Emergence of Oshiwara as Mumbai’s Newest District Centre
Introduction

A centrally planned district centre of at least 13 mn sq ft, executed by a government agency, is a rarity in India with only a handful of such projects having materialized since the country’s independence. The small number of residential projects that materialized in these newly developed precincts enjoyed robust long term capital value appreciation due to the supply scarcity in these pre-dominantly office districts. With over four decades having elapsed since Mumbai saw the completion of its last planned district centre, Bandra-Kurla Complex, the development of organised office space has largely been left behind in the city’s northward march. It is against this backdrop that the development of a new mixed-use development comprising commercial and residential projects in North Mumbai, conceptualised and zoned by MMRDA, is generating unprecedented interest. In this paper, we trace the genesis of planned cluster development in the city and the emergence of Oshiwara District Centre (ODC), and the value proposition that it offers to potential occupiers and investors.
New infrastructure creation invariably lags behind real estate development

An analysis of Mumbai’s growth pattern over the last few decades reveals an interesting trend - the city has been expanding without adequate investment in the development of trunk infrastructure such as access roads, public transport, solid waste management, recreational space, and adequate water supply. Trunk infrastructure has usually been added haphazardly as an after-thought in an ad-hoc way, often as a reaction to civil unrest or political intervention.

- As the city has expanded northwards in phases over the last century, the lack of infrastructure has led to a poor quality of life for citizens who make their homes in the newly established suburbs and extended enclaves. Among the many difficulties they face is the length and quality of travel from residence to workplace with the choice being between an arduous road journey that may take anywhere from 90-120 minutes or a ride on the suburban railway system in which the overcrowding has often been described as inhuman.

- A compromised quality of life for its citizens has an implicit cost for the city and the country. Although hard to quantify and measure, the productivity loss has serious repercussions on the competitiveness of the city’s economy and weakens its reputation as an economic powerhouse.

Office districts have gradually moved northwards to be near residential clusters

- After the IT boom of the 2000s and the pre-GFC credit boom, the town planners and government agencies were forced to increase the pace of infrastructure development and to provide the required momentum to allow the city to catch up quickly with the rapidly growing economy.

- In recent years, as employment generation increased multi-fold, the city expanded northwards and businesses with it. As a result, housing needs grew exponentially but with affordability always remaining the core issue, and when employees were forced to spend much of their time travelling, this affected their efficiency and became a concern of their employers.

- Employers realised that to achieve higher output from their workforce they would have to open offices near where their employees lived and, as a result, the number of occupiers taking up space near high-density residential suburbs over the past two years has been very high.
ODC fills a key business district gap in Western Suburbs

- Existing commercial developments like NESCO, Nirlon & Mindspace are very successful and occupied with good tenant profile which indicates the gap in demand and supply of quality commercial space in Goregaon.
- The formation of the BKC district centre took place over the past decade and it has now become the CBD of Mumbai. However, when the potential of BKC to provide further office space is exhausted, the city’s ever-growing businesses will need new commercial infrastructure in order to expand and to operate over the medium-term horizon.
- The next stop for the MMRDA was to set up a district centre in the suburbs as the city inched northwards. The Eastern Suburbs already had a cluster development in Powai, but there was no similar development of the same scale in the Western Suburbs. MMRDA decided, therefore, to plan Oshiwara District Centre as the next cluster development as it had all the required aspects to make it a successful District Centre.
- There are various factors that generally make a commercial node successful such as the type of development, the vision of organised real estate developers and physical and social infrastructure. Although BKC scores high on the majority of these, it is interesting to note that Oshiwara District Centre already possesses the basic features that can lead to a well-planned District Centre.

<table>
<thead>
<tr>
<th>FACTORS</th>
<th>BKC</th>
<th>ODC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land holdings</td>
<td>With MMRDA, land parcels auctioned</td>
<td>PPP model</td>
</tr>
<tr>
<td>Type</td>
<td>Green field development</td>
<td>Brown field development</td>
</tr>
<tr>
<td>Planned development by government agency</td>
<td>MMRDA is an experienced node development agency</td>
<td>MMRDA is an experienced node development agency</td>
</tr>
<tr>
<td>Access</td>
<td>Centrally located</td>
<td>Located in the western part of the city but with effective connections to Eastern and harbour suburbs</td>
</tr>
<tr>
<td>Access to the airport</td>
<td>Excellent</td>
<td>Excellent</td>
</tr>
<tr>
<td>Social infrastructure</td>
<td>Can be described as average</td>
<td>Has the potential to be transformed from average to excellent</td>
</tr>
<tr>
<td>Organised real estate players</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Developed residential surroundings</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Modern amenities at discounted rents</td>
<td>Yes, home to front offices of MNCs</td>
<td>Yes, home to back offices of MNCs</td>
</tr>
<tr>
<td>Residential options within the commercial node</td>
<td>Very few and in single digits</td>
<td>The ratio of development will be 40% commercial and 60% residential</td>
</tr>
</tbody>
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Source: JLL-REIS

