

LUXURY

RIDES HIGH

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AFFORDABLE housing is and will remain the catchword of the Indian realty sector, but it is not the only segment that is generating demand at present. The luxury segment, too, has seen an upswing in the wake of the revival of the sector. If one goes by the number of projects that have been launched in this segment over the past few months, it becomes amply clear that the luxury segment is brimming with possibilities.

Luxury housing emerged as an attractive segment in 2006-2007 as dozens of projects aimed at India's affluent were launched. The global economic downturn, however, arrested the trend to

some extent in 2008 and 2009, and the focus shifted to affordable housing. But with the Indian GDP expected to clock 7-8 per cent growth in 2010-11, and probable double digit growth starting 2012, India seems to be ready for the next wave of wealth creation, especially in Tier I cities. The developer community senses this and has launched more luxury projects in the recent past", says Abhishek Karan Gupta, head of research and real estate intelligence service, Jones Lang LaSalle Meghraj.

Reasons for revival

A stronger economy, greater integration with global lifestyle and increasing disposable income have created a robust demand for high-

end luxury housing. The evolved Indian consumer has moved up the value chain and is looking to embrace luxury homes that now come with a host of sophisticated amenities such as private swimming pools, jogging tracks, health clubs and manicured greens. According to a report by RNCOS, a New Delhi-based market research company, the luxury sector is expected to grow from \$4.3 billion last year to \$13 billion by 2013.

This was one segment that withstood the effects of the slowdown also. As per the figures provided by JLLM, in the Delhi-NCR region as many as 6,819 units were sold in 2007. The economic slowdown had minimal effect on this figure as it rose to 9,128 in 2008 and 13,451 units in 2009. "The luxury segment never went into a slump", says Aditya Bansal, MD, ABW Group, that is coming up with the La Lagune project in Gurgaon. According to him, the buyers

had just deferred their decision to park funds in high-end real estate property during recession, and now as the economy had enhanced the buyer confidence, they were investing in luxury residential units. This is the reason that has made developers launch projects to meet the demand in this segment.

Increased demand

Commenting on the increasing demand in this segment, Rohtas Goel,

CMD of Omaxe Group, says, "The real estate is again gearing for luxury projects as the consumers from within the country and abroad are regaining confidence to invest in swank projects. Firstly, the economy is witnessing a rise in disposable income and there is a subsequent increase in the population of people entering the millionaire club. Secondly, the aspiration of this class is driven out of their experience of world-class amenities that they would like to

have in their dream home". The group is coming up with the Omaxe Royal Residency in Ludhiana, a luxury project on 36 acres that will house palatial air-conditioned luxury apartments and penthouses in the price bracket of Rs 1 to Rs 1.9 crore.

Price threshold

As far as price is concerned in this segment, it varies according to the location and amenities provided. According to Awaish Akhter, D.C.M., Sales & Marketing, Eros Group, "usually property developers tend to label a project upwards of Rs 80 lakh as a luxury project, whereas it can only be loosely defined as such. Real luxury would mean a swank home in a premium zone in the heart of a metro – like Worli or Napean Sea Road in Mumbai or Lodhi Road or Golf Links in Delhi". In fact,

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BEATING RECESSION

Year	Region	Market size
2007	NCR	Rs 4,571 cr
	India overall	Rs 18,531 cr
2008	NCR	Rs 6,106 cr
	India overall	Rs 23,508 cr
2009	NCR	Rs 8,555 cr

(Only projects above Rs 2.5 cr in Mumbai and Rs 50 lakh in other cities are included)

Source JLLM

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