



2008

Third quarter report

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Welcome

Keeping the legacy of the Quarter Reports, PropertyVertical has come out with Third Quarter Report for the year 2008 for its readers and valued clients. This year we have been more elaborate and comprehensive covering the rural areas in Chandigarh along with the suburbs.

The authenticity of the data is maintained which is sourced from the Estate Office, Chandigarh and to give it a complete perspective, it is evaluated on the grounds of current market scenario for the relevant periods.

This Third Quarter Report '08 will be followed by the Fourth quarter in the coming months giving all inclusive analysis and update for the whole year.

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Introduction

Withstanding to its reputation of India's first planned urban development; the city of Chandigarh is popular as a sophisticated property market of the northern India. Chandigarh real estate is largely an investor driven market, and the segment is far more active than the end-user segment. Decent connectivity, low operational costs, and sufficient availability of land are some of the factors that make Chandigarh properties an attractive investment instrument. But the impact of economic slow down is now visible on the demand for residential properties. The overall demand in the real estate industry has come to a standstill.

There was a time when newly launched projects were sold within a few days of being launched, but now, hardly one or two units are sold in a span of 7-8 months. Because of rise in the interest rates in the last one year, the demand for residential accommodation is already under pressure.

With the slow down in the economy, demand is likely to further dwindle. This will put pressure on the real estate prices in the country as well, which has already shown some sign of decline in the last three months. It is clearly visible in this quarter also as number of sale is comparatively less than the second and first quarters of the year. The reasons attributed to less demand of the flats offered by the developers could be exorbitant rates, increased home loan rates.

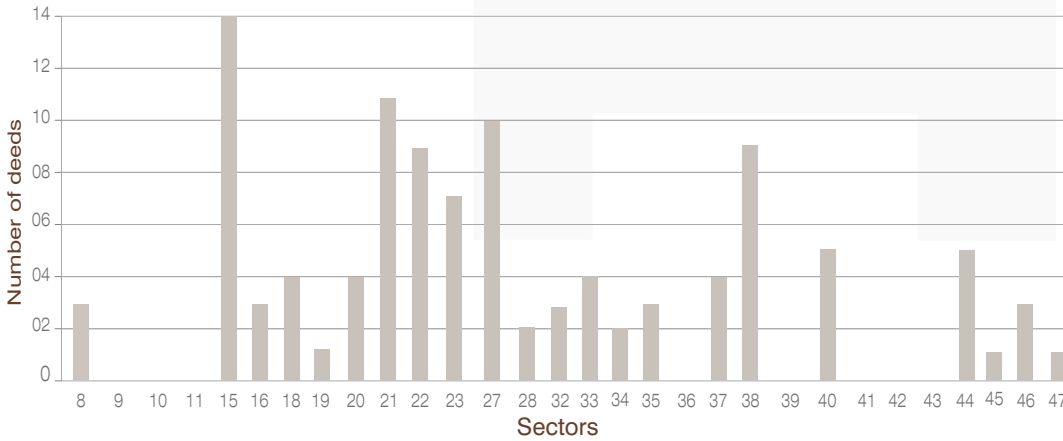
The prices have come to a standstill during this quarter in Chandigarh as well as in the suburbs. Number of deeds registered in rural areas has also declined. Manimajra, being close to Chandigarh, has witnessed only seven deals in this quarter, and others have only one or 2 in their favour.

Number of deeds vis-a-vis the location:

Number of Deeds vis a vis the sectors:

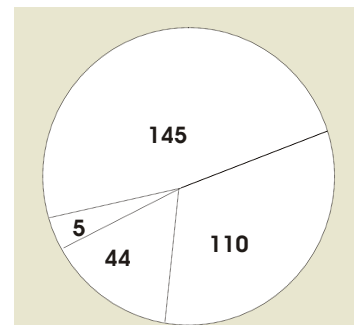
Sectors	8	15	16	18	19	20	21	22	23	27	28	32	33	34	35	37	38	40	44	45	46	47
Number of deeds	3	14	3	4	1	4	11	9	7	10	2	3	4	2	3	4	7	5	5	1	3	1

The highest number of sale-purchase of residential properties was in sector 15, Where as in the 1st and 2nd quarter of the year, the sale was recorded in sec 38. Sec 15 was followed by sector 27 and 22.



