



National News:

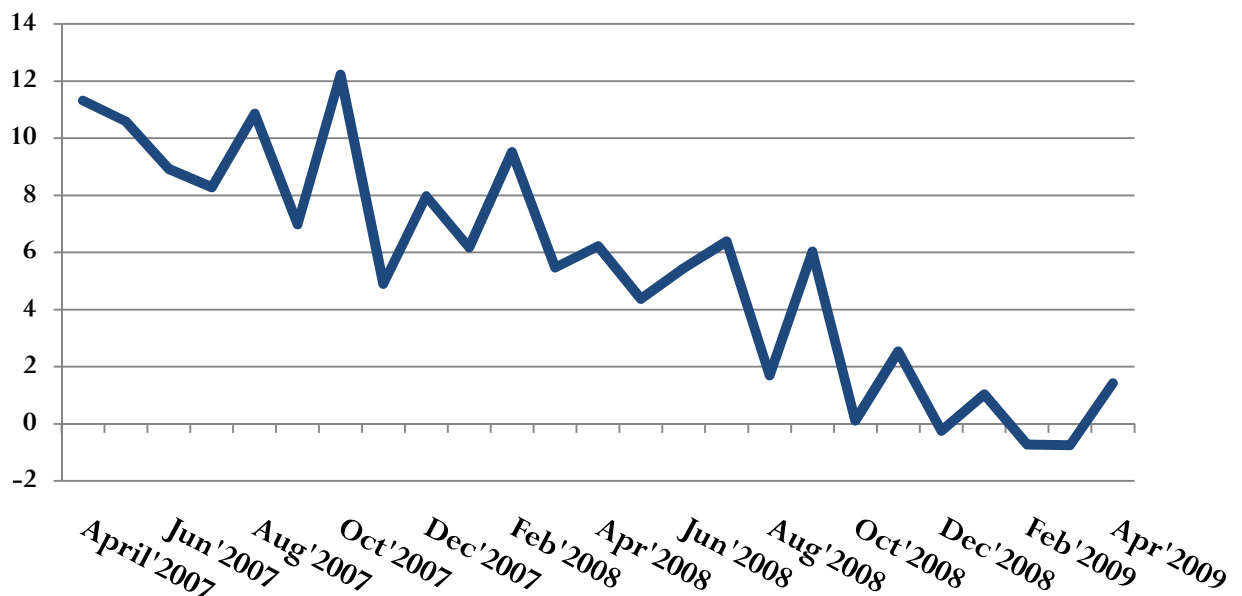
ECONOMY:

Industrial Output Rises in April

The industrial output rose by a better than expected 1.4% in April, its best performance in five months. The index for industrial production (IIP) bounced back from a revised negative 0.8% in the preceding month on the back of resilient domestic demand, after slipping into negative terrain in December, February and March.

Pronab Sen, the country's chief statistician, attributed the jump to industries building their inventory levels in anticipation of an increase in demand, and said that the strength of the recovery will be evident in the ensuing months.

Index for Industrial Production



Source: Ministry of Statistics and Programme Implementation

A poll of eight economists carried out by the Economic Times had forecast IIP to rise on an average by 0.5% in April. Several economists had expected the negative trend to continue. The economists said that the excess liquidity in the system, easing of financial tightness and the pick-up in key indicators such as the purchasing manager's index, the infrastructure index and the rise in cement despatches pointed to a recovery. A strong show by the intermediate goods segment and an expansion in 11 out of 17 manufacturing sub-sectors showed that the recovery is broad-based and sustainable.

As reported by: Economic Times

FOREX Shrinks From \$1.1 bn to \$261.2 bn

After recording an average weekly growth of around \$2 billion for several weeks, foreign exchange reserves dipped \$1.1 billion during the week ended June 5. According to the latest data released by the Reserve Bank of India, total foreign exchange reserves, including gold and special drawing rights with the International Monetary Fund, dipped \$1,089 million to touch \$261.2 billion during the above mentioned week.

