

Real Insight

Residential

April-June 2023

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Overview

The global economy is making steady progress in recovering from the challenges posed by the pandemic and Russia's invasion of Ukraine. China's reopened economy is rebounding, while supply chain disruptions are gradually unwinding. Simultaneously, most central banks' synchronized tightening of monetary policy is expected to bear fruit as inflation moves back towards targets.

Amidst this global context, the outlook for Asia and the Pacific remains dynamic, largely driven by the optimistic prospects of China and India. Both the countries are expected to be the main drivers of global growth this year, despite the challenges facing the rest of the world. According to the International Monetary Fund (IMF), the two countries are expected to contribute about half of global growth, with the rest of Asia and the Pacific contributing an additional one-fifth.

This positive trend is reflected in India's leading indicators as well. Both the manufacturing and services Purchasing Managers' Index (PMI) have surpassed the above-50 mark, reaching 57.8 and 58.5, respectively, in June 2023. The unemployment rate has decreased to 7.7per cent in May 2023 from the previous month's 8.5per cent. Consumption indicators such as fuel, power, automobile sales, and Goods and Services Tax (GST) collections have maintained upward momentum throughout the first half of 2023. Additionally, inflation levels in the country have remained within Central Bank's target range

This growth in consumption across sectors is mirrored in the property markets, which have sustained their growth momentum in the first half of the year. The primary residential market in the top-eight cities has witnessed double-digit growth, with new supply and sales recording a half-yearly year-on-year increase of 44per cent and 15per cent, respectively.

Mumbai and Pune saw the highest growth among the top-eight cities, with 26per cent each in H1 2023. On a quarterly basis, there is an 11per cent year-on-year increase in supply, while sales in the primary market registered an 8per cent increase compared to same period of the preceding year.

The real estate market is currently witnessing an impressive surge, as sales velocity maintains its momentum, and new supply exceeds demand. Property prices are experiencing a notable uptick, with all major metros showing a weighted average year-on-year increase of 6-7 per cent. Notably, key localities in cities such as Gurugram, Hyderabad, and Bengaluru are also seeing sharp spikes in prices due to a significant demand-supply mismatch, especially for ready-to-move-in properties.

Even with successive rate hikes followed by a pause from the Central Bank, the market sentiment remains buoyed by a renewed interest in home ownership. The evidence of this sustained demand is clearly reflected in our IRIS index, a prominent indicator of upcoming property demand in key Indian cities, which has consistently maintained a score of 100 during Q2 2023.

