

HINJEWADI LOCALITY REPORT

Overview

Call it the *Oxford of East* or the *City for Retirees*, Pune is a bustling city that has attracted significant real estate activity in the past decade. Driven by positive demographics, IT and manufacturing units coupled with a slew of educational institutions, the city has marked its presence in the realty map of Maharashtra and the country at large.

Interestingly, the growth corridors in Pune are mainly on the eastern and western side. Thus, in this report, **CommonFloor** has tried to analyse the realty market of Hinjewadi, an area that narrates the growth story of Pune. Located in the western part of the city, it is strategically situated along the Mumbai-Bangalore Highway and is popularly known as the *IT Village of Pune*.

The growth story of Hinjewadi dates back to 1998 when the foundation for the IT zone was laid in the area. Following this, Pune saw the IT revolution which fueled the real estate growth in the city.

As several IT companies mushroomed, the area recorded an increased housing demand from the techies working in and around Hinjewadi. And gradually this information technology hub metamorphosed into a preferred residential and commercial catchment. This was followed by establishment of several office spaces, residential units, service apartments, shopping complexes and robust social infrastructure in the vicinity of the area.



Map 1: Location Map of Hinjewadi

Factors for growth in the past

- Lack of sufficient space in the CBD area (as compared to demand) of Pune led to the emergence of Hinjewadi as an IT destination. Further, well planned infrastructure and swift road connectivity acted as a catalyst for the growth of the area.
- In the year 1998, the biggest IT Park in Pune- Rajiv Gandhi Info Tech Park (RGIT) was established in Hinjewadi by the Maharashtra Industrial Development Corporation (MIDC). This gave an impetus to the real estate market of Hinjewadi. As of now, two phases of RGIT are operational and the third one is still under construction.

- Today, several IT giants have their centres at Hinjewadi. These include Infosys, TCS, Wipro, IBM, Cognizant Technology Solutions, to name a few.
- In addition to the IT companies, the area also houses several product and biotech firms, which include Compulink, CISCO, Emcure, Eclerx, among several others.
- As per the distance, Hinjewadi is about 18km from the Pune Railway Station and about 28km from the Pune Airport.
- In comparison to the residential segment, the commercial segment in Pune is cheaper by approximately 10-15 per cent. ^[1] This is mainly because of huge oversupply in space reserved for the IT segment. Thus, affordability coupled with availability of diverse options continue to tickle the fancies of the corporate occupiers in Hinjewadi.
- Lastly, robust social and physical infrastructure also led to the ushered growth of Hinjewadi. Currently, due to the presence of several shopping complexes, health care centres, eminent educational institutions and entertainment zones, livability quotient of the area is also very high.

Residential market analysis

- As per data with CommonFloor, the weighted average price of properties in Hinjewadi is about Rs 5,800 per sq.ft. *Fig 1* depicts the variation in capital values for different property types. It can be inferred from the graph that Hinjewadi offers a plethora of options when it comes to multi-storey apartments. The capital values, which falls in the wide bracket of Rs 3,300-8,500 per sq.ft., clearly proves this point. Thus, one can get an apartment of 1,000 sq.ft within Rs 33 lakh as well as a luxurious apartment with world-class amenities at about Rs 85 lakh and above. However, in row houses and villas, only mid and high-end options are available.

