

Rajarhat New Town, Kolkata

An emerging commercial hub in the eastern fringes

Micro Market Overview Report

May 2018






About Micro Market

Situated in the eastern fringes of Kolkata, Rajarhat New Town is emerging as a residential, commercial cum IT destination. The real estate development here dates back to mid 1990s. Initially, the region was inhabited by fishers working in the wetlands, agricultural laborers and farmers involved in agricultural activities. Being developed under public-private partnership, Rajarhat New Town currently comprises of high-rise residential complexes, gated communities and enormous office buildings.

The West Bengal Housing Infrastructure Development Corporation (HIDCO) is responsible for the planning of the region. The planning region is divided into three action areas. Action area I includes malls, planned residential and commercial plots.

Action area II serves as the central business district (CBD) comprising institutional plots, IT business parks like DLF, TCS Gitanjali Park and Unitech, plots for large apartment complexes and an Eco Park built around a water body. Action area III consists of high-rise residential complexes and upscale gated residential communities.

Rajarhat New Town is home to reputed IT majors such as Cognizant, Tech Mahindra, IBM, Genpact, Hewlett-Packard, Wipro, TCS and many more. The micro market is also popular for the top-notch educational institutions such as St. Xavier's University, University of Engineering, & Management, IIT Kharagpur and Presidency University. Besides educational institutions, the micro market also offers wide range of medical (TATA Medical Research Centre, Chittaranjan National Cancer Institute and AMRI hospital) and entertainment/shopping (Eco park, Unitech Mall, Home Town Mall and City Centre 2) choices to the home buyers.



Rajarhat New Town is emerging as a residential, commercial cum IT destination.

Rajarhat New Town enjoys excellent connectivity with the southern and northern parts of the city through Belghoria Expressway and Eastern Metropolitan Bypass (EM Bypass).



- Rajarhat New Town is well-connected to the Netaji Subhash Chandra Bose International Airport (located 11 km away) via NH12.

The Howrah railway station is about 25 km away from Rajarhat New Town while Sealdah is at a distance of nearly 14 km.

Metro rail: A metro corridor between New Garia and Netaji Subhash Chandra Bose International Airport, which is currently under-construction, passes through Rajarhat New Town.

