

The logo for 99 acres, featuring the text "99 acres" in a bold, blue, sans-serif font. The background of the entire page is a low-angle photograph of several modern skyscrapers with glass facades, reaching towards a bright, hazy sky. The buildings are arranged in a way that creates a sense of depth and height.

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# INSITE REPORT

## Kolkata

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October - December 2016

[www.99acres.com](http://www.99acres.com)



## Methodology

The Insite Report by 99acres.com captures the quarterly capital trends and the annual rental analysis of residential apartments in key real estate markets – Delhi NCR, Mumbai Metropolitan Region (MMR), Bangalore, Pune, Chennai, Hyderabad, Kolkata and Ahmedabad. In order to assess the prevailing sentiment, the report delves deep into demand and supply of properties across varied budget segments and occupancy stages. While demand is a function of queries received, supply is based on property listings posted on 99acres.com in Oct-Dec 2016.



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# FROM NARASIMHA'S DESK...

*Counter-inflation initiatives such as tax sops and reduced home loan interest rates would accentuate home ownership appetite*

The Indian real estate market has been struggling with snowballing inventory and demand-supply disequilibrium for 3-4 years now. Just when the industry was heading towards a revival around the festive season, demonetisation deferred growth prospects. Consequential impact in the form of market anxiety, liquidity deficit and pressure on property rates may prolong recovery.

The year 2017, however, is anticipated to be a landmark period for real estate due to the implementation of several reformatory announcements such as RERA, Benami Transactions Act and GST Bill. These radical steps clubbed with counter-inflation initiatives such as tax sops and reduced home loan interest rates would accentuate home ownership appetite and help the market recoup.

Southern metros such as Hyderabad, Chennai and Bangalore are projected to see brighter days due to their



end-user driven markets and massive budget allocations for infrastructure upgrades. Delhi NCR and Mumbai, however, could take longer owing to an inventory overhang and inflated property prices. Nevertheless, changing economic scenario and consumer-friendly policies would pave the way to a transparent and organised industry in the forthcoming quarters.

**Narasimha Jayakumar**  
Chief Business Officer  
99acres.com

## Pan India Trends



### HOME BUYING SENTIMENT

Apprehensions pertaining to several revolutionary policy reforms such as RERA, Land Acquisition Bill, GST Bill, *Benami* Transactions Act and demonetisation kept buyers in a state of dilemma. Fence-sitters continued to remain wary of investing and waited for price correction and market certainty.



### PROPERTY PRICES

Limited number of new launches due to an inventory overhang kept property prices under pressure. The cautious stance of homebuyers restrained capital appreciation across cities. The currency pullback move led the average 'ask' prices to either stagnate or dip in Oct-Dec 2016.



### RENTAL LANDSCAPE

The rental market across the top metros continued to remain buoyant as steady demand for properties kept vacancy levels in check. The prevailing market uncertainty due to multiple policy reforms compelled potential buyers to hold on to rented accommodations, augmenting demand and price points.



### SUPPLY

Piling unsold inventory led developers across the country to shift their focus towards offloading existing housing stock. Homebuyers, too, preferred ready homes over under-construction units. With the formalisation of RERA rules, new launches are expected to remain subdued in 2017.

## Market Indicators

	Capital Values	Rental Values	Supply
BANGALORE	↔	▲	▼
DELHI NCR	▼	▲	▼
MUMBAI	↔	▲	▼
CHENNAI	↔	▲	▼
PUNE	▼	▲	▼
HYDERABAD	↔	▲	▼
KOLKATA	↔	▲	▼
AHMEDABAD	▲	▲	▼

\* Capital values represent quarterly change \* Rental values represent yearly change \* Supply is basis properties listed on 99acres.com



## Market Movers

### ***Metro playing the role of an enabler***

The fast tracking of metro network will streamline connectivity grid across the city and benefit key micro-markets such as Joka, New Garia, Dum Dum and Noapara.

### ***New tax regime applicable in Kolkata from April 2017***

The passage of the Kolkata Municipal Corporation (Amendment) Act, 2016 has paved way for a new tax regime in the city. The new Unit Area Assessment (UAA) method will become applicable from April 2017.

### ***New Town Development Bill to ease property tax payments***

New Town Kolkata Development Authority (Amendment) Bill is expected to usher in a new uniform property tax system that will ensure smooth maintenance of civic amenities in Rajarhat, limiting varied methods of property evaluation in the region.

