PROPTIGER
RESEARCH

REAL INSIGHT RESIDENTIAL

Q2-2020

FOREWORD

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We are living in unprecedented times where the order of things have been changing with each passing day. The uncertainty induced by the COVID-19 pandemic has pulled the reins on the global economy and has come as a setback to the Indian growth story which had already slowed with contraction in consumption and investments–the gross domestic product (GDP) growth in FY2020 plummeted to a 11-year low of 4.2 percent. Even though the IMF estimates that the Indian economy will contract by 4.5 percent, various other rating agencies have revised their estimates downwards for India given that there is no plausible cure in sight. As for the real estate sector, the pandemic has caused a double whammy to the already sluggish sentiments. The reverse migration of construction workforce amid the lockdown would impact the project timelines in the near term, and also impact fresh funding inflows for the developers.

However, it is too soon to mark the current scenario as the next normal since some macro indicators suggest a slight recovery from the bottomed-out sentiments. The unemployment rate has reduced post the phased opening of the economy and is nearing the pre-lockdown levels. Credit growth in 'Housing' (including priority sectors) decelerated at a slower pace compared to the other sectors in May 2020. Along with this, the Reserve Bank of India's 'accommodative stance' of cutting the short-term lending rate to 4 percent will have a positive bearing on retail loans and will help to invigorate demand. We believe, that amidst the current white swan pandemic, market sentiments will remain cautious with both supply and demand realigning themselves to the new situation.

Stay well!

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OVERVIEW

OVERVIEW

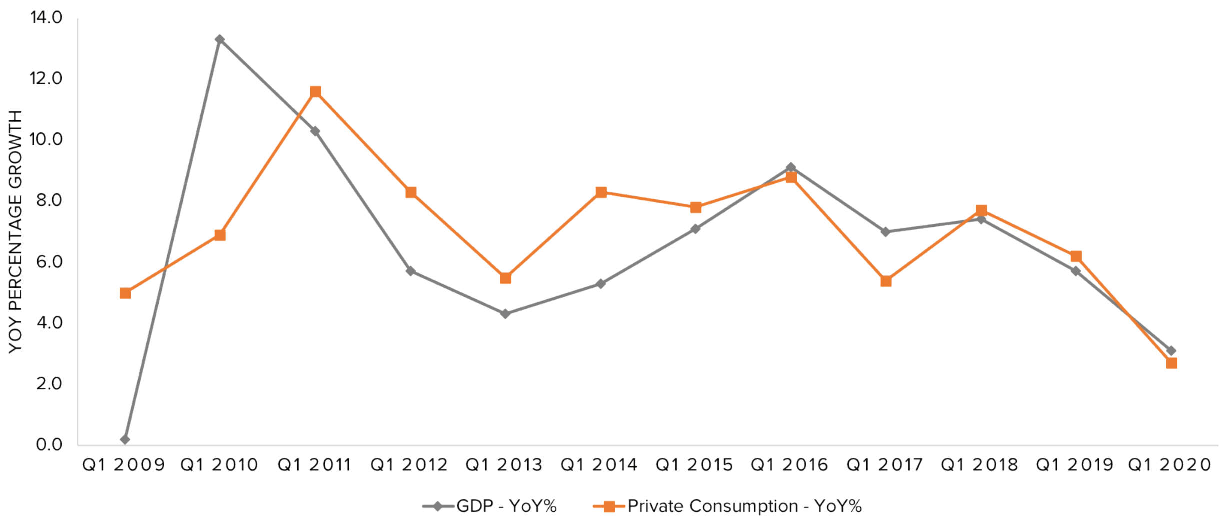
The world has been experiencing a state of uncertainty for almost six months due to the unprecedented impact of the Covid-19 pandemic. As per the revised June estimates of the International Monetary Fund (IMF), the global economy is headed for a 4.9 percent contraction in 2020 with all regions experiencing a negative growth. In India, the impact of the pandemic became more pronounced after the country went into a lockdown in March, which brought all economic activity to a screeching halt. Though the IMF estimates that the Indian economy will contract by 4.5 percent, various other rating agencies have revised their estimates downwards for India given that there is no plausible cure in sight. Even though the government has been opening up the economy in a phased manner, some cities, such as Mumbai, the financial capital of the country, and Pune, continue to be in a state of lockdown.

