

30 January 2012

## REAL ESTATE - MCHI EXHIBITION

**Suman Memani** +91-22-6618 6479  
suman.memani@pinc.co.in  
**Abhishek Kumar** +91-22-6618 6398  
abhishek.kumar@pinc.co.in

We visited the Maharashtra Chamber of Housing Industry (MCHI) Suburban Property Exhibition held at Bhayandar over January 26-29, 2012 to understand the housing market in the distant suburban areas along the western express highway. The focus of the exhibition was on properties located at Mira Road, Bhayandar, Vasai, Nallasopara and Virar. We saw that 1) There was a strong showcase of 1 & 1.5 BHK flats across projects targeting low budget customers. Likewise, the demand for these low budget flats was strong, 2) Overpricing was seen across all projects irrespective of project size. However, we do not expect prices to correct in these places owing to strong demand and good connectivity with western Mumbai, 3) Prices in adjacent Borivali and Kandivali areas are ~35-50% higher than at Mira Road. With an improvement in infrastructure in and around Mira Road, prices here will see strong appreciation, 4) Big developers gave the exhibition a miss.

### Focus on low budget customers

There was a strong showcase of 1 & 1.5BHK flats across projects targeting low budget customers. Under construction 1BHK flats were available at ~Rs350-400mn (all inclusive) in Mira Road area. Likewise, there was a strong demand for these small units with most units getting sold off quickly. Also, most of the buyers were predominantly end consumers.

### Prices remain on the higher side

Under construction flats in the Mira road area were quoting in the range of ~Rs4,700-5,200psf while those in Virar were at ~Rs4500-4,800psf. Although the rates here are much lower than in western Mumbai, we believe that the prices here are still expensive given their current infrastructure and distance from central Mumbai. However, we do not expect prices to correct here given the huge demand for projects in these areas. We believe that the high demand in areas of Mira Road and Bhayandar is mainly due to the expensive housing prices in the western belt (Andheri-Borivali).

### Infrastructure will be a key

Although residential development in Mira Road and Bhayandar is in full swing, infrastructure development in these areas will need to catch up. Prices in adjacent Borivali and Kandivali areas are 35-50% higher than at Mira Road. With an improvement in infrastructure in and around Mira Road, prices here will see strong appreciation in the long run.

### CONCLUSION

We expect prices in Mira road-Bhayandar area to remain firm. Prices in this area did not correct during 2009-11 when rest of Mumbai area saw a marginal price correction. Also, with offices now shifting from south Mumbai to BKC, this area has now attracted low budget customers due to its proximity to the western express highway. We believe that with improvement in infrastructure, the Mira road-Bhayandar area will show a good price appreciation in the long run.

### Projects

Developer	Project Name	Location	Delivery Time	Base Rate (Rs/ sq ft)
Ostwal Builders	Kesar Park	Boisar	1.5 years	2,351
	Ostwal Point	Mira Road (E)	2 years	5,000
	Ostwal Oasis	Mira Road (E)		4,500
	Ostwal Orchid	Mira Road (E)		4,500-5,000
	Wonder City	Boisar		
Rustomjee	Global City	Virar (W)		4,850
Sanghvi Group	Clock Tower	Mira Road (E)	2 years	5,220
	EcoCity	Near Dahisar Check Post	2 years	5,850
Bhoomi Group & Arkade Group	Acropolis Ph-II	Virar (W)	2.5 years	4,251
Ravi Group	Gaurav Discovery	Malad (W)	3 years	7,750
	Gaurav Excellency	Mira Road (E)	3 months	4,600-4,900
Tanvi	Tanvi Eminence ph II	Mira Road (E)	3 years	5,400
SKD Realty	Pinnacolo	Mira Road (E)	3 years	5,121
Sharp Realtors	Yashwant Viva Township	Nallasopara (E)	6 months	3,800

Source: Company, PINC Research

## T E A M

### EQUITY DESK

Sadanand Raje	Head - Institutional Sales Technical Analyst	<a href="mailto:sadanand.raje@pinc.co.in">sadanand.raje@pinc.co.in</a>	91-22-6618 6366
---------------	---	--	-----------------

