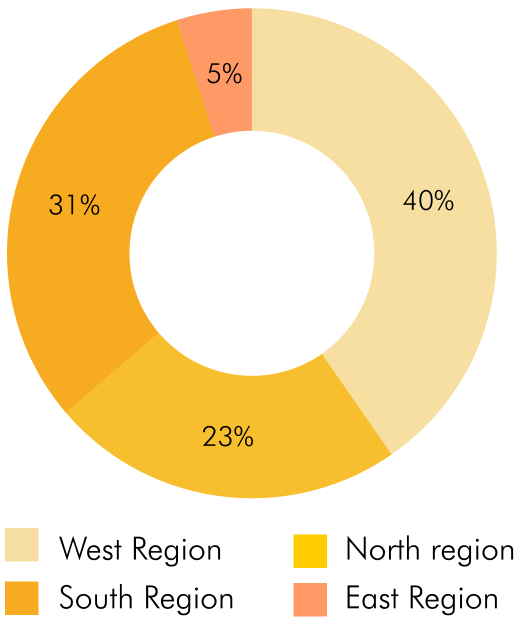
Note: Only Apartments and Villas are considered
Total unsold supply = 2,12,786 units

Source: PropEquity Research, 2009

- Pune, has the maximum unsold supply of 36,435 units followed by Mumbai with 32,120 units and Hyderabad with 31,536 units.
- Unsold supply in Pune is more than twice of Chennai and Gurgaon and almost 4 times higher than Kolkata which is ranked 10th at 9,672 units.
- Only 3 cities namely Gurgaon, Ghaziabad and Faridabad of the National Capital Region of Delhi appears in this list at low rankings of 5th , 7th and 8th positions respectively.
- The Top 10 cities have a total unsold stock of approx 2 .13 Lakh units . The western region accounts for 40 % of this unsold supply
- The Southern Region has the second largest share in the unsold supply category that stands at 31% of the total.
- The Share of the National Capital Region is almost half of the western region. This share stands at 23% (45, 732 Units).
- Kolkata represents the eastern region and has the lowest unsold supply at 9,672 units and is 10th in the overall ranking.

"Pune Has The Highest Unsold Supply Followed By Mumbai & Hyderabad"

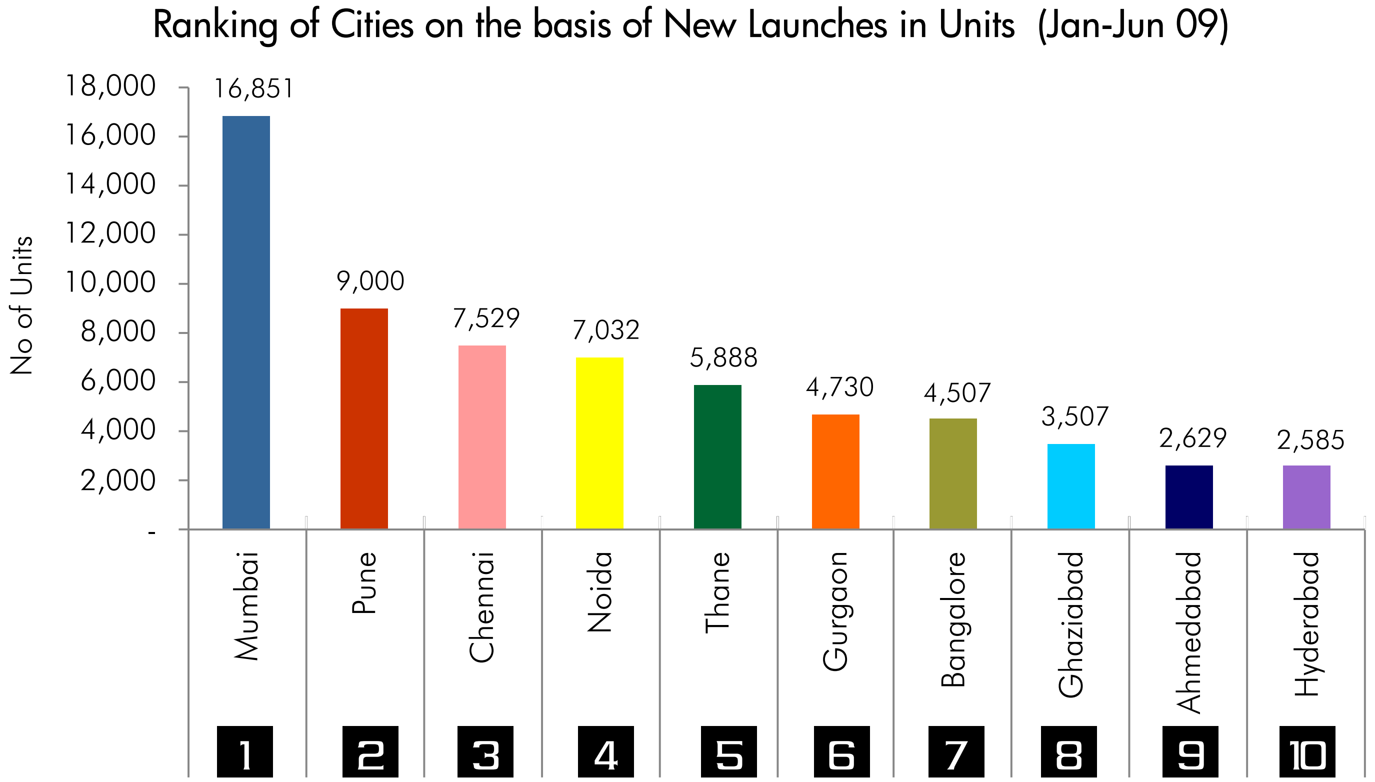
Unsold Supply Share of Regions (Jan-June 2009)