Number and types of deeds registered in Chandigarh:

Sale deeds :	145
Gift Deed :	5
DoC(Deed of Conveyance) :	110
Transfer deed :	44



The maximum number of deed registered was the sale deed which was 145. This signifies certain characteristics of the open market real estate dealings:

- i) sale deed is the only instrument for 100% assurance of property transfer
- ii) sale deed is the basis of sale-purchase real estate
- iii) open sale purchase has been noticed in the market not in blood relations as very less gift deeds were recorded as per family transfers etc.



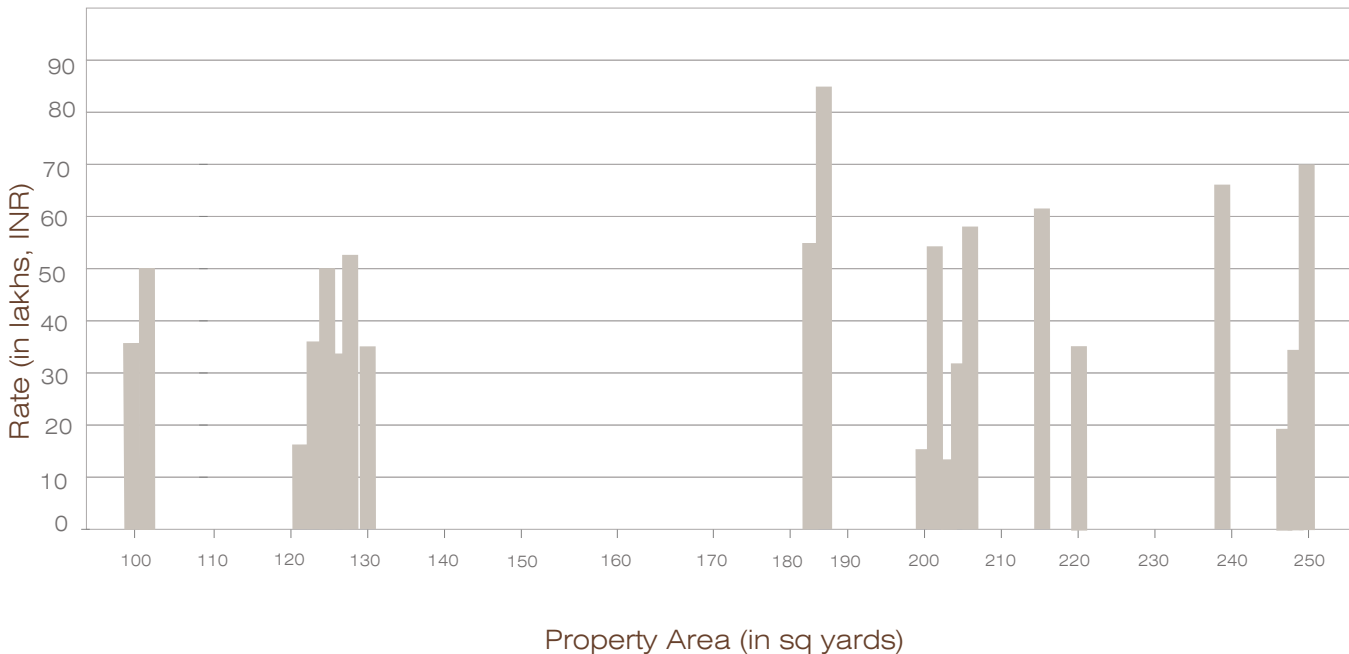
Chandigarh Market Comparison (100-250 sq yards)

Property area	Total Government rate	Average Market Rate	Registered Amount
100	24,96,000	65,00,000	35,00,000
100	24,96,000	65,00,000	50,00,000
121.92	30,43,000	79,24,800	18,50,000
121.92	30,43,000	79,24,800	36,50,720
121.92	30,43,000	79,24,800	50,00,000
126	31,44,960	81,90,000	33,10,500
126	31,44,960	81,90,000	52,50,000
130	32,44,800	84,50,000	36,00,000
164	40,93,400	1,06,60,000	30,00,000
169	42,18,240	1,09,85,000	23,80,750
169	42,18,240	1,09,85,000	50,00,000
185	46,17,600	1,20,25,000	55,00,000
185	46,17,600	1,20,25,000	85,00,000
200	49,92,500	1,30,00,000	15,46,000
200	49,92,000	1,30,00,000	55,00,000
203.5	50,79,300	1,32,27,500	14,75,000
203.5	50,79,300	1,32,27,500	32,00,000
203.5	50,79,300	1,32,27,500	57,00,000
215	53,66,400	1,39,75,000	61,74,000
220	54,91,200	1,43,00,000	34,00,000
239.41	59,75,700	1,55,61,000	66,00,000
248.5	62,02,500	1,61,52,500	19,00,000
248.5	62,02,500	1,61,52,500	35,00,000
248.5	62,02,500	1,61,52,500	70,00,000

Comparison between the registered amount, the actual average market rate and the rate fixed by the Government with relation to residential property area between 100-250sq yards.i.e 4 marlas-10 marlas.

