

REAL ESTATE MARKETING IN DELHI (NCR) - TRENDS AND STRATEGY

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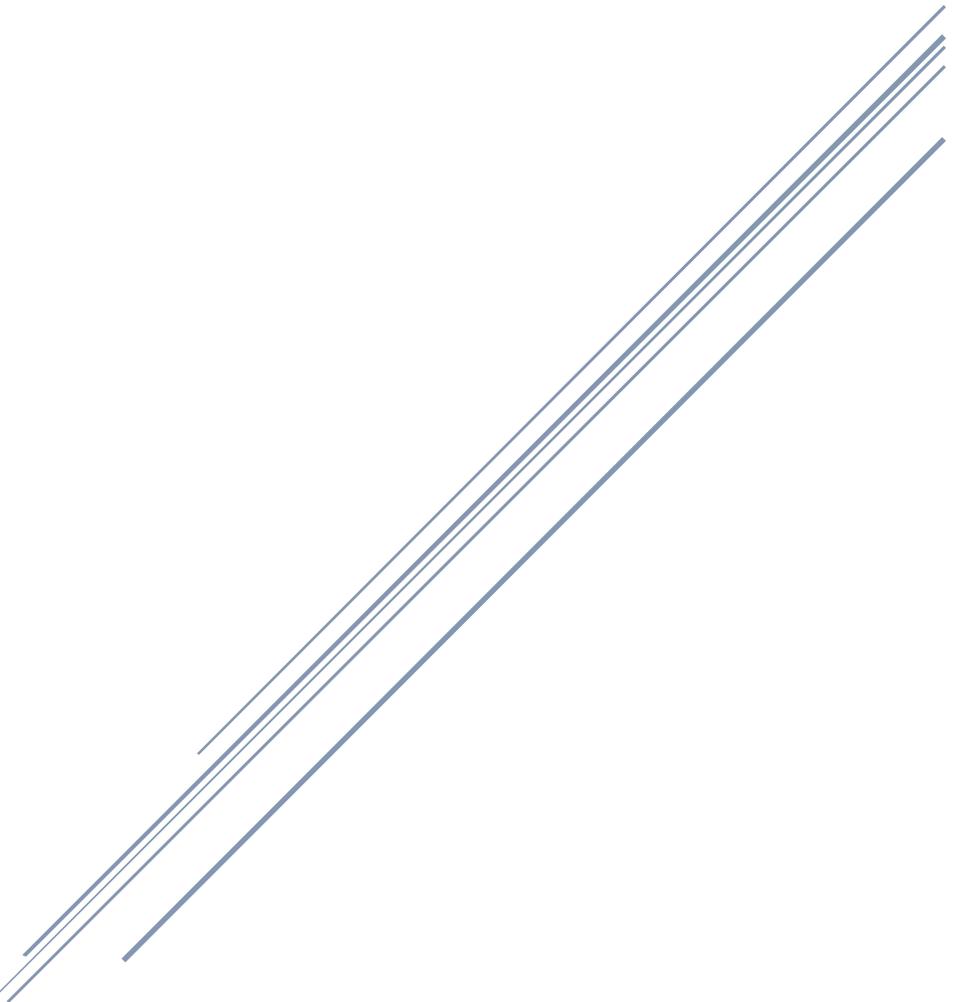


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1. BACKGROUND

1.1. Objectives of the study

1.1.1. The study's objectives were to assess the thrust of marketing thought in the real estate industry, and to outline the marketing practices followed.

1.2. Scope of the study

1.2.1. The scope of the study was geographically limited to private firms operating in the NCR region only.

1.2.2. The residential development market was considered to be the main focus of the study. The respondent base also included firms operating in other segments of the property development market such as commercial, retail and leisure segments.

1.2.3. The study also focused on contacting firms who were considered by industry experts (and informally by study participants themselves) to be 'leaders' in their segments, and who act as pioneers in a number of marketing practices.

1.2.4. Size was also used as an indicator, with an attempt to undertake a dip-stick survey of firms representing different sizes (measured by turnover in rupees) and scale (measured in terms of residential built-up area completed). However the fragmented and secretive nature of the market made it impossible to get comprehensive financial figures, and the survey sampling was therefore completed on a 'best-efforts' basis.

1.3. Approach

1.3.1. The assignment was done through the following steps:

- Familiarization
- Secondary research
- Development of research tools
- Pilot survey
- Finalization of questionnaire and Detailed survey
- Data Analysis
- Conclusions and recommendations

1.3.2. Familiarization

The study commenced with a brief period of familiarization during which members of the study team acquainted themselves with the

product and the characteristics of the product class, identified sources of data, and started development of the research tools.

1.3.3. Secondary Research

- a. The team collected market information from a variety of published and unpublished sources such as:
 - i. Databases from NICMAR and CIDC
 - ii. Publicly available information such as newspaper clipping services, libraries, Government agency reports, municipal bodies, industry associations and company annual reports
 - iii. Information from proprietary sources (where available) such as financial institutions and research bodies
 - iv. Structured discussion with a few key industry representatives

1.3.4. Development of research tools and Pilot survey

Based on the industry knowledge developed above, the team developed a research questionnaire that was tested with 4 firms through personal interviews. This questionnaire covered:

- a. Segments
- b. Customer characteristics
- c. Emerging trends
- d. Marketing practices
- e. Skill gaps seen and likely to emerge in the future
- f. Current and future training needs

Based on the feedback from the interviews during this stage, the research questionnaire was finalized.

1.3.5. Sample design and Detailed survey

- a. A structured non-parametric sampling of various construction and building firms in the NCR region.
- b. The finalized questionnaire was sent to approximately 50 firms in the NCR region. Of these 23 organizations were surveyed in person by field staff drawn from the students of NICMAR Delhi.
- c. Based on the responses, and the information gaps identified, the team shall meet a selected sample of -- developers to carry

out a detailed Voice of Industry survey. Each interview covered:

- i. Characteristics of the enduser industry/sector under consideration, current and future prospects
- ii. Current and future usage of property products and drivers of such usage
- iii. Perspective on the current and desired features of the development and selling process with particular reference to experiences with skills, capabilities and delivery mechanisms (processes) of developers

1.3.6. Data Analysis

The information collected was compiled and analyzed, and the preliminary assessment of the skill requirements in the marketing function were conceptualized.

1.4. Caveats and disclaimers

- 1.4.1. This study consists of a non-probabilistic survey carried out over a two month period of October to November 2003, and is limited in scope to firms operating in the residential construction market in the National Capital Region.
- 1.4.2. It should be noted that all estimates and forecasts have been provided by respondents, and have been accepted at face value, and there is no guarantee either explicit or implied of their accuracy or achievability.
- 1.4.3. NICMAR does not accept any responsibility or liability as a result of business decisions taken on the basis of this report.

2. ECONOMIC SIGNIFICANCE OF CONSTRUCTION & HOUSING

2.1. Employment and Output

2.1.1. The Construction Industry in India is the largest employer next to Agriculture. It employs 31 million people every year and as of end-1999 is estimated to produce goods and services worth Rs.21,000 Crores.

2.1.2. The demand for construction in India has recorded satisfactory enough growth since the late sixties, with the value of construction going up sharply from Rs.4,082 Crores during 1968-69 to Rs.1,75,548 Crores by 1997-98.

2.2. Share in income and GDP

2.2.1. The share of construction in national income (i.e. net national product at factor cost) at current prices increased from 13 percent in 1968-69 to 17.7% in 1990-91

2.2.2. While the contribution of the construction industry as percentage of GDP (at 1993-94 price levels) has stabilized at between 4.4% to 5.1% for some time though the performance of the industry since 1993-94 shows a marginal improvement. This might be the sign of the fact that the construction industry is getting more organized, sustaining not only its share of GDP but also gearing up for a higher share.

2.2.3. According to a McKinsey report, the present contribution of the housing construction industry in India is small when compared to developing and developed nations, only 1% of GDP, compared to 3% - 6% in other developing countries.

2.3. Source of contribution

2.3.1. The share of the private sector in construction is expected to increase owing to accelerated foreign direct investment. On the other hand, contribution by the public sector in construction remains subdued owing to resource constraints.

2.3.2. Similarly, the household sector may fail to make a substantial contribution towards incremental rise in demand for construction owing to the fact that population growth in the lower income groups is unlikely to be arrested in the next decade and growth in agricultural output may remain sluggish owing to the absence of the new high yielding varieties seeds.

2.3.3. This, the private corporate sector in all probability will prove to be the engine for growth of the Indian construction market in the coming year.

2.4. Development outlay

2.4.1. Construction activity accounts for over 50% of our national development outlays. Out of the total investment in plan and non-plan in construction activity, over 50% is spent on building construction and out of this, 50% accounts for residential buildings for housing. Therefore 25% of the national outlays are for building construction and 12.5% for housing financial resources is one of the critical factors.

2.5. Potential Impact

2.5.1. If the above issues are addressed and the economy were to grow at 10% a year, the housing sector would grow at 14% a year and create over new 3.2 million jobs over the next 10 years. Housing prices could fall by as much as 40%.

