



PROP EQUITY
CREATING INVESTOR INTELLIGENCE

TOP 10 CITIES

IN THE

INDIAN REAL ESTATE MARKET

[MAY 2015]

This year, only 2 major economies have been given positive outlook by all major rating and multilateral agencies. Besides the United States, India has made it to the platform, despite downgrades witnessed throughout last year.

India stands at the crossroads, and is on the path of achieving growth rate in the range of 7% to 10%, surpassing that of China in this year itself.

India has already achieved the medium-term objective of six per cent Consumer Price Index (CPI)-based inflation (January 2016 target, as set by RBI), and industry is looking optimistically at 2015-17 period. Government on its part is attempting to rejuvenate the economic machinery with easing of bureaucratic red-tape, FDI in infrastructure, real estate, and defense. Even though there is high level of gross NPAs in the banking system, and consumer spending has shown only partial signs of recovery, the economic platform will hopefully find steady ground

The market tidings look positive with oil and commodity prices coming down significantly. India's major exports market like USA is witnessing positive growth and job opportunities.

Consequently ,with tumbling oil prices suppressing the current account deficit, the Modi Government is looking to spend heavily on infrastructure, including the creation of 100 smart cities.

The real estate sector, which saw significant slowdown in supply and absorption in the last four quarters, is desperately seeking a revival in the coming one to two years.

In this backdrop, PropEquity evaluated the fourteen top cities of India, and ranked them. As the Indian economy shows signs of recovery, these are the cities, which have shown maximum resilience to the present market challenges on account of strong fundamentals, and will lead the way for real estate growth of India, going forward.

Samir Jasuja

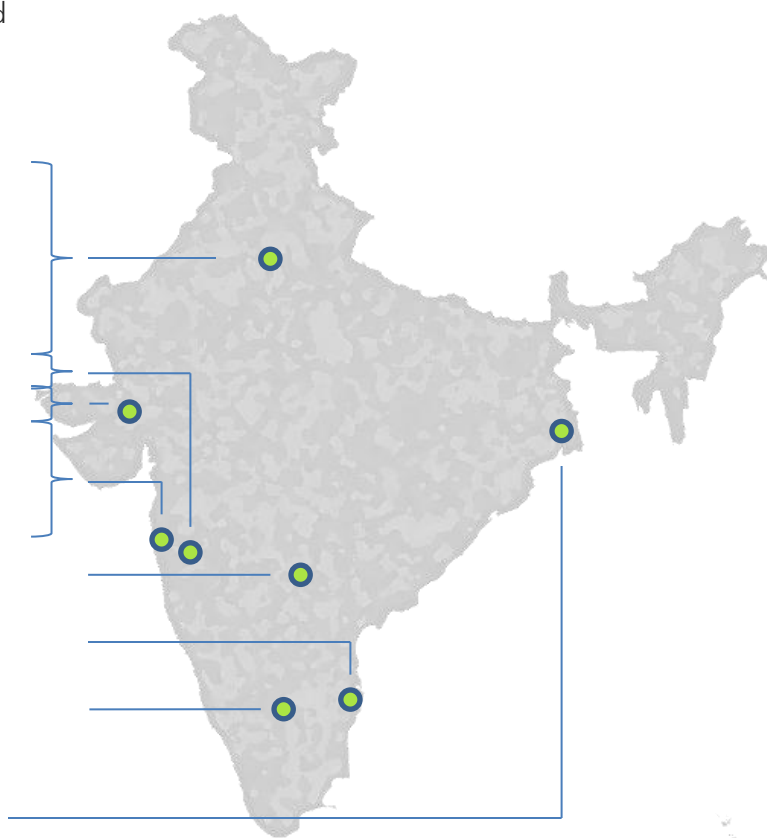
Founder and Managing Director, P E Analytics Pvt Ltd.



CITY SELECTION

The selection of the cities is done on a national and regional level.

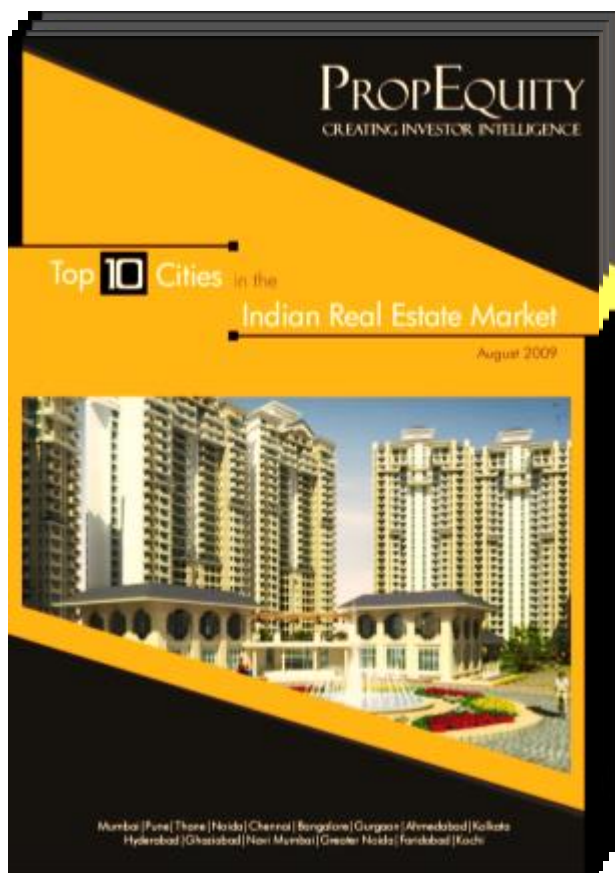
REGION	CITY
NORTH REGION	GURGAON
	GHAZIABAD
	NOIDA
	GREATER NOIDA
	FARIDABAD
WEST REGION	PUNE
	AHMEDABAD
	THANE
	NAVI MUMBAI
	MUMBAI
SOUTH REGION	HYDERABAD
	CHENNAI
	BENGALURU
EAST REGION	KOLKATA



All the constituent cities of the Mumbai Metropolitan Region along with Ahmedabad and Pune constitute the West region. Five cities from NCR (*exception being Delhi city, which accounts for insignificant and sporadic supply*) have been selected for our analysis. Other cities, which have been included are the top three cities from the South, and Kolkata from India's East.



METEMPSYCHOSIS MUSINGS



Six years ago in August 2009, we published the first edition of the top 10 cities report in India.

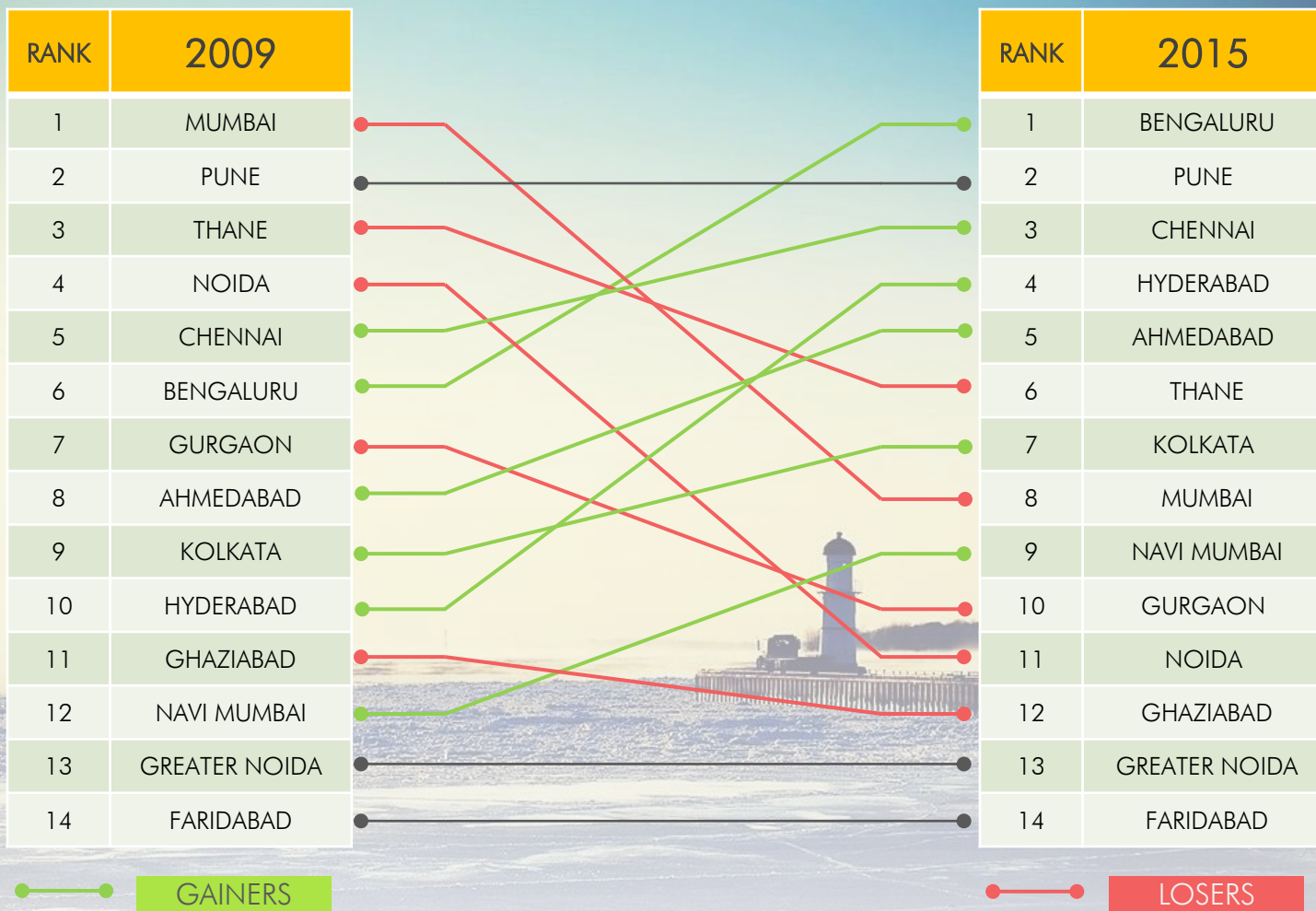
Ten key parameters have been taken into account to generate the rankings, including the price, supply, absorption, inventory, and new launch trends. We have also looked at execution delays and the size of the market in value terms. With the benefit of hindsight, we have compared where each city stood then, to how they are positioned now.

Mumbai, which ranked 1st five years ago, has now slipped to the 8th position, while Bengaluru, which did not even figure in the first five cities, has climbed to the top.

Overall, the city which have fallen the most in rankings is Noida (from 4th to 11th) and Mumbai (from 1st to 8th), while the cities which climbed the most is Hyderabad (from 10th to 4th).

In terms of regions, the southern region, which ranked 3rd out of the four regions, has overtaken the northern region in regional rankings while it has become 1st at the city level.

All NCR cities occupy the bottom rankings, depicting the weakness in the region.



STUDY BRIEF

STUDY APPROACH

The study is divided into two parts, the first being the ranking of the cities on various individual **base indicators**. The second part of the study deals with composite rankings, calculated through the study of **advanced indicators**. These composite rankings lead to the Attractiveness Index for the top cities.

