

UPDATES

Welcome to the third edition of "Updates" by Realistic Realtors

I am happy to know that the information in our newsletter has been received so well. Your continual support through emails and letters has helped us to continue the series of this newsletter.

The turbulent times of US economy recession has made Indian markets more volatile especially finance, real estate and stock market. Keeping in view the outcome of this, it is time to be extra cautious for everyone operating in real estate sector may it be investors, developers or financiers.

Evolution in real estate sector over the last few years identified this sector as one of the major drivers of India's economic growth along with the infrastructure, organized retail and aviation. Seeing the prospects of land appreciation and extraordinary returns a lot of entrepreneurs from other sectors also joined the bandwagon and became developers. Lack of expertise of new entrants in developer's role and ignorance of investors made real estate attain superfluous heights, creating unreasonably high costs. Consequently, quality was at stake, demand and supply dynamics lost their equation since we saw extraordinary supply in some sectors.

Despite the present slowdown and trembling times, sound reasons exist for optimism in the long run. This phase of correction was necessary to ensure developer's focus on quality deliveries and right pricing; thereby supporting country's economic development. Many industry experts believe that the demand for real estate will be crystallized in new formats across all verticals, so good days are expected soon.

It is time to be more watchful before you leap in any real estate transaction. International formats, best construction practices, additional amenities are now the watchwords for the developers. It is important for developers to deliver only quality products based on market preferences or else they may not see too many buyers approaching them as in the past.

With investors becoming aware of the market dynamics, they need to be very careful while investing and seek advice from a good consultant for wise investments. Investors need to be sure about the amount they want to invest vis-à-vis the purpose of the investment. Hard negotiations on the contract terms - may it be prices, payment terms or additional facilities like parking and maintenance, is the need of the hour.

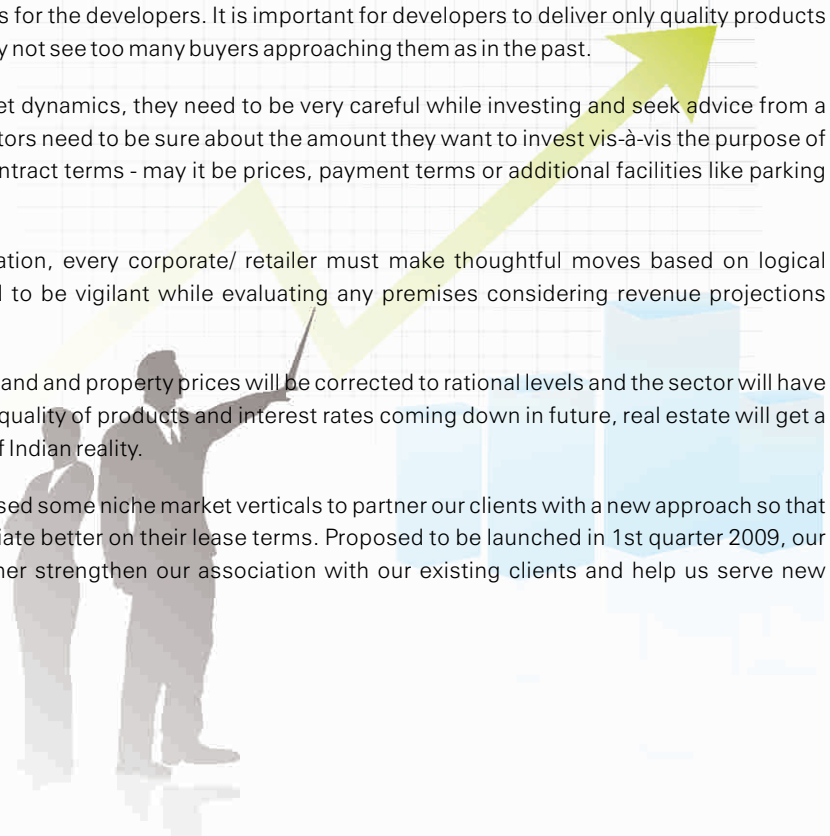
Anticipating the impact of the current situation, every corporate/ retailer must make thoughtful moves based on logical reasoning. Property acquisition teams need to be vigilant while evaluating any premises considering revenue projections versus location potential.

