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It was recently announced that housing approvals in Delhi and Mumbai would be granted within 60 days. The developer fraternity is hoping that post the move, woes pertaining to irregularity in construction and delivery timelines would get resolved

## SEE YOU IN 60 days!

up to the overall cost and we are glad that the concerned authorities have taken up this issue." At present, Raj Shah, director, Namrata Group informs, "On an average, around 40 permissions have to be taken from the government besides the other paperwork, which is a long-drawn and a tiring process. Moving online is a great step since one can know the status of their files in real-time, without having to physically go and visit the government offices."

### A DUAL ADVANTAGE:

This move shall not only significantly reduce the time spent on approvals but also the money spent on the process, thus in turn, speeding up the construction work. Online approvals will bring relief to the developers, as they will no longer have to physically visit the governmental offices for approvals. In case the approval fails to appear on time, the developers or owners have the right to file an affidavit and start with the construction process, thus making the entire process seamless. Vivek Mohanani, joint managing director, Ekta World points out, "Timely and quick approvals are essential if supply is to be generated in the affordable housing sector. Additionally, the real estate sector has been majorly demanding a single-window clearance system since the last decade and by implementing a 60-day cap on the process of approvals, we are getting a step closer in enabling the creation of inexpensive housing stock. This will equally benefit the customers and developers alike, by fading out the unexpected regulatory risks if any." According to the rules, once the building plan has been approved, the builder should commence the construction work within two years and there should be no deviation from the sanctioned plans. At times, the delay in sanctioning the plan leads to further delays in the construction process with losses to be borne by the de-

velopers. In addition, the people who have booked their properties at the initial stage, have to wait for the possession for longer than assumed and promised.

Rajeev Mehra, a home-buyer informs, "We had booked a flat at Dahisar and the builder delayed the possession by two years. He blamed the delay in delivery on the civic officials, as they failed to clear his proposal on time. But now with this new notification, I am hopeful that in the near future, when I book a new house, I shall not suffer like the previous time."

### ALL IS WELL:

It is a win-win situation for the buyers as they shall get the possession on time and would not have to shell out more money due to the escalated construction costs. Punit Agarwal, MD and CEO, Nirvana Realty explains, "Moving approvals online shall give the developers and buyers a definite timeline, which will remove the uncertainty around the delivery timelines of homes. To add to it, the Return on Investment (ROI) would be better and the interest cost will also reduce substantially." According to industry experts, buyers are also willing to pay a premium if they are assured that their homes will be delivered to them on time and if all the approvals are in place.

Amit Wadhvani, director, Sai Estate Consultants, points out, "For genuine developers who are interested in completing the projects on time, the policy will help save both, time and money in the long run. They would be able to provide possession to their clients on time, which would have been difficult earlier, due to the multiple number of approvals needed."

### GOING AHEAD...

Post the announcement, the real estate fraternity is only hoping that the policy is soon implemented, thereby easing the overall construction and delivery process. Rohit Poddar, MD, Poddar Housing and Development Pvt Ltd says, "The lack of a time-bound approval process has been a bane to the real estate sector and particularly for affordable housing, for several years. Hence, this is a very important policy, which should be enacted and gazetted immediately." Also, this move should not be restricted to Mumbai and Delhi alone but should be applicable across India. Manju Yagnik, vice-chairperson of Nahar Group concludes by saying, "Online approvals should be a norm across the country. The multiple permission process increases the gestation period of a project and with such positive directives being introduced, the lifecycle of a project would get trimmed-off considerably."

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Venkaiah Naidu, union minister of urban development, housing and urban poverty alleviation, recently announced that housing approvals in Delhi and Mumbai will be passed within 60 days, thereby, bringing cheer to the real estate sector.

Chintan Sheth, director, Sheth Corp says, "This is an excellent step taken by the government for the industry, as it will help expedite projects, reduce corruption and malpractices, restore consumers' faith in the sector and bring in a positive buying pattern."

### HOW IS IT GOING TO WORK?

There will be an online process through which applications will be sent and approvals will come within 60 days - be it while submitting the application or approving the building layout or even for that matter, approving the fee payment, everything shall go digital. In case the approval does not come on time, the developer can file an affidavit and start the construction. Ateet Vengurlekar, principal architect,

"There is an online website, which is soon going to be launched for the developers of Delhi and Mumbai, where builders can apply for their approvals."

