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VALUES OVER VALUE

New Gurgaon

A booming affordable housing destination in NCR

Micro Market Overview Report

April 2018





About Micro Market

- ▶ To sustain the growing population and the developing needs of the millennium city, a new region was brought under the development cluster by the Haryana Government. Popularly known as New Gurgaon, this region falls in between Gurgaon and the Industrial Model Township (IMT) at Manesar. It includes sectors 76 to 95 and is being developed under the Gurgaon Manesar Urban Complex Plan (GMUC) 2031. The development plan will help manage the phenomenal growth in the city in a more structured manner and thus facilitate the growing residential and commercial needs in the future periods.
- ▶ ‘New Gurgaon,’ essentially labelled by developers and realtors alike, is fast emerging as a commercial cum residential hub in the NCR region. It enjoys easy access to the Dwarka Expressway, NH 48 and Kundli-Manesar-Palwal (KMP) Expressway. The Southern Peripheral Road (SPR) also plays a crucial role in providing an uninterrupted connectivity across prime localities of Gurgaon. The proposed infrastructure development including the metro and the expressways’ connectivity is giving a new impetus to the residential real estate demand here in New Gurgaon.



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Connectivity

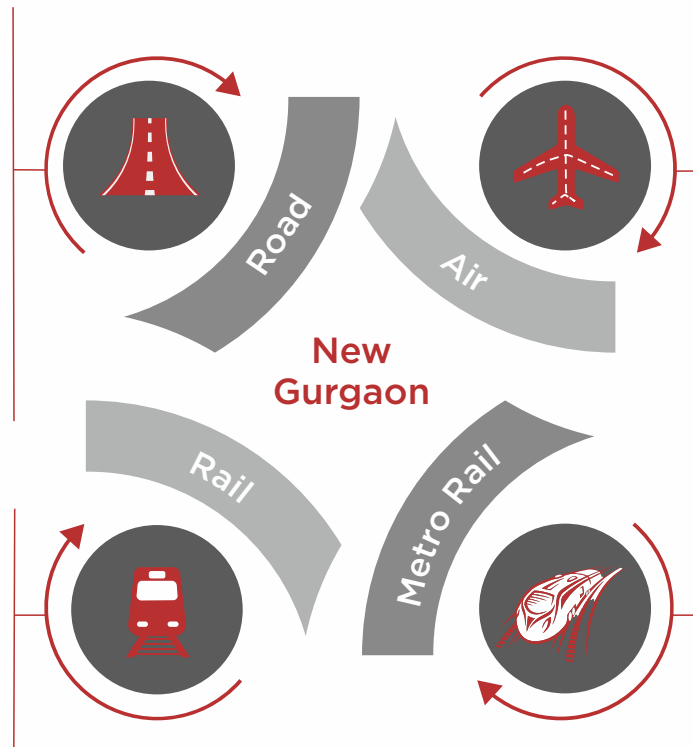


New Gurgaon is well connected to IGI Airport by NH 48 through Pataudi road

New Gurgaon, 12 km further south west to Gurgaon via Pataudi Road, enjoys good connectivity to other key areas of the city along with NCR.

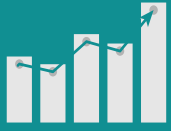
- ▶ New Gurgaon is well connected to Gurgaon via Pataudi Road, NH 48 and Dwarka Expressway through Basai Chowk.
- ▶ Dwarka Expressway, crucial in decongesting NH 48, connects New Gurgaon and Dwarka in Delhi, which is further planned to connect Airport via a tunnel and cloverleaf flyover project (proposed to complete by 2019) from sector 21 of Dwarka.

Nearest railway station is Nizamuddin railway station, approx. one and half hour drive.




New Gurgaon is well connected to IGI Airport by NH 48 through Pataudi road and is less than an hour's drive.

Nearest Metro station is 21 km far Shalimar Huda City Center and Rapid Metro Station is 23 km far in Sector 55 Golf Course Road Extension.



