LUCKNOW RESIDENTIAL
REAL ESTATE OVERVIEW
JUNE 2015
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The Lucknow Residential Real Estate Overview, June 2015, offers a comprehensive insight into the key macro and micro trends evolving in the Lucknow residential realty markets. The ICICI Home Finance Co. Ltd. Research team undertook a detailed city survey and elucidated below are the key findings of the report.

- Lucknow is the capital city of the fourth largest Indian state and is one of the fastest growing cities in India. With burgeoning manufacturing, commercial and retail segments, it has become a preferred real estate destination. The Uttar Pradesh state government is one of the major employers in the city, followed by private sector companies comprising of manufacturing majors such as Tata Motors Ltd., Hindustan Aeronautics Ltd., Eveready Industries etc.

- It is estimated that the Lucknow residential real estate market is driven by a 60:40 mix of investors and end users respectively. The preference for plots is relatively higher in comparison to residential units, but currently the availability of plots is low in Lucknow as the Lucknow Development Authority (LDA) and Uttar Pradesh Housing and Development Board have been developing residential units.

- The most sought after segment in terms of demand in the Lucknow real estate market is the end-user driven segment for ready-to-move-in residential units in the price bracket of INR 30 – 50 lacs. This has helped Faizabad Road garner a lot of traction from buyers because of the availability of ready-to-move-in units in the time horizon of about 6 months.

- Major upcoming projects such as the Lucknow Metro, IT City being developed by HCL Technologies, Indian Institute of Information and Technology (Lucknow) and the 1,000-bed Medanta - Awadh super-specialty hospital will be further strengthening the city's real estate potential.

- Our analysis indicates that the maximum supply and absorption in the Lucknow market falls in the price bracket of INR 3,000 – 4,000/sq. ft. and the most active configuration in terms of both new launches and absorption for the residential units has been the 3-BHK segment.

- The report has been broadly classified into two parts, Old Lucknow and New Lucknow, on the basis of geographical location and development history. Old Lucknow was established during the 'Nawab' era and is typically dotted with old cramped developments. However, New Lucknow which has emerged only a few decades ago, is replete with planned development and adequate social infrastructure. New Lucknow demonstrates high real estate potential and has been an important part of our study.

- The market is driven by bureaucrats, politicians, government officials, private sector employees and original inhabitants of Lucknow who have now migrated outside, yet wish to have a base in Lucknow. Huge demand also flows in from surrounding cities on account of aspirations to enjoy better amenities and opportunities. It is estimated that about 65% of the investment is from buyers residing outside Lucknow while the remaining 35% is from within Lucknow.

- The realty market of Lucknow has been witnessing robust real estate activity along Shaheed Path which lies between Kanpur Road and Faizabad Road. It is flanked by the active micro-markets of Vibhuti Khand, Gomti Nagar Extension, Vrindavan Yojna, 3500- acres Ansal-API township Sushant Golf City etc. The city’s radial expansion has given way to new growth corridors on the real estate development map, especially along the highways that connect with the neighboring cities of Kanpur, Rae Bareli, Hardoi, Sitapur, Faizabad and Sultanpur. The real estate markets along these regions have witnessed some traction and many known developers have launched their projects along these locations.

- While locations in Central Lucknow such as Mall Avenue and Jopling Road are old prime zones offering properties in the price range of INR 6,000 - 8,500/sq. ft., Vibhuti Khand and Gomtinagar extension are the new micro-markets witnessing real estate activity with residential units lying in the price bracket of INR 3,500 - 6,000/sq. ft. Many good projects by known developers spread across Gomtinagar Extension, Rae Bareli Road, Sultanpur Road and Faizabad Road have evoked a good response in the market.

- The organized retail market activity has paced-up in the city, especially in the last few years. While MG Road and Hazratganj are the most prominent shopping high-streets in Lucknow, Aminabad and Chowk are typical old retail destinations famous for ‘Chikankari’ works of small-scale industries. Moreover, Mahanagar, Indiranagar and Gomtinagar also have shopping arcades in various pockets. Organized retail is booming in the city and a number of malls (located in Hazratganj, Gomtinagar and Alambagh) have obtained a decent response. Sahara mall (Hazratganj), East End mall, Zee mall, Riverside mall (Gomtinagar) and Phoenix United mall (Alambagh) are operational malls witnessing decent foot-falls.
City Overview

Lucknow Metropolis, the state capital of Uttar Pradesh, traditionally known for its rich cultural heritage and distinct etiquettes is emerging as one of the fastest growing non-metropolitan cities. Shedding its old image of a city famous only for its unique styles of embroidery like 'Chikan' and 'Lakhnawi Zardozi', it is today a centre of modern technology, with a high level of investment, institutional development and progressive outlook. Today, Lucknow is an amalgamation of cultured grace and newly acquired pace of economic and infrastructural development.

Geographical Location

The city is geographically located at 26.5° N and 80.5° E in the Northern Gangetic plains, around 123 metres above sea level. The present metropolitan area of Lucknow is envisaged to be 3091.40 sq. km. The River Gomti flows through the city, dividing the whole city diagonally into trans-Gomti and cis-Gomti regions. Some of the tributaries of this river are the Kukrail, Loni and Beta. The Sai river flows from the south of the city. Lucknow witnesses diverse climatic conditions, with hot-humid summers from April to June (maximum temperature 47°C) and cool-dry winters from December to February (minimum temperature 20°C).