The pandemic has adversely impacted business growth, which was already undergoing an economic slowdown. Backward-forward linkages have been severely affected, especially the Micro, Small and Medium Enterprises (MSME) sector, which forms the backbone of the Indian economy. The Government of India has undertaken fiscal and monetary measures to revive the economy, such as the bailout package of USD 260 billion (10 percent of GDP) and reduction of the repo rate to 4 percent – a 115 basis point cut from March 2020 (aggregate rate cut of 250 basis points since February 2019). It is worth noting that the current rates are lower than the policy rate of 4.75 percent post the Global Financial Crisis (GFC) in 2008. Along with these measures, the extension of moratorium period till 31st August are all steps in the right direction but their impact on the overall economic scenario is far from visible, just yet.

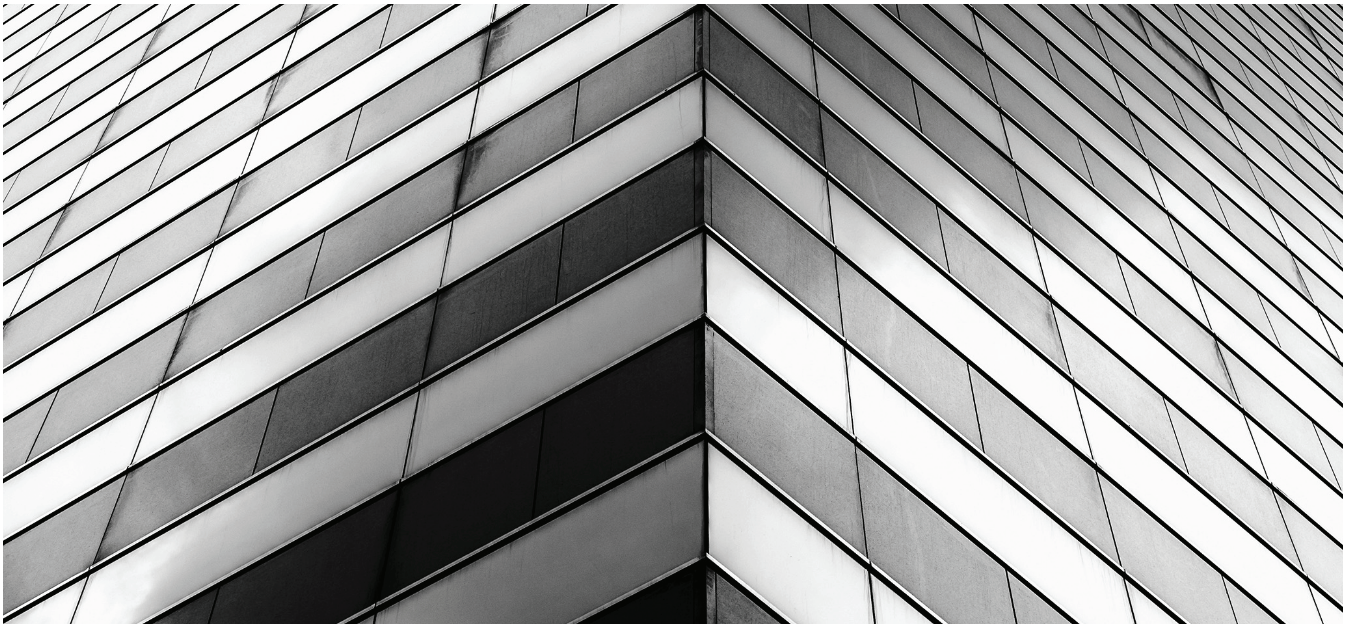
Though businesses have been allowed to reopen with stringent protocols, market sentiments remain conservative, yet steady, with unemployment levels slowly inching to pre-lockdown levels. According to the Centre for Monitoring Indian Economy (CMIE), the unemployment rate stood at 10.9 percent in June 2020, close to the pre-lockdown levels, after a two-month spike in April–May, as the unemployment rate spiralled to 23.5 percent.

The gross domestic product (GDP) growth in FY2020 plummeted to a 11-year low of 4.2 percent, the lowest since 2008–2009, and slumped to 3.1 percent in Q4 FY2020, according to the estimates of the National Statistical Office. Though the IMF estimates the Indian economy to contract by 4.5 percent, various other rating agencies have revised down their estimates for India. The severe lockdown—one of the most restrictive globally—has severely impacted the economy and livelihoods, resulting in a slump in overall private consumption growth.

