**EXECUTIVE SUMMARY**

**REAL ESTATE**

- Fourth largest sector in terms of FDI inflows
- Rapid urbanisation bodes well for the sector
- India’s real estate sector’s market size is expected to increase 1.92 times by 2020

**FDI in the sector is estimated to grow to USD25 billion by FY22**

- The number of Indians living in urban areas will increase from the 434 million in 2015 to about 600 million by 2031
- India’s real estate sector’s market size is expected to be USD180 billion by 2020 from USD93.8 billion in 2014

Source: Ministry of Tourism, KPMG, World Bank, Census 2011, TechSci Research

Note: E- Estimated FY16*-Data till September 2015

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Advantage India

**Robust demand**
- Demand for residential properties has surged due to increased urbanisation and rising household income
- About 10 million people migrate to cities every year
- 35 per cent of the population is in young age bracket (15-35 years)
- Growing economy driving demand for commercial and retail space

**Attractive opportunities**
- Growing requirements of space from sectors such as education and healthcare
- Growth in tourism providing opportunities in the hospitality sector

**Increasing investments**
- FDI in construction development of USD24.156 billion between April 2000 and September 2015
- During April 2000–September 2015, the real estate sector accounted for 9 per cent of total FDI inflows into India

**Policy support**
- The government has allowed FDI of up to 100 per cent for townships and settlements development projects
- Under the Housing For All scheme, 6 crore houses are to be built in which 4 crore in rural areas and 2 crore in urban area by 2022
- Increase in exemption limit from USD3317 to USD4147 will help in household savings

Source: KPMG, Report on Real Estate Sector in India – Corporate Catalyst India Pvt Ltd, Department of Industrial Policy and Promotion, TechSci Research, News articles
Notes: FDI - Foreign Direct Investment, NHB: National Housing Bank, 2020E - Estimates for 2020;
Figures mentioned are as per latest data available

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### REAL ESTATE

#### SEGMENTS IN THE INDIAN REAL ESTATE SECTOR

- **Residential space**
  - Residential segment contributes ~80 per cent of the real estate sector
  - For FY15, estimated housing shortage for urban area was 18.78 million houses

- **Commercial space**
  - Few players with presence across India
  - Of a total supply of 445 million sq ft of office space planned in 10 major cities, around 167 million sq ft would come up during 2013 -15 with the demand being 66 million sq ft during the same period

- **Retail space**
  - FDI in multi brand retail to boost demand
  - Fragmented market with few national players
  - Of a total planned supply of 67 million sq ft across major cities, around 38 million sq ft would come up during 2013 -15

- **Hospitality space**
  - As of 30 July 2015, the country had 972 approved hotels with 63715 rooms

- **SEZs**
  - The government has formally approved 416 SEZs, of which 199 are in operation
  - Majority of the SEZs are in the IT/ITeS sector


Notes: SEZ - Special Economic Zone. IT - Information Technology, ITeS - Information Technology Enabled Services

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INDIAN REAL ESTATE IS A LARGE, GROWING MARKET...

- Real estate contribution to India’s GDP is estimated to increase to about 13 per cent by 2028.

- The market size of real estate in India is expected to increase at a CAGR of 15.2 per cent during FY2008 – 2028E and is estimated to be worth USD853 billion by 2028.

- Increasing share of real estate in the GDP would be supported by increasing industrial activity, improving income level, and urbanisation.

Source: KPMG, Report on Real Estate Sector in India – Corporate Catalyst India Pvt Ltd, CBRE, TechSci Research
Notes: CAGR - Compounded Annual Growth Rate; E-Estimates
The urban housing shortage is estimated at 18.78 million in 2015.

Total rural housing shortage in India stood at 14.8 million as of 2015 and is expected to grow to 48.8 million during XII plan period (2012-2017)

Significant increase in real estate activity in cities like Indore, Raipur, Ahmedabad, Jaipur and other two-tier cities; this has opened new avenues of growth for the sector

Relaxation in the FDI norms for real estate sector has been done to boost the real estate sector

Government’s plan to build 100 smart cities would reduce the migration of people to metro and other developed cities

Urban-rural housing shortage (million)

Source: Ministry of Housing and Urban Poverty Alleviation, RBI, CRISIL, TechSci Research
Notes: E – Estimates, EWS - Economically Weaker Section, LIG - Lower Income Group, BSUP - Basic Services to the Urban Poor, IHSDF - Integrated Housing and Slum Development Programme
DEMAND FOR RESIDENTIAL SPACE EXPECTED TO GROW SHARPLY