### ***WBRERA to take steps against illegal constructions***

The State government has planned to act under the Centre's Real Estate Regulation Act, 2016 (RERA) and set up the West Bengal Real Estate Regulatory Authority (WBRERA). All realtors will be made to enrol under this authority and reveal all-inclusive details of their projects.

### ***Dilapidated homes get a new lease of life***

Kolkata civic body has taken over the responsibility of repairing dilapidated buildings in the city. It plans to offer an incentive of 100 percent floor aspect ratio (FAR), if the owner agrees.

## Demonetisation Strikes Kolkata



### **PRIMARY MARKET**

The festive season had stimulated a positive movement in Kolkata's residential market. However, post demonetisation, buyer sentiment took a major hit with consumers stalling their purchase decisions despite a slew of incentives offered by the developer fraternity. Both segments, ready-to-move and under-construction, are anticipated to bear a similar brunt of the move as enquiries and transactions have halted temporarily. Property transactions have dipped by almost 30-35 percent.



### **RESALE**

In the short-term, the secondary property segment is expected to stay restrained until the market returns to the new normal. Since the cash component in resale is typically 30-40 percent of the total cost of ownership, this segment will take longer to get back on track. Reportedly, there has been a 10-15 percent dip in transactions within a month of demonetisation announcement.



### **LAND**

The residential land segment in Kolkata withstood the impact of demonetisation recording no shift in consumer sentiment or dip in sales volume unlike other metro cities.

The transactions for residential land are restricted to low budget ranges within Rs 10-15 lakh, therefore, having a limited repercussion of the radical move.



### **Rental**

Unlike other metros, Kolkata does not witness a regular influx of migrant population due to inadequate IT and service related jobs. Therefore, the rental landscape remained low-key even in preferred pockets such as Salt Lake and EM Bypass. Post demonetisation, new lease transactions have been limited and the only visible impact was the renewal of existing lease agreements as tenants who wanted to buy withheld their purchase decisions.

# Kolkata at a Glance

## Price movement in key micro-markets

Locality	Average 'Ask' Rate (Per sq ft)	QoQ Change	YoY Change
Baguihati	2,500 - 3,200	2%	2%
Behala	3,200 - 3,900	0%	1%
Dum Dum	2550 - 4,208	3%	3%
Garia	3,250 - 4,000	-1%	5%
Jadavpur	4,038 - 5,100	-4%	-5%
Kasba	4,450 - 5,750	-1%	2%
Kestopur	2,850 - 3,300	1%	1%
New Town	4,470 - 5,300	0%	1%
Rajarhat	3,300 - 4,200	1%	9%
Tollygunge	3,700 - 4,950	-2%	4%

\* Average 'ask' rates have been calculated as per listings posted on 99acres.com in the current quarter

## 99ACRES OUTLOOK

Kolkata's property market is likely to witness an upsurge in sales volume, particularly in the mid-income housing category (Rs 40-60 lakh) in 2017. The premium segment, however, might remain under pressure despite a price correction due to its dependence on unaccounted cash transactions, which have taken a hit post the demonetisation move. The inventory backlog, thus, would remain a worry for the developer community in Kolkata. Limited possibilities

of a commercial uptake are expected to hurt the housing demand for luxury inventory in the forthcoming quarters.

The primary gainers in the capital market would be localities closer to IT companies such as Alipore, Ballygunge, EM Bypass and Gariahat. The rental market is anticipated to thrive on the back of an expanding Metro network.

## KOLKATA

The last quarter of 2016 began on a positive note for Kolkata with slight abridgement of the demand-supply gap. However, as demonetisation hit the market early November, ongoing transactions went on hold, reducing volumes to half. The receding IT presence in Kolkata has further withdrawn the already waning end-user demand. The city is, thus, expected to witness a meek off-take of existing residential inventory in the forthcoming quarters.

