

**ANAROCK<sup>®</sup>**  
VALUES OVER VALUE

# Kolkata

*The East's Icon of Balanced Growth  
Preparing for the Big Leap*

in association with



November 2018



## Foreword



Anuj Puri  
Chairman

ANAROCK Property Consultants

India's future is vested in the growth of trade, commerce, infrastructure and industrial production. While it has already joined the club of trillion-dollar economies of the world but for further rapid progress, there is a dire need for major metro cities to transform into key trade and service-delivery hubs.

Kolkata – a major metro city of India - is looking to leverage its strategic location advantage and emerge as a key distribution centre for the South East Asian countries. This transformation is only possible with rapid infrastructure development, strengthening the existing multi-modal transportation network and focusing on skill development.

West Bengal as a whole can surely emerge as a distribution hub of the country with mega infrastructure projects such as Dedicated Freight Corridor (DFC), Sagarmala project and Inland waterways seeing the light of the day. Overall, the state seems to be doing good - exports have improved by 10.5% during 2016-17 fiscal as against the previous, debt as a percentage of GSDP has come down from 40.65% during 2010-11 to 33.72% during 2016-17 and West Bengal has received the distinction of being the top state in Business Reform Action Plan (BRAP) with 99.73% in implementation scorecard.



The state has also undergone a strong transformation in the IT-ITeS sector with the presence of 12 established IT parks and 13 more to come. However, West Bengal is struggling with few growth inhibitors such as the slow-paced progress of key infrastructure projects, unavailability of skilled labour and relatively slower growth in IT-ITeS exports.

West Bengal's real estate since 2015, witnessed a marginal appreciation in its capital values, however, the market is expected to be back on a growth trajectory with controlled supply, steadily growing absorption and with some significant reforms from the State Government.

This report covers the current & upcoming infrastructure scenario, Real Estate dynamics, IT & Electronics developments which are expected to propel housing demand. It also includes the State Government's action plan to exterminate the roadblocks in order to rev up the growth engine.

Mr. Nandu Belani  
President

CREDAI Bengal

The Real Estate sector has seen expansive policy changes like never before in the last two years and CREDAI Bengal has been no exception to this reality of Indian realty. But as a community we have demonstrated a strong resolve to cope and adapt. The implementation of RERA and the subsequent setting up of the real estate regulator WEST BENGAL HOUSING INDUSTRY REGULATORY AUTHORITY (WBHIRA), have made us commit to paving the way for the growth of consumer confidence, self-policing, adopting best practices and laying a strong foundation for the future.

West Bengal Real Estate's growth potential and capabilities alongwith its indices of growth have been essayed comprehensively in this Report by Anarock which we are happy to unveil on the occasion of the 1st Edition of STATECON 2018. It merits mention that we have helmed CREDAI Bengal Statecon 2018 to bring together all our City Chapters together on one platform, consolidate diverse views of metropolitan, Tier I & Tier II segments and decode some very pertinent questions surrounding real estate in this era of sustained sectoral disruptions.



With our state Government prioritising infrastructure projects by creating provisions for better and sustainable infrastructure, the real estate sector in West Bengal is confident of its vision to become the engine of the economy. West Bengal has also witnessed a strong transformation of its IT-ITeS sector, with 12 established IT parks and 13 more to come. Despite initial hiccups and certain inherent growth-inhibitors, the state has now seen a mature resurgence in its work-culture, investment ambience and an uptick in its perception quotient. This report highlights the positives as well as some lacunae in West Bengal and presents a balanced view as a basis for further change.

We are happy to unveil this comprehensive Report by Anarock at CREDAI Bengal Statecon 2018 which decisively captures the mood of the West Bengal real estate sector and brings key issues to the fore with hard facts and numbers. I hope it will help set the tone for the growth of the real estate ecosystem in 2018.

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# 1. West Bengal: Economy & Infrastructure Overview

West Bengal, due to its strategic location, serves as the gateway of the east. The state shares the country's international boundaries with Bangladesh, Bhutan and Nepal. West Bengal possesses bountiful of natural resources and favourable agro-climatic conditions due to which agriculture, horticulture and pisciculture flourish in the state.

West Bengal is connected to the rest of the country via a grid of roads, railways and airways. The state has one international and two domestic airports, two ports at Kolkata and Haldia and a road network of over 90,000 km. The state's road density of 1.04 km per sq.km. is better than the national average of 0.75 km per sq.km. It is also an important node of the golden quadrilateral project which forms the backbone of commercial and trade activities.



State Capital

**Kolkata**



Districts

**23**



Area

**88,752**  
**km<sup>2</sup>**



Literacy Rate

**76.3%**



Decadal  
Population Growth

**13.8%**



Population

**9.1 crore**



Howrah Station



- - - - - International Boundary
- - - - - State Boundary
- - - - - District Boundary
- District Headquarter
- State Headquarter
- Major Towns



**West Bengal  
Road Map**

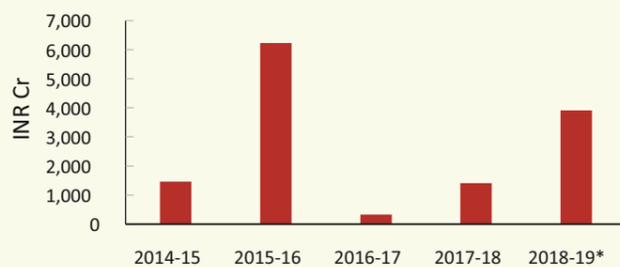
Not to scale, for reference only.

## Economy:

- West Bengal is India's 6th largest economy with a Gross State Domestic Product (GSDP) of ₹10.56 Lakh Cr<sup>1</sup> as of 2017-18<sup>2</sup>.
- West Bengal's GSDP grew by 11.5<sup>3</sup>% in 2017-18 from 2016-17, primarily driven by the services and agriculture accounting for 56% and 19%, respectively.
- Services is the fastest growing sector which grew at a rate of 15.6% during 2017-18, compared to 10.6% and 6.4% in the previous two years.
- West Bengal is a leading exporter of flowers, potatoes, jute, rice and tea. The total quantum of exports from the state grew to US\$8.25 billion in 2016-17 from US\$7.47 billion during 2015-16. The state government is targeting to achieve a total export of US\$11.5 billion by 2019-20.
- West Bengal is the 9th largest state of India in terms of mineral production, accounting for nearly 16% of India's total.
- The state has been attracting global investments and received over ₹13,000 Cr of FDI between April 2014 to June 2018.



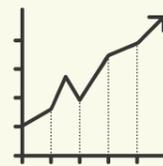
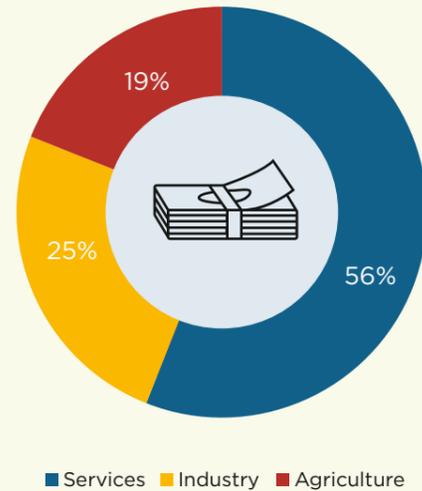
Foreign Direct Investment in INR Cr.



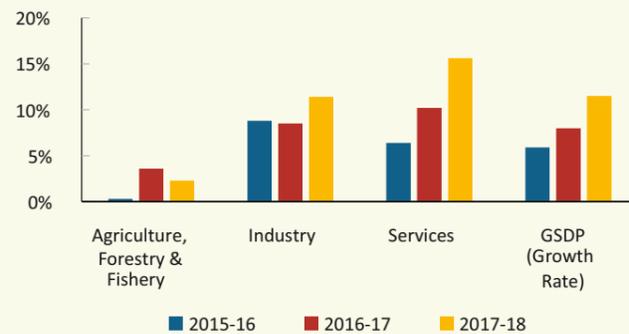
Source: DIPP

Note: \* April to June 2018. FDI figures for the state include Sikkim and Andaman & Nicobar Islands

GSDP Sectoral Share (2017 -18)



Growth in GSDP & Sectors



Source: Economic Review 2017-18

<sup>1</sup> At current prices  
<sup>2</sup> Economic Review 2017-18  
<sup>3</sup> Economic Review 2017-18

## 1.1 Major Physical Infrastructure Projects:

### Eastern Dedicated Freight Corridor



This is one of the major upcoming projects connecting the state to the key business hubs of the country. The Eastern DFC with a route length of 1,856 km consists of two distinct segments: an electrified double-track segment of 1,409 km between Dankuni in West Bengal and Khurja in Uttar Pradesh and an electrified single-track segment of 447 km between Ludhiana - Khurja - Dadri in the state of Punjab, Haryana and Uttar Pradesh. This is projected to cater to a number of traffic streams, comprising coal for the power plants in the northern region of Uttar Pradesh, Delhi, Haryana, Punjab and parts of Rajasthan from the Eastern coal fields, finished steel, food grains, cement, fertilizers, limestone from Rajasthan to steel plants and general goods to the eastern plains.