Part of the dip in reserves could be due to revaluation of non-dollar assets in the reserves. Almost 40% of the reserves are believed to be comprised in non-dollar assets, including the pound sterling, the yen, the euro and the Yuan.

As reported by: Economic Times

<u>Economy Snapshot</u>			
Lending Rate	12.75-13.25%	GDP growth rate	5.8%
Exchange rate (INR/\$)	47.41	Annual Inflation rate	0.48%
Oil	72.68 \$/Bbl	SENSEX	14875.52

Source: RBI, Economic Times

REAL ESTATE:

Citigroup buys stake in Indiabulls

Citigroup Global Markets Mauritius has picked up a 0.11 per cent stake in Indiabulls Real Estate for Rs 7.45 crore. Citigroup in a block deal purchased three lakh shares of Indiabulls Real Estate at a price of Rs 248.60 a piece. Meanwhile, in a separate deal, another foreign fund house Morgan Stanley Mauritius Company sold three hundred thousand shares of the company at the same price (Rs 248.60 apiece). Shares of Indiabulls Real Estate closed at Rs 225.10, on the BSE.

As reported by: Economic Times, Indianrealtynews

CRISIL Assigns India's First Real Estate Valuer Grading

CRISIL has assigned India's first real estate valuer grading; 'Grade 3', assigned to BDO Haribhakti Consulting Pvt.Ltd (BDO Haribhakti), which reflects that the valuer's ability to provide fair property valuations is 'Good'.

CRISIL Valuer Grading reflects the ability of a real estate valuer to provide fair property valuations. CRISIL announced that the grading will facilitate benchmarking for valuers and will also help real estate mutual funds (REMFs), real estate developers, banks, housing finance companies, financial institutions, and investment bankers select real estate valuers for specific valuation assignments.

The valuer grading also meets the requirements of the Securities and Exchange Board of India (SEBI) regulations.

As reported by: Financial Times, CRISIL

Omaxe to Increase Overseas Investors' Holding Limit to 100%

Realty developer Omaxe today said its board has approved an increase in the limit of holding by foreign institutional investors (FIIs) to 100 per cent. Currently, the limit of overseas investors holding in the company is 24 per cent.

Previously, the board of Omaxe had approved the raising of funds up to Rs 1,800 crore through various means, including issuing securities to qualified institutional buyers (QIBs) on a private placement basis.

As reported by: Business Standard

Unitech to Raise Over Rs 700 Crore This Fiscal Year

Real estate major Unitech plans to raise over Rs 700 crore this fiscal year by selling commercial assets, including hotels, as part of its exercise to retire some of its debt.

Unitech's Managing Director Sanjay Chandra announced that they expect to raise around 1,500- 1700 crore from asset Sales. He also said that the company plans to sell some of its hotels, small assets and non-core assets.



The Radisson New Delhi is owned and managed by the Unitech group.

Unitech had earlier disposed off two hotels in Gurgaon for Rs 231 crore and another for Rs 200 crore. It also recently sold its prime office complex, comprising 2.1 million sq ft, at the upmarket Saket in South Delhi for over Rs 500 crore.

The company would primarily utilise the funds to retire part of its Rs 7,800 crore debt. Chandra said the company plans to bring down its debt to below Rs 6,000 crore by the end of current fiscal.

Besides raising funds by selling assets, Unitech had last month raised Rs 1,621 crore through private placements. The promoters are also infusing over Rs 1,000 crore in the company by subscribing to warrants.

As reported by: The Hindu

Reliance Poised for \$3bn Building Boom

Reliance Infrastructure, is poised to secure more than \$3bn of urban rail and road projects in Mumbai, including a showcase eight-lane highway.

The projects are part of a wave of infrastructure initiatives that the construction and civil engineering industry hopes will now get off the ground following the election of a stable national government in New Delhi last month.

Lalit Jalan, chief executive of Reliance Infrastructure said: “Across the entire gamut, whether it’s power, roads, ports and airports, on the infrastructure side, India is woefully short, however, that several new showcase infrastructure projects were about to get off the ground, including the second phase of the country’s fledgling metro rail project.”