The lowest price at which the property is registered, as shown in the graph, is for 8 marla i.e Rs. 15,46,000, whereas the average market rate is Rs. 1,30,00,000 and for the same area, registered amount is Rs. 55,00,000.

The highest number of sale-purchase of residential properties was between the registered amount of Rs 14-25 lakhs and Rs 35-40 lakhs. The lowest number was in the bracket of Rs 60-65 and 70-80 lakhs. This proves that there is a trend of registry at the lowest registered amount as lesser registry amount will attract lower registry charges thus, the buyer paying the least for the sale deeds to be registered with the Estate Office.



Chandigarh Market Comparison (251-1000 sq yards)

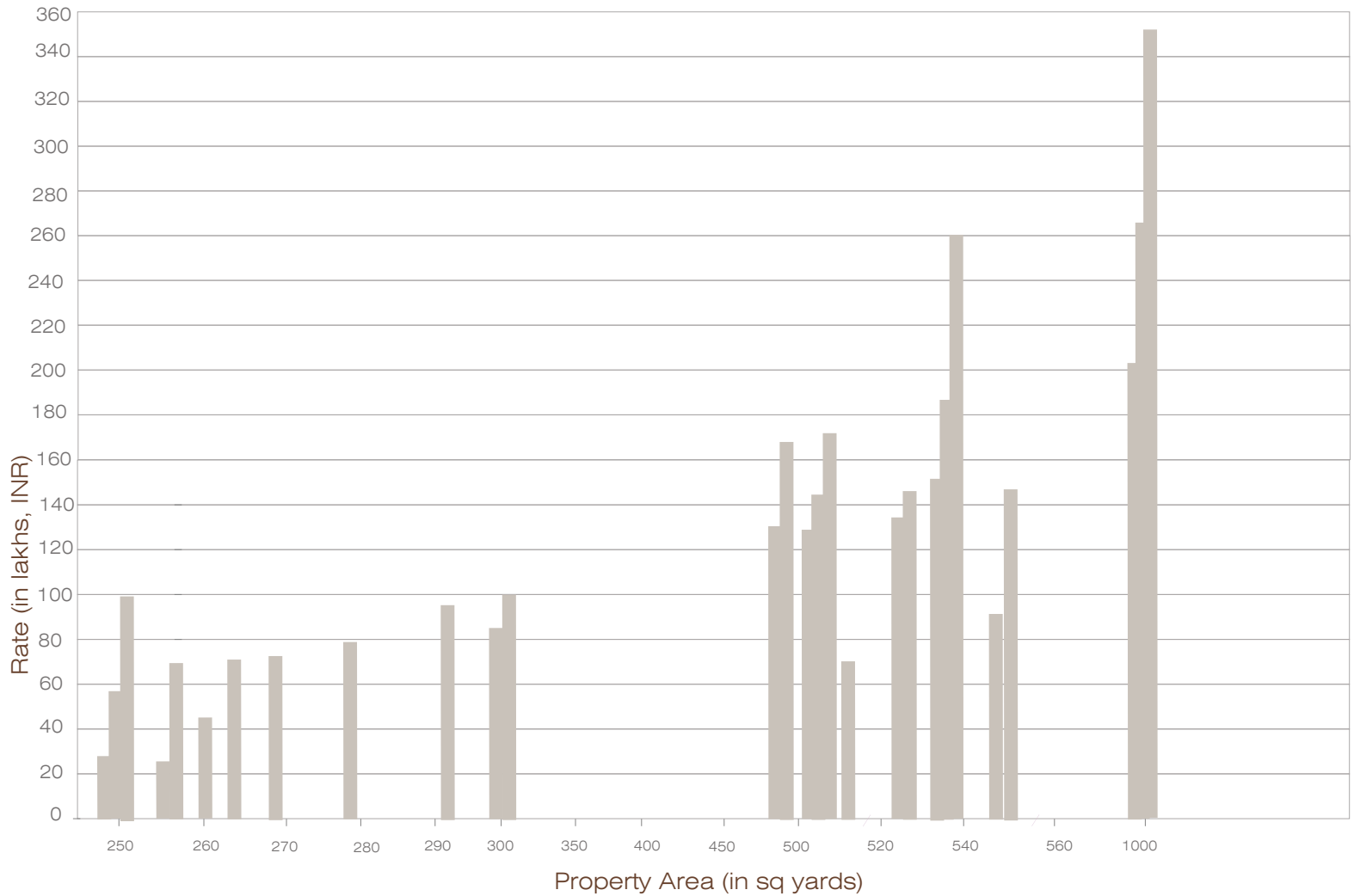
Property area	Total Government rate	Average Market Rate	Registered Amount
253.6	63,29,800	1,64,84,000	24,00,000
253.6	63,29,800	1,64,84,000	58,55,000
253.6	63,29,800	1,64,84,000	1,00,00,000
256.5	63,89,760	1,66,72,500	32,50,000
