

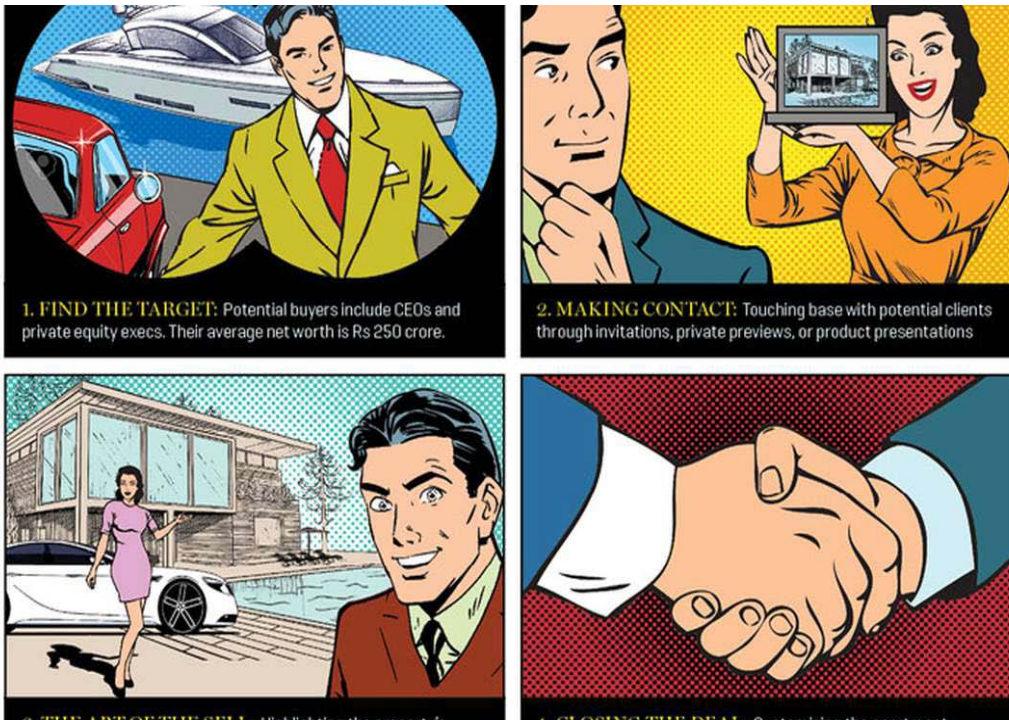


ENTERPRISE

How to sell a Rs 40 crore apartment

The bells and whistles will, of course, come with the tag. But there's no getting away from the basics: Know the engineering and know the client.

By **PAVAN LALL**, Apr 5, 2016 7 min read



1. FIND THE TARGET: Potential buyers include CEOs and private equity execs. Their average net worth is Rs 250 crore.

2. MAKING CONTACT: Touching base with potential clients through invitations, private previews, or product presentations

3. THE ART OF THE SELL: Illustrating the property's

4. CLOSING THE DEAL: Customer signs the agreement

Image: Tanmoy Chakraborty

Taizoon Khorakiwala throws his hands up when talking of his swanky new apartment. He can sometimes hear water gurgling down the pipes in the shafts; “it sounds almost like a waterfall.”

Khorakiwala, whose family founded bakery company Monginis, department store chain Akbarallys, and pharma company Wockhardt, is no stranger to luxury. His expensive Casa Grande apartment in Lower Parel was designed by among the best architects in Mumbai— Talati and Panthaky. It's high-end, yes, but the little details just weren't thought through, he says ruefully. It's not just the noisy pipes. The patio is on a higher level than the floor inside. Nothing luxe there when the monsoons come, he says with a wry smile. When Fortune India asked the architecture firm about the issue, Noshir Talati of Talati and Panthaky said that while architects design the building, it is the constructing firm that ultimately executes the design.

While that's true, if you're going to be shelling out a few dozen crores for an apartment, you definitely don't want to go around with a spirit level to check if the floors are even. But what do you take for granted, and what will draw you to an apartment regardless of its price? Is it the location? Or the view? Or freebies such as Bimmers and club memberships? These questions, seen in light of Khorakiwala's experience, can be distilled into one: Are ultra-expensive apartments simply sold

better? Because it's clear that the nuts-and-bolts engineering, market sentiment, and the developer's track record are as important as high-end specs.



A Yabu Pushelberg-designed living room of a Four Seasons Private Residences sample apartment

Ashish Raheja, managing director of Raheja Universal, lists product, frills, brand, and marketing as the four pillars of luxury apartments. Adarsh Jatia, CEO and managing director at Provenance Land, says that the height of the tower and providing inarguable value are the must-haves.

Jatia might be on to something. Any tall building in a swish locality in Mumbai, say Nishika Terraces in Worli or Samudra Mahal a few kilometres down the road, is expected to have a sea view, which pushes up the desirability quotient. In August 2015, the Runwal Group sold a 17,000 sq. ft. sea-facing triplex penthouse at The Residence on South Mumbai's Napean Sea Road for Rs 202 crore. Apart from the sea view, on offer were facilities including a private jet on call.

Then there's Four Seasons Private Residences by Provenance Land, which leapfrogs into another category altogether. The interiors are inspired by jewels and precious stones for which India is famous across the world. The residences share the Four Seasons Hotel's service level, security, and quality. Expected to be ready by end-2018, the tower, with 50,000 sq. ft. saleable area, has just one apartment on each floor.

That's something it has in common with Raheja Sunkist in Bandra Bandstand, and Raheja Legend in Worli. "The minute you have three or four neighbours on the same floor, it is not luxury," says Raheja. "When you're alone on the floor, it's not just a lobby—it's your lobby."