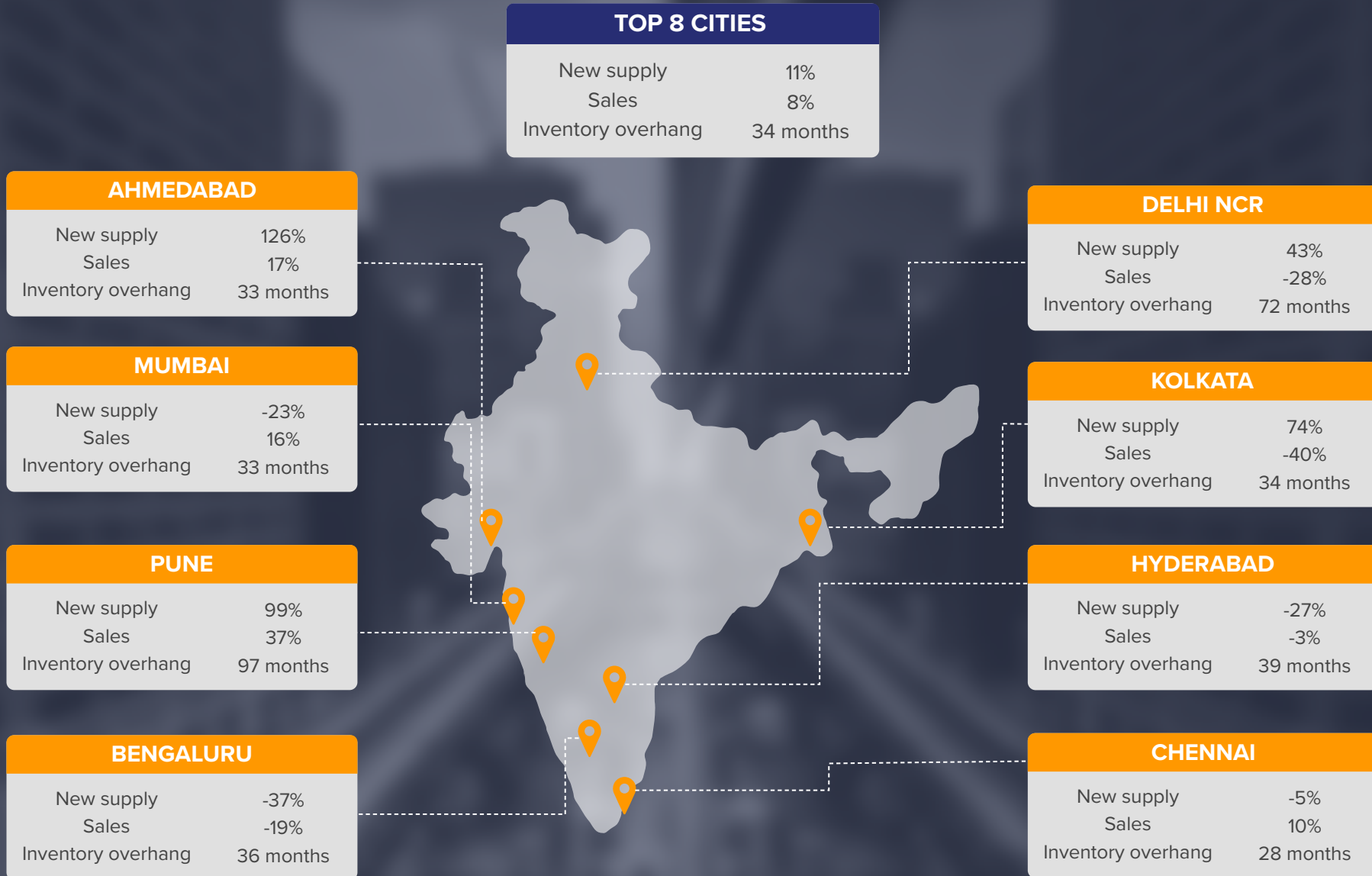
Taking these prevailing trends into account, we hold a strong belief that both sales and supply will sustain their momentum in the upcoming quarters.



ALL-INDIA RESIDENTIAL REAL ESTATE TRENDS

RESIDENTIAL LANDSCAPE Q2 2023

(YoY growth in new supply and demand in Q2 2023)



1. New supply

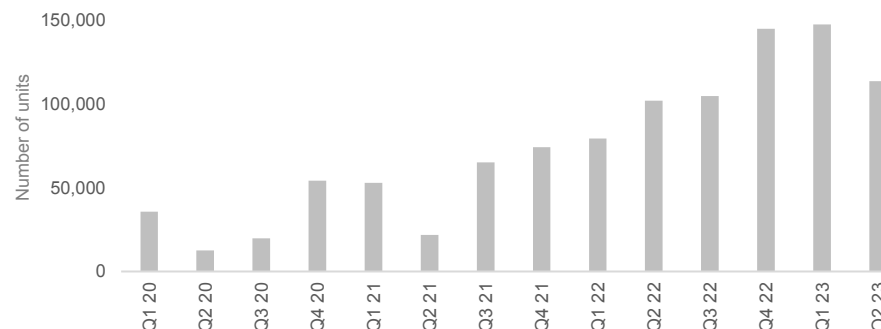
Q2 2022	Q1 2023	Q2 2023
1,02,130	1,47,790	1,13,770
		↑ 11% YoY ↑-23% QoQ

Source: PropTiger Research

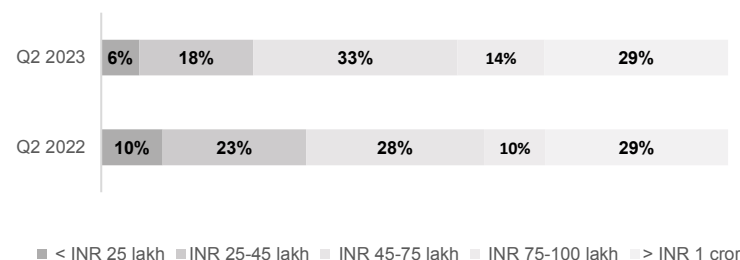
Note: Units rounded off to nearest thousands.

