

hindustantimes  
**real estate**  
**conclave 2012**  
Smart investment for the HNI

In partnership with  
Union Bank of India, The Wadhwa Group and Cushman & Wakefield

# Have money but nowhere to invest it

**HIGH NET WORTH INDIVIDUALS** Those with large amounts of surplus income say real estate, both residential and commercial, is no more an attractive option

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**MUMBAI:** High net worth individuals (HNIs) continue to look for income generating assets despite the economy being at 7.24% on the inflation graph and India's growth rate pegged at an abysmal 5.5% for 2012. But, HNIs, according to a definition by the real estate industry, are those with surplus income of at least Rs2 crore. Those with Rs25 lakh to Rs2 crore are known as emerging HNIs.

While real estate has consistently brought in healthy returns for HNIs, would it continue to be the best investment option in the years to come? The issue was the first topic of discussion at the Hindustan Times' Real Estate Conclave 2012 — Smart investment for HNIs on Friday.

Industry data suggests that real estate is not exactly at its most attractive at the moment, investment wise, with almost no appreciation in property prices in 2012, especially in metros.

HNI, who typically get into a real estate project at the initial stage and then exit when the project is completed, are now looking at other investment options.

"The situation has changed so much now that HNIs have to look for both returns and good capital appreciation," said Sanjay Dutt, executive managing director, Cushman & Wakefield.

Industry experts say real estate has given the best returns for decades. "Real estate prices moved upwards between 1976 and 1996 but at that time there was no stamp duty, so investors would buy property and sell it easily," said Anil Harish, advocate, DM Harish & Co.

Many HNIs have complaints against real estate developers. "A big concern for all investors is the exit. In all projects that an investor has come on board for, he currently does not have an exit. In equity, one knows that one can liquidate just by the click of a button," said Atul Zaveri, MD & CEO, Phoneshop Telecom India.

Also, investors complain that while real estate developers ask for astronomical prices, investors have to exit at a lower price. "That would be self-defeating because if the resale property is sold at a lower price then that sets a benchmark for the project," said Prakash S Shah, director, finance and marketing, Hiranandani Developers. A study by an independent real estate consultancy says around 50% of the total buyers of real estate in Mumbai are investors. "If real estate developers are confident of real estate prices going up, why don't they ink a contract with investors and give them fixed returns on investments?" Zaveri said.

While developers say they cannot give written commitments they do give assurances based on their relationships with an HNI. "In many projects HNIs, who had entered at various lifecycles of a project, have been given written commitments for returns," said Vinod Rohira, director, K Raheja Corp.



(From left) Ravi Ahuja, executive director, Cushman and Wakefield, India; Prakash Shah, director, Hiranandani Developers; Dharmesh Jain, CMD, Nirmal Group of Companies; Vinod Rohira, director, K Raheja Corporation; Chirag Ramakrishnan, CEO, director, Equinox Realty & Infrastructure and Atul Zaveri, MD and CEO, Phoneshop Telecom Private Limited during a panel discussion at the Hindustan Times' Real Estate Conclave 2012 at the Grand Hyatt on Friday. SAROJ KUMAR DORA/HT PHOTO

## If you had ₹20 crore where would you invest it?

At the end of the discussion, the panelists were asked if, hypothetically, they had ₹20 crore, where they would invest it.

**Prakash Shah**, director, finance and marketing, Hiranandani Developers said, "I would invest Rs16 crore in residential property in Mumbai and Rs4 crore in a high street shopping complex in the city."

**Anil Harish**, advocate, DM Harish & Co said, "I would buy agricultural land, may be around Alibaug, as I see that there would be good appreciation in that area once development picks up."

**Samir Sanghvi**, Samir Sanghvi & Company-Chartered Accountants, said, "I would not like to buy residential property in Mumbai, but would buy it outside city limits."