### Important Road Projects



Other major road projects in the state include the Bhutan border road, which the state government is constructing to fortify the trade infrastructure in the region. The stretch between Fulbari, near Siliguri, on the Bangladesh border to Panitanki on the border of Nepal will be part of the Asian Highway and is in advanced stages of construction.



Vidyasagar Setu

## 1.2 Inland Waterways



The government has approved the INR 5,369 crore Jal Vikas Marg Project (JVMP) for enhanced navigation on the Haldia-Varanasi stretch of National Waterway-1 (NW-1). The 560 km Haldia – Farakka stretch of NW-1 in West Bengal is planned to be developed as part of the multimodal system for cargo traffic from the neighbouring countries of Nepal and Bhutan along with North Bengal and North Eastern states.

## 1.3 Port



Both the ports of the state are among the important ones of the country and have the credit of handling a large volume of traffic every year. During 2017-18, Kolkata Port handled record 50.9 million tonnes of traffic – the highest so far – and registered a growth of 13.6% over the previous year. Haldia Dock Complex handled 40.5 million tonnes in 2017-18 vis-a-vis 34.14 million tonnes in 2016-17 recording the highest growth of 18.6% among major Indian ports. Kolkata Dock System (KDS) handled an all-time high cargo of 17.39 million tonnes in 2017-18 against 16.81 million tons in 2016-17, which is a 3.5% growth.

## 1.4 Greenfield Airport and Aerotropolis



- A greenfield airport at Andal near Durgapur has been developed to cater to the needs of the industrial belt of South Bengal. The region houses several steel plants of Steel Authority of India Limited (SAIL), collieries of the Eastern Coalfields Limited and the Chittaranjan Locomotive Works of Indian Railways.
- The Bengal Aerotropolis company has been developing a township in the vicinity of this airport which will house various real estate developments and an industrial facility for maintenance of the aircraft.
- The region in South Bengal will leverage the synergies from the steel cities, coal mining belts and the commercial hubs.



## 1.5 Industrial parks

The state government has initiated steps to improve the industrial infrastructure by creating new clusters and growth centres focussed on a particular product or service depending upon connectivity of the place, proximity to the market and the manpower availability.

Name	Product/Services	Location	Area in acres
Raghunathpur Steel & Allied Industrial Park	Iron & Steel, Cement and Power	Raghunathpur, Purulia	7,420
Shalboni Industrial Park	Iron & Steel	Shalboni, Pashchim Medinipore	4,500
Panagarh Industrial Park	Engineering and manufacturing	Panagarh, Bardhaman	2,716
Salanpur Industrial Park	Iron & Steel	Salanpur, Bardhaman	2,550
Raniganj Aluminium & Non-ferrous Metals Park	Aluminium Smelter Plant & Power Plant	Raniganj, Bardhaman	1,500
Vidyasagar Industrial Park	Engineering and manufacturing	Kharagpur, Pashchim Medinipore	1,246
Raghunathpur Steel & Allied Industrial Park – I	Iron & Steel, Cement and Power	Raghunathpur, Purulia	684
Raghunathpur Steel & Allied Industrial Park – II	Iron & Steel, Cement and Power	Raghunathpur, Purulia	734
Foundry Park (Phase I and II)	Castings, Forgings and other Foundry items	Sankrail, Howrah	557
Plasto Steel Park (Phase - I & II)	Iron & Steel and Plastic products	Borjora, Bankura	423
Godapiasal Industrial Park	Cement	Godapiasal Pashchim Medinipore	166
Rishi Bankim Industrial Park	Multi product	Naihati, 24 Parganas (N)	163
Rubber Park	Rubber footwear, hoses, tubes, automotive rubber products	Sankrail, Howrah	90
Poly Park	Polymer products	Sankrail, Howrah	60
Kandua Food Park	Food processing	Sankrail, Howrah	52
Food Park (Phase I & II)	Food processing	Sankrail, Howrah	50
Garment Park (Paridhan)	Garments	Kolkata	9
Manikanchan SEZ (Phase I and II)	Gems & Jewellery	Salt Lake, Kolkata	5
Shilpangan (Light Engineering Park) (Phase I and II)	Light Engineering Products.	Salt Lake, Kolkata	2.5
Food Park (Phase III)	Food processing	Sankrail, Howrah	NA
Bengal Aerotropolis Project	Aviation	Durgapur – Asansol, Dist. Burdwan	NA

*The state government's focus and the scale of developments across the state stands testimony to the possible opportunities in West Bengal. The state is also part of several national and international initiatives such as the Eastern Dedicated Freight Corridor, Inland Waterways and the Asian Highway. The industrial infrastructure of the state is also being augmented for a holistic growth and overall development across the regions.*

*Although these are large initiatives spread across the state that can create new growth centres, but they are yet to see light of the day. Hence, as of now, the state's focal point of growth is Kolkata. The service sector is the largest contributor to the state's economy and for its sustenance, the infrastructure and talent pool needs to be readied in the districts and locations other than Kolkata. As a result, in this report the focus is going to be on the state capital to gauge its preparedness for the future.*



Victoria Memorial, Kolkata

## 1.6 New IT & Electronics policy to deliver balanced growth

*New IT & Electronics policy to drive housing demand in other parts of West Bengal*

West Bengal's aim is to spread the reach of IT & IT services across the state. The objective is also to replicate the success of Eastern Kolkata in other parts of the state. Hence, West Bengal has formulated new IT policy to disseminate the IT-ITeS activities across the state so that fringe and rural population can also be benefitted.

*West Bengal has successfully implemented and executed developmental policies to boost the IT sector*

- The state government has started to promote new technology initiatives and developed entrepreneurship.
- To achieve 25% of total India's IT exports, the state is developing a significant number of IT Parks by facilitating readily available infrastructure and establishing centers of Excellence & Innovation.

### West Bengal Government IT Provision to Expenditure Ratio

Year	Provision (INR Cr.)	Expenditure (INR Cr.)	Ratio
2014 -15	126.07	103.37	82%
2015 -16	210.47	182.50	87%
2016 -17	181.60	156.15	86%
2017 -18 (Till Dec)	153.50	69.07	45%

### Significant areas of development by the State Government

- The state is setting up two Electronics Manufacturing Clusters (EMC) at Naihati in 70 acres and Falta in 60 acres.
- One Hardware Park has already been established at Sonarpur in 10.7 acres which is in the Eastern fringe of Kolkata.
- Infosys to set up a large campus in New Town, which is likely to invest INR 100 Cr in the next three years.
- The government has announced creation of Silicon Valley hub in Action Area II Rajarhat spread across 100 acres to house IT companies.
- Reliance Jio, Tata Consultancy Services, Capgemini and FirstSource have responded to the expression of interest to setup their units in the Silicon Valley hub.
- Expenditure under IT parks has reached INR 294 Cr till 2017.

*West Bengal aims for an overall 25% share in IT exports of India by 2030*



Source: Economic Review 2017-18

- West Bengal's IT exports grew at a CAGR of more than 14% since 2010-11.
- IT exports of the state recorded a phenomenal growth of 21% from 2015-16 to 2016-17.
- This exceptional performance of the state's IT sector can be attributed to its change in policies and new initiatives to encourage IT-ITeS.

### IT & ITES scenario in West Bengal

- West Bengal has planned to establish 25 IT parks of which 12 are operational with four IT Parks fully occupied and 13 in under-construction stage.
- The state government's aim is to attain a seat in the top three states in terms of IT-ITeS & ESDM (Electronics Systems Design and Manufacturing) exports and employment.

