

## ICREI

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## Economy Snapshot

GDP Growth Rate	6.10
Inflation Rate	-0.95
Exchange Rate	49.06
Lending Rate	12.75-13.25
SENSEX	15467
OIL (NYMEX)	68.50

Source: Economic Times, RBI, Business Standard

# REID: Real Estate and Infrastructure Digest

Volume 1, Issue 2

## ECONOMY

### GDP Grows 6.1% in the June Quarter

**New Delhi, 31 August 09:** According to figures released by the Central statistical Organization (CSO), India's economy grew 6.1 percent in the June quarter from a year earlier. The rate makes India the second fastest growing economy among major countries after China, which recorded 7.9 percent growth in April-June quarter.

The economy accelerated from its 5.8 per cent rate in the previous quarter, propelled by a pick-up in activity in the mining, manufacturing, electricity and services sectors from the previous quarter. Electricity generation and mining output grew by 6.2 percent and 7.9 percent in the first quarter of this fiscal against 2.7 percent and 4.6 percent a year ago, respectively. Financing, insurance, real estate and business services expanded at 8.1 percent against 6.9 percent. Construction was slightly down to 7.1 percent from 8.4 percent and community services by 6.8 percent from 8.2 percent.

The data also showed that Consumers' share of spending in the Indian economy shrank to 55.6 percent in April-June from 58 percent a year earlier, while the government's share rose to 9.9 percent from 9.6 percent on the back of stimulus spending. "Government spending has held up demand. This was a period when elections were held, and this also would have supported demand," said D.K. Joshi, principal economist at the ratings agency Crisil.

However analysts showed concerns that poor monsoons could dampen the growth rate as it could drive prices higher. Data showed that the consumer price index rose 11.89 percent in July from a year earlier, rising sharply from June's annual rise of 9.29 percent as prices of food items increased.

The same data showed that the gap in the government's receipts and spending scaled two-fifth of the full-year's estimate in the first four months of the fiscal year. At the end of July 2009, fiscal deficit stood at Rs 1,58,554 crore, or 39.5% of the budgeted Rs 4,00,996 crore for the entire fiscal and 6.8% of the GDP.

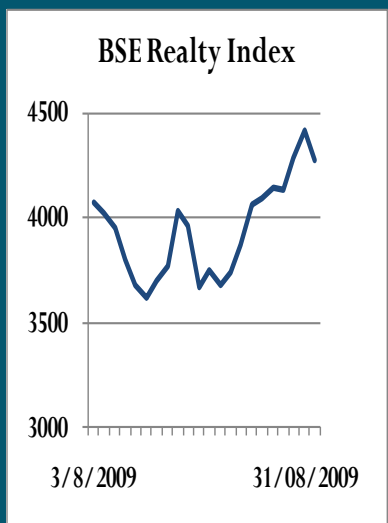
Source : The Economic Times

# ICREI

## “Quote Unquote”

*“The Feel good Factor is back, Since April 2009, people have again started their quest for homes. More people are looking to stretch their hand as far as they can reach right now instead of foreseeing income rise in the future.”*

**Raj Menda, President, CREDAI-Karnataka**

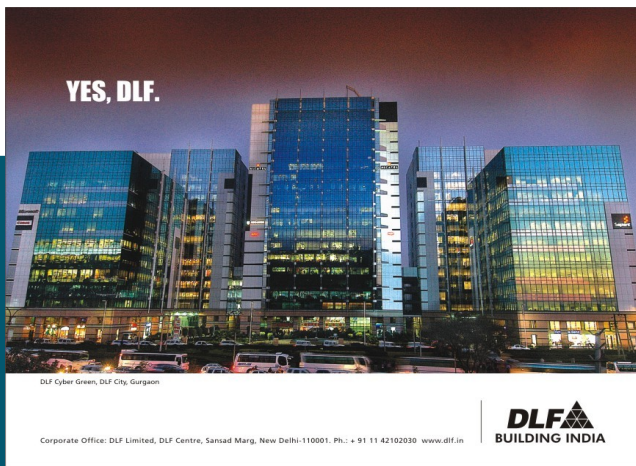


Source : Economic times

# Commercial Real Estate:

## DLF Bags Country’s Largest Land Deal for 1750 cr

**New Delhi, 21 August 09;** DLF bagged the country’s largest land deal for Rs 1750 crores, hence is close to buying 350.7 acres of prime land in Gurgaon. DLF had bid Rs 12,000 per sq metre against the reserve price of Rs 11,978 per sq metre. The land is located at Wazirabad village on Gurgaon-Faridabad road and involves the acquisition of agricultural land and getting clearance for commercial, residential and leisure purposes, including an 18-hole golf course. This particular site is crucial for DLF as the company has nearly 700 acres of land nearby and is also in the backyard of its existing township DLF City.



