

INVESTMENTS

Partnering for the Success of Entrepreneurship VOLUME 5 • ISSUE 1 • JAN - FEB 2013



Standing strong amid the turmoil in Real Estate

What real estate sector of Nepal has experienced during past couple of months can be taken as a learning experience for all the concerned authorities. No real estate developers, government authorities, banks and financial institutions (BFIs) could stay away from the recent series of turmoil in the real estate sector. First the problem of few Cooperatives about which the government doesn't have enough information, but collecting huge amount of deposits had started to come out. Housing developers and Banks were also swept into this problem. Basically irregularities of few big players of Cooperatives and Housing Developers have kept many worried. Because of the situation, law abiding and good companies are also facing difficulties. News about them spread all over the media like wildfire, so no need to exaggerate it here. Due to such situation, people have only become more cautious to invest in real estate. But the situation is not new in global context if we look at the trend in the past. Most of the developed countries have gone through it. So even in Nepal, if developers, BFIs and customers come to an agreement, the real estate problem can be solved.

On the happier note, after the continuous effort from the sector, the government has started the process to provide housing facilities to Supreme Court Judges, and high level government officials. Ministry of Urban Development has gone ahead with buying process of Houses and Apartments by Housing Developers. The government has formed a Price Determination Committee that will study overall quality, status and price of housing and apartments. On the base of suggestion by the committee, it will buy housing and apartments following necessary criteria.

There are currently 106 Apartment Projects (12003 units) and 48 Housing Projects (2891 houses) in Kathmandu according to Planning Permit Office for District Commissioner, Kathmandu Valley Development Authority. Developers are expecting that with the government buying housing from them, once stagnant real estate should revive. This will also send out positive message as dignitaries starts to live in communities by developers, which is an added attraction for general public. ■

Editorial Team
Brihat Investments Pvt. Ltd.



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Brihat Investments Family
Wishes You
Happy New Year 2013

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CORPORATE HUMOR



"If the seller is willing to replace the roof, add a deck put in a fireplace and an indoor pool, extend the livingroom fifteen feet and move the whole place to the other side of town, then we're definitely interested!"



We feel honored that Brihat Investments Pvt. Ltd. has been recognized by National Business Initiative (NBI) as AGENT OF CHANGE 2012 HONOREE for outstanding initiative to promote startups, enterprise development and the culture of entrepreneurship in Nepal.



Real
Estate
Investment



...the share of middle class population will increase in creating demand for land and properties...



Investing in Real Estate

Real estate is a traditional asset class as it has been an investment vehicle for a long period of time. Over the years, people have invested indirectly in real estate either for residential purposes or for commercial use. However direct investment in real estate is quite illiquid and requires a large investment and takes time for buyers and sellers to meet and negotiate the terms of sale. Investors in overseas markets can get indirect exposure to the real estate sector through the Real Estate Investment Trust (REIT,) which is traded on organized exchanges. It provides easy entry and exit opportunities. But direct investment takes a substantial chunk of your portfolio. As a result, a lot of retail investors who want to save for the future and have small savings cannot add the real estate sector to their

portfolio. While REIT is a viable approach for retail investors with small investments, lack of such vehicles in Nepal has curtailed the ability of retail investors to enter the market. Hence, only individuals with a high net worth are able to enter the market.

But with a lot of excess liquidity in the market and easy access to bank credit, people's interest in the real estate market has increased during the last few years. Easy access to credit enabled investors to use more leverage and enhance returns. Enticed by potentially high returns, investors flocked to the real estate market, and Nepal witnessed a spectacular real estate bubble during 2005-09 when prices were reported to have doubled almost every six months. However, policy

interventions by Nepal Rastra Bank to limit the exposure of banks to the real estate sector have dampened new deals and stabilized prices.

As the Nepali economy improves, the share of middle class population will increase in creating demand for land and properties. Hence, for investors with a long-term investment horizon, real estate still represents an attractive investment proposition. ■



Real
Estate
Partnering for
Entrepreneurship



Keeping peaces with the relatives..., these NRNs stay in our apartment units with the same facilities and comfort as in their home abroad with the privacy of their own.



