



Appa Junction, Hyderabad

Transformation from an oblivious locality to a remarkable residential destination

Micro Market Overview Report

April 2018

About Micro Market



Hussain Sagar

Connectivity



L&T Metro

Strategically located in south zone of Hyderabad, Appa Junction lies on the Outer Ring Road (ORR) and in close proximity to prominent IT-ITeS hubs of Gachibowli and HITEC city. Other prominent localities in the vicinity include Kokapet, Bandlaguda, Attapur, Kismatpur and Rajendra Nagar. Over the years, Appa Junction has metamorphosed from an oblivious locality to one of the prominent residential hotspots. Seamless connectivity via ORR, easy accessibility to the IT hub in the western region, ample green spaces and availability of large land parcels for new developments gives an added advantage to this micro market. It is well connected to the two IT hubs of the city including Gachibowli and Mehdiapatnam via the ORR - ISB road and Shankarpalli – Chevella road, respectively. Thus, Appa Junction enjoys easy access to three zones namely central, south and the most important western part of the city.

In addition to excellent physical infrastructure, Appa Junction also boasts of good social infrastructure facilities. Major shopping and entertainment options located close to this micro market include Himayat Sagar Lake, Golconda Fort, Mrugavani resorts, Chilukuri Balaji temple, Mantra Mall, numerous retail shops, hospitals and educational institutes.

Also, HMDA's Golden Mile project - a special development zone - is less than 15 minutes' drive from Appa Junction. This is a 630 acre land out of which 70 acres was successfully auctioned by the erstwhile HUDA (pre-state bifurcation development authority). Post several changes, HMDA got major relief in the Golden Mile land litigation case when the Supreme Court gave a verdict in its favour. Currently, HMDA is free to auction and develop this land.

Appa Junction has fabulous connectivity via ORR and also via Chevella road leading to Mehdiapatnam.

Air



- Appa Junction has excellent connectivity to Rajiv Gandhi International airport (< 20 minutes drive) through ORR.

Road



- Appa Junction connects the west zone to south and central zones of Hyderabad via ORR and other connecting roads.

Major Growth Drivers



Cyber Tower

- ▶ Proximity to ORR enhances this micro market's connectivity to major IT-ITeS hubs.
- ▶ Golden Mile project, marketed as an exclusive development zone by the erstwhile HUDA, is a key growth driver of this micro market.
- ▶ It is approximately 15-minutes drive from Wipro circle, where all major IT-ITeS companies are located.
- ▶ Appa Junction is considered as a calm and serene locality with relatively no traffic congestion and noise pollution. This imparts a premium feel and the locality is best suited for good residential developments.
- ▶ It is close to Attapur which is home to numerous shopping options with stores such as Ratnadeep, More, Asian M Cube mall and Mantra mall, to name a few.
- ▶ With the aim to decongest West Hyderabad, the State Government has identified a 350 acre land near Budwel, where large IT developments have been planned. This location is a mere 15-minute drive from the Appa Junction.