256.5	63,89,760	1,66,72,500	70,00,000
260	64,89,600	1,69,00,000	43,00,000
264	65,89,400	1,71,60,000	74,40,500
269	67,14,200	1,74,85,000	75,28,000
278	69,38,800	1,80,70,000	80,00,000
293	73,13,300	1,90,45,000	98,00,000
300	74,88,000	1,95,00,000	82,50,000
300	74,88,000	1,95,00,000	1,00,00,000
495.5	1,23,67,700	3,22,07,000	1,35,00,000
495.5	1,23,67,700	3,22,07,000	1,65,00,000
500.5	1,24,80,000	3,25,00,000	1,32,00,000
500.5	1,24,80,000	3,25,00,000	1,42,00,000
500.5	1,24,80,000	3,25,00,000	1,72,50,000
502.5	1,25,42,500	3,26,62,500	75,00,000
522.4	1,30,39,100	3,39,56,000	1,38,00,000
524.9	1,31,00,000	3,41,18,000	1,43,00,000
528	1,31,78,000	3,43,20,000	1,50,00,000
528	1,31,78,880	3,43,20,000	1,85,00,000
528	1,31,78,880	3,43,20,000	2,60,00,000
546.7	1,36,45,000	3,55,35,000	71,97,000
550	1,37,28,000	3,57,50,000	1,45,00,000
1000	2,49,60,000	6,50,00,000	2,00,00,000
1000	2,49,60,000	6,50,00,000	2,65,00,000
1000	2,49,60,000	6,50,00,000	3,50,00,000