Bye Bye CRBO, Hello Swayambhu Hotels and Apartments

One of the most profitable wings among the entrepreneurial venture that had been launched by BI since past few years, Community Rental Home By Owner (CRBO) have come around fully developed and now with a newly registered name - Swayambhu Hotels and Apartments Pvt. Ltd. It is one of the 3 companies BI has launched and registered recently. With the same management team as from the inception, the new company will work as a separate entity with its own body. Although the office is housed at the BI Office premise, the company has plans of expansion. The company recently added 2 of the 2 bedroom apartment units at TCH Tower IV at Sitapaila to its units. The houses at Brihat Community Living - Ramkot are also been marketed for the service for quite some time. The company has its

own website that is www.crbo.brihatinvestments.com, which is updated regularly with the latest information. The wing has come a long way starting with providing long term stay for Emergency Medical Technicians (EMTs) from Stanford for Nepal Ambulance Service at TCH - Thaiba. It has kept its primary root at Sitapaila being close to the head office, adding up more units mostly with long term clients. A noticeable thing is the repeated clients that come every year for few months stay, where they have felt it as a home away from home. Keeping peace with the relatives living in traditional houses in the core area of Kathmandu, these NRNs stay in our apartment units with the same facilities and comfort as in their home abroad with the privacy of their

own. A duplex penthouse at the topmost eight and nine floor of the TCH Tower IV is also a recent addition to the wing, which is a lavish 3 bedroom private residence that goes on rental for short terms for businessmen and high level officials. The houses at TCH - Thaiba are mostly used by short term vacationers and also as wedding or anniversary gifts from loved ones. The posh three bedroom apartment at TCH Tower III - Panipokhari is liked by expats and foreign businessmen alike for its proximity with the city centre. Nestled in the foothills of Sivapuri hills in the north side of Kathmandu valley, the house at TCH - Budhanilkantha is a retreat in itself. The unit is frequently booked for long term by peace loving INGO workers and expats that visit Nepal. ■



Real
Estate
Marketing
Agent

Dynamic array of participants add to 7th REMA



...their horizon of thinking towards real estate has been expanded and realized the need of such course to any individual or organization who wants to invest in or buy real estate properties...



Seventh Real Estate Marketing Agent (REMA) Course was a grand success only because of participants' passion for gaining knowledge on real estate. A full house and wide range of participants from various background and organization such as Kathmandu Metropolitan City, Nabil Bank, Bank of Asia, United Finance, Greenhill City, Road Show, Silver Valley, The North Sky, Metlife Alico, Aarthik Abhiyan, Source Code, and graduate from Winona State University and MBA from Bellevue University graduated REMA Course.

During the sharing program on the graduation ceremony, the participants expressed that within a short period, they were able to gain knowledge on real estate market

scenario, building ordinance, architecture, engineering, real estate law, marketing, home loan, insurance, project development, valuation, feasibility study and much more.

Besides that, they felt their horizon of thinking towards real estate has been expanded and realized the need of such course to any individual or organization who wants to invest in or buy real estate properties. The course also helps them to explore career option in real estate and gives lot of opportunities as well. They were able to share knowledge with real estate experts and build networking with them. The bankers at the training said that banks generally provide home loan for individual built houses but

now realized that developer built houses are much more structurally and legally safer with lesser risk.

The course helped them change their perception towards the word "Agent." They realized that agent with sufficient knowledge in the related field is an entrepreneur. Participants from developers agreed that the course helped them build their confidence to do marketing as well as develop project.

Last but not least, the participants suggested establishing real estate school in Nepal, conducting real estate awareness program outside Kathmandu Valley, extending the duration of the course to a month for in-depth knowledge and taking exam after course for certification. ■

ANNOUNCEMENT

Brihat Investments has recently registered 3 real estate companies under a BI Group of Companies. They are:



Brihat Developers and Builders Pvt. Ltd.



Pioneer Developers and Builders Pvt. Ltd.



Swayambhu Hotels and Apartments Pvt. Ltd.



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We would be more than happy to send you our newsletter regularly and also anticipate your feedbacks to help us make our publication better. Kindly contact us to get our BI newsletter on a regular basis, if you so desire.

Corporate Social Responsibility

Brihat Investments (BI) has provided office uniforms to Emergency Medical Technicians, Dispatch team and Ambulance Drivers of Nepal Ambulance Service (NAS) on the occasion of Fifth Annual BI Day. BI has also supported NAS for repair and maintenance of its office space located at Sitapaila, Kathmandu. ■



MoU Signing Ceremony with Brand Ambassador Former Miss Nepal Sadikhcha Shrestha. ■



CEO Mrs. Purnima Rajbhandary and Executive Chairman Mr. Om Rajbhandary receiving AGENT OF CHANGE 2012 HONOREE Award from Mr. Padma Jyoti, Founding President, National Business Initiative (NBI) Nepal. ■



Brihat Investments organized Annual Christmas function at Brihat Community Living – Ramkot with residents and well wishers. ■