**Scenario**
- A localised, fragmented market presents opportunities for consolidation with only few large, pan-India players such as DLF and Unitech
- More foreign players might enter the market as FDI norms have eased
- Furthermore, norms on land acquisitions is expected to be relaxed

**Key drivers**
- Rapid urbanisation
- Growth in population
- Rise in the number of nuclear families
- Easy availability of finance
- Repatriation of NRIs and HNIs
- Rise in disposable income

**Notable trends**
- Demand to grow at a CAGR of 2.0 per cent over the period 2013-17 across top 8 cities in India
- NCR is expected to generate maximum demand in MIG and HIG category followed by Bengaluru
- Developers now focussing on affordable and mid-range categories to meet the huge demand

**Demand-Supply Analysis (2015)**

<table>
<thead>
<tr>
<th>Category</th>
<th>Demand (%)</th>
<th>Supply (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>HIG</td>
<td>19%</td>
<td>17%</td>
</tr>
<tr>
<td>MIG</td>
<td>41%</td>
<td>61%</td>
</tr>
<tr>
<td>LIG</td>
<td>40%</td>
<td>22%</td>
</tr>
</tbody>
</table>

**Demand analysis of top 8 cities (’000 units) 2013-17 (MIG+HIG)**

<table>
<thead>
<tr>
<th>City</th>
<th>Demand</th>
<th>Supply</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chennai</td>
<td>315</td>
<td></td>
</tr>
<tr>
<td>Hyderabad</td>
<td>270</td>
<td></td>
</tr>
<tr>
<td>Mumbai</td>
<td>245</td>
<td></td>
</tr>
<tr>
<td>Kolkata</td>
<td>105</td>
<td></td>
</tr>
<tr>
<td>NCR</td>
<td>775</td>
<td></td>
</tr>
<tr>
<td>Bengaluru</td>
<td>400</td>
<td></td>
</tr>
<tr>
<td>Pune</td>
<td>165</td>
<td></td>
</tr>
<tr>
<td>Ahmedabad</td>
<td>230</td>
<td></td>
</tr>
</tbody>
</table>

Source: Cushman & Wakefield, TechSci Research
Notes: LIG – Low Income Group, MIG - Middle Income Group, HIG - High Income Group
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REAL ESTATE

METROS DRIVING DEMAND FOR COMMERCIAL SPACE

Scenario

- Few large developers with a pan-India presence dominate the market
- Operating model has shifted from sales to a lease-and-maintenance

Key drivers

- Rapid growth in services sectors: IT/ITeS, BFSI and Telecom
- Rising demand from MNCs
- Demand for office space in Tier 2 cities

Notable trends

- Mumbai, NCR and Bengaluru account for 60 per cent of total office space demand in India by 2017
- Bengaluru is likely to experience highest demand over 2013-17 followed by Mumbai and NCR
- Business activity shifting from CBDs to SBDs, Tier 1 to Tier 2 cities

Demand projections across top 8 cities (million sq ft)

<table>
<thead>
<tr>
<th>Year</th>
<th>Pune</th>
<th>NCR</th>
<th>Mumbai</th>
<th>Kolkata</th>
<th>Hyderabad</th>
<th>Chennai</th>
<th>Bengaluru</th>
<th>Ahmedabad</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>16</td>
<td>25</td>
<td>26</td>
<td>8</td>
<td>15</td>
<td>13</td>
<td>32</td>
<td>4</td>
</tr>
<tr>
<td>2014</td>
<td>16</td>
<td>25</td>
<td>26</td>
<td>8</td>
<td>15</td>
<td>13</td>
<td>32</td>
<td>4</td>
</tr>
<tr>
<td>2015</td>
<td>16</td>
<td>25</td>
<td>26</td>
<td>8</td>
<td>15</td>
<td>13</td>
<td>32</td>
<td>4</td>
</tr>
<tr>
<td>2016</td>
<td>16</td>
<td>25</td>
<td>26</td>
<td>8</td>
<td>15</td>
<td>13</td>
<td>32</td>
<td>4</td>
</tr>
<tr>
<td>2017</td>
<td>16</td>
<td>25</td>
<td>26</td>
<td>8</td>
<td>15</td>
<td>13</td>
<td>32</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: Cushman & Wakefield, TechSci Research

Notes: MNC - Multinational Corporation, BFSI - Banking, Financial and Insurance Services, CBD - Central Business District, SBD - Special Business District, NCR - National Capital Region

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RETAIL SPACE LIKELY TO SEE STRONG GROWTH

