

The logo for 99 acres, featuring the text "99 acres" in a bold, blue, sans-serif font. The background of the entire page is a low-angle photograph of several modern skyscrapers with glass facades, reaching towards a bright, hazy sky. The buildings are arranged in a way that creates a sense of depth and height.

**99 acres**

India's No.1 Property Portal

# INSITE REPORT

## Kolkata

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January - March 2017

[www.99acres.com](http://www.99acres.com)



## Methodology

The Insite Report by 99acres.com captures the quarterly capital trends and the annual rental analysis of residential apartments in key real estate markets – Delhi NCR, Mumbai Metropolitan Region (MMR), Bangalore, Pune, Chennai, Hyderabad, Kolkata and Ahmedabad. In order to assess the prevailing sentiment, the report delves deep into demand and supply of properties across varied budget segments and occupancy stages. While demand is a function of queries received, supply is based on property listings posted on 99acres.com in Jan-Mar 2017.



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# FROM NARASIMHA'S DESK...

*Home loan interest subsidies, infrastructure status to affordable housing and change in the holding period of LTCG tax are expected to spur the market*

The year 2016 drew to a culmination with jitters instigated by some of the most radical alterations in the history of Indian real estate. RERA, GST Bill, demonetisation and Benami Transactions (Prohibition) Amendment Act surfaced as game-changing policies that brought anxiety and distractions to the housing market. Nevertheless, they promise greater transparency, optimism and lucrative returns for investors in the long term.

The realty market across the country reposed in the first quarter of 2017. Several initiatives announced in the Union Budget 2017-18 talked about enhancing infrastructure, improving connectivity and providing affordable housing. Home loan interest subsidies, infrastructure status to affordable housing and change in the holding period of LTCG tax are expected to spur the market. In tandem with the improving buyer sentiment, listings and page views on 99acres.com are at an all-time high, with the site having almost 60% page view share\* and 48% time share\*\* against players in the same space.

At a city-level, Delhi NCR and Mumbai saw minimal changes in property prices, restricted new



launches and a revival in enquiries during the quarter. Southern counterparts such as Bangalore and Hyderabad thrived on the back of government initiatives, commercial expansion, and emergence of IT hubs. Chennai, however, battled degeneration of residential housing stemming from political crisis and natural calamities.

The latter half of 2017 is speculated to see realty bounce back, provided the current leakages in the system are effectively plugged.

**Narasimha Jayakumar**  
Chief Business Officer  
99acres.com

Data source: SimilarWeb

\*Page View Share is the market share of total webpages viewed on site

\*\*Time Share is the market share of total time spent on site

# National Outlook



## HOME BUYING SENTIMENT

Union Budget 2017-18 triggered a positive wave after a nationwide slowdown gripped the market post currency ban. A recovery in enquiries and transactions across metros reflects a revival in homebuyer interest. Ready units in the affordable housing segment garnered maximum traction.



## PROPERTY PRICES

Popularity of low-budget homes proliferated due to focus on mass housing. Property prices remained under pressure as developers prioritised offloading existing stock and retreated from launching new projects at revised prices. Bangalore and Hyderabad narrated better stories than other metros.



## RENTAL LANDSCAPE

Prospective homebuyers refrained from finalising purchase decisions due to uncertain market conditions and hopes of further price correction. The rental business, subsequently, benefited. Average 'asks' across metros, barring Pune and Chennai, received a fillip, YoY.



## SUPPLY

New launches contracted further due to partial implementation of RERA, uncertainty over GST Bill, and a mammoth inventory overhang across metros. Supply in the secondary market soared following demonetisation, as investors made desperate attempts to exit real estate equity.

# Market Indicators

	Capital Values	Rental Values	Supply
BANGALORE	▲	▲	▼
DELHI NCR	▼	▲	▼
MUMBAI	◀▶	▲	▼
CHENNAI	◀▶	▼	▼
PUNE	◀▶	◀▶	▼
HYDERABAD	▲	▲	▼
KOLKATA	◀▶	▲	▲
AHMEDABAD	◀▶	▲	▲

\* Capital values represent quarterly change \* Rental values represent yearly change \* Supply is basis properties listed on 99acres.com



## Budget & Realty



### Affordable housing receives infrastructure status

Availability of funds at lower interest rates and associated tax sops would propel developers to build more economical units. The allowance of 100 percent tax deduction for affordable housing projects delivered within five years instead of the earlier mandate of three years would also help bridge the lacunae of 20 million houses in the time to come.



### Infrastructure sector gets a shot in the arm

Recognising the role that infrastructure plays in spurring economic growth, the central government earmarked Rs 3.9 lakh crore for the development of roadways, railways, metro and airways. Thrust to the connectivity quotient is anticipated to translate into huge benefits for realtors and investors alike.



