

"NOT MUCH EXTRA COST FOR GREEN BUILDINGS"

Navin Raheja, MD, Raheja Developers shares the complexities of the sector



Raheja Developers is among the biggest green building developers in NCR region with investments worth Rs.10 billion tied up. Navin Raheja, MD, shares with Mona Mehta his experiences venturing into this sunrise sector

B&E: How do cost premiums stand for green buildings viz-a-viz conventional ones and between residential and commercial, which have better returns?

Navin Raheja (NR): When the green building movement first started nearly a decade ago, the cost increase for projects was around 10 to 15 percent but today in reality, it is around 2-4% but cannot be passed onto occupiers in a competitive market like India. Secondly, there's lack of information on green building systems with too much dependency on select few consultants. Thirdly, there's difficulty in assessment of costs and requirements for compliance causing costly delays. The per sq.ft returns on commercial development are the highest as they are leased while residential are sold out at competitive prices resulting in negligible returns.

B&E: What are the long term returns in

green buildings and can they break even within 3-5 years of operations?

NR: Green buildings reduce carbon emissions by about 40% compared to conventional buildings. The break even in case of a green building commercial project can occur within 3-5 years time of starting operations due to savings in energy which could go upto 80% & water between 25 to 40%. A green building can also earn Carbon Credits, approximately Rs.7 to 8 million annually for 10 years, for every 2 lakhs sq ft of conditioned area

B&E: What's the current regulatory framework for green buildings in India and how does the government policy need to change to ensure large scale development of this industry?

NR: Financial incentives like creating a mechanism to allow some long-term benefits to be transferred to the builder to offset first-time costs, reduction of processing and developmental fee for developers, two to three years of Property Tax credit or abatement are required. There should be dissemination of adequate information through a centralized mechanism to enhance knowledge on all local

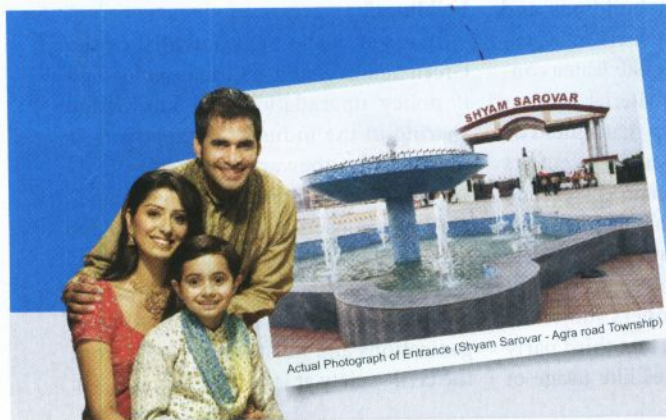
building codes and legal information.

B&E: What are the kind of investments that you have made/planning and what are your turnover targets from green buildings in the next 3-5 years?

NR: We are planning to have most of our upcoming projects as green. We do not see much additional costs for the green building concept. The estimated project value going on will be approx. Rs.10 billion in next one year.

B&E: How many Green Buildings has Raheja Developers developed so far? How many is the company planning to develop further?

NR: There's a premium of 5-10% that we can demand in Delhi NCR. Raisina Residency, Gurgaon, developed in collaboration with Tata Housing is a Gold Rated Housing Project. Besides, Raheja Atharva, Vedaanta, Navodaya have been evaluated and assigned "Gold Rating" by Directorate of Environment, Haryana. Raheja Atlantis-II-Gurgaon and Raheja Insignia-Dharuhera, coming up in near future would be developed as Gold Rated Housing Project. B&E



Actual Photograph of Entrance (Shyam Sarovar - Agra road Township)

Maker of **Agra Road's Largest Township**

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