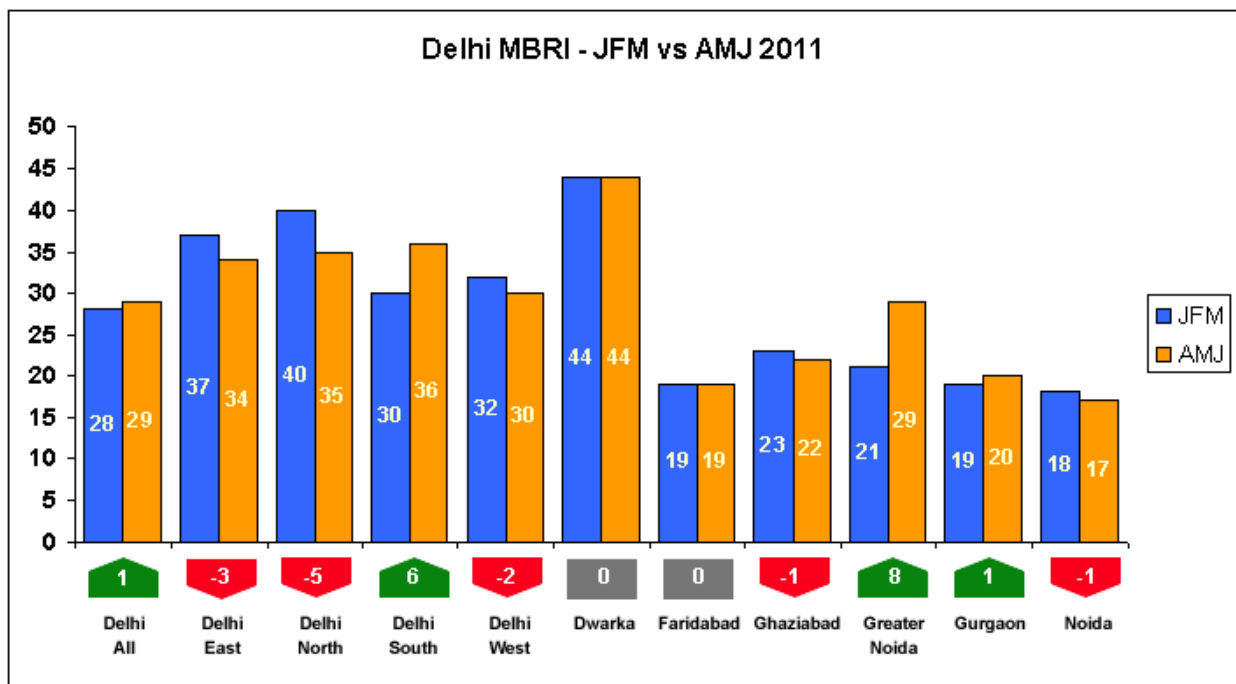


## Time to buy property in Faridabad, Gurgaon and Noida – says Makaan.com Buy vs. Rent Index (MBRI)

**New Delhi, 26<sup>th</sup> August 2011:** A property seeker in Delhi is confused between opting for a rented accommodation or giving that rental amount as EMI for buying a house. In the absence of a robust and reliable tool, these decisions were traditionally taken with gut feel or with the guidance of a close relative / friend, leaving scope for error. The latest report from Makaan.com, the fastest growing real estate website in India, recommends Delhiites to start exploring their property options. The Makaan.com Buy Vs Rent Index (MBRI) for the period April to June 2011 was released today with some interesting findings.

MBRI is a tool that aims to help property seekers make informed choice between buying and renting of property in top Indian cities / sub-cities. When it comes to Delhi, the city is divided into 10 sub-cities and MBRI is calculated for each sub-city to enable seekers make informed choice in their respective areas of interest. Let's look at some recommendations for buying Vs. renting property in Delhi



### Buying destinations in Delhi

Typically if the MBRI for a city / sub-city is between 1-20 it denotes that it is much less expensive to buy a home than to stay on rental in these cities / sub-cities. [Property](#) seekers looking at investing here are advised to buy a property than staying on rentals. The current MBRI release identifies **Faridabad, Gurgaon and Noida** as these sub-cities where property seekers will be advised to buy rather than stay on rent. If one compares the MBRI for these sub-cities with the data for Jan-March'11, the index has remained stable in case of Faridabad and dropped by 1 point in case of Noida. Gor Gurgaon it has gone up by 1 point (see chart for details). The drop in Faridabad can be attributed to correction in property prices and/or hardening of rentals in this sub-city thereby making it a preferred buying destination.

