

Meeting the lifestyle needs of NRIs

Piramal Realty leads with cutting-edge, contemporary residential developments that embrace an intuitive definition of luxury

OUR CORRESPONDENT

The former CEO of Dubai Properties, where he had led a portfolio of 144 projects worth \$30 billion, Naaman Atallah was appointed CEO of Piramal Realty in March. Excerpts from an interview with Atallah about Mumbai and the overall Indian real estate scenario:

What are your views on the current real estate scenario in urban India in general and Mumbai specifically?

With the introduction of various policy reforms such as the Housing Policy passed during the Union Budget 2017-2018, RERA and GST, the Indian real estate industry has witnessed a significant paradigm shift. While demonetisation created a reservation among prospective buyers to part with their cash reserves, simultaneously RERA and GST affected supply.

However, these reforms have had a positive impact as well. RERA, has created transparency and accountability amongst developers. As a result, the sector sees more consolidations and the focus will be on timely delivery and completion of projects.

With improved regulation and ease of doing business, the Indian real estate segment is now an attractive investment avenue for foreign investors. Relaxation of the FDI has opened up collaboration opportunities with international developers that allow the sharing of expertise, knowledge, technology, capital, consequently bringing in world-class infrastructure to the Indian real estate market.

On the commercial real estate front, the market is booming with M&A deals, corporate funding and higher space absorptions. We are also witnessing a decline in Mumbai's vacancy rates, which is an indication of a strong absorption trend, being driven by consolidations and co-working. Many developers are now shifting their investment strategy towards building projects that are commercially more viable, while few have completely shifted their focus from residential to commercial. The regulated environment will also attract private equity firms to invest in the commercial real estate sector, therefore balancing demand and supply in the segment.

Are prices expected to climb over the rest of 2018 and in 2019? If so, what are the reasons?

With the advent of structural changes and reforms, the Indian real estate industry has been experiencing difficult times. However, today there is a noticeable increase in sales, reflecting the revival of market sentiments. Buyers are seen gravitating towards branded and established real estate developers who are backed by strong track record and a robust balance sheet.

Specifically in Mumbai, the city has land availability only in the far suburbs. With renewed demand in both residential and commercial segments, and limited land supply, prices will continue to rise in south Mumbai and prime suburbs.

What is the supply-demand situation in Mumbai, Bengaluru, Delhi-NCR and other metropolitan cities?

Mumbai is India's financial capital as well as the country's most expensive real estate market. The city alone



RECENTLY, WE LAUNCHED PIRAMAL MAHALAXMI, OUR FOUR-ACRE FLAGSHIP PROJECT IN SOUTH MUMBAI. DURING ITS LAUNCH PHASE, WE RECEIVED AN OVERWHELMING RESPONSE FROM THE MARKET WITH BOOKINGS WORTH RS15 BILLION.

— Naaman Atallah, CEO, Piramal Realty

contributes to around 5 per cent of India's total GDP. Mumbai has adapted to a highly competitive and dynamic global environment and is set to grow on the lines of other global cities such as Manhattan, New York, Singapore, etc.

Mumbai currently has around 90,000 unsold units available with an annual absorption of 20,000. At this rate, it would take about five years to absorb the unsold stock. In the long run, the sector will witness a healthy growth resulting in increased demand in the coming years.

Delhi NCR is a land-rich market that has been domi-

nated by investors in the past. The market has excess supply, limited end-user demand and stalled projects.

Bengaluru and Pune are growing markets with moderate supply. However, these cities will see an appreciation in price, owing to an influx of job opportunities leading to growing demand, lifestyle and good social infrastructure (school, colleges, hospitals, parks, etc.).

What are the projects being undertaken by your company?

We have a Mumbai-focused strategy and our residential-commercial mix is 85:15. We are more inclined towards residential projects as it allows us to generate cash up front, while commercial projects require a higher amount of initial financing in exchange for stable cash flows over a longer period of time. We have developments in some of Mumbai's prime areas such as – Byculla, Mahalaxmi, Kurla, Mulund and Thane, which is a mixed-use development.

These world-class developments, while being cutting-edge and contemporary, focus on embracing a more intuitive definition of luxury that celebrate nature, greenery, space, light, ventilation, art, culture and community living.

Are you targeting the Gulf NRI market for these projects?

Yes, absolutely. NRIs are well-versed with global trends and standards in design and development. They seek to invest in properties back home that provide a good layout, open and green spaces, natural lighting and ventilation along with various lifestyle amenities.

Our collaborations with leading international partners help us deliver world-class developments and spaces that provide residents with the opportunity to grow and thrive. Hence, our developments perfectly match the demands, lifestyle and needs of NRIs.

Could you give a brief overview of your company's real estate activities in India?

The year 2017 has been a watershed year for the Indian Real Estate sector. Despite the sluggish market, Piramal Realty has had a robust year. We have recorded double the amount of sales for the financial year and launched new world-class developments.

We have completed the construction of Phase I at Agastya Corporate Park, Mumbai's largest non-IT commercial development in Kurla.

Designed by leading industry players in the global commercial real estate space – CallisonRTKL US, SpaceMatrix Singapore, BurroHappold, and many more – the state-of-the-art park has been designed on the principles of Biophilia.

It consists of independent buildings, multi-format office spaces across a land parcel of 16.25 acres, with over one acre of green landscape.

Recently, we launched Piramal Mahalaxmi, our four-acre flagship project in south Mumbai. During its launch phase, we received an overwhelming response from the market with bookings worth Rs15 billion. In early July, we launched the second Tower, i.e., the Central Tower at Piramal Mahalaxmi.

Set at competitive prices, this development is a reflection of innovative world-class design.