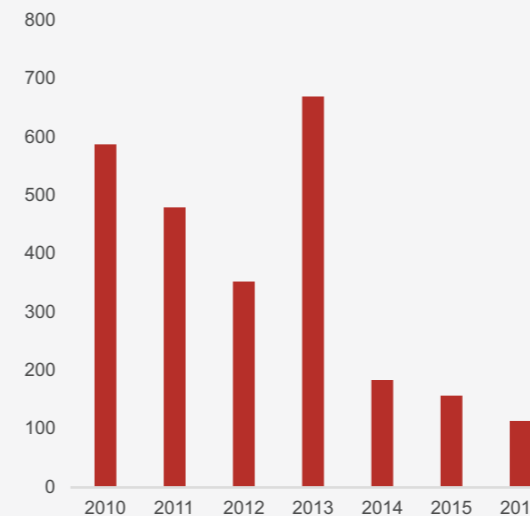


Residential Market Assessment



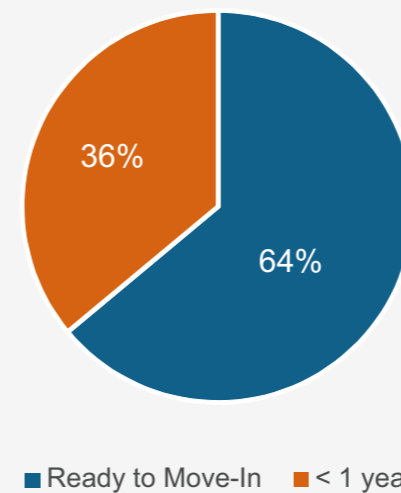
Ilabs Centre

New Launch Supply



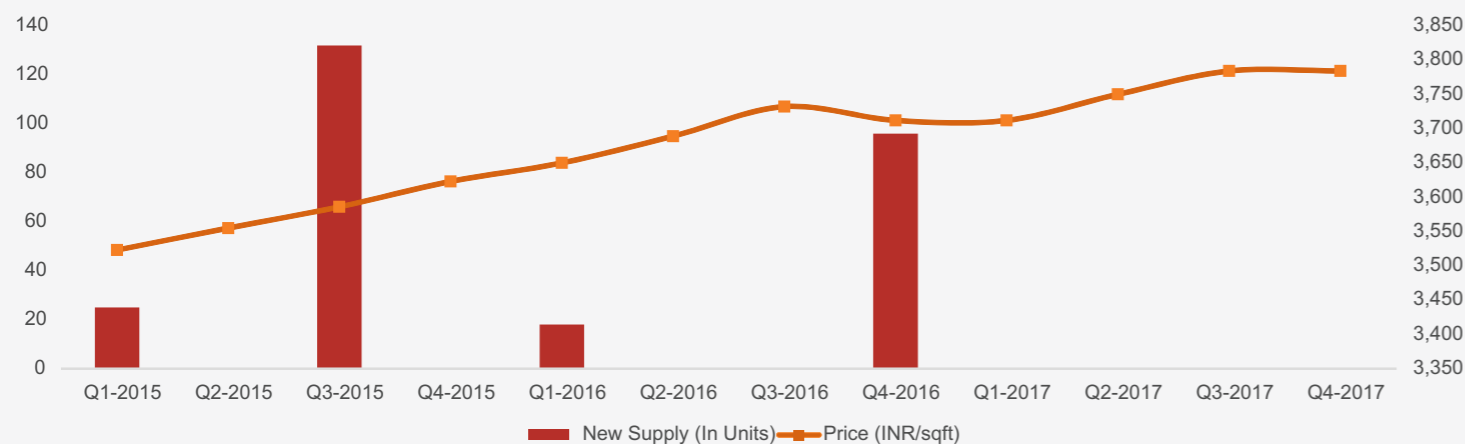
- Over the last eight years, Appa Junction has seen supply of nearly 2,500 units. About 82% of the overall supply (approx. 2,100 units) was added during 2010-13.
- Post 2014, Appa Junction experienced a supply slowdown primarily due to the political uncertainty prevalent in the state. Subsequently, DeMo, RERA and GST also impacted the overall supply not just in this micro market but in other areas as well. Developers were essentially shying away from launching new projects over the past few years and instead focusing on completing the previously launched ones.
- The unsold inventory in Appa Junction is around 900 units as of Q4 2017, of which nearly 700 are still in the under construction stages.
- Interestingly, all the new launches in 2015 catered to the affordable segment but in 2016 the trend changed and maximum launches (nearly 85%) were seen in the ultra-luxury segment (>1.5 Cr).

Age of Inventory (Launches between 2010 to 2017)



- About 64% (around 1,600 units) of the total supply since 2010, are ready-to-move-in which indicates that Appa Junction has a good execution track record.
- Around 36% units (~900) of the total supply since 2010, will take just less than a year to complete. This will lead to an infusion of additional ready stock in the micro market.

Micro Market Price Movement wrt Supply



- The property prices in Appa Junction have registered an appreciation of less than 4% during the past few years (2015-17), with average price as of Q4 2017 being INR 3,800/sqft.
- In Q4 2017, the micro market's prices appreciated marginally, despite the impact of DeMo, RERA and GST.

Outlook

Recent infrastructure developments such as ORR and service roads' extension to Nanakramguda have transformed the realty market in Appa Junction. The micro market has become a preferred residential locality by professionals working in nearby IT-ITeS hubs. This micro market's importance has significantly grown due to its proximity to the financial district in Gachibowli, Wipro circle, good connectivity to ORR and a healthy social infrastructure. Moreover, due to high demand from IT professionals, the rental market is also growing rapidly. With capital values hovering around INR 3,800 per sq. ft., this micro market is likely to yield good return on investments in the near future. In addition to its proximity to major office spaces, future IT-ITeS clusters and Fab city, Appa Junction also enjoys easy accessibility to the Golden Mile project and the international airport. Also, availability of developable land for new gated communities makes Appa Junction a key residential destination of Hyderabad.

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