

Investment check

LAND VS BUILT-UP

Residential real estate in India

— 2022 —



FOREWORD



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"Residential land has always been one of the most reliable forms of investment due to no depreciating components involved. Unlike before where only large tracts of land were available for purchase, in the current times, the residential-sized plots allow the investors and end-users to avail benefits like a low entry point, flexibility to build one's home, low maintenance cost, price appreciation and any future gains associated with the social and physical development around the area. Corroborating with the advantages of investing in plots, our analysis at Housing.com suggests that the prices for this segment have appreciated significantly as compared to apartments.

Between 2015-2020, the land prices in the top-eight cities have appreciated by 6 percent compared to 2 percent for apartments during the same period. In fact, cities such as Hyderabad, Chennai and Bengaluru in the south, and Gurugram in the north, which have been witnessing maximum demand for residential plots in the country have recorded a robust price appreciation to the tune of 13—21 percent in the last three years. Relatively, the apartment prices have grown at 2—6 percent in these cities during the same period.

Policy changes, especially in NCR, have opened avenues for individual investors and end-users to expand their return on investment on residential plots. Also, the entry of branded developers has furthered the interest in this segment, as such projects offer flexibility to build one's home along with the benefits of integrated amenities.

In the coming times, we believe the residential plot segment will play a significant role in the revival of the residential real estate sector. The infrastructure development, expansion of transport networks and policy push to stakeholders will unlock the potential of landbanks across the top-eight cities fueling the demand and price growth of the residential plots in the future."

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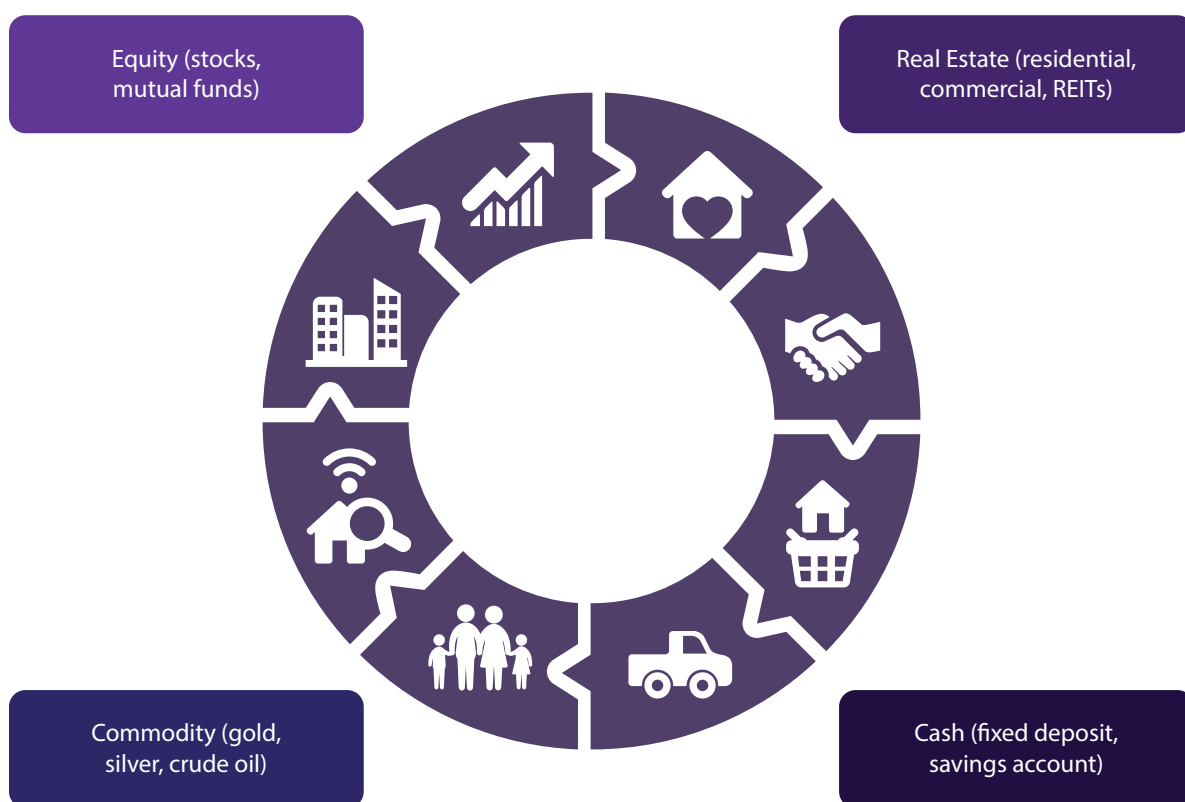
PRECIS

INVESTMENT PARADIGM

Investing is a potential way to increase one's wealth and financial security. One can grow and manage one's financial assets through short and long-term investments. These investments can be in several tangible and non-tangible asset classes such as gold, equity, banking instruments, real estate, etc. At a fundamental level, capital first flows into investment opportunities that offer the highest return on investment (ROI) and then fill in other options as per their perceived returns.

While each of these avenues has its pros and cons, and associated risks, real estate has garnered preference as a fruitful asset class worldwide. This preference is driven by the tangible nature of real estate assets that have intrinsic value, offer tax benefits and are also instrumental in providing a hedge against inflation.

Real estate amongst the major asset classes for investing



Source : Housing Research

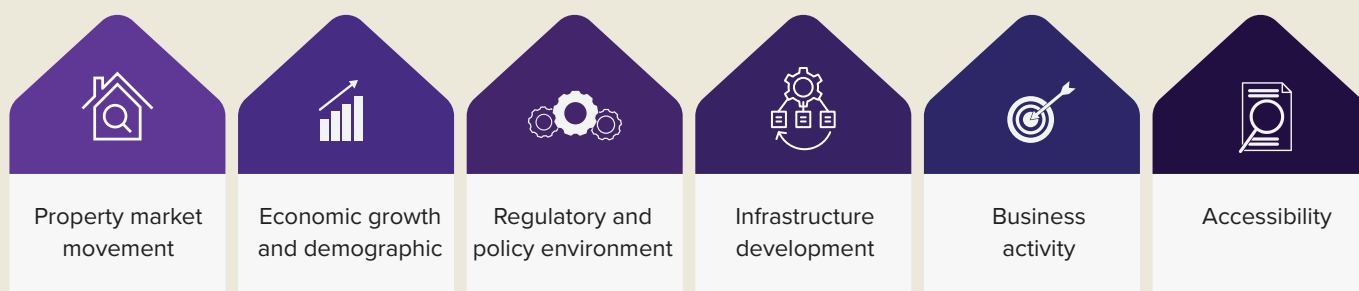
REAL ESTATE AS AN ASSET CLASS – DYNAMICS AND DETERMINANTS

Real estate asset classes are typically of two types — commercial or residential. For both these asset classes, the market dynamics and the growth of investments are influenced by many interrelated factors such as nature and age of asset, demographics, regulatory environment, development paradigms, and overall city growth. These factors, in turn, shape the perceptions and sentiments regarding investing and owning the type of real estate asset.

For instance, in India, regulatory changes such as RERA and GST, as well as the liquidity crisis, have put the real estate sector under tremendous pressure in recent years.

The black swan pandemic has further marred the homebuyer sentiments, with demand touching new lows. Such unprecedented changes have been impacting the investment scenario in the real estate sector. The private equity investments in the overall real estate sector have been stagnant for the last five years. A deeper analysis indicates that the share of the residential segment has been dwindling in the overall investments. It had reduced to 2 percent in 2020 compared to 61 percent in 2015. However, despite this downturn, residential real estate remains a preferred asset class amongst buyers.

Real estate market is influenced by interrelated urban dynamics

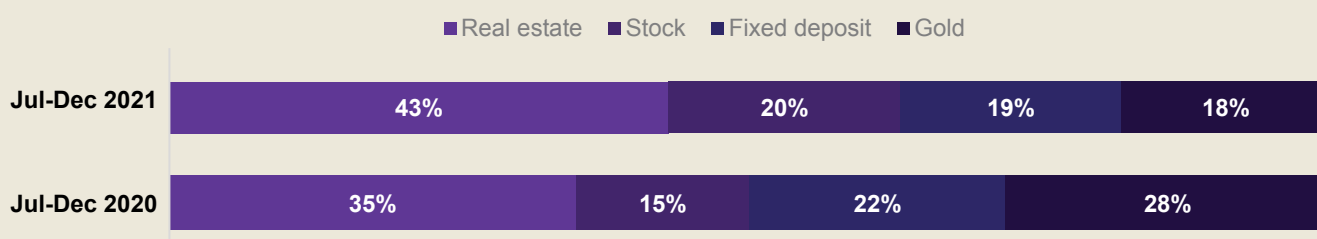


Source: Housing Research

Our sentiment analysis also indicated that as many as 43 percent of potential homebuyers found real estate to be a preferred asset class despite the COVID-19 pandemic¹. This sentiment persists as investments in residential apartments offer lower entry point and a more tangible end product that can be rented, sold or utilised.

Also, as urbanisation continues to spread its roots in the country, there has been a shift towards developing compact and high-density housing arrangements to accommodate the burgeoning many. High-density residential housing formats with all-inclusive amenities near the commercial hubs are attractive options for upwardly mobile homebuyers and investors who are eminently qualified to secure credit.

Real estate remains preferred asset class amongst homebuyers despite the pandemic



Source: Residential Realty Consumer Sentiment Outlook (January to June 2021), Housing Research

THE CHANGING DYNAMICS – RESIDENTIAL LAND VS BUILT-UP

Over the last few decades, the change in urban fabric from low-density to high-density developments led to moderation in interest for the residential land that are mostly becoming available in the city's outskirts. This corroborates with the fact that in the past decade, land has taken up a share of 12–18 percent in demand across residential real estate assets. Also, investing in residential land requires constructing a built-up area to rent, sell or

utilise it or holding it over a long horizon for more returns.

However, while apartments have been a popular choice, scrutiny of current and historical trends in the top-eight cities of India suggests that amongst the residential real estate offerings, land as an asset comparatively have higher returns.

Between 2015–2021, the prices for apartments rose on an average of 2 percent (CAGR), whereas residential land witnessed a higher growth of 7 percent during the same period.

Also, with the changing business operations and hybrid work policies, the workforce in cities is getting more flexible regarding their living arrangements. The interest in residential land is visible in the online high-intent homebuyer activity. Our data trends suggest an uptick of 42 percent in enquiries for residential plots in

2021. These changing dynamics makes it vital to explore plots as a potential and profitable residential real estate asset. With this background, let us dwell further into demand and price dynamics of the residential land in India.