The **base indicators** used in the report are listed below

- | | |
|--------------------------------|--------------------------|
| 1. Projects Launched | 5. Total Unsold Stock |
| 2. Projects Offered Possession | 6. Launch price increase |
| 3. Units launched | 7. Inventory overhang |
| 4. Units absorbed | 8. Size of market |

ATTRACTIVENESS INDEX

PropEquity, as India's number one provider of real estate data, analytics, and consulting, has been tracking over 16,000 developers, and 65,000 projects in 40 cities across India. Based on our experience, we at PropEquity have used some advanced indicators, which define the health of any real estate market, to find the most bankable cities of India. Such advanced indicators are listed below:

POSITIVE INDICATORS

1. Size of the market (used as base)
2. Increase In Size Of Market
3. Possession /Launch Ratio (Project Launched In 2009-2011)
4. Absorption To Supply Ratio (Unit Based)
5. CAGR of Absorption (2013 – 2014)
6. Absorption In New Launches
7. Increase In Absorption Prices

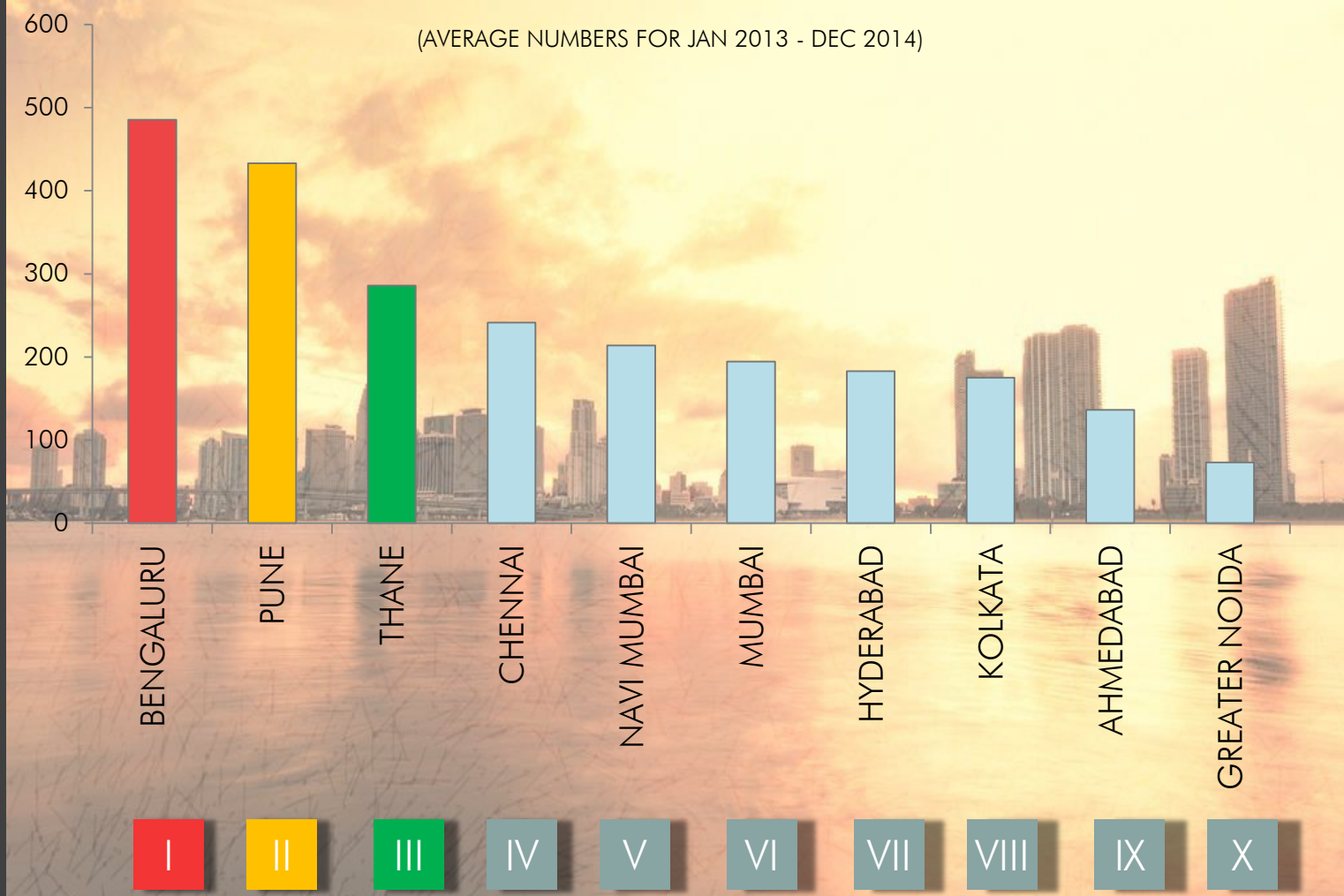
NEGATIVE INDICATORS

8. Total Unsold Inventory To Yearly Absorption Ratio
9. Average Delay In Project Execution (Months)
10. Construction Committed To Construction Completed

Note: 1) Scope of the study includes Apartments, Independent Floors, and Villas only, and does not take into account Plotted developments. The study only looks at the residential supply in the organized domain, and does not include housing schemes by government bodies.

2) The scope of time utilized for this study is 2 years (January 2013 to December 2014), except for calculation of delays, where 4 year period is taken, and project completion trend, where 2009-2011 period launched projects are considered

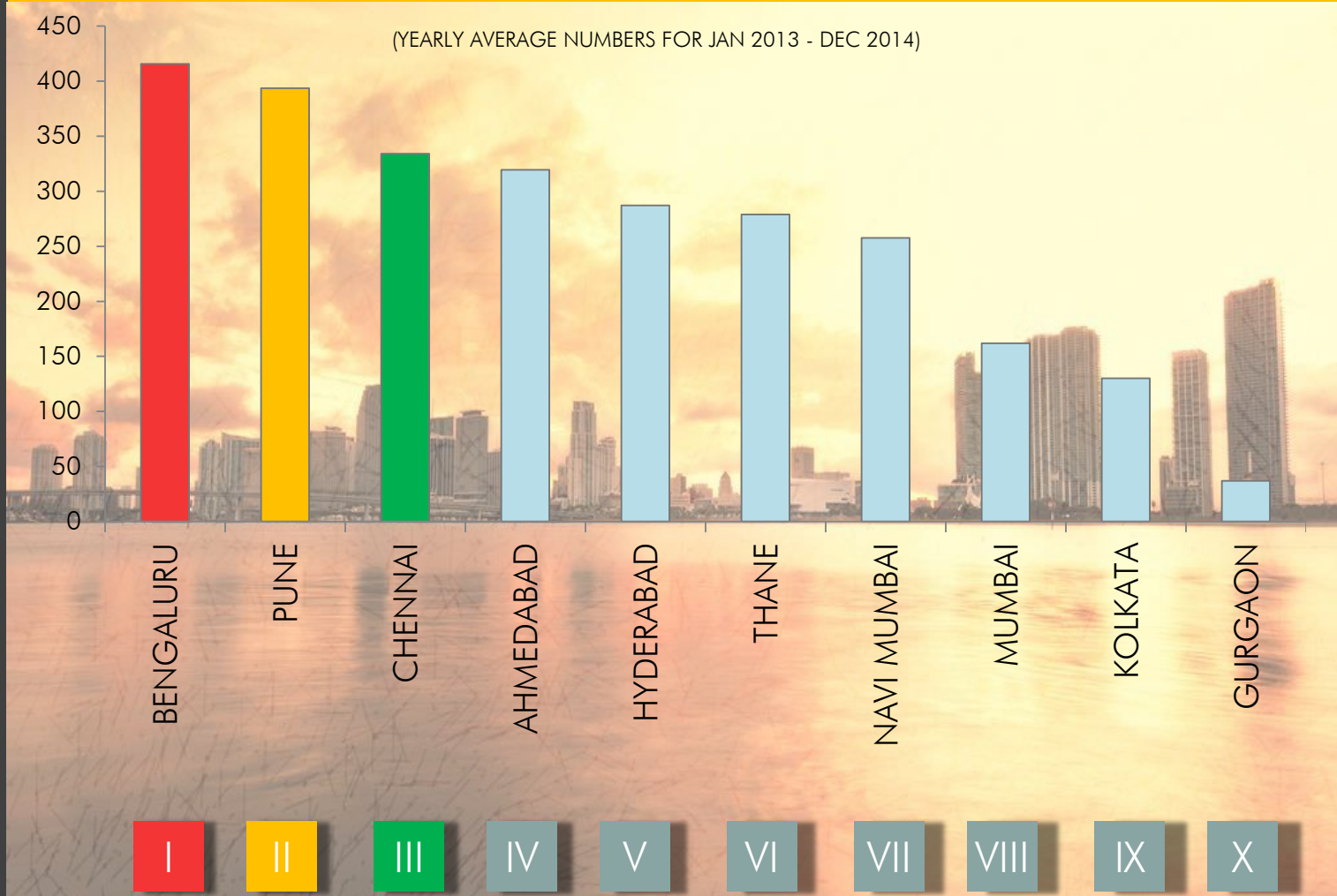
RANKING – PROJECTS LAUNCHED



- ▲ Bengaluru witnessed the highest average number of project launches in the 2013 - 2014 period with almost **500** projects, followed by Pune. Bengaluru alone accounted for **20%** of the total projects launched in India's top 14 cities in 2014.
- ▲ All three cities from the Mumbai Metropolitan region figure in the top six, led by Thane.
- ▲ The five cities of NCR, surprisingly, **were the bottom five** of the 14 cities, in terms of new launches.
- ▲ All the southern cities were in the top seven.