Surrounding Towns and Cities

The city is surrounded by towns and villages like Malihabad, Kakori, Mohanlalganj, Gosainganj, Chirhat and Itaunja. It is bounded by the Sitapur district in the north and the Barabanki district in the east. To the north-west of the city is Hardoi district, while south-east and south-west are bounded by Rae Bareli and Unnao districts respectively.

Census 2011 Key Highlights

<table>
<thead>
<tr>
<th>Description</th>
<th>2011</th>
<th>2001</th>
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<tr>
<td>Actual Population</td>
<td>4,588,455</td>
<td>3,647,834</td>
</tr>
<tr>
<td>Male</td>
<td>2,407,897</td>
<td>1,932,317</td>
</tr>
<tr>
<td>Female</td>
<td>2,180,558</td>
<td>1,715,517</td>
</tr>
<tr>
<td>Population Growth</td>
<td>25.79%</td>
<td>33.25%</td>
</tr>
<tr>
<td>Area Square Km.</td>
<td>2,528</td>
<td>2,528</td>
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<tr>
<td>Density/Square Km.</td>
<td>1,815</td>
<td>1,443</td>
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<td>Sex Ratio (females per 1000 males)</td>
<td>906</td>
<td>888</td>
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<tr>
<td>Average Literacy Rate</td>
<td>79%</td>
<td>69%</td>
</tr>
<tr>
<td>Male Literacy Rate</td>
<td>84%</td>
<td>76%</td>
</tr>
<tr>
<td>Female Literacy Rate</td>
<td>74%</td>
<td>60%</td>
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Source: http://censusindia.gov.in/

Economy and Demographics

As per the provisional census 2011, the population of Lucknow had seen a decadal growth of 25.79% and stood at 4,588,455. This included 2,407,897 males and 2,180,558 females. The district had a literacy rate of 79.33%; male and female literacy were at 84.27% and 73.33% respectively. The sex ratio of Lucknow witnessed an increase of 2.03% over the decade and stood at 906 females per 1000 males.

The service sector forms the main economic base of the city. Government departments and the public sector undertakings are the principal employers of the salaried middle-class. Liberalisation has created many more opportunities and the service sector and self-employed professionals are burgeoning in the city.

History

Lucknow traces its origin to the Suryavanshi dynasty of Ayodhya in ancient times and derives its name from Lakshman, brother of Lord Rama, the hero of the Indian epic ‘Ramayana’. The city came into eminence only during the 18th century. In 1732, Mohammad Shah, one of the later kings of the once powerful Mughal dynasty, appointed Mohammad Amir Saadat Khan, a Persian adventurer of noble lineage, to the vice royalty of Awadh which included Lucknow as well.

At the time of the first war of independence in 1857, the city suffered a lot of damages, vestiges of which are still evident in the dilapidated buildings. The old past was replaced with new developments during the British period. Post-independence, Lucknow replaced Allahabad as the capital of Uttar Pradesh.
Administrative Framework

Lucknow is the political and administrative capital of Uttar Pradesh. The city elects members to the Lok Sabha as well as the Uttar Pradesh Vidhan Sabha (State Assembly). Lucknow has two Lok Sabha constituencies named Lucknow and Mohanlalganj.

The city is under the jurisdiction of a District Magistrate/Collector, who is an IAS officer. The Collector is in charge of property records and revenue collection for the Government. The Collector oversees the national elections held in the city and is also responsible for maintaining law and order.

The civic amenities of the city are managed by the Lucknow Municipal Corporation with executive power vested in the Municipal Commissioner. The Corporation comprises of elected members (corporators elected from the wards directly by the people) with the City Mayor as its head. An Assistant Municipal Commissioner oversees each ward for administrative purposes.

Existing and Upcoming Infrastructure

Lucknow has experienced immense infrastructural development in the past two decades. The development has acquired pace during the last decade in terms of organised and planned development of roadways, entertainment zones, good educational institutions and other public amenities.

While New Lucknow, the part of the city that started to develop at a much later stage, has good infrastructural facilities such as well-planned road networks, water and sanitation facilities, presence of organized retail and other social amenities, the Old Lucknow region, that constitutes the older parts of the city established during the 'Nawab' era, suffers from inadequate basic amenities and infrastructure facilities. Lucknow being an eligible city in JNNURM (Jawaharlal Nehru National Urban Renewal Mission) is expected to witness improved infrastructure in the future.

Road Connectivity

There are four national highways and four state highways in the city:

<table>
<thead>
<tr>
<th>National Highways</th>
<th>State Highways</th>
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<tr>
<td>NH 24 connects Delhi</td>
<td>SH 25 connects Hardoi</td>
</tr>
<tr>
<td>NH 25 connects Bhopal via Jhansi</td>
<td>SH 36 connects Rae Bareli</td>
</tr>
<tr>
<td>NH 28 connects Makama (Bihar)</td>
<td>SH 56 connects Sultanpur</td>
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<tr>
<td>NH 56 connects Varanasi</td>
<td>SH 40 connects Mohaan</td>
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Numerous bridges across Gomti river have been constructed to offer improved connectivity. Hardinge Bridge (near Imambara), Iron Bridge (at Daliganj). University Bridge and Nishathganj Bridge are old bridges providing connectivity primarily in the older part of the city. Gomti Barrage, Gandhi Setu and Ambedkar Park bridge are a set of parallel bridges providing good connectivity in the new part of Lucknow.