**Atul Zaveri**, MD & CEO, Phoneshop Telecom India and an HNI, said, "I would invest 30% of Rs20 crore in agriculture, 40% in commercial real estate and the balance 30% I would keep liquid as there is going to be a distress sale at some point of time and I could take that opportunity."



All those who attended the conclave enthusiastically participated in the discussion on the best investment options these days for those with a lot of surplus income. SAROJ KUMAR DORA/HT PHOTO



**Nitin Chaudhry**, business head, (west and south), Hindustan Times, gave the vote of thanks at the end of the conclave. AMLAN DUTTA

## Industry divided on investing in commercial properties

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**MUMBAI:** Even as commercial real estate continues to be in bad shape, experts from the industry are divided on investments in such properties.

At the panel discussion on Smart Investment for High Net Individuals (HNI), there were differing views on the subject.

Prakash Shah, director, finance and marketing, Hiranandani Developers, said investors should put their money in residential properties. "There is hardly any appreciation of commercial property but residential investments give exponential returns," Shah

said. He said in the face of price or rental hikes, private firms preferred to shift shop from town to the suburbs, which was not the case with residential properties.

Samir Sanghavi, senior partner, Samir Sanghavi and Associates, a leading chartered accountancy firm, said, "Annual income is stable in commercial properties and I see good rental yields from them," Sanghavi said.

After the initial boom some years back, commercial properties across metros in the country are witnessing stagnation. Investors, who were a major part of this sector have almost abandoned funding in recent times. Builders, who were once too eager

to construct commercial buildings have all switched to residential constructions.

The audience too had a variety of opinions on the subject. Sandeep Singh, CEO, Advisory and Investment Services, BNP Paribas Real Estate, said it was a cyclic phenomenon. "Commercial market may be down now but it will pick up after a few years," he said. Real estate expert Chirag Mukherjee said, "We need to make smart investments and parking money just anywhere is not wise."

Real estate expert Sunil Bajaj said now the market was catering to the actual users instead of investors.

## panelists speak

### Property boom

Real estate prices moved only upwards between 1976 and 1996 but at the time there was no stamp duty, so investors bought and sold property easily.

**ANIL HARISH**  
advocate, DM Harish & Co

### Commercial

Even though commercial properties are lying vacant today, their prices are expected to go up in the years to come.

**SANJAY DUTT**  
executive managing director, Cushman & Wakefield India

### Eye on returns

There is no comparison of real estate versus any other investment such as fixed deposits or stock market when it comes to returns.

**Prakash S Shah**  
director, finance, marketing, Hiranandani Developers

### Fixed returns

Why don't developers ink a contract with investors and give them fixed returns on investment?

**ATUL ZAVERI**  
MD & CEO, Phoneshop Telecom India (an HNI),

### Risk takers

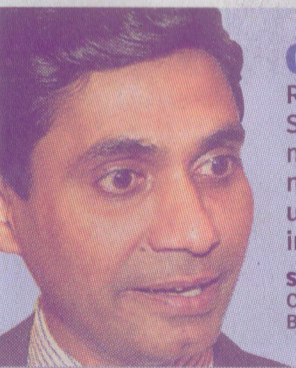
People with an appetite for risk should look at different classes of real estate.

**CHIRAG RAMAKRISHNAN**  
CEO & director, Equinox Realty & Infrastructure Ltd

### Other assets

Investors should not put everything in real estate, they should explore other assets as well.

**DHARMESH JAIN**  
chairman and MD, Nirmal Group of companies



### Go commercial

Real estate goes through a cycle. Some years ago, the commercial market was booming which is not the case now, but will pick up. It is still a good idea to invest in commercial properties.

**SANDEEP SINGH**  
CEO, Advisory and Investment Services, BNP Paribas India Limited



### Prudent investments

I think prudent investments are a must. The determinants such as locations and bargain price will ensure good returns for the investors whether one is speaking of residential or commercial properties.