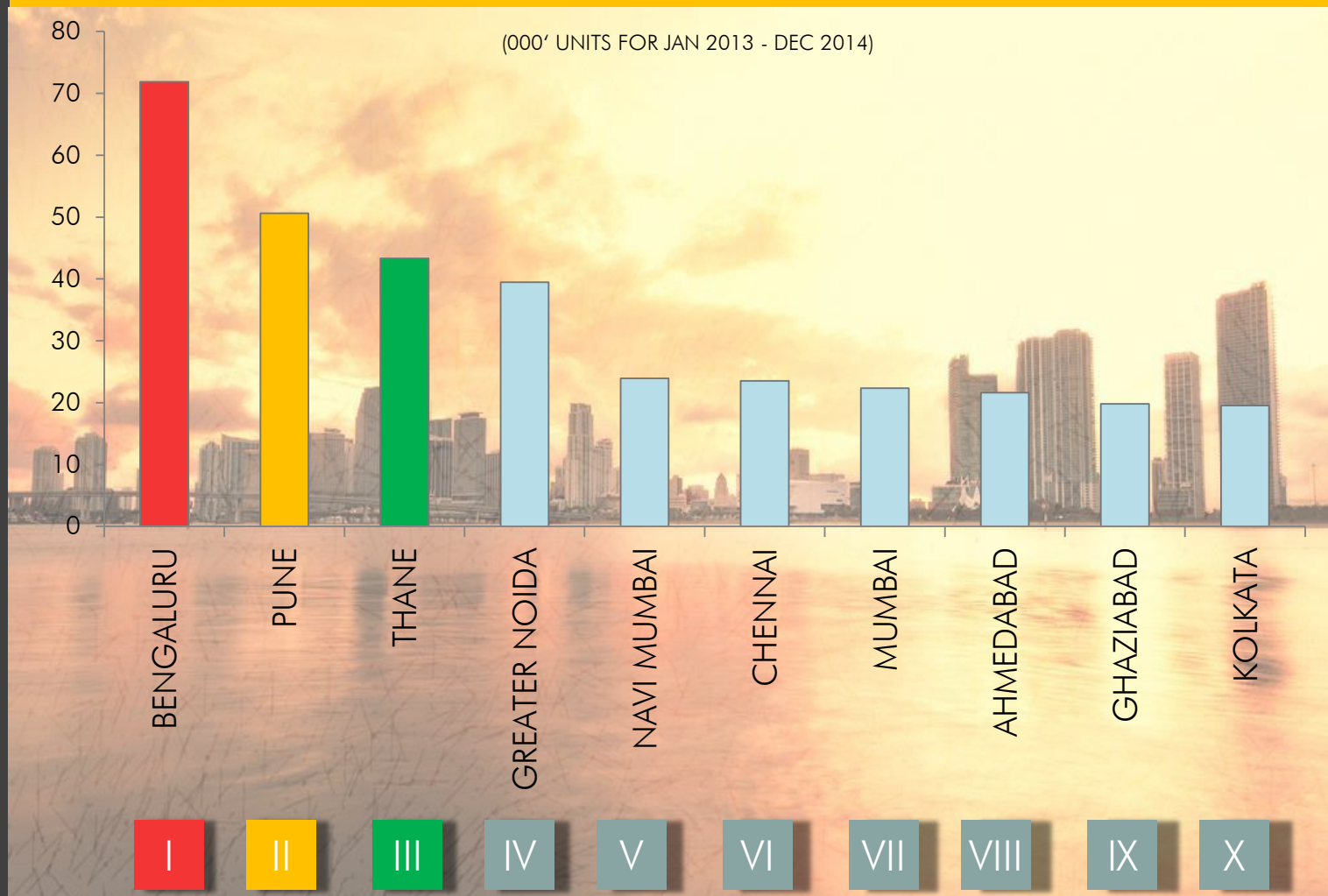
RANKING – PROJECTS OFFERED POSSESSION



- ▲ Not surprisingly, Bengaluru, owing to its professionalism, and being an end user market, lead in project completion, witnessing more than **500 projects** getting completed in 2014, a whopping **50% rise** over 2013 numbers.
- ▲ Pune, standing neck to neck with Bengaluru, has also shown significant commitment to end users in terms of delivery.
- ▲ None of the cities from the MMR figure in the top five.
- ▲ Not surprisingly, the five cities of NCR region were again at the bottom of the barrel. Chennai was the only city, which saw a decline in projects getting completed in 2014, as compared to 2013.



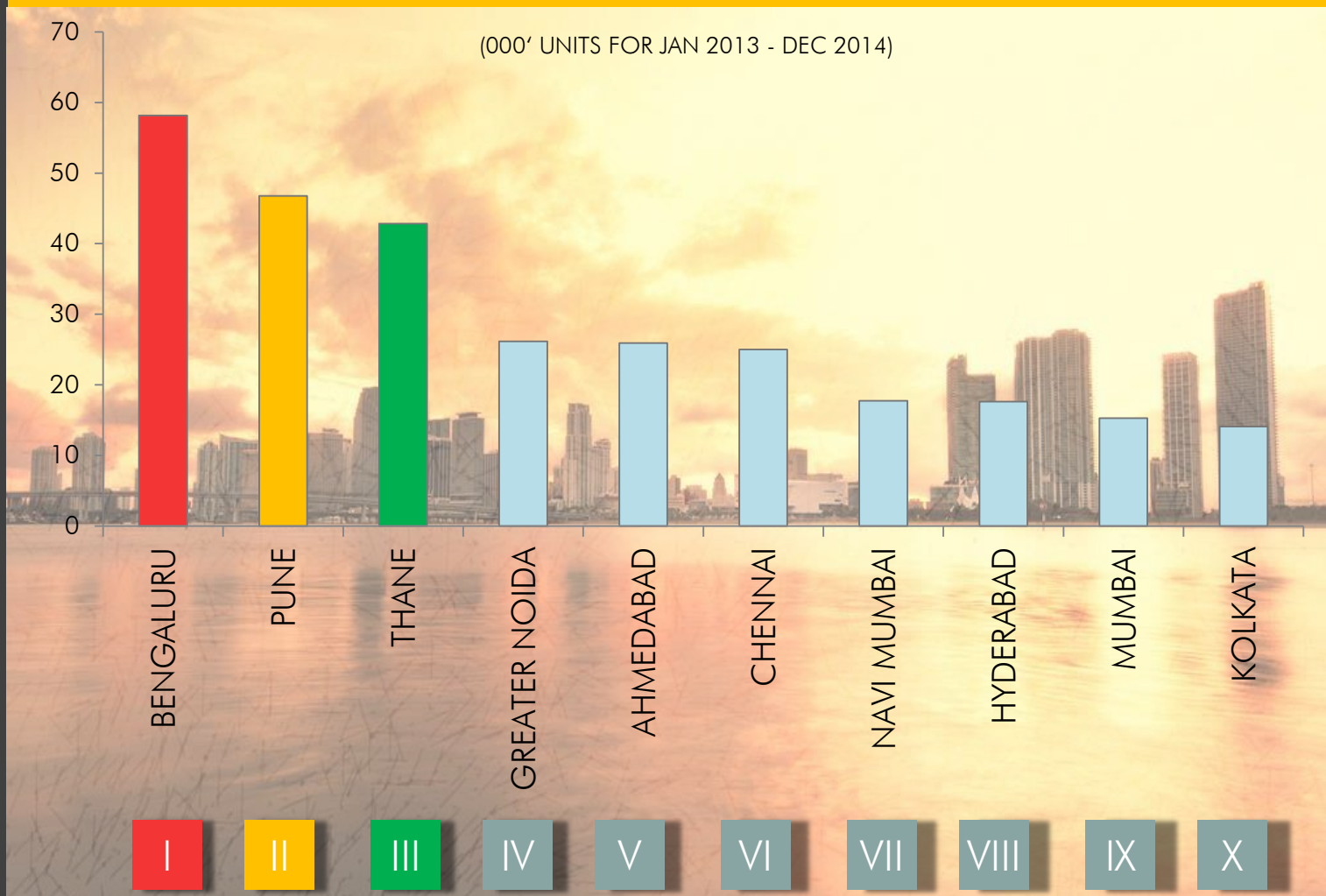
RANKING – RESIDENTIAL SUPPLY



- ▲ Bengaluru witnessed the highest average unit launches in 2013 - 2014 period, with more than **70 thousand units** getting launched.
- ▲ Historically, the NCR, the MMR, and the southern region have witnessed equal number of unit launches. This has changed drastically this year, wherein the south has led with **40% of the new supply**, out of the three regions.
- ▲ New Supply in key cities fell considerably over the last two years, falling the least in the southern region (**36%**), and the most in MMR (**50%**).
- ▲ **Noida** was the only city, witnessing an increase in its supply (**10%**), while **Thane** fell the most (**60%**)



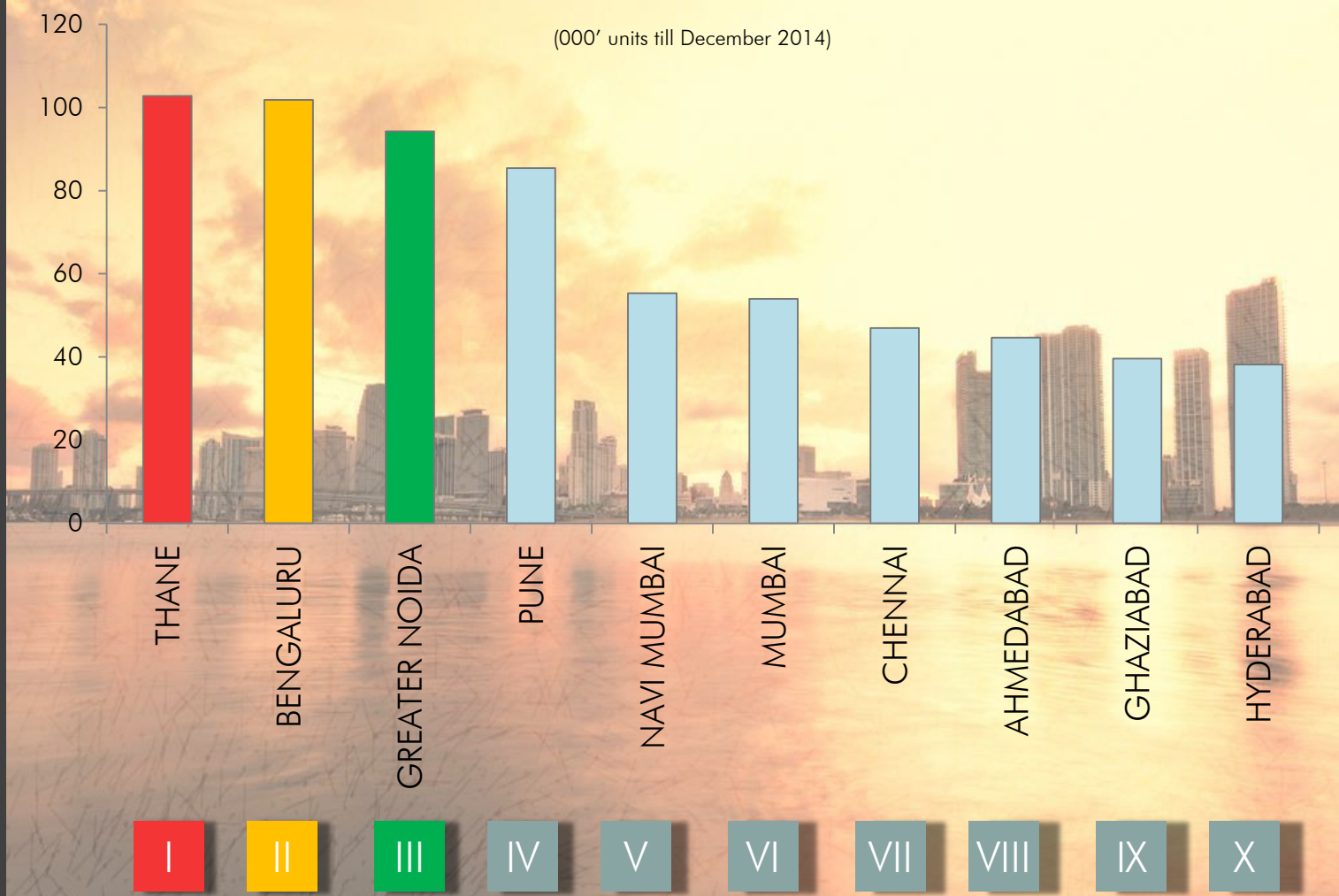
RANKING – RESIDENTIAL ABSORPTION



- Although absorption fell across Pan India, Bengaluru, Pune and Thane have shown slightly better absorption levels compared to other cities
- The South region witnessed much better absorptions compared to NCR & MMR w.r.t. to new launch absorptions. Last year south absorbed almost **50%** of the total units launched.
- All 14 cities saw decline in absorption over last year. In line with the trend in new launches, the south maintained the lead with least drop in the number of units absorbed (**17%**), compared to **23%** for MMR, and a massive **53%** for the NCR.