Initiatives have been taken to provide good intra and inter-city road connectivity.

Agra-Lucknow Expressway is a 302km-long greenfield project, which will connect the cities of Agra (Uttar Pradesh) and Lucknow (Uttar Pradesh). The Expressway would begin at village Etmadpur Madra and would conclude at village Sarosa-Bharosa at Mohan road in Lucknow. It is proposed to be constructed on minimum distance and minimal agricultural land formula and is envisaged to provide a smooth link from Greater Noida to Lucknow via Agra. It is expected to reduce the travelling time between Lucknow and Agra by almost half. The UP Expressways Industrial Authority (UPEIDA) is the implementing and nodal agency for the project.

The entire project has been divided into five parts and is being built under the EPC (Engineering, Procurement, and Construction) model, wherein the state would fund the project. The construction work is being carried out simultaneously at five places—Lucknow, Unnao, Firozabad, Kannauj and Agra. At least a dozen bridges and nearly 100 underpasses are proposed to be constructed as part of the expressway estimated at a cost of around INR 150 Bn. Two bridges are proposed to be built for connecting this expressway with Yamuna expressway — first bridge is to be built on river Yamuna under the Agra Inner Ring Road project near village Mahal Badshah, while the other bridge would come up at Delhi-Agra-Kanpur NH-2 under Fatehabad.
The land acquisition for the project, requiring a total of 3,368.60 hectares of land cutting across 232 revenue villages from Agra to Lucknow, was executed by following a dual model of both acquisition and purchase, leading to the speedy acquisition of land. To achieve this, UPEIDA made an outright purchase of 2,824.16 hectares of land from individual land owners, and 303.29 hectares from government departments, forming almost 93% of the total land required for the project. Instead of acquiring land as is usually done for such projects, it was decided to purchase land from farmers through a mutual agreement. To make the transaction lucrative, the land owners were offered four times the circle rates (CR) in rural areas, and twice the CR in urban areas as purchase cost. Acquisition was only considered in cases where mutual agreement failed. Using this acquisition strategy, UPIEDA was able to organize a land pool of 3,287.73 hectares (97.6%) of the total requirement of 3,368.60 hectares in a span of almost one year.

The primary motive of the Agra-Lucknow Expressway is to enhance the pace of development of UP and triple its economy in the coming decade. The project will not only provide fast and easy connectivity between the two mega cities, but will also attract investors to setup industrial units in the state in a big way and give a new momentum to the state’s development and economy. Four agriculture marketing mandis are proposed to be built along the expressway to link farmers directly to buyers. Four new townships will also be developed along the expressway on the Smart City model which will be spread over an area of 1,500 acres each. (secondary market sources)

**Amar Shaheed Path** is an elevated road that was conceptualized in 2001, with the main aim to ease the traffic flow on the city roads by providing a diversion to the long distance vehicles. Hence, traffic from Kanpur to Rae Bareli, Sultanpur and Faizabad, or vice versa will not have to enter the city. Apart from improving the inter-city links, the road will considerably benefit the connectivity amongst all key locations and growth corridors within the city limits. The road starts at Faizabad Road passes through Sultanpur Road (near Gomtinagar extension), Rae Bareli Road and ends at Kanpur road, spanning a stretch of approximately 23 km passing through many upcoming developer projects.

**Railway and Air Connectivity**

Lucknow is well-connected by rail and air routes to different parts of India. The main railway station is located at Charbagh. Further, there are 13 other railway stations within the city limits.

Chaudhary Charan Singh International Airport at Amausi, is located approximately 20 km from the city center. A new integrated terminal became operational from June 02, 2012. The 20,000 sq. m. three-tier building, which can accommodate around 650 passengers at a time, is equipped with the latest technology, duty-free shops, cyber cafes, snack bars and a shopping arcade.

Lucknow is directly connected by air with New Delhi, Patna, Kolkata, Mumbai and Hyderabad. International destinations include Dubai, Muscat, Sharjah, Jeddah, Riyadh and Kathmandu (Nepal). During Haj, special flights are also operated from Lucknow.

**Lucknow Metro**

The Lucknow Metro is an under construction rapid transit system in the city of Lucknow. The construction for the first phase began on 27th September 2014. It would be built and operated by Lucknow Metro Rail Corporation (LMRC). As per the proposed plan, the phase-I of Lucknow Metro will constitute three corridors. The proposed three corridors are:

**North-South Corridor**

This will connect Munshipulia in the north to Amausi airport in the south. This corridor is expected to have 21 stations.

**Gomtinagar Link**

Trains coming from the Airport Terminal will be diverted towards Gomti Nagar at the Indira Nagar Trisection (Polytechnic Crossing).

**East-West Corridor**

This will connect Lucknow railway station at Charbagh in the east to Vasantkunj on Hardoi Road in the west. This corridor is expected to have 12 stations.
Short Term (10 - 12 months) | Average appreciation of 8 - 10%
--- | ---
Long Term (50 - 60 months) | 10 - 12% Y-o-Y average appreciation in capital value with an upward bias on a conservative note.

The above analysis pertains to the new and upcoming part of the city (referred to as New Lucknow in the report), where developmental activities indicate a promising real estate potential in the future. An average capital appreciation of 8 - 10% is expected in the Lucknow residential real estate market in the short term (10 - 12 months). However, over a longer span of 50 - 60 months, the market is expected to yield a year-on-year appreciation of 10 - 12% on a conservative note.