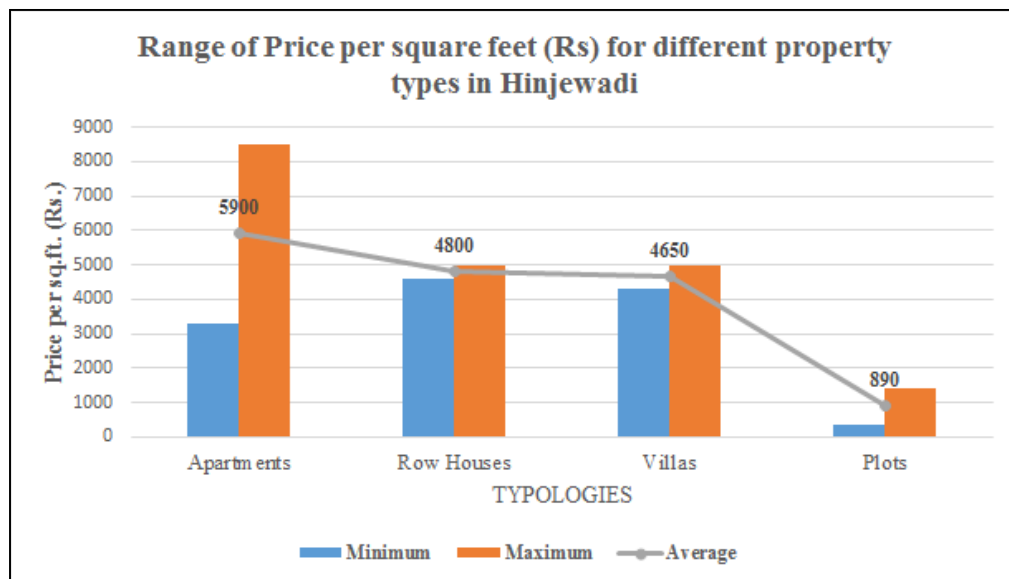


Figure 1 Range of Price per sq.ft. for different property types in Hinjewadi

Source: Real Estate Insights by CommonFloor.com

- The influx of IT professionals has led to rapid development of townships in Hinjewadi. Today, from apartments to villas to plots- the area boasts of an array of property options for home buyers.

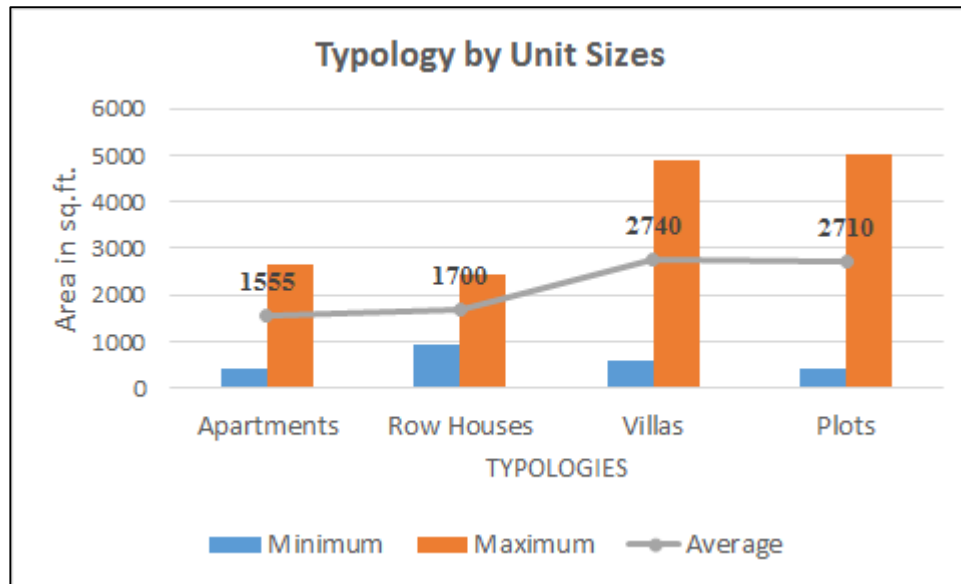


Figure 2 Typology by unit sizes

Source: Real Estate Insights by CommonFloor.com

- As per market segmentation, mid-segment properties have maximum share, closely followed by luxury properties. Few affordable and ultra-luxury options are also available. On the basis of sale price, Figure 3 depicts the percentage distribution of residential market segment.