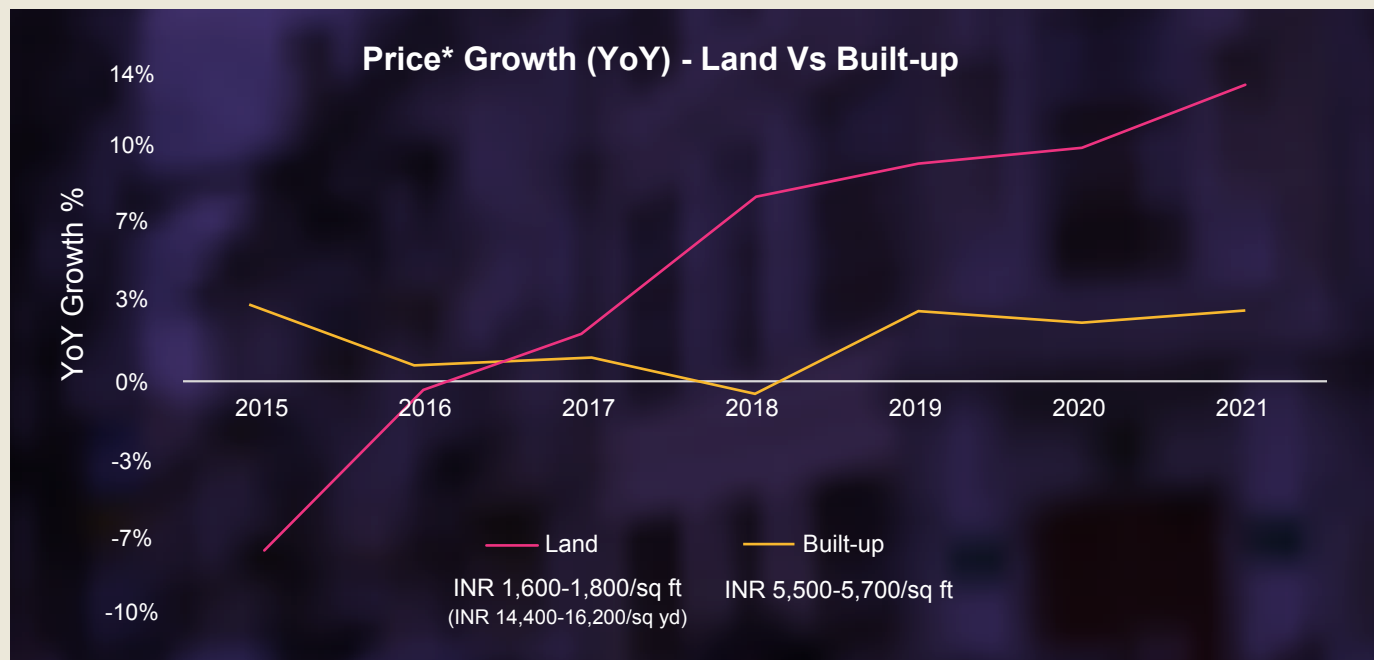
LAND VS BUILT-UP

RESIDENTIAL LAND		BUILT-UP
What is it?	Any land, plot, parcel, lot, tract or area of land zoned for residential use by the local development authority or the department of town and country planning.	Apartment means a separate and self-contained part of any immovable property, including one or more rooms or enclosed spaces, located on one or more floors or any part thereof, in a building or on a plot of land, used or intended to be used for any residential purposes.
Capital inflow avenues	Selling the plot (Short and long-term renting of the constructed built-up space)	Selling the apartment, short and long-term renting
Benefits of investing	<ul style="list-style-type: none"> • Appreciating asset • Finite resource • Immediate possession • Low maintenance cost • Flexibility to construct and design as per choice • If used for construction, the land ownership is included • Higher returns 	<ul style="list-style-type: none"> • Continuous rental income • High demand and generally located near commercial centres • Tax advantages with 80 percent loan to value ratio • Easy to exit • Includes benefits of external amenities such as club houses, swimming pool, gyms, etc.

Source: Housing Research



LAND VS BUILT-UP — PRICE PROGRESSION



Source: Housing Research

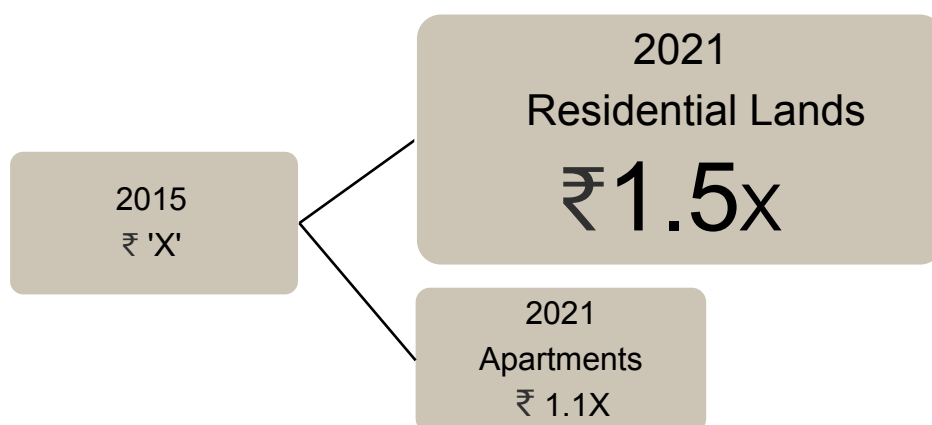
*All prices are weighted average prices as per supply and inventory

The price analysis of the supply and inventory available in the residential segment indicates that the land have seen greater price appreciation than apartments in the past few years. The prices for residential land have seen consistent growth compared to apartments where prices have moved in close ranges. The prices for land have

appreciated by 7 percent (CAGR) between 2015 to 2021, compared to 2 percent for apartments during the same period. Congruently, investments in residential land also yield higher returns. An invested capital between 2015-2021 grew by an estimated 1.5 times in land, whereas for the apartments, it grew by 1.1 times during the same period.

Investment in residential land grew up to 1.5 times compared to 1.1 in apartments

Growth in investments in residential land vs apartments (2015—2020)



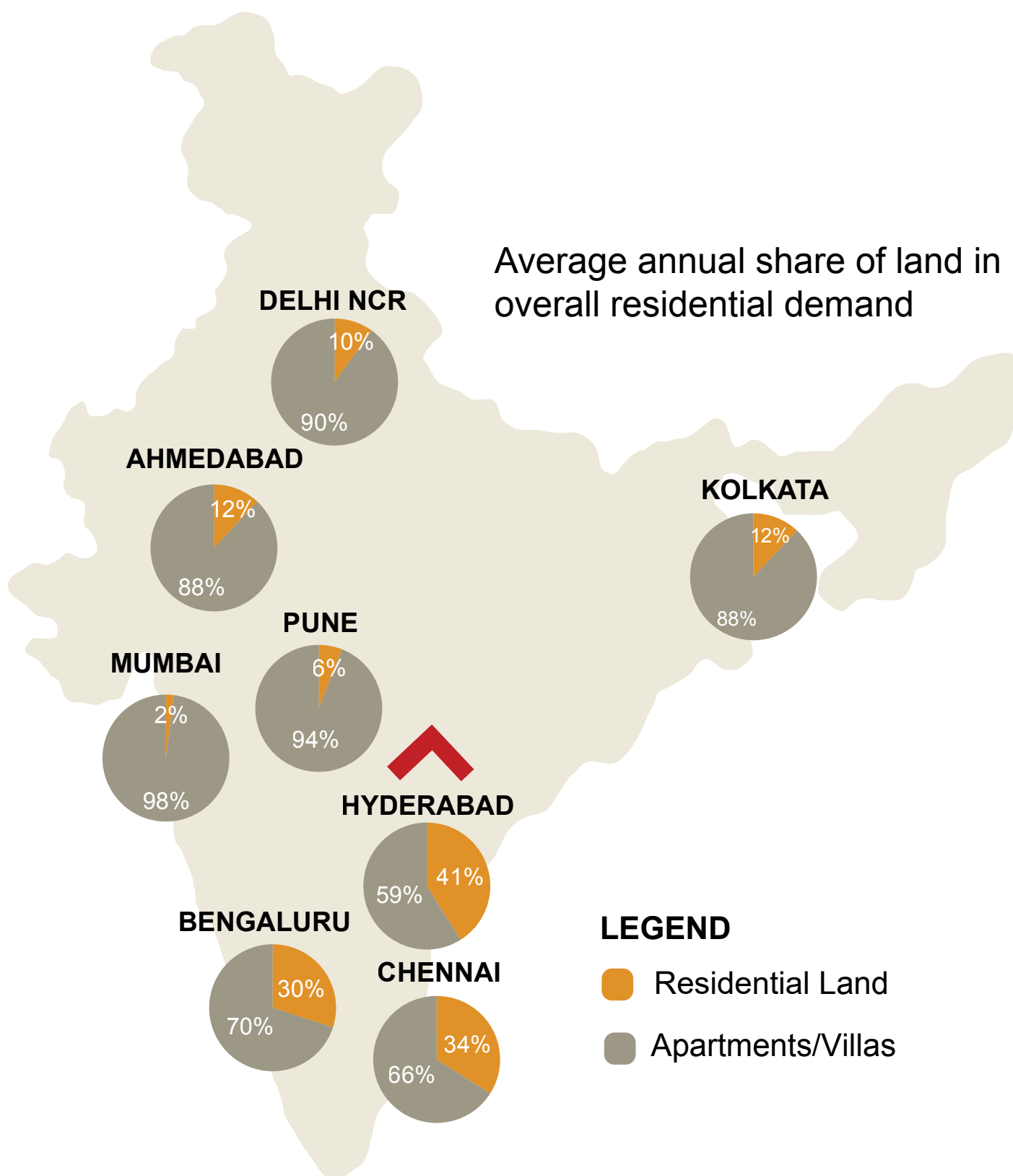
Source: Housing Research

Note : Methodology as per annexure 1

METRO OUTLOOK



Southern cities take the lead in demand for residential land



Source: Housing Research

CITY OUTLOOK



CHENNAI



INTRODUCTION

Chennai is the fourth most populous city in India and is an important metropolitan centre in the country, with automobile and services sector industries being the primary economic drivers. It has emerged as a major hub of commercial and residential activity in India. Currently, the urban agglomeration of Chennai is spread over an area of 1,189 sq km and comes under the jurisdiction of the Chennai Metropolitan Development Authority (CMDA).

Chennai is currently divided into four broad zones: North, Central, South and West. While the central zone is the oldest part of Chennai and houses several corporate offices and retail areas, the southern zone is evolving into

an IT hub. While the west and north zones are mainly characterised by industrial development, the infrastructure development such as metro, monorail, and roads (Outer Ring Road) has boosted the residential activity in these areas.

The city enjoys robust regional and global connectivity via the international airport and port and continues to attract workforce. Chennai is projected to be home to 10.4 million people in 2030. It demonstrates strong basics for growth in employment and infrastructure, which underpin the rise in residential realty demand and prices.