Reliance is the sole bidder for the Rs110bn (\$2.3bn), 32-kilometre metro phase two, which will span Mumbai’s northern suburbs with an elevated rail line. A decision from the government is expected shortly. The company is already building the first phase of the Mumbai metro in a project valued at Rs23.6bn.

Reliance is also set to buy out the government’s Bandra-Worli Sea Link, an eight-lane highway that links the airport with south Mumbai and bypasses some of the worst traffic black spots in the city. Mostly built over the Arabian Sea just off Mumbai’s west coast, the Sea Link boasts large cable-stayed bridges and is an engineering and architectural show piece unparalleled elsewhere in India. The initial 11km section of the bridge has already been built and is expected to be opened this month.



The Bandra- Worli Sea Link

As part of the deal, Reliance will pay a total of Rs 50bn to buy out the initial section and to build a further 4km segment that will land near one of the city's biggest landmarks, Haji Ali mosque.

As reported by: Financial Times

Retail Major Wal-Mart opens its First Sales Venture in India

The world's number one retailer Wal-Mart opened its first sales venture in India as part of an ambitious plan to establish a foothold in the country's vast consumer market. The US discount chain has teamed up with Bharti Enterprises, in a wholesale joint venture to be called Best Price Modern Wholesale. The first "Big Box" outlet of Wal-Mart has been opened in Amritsar City in Punjab.

However, Best Price Modern Wholesale will not be open to retail shoppers but will serve small stores, fruit and vegetable sellers, restaurants, hotels and other business outlets. This is because, under India's tight foreign investment rules, no overseas chains are permitted in the retail sector -- except for single-brand outlets such as Nokia or Reebok -- to protect local retail players. Foreign groups such as Wal-Mart can only be wholesalers and must partner with domestic companies to enter the

retail market, valued at 400 billion dollars and forecast to grow rapidly in the coming years.

Wal-Mart, aims to open 10 to 15 wholesale outlets measuring 50,000 to 100,000 square feet (4,650 to 9,300 square metres) over the next two to three years and employ around 5,000 people.

As reported by: The Times of India

Tamil Nadu sanctions Rs 550 cr for Chennai Metro

The Tamil Nadu government sanctioned Rs.550 crore for the first phase of the Chennai Metro Rail project. The rapid transit project, which is expected to go on stream by 2014-15, is being implemented by a special purpose vehicle -Chennai Metro Rail Ltd.

The Deputy Chief Minister of Tamil Nadu Stalin announced that 59 percent of the project cost will be funded by a concessional loan from the Japanese government. The central government will contribute 15 percent as equity and 5 percent as debt, with the balance being funded by the state. The first phase of the project consists of two corridors with a combined length of 45 km. The 23.1-km long first corridor will run from Washermanpet to the Chennai airport via Anna Salai, while the the second one will run from Chennai Central to St.Thomas Mount via Koyambedu. A five-member consortium led by Egis Rail SA of France have been appointed as general consultants to assist Chennai Metro Rail in design, supervision, quality control and safety of the project.