The silver lining is that once this phase ends, land and property prices will be corrected to rational levels and the sector will have stronger fundamentals. With refinements in quality of products and interest rates coming down in future, real estate will get a boost again bringing us closer to good days of Indian reality.

Keeping this view of the market we have devised some niche market verticals to partner our clients with a new approach so that they outlive high real estate costs and negotiate better on their lease terms. Proposed to be launched in 1st quarter 2009, our [new service verticals \(refer below\)](#) will further strengthen our association with our existing clients and help us serve new conglomerates.



Harinder Singh
Chairman & Managing Director



Our service verticals:

- Corporate Leasing • Retail Leasing • Investment Advisory • Exclusive Representation Services • Transaction Management
- Occupier Services* • Land Acquisition* • Transaction Audit* • Transitory Leasing*

* Services proposed to be launched in Q-1 '09





SIGNIFICANT NEWS

After kitchens, it's time for modular hotels (Nov. '08, DNA)

A 210-room three-star business hotel is planned to be launched by 2010, in Vadodara by Jindal Hotels Ltd. However, this is a different hotel project based on the modular hotel concept, the first one of its kind in India. "It's an approach to develop hotels in a much faster way compared with the traditional brick and cement process and costs around 15 lacs," said Piyush Shah, MD of JHL. Termed as pre-fabricated hotel, its approach involves assembling hotel rooms at the factory level and transporting them to the hotel site in containers. The rooms are then placed at the actual hotel site, where they are bolted on to the heavy duty steel columns.



9 realtors among Forbes Richest Indians List (Nov. '08, The Economic Times)

As many as nine Indian realtors have made their way into the Forbes 40 richest people list. Of the nine people, whose combined net worth is USD 22.33 billion, five have fortunes of more than one billion dollars. The league of the realtors is led by DLF Chairman KP Singh, who is ranked overall fifth with a fortune of \$ 7.8 billion. Adi Godrej of Godrej Industries ranked ninth has a net worth of USD 4 billion while Adani Enterprises' Gautam Adani's ranked tenth fortunes are valued at USD 3.9 billion. Other realtors who have made it to the list are Chandru Raheja of K Raheja Corp (20th rank), GMR Group's GM Rao (21), Unitech's Ramesh Chandra (27), Rajan Raheja of Raheja Properties (30), Niranjana Hiranandani (35) and Hemant Shah (37).

Stanchart buys office space in Mumbai (Nov. '08, Business Times)



Standard Chartered, the UK bank, said it acquired 147,000 square feet (13,657 square metres) of office space in Mumbai's emerging business district of Bandra-Kurla. It may have paid about 7.5 billion rupees (\$230 million) for the space in a new building. This new office will be able to accommodate as many as 1,500 officials across four floors in a building named Crescenzo. The bank plans to move its wholesale banking and global markets to the new location by the fourth quarter of 2009. India's biggest company, Reliance Industries, Enam Securities and Jet Airways India also plan to set up offices there.

Morgan Stanley stays bullish on Indian realty (Nov. '08, The Economic Times)

Morgan Stanley is planning to invest an additional \$1 billion over the next five years. "The company had earlier invested about \$750 million in India and there is an opportunity to develop asset management expertise in real estate to help grow the property industry," said Morgan Stanley Real Estate in India interim head Sean Williams. The company has formed a 12-member team for this purpose and has also appointed Naresh Naik to head the asset management division. "Infrastructure is key to support new residential, industrial and retail facilities. Limited institutional ownership of property means little asset management expertise exists outside of individual owner-users of property," said Williams. "As such growth opportunities exist...but more broadly, there exists a need to develop asset management expertise to help evolve the property industry's focus from growth to profitability," he added.

Over 400 brands may check in at Delhi's New Airport (Nov. '08, The Economic Times)

Over 400 top global brands have shown interest in setting up retail shops at the newly refurbished Delhi International Airport. Louis Vuitton group company DFS, Homeshore Airport (HMS), SSP, world-wide flight service, Nuance and Hugo Boss figure in the list of companies that may bid for opening stores in the airport, sources close to the development said. The bidding process is expected to take place in March 2009, and the space will be leased for seven years. Interestingly, there will also be a mini Dilli Haat within the airport soon. These shops are expected to do a business of about Rs 6,000 crore to Rs 7,000 crore annually, of which DIAL is expected to receive about 20%.