Chennai residential micromarkets – zone wise

Zone	Micromarkets
Chennai Central	Anna Nagar, Alwarpet, Guindy, Raja Annamalai Puram, Vadapalani
Chennai North	Perembur, Madhavaram, Kolathur, Ponneri
Chennai South	Perrumbakkam, Mambakkam, Thiruporur
Chennai West	Avadi, Koyembedu, Manapakkam, Mangadu, Mogappair, Vanagram, Thirumazhisai, Mevalurkuppam, Ambattur
ECR	Injambakkam, Thiruvanmiyur, Kanathur Reddikuppam
GST	Guduvancheri, Perungalathur, Singaperumal Koil, Orgadam, Maraimalai Nagar, Tambaram, Chromepet
OMR	Padur, Perungudi, Sholinganallur, Siruseri, Thalambur, Medavakkam, Kelambakkam, Tiruporur Near Kelambakkam
Vandalur Kelambakkam Road	Moolacheri, Nallambakkam

Source: Housing Research

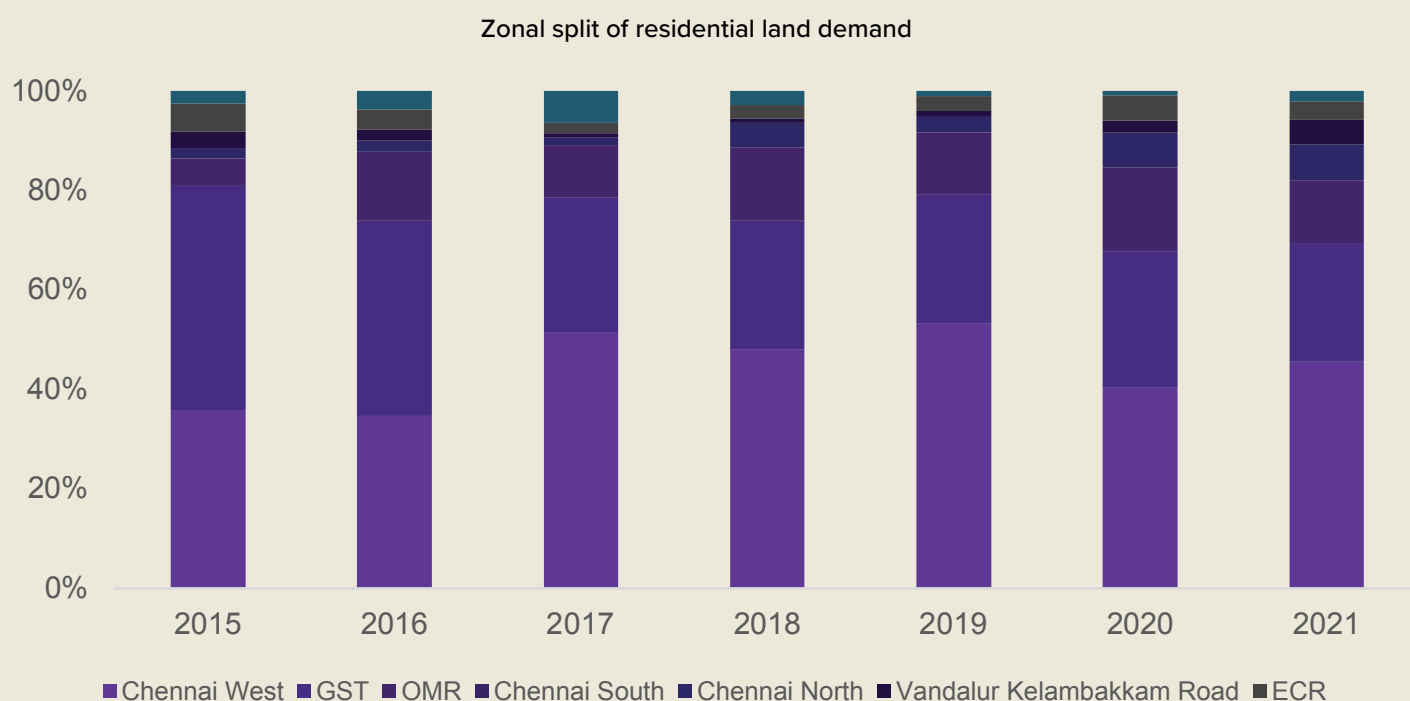
RESIDENTIAL LAND LANDSCAPE

Chennai is characterised by low-to-medium density residential development compared to other metro cities, with low-rise apartments and villas gaining on the high rises. However, the central and southern zones have seen high-density development over the years due to the concentration of corporate and IT sector offices with only pockets of open land available for sales of residential land. Hence, maximum open land is currently available in peripheral areas, which have emerged as hubs for plotted development activity. Land takes up to 30–35 percent share, on an average, in the overall residential demand in Chennai. Unlike other metros, the residential land segment is mainly end-user driven due to the existing medium-density urban fabric. In the last decade, saturation of central areas has encouraged residential development towards the west.

The micromarkets of the west also witnessed maximum residential land activity with high traction in Avadi, Ambattur and Sriperumbudur.

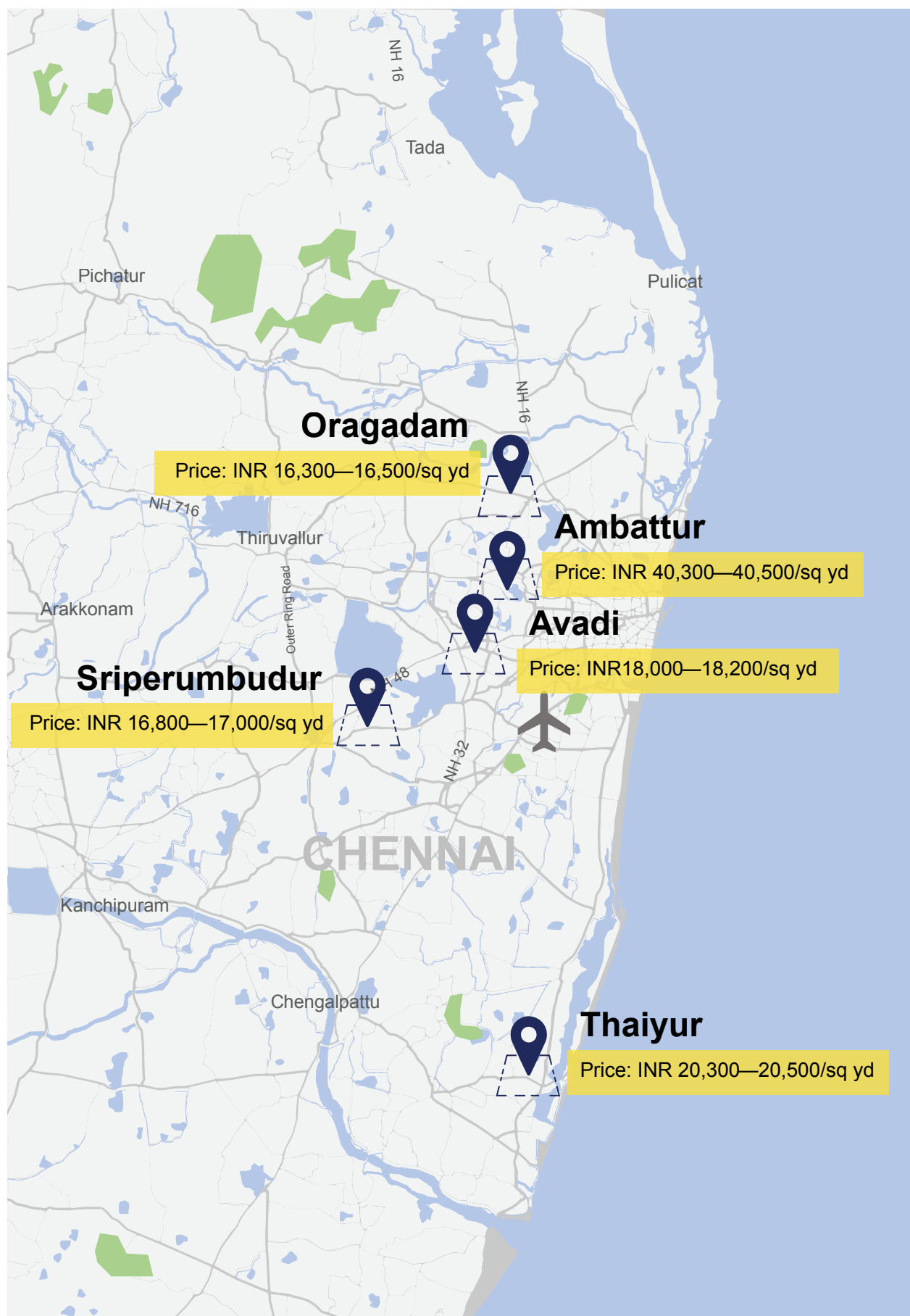
The contiguity to the central zone and connectivity through the outer ring road have boosted development in this zone which has consistently taken up to 40–50 percent share in the overall residential land demand in the recent past. The upcoming peripheral areas in the western region offer a lower entry point than the southern localities such as GST and OMR, which have also seen noteworthy traction for residential land. The proximity to commercial hubs and excellent road connectivity to central areas have been driving factors for demand in the western areas.

Western micro markets take lead in residential land demand in Chennai



Source: Housing Research

MAJOR DESTINATIONS BY DEMAND AND PRICE APPRECIATION FOR RESIDENTIAL LAND (2021)



