

News Release

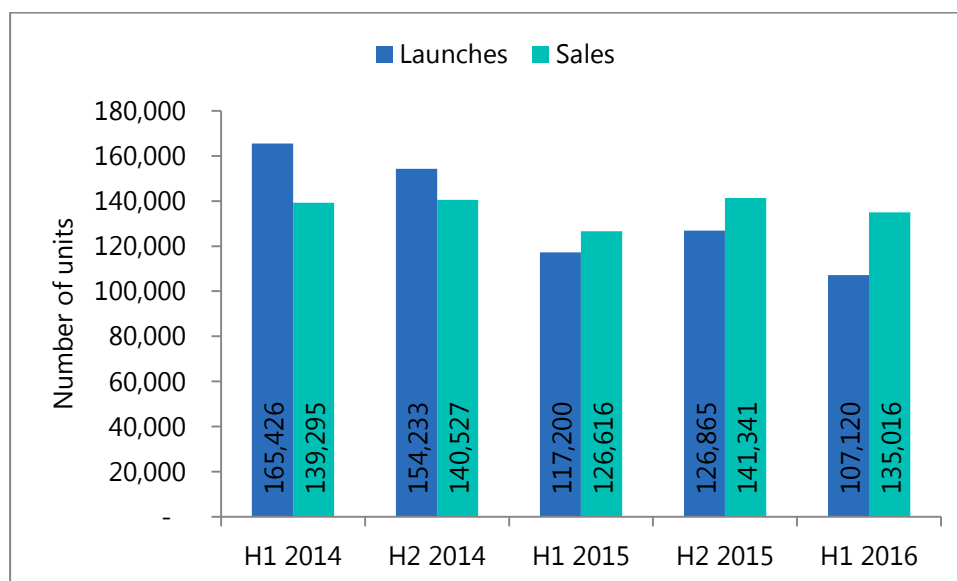
Indian real estate coming out of woods; Mumbai & Bengaluru lead the way, NCR still lags behind: Knight Frank India Real Estate Report (H1) 2016

Mumbai, July 4, 2016: Knight Frank India today launched the 5th edition of its flagship half-yearly report - **India Real Estate H1**. It presents a comprehensive analysis of the residential and office market performance across eight cities for the period between January – June 2016 (H1 2016).

Residential takeaways:

- *New launches in H1 2016 (January to June) have dropped by 9% to 107,120 compared to H1 2015 which were at 117,200*
- *NCR witnessed sharpest drop in new launches at 41% Y-o-Y basis, followed by Chennai and Pune at 36% and 32% respectively*
- *Current unsold inventory levels at 6.60 lakhs units compared to 7.10 lakhs in H1 2015 a drop of 7% Y-o-Y basis*
- *MMR market springs surprise with new launches registering 29% Y-o-Y growth in H1 2016 compared to the same period last year*

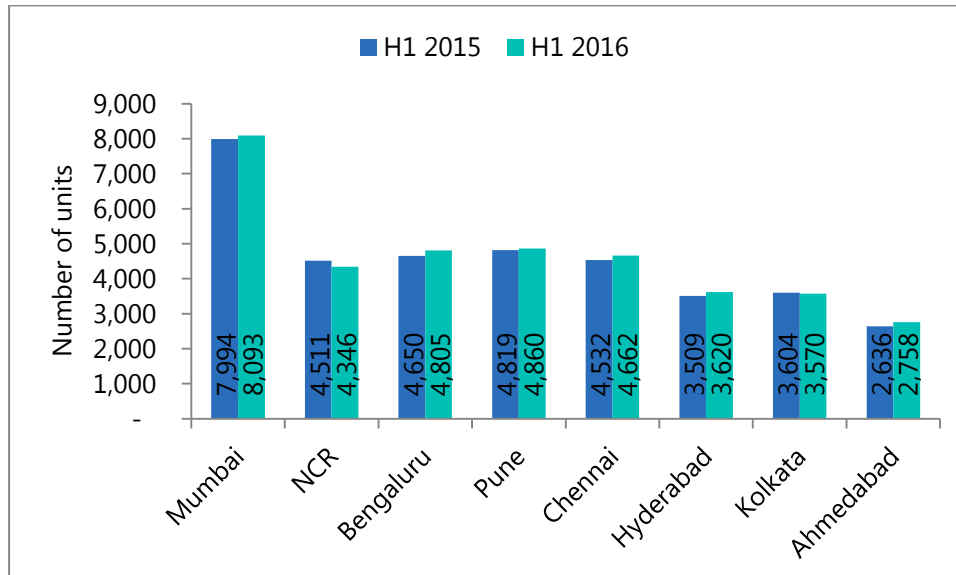
New Launches and Sales Trend In The Top Eight Cities