2.5.2. This would make housing even more affordable and could start off a chain of events to boost the real estate industry, which will culminate in an overall positive impact on the Indian economy.

3. OVERVIEW OF REAL ESTATE SCENARIO IN INDIA

3.1. Macro-demographics

- 3.1.1. The population of India grew by 21.34% between 1991 and 2001, to touch a total of 1.027 billion in 2001. The state-level population totals can be reviewed in Table 1. It should be noted that Delhi UT has the fourth-highest growth rate of population during this period, at 46.31% more than double the national average.
- 3.1.2. In 1991, 26% of the population lived in an urban environment, a proportion expected to increase to above 30% by 2001. The distribution of the urban population as detailed in the 1991 Census between the various categories of towns can be examined in Table below. As can be seen, the share of the larger towns, particularly Class 1 towns, increased sharply highlighting the acceleration in the level of urbanization.
- 3.1.3. A corollary of the trend towards urbanization is the trend towards concentration of population. According to 1991 census, about 65% of the total urban population live in class I cities and 50.6% of urban population live in metropolitan cities alone. By the year 2000, India's urban population is expected to be 325 million, twice the 1981 level and more than half of India's population growth will occur in urban areas.
- 3.1.4. In 1991, there were 23 cities with a population of more than one million. By 2001, in-migration and natural growth had increased that number to 35. Out of the expected urban population of 325 million, the provisional figures from the 2001 census indicate that almost a third (107 million) already live in these 35 cities. These 35 cities are listed in Table 3.
- 3.1.5. Rapid population growth, industrialization and migration to urban areas are thus likely to lead to a significant increase in demand for housing and a shortage in some regions, spelling trouble for urban planners, and opportunities for urban developers.
- 3.1.6. A shortage already exists, with the 2001 backlog estimated at 15.5 million houses in urban areas and 25.5 million in rural areas (India Today, July 31, 1995). This backlog has arisen due to a number of reasons such as unplanned development, non-availability of land for mass housing, slow construction leading to cost overruns and failure to meet the incremental demand, no focus on low-income segment, shortage of building materials, rent laws and unwieldy procedures for conversion of land use.

3.1.7. The nature of housing problem is manifested in rapid growth of slums and unauthorized settlements, poor quality of services, spiraling land prices and increase in cost of construction, particularly in the metropolitan cities.

3.2. Key urban centers

3.2.1. The increasing international exposure of the Indian economy will not translate into development for all Indian cities. Rather only a handful of Indian urban centers will benefit directly. For example, a May 2003 study by Jones Lang LaSalle places three Indian cities on the map of 'Rising Urban Stars' – Bangalore, Mumbai and Delhi (these are indications of the general urban cluster and not of the Municipal region) which deserve international attention as likely centers of growth.

3.2.2. Bangalore has been defined as a "Rising Technology" city due to its ability to commercialize innovation activities. As multinationals seek to outsource routine and increasingly non-routine IT functions to lower cost offshore locations technology hubs such as Bangalore emerge due to its pool of well-educated labor with good technical skills, supported by a reliable infrastructure and a business-friendly climate. Bangalore, the "Silicon Valley" of India is arguably becoming the most high profile technology hub in the developing world, moving from an IT back-office location to a fully fledged IT hub with cutting edge research combined with low value added services. The influx of multinational companies, looking for custom designed independent campus buildings, continues to transform the local real estate stock.

3.2.3. Mumbai and Delhi have been defined as Rising Mega Cities. These cities leverage their access to huge potential consumer bases and abundant labor supply, and are dynamic business environments. Access to a large pool of labor with good technical skills has resulted in the establishment of back-office and contact centers. Both cities have potential for high value activities, with a degree of originality in the fields of technology and intellectual research.

3.2.4. Significantly, the report warns that all the identified Indian cities will face increasing competition from India's second tier cities (e.g. Chennai, Hyderabad and Pune) unless they can improve the quality of the real estate stock, notably in the central business districts, which combined with fragmented ownerships continue to constrain real estate investment. However, growth in demand for back-offices and contact centers is expected to result in continued strong growth in suburban real estate development, and investment opportunities will increase.

- 3.3. Undervalued Indian Real Estate
 - 3.3.1. The Asia-Pacific region shows one of the highest economic growth rates in the world, driven mainly by the emerging economies of India and China.
 - 3.3.2. The demand for quality real estate in the region has pushed up occupancy costs. This is illustrated by the fact that as per CB Richard Ellis' Global 50 Index (August 2003) which tracks office occupation costs in 50 key cities across the world, of the top 50, 9 cities are Asian. The average office occupancy costs in these 9 cities is on the average 8% higher than that of the overall index.
 - 3.3.3. Of the Global50, the rates in the two cities in India – Mumbai and Delhi are indicated to be below the average for the Index as a whole - Mumbai is at US\$ 50.34 per sqft per annum, and New Delhi is at US\$ 36.63 per sqft per annum, compared to the index average rate of US\$ 51.83 per sqft per annum. However, this is expected to rise sharply in the near future as the economy moves out of the slump of the last three years, and the feel-good factor translates into a more bullish economic environment.
 - 3.3.4. Developers can therefore look forward to a firming of rates up to international levels for quality commercial properties, and a strong spillover benefit to the residential and retail segments driven by the increasing transparency and internationalization of the economy.
- 3.4. Government intervention to kick-start development
 - 3.4.1. The scarcity of quality residential, commercial and retail space, the murky business practices of most developers, and antiquated land laws, meant that the Indian real estate sector has never found favor with either domestic or international corporates and funding agencies.
 - 3.4.2. Though there was a brief period in the early 1990s when a large number of corporate houses entered the development sector, it seems their focus was more to reap the benefit of their land holdings, purchased cheaply decades before.
 - 3.4.3. A number of new development clusters are now emerging as State Governments understand the multiplier effect of the real estate sector and promote the integrated development of urban areas, rather than of a single city, and address statutory issues. A number of state governments are actively promoting and developing their states with innovative schemes targeting the private corporate sector.

- 3.4.4. For example, the Maharashtra Government is promoting Navi Mumbai as an alternative to Mumbai. Land prices in India's financial capital are amongst the highest in the world, and act as a major deterrent to new investment and expansion. Firms now are offered the option of relocating to a cluster of towns spread over 344 sqkm, named Navi Mumbai, just 65 km from the metropolis center. Key corporates such as Hindustan Lever, Gujarat Ambuja, Cotton corporation of India, Central Bank, Punjab National Bank, MTNL and HUDCO are shifting their base to Navi Mumbai attracted by the savings in real estate prices. But the state is not banking on low real-estate prices along to promote the satellite town. CIDCO has launched an innovative corporate shifting scheme, under which plots will be allotted to companies with a minimum turnover of Rs.100 Crore and which employ at least 100 people. The CIDCO has received over 30 applications for land from companies such as Larsen and Toubro, Hindustan Organic Company, Siemens and Bharat Petroleum. Single window clearance of plans and the absence of the urban land ceiling regulations are among the other attractions.
- 3.4.5. A similar development is taking place in Kolkata where 2750 hectares of marshy land between Salt Lake and the city airport (an area called Rajarhat) is being developed as New Calcutta, a mini-city that would be the state capital's first real expansion bid. Other major projects where the State Government is actively participating are joint sector projects with the West Bengal Housing Group and the other with Gujarat Ambuja Cement.
- 3.4.6. Even a traditionally low-key city such as Chennai has been impacted by the newly international face of Indian business, and the aggressive initiatives of the local government. Driven by the software industry, Chennai is experiencing the phenomenon of sprouting townships. The congestion in the city is forcing people out of the city. The areas undergoing development are Minjur, Porur – Kunrathur & Guindy. Accordingly, the Chennai Metropolitan Development Authority (CMDA) has extended its jurisdiction up to Mahabalipuram and is developing new townships. Besides developing plots, the CMDA is constructing houses with HUDCO's assistance. Further plans include developing Manali, Tiruvallur and Minjurb as a residential and commercial suburb.
- 3.4.7. Delhi was one of the pioneers in the centralized model of development with the establishment of the National Capital Region Planning Board (NCRPB) as a statutory body in 1985. However, unlike in other cities, the role of the private developer was limited as a result of the 1962 Land Policy. That was the beginning of the emergence of a distorted market, with the highly centralized

government (development authority) model of city development. The policy of allowing only the development authority (DDA) and no one else to develop land backfired. Auctioning of land only added fuel to the fire and real estate prices started shooting up in an unbelievable manner. Long waiting lists with the not so efficient DDA only increased demand in an already constrained market. Real estate became a prized possession, and it has only been in the last decade, with the opening up of satellite areas in the NCR such as NOIDA and Gurgaon that a significant improvement in both supply levels and supply quality has emerged.