Total Unsold Supply= 2,12,786 Units

Source: PropEquity Research, 2009

RANKING – NEW LAUNCHES

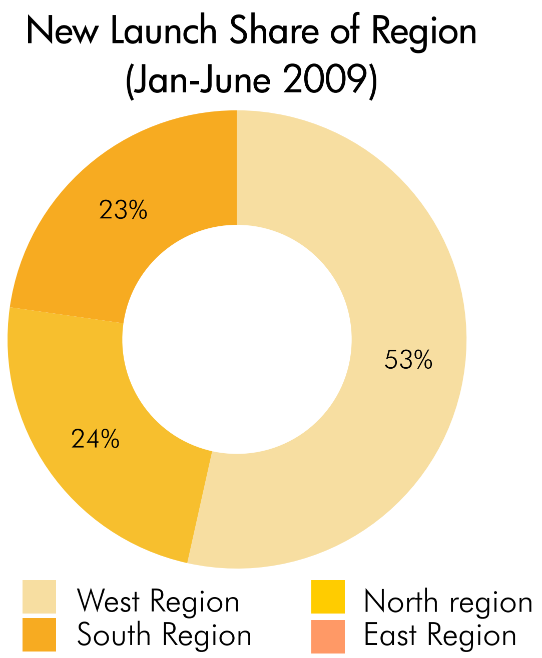


Note: Only Apartments and Villas are considered
Total New Launches= 64,258 Units across 265 Projects

Source: PropEquity Research, 2009

- With the highest launch of 16,851 units during the first half of 2009, Mumbai leads again leaving it nearest contender Pune far behind by 47%.
- Noida maintained its position among the top 5 cities with the launch of 7,032 units. Amongst its competitors in NCR it beats Gurgaon by a large margin of over 2,300 units i.e. 33%.
- Ahmedabad entered the top 10 category for the first time and captured the 9th position with the launch of 2,629 units.
- Hyderabad is the lowest in the list with the launch of 2,585 units driven by a high inventory overhang.
- The West accounts for the highest share at 53% with 140 new project launches.
- The North and South regions have contributed equally at 23%.
- New launches in the Western region (53%) are higher than that of North and South region put together (47%).
- In terms of number of projects launched, Pune was the leading city with 55 new project launches while in NCR it was Gurgaon with 14 new projects being launched between Jan to Jun 2009.