- The occupier profile in the Western Suburbs is back offices for MNCs with the BFSI and IT/ITeS segments taking up space to allow employees to walk to work.
- Workforce often prefers to reside near to work-place if housing is affordable when compared to far-away locations. The upcoming ODC will not only be a commercial but a nodal development aimed at boosting residential, social, and physical infrastructure equally.
Oshiwara District Centre (ODC) has good connectivity to arterial roads such as Link Road, S.V. Road, and Western Express Highway. It is at a reasonable distance from the upcoming Metro Line (Dahisar-Charkop-Bandra-Mankhurd). It enjoys close proximity to various hotels, offices and shopping malls in the vicinity. Premium Hotels like The Westin, Grand Sarovar Premiere, and Orritel West are located in the vicinity. Quality malls such as Oberoi Mall at Goregaon and Infiniti Mall at Andheri make ODC an attractive destination.

It is also well connected to the commercial developments such as Mindspace-Malad, Nirlon Knowledge Park, Nesco IT Park, Raheja Titanium, Oberoi Commerz etc. which have contributed to the housing demand in the periphery. Hospitals such as Holy Spirit Hospital at Andheri East and Kokilaben Dhirubhai Ambani Hospital at Andheri West are also a significant plus, from the social infrastructure perspective. There are many educational institutions in the nearby areas, which include international schools like Oberoi International School and Vibgyor High School. Other schools present in the periphery include Lakshdham High School and St. Thomas High School.”
ODC will reap the benefits of infrastructure projects

A particularly favourable development for ODC will be its emergence as a focal point for a slew of infrastructure projects that are in various stages of implementation in Mumbai. These projects and their impact on the proposed ODC are highlighted below:

COMPLETED PROJECTS

**WEH JVLR SV ROAD FLYOVER**

**IMPACT ON ODC**

The newly completed flyover is a crucial and long pending East-West link connecting the arterial Western Express Highway to SV Road

**ROAD WIDENING OF RAM MANDIR ROAD**

**IMPACT ON ODC**

This is a vital road that provides last mile access to ODC. The road widening has prevented traffic bottlenecks at the connecting roads

**OSHIWARA FLYOVER - CONNECTION TO NEW LINK ROAD**

**IMPACT ON ODC**

Will boost connectivity between Goregaon East and West, provide quick access from the ODC to the arterial NH8 and link it with the rest of the city. Flyover connecting ODC to WEH is already operational while work on the flyover further extending to link road is underway
COMPLETED PROJECTS

OSHIWARA RAILWAY STATION
IMPACT ON ODC
Has provided dedicated mass-transit connections with the Western and harbour lines of the Mumbai Suburban railway system and boost connections with South and South-Central Mumbai

ODC - SV ROAD CONNECTORS
IMPACT ON ODC
Six 90 feet wide roads are presently connecting ODC to SV road, the arterial North-South road connecting suburban areas lying to the West of the Railway line to South Mumbai

UNDER-DEVELOPMENT PROJECTS

JVLR WEH SV ROAD NEW LINK ROAD FLYOVER
IMPACT ON ODC
Extension of the JVLR - SV Road flyover to New Link Road will boost access to/from New Link Road

DAHISAR-DN NAGAR METRO LINE
IMPACT ON ODC
Will provide contemporary standard mass transport along the crucial North-South corridor enhancing access to ODC

PLANNED PROJECTS

NARIMAN POINT CHARKOP COASTAL ROAD
IMPACT ON ODC
Will provide a much needed road link on the arterial North-South corridor enhancing access to ODC
ODC to be the definitive CBD in North Mumbai that will stimulate housing demand and spur all-round development

The land area zoned for ODC is spread over 160 acres with additional FSI granted to the project recently by MMRDA to give it special status as a “Growth Centre”. ODC is zoned as mixed use development with a healthy balance of asset types including office, residential, hospitality, and retail.
Case Study: Powai township development

- A transformational development that Mumbai witnessed in the past was the emergence of Powai. Real estate development at Powai was pioneered by the Hiranandani Group, which signed a tripartite agreement with Maharashtra state and the MMRDA to develop 250 acres of land in Powai, a suburb of Mumbai. Powai was a low profile suburb at the time with only a few residential areas for central government employees with a miniscule presence of offices, retail space, and hotels despite its strategic location - mid-way between the western and central suburbs along the JVL.