- The new residential supply reached 1.12 lakh units by the end of the April-June 2023 quarter, marking an encouraging year-on-year growth of 11 per cent in Q2 2023 compared to the same period of the previous year. While there was a sequential drop of 23 per cent, it's noteworthy that the supply has consistently remained above the 1-lakh mark for five consecutive quarters. Fuelled by strengthened sentiments for homeownership demand has kept up pace, instilling confidence in the developers to launch new projects post the realty downcycle and the pandemic induced lull.
- Mumbai, Pune, and Ahmedabad led the supply tally in the June quarter, accounting for a significant 72 per cent share from the overall new launches in the top eight cities during Q2 2023. Micro market trends suggest that Thane West and Dombivli in Mumbai and Charholi Budruk in Pune witnessed maximum new launched in June quarter.
- New supply in the more than INR 45-75 lakh price bracket took the highest share of 33 per cent, followed by more than INR 1 crore price bracket which accounted a share of 29 per cent in overall new supply.
- Developers across cities have placed a strong emphasis on the 2 BHK configuration, which accounted for a 39 per cent share in the total new supply tally, closely followed by the 3 BHK configuration, with a share of 31 per cent. Our consumer sentiment survey indicates a growing interest in amongst homebuyers for upgrading to larger configurations, likely due to the work-from-home and hybrid work scenarios across the metros.
- We see developers are placing a strong focus on larger configurations and amenities that align with evolving consumer preferences post-pandemic. These include healthcare facilities, safety and security measures, as well as abundant open and recreational spaces. This shift exemplifies a trend in meeting the changing demands of homebuyers.