Slowdown in economy and contraction in consumption



Source: MOSPI (CSO), PropTiger Research

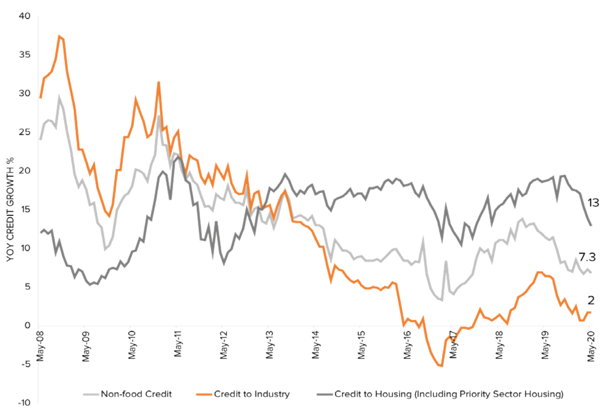


CREDIT GROWTH IN HOUSING

Non-food bank credit growth decelerated to 6.8 percent in May 2020 from 11.4 percent in May 2019. Impact of the lockdown was visible in the decline in the credit growth for industries which form a part of the non-food bank credit along with agriculture, services and personal loans (including loan for housing). Credit growth in industries nosedived to 1.7 percent in May 2020 from an already deaccelerating trend of 6.4 percent in May 2019.

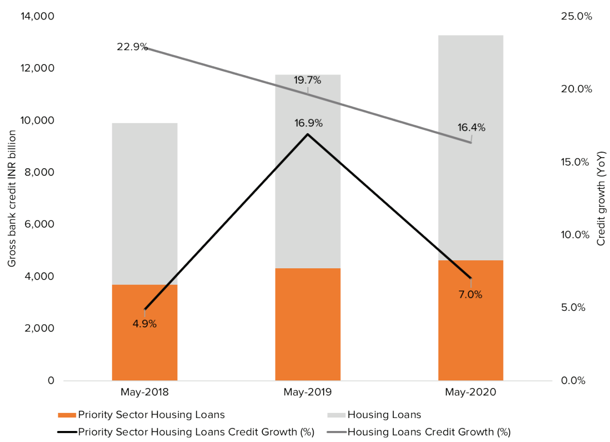
Though year-on-year (YoY) credit growth in 'Housing' (including priority sectors) stood at a lower 13 percent in May 2020, as compared to 19 percent in the same period in 2019, the credit growth in the sector decelerated at a slower pace compared to the other sectors. In fact, there was a 16.4 percent YoY growth in credit deployed for housing loans (excluding priority sector) and a YoY growth of 7 percent was registered for credit to the priority sector in May 2020, signaling a real estate recovery marred by the COVID-19 pandemic.

Pace of deacceleration slow in housing loans



Source: RBI, PropTiger Research

Credit growth in housing loans

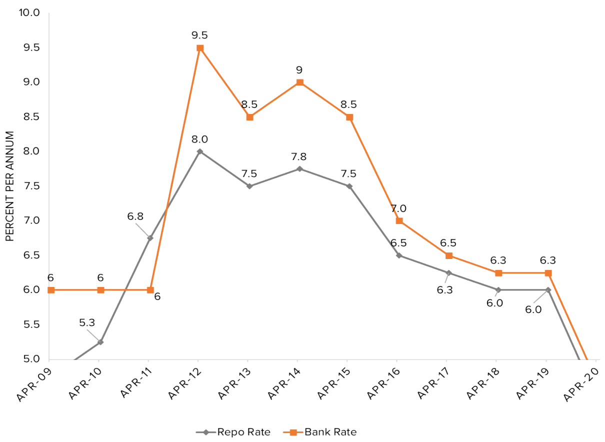


Source: RBI, PropTiger Research

LENDING RATE AT LOWEST

During the current economic uncertainty, the Reserve Bank of India (RBI) has taken monetary and fiscal measures to infuse liquidity into the system under its 'accommodative stance' including cutting the short-term lending rate to 4 percent–a 115 basis point cut from March 2020. Since October 2019, the central bank has linked the interest rates on MSME and retail loans to the external benchmark rate. Hence, a decrease in repo rate will have a significant bearing on retail loans, only if financial institutions pass on the rate cut to the consumer. In line with this, the State Bank of India announced a cut in its key lending rates for short-term loans and housing loans and other banks are also gradually passing on this rate cut to consumers.

Repo rate slides below Global Financial Crisis levels



Source: RBI, PropTiger Research

RERA RELAXATION

The government has also stepped in to safeguard the interest of the homebuyer and the developer from defaulting on the completion date by considering the current situation arising from this pandemic as 'force majeure', under the Real Estate (Regulation and Development) Act, 2016 (RERA). This extension of the time period to complete a project has been implemented by many states but its actual impact on the timelines can only be speculated given the disruption in the project life cycle, right from supply chain to labour availability. Along with this, for continuity of business and assistance to the homebuyers, the RERA authorities have also started to address complaints through virtual hearing of cases. Uttar Pradesh, Haryana, Maharashtra, Karnataka, Tamil Nadu and Kerala are examples of a few states where the RERA authorities have been taking up around 20 cases per day.