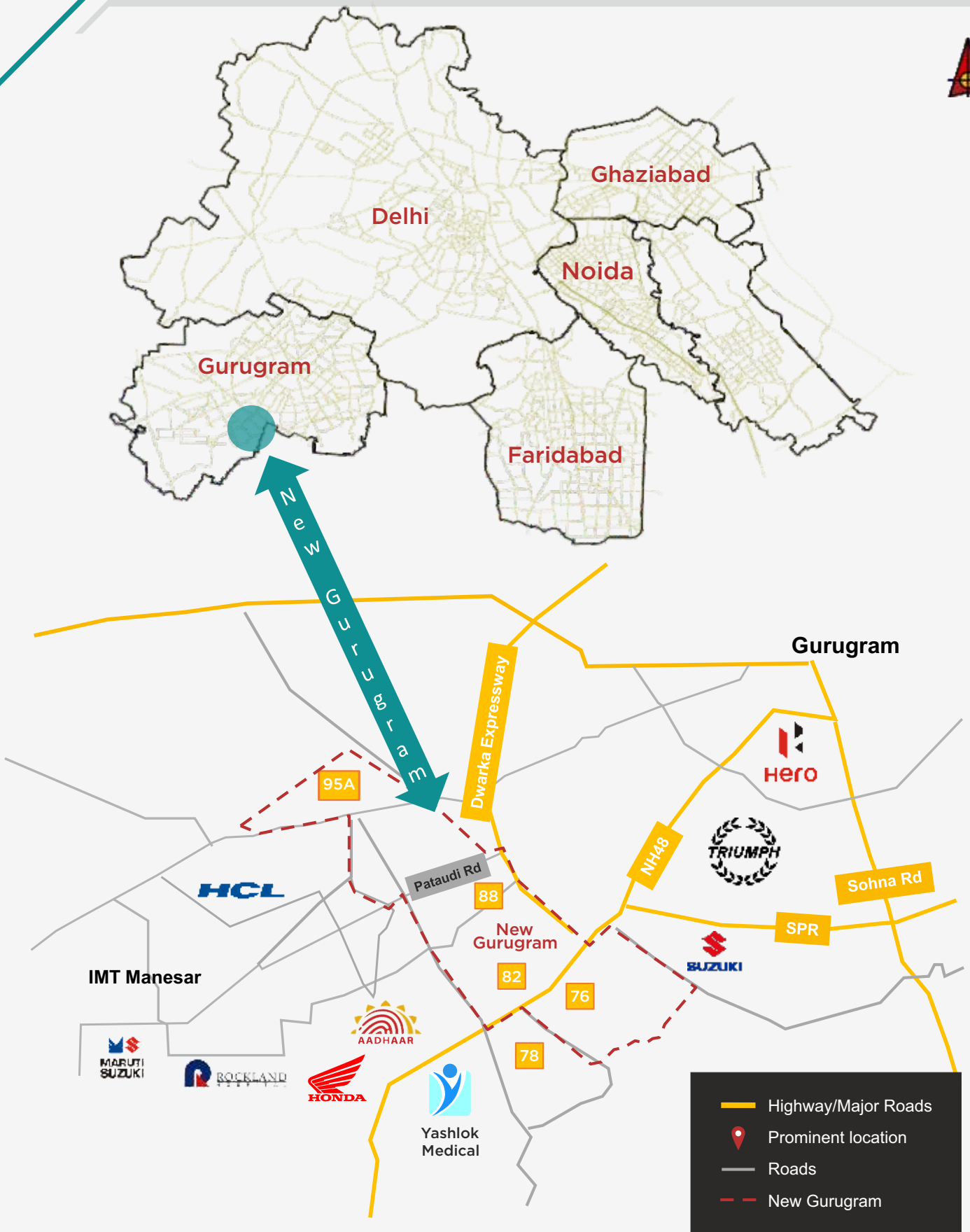
Major Growth Drivers

- ▶ Excellent connectivity to DLF cyber city and major employment hubs of Gurgaon via NH 48.
- ▶ Proximity to Maruti Suzuki India Ltd and many other auto/auto ancillary companies at Manesar.
- ▶ Gurgaon is a prominent office destination in the NCR region. With future developments on the anvil, New Gurgaon is witnessing heightened residential demand.
- ▶ New Gurgaon lies between Gurgaon and Manesar and employees from these sectors prefer to reside here due to affordable property prices.
- ▶ Development of KMP Expressway as a global corridor with theme cities between Manesar and Gurgaon will provide the required growth impetus to the region.
- ▶ International Centre for Automotive Technology (ICAT) which is set up for National Automotive Testing and Research & Development (R&D) is less than 20-minute drive from New Gurgaon.
- ▶ The social infrastructure facilities in and around New Gurgaon are rapidly developing with presence of major hospitals and educational institutes.



