

Jones Lang in tie-up with Australia co

Global real estate services provider Jones Lang LaSalle and Australia-based Colonial First State Property Management have formed a joint venture to offer integrated development and management services to developers and retailers.

The 50:50 joint venture company Sandalwood, will help developers and retailers to capitalise on premium retail opportunities and create long-term value for retail assets.

Mr. Anuj Puri, Chairman and Country Head, Jones Lang LaSalle Meghraj said, "This is indeed an opportune moment for us to introduce specialised retail and intensive asset management services. Sandalwood will seek to create long-term value for India's mall owners through its globally benchmarked practices, proven expertise in property development and intensive asset management."

The domestic retail sector has evolved at a swift pace and was set to grow by 35 per cent by 2010. Total retail mall stock has been doubling every year, from one million sq ft in 2002 to 40 million sq. ft in 2007, and is expected to be 60 million sq. ft by the end of 2008.

There are over 100 malls operating in India and over 300 being developed. However, over 90 per cent of them are yet to achieve global benchmarks. To be globally successful, mall owners and developers in India need to focus on vision, scalability and processes and create a distinct proposition for themselves in the emerging market.

Ms Gagan Singh, who is to head Sandalwood's operations in India, said Sandalwood would draw upon global expertise and local knowledge to bring our clients' visions to highly profitable retail environment that is based on strong differentiation for their retail assets.

Source: The Hindu Business Line

Realty deals bring Rs 23,000 cr in January-March

SLOWDOWN in the real estate market notwithstanding, land deals in India are thriving. According to a recent study, the total value of such deals, in the first three months of 2008, have touched around Rs 23,000 crore, while another Rs 10,000-crore worth deals are in the pipeline. A study by top brokerage JPMorgan shows that Delhi-based developer BPTP's Rs 5,000-crore land deal in Noida was the largest deal in the January-March period, while the Mumbai Metropolitan Region Development Authority's land auctions in Bandra Kurla Complex had fetched around Rs 4,000 crore.

The deals in the pipeline include the Indian Railways' 50 acres worth Rs 10,000 crore that is scheduled to be auctioned later. Also, a Rs 115-crore deal between the Balaji group and Prestige group is likely to be completed soon. In Mumbai, a Rs 250-crore deal by Hindustan Composites is in the final stage, in which developers such as DLF, Kalpataru and K Raheja Corp are the lead bidders. The JPMorgan report comes at a time when it is expected that a tightening in global liquidity and a slowdown in the economy, could put the brakes on the real estate sector which witnessed a sharp rising growth in the past two years.

As a reflection of this slowdown, developers' plans including malls, complexes and residential projects are all being kept under wraps. Property prices and rentals have been falling which was also seen in the loss of investor interest and an erosion in the market capitalisation of large listed players such as DLF and Unitech. The slowdown is also aided by the fall in stock markets as there is now a lack of capital among investors to invest in real estate projects.

Industry officials said that given the limited avenues of fund raising, a number of developers raised funds through instruments such as primary equity offerings and through foreign currency convertible bonds. All leading developers have also scaled up their development plans as well as made fresh land reserve acquisitions. "The fundamentals of Indian real estate are very strong. More and more global funds are entering India," said real estate consultancy Jones Lang LaSalle Meghraj chairman and country head Anuj Puri.

Source: The Economic Times

Indiabulls buys PAL-Peugeot land for Rs 676 cr

INDIABULLS Real Estate, through its subsidiary Citra Developers, on Tuesday outbid Gammon India to acquire 134 acres of land in Dombivili belonging to auto major Pal Peugeot, for Rs 676 crore.

Gammon's bid was reportedly for Rs 675 crore. On Tuesday, the Bombay High Court Receiver conducted the auction after the court on March 4, clarified points pertaining to future liabilities of Pal-Peugeot, paving the way for the auction.

Apart from Indiabulls and Gammon, local developers such also participated in the auction. The High Court had initiated the process in December 2006, and the auction was scheduled to happen in November 2007, but was challenged by interested parties on clause 32, referring to future liabilities of Pal Peugeot.

The court clarified that the sale of the portion of the land admeasuring 5,41,446 sq mts (around 134 acres) out of the total 7,23,439 sq mts would be sold via auction and that Maharashtra shall not be entitled to any claim on the land. The sale would be pursuant to a fresh auction and shall not be limited to parties who participated in the previous bids. The sale is scheduled to be completed by June 2, 2008.