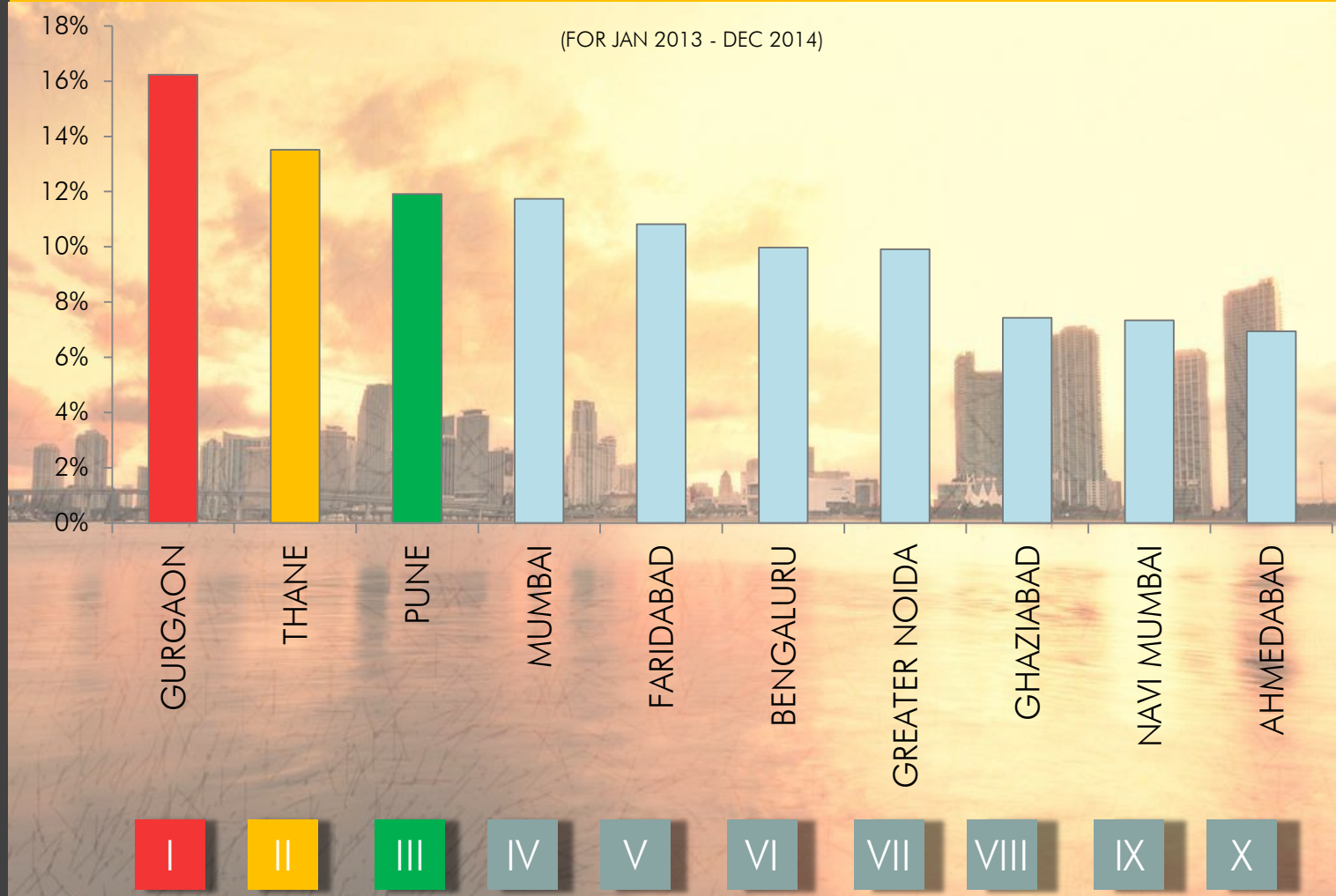
RANKING – UNSOLD STOCK



- ▲ The western region alone accounts for more than **45% of the total 7.6 lac** of unsold stock in the 14 cities.
- ▲ MMR (**215,203 units**), NCR (**188,751 units**), and Bengaluru (**100,406 units**) together account for more than **two third** of unsold inventory of the top 14 cities.
- ▲ NCR's inventory swelled by **14%**, owing to increases in inventories in Noida, Greater Noida, and Ghaziabad, while that of MMR and Southern region shrunk marginally.
- ▲ Ahmedabad, Thane, and Hyderabad showed maximum resilience, with more than **10%** decline in their inventories from last year, while Kolkata's inventory swelled by **24%** to **37,426 units**



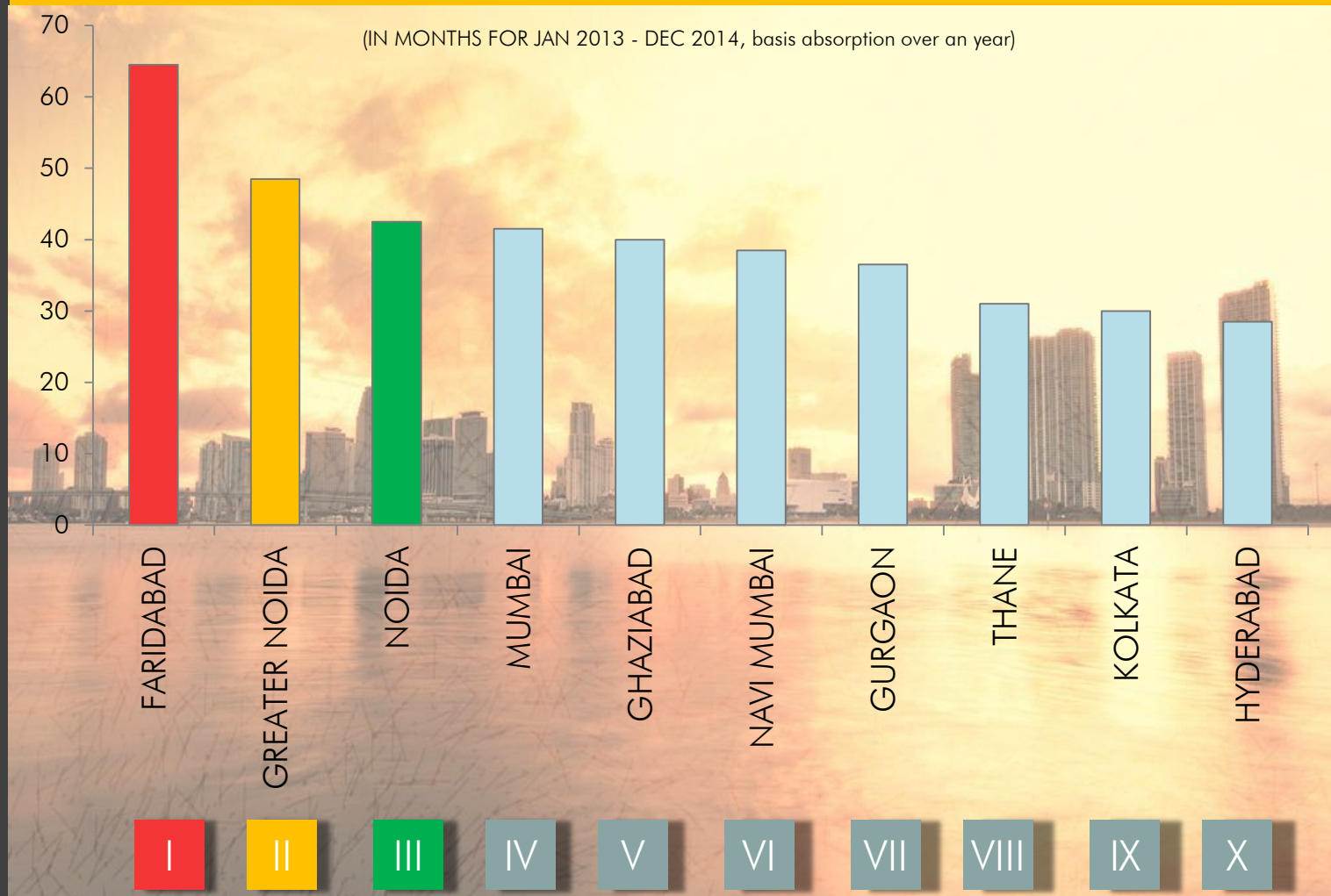
RANKING – LAUNCH PRICE INCREASE



- ▲ Despite a significant slowdown in real estate sector across India over the last two years, the new launch prices have continued to rise unabated, ranging from **5% to 16%**, on a compounded annualized price rise (CAPR), over a 4 year period.
- ▲ The maximum increase was witnessed in Gurgaon, with a CAPR of **16%**, followed by Thane at **14%**, and Pune and Mumbai at **12%** each.
- ▲ Mumbai continues to be the most expensive city with weighted average price of INR **16,000** psf, followed by Gurgaon at INR **6,700** psf, a distant 2nd.



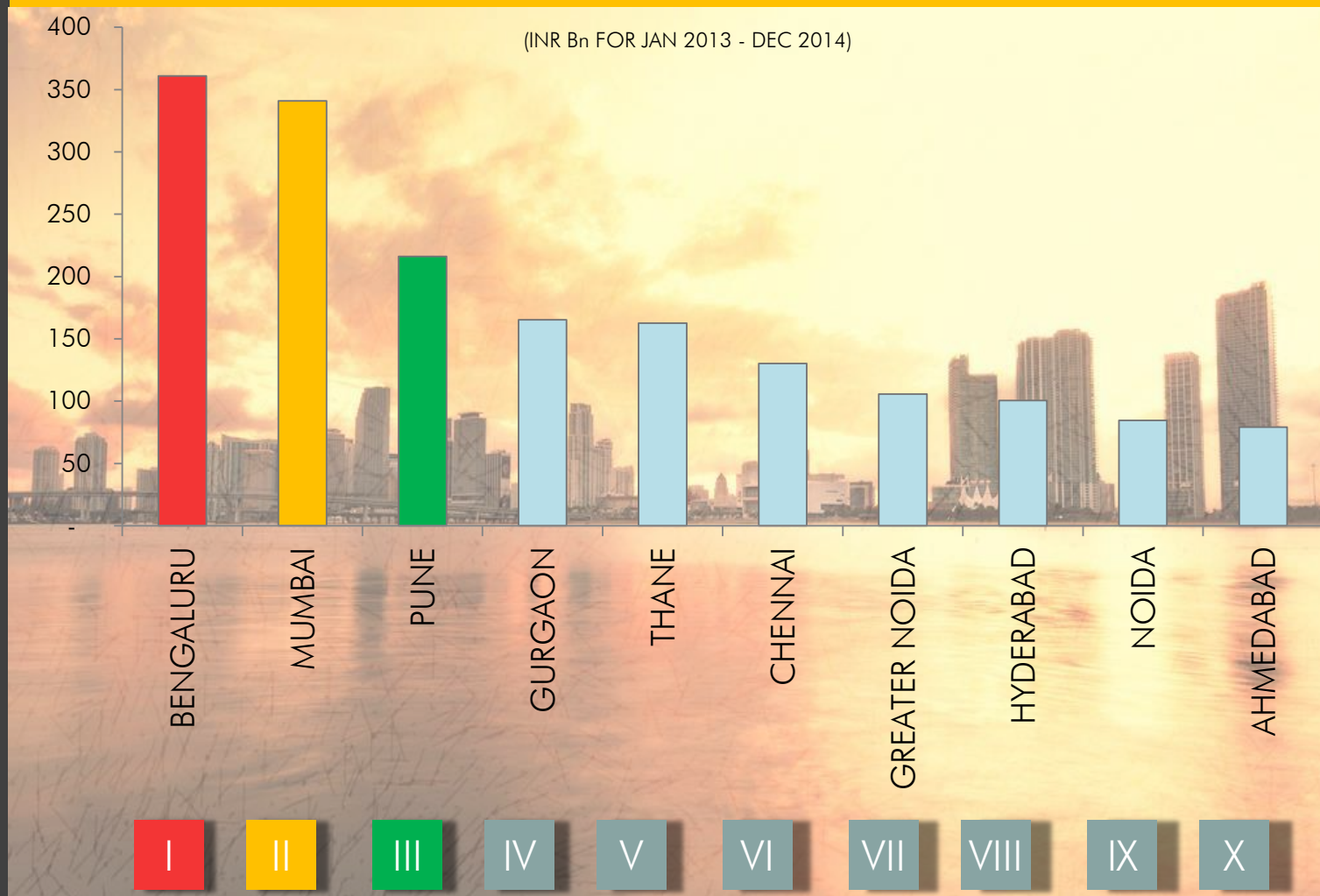
RANKING – INVENTORY OVERHANG (IN MONTHS)



