

## Destination Next

*Tier II & Tier III cities are the new investment destinations as they race to catch up with their larger cousins. These are cities that have already attained critical mass and enjoy good connectivity to major centres of commerce. Corporate India often prefers them as costs of property and manpower are much lower. For property investors the potential is enormous.*

Small is the new big. Small towns, that is. After tapping the growth prospects of metros and mini-metros, real estate companies are now concentrating on the Tier-II and Tier-III cities. As the Indian economy experiences the boom, the large cities are getting inundated. Large-scale investments have skyrocketed property values and caused a congestion of residential and commercial properties. This has forced governments and many investment companies to seek out for alternative smaller cities leading to a demand for Tier II and III cities.

The FICCI-Ernst and Young Indian Real Estate Report, 2007: Growth and New Destinations of Real Estate highlights cities like **Chandigarh, Mysore, Vadodara, Visakhapatnam, Bhopal and Jaipur** as experiencing the initial phase of rapid economic growth and achieving more than 30 per cent per annum. These small cities and towns are described as "emerging centres of growth" as they are now giving a thrust to India's booming economy. These cities are basically targeted for office, retail and residential spaces. What makes these centres of growth attractive to the developers, retailers and IT/ITES are their low real estate costs, availability of land for development and untapped manpower pool. Also the sustained GDP growth, special initiatives taken by the respective governments in providing the smaller cities with infrastructure facilities, creation of SEZs, expanding service sector, rising purchasing power and affluence have all contributed to the real estate developments in these cities.

### Chandigarh

Given its strategic location and planned development, Chandigarh has always been among India's most attractive cities. In recent years locations like Zirakpur -Kalka Road, Kharar, Sectors 2-10, Mohali and Panchkula have been prime areas of growth in real estate. According to industry watchers one can expect returns (including lease yields) between 9-11 per cent in the next 2-3 years from Chandigarh. Uppal's Marble Arch, a luxury apartment complex, to cater to the affluent of the city is also under way. ATS Greens Golf Meadows is coming up as an integrated township with plotted development, group housing, and shopping mall in Dera Bassi, Mohali. Then again Mega Township in Mohali by Chadha group, Omaxe Greens - Dera Bassi - Chandigarh - Ambala Road - a modern residential complex, PSG Spectrum Towers, Zirakpur on the Patiala road - Condominium on 7 acres with luxury 2 and 3 bedroom apartments, Sunrise Greens by Jaipuria group - flats and penthouses in an eco-friendly environment etc are coming up in Chandigarh as future residential projects.

The viability and economic potential of retail space and mall space in Mohali is seen to spur real estate revival in the area there. A few real estate development projects include the construction of a five- star hotel, a couple of three-star hotels and two world class hospitals. Real estate developers have stormed the real estate scene in Mohali and surrounding areas with projects like Emaar-MGF, TDI and Unitech. Mohali is projected to be amongst the first cities aimed at by the Punjab Urban Development Authority (PUDA) for transforming it into a world class city. Office space in Mohali has been much sought after by companies like Convergys, IDS Infotech, and other business support companies. Spice Telecom's Punjab operations have Mohali as its headquarters. Ranbaxy Laboratories operates a manufacturing plant out of Mohali. A Super-Specialty Hospital of Fortis Healthcare Ltd. is in Mohali. Infosys, the top-rung Indian IT services major, had Mohali for its development center till some time ago. Denver-based Quark can be credited with developing 46-acre QuarkCity in Mohali. Chandigarh Technology Park

(CTP) a buzz with about 2,500 IT professionals. IT majors like Cognizant, Dell, IBM, Satyam and Mphasis have big plans for Chandigarh. Wipro Mastermind, Convergys and IBM have shown interest in the city considering the infrastructure and proximity to the national capital region. Kolkata's P.S.Group is planning an IT SEZ on the Chandigarh-Delhi highway. As part of its expansion plans till 2010, Unitech has a hotel project lined up for Chandigarh. The company is in talks with Carlson Hospitality, Marriott Hotels and other hotel chains for managing the hotels. Retail activity in the city is also on an upswing. Besides Amritsar and Jalandhar, DLF is looking at setting up malls at Chandigarh, as part of its plans to develop 20-odd malls in northern India. Information Technology is all set to become the new buzzword among the city folk. Some of the Commercial properties in the future are Chadha Group - Mall in Mohali, Celebration Mall by Advance India Projects, and City Emporio Mall by Realtech etc.