**Scenario**
- Currently, retail accounts for a small portion of the Indian real estate market
- Organised retailers are few, and the organised retail space is mostly developed by residential/office space developers

**Key drivers**
- Booming consumerism in India
- Organised retail sector growing 25-30 per cent annually
- Entry of MNC retailers
- India’s population below 30 years of age having exposure to global retail are expected to drive demand for organised retail

**Notable trends**
- NCR accounts for about 49 per cent of the total upcoming mall supply
- Total mall vacancy is 14.1 per cent across eight cities
- Total 213 malls are operational in India
- Demand for retail space on high streets is quite high, as well as increase in FDI limit for multi-brand retail will lead to significantly higher demand for retail space

Demand projections across top 7 cities (million sq ft)

<table>
<thead>
<tr>
<th>Year</th>
<th>Demand (million sq ft)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>3</td>
</tr>
<tr>
<td>2011</td>
<td>4</td>
</tr>
<tr>
<td>2012</td>
<td>5</td>
</tr>
<tr>
<td>2013</td>
<td>7</td>
</tr>
<tr>
<td>2014</td>
<td>10</td>
</tr>
</tbody>
</table>

**Upcoming mall supply across top 8 cities (2015)**

- **NCR**: 49%
- **Bengaluru**: 14%
- **Chennai**: 10%
- **Hyderabad**: 8%
- **Pune**: 7%
- **Kolkata**: 5%
- **Mumbai**: 1%
- **Ahmedabad**: 1%

Source: Cushman & Wakefield, TechSci Research
**REAL ESTATE**

**HOSPITALITY MARKET TO WITNESS LARGE INCREMENTAL CAPACITY**

- **Scenario**
  - NCR and Mumbai are by far the biggest hospitality markets in India, followed by Bengaluru, Hyderabad and Chennai
  - Besides hotels, the hospitality market comprises serviced apartments and convention centres

- **Key drivers**
  - A robust domestic tourism industry
  - The increasingly global nature of Indian businesses boosting business travel
  - Tax incentives for hotels and higher FSI (Floor Space Index)
  - Expansion of physical infrastructure during the 12th Five Year Plan

- **Notable trends**
  - Serviced apartments appear particularly attractive within the hospitality space
  - Government initiatives to promote tourism in Tier 2 and Tier 3 cities is generating significant demand for hotels in such cities, especially for budget hotels

---

**Trend analysis (stock - no of rooms) (’000)**

- 2013: 82
- 2014: 100
- 2015: 114
- 2016: 118
- 2017: 120

---

**Occupancy Vs. Stock (Est. 2017)**

- **Bengaluru**: 19
- **Chennai**: 12
- **NCR**: 36
- **Kolkata**: 7
- **Hyderabad**: 11
- **Pune**: 10
- **Mumbai**: 20
- **Ahmedabad**: 5

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**Source**: Cushman & Wakefield, TechSci Research

**Note**: FSI - Floor Space Index

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## PORTERS FIVE FORCES ANALYSIS

### Competitive Rivalry
- Strong rivalry due to large number of players operating in India
- Limits a seller’s ability to set the prices for goods and services
- An absence of competitive neutrality due to unequal provisioning of policy concessions

### Threat of New Entrants
- Uncertain investment timeline due to long gestation period
- High cost of land and land use restrictions act as a natural barrier
- Brand value of the incumbent player for the consumers

### Substitute Products
- No specific substitutes available
- Substitutes are mainly government-provided housing, mostly limited to the economically backward class

### Bargaining Power of Suppliers
- Large real estate firms have good bargaining power against customers
- Unregulated and badly managed land banks make land acquisition difficult for realty companies

### Bargaining Power of Customers
- Due to a large variety of quality players, the customers have many options to choose from
- They are also becoming more discerning and demanding better quality

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Source: PricewaterhouseCoopers, Techopak, TechSci Research

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STRATEGIES ADOPTED

Superior execution
- Outsourced support functions
- Focus on delivery capability
- Development of world class infrastructure
- Rationalising costs

Risk management in land sourcing
- Joint Venture with land owners instead of amassing land banks. For e.g.: Oberoi Realty, Mumbai based realty firm adopted this strategy while entering the NCR region
- Revenue, area and profit sharing agreement with the land owner

Diversified portfolio
- Having a diverse portfolio of residential, commercial and township developments
- Companies have projects in various strategic geographic locations in order to diversify risks
- Focus on the growth of lease business

Backward integration
- An architectural, structural and interior studio and a metal and glazing factory
- Interiors and wood working factory and a concrete block making plant
- To maintain quality all across projects

Merger and Acquisitions
- In 2015, real estate advisory Square Yards signed an agreement to merge with online property search portal Realizing.in
- Mergers and acquisition activities would help the real estate players to serve the market in a better manner
REAL ESTATE

GROWTH DRIVERS

JANUARY 2016
REAL ESTATE BEING DRIVEN BY POLICIES AND GROWING ECONOMY

Growth drivers:
- Growth in tourism
- Urbanisation
- Epidemological changes
- Growing economy
- Easier financing
- Policy support

Source: Corporate Catalyst India
The Indian economy experienced robust growth in the past decade and is expected to be one of the fastest growing economies in the coming years.