## Neutral destinations in Delhi

The Sub-city of **Ghaziabad** falls under the neutral category. These sub-cities have an MBRI of 21-25 which denotes that it is relatively more expensive to buy a home than to stay on rental, in these sub-cities. This is a neutral range and [property](#) seekers looking at investing here are advised to take the final decision based on their financial situation. When compared with the Jan-March'11 figure (see chart for details) the MBRI for Ghaziabad has dropped by 1 point in April-June'11. This drop can be attributed to, correction in property prices and/or hardening of rentals here. The drop, however, is not significant to bring this sub-city in the buying destination.

## Rental destinations in Delhi

According to the report, Delhi sub-cities of **Delhi East, Delhi North, Delhi South, Delhi West, Dwarka and Greater Noida** are recommended for renting over buying. These sub-cities have an MBRI value of 25+ indicating that it is much more expensive to buy a home than to stay on rental. If one compares the MBRI for these sub-cities with the data for Jan-March'11, the MBRI for Delhi West, Delhi East, Delhi North and has dropped in the range of 2-5 points. On the other hand the MBRI for Sub-cities of Delhi South and Greater Noida has gone up by 6 and 8 points respectively. The sub-city of Dwarka did not show any change over the past quarter and remained constant within the same rent category.

## Overall Delhi city trend

If one compares the current MBRI report with the previous report (for period of Jan-March'11) one observes that the current MBRI for Delhi city is 29 which is a gain of 1 MBRI points. This indicates that there has been an overall hardening in property prices and/or softening of rentals in the city over the past 3 months. This shift has pushed the Delhi MBRI up within the same rent category.

The MBRI for 7 Indian cities and their sub-cities for April - June 2011 are given in the table below

<b>Makaan.com Buy Vs. Rent Index (MBRI)</b>				
<b>City</b>	<b>MBRI (January-March) 2010</b>	<b>MBRI (April-June) 2011</b>	<b>Variance</b>	<b>Recommendation</b>
<b>Mumbai All</b>	26	24	▼ -2	Neutral
Mumbai Andheri - Dahisar	27	24	▼ -3	Neutral
Mumbai Beyond Thane	25	26	▲ 1	Rent
Mumbai Harbour	26	26	■ 0	Rent
Mumbai Mira Road and beyond	24	25	▲ 1	Neutral
Mumbai Navi	27	27	■ 0	Rent
Mumbai South	28	28	■ 0	Rent
Mumbai South-West	25	17	▼ -8	Buy
Mumbai Thane	25	19	▼ -6	Buy
<b>Pune All</b>	24	25	▲ 1	Neutral
Pune	24	25	▲ 1	Neutral
<b>Ahmedabad All</b>	19	23	▲ 4	Neutral
Ahmedabad West	18	26	▲ 8	Rent
Ahmedabad East	18	25	▲ 7	Neutral
Ahmedabad North	20	18	▼ -2	Buy
<b>Delhi All</b>	28	29	▲ 1	Rent
Delhi East	37	34	▼ -3	Rent
Delhi North	40	35	▼ -5	Rent
Delhi South	30	36	▲ 6	Rent
Delhi West	32	30	▼ -2	Rent
Dwarka, Delhi	44	44	■ 0	Rent
Faridabad	19	19	■ 0	Buy
Ghaziabad	23	22	▼ -1	Neutral
Greater Noida	21	29	▲ 8	Rent
Gurgaon	19	20	▲ 1	Buy
Noida	18	17	▼ -1	Buy
<b>Bangalore All</b>	18	19	▲ 1	Buy
Bangalore Central	27	27	■ 0	Rent
Bangalore East	15	17	▲ 2	Buy
Bangalore North	16	16	■ 0	Buy
Bangalore South	17	17	■ 0	Buy
Bangalore West	16	16	■ 0	Buy
<b>Hyderabad All</b>	25	19	▼ -6	Buy
Hyderabad	18	14	▼ -4	Buy
Secunderabad	31	23	▼ -8	Neutral
<b>Chennai All</b>	17	16	▼ -1	Buy
Chennai South	19	17	▼ -2	Buy
Chennai North	18	16	▼ -2	Buy
<b>National</b>	21	22	▲ 1	Neutral

Nationally, the MBRI for India has moved from 21 points in JFM'11 to 22 points in AMJ'11 maintaining a neutral destination for the country as a whole. At the city level MBRI for cities like Delhi (+1), Pune (+1), Ahmedabad (+4) and Bangalore (+1) have shown an upward movement over the last 3 months. On the other hand, MBRI for cities like Mumbai (-2), Hyderabad (-7) and Chennai (-2) reflected a downward trend. Among the cities covered under the study, the cities of Chennai, Hyderabad & Bangalore are recommended for buying over renting. The city of Delhi

NCR is recommended for renting over buying whereas the cities of Mumbai, Pune and Ahmedabad are in the neutral zone.

