



Multiple FDI projects may bring relief to realty players

REAL estate companies, who are bound by strict conditions for bringing in foreign direct investment (FDI), can now look forward to a breather. **Companies developing several projects simultaneously are likely to get a waiver on meeting FDI conditions on some if majority of the projects are FDI-compliant. Realty companies are subjected to conditions such as three-year lock-in period and a minimum development of 10 hectares for bringing in FDI.**

The move will particularly benefit real estate companies that take up expansion plans from time to time. Under the proposed waiver, such expansion schemes/projects would be eligible to get foreign funds even if they do not comply with the required conditions separately on their own.

"Many a time, the developer faces difficulty to hive off projects that are not FDI-compliant. The industry's main grouse is that if some of the projects are taken in isolation it negates the purpose of the whole project," a senior government official said.

Officials in the department of industrial policy and promotion (DIPP) said some developers have sought permission to retain projects that do not comply with FDI guidelines laid down under Press Note 2 even after infusing foreign investment. The department is in discussion with the foreign investment promotion board (FIPB) to firm up new guidelines for easing investments in such projects. A meeting on the issue is expected next month.

Experts are of the view that the government's move would help real estate developers mobilise FDI. Many of these firms are otherwise left in lurch due to non-FDI compliance in one or two projects. "There have been many instances in the past where real estate companies have faced rejection from the government for bringing in FDI owing to non-compliance in one or two projects out of 18-20 projects. The law should allow FDI to a project as a whole at the entity level, even if some of the projects do not measure up to the FDI guidelines," real estate consultant Jones Lang LaSalle Meghraj MD Anuj Pun said.

The real estate industry has also urged the government to waive the condition of three-year lock-in period for pre-IPO investment by overseas entities and treat them as portfolio investment rather than FDI. The matter is also under active consideration of the DIPP.

Source: The Economic Times

Damac announces tie-up

Real estate developer Damac Properties on Monday announced it has tied up with 60 agents in the country across metros and tier-II cities to market and sell their regional properties to the Indian investors. "We are proud to have signed on 60 agents in India. As demand is high, we wanted to touch each corner of India through an experienced network of agents," Damac Holding Founder and Chairman, Mr Hussain Sajwani, said in a statement. The company would provide training to the agents through its institute Damac Agents Academy. "The main purpose of the training that we provide our agents is to equip the agents with product knowledge of Damac brand and its value, the sales process, etc " Damac Properties CEO; Mr Peter Riddoch, said

Source: The Hindu Business Line

Saudi tycoon planning world's tallest building

The multi-billionaire owner of the Savoy hotel in London is planning to construct a mile-high tower in the desert. Masterminded by British-based engineers, the building will be constructed in a "mini-city" near Jeddah and would be twice the height of the world's tallest building.

The Mile High Tower, almost seven times the height of the Canary Wharf tower, will overtake skyscrapers planned or under construction in Dubai and Kuwait, reports *Times Online*. The project is the brainchild of Prince al-Walid bin Ta-lal, a member of the Saudi royal family, who has a fortune estimated at 11 billion pounds and is the world's 19th richest person, according to *Forbes*.

Kingdom Holdings has appointed a joint venture set up by Hyder Consulting and Arup, the London engineering firms, to build the 5 billion pounds tower. The logistics of carrying out construction at such a height will make the project technically and financially difficult.

The building will be fitted with a giant computer operated damper stretching down several floors to counter the nausea-inducing sway caused by the wind. The structure will be stabilised by two mini-towers, flanking the building's base and attached to the main structure by arched sky-bridges

Source: DNA

HUL keeps Brookefields for bigger play

In a bid to rake in big-time moolah on its properties, consumer goods heavyweight Hindustan Unilever (HUL) has shelved plans to sell its 28-acre land in Brookefields, Bangalore. The Unilever subsidiary is now demerging the property with an idea of developing it as an for special economic zone. HUL is seeking shareholders' approval to transfer the property to its 100% subsidiary, Brooke Bond Real Estates.