Haryana State Industrial and Infrastructure Development Corporation (HSIIDC) said that it had disqualified two other bidders Unitech and Bharti Realty on technical grounds, though their financial bids were better than that of DLF. The deal being one of the single largest land deals of the country is seen as a sign of revival for the Indian real estate industry.

India is not alien to mega land deals, but the slump in the industry took a toll on this number. Here is a snapshot of some mega land deals in the past:

- Unitech acquired 1,750 acres of land in Visakhapatnam from APIIC at over Rs 3,300 crore in 2007. The Andhra Pradesh Industrial Infrastructure Corporation (APIIC) had invited bids to develop the land for the Integrated Vizag Knowledge City. At Rs 52 lakh per acre, it was among the largest deals in the country in terms of the acreage from a single source in a single deal.
- Ahmedabad-based Adani Group finalized a mega deal to develop a commercial and retail hub in Mumbai’s landmark commercial business district, the Bandra-Kurla Complex (BKC) with Housing Development and Infrastructure (HDIL) for Rs 2,250 crore in May 2006. The deal involved the sale and development of over 2.1m sq ft of land (around 48 acres) at BKC.
- Unitech outbid rival DLF Universal to bag the 340-acre city development contract on Noida Expressway with an offer of Rs 1,583 crore in May 2006. Unitech bid at Rs 11,529 per sq. metre.
- Reliance Industries bid for and won a 7.5-hectare plot at Bandra Kurla Complex, a prime location in Mumbai, for Rs 1,104 crore in 2006. The bid was 130-per cent higher than the reserve price of Rs 480 cr.

Source : The Economic Times

## Promoter holdings in realty cos dip

**New Delhi, 13 August 09:** Promoters' equity holding in six real estate companies fell between 4% and 31% over a one year period ended June 30, 2009, due to stake sale, sale of pledged shares by lenders and issue of fresh shares to institutional investors.

The following is a snapshot of the falling promoter holdings of these companies:

- Unitech promoters saw their holding decline the most to 43% from 74% a year ago. The promoters lost almost 10% in the company as lenders sold shares pledged with them following sharp drop in valuation of the firm in a falling stock market. Promoter Ramesh Chandra's stake declined by a further 21% with the issue of fresh shares in two tranches in the April-June quarter to raise \$900 million, to repay the huge debt of Rs. 10,000 crore that the company had piled on its balance sheet. The debt has now come down to around Rs 7,000 crore.
- DLF promoter KP Singh and family also raised Rs. 3,800 crore by selling 9.9% in the company to raise funds to pay hedge fund DE Shaw that was looking to exit from DLF Assets (DAL), another company promoted by Mr Singh. DE Shaw is yet to exit DAL.
- Indiabulls Real Estate promoters — Sameer Gehlaut, Saurabh Mittal and Rajiv Rattan — too saw their stake fall by almost 10% to 16.73% following a QIP to raise \$565 million in the June quarter. Promoters owned minority stake even before the QIP, but analysts say the company is safe because of higher holding by FIIs, who may not welcome hostile acquirers. FIIs currently hold 62% stake in the company.



- Similarly, the country's fourth-largest developer HDIL's promoter Wadhawan family's holding fell around 10% to 51% following \$325 million QIP.
- Promoters' stake in Bangalore-based Sobha Developers fell from 87% to 65% after the company raised \$130 million through share sale to qualified institutional buyers.
- Delhi-based Omaxe, which is looking to raise Rs 600-700 crore through a QIP, has seen its promoter Rohtas Goel's stake slide by over 4%, possibly on account of sale of pledged shares by the lenders.

Source: Economic Times

## Oberoi Constructions Plans to Raise Rs 1k Crore from the Market

**Mumbai, 11 August 09:** Oberoi Constructions have decided to raise between Rs. 750 crore and Rs. 1,000 crore through a public issue by the end of the calendar year to finance its expansion. An Oberoi Constructions official confirmed the company's plan to raise funds from the public, without divulging the size of the issue. "We have plans to go public, but we are yet to decide on the exact amount to be raised. But all I can say is that it will be of substantial size," he said. A banker close to the company's thinking said the issue would raise at least Rs. 750 crore.