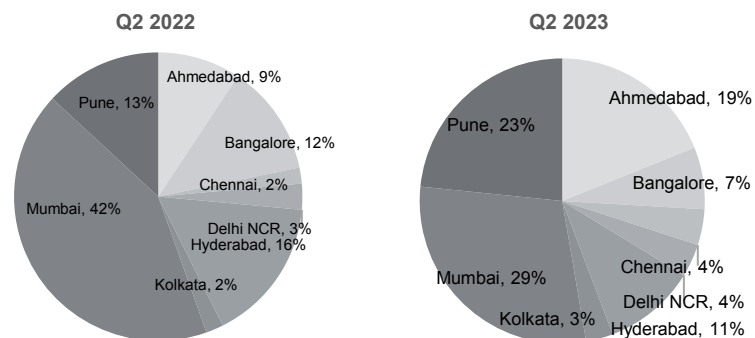
New supply trend



New Supply - Ticket-wise split

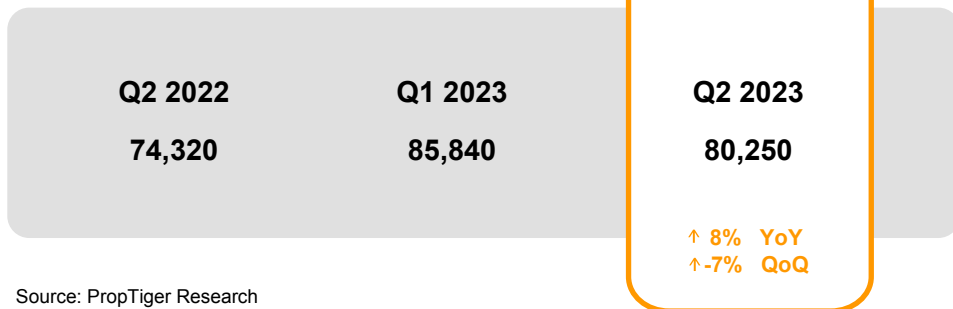


New supply - City-wise share



Source: PropTiger Research

2. Sales

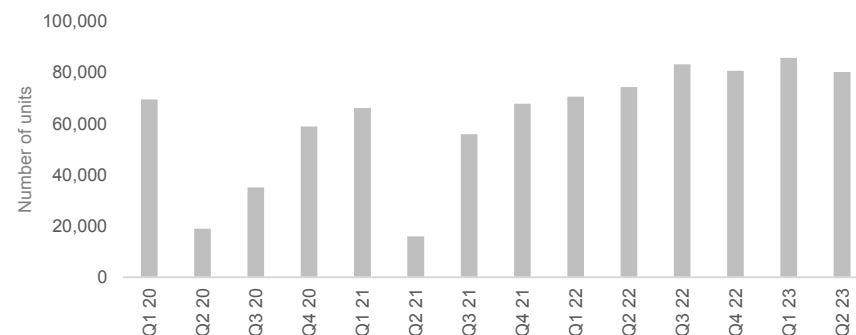


Source: PropTiger Research

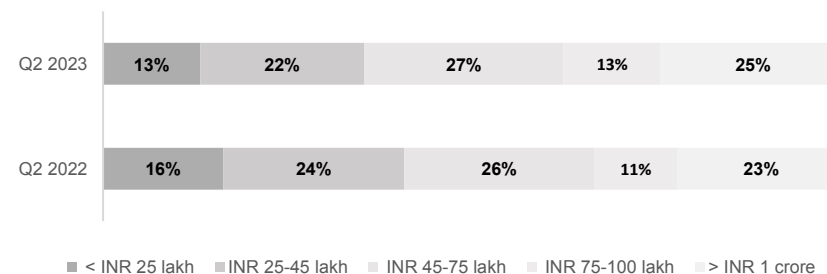
Note: Units rounded off to nearest thousands.

- In Q2 2023, property demand across the top-eight cities has sustained its momentum, witnessing a year-on-year growth of 8 per cent with a total of 80,255 units sold during this period. However, similar to the new supply, sales experienced a sequential dip of 7 per cent in the June quarter.
- According to our consumer and market insights, homebuyers are facing challenges in finding properties that align with their budget and location preferences. For instance, while 58 per cent of the prospective homebuyers are seeking ready-to-move-in (RTMI) properties, only 19 per cent of the total available options meet this criterion.
- Similar to supply, Mumbai and Pune took the highest combined share of 60 per cent in overall sales in Q2 2023. Deeper insights indicate that Thane West and Dombivli in Mumbai and Hadapsar in Pune witnessed maximum traction in the bygone quarter.
- Majority of residential sales in Q2 2023, comprising 27 per cent, were concentrated in the INR 45-75 lakh price bracket, closely followed by the more than 1 crore price bracket, which accounted for a 25 per cent share. Notably, this segment has consistently maintained its share in the overall sales tally post the pandemic and has experienced a growth of 9 percent as compared to the same period in 2019. Mumbai and Pune continued to be the top contributors to overall sales, jointly accounting for 60 per cent of the market share.
- The market is experiencing a complex interplay of factors, with supply surpassing demand, yet sales velocity struggling to keep up. The impact of consecutive rate hikes varies across different price brackets, with the lower end facing more challenges. Additionally, the demand for ready-to-move-in properties is not being met adequately by the current new supply. All these factors, combined with increased input costs and demand-supply mismatch, have led to a situation where some homebuyers are currently in a wait and watch mode about entering the market.