HUL is believed to have held preliminary discussions for a joint venture with top IT firms like Wipro and Infosys along with a dutch of international developers, people dose to the development said.

The plans to develop the SEZ could be attractive, as developers get significant tax breaks under the SEZ Act of 2003. IT SEZs could become even more attractive if the Centre decides not to extend the tax-breaks given to the IT sector beyond 2010. Several companies would then consider shifting their operations to an SEZ in order to continue enjoying the tax concessions.

"HUL is seeking shareholders' approval under the directions of the high court for demerger of the property and development of the same into a special economic zone," a company spokesperson told ET.

Source: The Economic Times

Parsvnath to invest Rs 40 crore for malls : Dehra Dun

Parsvnath Developers, a real estate company, which is setting up a special economic zone (SEZ), has launched the construction of a mall-cum-multiplex in the city's fashionable Rajpur Road. The company will invest Rs 40 crore for developing of the complex,. Parsvnath Eleganza is the first such mall-cum-multiplex being developed in Dehra Dun. Eleganza, located at the prime location of Rajpur Road, the mall comes with an added advantage of a 4-screen multiplex within the complex. The mall is spread in a sizeable area of 1.5 lakh sq ft with fully air-conditioned and 100 per cent power backup. Glass fronted lifts, aesthetic architecture and modern design will provide complete comfort and a pleasurable shopping experience to the customers. The mall will boost premium national and international brands. The entire complex for which the construction has commenced is expected to be completed and operational within a year time. The company is also setting up an IT SEZ at Dehra Dun with an investment of Rs 1,050 crore, which will be executed by its subsidiary Parsvnath SEZ. The SEZ will come up in 35 acres of area with 3.8 million sq ft available for the development.

Source: Business Standard

Is commercial space driving real estate?

How well is commercial space doing vis-a-vis the other real estate sectors?

The market for office space in India has witnessed a compounded annual growth in excess of 30 per cent over the past seven to eight years. The growth has been highest in the metros, and there is an overall annual addition of approximately 58 million square feet of office space.

Is commercial space the primary driver? Does retail count in it?

For all practical purposes, retail counts as commercial space - meaning that it is used for commercial purposes, and that a different set of parameters from those that apply to residential space comes into play. However, the IT and IT-enabled services industry does lay claim to a pretty significant chunk of the overall demand. Retail, in the form of shopping malls and multiplexes falls in a comparable league. There is also a huge demand for township-related spaces, owing to the benefits attached to such projects.

In which cities have office properties seen the highest appreciation on a year-on-year basis?

The cities where real estate prices have risen most sharply are metropolises such as Delhi, Chennai, Bangalore, and Mumbai. They almost doubled over the last three years. In fact, the rates for commercial space have nearly doubled in these cities over the past three years.

With such an onus on the IT/ITeS sector, do you feel that the international demand for such spaces is sustainable? One keeps reading of the fact that Indian IT/ITeS infrastructure is NOT among the best in the world.

Indian IT/ITeS space is gearing up to meet global standards, and each year sees further improvement. At the moment, however, there are certainly problems with communication infrastructure in many instances.

The Indian data communication infrastructure does not yet match up to global standards - it is far from cost-effective and there is not enough going round. The problem lies in the fact that there is an institutional stranglehold on Indian telecommunications. The Internet cannot yet deliver in India, what it does in more advanced countries. This numbers among the reasons why certain international companies are still cautious in their inquiries for IT/ITeS space in India.

For those who intend to invest in office space in any of the major cities - what are the prevailing capital and rental values in each of them?

The rates in Chennai range from the highest in Radhakrishnan Sallai at Rs. 12,000-14,000/sq. ft. to the lowest at Ambattur at Rs. 3,000-4,000.

In Bangalore, they range from MG Road at Rs. 9,000-15,000 to Rs. 2,000-5,000 at Whitefield.