It is learnt that the company would divest around 10-12% of the post-issue equity capital through the IPO. The Oberoi family (the promoters) holds around 90% in the real estate firm while Morgan Stanley holds the remaining 10%. In 2007, Morgan Stanley had bought its stake for \$152 million, valuing the company at \$1.5 billion. It is believed that the IPO proceeds would be utilised to finance the company's growth plan in Mumbai, especially in the Western suburbs. The company might also buy distressed assets in the same area.

Six other real estate firms namely Godrej Properties, Lodha Developers, Emaar MGF, Sahara Prime City, Nitesh Estates and Shriram Properties are at different stages of raising over \$2.5 billion through public issues, indicating easy availability of funds and that the worst may be over for the real estate industry which has been faced with a severe crisis since the onset of the current worldwide economic recession.

- Godrej Properties (Godrej Group's real estate arm) has plans to sell around 10% through its maiden public issue. Prior to this, Godrej Properties plans to place a 3.5% equity with select institutions. Via its IPO, Godrej Properties is looking to raise Rs. 450 crore to Rs. 600 crore which it intends to use towards low cost housing.
- Mumbai-based Lodha Developers intends to take the IPO route to raise Rs 3,000 crore to retire debts and fund ongoing projects.
- Emaar MGF (a joint venture between Dubai-based Emaar Properties and MGF Development) intends to raise Rs 4,000 crore this year via the IPO route. Emaar MGF's priority seems to be to divert most proceeds of the IPO towards debt repayment.
- Sahara Prime City, the real estate arm of the Sahara Group, is looking to raise \$1 billion. The size of the issue cannot be confirmed now. As is the case with Emaar, it looks like this company intends to mostly repay debt with the proceeds. Recently, a 49% share of Sahara's Amby Valley project was purchased by NRI investor C. Sivasankaran.
- Bangalore-based Nitesh Estates intends to enter the capital markets to raise funds for diversifying its business interests to Mumbai and other western areas.
- Chennai-based Shriram Properties (part of the Chennai Shriram Group), is proposing to offer an IPO worth Rs 500 crore to Rs. 700 crore.

Source: Economic Times

# Housing:

## Banks slash home loan rates

**New Delhi, 15 August 09:** Leading home loans providers across the country, have reduced interest rates for home loans by almost around 50-75 basis points in an effort to capture the market shares in the festival season.

SBI upped the stakes in the home loan market early this month by announcing a three-month-long "SBI My Home Campaign", effectively slashing the interest rates by 50-75 basis points for high value loans. In SBI's home loan scheme, interest rate for the first year is 8%, and for the next two years is 8.5% to 9% depending on size of the loan. It is linked with benchmark lending rates.

However, the chairman of the country's biggest home loan lender HDFC, Deepak Parekh criticized the lending institutions like SBI, which gives home loan at differential rates — low rates for the earlier period and raising it later. Parekh warned that such artificial lower rates could lead to a subprime-like crisis, which happened in US housing market.

SBI, over the past few months, has been increasing market share in the home loan segment. SBI's mortgage loan book has grown Rs 10,076 crore in the 12 months ended May 2009, which is over 77% of the Rs 13,028 crore growth recorded by the banking industry.

SBI's effort was followed by other big banks such as PNB, HDFC, LICHF and UBI. Punjab National Bank slashed home loan rates by 50 basis points, announcing the 'PNB Festival Season Bonanza Offer 2009'. LICHF slashed its rates by 0.5% and UBI is offering new customers home loans at 8.50 per cent for the first three years and at floating rate linked to its benchmark prime lending rate from the fourth year onwards for loans up to Rs 50 lakh.

HDFC reduced the rates by 50 basis points in the Rs 30-50 lakh segment. As per the revised rates, HDFC now offers loans between Rs 30-50 lakh at 9%. The rates will apply only to new customers as the lender has not revised its prime lending rate.

Source: Business standard, ET

## Unitech announces Rs600 cr affordable housing project

**New Delhi, 12 August 09:** Enthused by the robust demand for its affordable housing projects, realty firm Unitech said that it would invest Rs600 crore to develop 5,000 such units in seven cities across India.

Unitech would launch affordable housing projects in seven cities this week. The projects would come up under the 'Uni Homes' brand at an affordable price range of Rs10-30 lakh. The projects would come up at Noida, Greater-Noida, Chennai, Kolkata, Rewari, Bhopal and Mohali.