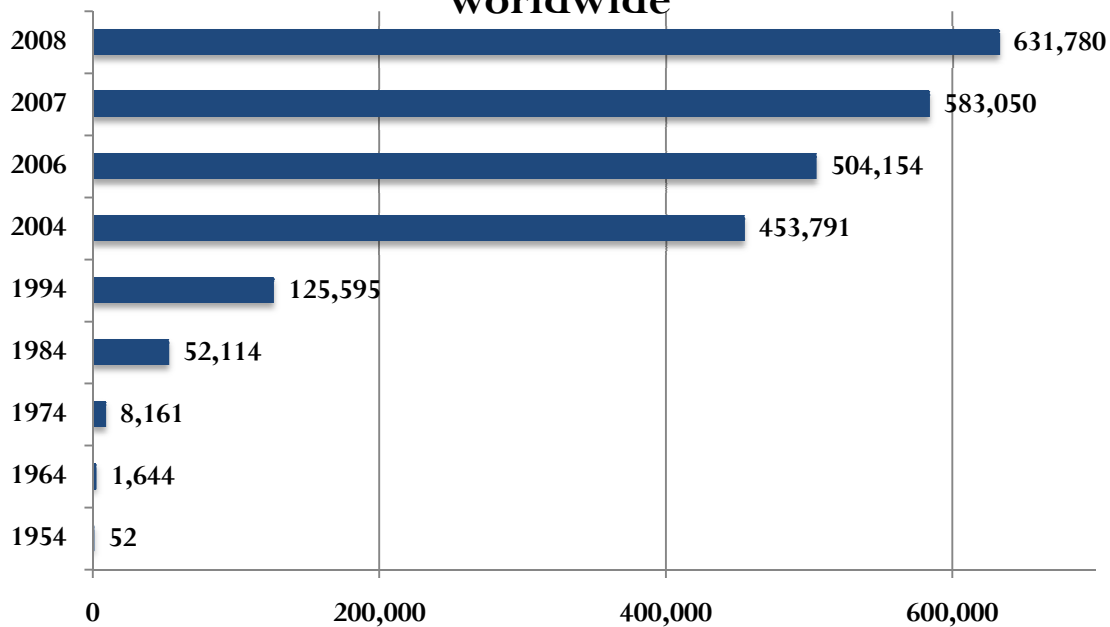
As reported by: The Hindu

IKEA Shelves Plan to Enter India

Sweden's IKEA [IKEA.UL], the world's largest furniture retailer; will stay out of India as long as the country doesn't allow full foreign ownership of single-brand retailers, it said last week.

India is an enormous potential market for retailers but it only allows a maximum of 51 percent foreign investment in single-brand retailers."As far as retail development in India is concerned, the IKEA Group has postponed any decision to enter the market due to the fact that regulations have not been changed to allow IKEA to fully own its retail operations," the budget furniture maker said on an email.

The number of visitors to Ikea stores worldwide



Source: IKEA Thousands

Its comments came after Indian media reports said that IKEA had called off a \$1 billion investment plan due to the restrictions."India is still seen as a long term potential market for IKEA and we will continue to press for changes to the existing regulations," the company said."If and when changes are made to the FDI (Foreign Direct Investment) regulations allowing 100 percent ownership of single brand retailers then IKEA will reconsider its position."

As reported by: Financial Times

HOUSING:

Parsavnath Bags Delhi Metro Residential Project

Parsvanath Developers (PDL), has bagged a Rs 20 crore contract from Delhi Metro Rail Corporation (DMRC) for the construction of a residential project at Mundka Depot for phase II of Delhi MRTS project. The project involves construction of 130 flats which will be constructed in floor plan of G+7 storied building. The total construction area shall be 129,728 square feet. The project will be completed within 15 months from the start of construction at site.

PDL has a pan-India presence across 50 cities and 17 states with presence in key verticals of real estate industry. The company has developable area of 200 million square feet of which 81 million sq ft is under construction and close to 50 per cent of the land under construction is already sold.

As reported by: IndianRealtyNews

Chennai Gets Housing Price Index

Chennai now has its first Residex figures, an index that tracks the movement of prices of residential properties in the different zones. Going by the index, property prices in the city overall have dropped since July 2008.

The National Housing Bank (NHB), an apex level institution for housing finance wholly owned by the Reserve Bank of India, undertook the task of compiling the index as suggested by the Ministry of Finance. The base year is 2007 and the figures are updated every six months.

For Chennai, the Residex figure in 2007 is taken as 100. It rose to 104 between January and June 2008 and subsequently dropped to 95 between July and December 2008. This movement has not been the same across the city. While some of the zones have seen significant lowering of value, others have gained.