## Key Highlights

- South Kolkata continued being the hot favourite among both buyers and developers, recording the maximum hike in average property prices over the last two quarters.
- Gariahat outperformed other localities in Kolkata with the capital graph climbing up by six percent, QoQ. The presence of reputed developers offering fresh inventory has led properties in the housing pocket to command a premium price tag of around Rs 9,500 per sq ft.
- Kaikhali followed suit, with a four percent increment in average weighted values, QoQ. Basking in the glory of price-competitive housing units, proximity to local shopping marts, accessibility to VIP Road and the airport, the locality is popular among end-users.
- The luxury and resale segments in Kolkata are anticipated to experience a realty slump post demonetisation as the annual value of cash

transactions in these markets is pegged at Rs 250-300 crore. Despite this, premium housing destination, Alipore, emerged as the hot favourite among Kolkata's high-income buyers, who were quick to clinch deals with reputed groups such as Tata Housing, Godrej Properties and Rajshree Developers. The locality earned a four percent capital appreciation, QoQ.

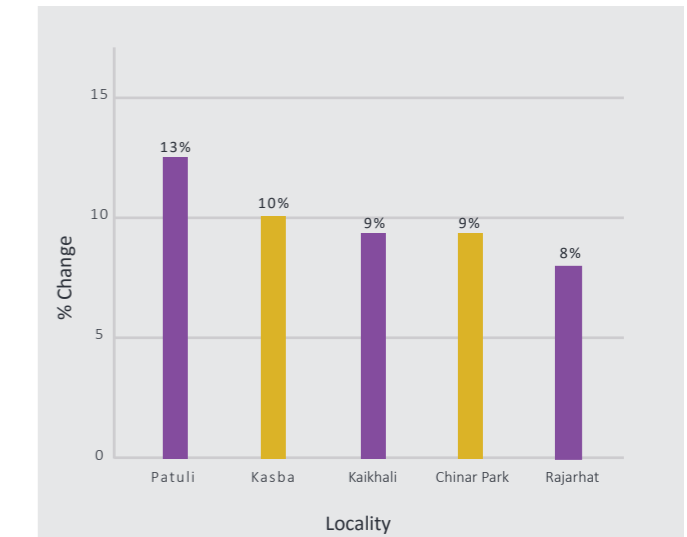
- The rental landscape reiterated the preference for pocket-friendly options. With average monthly rents for a 2BHK apartment ranging between Rs 10,000 and Rs 20,000, Patuli and Kasba led the growth chart in Kolkata, with 13 and 10 percent respective hikes in rental 'asks', YoY.
- Kaikhali and Chinar Park capitalised on their proximity to Salt Lake Sector 5, the popular IT hub and scored a healthy rental appreciation over the last one year. The housing pockets offer residential properties at 'asks' averaging Rs 12 per sq ft per month, primarily attracting the IT professionals working in the vicinity.

## Top Performers - Capital Market



\* %change represents quarterly capital movement

## Top Performers - Rental Market



\* %change represents yearly rental movement

### DEMAND-SUPPLY ANALYSIS

The weak housing sentiment in Kolkata post demonetisation was emulated by a worsening demand-supply equation in Oct-Dec 2016 across all budget groups. While preference for affordable housing inched up by two percent, the same fell in the high-income housing segment by four percent over the last two quarters. Limited availability of affordable and mid-income housing units displayed developers' disinterest in launching lower ticket size projects.