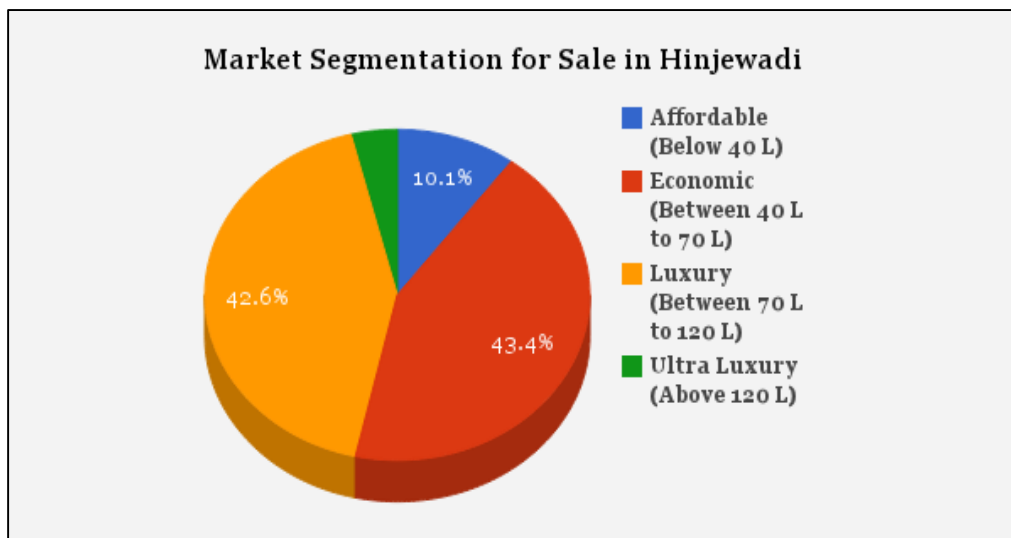


Figure 3 Market segmentation for sale in Hinjewadi

Source: Real Estate Insights by CommonFloor.com

- With market showing signs of positivity and political stability, developers are now focusing on completing already-launched projects. Thus, a lot of fresh inventory will be available in Hinjewadi by the end of this year. As per data with CommonFloor, out of total projects listed, about 52 per cent are ongoing (Figure 4), most of which are slated for possession in the third and fourth quarter of the year 2014 itself. The area also has several ready-to move in projects and a few upcoming projects in the pipeline.