Comparison between the registered amount, the actual average market rate and the rate fixed by the Government with relation to residential property area between 251-1000 sq yards.i.e 10 marlas and 2 kanal.

The lowest price at which the property is registered, as shown in the graph, is for 10 marla i.e Rs. 24,00,000, whereas the average market rate is Rs. 1,64,84,000 and for the same area, registered amount is Rs. 1,0000,000. The highest number of sale-purchase of residential properties was recorded more than 1crore of the registered amount. The lowest number was in the bracket of Rs 25-30 lakhs and 70-80 lakhs.



Graph representing the comparison between registered amount, actual market average rate and the rate fixed by the Government with relation to the residential property area between 250-1000 sq yards. i.e 10 marlas- 2 kanal.



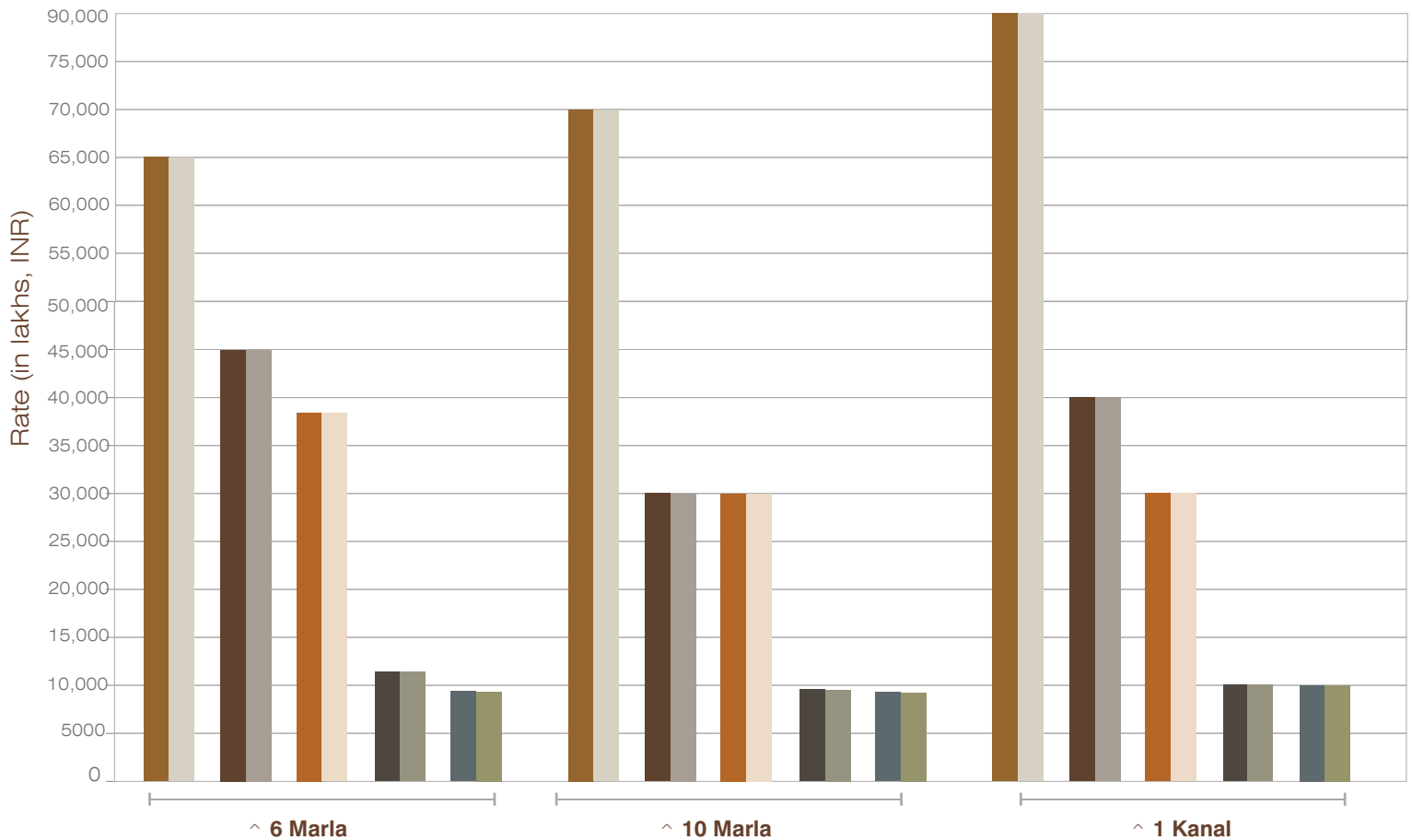
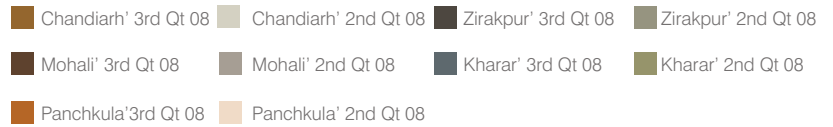


Sub-urban Market Comparison:

Comparative Analysis of the rates of 3rd quarter 2008 with 2nd quarter 2008:

Location	Property area					
	6 marla		10 marla		1 kanal	
	3rd Qtr 2008	2nd Qtr 2008	3rd Qtr 2008	2nd Qtr 2008	3rd Qtr 2008	2nd Qtr 2008
Chandigarh	65,000/ per sq yard	65,000/ per sq yard	70,000/ per sq yard	70,000/ per sq yard	90,000/ per sq yard	90,000/ per sq yard
Mohali	45,000/ per sq yard	45,000/ per sq yard	50,000/ per sq yard	50,000/ per sq yard	40,000/ per sq yard	40,000/ per sq yard
Panchkula	38,000/ per sq yard	38,000/ per sq yard	38,000/ per sq yard	38,000/ per sq yard	35,000/ per sq yard	35,000/ per sq yard
Zirakpur	12,000/ per sq yard	12,000/ per sq yard	10,000/ per sq yard	10,000/ per sq yard	10,000/ per sq yard	10,000/ per sq yard
Kharar	9,500/ per sq yard	9,500/ per sq yard	10,000/ per sq yard	10,000/ per sq yard	10,000/ per sq yard	10,000/ per sq yard

The residential property rates in the sub-urban areas have been stable within this quarter. Evaluating the rates of the 3rd quarter of 2008 with 2nd quarter, it has been noticed that the rates had not moved in any direction thus showing the same graph.