*IT Parks – A Summary*

Sr. No	IT Park	Land Area (Acre)	Status		
			Complete	To complete in 2018	Construction yet to start
1	Durgapur Phase- I	2.21	✓		
2	Purulia IT Park	0.4	✓		
3	Asansol IT Park	1	✓		
4	Bajora IT Park	1	✓		
5	Rajarhat IT Park	0.5	✓		
6	Siliguri IT Park	3	✓		
7	Kharagpur IT Park	3	✓		
8	Bolpur IT Park	5	✓		
9	Kalyani IT Park	1	✓		
10	Howrah IT Park	1	✓		
11	Haldia IT Park	1	✓		
12	Taratola IT Park	1	✓		
13	Bantala IT Park	1		✓	
14	Krishnanagar IT Park	5.86		✓	
15	Siliguri – Phase III	3		✓	
16	Malda IT Park	0.58		✓	
17	Belur IT Park	1			✓
18	BN 4/1, Sector V	NA			✓
19	Kalyani – Phase II	NA			✓
20	Rajarhat – Phase -II	NA			✓
21	Durgapur – Phase – II	NA			✓
22	Darjeeling IT Park	NA			✓
23	Kalingpong IT Park	NA			✓
24	BN-6 Sector V	NA			✓
25	BN-9 Sector V	NA			✓

- A new IT & Electronics policy was formulated by West Bengal government to bag 25% of the total India's IT exports by 2030, from the current share of less than 5%
- To achieve this, West Bengal has proposed 13 new IT Parks in different parts of the state
- There are 12 IT parks in West Bengal, however Eastern part of Kolkata is concentrated with big IT establishments
- As East Kolkata is saturated with IT developments, State government is spreading the new IT developments into other parts of the State.
- As a part of the above policy other zones of Kolkata are most likely to witness housing demand like Eastern Kolkata



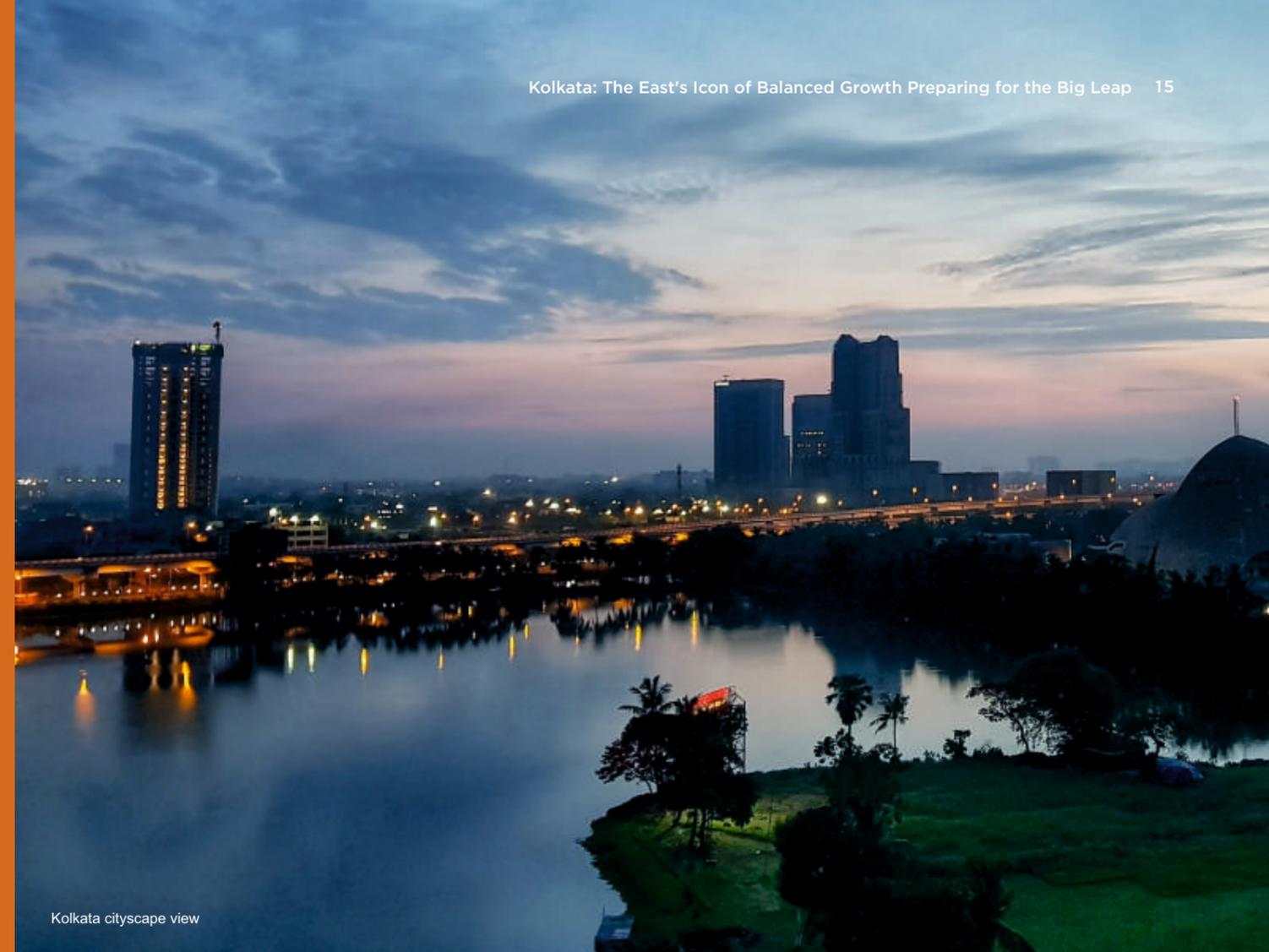
## 2. Kolkata: An Epicentre of Trade

Located on the eastern bank of the Hooghly river, Kolkata - also known as the 'City of Joy' - is the capital of West Bengal and home to more than 14 million people. The city inherits its look and feel from the colonial British colonies. The city is still dotted with old British architecture, royal buildings such as the Victoria Memorial, Indian Coffee House, oldest Museum and the National Library of Kolkata, which are the iconic landmarks. Keeping in tune with the changing facade of most metros due to rapid urbanization and increase in multi-faceted developments, the city's real estate market has also metamorphosed over the last decade.

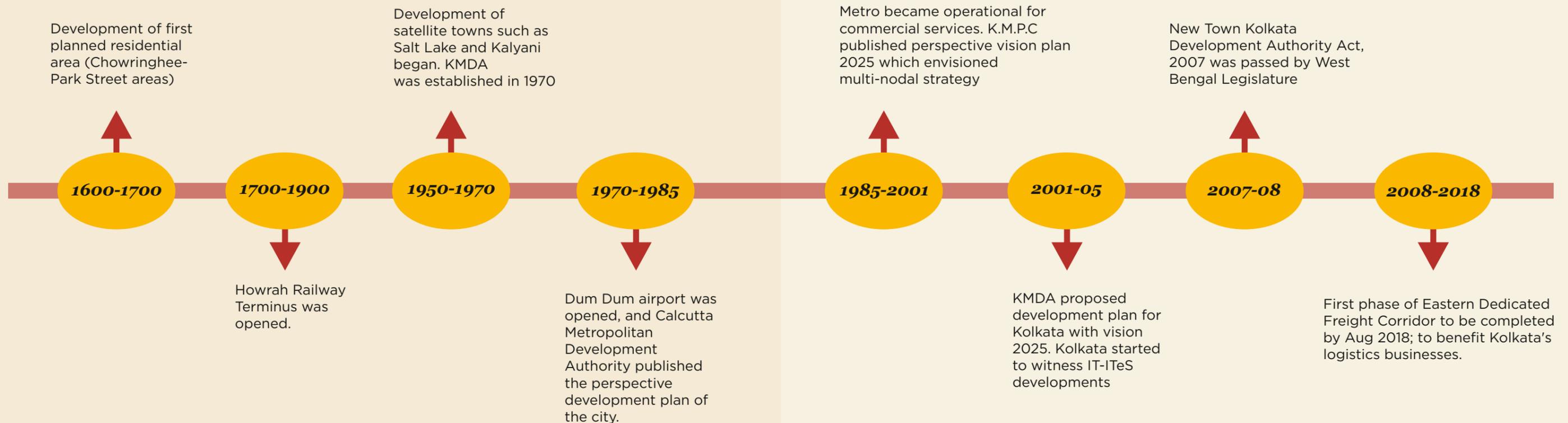
Kolkata has the oldest operating port of the country which is also a major riverine port. This port handles a significant amount of EXIM cargo which has led to the emergence of the city as one of the major warehousing hubs of India. The ports of Kolkata and Haldia together handled over 90 million tons of cargo in FY 17-18, which was the sixth highest in the country.