This analysis is based on the past market trends, present developer and buyer sentiments and the future real estate potential. There are anticipations of certain key steps that would directly/indirectly boost the realty sector in the city. The revival of LIDA, the plans of an upcoming industrial/IT corridor and a positive approach towards investments from outside the city have provided the impetus for growth in the real estate markets. The upward bias over the long-term horizon (50 - 60 months) is also based on the estimate that 60% of the current activity in New Lucknow is driven by investors. We have analyzed the past price trends in certain locations of New Lucknow, as depicted in the graphs illustrated in the later part of the report.

The real estate market of Lucknow is considered to be one of the most upcoming Tier-II markets on account of the huge metamorphosis that the city is undergoing. While we analyze this outlook in the report, it is interesting to note the contrasting nature of the two parts located within the same city, separated by river Gomti. These pockets have different real estate dynamics driving them.

A Glimpse of Residential Development in Lucknow

On the basis of geographical location and development history, Lucknow city can be divided into Old and New Lucknow. Old Lucknow, spread out in the cis-Gomti region, was established in the 'Nawabi' era. A major part of Old Lucknow is dotted with unplanned residential developments fraught with old architecture, heritage monuments, and inadequate infrastructure, water and sanitation. The region is home to a number of handicraft factories for Zardozi and Chikan embroidery work. People from varying socio-economic groups, ranging from wealthy established families to families below poverty line reside here. There are hardly any multi-storied builder developments in this cluster.

New Lucknow lies in the trans-Gomti region, with the exception of certain prime localities around Hazratganj (in Central Lucknow) that are located in the cis-Gomti region. This part started to develop at a much later stage, therefore is equipped with well-planned roads, modern architecture and an organised social infrastructure. While the real estate landscape is dotted with independent houses, the trend of apartment / floor establishments by reputed developers is now being witnessed.

Lucknow over the years has witnessed a radial growth, with the maximum activity along Shaheed Path region which lies between the Kanpur Road and Faizabad Road and also along the roads leading to other neighboring cities, hence carving out newer locations on the real estate development map. Growing per capita income of state, coupled with positive aspirations of middle-class are expected to boost the real estate market in Lucknow. The state's per capita income in FY 2014 stood at a level of INR 40,373 which was INR 20,422 in FY 2009 and has shown a progressive trend each year. (Source: Ministry of Statistics and Programme Implementation)
Market Sentiment

The Lucknow real estate market is expected to grow at a CAGR of around 10% per year in terms of the price appreciation of real estate. It is currently a ‘buyer’s market’ with a healthy mix of investors and end users in a 60:40 ratio respectively with majority of the investment activity prevalent in the new emerging locations. While investors are predominantly long-term investors, short term speculation is still at a nascent stage.

The investor base in the city includes bureaucrats, politicians and government officials, businessmen and also migrants who wish to own a second home in the city. Moreover, demand also flows in from residents of other cities in Uttar Pradesh such as Faizabad, Gonda, Bahraich, Sultanpur, Unnao, Sitapur, Barabanki, Allahabad, Kanpur and Varanasi, who aspire for an upgradation in living standards. The successful implementation of plans to develop an industrial and IT corridor may furnish the much desired impetus to the market demand that will further boost supply absorption and market liquidity.

The developers exude positive market sentiment in the long run which is supported by the fact that many outside developers of repute have ventured into this market by establishing their projects in the city.

Independent Houses vs. Builder Developments

Lucknow is a city where people have been particularly attached to land. Most parts of the city are dotted with plotted/independent houses style development. While private developers have ventured into the city more than 3 decades ago, offering planned plotted developments, their presence has paced-up in the last 7-8 years, especially multi-storied developments. Known real estate developers such as DLF, Emaar MGF, Rohtas, Eldeco, Unitech and Parsvnath have been offering projects in the city. While the lure of land plots/independent houses is still rampant, migration to builder societies has been witnessed particularly on account of better amenities and security. Most builder projects in the city offer a diverse product mix (comprising land plots, villas and floors), as per the estimated demand.

Migration from Independent Houses to multi-storied Apartments

The city is undergoing a transition, wherein the appetite for plots / independent houses has seen some change towards a taste for multi-storied developments. This is on account of diminishing supply of land plots within the desired budget and presence of lucrative amenities in builder developments. Moreover, the Lucknow Development Authority has not announced schemes for independent houses and plots for a long time. This further leads to migration from independent houses to apartments. This migration has been more prevalent in the niche areas like central Lucknow (Jopling Road, Gokhale Marg), New Hyderabad and Gomti Nagar.

Land Acquisition by Private Developers

The developers buy land parcels that are sold or auctioned by the government authorities (Lucknow Development Authority, Uttar Pradesh Housing and Development Board) or farmers. This phenomenon is visible in the developing/upcoming parts of the city like Faizabad Road, Gomti Nagar Extension, Rae Bareli Road and Hardoi Road.

There are several old ‘kothis’ erected over huge land parcels at various locations within the city. These kothis are generally old and dilapidated and many owners are offloading these properties. Developers are either purchasing these kothis and reconstructing apartments or entering into a joint-development model with the owners wherein they construct their project on the owner’s land on mutually agreed terms for revenue sharing. This trend is prevalent in developed areas like Central Lucknow, New Hyderabad, Dalibagh, etc.

Investment Scenario in Lucknow/Growth corridors

After our analysis it has been observed that certain locations in Lucknow have witnessed a steady real estate price growth in the past 4 - 5 years.