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Location

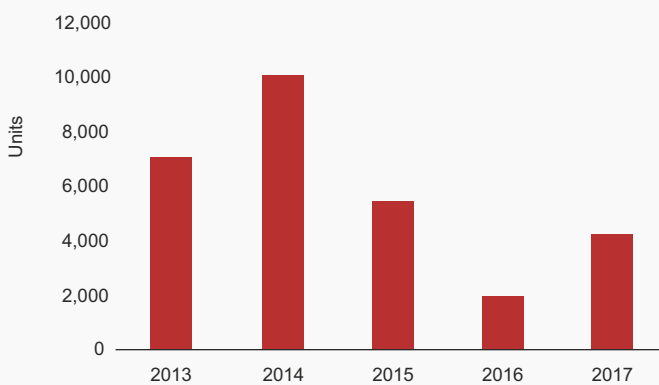




Residential Market Assessment

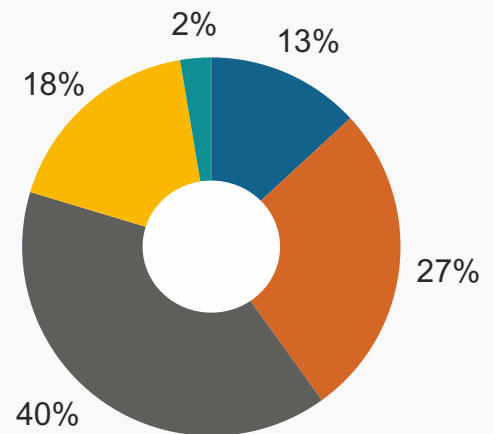


New Launch Supply



- ▶ New Gurgaon region saw new supply of nearly 29,000 units over the last five years.
- ▶ The residential real estate here saw a decline for two consecutive years after 2014. The overall slowdown in the realty sector impacted the new supply in these two years.
- ▶ Interestingly, 2017 saw a rise in new supply despite a slowdown in entire Gurgaon region. This indicates the rising demand and supply for affordable properties in the region.
- ▶ New Gurgaon witnessed a whopping 112% rise in the new supply in 2017 in comparison to 2016.
- ▶ These sectors have turned out to be a goldmine for affordable housing, as in 2017, all the units launched were priced less than INR 40 lakh.

Age of Inventory (Launches between 2013 to 2017)