There are nearly 1,000 industries registered in the city with a diversified economic base comprising textile, mining, pharmaceuticals, manufacturing, heavy engineering, IT-ITeS, defence, food processing, and many other sectors. The city is also home to the country's third-largest bourse - Calcutta Stock Exchange, which is operational since 1908.

*West Bengal already has a rich deposit of coal and minerals which are the key ingredients for industrialisation. Infrastructure is being augmented to leverage the same for future growth and re-establish the state as a major trade hub of eastern India.*



Kolkata cityscape view



# 3. Kolkata: Infrastructure Snapshot

## 3.1 Existing Infrastructure

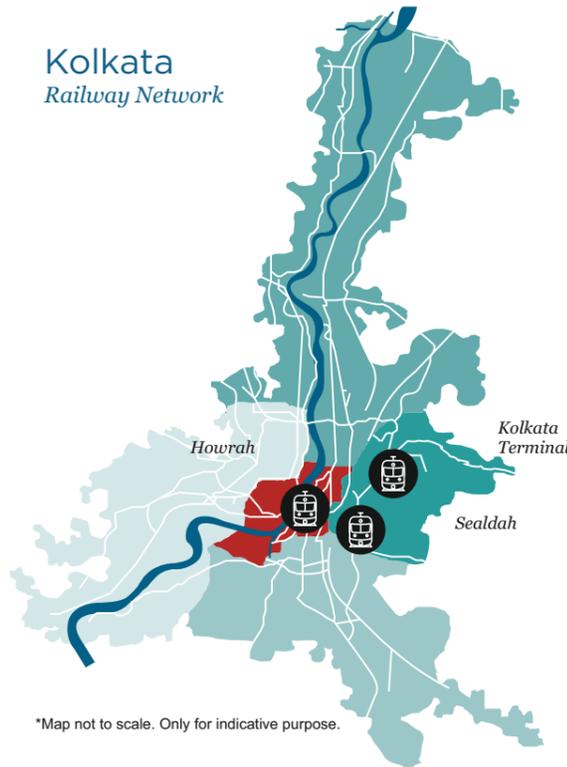
### Suburban Railway:

This railway line connects different micro markets of Kolkata. The total length of the suburban system is 1,172 km with more than 400 trains plying daily on four routes from Howrah and three routes from Sealdah. Kolkata suburban railway has 348 stations and transports 3.1 million people daily.

### Trams:

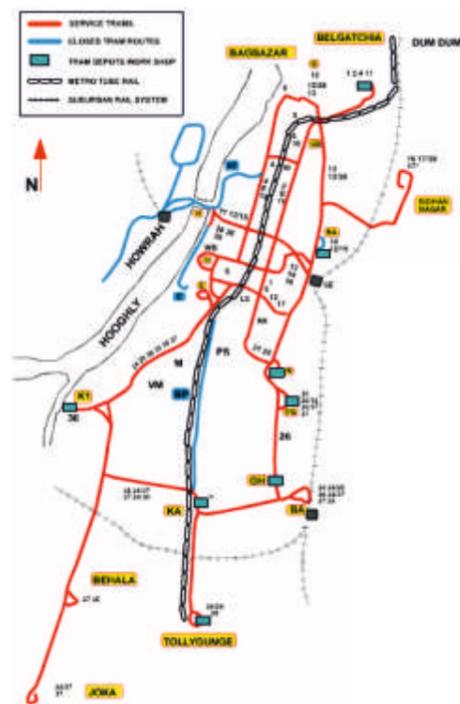
The trams system in Kolkata is the oldest (operating since 1902) and the only trams network in the country. Trams network is owned by CTC (Calcutta Tramways Company) which is spread over 25 routes within the city limits covering a length of 136 km.

Kolkata Railway Network



\*Map not to scale. Only for indicative purpose.

Kolkata Tramways Route Map



Trams in Kolkata

### Kolkata Metro Rail



Kolkata has the oldest metro connectivity in the country which dates to 1984 with a plan to provide rapid transport system to the entire city. Five metro-line plans were proposed and as of now Line 1 (Noapara to Kavi Subhash) - the North-South line - is operational which is 27-km long covering 23 stations.

### Under Construction



- I. Line 2 (East-West Metro)
- II. Line 3 (Joka-Esplanade)

### Proposed lines



- I. Noapara-Barasat
- II. Baranagar-Barrackpore
- III. Kavi Subhash-Jai Hind Metro

East-West metro (line 2) will connect Howrah Maidan and Salt Lake Sector V via Esplanade. The stretch between Salt Lake stadium to Sector V is expected to be operational soon and likely to be completed in totality by 2021. Sector V is the most important employment hub and a buzzing IT-ITeS corridor of the city. This metro line plays a crucial role in providing seamless connectivity to key residential pockets of the city.

### NSCBI Airport



Netaji Subhas Chandra Bose International Airport (NSCBI) earlier known as Dum Dum airport is spread over more than 2,400 acres and has the capacity to handle almost 20 million passengers annually. It is the fifth busiest airport in the country. NSCBI airport has been ranked third in the world by Airport Council International (ACI) in the 5-15 million categories.

### Parama Flyover



The Parama Island – Park Circus elevated corridor project was planned and executed by KMDA (Kolkata Metropolitan Development Authority) to decongest traffic snarl of EM (Eastern Metropolitan) Bypass which connects the heart of Kolkata. This flyover is 9.2 km long and is aimed at decongesting downtown Kolkata. This super-sized flyover has a 4.2 km long four-lane main elevated corridor starting from EM Bypass which takes a turn at Parama Island towards Park circus and ends at Park Circus junction.



\*Map is not to be scaled meant only Indicative purpose

## 3.2 Developmental activities by KMDA & Upcoming Infrastructure Projects

KMDA has prepared sectoral development master plan to address the issues of water supply, sewerage, drainage and sanitation and traffic and transportation for improvement of the city's civic infrastructure.

### Notable Developmental activities of KMDA



Detailed topographical survey and leveling works along Salt Lake Bypass from Chingrihata to Rajarhat Box Bridge



Planning for a proposed flyover on Raja S.C Mullick Road from Dhakuria Bridge to Sukanta Setu



Landscape design for Parama Rotary and Ruby Rotary, E.M. Bypass, Kolkata



Concept plan for redevelopment of Howrah fish market area



Initiated preparation of LUMR (Land Use Maps) and LUDCP (Land Use And Development Control Plans)



Plan for regeneration of Hooghly waterfront and concept plan for redevelopment of Bow Barracks



Concept plan for integrated development of Kalyani-Kanchrapara-Haringhata area



Through Single-Window system, Phase-I of Kolkata Logistics Hub was approved along Kona Expressway



Master plan and building plan for the IT township and automotive ancillary park in Uttarpara was cleared through Single-Window system



Cleared close to 90% of the development permissions along Expressway to boost the development initiatives



Traffic improvement plan for Howrah Station Bus Terminus Area and Greening proposal of EM Bypass Phase - 1

### Upcoming infrastructure Projects



Kolkata Metro Rail Lines - five routes of 82 km



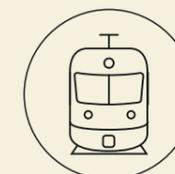
A proposed outer and inner ring road network to be made operational by constructing new roads and enhancing the existing road network.