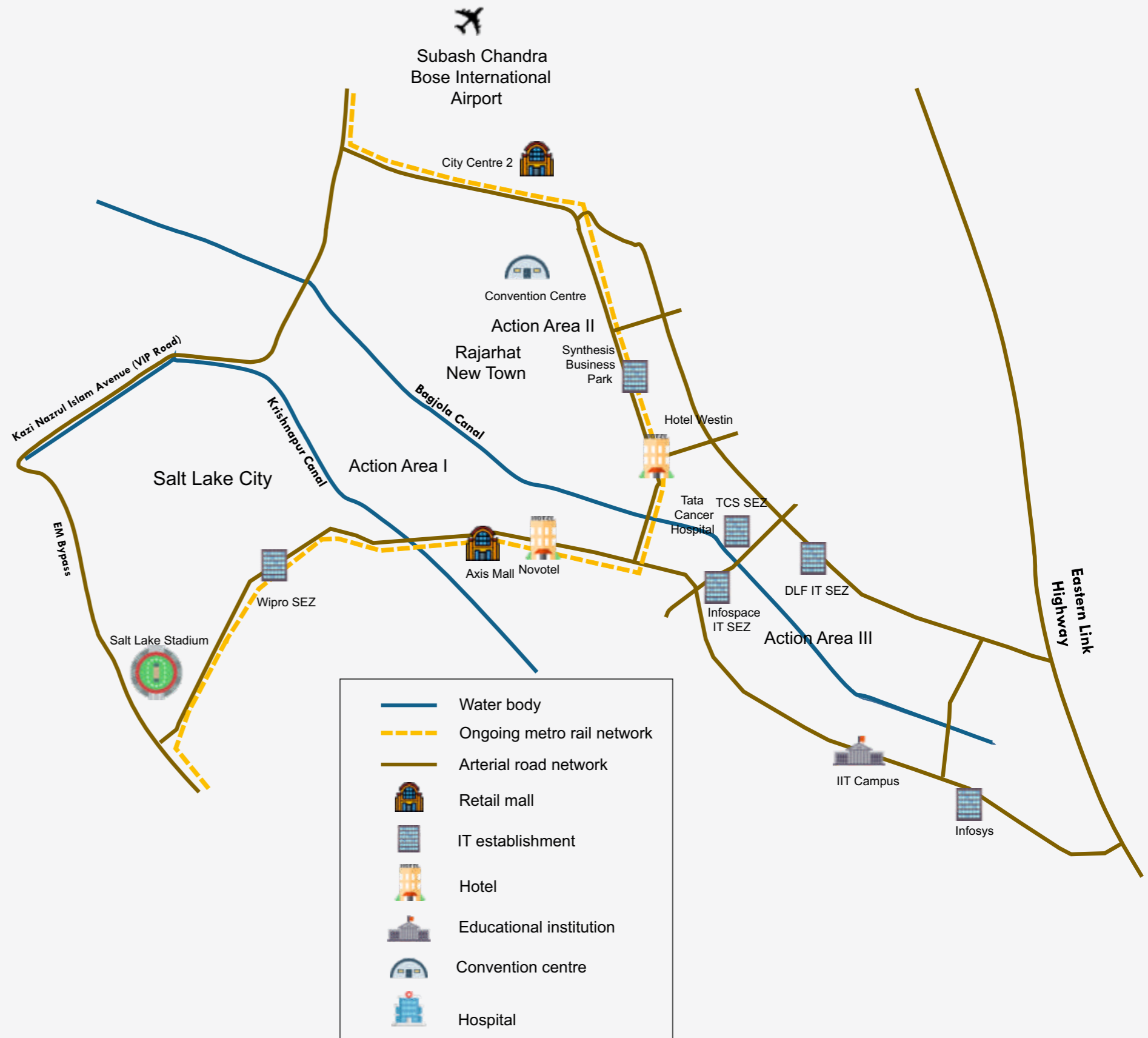
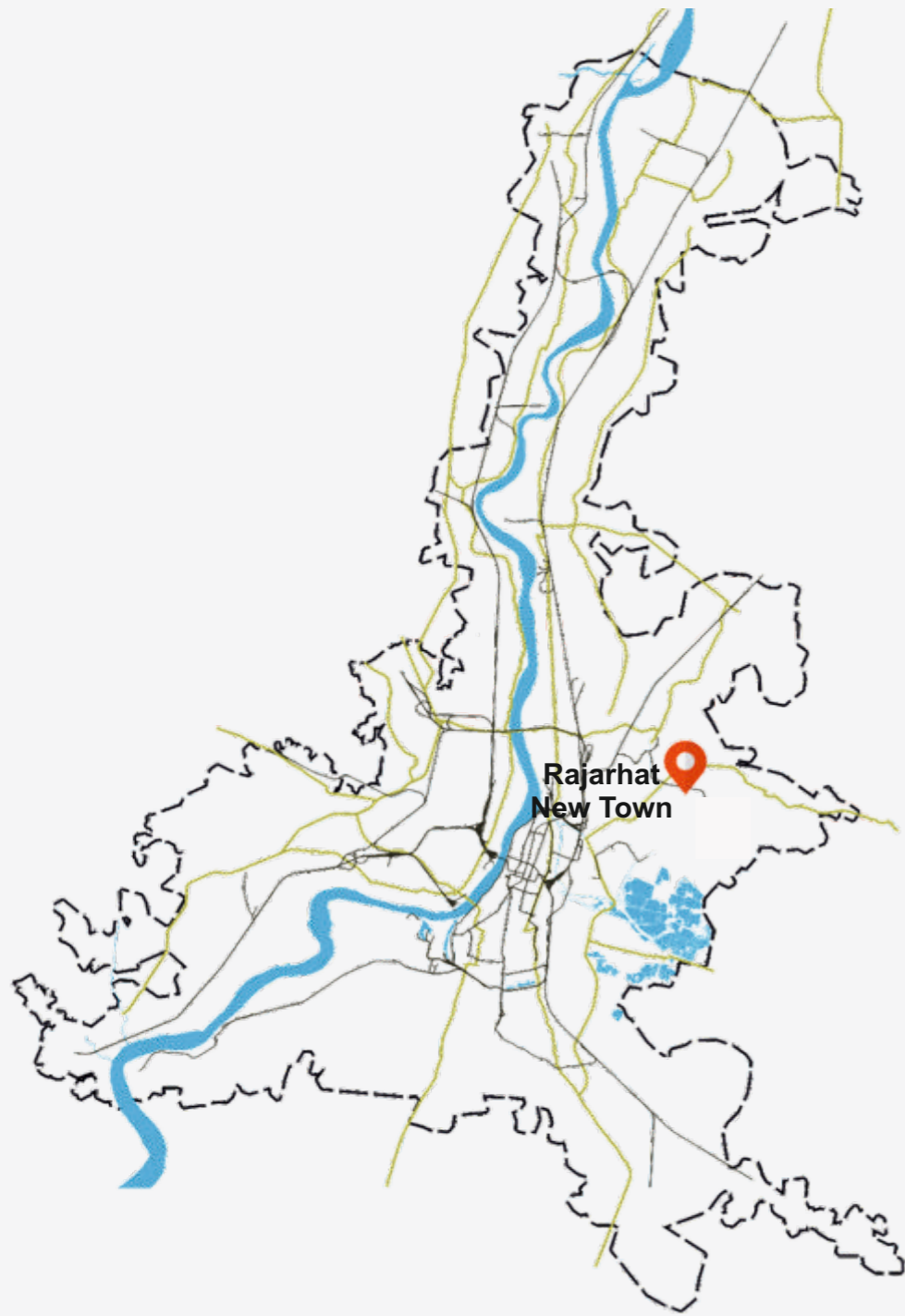