Unitech had announced to build 20,000 affordable houses at a cost of Rs1,700 crore in May. "We made a mistake of only focusing on top 2-3% of India's population. Now we want to reach the masses and enter into budget and affordable houses. We will be the biggest player in the housing segment," said Unitech managing director Sanjay Chandra.

Lately, more and more studies show that affordable housing segment has great potential and should be on every realtor's agenda. The global property consultancy firm, Knight Frank in its research paper on affordable housing has estimated that affordable housing requirement would be in excess of 2 million units across key cities in India and 80% of demand is expected to emanate from the Rs 3-5 lakh income group. Significantly, over 32% of the potential buyers are looking at making a purchase in the next 6-12 months. Knight Frank said the real estate sector is realigning its focus towards affordable housing and projected a whopping market size of over Rs 3 lakh crore by 2011.

Source: Economic Times, Business Line

## Interview: Cementing the Future

*Mr. Prashant Bangur is an honours graduate in Mathematics with merit from University of Kolkata followed by MBA (Finance & Logistics) from Indian School of Business in 2003. Prior to his MBA, he also worked as trainee in Ernst & Young in MAS (Management Advisory Services). After completing his management, he was inducted as Senior Executive with Shree Cement – one of the leaders in Indian cement industry. In appreciation of his ceaseless devotion and diligence he has been elevated to the position of Executive Joint President in a short span of five years. The company has turned in exemplary performance with the turnover rising from around Rs.600 crores to almost Rs.3100 crore during last 5 years.*

- *Considering the current economic factors, what is your outlook on the industry and business?*

The cement industry growth is highly related to the GDP. Since it's a core infrastructure industry the growth in the industry is highly correlated to the growth in the GDP of the country. It has been noted that the long term trend is around 1.3 times the GDP growth for the industry with a lag of one year. Hence if the GDP growth is 8 per cent this year, we can expect the cement industry to grow at about 10.4 per cent next year.

GDP is expected to slow down due to bad monsoon, it will affect the demand for cement next year. However, the government's emphasis and attention towards infrastructure has prevented the industry from receiving any significant downturn. For the month of April -July as compared to last year, the industry has grown at 11.5%

In terms of cement prices, we have seen some softening in the last few months especially in South India and a little in North India. This can mainly be attributed to the capacity expansion in the industry which led to a supply surplus. One should also note that prices in this industry are very local as transportation is major cost in the Industry. Hence a change in prices in the north, does not affect prices in other parts of the country.

- *Shree has the highest EBITDA margins in the world cement industry, what innovations and initiatives has led the company to achieve this feat, are these sustainable competitive advantages which other companies cannot follow?*

One of the key features which sets Shree apart in this regard is its risk taking abilities. There is a lot of emphasis these days on risk mitigation; however we overlook the fact that if we only concentrate on risk mitigation, we also mitigate the chances of profit. At Shree cements, we encourage our employees to take a lot of risk. We consciously

## Interview: Cementing the Future

invest in a lot of high risk innovations in all spheres of the company and sometimes a few of them click which suffice for all the other projects that failed. One of the most critical innovations for Shree was the usage of 'Pet coke' as the main raw material for fuel in cement production in 2001. Pet Coke being much cheaper than imported or Indian Coal, changed the economics of production significantly for Shree.

We also have the highest fuel efficiency in the world which is mainly due to the innovative practices at operations. Also, our involvement in power gives stability to our cement operations.

These innovations and different practices put together have led to Shree's success. It is always a bunch of things put together which makes all the difference.

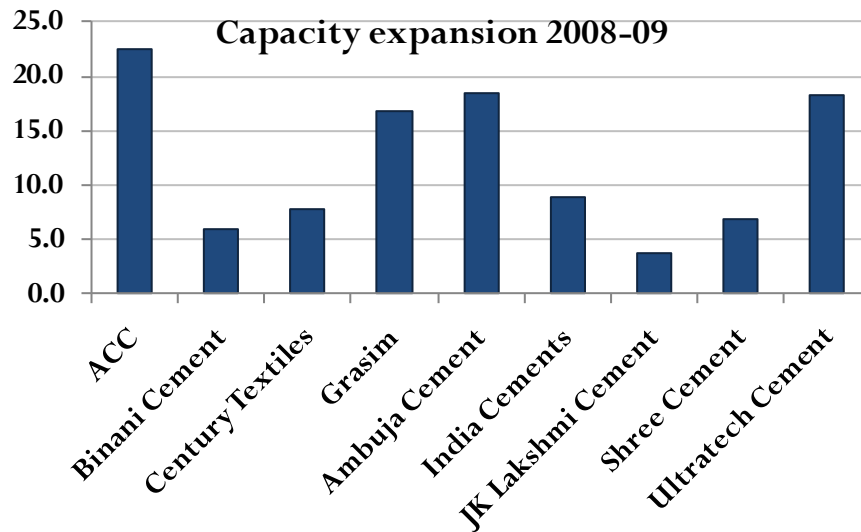
- *Shree cements is investing in power projects, what factors would define the return on investments on these projects.*