BRTS (Bus Rapid Transit System) of 15 km along EM Bypass from Ultadanga to Garia



Connecting Salt Lake to Howrah as well as CBD areas, state government has planned further extension of East-West Metro, which is under progress and worth INR 5,000 Cr



Kolkata Mono Rail - a rail based transit project proposed to be executed in two phases from Budge Budge to Taratala (20 km) and later Taratala to Rajarhat (52 km)

- *KMDA's prime focus is to transform Kolkata into a global city by encouraging the influx of overseas traders, boost local businesses and improve human capital at a rapid pace. This will help the state government to achieve its vision 2035.*
- *According to AT Kearney, a London-based global management consulting group, Kolkata ranked third among Indian cities in Global Cities Index (GCI) on the parameters of business activities, human capital, information exchange, cultural experience and political engagement.*

# 4. Real Estate Overview

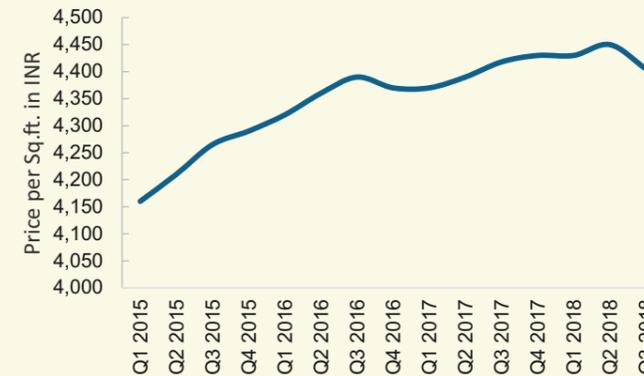
The Housing Industry Regulatory Authority (HIRA) has recently come into effect in the state to regulate and promote the real estate sector in a more efficient and transparent manner. It aims to protect the interest of the consumers and create a system for redressal of issues and grievances of buyers. It has formulated the rules which are to protect the interest of the buyers and a mechanism for resolving appeals through a special tribunal.

The entire process has been made online and it will be mandatory for all developers and brokers to be registered with HIRA to carry out the real estate business in the state. It will be a platform where, the customer can get all the required information regarding the projects including their approvals, licenses, permissions and periodic updates on the progress of the project and availabilities. This is an important milestone for the industry which will bring in transparency and enable a favourable environment for the buyers and investors.

## 4.1 Kolkata Residential Real Estate Dynamics

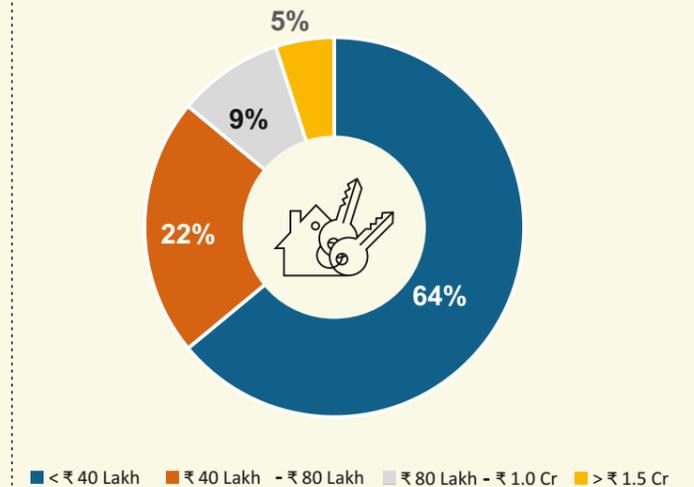
- Kolkata is governed by its unique characteristics of the real estate dynamism. The city is price sensitive and is governed by the size of the market. It seems to be quick to realize the mismatch in demand and supply and almost instantly react to control the situation. This is evident from the supply-absorption trends for the past few years
- Approximately 1,25,000 units were launched in Kolkata between 2013 and Q3 2018.
- The supply-absorption mismatch was the highest in 2014, following which the supply was controlled in future periods.
- During 2013 - Q3 2018, around 86,000 units were absorbed in Kolkata with 2016 recording the highest levels of absorption.
- Restricted supply amidst stable absorption has helped control the unsold inventory which has grown at a nominal rate of 1% to 3% between 2016 - Q3 2018.
- The total absorption in 2018 is expected to reach 2016 levels, which imparts an overall revival outlook to the residential real estate sector in Kolkata.
- Property prices increased from INR 4,160 per sq. ft. in Q1 2015 to INR 4,405 per sq. ft. during Q3 2018, registering a growth of 2%.
- Residential price trends witnessed a nominal decline during Q4 2016 due to DeMo. However, it recovered gradually in less than four quarters registering a positive growth.
- Affordable housing segment priced below INR 40 Lakh continues to be the preferred segment, indicating that Kolkata's real estate market is highly price sensitive and this segment's potential is tremendous in the city.
- The highest share (64%) of unsold inventory is also in the affordable segment, largely because this segment has the highest supply.

Kolkata City-Level Price Trend



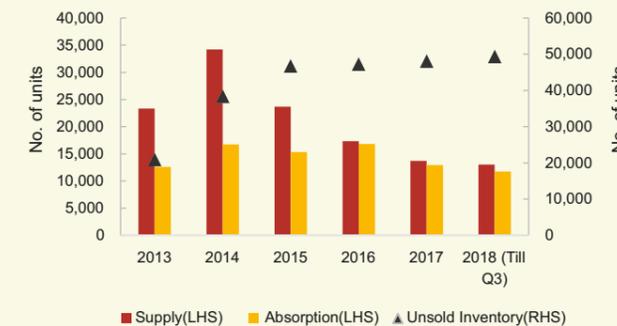
Source: ANAROCK Research

Unsold Inventory Trend: Budget Segment- wise



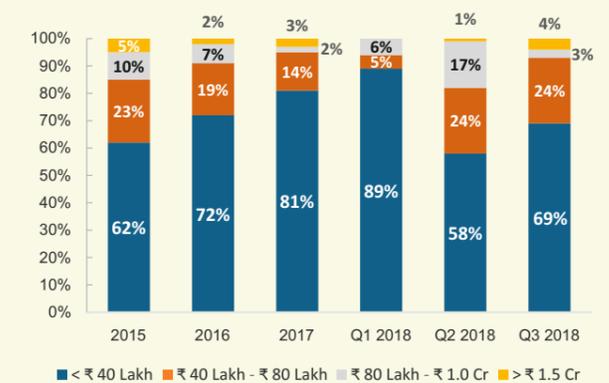
Source: ANAROCK Research

Supply-Absorption & Unsold Inventory



Source: ANAROCK Research

Budget-Wise Supply Trend



Source: ANAROCK Research  
Note: Differences, if any, are due to round-off

- *Kolkata is one of the most affordable cities among the top seven in the country and the city's average price currently is around INR 4,405 per sq. ft. The unsold inventory is estimated to be below 50,000 units which is less than Bengaluru (76,500 units) and Pune (90,600 units), the other major markets driven by IT-ITeS. However, housing sales in Kolkata is low and the unsold inventory will require nearly 14 quarters to liquidate. Anticipating some favourable changes with the new IT policy, the scenario may turn for the better in the near future.*

- *Despite significant pile up of unsold inventory, the supply & absorption levels are almost at par since the past 11 quarters which depicts the revival of Kolkata's residential real estate market.*

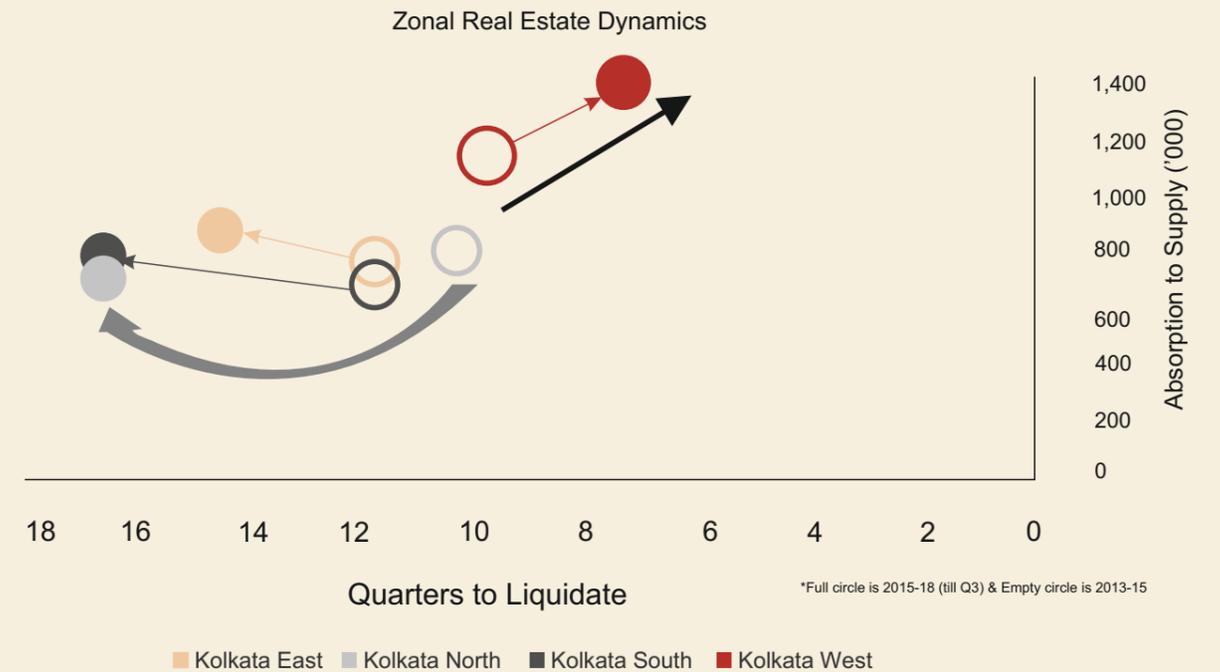
## 4.2 Kolkata Zonal Residential Real Estate Dynamics