The locations that are considered hot-spots for investment are mainly located in the trans-Gomti region. Locations such as Gomtinagar, Indiranagar, Jankipuram and their extensions are certain growth corridors within the city.

However, as the city has been expanding radially, the highways connecting with surrounding cities such as Sitapur, Faizabad, Sultanpur, Rae Bareli, Kanpur and Hardoi have gained prominence in terms of infrastructural development and market activity. While infrastructure development is underway at these locations, projects by many reputed developers like DLF, Ansals, Sahara, Eldeco and Unitech are under-construction and many new projects are in the pipe-line.
Inclusion of Extended Development Areas in Master Plan 2031

Lucknow Development Authority (LDA) has announced to develop a new city master plan taking into consideration facilities which the state capital would require till 2031. It will include the city's extended areas as well, which will bring in more townships and housing projects in the city. The current plan highlights the city planning till 2021. This would empower LDA to approve maps in these areas which is currently being done by the zila panchayats. There has always been a clash of interest between LDA and the zila panchayat regarding powers to sanction maps. While the panchayats claim they are empowered to approve maps in areas not covered under the master plan, LDA says that the power to sanction map is vested with it according to ‘UP Urban Planning and Development Act 1973’.

In a government's notification of 2009, around 197 villages were included in the extended development areas, but since these were not mentioned in the master plan, often small developers got maps sanctioned by zila panchayats at rates lesser than that of LDA and sold projects to people at lucrative prices. The fee charged by zila panchayat is nominal as compared to the development fee charged by LDA (usually, the panchayat's fee is one-fourth of LDA's development fee). To save on cost, many developers get the maps sanctioned by panchayats, whereas the building norms are prescribed by the LDA. After taking cognizance of this fact, the LDA will be adding these areas in the Master Plan in the interest of the buyers, thus including all the land and properties in the extended area under LDA’s purview.

Focus on Industrial Development

Lucknow Industrial Development Authority (LIDA), constituted in 2005, is set to revive post a period of dormancy. LIDA possesses approximately 350 acres of land and is expected to acquire additional land to boost the industrial development in the city.

An Information Technology City is planned to be developed with the concept of “walk to work” on approximately 100 acres of land under LIDA at Chak Ganjariya farms, near the Lucknow-Sultanpur Road. The project is expected to cost around INR 15 Bn and apart from office spaces, service apartments would also be set-up exclusively for employees of IT businesses. For the IT City, there are approximately 350 proposals from industrialists and the decision on applications and allotment process is expected to start in near future. Nearly 25 acres of land has been sanctioned for Disaster Management and Training Centre of the Indo-Tibetian Border Police. It has also been decided to develop an Industrial corridor between Lucknow and Kanpur.

Supply vs. Demand

The current supply and demand ratio of builder developments is skewed towards the supply side with an inventory buildup of around 16,000 residential units at the end of March 2015. A lower Inventory Overhang indicates a healthier market. The Inventory Overhang (number of months required to exhaust the unsold inventory at the end of a quarter at the sales velocity of that quarter) has increased significantly to 53 months as of March 2015. It has risen from 33 months in the first quarter of CY2014 to 53 months in the first quarter of CY2015, indicating a weakening market. The slowdown in project launches was a much needed remedy to control further inventory pileup.
A. Quarterly Trends

The number of new residential units launched in the Lucknow real estate market decreased by ~60% in FY2014 in comparison to FY2013 due to the high amount of unsold inventory still available in Lucknow. The absorption levels have been following a downward trend during FY2014 hinting towards a weakening market. The significant decrease in new launches in Q4 CY2014 and Q1 CY2015 can be attributed to the pressures of substantial unsold inventory in the market, thus compelling developers to keep a check on new launches.

B. Weighted Average Price Trend

The weighted average price of the available units has marginally increased from around INR 2900 per sq. ft. in the beginning of 2013 to around INR 3150 per sq. ft. in the beginning of 2015, hinting towards the investors’ inclination to invest in the Lucknow housing real estate market.
C. Configuration-based Trends

![Configuration-based Trends Chart]

Source: PropEquity
Note: Residential (Apartments, Villas and Floors) data from April-2014 to March-2015.

D. Top 10 Micro-markets (absorption-wise)

![Top 10 Micro-markets Chart]

*Source: PropEquity
Note: Residential data from April-2014 to March-2015. Unsold Inventory indicates the availability of residential units at the end of March-2015

As per the above fig., the maximum absorption has been in the Faizabad micro-market with approximately 900 units as of March 2015 followed by Vrindavan Yojna with an absorption of about 850 units. Gomti Nagar Sushant and Golf City have also witnessed absorption rates of about 550 units and 500 units respectively as of March 2015.
After analyzing the macro-trends of Lucknow real estate, we now delve deeper and analyze the micro-trends.

Methodology: For this analysis, we have divided the Lucknow real estate market into five zones on the basis of geographical location and the growth stimulators driving them. We have considered the trans and cis-Gomti regions separately. Each of these is further divided into two parts, while central Lucknow in the cis-Gomti region is considered as a separate zone. Therefore, there are a total of 5 zones. The analysis of each zone is as follows:
Major Locations: Gomti Nagar Phase I, II and Extension, Indira Nagar, Chinhat, Faizabad Road, Rabindra Palli.