### RESEARCH

Vineet Hetamasaria, CFA	<b>Head of Research, Auto, Cement</b>	<a href="mailto:vineet.hetamasaria@pinc.co.in">vineet.hetamasaria@pinc.co.in</a>	91-22-6618 6388
Nikhil Deshpande	<i>Auto, Auto Ancillary, Cement</i>	<a href="mailto:nikhil.deshpande@pinc.co.in">nikhil.deshpande@pinc.co.in</a>	91-22-6618 6339
Tasmai Merchant	<i>Auto, Auto Ancillary, Cement</i>	<a href="mailto:tasmai.merchant@pinc.co.in">tasmai.merchant@pinc.co.in</a>	91-22-6618 6377
Vinod Nair	<i>Construction, Power, Capital Goods</i>	<a href="mailto:vinod.nair@pinc.co.in">vinod.nair@pinc.co.in</a>	91-22-6618 6379
Ankit Babel	<i>Capital Goods, Engineering</i>	<a href="mailto:ankit.b@pinc.co.in">ankit.b@pinc.co.in</a>	91-22-6618 6551
Hitul Gutka	<i>Power</i>	<a href="mailto:hitul.gutka@pinc.co.in">hitul.gutka@pinc.co.in</a>	91-22-6618 6410
Subramaniam Yadav	<i>Construction</i>	<a href="mailto:subramaniam.yadav@pinc.co.in">subramaniam.yadav@pinc.co.in</a>	91-22-6618 6371
Madhura Joshi	<i>Power</i>	<a href="mailto:madhura.joshi@pinc.co.in">madhura.joshi@pinc.co.in</a>	91-22-6618 6395
Satish Mishra	<i>Fertiliser, Oil &amp; Gas</i>	<a href="mailto:satish.mishra@pinc.co.in">satish.mishra@pinc.co.in</a>	91-22-6618 6488
Urvashi Biyani	<i>Fertiliser, Oil &amp; Gas</i>	<a href="mailto:urvashi.biyani@pinc.co.in">urvashi.biyani@pinc.co.in</a>	91-22-6618 6334
Naveen Trivedi	<i>FMCG</i>	<a href="mailto:naveent@pinc.co.in">naveent@pinc.co.in</a>	91-22-6618 6384
Rohit Kumar Anand	<i>IT Services</i>	<a href="mailto:rohit.anand@pinc.co.in">rohit.anand@pinc.co.in</a>	91-22-6618 6372
Niraj Garhyan	<i>IT Services</i>	<a href="mailto:niraj.garhyan@pinc.co.in">niraj.garhyan@pinc.co.in</a>	91-22-6618 6382
Namrata Sharma	<i>Media</i>	<a href="mailto:namrata.sharma@pinc.co.in">namrata.sharma@pinc.co.in</a>	91-22-6618 6412
Sakshee Chhabra	<i>Media</i>	<a href="mailto:sakshee.chhabra@pinc.co.in">sakshee.chhabra@pinc.co.in</a>	91-22-6618 6516
Bikash Bhalotia	<i>Metals, Mining</i>	<a href="mailto:bikash.bhalotia@pinc.co.in">bikash.bhalotia@pinc.co.in</a>	91-22-6618 6387
Harleen Babber	<i>Metals, Mining</i>	<a href="mailto:harleen.babber@pinc.co.in">harleen.babber@pinc.co.in</a>	91-22-6618 6389
Dipti Vijaywargi	<i>Metals, Mining</i>	<a href="mailto:dipti.vijaywargi@pinc.co.in">dipti.vijaywargi@pinc.co.in</a>	91-22-6618 6393
Sushant Dalmia, CFA	<i>Pharma</i>	<a href="mailto:sushant.dalmia@pinc.co.in">sushant.dalmia@pinc.co.in</a>	91-22-6618 6462
Poonam Sanghavi	<i>Pharma</i>	<a href="mailto:poonam.sanghavi@pinc.co.in">poonam.sanghavi@pinc.co.in</a>	91-22-6618 6709
Suman Memani	<i>Real Estate, Mid caps</i>	<a href="mailto:suman.memani@pinc.co.in">suman.memani@pinc.co.in</a>	91-22-6618 6479
Abhishek Kumar	<i>Real Estate, Mid caps</i>	<a href="mailto:abhishek.kumar@pinc.co.in">abhishek.kumar@pinc.co.in</a>	91-22-6618 6398
C Krishnamurthy	<i>Technical Analyst</i>	<a href="mailto:krishnamurthy.c@pinc.co.in">krishnamurthy.c@pinc.co.in</a>	91-22-6618 6747