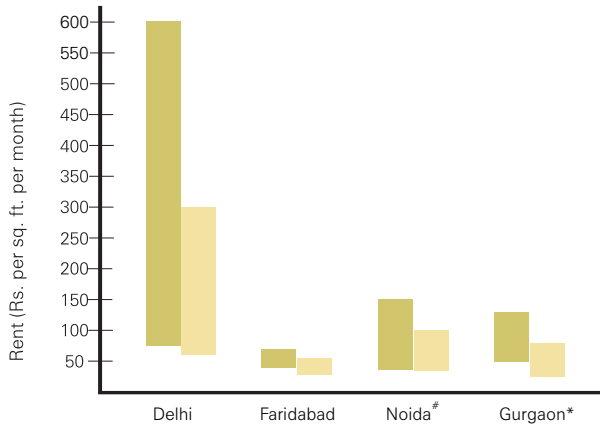
Real Estate: a lasting option (Nov. '08, The Economic Times)

Which is a better option to invest - stocks or real estate? The most sincere advice is real estate. Often, it was towards the fag end of his career that a salaried person could afford to buy his dream house. However, easy availability of home loans at attractive rates has changed this scenario. Real estate investment helps in diversification, yield enhancement and hedging inflation. It may be the right time to invest in your own house since property prices are at reasonable levels. With our population growing at a phenomenal pace, the demand for commercial and residential space is bound to go up. This sector is bound to see tremendous growth in the coming years.



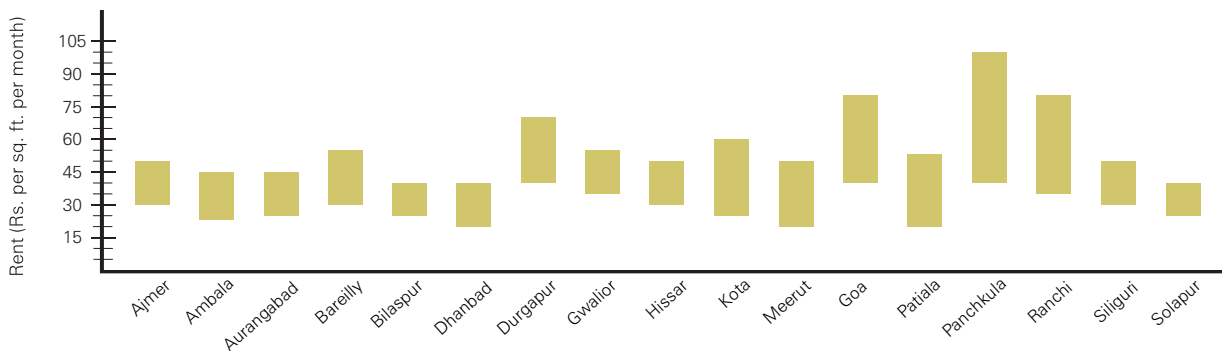


Realty rates Prevailing lease rental range for office premises



There has been marginal correction in the CBD areas due to economic slowdown. Despite for this Grade A buildings are witnessing close to 100% occupancy. Most corporates occupying commercial space are renewing their leases at prevailing market rentals.

■ Grade A premises ■ Grade B premises
 * Industrial & commercial
 # Industrial, IT & commercial



Recent market transactions Office & retail premises

Company	Building name	Location	Area transacted
Pricewaterhouse Coopers	DLF Cybercity	Gurgaon	2,00,000 sq. ft.
Alstom	Sector-127	Noida	1,50,000 sq. ft.
KPMG International	DLF Cybercity	Gurgaon	1,00,000 sq. ft.
Reliance Energy	Sector-64	Noida	1,00,000 sq. ft.
Nokia	Sector-62	Noida	1,00,000 sq. ft.
IIPM	NBCC Plaza	New Delhi	78,000 sq. ft.
Spice Telecom	Sector-63	Noida	45,000 sq. ft.
InfoTech Enterprises Ltd.	Sector-63	Noida	45,000 sq. ft.
Samsung Engineering	Mohan Co-operative	New Delhi	37,000 sq. ft.
Times Broad Band Ltd.	Okhla, Ph-III	New Delhi	32,000 sq. ft.
Adlabs Films Ltd.	Shakuntla Mall	Jammu	32,000 sq. ft.
Adlabs Films Ltd.	1st Point Mall	Bareilly	30,000 sq. ft.
Huawei Telecommunications (I) Co. Pvt. Ltd.	Unitech Cyber Park	Gurgaon	27,000 sq. ft.
The Smart Cube	Windsor IT Park, Sec-125	Noida	23,000 sq. ft.
Prateek Lifestyle	Jyoti Mall	Jalandhar	22,000 sq. ft.
Moserbaer	Okhla, Ph-III	New Delhi	21,000 sq. ft.
Open Solutions Software Services (P) Ltd.	BPTP Park Centra	Gurgaon	19,000 sq. ft.
Birla Sunlife	Copia, Jasola	New Delhi	16,000 sq. ft.