- Similar transformational developments were witnessed in BKC which was conceptualized and implemented by MMRDA, and at Lower Parel which received its first clutch of residential and office projects around 2001-2004. Each of these precincts saw long term capital value appreciation that was comparable to multi-bagger stocks in equity markets.

- For real estate investors evaluating opportunities in suburban areas, ODC is likely to be a strong value proposition. In comparison to well-developed precincts such as Lokhandwala complex, the closest comparable precinct to ODC, the upcoming residential projects at Oshiwara presently trade at a 30-50% discount to the Lokhandwala prices and 20-30% discount to Andheri West prices. As the planned ODC project moves from the drawing board to execution, this discount will likely diminish and gradually disappear leading to higher appreciation compared to the sub-market average.

MMRDA’s role in large-scale cluster developments - The case of ODC.

- The Government of Maharashtra appointed MMRDA as the special planning agency for the creation of new district centres and, in the past, MMRDA was instrumental in the development of such districts, a classic example being Bandra-Kurla Complex (BKC) spread across 370 acres.

- To enhance business and create a walk-to-work culture, the upcoming Oshiwara District Centre (ODC) in the Western Suburbs of Mumbai will be one of the new growth centres located between Jogeshwari and Goregaon.

- The Oshiwara District Centre (ODC) will be developed according to the PPP model with the participation land owners whose land will be leased back to them for a period of 60 years. Up until now, MMRDA has acquired and leased land back with an area of about 22.39 hectares and plot owners will share part of their land with the planning authority for the development of public facilities.

- MMRDA has a long and successful track record in setting-up office districts such as BKC and this will serve it well in shaping ODC. One of the office districts it developed in the past was Bandra Kurla Complex (BKC) and the objective of creating BKC was to build a state-of-the-art financial and business hub. BKC was developed to decongest/decentralise the further concentration of offices and commercial activity in South Mumbai and provide space for financial services, information technology and other ancillary businesses along with 5 star hotels, convention centres, a diamond bourse and hospitals. With such commercial developments, the building of high-end residential accommodation by well-known companies followed.

- The setting-up of ODC will benefit from the strength of MMRDA in executing large-scale projects of this magnitude. After demonstrating the successful development of BKC, this is the second biggest development of MMRDA which is next to Lokhandwala in Andheri and will be a mixed-use project that includes residential space, offices, shopping centres, etc. This will enable people residing in the vicinity to walk to work.
PPP Model to play a pivotal role enabling private sector developer participation

- The PPP model of development as envisaged in the ODC hinges crucially on the participation of private sector developers. Such participation of developers with proven track records is expected to reduce the risk perception of the project, leading to strong investor interest and consequent inflows of capital.
- The private sector ownership of land in the district is expected to give the ODC project a head start. Land holdings by developers are summarised as right:

SWOT analysis of Oshiwara District Centre

**STRENGTHS**
- Strategic location - Between Andheri and Goregaon
- Proximity to dense mid-upper-income residential clusters provides access to skilled manpower, ideal for the IT/ITES and BFSI sectors
- Beneficiary of a slew of infra projects

**WEAKNESSES**
- The presence of some slums within the planned development zone and issues of their resettlement

**OPPORTUNITIES**
- ODC fills a crucial gap in the city - there is presently no centrally planned District Centre in North Mumbai
- ODC would set-off a virtuous cycle of further development
- Early investors stand to gain from a sustained multi-year rise in capital values

**THREATS**
- Prolonged delays in execution of the project
- Delays in land acquisition and zoning
- Delays in securing building approvals from MCGM and other agencies
Conclusion

ODC will fill a crucial void in the Urban development landscape of the city. Small, mid-sized private sector developments have attempted to fill this void from time to time but lacking the scale and design that a centrally planned and zoned development is able to deliver. Developments of this scale offer opportunities for occupiers and investors that are hard to come by very often and contain all the ingredients of an advantageous investment.
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