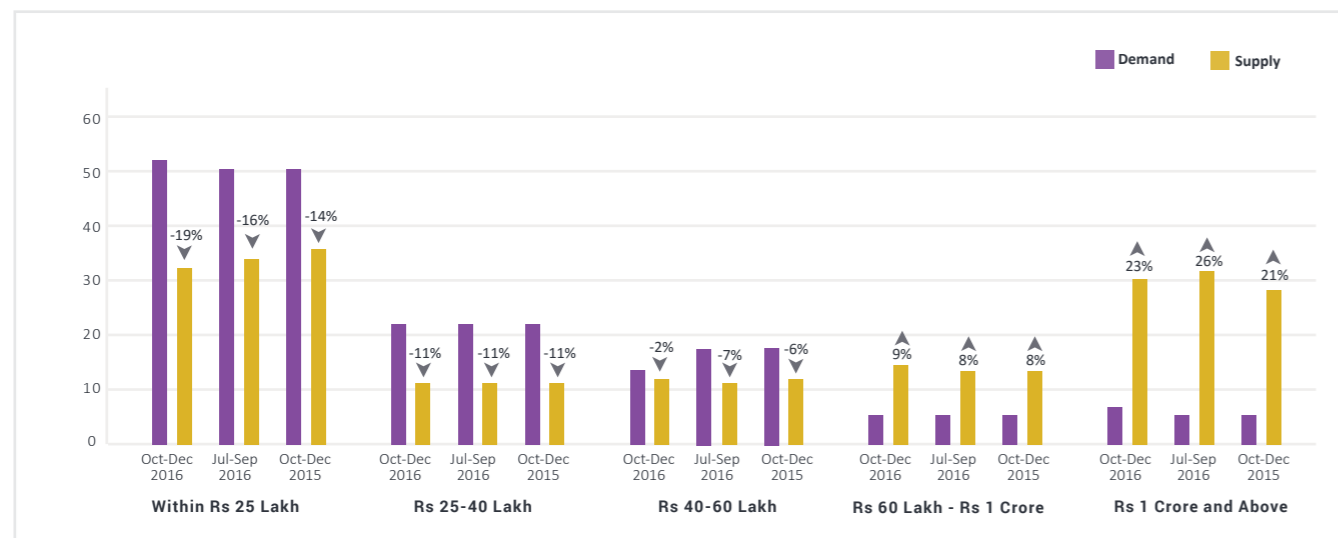
#### Key Trends

- Kolkata's realty landscape has been marred by lack of job opportunities, snail-paced infrastructure growth and fewer project launches. This has translated into a lopsided demand-supply equation across various budget categories. The most popular bracket – affordable segment – witnessed a widening gap between preference and availability, with supply falling short of demand by a mammoth 19 percent in the current quarter.
- The mid-income housing category, too, witnessed popularity for residential apartments overtaking availability by 11 percent, while high-income housing segment saw the demand-supply gap abridge by five percent, QoQ.
- Demand-supply equation depicted another paradox wrt luxury and ultra-luxury segments, where in supply exceeded demand by a considerable margin. The segment's deflated popularity was evident from sluggish absorption of such units in the city.
- Supply of under-construction units fell by four percent, whereas, availability of ready-to-occupy units grew by the same margin in Oct-Dec 2016. The change boded well for the enhanced preference for ready homes across city.

Distribution of Residential Apartments



Graph depicts the availability of residential apartments wrt other property types, QoQ, along with the distribution of under-construction and ready stock



Graph depicts the fluctuation in supply wrt demand for residential apartments in various budget categories

## Annexure

### CAPITAL VALUES- APARTMENTS

Locality	Oct-Dec 2016	% Change
Action Area I	5100	2
Alipore	13000	4
B T Road	4285	3
Ballygunge	11617	0
Bangur	4775	4
Bansdroni	3650	1
Barasat	2300	-3
Belgharia	3100	-5
Beliaghata	6500	3
Chinar Park	4300	1
Garfa	4483	-1
Gariahat	9500	6
Jessore Road	4200	2
Jodhpur Park	7900	3
Joka	3100	3
Kaikhali	3850	4
Lake Town	5150	0
Madhyamgram	2767	-3
Narendrapur	3550	1
New Alipore	6875	-2
New Garia	3525	-2
Park Circus	6250	-7
Prince Anwar Shah Rd.	10400	-4
Prince Anwar Shah Road Connector	4930	-1
Sakher Bazar	3650	-2
Salt Lake	5783	3
Sodepur	3033	-4
Sonarpur	3067	-1
Southern Avenue	10950	3
Tagore Park	4425	-4
Teghoria	3880	1
Thakurpukur	3100	-1
Ultadanga	7650	2
Uttarpara	2960	-1
VIP Road	4400	0

### RENTAL VALUES - APARTMENTS

Locality	Oct-Dec 2016	% Change
Action Area I	15	4
Baguihati	11	-5
Ballygunge	28	8
Bansdroni	13	-7
Behala	12	0
Chinar Park	12	9
Dum Dum	12	5
E M Bypass Extension	19	-10
Garia	14	4
Gariahat	26	-7
Jadavpur	17	6
Jodhpur Park	22	8
Kaikhali	12	9
Kalikapur	13	-4
Kasba	17	10
Kestopur	11	0
Lake Gardens	17	6
Madhyamgram	10	6
Naktala	13	0
Narendrapur	12	0
New Alipore	22	2
New Town	15	7
Patuli	14	13
Prince Anwar Shah Rd.	27	8
Rajarhat	13	8
Salt Lake	17	3
Santoshpur	12	0
Southern Avenue	27	-4
Tollygunge	18	0
VIP Road	13	-7

\*All prices are per sq ft rates \*Capital change depicts quarterly alterations in average 'asks' \*Rental change depicts yearly alterations in average 'asks'

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