- Rajarhat New Town enjoys excellent connectivity with the southern and northern parts of the city through Belghoria Expressway and Eastern Metropolitan Bypass (EM Bypass). The western parts of the city are connected to the micro market through NH 12 and NH 16.

Major Growth Drivers

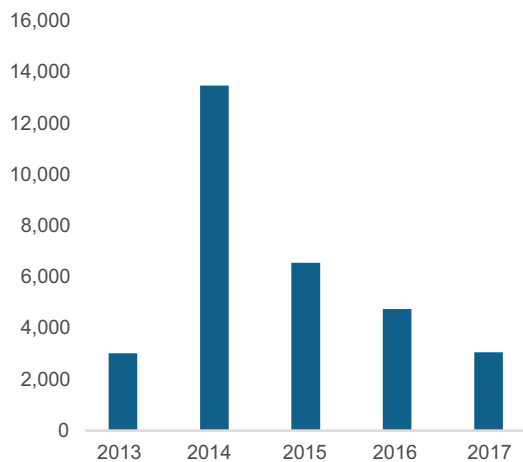
- ▶ Rajarhat New Town has earned the Smart City tag and initiatives are being taken to transform it into a Smart Green City.
- ▶ The ongoing metro rail project will reduce the commuting hassles for the residents of the region.
- ▶ Proximity to IT hub in Sector V of Salt lake and Subash Chandra Bose International Airport.
- ▶ The micro market has been declared as a solar city under the solar city programme by enforcing all residential and commercial high-rise buildings to install solar rooftop system.
- ▶ An 11 km stretch in the area has been enabled as Wi-Fi zone, making it first in India to Wi-Fi road connectivity.
- ▶ The 480 acre New Town Eco Park runs along the region.





