

June 24, 2009  
Mumbai

## Residential market to lead realty recovery in 2010: CRISIL Research

A recent 10-city CRISIL Research report on the real estate market indicates that demand in the residential market is expected to turn positive in 2010 owing to improvement in affordability, steady economic growth and greater liquidity. However a decline in the currently over-priced capital values of all the three real estate segments - residential, commercial and retail - will persist through 2009. Further the commercial and retail markets will continue to witness erosion in lease rentals through the next two years.

The CRISIL Research City Real(i)ty Report provides comprehensive information and analysis of more than 400 areas across 88 micro markets in 10 cities - Ahmedabad, Bengaluru, Chandigarh, Chennai, Hyderabad, Kochi, Kolkata, Mumbai-MMR, NCR and Pune.

**Mr. Sudhir Nair, Head, CRISIL Research says, “Accelerated growth of Indian economy, recovery of global economy, improved liquidity and expected fall in interest rates are key factors that will signal demand revival in the residential segment. This segment is likely to see a much faster revival due to strong underlying demand for housing and supply coming at attractive price points.”**

**Sudhir further adds, “Demand in the commercial and retail segment is likely to remain under stress for the next two years owing to excess supply and weak offtake.”**

The CRISIL Research City Real(i)ty report indicates that capital values for residential sector and lease rentals for commercial and retail properties have substantially corrected till March 2009 due to a slowdown in both the domestic and global economies, and also due to real estate becoming unaffordable. Cities such as Kochi, Chandigarh and Pune, which have greater investor presence as against end-users, witnessed a greater fall in capital values compared to other cities.

The situation is expected to continue through 2009 and 2010, particularly so for the commercial and retail segments. However CRISIL Research believes that demand for houses will improve in 2010, backed by lower home loan interest rates as well as better job security owing to higher growth in the economy. Hence, capital values are likely to stabilise in the first half of 2010, and increase during the second half of the year.

CRISIL Research feels that the pace of economic recovery and confidence revival will have an impact on sentiments across all the real estate categories and will be an important variable to watch out for.

Media Contact	Analytical Contacts
<b>Mitu Samar</b> <b>Head, Market Development &amp; Communications</b> <b>CRISIL Limited</b> Tel: +91-22- 6644 1838 Mobile: +91- 98200 61934 Fax: +91-22- 6644 1810/ 1830 E-mail: msamar@crisil.com	<b>Sudhir Nair</b> <b>Head, CRISIL Research</b> Tel: +91-22- 6691 3526 E-mail: snair@crisil.com

### About CRISIL Limited

CRISIL is India's leading Ratings, Research, Risk and Policy Advisory Company.

### About CRISIL Research

CRISIL Research is India's largest independent, integrated research house. We leverage our unique, integrated research platform and capabilities spanning the entire economy-industry company spectrum to deliver superior

perspectives and insights to over 600 domestic and global clients, through a range of subscription products and customised solutions.

Note:

The views expressed in this Press Release are CRISIL Research's views and not those of CRISIL's Ratings division. CRISIL Research operates independently of and does not have access to information obtained by CRISIL's Ratings Division, which may in its regular operations obtain information of a confidential nature that is not available to CRISIL Research.

This Press Release is transmitted to you for the sole purpose of dissemination through your newspaper / magazine / agency. The Press release may be used by you in full or in part without changing the meaning or context thereof but with due credit to CRISIL. CRISIL has the sole right of distribution of its Press Releases for consideration or otherwise through any media including websites, portals etc.

*Disclaimer: CRISIL has taken due care and caution in preparing this report. Information has been obtained by CRISIL from sources which it considers reliable. However, CRISIL does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors in transmission and especially states that it has no financial liability whatsoever to the subscribers/ users/ transmitters/ distributors of this report.*