- ◆ The new Bahrain World Trade Center comprises of three massive wind turbines situated between the two towers of the main building. Each of these is 80-foot turbines and the shape of the towers is such that it helps accelerate air help generating even more power.
- ◆ The heaviest building moved intact is the Fu Gang Building in China. The building weighs 15,140.4 metric tones (33.3 million lb) and is 34 m (111 ft) tall. The building was moved 35.62 metres horizontally and it took eleven days to complete the relocation.
- ◆ Grande Dixence, on the river Dixence in Switzerland, is the highest concrete dam in the world. It was built between 1953 and 1961 to a height of 935 ft, with a crest length of 2,297 ft, using 210,400,000 ft³ of concrete.
- ◆ There are 300,000 active mosques in India, more than in any other country, including the Muslim world.
- ◆ The world's narrowest house is located in Madre de Deus, Brazil. It is 1 meter wide by 10 meters tall! It has 3 floors. This building has now become a touristic spot of the small town of 12 thousand people.



- ◆ The largest film studio complex in the world is Ramoji Film City, Hyderabad, India, which opened in 1996 and measures 1,666 acres. Comprising of 47 sound stages, it has permanent sets ranging from railway stations to temples.
- ◆ Orlando, Florida - Disney World, the world famous theme park has an extensive system of underground passages used by employees to travel quickly and discreetly from place to place within the park.
- ◆ Bishop rock - holds the Guinness Book of World Records title of smallest island in the world. An amazing lighthouse, built in 1858, is the only thing stands on this tiny island off the coast of Britain.
- ◆ In 2005 Infosys Technologies opened its \$65.4 million Global Education Center in Mysore. Located on a 270-acre, \$119 million campus, the facility is the largest IT training center in the world, accommodating 4,500 trainees at any given time and hosting up to 15,000 per year.

Flat lease: An agreement where the same amount of rent has to be paid throughout the life of a lease.

Flying freehold: A part of building owned freehold where the structure below is in different ownership.

Graduated lease: A lease where the rental is not fixed and may vary according to value arrived on periodic appraisal.

Green leases: A lease that includes conditions around environmental criteria. This includes certain environmental targets and restrictions on how a building can be used

Hard option: Option on a certain area of premises offered by the lessor to the lessee over a fixed duration of time where in the lessor will not market the area to another tenant / party for that specific time frame.

Historical cost: Original cost of an asset at the time of purchase or payment as opposed to its saleable value, replacement value or present value.

Implied contract: An agreement created by actions of the parties involved but not written or spoken.

Incubation space: Fully fitted out interim space offered by the lessor/ developers to the lessee/tenant for a short duration of three to 12 months till the permanent space/building is ready and operational.

Index lease: A rental contract in which the tenant's rental is tied to a change in a price index.

Joint sole agent: One of two or more agents jointly instructed as the only agents entitled to represent the principal. It is customary for the joint agents to share any commission earned on an agreed basis, irrespective of which agent effects the sale or letting.

Land reclamation: Creation of habitable land by filling up low-lying lands, wetlands, lakes or portions of the seashore.

Lateral support: The right of a landowner to the natural support of his land by adjoining land. The adjoining owner has the duty not to change his land (such as lowering it) so as to cause this support to be weakened or removed.

Marginal land: Property that is barely profitable and which has poor income potential.

Minimum lot: The smallest lot area required or allowed for building under the municipal zoning code.

Mortgage banker: Company that uses its own money to provide loans and then usually sells them to investors such as insurance companies.

Occupied stock: Total amount of stock which is leased or owner occupied.

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