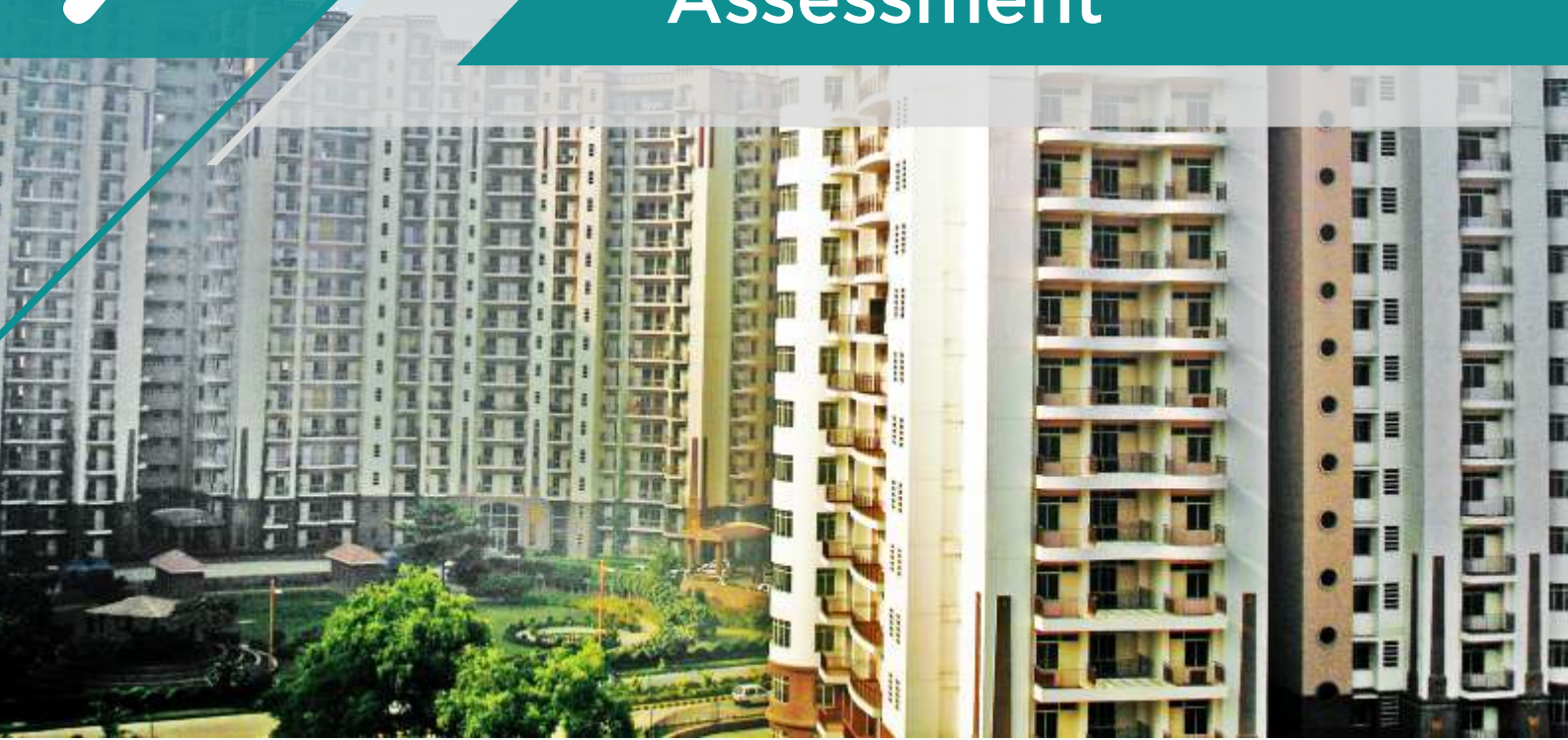


■ Ready to Move-in ■ < 1 year ■ 1-2 year ■ 2-3 year ■ > 3 year

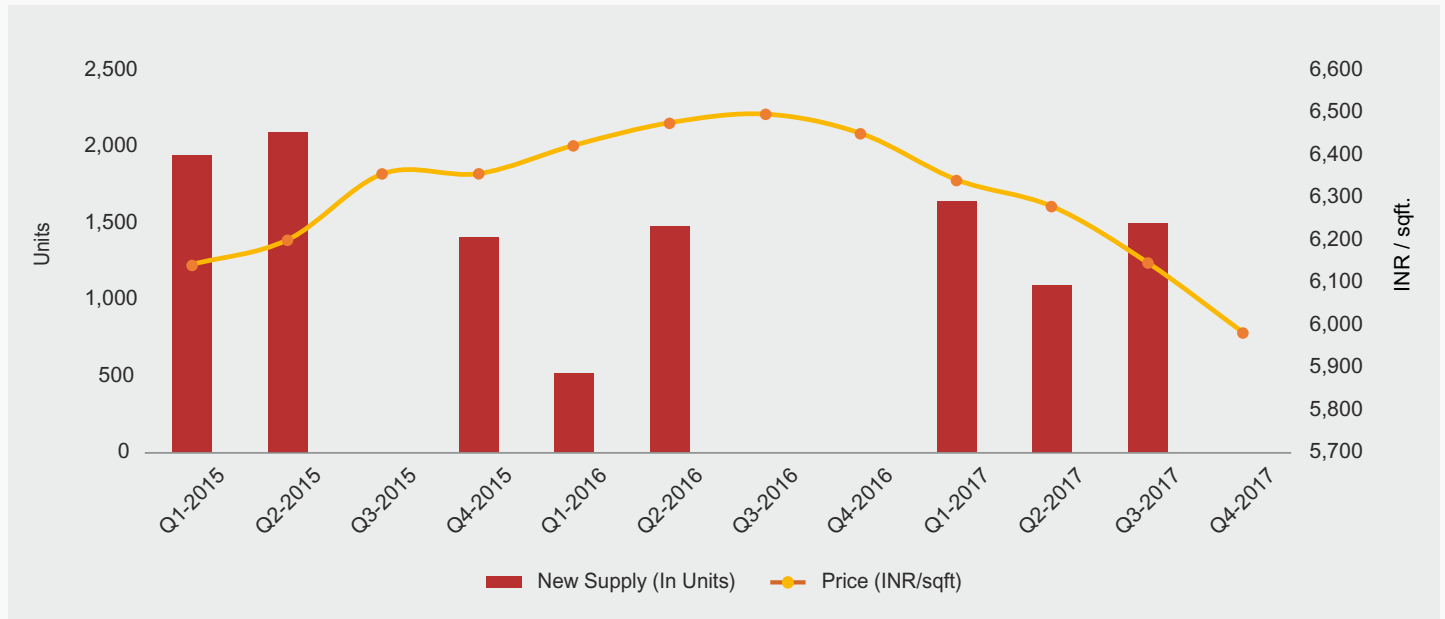
- ▶ The region has only a small share (nearly 13%) of ready-to-move-in properties. Almost 27% will complete over the next 12 months while 58% will complete within 3 years time. This suggests that the region is largely developing with greater scope for improvement.
- ▶ Interestingly, nearly 60% of the new supply accounts for the affordable segment which suggests high demand for such housing projects.
- ▶ Considering the overall low absorption trends over the last few years, nearly 47% of the overall supply is still unsold here. In fact, this will bode well for the buyers as they will have multiple options to choose from.
- ▶ Moreover, RERA has already prompted builders to focus on project completion rather than launching new ones.



Residential Market Assessment



Micro Market Price Movement wrt Supply



► New Gurgaon's average price as of Q4 2017 hovered around Rs 6,000/sqft. Property prices have declined since Q3 2016 due to subdued consumer demand, structural changes and policy reforms.

► The 7-8% decline in prices since 2016 was essentially the aftermath of DeMo due to which investors looked to exit the market. Moreover, the reduction in prices was also noticed in the secondary market where investors preferred to exit rather than hold on to their inventory, which in turn impacted the primary prices as well.



Outlook