### Mysore

Buzzing with corporate activities, the 'City of Palaces' - Mysore - is on ground for the real estate boom. Properties in Bangalore have already gone beyond the reach of masses and even corporates are finding it difficult to cope up with the soaring prices. Prices at the other end of Mysore are hovering at quite realistic levels. A number of positive factors will further fuel the growth. Project like that of Nandi Infrastructure Corridor Enterprise (NICE) will drastically reduce the traveling time between Bangalore and Mysore.

In terms of Residential Development the 4 lane Hunsur Ring Road of Mysore is drawing real estate developers for the investment potential it offers. Some of the well known developments of Mysore are Elysium, a plot development project in Mysore, close to the Knowledge Industry Corridor. Amulya Projects is also developing plots in a mega residential township off the Hunsur Road. In addition, Amulya has exclusive residential layouts planned near the Satellite Township Ring Road, and near Chandrapura off Hosur Road. More centrally located, Mahaveer Nagar is a residential layout being developed by Mahaveer Developers. Brigade's Elite 1 and 2 on KRS Road, Brigade Tiara in Yadavagiri, and Brigade Habitat in Lakshmipuram are premium apartments that can be explored. The Brigade Splendour, Puravankara's Springtime located in Sreerampura is also there. Vijayanagar, Kuvempu Nagar, Jayalakshmipuram, Nivedata Nagar and Dattagalli are Mysore's new residential colonies as a result of the real estate boom. Among several other projects, Central Park at Ideal Jawa by Shalom Voyagers provides for 1500 apartments with fitness and entertainment facilities. Bangalore based Brigade Group has the following luxury projects coming up: the Brigade Citadel with 3/4 BHK apartments in Yadavagiri, Brigade Horizon with 2/3 BHK apartments in Siddhartha Layout, and Brigade Solitaire, behind Lalitha Mahal Palace. Damden Properties has a cluster of 5 interesting apartment projects -Beryl, Square, Prithvi, Solar and Arbor coming up in Mysore.

Retail is also making inroads in the royal city with Euroamer Garuda Resorts investing Rs.40 crore into the Garuda Mall, Prozone tying up with the Rustomji group in Mysore, and the Makkaji mall being developed by Maverick Holdings. The Grand Mall covering 5.6 lakh sq. ft will cater to the upcoming residential layouts on the Hunsur Road. The Brigade Group, Sankalp, Sobha and Purvankara already have their residential projects in Mysore on stream, and others like Prozone, Premier Properties and Mittal Builders are working on creating mall space over the next two years. The Sahara group has also invested in 2 plots of 50 and 70 acres for a project. Given the factors of development in infrastructure, corporates activities and subsequent interest of buyers and investors, the realty sector of Mysore is among the most promising ones in Karnataka. And perhaps the best times are yet to come ahead.

### Vadodara / Baroda

Earlier known as Baroda, Vadodara has shown its growth in last two or three years with the huge inflow of industrial investment from across sectors and growing interest of real estate developers, retailers and IT giants. The Gujarat government is already working on a plan to develop Vadodara as a Knowledge City to attract several leading companies such as DLF, Raheja, Infosys and Satyam to invest in the city. In statistical terms, land prices in Vadodara

have appreciated by almost 50 percent in the last two-three years. In addition, the residential and commercial property prices in Vadodara too have shot up in the last two years. The newly developing areas such as Sindhrot, Waghodia Road, Padra Road and Sevasi are emerging as promising options for investors. The proximity of the city to Ahmedabad and Surat, the key investment hot spots and the improving civic infrastructure too are fuelling the growth.