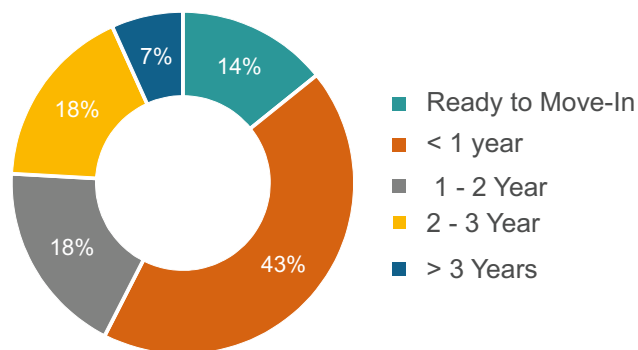
Residential Market Assessment

New Launch Supply



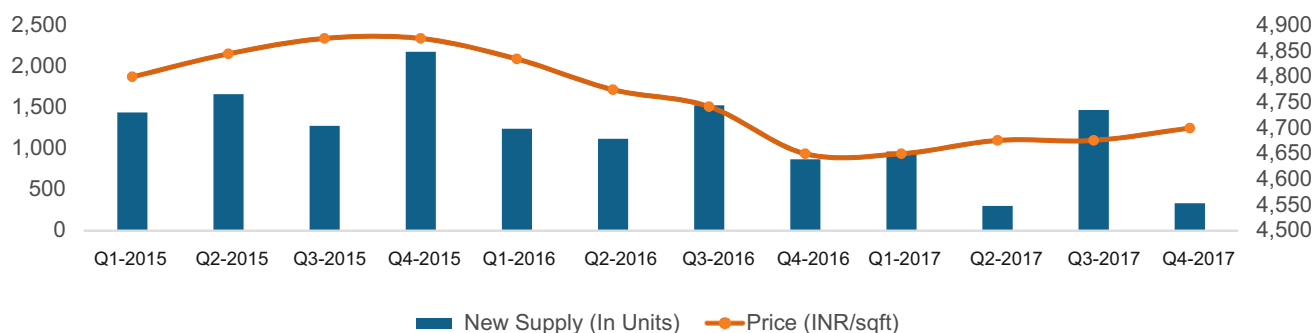
- Around 30,900 units have been launched in Rajarhat New Town over the past 5 years. Of this, the highest supply (44%) was registered in 2014 with 13,500 units. The consecutive years witnessed a decline in the new launches due to mounting unsold stock.
- Despite gaining popularity, 50% (approx. 15,400 units) of the overall new stock remains unsold as of Q4 2017. This could be due to several infrastructure and civic issues within the region. Moreover, the region was initially driven by investors who are not active at the moment.
- The high unsold stock coupled with the triple ripple scenario (DeMO, RERA and GST) has prompted developers to refrain from launching new projects.
- Over the past 2 years, the affordable budget segment (units priced less than INR 40 lakh) continued to dominate the Rajarhat New Town market with around 9,100 units in this segment, followed by mid segment (INR 40 lakh - INR 80 lakh).

Age of Inventory (Launches between 2013 to 2017)



- While 14% (4,400 units) of the overall supply is ready, a whopping 43% (13,400 units) is expected to enter the market in less than a year, providing plethora of residential options for homebuyers and investors alike.
- Remaining 13,100 units are expected to take more than a year for completion. With the implementation of RERA, the developers are trying to accelerate their construction activity of existing projects, so as to deliver as per commitments.

Micro Market Price Movement wrt Supply



- Property prices in Rajarhat New Town constantly rose until Q4 2015, post which prices have marginally dropped until Q4 2016. With the dust of DeMo settling in, property prices have seen an upward trend due to the speeding up of infrastructure developments such as metro rail, smart city mission projects, etc. Yet, prices have not come back to the same levels as Q4 2015.
- Prices have appreciated by around 1% during the past one year with the average price in Q4 2017 being INR 4,700/sqft.



Considering the West Bengal Government's vision to establish Kolkata's new CBD (Rajarhat New Town) and speed up various infrastructure developments here, this region is buzzing with real estate activity. The micro market has turned into one of the preferred affordable residential destinations in Kolkata for the homebuyers and investors alike.

Further, with overall buyer sentiments improving, rising consumer demand for residential properties and 26,500 dwelling units hitting the real estate market here over the next few years, Rajarhat New Town is likely to become a hotbed for real estate developments.

Rajarhat New Town is one of the preferred affordable residential destinations in Kolkata for the homebuyers and investors alike.



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