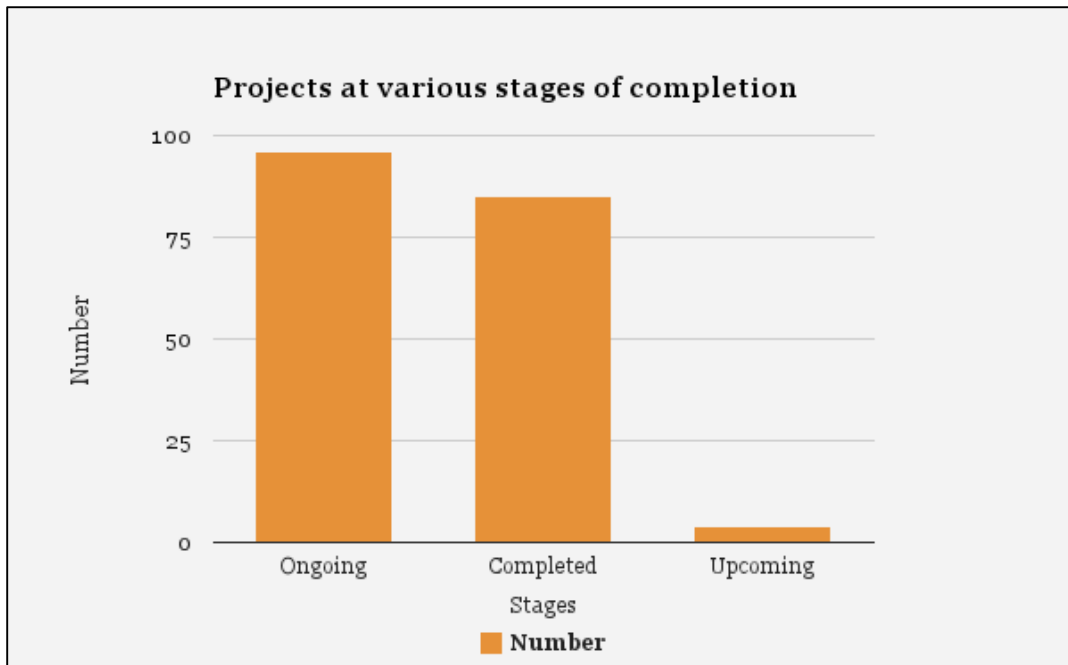


Figure 4 Projects at various stages of completion

Source: Real Estate Insights by CommonFloor.com

- As per the preferred property type, multi-storey apartment tops the ladder, followed by plots. Due to flexibility in terms of saleability and rentability, more than 65 per cent buyers preferred apartments (As shown in Figure 5). This preference can also be attributed to the techies working in Hinjewadi, who in order to save time in commuting prefer to stay closer to their workplace. They usually prefer apartments as most of them come decked with modern amenities such as lift, modular kitchen, bathroom, along with avenues of recreational activities such as club house, swimming pool, children play area, elevated gardens and many more.

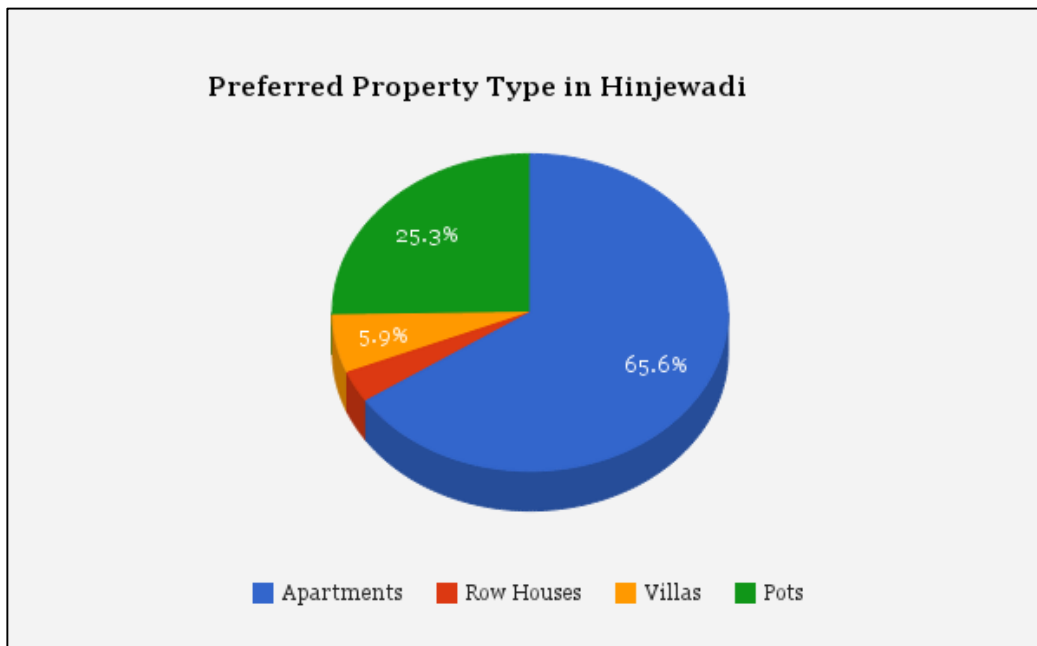


Figure 5 Preferred Property type in Hinjewadi

Source: Real Estate Insights by CommonFloor.com

- Even investors prefer apartments as finding tenants for apartments is much easier in a locality like Hinjewadi that is mainly dominated by IT professionals. Adding another feather to its cap, the area has recorded a whopping 68

per cent capital appreciation in the last three years. As per the data, the capital values have climbed from Rs 3,000 per sq.ft. in Jan-Mar'11 to Rs 5,100 per sq.ft. in Jan-Mar'14. Thus, an apartment that was selling for Rs 30 lakh in the year 2011 is now available at not less than Rs 51 lakh.