Bala Shetty, a long-time real estate broker based in Mumbai, says the buyer base for luxury apartments gets sparser as the price tag goes up. Around 100 people can afford a flat priced between Rs 7 crore and Rs 10 crore, 70 can go for one between Rs 10 crore and Rs 25 crore, 40 people will be looking at an apartment between Rs 25 crore and Rs 30 crore, and 10 to 20 people consider a flat that costs upwards of Rs 30 crore.

The small volume hasn't deterred real estate companies. Since 2004 or so, they have been pumping in crores in building swank office and residential blocks.

Lodha Developers is building World One, which it claims to be the world's tallest residential tower, where flats will cost upwards of Rs 50 crore. At Sky, an Indiabulls residential complex in Lower Parel, houses start at Rs 30 crore. Omkar has roped in renowned architects Foster + Partners for its upscale apartment complex Omkar 1973 in Worli; apartments in its third tower will start at Rs 27 crore.



**AT A CERTAIN PRICE
POINT, CHANNEL
SELLING DOES WORK,
BUT ANYTHING NORTH
OF Rs 40 CRORE AND
THE SENSIBILITIES GET
VERY DIFFERENT.”**

*—Gulam Zia, executive
director—advisory,
retail, and hospitality,
Knight Frank*



Some Rs 31,000 crore has been pumped into Lower Parel and its 3 km radius since 2004 to build high-end apartments and facilities.

But Khorakiwala questions if these buildings match international quality standards.

That's a mindset Jatia is trying in earnest to change. His Four Seasons Private Residences has been designed by international architecture firm Gensler and design pros George Yabu, Glenn Pushelberg, and Wannaporn Phornprapha. In fact, he admits that Yabu and Pushelberg, who are based out of San Francisco and New York, and rated among the world's top 10 interior designers, took some convincing that Mumbai was ready for them.

Jatia says he's serving up more than exclusivity. The finer touches include wardrobes with dehumidifiers, bathtubs with high-pressure faucets that fill in less than two minutes, and elevators that move 2.5 metres per second. Then there is round-the-clock repair service, doctor on call, dog walkers, and so on.

Facilities add to marketability. Which is why the Shapoorji Pallonji-designed Imperial Towers recently roped in the Taj hotel group for its in-apartment services. Even so, at least four Rs 50 crore flats there are still unsold. Apartments at that price will take long to sell, says Gulam Zia, executive director—advisory, retail, and hospitality of property management company Knight Frank, and getting buyers is about knowing who can afford them.

Then there's the matter of who does the selling. If it's a Rs 50 crore flat in Imperial Towers, or one in Tower 3 of Omkar 1973, don't expect a broker to list it on a housing website or ride around on a scooter, giving clients a tour. What works is quiet affirmation, with top-level businesspeople giving a thumbs up. Think HDFC chairman Deepak Parekh, or Yes Bank's Rana Kapoor, or Rashesh Shah of Edelweiss Group endorsing a project.

Word of mouth is also effective in sealing top-order deals. A pro who works on such deals and declines to be named says there is a group that caters to high-net-worth individuals for properties north of Rs 30 crore. They are not brokers in the traditional sense but know potential buyers well enough to influence their decision.

To help pitch luxury projects, top housing finance executives and portfolio managers catering to high-net-worth individuals are also roped in.

Sanjay Dutt, managing director of realty consultancy Cushman & Wakefield in India, says the key to marketing high-end properties is connecting early with potential clients. "Buyers like to feel that they've been reached out to before anyone else." But it works the other way round too if the property has the right occupant profile.

Luxury home buyers look for a select peer group, say, those with a high level of professional achievement, as their neighbours. It follows that developers have to carefully choose their clients. Some go to the extent of interviewing prospective clients to make sure that they get the crowd right. Pricing and location supplement this exercise of client curation.

The Signature Island property in Mumbai's BKC (Bandra-Kurla Complex) reportedly had buyers such as actress Sonam Kapoor, banker Uday Kotak, former Citibank head Vikram Pandit, and Deutsche Bank's Gunit Chadha.



An open-style kitchen at the Four Seasons Private Residences

In the initial days of promoting a high-end project, says Cushman & Wakefield's Dutt, a developer could also send a classy note fashioned like an invitation with just the basic details of the property. The price of the property, described as "a prime real estate asset" or "a trophy apartment", may not be mentioned. In some cases, full-scale books are produced instead of brochures, with the project's details woven into content related to luxury living.

Some developers even offer free Bimmers or use Rolls-Royce launches and art show openings to get prospective customers to check out premium properties, says Knight Frank's Zia. "It's different strokes for different folks. At a certain price point, channel selling does work, but anything north of Rs 40 crore and the sensibilities get very different."

That means tacky gimmicks can backfire. Therefore, builders may choose to invite a select few prospective customers for a top-order event such as an art appreciation talk or a wine-tasting session. Such channels pay off because even if just a fraction of the invitees turn customers, the rest almost always help by spreading the word.

So, how do you tell a lemon from a good thing? Raheja says customers need to watch out for "schemes"—the payment plans that developers start offering customers when markets turn turtle and they are strapped for cash. "You can tell that the project is stuck or has nothing going for it."

After all this, I ask Khorakiwala if he would buy an apartment at Four Seasons Private Residences. He's clearly been stung by his apartment-buying experience, and asks me a bunch of technical questions. Will the roofing be checked before the building is complete? How will the promoters test for water leakage within the building? Is the property designed to withstand sea breezes that can cause mild tremors or instability?

The answers will only be available once the building is ready, but I persist in asking for an answer. Khorakiwala finally says that he has always had a good experience at the Four Seasons hotel. And that's just the kind of response Jatia is banking on.