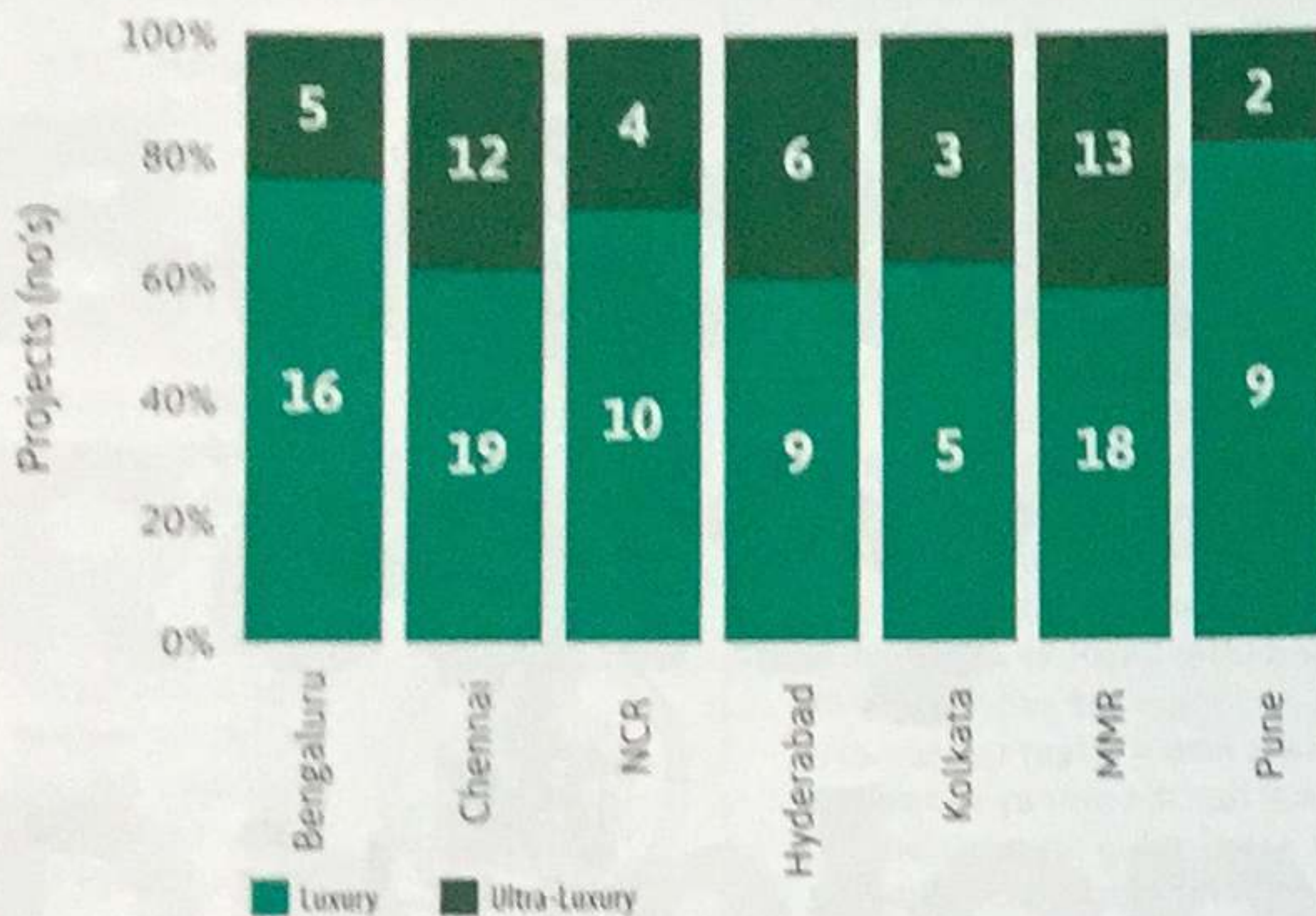


SHARE OF ULTRA LUXURY SEGMENT



traditional upmarket location in any city continues to rule the roost, the new luxury locations are being hard-

sold by the developers by offering superior amenities and specifications for the nouveau riche to move up the social ladder.