### Rural housing grabs the limelight

A colossal amount of Rs 23,000 crore has been allocated under *Pradhan Mantri Awas Yojana* (PMAY) and Rs 19,000 crore towards the *Pradhan Mantri Gram Sadak Yojana* (PMGSY). While the former targets replacement of 1 crore *kachha* houses by 2019, the latter aims to improve the connectivity of all rural habitations of the country.



### Homebuyers to benefit from subsidies

The government announced subsidies of three and four percent for buyers opting for home loans worth Rs 12 lakh and Rs 9 lakh, respectively. Loan applicants, however, need to have an annual income under Rs 18 lakh and Rs 12 lakh. Further, they must invest in properties having a carpet area equal to or less than 600 sq ft and 900 sq ft. This would mean a relief of over Rs 2 lakh for property buyers.



### Holding period for LTCG tax reduces

The holding period for long term capital gains (LTCG) tax has been reduced from three years to two years. Until now, home owners would have to hold on to their property for at least three years to avoid short term capital gains tax, which has a higher tax implication than LTCG tax.



### Changes in tax norms for multiple property owners

The tax deduction available on loan repayment for a second home has been limited to a maximum of Rs 2 lakh. Until now, there was no ceiling on the tax deduction for investing in second homes. This might discourage investors from investing in multiple properties.

## Market Movers

### *Metro continues to act as Kolkata's lifeline*

Expansion of the East-West metro to Hooghly riverbed holds the promise of transforming the realty fortunes of Howrah residential belt. The Joka-BBD Bagh metro line also got a new lease of life in Majerhat with the demolition of NGO Rehabilitation India building.

### *West Bengal incentivises timely property registrations*

The State budget provided for a 20 percent rebate on registration of properties done within a year of project completion. The move is expected to avoid delay in stamp duty collection, concurrently trimming buyers' acquisition cost. The benefit is available for all properties purchased after 1 January, 2015.

### *State government revises land mutation rates after 12 years*

The increase in land mutation charges by a margin of 40-100 percent, with an additional increment on the size of land, is anticipated to hike property prices.

### *Kolkata's Salt Lake City to get a facelift*

Development of a Town Hall, multilevel car parking, food court, and bicycle track are on the cards with Nabadiganta Industrial Township Authority's (NDITA) planning to upgrade the IT hub.

### *Kolkata Port Trust land to witness township development*

Kolkata Port Trust plans to lease out over 2,700 acres of prime land in Haldia and Kolkata for residential and commercial use. If implemented, the plan would augment the availability of properties in the city.



# Kolkata at a Glance

## Price movement in key micro-markets

Locality	Average 'Ask' Rate (Per sq ft)	QoQ Change	YoY Change
Baguihati	2,700-3,200	3%	6%
Behala	3,200-3,900	1%	0%
Dum Dum	2,900-3,400	0%	2%
Garia	3,200-4,000	-2%	3%
Jadavpur	4,200-5,300	-3%	4%
Kasba	4,700-5,600	1%	4%
Kestopur	2,900-3,300	-3%	1%
New Town	4,900-5,200	0%	-2%
Rajarhat	3,500-4,300	0%	4%
Tollygunge	3,800-4,900	1%	2%

\* Average 'ask' rates have been calculated as per listings posted on 99acres.com in the current quarter

## 99ACRES OUTLOOK

Kolkata witnessed stable demand in the mid and high income housing categories. Surprisingly, traction in the affordable housing segment remained noticeably low, despite several new launches.

Proving naysayers wrong, price correction in Kolkata's luxury housing category perked the interest of buyers, leading to a surge in enquiries. If the current trend continues, the wait-and-watch approach adopted by potential end-users of the high-end segment is likely to convert into sales in another two to three quarters.

The redevelopment endeavour in certain pockets of North and South Kolkata and implementation of proposed civic and public infrastructure enhancements have the potential to spruce up home sales.

Realty stakeholders are waiting to see the impact of the state government's decision to levy betterment fee on big-ticket commercial projects in proximity to government infrastructure.

