

From The CEO's Desk

The Path to Recovery Strengthens

We are seeing greater buoyancy in the Indian real estate market. There has been a spate of residential launches, with a 20-25% annual increase in capital values in the Mumbai and Bangalore markets. Housing units continue to be absorbed up in the low-to-mid income segments, although there has been a tempering of demand in overpriced metropolitan pockets. New suburban locations are opening up all over the country, opening up fresh avenues for residential real estate growth. The focus will continue to be on budget housing, with a more cautious growth predicted for luxury homes.

Commercial real estate is staging a gradual but convincing comeback and demand is set to increase significantly in the coming year. Latest research indicates that construction of office spaces to meet this demand may reach and even surpass 5 million square feet. With rental values rationalized by up to 40% in most cities, we are clearly seeing the advent of the "age of the occupier" in 2011. Thanks to increased liquidity and improved sentiments, outright purchase is once again in vogue as opposed to leasing.

With the Indian economy slated to grow by 8.5% in this year alone and per capita income showing a surge of 10.5% over last year, Indian retail is also poised for a turnaround. The Indian retail market is now worth close to \$450 billion, and we have every reason to believe that this figure will double over the next half decade. With this exponential expansion in organized retail, absorption of retail mall space across India is also forecasted to grow at a CAGR of 30% during 2009-2012.

All in all, there are effervescent times ahead for Indian real estate, and it is an exciting time for all of us at INDIAREIT.

I also take this opportunity to wish you and your families a very happy and prosperous Diwali.