Demand for commercial property is being driven by the country’s economic growth.

India’s real GDP grew to 6.8 per cent in 2014 and would rise to 6.6 per cent in 2015 compared with emerging economies’ average of 4.60 per cent and 4.2 per cent, respectively. India’s real GDP is estimated to be 6.8 per cent in 2019.

China, one of the world’s strongest economy, grew by 7.4 per cent in FY14 and will decline by 6.8 per cent in FY15.

Source: IMF World Economic Outlook Database, TechSci Research
Notes: F – Forecast
India’s urban population as a percentage of total population is around 32.7 per cent in 2015 and is expected to rise to 40.0 per cent by 2030.

Better wages and better standard of living is expected to result in an increase in urban population in India to above 600 million by 2031 from 429 million in 2015.

Government initiatives such as various urban development policies and programmes (e.g., JNNURM) are expected to contribute to enhanced urbanisation.

Urbanisation and growing household incomes are driving demand for residential real estate and growth in the retail sector.

Population breakdown of India (million)

- Total Population
- Urban Population

Source: Indian Census, World Bank, McKinsey estimates, Cushman & Wakefield, TechSci Research
Notes: F - Forecasted
JNNURM: Jawaharlal Nehru National Urban Renewal Mission
In 2015, 7.1 million foreign tourists arrived in India from January 2015 to November 2015.

The number of foreign tourists arriving in India increased at a CAGR of 7.1 per cent during 2007–25E.

India’s tourism & hospitality industry is anticipated to touch USD418.9 billion by 2022.

As per the Union Budget 2015-16:

- Government has sanctioned the construction of one lakh kilometres of road in FY15 – 16
- Allocation of USD11.61 billion to the infrastructure sector
-Boosting up of National Investment and Infrastructure Fund (NIIF) by providing a fund of USD3.31 billion

Source: Ministry of Tourism, World Travel & Tourism Council’s Economic Impact 2015, TechSci Research
Notes: *- From January to November 2015
India is estimated to have earned foreign exchange of about USD15 billion from tourism in 2015.

During the period of 2006-14, India’s foreign exchange earnings from tourism increased at a CAGR of 10.9 per cent.

During January to September 2015, India earned USD15 billion from tourism.

The growing inflows from tourists is expected to provide a fillip to the hospitality sector.

Booming Indian medical tourism industry is expected to grow with a CAGR of over 27 per cent during 2012–15.

India’s foreign exchange earnings from tourism (USD billion)

CAGR: 10.9%

Source: Ministry of Tourism, TechSci Research
Notes: 2015* - Figures for January–September 2015,
CAGR: Compound Annual Growth Rate
FDI in the construction development sector during April 2000–September 2015 stood at around USD24.156 billion.

During April 2000-September 2015, total cumulative inflows in the construction development sector accounted for 9 per cent of total inflows in USD terms.

FDI in construction development sector as a per cent of India’s total FDI

<table>
<thead>
<tr>
<th>Year</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>7.43</td>
<td>6.53</td>
<td>11.42</td>
<td>10.71</td>
<td>9.40</td>
<td>9%</td>
</tr>
</tbody>
</table>

Source: Dept of Industrial Policy & Promotion

*Construction development sector includes townships, housing, built-up infrastructure and construction development projects

**: Till September 2015
Canada-based real estate giant Brookfield Asset Management Inc announced the acquisition of Unitech Corporate Parks Plc (UCP) for approximately USD337.4 million in June 2014. Brookfield would acquire Candor Investments Inc, the holding company for UCP.

A Singapore-based wealth fund named GIC and Ascendas has set up a growth fund with an initial corpus of USD600 million. The main objective of the program is to invest in business space in major cities.

In June 2015, online real estate platform Housing.com had acquired 100 per cent equity of a risk assessment firm Realty Business Intelligence for USD1.7 million. This acquisition would empower Housing.com customers with risk assessment and credible real estate market intelligence in taking informed decision making while investing in new projects.