Makaan.com Buy vs Rent Index is the first of its kind in the Indian real estate market, and covers the major Indian cities of [Ahmedabad](#), [Bangalore](#), [Chennai](#), [Delhi-NCR](#), [Hyderabad](#), [Mumbai](#), and [Pune](#).

Launched in October-December 2010 quarter, Makaan Buy vs. Rent index is a quarterly initiative and will be updated every 3 months. This is the 3<sup>rd</sup> release of the index findings. The detailed findings can also be accessed at <http://www.Makaan.com/MBRI>

### **About MBRI**

MBRI is a numerical value, arrived at after taking into account several factors including average capital value of property, average rental value, rental yield, historical capital price movement, historical rental movement and inflation. A low MBRI indicates that it is much less expensive to buy a home than to stay on rental whereas a high MBRI denotes that it is much more expensive to buy a home than to stay on rental. MBRI has been collated both at city and sub-city level.

### **How to interpret MBRI?**

**MBRI of 1-20:** This denotes that it is much less expensive to buy a home than to stay on rental, in these cities / sub-cities. Property seekers looking at investing here are advised to buy a property than staying on rentals.

**MBRI of 21-25:** This denotes that it is relatively more expensive to buy a home than to stay on rental, in these cities / sub-cities. This is a neutral range and property seekers looking at investing here are advised to take the final decision based on their financial situation.

**MBRI of 25+:** This denotes that it is much more expensive to buy a home than to stay on rental, in these cities / sub-cities. Property seekers looking at investing here are advised to rent a property rather than buying.

### **Selection of cities**

- **Coverage** - The MBRI covers [Ahmedabad](#), [Bangalore](#), [Chennai](#), [Delhi-NCR](#), [Hyderabad](#), [Mumbai](#), and [Pune](#). Other cities may be added in subsequent issues. These cities account for over 80% of the Indian [Real Estate](#) market.
- Factors that have been taken into consideration while selecting the cities:
  - **Population** – The [real estate](#) sector is dependent on the demand of houses, which in turn is dependent on the population. Populous and ever growing urban agglomerates like Mumbai and NCR have an ever growing demand for housing.
  - **Economic Importance** – Cities which are hubs of certain industries have constant influx immigrants from across the country, which also creates a strong demand for housing – beyond the needs of the resident populations – e.g. Bangalore, Pune. Hence such cities have also been included

### **Methodology**

- **Coverage** - Each city is divided in sub-cities (micro-markets) and micro-markets into localities. Prices of properties are obtained across micro-markets through listings on makaan.com as well as makaan.com's nationwide sales force
- **Database** - The current Index comes from 32 micro-markets across the above cities. The Index is based on minimum database size of 20,000 data points every month

- **New & Resale properties** - The MBRI database includes a good representation of new as well as resale properties. Most reports on the property sector today are based on new developments, whereas actually new properties are relatively small % of the [real estate](#) supply with resale being the majority of supply
- **Index algorithm** - The Index is calculated quarter-on-quarter for each of the above cities & sub-cities. It is a derived index using an advanced algorithm which factors in the average value of properties available for sale and rent.

### **About Makaan.com**

MakaanIQ is an initiative by real estate website Makaan.com, to provide information, intelligence and tools to help property seekers and real estate industry players take informed property decisions. MakaanIQ offers a host of services for the benefit of the home buyers including latest news on the Indian real estate sector and analysis of the property trends across major Indian cities. The Makaan.com Property Index (MPI) and Makaan.com Buy v/s Rent Index (MBRI) are two periodical indexes released by MakaanIQ that track capital and rental prices in various cities in India. These indexes are referenced by most Tier 1 media companies in the country.

### **For any further queries contact**

Neha Chadha

9810627134

[neha.c@peopleinteractive.in](mailto:neha.c@peopleinteractive.in)

[neha0703@gmail.com](mailto:neha0703@gmail.com)