- Owing to higher returns on investment, about 25 per cent buyers preferred plots. And why won't they! In an emerging locality like Hinjewadi, plots sized 425-3,600 sq.ft. are available in the price bracket of Rs 380-1,400 per sq.ft. Thus, a plot sized 425 sq.ft. is available at Rs 1.6 lakh. However, one may also find a plot of 1,400 sq.ft. in the price range of Rs 20- 50 lakh, depending upon its proximity to the main road or the IT park. Interestingly, plot values have also recorded a sturdy capital appreciation in the last few years.
- Villas and row houses recorded a minuscule demand.

New residential trends

- Since Hinjewadi is mostly preferred by techies, trend of studio apartments and smart homes are also catching up at a fast pace. Pune-based realty giant Paranjape already has a project offering studio apartments sized 450-650 sq.ft. that are available in the price range of Rs 4,000-6,000 per sq.ft.
- From hi-tech facilities such as lighting according to a person's mood, opening of window planks according to the sunlight; to usual amenities such as club house, well-equipped gymnasium, swimming pool, these uber residences are ready to stop at nothing. Albeit ultra-luxurious, these may burn a hole in your pocket. For an e-home size 950-1400 sq.ft., one may have to shell up to Rs 50-70 lakh. Developers offering smart homes in Hinjewadi include Pegasus Properties Pvt Ltd, Kumar Properties Pvt Ltd, to name a few.
- Since the implementation of the *Special Township Policy Act* of Maharashtra Government, self-sufficient integrated townships are also gaining momentum. With a vision to decongest the Pune Municipal Corporation (PMC) areas, the state government encouraged the concept of an integrated township. As per the policy, developers building townships spread across 100 acres and above will be eligible for SOPs such as bypassing the urban land ceiling restrictions and non-agriculture tax. In return, developers are expected to provide all the requisite amenities and reserve 10 per cent of the project for affordable housing.
- These integrated townships evolve as a potential option for families as they also promote *walk to work* culture. Currently, there are three major projects in Hinjewadi, namely Paranjape's 120-acre Blue Ridge, Kolte-Patil's 450-acre Life Republic and Kumar Properties and Avinash Bhosale Industries Ltd (ABIL) 150-acre Megapolis.

Project details

Table1 highlights some of the major ongoing projects (with 650 and above units) in Hinjewadi along with parameters such as price, BHK configuration and possession date.

Table 1 Key Projects in Hinjewadi

Project Name	Developer	Price per sq.ft.	BHK	Possession	Total units
The Chatterjee The Crown Greens	The Chatterjee Group	5000	2, 3 BHK	Nov	650
Megapolis Mystic	Pegasus Properties Pvt Ltd	5971	2,3 BHK	Oct	798
Megapolis Smart Homes I	Kumar Properties Pvt Ltd	4800	1, 2BHK	May	984
Megapolis Splendour	Pegasus Properties Pvt Ltd	4300	2, 3 BHK	Mar	1176
Megapolis Smart Homes II	Kumar Properties Pvt Ltd	5264	2, 3 BHK	Dec	1176
Megapolis Sparklet	Pegasus Properties Pvt Ltd	5100	1, 2BHK	Jul	1184
Kul Ecoloch Phase I	Kumar Urban Development Limited	4950	1,2,3 BHK	Jun	1200
Megapolis Sangria Towers	Kumar Properties Pvt Ltd	5000	2, 3 BHK	Oct	1386
Kasturi Eon Homes	Kasturi Housing	6100	2,3 BHK	Dec	1440
KUL Ecoloch Phase II	Kumar Urban Development Limited	4850	1,2,3 BHK	Jun	1600
Xrbia Apartments	XRBI Developers	3708	1,2,3 BHK	Dec	3500
Blue Ridge	Paranjape Schemes Construction Limited	8546	2, 3 BHK	Dec	4000

Source: Real Estate Insights by CommonFloor.com

Social and physical infrastructure

- Being a prominent residential and commercial catchment, Hinjewadi boasts of robust social and physical infrastructure.
- However, what makes its livability quotient high is the presence of eminent educational institutions such as Blue Ridge Public School, Mercedes Benz International School, Pawar Public School, International Institute of Information Technology, Symbiosis International University, to name a few.
- Hinjewadi also boasts of several banks, clinics and entertainment zones.
- With increasing crime rate in the area, security became a pressing issue. Thus, Maharashtra Industrial Development Corporation (MIDC) in collaboration with the Hinjewadi Industries Association (HIA) initiated a CCTV project, which is expected to be operational by early next year. In Hinjewadi, it will cover six junctions with 22 surveillance cameras monitoring. However, the overall project worth Rs 225 crore will have 1,285 cameras at 441 junctions in Pune.