The government officials are of the view that the system will make the approval process less cumbersome and in turn, reduce corruption. A senior official from the Brihanmumbai Municipal Corporation (BMC) shares, "Going digital with approvals will ensure that the applications from the developers are viewed on a real-time basis; minimum human interface will ensure transparent communication and lastly, it will make sure that the developers do not deviate from their original plans and adhere to the set rules and regulations." While the demand for housing in metros is on the rise, the industry has not been able to bridge the gap between demand and supply due to the already lengthy process of construction, which is further increased by the difficulty in obtaining permissions. Sushil Raheja, CEO, Raheja Homes Builders & Developers says, "For any project to commence on time and to be delivered within the given timeline, permissions play a crucial role. The earlier the permissions get sorted, the better it is for both, the developer and the consumer. Any kind of delay in projects only adds

### Mumbai Residential Apartment Prices

Andheri East	₹ 13575-20987
Andheri West	₹ 16573-26462
Badlapur	₹ 2963-4258
Bandra West	₹ 31242-51600
Bhayandar East	₹ 6219-8859
Bhayandar West	₹ 6157-10060
Borivali East	₹ 11209-17930
Borivali West	₹ 12526-18986
Chandivali	₹ 15316-20018
Chembur	₹ 12928-21686
Dadar West	₹ 25611-39131
Dahisar East	₹ 7914-13635
Dahisar West	₹ 11724-16907
Dombivli	₹ 4857-7711
Ghatkopar East	₹ 13278-24168
Ghodbunder Road	₹ 7523-11964
Goregaon East	₹ 12322-19656
Goregaon West	₹ 12591-18941
Jogeshwari East	₹ 13388-21955
Jogeshwari West	₹ 11975-21203
Juhu	₹ 24884-39208
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Kalyan	₹ 4753-7338
Kamothe	₹ 5849-7847
Kandivali East	₹ 11978-18422
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## In 2016, out of the six cities, Mumbai accounted for 25 per cent of the total new launches

A recently released report shed light on the performance of the real estate market of the country. Here are a few revelations...

**COLLIERS** recently released a report - India Property Outlook 2017, presenting a comprehensive analysis on how the realty market performed in the year gone by and how it is expected to perform in this year. Some of the key insights of the report are:

**Office market**

India's y-o-y real GDP growth reached about 7.1 per cent in 2016 and is set to remain above 6.5 per cent for the next three years; Office absorption has witnessed sustained momentum with Grade A absorption for the nine major cities in India totalling 41.6 million sq ft (3.9 million sq metres) in 2016, up 3.5 per cent y-o-y and indicating robust leasing demand from occupiers;

With more than 50 per cent of the population below the age of 25, the demographic profile is very favourable, and the government is pursuing bold, business-friendly reforms; although so-called demonetisation (i.e. the withdrawal of high-value banknotes) has hit growth in the near term;

Bengaluru remained on a high growth trajectory and maintained its leading status among the key cities by retaining a 31 per cent share of leasing volume last year, followed by Delhi-NCR on 18 per cent of

the total. Hyderabad and Chennai stood on 13 per cent each while Mumbai, Pune and Kolkata accounted for 14 per cent, 9 per cent and 2 per cent respectively;

In the technology-driven markets like Hyderabad, Bengaluru, Pune and Chennai, the demand-supply gap will remain a concern in coming quarters. While a few Grade-A office buildings are likely to see completion towards end-2017, there is an expectation of an upward pressure on rents at least over H1 in these markets;

WITH 10-12 PER CENT ANNUAL GROWTH IN THE IT SECTOR LIKELY TO PERSIST TILL 2020, DEMAND FOR OFFICE GROWTH SHOULD REMAIN STRONG FOR THE NEXT FEW YEARS IN THE TECHNOLOGY-DRIVEN MARKETS;

As more and more companies realise the importance of adopting a flexible working strategy at the core of their business plans, use of co-working space is gaining popularity in India as well. This trend was pioneered by start-ups, entrepreneurs and freelancers to fulfil their need to work in a suitable cost-effective environment.

**Residential market**

In 2016, about 89,000 residential units were launched across six major cities in India, which is 34 per cent less than the units launched in 2015. Out of the total new launches, Bengaluru accounted for 28 per cent, Mumbai for 25 per cent, Pune for 23 per cent, and the National Capital Region (NCR) for 15 per cent and Chennai for 9 per cent.

**MUMBAI SHOULD ALSO BE STIMULATED BY A PROBABLE FURTHER CUT IN THE INTEREST RATES AND THE IMPLEMENTATION OF THE RERA REFORMS;**

We anticipate a more active H2 2017 as the gap between buyers' and sellers' expectations narrows again;

The certainty of implementation of the Real Estate (Regulation and Development) Act (RERA) and consumer activism in the form of various protests over timely completion of projects have pushed developers to focus on completion of existing projects;

Institutional investors maintained a strong interest over 2016 in financing of Grade A residential projects under construction, thus helping developers to complete their existing projects. We expect a similar trend at least in H1 2017;

We expect demand for quality stock in areas with good connectivity and social infrastructure to revive in the near term, especially in mid-segment housing.

