

From The Ceo's Desk

The Path to Recovery

The first 6 months of 2010 have demonstrated that real estate markets in India are firmly on the path to recovery. Nowhere is this more apparent than in India's residential sector. Across India's top cities, residential prices have rebounded between 10-20% from their lows of 2008. Although the affordable segment remains the keystone of absorption, premium products have made a comeback recently.

The country's commercial sector has also shown stability and growth potential. This is most apparent in India's office sector which has seen rents stabilize across markets. Going forward, positive rental growth is expected in key micro-markets despite a large pipeline which has led to a supply-demand mismatch in some pockets. Even India's retail real estate market is showing signs of rental stability despite low levels of transactions within malls. As retailers continue to have difficulty finding suitable retail space due to several malls facing construction delays, they will focus on high street locations in the near term.

The optimism that abounds for the future of Indian real estate was illustrated by a recent flurry of high value land deals including a transaction of INR 4,053 crore (USD 877 million) for a 25,000 sqm plot of commercial land in Mumbai.