Karan Chandrashekar, Managing Director, Karan Property Developments Pvt Ltd, Bengaluru, points

out another fact, "People have been monetizing their bungalows and independent houses paving way for luxury developments because maintaining stand-alone bungalows has become very difficult. Most homeowners today prefer the comfort of maintenance that comes with a luxury property development."

In the recent survey conducted by QuikrHomes, titled Consumer Sentiments Survey H2 2016, a good number of respondents showed inclination towards luxury and ultra-luxury properties. In Bangalore and MMR, nearly 23 per cent respondents wanted to invest in the luxury segment. While in Chennai and NCR, about 12.5 and 10 per cent respondents respectively showed interest for luxury properties. "We feel that while there are more than enough so called 'luxury' offering all across the country, they more or less tend to be upper mid-

market offerings at best. Hence there is a serious vacuum when it comes to truly bespoke luxury offerings which marry design, fit and finishes in the right way," commented **Dhingra**.

Technology has played a huge role in redefining luxury properties. Buyers expect a certain degree of home automation and security features when investing in a luxury home. Houses where residents can control all lights, air-conditioners and curtains using a smartphone or a tablet are the latest fad. Security is enhanced by using a whole buffet of features such as extensive camera networks, external breach detection sensors, gas leak detectors, fingerprint or numbered door locks and entry-activated door phones. These features have also been positive towards conserving energy; for example, sensors in the lobbies can detect an empty corridor and turn off lights when nobody is around. "Smart Homes is a term that's used a lot in this space. The discerning buyers expect most advanced automation and security features while paying a premium price for a luxury property," added **Chandrashekar**.

DEVELOPERS' INCLINATION TOWARDS LUXURY PROPERTIES

Luxury developments have smaller project life cycles and hence been attractive, as compared to the project

life cycle of a large residential development with hundreds of apartments. The assets in these developments are monetized a lot quicker due to the smaller inventories and with the kicker of higher returns most developers are investing keenly in building luxury properties. "Luxury segment does not have over supply problems because of the fact that supply is always limited especially in Tier-I cities," clarified **Puravankara**.

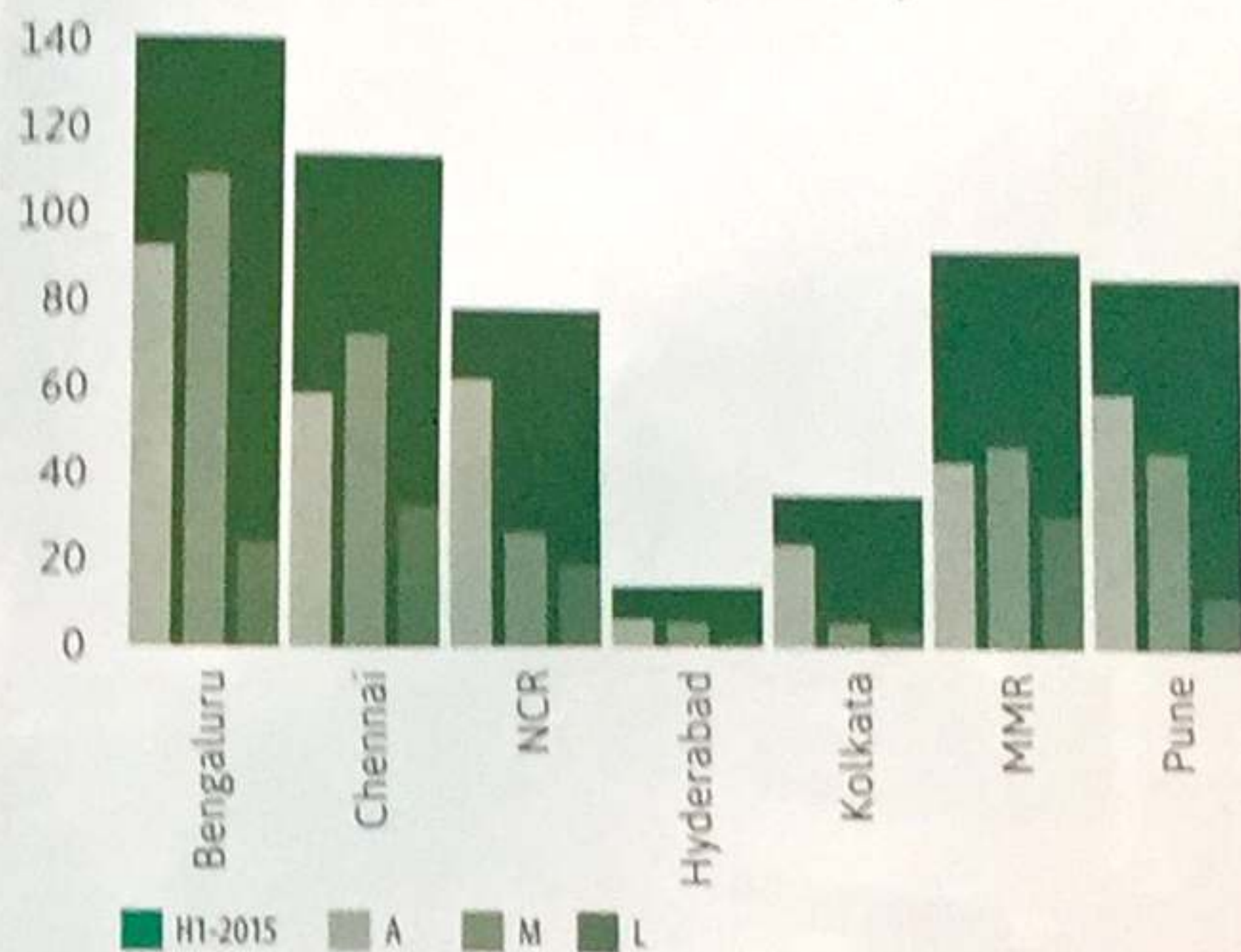
If we consider data in H1 2016, Hyderabad has recorded maximum supply in the luxury segment with 60 per cent, followed by Chennai and NCR with 41 and 44 per cent respectively. It is interesting to note that percentage of luxury projects are about 30 per cent in every city. Hyderabad stands out mainly as the base prices here are low while unit sizes are bigger with higher BHK configurations. In terms of projects, Chennai recorded a massive supply of 29 projects catering to luxury segment, while MMR has seen about 25 projects in this segment in H1 2016.