"Phenomenal Launch Of 16,000 + Units In The First Half Of 2009, Ranks Mumbai No.1 In The New Launch Category"

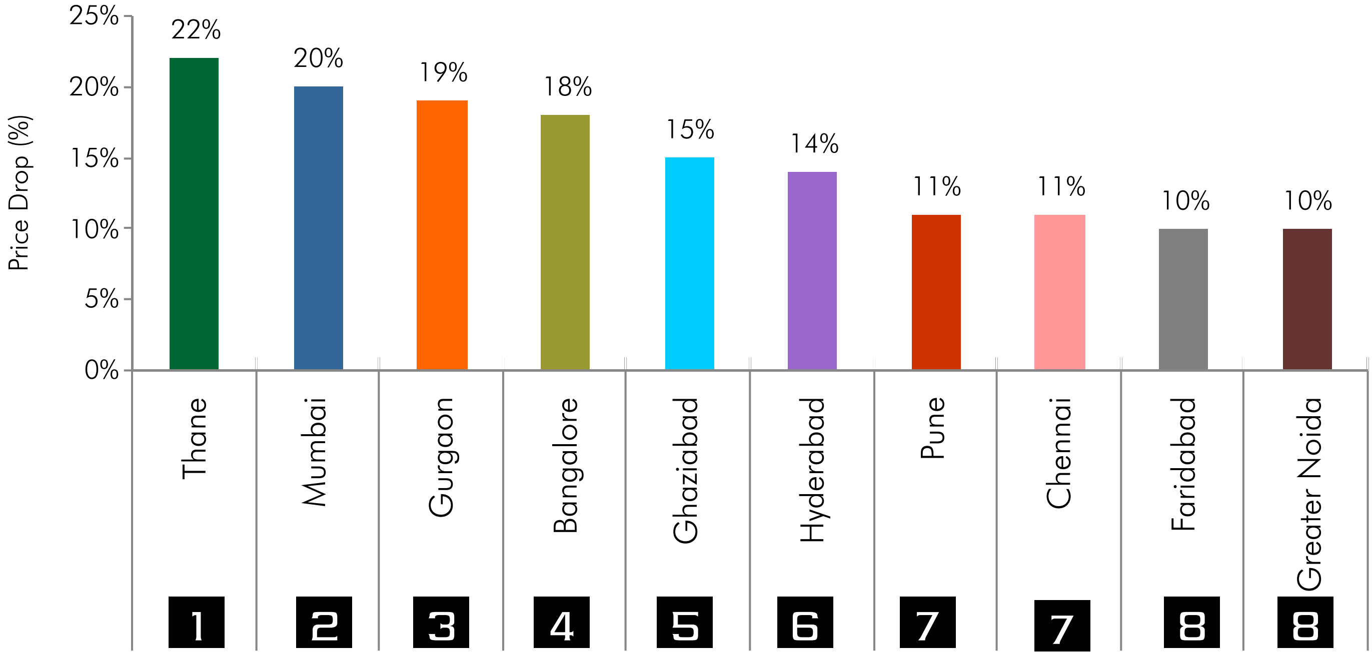


Total New Launches= 64,258 Units

Source: PropEquity Research, 2009

RANKING – PRICE DROP

Ranking of Cities on the basis of Price Drop in Apartments (May 08 - May 09)