3.5. Issues impacting the growth of Real estate

3.5.1. Statutory environment

- a. The Urban Land Ceiling Regulation Act (ULCRA) has always acted as a drag on the growth of the sector as it limited the amount of usable land. The central government has repealed this archaic law in 1999/2000, but not all the state governments have not followed the lead. This will definitely lower the price of land, which accounts for about 50% of the price of the real estate property in India, unlike the developed countries, where it is much less.
- b. Unclear Ownership (estimated to affect 90% of all plots in India) prevents easy transfer of land, thereby creating a scarcity of land. This is due to poor record keeping and complicated outdated processes. If titles are clear to buyers it will open up avenues for financing and investment for development and lower the overall cost of projects.
- c. Obsolete tenancy and rental control laws keep a large part of the urban properties off the market. Rental laws require revision to protect the owner and his/her property from the tenant. Currently due to lack of this protection, investors do not enter the real estate market to utilize the rental fees as income. The tax laws must be revised to make renting of properties a financially viable option. Some states like Maharashtra, Goa, Bengal and Karnataka have already made amendments to the rent act.
- d. Though the level of foreclosures for the housing finance companies (HFC) are relatively low at around 1.5 to 2 %, the foreclosure laws must be revised and made up-to-date to suit the current context. The laws for non-payment of Equated Monthly Installments (EMIs) and consequent foreclosure and repossession of the property must be revised, so that the

financing companies have the final rights on the property, which is the collateral for the housing loan. Once enacted, these laws must be enforced. This will further boost the housing finance business.

- e. Statutory fees such as Stamp duty and registration fees are extremely high. The cost of transferring land titles must be reduced from rates of 10+ % stamp duties to reasonable levels of 3 to 5 %; similar to prevailing rates in developed countries to encourage sellers to pay the lower stamp duties, instead of trying to cheat the government of the stamp and registration costs. High duties have also encouraged the use of unaccounted moneys. The registration procedure is also unclear and complicated

3.5.2. Building Codes, Standards & Permissions - Although there are several building guidelines and standards in various cities and states, the developers have not followed them; nor have the authorities implemented them. In addition, a large number of permissions and requirements from different departments make getting approvals a huge entry barrier in the construction industry leading to scope for corruption and time delays.

3.5.3. Access to capital and incentives - Since Housing is not recognized as an industry by the Government, the industry players are not able to access capital markets to finance large-scale development and technological upgradation. Easier access to capital and tax incentives would jump-start the entire housing industry. Neither can the sector cannot invite equity participation from global majors as Foreign Direct Investment (FDI) is not allowed in the real estate industry which would allow developers to lower the cost of capital, and would allow access to global best practices. FDI would also enable new technologies to be introduced in the housing industry, improving efficiency and cost effectiveness. Recently FDI have been allowed in real estate projects with certain restrictive financial, time and area constraints.

3.5.4. Development planning and adherence - There is a need to recognize and plan for demographic trends and lifestyle changes. Few Indian cities are built with an overall plan in mind, and few plans survive short-term and/or political compulsions. Monitoring of adherence to plans is also poor

3.5.5. Infrastructure pricing - Most Indian cities lack infrastructure as growth in population outpaces development as charges to users for services are heavily subsidized and do not allow for an adequate return on investment. In addition, pilferage of utilities and high

outstandings mean that the actual monies collected are far below projections, keeping service providers in financial problems.

- 3.5.6. Marketing practices have been very reactive and arms-length, reflecting the origin of the industry in a sellers market. Buying and selling of property has depended on brokers and a reactive wait for customers. In addition a lack of transparency and a credible approach hurt investor sentiments.

4. NATIONAL CAPITAL REGION - PROFILE AND DISCUSSION OF THE REAL ESTATE MARKET

4.1. Definition

4.1.1. The National Capital Region (NCR) consists of a multi-state but geographically homogenous area, defined as a single entity for the purpose of integrated development. The areas under the NCR are as follows:

Table ## : Administrative Units of the National Capital Region

State	District	Area (sqkm)
Delhi	Delhi Union territory	1,483
Haryana	Faridabad, Gurgaon, Rohtak, Sonapat + the tehsils of Rewari, Bawal, Panipat	13,413
Rajasthan	6 tehsils of Alwar – Alwar, Ramgarh, Mandawar, Kishangarh, Tijara	4,493
Uttar Pradesh	Meerut, Ghaziabad, Bulandshahar	10,853
Total		30,242

Source : National Capital Region – Growth & Development : NCR Planning Board 1999

4.2. Urban Demographics

4.2.1. The population distribution of the various units of the NCR can be reviewed in Table 4 below. Delhi comprises the bulk of the population (43%), and also shows the highest growth rates. This has led to an acceleration in the growth rate of population in the entire NCR, with a corresponding increase in the overall density of 32% between 1991 and 2001.

4.2.2. Delhi is divided into a number of districts as can be seen in the map below. A district-level analysis of growth and density indicates that the core of the NCR – New Delhi and Central Delhi – shrank during this period, with New Delhi showing an decadal increase of just 2.47% in population, while Central Delhi actually showed a decadal decline of 1.91%, leading to a fall in the population density in that district. The North Delhi district also showed a relatively low growth of 13.30%.



4.2.3. However, all other districts in Delhi showed much higher growth rates than the rest of the NCR. The highest growth rates were seen in North-East Delhi (62.52% between 1991 and 2001), South-West Delhi (61.29%) and North-West Delhi (60.12%). East, West and South Delhi all showed growth rates of 41% to 51%.

4.2.4. Outside the Delhi region, the average decadal population growth rate in the NCR was 31%. Some of the main locations of higher-than-average population growth were Faridabad (48.47% increase between 1991 and 2001), Ghaziabad (47.47%), Gurgaon (44.64%) and Panipat (38.57%).

4.3. Reasons for growth of population

4.3.1. The major reason for the steep population growth rates seen in Delhi and key centers throughout the NCR is in-migration from the surrounding states. The increase in population from natural growth has shown a declining trend as a proportion of the population increase. The NCR Planning Board estimates that in-migration has increased at an accelerating pace over the past three decades, and accounted for almost over 57% of the population increase till 1981. Though later figures are not available at the time of preparing this report, given the economic situation over the past 5 years, it would be safe to assume that the rate of in-migration would not have slowed down during this period.

4.3.2. The hinterland states i.e. Uttar Pradesh, Haryana, Punjab and Rajasthan, have been the main source of in-migration, accounting for around 71% of the total influx. What has changed over the years is the pattern, with the most recent wave of employment-related migration in the 90's coming from the urban areas of these respective states, compared to the original influx of persons displaced from the primary sector.

4.4. Economic profile

- 4.4.1. The NCR dominates the economy of Northern India, and attracts both migrants and investment from the surrounding states, bypassing intervening smaller towns. Since the total journey time within the region is not high, the NCR (and mainly Delhi) has developed as the node of transportation and trading activity. The well developed rural and urban economy in hinterland around the NCR thus relies on the NCR as the center for trade and manufacturing. However, the saturation of space in the Delhi UT, means that as the NCR grows, the fringe areas, which were once agricultural in nature, are swiftly becoming manufacturing and industrial centers in their own right. However, Delhi continues to dominate the nature and quantum of industrialization around it, due to its presence as a center of government, trade and consumption.
- 4.4.2. There are three main economic generators of growth which takes advantage of transport, communication, funding and storage infrastructure; as well as being a part of the city's economic life due to historical reasons, viz. Government and Public Sector Undertakings, Wholesale trade & commerce, and Industry.
- 4.4.3. Employment in Government and Public Sector Undertakings in Delhi/NCR continues to rise, and total decentralization seems to be unlikely. However, a limited version of decentralization within the NCR itself is underway, and a shift to dispersed nodal areas is likely to gather impetus helped by disincentives and screening mechanisms. The same holds true for industries and trading centers, which are being shifted to specified zones and newly-developed centers at different places in the NCR.

4.5. Real Estate Market in the NCR

4.5.1. Market segments

The real estate market in the NCR may be considered as consisting of a number of micro-markets. A discussion of each segment/location lies outside the scope of this study, and therefore only the key ones of interest to this study are discussed below.

- a. Retail centers - Historically, the oldest retail centers in the region were located in Delhi and comprised Connaught Place in New Delhi, the Karol Bagh area in North Delhi, and the Old City. These areas while maintaining their appeal, have largely been bypassed by new/expanding retailers, due to the high cost of establishment, who have upgraded South Delhi shopping nodes such as South Extension, Lajpatnagar, Greater Kailash, etc. A third wave of retail development is now underway across all areas with the establishment of

large retail formats (department stores, malls and category specialists) such as Westside and Shopper Stop in both the older as well as newer areas in Delhi, as well as the development of a number of very large shopping malls in NOIDA and Gurgaon which are each turning into major retail destinations.

- b. Business centers – Connaught Place continues to be considered the Central Business District (CBD) of Delhi. A number of off-CBD areas such as Nehru Place, Bhikaji Cama Place, Pushpa Vihar, etc have emerged as strong centers with their own satellite areas due to the Government's efforts to decongest the CBD. Gurgaon is also emerging as a strong alternative to Delhi, with its success in attracting a large number of multinationals with its high-quality office centers. The Mohan Cooperative Estate also attracts a large number of corporates.
- c. Residential areas – Delhi's residential areas primarily consist of low-rise buildings. The premium residential area is considered to be South Delhi due to its proximity to shopping, entertainment and transport. Gurgaon and NOIDA, are being developed with a mix of plots and multi-storey apartments. The relocation of multinationals to Gurgaon has led to a subsequent increase in demand for high-quality residential properties leading to the emergence of plush condominium complexes. Gurgaon is now perceived as an extension of the South Delhi area.