In 2015, Blackstone Group will acquire 100 per cent stakes of 247 Park which is a large commercial and fully leased-out property (1.1 million square feet) in the suburbs of eastern Vikhroli for USD174.2 million.

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### Major acquisitions in real estate sector in India

<table>
<thead>
<tr>
<th>Target</th>
<th>Acquirer</th>
<th>Value (USD million)</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cowtown Land Dvp Pvt Ltd</td>
<td>Lodha Group</td>
<td>513.6</td>
<td>2011</td>
</tr>
<tr>
<td>Compact Disc Film City</td>
<td>Jeff Morgan</td>
<td>320</td>
<td>2011</td>
</tr>
<tr>
<td>Oceanus Real Estate</td>
<td>Warburg Pincus</td>
<td>318</td>
<td>2011</td>
</tr>
<tr>
<td>Indiabulls Properties Pvt Ltd</td>
<td>Indiabulls Property Invest Trust</td>
<td>223.1</td>
<td>2012</td>
</tr>
<tr>
<td>Embassy Property</td>
<td>Blackstone</td>
<td>200</td>
<td>2012</td>
</tr>
<tr>
<td>Farallon Capital</td>
<td>Indiabulls Real Estate Ltd</td>
<td>187</td>
<td>2013</td>
</tr>
<tr>
<td>Candor Investments Inc</td>
<td>Brookfield Asset Management Inc</td>
<td>337.4</td>
<td>2014</td>
</tr>
<tr>
<td>GIC and Ascendas</td>
<td>Ascendas India Growth Program</td>
<td>600</td>
<td>2014</td>
</tr>
<tr>
<td>Realty Business Intelligence</td>
<td>Housing.com</td>
<td>1.7</td>
<td>2015</td>
</tr>
<tr>
<td>Quickr India Pvt Ltd</td>
<td>Indian Realty Exchange</td>
<td>-</td>
<td>2015</td>
</tr>
</tbody>
</table>

Source: Corporate Catalyst India, Business Standard, The Economic Times
REAL ESTATE

PE INVESTMENTS ON THE RISE …

Bengaluru reported maximum PE investments, followed by NCR, Pune and Mumbai

In September 2015, GIC Pte Ltd invested in DLF Home Developers for residential projects in Delhi

In June 2015, SPREP Pte Ltd invested in Faery Estates Pvt Ltd for the development of IT park in Chennai

Top PE deals in Indian real estate sector in 2015

<table>
<thead>
<tr>
<th>Investor</th>
<th>Investee</th>
<th>Investment (USD million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>GIC Pte Ltd</td>
<td>DLF Home Developers Ltd</td>
<td>299.53</td>
</tr>
<tr>
<td>Asian Development Bank</td>
<td>Shapoorji Pallonji Group</td>
<td>200</td>
</tr>
<tr>
<td>Goldman Sachs &amp; Co</td>
<td>Piramal Realty Ltd</td>
<td>136.8</td>
</tr>
<tr>
<td>Warburg Pincus</td>
<td>Piramal Realty Ltd</td>
<td>284.34</td>
</tr>
<tr>
<td>SPREP Pte Ltd</td>
<td>Faery Estates Pvt Ltd</td>
<td>220</td>
</tr>
</tbody>
</table>

In 2015, during first nine months PE investments in real estate sector reached to USD2.8 billion. There is an increase of 84 per cent over the corresponding period last year

This is the highest quarterly investment recorded since 2008. The increase was primarily due to higher investments in pre-leased office assets and continued investments by developers in the residential asset class

Source: Grant Thornton, Cushman & Wakefield, Thomson Banker One Venture Intelligence, TechSci Research

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REAL ESTATE

SEZs EMERGING AS AN EXTENSION OF REAL ESTATE BUSINESS

- 100 per cent FDI permitted in real estate projects within Special Economic Zone (SEZ)
- 100 per cent FDI permitted for developing townships within SEZs with residential areas, markets, playgrounds, clubs, recreation centres, etc.
- In FY15, exports from SEZs accounted for 25 per cent of total exports
- Industry players, including realtors and property analysts, are rooting for the creation of "Special Residential Zones" (SRZs), along the lines of SEZs
- Minimum land requirement has been brought down from 1000 hectares to 500 hectares for multi-product SEZ and for sector-specific SEZs to 50 hectares