Key Highlights:

- Gomti Nagar is a locality situated on the banks of the river Gomti which has emerged as a prime location in the city, having a fair mix of commercial, residential and retail developments. Segregated into various sectors or ‘khands’, the landscape is dotted with the presence of independent houses and premium apartments. Many reputed developers have forayed into this location. The commercial / retail catchments, well-developed social and civic infrastructure and close proximity to the Central Business District have been major factors driving real estate growth in the region.

- Gomti Nagar Extension has witnessed a spurt in real estate activity in the past few years. This micro-market has a good future potential with a developing social and civic infrastructure and good connectivity.

- Faizabad Road, which connects Lucknow to Faizabad, has witnessed significant real estate activity in the past decade and has transformed from a non-descript location to a location with a good growth potential. Faizabad Road has garnered a lot of traction from buyers because of the availability of ready-to-move-in units in the time horizon of about 6 months, even though it does not come under the ambit of the Lucknow Development Authority (it falls under the ambit of the Zila Panchayat). The micro-market witnesses the presence of many educational institutions, residential townships and commercial/retail establishments such as Nissan, Volkswagen, Toyota showrooms, Metro Cash & Carry, Spencer's retail store.

- Chinhat, Deva Road: This is in close proximity to the Islamic shrine ‘Deva Shareef’. The Tata Motors factory located in this area is the main growth driver for residential real estate here.

- Organized retail developments include the Zee mall, East End mall and Riverside mall in Gomti Nagar. The famous Taj Group's hotel is also located in the Gomtinagar region.

- Some of the key developers in this region are BBD, Shalimar, Magnus, KG Constructions, Spring Developers.

Growth Stimulators:

- Many public and private sector companies like the Reserve Bank of India, Passport office, LDA office, NTPC, Tata Consultancy Services, and Hindustan Times located in Gomtinagar. The new premises of U.P. High Court, Lucknow Bench is also under construction in this area. Moreover, the entire region is in close proximity to the Central Business District.

- Maximum operational malls in the city are located in this region.

- Good road connectivity owing to existing and upcoming wide roads, highways, bridges and flyovers. Shaheed Path touches Gomtinagar extension.

- Well-developed social infrastructure in terms of hospitals such as Sahara hospital and Ram Manohar Lohiya Hospital, reputed educational institutions such as Jagran School (Dainik Jagran's initiative), Homeopathic Medical College, Jaipuria School and Institute of Management and other social amenities like shopping arcades, malls and multiplexes.
Residential Property Rates in Prime Residential Markets of Some Trans-Gomti Locations of Lucknow**

<table>
<thead>
<tr>
<th>Location</th>
<th>Capital Values (INR/sft.)</th>
<th>Average Rentals for 2 BHK (INR/month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gomtinagar</td>
<td>4,000 - 6,000</td>
<td>10,000 - 15,000</td>
</tr>
<tr>
<td>Indiranagar</td>
<td>4,000 - 6,000</td>
<td>10,000 - 15,000</td>
</tr>
<tr>
<td>Gomtinagar Extn.</td>
<td>3,200 - 4,500</td>
<td>8,000 - 12,000</td>
</tr>
<tr>
<td>Faizabad Road</td>
<td>2,400 - 3,500</td>
<td>8,000 - 12,000</td>
</tr>
</tbody>
</table>

**Indicative mid-market segment
Source: ICICI Property Services Group

Source: PropEquity
Note: Graph represents weighted average price of residential units available in the primary and secondary market. Missing line segments indicate unavailability of residential units in the primary and secondary markets during the specified time frame.
*Quarters as per Calendar Year
Major Locations: Sitapur Road, Janakipuram and extension, Aliganj, Niralanagar, Mahanagar and Daliganj.

Key Highlights:
- These micro-markets typically comprise of independent houses. Re-development of old properties into builder apartments is prevalent in some of these locations.
- Aliganj is a planned colony, typically constituting residences of government officials and coaching institutes. Head office of the Sahara India Group is located in Aliganj.
- While Aliganj, Niralanagar and Mahanagar are planned colonies that were developed more than 30-40 years ago, Jankipuram and Sitapur Road are comparatively new upcoming developments. Jankipuram is one of the locations where LDA offered apartment schemes.
- Aliganj, Niralanagar and Mahanagar predominantly witness transactions in the secondary markets. No major activity has been seen in these markets recently. However, construction of independent houses, private builder developments and LDA apartments are in abundance in Jankipuram and its extension.
- Major developers in this area include Sahara and SAS.

Growth Stimulators:
- Presence of commercial catchments in Mahanagar and Aliganj coupled with good connectivity with the Central Business District has driven residential demand in these areas.
- Presence of institutional buildings like Geographical Survey of India, Public Service Commission of Uttar Pradesh, Central Government Office Building Complex, Institute of Engineering and Technology and New Campus of Lucknow University. Moreover, adjoining Daliganj has the well-known Lucknow University campus and Isabella Thoburn College.
- Well-developed public infrastructure offering good education facilities, presence of reputed hospitals and various shopping arcades.