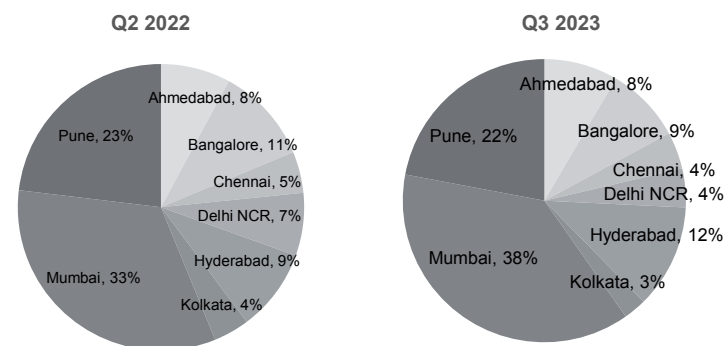
Property sales



Property sales - Ticket-wise split



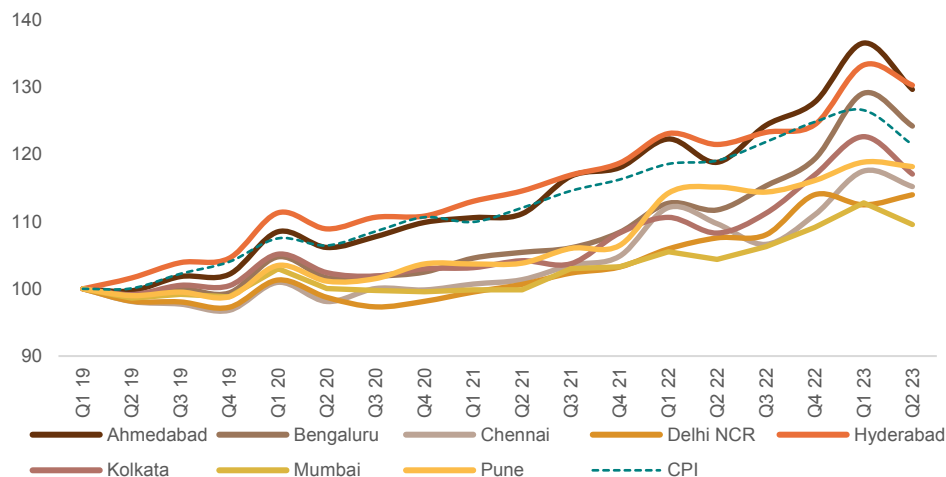
Property sales - City-wise split



Source: PropTiger Research

3. Price

Weighted average price*

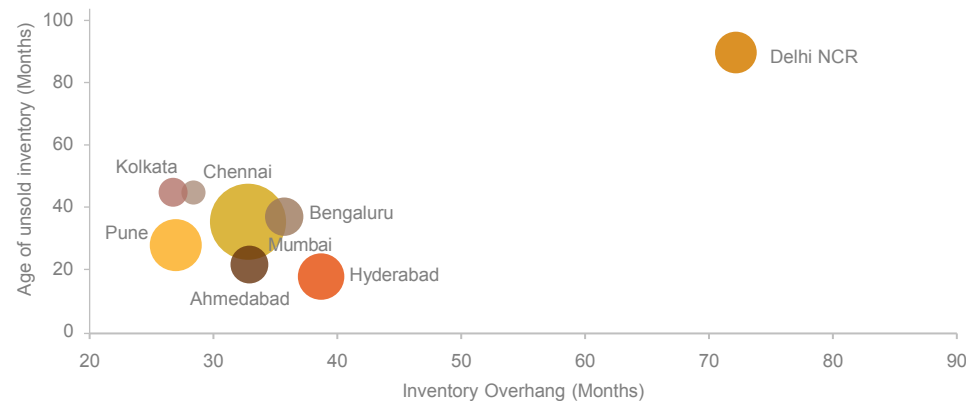


* Weighted average price as per new supply and inventory adjusted to CPI inflation. Base year for index is 2019. Source: PropTiger Research

- Property prices for new supply and available inventory in the top eight cities recorded a 6 per cent YoY uptick in Q2 2023. Partial passing-on the increased input cost on to the homebuyers, premium attached to the much in demand but limited in supply ready-to-move-in property and increasing interest rates have all contributed to the post pandemic spike in property prices across cities.
- Major metros registered a weighted average year-on-year increase of 6-7 per cent, with key localities in Gurugram, Hyderabad, and Bengaluru witnessing sharp double-digit spikes in prices due to a demand-supply mismatch, particularly for ready-to-move-in properties.
- Gurugram and Bengaluru emerged as the frontrunners in property price growth in Q2 2023, boasting a year-on-year 12 per cent and 9 per cent respective increase in capital values.

4. Unsold Inventory

City-wise - Unsold inventory and inventory overhang



* Unsold inventory as of June 2023. Source: PropTiger Research

- The unsold inventory in the top eight cities at the end of March 2023 stood at 9.44 lakh units, registering concerning a year-on-year increase of 24 per cent in Q2 2023. With the new supply outpacing sales velocity, unsold inventory levels have been pushed to a three-year high.
- Despite steady sales, Mumbai, Pune together accounted for a share of 52 per cent in the overall 9.44 lakh unsold units in the second quarter of 2023.
- Hyderabad recorded the highest uptick of 52 per cent YoY in unsold inventory in Q2 2023 compared to top-eight cities. The city has witnessed significant influx of fresh units post the pandemic. However, the sales momentum hasn't kept pace with this surge, leading to an increase in unsold inventory.
- The inventory overhang across the top-eight cities remained unchanged at 34 months at the end of Q2 2023, same as the corresponding period in the previous year. At the current sales velocity, it will take at least 2.8 years to liquidate the current primary market unsold stock staggered across different stages of construction in the top- eight cities.

TOP TRENDING REALTY HOTSPOTS

(City-wise top-3 localities ranked as per residential sales)



* Weighted average price as per new supply and inventory adjusted to CPI inflation.

Source: PropTiger Research

ANNEXURE - I

Glossary

New supply:

It includes the new units launched in a new project or an already launched project during the quarter or the mentioned duration.

Sales:

It includes the units sold in all the available projects (including newly launched projects) during the quarter or the mentioned duration.

Unsold inventory:

It is the closing stock at the end of the quarter or the mentioned duration.