Housing segment of Vadodara has grown in leaps and bounds, particularly in the last couple of years. There is large residential development in the localities of Vesu and Damas. Some locations in the city such as Mandvi area has independent residential bungalows with all basic facilities. Narayan Housing is to pump in Rs. 500 crore to develop a Rs. 520 crore housing project at Hanumanpura. Following in same footsteps is Siddhi Vinayak infrastructure which has plans to come up with a housing society at Jambu village off Makrapura on the Mumbai Highway. The Vadodara Urban Development Authority (VUDA) has signed MoUs worth Rs.3,425 crore with various real estate development companies for projects such as setting up of housing colonies, IT parks, and commercial complexes around Vadodara. Mumbai based real estate developer Akruti Nirman has signed an MOU to set up a Bio-IT park on 708 acres of land in Savli, Vadodara. A Singapore real estate company has come up with a proposal of developing a Special economic Zone (SEZ) on 550 acres of land in Vadodara. Once the SEZ is in place, property prices in Vadodara will hit the sky. The announcement has encouraged a number of real estate agents and investors to buy properties in Vadodara thereby securing healthy returns for future. The city will soon be a home to India's biggest IT parks and would be counted among the cosmopolitan cities. DLF Ltd, the biggest real estate company in India is planning three IT Parks, one each in Gandhinagar, Ahmedabad, and Vadodara in next 2-3 years. The famous Mumbai based real estate developer Akruti Nirman has signed a MoU to develop a Bio IT park on 708 acres of land in Savli, Vadodara. For the past few time, retailing in Vadodara has been on a roll. The Kalani Group is to set up an exclusive mall cum multiplex in Vadodara as part of its retail development plans. With such prospective development projects, the growth in Vadodara real estate is certain to accelerate in times to come.

### Vizag/Visakhapatnam

"Out of the fast growing first 100 world cities, 11 cities are in India, where Visakhapatnam occupies 5th place" as per the recent survey conducted by the International Environmental Development Organisation, Britain. Considered an extension of the infrastructural development in Hyderabad, Visakhapatnam is the privileged city having the potential advantages to meet the demands of the premier corporates investing in the city, in the wake of the congestion of residential and office spaces. The rates too have seen a steady growth in this market over the last two years. "We expect the residential rates in Visakhapatnam to see a good 25-30 per cent growth over the next 2-3 years," says Malvika Chandra, head research at Knight Frank India. With large-scale investments in the IT, ITES and the BPO sector there has been a great demand for international standards of office spaces; as Visakhapatnam gears up to promote itself as the best industrial and knowledge destination of India.

MVP Colony, Beach Road, Lawson's Bay, Waltair are premium residential localities, as per Cushman & Wakefield (C&W) data. Singapore-based Jurong in partnership with KSR Group is doing three different residential projects in Visakhapatnam. At Rushikonda, KSR - Jurong are developing 54 villas on 13 acres of land, called Sunny Isles. Visakhapatnam Urban Development Authority (VUDA) is coming up with a mega township of 240 acre in partnership with Jurong in Mad-hurwada. Then again, planned townships are coming up in Yendada and Vepagunta of VUDA on 80 acres and 55 acres respectively. On the retail front, the city is only beginning to witness organised retail formats with about three planned malls, totaling to about 7, 40,000 sq ft. Prime office locations are in and around the area of Dwaraka Nagar, Asilmetta and Siripuram Junction; though regions like NH 5, Beemli Road, Rushikonda and Gajuwaka are likely to emerge as active commercial locations in times to come. Eyeing this talent pool are big IT companies like Satyam, TCS, Wipro and others like Symbiosys Technologies, Color Chips, Nu NET Technologies, Kenexa, have already acquired land in the city and there are many more

companies in the fray. In fact, some say Visakhapatnam could be the next IT hub after Hyderabad.

### **Bhopal**

Bhopal is indisputably a land of opportunities in real estate for the past couple of years. Perhaps this is the reason Bhopal real estate, which was earlier dominated by a handful of local players, has now emerged up as a hot cake for infrastructure majors like DLF, Sahara and Ansal. With regard to growth plans of the city backed with strong economic trends, the real estate sector here has all the reasons to achieve and sustain higher growth rates at both the aspects of commercial and residential asset class.

