

MPD-2021 Updates

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Why invest in MPD 2021, and Where?

Special points of interest:

- Delhi is planning to up the ante by increasing the FAR to a whopping 400-600
- Land prices in some areas of Delhi would be as low as Rs. 100/- per sq. feet.

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How often have we heard that the prices in Central & South Delhi are either at par, or much higher than the tony areas of Tokyo, London & New York? Chances are that you are amongst 9 of the 10 surveyed.

The 'Aam Aadmi' is just a word bereft of the benefits of the free market world. In the first place, it is common sense that the prices are determined by a basic principle of "Demand Vs. Supply" and how in the world does the policy maker assume that a meager supply of 8-10,000 dwelling units a month created by DDA would try to erase the deficit of almost half a million houses in Delhi? There is evidence that almost 75,000 families migrate to Delhi every year, and that it adds to the pent up demand for housing units in the affordable category.

Under the new team at the helm of affairs since Mid 2011, a lot of progress is being made on the Delhi master plan MPD 2021, more noticeably on the visible pragmatism of the minister in charge, Mr. Kamal Nath. Mr.

Nath has been a vociferous advocate of the "Vertical Growth" of Delhi, and rightfully so.

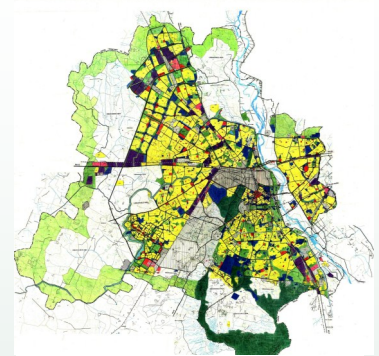
"Land in Delhi is finite, only 1483 sq. kms, and just about 30% of the same is available for new supply of housing units. The limited opportunity window is open only for a short period, and the upside far too high for investors to ignore this opportunity"

In a recent meeting of the policy makers, it was proposed that Delhi relax the FAR norms, so that modern structures can be built soliciting international expertise & investments. If information from the sources can be believed, **Delhi is planning to up the ante by increasing the FAR to a whopping 400 – 600**, a break from the current conservative norms of 200. Please note that Gurgaon which is highly prices currently has the allowed FAR of 175.

What does this mean though, for the investor? Firstly, land prices in some areas of Delhi would be as low as Rs. 100/-

per sq. feet. (Unbelievable, isn't it?) . That exactly is the 'short-lived' opportunity that needs to be encashed at the earliest.

The revised FAR norms need to be included & notified under the MPD 2021, which is under review currently. It might be pertinent to mention that 'Nay'sayers' do exist, who cite Infrastructure, aesthetics, archaic norms and historical monuments in Delhi to scuttle path-breaking policies.



That brings us to the question of where would these revised norms be applicable, if & when?

To avail of the price benefit today, three critical factor need to be considered.

- 1) Demographics – Demand for housing
- 2) Availability / Cost of land today
- 3) Impediments to FAR like ASI norms / Airport authority etc.

A quick review of the notified Master plan MPD 2021 and the Zonal plans notified in Mar-June' 2010 would indicate favorable tilt of the policy makers towards Zone-N of the master plan, based on the above parameters. The Zone N has the potential to develop high-rise zones, with clear defined existing connectivity by Highways, Urban Express Roads, arterial roads, metro & interstate rail network. For those who aren't too sure on the location, Zone N is north of the NH-10 (Rohtak Road) and abutting the new sectors of Rohini. It houses two large industrial pockets of Bawana (for hard industries) and the proposed Knowledge based Industrial park proposed in Kanjhawla-

Sultanpur by Delhi state Industrial development corporation)DSIDC).

The study of the last census of India in 2011 shows that the population of Zone N is only about 3.5 lakhs (approx.) while the land mass available for urbanization is approx. 35,000 acres. That shows a healthy holding pattern of land by the farmers, and the probability of fragmentation & litigation being the least. What adds to the attraction is the availability of land directly from the farmers, at prices cheaper than some other attractive zones.

The announcements regarding some of the path-breaking policies in Delhi are likely within the first half of this year, and that leaves little time for two distinct category of participants in the real estate industry.

- 1) Investors in land, including developers, HNIs & domestic funds
- 2) Developers & investors in Gurgaon, NOIDA, Faridabad etc.

The former for their investment would yield the highest returns in "India's most lucrative Real estate

opportunity", and for the latter to reconsider their "Pricing & Inventory strategy". Developers beware, sales & pricing are a function of the Supply & demand and the Delhi supply has the potential to upset the gullibility apple-cart of the NCR markets.

Prudence demands that the Opportunity in hand, namely Buy land under the N zone of MPD 2021 be encashed, before the upward movement of pricing makes the opportunity vanish, soon.