Source: PropEquity
Note: Graph represents weighted average price of residential units available in the primary and secondary market. Missing line segments indicate unavailability of residential units in the primary and secondary markets during the specified time frame.
*Quarters as per Calendar Year

Residential Property Rates in Prime Residential Markets of Trans-Gomti Locations of Lucknow**

<table>
<thead>
<tr>
<th>Location</th>
<th>Capital Values (INR/sft.)</th>
<th>Average Rentals for 2 BHK (INR/month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mahanagar</td>
<td>4,800 - 6,500</td>
<td>10,000 - 15,000</td>
</tr>
<tr>
<td>Aliganj</td>
<td>3,500 - 5,000</td>
<td>10,000 - 15,000</td>
</tr>
<tr>
<td>Nirala Nagar</td>
<td>3,500 - 4,500</td>
<td>8,000 - 12,000</td>
</tr>
<tr>
<td>Sitapur Road</td>
<td>3,500 - 4,500</td>
<td>8,000 - 12,000</td>
</tr>
<tr>
<td>Vikas Nagar</td>
<td>3,500 - 4,500</td>
<td>8,000 - 12,000</td>
</tr>
<tr>
<td>Jankipuram and Extn.</td>
<td>3,000 - 3,500</td>
<td>8,000 - 12,000</td>
</tr>
</tbody>
</table>

**Indicative mid-market segment
Source: ICICI Property Services Group
Major Locations: Kanpur Road, Rae Bareli Road, Sultanpur Road, LDA Colony, Ashiana Colony, South City, Vrindavan Colony, Alambagh.

Key Highlights:

- Lucknow cantonment lies between the Rae Bareli Road and the Sultanpur Road. Since major portions of the area belonged to the Defence Ministry, the area adjoining the Lucknow cantonment did not witness much development in the past. It was post the establishment of S.G.P.G.I (Sanjay Gandhi Post Graduate Institute of Medical Sciences) on Rae Bareli Road that urban residential development acquired pace.

- Rae Bareli Road: This growth corridor has witnessed some traction recently, especially from buyers from Allahabad, Unchahar, Pratapgarh, Rae Bareily and the residential projects located here have received a good response from the buyers. The road is well-connected with other parts of the city through the Shaheed Path. Residential properties along this road are available in the price range of INR 2,750 - 3,550/sq. ft.

- Sultanpur Road houses many private educational institutions. The road is well-connected with other parts of the city through the Shaheed Path. Several private developers have forayed into this area to develop residential projects. Currently, residential properties along this road are available in the price range of INR 2,800 - 3,500/sq. ft.

- Kanpur Road, a road between the two main cities Lucknow and Kanpur, is yet to evolve. The region is believed to witness focused developmental activities to unlock the huge potential that the location is believed to possess. The region is primarily an industrial area and there are plans to set up an IT corridor in this region. The establishment of IT companies and corporates in the city will provide the much required impetus to the market demand. Project launches in this location are in a very nascent stage and more launches are anticipated in this region by private developers. Currently, residential properties along this road are available in the price range of INR 2,700 - 3,100/sq. ft.

- This cluster also hosts the Vrindavan Yojna, one of the biggest residential townships developed by Uttar Pradesh Housing and Development Board. The residential properties in this township fall in the price band of INR 2,500 - 3,500/sq. ft.

- Organised retail: Phoenix United Mall is located in the heart of Alambagh. It is strategically located in close proximity to Lucknow's Amausi International Airport and the Charbagh Railway Station, along the Kanpur Road.

- Major developers in this micro-market include Ansal and Unitech.

Growth Stimulators:

- Good road connectivity with other parts of the city as well as neighboring cities. Close proximity to Lucknow airport. Connectivity through Shaheed Path to various key locations within the city.

- The 100 acres-IT City project, rechristened by the state government as Chak Ganjariya City (C.G. City), will be coming up on the Lucknow-Sultanpur Road. The government has planned to develop 530 acres of this land pocket for residential purpose by the Lucknow Development Authority and as a part of the state's affordable housing policy, it has also been planned to build low cost housing facilities on 10-acre plots to be given to beneficiaries with a monthly income of INR 8,000 per month.

- Decent social infrastructure and presence of reputed hospitals.

- Presence of organized retail (Phoenix Mall) and commercial developments in various parts of this cluster.
Residential Property Rates in Prime Residential Markets of Cis-Gomti Lucknow**

<table>
<thead>
<tr>
<th>Location</th>
<th>Capital Values (INR/sft.)</th>
<th>Average Rentals for 2 BHK (INR/month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alambagh</td>
<td>3,500 - 4,500</td>
<td>8,000 - 13,000</td>
</tr>
<tr>
<td>Ashiyana Colony</td>
<td>3,500 - 4,500</td>
<td>8,000 - 13,000</td>
</tr>
<tr>
<td>South City (Unitech)</td>
<td>3,500 - 4,500</td>
<td>8,000 - 13,000</td>
</tr>
<tr>
<td>Sultanpur Road</td>
<td>2,800 - 3,500</td>
<td>8,000 - 12,000</td>
</tr>
<tr>
<td>Rae Bareli Road</td>
<td>2,750 - 3,550</td>
<td>8,000 - 12,000</td>
</tr>
<tr>
<td>Kanpur Road</td>
<td>2,700 - 3,100</td>
<td>7,000 - 10,000</td>
</tr>
</tbody>
</table>

**Indicative mid-market segment

Source: ICICI Property Services Group
Major Locations: Hazratganj, Jopling Road, Wazir Hasan Road, Mall Avenue, Aminabad, New Hyderabad, Kaiser Bagh, Meenabagh (Commercial Area) and Aishbagh (Industrial Area).