Rental market scenario

- Buoyed by well-developed infrastructure, Hinjewadi paints a positive story for rental demand as well.
- Professionals working in and around Hinjewadi, trainees and interns in IT companies, students of International Institute of Information Technology, Symbiosis International University prefer renting a housing unit in this area.
- As per data with CommonFloor, multi-storey apartments in 2BHK configuration are most preferred, closely followed by 3BHK units. Consider *Figure 8*.

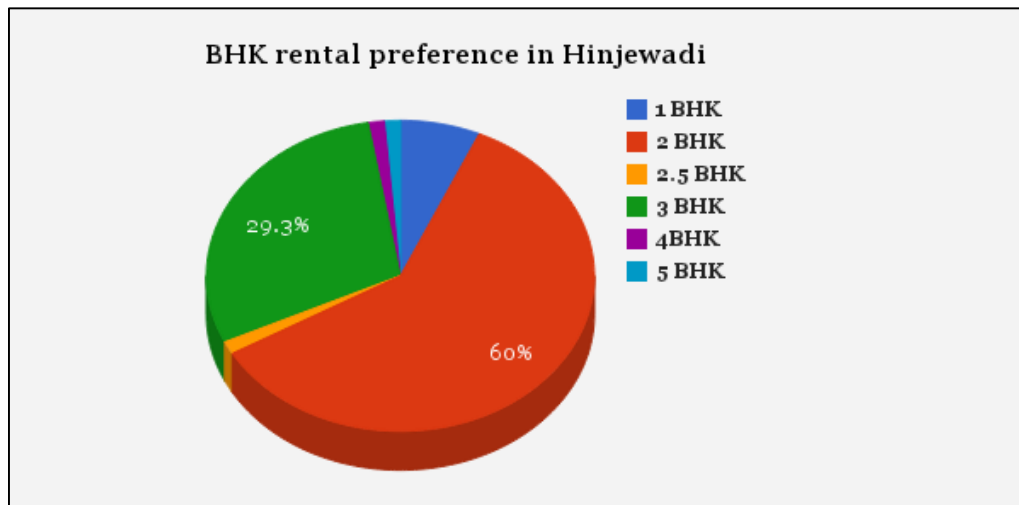


Figure 2 BHK rental preference in Hinjewadi

Source: Real Estate Insights by CommonFloor.com

- As trainees/interns come only for six-eight months, they prefer Paying Guest Accommodation as it offers all the requisite furnishing and food options. Further, students with restricted pockets also prefer PG accommodation as they offer privacy and more flexibility in terms of timings. In addition to being affordable, another reason for growing popularity of these accommodation is the caution money factor. In an apartment, the security deposit range from Rs 50,000 to Rs 1 lakh, however in a PG, it is just one month's rent.
- On an average, PG accommodation is available in the range of Rs 4,000-8,000, depending mainly on facilities and sharing. There are options for single dwelling to double and triple sharing.

Rental Yield

- As per data with CommonFloor, the average rental yield of Hinjewadi is 2.36. This implies that if a 1,000 sq.ft. apartment is available at Rs 50 lakh, then one can expect monthly rent of about Rs 9,800-12,000, depending upon the age of the apartment and the amenities offered.
- *Table 2* depicts the BHK-wise rental yield for Hinjewadi. From the table, we can infer that 2BHK units can fetch maximum rental yield. This is also validated by our BHK preference data, where 2BHK units clocked the maximum demand. Further, 1 and 3BHK units can also fetch healthy rentals, as young professionals and students prefer single dwelling and families usually prefer 3BHK units.