Note: Only Apartments and Villas are considered

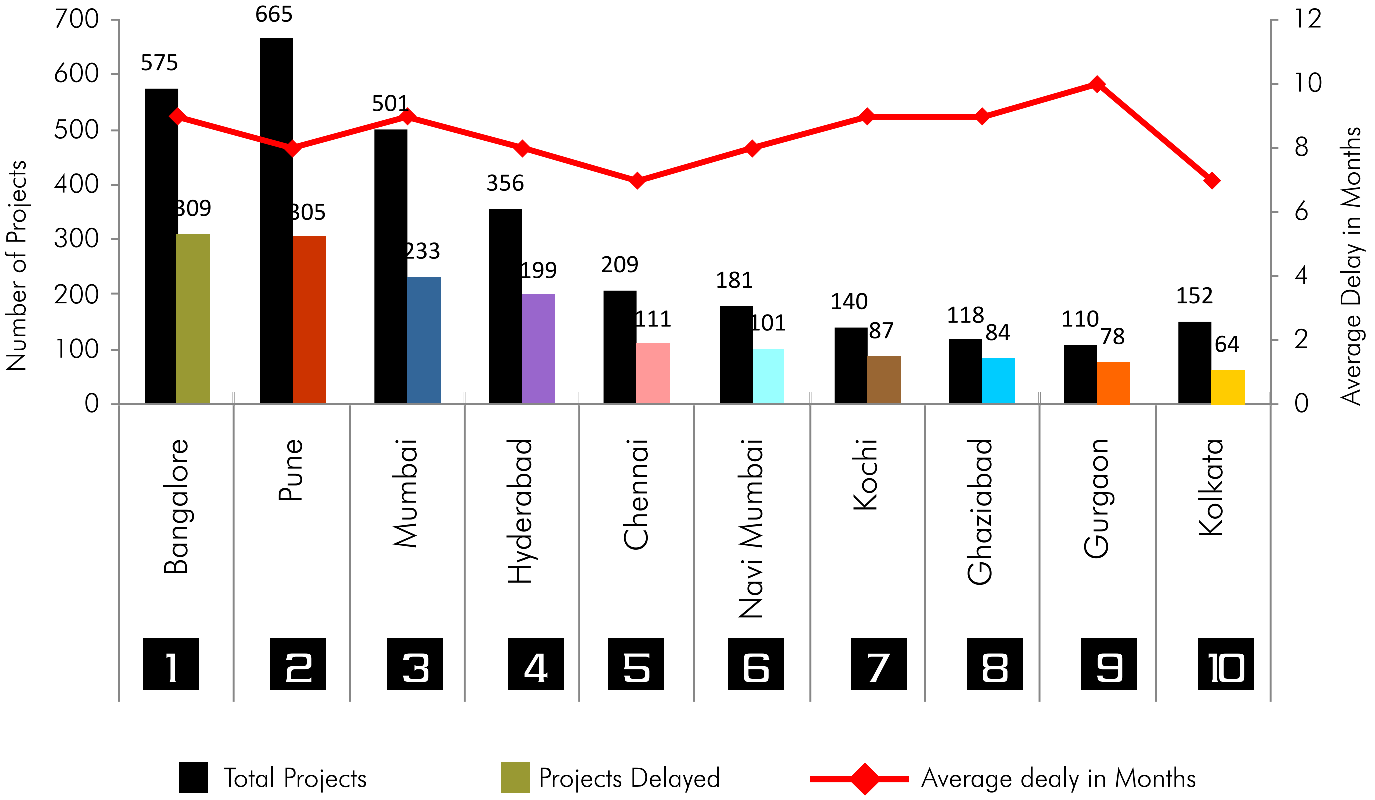
Source: PropEquity Research, 2009

- Thane, the north eastern suburb of Mumbai which stands 8th in the absorption category and 5th in the New launches category , exhibits the highest drop in apartment prices at 22% in May 09 over the prices that prevailed in May 08 .
- The price drop in Mumbai is 20%.
- Pune and Chennai after witnessing a price drop of 11%, jointly share the 7th position whereas Faridabad & Greater Noida together share the 8th position with a 10% price drop.
- Amongst the NCR cities Gurgaon witnessed the highest price drop at 19% and is ranked third in this category.

“Thane Witnesses The Highest Drop Of 22% In Apartment Prices In May 09 Over May 08”

RANKING – PROJECT DELAYS

Ranking on the basis of number of projects delayed among projects scheduled for completion in 2008 and onwards



Note: Only Apartments and Villas are considered

Source: PropEquity Research, 2009

Total Number of Projects scheduled for completion in 2008 & onwards = 1,856

Total Number of projects delayed = 1,089

- Bangalore witnessed the maximum number of projects delays among projects that were scheduled for completion in 2008 and onwards. 309 of the 575 projects got delayed and the average duration of delay for these projects was found to be 9 months.