Source: Housing Research

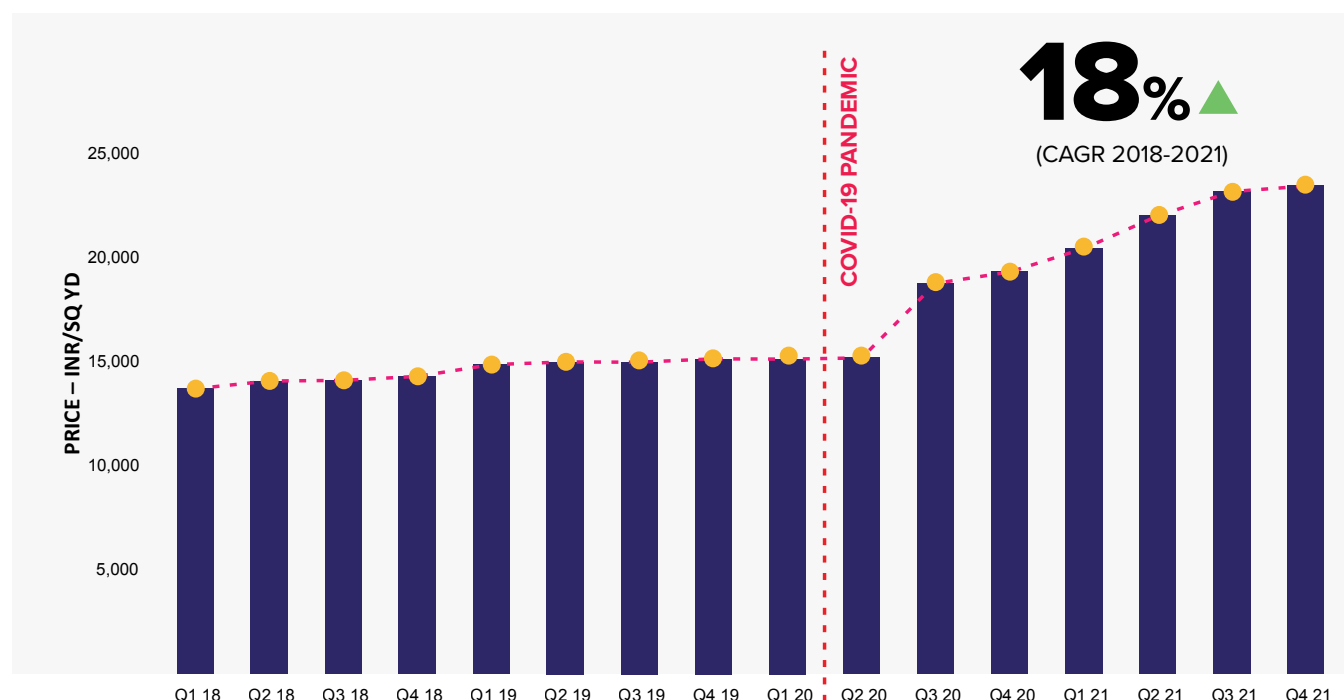
RESIDENTIAL LAND — PRICE DYNAMIC

Residential land prices in Chennai appreciated by 18 percent (CAGR) between 2018-2021. While the land prices have seen an upward trend since 2018, it is more pronounced from the beginning of COVID-19 pandemic. In comparison, the apartment prices in Chennai have appreciated by 2 percent during the same period. The prices for residential land in the city have risen on the back of growing demand due to shift in the

consumer interest in owning an independent home than an apartment. Also, Chennai records queries for residential land from NRIs for who are looking to invest in the sector. In response to the rising demand, large developers in Chennai are venturing into the sector to launch residential plots either as standalone projects or as part of the township.

Chennai residential land prices record double digit growth

Chennai Land–Price Trend



Source: Housing Research

Weighted average price*	INR 23,400—23,600/sq yd
FAR**	1.75—2
Capital inflow avenues	<ul style="list-style-type: none"> • Can hold land over a time period and sell • Construction of villa to sell • Construct separate apartments (need to have approvals and provide UDS for each buyer)

Source: Housing Research

*Weighted average prices as per supply and inventory

**This is a standard FAR range which is subject to change as per region, proximity to transit corridors and purchasable FAR

DRIVERS OF GROWTH

The infrastructure development and connectivity to the central commercial and office areas in Chennai will be crucial for future demand and price growth of residential land concentrated in the peripheral areas. The peripheral ring road (PRR), metro connectivity, and upcoming Chennai Bengaluru Industrial Corridor will aid in connecting these micro markets to the major commercial hubs.

The residential attractiveness of western micromarkets will receive a greater boost with the upcoming Chennai Bengaluru

Industrial Corridor along with the existing outer ring road (ORR). Having said that however, the connectivity has to be supported by local social and physical infrastructure development to put all cogs in place. Also, while the southern markets have seen robust IT sector growth, this area has been the worst affected due to water scarcity. Hence, the livability of these areas will be the defining factor for the future trends for residential land segment.

Infrastructure Update

	Upcoming project	Scale	Status
1	Chennai Metro Phase 2	118.9 km	
1.1	Madhavaram to SIPCOT (Corridor III)	45.8 km	Under construction at various stages
1.2	Lighthouse to Poonamallee Bypass	26.1 km	
1.3	Madhavaram to Sholinganallur	47 km	
2	Chennai Peripheral Ring Road	133.38 km	Planning stage
3	Chennai monorail	79 km	
3.1	Vandalur—Kathipara (Corridor I)	-	Proposal stage
3.2	Porur-Vadalapani (Corridor II)	-	
3.3	Ponnamalle-Kathipara (Corridor III)	-	
4	New Integrated Terminal	Capacity - 35 million passengers per annum	To be commissioned by 2022
5	Chennai Bengaluru Industrial Corridor		
	1. Krishnapatnam Industrial Area	-	Project approved
	2. Tumakuru Industrial Area	-	Project approved
	3. Ponneri Industrial Area	-	Project development activities underway

Source: Official sources, Housing Research

BENGALURU



INTRODUCTION

Bengaluru is the capital of the southern state of Karnataka and is colloquially known as India's IT capital. Currently one of India's fastest growing IT hubs, the city is home to nearly 10,000 start-ups along with global and national tech companies. It contributes up to 34 percent to the state gross domestic product (GDP)². The burgeoning services sector, strong international and regional connectivity, favourable socio-economic conditions and salubrious climate have made Bengaluru one of the top residential centres in India. The city was ranked first on the Ease of Living Index (2020). Also, as per our research,

Bengaluru takes the lead in healthcare infrastructure and has the highest number of hospital beds (3.6) per 1,000 population compared to other metros.

The development of the city's metropolitan area spread over 8,005 sq km is undertaken by Bengaluru Metropolitan Region Development Authority (BMRDA). The population of Bengaluru is estimated to grow up to 10.2 million by 2030. The city being preeminent in the growth of IT sector in India, presents a sustainable case for commercial and residential markets in India.

Bengaluru residential micromarkets – zone wise

Zone	Micromarkets
Central Bengaluru	Ashok Nagar, Richmond Town, Marathahalli, Bellandur, Frazer Town, Koramangala,
East Bengaluru	Whitefield Hope Farm Junction, CV Raman Nagar, KR Puram, Mahadevapura, Harlur, Sarjapur, ITPL, Varthur, Budigere Cross
North Bengaluru	Yelahanka, Doddaballapur, Hebbal, Thanisandra, Jakkur, Kodigehalli, Kannur
North East Bengaluru	Horamavu, Devanahalli, Narayanapura, Hennur, Banaswadi, Kalyan Nagar
North West Bengaluru	Jalahalli, Yeshwantpur, Nelamangala Town, Rajaji Nagar, Near Peenya Industrial Area
South Bengaluru	Begur, JP Nagar, Bommanahalli, Gottigere, Hosa Road, Padmanabha Nagar, Hulimavu
South East Bengaluru	Electronics City, Hosur, Anekal City, Jigani, Chandapura, Attibele, Bommasandra, Narayanaghatta, Avalahalli
West Bengaluru	Kumbalgodu, Kengeri, Nagarbhavi

Source: Housing Research

²Economic Survey Karnataka (2018-19)

RESIDENTIAL LAND LANDSCAPE

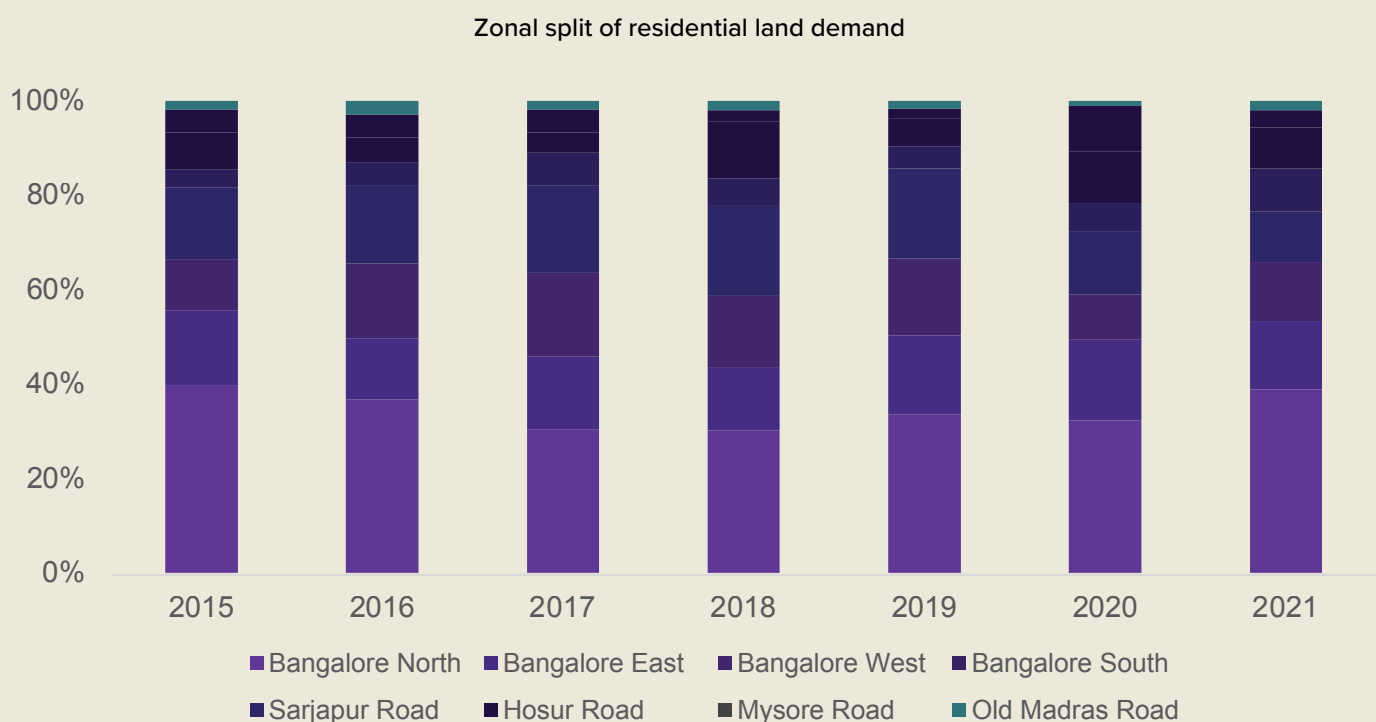
In Bengaluru, the central zone houses the central business district with many corporate offices, while the eastern and southern regions have emerged as hubs for the services and IT sectors. These micro markets also have dense residential development dominated by apartment and villa formats. As these markets are reaching maturation, the northern region has been seeing noteworthy development in recent years.

The presence of an international airport and slew of infrastructure projects has made this region an attractive destination for businesses and workforce alike. Also, as opposed to dense development near the city centre, northern micro markets hold large land banks. Hence, localities such as Devanahalli, Chikballapur, Yelahanka, Bagalur have emerged as preferred destinations amongst consumers and investors for buying

residential land. The development of Devanahalli Business Park, Information Technology Investment Region, peripheral ring road, amongst others, have only added to the attractiveness of these micro markets. On average, the northern region takes a handsome share of 35 percent in the overall residential land demand in Bengaluru.