Inventory overhang:

It represents the number of months required to offload the existing stock in the market.

Sales velocity:

It is calculated as the ratio of monthly sales to the total supply.

Price:

It is the weighted average price of the total supply.

Note:

Analysis in the report includes apartments and villas only. RERA registration date is considered as day zero for recording new supply and sales.

ANNEXURE - II

Geographical spread of report

City	Micro market	Prominent localities
Ahmedabad	Ahmedabad Central	Ellisbridge, Paldi, Saraspur, Vasna
	Ahmedabad East	Bapu Nagar, Nava Naroda, New Maninagar, Nikol, Odhav, Vastral
	Ahmedabad North	Chandkhera, Gota, Motera, Nana Chiloda, Ranip, Vadsar
	Ahmedabad South	Vatva, Narol, Narolgum, Isanpur, Changodar
	Ahmedabad West	Bopal, Ghuma, Shela, Sarkhej, Shilaj, Sanand, Vastrapura
	SG Highway	Near Nirma University On SG Highway, Near Vaishno Devi circle on SG Highway, Thaltej, Chanakyapuri
Bengaluru	Gandhinagar	Urjanagar, Sargaasan, Gift City, Zundal, Rayson
	Central Bengaluru	Ashok Nagar, Richmond Town, Marathahalli, Bellandur, Frazer Town, Koramangala,
	East Bengaluru	Whitefield Hope Farm Junction, CV Raman Nagar, KR Puram, Mahadevapura, Harlur, Sarjapur, ITPL, Varthur, Budigere Cross
	North Bengaluru	Yelahanka, Doddaballapur, Hebbal, Thanisandra, Jakkur, Kodigehalli, Kannur
	North East Bengaluru	Horamavu, Devanahalli, Narayanapura, Hennur, Banaswadi, Kalyan Nagar
	North West Bengaluru	Jalahalli, Yeshwantpur, Nelamangala Town, Rajaji Nagar, Near Peenya Industrial Area
	South Bengaluru	Begur, JP Nagar, Bommanahalli, Gottigere, Hosa Road, Padmanabha Nagar, Hulimavu
South East Bengaluru	Electronics City, Hosur, Anekal City, Jigani, Chandapura, Attibele, Bommasandra, Narayanaghatta, Avalahalli	
West Bengaluru	Kumbalgotu, Kengeri, Nagarbhavi	
Chennai	Chennai Central	Anna Nagar, Alwarpet, Guindy, Raja Annamalai Puram, Vadapalani
	Chennai North	Perembur, Madhavaram, Kolathur, Ponneri
	Chennai South	Perrumbakkam, Mambakkam, Thiruporur
	Chennai West	Avadi, Koyembedu, Manapakkam, Mangadu, Mogappair, Vanagram, Thirumazhisai, Mevalurkuppam, Ambattur
	ECR	Injambakkam, Thiruvanimiyur, Kanathur Reddikuppam
	GST	Guduvancheri, Perungalathur, Singaperumal Koil, Orgadam, Maraimalai Nagar, Tambaram, Chromepet
	OMR	Padur, Perungudi, Sholinganallur, Siruseri, Thalambur, Medavakkam, Kelambakkam, Tiruporur Near Kelambakkam Vandalur Kelambakkam Road Moolacheri, Nallambakkam
Delhi-NCR	Faridabad	Ballabhgarh, Greater Faridabad, Hodal, NH2, Surajkund
	Ghaziabad	Ghaziabad Central, Indirapuram, Kaushambi, NH 24, NH57, NH58, Sahibabad, Vaishali, Vasundhara, Bhopura
	Greater Noida	Noida Extension, Yamuna Expressway (Chi 5, TechZone), Bodaki, Eta, Beta, Knowledge Park, Omnicron, Pi, Surajpur, Swarn nagari, Zeta
	Gurugram	Dwarka Expressway (Sector 35-37,84, 88, 89, 99,102-113), Golf Course Extension Road (Gwal pahari, sector 59 - 63, 65), Gold Course Road (Sector 28, 42, 54), Gurgaon Central, Manesar, New Gurgaon (Sector 76-82,85-93, 95), Old Gurgaon, Sohna & Sohna Road (Sector 48,67,68), Southern Peripheral Road (Sector 69 - 72)
	Noida	Noida Expressway (Sector 45, 94, 104, 108, 110, 128, 135, 143,144, 150 - 152, 168), Yamuna Expressway (Sector 17, 19, 22A 22D,25) ; FNG Expressway (Sector 113, 118, 119, 121), Dadri Road (Sector 80, 107), Near City Center (Sector 32, 43, 50, 73 - 79)