Source: Knight Frank Research

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City-wise Price Movement



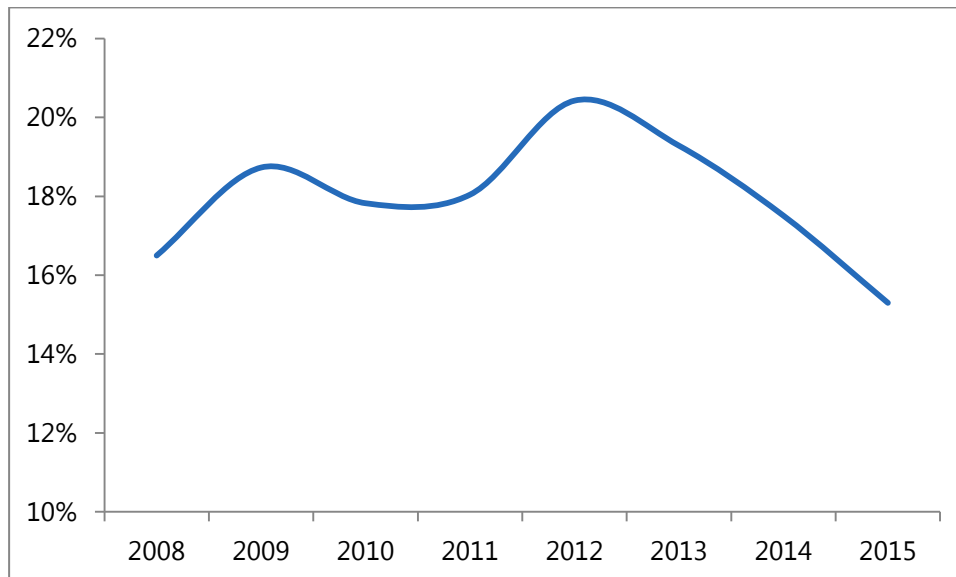
Source: Knight Frank Research

Office Takeaways:

- *H1 2016 witnessed a 12% growth in the transaction volume across the top six cities of India. Transactions increased from 17.9 mn sq ft in H1 2015 to 20 mn sq ft in the latest six-monthly period*
- *Rental values have continued to maintain their upward movement in most of the cities, as the average rents shot up by 8% Y-o-Y in H1 2016. This jump was led by cities such as NCR, Pune and Bengaluru, where rents have moved up in the range of 10-14% Y-o-Y in H1 2016*
- *In terms of new completions, H1 2016 has been an encouraging period, as more than 19 mn sq ft of space was delivered, compared to just 15.8 mn sq ft in the same period the previous year*
- *Vacancy levels in the top six cities fell marginally, from 17% in H1 2015 to less than 15% in H1 2016*