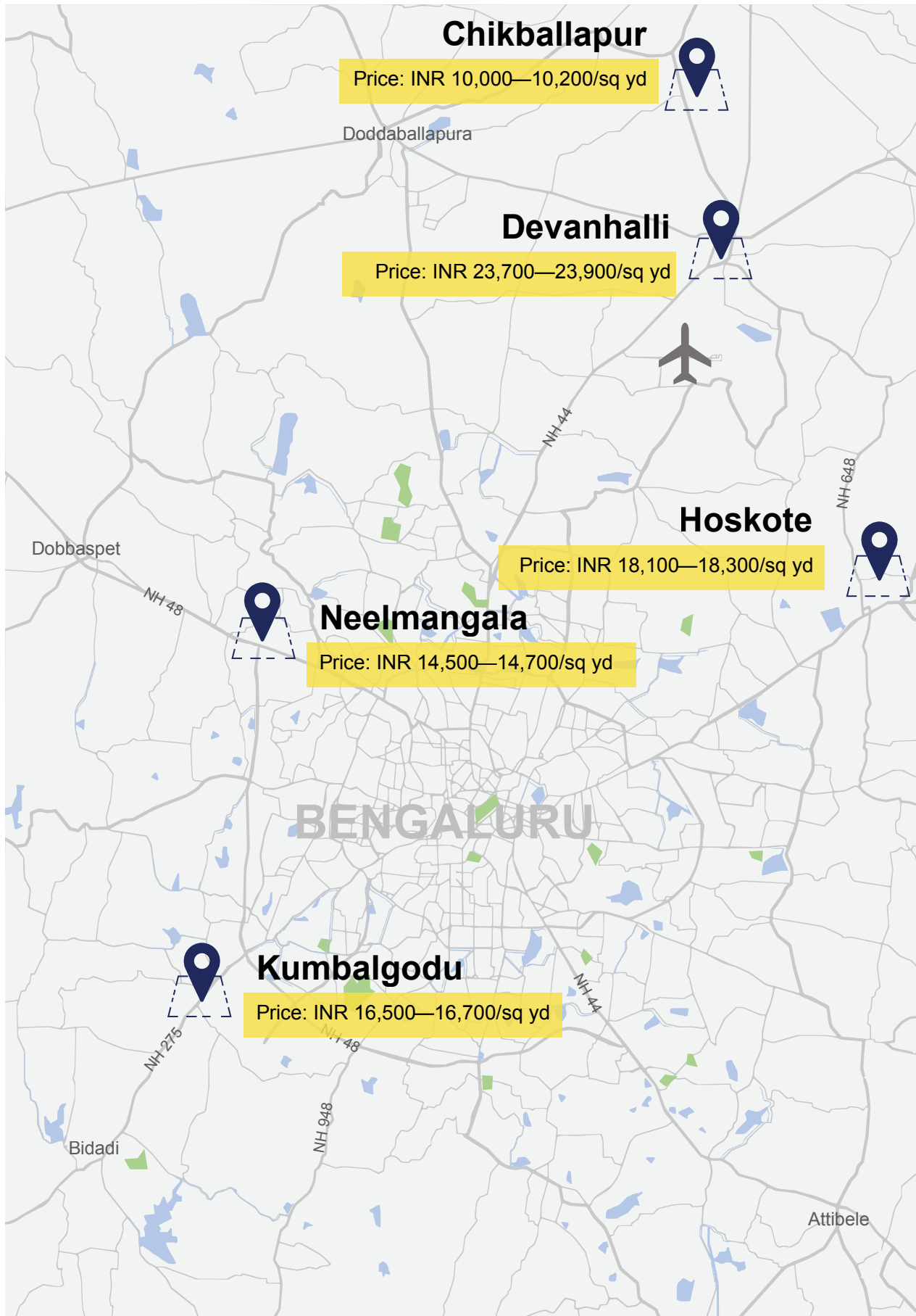
Apart from the north, eastern Bengaluru has also garnered significant buyer interest for residential land. The robust road connectivity and presence of the IT sector has resulted in heightened interest and demand for plots in peripheral localities with land availability such as Hoskote, Malur and Avalahalli off Sarjapur Road. Also, localities on the western periphery, such as Nelamangala and Kurubarahalli along National Highway-48 (Bengaluru—Mumbai), have seen significant traction for land.

Northern localities in Bengaluru record maximum residential activity for land



Source: Housing Research

MAJOR DESTINATIONS BY DEMAND AND PRICE APPRECIATION FOR RESIDENTIAL LAND (2021)



Source: Housing Research

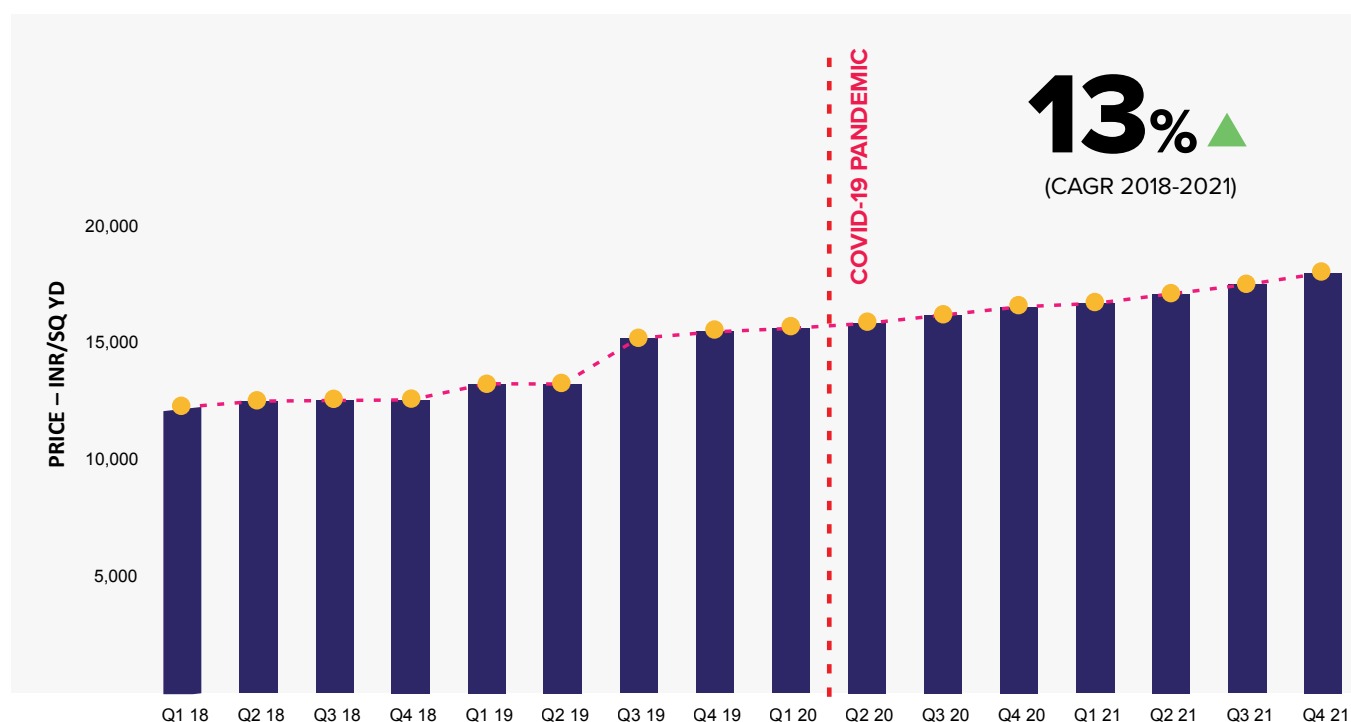
RESIDENTIAL LAND — PRICE DYNAMIC

Land takes significant share of 30 percent in the average annual residential sales in Bengaluru. The land is mainly preferred by the locals who are looking to invest in residential asset in the city. The flexibility to work from home in the IT sector has sustained the demand for

residential land available in northern suburbs even during the pandemic, which is also visible in the price trend. The residential land prices in Bengaluru grew 1.2 times (13 percent CAGR) between 2018 and 2021.

Residential land prices in Bengaluru grew 1.2 times in between 2018-2021

Bengaluru Land–Price Trend



Source: Housing Research

Weighted average price*	INR 17,000—17,200/sq yd
FAR**	1.75—3
Capital inflow avenues	<ul style="list-style-type: none"> • Can hold land over a time period and sell • Construction of villa to sell • Construct separate apartments (need to have approvals and provide UDS for each buyer)

Source: Housing Research

*Weighted average prices as per supply and inventory

**This is a standard FAR range which is subject to change as per region, proximity to transit corridors and purchasable FAR

DRIVERS OF GROWTH

In recent years several incentives such as availability of premium FAR (maximum 0.6 times the original) in metro corridors and permissible promotion of plotted development projects post 40 percent completion have given an upward thrust to the stakeholders to develop projects focusing on residential land in Bengaluru. Moreover, while approvals by way of the Bengaluru Development Authority (BDA) and Khatta system have induced consumer confidence, it is further buoyed by many branded developers who have entered the residential land market in recent years. While these policy changes to support the stakeholder interest are a step in the right direction, employment generation, infrastructure development, and connectivity are

fundamental to residential real estate asset growth.

In line with this, the proposed development of Aerospace SEZ and enhanced connectivity with the expansion of Kempegowda Airport (T2) will continue to attract the services and manufacturing industries, and workforce to the north. The upcoming Phase-2 of metro infrastructure and development of industrial corridors to improve the connectivity of Bengaluru to the key metros of Mumbai, Chennai and Hyderabad, and connecting the peripheral areas to the economic hubs will be crucial for strengthening interest to invest in land.

Infrastructure Update

	Upcoming project	Scale	Status
1	Namma Metro Phase 2		
1.1	Baiyappanahalli to ITPL — Whitefield	15.5 km	Under construction at various stages
1.2	Hesaraghatta Cross to BIEC	3.77 km	
1.3	Puttenahalli Cross to Anjanapura Township (up to NICE Road)	6.29 km	
1.4	IIMB to Nagawara	21.25 km	
1.5	R.V. Road to Bommasandra	18.82 km	
	Phase 2A & 2B		
1.6	Central Silk Board (CSB) to Kempegowda International Airport (KIA)	57.36 km	Planning stage
	Phase 3		
1.7	ORR West Line	-	Planning stage
1.8	Magadi Road Line	-	
2	Peripheral Ring Road Hosur Road to Tumkur Road via K R Puram, Bellary Road, Old Madras road and Sarjarpur road	116 km	Approval and clearance stage
3	Satellite Town Ring Road	204 km	Under construction
4	Kempagowda Terminal 2	-	Under construction
5	Bengaluru Mysuru Infrastructure Corridor	111 km	Under construction at various stages
6	Chennai Bengaluru Industrial Corridor 1. Krishnapatnam Industrial Area 2. Tumakuru Industrial Area 3. Ponneri Industrial Area	-	Project approved Project approved Project development activities underway
7	Hyderabad Bengaluru Industrial Corridor 1. Orvakal Industrial Area, Andhra Pradesh	-	Project development activities underway
8	BMIC: Bengaluru Mumbai Industrial Corridor 1. Dharwad Node, Karnataka 2. Satara Node, Maharashtra	-	Project development activities underway Project development activities underway

Source: Official sources, Housing Research

HYDERABAD



INTRODUCTION

Hyderabad, the capital of Telangana, has emerged as one of India's prominent IT/ITeS and manufacturing hubs. Over the past decade, the city has generously accommodated the immigrant workforce across the services, pharmaceutical and industrial sectors. The political stability post the formation of the state of Telangana and the business-friendly approach, such as TS-iPass, have brought Hyderabad on the radar of global companies and investors. The robust growth in the IT sector has set in motion the residential real estate development, which has been continuously evolving,

with several operators constantly adding inventory to the segment.