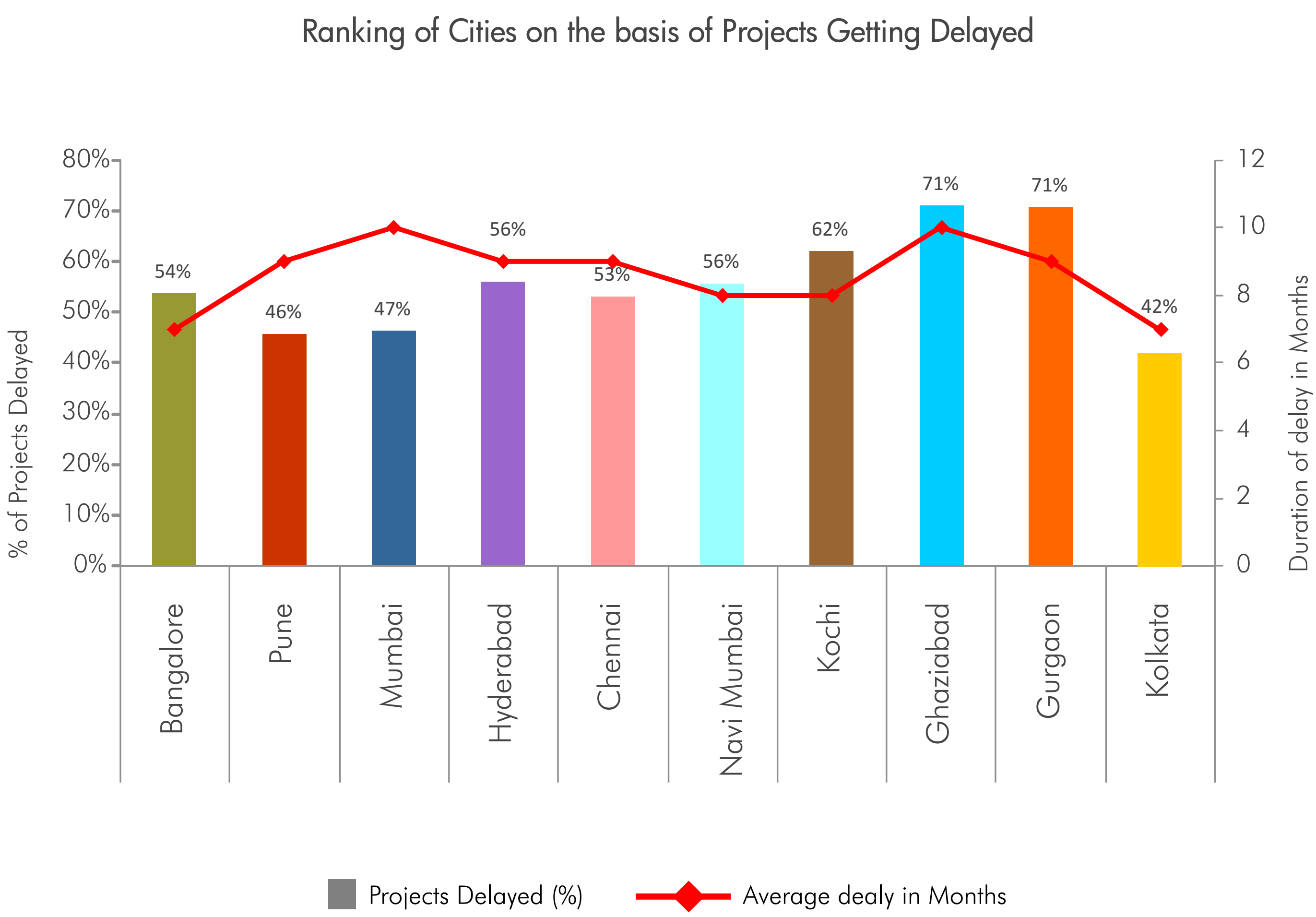
- Pune registered the second highest incidence of project delays. 305 projects out of 665 got delayed in the city with an average delay of 8 months.