In Mumbai, they range from Rs. 25,000-55,000 at Cuffe Parade to Rs. 7,000-17,000 at Kalbadevi.

In Kolkata, the range would be from Rs. 7,000-15,000 at Park Street to Rs. 3,000-5,000 on Dum Dum Road.

One can roughly arrive at the annual rental rates for any sector

Little room for retail in the mall story

It is not questions on establishing a brand presence in India or educating the Indian customer or ascertaining the size of the Indian luxury market or understanding the mindset of the Indian customer that tops the list of challenges on a luxury company CEO's mind. Real estate and the availability of luxury retail space is what worries the most.

"Finding the right location is the most challenging task, says Andrea Perrone, CEO, Brioni, of the exclusive menswear brand from Italy. His competitor, Paolo Canali, sales & marketing director, Canali agrees, "We are trying to find the requisite space for ourselves. It is a key to sales."

Vittorio Missoni, chairman of Missoni points out that location of the store is key to a luxury purchase. "One cannot expect someone who purchase a high-end good, to tolerate a buying experience that is not as good. In luxury retailing, this experience is everything," he says, adding that development in retail is what brands are waiting for.

In sectors like home and interiors, finding a large enough store is a challenge as well. "We cannot be in a hotel as they haven't got adequate space," says Elisa Astori, vice president, Driade, Italian home living chain. "Boutique stores are enough for objects, but furniture requires a large format store," she adds.

Besides not having enough space, hotel arcades are also scattered all over a city, points out Vivek Kaul, national director, JLLMeghraj.

At present, a luxury retailer has few options for retailing his brand. Dedicated luxury malls like DLF's Empono in Delhi is set to open this year, and even with 130 brands showcased spread over 3,50,000 square feet, will not have enough space to fulfill the demand. UB Group's Collection will add another 1,50,000 square feet when it opens next year, while MBD group's Zephyr accommodate brands over 7,00,000 square feet when it opens in Bangalore by 2011.

"The cost of development of luxury is about 30% more expensive," says Sonika Malhotra, MBD group. India represented 0.8% of the world's consumption of luxury brands last year, about \$1.5 billion," says Armando Brancini, MD, Altgamma, an association of Italian luxury goods.

Luxury retail real estate space will play a crucial factor if India is to have a larger of the market in the coming years.

Source: The Financial Express

Parsvnath Developers' CFO Ravi Pani quits

Parsvnath Developers CFO Ravi S Pani has quit the organisation quoting differences with the management as the reason behind his resignation. "It is true that I am leaving. I had serious disagreements with the management. I was not happy," Pani said. He said he was not involved in a number of policy decisions of the company. "As a CFO, I was answerable to many of the decisions the company took. But they did not involve me in many of those," Pani said. Parsvnath is promoted by Pradeep Jain, the chairman of the real estate company.

Source: Business Standard

Yatra investing in 2 Bangalore projects

Yatra Capital Ltd, a Euronext quoted company investing in Indian real estate, has committed Rs 113 crore for a mixed use development to Palladium Constructions and Rs 65 crore to Platinum Hospitality Services for a 30 per cent stake in each of these joint venture companies.

Yatra's partner in the two ventures is Phoenix Mills. Both the projects of about 3.5 million sq ft are to come up in Yeshwantpur, Bangalore.

Palladium Constructions will develop 1.9 million sq ft -1.4 million sq ft of retail space and 0.5 million sq ft of residential space. Platinum Hospitality Services will develop a 0.5 million sq ft hotel property, including serviced apartments.

Source: The Hindu Business Line

Dubai-based Limitless Holdings

Part of the Dubai World group, has acquired a 50 per cent stake in DLF's ambitious Bidadi Knowledge City project in Karnataka. Limitless Holdings is an real estate developer that handles activities including feasibility studies, conceptualisation, planning, execution and property management of development projects. The project is being positioned as New Bangalore, spread over an area of 9,178 acres. It will entail an investment of over Rs 60,000 crore, the largest ever by a private sector company in the world.

Source: The Asian Age