Table 2 BHK wise rental yield

BHK Type	Average Rent Expected (Rs)	Average Capital Cost (Rs)	Average Rental Yield
1 BHK	8,100	37,24,476	2.61 %
2 BHK	13,159	58,96,975	2.68 %
2.5 BHK	12,000	77,91,900	1.85 %
3 BHK	17,333	90,68,602	2.29 %

Source: Real Estate Insights by CommonFloor.com

Commercial market analysis

- Its a known fact that Office Space absorption drives the residential market of any area. Thus, being an IT village of Pune, it becomes imperative here to mention about the commercial scenario in Hinjewadi.
- Currently, the capital values for Grade A office in Hinjewadi range between Rs 5,300-6,500 per sq.ft.
- As per the rentals, one may get a 1,000 sq.ft office space for Rs 45-55 per sq.ft.

Major Challenges

- Hinjewadi is plagued with traffic woes. About 2-3 lakh professionals travel to the Rajiv Gandhi Infotech Park on a daily basis, creating traffic snarls during peak hours, resulting in a bumpy ride for the techies.[2] The stretch from Hinjewadi Flyover to Shivaji Park and from Wakad Chowk to Hinjewadi Phase I are the two adversely affected areas.
- With only 36 buses plying in the area, transportation is another major issue in Hinjewadi. With no proper provisions for public transport, people are compelled to use personal vehicle. This has contributed highly to the traffic and pollution level in the area.
- From the western side, the growth in Pune is now shifting towards the eastern side. Capital values in western parts of the city such as Hinjewadi, Baner, Aundh have breached the mark of Rs 5,000-9,000 per sq ft. On the contrary, properties in the eastern localites such as Hadapsar, Kharadi, Viman Nagar are still available in the range of Rs 4,500-6,500 per sq.ft. Further, 400-acre Magarpatta City and proximity to the airport also acts as a catalyst in driving realty growth on the eastern side. Thus, if infrastructure is not upgraded in the coming years, realty market of the West Pune might become stagnant.

Future prospects for growth

- The key factor driving growth in this area is the proposed infrastructure upgrade. In 2012, Chief Minister Prithviraj Chavan promised certain upgrades. These included smooth traffic mobility, better roads, uninterrupted power supply, public transport facilities and ensuring safety and security of the people working here.
- To address the issue of commuting and public transportation, MIDC recently allotted 1.5 acre land to Pune Mahanagar Parivahan Mahamandal Limited (PMPML) to construct a bus terminus in Hinjewadi Phase II. That's not all! Soon, there will be about 100 air-conditioned buses to provide shuttle services to various IT companies. [3]
- Makeover of Rajiv Gandhi Infotech Park (RGIP) and its adjoining areas is also in the pipeline. This Rs 500 crore ambitious plan by MIDC takes into consideration issues related to roads, power and water. [4]

- For smooth flow of traffic, there are plans for a four-lane flyover from Pimpri-Chinchwad limit to the T-junction. Also, there is a road project worth Rs 143.55 crore, which will connect Balewadi to RGIP. Once completed, this will give a major facelift to Hinjewadi's connectivity.^[4]
- The work has already been commenced on some of the projects. And interestingly, the six laning of the road from the Wakad flyover to Shivaji Chowk and the road widening in RGIP Phase-1 are nearing completion.
- To address the issue of power shortage, five new sub-stations with a capacity of 850 KV will also be set up at the RGIP and the adjoining areas.^[4]
- Rs 23 crore has also been allocated to further improve the water situation in Hinjewadi.
- Hinjewadi is all set to get a lifeline as well. The 44km Phase II of the Pune metro that will start at Shivajinagar and end at Nigdi will also have a station at Hinjewadi, ensuring metro connectivity.
- Last but certainly not the least, soon Hinjewadi will be connected via Light Rail Transport (LRT). A project by the Pune Municipal Corporation (PMC) in association with the Pimpri-Chinchwad Municipal Corporation (PCMC) and MIDC, it is financed by the Japan International Cooperation Agency (JICA).^[5] Once the LRT is on tracks, the connectivity of Hinjewadi is expected to get a shot in the arm.

References

[1] ICICI report on Pune Commercial Real Estate Market, 2013

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