### SALES

Rajeev Gupta	<i>Equities</i>	<a href="mailto:rajeev.gupta@pinc.co.in">rajeev.gupta@pinc.co.in</a>	91-22-6618 6486
Ankur Varman	<i>Equities</i>	<a href="mailto:ankur.varman@pinc.co.in">ankur.varman@pinc.co.in</a>	91-22-6618 6380
Himanshu Varia	<i>Equities</i>	<a href="mailto:himanshu.varia@pinc.co.in">himanshu.varia@pinc.co.in</a>	91-22-6618 6342
Shailesh Kadam	<i>Derivatives</i>	<a href="mailto:shaileshk@pinc.co.in">shaileshk@pinc.co.in</a>	91-22-6618 6349
Ganesh Gokhale	<i>Derivatives</i>	<a href="mailto:ganeshg@pinc.co.in">ganeshg@pinc.co.in</a>	91-22-6618 6347

### DEALING

Mehul Desai	<i>Head - Sales Trading</i>	<a href="mailto:mehul.desai@pinc.co.in">mehul.desai@pinc.co.in</a>	91-22-6618 6303
Amar Margaje		<a href="mailto:amar.margaje@pinc.co.in">amar.margaje@pinc.co.in</a>	91-22-6618 6327
Ashok Savla		<a href="mailto:ashok.savla@pinc.co.in">ashok.savla@pinc.co.in</a>	91-22-6618 6321
Sajjid Lala		<a href="mailto:sajjid.lala@pinc.co.in">sajjid.lala@pinc.co.in</a>	91-22-6618 6337
Raju Bhavsar		<a href="mailto:rajub@pinc.co.in">rajub@pinc.co.in</a>	91-22-6618 6322
Hasmukh D. Prajapati		<a href="mailto:hasmukhp@pinc.co.in">hasmukhp@pinc.co.in</a>	91-22-6618 6325
Dhirenpuri D. Goswami		<a href="mailto:dhirenpurig@pinc.co.in">dhirenpurig@pinc.co.in</a>	91-22-6618 6345
Arjun Prajapati		<a href="mailto:arjun.prajapati@pinc.co.in">arjun.prajapati@pinc.co.in</a>	91-22-6618 6346

### DIRECTORS

Gaurang Gandhi		<a href="mailto:gaurangg@pinc.co.in">gaurangg@pinc.co.in</a>	91-22-6618 6400
Hemang Gandhi		<a href="mailto:hemangg@pinc.co.in">hemangg@pinc.co.in</a>	91-22-6618 6400
Ketan Gandhi		<a href="mailto:ketang@pinc.co.in">ketang@pinc.co.in</a>	91-22-6618 6400

### COMPLIANCE

Rakesh Bhatia	Head Compliance	<a href="mailto:rakeshb@pinc.co.in">rakeshb@pinc.co.in</a>	91-22-6618 6400
---------------	-----------------	--	-----------------

Rating Objective		
Rating	Large Caps	Mid Caps
	M.Cap > USD1bn	M.Cap <= USD1bn
Return %		
<b>BUY</b>	<b>More than 15</b>	<b>More than 20</b>
<b>Accumulate</b>	<b>5 to 15</b>	<b>10 to 20</b>
<b>Reduce</b>	<b>(-)5 to +5</b>	<b>0 to 10</b>
<b>Sell</b>	<b>Below (-)5</b>	<b>Less than 0</b>



Member : Bombay Stock Exchange & National Stock Exchange of India Ltd. : Sebi Reg No: INB 010989331. Clearing No : 211  
 1216, Maker Chambers V, Nariman Point, Mumbai - 400 021; Tel.: 91-22-66186633/6400 Fax : 91-22-22049195

Disclaimer: This document has been prepared by the Research Desk of M/s Infinity.com Financial Securities Ltd. (PINC) and is meant for use of the recipient only and is not for public circulation. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors

The information contained herein is obtained and collated from sources believed reliable and PINC has not independently verified all the information given in this document. Accordingly, no representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document.

The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. The opinion expressed or estimates made are as per the best judgement as applicable at that point of time and PINC reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval

PINC, its affiliates, their directors, employees and their dependant family members may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document

This report has been prepared on the basis of information, which is already available in publicly accessible media or developed through analysis of PINC. The views expressed are those of analyst and the PINC may or may not subscribe to all the views expressed therein

This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. Neither this document nor any copy of it may be taken or transmitted into the United State (to U.S.Persons), Canada, or Japan or distributed, directly or indirectly, in the United States or Canada or distributed or redistributed in Japan or to any resident thereof. The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions

Neither PINC, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information.

Copyright in this document vests exclusively with PINC and this document is not to be reported or circulated or copied or made available to others.

Our reports are also available on Reuters, Thomson Publishers and Bloomberg PINV <GO>