The NHB has divided Chennai city into 10 zones. The worst-hit are Zone 9 comprising Kodambakkam, Guindy and Chromepet, Zone 10 comprising Mylapore, Adyar, Velachery and Thiruvanmiyur, and Zone 7 comprising Chetpet and Egmore. In Zone 9, a value of 100 in 2007 dropped to 69 between July and December 2008. In Zone 10 it dropped to 77 and in Zone 7 to 76 during the period. But Zone 4 comprising Ayanavaram, Purasawalkam and Kolathur, Zone 1 comprising Dr. Radhakrishnan Nagar and Zone 6 comprising Nehru Nagar, Chepauk and Marina, have gained. In Zone 4 the rise is from 100 to 155, while in Zone 1 the latest figure is 130. In Zone 6 the rise is to 125.

The pilot study covering the cities of Bangalore, Bhopal, Delhi, Kolkata and Mumbai was launched in July 2007.

As reported by: The Hindu

International News:

ECONOMY ROUNDUP:

G8 Finance Ministers See Crisis Easing

Finance ministers from the G8 last week, signalled their cautious belief that the worst of the global financial crisis might be over and began for the first time to discuss “exit strategies” to counter the growing threat of inflation.

Stress tests for banks were also discussed, aides said, but divisions over the issue – with France and Germany resisting calls for more transparency over publication of results – kept an explicit mention of tests out of the final communiqué.

There are signs of stabilisation in our economies, including a recovery of stock markets, a decline in interest rate spreads, improved business and consumer confidence, but the situation remains uncertain and significant risks remain to economic and financial stability,” the communiqué said after a weekend of talks in the southern Italian city of Lecce.

The G8 ministers tackled growing market concerns over unsustainable levels of public debt and budget deficits that have weighed on US Treasury bonds and the dollar. Ministers also warned that unemployment might continue to increase even after economies start growing again. The ministers – from Canada, France, Germany, Italy, Japan, Russia, the UK and US – asked the IMF to prepare an exit strategy analysis.

As reported by: Financial Times

US: Consumer Confidence Hits Nine-Month High and Joblessness Claims Ease

US consumer confidence rose in June to its highest level in nine months as a recent stock market rally and signs of economic stability have begun to peel away some of gloom cast by the recession. In its June preliminary report the Reuters/University of Michigan consumer survey rose to 69 from 68.7 in May. It was the fourth consecutive monthly increase but slightly trailed economists’ expectations. The monthly rise was fuelled by sharp boost in feelings about current economic conditions, which rose on the 74.5 on the index from 67.7, as job losses have moderated and housing prices have flattened or risen in some regions.

Meanwhile, new jobless claims fell by 24,000 to 601,000 in the week ending June 6, the labour department said on Thursday. The decline was more than economists expected and marked the fourth consecutive week with fewer new claims. The less volatile four-week average fell by 10,500 to 621,750. However, the number of Americans still claiming unemployment benefits continued to reach new heights. Continuing claims rose by 59,000 to 6.81m, making it the 19th consecutive week that the figure hit a fresh record high and signalling how difficult it remains for the unemployed to find new work.