- ▲ Of the major cities of India, Faridabad was hit the most in terms of sales velocity, and thus has the highest two year average inventory overhang of more than **65 months**
- ▲ Not surprisingly, all the five cities of NCR had inventory overhang of more than **50 months** at the start of this year.
- ▲ Bengaluru had the lowest overhang at the start of this year, at **22 months**, followed by Pune at **24**, and Ahmedabad at **25 months**.



RANKING – SIZE OF MARKET



- ▲ Bengaluru, leading with **INR 360 Billion** of primary yearly sales, is the only city that witnessed an increase in its market size (**4%**) from last year.
- ▲ Mumbai, falling **13%**, follows closely with **INR 340 Billion** worth of sales.
- ▲ The other INR 100 Billion markets left in India are Pune (**INR 216 Bn**), Gurgaon (**INR 165 Bn**), Thane (**INR 163 Bn**), Chennai (**INR 130 Bn**), G. Noida (**INR 106 Bn**), and Hyderabad (**INR 100 Bn**).
- ▲ The market size of NCR fell by a whopping **58%** (down to **INR 264 Billion** from **INR 552 Billion**), followed by a **12%** fall in MMR. South was the only resilient market, falling by a mere **2%**



Note: Size of the market is defined as the value of total apartments sold annually by all the developers in a particular city.

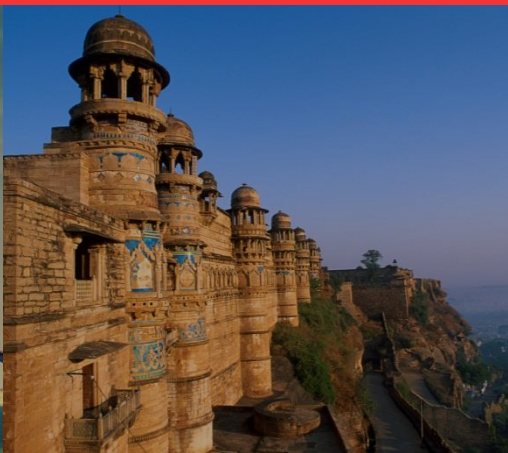
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STUDY OF ADVANCED INDICATORS

This chapter deals with study and analysis of the advanced indicators that drive the cities' real estate potential. While some of the indicators represent the current situation of the sector, others provide a glimpse into the future.

Note: All the analysis is done in number of units, unless specified otherwise

FOLLOWING IS A LIST OF INDICATORS WE HAVE USED IN THE ANALYSIS:

SIZE OF MARKET

Used as a base indicator to eliminate the base effect problems

POSSESSION /LAUNCH RATIO (PROJECT LAUNCHED IN 2009-2011)

Indicates possession track record for and if market is oversupplied

ABSORPTION TO SUPPLY RATIO (UNIT BASED)

Indicates absorption to new launch trend for past 2 years

CAGR OF ABSORPTION (2013 – 2014)

Indicates changes in absorption numbers in the last two years

ABSORPTION IN NEW LAUNCHES

Indicates absorption trend for newly launched projects

INCREASE IN ABSORPTION PRICES

Indicates changes in absorption prices in the last two years

INCREASE IN SIZE OF MARKET

Indicates if the market is growing or shrinking in value terms

TOTAL UNSOLD INVENTORY TO AVG YEARLY ABSORPTION RATIO

Indicates how big is the unsold inventory in different markets

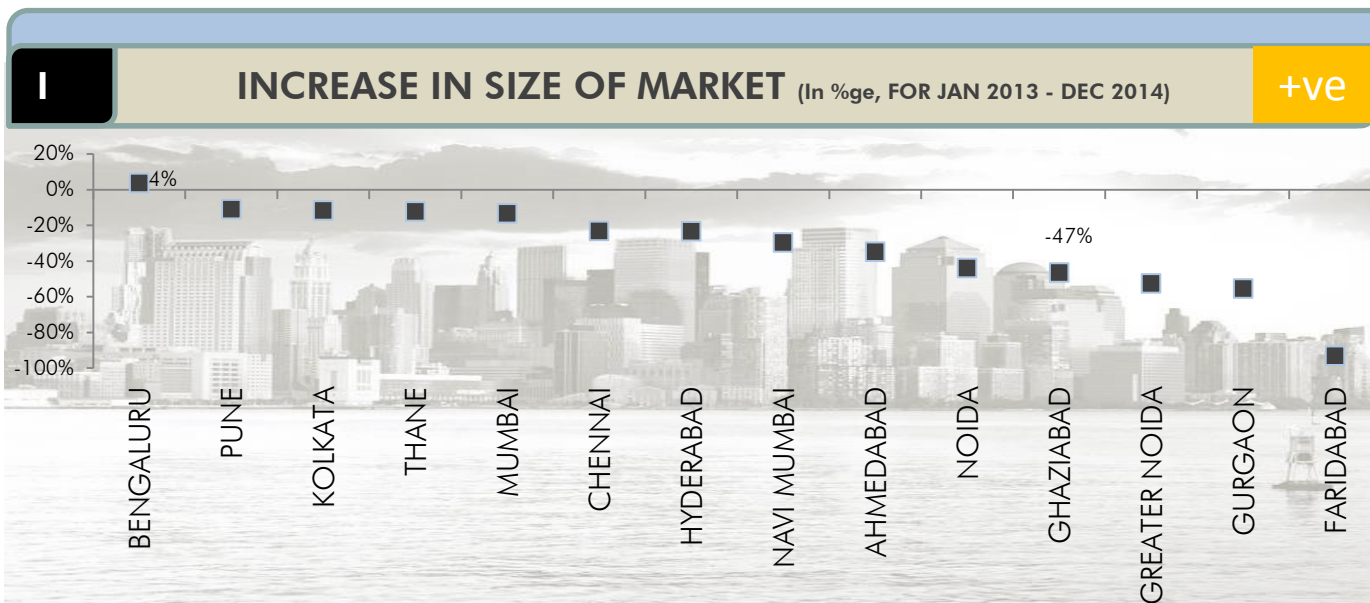
AVERAGE DELAY IN PROJECT EXECUTION (MONTHS)

Indicates by how many months units got delayed, which offered possession in the last 4 years

COMMITTED TO COMPLETED RATIO FOR CONSTRUCTION

Indicates the expected future construction as compared to past performance

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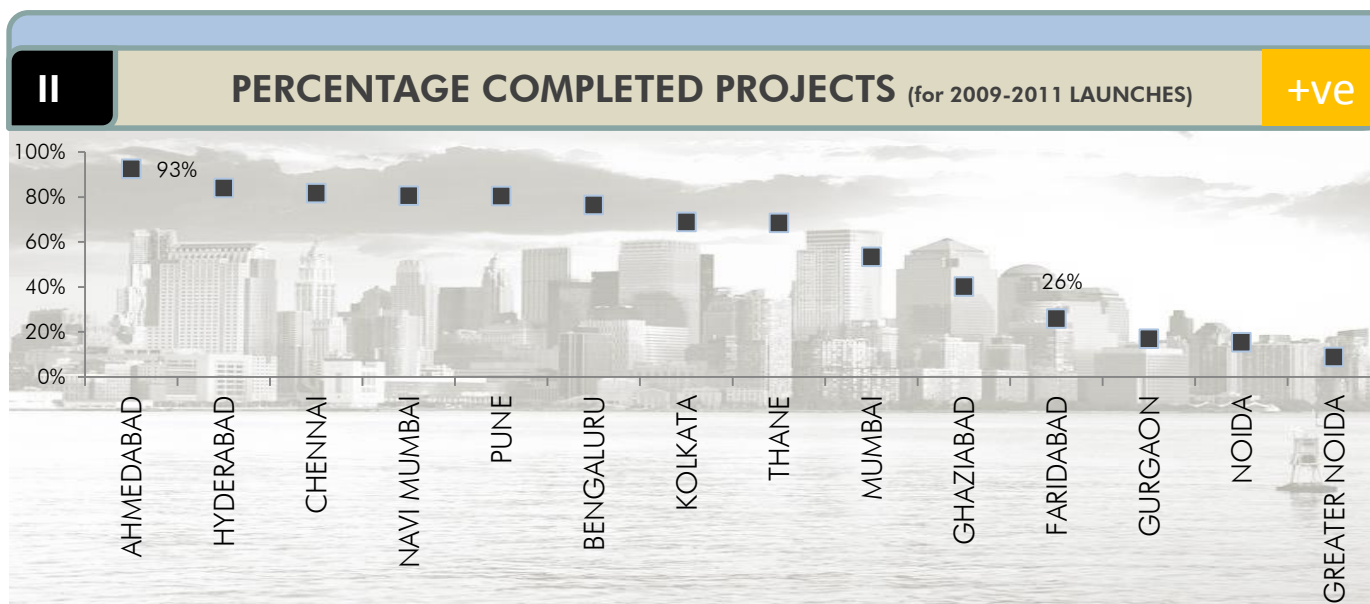


The first advanced indicator for measuring the health of the real estate sector is the change in the size of the market.

Bengaluru and Pune, saw significant increase in their share in India's top 14 cities, while the share of NCR went down (from 28% in 2012 to 16% in 2014)

While markets in NCR and MMR were the traditional frontrunners before 2011, other prominent markets emerged, and dethroned the previous leaders.

Bengaluru is the only city out of the top 14, which witnessed an increase in its market size from last year.



Of the total 7,300 projects launched in 14 cities between 2009 to 2011 period, 2,100 i.e. around 30% of the total projects, are still under construction.

Ahmedabad leads the rankings with 93% completions, followed by Hyderabad (84%), Chennai (82%), and Navi Mumbai (81%).

All five cities of NCR have been the worst performers, with less than 50% of the projects still under construction, essentially taking more than twice the committed time.