- Mumbai when compared to Bangalore and Pune, exhibited lower project delays thus stands 3rd in this category with 233of 501 projects getting delayed with an average delay of 9 months.

- In case of percentage share of project delays to the total projects the northern region or National Capital Region witnessed the maximum impact whereas in case of absolute number of projects delays, it is the west region which got affected the most.

- Although Gurgaon stands 9th in the list of cities witnessing the maximum number of project delays the average duration of delay witnessed in the city is the highest at 10 months.

RANKING – PROJECT DELAYS



Note: Only Apartments and Villas are considered
Total Number of Projects scheduled for completion in 2008 & onwards = 1,856
Total Number of projects delayed = 1,089

Source: PropEquity Research, 2009

- Amongst the cities witnessing the maximum no of delays in project completion, Ghaziabad and Gurgaon witnessed the highest percentage share of these delays at 71%.
- In NCR, Faridabad witnessed the highest share of project delays at 88% where 42 of the 48 projects scheduled for completion in 2008 and onwards got delayed and stands at 12th position.
- The average duration of delay is noted to be the highest in Gurgaon and Thane at 10 months.
- When compared on the basis of the percentage share of project delays in all the major cities, Mumbai and Pune exhibited comparatively lower share of project delays at 46%.

"Of All The Projects Scheduled For Completion In 2008 & Onwards, Bangalore witnessed the maximum number of project delays. However The Average Duration Of Delays Is Noted To Be The Highest In Gurgaon"