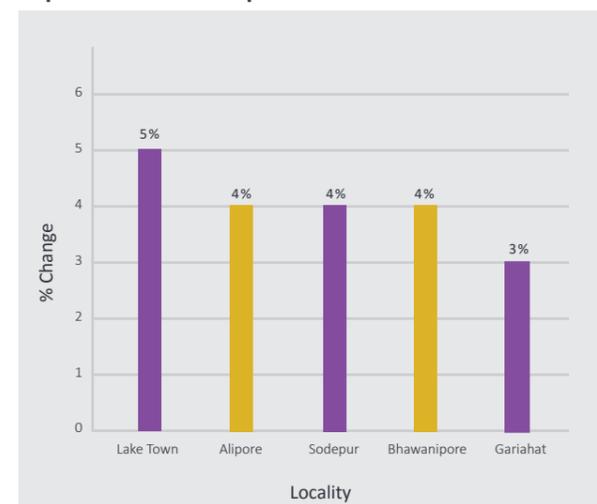
## KOLKATA

Residential sales in Kolkata continued to remain muted in Jan-Mar 2017. Although demonetisation did not create a major dent in the city's realty landscape, an inventory overhang of 24 months served as a pain point. Kolkata's real estate story, however, exhibited a silver lining in the form of budget allocation to infrastructure upgrades. The Kolkata Municipal Corporation (KMC) earmarked Rs 1,800 crore for improvement of roads, water supply, sewerage and garbage disposal, lending hope to the otherwise lacklustre market.

## Key Highlights

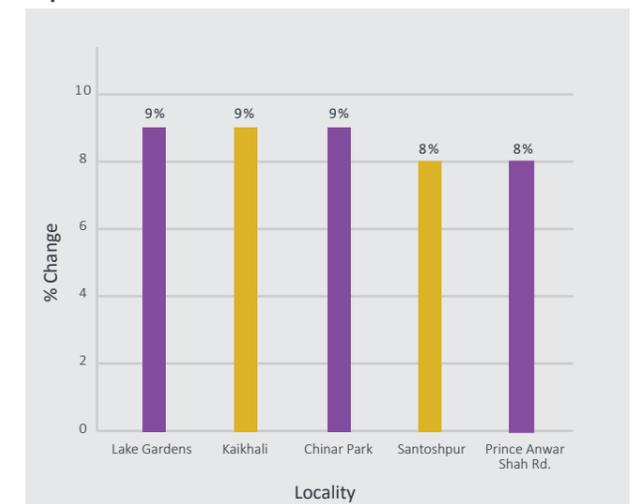
- The western and central quadrants of the city witnessed positive price movements in Jan-Mar 2017, albeit insignificant. Affordability and proximity to the railway stations, the backbone of Kolkata's transport network, were the major growth drivers.
- South Kolkata remained stable, with nearly 50 percent of the tracked localities clocking modest growth. Behala Chowrasta and Purbalok held the baton of healthy end-user demand and recorded an increase of two percent, each, QoQ.
- The upscale locales of Bhawanipore and Ballygunge, too, posted a quarterly growth of 1-2 percent. Redevelopment drive in these old neighbourhoods, housing numerous ancestral properties, served to buoy realty sentiment in the zone.
- North and East Kolkata, on the contrary, reported dipping sentiment and plunging sales volume. Barring a few localities in the North – VIP Road, Sodepur, Barasat and Agarpara – where home values rose to the tune of two percent, each, prices in almost 65 percent of the localities in these quadrants either remained stagnant or gashed, QoQ.
- The city observed a growing interest in the luxury housing segment. The demonetisation-induced price reduction of high-end homes magnetised end-users, translating into an increase in the number of queries for such properties.
- The growing preference for luxury homes became conspicuous not only in the capital market but in the rental space, too. While the comparatively affordable localities of Kaikhali and Chinar Park reprised their positions on the top performers' graph with a nine percent rental growth, each, YoY, the tenant community displayed a penchant for certain posh South Kolkata locales.
- Prince Anwar Shah Road and Lake Gardens outperformed other localities with 8-9 percent rental surge in Jan-Mar 2017, as opposed to Jan-Mar 2016. Alipore and Bhawanipore, too, scored healthy rental appreciation with 3-4 percent growth, owing to the redevelopment spree.

## Top Performers - Capital Market



\* %change represents quarterly capital movement

## Top Performers - Rental Market



\* %change represents yearly rental movement

### DEMAND-SUPPLY ANALYSIS

Battling inertia in infrastructure enhancements and lack of job opportunities, Kolkata's end-user driven housing market has been in the throes of an ever-increasing gap in demand and supply. The lacuna has widened even further in Jan-Mar 2017, with supply surpassing demand in every budget category, save the affordable bracket.