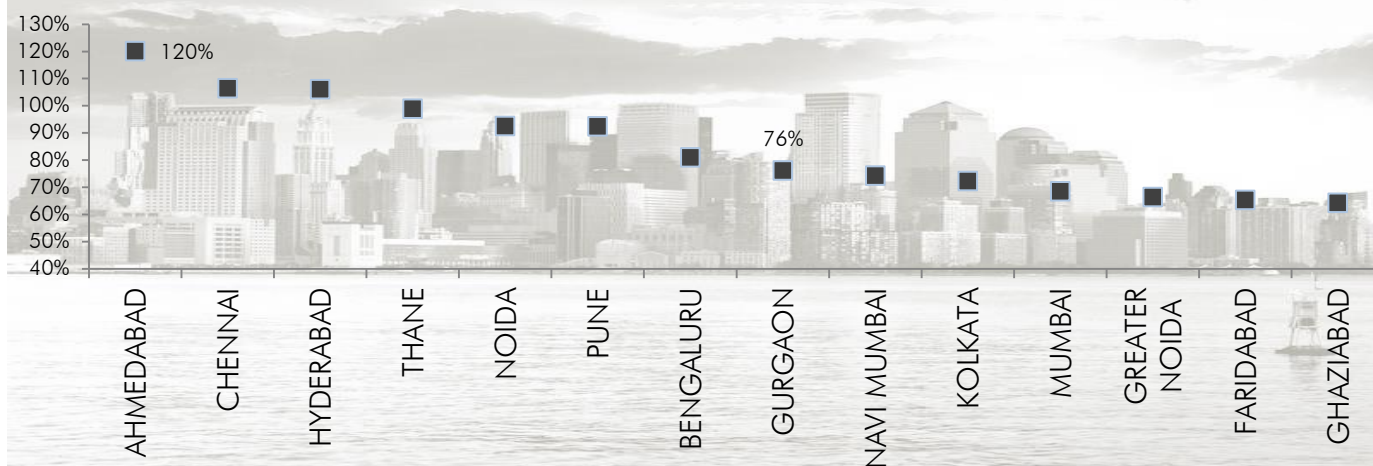
All cities from the southern region had more than 75% completion rate, making this region the most reliable destination in terms of project delivery.

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III

ABSORPTION TO SUPPLY RATIO (UNIT BASED)

+ve



The third advanced indicator is the ratio of the number of units absorbed to the number of units launched, and indicates the sales conversion in the market.

The graph above displays the absorption to supply ratio calculated from Jan 2013 to Dec 2014 for the top 14 cities in India.

Ahmedabad, Chennai, and Hyderabad lead the chart, being the only cities witnessing more residential

sales compared to units launched.

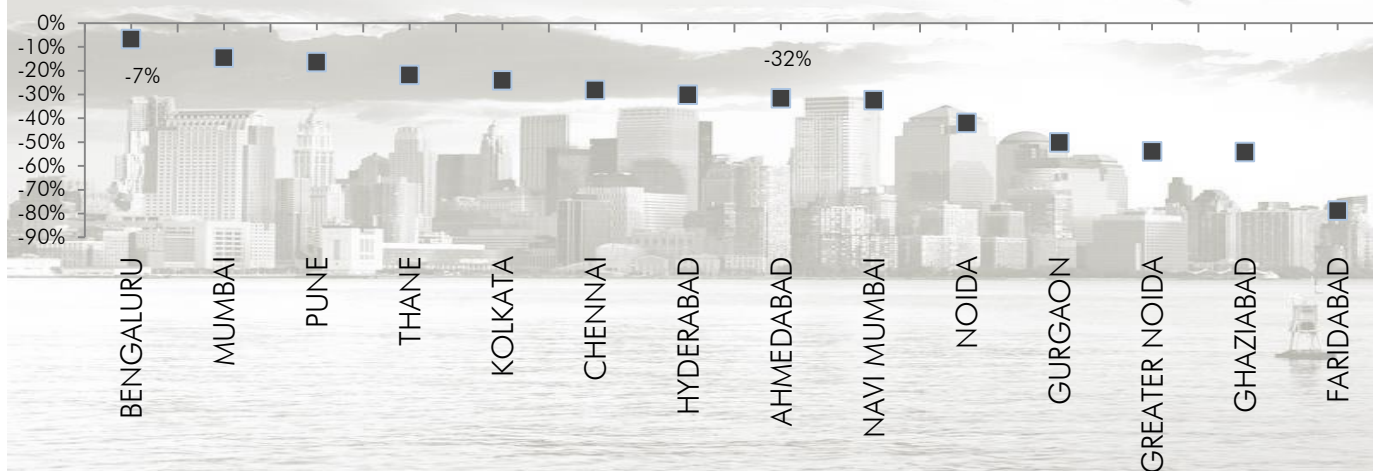
NCR was the worst performer where four out of five cities had less than 80% absorption to supply ratio, leading to a higher inventory build-up in the coming years

South region was the best performer overall, with all its cities having more than 80% absorption to supply ratio.

IV

CAGR OF ABSORPTION (2013 – 2014)

+ve



We constantly look at the changes in the absorption rates of various asset classes in real estate to gauge the sector's performance. What is clearly visible as a trend is that all of the top 14 cities in India have seen negative growth in absorption over the last year.

Bengaluru was the best performer, even though its sales fell by 7% in 2014, compared to 2013. Over the last four years, Bengaluru is the only city which had a positive growth in its absorption numbers.

Mumbai and Pune witnessed their sales declining by 15%. All the cities in the NCR fared much below par, with sales falling between 40% to 80%

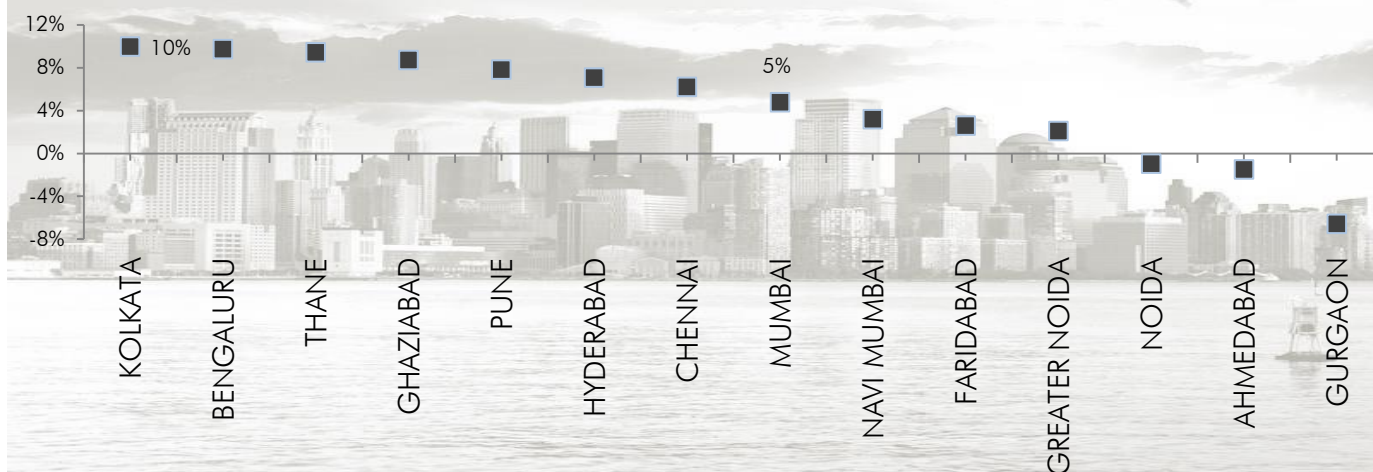
South was again the best region, with its cities restricting the decline in sales by less than 30%.

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V

ABSORPTION PRICE INCREASE (for 2013 – 2014)

+ve



Increase in average price of units absorbed is a key indicator that depicts if the market can absorb units at higher prices.

Kolkata and Bengaluru stand out with price of absorbed units increasing by 10% in the selected period

Of the top 14 cities, three cities have shown negative price growth, with two of them being from NCR.

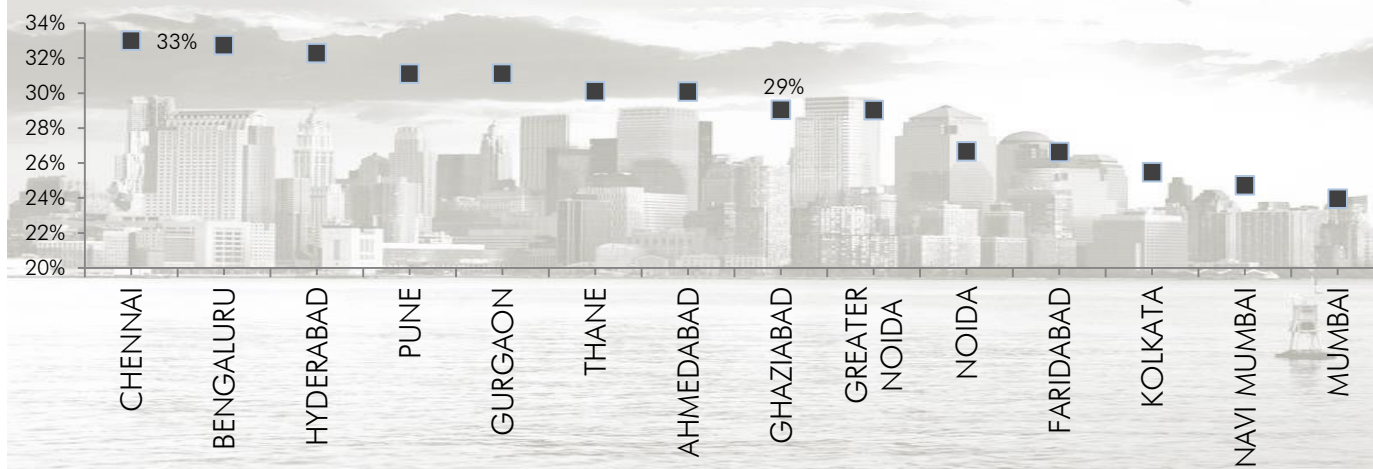
All three cities from the South performed well, with average absorption prices increasing by more than 6%.

Although, absorption has declined visibly in the MMR region, the prices continue to rise unabated. This is not a healthy sign and is one of the primary reasons for MMR region losing its sheen.

VI

AVERAGE ABSORPTION IN NEW LAUNCHES (PERCENTAGE)

+ve



The health of the real estate market has a direct correlation to how quickly the newly launched supply is absorbed in the market.

Following that concept, we have calculated the 2013 - 2014 average absorption of units in the year of their launches.

All three key south cities namely Bengaluru, Chennai, and Hyderabad have a visible lead in the market,

with one third of the supply launched in 2013- 2014 period, getting absorbed in the same year.

Amongst West markets, Pune and Thane are also doing well with the absorption standing at greater than 30%, overtaking Mumbai, whose new launch absorption average has dropped to 24%.

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VII

TOTAL UNSOLD INVENTORY TO YEARLY ABSORPTION RATIO

-ve



To have a holistic understanding of the current unsold stock present in the market, we look at the unsold stock as a multiple of the past year's absorption figure. The lower the inventory multiple, the better is the city's performance.