4.5.2. Segment activity

- a. The investment market in Delhi is fairly active for small properties, through most transactions occur in South Delhi and Gurgaon, The rental yields typically vary between 10-13% pa depending on the tenant profile, location and quality of space.
- b. While both Gurgaon and Noida offer quality, suburban facilities conducive to the operations of the ITES ventures, Gurgaon continues to outscore Noida due to a robust infrastructure in terms of scalability. The large quantum of new constructions in Gurgaon, and Noida, both commercial and residential would support the demand for additional business activity in the region. The demand for built-to-suit facilities/campus style developments in the suburban locations that offer cost efficiency and a good supporting residential infrastructure, would increase in the coming year.

However prices in both locations are likely to be affected by the steady supply of new space coming onto the market and the competition between developers.

- c. In general residential construction activity in Delhi has slowed down as a result of lack of large plots. The majority of construction is limited mainly to redevelopment of existing properties, with single-storey single-family structures being converted to multi-storey multi-family buildings.
- d. Most projects (retail, commercial and residential) are coming up outside the city limits facilitated by the availability of abundant land at reasonable prices and close proximity to Delhi. Residential development in these areas, the main ones being Gurgaon and NOIDA, are being developed with a mix of plots and multi-storey apartments. New transport links such as the 8 lane DND link to NOIDA, and current widening of the expressway (National Highway 8) between Delhi and Gurgaon has generated a good demand amongst flat buyers in the upper middle and middle class segment.

4.5.3. Activity drivers

- a. Transaction activity in Delhi is being driven by the availability of (and is limited to) high-quality investment-grade properties providing steady average returns. A strong demand exists for securing investments on pre-leased properties by high net worth individuals, corporates, and institutions.
- b. The demand-supply fundamentals continue to be steady, and many potential investors are evaluating the stock market against real estate as an alternative asset class for parking funds.
- c. Falling interest rates on property loans are also expected to be a positive factor for most real estate investments as properties could be refinanced and thereby returns leveraged. However, rising vacancy levels in some micro markets, falling rents, and non-appreciating capital values will be concern areas for the investment community.
- d. While office demand continue to be predominantly from the IT/ITES operations, the retail sector is witnessing tremendous real estate development. Both the sectors offer

attractive opportunities for investments in the form of construction funding, rent discounting, sale-leasebacks, and pure investments.

- e. The ITES sector has created increased demand momentum and this is expected to continue. The growth and maturing of the ITES industry is expected to support a high level of development activity. The NCR region being the largest employer of ITES manpower there is expected to be tremendous growth not only in built-to-suit and fitted-to-suit commercial space, but in residential properties for ITES employees and support services. However this growth is likely to be limited to Gurgaon and NOIDA only.

4.6. Real Estate Demand

- 4.6.1. Demand in the older business areas is soft. For example, during the first quarter of 2003 CBRE estimated the vacancy rates in the prime Connaught Place micro-market (CBD) to average 15%. However the market is expected to have bottomed, and with a stable price outlook, the CBD may witness demand for relatively larger spaces in a couple of years time owing to the facelift of infrastructure in the area.
- 4.6.2. Due to slack availability of quality space and subdued business conditions, the demand for space in off-CBD locations is generally low and there is little fresh demand for space in the south Delhi locations. Since corporates are looking at relocating for more effective and quality space at a reasonably lower cost the subdued demand conditions are likely to continue, with the beneficiaries being areas such as Gurgaon, Mathura Road, NOIDA, etc.
- 4.6.3. Currently vacancy rates in Gurgaon and NOIDA are also high due to the large number of projects under construction and an oversupply situation prevailing there. As most demand comes from technology backed corporates in the financial services, and ITES sectors, any economic or political problems in their markets abroad lead to expansion and development hiatus. Gurgaon and NOIDA are very susceptible to these demand softening due to their reliance on these two sectors.
- 4.6.4. The industrial areas in Delhi continue to be in demand for smaller IT/Telecom driven businesses. However, the private commercial developments are now more preferred due to the drop in values over the last 12 months, as opposed to the industrial developments. By and large, commercial office space demand has been stable over the

last quarter, and has been mainly driven by corporate relocations and fresh establishments in equal proportions.

- 4.6.5. Despite the fact that Noida scores over Gurgaon with regards to easy accessibility and maximum linkages to the Delhi city and better public transport facilities, it still has not been able to become the preferred destination over Gurgaon. As a part of the Ghaziabad district, Noida was primarily developed to ease out the increasing pressure of industrial growth in Delhi. On the other hand because of the activities of the big players such as DLF, Unitech, Ansals etc Gurgaon emerged as one of the most sought after office as well as residential destinations.
- 4.6.6. The relocation of multinational corporates to Gurgaon due to availability of better quality options at lower prices has led to a subsequent increase in demand for residential properties. Thereafter the emergence of plush condominium complexes has also fuelled the demand for residential properties in Gurgaon.
- 4.6.7. Now Gurgaon is perceived to be an extension of the elite South Delhi address. However, in the recent times Noida has seen rapid development in a planned manner. Initially tightly controlled by the government authorities, NOIDA has of late attracted a lot of interest from the private developers.

4.7. Players

- 4.7.1. The real estate sector in Delhi has been primarily dominated by a few big players such as Ansals, DLF and Unitech over the past couple of decades. These early entrants into non-Delhi development were able to obtain large tracts of land at low prices, which they are leveraging today
- 4.7.2. However, recent years have seen the emergence of a number of other capable players in the NCR spanning across Gurgaon, Noida and Ghaziabad besides some small scale developments within the city limits of Delhi itself.

4.8. Real Estate Prices

- 4.8.1. An indicative idea of capital and rental rates in Delhi, Gurgaon and NOIDA is provided below for purposes of comparison.

DELHI Market Rates					
Area	Built-Up Area Rs. / Sq ft	Monthly Rentals Rs. / Sq ft	Area	Built-Up Area Rs. / Sq ft	Monthly Rentals Rs. / Sq ft
Residential	Sale	Rent	Commercial	Sale	Rent
Central Delhi			World Trade Centre,		
Aurangzeb Road	10750	104	Videocon Towers	9000	80-100
Chanakypuri	8650	72	Videocon Towers	7500	70-80
Golf Links	7750	57	Statesman House	10000	90-110
Sunder Nagar	7500	55	Gopaldas Bhavan	8000	70-80
South Delhi			Central Delhi (Non- Central A/C) Grade B		
Anand Lok	5600	46	Ashoka Estate	6000	50-60
Anand Niketan	6000	50	Surya Kiran	4500	40-50
GK I & II	4400	32	Kuncherjunga	4000	40- 50
Safdarjung Enclave	4200	30	Akash Deep	4500	35-45
Vasant Vihar	4950	39	Ansals Bhavan	5000	40-50
East Delhi			South Delhi		
Preet Vihar	3500	18	Int'l Trade Tower,		
Mayur Vihar	2500	15	Nehru Place	10500	80-125
Patparganj	2500	11	Berjaya House,		
Madhuban	3200	20	New Friends colony	10000	80-100
North West Delhi			Capital Court, Munirka	11000	105-115
Janakpuri	2000	20	Great Eastern Plaza-Bhikaji,		
Vikaspuri	1700	16	Cama Place	11000	105-115
Pitampura	2400	22	East Delhi		
East & West Patel Nagar	3000	26	Preet Vihar A	3000	25-35
Noida			Vikas Marg A	2000	18-23
Harmony	1500	UC	NorthWest Delhi		
Sector 15	1200	10	HB Twin Towers Pitampura	4000	40-45
Gurgaon			PP Towers , Punjabi Bagh	3500	35-40
Developed Sectors	950	8.5	Noida (Central A/C)		
Under Developed Sectors	500	6	Sector 18	4000	30-40
Group Housing	850	8	SAB Mail	3500	60-65
DLF Phase I	1200	11	Gurgaon (Central A/C) on Mehrauli - Gurgaon Road		
Unitech South City II	1300	14	DLF Corporate Park	6500	60-65
Sushant Lok Blk C	800	8	Millenium Park	4000	40-45
Sushant Lok I & II	650	7	Gurgaon (Central A/C) on NH - 8		
Ivory Court	1450	15	Signature Towers	4500	35-45
World Trade Tower	11000	100-125	DLF Square	5000	45-50
			Gurgaon (Central A/C) off NH - 8		
			Palm Court	3800	35-40

Delhi Rate Source: Arora & Associates

Prices are Approximate for Built-up/Super Built-up. Rates may vary depending on precise location, frontage, quality of construction, amenities etc. These rates are collected from market sources and are only indicative, Propmart Technologies takes no responsibility for their authenticity and for any transaction thereof.