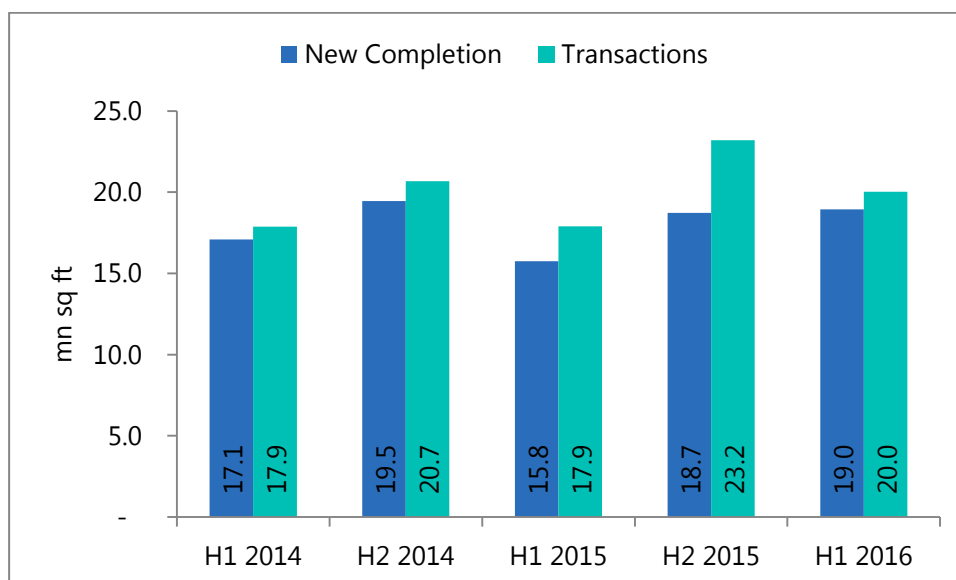
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Annual Vacancy Trend



Source: Knight Frank Research

New Completions and Transactions



Source: Knight Frank Research

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Speaking on the occasion, Shishir Bajjal, Chairman & Managing Director, Knight Frank India said, *“The real estate sector in India could be at its inflection point with sales in the top six residential markets showing a positive trend registering 7% growth in the first half of 2016. Factors like lower interest rates and a good monsoon will further boost the stakeholder sentiment. We had predicted a revival in market momentum in our FICCI – Knight Frank Sentiment Index of Q1 and the sentiments have gone up after six consecutive quarters. The reasons for these can be attributed to the time correction of prices in most markets, RERA becoming a reality, recent amendments to REITs and an overall positive regulatory environment to name a few.*

The H1 2016 research shows that the unsold inventory levels have dropped by 7% Y-o-Y thus bringing in some cheer to developers. Although Mumbai, Bangalore and Ahmedabad have shown positive growth; NCR with its dismal performance still remains a concern.”

He further added, *“On the office front, H1 2016 witnessed a 12% growth in the transaction volume across the top six cities of India. The H1 has been an encouraging period, as more than 19mn sq. ft. of space was delivered, compared to just 15.8 mn sq. ft. in the same period in the previous year. Vacancy levels in top six cities fell marginally and rental values have continued to maintain their upward movement in most of the cities.*

Over all the first six months have been on a positive track, except for residential in NCR and Chennai, but we will need to wait for the next two quarters to see whether the market is moving in the right direction.”

About Knight Frank

Knight Frank LLP is the leading independent global property consultancy. Headquartered in London, Knight Frank has more than 13,000 people operating from over 400 offices across 58 countries. These figures include Newmark Grubb Knight Frank in the Americas, and Douglas Elliman Fine Homes in the USA. The Group advises clients ranging from individual owners and buyers to major developers, investors and corporate tenants.

In India, Knight Frank is headquartered in Mumbai and has more than 1,000 experts across Bangalore, Delhi, Pune, Hyderabad, Chennai, Kolkata and Ahmedabad. Backed by strong research and analytics, our experts offer a comprehensive range of real estate services across advisory, valuation and consulting, transactions (residential, commercial, retail, hospitality, land & capitals), facilities management and project management. For more information, visit <http://www.knightfrank.co.in/>

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