Key Highlights:
- Hazratganj is said to be the heart of Lucknow. It is a prime commercial and retail zone of the city. Many government offices, private offices and financial institutions are located in this micro-market. Vidhan Sabha is located in this part. Another commercial center is Aminabad, which is in close proximity to the old part of the city.
- Mall Avenue, Jopling Road and Gokhale Marg are niche residential localities surrounding the Central Business District and are landscaped with prime bungalow style or premium multi-storied developments. This micro-market is a seller's market, on account of mitigating residential supply. Hence, the high rates in these areas cannot be compared with the rates in other locations of Lucknow. The property prices range from INR 6,000 - 8,500/sq. ft.
- Sahara Mall, located in this cluster is the premier mall in the city. This mall attracts maximum footfall.
- Major developers present in this area include Eldeco, SAS and Halwasiya.

Growth Stimulators:
- Presence of reputed financial institutions, corporate offices, excellent social infrastructure, niche residential localities and good connectivity to various parts of the city are the growth drivers of this region.
- Close proximity to all key areas of the city, on account of its central location.
- Good connectivity to both trans and cis-Gomti regions of the city through roads and highways.
- Presence of organized retail (Sahara Mall).
- Lucknow Golf Club, one of the premier clubs of Lucknow, is located between Hazratganj and Gomti Nagar.

Source: PropEquity
Note: Graph represents weighted average price of residential units available in the primary and secondary market. Missing line segments indicate unavailability of residential units in the primary and secondary markets during the specified time frame.
*Quarters as per Calendar Year

Residential Property Rates in Prime Residential Markets of Central Lucknow**

<table>
<thead>
<tr>
<th>Location</th>
<th>Capital Values (INR/sft.)</th>
<th>Average Rentals for 2 BHK (INR/month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jopling Road</td>
<td>6,000 - 8,500</td>
<td>12,000 - 18,000</td>
</tr>
<tr>
<td>Gokhale Marg</td>
<td>6,000 - 7,500</td>
<td>10,000 - 15,000</td>
</tr>
<tr>
<td>Mall Avenue</td>
<td>6,000 - 7,500</td>
<td>10,000 - 15,000</td>
</tr>
<tr>
<td>Hazratganj</td>
<td>4,800 - 6,400</td>
<td>10,000 - 15,000</td>
</tr>
<tr>
<td>Paper Mill Colony</td>
<td>4,500 - 6,500</td>
<td>10,000 - 15,000</td>
</tr>
<tr>
<td>New Hyderabad</td>
<td>4,000 - 5,000</td>
<td>10,000 - 14,000</td>
</tr>
<tr>
<td>Aminabad</td>
<td>4,000 - 5,000</td>
<td>8,000 - 12,000</td>
</tr>
</tbody>
</table>

**Indicative mid-market segment
Source: ICICI Property Services Group
Major Locations: Hardoi Road, Alambagh, Rajajipuram, Chowk, Thakurganj and other locations of old Lucknow city.

Key Highlights:

- Major parts of this region consist of old developments like Chowk, Rajajipuram, Thakurganj and Rakabganj. This part of Lucknow is saturated, except for certain upcoming areas like Hardoi Road and IIM Road.
- IIM Road is a growth corridor and many known developers have started venturing into this part to develop residential projects. The premier management institute ‘Indian Institute of Management, Lucknow’ is located near Hardoi Road. Both government authorities and private developers have planned residential projects in this area. Main developers present in this area include Sahara and Eldeco.
- While Alambagh and its adjoining areas are primarily commercial zones, Chowk is a mix of residential and commercial developments and is the centre for ‘Chikan’ and ‘Zardozi’ embroidery. Rajajipuram is one of the most planned colonies of old Lucknow. Many heritage monuments and famous ‘Imambaras’ are located in Chowk making it often frequented by tourists.
- The entire old Lucknow belt predominantly witnesses secondary market transactions. However, primary market transactions can be seen in the Hardoi Road belt.

Residential Property Rates in Prime Residential Markets of Cis-Gomti Locations of Lucknow**

<table>
<thead>
<tr>
<th>Location</th>
<th>Capital Values (INR/sft.)</th>
<th>Average Rentals for 2 BHK (INR/month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rajajipuram</td>
<td>3,000 - 4,000</td>
<td>8,000 - 12,000</td>
</tr>
<tr>
<td>Chowk</td>
<td>3,000 - 4,000</td>
<td>8,000 - 12,000</td>
</tr>
<tr>
<td>IIM Road</td>
<td>3,000 - 3,500</td>
<td>8,000 - 12,000</td>
</tr>
</tbody>
</table>

**Indicative mid-market segment
Source: ICICI Property Services Group

Source: PropEquity
Note: Graph represents weighted average price of residential units available in the primary and secondary market. Missing line segments indicate unavailability of residential units in the primary and secondary markets during the specified time frame.
*Quarters as per Calendar Year
### Explanatory Note:
Central Lucknow and Gomti Nagar micro-markets have good civic infrastructure. These are mature micro-markets having higher residential costs and lie near organized retail and commercial establishments. The Faizabad micro-market scores well in terms of infrastructure and affordability; Gomti Nagar Extension is an upcoming micro-market expected to have a good future potential. The Kanpur Road, Rae Bareli Road, Sitapur Road and Hardoi Road micro-markets are in the developing phase in terms of both infrastructure and other public amenities.
We acknowledge Gaurav Maheshwari, Manager, ICICI Bank for his contribution towards this report.

For any further queries, please e–mail us at psgresearch@icicihfc.com

or

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