**CHIRAG MUKERJEE**  
Real estate expert

### Real estate still tops

Real estate is still the most attractive investment destination compared to other avenues. There may be some problems but it still fetches good returns. There is a market both for short-term as well as long-term investors.

**JIGNESH VORA**  
CEO, Kavay Buildcon Private Limited



## 'Those affected by new airport will be compensated'

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**MUMBAI:** Union agriculture minister and Nationalist Congress Party chief Sharad Pawar on Saturday announced that the project-affected people of the proposed Navi Mumbai international airport will now get four times the compensation that had been offered to them.

Pawar made the comments in Navi Mumbai where he inaugurated a Rs38.84 crore Wonders Park, and also launched an e-library of the Navi Mumbai civic body. In his address, Pawar said, "The land acquisition bill has been approved by the Union cabinet. It will now go to the Lok Sabha. The bill will ensure that land owners will now get four times the compensation that they have



Union agriculture minister Sharad Pawar inaugurated the Rs38.84-crore Wonders Park in Nerul on Saturday. The park has replicas of the seven wonders of the world. BACHCHAN KUMAR

been getting so far. Land is a very important asset of an individual, and if it goes, the future generations are left with nothing. The increased compensation will help take care of them."

He explained, "In case of Navi

Mumbai, where land for the airport has been acquired, but the payment has not been made, or in cases where land is yet to be acquired, if Rs4 crore was going to be paid as compensation, that figure will now be Rs16 crore."

### PAWAR SPEAK

On SP's opposition to promotions quota bill: The PM had called a meeting of all parties and it was felt by a number of them that this section of people should be given opportunities in promotions. Now, if a party has any objection to it, it has the right. But not allowing the house to function will not serve any purpose.

On disturbance in state assembly: On issues like corruption, there should be discussions and

the people are the best judges. The elected representatives are sent by the people to raise their issues and ensure positive results.

On the Thackeray memorial: I have no personal views on it. But I have read BMC commissioner Sitaram Kunte's letter, which clearly states that Shivaji Park was given to the Sena for just a day for the final rites to be conducted.

with animal carcasses in South Africa saying the issue does not merit much importance and that he, too, had posed for such pictures. "Every tourist to certain areas in South Africa takes such pictures."

## 9-YR-OLD RAPED IN DOMBIVLI

**MUMBAI:** After a 4-year-old girl from Dombivli was raped last month by the autorickshaw driver who used to ferry her to school, a 9-year-old girl was raped by a 24-year-old daily wage labourer.

Inspector Indrajeet Karlekar of Manpada police station, Dombivli, said the Class 4 student was returning from school when Ajit Kalokhe met her on the way and talked her into accompanying him into a field to show her a goat.

Kalokhe led her to a secluded area, raped her and ran away.

The child came home and narrated the incident to her parents, who in turn went to the police.

"Our team immediately went to the spot and arrested Kalokhe who works as a labourer with the MIDC. **KIRAN SONAWANE**

## Two men on bike shoot bizman dead in Oshiwara

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**MUMBAI:** Unknown persons shot dead a 45-year-old businessman in Oshiwara on Saturday.

The police said the incident took place when Ijaz Ahmed was on an evening stroll near Walawalkar garden in Millat Nagar in Jogeshwari. He was taken to Kokilaben Hospital by the police, where he was declared dead.

The police said Ahmed was a businessman and owned a gymnasium in Oshiwara.

Ravi Patil, inspector of Oshiwara police, said, "According to the people present at the spot during the attack, there were two assailants who

came on a bike and shot Ahmed in the chest."

The officers said many rounds were fired at the spot, of which one bullet hit Ahmed. Soon after the locals saw the bikers speed away, and saw Ahmed lying in a pool of blood, they informed the police, who reached the spot and took him to hospital. The police said he was declared dead by doctors there.

Ahmed deals in Chinese products and is also a small-time property developer, police said. They suspect enmity to be one of the major reasons behind the murder. The police are now investigating if he received any threat calls recently and who murdered him.