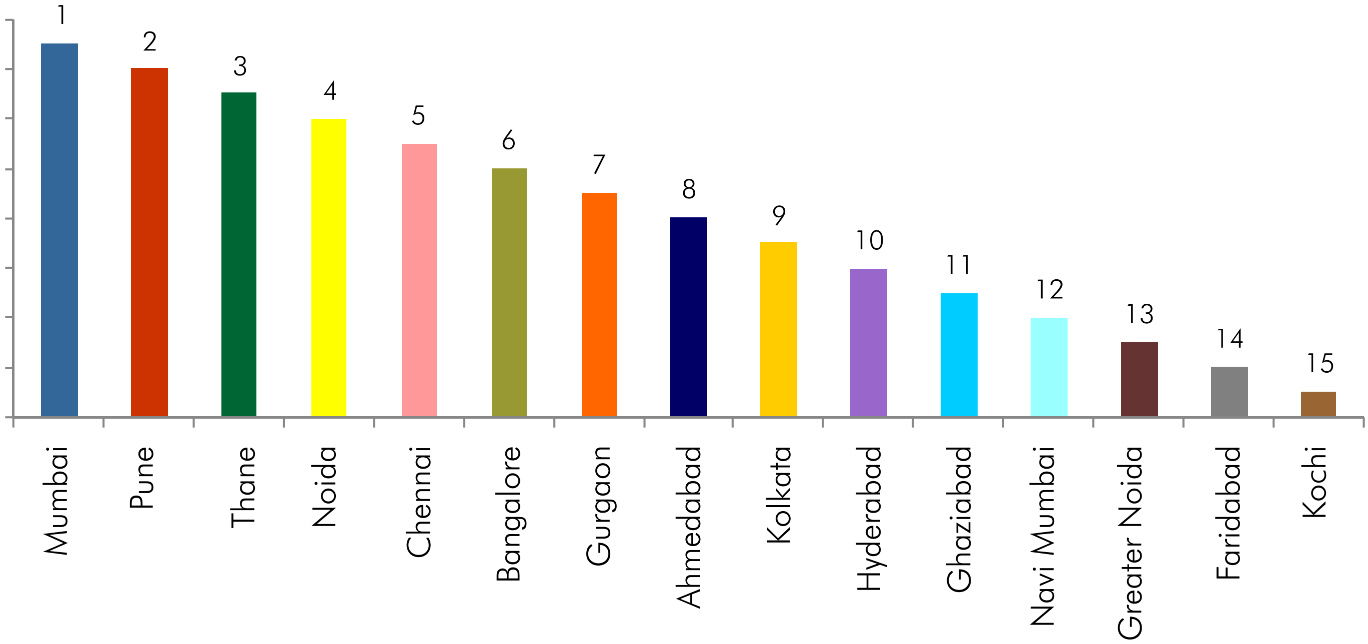
ATTRACTIVENESS INDEX - Cities

		Positive Scale						Negative Scale					
		1		2		2		1		2			
Ranking	City	Absorption		New Launches		Price Drop		Unsold Supply		Project Delays		Total	
		R	W	R	W	R	W	R	W	R	W	R	W
1	Mumbai	1	1	1	2	2	4	14	14	5	10	23	31
2	Pune	2	2	2	4	7	14	15	15	3	6	29	41
3	Thane	8	8	5	10	1	2	7	7	8	16	29	43
4	Noida	3	3	4	8	12	24	1	1	5	10	25	46
5	Chennai	6	6	3	6	7	14	10	10	6	12	32	48
6	Bangalore	5	5	7	14	4	8	12	12	7	14	35	53
7	Gurgaon	4	4	6	12	3	6	11	11	13	26	37	59
8	Ahmedabad	14	14	9	18	12	24	5	5	1	2	41	63
9	Kolkata	12	12	14	28	9	18	6	6	2	4	43	68
10	Hyderabad	7	7	10	20	6	12	13	13	10	20	46	72
11	Ghaziabad	9	9	8	16	5	10	9	9	14	28	45	72
12	Navi Mumbai	11	11	12	24	10	20	3	3	9	18	45	76
13	Greater Noida	13	13	13	26	8	16	2	2	11	22	47	79
14	Faridabad	10	10	11	22	8	16	8	8	15	30	52	86
15	Kochi	15	15	15	30	11	22	4	4	12	24	57	95

Note : R is Ranking and W is Weightage
Unsold Supply and project delays are on negative scale and ranking for project delays is on the basis of percentage share of project delays..

Source: PropEquity Research, 2009

Top 15 Leading Cities in Indian Real Estate Market



Source: PropEquity Research, 2009

ATTRACTIVENESS INDEX- Regions

Region	Leading Cities	City Ranking	Score	Hub Ranking
West Region	Mumbai	1	3	1
	Pune	2	3	
	Thane	3	3	
	Ahmedabad	8	2	
	Navi Mumbai	12	1	
	Total		12	
North Region	Noida	4	3	2
	Gurgaon	7	2	
	Ghaziabad	10	2	
	Greater Noida	13	1	
	Faridabad	14	1	
	Total		9	
South Region	Chennai	5	3	3
	Bangalore	6	2	
	Hyderabad	10	2	
	Kochi	15	1	
	Total		8	
East Region	Kolkata	9	2	4
	Total		2	

Source: PropEquity Research, 2009

Note : Score is based on the City Ranking, and is as follows

City Ranking	Score
1-5	3
5-10	2
10-15	1

Mumbai Emerges The Leading City In The Indian Real Estate Market Followed By Pune And Thane, Thus Making The Western Region As The Hottest Real Estate Destination In India

SUMMARY

- On the basis of all the above parameters and their impact on the Indian real Estate market, Mumbai proves to be the most promising city having the highest absorption, price correction & new launches with a lower share of project delays.

- Mumbai, Pune and Thane the top 3 cities represent the western region of the country and together make it the most sought after real estate hub in India.

- On account of increased real estate activity, Ahmedabad succeeds to appear in the league of the top 10 leading cities and is ranked 8th.

- All the 5 cities in NCR are significant among the leading 15 cities in India where Noida leads the region and stands 4th in the final ranking

- Gurgaon, Ghaziabad, Greater Noida and Faridabad are ranked at 7th, 11th, 13th and 14th respectively. These cities together with Noida make NCR the second most attractive real estate hub in India after the west.

- In the south, Chennai is the leading city ranking 5th . Bangalore and Hyderabad stand at the 6th and 10th positions respectively whereas Kochi captures the 15th position.

- Hyderabad in the south and Ghaziabad in the North jointly share the 10th position in the ranking array

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