

# From The CEO's Desk

A new decade of opportunities beckons, as India's real estate market braces itself to challenge the new future. With a rapid rate of urbanization, India needs a real estate industry which is of a global standard and which acts responsibly towards people (social), planet (environmental) and profits (economic).

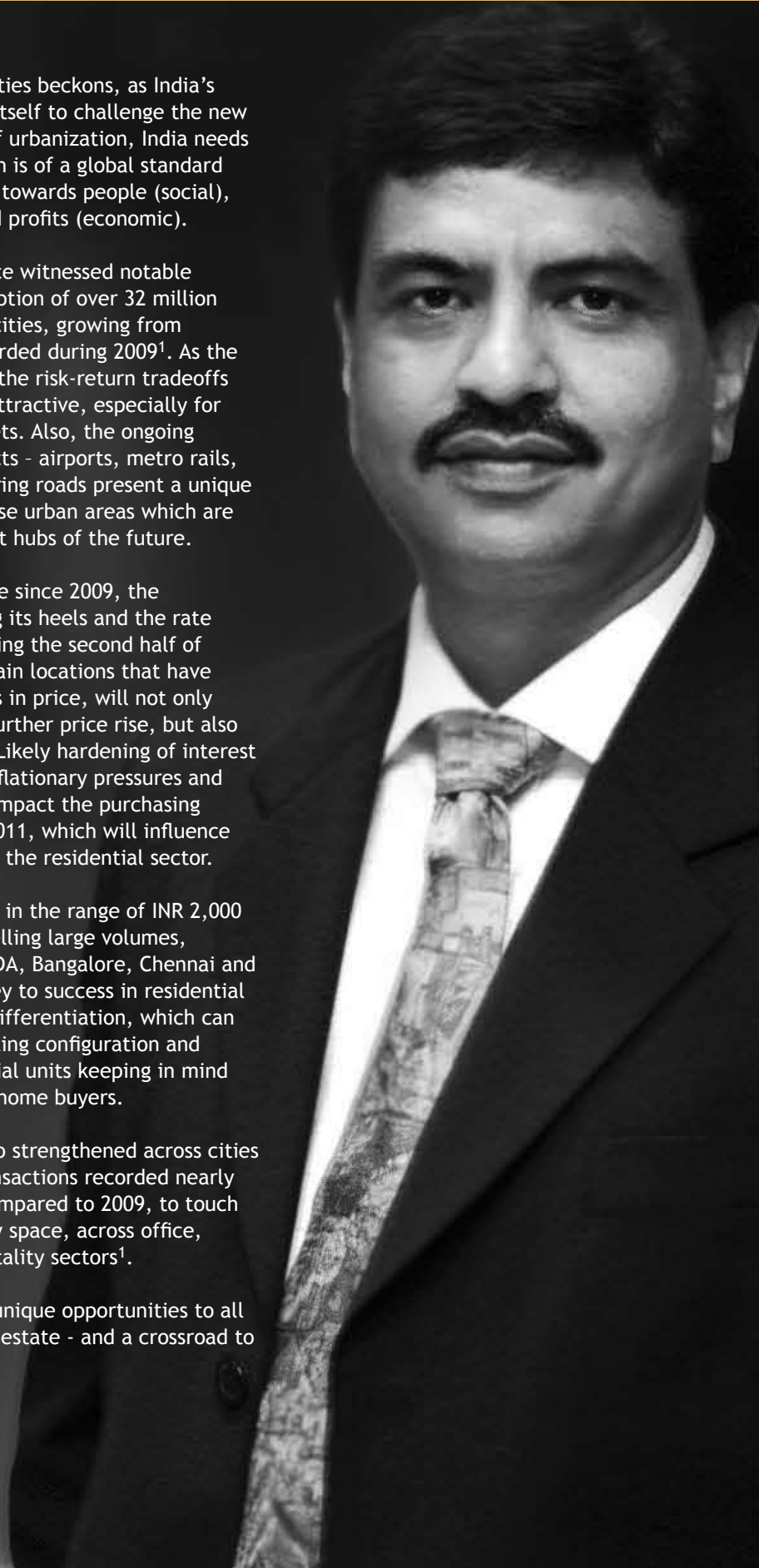
The commercial office space witnessed notable growth in 2010, with absorption of over 32 million sq ft across the top seven cities, growing from nearly 20 million sq ft recorded during 2009<sup>1</sup>. As the office sector consolidates, the risk-return tradeoffs have become much more attractive, especially for stable income yielding assets. Also, the ongoing urban infrastructure projects - airports, metro rails, expressways, flyovers and ring roads present a unique opportunity to tap into those urban areas which are slated to become important hubs of the future.

After witnessing a rapid rise since 2009, the residential sector is cooling its heels and the rate of growth has declined during the second half of 2010. We believe that certain locations that have witnessed rapid increments in price, will not only witness resistance to any further price rise, but also some downward pressure. Likely hardening of interest rates, coupled with high inflationary pressures and rising property rates, will impact the purchasing power of home buyers in 2011, which will influence the absorption dynamics of the residential sector.

However, properties priced in the range of INR 2,000 - 4,500 per sq ft are still selling large volumes, especially in Gurgaon, NOIDA, Bangalore, Chennai and Navi Mumbai. Hence the key to success in residential sector is through product differentiation, which can be achieved by differentiating configuration and ticket sizes of the residential units keeping in mind the varied needs of Indian home buyers.

Investment activity has also strengthened across cities when the value of sale transactions recorded nearly doubled during 2010, as compared to 2009, to touch INR 260 billion in the realty space, across office, residential, land and hospitality sectors<sup>1</sup>.

The coming year presents unique opportunities to all stakeholders of Indian real estate - and a crossroad to the next decade.



<sup>1</sup>Jones Lang LaSalle Research