Cement has seen a significant capacity addition in the last few years which might lead to difficult times in the industry in the next two years. Hence capacity expansion in cement was not a very encouraging option for us. However, India has a great shortage of power:- around 20,000-30,000 megawatts which is increasing every year. There is a huge demand supply gap in this industry which is pushing power prices up. Since we had an excess capacity in our power plants we decided to sell power. We sell about 10 lakh units of power per day which gives us enough cushion against any exposure in the cement industry. Also, the initiatives taken by the government such as CERC, power exchanges, open license and free trade makes power a very flexible commodity, hence diversification towards power was a very safe and comfortable investment decision.

- *What are the main challenges and concerns for the cement industry this coming year? What kind of policy support do you seek from the government?*

In the north, we have seen significant capacity expansion in the industry by Grasim, Jaiprakash and Ambuja. Even Shree will go through a huge capacity expansion next year. This level of capacity expansion by the key players in the industry will definitely lead to an oversupply of cement in the north. The peculiarity of cement as a product is that it can't be stored, hence once produced, it needs to be sold off immediately. Hence if there is an oversupply the prices will have to fall. So there concerns of a price war due to the oversupply of cement.

## Interview: Cementing the Future



Source: CRISIL

The government is very conscious towards the needs of the industry and is doing its best to provide good roads, rail networks, power connections and it is also investing in new canal projects. Any new infrastructure activity creates more demand for cement; hence we request the government to come up with new infrastructure projects.

I would also like to mention the emphasis the government has put on NREGA (National Rural Employment guarantee Act) in the current budget. This act enables economic activity in rural India in terms of infrastructure development and high disposable income in the rural sector. This scheme is also very encouraging to the industry.

- *Shree cements invests a lot towards CSR, what are the activities Shree is involved in?*

We have regular eye camps; we have free hospitals at our factory sites open for all our employees and villagers around. We have free computer centres for the training of local village children. We also have highly subsidised primary schools for local children. We are currently investing a significant amount of our resources in our 'Rain Water Harvesting project' and would take shape in the coming year.

Around hundred square kilometres of area around our factory in Ajmer extremely arid, we are building multiple dams and canals to harvest the rain water. This would significantly improve the water levels in the area.

Interview by: Sonia Khatri and Katyayini Krishnamoorthy

## International Economy:

### US GDP contracts by 1% in second quarter

**Washington, 27 August 09,** US gross domestic product declined by an annualised rate of 1 per cent in the second quarter after plunging by 6.4 per cent during the first three months of the year, according to official figures released by the Bureau of Economic Analysis.

Holding back GDP in the second quarter was a 1 per cent drop in consumer spending, which accounts for about 70 per cent of US economic output, as consumers retrench in the face of high unemployment. But federal spending, which surged by 11 per cent, cushioned the contraction as the government stepped in to fill the void and has succeeded in stimulating the housing market and car industry.

According to the Congressional Budget Office, the federal budget deficit for this year will reach \$1,600bn, or 11.6 per cent of GDP, bringing it to the highest level since the second world war.

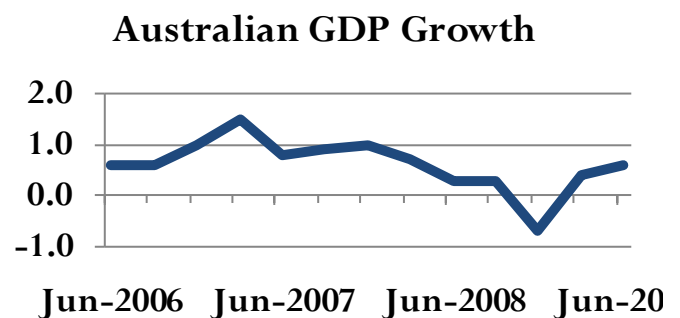
Meanwhile, the CBO predicts the US economy will successfully rebound in the second half of this year, with an annual growth rate of 1.6 per cent for the final six months of 2009 and 2.8 per cent next year. The labour market will lag behind, however, with the unemployment rate peaking at 10.4 per cent by the middle of 2010.