The residential sector of Bhopal is undergoing a complete transformation with several projects under progress in different parts of the city. Although, Bhopal real estate market is predominantly an end-user one, investor action is also observed in the recent times owing to the high-return potential. Meanwhile, national real estate developers like Sahara States, Ansal and Vian have forayed in Bhopal, followed by local players like Maxworth, Raj Builders and Akriti Builders. Located at Misrod road, about 15 kilometers from Habibgang Railway Station, Sahara Estates here is one of the largest planned townships. The commercial official spaces at Bhopal in areas like TT Nagar comprising New Market, MP Nagar, Arera Colony and Bairagarh are on bloom. Located at the key location of Mata Mandir between TT Nagar's New Market, MP Nagar and Arera Colony's Bittan Market, the 10-storeyed Platinum Park is the most prestigious commercial cum residential destination of Bhopal, so far. Center Point at TT Nagar New Market is another hot commercial destination in Bhopal.

### **Jaipur**

The skyline of Jaipur known as the 'Pink City of India' is also changing with times. With a flurry of investments pouring in from hospitality, IT, retail, healthcare, education and financial services, Jaipur is slated to be the most promising emerging real estate growth centre in northern India.

To help it achieve its goal, the state government is taking initiatives like strengthening infrastructure and promoting IT & ITES policy in the city, considered the most comprehensive way of redefining financial growth. As Jaipur real estate gears up to present itself in its new avatar, there has been a large influx of investments in this sector. Its close proximity to Delhi and the National Capital Region (NCR), considered the epicenter of growth, is one of the credible factors for the corporate sectors eyeing Jaipur as a possible hub in the face of growing congestion in the metros. Proposal for a SEZ in Jaipur and IT giants Wipro and Infosys showing interest for investing in the city is a clear indication of the changing trends in the city's economy. Prominent names like those of Vatika, Parsvanath and Ansal have bid for developing residential, retail and office spaces in Jaipur thereby taking Jaipur real estate to unparalleled heights. The 800-acre integrated Infotech city to be developed by Vatika besides providing international style of living also plans to develop a 50-acre IT Park with capacity of accommodating approximately 50,000 IT professionals and aided staff. There are also plans to develop a World Trade Park in Jaipur city, which will have offices, a convention centre, retail outlets, a five-star hotel, entertainment centers and computerized parking facilities for 1,100 vehicles. Moreover, Jaipur as a real estate prospect is growing with leaps and bounds. The realty graph in the city shows a capital growth of 5 to 7 percent in the last one year.

A slew of developers including Ansal, MGF, Omaxe have jumped onto the Jaipur markets as of now. Several projects are undergoing construction at sought-after residential locations of C-Scheme, Tilka Nagar, Malviya Nagar, Civil Lines and Bani Park, Ajmer Road. Major Residential Projects of Jaipur are Amber Gardens from OSB Group on the Jaipur-Ajmer highway on 125 acres of land. Set against the Aravalli Hills and the Amber Fort, OSB will develop villas, luxury apartments and independent floors targeted at people looking for a quality lifestyle. Omaxe

City by Omaxe Group at Ajmer Road, Sushant Lok by Ansal at Kalwar Road, Amarpali and Vatika at Tonk Road.

An impressive array of business organizations is looking to Jaipur as a potential commercial hub too. Primarily driven by hotel and retail markets, the commercial properties in Jaipur are on an upswing. International steel baron LN Mittal has announced a technology institute for the city, spread over 100 acres. Healthcare majors Apollo and Escorts have also expressed interest in setting up their ultra-modern facilities in Jaipur. Meanwhile, some major development projects are on in prime commercial areas of Vidhyadhar Nagar and MI Road along with a dozen shopping malls in different stages of construction. The city, at present, boasts of a Crystal Palm mall in C-scheme, Crystal Court Mall at Malviya Nagar, Crystal Mall at Bani Park among the prestigious projects. Gaurav Tower and Savitri Towers at Malviya Nagar and Cityplex on Tonk Road follow suit. Some of the Major Commercial Projects in Jaipur consists of The MGF Group building 'The Metropolitan' in the heartland of the city at Patel Road, City Mall on Ashok Marg, Crystal Palms at Bhawani Road, Golcha Trade Centre at MI Road.

Overall though, the picture looks quite promising for real estate in the country. It reflects a mature investor market which weighs the pros and cons of purchasing property against various parameters such as scale of need, validity of the project visà-vis location, amenities and appreciation potential, and future income and expenditure forecasts. The real estate action thus is no longer limited to the large metropolises of India but has now permeated to the burgeoning smaller towns and cities. These emerging centres of growth are lending sparkle to India's booming economy.