- ▶ With affordable housing likely to drive future realty growth in NCR, New Gurgaon is touted to be the next hotspot for end-users and investors alike. The region enjoys proximity to both the Manesar industrial belt and the corporate hub of Gurgaon. Largely driven by demand from the Gurgaon and Manesar employment pockets, New Gurgaon has emerged as an alternate affordable destination for several professionals. The affordable rentals, good connectivity, growing social and physical infrastructure facilities is attracting buyers to this region in NCR. Moreover, the affordability factor here has caught the fancy of several end-users.
- ▶ Considering all these factors, the future of residential real estate in New Gurgaon looks upbeat and highly promising. But, execution of the planned and ongoing infrastructure projects will be the key for future growth of this region.



Bright future realty prospects to both home buyers and investors as the region emerges as a self-sustained residential hub

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For more details please visit: www.anarock.com

ANAROCK Property Consultants Private Limited

Level 16, Tower C, Epitome, Building No. 5,
DLF Cyber City, Phase - III
Gurugram - 122002
T : +91 124 488550
RERA NO. HRERA-754/2017/974

For research services, please contact:

Prashant Kumar Thakur
Head of Research
prashant.thakur@anarock.com

Registered Office:

ANAROCK Property Consultants Private Limited

1002, 10th Floor, B Wing, One BKC, Plot No. C-66
G Block, Bandra Kurla Complex, Bandra East,
Mumbai - 400051
T: +91 22 4293 4293



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