Share of SEZ exports in total exports of India

<table>
<thead>
<tr>
<th>Year</th>
<th>SEZ</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY08</td>
<td>90%</td>
<td>10%</td>
</tr>
<tr>
<td>FY09</td>
<td>88%</td>
<td>12%</td>
</tr>
<tr>
<td>FY10</td>
<td>74%</td>
<td>26%</td>
</tr>
<tr>
<td>FY11</td>
<td>72%</td>
<td>28%</td>
</tr>
<tr>
<td>FY12</td>
<td>75%</td>
<td>25%</td>
</tr>
<tr>
<td>FY13</td>
<td>71%</td>
<td>29%</td>
</tr>
<tr>
<td>FY14</td>
<td>74%</td>
<td>26%</td>
</tr>
<tr>
<td>FY15</td>
<td>75%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Source: Ministry of Commerce and Industry, SEZ website, TechSci Research

For updated information, please visit www.ibef.org
GOVERNMENT POLICIES ARE HELPING THE REAL ESTATE SECTOR PROSPER

**Ease in housing finances**
- To liberalise home loan by including loans of up to USD31,250 for houses that cost up to USD52,080
- Home Loan Limit has been raised from USD2488 to USD3317 during 2015 – 16
- Increase in exemption limit from USD3317 to USD4147 will help in household savings

**Housing for economically weaker sections**
- Allocation of USD3.72 billion for housing and urban development in Budget 2015 – 16
- Under the housing scheme, 6 crore houses are to be built in which 4 crore in rural areas and 2 crore in urban area by 2022. Government has initiated the development of Delhi Mumbai Industrial Corridor with the investment of USD195.6 million

**FDI**
- The government has allowed 100 per cent FDI for townships and settlements development projects
- Provision for reduction in minimum capitalisation for FDI investment from USD10 million to USD5 million which would help in boosting urbanization

**Widening the scope of real estate market**
- SEBI released draft guidelines for investments by Real Estate Investment Trusts (REITs) in non-residential segment and Infrastructure Investment Trusts. REIT will open channels for both commercial and infrastructure sector

**Land Acquisition Bill**
- In December 2014, the government passed an ordinance amending the Land Acquisition Bill
- This ordinance would help speeding up the process for industrial corridors, social infra, rural infra, housing for the poor and defence capabilities
EDUCATION SECTOR PRESENTS OPPORTUNITIES FOR REAL ESTATE FIRMS … (2/2)

* NCR is expected to have the highest incremental demand from the education sector

* The rising young population of India is expected to drive this space

Incremental demand across seven major cities* (million sq ft)

Source: Cushman & Wakefield, TechSci Research
Note: NCR - National Capital Region, *as per latest available data; Figures mentioned are as per latest data available

JANUARY 2016
NICHE SECTORS EXPECTED TO PROVIDE GROWTH OPPORTUNITIES

REAL ESTATE

Healthcare
• The healthcare market reached USD100 billion in 2015
• India requires additional 1.1 million beds by 2015
• India needs to add 2 million hospital beds to meet the global average of 2.6 for every 1,000 people

Senior Citizen Housing
• Emergence of nuclear families and growing urbanisation have given rise to several townships that are developed to take care of the elderly
• A number of senior citizen housing projects have been planned; the segment is expected to grow significantly in future

Service Apartments
• Growth in the number of tourists has resulted in demand for service apartments.
• In 2015, from January 2015 to November 2015, number of foreign tourist arrivals has reached 7.1 million.
• This demand is likely to be on uptrend and presents opportunities for the unorganised sector

**REAL ESTATE**

**TOURISM MARKET SET TO SURGE; HOTELS TO INCREASE CAPACITY … (1/2)**

- Foreign tourist arrivals are expected to increase at a CAGR of 6.7 per cent during 2012–25E
- The number of foreign tourists arriving in India in 2015* has reached 7.1 million
- As of 30 July 2015, the country had 972 approved hotels with 63,715 rooms

---

**Forecasts of foreign tourists arriving in India (million)**

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015*</th>
<th>2025E</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6.6</td>
<td>7</td>
<td>7.36</td>
<td>7.1</td>
<td>15.3</td>
</tr>
</tbody>
</table>

*CAGR: 6.7%*

**Source:** Ministry of Tourism, BMI, TechSci Research

*Note:* E – Estimates

*: January to November 2015
REAL ESTATE

TOURISM MARKET SET TO SURGE; HOTELS TO INCREASE CAPACITY … (2/2)