- 4.8.2. These values are much lower than that prevailing two years ago. Real estate went through a correction and prices in most micro markets declined 4 % to 10% because of a large amount of new supply and increased vacancy levels and went through a cyclical upheaval over the past two years. However the market seems to have bottomed out, and the present behavior is backed by fundamentals and reflects a more mature market paying for improvements in building quality and aesthetics, as well as for services, utilities and amenities being provided with the premises.

5. REAL ESTATE MARKETING IN THE NCR

- 5.1. There are three basic deliverables that a buyer desires to obtain from a developer i.e.,
 - 5.1.1. Timeliness of deliver – The property should be handed over as per the promised time frame.
 - 5.1.2. Quality of the end product – The product being handed over should be strictly in line with the specifications as was agreed upon between the buyer and the seller. The quality of the job done including that of the structure, brickwork, plastering and finishes should be in consonance with the desired practices and with minimal workmanship faults, which has been a common phenomenon in real estate property construction.
 - 5.1.3. Transfer of clear title – The property should have a clear title that can be transferred promptly to the buyer and in turn enable the buyer to create mortgage against any financial assistance that he may seek.
- 5.2. In a buyers market, as has traditionally been the case in India, all three deliverables were provided by developers with a varying level of success and without much adherence to process standards.
- 5.3. Only recently have developers become more customer-oriented in their approach due to a number of emergent trends :
 - 5.3.1. Increasing sophistication of the buyer
 - a. The new consumer more demanding, and aware of the value of his funds.
 - b. The consumer is also more aware of the investing in real estate in terms of financing options, statutory
 - 5.3.2. Increasing availability of low-cost funding to the purchaser through credit schemes from financial organizations means that the focus of the transaction has shifted from between purchaser and developer, to between the purchaser and funding body.
 - 5.3.3. Greater options to customers - Geographical expansion of towns, and better transport links, meaning that the customer now has the option of investing in a number of locations with similar spatial advantages.
 - 5.3.4. A recent economic slow-down that limited consumer spending and increased the competition level in the industry.

- 5.3.5. Emerging players focusing on new locations and segments, who employ fresh approaches.
- 5.4. However, beyond a successful delivery of a property, post construction maintenance also forms an important aspect in retaining the confidence of the buyers and impart a more holistic value to the buyers. It has been observed that in most of the cases the aspect of maintaining the property in an adequate manner has taken a back-seat and has never been given the right priority that it deserves. This has led to fast deterioration of the property and its utilities and acute suffering for the buyers, even to the extent that the buyer starts repenting the decision of buying that particular property.
- 5.5. Emerging Trends in Real Estate Marketing
 - 5.5.1. Competition, large-scale property development, and increasing buyer sophistication have driven the adoption of a professional and customer-centric approach.
 - 5.5.2. Developers now adopt the following major methods for attracting buyers and selling property –
 - a. Multiple Channels for Communicating
 - i. Advertising basic features through mass media such as newspapers and journals where dedicated portions are now being devoted to real estate. The buyers come to know about the basic features like the location, the developer, features and utilities, indicative prices, the contact details, etc.
 - ii. Road shows – Some developers / builders emphasize on carrying out road shows, specially for large projects even in other cities or in international venues to attract buyers / NRIs who are on the look out for purchasing flats here.
 - iii. Web-site and Internet advertising – This is also a recent trend wherein builder / developers have been widely using the internet access to create their own individual web-sites where the detailed information about the property, its specifications and price are given for a buyer to know.
 - b. Sales Channel management
 - i. Insisting on a more professional approach from brokers especially for commercial space where the entry of various multinational real estate service

provider giants like CB Richard Ellis, Colliers Jardine, Knight Frank, Chesterton Meghraj and Jones Lang LaSalle has augmented the comfort level of the buyers. These agencies not only carry out due-diligence at their end, they also participate in working out structured financial options that may suit the buyer. These professional firms sometimes handle the premium residential properties as well. However, road-side and neighborhood brokers continue the middle and lower income segments to dominate due to their locality knowledge.

- ii. Direct Marketing in terms of approaching prospective buyers and making them aware of the property details together with the pricing and other benefits that may be there. The companies sometimes maintain a database of people who are on the lookout for flats or apartments and tap them through directly. Sales to corporates and high-net worth individuals are often done through this channel.
- c. Tie-ups with Influencers/Gatekeepers - Recently, housing finance companies have been playing an important role in guiding the customer towards available options. Thus, developers enter into a tie-up with such banks / HFCs, wherein special benefits are extended to the buyers.
- d. Brand Equity – Till recently branding was never looked into from the viewpoint of marketing real estate. But, with more and more developers entering the fray almost everyday, branding has become an important consideration wherein the past track record of the builders / developers play a major role in terms of adding value to the brand.
- e. Word of Reference from existing buyers – This forms a very strong marketing tool, wherein the existing customers help in putting across references to their friends / relatives who are looking for options. This is where, customer satisfaction is of prime importance and sometimes unsatisfied customers can prove to be a major deterrent in selling space in the new project(s). As has been observed, new prospective buyers insist on meeting and taking feedback from the existing customers about what has been their first hand experience with the builder / developer before committing themselves.

6. SURVEY FINDINGS

6.1. Respondent profile

- 6.1.1. Services - The respondents are predominantly concentrated in the private residential sector (91% of respondents). On the average, the respondents provided 3 services, with the next most important being development of commercial spaces for the private sector (74%) and acting for the public sector in development of residential and commercial space (61%). Other services were offered by only a small proportion of respondents – consulting by 35%, financing by 26% and brokerage by 17%.
- 6.1.2. Locations – During discussions with respondents, it was indicated that Delhi was not a major focus of activity due to the paucity of developable space. However 78% of respondents indicated that they were still operating in Delhi, (or had done so in a major project at least once during the last 3 years). Gurgaon seemed to be the most favored destination outside of Delhi, with 70% of respondents having projects underway, compared to 48% of respondents indicating activity in NOIDA. Ghaziabad and Faridabad areas were not as favored with only 13% and 17% of respondents indicating activity in those locations.
- 6.1.3. Residential Segments covered – The largest proportions of respondents indicated that they catered to the high and medium income residential segments (91% and 78% respectively) and a very much smaller proportion (43%) catered to the low income residential segment. However the definition of what constitutes each segment varies widely since the general strategy followed is to cater to as many market segments as possible. The definition of a high income segment averaged around Rs. 48 lakhs. However the range of values surveyed was very wide (a deviation of over Rs 21 lakhs), stretching prices from Rs 21 lakhs to Rs 77 lakhs. The equivalent definition of a middle income segment is Rs 24 lakhs, with a range of Rs 12 –36 lakhs, while that for a low income segment is Rs 13 lakhs (Rs 7-19 lakhs).
- 6.1.4. Commercial and entertainment complexes are also areas where a large proportion of respondents are active (70% and 61%) respectively, reflecting the generally risk-averse nature of the industry. Areas such as retail and leisure are served by relatively few respondents (35% and 48% respectively). The least popular segments are the specialized infrastructure segment (39% of respondents only) and the DDA-driven government segment (just 17% of respondents).

6.2. Segment growth rates

- 6.2.1. The industry figures surveyed see the highest growth currently in the commercial space development segment (an average growth rate of 40%-45% per annum) while the retail segment is also growing fast at about 35%-40% per annum.
- 6.2.2. The middle income segment is growing the fastest amongst the residential markets at almost 30% compared to 20% for high income development and 15% for low income development.
- 6.2.3. Leisure and Entertainment segments are also expected to show high growth at 25%-30% per annum. The size of the government segment is seen to be falling (about 5% per annum), reflecting the slowdown in the key Delhi market and pricing pressures.

6.3. Marketing function

- 6.3.1. The majority of respondents (86%) indicated that their organization structure included a separate marketing department.
- 6.3.2. There is very little standardization in this industry regarding staffing levels, designations, experience levels and formal marketing education.
- 6.3.3. In general, departments consist of 5-10 persons, with non-technical backgrounds, with 2-3 years of experience in real estate, headed by a senior who would have at least 12 –15 yrs of experience. Even with this level of experience, this senior is sometimes designated only a Manager, especially in organizations where the distinction between sales and marketing approaches is not clearly recognized.
- 6.3.4. In larger organization, with departments of up to 50 persons, and where top management recognizes the importance of the marketing function, this senior may be designated as a General Manager or Vice-President.
- 6.3.5. The proportion of technically qualified persons in marketing is very low. MBA qualifications also make their appearance only at senior levels. The presence of technically qualified persons with premium MBAs is an extreme rarity.

6.4. Increasing customer satisfaction (Q 6, 11, 12)

- 6.4.1. On the whole, developers focus primarily on the finished product as the means to customer satisfaction. The highest ranked approaches to customer satisfaction were – quality of construction, on-time completion, pricing. However, the wide deviation in scoring

indicates the lack of agreement between different developers on the most important attributes of customer satisfaction.