Source: The Financial Times

### Australian Economy Continues to Shine

**Sydney, 01 September 09,** The Australian Bureau of Statistics said that seasonally adjusted gross domestic product grew by 0.6 per cent in the second quarter compared with the previous three months.

The economy also expanded by 0.6 per cent on a seasonally adjusted basis compared with the same period last year. Australia's GDP grew a revised 0.4 per cent quarter on quarter in the first three months of the year.



Source: The Financial Times, ABS

### Record Decline in UK Lending Threatens Recovery

**London, 01 September 09,** Outstanding loans to companies and individuals both declined at a record pace in July, in a worrying sign for the prospects of economic recovery.

Private non-financial corporations paid down £8.4bn debt during the month – a 1.7 per cent overall reduction in their stock of bank debt and the largest decline since records began in 1997.

Net lending to individuals fell by £600m to just over £1,450bn, the first net repayment of consumer loans since records started in 1993. The weak level

of lending came as loans secured against property and consumer credit both declined by record amounts. The Bank of England has warned that weak lending levels are a key threat to the prospects for recovery.

However, analysts say that the figures were affected by the increased ability of large companies to issue stocks and bonds as a source of funding and consumers paid off more of their mortgages and personal loans than they took out.

Source: The Financial Times

# International Real Estate:

## CBRE Restructures \$1bn of Debt

London, 25 August 09, *CB Richard Ellis* revealed that \$994m (£607m) of its \$2.1bn of debt has been extended or restructured. The world's largest property services firm said that it had offered lenders the chance to swap existing tranches of debt for new tranches with longer maturities and/or less amortization.

CBRE now has to repay \$4m of debt in 2009 and \$180m in 2010, compared to \$254m previously. It has to repay a further \$234m in 2011. As a result of the overall restructuring, CBRE said it expected to pay around 60 basis points more in interest on average.

"Extending maturities and deferring amortization on our existing credit facility is a key element of our strategy to proactively manage our balance sheet during this downturn," said Brett White, president and chief executive officer of CB Richard Ellis.

The company swapped \$243m of its \$600m revolving credit facility into new tranches of debt expiring in June 2013, two years beyond the current expiration. Of this amount, approximately \$201m will be a new revolving facility and \$42m will convert to term debt. The company also extended approximately \$257m of outstanding term debt by 18 months to June 2013 and approximately \$297m of term debt by two years to December 2015. In addition, \$197m of term debt amortization was extended to December 2013.

Source: EGI



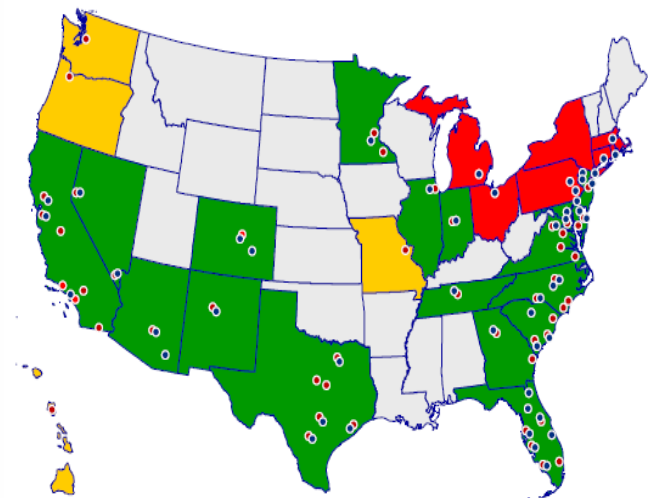
## Pulte Buys Centex

New York, 19 August 09, *Pulte Homes Inc.* succeeded in its quest to become the largest homebuilder in the U.S. by acquiring entry-level home builder Centex Corp. Shareholders of Pulte and Centex approved Pulte's plan to buy Centex for \$1.4 billion in stock. By acquiring Centex, Pulte gets to beef up its offerings of lower-priced homes, the sector's strongest segment.

A key part of Pulte's strategy is to use branding in a bid to stand out in a sector where few buyers can distinguish one builder from the next. In doing so, Pulte hopes to capture the recognition so far only obtained by Toll Brothers Inc., a builder of high-end homes, and Pulte-owned Del Webb's retirement communities.