<table>
<thead>
<tr>
<th>City</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ahmedabad</td>
<td>• Upcoming office space likely to boost hospitality segment</td>
</tr>
<tr>
<td>Bengaluru</td>
<td>• Corporate clients expected to provide steady growth to room demand</td>
</tr>
<tr>
<td>Chennai</td>
<td>• Emerging as promising commercial destination with Chennai Bengaluru Industrial Corridor, likely to witness strong demand</td>
</tr>
<tr>
<td>Hyderabad</td>
<td>• Room demand is expected to be driven by commercial and office space projects in the city</td>
</tr>
<tr>
<td>Kolkata</td>
<td>• Projects like Light Rail Transport System, Mono Rail, Eco-Park, Airport expansion etc. are likely to boost travel which would result in increase in demand for hotel industry</td>
</tr>
<tr>
<td>Mumbai</td>
<td>• Improved infrastructure, new airport terminal and upcoming airport in Navi Mumbai expected to provide growth to hotel industry</td>
</tr>
<tr>
<td>NCR</td>
<td>• Higher Floor Space index, inclusion of hotel projects in infra lending lists provide a positive outlook to hotel market in NCR</td>
</tr>
<tr>
<td>Pune</td>
<td>• IT parks are attracting global players and increasing traffic. New business units are likely to increase business conferences, events which in turn would boost hotel demand</td>
</tr>
</tbody>
</table>

Source: Cushman & Wakefield, TechSci Research
In 2015, the top 8 cities recorded a net office absorption of 320.45 MSF, displaying strong growth potential.

Office market has been driven mostly by growth in ITeS/IT, BFSI, consulting and manufacturing.

Moreover, many new companies are planning a foray into Indian markets due to huge potential and recently relaxed FDI norms.

### New supply as percentage of inventory (2013-2015)

- Ahmedabad: 4.6%
- Bengaluru*: 34.0%
- Chennai: 8.5%
- Delhi - NCR: 20.2%
- Hyderabad: 14.5%
- Kolkata: 2.3%
- Mumbai: 13.1%
- Pune: 7.2%

*Source: Cushman & Wakefield
Notes: MSF - Million Square Feet, ITeS - Information Technology Enabled Service, * - Data for 2015
Rental rates likely to see a gradual upward trend in Bengaluru

Supply will exceed demand and hence increase vacancies in Hyderabad

Rent will remain stable, oversupply will impact non-core locations in 2014-15 in Delhi

In 2014, limited supply, healthy absorption and rising rents are expected in non-core location in Chennai

Moderate demand, high vacancy and an increased preference for suburban market with low rentals could pressure the core areas in Pune

Percentage vacancy levels

Source: Cushman & Wakefield
OFFICE SECTOR HAS THE SECOND HIGHEST SHARE OF INVESTMENTS

* Commercial office sector garnered the second largest share of investments which stood at USD0.3 billion; hospitality sector has the highest share with investments around USD0.34 billion during January-September 2015

* Residential sector attracted a total investments of USD0.26 billion representing nearly 20 per cent of the total investments, declining at the rate of 82 per cent over the last year (2014)

Sector-wise share of investments (2015*)

- Hospitality: 33.0%
- Offices: 20%
- Residential: 31.9%
- Retail: 15.1%

Source: Cushman and Wakefield, TechSci Research
Note: F – Forecast, *- Data is from January-September 2015
DLF: INDIA’S LARGEST REAL ESTATE COMPANY BY VALUE

Founded by Chaudhary Raghavendra Singh

Net land bank of 348 million sq feet

Alliance with Hilton International

Ventures into grade A office spaces

Commenced development of DLF Cyber City, Gurgaon

Largest real estate company with revenues of USD0.71 billion (FY16*)

Building India’s largest mall in Gurgaon, expected to be completed by 2016

Focuses on IT Parks and next generation malls

Developed 3,000 acre DLF City in Gurgaon

Developed of 22 Urban colonies

FY16* USD0.71 billion turnover

FY06 USD238 million turnover

Source: Company website, TechSci Research, Note: sq ft - Square Feet *; Up to September 2015

For updated information, please visit www.ibef.org
**GODREJ PROPERTIES – UNIQUE ASSET-LIGHT BUSINESS MODEL … (1/2)**

- **Key Facts**
  - Started its first project in Mumbai in 1990
  - National real estate developer with presence across 12 cities
  - Differentiated joint development business model resulted in a debt-equity ratio of less than one
  - The current potential developable area stands at 108.0 million sq ft
  - In 2015, Godrej Properties has signed a deal for developing housing projects in Whitefield, Bangalore
  - From 2012-15, real estate worth USD1.3 billion have been sold

*Source: Company website, Corporate Presentation*

*': Upto September 2015
For updated information, please visit www.ibef.org

GODREJ PROPERTIES – UNIQUE ASSET-LIGHT BUSINESS MODEL … (2/2)