- Kolkata is broadly divided into five zones: Central, East, West, North and South.
- South Kolkata holds the highest share (39%) of new launch between 2015 to Q3 2018, followed by East Kolkata with 30% share.
- It is noteworthy that the new supply in the city has oscillated between Southern and Eastern zones. This is due to the availability of large land parcels in and around these areas.
- In the current year (2018), majority of the supply has been in the Eastern zone, accounting for nearly 46% of the total supply.

*The employment hubs in the East such as Rajarhat and Salt Lake are the key demand drivers for residential real estate developments here.*

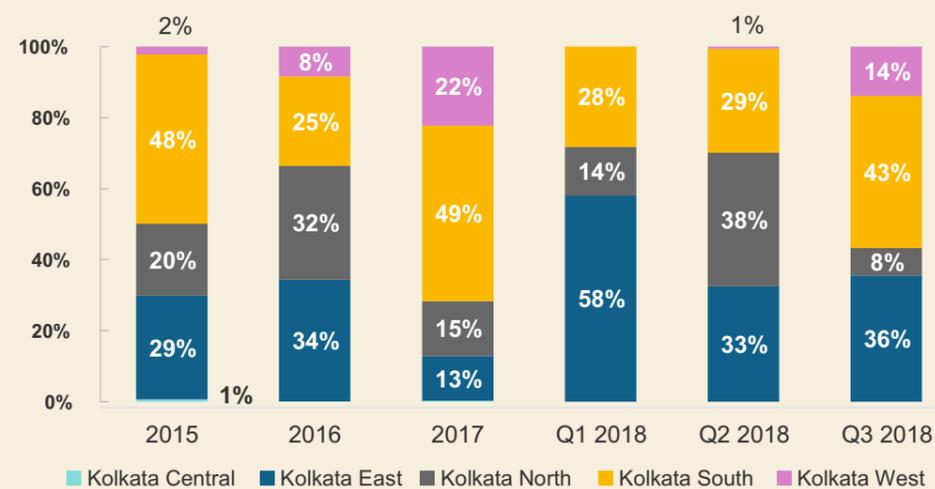


Zonal analysis of Kolkata's real estate reveals some interesting trends. The parameters selected here were - absorption to supply ratio (which is an indicator of the demand) and the time required for the unsold inventory to be liquidated. The selected period of analysis was from 2013 to Q3 2018 and has been divided into two time periods: 2013 - 2015 and 2015 - Q3 2018. This has been an intentional approach to showcase the city's resilience to deal with the major economic reforms in the recent past such as the implementation of RERA, GST and the effect of DeMo.



Source: ANAROCK Research

Zone Wise Supply Trend



Source: ANAROCK Research

Note: Differences, if any, are due to round-off

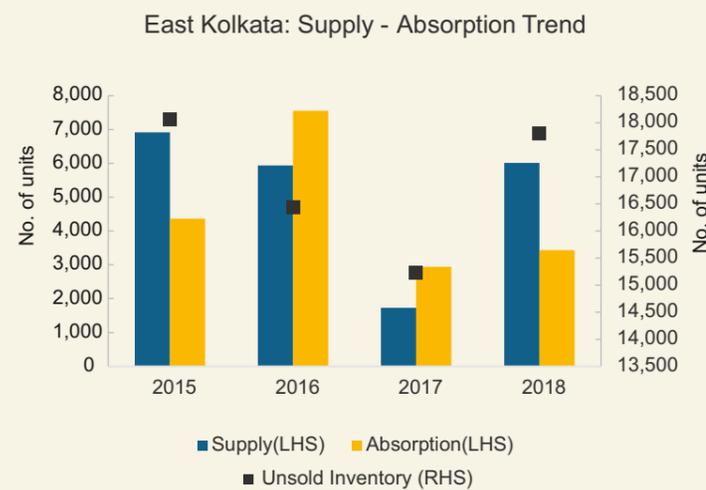


## East Kolkata

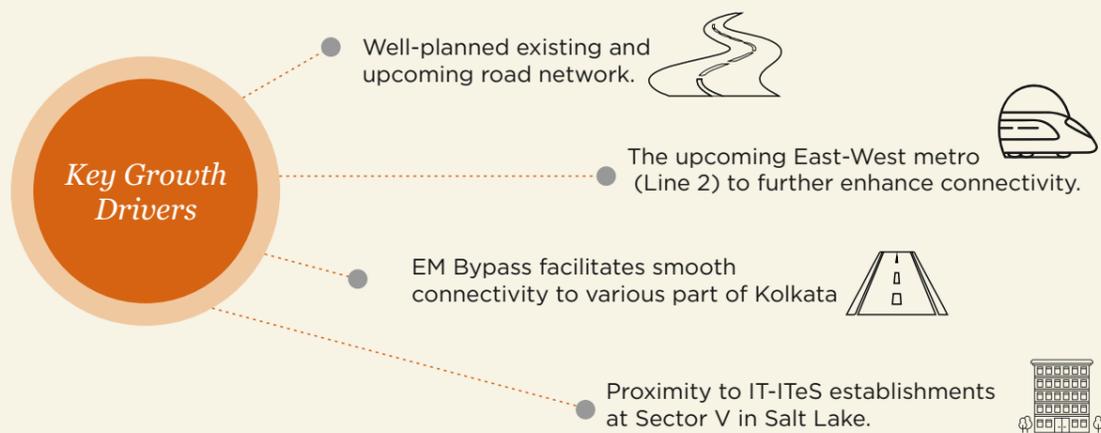
The eastern part of the city comprises of newly-developed areas which are buzzing with IT-ITeS developments.

While the absorption to the supply ratio has increased between 2013-15 and 2015-Q3 2018, the quarters to liquidate also increased significantly during the same period.

- Demand for residential housing has primarily been driven by the IT-ITeS sector. While the employment traverse has been mainly concentrated in East Kolkata, there has been significant infrastructural developments across the city to be able to create a market for residential real estate.
- East Kolkata is the buzzing IT corridor of West Bengal.
- Micro markets such as Salt Lake City, Rajarhat New Town, and EM Bypass are experiencing traction for residential housing amidst rising employment opportunities.
- More than 20,000 units were launched in this zone since 2015 while 18,000 units were absorbed during the same period.
- Eastern zone has an unsold inventory of 18,000 units accounting for 36% of the total unsold inventory stock of the city.