The metropolitan region of Hyderabad, which covers over 7,257 sq km, is currently under the purview of the Hyderabad Metropolitan Development Authority (HMDA). Its population is expected to reach 9.2 million by 2030. While the western zone is leading in commercial and residential development in Hyderabad, the expansion of metro connectivity and road development are underway to unlock the real estate potential in the remaining regions of the city.

Hyderabad residential micromarkets – zone wise

Zone	Micromarkets
Hyderabad West	Hitec City, Gachibowli, Manikonda, Narsingi, Serilingampally, Nallagandla Gachibowli, Kondapur, Chandanagar, Hafeezpet, Bachupally, Miyapur
Hyderabad North	Kompally, Tellapur, Kukatpally, Nizampet, Bolarum, Bahadurpally, Shamirpet
Hyderabad South	Saidabad, Kismatpur, Maheshwaram, Shadnagar, Rajendra Nagar
Hyderabad East	LB Nagar, Nagole, Hayathnagar, Vanasthalipuram, Uppal Kalan, Saroor Nagar
ORR South	Bongloor, Shamshabad, Adibatla, Pocharam
Secunderabad	Mallapur, Yapral, Sainikpuri, Alwal, AS Rao Nagar
Hyderabad Central	Somajiguda, Ameerpet, Himayat nagar, Jubilee Hills, Begumpet, Banjara Hills
Hyderabad West	Hitec City, Gachibowli, Manikonda, Narsingi, Serilingampally, Nallagandla Gachibowli, Kondapur, Chandanagar, Hafeezpet, Bachupally, Miyapur

Source: Housing Research

RESIDENTIAL LAND LANDSCAPE

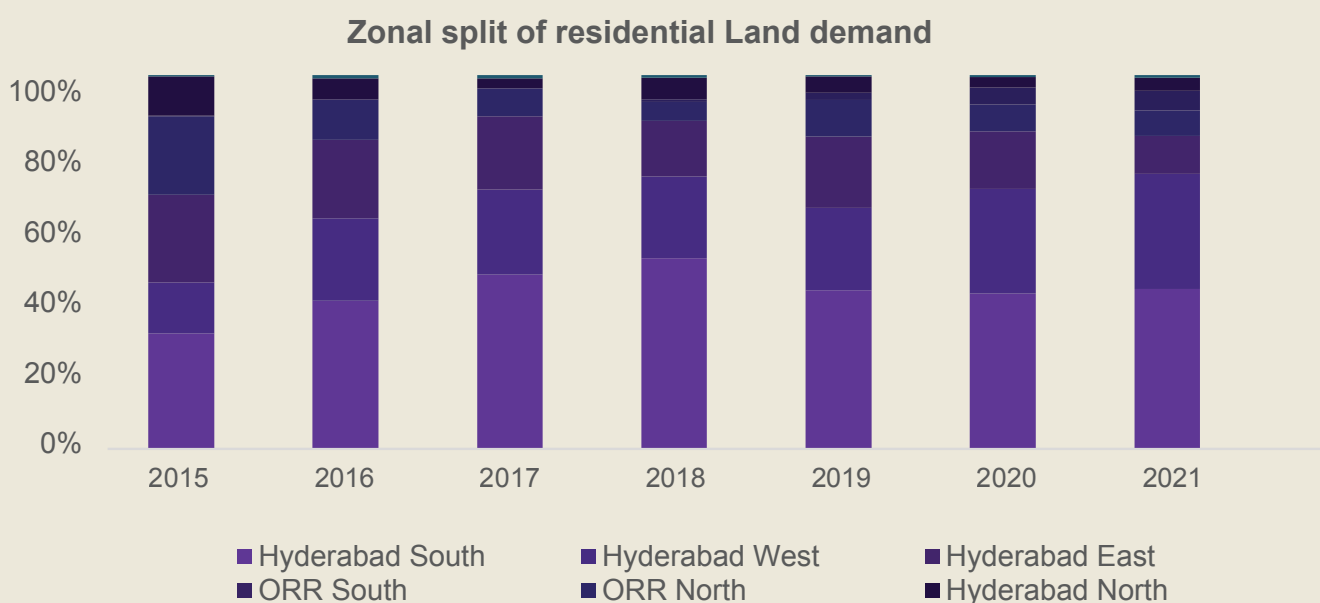
Central Hyderabad is the oldest part of the city, with prominent residential development, including dense and congested pockets and independent residential units. The saturation of residential areas in the central part of the city has pushed the real estate activity towards western Hyderabad, which is now leading in the commercial and residential development in the city. The IT corridor and excellent connectivity have boosted the demand and high-density real estate development in this zone.

On the other hand, other zones (north, east and south) in Hyderabad have seen slow-paced development with distance from the central area and lack of effective connectivity being the deterrents. However, the upcoming metro and road connectivity has boosted the potential of these low-density areas for future development. As the city is growing, the residential land demand has also picked up pace along the major corridors in the city. In Hyderabad, the plotted land projects has uniformly developed along the

Outer Ring Road and is also growing along the major highways.

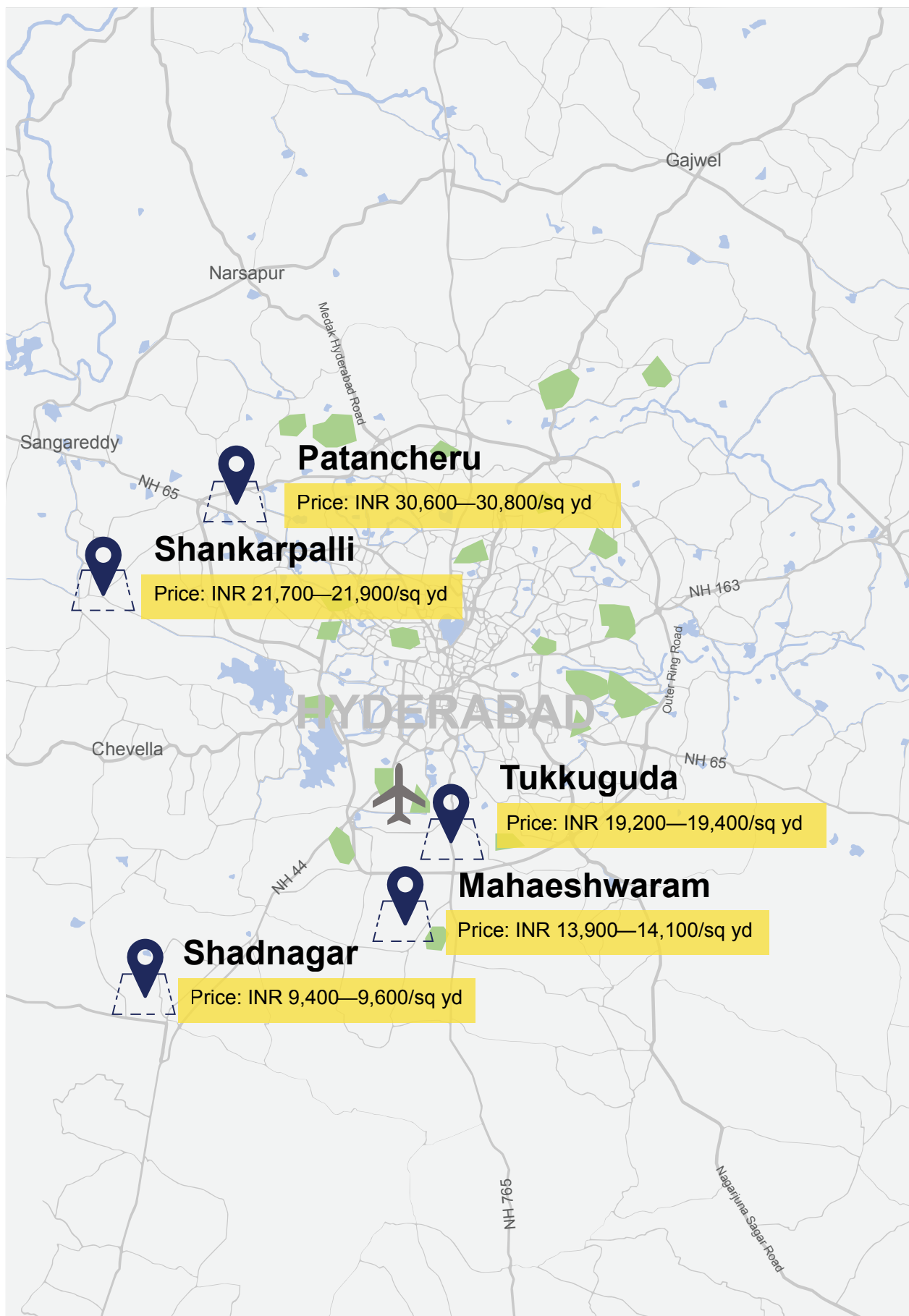
Currently, the southern zone of Hyderabad witnesses maximum traction for the residential land along the proposed Pharma City Corridor and international airport. The upcoming metro will enhance the connectivity of this part with the central and western zones. Micro markets such as Kothur, Shadnagar, Maheshawaram have taken the lead in demand for land in this zone. Followed by the southern region, western peripheral localities such as Shankarpalli, Mokila, Bachupally have been at the forefront for traction for residential land due to proximity to the commercial hubs of West Hyderabad. Apart from south and west, the east has also been garnering interest with the upcoming Hyderabad—Warangal Industrial Corridor and development of IT corridors under Look East Policy (LEAP).