Some analysts remain unconvinced that brands will drive sales in an industry where price and location are paramount. It's especially tricky in the lower-end, where shoppers are more likely to seek the lowest monthly payment. It could take several years to determine whether the branding strategy works out for Pulte.

## Complementary Market Presence



Markets  
 ● Pulte ● Centex  
 States  
 ■ Pulte ■ Centex ■ Combined

While the announcement of a Pulte-Centex deal surprised the industry about four months ago, many analysts now consider the timing smart because several housing indicators have shown improvement.

Source: Wall Street Journal

## Distressed Commercial Property Sales Rise

**London, 17 August 09,** The number of “distressed” commercial properties coming to the market rose in every region in the world in the second quarter, with the UK in particular seeing a rise in interest in property sold by owners experiencing problems.

According to a study by the Royal Institution of Chartered Surveyors (RICS), more than three-quarters of the 27 countries surveyed saw a rise in distressed property sales in the second quarter compared with three months earlier.

This rise came in spite of generally low interest rates, which have provided some support for landlords facing financial difficulties, as well as help by some governments to banks lending to the sector.

RICS said that low interest rates had so far limited the problems, and predicted that falling rents and rising corporate bankruptcies were likely to further increase the incidence of distressed properties in the coming quarters.

Surveyors across the countries said that investor interest had grown in distressed properties, with the biggest pick-up in interest in the UK and Italy. RICS said the scale of property price declines since the onset of the credit crunch had drawn bargain hunters.

The biggest pick-up in distressed properties coming to market has been reported in South Africa, closely followed by the US, New Zealand, Malaysia and Hungary. However, China and Brazil reported a decline in the number of distressed properties, with little change in Germany, Czech Republic, Hong Kong, Japan, Italy and Switzerland.



The Willis Building at the heart of London’s financial center was offered to be bought at £400 mn by the Kuwait Investment Authority last year.

Source: The Financial Times

## CBRE: European investment transactions hit €13bn

**London, 14 August 09,** Transaction activity in the European investment market inched up to €13bn in the second quarter from €11.6bn in Q1, according to a report from CB Richard Ellis.

In its new Global market-view report, CBRE said while it was too early to predict a sustained upturn, there was some expectation that Q4 could see a modest further improvement in transactions volumes. CBRE added that investment market activity quickened in the London market toward the end of Q2 as investors targeted the markets that had seen the greatest price corrections.

"However, office leasing activity in the main European markets is still very subdued, with the CBRE EU-15

index of prime office rents falling by 2.9% in Q2 – taking the year-on-year rate of decline to 8.6% – and on course to show significant year-on-year contraction relative to 2008," the company said.

The CBRE report says there are still no signs of recovery for the market in the US, with vacancy rates in the office, industrial and retail property sectors continuing to rise in the second quarter. The US office vacancy rate increased by 80 basis points to 15.5%.

CBRE said there has been an uptick in investment sales volume in Asia, where the market has adjusted quickly and pricing may have hit bottom in some cities in Q2.

Source: EGI

## China's Land Prices Fan Fears of a Bubble:

**HongKong, 05 August 09,** Land prices are on the rise in China, leading to concerns that another price bubble is in the making. The property boom in China ended last year, which led to a halt in developers buying land. But this year, the area of land purchased has risen every month from the previous one. And in recent weeks, as a recovery in housing sales continues to strengthen, property developers are again paying top dollar for empty lots in China's biggest cities.

Last month, Gemdale Corp., a Chinese residential developer based in the southern city of Shenzhen, surprised the market by paying 3.05 billion yuan (\$446.5 million) for a 210,000-square-meter plot in Shanghai's Qingpu suburb, more than tripling the opening bid.



Beijing's Skyline in 2006 before the Olympics. Source: Time

A few weeks earlier, Franshion Property (China) Ltd. paid 4.06 billion yuan at a public auction for a 156,000-square-meter site in Beijing's main business district. The price of 14,500 yuan per square meter, when calculated using the total area that can be developed, was a record on that basis.

Analysts attribute the turnaround in land prices to the flood of credit that has entered China's economy in recent months. "Land sales have been going crazy in big cities, particularly in Beijing, and regulators suspect a lot of that money came from banks," said Karen Tang, a partner for law firm White & Case LLP in Shanghai who specializes in banking and real estate. "The bubble is getting bigger and bigger," said Alan Chiang, head of mainland Chinese residential property in Shenzhen for the property broker DTZ. He said the trend is encouraged by local governments, who earn revenue from land sales and hope an upturn will refill their coffers.