- 6.4.2. Attributes such as builder image and track record in a locality also scored high.
 - 6.4.3. Developers gave relatively low importance on the average to pre-sales interaction quality, and post-sale support. The highest scoring attribute relating to customer-oriented approach was “speedy response to queries”
- 6.5. Media activities –reaching and influencing the customer (Q17, 18)
- 6.5.1. Mass advertising through newspapers is the preferred medium for reaching customers, with 87% of respondents using project-relating advertising and 78% using corporate advertising for image building.
 - 6.5.2. Other channels such as direct mail, exhibitions, trade-fairs, road-shows, etc do not command such a level of usage, varying between just 26% of respondents for road-shows to 57% of respondents for exhibitions, reflecting the industries reliance on a tried and tested approach.
 - 6.5.3. Site-visits are seen as an important selling tool, with 74% of respondents using them. Other important tools (used by 70% of respondents) are reference selling, improving convenience through provision of one-stop financing and legal services, as well as promotional techniques such as value-adding upgrades/extra’s and customer hospitality at office and site.
 - 6.5.4. A key finding is that through usage of non-advertising methods is relatively low, those respondents who use these channels rank them highly in terms of effectiveness. While project advertising continues to be seen as the most effective tool (scoring 4.2 on a five point effectiveness scale), other channels are also ranked highly - reference selling (scoring 2.20), then exhibitions (scoring 1.60).
- 6.6. Media usage
- 6.6.1. All respondents contacted used newspapers as the main advertising channel. The next most popular advertising medium was outdoor hoardings, used by 74% of respondents. A surprisingly high proportion (70%) said that they used email marketing. Usage of other media and channels was low – magazines were used by 57% and industry journals by 22%, radio by 35%, and cable by 13%. Television advertising was completely absent.

6.6.2. Given the reliance on newspaper advertising as the main method to increase awareness of a project, and to influence purchasers, the average level of advertising spend is high, and amounts to around 1%-5% of the project cost.

6.7. Finding the customer

6.7.1. In general, the industry still relies for a large part of its sales (30%-50%) on walk-in customers, i.e. those customers who approach the company directly to review projects underway. In companies who have built brands e.g. Unitech, the proportion may as high as 70%.

6.7.2. However, most companies acknowledge the importance of brokers who may be responsible for generating anything between 50% and 100% of a company's sales.

6.7.3. The newer and smaller players are using multiple channels, including direct selling, with some companies indicating that a substantial share of their sales comes from direct selling to high-net worth individuals and corporates.

6.7.4. Another emerging channel is the share of bank referrals, with some respondents indicating that through small (around 5% -10%) this would be an increasingly important channel for sourcing customers.

6.8. The broker channel

6.8.1. Respondents were almost equally divided in their usage of exclusive brokers (i.e. they handled only that specific developer's projects).

6.8.2. Though a small proportion of respondents (13% of all respondents) entered into time-bound agreements with brokers to handle all their projects, in general quite a few respondents (35% of all respondents) entered into agreements with brokers to represent specific projects only.

6.8.3. The importance of brokers is underscored by the fact that over 59% of respondents indicated that they run joint promotions/advertising with brokers and in quite a few cases, the part of the costs of such a program are borne by the developer.

6.8.4. Depending on the relationship with the brokers, and the segment being addressed, commissions to brokers vary between 1-2%. About half the respondents indicated that a higher commission may be paid, depending on the specific project being promoted, of 2%-4%.

6.9. The marketing person

- 6.9.1. As a result of engineering mind-set, and a past history of operating in a sellers market, the construction industry places a premium on experience, and does not expect training to make an impact.
- 6.9.2. However there are some areas where progressive organizations see skill-gaps emerging due to increasing customer sophistication – customer relationship
- 6.9.3. In addition, respondents also identified areas such as PC skills, financial knowledge, legal exposure,
- 6.9.4. Marketing staff are also expected to aid in improving the image of the firm by making presentations at seminars, attending trade meets and tracking market trends
- 6.9.5. They should also have a technical exposure to be able to convince customers

7. CONCLUSIONS & RECOMMENDATIONS

7.1. Marketing practices

- 7.1.1. It was found that though the industry broadly agreed on a number of marketing practices which are commonly used across the industry at the tactical level, there was very little agreement across firms regarding their understanding of consumer preferences, their strategic approach to the market, and their understanding of the HR issues impacting sales performance.
- 7.1.2. The conservative and risk-averse nature of the industry shows itself in the like-minded approach to segmentation and the diffused positioning with most players focusing on the same segments (high income residential in Delhi, NOIDA and Gurgaon), and trying to cater to as many market segments as possible.
- 7.1.3. Most organizations have a separate marketing department, but with little standardization regarding staffing levels, designations, experience levels and formal marketing education there are no industry norms relating to productivity, or best practices relating to training. The industry places a premium on experience, and does not expect training to make an impact.
- 7.1.4. However there are some areas where progressive organizations see skill-gaps emerging due to increasing customer sophistication – customer relationship and better communication skills, PC skills, financial knowledge, and legal exposure.
- 7.1.5. On the whole, developers focus primarily on the finished product as the means to customer satisfaction. The highest ranked approaches to customer satisfaction were – quality of construction, on-time completion, pricing. However, there seems to be no agreement on the most important attributes of customer satisfaction. Pre and post-sales activities are generally not considered important by most organizations in impacting customer satisfaction.
- 7.1.6. Generally the approach is very reactive in nature, and consists of informing customers of projects by advertising through newspapers and hoardings (other channels such as direct mail, exhibitions, trade-fairs, road-shows, etc do not command a great level of usage), with an average advertising spend of 1%-5% of the project cost. After that the industry relies for most sales on brokers, and a large part of its sales on walk-in customers. However, the newer and smaller players are more aggressive and imaginative, and use multiple channels, including direct selling,

7.2. Training Needs

- 7.2.1. Marketing of real estate is an emerging subject that needs to be focused upon through special training initiatives by the industry.
- 7.2.2. The first and foremost aspect that needs to be addressed is the availability of trained manpower with industry-specific knowledge. While one way is to encourage technical staff to enroll in business management courses, another way is to develop a multi-tiered structure of short-term vocational training that marketing people could undergo, from entry-level skills to higher marketing skills.
- 7.2.3. Some training needs for entry-level to lower-middle-management level were identified as priorities during this study. It is recommended that the appropriate agency immediately develop courses for the following:
 - a. Communication and relationship management skills
 - b. Advertising/media management expertise
 - c. Legalities of real estate transactions
 - d. Knowledge of loans available from different financial institutions
 - e. PC-literacy especially for spreadsheet/finance packages
- 7.2.4. Training institutes need to develop a knowledge base covering all the characteristics of this industry, and should be able to deliver it in a timely and cost-effective manner. For this reason, it is recommended that
 - a. Vocational-level training institutions be setup, or alternatively, existing training bodies look at vocational courses for marketing real estate.
 - b. Also, training bodies should explore delivering this courses to students in a work-friendly interactive and convenient format, such as online/ web-enabled, so that neither employers nor employees lose out during the training period.

APPENDIX I – CENSUS 1991-2001

Table 1: Population Totals

	State/Union territories*	Population	Population Variation 1991 – 2001 (%)
1	Andaman & Nicobar Is.*	356,265	26.94
2	Andhra Pradesh	75,727,541	13.86
3	Arunachal Pradesh	1,091,117	26.21
4	Assam	26,638,407	18.85
5	Bihar	82,878,796	28.43
6	Chandigarh*	900,914	40.33
7	Chhatisgarh	20,795,956	18.06
8	Dadra & Nagar Haveli*	220,451	59.2
9	Daman & Diu*	158,059	55.59
10	Delhi*	13,782,976	46.31
11	Goa	1,343,998	14.89
12	Gujarat 5	50,596,992	22.48
13	Haryana	21,082,989	28.06
14	Himachal Pradesh 4	6,077,248	17.53
15	Jammu & Kashmir 2,3	10,069,917	29.04
16	Jharkhand	26,909,428	23.19
17	Karnataka	52,733,958	17.25
18	Kerala	31,838,619	9.42
19	Lakshadweep*	60,595	17.19
20	Madhya Pradesh	60,385,118	24.34
21	Maharashtra	96,752,247	22.57
22	Manipur	2,388,634	30.02
23	Meghalaya	2,306,069	29.94
24	Mizoram	891,058	29.18
25	Nagaland	1,988,636	64.41
26	Orissa	36,706,920	15.94
27	Pondicherry*	973,829	20.56
28	Punjab	24,289,296	19.76
29	Rajasthan	56,473,122	28.33
30	Sikkim	540,493	32.98
31	Tamil Nadu	62,110,839	11.19
32	Tripura	3,191,168	15.74
33	Uttar Pradesh	166,052,859	25.8
34	Uttaranchal	8,479,562	19.2
35	West Bengal	80,221,171	17.84
	INDIA TOTAL	1,027,015,247	21.34