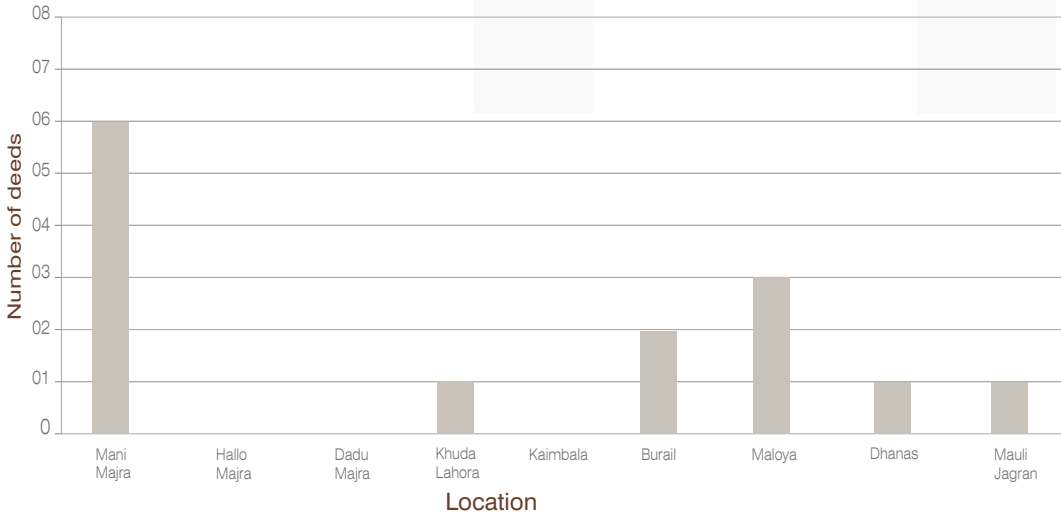
Number and types of deeds registerd in Rural area :

Number of Deeds vis a vis the sectors:

Location	Number of deeds
ManiMajra	7
HalloMajra	-
DaduMajra	-
Khuda Lahora	1
Kaimbala	-
Burail	2
Maloya	3
Dhanas	1
Mauli jagran	1

The highest number of sale-purchase of residential properties was in Manimajra.

- The reason attributed to this is the higher magnitude of availability of residential flats in cheaper rates compared to the other suburbs.
- Proximity to Punjab, Haryana and Himachal Pradesh adds another reason for its high sale deeds.
- Manimajra is very close to Chandigarh as well as IT park, which adds another feather in its cap.
- Manimajra was followed by Maloya and kaimbala. The reasons for higher activity of sale purchase in this
 - Being adjacent to Chandigarh, these two areas effectuate more demand as compared to the far off areas.





