

Nagpur, a hot destination for mega developers

■ CRISIL research predicts realty growth in Nagpur

■ Special Correspondent

NAGPUR, a second capital of Maharashtra, is new hot destination for large real-estate developers. A recent report released by CRISIL Research- "Reality Next: Beyond the Top 10 cities of India" included Nagpur as fast growing city in the country.

The report stated that the growth prospects in the smaller cities are attracting large developers with multi-city presence. A few large developers already have a presence in Nagpur, Bhopal, Lucknow, Indore, Jaipur, and Coimbatore. Many of the developers are building land



banks in these cities.

Price stability and growth prospects of these smaller cities are attracting large real-estate developers. Now, the developers are diversifying from metro cities

with an eye on future growth. The report estimated the sales of new residential apartments in 10 such smaller cities at around Rs 180 billion in 2012.

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"The proportion of buyers taking home loans is relatively less in these smaller cities. A gradual increase in penetration of home loans would boost demand. Moreover, a shift in preference from independent houses to apartments will also support volumes," said Prasad Koparkar, Head-

Industry and Customised Research, CRISIL Research.

The study details the planned supply, the expected demand and the outlook for prices in 65 submarkets across the 10 cities: Bhopal, Bhubaneswar, Coimbatore, Indore, Jaipur, Lucknow, Nagpur, Surat, Vadodara and Visakhapatnam. Almost 354 million sq ft of supply has been planned in these cities over the next 3 years.

The study finds that the smaller cities offer better price stability and demand

growth. It foresees prices rising in seven of the smaller cities. In contrast, prices are likely to increase only in four of 10 large cities—Ahmedabad, Bengaluru, Chandigarh, Chennai, Hyderabad, Kochi, Kolkata, Mumbai, Delhi and Pune.

Affordability in smaller cities is greater, as prices have not risen as much as in the large cities. Prices increased only by 10-12 per cent in the smaller cities over the two years up to April 2011. In contrast, prices rose by 25-30 per cent in the large cities.