Source: Provisional Population Totals, Census of India 2001

Table 2: Urbanization

	1951	1961	1971	1981	1991
Popln (million)	361	439	548	685	844
Decadal growth (%)	13.1	21.6	24.8	25.0	23.5
Urban population (%)	17	18	20	23	26
Breakup of urban population (%)					
- Class I and above (100,000+)	44.63	51.42	57.24	60.42	65.20
- Class II (50,000 - 99,999)	9.96	11.23	10.92	11.63	10.95
- Class III (20,000-49,999)	15.72	16.94	16.01	14.33	13.19
- Class IV (10,000 - 19,999)	13.63	12.77	10.94	9.54	7.77
- Class V (5,000 - 9,999)	12.97	6.87	4.45	3.58	2.60
- Class VI (Less than 5,000)	3.09	0.77	0.44	0.50	0.29

Source: Population Totals, Census of India 1991

Table 3: Indian Cities with 1Million+ Population

Rank	UA/City	Civic Status	Population
1	Greater Mumbai	UA	16,368,084
2	Kolkata	UA	13,216,546
3	Delhi	UA	12,791,458
4	Chennai	UA	6,424,624
5	Bangalore	UA	5,686,844
6	Hyderabad	UA	5,533,640
7	Ahmadabad	UA	4,519,278
8	Pune	UA	3,755,525
9	Surat	UA	2,811,466
10	Kanpur	UA	2,690,486
11	Jaipur	M.Corp.	2,324,319
12	Lucknow	UA	2,266,933
13	Nagpur	UA	2,122,965
14	Patna	UA	1,707,429
15	Indore	UA	1,639,044
16	Vadodara	UA	1,492,398
17	Bhopal	UA	1,454,830
18	Coimbatore	UA	1,446,034
19	Ludhiana	M.Corp.	1,395,053
20	Kochi	UA	1,355,406
21	Visakhapatnam	UA	1,329,472
22	Agra	UA	1,321,410
23	Varanasi	UA	1,211,749
24	Madurai	UA	1,194,665
25	Meerut	UA	1,167,399
26	Nashik	UA	1,152,048
27	Jabalpur	UA	1,117,200
28	Jamshedpur	UA	1,101,804

29	Asansol	UA	1,090,171
30	Dhanbad	UA	1,064,357
31	Faridabad	M.Corp.	1,054,981
32	Allahabad	UA	1,049,579
33	Amritsar	UA	1,011,327
34	Vijayawada	UA	1,011,152
35	Rajkot	UA	1,002,160
	TOTAL		107,881,836

UA: Urban Agglomeration; Source: Census of India 2001

Table 4: Population, Growth and Density 2001

State/UT	Population 2001	Decadal growth rate		Density	
		1981-1991	1991-2001	1991	2001
Delhi	13,782,976	51.45	46.31	6,352	9,294
Haryana	21,082,989	27.41	28.06	372	477
Rajasthan	56,473,122	28.44	28.33	129	165
Uttar Pradesh	166,052,859	25.55	25.80	548	689

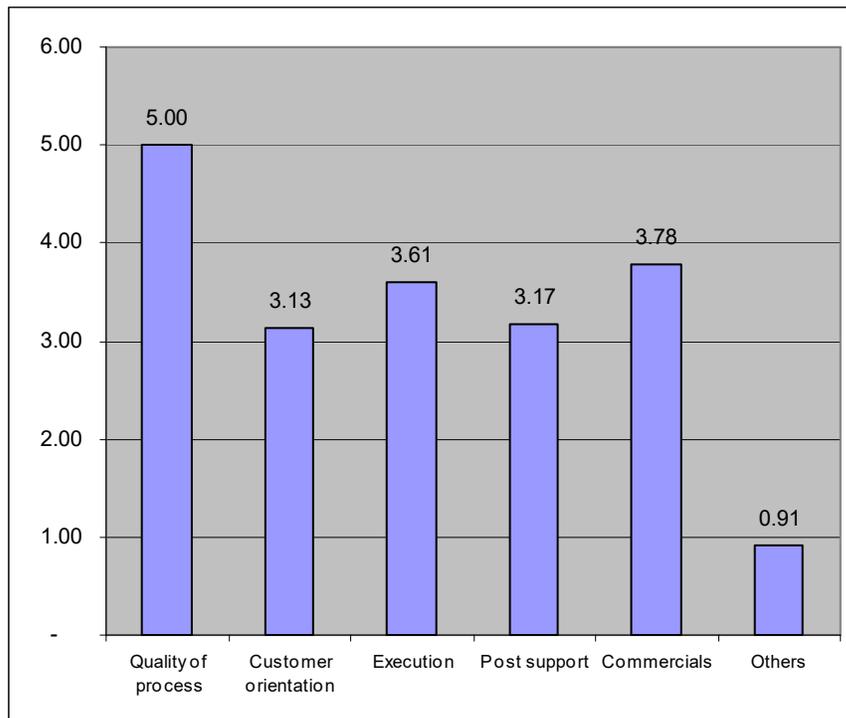
Source : Census of India 2001 – Provisional Totals

APPENDIX II – SURVEY FINDINGS

Question 4

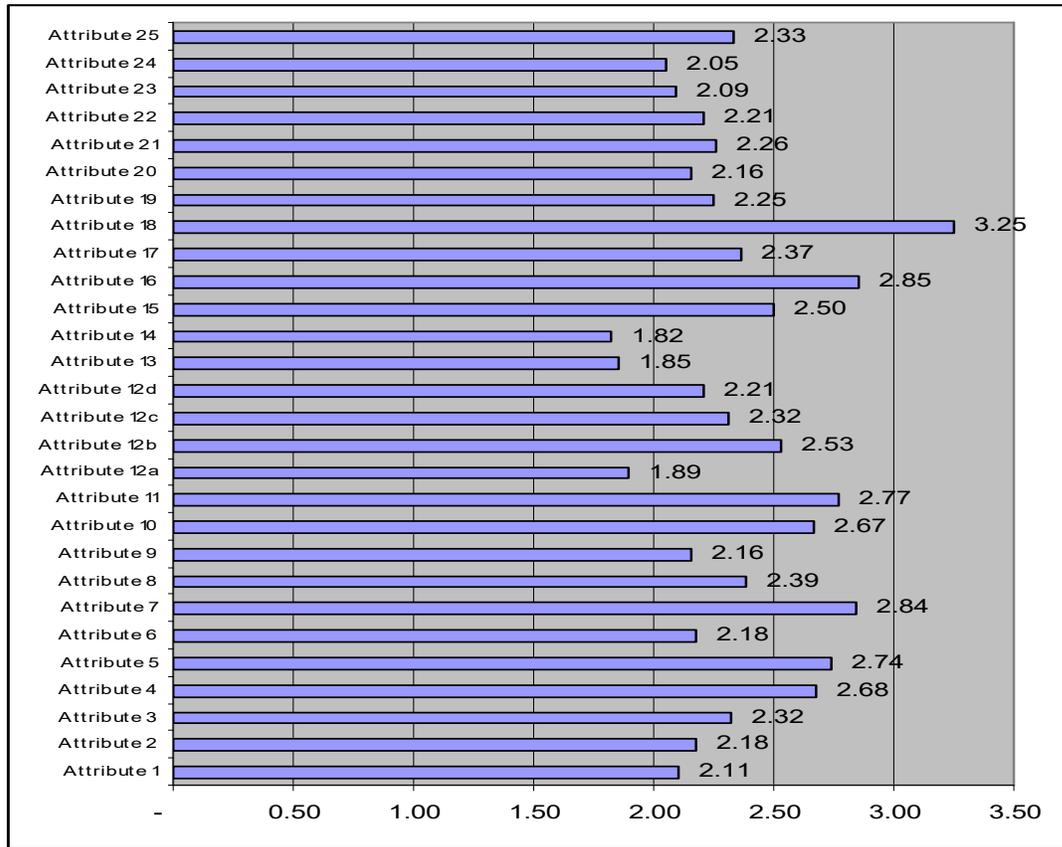
	Average Segment Growth rate reported by respondents	% of respondents operating in this segment
Upper income residential	20%	91%
Mid income residential	29%	78%
Low income residential	15%	43%
Retail	37%	35%
Commercial	42%	70%
Leisure & entertainment	27%	61%
Government	-5%	17%
Overall Average	24%	57%

Q6 – Attributes that Customers Look for



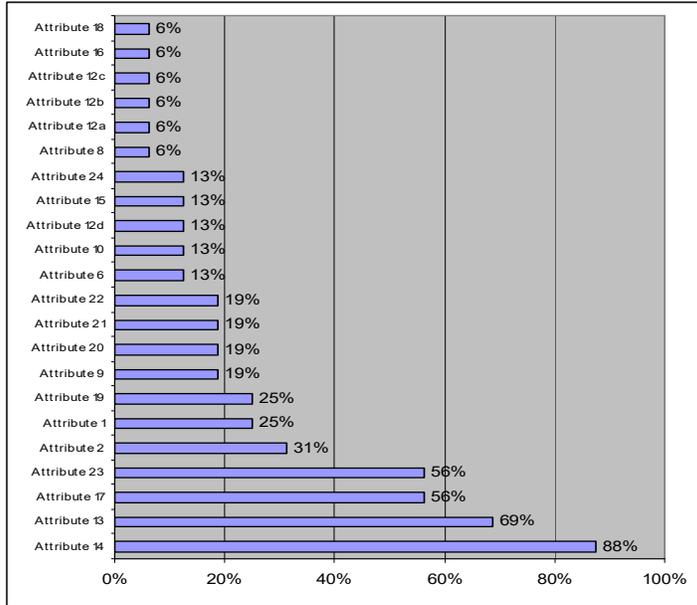
Q11 – The average rank of attributes (Lower score implies more importance)