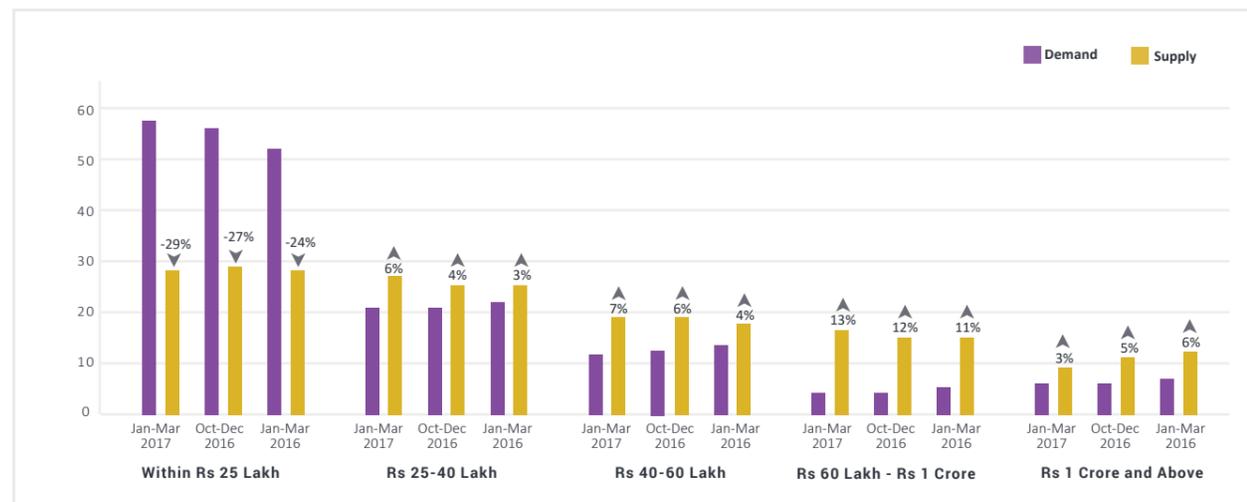
#### Key Trends

- The preference and availability of properties in Kolkata maintained status quo, signifying little or no impact of the government's currency ban move over the last two quarters. The gap between the demand and supply of ready-to-move-in homes has bridged in this time span, indicating improved sales and fewer new completions.
- While the demand-supply equation remained skewed in all the budget brackets, the affordable housing segment (within Rs 25 lakh) reported availability being half of the total requirement. This exhibited the developer fraternity's hesitance in launching low ticket size projects.
- The popularity of mid-income (Rs 25-40 lakh) and high-income (Rs 40-60 lakh) houses has remained almost constant in the last three quarters; however, availability of homes in this bracket inched up by two percent since Jul-Sep 2016.
- Properties in the luxury and ultra-luxury brackets witnessed availability exceeding demand by a huge margin. The gap was especially stark in houses priced between Rs 60 lakh and Rs 1 crore.

Distribution of Residential Apartments



Graph depicts the availability of residential apartments wrt other property types, QoQ, along with the distribution of under-construction and ready stock



Graph depicts the fluctuation in supply wrt demand for residential properties in various budget categories

## Annexure

### CAPITAL VALUES- APARTMENTS

Locality	Jan-Mar 2017	% Change
Action Area I	5000	-2
Alipore	13000	0
Baguihati	3250	2
Ballygunge	11700	1
Bansdroni	3700	1
Barasat	2350	2
Behala	3780	1
Behala Chowrasta	3580	2
Beliaghata	6300	-3
Bhawanipore	9600	2
Chinar Park	4325	1
Dum Dum	3285	0
Garia	3900	-2
Jadavpur	5200	-3
Jodhpur Park	7950	-1
Joka	3100	0
Kaikhali	3700	-4
Kasba	5300	1
Narendrapur	3527	-1
Netaji Nagar	3600	1
New Alipore	6800	-1
New Town	5050	0
Park Circus	6300	1
Patuli	4850	1
Prince Anwar Shah Rd.	10600	2
Prince Anwar Shah Road Connector	4985	1
Purbalok	4385	2
Rajarhat	4170	0
Salt Lake	5680	-2
Santoshpur	4450	-3
Sodepur	3100	2
Southern Avenue	10500	-4
Tagore Park	4400	-1
Tollygunge	4850	1
VIP Road	4500	2

### RENTAL VALUES - APARTMENTS

Locality	Jan-Mar 2017	% Change
Action Area I	14	0
Alipore	33	3
Baguihati	12	5
Ballygunge	26	0
Bansdroni	15	0
Behala	13	4
Bhawanipore	26	4
Chinar Park	12	9
Dhakuria	19	6
Dum Dum	11	0
Garia	13	0
Gariahat	27	-4
Jadavpur	16	7
Jodhpur Park	20	5
Joka	9	-10
Kaikhali	12	9
Kalikapur	14	0
Kasba	16	7
Keshtopur	12	-4
Lake Gardens	18	9
Madhyamgram	9	-10
Maheshtala	9	0
Naktala	14	8
Narendrapur	11	-8
New Alipore	21	0
New Town	14	0
Park Circus	20	-9
Patuli	13	0
Prince Anwar Shah Rd.	28	8
Rajarhat	13	0
Salt Lake	16	0
Santoshpur	13	8
Southern Avenue	26	0
Tollygunge	18	0
VIP Road	13	0

\*All prices are per sq ft rates \*Capital change depicts quarterly alterations in average 'asks' \*Rental change depicts yearly alterations in average 'asks'

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