## KNOW YOUR CITY



**THANE** - A Rs 200-crore elevated link is to be built on concrete stilts, with one-third portion of the proposed bridge installed on the Thane creek, culminating at the Mumbai-Nasik highway.

**ANDHERI** - About 80,000 people in Mumbai travel to SEEPZ for work. Being in close proximity to SEEPZ, there is a high residential demand in the region. For the proposed Versova-Bandra Sea Link (VBSL) project, the Maharashtra State Road Development Corporation (MSRDC) has secured the environment clearance from the state environment department.

**NAVI MUMBAI INTERNATIONAL AIRPORT** - Aimed to be one of the most ambitious projects for Mumbai, the full-fledged construction work on the Rs 16,000 crore Navi Mumbai International Airport is likely to begin only after the monsoons.

**VASHI** - The Belapur jetty near the Panvel creek bridge has been identified for Waterway project and the proposal is awaiting a nod from the Navi Mumbai Municipal Corporation (NMMC) general body.

## Mumbai stands at 21 in the 'city wealth index', ahead of Toronto, Washington DC and Moscow

Do the super-rich invest in real estate? Is Mumbai still an attractive realty destination for the UHNWIs? A new report has some startling findings...

### K NIGHT FRANK INDIA

recently launched, the 11th edition of The Wealth Report 2017. The report tracks the growing super-rich population in 125 cities across 89 countries and provides a unique perspective on the issues that are influencing UHNWI (Ultra High Net Worth Individual) investment and lifestyle decisions. Samantak Das, chief economist and national director - research, Knight Frank India said, "Over the last ten years, we have seen annually 500 new UHNWIs being added in India and we expect this number to double to 1000 every year in the coming decade. Out of 40 global cities, Mumbai ranks 11 in terms of future wealth accumulation ahead of Chicago, Sydney, Paris, Seoul and Dubai. Even though the residential market in India is reeling under pressure, 40 per cent of wealthy Indians are likely to invest in residential property in India in the next two years while 25 per cent are keen for overseas avenues."

### SOME OF THE KEY FINDINGS OF THE REPORT ARE:

- In the last 10 years, we saw additions of around 500 new UHNWIs annually in India; over the next decade, it will be approximately 1,000 every year;
- Out of 40 global cities, Mumbai ranks 11 in the 'future wealth' category ahead of Chicago, Sydney, Paris, Seoul, Dubai;
- According to the survey, income returns do not feature in the top five priorities for UHNWIs in India. However, they do feel potential fall in asset values and political uncertainty are major threats to wealth creation in the next five years;
- INDIAN CITIES THAT SAW A RISE IN UHNWIS COMPARED TO 2015 INCLUDE PUNE (18 PER CENT), HYDERABAD AND BENGALURU (BOTH AT 15 PER CENT) AND MUMBAI (12 PER CENT);
- Mumbai at 21 in the city wealth index is ahead of Toronto, Washington DC, Moscow, Delhi at 35 is ahead of Bangkok, Seattle, Jakarta;
- Substantial proportion of wealthy Indians are likely to invest in residential property in the next two years - 40 per cent within the country and 25 per cent overseas;
- The latest data on UHNWI indicates that developed markets are still an important destination to invest for UHNWI of the developing nations;
- The millennial UHNWIs in India focus on capital growth compared to the older generation who also laid emphasis on wealth preservation;
- Office is the top property sector for investment; logistics sees a three-fold rise in terms of interest of wealthy Indians;
- 27 per cent of Indian UHNWIs have already invested in collectibles such as art, wine or classic cars;
- India ranks 6th in terms of growth rate of UHNWIs for 2016. With the current pace, the country is expected to move up to the 3rd spot over the next decade. The number of UHNWIs in India has increased by 290 per cent during the last decade;
- India houses two per cent of the world's millionaires (13.6 mn) and five per cent of world's billionaires (2,024);
- THE COUNTRY HAS WITNESSED A 12 PER CENT INCREASE OF UHNWIS BETWEEN 2015 AND 2016 AND IS EXPECTED TO GROW AT 150 PER CENT OVER THE NEXT DECADE;
- In India, Mumbai leads the race with 1340 UHNWIs followed by Delhi (680), Kolkata (280) and Hyderabad (260) UHNWIs.