Source: ANAROCK Research



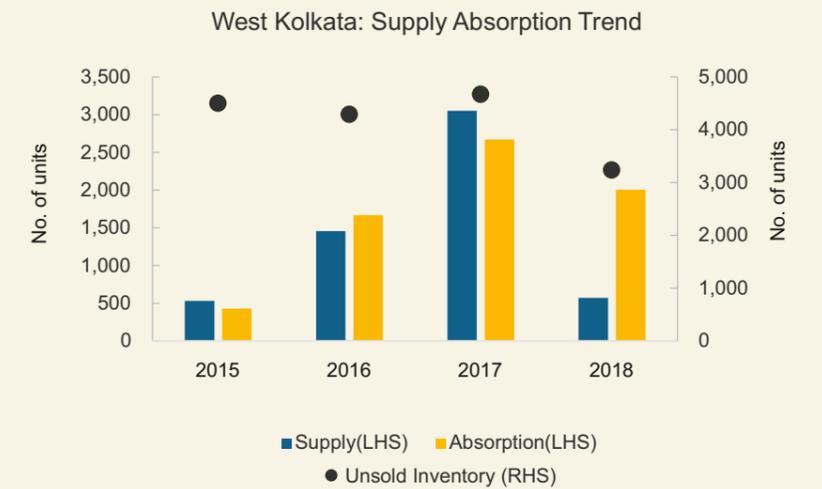
East Kolkata, the major employment hub of the city, is slowly getting saturated and unsold inventory has risen during the last few years, albeit it is lower than the levels of 2015. The inventory overhang is growing owing to the rising supply.

## West Kolkata

West Kolkata is witnessing the emergence of various new commercial developments driven by the industrial clusters in the area.

West Kolkata has fared better - the demand has been on a rise and the market continues to remain active as evident from the reducing inventory overhang. However, the overall size of the market is very small compared to the other zones.

- West Kolkata accounted for more than 5,000 units of supply since 2015.
- Despite having the lowest supply compared to North, South and East zones, West has the highest absorption levels exceeding its supply accounting for more than 6,700 units during the same period.
- Last three quarters of 2018 witnessed a huge rise in its absorption levels which reduced the unsold inventory levels by 20%.
- West zone comprises of prominent micro markets such as Santragachi, Howrah, Makardaha and Bandhaghat.
- Kona Expressway in the region is part of the Golden Quadrilateral project which connects the 4 largest Indian metros: Delhi, Mumbai, Chennai and Kolkata.



Source: ANAROCK Research



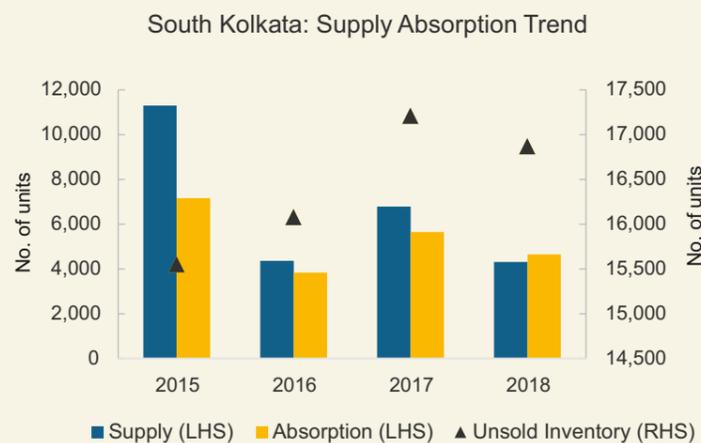
While the market has been active, and prices have been mostly stable, it is anticipated that West Kolkata has the potential for rapid growth in the future. The emerging corridors along the Delhi and Mumbai roads are expected to witness heightened activities in the areas of warehousing and logistics, which are expected to grow further in the region. It is anticipated that West Kolkata will be home to major players in the warehousing and logistics, which is expected to transform the region.

## South Kolkata

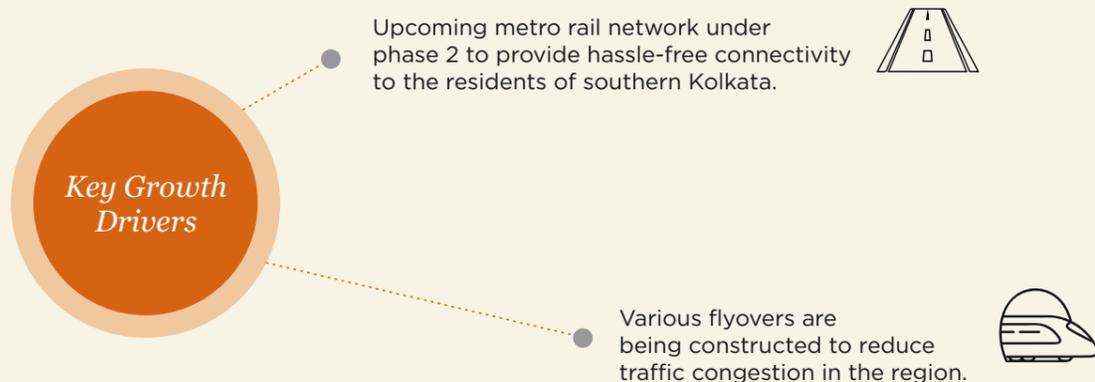
South Kolkata, predominantly a residential region, comprises up-scale neighborhoods.

South Kolkata appears to be an active market where the absorption supply ratio has improved and there is a marginal decline in the inventory overhang, indicating the buzz in the market. This can be attributed to the low current pricing and its ability to sustain the attractive price points due to availability of land parcels in the

- South Kolkata witnessed a supply of more than 26,000 units since 2015, accounting for 39% of the total supply in the city during this period.
- Similarly, South zone also has the highest absorption levels when compared to other zones, accounting for 37% of the total city's absorption levels.
- South zone comprises of prominent micro markets such as Kalikapur, Garia, Narendrapur, Joka and Baruipur.
- A part of EM Bypass, Gariahat Road and Diamond Harbour Road are the arterial roads in the southern zone.
- The zone predominantly comprises residential developments and a huge number educational establishments.
- Gariahat in Ballygunge is the biggest retail market of south Kolkata.



Source: ANAROCK Research



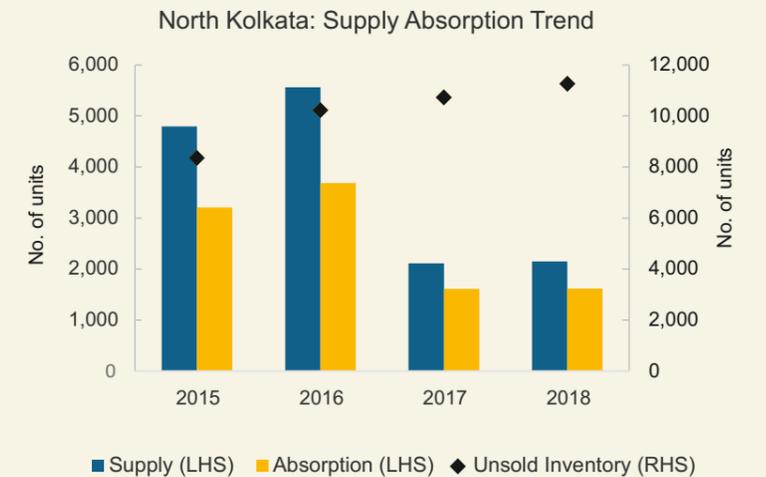
*The sales momentum in the southern markets of Kolkata is expected to continue at lower prices with the peripheral regions being the most active. Prices in the region are likely to remain stable in the short term.*

## North Kolkata

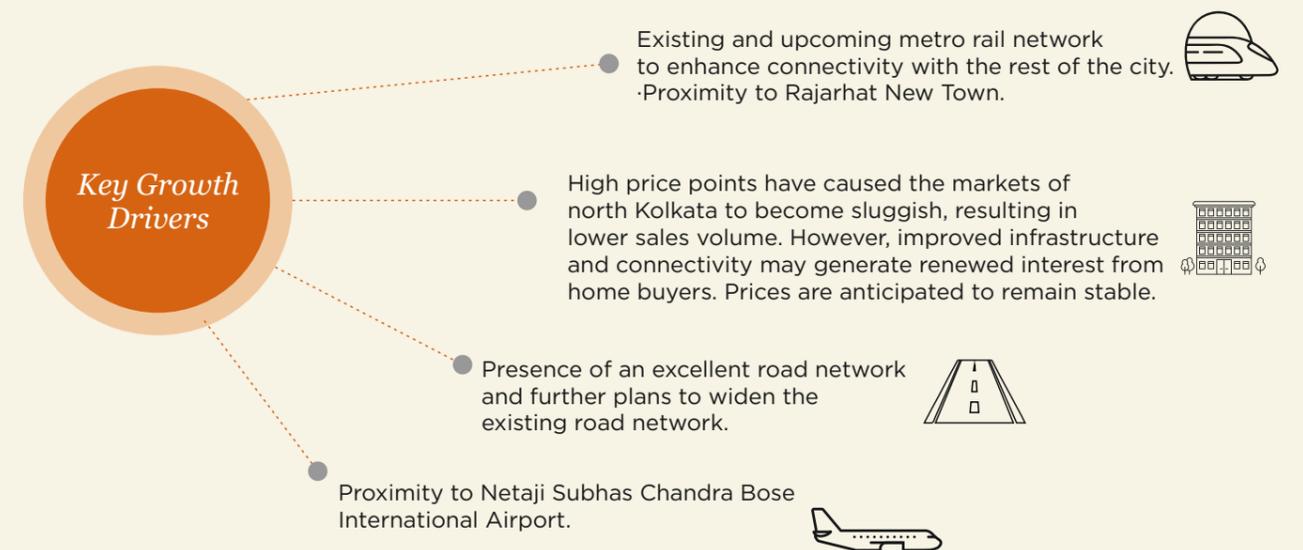
Comprises prominent micro markets such as Barasat, Dum Dum, Uttarpara, Barrackpore and Belgharia.