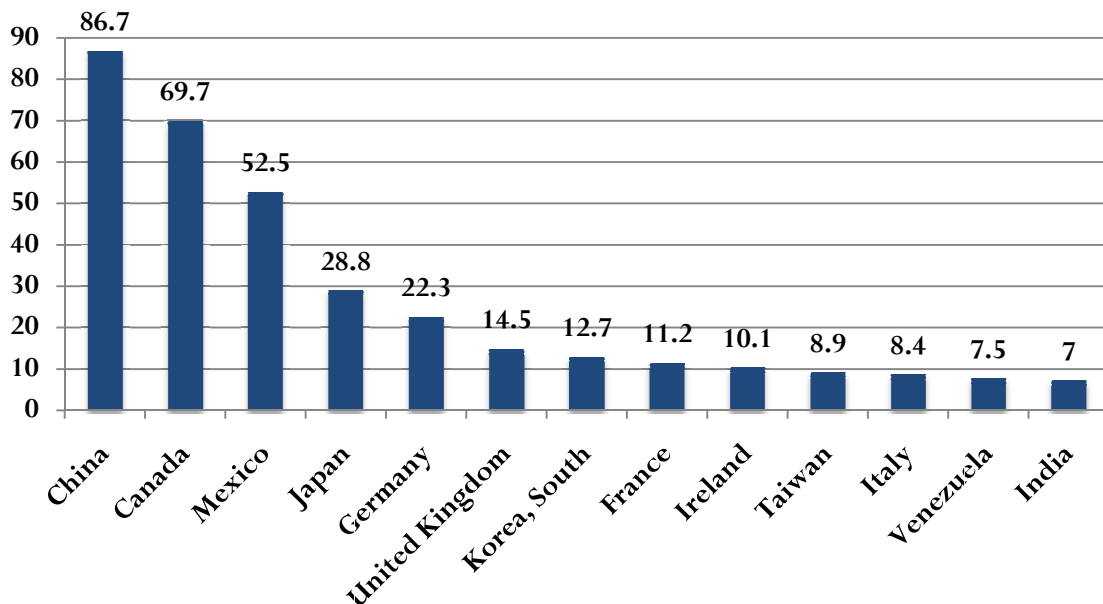
As reported by: Financial Times

US Trade Deficit Widens in April

The US trade gap widened in April for the second month running, as exports fell faster than imports reflecting a continued slump in global demand. The trade deficit grew by 2.4 per cent from March to \$29.2 billion; the figure was in line with economists' expectations and marked the second straight month that the deficit swelled after hitting a 10-year low in February.

The gap has narrowed by 53 per cent from a year ago as trade collapsed amid the deepening global recession. Analysts see the smaller deficit as one of the few bright spots amid the worst downturn since the Great Depression and it has blunted some of the economy's overall contraction.

US Imports (Year-to-Date) in Billions



Source: US Census Bureau

Much of the monthly increase in the trade gap was due to rebounding oil prices, which hit a fresh seven-month high at \$70 a barrel last week. In April, US exports fell by 2.3 per cent to \$121.1bn on declining demand for industrial supplies, capital goods and cars, parts and engines.

As reported by: Financial Times

REAL ESTATE:

Euroreal Reaches 95.5% Occupancy Across Europe

Credit Suisse's Asset Management business today announced that CS Euroreal, its open-ended real estate fund, has achieved an average occupancy rate of 95.5% across its European portfolio and has let more than 861,000 sq ft since October 2008.

Two new leases have been signed in the last six months, including a telecoms firm, which took 51,400 sq ft in a property on Ernst-Reuter-Platz in Berlin, and a German nationwide service company which signed a lease for 151,448 sq ft of office space in the Millerntor building in Hamburg. CS Euroreal owns a portfolio of 113 properties in 56 locations across eleven European countries, with a total of 16m sq ft of rental space. It returned 4.5% over the period April 2008.

As reported by: EGI

UK: Capital Value Falls Ease Further in May

The pace of falling capital values eased further in May to a drop of 1.6% according to the latest IPD UK monthly index. The decline compares with a fall of 2.31% in April. Capital values have now fallen 43.6% from their peak in June 2007.

By sector, offices suffered the biggest capital value falls, dropping 1.8% during May. This was followed by the retail sector, which fell 1.6% and industrial 1.3%. The retail sector has suffered the biggest falls since the peak of the market, with a decline of 45.3% since June 2007. Total returns also improved in May, falling 0.9%, compared with a 1.63% drop in April.

As reported by: Investment Property Databank

Mortgages Climb Past 5.5%

Home-mortgage rates in the US took another leap this week, bringing the average rate on a 30-year fixed-rate mortgage to its highest in seven months. The 30-year fixed-rate mortgage averaged at 5.59% for the week ended June 11, according to Freddie Mac's weekly survey of conforming mortgage rates. That is up from 5.29% last week. The mortgage averaged 6.32% a year ago, and the rate hasn't been higher since the week ending Nov. 26, when it averaged 5.97%.

