

OVERVIEW - REAL ESTATE DEVELOPMENT

P K Narayanan

CEO, Ganges Advisors
www.gangesadvisors.com

Introduction

Key Features

Markets, Sectors

Players, roles

Taxes, Duties

Operational challenges

Recent / emerging trends

Road ahead

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Key features – Real estate

One of the oldest industries

2nd largest employer

RE required - to do anything and everything

Influences fortune of 269 associated / dependant industries

Yet to get 'Industry' status

Highly Promoter driven

Highly capital and manpower intensive

Key features – Real estate

Long gestation, painful approval processes

One of the most litigated

Local, fragmented, unorganised

High transaction costs, lack of transparency

Mired with legislations, regulations, taxes

Lack of organised financing

Prone to regular and visible cycles

Market

7.8% of National GDP - ~ USD 90 b

Grows @1.8 to 2.0 times the GDP growth rate

75 to 80 % of RED is Residential

C&W report Sept 09: 2009-13

Residential	:	7.5m units
Commercial	:	196m sft
Retail	:	43m sft

Will never go out of fashion

Sectors

Residential

Commercial

Retail

Hospitality, Leisure & entertainment

Healthcare

Institutional

Industrial, logistics

Infrastructure

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Players, roles

Promoters, Developers

Landowners

Financiers, FIs, Banks

Project Managers, Designers, Contractors, Suppliers

Customers, Clients

Tenants, Users

Transaction advisors

Property managers

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Taxes , Duties

VAT, WCT, other local levies

Service Tax

Excise Duty

Construction Labour Cess

Authority Fees, approval Cess

Stamp Duty

Registration charge

Property Tax

Capital Gains Tax

Income Tax

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Operational challenges

Cost management – Industry maturity

Vendor performance

Tax management

Safety

Project financing, cost of funding

Financing for LIG housing

Approvals, sanctions, clearances

Recent / emerging trends

Large developments, SEZs

FDI, Investor interest

Tier II, Tier III gaining prominence

Improving levels of transparency, professionalism

Informed Customers

Innovative financing options

Cyclical downturn coupled with Global economic slowdown

Recent / emerging trends

Infrastructure challenges

Transaction costs still high, taxes unclear

REIT in the anvil - for far too long..

Re-focus on Geographies

New industry Buzz words, perceived shift in focus

Polarization - 'value for money' and 'aspirational'

Proposed Regulatory Bill, Regulatory body for RE Industry

Road ahead

Residential shortfall 24 m units, increasing urbanisation

Huge Infrastructure requirements – roads, power, water, ports, airports

Would remain a sunrise Industry

Retail investor participation in Real Estate

Move - from 'speculative' to 'maturity'

Move - towards standard and predictable returns

Compliance with bye laws, regulations

Going Green



Thank You

Ganges Advisors

#339, 8th Cross, Wilson Garden, Bangalore 560 027

www.gangesadvisors.com

pk.narayanan@gangesadvisors.com

Hand Phone: +91 98453 90141