The auction was conducted on Tuesday by the High Court receiver and Citra Developers have been asked to deposit 25% of the bid amount within 15 days from the auction day. When contacted, an India bull's spokesperson did not offer any comments on its development plans.

Source: The Economic Times

India's largest green homes township

Hyderabad: SatyaVani Green Homes, part of Hyderabad-based real estate developers SatyaVani Group of Companies, has laid the foundation stone for the country's largest integrated green homes township project - Ushodayam Green Homes. Coming up on 12 acres at Annojiguda on the Warangal highway near Hyderabad, the township would comprise 1,800 units built on green norms that will emit least carbon into the atmosphere. The residential units in the township would be equipped with 'solar panels to generate power, the company stated in a press release on Tuesday. SV Green Homes has started work on three more projects including a 25-condominium venture at Begumpet, a 55-house residential apartment project at Kondapur and a project to build 107 villas at Gagillapur.

Source: Business Standard

Nirmana to raise \$30 million for Chennai realty projects

NIRMANA REALTY Investments, a fund focused on the real estate sector, will raise \$30 million in a couple of tranches to fund its projects in Chennai in the residential and commercial space. The two-year-old fund, founded by Indian engineers Bhargav Sri Prakash and Amrit Sahasranamam, manages assets to the tune of \$50 million. Nirmana uses two models for investments it either acquires land banks and then ties up with developers or it participates in special purpose vehicles floated by realty developers to fund projects. The southern region, with its reasonable land prices and steady pace of development seems to be a huge draw for realty players and PE funds focused on the real estate space. Red Fort Capital, another private equity firm focused on real estate firms, recently announced an investment of \$200 million over the next year in Chennai to develop residential, commercial and retail projects.

Also, like Nirmana, Red Fort invests in real estate projects, and acquires land for development in the residential and infrastructure sectors. "We are looking at areas that are more peripheral to Chennai, which we call the 'growth corridor'," said Sri Prakash.

The projects on hand for the fund include 20 acres on the OMR for a villa project, 25 acres on Marakkanam Beach for a spa and hotel, a hospitality project on 25 acres on ECR and a 160-acre golf community and resort near Puducherry. "There will be more participation from local investors to fund our projects," added Mr. Sri Prakash. The hospitality project will be a Rs 60 crore project that will be a seven-star resort, to be ready in the next four years. While PE funds usually raise the funds first before deploying them in various projects, Nirmana will focus on raising investments on a project-to-project basis. The founders are confident that the model will work even as fears of a possible slowdown loom large over PE deals. "This is better than PEs that has the funds but is unable to deploy it effectively. We are banking on participation from the domestic investors," Sahasranamam said. Of the proposed \$30 million, the first round will be raised in the next quarter, while the second round will happen in another 12 months.

Source: The Economic Times

Real estate activity gains pace in Kannur

The real estate boom sweeping across the state has reached the northern most urban centre, Kannur. The small town is the scene of hectic real estate activity with nearly 25-30 projects in various stages of completion. Though a major portion of the demand is coming from non-resident Keralites, local demand is also increasing.

Kannur is the centre of the textile industry in the state. A strong base of exporters and traders make Kannur a happening place. Local traditional industries, tourism etc are the other main economic activities in the region. Till now, the Kozhikode airport was the nearest airport to Kannur. But the Kannur airport project is soon expected to be a reality. The National Institute of Fashion Technology has recently opened a centre in Kannur. NRI investment is also coming into the town in various projects.

It is against this backdrop that the real estate activity is booming in Kannur. Though projects are coming up all over the city, the preferred area is still the beach area. The Payyambalam area is considered to be the most premium area by developers. The rates here have touched Rs'2,300 per square feet for apartments. Soon, it is likely to touch Rs 2,500 per square feet. Typically, 50% of the demand is coming from non-resident Kerala ties, j

Many new builders are also joining the Kannur real estate bandwagon. Oceanus, Asset Homes etc would soon be entering the Kannur market. Though the NRI demand is strong, the local demand from exporters, professionals etc is also growing. Commercial property development is picking up in a small way in Kannur.

Apart from big players, there are several small builders cashing in on the boom in Kannur. Many are relying more on the domestic demand to sell their apartments. With more builders joining the fray, the boom in the real estate sector to Kannur is expected to continue.

Source: The Economic Times