NCR, as a majorly investor driven market, has seen its inventory overhang levels reach unprecedented highs of over 50 months.

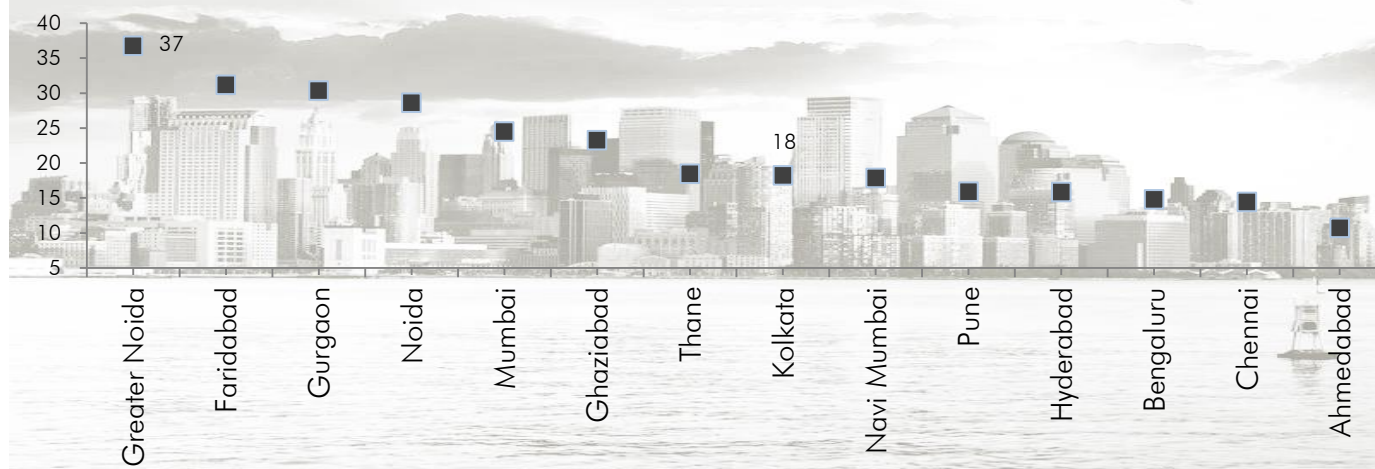
Bengaluru and Pune are the best performers with inventory ratios of less than 2 years.

Southern region has shown the best performance with three cities coming within the bottom five of the rankings.

VIII

AVERAGE DELAY IN PROJECT EXECUTION (MONTHS)

-ve



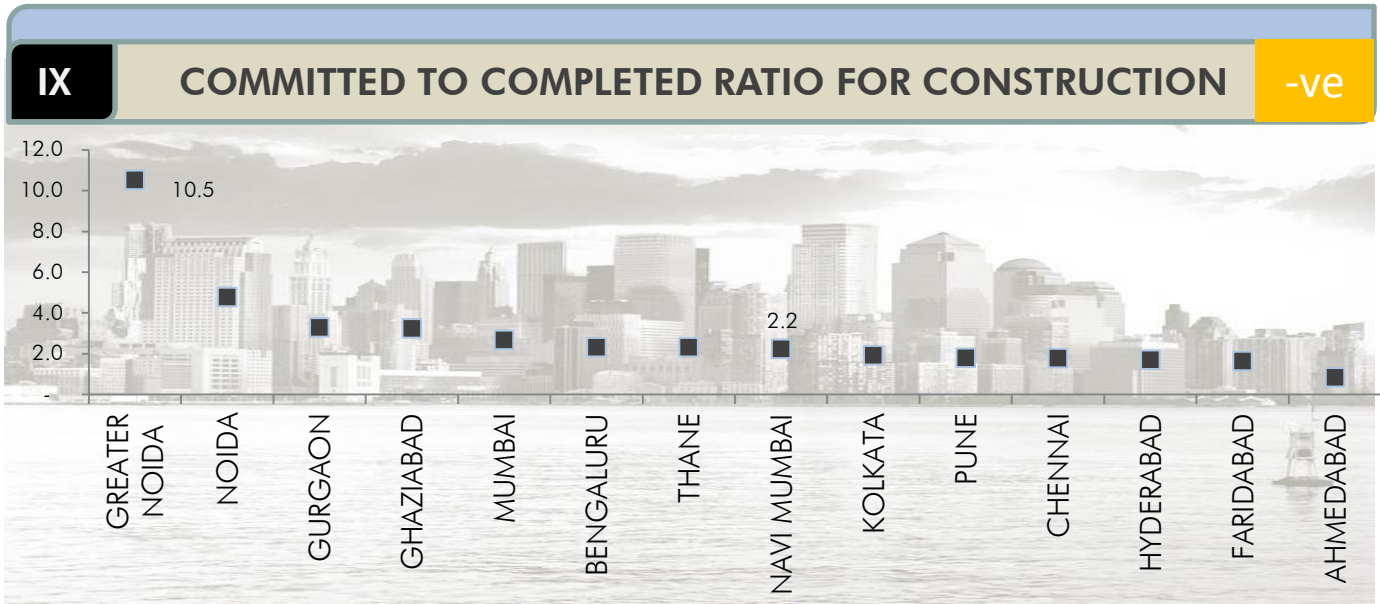
One of the oldest indicators in the sector is the comparison of the average delay in months for projects that got significantly delayed. We calculated the average delay in months for all the projects that were slated to be delivered in the 2011 to 2014 period.

Greater Noida leads with 37 months of average delay in projects during the review period.

All NCR markets have more than 23 months of average delays, while markets in MMR witnessed average delays between 18 to 24 months.

South region was again the best performer with average delays between 14 to 16 months only.

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Humungous supply expected to come in the next two years is a major concern for some of the markets, which had below par delivery records.

To effectively look at the committed delivery for the future, we calculate the ratio of the committed delivery of units in 2015-2016 period, to the actual delivery of projects in 2013-2014 period.

NCR stands out with four out of its 5 cities taking the top positions, and having future annual commitments of more than 3 times of what was delivered in the past.

Southern region, with future commitments of less than 2.5 times the past deliveries, has a much higher probability of delivering to its commitments.

Pune is also favorably placed with a ratio of less than 2, which it should be able to achieve with less difficulties.

Ahmedabad leads in this category, being the only city in top 14 cities of India, which has lesser committed average future deliveries compared to its past performance.

CALCULATION METHODOLOGY

Most of the variables that we have used in our analysis are in different units and formats, making them incomparable.

To make sense of such diverse set of data, we have used a ranking technique, which normalizes a set of data points and puts them on an equal footing.

The variables are segregated into positive and negative, based on their effect on the residential real estate sector. While positive variables are given rankings of 14-1 (fourteen being best), the negative variables are given rankings of 1-14.

The resultant ranked variable are then subjectively given weights based on PropEquity's experience of these variables and their impact on the sector.

The weighted scores are thus calculated, to arrive at cumulative scores for each of the cities. The city with the highest cumulative score is ranked the highest



ADVANCED INDICATORS RANKINGS

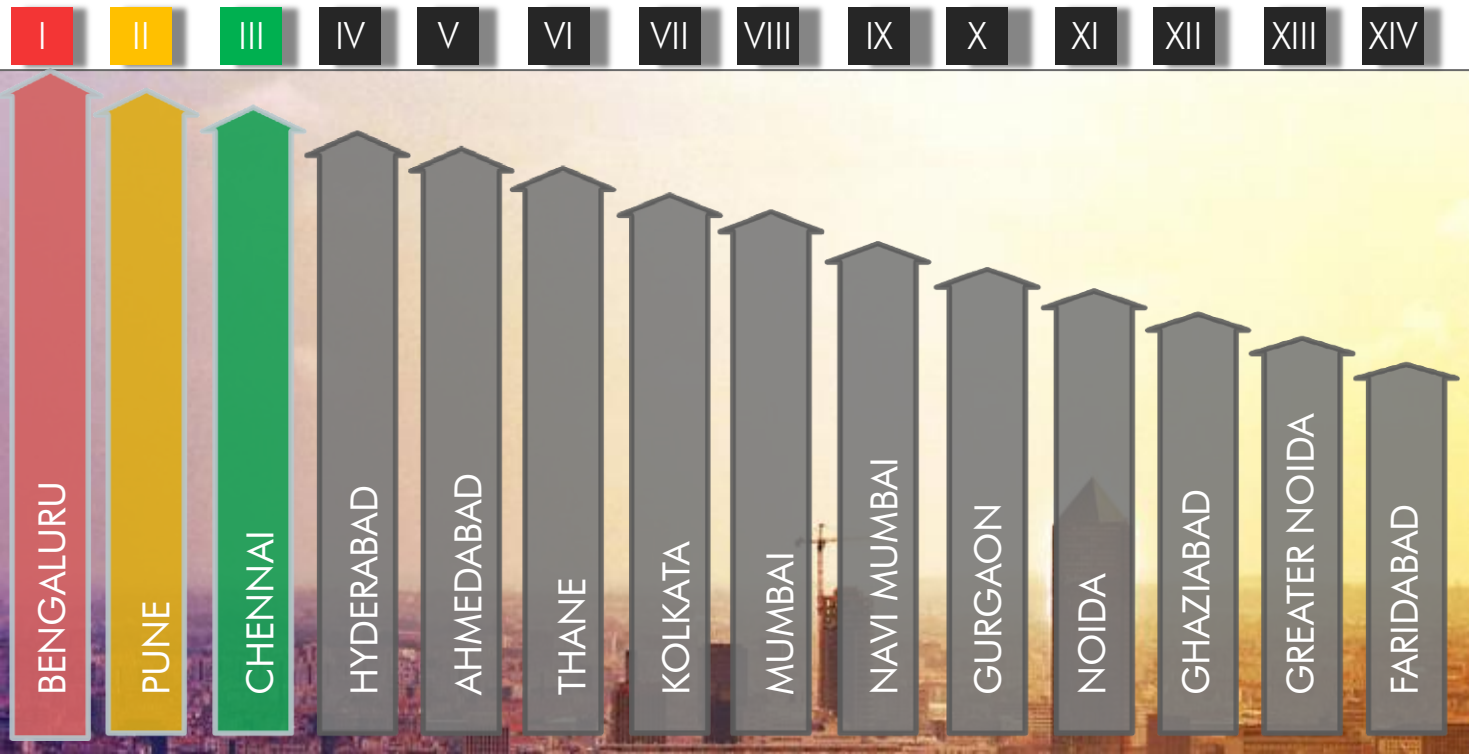
CITY SCORE															
EFFECT	RANK	1	2	3	4	5	6	7	8	9	10	11	12	13	14
POSITIVE	SIZE OF MARKET	BENGALURU	MUMBAI	PUNE	GURGAON	THANE	CHENNAI	G. NOIDA	HYDERABAD	NOIDA	AHMEDABAD	NAVI MUMBAI	KOLKATA	GHAZIABAD	FARIDABAD
POSITIVE	POSSESSION /LAUNCH RATIO (PROJECT LAUNCHED IN 2009-2011)	AHMEDABAD	HYDERABAD	CHENNAI	NAVI MUMBAI	PUNE	BENGALURU	KOLKATA	THANE	MUMBAI	GHAZIABAD	FARIDABAD	GURGAON	NOIDA	G. NOIDA
POSITIVE	ABSORPTION TO SUPPLY RATIO (UNIT BASED)	AHMEDABAD	CHENNAI	HYDERABAD	THANE	NOIDA	PUNE	BENGALURU	GURGAON	NAVI MUMBAI	KOLKATA	MUMBAI	G. NOIDA	FARIDABAD	GHAZIABAD
POSITIVE	CAGR OF ABSORPTION (2013 – 2014)	BENGALURU	MUMBAI	PUNE	THANE	KOLKATA	CHENNAI	HYDERABAD	AHMEDABAD	NAVI MUMBAI	NOIDA	GURGAON	G. NOIDA	GHAZIABAD	FARIDABAD
POSITIVE	ABSORPTION IN NEW LAUNCHES	CHENNAI	BENGALURU	HYDERABAD	PUNE	GURGAON	THANE	AHMEDABAD	GHAZIABAD	G. NOIDA	NOIDA	FARIDABAD	KOLKATA	NAVI MUMBAI	MUMBAI
POSITIVE	INCREASE IN ABSORPTION PRICES	KOLKATA	BENGALURU	THANE	GHAZIABAD	PUNE	HYDERABAD	CHENNAI	MUMBAI	NAVI MUMBAI	FARIDABAD	G. NOIDA	NOIDA	AHMEDABAD	GURGAON
POSITIVE	INCREASE IN SIZE OF MARKET	BENGALURU	PUNE	KOLKATA	THANE	MUMBAI	CHENNAI	HYDERABAD	NAVI MUMBAI	AHMEDABAD	NOIDA	GHAZIABAD	G. NOIDA	GURGAON	FARIDABAD
NEGATIVE	TOTAL UNSOLD INVENTORY TO YEARLY ABSORPTION RATIO	FARIDABAD	G. NOIDA	GHAZIABAD	NOIDA	GURGAON	NAVI MUMBAI	MUMBAI	KOLKATA	THANE	HYDERABAD	CHENNAI	AHMEDABAD	PUNE	BENGALURU
NEGATIVE	AVERAGE DELAY IN PROJECT EXECUTION (MONTHS)	G. NOIDA	FARIDABAD	GURGAON	NOIDA	MUMBAI	GHAZIABAD	THANE	KOLKATA	NAVI MUMBAI	PUNE	HYDERABAD	BENGALURU	CHENNAI	AHMEDABAD
NEGATIVE	CONSTRUCTION COMMITTED TO CONSTRUCTION COMPLETED	G. NOIDA	NOIDA	GURGAON	GHAZIABAD	MUMBAI	BENGALURU	THANE	NAVI MUMBAI	KOLKATA	PUNE	CHENNAI	HYDERABAD	FARIDABAD	AHMEDABAD