Maximum residential plots activity in Hyderabad is concentrated in southern peripheral localities



Source: Housing Research

MAJOR DESTINATIONS BY DEMAND AND PRICE APPRECIATION FOR RESIDENTIAL LAND (2021)



Source: Housing Research

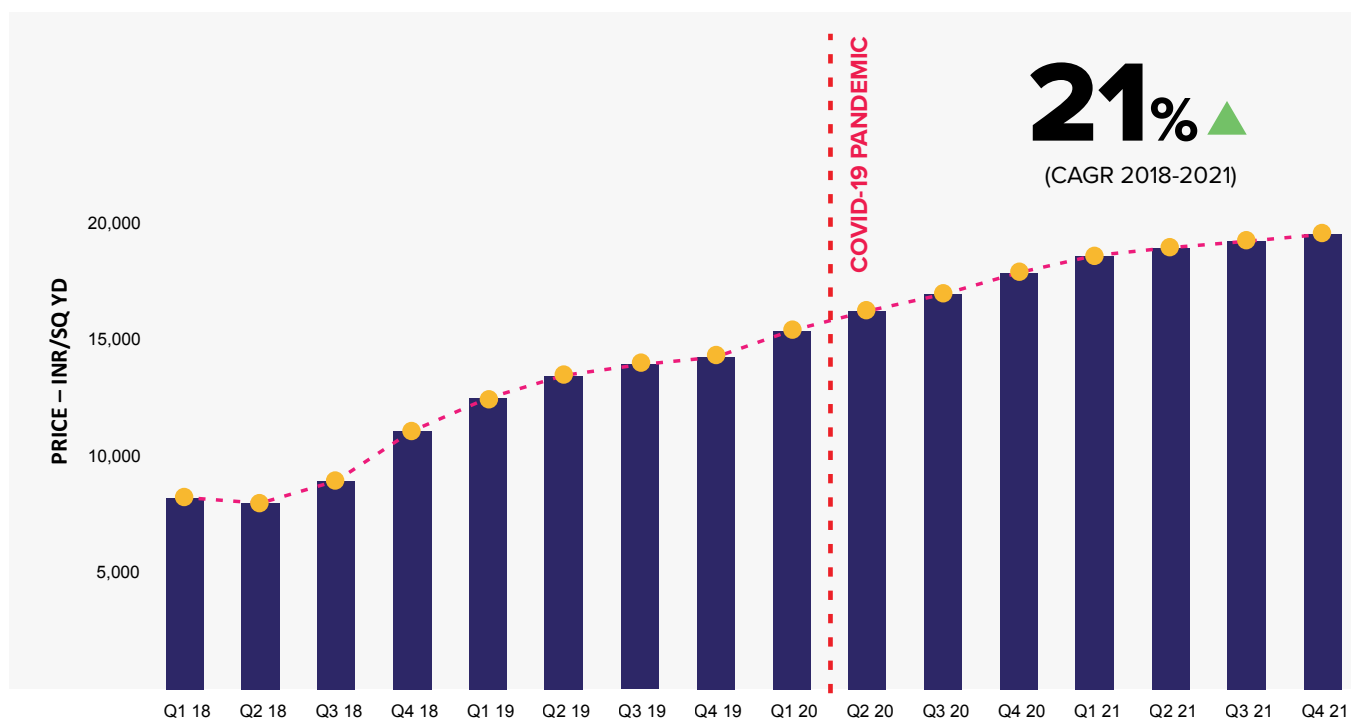
RESIDENTIAL LAND — PRICE DYNAMICS

Hyderabad residential land prices have registered a 21 percent increase in prices between 2018 and 2021 – the highest compared to the top-8 cities. Hyderabad also has the highest average annual share (41 percent) of demand for land in the overall residential sales compared to other major cities. The city's market for residential land is mainly investment-driven as people

are looking for land parcels in open areas apart from apartments in the high-density western suburbs. Developers in Hyderabad have mainly launched stand-alone plotted development projects in the peripheral areas along major road and metro networks, which offer connectivity to the city's existing commercial and residential areas.

Hyderabad records the highest price appreciation for residential land compared to other metros

Hyderabad Land–Price Trend



Source: Housing Research

Weighted average price*	INR 19,500–19,700/sq yd
FAR**	As per abutting road width
Capital inflow avenues	<ul style="list-style-type: none"> Can hold land over a time period and sell Construction of villa to sell Construct separate apartments (need to have approvals and provide UDS for each buyer)

Source: Housing Research

*Weighted average prices as per supply and inventory

**This is a standard FAR range which is subject to change as per region, proximity to transit corridors and purchasable FAR

DRIVERS OF GROWTH

Hyderabad, currently witnessing a growth spurt in the residential real estate sector, is the most dynamic land market in the country regarding pricing and return on investment. While the apartments market is end-user driven, the land market is mainly investor driven. Hence, the potential development of social and physical infrastructure and connectivity to commercial hubs of central and western areas will be crucial for realising the investment potential of plotted development in peripheral areas of the city.

The ready infrastructure consisting of the Outer Ring Road,

international airport, and the major state highways have been instrumental in the city's overall growth. Further, to strike a demographic and development balance, several transport projects have been undertaken in the city, including road and metro infrastructure. The Look East Policy (LEAP) has also brought the eastern micro markets in focus for services and manufacturing development. Also, the industrial corridors connecting the city to Warangal, Bengaluru and Nagpur will be instrumental in the socio-economic development of peripheral areas in Hyderabad.

Infrastructure update

	Upcoming project	Scale	Status
1	Hyderabad Metro Phase 2	115 km	
1.1	Raidurg to Shamsabad Airport	-	Under construction at various stages
1.2	Miyapur to Ladkdi ka Pul	-	
1.3	Miyapur to Patancheru	-	
	LB Nagar to Hayathnagar Jubille Bus Stand — Alwal		
2	Regional Ring Road	330 km	Planning stage
3	Strategic Road Development Program (SRDP)	-	Under construction
3.1	Botanical Garden Flyover	3 km	
3.2	Sagar Cross Road Flyover	-	
4	Warangal Highway 163 Flyover	6.2 km	Under construction
5	Hyderabad Bengaluru Industrial Corridor	-	Project development activities underway
6	Hyderabad Nagpur Industrial Corridor	-	Project development activities underway
7	Hyderabad Warangal Industrial Corridor	-	Project development activities underway

Source: Housing Research

¹Indian Start-up Ecosystem 2018: Approaching Escape Velocity, Nasscom

GURUGRAM



INTRODUCTION

Gurugram, erstwhile known as Gurgaon, is part of the agglomeration of Delhi's National Capital Region (NCR). Despite being 30 odd km from the national capital, the region was mainly agrarian until the 1970s when large tracts of land were allotted to the Maruti Suzuki automobile factory, which kick-started substantial economic growth in the city. The availability of land parcels and proximity to the international airport cemented Gurugram's position as a preferred destination for national and global businesses to set up their operations in the Indian commercial landscape. Currently one of the leading business hubs of India,

Gurugram is home to several Fortune 500 companies, manufacturing industries supported by the development of physical and social infrastructure. The generation of white-collared employment has generated significant traction for a range of residential spaces such as apartments, villas and independent floors in the city. The city garnered the attention of many private developers and emerged as a prominent real estate destination for residential and commercial asset classes. These real estate growth dynamics in Millennium City are only poised to persist as the city sprawls in its peripheral areas.

Gurugram residential micromarkets – zone wise

Zone	Micromarkets
<i>Sohna & Sohna Road</i>	<i>Karnki, Sector 1, 2, 5, 14, 17, 25, 33, 35, 47, 48, 49, 67</i>
<i>Dwarka Expressway</i>	<i>Sector 102, 108, 37D, 88A, 99</i>
<i>KMP Expressway</i>	<i>Atta, Indari</i>
<i>Gurgaon Central</i>	<i>Sector 33, 38</i>
<i>New Gurgaon</i>	<i>Sector 81, 82, 89, 91, 95A</i>
<i>Southern Peripheral Road</i>	<i>Sector 70A, 72, 73</i>
<i>Golf Course Extn Road</i>	<i>Sector 60, 62, 63, 65</i>

Source: DataLabs, PropTiger Research

RESIDENTIAL LAND LANDSCAPE

Gurugram's residential landscape is a mix of high-rise housing and plotted colonies. Hence, unlike other cities, the residential land development has picked up closer to business areas and in peripheral areas with large land parcels. Currently, localities around Dwarka Expressway and Sohna are witnessing maximum traction for residential land in Gurugram. Also, areas along the western peripheral expressway (Kundli–Manesar–Palwal Expressway) have seen offtake for land in the past decade. The availability of large tracts of land and road connectivity to core areas of the city has boosted the demand in these peripheral areas.

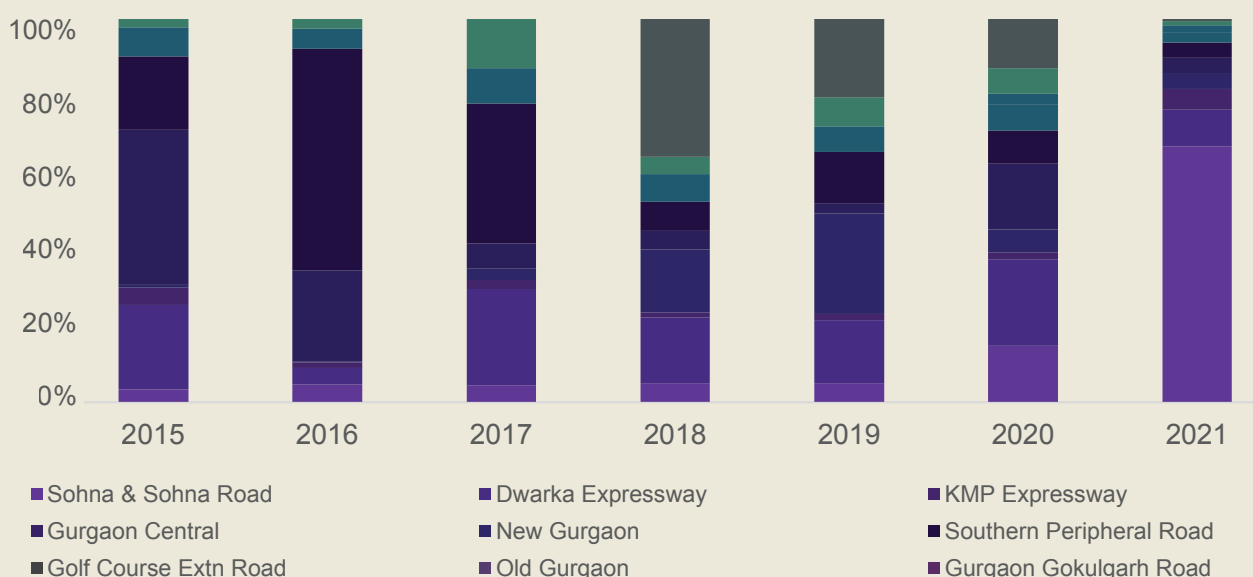
While the peripheral areas have seen offtake for residential land, Gurugram has also seen an uptick in demand and supply in central locations such as sectors

33 and 38, and sectors along Dwarka Expressway and New Gurgaon. While micro markets in Dwarka Expressway and New Gurgaon have seen slow-paced development with litigation issues decelerating the region's progress, the proposed completion of the expressway has boosted the consumer sentiments.