Rates on 15-year fixed-rate mortgages also rose, averaging 5.06% this week, up from 4.79% last week. The mortgage averaged 5.93% a year ago, and hasn't been higher since Dec. 11, when it averaged 5.20%. Five-year Treasury-indexed hybrid adjustable-rate mortgages averaged 5.17%, up from 4.85%. The ARM averaged 5.51% a year ago. And one-year Treasury-indexed ARMs averaged 5.04%, up from last week's 4.81%; it averaged 5.09% a year ago.

Meanwhile, borrowers in the UK were also warned about the increase in mortgage rates as all main lenders of the country are expected to raise borrowing costs. Nationwide Building Society increased rates by as much as 0.86 per cent, one of the sharpest rises in at least a year. Its popular five-year rate, which is only available to borrowers with a deposit of 40 per cent, has risen from 4.98 per cent to 5.84 per cent. Yorkshire Building Society and Northern Rock have also increased rates.

As reported by: The Wall Street Journal, Financial Times

Index Suggests Home Sales Are Set to Increase

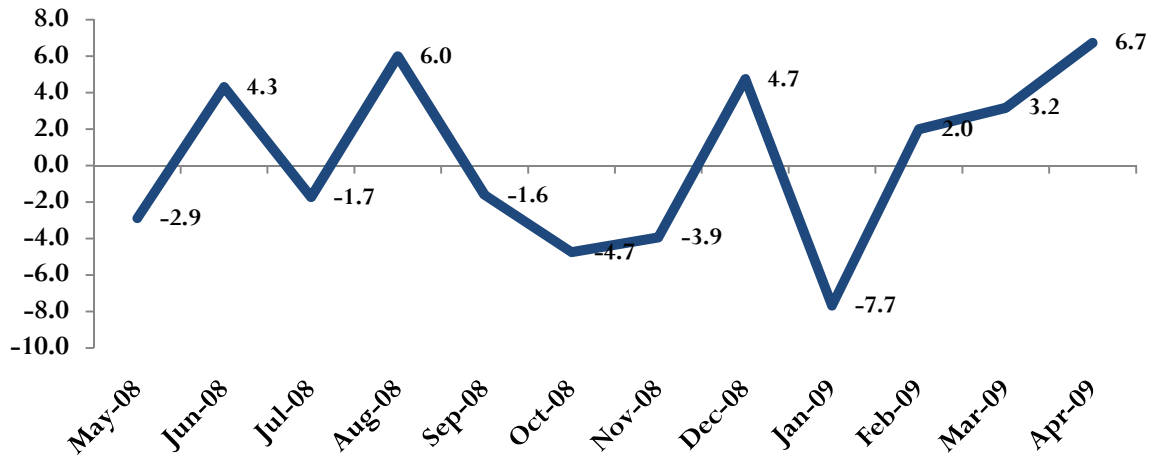
The National Association of Realtors said its index of pending-home sales in the US rose by 6.7% in April to 90.3 from 84.6 in March.

Increases in contract signings typically lead to more sales a month or two later. The relationship between the two has been less steady since the fall, as more would-be home buyers have struggled to get financing. But the increase in signings is large enough to augur more home purchases, said Joshua Shapiro, an economist with MFR.

Much of the April increase came from the Northeast, where contract signings rose 32.6%. Signings rose 9.8% in the Midwest and 1.8% in the

West; they slipped 0.2% in the South. Year over year, the index was up 3.2%.

Pending Home Sales Monthly Growth Rate



Source: National Association of Realtors

The 6.7% monthly increase was much larger than the 0.5% gain analysts had projected.

Previously, the Realtors said that the sales of previously owned homes rose in April, with sales of foreclosed and other distressed properties accounting for nearly half of the total. The Commerce Department confirmed that the sales of new homes also edged higher in April.

As reported by: The Wall Street Journal

Source for news: Economic Times, Financial Times, IndianRealtyNews, Business Standard, EGI, Herald Tribune, the Wall Street Journal, Investment Property Databank and other national data sources

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