

It's the pin code that matters



By **Om Ahuja**, CEO, residential services, JLL India

Many developers are trying their best to create new zones and addresses across India that can appeal to wealthy property buyers. The endeavour has met with varying degrees of success when it comes to swaying the ultra-rich. Barring upgrades in design concepts and the addition of some new accoutrements to amplify a luxury lifestyle, the baseline concept of luxury homes has not materially changed in many cities. A prominent address or 'pin code value' still matters, and the ultra-rich are willing to pay extra to get them.

That said, cities such as Delhi, Gurgaon, Bangalore and Pune have by now seen a high incidence of developers offering branded residences as alternatives to premium homes at the most sought-after locations within these cities. While there is evidence of first-generation wealthy buyers evaluating and considering such options in these cities, the conversion rate among the historically rich has been negligible. The consensus among this segment is that branded residences are offering very little value addition, and that the

premiums charged on them are based on artificial factors that do not provide true value.

Demand continues to be robust for options in bonafide premium locations of key Indian cities, but newly tailored luxury addresses are also seeing their share of action as long as the projects on offer meet certain parameters. To begin with, deals conclude rapidly in sellers' markets where demand exceeds supply. Annual returns in such pockets are in the neighbourhood of 25%, and this will continue to see northward movement over the coming years because of supply constraint.

In Delhi, the preference of HNIs when it comes to established, high-value locations is more or less inflexible. South Delhi is still the micro-market of choice for ultra-rich clients from Delhi, Punjab and Uttar Pradesh with budgets of ₹50-₹300 crore. Golf Links in Delhi is more vibrant in terms of demand when compared to even the Lutyens Zone. Shanti Niketan and Vasant Vihar are two other key HNI destinations where demand exceeds supply.

Most other cities have similar pockets, but also show evidence of a certain degree of demand diversion to newer locations, which is not the case in Delhi.

In Mumbai, with the central business district (CBD) shifting to BKC (Bandra-Kurla Complex) for all practical purposes, clients who would previously not have considered any options other than

Malabar Hill or Nepean Sea Road zone are now evaluating areas such as Worli, Bandra-BKC and Mahalaxmi. Considering the limited supply in historically prized locations, HNI buyers are looking for premium options that provide 24x7 security, a gated community experience and premium club houses as an amplification on their experiences.

The arrival of K Raheja Corp's ultra-luxury gated community Vivarea in Mahalaxmi has seen many wealthy south Mumbai residents accepting this as a luxury address in all respects. There are similar examples in **BKC and Goregaon, where Sunteck and Oberoi have played a similar role in creating new luxury housing addresses for HNI buyers.**

Similarly, in Bangalore, developers such as Total Environment and Chaitanya have provided genuine luxury projects in brand-new locations. These developers have been instrumental in turning Whitefield into a high-value address. The offering, product design, specifications and buyer profile are remarkable enough to make a difference. Total Environment's project is one of the best luxury offerings in India, and demand for such projects in Whitefield significantly exceeds supply.

Likewise, another project by this company has turned Bangalore's JP Nagar into a high-aspiration luxury destination that commands the necessary clout of 'an address that matters'. **A prominent address or 'pin code value' still matters, and ultra-rich buyers are willing to pay extra to get them**

Here's what you pay for a home in a pricey neighbourhood

CITY	AREA	2011 PRICE (₹/SQFT)	2014 PRICE (₹/SQFT)	ABSOLUTE GROWTH (%)
DELHI	LBZ	4-6 lakh/sq yard	8 lakh/sq yard	60
	Shanti Niketan	5 lakh/sq yard	9 lakh/sq yard	80
	Golf Links	7-8 lakh/sq yard	13-14 lakh/sq yard	87
MUMBAI	Peddar Road	55,000	60,000	9
	BKC	35,000	45,000	29
	Mahalaxmi	35,000	55,000	57
KOLKATA	Ballygunge	18,000	20,000	11
	Alipore	15,000	18,000	20
BANGALORE	Sadashivnagar	16,000	24,000	50
	Indira Nagar	25,000	28,000	12
	Koramangala	17,000	28,000	65
CHENNAI	Boat Club	22,000	35,000	59
	Poes Garden	17,000	30,000	76

How ultra-rich buyers identify a luxury home

The profile of the residents

A neighbourhood that has tycoons, celebrities and prominent CEOs makes a definite status statement and is also good for business. While ultra HNIs do gravitate to creamy layer environments for reasons of prestige, it is also true that many business deals are concluded at these residential locations during social interactions. In Delhi, areas such as Amrita Shergill Marg and Jor Bagh come readily to mind for these reasons. In Kolkata, Ballygunge and Alipore are practically defined by such a residential profile.

Low density

The rich and famous do not like to live in the crowded areas of a city, but prefer locations with lower population densities. For this reason, locations such as Malabar Hill, Worli and Bandra Bandstand in Mumbai are traditionally where

the rich pay very high premiums.

View and privacy

Views of the sea or golf course and a high level of privacy matter a lot when it comes to defining luxury for India's ultra-rich. Luxury offerings in cities such as Mumbai, Delhi and Bangalore rarely generate a lot of interest from wealthy buyers if they do not score high on these aspects.

Ready access to the city's nerve centre

Apartments in Mumbai's legendary NCPA command the highest premiums for various reasons, including the profile of its residents. However, the USP was proximity to Nariman Point. The Boat Club in Chennai and Golf Course Road in Gurgaon share this important attribute of proximity to these cities' 'centres of gravity'. BKC has become the new luxury

address of Mumbai because the CBD as well as the diamond bourse have shifted there.

Overall luxury experience

The definition of luxury has been extensively abused in Indian real estate, and is being closely scrutinised by ultra-rich buyers when it comes to evaluating offerings. Luxury goes beyond club houses and the quality of fittings used. Among notable success stories, One Avigna Park in Mumbai stands out as a clear winner when it comes to offering real luxury in most respects.

India's ultra-rich are booking into luxury projects at new locations, such as Atmosphere at Salt Lake City in Kolkata against the traditional areas of Ballygunge or Alipore. The trend is catching on in cities where HNIs perceive a vacuum in terms of offerings at traditional premium locations.