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IT rebound perks up southern realty

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The IT corridors in the southern cities, especially Hyderabad, are driving the offtake of both commercial and residential property.

V. Rishi Kumar

With the IT sector in a rush to recruit to match its expansion plans, there is increased off-take of commercial and office space in the IT hubs of the three southern cities of Hyderabad, Chennai and Bangalore, and in select micro markets within these cities.

The pace at which the properties are being booked has encouraged some new developers to announce projects in commercial and housing sectors in the last few months in Hyderabad.

SLEW OF PROJECTS

In the past few weeks, the Mumbai-based Lodha Developers announced a project of about 800 apartments with an outlay of Rs 300 crore.

Hyderabad-based real estate company My Home Construction is planning a Rs 900-crore township and Bangalore-based Prestige Group, which recently entered the capital market, is also coming up with a luxury villa township, which could see an investment of about Rs 140 crore, and another mega mall with an investment of Rs 380 crore.

The trends in the commercial and residential sectors show that there are signs of developers shrugging off the slowdown blues and beginning to launch new projects to cater to specific segments.

Most of the developers are again banking on the revival of the IT sector. However, this time around the focus is on some select groups. Many of the developers are coming up with apartments that are below 1,200 sq.ft, as these are entitled to tax rebates and lower stamp duty.

Mr Ram T. Chandnani, Deputy Managing Director, CB Richard Ellis, South India, told *Business Line* it is not just capital values but also office rentals that are showing signs of firming up.

This is particularly so in the IT

hubs of the three major southern cities, where the demand has gone up and supply is less. Some micro markets within these cities have also seen good absorption.

Mr Chandnani said that their research findings show that there is considerable growth in property acquisition during the first three quarters of this year, reflective of the positive business sentiment. This is principally driven by the IT sector, followed by some other services categories.

According to the Chief Marketing Officer of Lodha Developers, Mr R. Karthik, the company has launched several projects during the slowdown in Mumbai and Hyderabad and has managed to register good sales. This is all about offering products that suit a certain segment of society. Likewise, the latest project launched in Hyderabad is targeted at upper middle-class families.

The Senior Vice-President of Prestige Group, Mr Swaroop Anish, said that the company has launched a Rs 140-crore project, Royal Woods, wherein it plans to construct luxury villas.

This is coming near the new international airport. The project was launched after a detailed assessment of requirement for such project. The company is also developing a large mall in partnership with Hyderabad-based Sujana group.

In another major project, Manjeera Constructions has announced a mixed use project that entails an outlay of Rs 600 crore. This includes a large mall, commercial space and residential township near the busy IT corridor.

BECOMING CHOOSY

On the other side of the spectrum, some developers are focussing on affordable housing projects. Empire Meadows has launched a Rs 100 crore integrated township and promises to offer a two-bedroom apartment for Rs 15 lakh and three-bedroom one for Rs 20 lakh as a promotional offer during the current festival season.

Unlike the scramble to take up new projects during the real estate boom, developers are becoming choosy about the location and also the type of project. Developers are learning the hard way, Mr. Karthik said.