Total revenues (USD million)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>64.5</td>
<td>96.2</td>
<td>99.1</td>
<td>161.3</td>
<td>90.1</td>
<td>127.2</td>
<td>119.2</td>
<td>285.7</td>
</tr>
</tbody>
</table>

CAGR: 23.6%

EBITDA (USD million)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>26.4</td>
<td>18.7</td>
<td>23.1</td>
<td>33.1</td>
<td>52.6</td>
<td>46.8</td>
<td>17</td>
<td>44</td>
</tr>
</tbody>
</table>

CAGR: 7.6%

Source: Company Annual Report

EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortisation

*: Up to September 2015
OTHER MAJOR PLAYERS

UNITECH

* Established in 1972 by a group of technocrats
* So far Unitech has built more than 100 residential projects
* 4.5 million sq ft of retail space is already under construction

ANSAL API

* Established in 1967 as a family business
* Developed and delivered more than 190 million sq ft
* Currently has a land reserve of 9,335 acres

SOBHA DEVELOPERS

* The Company was founded in 1994
* It has completed 47 residential, 13 commercial and 262 contractual projects
* Currently has a land reserve of 2,500 acres

Source: Company website, TechSci Research,
Note: sq ft - Square Feet
INDUSTRY ASSOCIATIONS

The Confederation of Real Estate Developers’ Associations of India (CREDAI)
National Secretariat, 703, Ansal Bhawan,
16, Kasturba Gandhi Marg, New Delhi – 110 001
Tel: (011) 43126262/43126200
Fax: 91 11 43126211
E-mail: info@credai.org
Website: www.credai.org

Builders’ Association of India (BAI)
G-1/G-20, Commerce Centre, J. Dadajee Road,
Tardeo, Mumbai – 400034
Tel: 91 22 23514134, 23514802, 23520507
Fax: 91 22 23521328
E-mail: bai@vsnl.com, baihq.mumbai@gmail.com
Website: www.baionline.in
GLOSSARY

* BFSI: Banking, Financial Services and Insurance
* CAGR: Compound Annual Growth Rate
* CBD: Central Business District
* FDI: Foreign Direct Investment
* FSI: Floor Space Index
* HNI: High Net-worth Individual
* GOI: Government of India
* INR: Indian Rupee
* IT/ITeS: Information Technology/Information Technology enabled Services
* MNC: Multinational Corporation
* NRI: Non Resident Indian
* SBD: Special Business District
* SEZ: Special Economic Zone
* USD: US Dollar
* Wherever applicable, numbers have been rounded off to the nearest whole number
### Exchange Rates (Fiscal Year)

<table>
<thead>
<tr>
<th>Year</th>
<th>INR equivalent of one USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004–05</td>
<td>44.81</td>
</tr>
<tr>
<td>2005–06</td>
<td>44.14</td>
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<tr>
<td>2006–07</td>
<td>45.14</td>
</tr>
<tr>
<td>2007–08</td>
<td>40.27</td>
</tr>
<tr>
<td>2008–09</td>
<td>46.14</td>
</tr>
<tr>
<td>2009–10</td>
<td>47.42</td>
</tr>
<tr>
<td>2010–11</td>
<td>45.62</td>
</tr>
<tr>
<td>2011–12</td>
<td>46.88</td>
</tr>
<tr>
<td>2012–13</td>
<td>54.31</td>
</tr>
<tr>
<td>2013–14</td>
<td>60.28</td>
</tr>
<tr>
<td>2014–15</td>
<td>61.06</td>
</tr>
<tr>
<td>2015-16(Expected)</td>
<td>61.06</td>
</tr>
</tbody>
</table>

### Exchange Rates (Calendar Year)

<table>
<thead>
<tr>
<th>Year</th>
<th>INR equivalent of one USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>43.98</td>
</tr>
<tr>
<td>2006</td>
<td>45.18</td>
</tr>
<tr>
<td>2007</td>
<td>41.34</td>
</tr>
<tr>
<td>2008</td>
<td>43.62</td>
</tr>
<tr>
<td>2009</td>
<td>48.42</td>
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<tr>
<td>2010</td>
<td>45.72</td>
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<tr>
<td>2011</td>
<td>46.85</td>
</tr>
<tr>
<td>2012</td>
<td>53.46</td>
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<tr>
<td>2013</td>
<td>58.44</td>
</tr>
<tr>
<td>2014</td>
<td>61.03</td>
</tr>
<tr>
<td>2015(Expected)</td>
<td>63.72</td>
</tr>
</tbody>
</table>

Source: Reserve bank of India, Average for the year
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