Concerns about real estate focus on a flood of cash that has driven up stock prices as well. The Shanghai stock market's main index is up 91% this year, and two initial public offerings in recent days soared in their debuts.

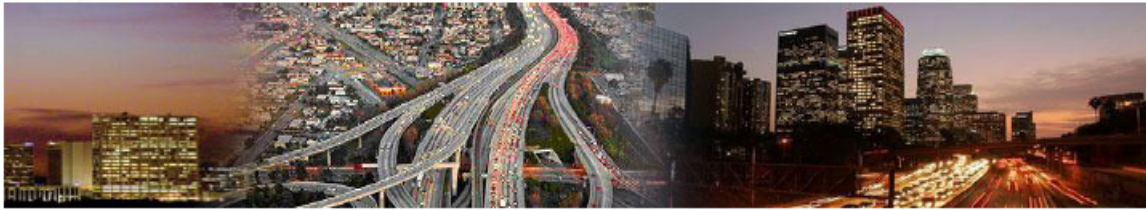
Still, developers' hunger for more land reflects bullishness on the long-term prospects of China's cities. "Land prices could be even higher in 2010," said David Ng, a Hong Kong property analyst for Royal Bank of Scotland Group. "It's a game of planning ahead."

Source : The Wall Street Journal



## Infrastructure Summit

September 13, 2009



Theme for the Summit: **“Realizing Indian Infrastructure 2015”**.

Panel Discussion: **“Public Private Partnerships: A Reality or a Distant Dream?”**

Time/Date: **2.30pm – 5.30pm on Sunday, September 13, 2009**

Venue: **The Indian School of Business, Hyderabad**

### **About the Theme and the Panel Discussion**

The Planning Commission, as part of the 11<sup>th</sup> Five Year Plan, recognizes the importance of improvement in infrastructure to sustain faster, more broad based and inclusive growth of the economy. It has put forward an investment of \$500 billion in infrastructure before the end of the 11th Five Year Plan in March 2012.

But despite the investment commitment, there are still a number of pitfalls regarding the execution of projects that need to be dealt with. Public Private Partnerships have been looked at as a solution to sidetrack all issues, but are they really the answer or just another distant dream?

- ✓ Governance structure for strengthening Public Private Partnerships
- ✓ Funding of Public Private Partnerships – FDI and Usage of allocated funds
- ✓ Scope of Public Private Partnerships in Rural Infrastructure, Airports, Health and Power

### **About the Infrastructure Summit at the ISB**

The Summit is the annual flagship event of the Real Estate & Infrastructure Club of PGP students at the ISB and is one of the key events on the school's calendar. The Summit is widely covered in the press and is well attended by students. Past speakers at the conclave have included:

- Mr. K. Ramchand, President & CEO, IL & FS Transportation Networks (ITNS)
- Mr. Viswanath Attaluri, GMR Hyderabad International Airport Limited
- Mr. NVS Reddy, IRAS, Managing Director, Hyderabad Metro Rail Limited
- Mr. Syam Prasad Reddy, CEO & MD, Indu Group
- Prof. Joseph Gyourko, Director of Zell-Lurie Centre, Wharton Business School
- Mr. Sreekumar Chatra, Associate Director, Macquarie Capital Advisors
- Mr. Suresh Marasawamy, Assistant VP, Citigroup
- Mr. Sourav Goswami, Walton Street Capital
- Mr. Kok Huat Goh, TSI Ventures
- Mr. Anuj Puri, JLLM
- Mr. Sumit Anand, Nomura

### **About the Real Estate & Infrastructure Club at ISB**

The Real Estate & Infrastructure Club is a professional club at the ISB aimed at facilitating a constructive dialogue between the Industry and the ISB student body. It aims to achieve the same by providing frequent opportunities for a constructive dialogue and perspective sharing between Industry experts and ISB fraternity and conducting educational and career development activities. The Club also looks forward to spreading awareness vis-à-vis the emerging opportunities and trends available in the real estate and infrastructure sector.

### **About the Indian School of Business**

ISB is one of the world's leading business schools. It was placed 15<sup>th</sup> on the Financial Times, London's 2009 list of the top 100 B schools in the world. The ISB has academic associations with the Kellogg School of Management, The Wharton School, and the London Business School and grooms future leaders for India and the world.

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