The traction for land in Gurugram also comes on the back of the state government's policy initiatives, such as Deen Dayal Jan Awas Yojna, which encourage high density plotted colony development and sale of independent floors in medium and low-density areas offering an attractive option for end-users as well as investors.

Maximum residential plots activity in Gurugram concentrated in Sohna

Zonal split of residential land demand



Source: Housing Research

MAJOR DESTINATIONS BY DEMAND AND PRICE APPRECIATION FOR RESIDENTIAL LAND (2021)



Source: Housing Research

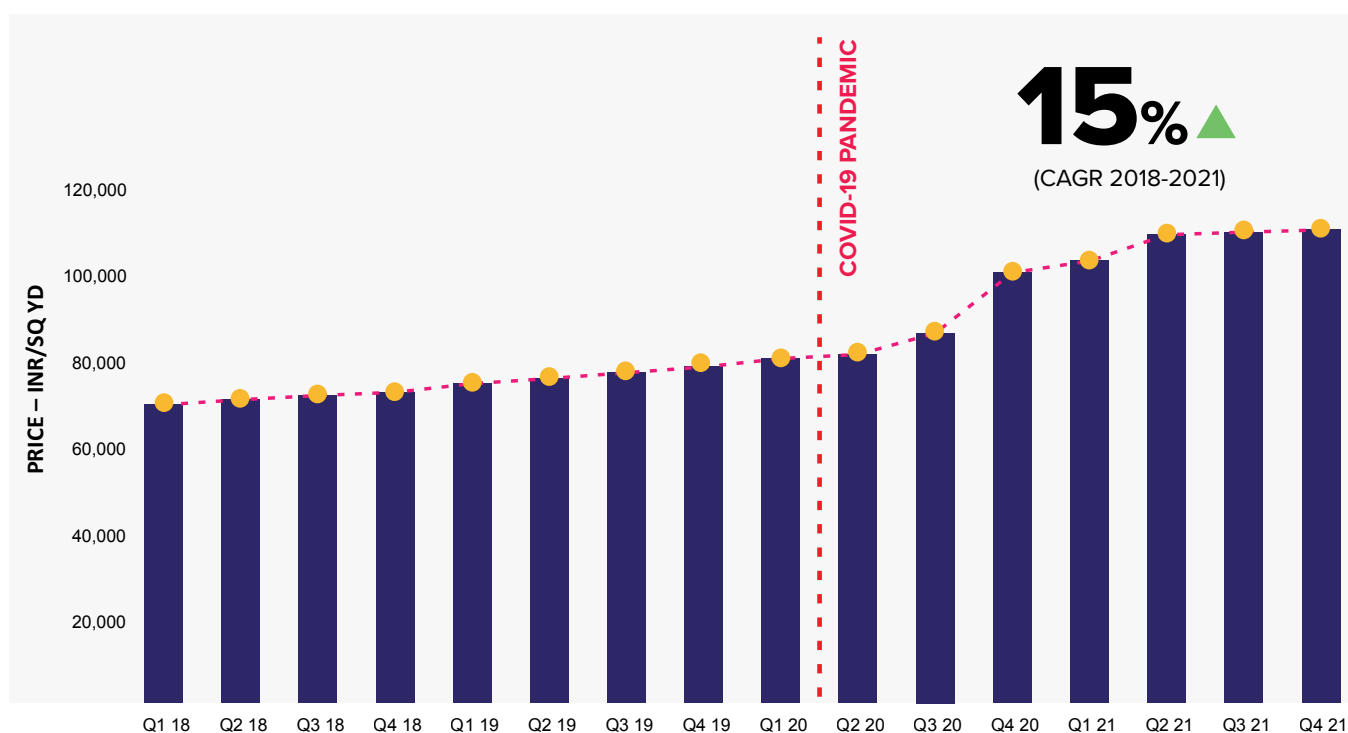
RESIDENTIAL LAND — PRICE DYNAMIC

The affinity towards low density development and availability of land in the core city areas as well as outskirts have led to spurt in demand and prices for the residential land in Gurugram. The residential land prices within the core city areas of Gurugram have recorded a double-digit growth of 15 percent (CAGR) between 2018-2020. The prices have especially continued to grow since the

second half of the last year as homebuyers are looking for larger homes and open areas post the beginning of pandemic. The residential land prices have also appreciated in the peripheral areas of Gurugram such as Sohna. The micro-markets in Sohna have recorded 6 percent increase in land prices.

Gurugram residential land prices record 15 percent growth between 2018-2020; continue to soar even amidst the pandemic

Gurugram Land–Price Trend



Source: Housing Research

Weighted average price*	INR 1,09,300—1,09,500/sq yd
FAR**	1.0—2.65
Capital inflow avenues	<ul style="list-style-type: none"> • Can hold plot over a time period and sell • Construction of villa to sell • Construct of independent floors up to four floors

Note: Does not include micro markets of Sohna

Source: Housing Research

*Weighted average prices as per supply and inventory

**This is a standard FAR range which is subject to change as per region, proximity to transit corridors and purchasable FAR

DRIVERS OF GROWTH

Gurugram presents a unique case for residential plots development due to policy-based initiatives under the Deen Dayal Jan Awas Yojna, which allows construction and sale of independent floors coupled with lower license fees. This allows the investors and end-users to multiply their returns on the residential land compared to apartments. Moreover, under the recent amendment in 2019, it is permissible to construct a fourth floor against three floors previously and sell it as an independent floor. This has renewed consumer interest in opting for low-rise development and independent floors. Also, unlike other metros, Gurugram has residential land available not only in the peripheral areas but also closer to commercial areas.

Currently, Gurugram is one of the most active plots markets in the NCR. The infrastructure development, such as the completion of Dwarka Expressway will be critical for further unlocking the potential of land around the expressway and in New Gurgaon. In addition, upcoming projects such as Delhi-Mumbai Expressway and Delhi-Gurugram-Rewari-Alwar regional Rapid Transit System will be driving factors for demand and price growth of residential land in the peripheral areas. The impending infrastructure development and strong commercial ecosystem will have a positive ripple effect on the residential realty segment.

Infrastructure update

	Upcoming project	Scale	Status
1	Dwarka Expressway	29 km	Under construction
2	Gurugram Metro	31 Km	Under construction
2.1	Huda – CyberCity	-	Planning stage
3	Gurugram Rewari Highway	45 km	Under construction
4	Delhi-Gurugram-Rewari-Alwar regional Rapid Transit System	164 km	Planning stage
5	Global City — Manesar	-	Planning stage
6	Ambience U-turn underpass	-	Inauguration awaited
7	Delhi Mumbai Industrial Corridor	1,483 km	Planning stage

Source: Housing Research

ANNEXURE 1

APPROACH AND METHODOLOGY

The report explores the Indian residential markets for land and apartments through investment analysis. The investment amount is considered the same for both the apartments and land to bring them on the same plane.

These investments are then analysed temporally based on the actual price appreciation and credit requirements. The return on investments is calculated considering the span of tenure as six years.

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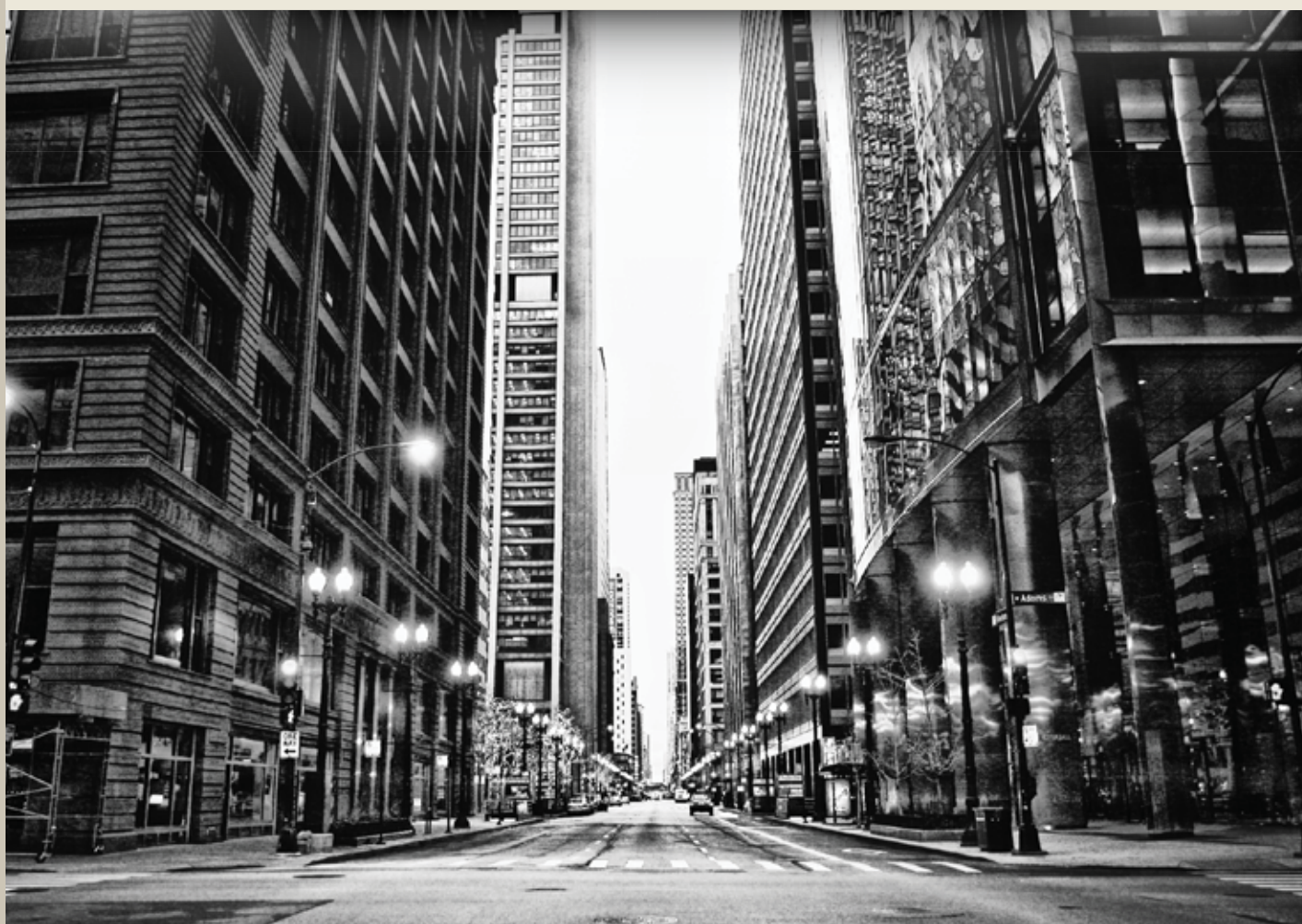
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