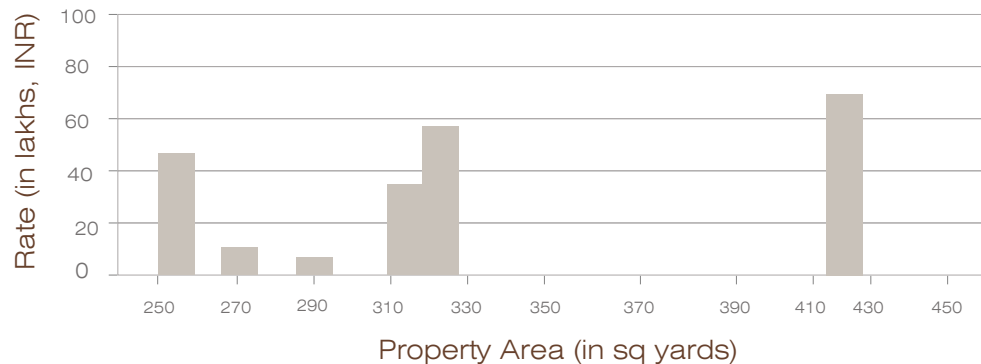
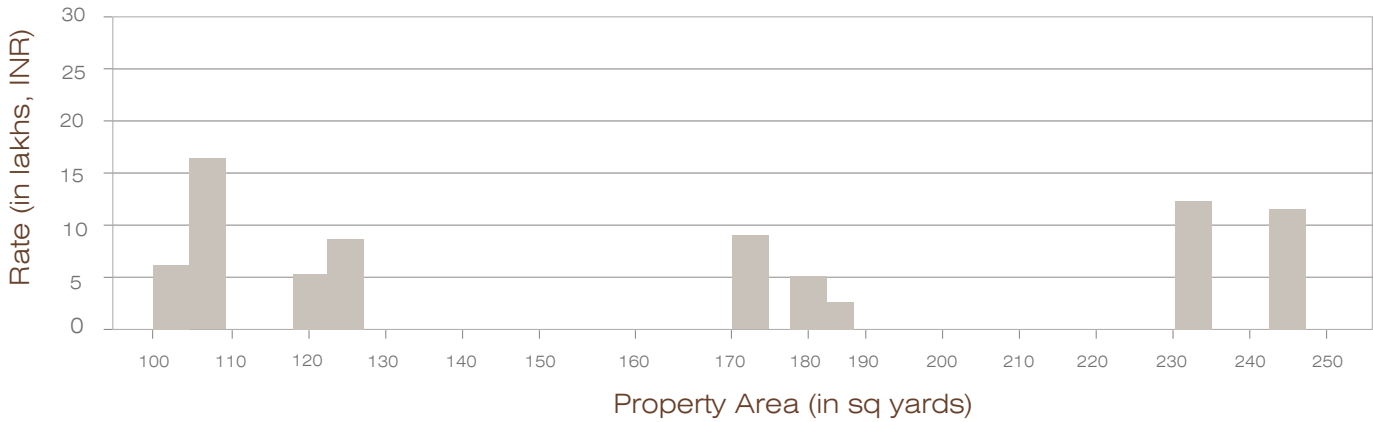
Rural Market Comparison (100-500 sq yards)

Property area	Total Government rate	Average Market Rate	Registered Amount
102	3,18,240	5,61,000	6,00,000
105	3,27,600	5,77,500	17,00,000
120	3,74,400	6,60,000	5,50,000
125	3,90,000	6,87,500	8,00,000
171.6	5,35,400	9,43,800	8,00,000
180	5,61,600	9,90,000	5,52,600
180	5,61,600	9,90,000	3,00,000
232.4	7,25,000	12,78,200	13,50,000
245	7,64,400	13,47,500	12,50,000
253.5	7,90,900	13,94,250	47,00,000
270	8,42,400	14,85,000	13,00,000
290	9,04,800	15,95,000	8,50,000
325	10,14,000	17,87,500	36,00,000
328	10,23,300	18,04,000	58,00,000
422.5	13,18,200	23,23,750	72,05,000