Low importance = Rank4, Important =Rank3, Very imp = Rank2, Critical = Rank1

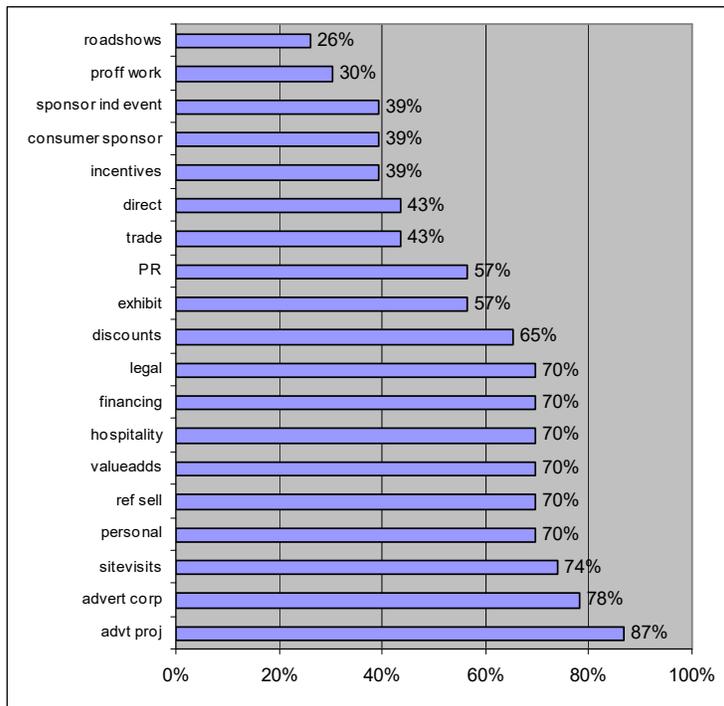


No.	Attribute description	No.	Attribute description	No.	Attribute description
1	Time/effort put in by staff	10	Willingness to customize	19	Payment terms
2	Speed of response to queries	11	One stop convenience	20	Approvals/certifications
3	Availability of staff to answer	12	Additional facilities	21	Transparency/disclosure
4	Continuity of interaction	13	On-time completion	22	Resale value
5	Reps technical knowledge	14	Quality of construction	23	Builder image
6	Reps understanding of needs	15	Facility management	24	Builder track record in locality
7	Reps legal knowledge	16	Pricing discounts	25	Office quality
8	Reps financial knowledge	17	Pricing		
9	Site visits	18	Promotional gifts, etc		

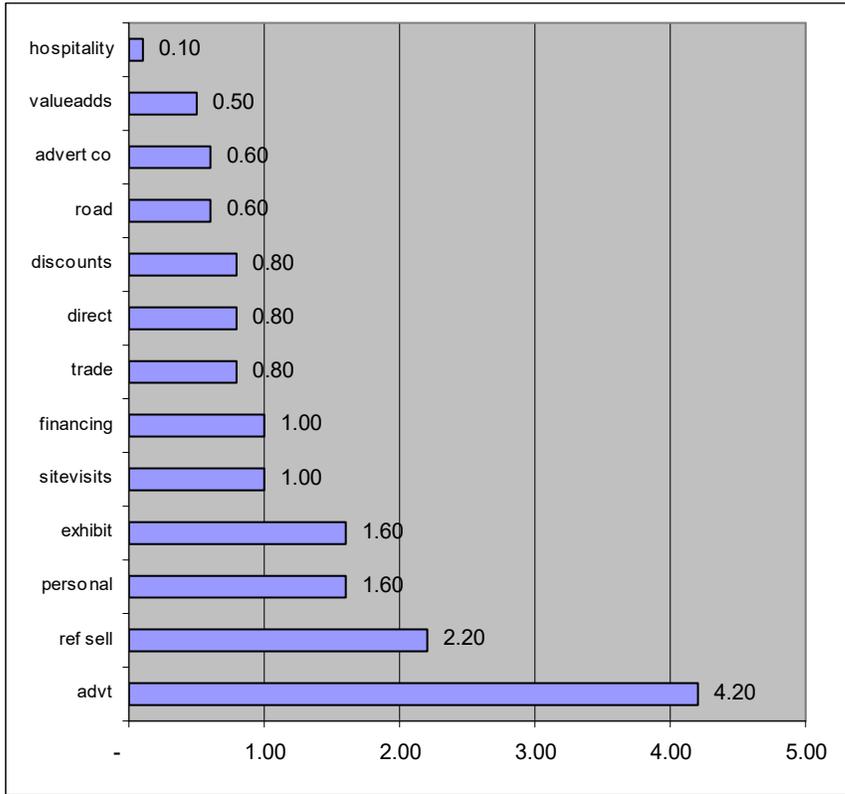
Q12 – Proportion of Respondents Rating each Attribute as amongst the “Five Most Important”



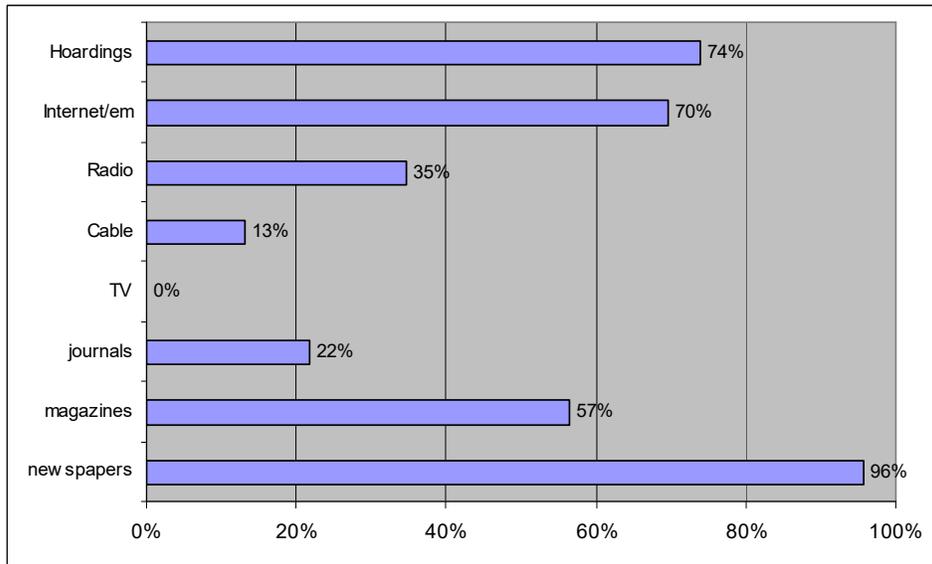
Q 17 – Marketing Activities Undertaken



Q 18 – Weighted Ranking of most important marketing activities



Q 19 – Media normally used



APPENDIX III – REFERENCES

1. **NCR Planning Board:** National Capital Region: Growth and Development; Reprint 1999.
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8. Population census of India.
9. Articles from Newspapers like Times of India, Hindustan Times.
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APPENDIX IV– STUDY PARTICIPANTS

1. AHUJA BUILDERS
2. ANSAL PROPERTIES & INDUSTRIES LTD.
3. ASHIYANA HOUSING
4. ARDEE INFRASTRUCTURE PVT. LTD.
5. ASSOTECH
6. AHLUWALIA CONTRACTS
7. ARORA & ASSOCIATES
8. DLF UNIVERSAL LTD.
9. EROS CITY DEVELOPERS PVT. LTD.
10. ELDECO
11. GAURSONS
12. GLOBE CONSTRUCTION LTD.
13. HLF ENTERPRISE
14. NALIBU ESTATE PVT. LTD.
15. MAHINDRA GESCO DEVELOPERS
16. NIHO CONSTRUCTIONS
17. OMAXE CONSTRUCTION
18. PARSAVANATH DEVELOPERS PVT. LTD.
19. PADMINI INFRASTRUCTURE DEVELOPERS INDIA LTD.
20. RATTAN SINGH BUILDERS
21. SUPERTECH CONSTRUCTION PVT. LTD.
22. SOMDUTT BUILDERS LTD.
23. SUCH REALTIES
24. UNITECH PVT. LTD.
25. NORTH EAST BUILDCON PVT. LTD.

About the Author

Atul Vaid has extensive experience in strategic planning, market entry consulting and new initiatives development. He has 20+ years of consulting and corporate experience with global firms, where he has handled a variety of assignments in India, the Middle East, the USA and Japan; as well as cross-border engagements run remotely out of India. He has set up the marketing services hub for a US-based management consulting and technology firm, started an online skills assessment portal, and run a global innovation program for a strategy consulting firm.

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