CALCULATION METHODOLOGY

CITY SCORE																		
EFFECT	ADVANCED INDICATOR	TIMEFRAME FOR CALCULATIONS	WEIGHTAGE	PARAMETERS	AHMEDABAD	BENGALURU	CHENNAI	FARIDABAD	GHAZIABAD	G.NOIDA	GURGAON	HYDERABAD	KOLKATA	MUMBAI	NAVI MUMBAI	NOIDA	PUNE	THANE
+ve	SIZE OF MARKET	2013-2014	15.0%	Rank	5	14	9	1	2	8	11	7	3	13	4	6	12	10
				Weight-age	0.75	2.10	1.35	0.15	0.30	1.20	1.65	1.05	0.45	1.95	0.60	0.90	1.80	1.50
+ve	POSSESSION /LAUNCH RATIO (PROJECT LAUNCHED IN 2009-2011)	2009-2011	7.5%	Rank	14	9	12	4	5	1	3	13	8	6	11	2	10	7
				Weight-age	1.05	0.68	0.90	0.30	0.38	0.08	0.23	0.98	0.60	0.45	0.83	0.15	0.75	0.53
+ve	ABSORPTION TO SUPPLY RATIO (UNIT BASED)	2013-2014	10.0%	Rank	14	8	13	2	1	3	7	12	5	4	6	10	9	11
				Weight-age	1.40	0.80	1.30	0.20	0.10	0.30	0.70	1.20	0.50	0.40	0.60	1.00	0.90	1.10
+ve	CAGR OF ABSORPTION (2013 – 2014)	2013-2014	10.0%	Rank	7	14	9	1	2	3	4	8	10	13	6	5	12	11
				Weight-age	0.70	1.40	0.90	0.10	0.20	0.30	0.40	0.80	1.00	1.30	0.60	0.50	1.20	1.10
+ve	ABSORPTION IN NEW LAUNCHES	2013-2014	10.0%	Rank	8	13	14	4	7	6	10	12	3	1	2	5	11	9
				Weight-age	0.80	1.30	1.40	0.40	0.70	0.60	1.00	1.20	0.30	0.10	0.20	0.50	1.10	0.90
+ve	INCREASE IN ABSORPTION PRICES	2013-2014	7.5%	Rank	2	13	8	5	11	4	1	9	14	7	6	3	10	12
				Weight-age	0.15	0.98	0.60	0.38	0.83	0.30	0.08	0.68	1.05	0.53	0.45	0.23	0.75	0.90
+ve	INCREASE IN SIZE OF MARKET	2013-2014	10.0%	Rank	6	14	9	1	4	3	2	8	12	10	7	5	13	11
				Weight-age	0.60	1.40	0.90	0.10	0.40	0.30	0.20	0.80	1.20	1.00	0.70	0.50	1.30	1.10
-ve	TOTAL UNSOLD INVENTORY TO YEARLY ABSORPTION RATIO	2014	10.0%	Rank	12	14	11	1	3	2	5	10	8	7	6	4	13	9
				Weight-age	1	1.4	1.1	0.1	0.3	0.2	0.5	1.0	0.8	0.7	0.6	0.4	1.3	0.9
-ve	AVERAGE DELAY IN PROJECT EXECUTION (MONTHS)	2011-2014	10.0%	Rank	14	12	13	2	6	1	3	11	8	5	9	4	10	7
				Weight-age	1.40	1.20	1.30	0.20	0.60	0.10	0.30	1.10	0.80	0.50	0.90	0.40	1.00	0.70
-ve	CONSTRUCTION COMMITTED TO CONSTRUCTION COMPLETED	2013-2016	10.0%	Rank	14	6	11	13	4	1	3	12	9	5	8	2	10	7
				Weight-age	1.40	0.60	1.10	1.30	0.40	0.10	0.30	1.20	0.90	0.50	0.80	0.20	1.00	0.70
	TOTAL		100%		9.5	11.9	10.9	3.2	4.2	3.5	5.4	10.0	7.6	7.4	6.3	4.8	11.1	9.4

FINAL CITY & REGION RANKINGS

CITY RANKINGS



REGIONAL RANKINGS

REGION	CITY	WEIGHTED SCORE	SIZE OF MARKET	WEIGHTED SCORE CONSIDERING SIZE OF CITY	TOTAL REGION SCORE	REGION RANKING (cumulative)	TOTAL REGION SCORE/CITY	REGION RANKING (PER CITY)
SOUTH REGION	BENGALURU	11.9	361	2.21	3.46	2	1.15	1
	CHENNAI	10.9	130	0.73				
	HYDERABAD	10.0	100	0.52				
WEST REGION	MUMBAI	7.4	341	1.31	3.96	1	0.79	2
	PUNE	11.1	216	1.24				
	THANE	9.4	163	0.79				
	AHMEDABAD	9.5	79	0.39				
	NAVI MUMBAI	6.3	72	0.23				
EAST REGION	KOLKATA	7.6	65	0.25	0.25	4	0.25	3
NORTH REGION	GURGAON	5.4	165	0.46	0.97	3	0.19	4
	GHAZIABAD	4.2	48	0.10				
	NOIDA	4.8	84	0.21				
	GREATER NOIDA	3.5	106	0.19				
	FARIDABAD	3.2	5	0.01				

REPORT SUMMARY

The latest report by PropEquity on India's top cities clearly puts the Southern region of India at the top as three out of the top four cities are Bangalore (#1), Chennai (#3) & Hyderabad (#4). These cities have topped over 50% of the parameters evaluated in the research. Bangalore has emerged as the best city amongst the top 14 cities in India and has also ranked number 1 on 4 out of the 10 parameters evaluated (i.e. size of the market, CAGR of absorption and total unsold inventory to yearly absorption ratio). Pune has come a close second and has been solely responsible for helping the western region to gain the second spot. As anticipated, the NCR region has failed to make its mark on any of the parameters evaluated and thus, nosedived to the bottom the regional as well as city rankings.

Given below are some of the key factors that had an impact on the performance of each region :

South India

- Realty prices have remained at realistic levels and appreciated moderately in the weak market.
- It is has primarily been an end-user market so did not get adversely affected when investors started to withdraw from the market in the last couple of years.
- Developers are not over extended as they have launched smaller projects and are well capitalized. The land prices in the south are also much lower than the northern & western markets.
- Many of the real estate projects in the Southern Region are sold post construction or when they are about to be completed, which leads to increased homebuyers confidence. Developers are also not heavily dependent on cash flows from sales to fund the projects and manage their finances more efficiently.
- South Indian region has evolved as the IT hub of India since last decade and continuous increase in demand of IT space during last few years has maintained the end user driven demand in these cities.

REPORT SUMMARY

West India

- Real estate sector in West India has been deeply impacted by the sluggish Indian economy.
- The extremely slow process of getting various approvals by the government bodies has also added to the challenges of the MMR real estate market.
- Developers in the region are also in struggling as their balance sheets are over extended and debt is piling up with significant interest payouts every year without any significant cash inflows.
- Land in MMR is most expensive in India and that leads to any project that is launched to be priced extremely high compared to any other city in India.
- The commercial real estate market has really been the laggard in the MMR region with no uptake whatsoever in the last few quarters.
- The end users are sitting on the sidelines waiting for further price correction before they make their final buying decision

North India

- NCR has performed the worst of all the regions as it performed below par in all the key parameters that affect the real estate scenario in India today.
- Northern real estate developers have been deeply impacted by the slowing economy and have taken the major brunt of the impact.
- The primary reason why NCR has suffered the most is because there has been a flight of investors and over 50% of the sales in NCR have been investor driven since last 5-7 years owing to the exponential returns the market gave between 2009 – 2012.
- Cities such as Gurgaon and Greater Noida have witnessed unprecedented sales in residential asset class but the related infrastructure development has not materialized as per expectations. Due to this the social infrastructure has also not caught up making these areas inhabitable. Key example of these micro markets being Dwarka Expressway, New Gurgaon Region, Yamuna Expressway & Noida Extension.

REPORT SUMMARY

- Developers have over extended themselves by launching huge townships and large sized projects, which were difficult to execute and required significant funding. With paucity on bank lending on these projects, the construction pace slowed down to alarming levels.
- Prices in these regions went up very quickly making it out of reach of many end-user buyers.
- Demand and supply was mismatched in the NCR region as whopping over 1.5 lakh units were launched just in 2011-2012.

East India

- Eastern region has maintained its third position in the regional ranking
- Kolkata is at 7th position in the city rankings.
- The market size of Kolkata increased in terms of percentage & absorption of units previously launched was reasonably healthy.
- Absorption levels of projects that have been launched recently is witnessing a slowdown thereby showing that the eastern region is also not insulated during the current slowdown.



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