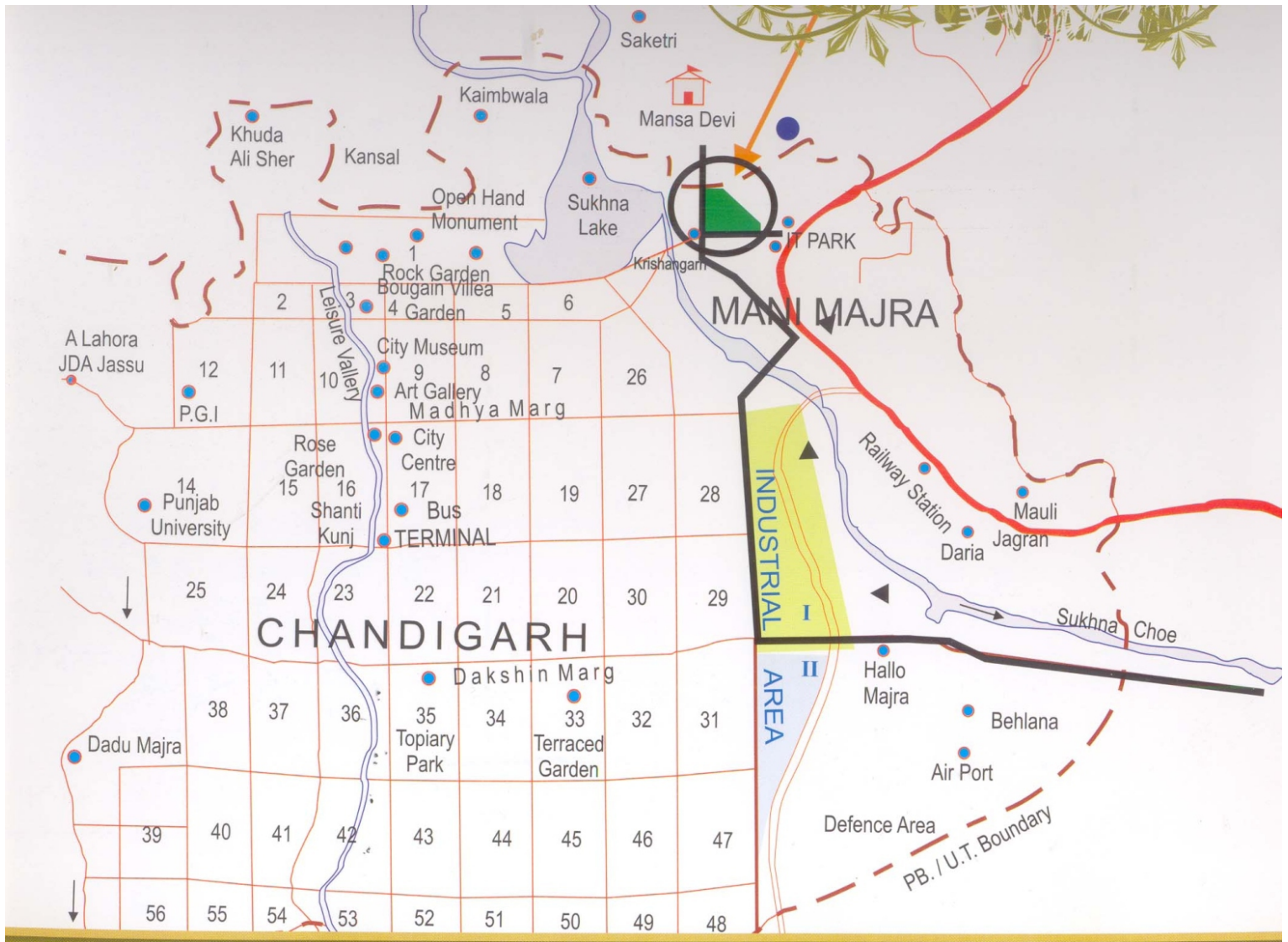
Comparison between the registered amount, the actual average market rate and the rate fixed by the government with relation to residential property area between (100-500 sq yards) i.e 4 marlas-1 kanal

The lowest price at which the property is registered, as shown in the graph, is for 3 marla i.e Rs. 3,00,000, whereas the average market rate is Rs. 9,90,000.

The highest number of sale-purchase of residential properties was between the registered amount of Rs 5-8 lakhs and Rs12-13 lakhs. The lowest number was in the bracket of Rs 45-50 lakhs and Rs 70-75 lakhs. This proves that there is a trend of registry at the lowest registered amount as lesser registry amount will attract lower registry charges thus, the buyer paying the least for the sale deeds to be registered with the Estate Office.



Chandigarh Rural Map :



Summary

The crisis in the financial market would affect real estate sector adversely. This will make availability of funds scarce and, at the same time, will push the interest rates high. So, while scarcity of funds will affect the supply side, high interest rate will dwindle the demand. The sector is already reeling under tremendous pressure as the RBI has increased interest rates to contain inflation, besides restricting the fund flow to the sector. In the present circumstances the real estate prices would decline.

The crisis in the global market will affect the demand for real estate which has forced many of the real estate majors to either postpone or to cut their expansion plans. A number of small and medium size companies have followed the wait-and-watch policy as the global economy faces turmoil and an uncertain future. This has affected the demand of the real estate space. With the cancellation and postponement of the expansion plan of companies, many of the suburbs will face a situation of oversupply in residential space.

A further dip in the demand for real estate will affect the sector very badly. This will starve them of fund. Fund flows from all the possible channels have now been seriously choked as funds from banks are already not available. High interest rates and inflation have negatively affected investor demand.

Unless the government comes to the rescue by lowering interest rates so as to boost demand from end users, the sector might face one of the worst crises in recent times. This will not only affect the sector but could also affect the economic growth in the country, as a whole.



Source of Information

- Chandigarh Estate Office
- Real Estate Brokers in Tri-city.
- Wwww.propertyvertical.com

Special Thanks

Special thanks to Chandigarh Estate Office and the real estate brokers in the tri-city for the support

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