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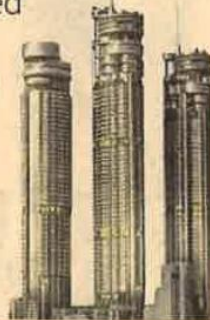
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## Strong demand shapes skyline of India's financial capital

**Mumbai**  
Developments in the city are reaching for the sky – and so are the prices, writes *James Crabtree*

As Babul Varma pondered how to attract buyers to one of Mumbai's most expensive real estate projects, he took inspiration from the homes India's wealthiest residents seemed to like.

"Our thought process was that rich people in New Delhi and other cities have these huge farmhouses, these massive big bungalows," says the managing director of Omkar real estate group, whose Omkar 1973 tower complex is midway through construction.

"In a farmhouse or bungalow, you have openness, greenery and lots of space. But here [in Mumbai], the problem is there is no land, so whatever you have, it has to be in the building itself. So that is what we did."

The result is what Omkar dubs a "sky bungalow", meaning unusually large apartments – at unusually high prices.

The largest are more than 30,000 sq ft and close to the top of each of the

project's towers. They come with an array of features – from swimming pools and squash courts to a banqueting hall and pet spa – alongside pleasing views over the Arabian Sea.

Buyers must part with "well above 200 crore" – meaning Rs2bn (\$30.2m) – to pick one up, Mr Varma says. That price tag is part of a wider pattern of luxury high-rise residential complexes popping up around India's financial capital.

Each of the three towers in Omkar's development, to be completed by 2017, is more than 70 storeys. Lodha Group, Mumbai's biggest developer by revenue, is marketing a series of even taller rivals, the most conspicuous being World One. This will top out at 1,450 ft in 2016, making it the world's tallest residential building, and feature flats designed by Italy's Giorgio Armani selling for up to Rs500m.

Lodha is also marketing a six-tower complex nearby, known as the Park. This includes Mumbai's own Trump Tower, following a tie-up between the developer and the US real estate mogul and aspirant presidential candidate.

Elsewhere, a profusion of fancy residential buildings is appearing, marketed by local developers and global brands such as the Four Seasons hotel



'Bungalows' with a view: the Omkar 1973 towers overlook the Arabian Sea

chain, helping Mumbai shed its reputation as a city of chiming but dilapidated premium real estate.

This flurry of building is driven by increasing land supply and growing demand, says Ashuth Limaye, head of research at Jones Lang LaSalle (JLL) property consultants.

Hemmed in on a narrow peninsula, Mumbai is starved of space, driving up prices. But over the last decade, developers have got their hands on plots left behind when its textile mills closed in the 1980s. Schemes to clear some of the

city's infamous slums, while rehousing their residents, have also helped.

"The other factor is the demand side," Mr Limaye says. "Urban India creates a lot of wealth and, when wealth is created, it inevitably ends up filtering through into property, which is what you see in south central Mumbai."

These processes are reshaping the skyline of the financial capital, and shifting its geographical balance, too. Most of the new premium properties are in its midtown area – notably the districts of Worli and Parel – rather than the traditionally fashionable south.

These areas are close to the airport and the relatively new business district, the Bandra Kurla Complex, which has tempted many financial institutions and global banks to migrate north over recent years. Proximity to the Bandra-Worli Sea Link, a six-lane highway built off the coast to avoid choked land routes, is another advantage.

Despite all this activity, Mumbai's residential property market is not exactly booming. India's economy is only just recovering from a prolonged slowdown, leaving even wealthy buyers cautious.

The profusion of luxurious new complexes has provided plenty of choice too. Many developers are struggling to sell units, according to research from JLL.

For buyers, Mumbai property remains a risky proposition. Projects are generally financed in stages, with purchasers asked to provide tranches of capital as construction moves forward. If things go wrong – as in India they often do – hopeful homeowners can be left holding investments in stalled, half-finished buildings.

Of late, this has produced a "huge flight to quality" says Abhishek Lodha, managing director of Lodha, as luxury customers gravitate away from smaller developers, many of whom have struggled to shed an image for weak corporate governance, or had too many projects stalled in bureaucratic tangles.

"Mumbai is one of the most difficult places to build real estate," Mr Lodha says. "If you can build something good here it will be a great asset. The value will appreciate over time because there is such scarcity of land. But if you get stuck, it is the worst thing in the world."

Mr Limaye concurs, noting that many developers have struggled with rising debts and regulatory problems.

"There is going to be a sanity check in the market," he says. "The good ones do well, but the old fly-by-night style developers . . . are finding it extremely tough to survive and make profits in today's conditions."

'When wealth is created, it inevitably ends up filtering through into property'