North Kolkata appears to be getting sluggish as evident from the significant drop in the absorption to the supply ratio and deteriorating inventory overhang.

- More than 14,000 units were launched in this zone since 2015 and more than 10,000 units were absorbed.
- This zone has an unsold inventory of more than 11,000 units, accounting for 23% of the total unsold inventory of Kolkata.
- Grand Trunk Road, Barrackpore Trunk Road, Kalyani Expressway, Belghoria Expressway, Jessore Road and SH 13 are the arterial roads in the north zone.
- Dum Dum is a key hub of Kolkata due to its proximity to the airport, and presence of metro rail and suburban rail.



Source: ANAROCK Research



*High price points have caused the markets of north Kolkata to become sluggish, resulting in lower sales volume. However, improved infrastructure and connectivity may generate renewed interest from home buyers. Prices are anticipated to remain stable.*

### Poor fiscal condition:



West Bengal ranked 14th in the country with a per capita income of INR 83,126 for the year 2016-17.

### Ease of doing business



West Bengal ranks 10th among Indian states in terms of Ease of doing business.

#### Recommendation

New employment and business hubs have to be created to encourage employment, attract BFSI back-office businesses and improve private participation in the state's economy to boost per capita income ranking.

#### Action Plan

West Bengal government has setup SILPA SATHI (State Service Delivery Gateway) - an online single-window clearance system for large-scale industries which is likely to boost the ease of doing business ranking.

## 5. Key Issues & Challenges

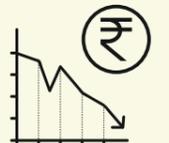
### Shortage of Skilled labour



The gap between skilled manpower requirement and available workforce is widening as industrialization and trade are experiencing an incremental demand due to the rising trade in the state.

Trade, manufacturing and logistics are generating maximum demand for the skilled and semi-skilled workforce, however, there is a significant gap for labour according to a report by Human Resource and Skill requirement study prepared for Sagarmala, Ministry of Shipping and National Skill Development Corporation

### Slow growth of IT-ITeS exports



- West Bengal had nearly 900 IT firms employing 1.45 lakh professionals in 2016.
- IT exports generated during 2016-17 is estimated at INR 19,000 Cr.
- The ratio of IT-ITeS exports to the GSDP of the state in 2016-17 for West Bengal was only 2% as compared to Telangana and Karnataka.

State	IT Exports to GSDP Ratio for 2016-17
Karnataka	33%
Telangana	17%
Tamil Nadu	6%
West Bengal	2%

Source: Compiled by ANAROCK Research

#### Action Plan

West Bengal government is keen to associate with NSDC (National Skill Development Corporation) to formulate trade policies and has set up a skill development facility at Gem and Jewel park, Howrah.

#### Action Plan

- With a new IT policy, the state has ample scope to grow. This is evident from its ambitious plan to achieve 25% of the country's total IT exports by 2030.
- The Government has already identified and is in the process of creating IT parks across the state to boost IT exports and reduce dependency on Kolkata.

## 6. Outlook

The fact that major push is being given to develop physical infrastructure so as to improve West Bengal's economy has set a firm foundation to pave the path for its future. The state's strategic location in east India, the favourable agro-climatic conditions and rich mineral deposits - the key drivers for growth in West Bengal - will surely help to accelerate growth in the coming years. The state ranks first in Business Reform Action Plan (BRAP) with an impressive score of 99.73% on the parameter of implementation, which stands testimony to its accomplishments.

The mega infrastructural development initiatives such as the eastern dedicated freight corridor and the inland waterways are going to be the catalyst for future growth. These developments will not only aid economic development but will also have the potential to unlock the real estate value of the adjoining areas which may evolve as new commercial centres across the state. This phenomenon is also anticipated to decentralise the concentration of activities in Kolkata and its neighbouring areas where the civic amenities are already under tremendous pressure.

The distribution of the industrial and IT parks across the state is yet another decision worth applause which is anticipated to create new micro markets and result in the development of additional real estate assets. To facilitate these transformations, the Government has set up 'Shilpa Bandhu' - an initiative to assist the investors in obtaining the necessary approvals and permissions. It is indeed a commendable step in the right direction. Rapid industrialisation, upgraded infrastructure and rising trade and commerce are likely to increase demand for warehousing and logistics in the coming years which may be established as an important real estate asset class. The rapid upliftment of the infrastructure in the form of new roads and highways and ability to enhance connectivity to the other parts of the country, particularly the northeastern region shall warrant the sustainability of such assets from several logistics players.



Howrah Station



The state's new IT Policy plans to achieve 25% of the share of the country's IT-ITeS exports by 2030 which is currently close to 2% of its GSDP. In order to achieve this ambitious target, the state has planned to develop 13 new IT Parks across the state with majority of them in Salt Lake Sector V and Rajarhat in Kolkata. These areas are already established as key employment hubs of the city and further addition to the east zone will require additional support infrastructure.

The completion of the east-west metro is expected to enhance connectivity to the employment hubs of Salt Lake and Rajarhat. While the infrastructure is being augmented and the city already has a significant presence of IT-ITeS, the authorities are now strategizing to build on the capacity to improve on the product mix such as BFSI, high-end software products such as Machine Learning, AI, VR and Animation for sustainable growth and improved exports. The presence of talented labour pool in the state can easily help revive the past legacy of Kolkata when it used to be the financial centre. Therefore, including banking and financial services in the portfolio could be a natural progression if planned and executed in a systematic manner.

Furthermore, West Bengal is at the inflection of experiencing a new round of transformational changes in the fields of infrastructure, logistics, trade and IT-ITeS. It is the 6th largest economy with more than INR 10 lakh Cr GSDP and is gearing up for a series of crucial major infrastructure projects such as eastern dedicated freight corridor, Inland waterways, Greenfield Airport, upcoming metro lines and a Bus Rapid Transit System. The development authority's prime focus is to transform Kolkata into a global city by encouraging the influx of overseas traders, boosting local businesses and improving human capital at a rapid pace. Real estate dynamics of Kolkata is at the verge of taking an interesting turn with controlled supply and encouraging absorption levels, which in turn is likely to come back on the growth track. The state seems geared up to leverage its uniqueness and re-establish itself as the power centre, as it had been in the past.

### Authors

**Virendra Joshi**  
Vice President - Research  
virendra.joshi@anarock.com

**Ashim Bhanja Chowdhury**  
Senior Manager - Research  
ashim.chowdhury@anarock.com

### Editor

**Priyanka Kapoor**  
Assistant Vice President - Research  
priyanka.kapoor@anarock.com

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### For research services, please contact:

#### Prashant Kumar Thakur

Head of Research

[prashant.thakur@anarock.com](mailto:prashant.thakur@anarock.com)

### Kolkata Office:

Unit no. 404, Fourth floor  
Woodburn Central, 5A, Wood Burn Park Road,  
Sreepally, Bhowanipore,  
Kolkata, West Bengal 700020.  
T: +91 33 4058 4444

### Registered Office:

ANAROCK Property Consultants Private Limited

1002, 10th Floor, B Wing, ONE BKC,  
G Block, Bandra Kurla Complex,  
Bandra East, Mumbai 400 051  
Tel: +91 22 4293 4293



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