Luxury remains the fastest growing segment in residential housing market. While, the real estate sector has been facing a bit of a slump along with the overall economy, the luxury segment has been able to avoid the downturn. Key luxury housing markets have witnessed steady appreciation in prices. **Morajkar** gave the reason, "Luxury home buyers usually devoid taking loans for their purchases, so high interest rates don't have much impact on the demand in this segment. HNIs usually finance the purchase from their own resources and are more or less ready to pay higher prices for exclusivity." Apart from the metros, cities like Bangalore, Chandigarh, Gurgaon plus tourist destinations like Goa, parts of Himachal, Kerala etc. especially from the point of view of the second home market are witnessing gradual increase in luxury housing market.

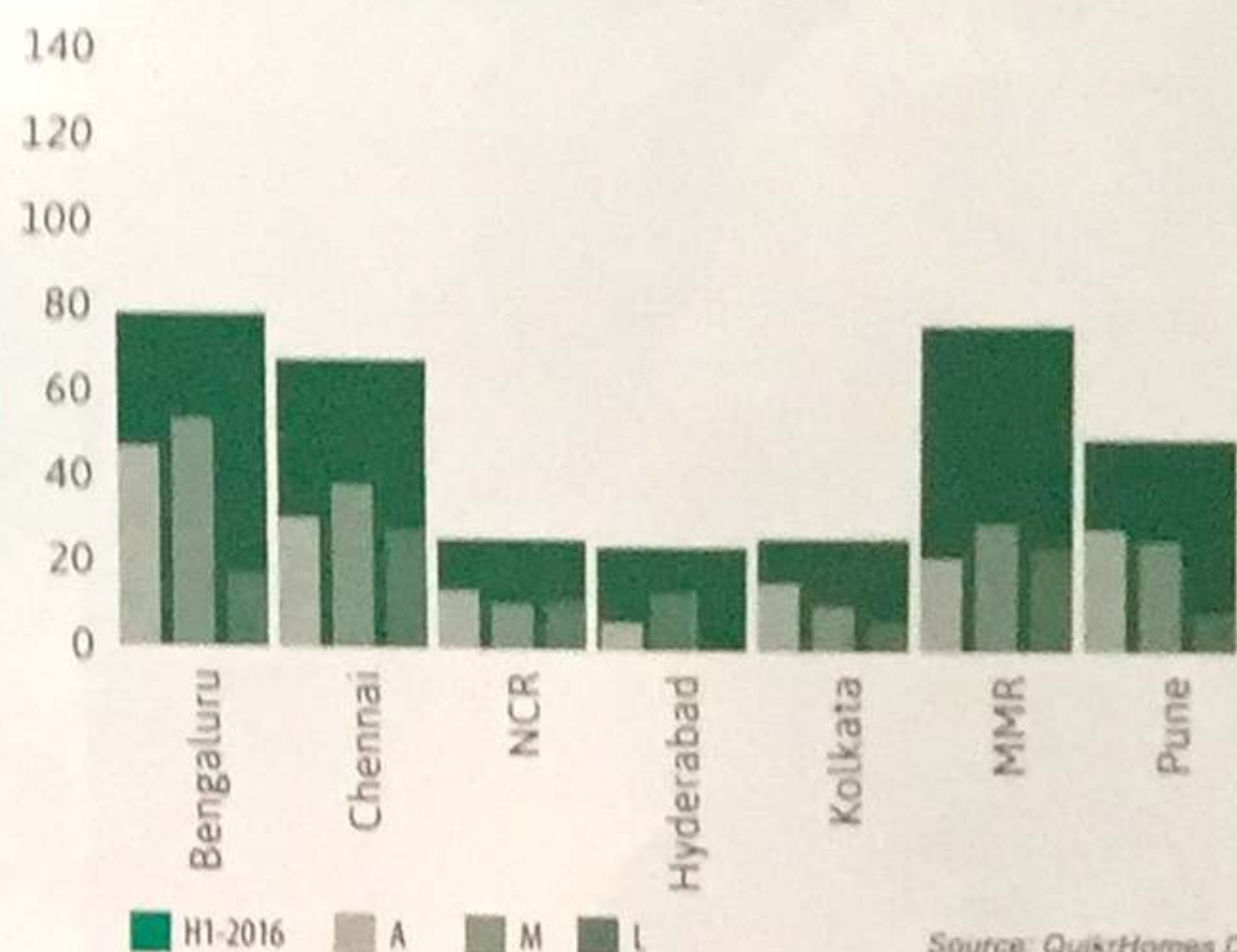
BRAND ENGAGEMENT OR ENDORSEMENT

Luxury properties are offered by A-grade developers who bring in world famous architects and designers to deliver the signature style houses.

SEGMENTATION OF PROJECTS (H1-2015)



SEGMENTATION OF PROJECTS (H1-2016)



Source: QuikrHomes Data

This is what sets these properties apart from even the premium ones. Some examples among many include the international luxury brand Versace alliance with the ABIL Group, Purvankara Developers project designed by German architect Hadi Teherani, Designers Jade Jagger and Armani partnership with Lodha Group and Sun Estates engagement of renowned architects BLINK Design Group (Singapore), David Ruff of Design Laboratories (New York), Robert Patzschke of PATZSCHKE Architecture & Urban Design (Berlin) and Lars Thomsen from Denmark.

Purvankara elaborates on the differentiation between Brand engagement and endorsement, "Branded residences are of two types. The first type is where the brand is involved deeply in design and execution of the project. These brands could be hospitality brand or a designer brand for which real estate is an extension. For example: Armani is a brand which makes suits and accessories and for them real estate is just an extension. In hospitality, it's Leela which possess hotels and shows same involvement towards residential housing and designing. Second type is very loose in concept and is more like licensing a brand. For example a small developer may pay a huge amount of money to celebrities to use their name for their project."

Concurs **Dhingra**, "There is a serious difference between a project which draws value from a celebrity by way of their design inputs or specialization and a project which has a famous face just there for the 'sticker value'. In the case of Turtle Villas Sussanne Khan by way of her expertise and experience in interior and furniture design is more like a partner who is adding value to the overall package than merely

providing us with just an endorsement."

Morajkar promulgates a new concept, "A house that pays for itself is a concept which already exists abroad. As the overall room requirements are increasing year after year in tourist destinations like Goa and there is also a rise in demand for serviced apartments vis-a-vis hotel rooms, it plays out perfectly for this concept to work."



Madrid Residences, Karan Properties