

MUMBAI AND NEW DELHI RATED AS PROMISING MARKETS

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The Mumbai and New Delhi realty markets hold a significant level of promise for potential investors, says a research study, 'Wealth Report 2010'. The report focuses on three major surveys conducted on the 'Prime International Residential Index (PIRI)', 'World's Most Influential Cities' survey and a unique survey on the 'HNWI Attitudes to Property and Wealth'.

Knight Frank's Prime International Residential Index (PIRI) indicates that the price growth in Mumbai has increased by 11 per cent. However, the proportion of mortgage debt to GDP is still around six to eight per cent in India. The report also brought out that the Asia Pacific Region is one of the most popular markets for investment, with economies like China, India having gained momentum for prime property markets. The findings forecast that the prime property price in India will change by 12 to 15 per cent.

Although there are growing prime markets in every Indian city, south Mumbai and south New Delhi are still far ahead in terms of prices, with Bangalore, Chennai and Hyderabad being the nearest challengers, says Anand Narayanan, head of residential sales for Knight Frank India.

After falling by 20 per cent to 25 per cent in 2008, prices at the top-end of the Delhi and Mumbai markets are expected to return to peak levels this year, as people take advantage of easy access to credit, says Narayanan. Developers are responding with a slew of new projects that could lead to an oversupply in Mumbai. "At the moment, there is only one 60-storey building in the city, but there are plans for 10 more," he points out. When the market witnesses a boom, developers rush to supply to the more profitable top-end of the market, although the biggest story is really the huge demand for affordable housing from middle-income families, says Pranab Datta, head of Knight Frank India. "We estimate that two million houses are needed by 2011, which gives a potential market of USD 66 billion."

In terms of luxury holiday homes, Goa was traditionally the favoured destination, but many rich Mumbai residents are now buying seaside properties in Alibaug, where five-acre properties can cost up to USD eight million to USD 10 million, says Narayanan.

Aamir Rahim, Asia Pacific CEO of Citi Private Bank, comments, "The impact of the financial crash has not been as hard on the typical ultra-high-net worth buyer of prime property. This means that many wealthy owners of property are again looking for investments."

MUMBAI - RESIDENTIAL RENTALS AND CAPITAL VALUES APRIL 2010		
LOCATION	RENTALS (PER MONTH)	CAPITAL VALUES (PER SQ FT)
Worli	INR 1,30,000 - 2,20,000	INR 41,500 - 52,000
Prabhadevi	INR 1,30,000 - 1,90,000	INR 28,200 - 35,700
Lower Parel	INR 1,00,000 - 1,50,000	INR 22,500 - 37,000
Bandra and Khar	INR 1,25,000 - 2,35,000	INR 22,000 - 36,500
Powai	INR 85,000 - 1,00,000	INR 11,200 - 18,100

● Rents and capital values are an approximate
 ● Estimates are for two-BHK, premium buildings
 ● These are applicable to average premium buildings

● Source: CB Richard Ellis