A word of caution though, be sure where & whom you partner to buy the land, coz, "Expertise is the only virtue not marketed under Premium"

The author is a Director with Certes Realty Ltd, an expert research & transaction organization focused on the Delhi NCR markets

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DDA TO DEPLOY HELICOPTER SURVEY FOR UERs

In a bid to hasten the alignment of the three major Urban extension Roads (UER) within Delhi the Delhi development authority (DDA) has decided to lease a helicopter from Pawan Hans helicopters and initiate an aerial survey.



Planners & Engineers together would form the teams, so that collective decision making can be achieved. The helicopters would be hired from Pawan Hans

The primary objective of the survey is to understand the problem of encroachment on the proposed alignment, and to initiate changes, wherever necessary, to finalize the alignment of the UER 1 & 2. Although the construction work on UER-1 has already begun, encroachments continue to be a problem slowing down the progress.

For the uninitiated, under the Delhi master plan MPD 2021, there are three major roads passing within Delhi, and connecting the major Highways like NH1, NH10, NH8 & NH 2, thereby connecting the new zones too. These UERs are the catalyst to spur the urbanization captivities in Delhi under MPD 2021, and that areas like the zone 'N', M & P would come within a 30 minutes driving distance from commercial areas like Gurgaon.

"UER 1 would connect the Warizabad bypass to NH 10 and further terminate on NH 8. This would pass through the proposed 'R' zone of zone 'N' and 'L' of MPD and would connect the areas where the investors & developers are currently acquiring land, for residential developments" said Ajay Dabas of Certes Realty ltd.

Mr Ranjan Mukherjee, Office on special duty to the Lieutenant Governor's office, Delhi said "The L-G's office has sanctioned the survey to come up with a solution to the dwelling units and other buildings coming in the way of constructing UER-II. The alignment of the road has been changed thrice because the ground survey did not take into considera-

tion all these aspects. The cost of the survey is about Rs 2 lakh."

A DDA official commented that "these roads would also take the pressure away from the existing arterial roads of Delhi, and would as a direct linkage of Rohini & Narela to Rohtak road & South Delhi"

The DDA hopes to complete all the three proposed UERs by 2016.

UERs are the catalyst to spur the urbanization captivities in Delhi under MPD 2021,

West Delhi to get farm houses

Development Authority's (DDA's) proposal to allow country homes (farm houses) of one-acre size in the green belt of Delhi - in Zone N (Northwest) and Zone L (Southwest) - has generated excitement among investors of West Delhi.

These zones have recently seen the release of agricultural land. DDA has proposed that the construction of new country homes would be allowed on a minimum of area of one acre as opposed to 2.5 acres earlier. With this policy, DDA aims to organise the farmhouse category by authorising farmhouses. The policy also states: "All existing farmhouses in the proposed urban extension area that had come up prior to February 7, 2007, but accorded after that date by the regulatory authority shall be regularized and re-designated as country homes."

"There will be a fresh supply of land for country homes in Zone N and L," informed Ramesh Menon, director, Certes Realty Limited, a bouquet real estate investment advisory and project consolidation organisation. However, it is Zone N that is attracting more investors than any other zone.

"Interest of investors has increased after the announcement of the proposal. There are 10 villages in northwest and 27 in southwest. Price of land starts from Rs 1 crore per acre and goes up to Rs 4 crore to Rs 5 crore per acre. Some villages that are witnessing several land deals, are Raghapur and Ishapur in Nazafgarh (all falling in Zone N)," he added.

On asked why Zone N has become a hotspot of country homes, Menon said that this zone has a lot of opportunities.

"Availability of land is a huge factor in this area. Especially from the investors' point of view, it is an important area. We have vacated our lands in Zone L because the prices have gone up and it does not make any more sense to invest in Zone L. But in Zone N, prices are still in the range of Rs 1 crore to Rs 1.5 crore per acre, which is very attractive for investors," he said.

Another factor driving land deals in the area is that in Zone N most of the land is directly bought from farmers, which eliminates many problems.

"Jharoda Kalan, Ishapur and Pakurgarh, which are 4 kms to 7 kms from Najafgarh are upcoming areas for gated farmhouse communities near West Delhi. While Chhawla - another village in the zone is ideal for independent farmhouses," said Niamh Lambert, business head, Grahprawesh India Pvt Ltd.

"Though people are interested in buying land in South Delhi, most of the time they settle with deals in West Delhi as the pricing is affordable. Jharoda Kalan, Ishapur and Pakurgarh will be hotspots for real estate in future. The infrastructure in these areas is either being developed or is already in place," she added.

"So, far we have sealed deals for 60 plots of one-acre size. Jharoda Kalan is most sought after as it has a CRPF camp in the neighborhood," she further added. Under Master Plan 2021, Delhi would throw almost 60,000 hectares land for development and redevelopment. Out of these 60,000 hectares, more than 25,000 will be unlocked.

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