City	Micro market	Prominent localities
Hyderabad	Hyderabad West	Hitec City, Gachibowli, Manikonda, Narsingi, Serilingampally, Nallagandla Gachibowli, Kondapur, Chandanagar, Hafeezpet, Bachupally, Miyapur
	Hyderabad North	Kompally, Tellapur, Kukatpally, Nizampet, Bolarum, Bahadurpally, Shamirpet
	Hyderabad South	Saidabad, Kismatpur, Maheshwaram, Shadnagar, Rajendra Nagar
	Hyderabad East	LB Nagar, Nagole, Hayathnagar, Vanasthalipuram, Uppal Kalan, Saroor Nagar
	ORR South	Bongloor, Shamshabad, Adibatla, Pocharam
	Secunderabad	Mallapur, Yapral, Sainikpuri, Alwal, AS Rao Nagar
	Hyderabad Central	Somajiguda, Ameerpet, Himayat nagar, Jubilee Hills, Begumpet, Banjara Hills
Kolkata	Kolkata East	New Town, Rajarhat, Salt Lake city, Tangra, Beliaghata
	Kolkata North	Dum Dum, Madhyamgram, Barasat, Barrackpore, Lake Town, Rishra
	Kolkata South	Baruipur, Behala, Joka, Garia, Narendrapur, Sonarpur, Uttar Gauripur, Tollygunge, New Alipore, Mukundapur
	Kolkata West	Serampore, Howrah, Uttarpara Kotrung, konnagar
	Kolkata Central	Sealdah
Mumbai Metropolitan Region	Andheri to Dahisar	Andheri, Borivali, Dahisar, Goregaon, Jogeshwari, Kandivali, Malad
	MetrWorli to Andheri	Bandra, Dharavi, Juhu, Khar, Mahim, Santacruz, Vile Parle
	Central Mumbai	Bandra Kurla Complex, Bhand up, Ghatkopar, Kanjurmarg, Kurla, Matunga, Mulund, Powai, Sion, Vikhroli
	Mumbai South	Colaba, Narimat Point, Dadar, Worli, Byculla, Mahalaxmi, Parel, Lower Parel, Girgaon, Prabhadevi
	Mumbai Harbour	Sewri, Wadala, Chembur, Mazegaon, Mira Road and Beyond Mira Road, Vasai, Virar, Nala Sopara, Bhayandar, Boisar, Naigaon East, Palghar
	Navi Mumbai	Airoli, Belapur, Kharghar, Taloja, Dronagiri, Ghansoli, Karanjade, Ulwe, Vashi, Warai
	Thane	Thane East & Thane West
	Beyond Thane	Ambarnath, Badlapur, Bhiwandi, Dombivali, Kalyan, Karjat, Neral, Vangani, Ambivali, Anjurdive, Ulhas Nagar, Shil phata
	Panvel and Beyond	Panvel, Khopoli, Rasayani, Khalapur, Kewale, Umroli, Pen, Chowk
Pune	PCMC	Chikhali, Ravet, Wakad, Tathawade, Moshi, Mamurdi, Jambhul, Pimpri, Rahatani, Gahunje, Chinchwad
	Pune South	Dhayari, Kondhwa, Undri, Ambegaon Budruk, Phursungi, NIBM Annex Mohammadwadi, Handewadi, Shirwal, Shivapur, Baramati, Nasrapur, Katraj, Bibwewadi
	Pune West	Hinjewadi, Pirangut, Bavdhan, Mahalunge, Baner, Mugawade, Balewadi, Bhukum, Kothrud, Kamshet, Bhugaon
	Pune North	Talegaon Dabhade, Alandi, Chakan, Dhanori, Rajgurunagar, Dehu
	Nagar Road	Wagholi, Kharadi, Lohegaon, Lonikand, Sanaswadi
	Pune Solapur Highway	Hadapsar, Manjari, Uruli Kanchan, Loni Kalbhor
	Mumbai Pune Bypass	Vadgaon Budruk, Sus, Warje, Shivane, Karve Nagar
	Pune East	Mundhwa, Bakhori, Kedagaon, Daund
	Pune Center	Sopan Baug, Deccan Gymkhana, Parvati Darshan, Shivaji Nagar

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