In summary, the pandemic has brought new challenges for the real estate sector which was already impacted with demand slow down. The standstill of construction activity during the lockdown, due to all commercial activities coming to a grinding halt and the mass exodus of migrant workers, has impacted project timelines, which will not only affect the completion of projects over the coming months but also impact fresh funding inflows for the developers. Amidst the current white swan pandemic, market sentiments remain cautious with both supply and demand realigning themselves to the new situation.

ADAPTING TO CHANGE

Use of technology to propel demand

Due to the on-going pandemic and the resulting lockdown, prospective buyers are stranded at home and are reluctant to move outside, which has severely affected the buyer-seller relationship across sectors. However, the changing scenario has required both the supply and demand side to adapt to newer ways to look at the real estate sector. The lockdown has compelled stakeholders to increase the use of digital platforms and technology in this sector.

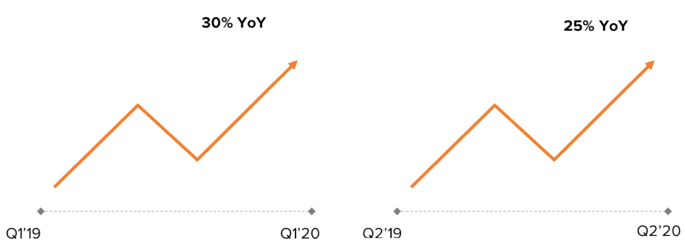
Real estate developers are working around the challenges to come up with new ways to attract buyers, especially with the use of tech-based solutions. As the lockdown has hampered physical visits to the site, and communication, developers are investing in online platforms including the ability to book homes online and innovative ways to simulate the physical experience of the property for the homebound buyers. Drone shoots, virtual tours, and online booking platforms are gaining more prominence, as the number of online buyers increase.

While the 'Digital India' campaign by the Government of India was started in 2015, with the vision 'to transform India into a digitally empowered society', the lockdown has given a greater impetus for homebound citizens to use digital platforms. Though the use of such platforms for financial transactions and e-commerce has been fairly common, online business transactions have gained more importance during the lockdown. Internet users in India are expected to increase to more than 700* million by the end of 2020; this will provide a further boost to the 'Digital India' campaign.

INCREASING ONLINE BUYERS IN REAL ESTATE

The economic slowdown has resulted in fewer new launches as well as sales, yet on the buyer's side, use of online platforms to search and discover property has quickly bounced back. According to Housing Research, Q1 2020 saw an YoY increase of 30 percent in online search traffic over Q1 2019. While online searches initially declined in April due to the initial shock of the lockdown, this quickly recovered and registered a YoY increase of 25 percent over Q2 2019. Even though sales have decreased, owing to the economic downturn, the number of interested buyers is increasing online, as sellers come up with innovative ways to attract them, all from the comfort of their homes.

Increase in search traffic above pre-COVID levels



*Digital India, Government of India

RELINKING BUYERS USING TECH-BASED SOLUTIONS

DRONES

Since 2018*, drones have been used in real estate during the construction phases. The current situation has given rise to the use of drones as a tool for providing a site visit experience to buyers, where one can see the exact view of the surrounding areas. Drones of various sizes and attainable heights are available in the market, as drones weighing more than 250 grams are required to be registered with the Digital Sky Platform. The minimum cost of drones is more than INR 10,000, excluding the registration.

VIRTUAL TOUR

In case of virtual tours, 3D models and walk-throughs are being developed to provide a near-reality experience of the property. Virtual reality (VR) is also gaining traction. VR uses technology to create a simulated environment and has its applications mainly in entertainment, and now in healthcare, as well as retail. In India, many residential real estate developers have already experimented with tools such as virtual tours and VR to attract buyers, and this is likely to grow further.

Drones

Site visits
View of surrounding area
Access to property

Virtual tour

3D modelling
Walk-throughs
Use of virtual reality

Webinar

Webinar for connecting with multiple buyers

Video conference

One-on-one assistance to buyers

Online platforms

Use of online websites for property advertisements and listings

As per the Ministry of Civil Aviation, the use of drones for commercial purposes is allowed since 2018, and the operators can register online on the 'Digital Sky Platform' where one can get an instant permission for flight through the app

WEBINARS & VIDEO CONFERENCING

Webinars have evolved as a great tool to connect with multiple buyers at the same time. The process of a site visit required the sales person to organise site visits for each buyer, which resulted in the sales person being able to conduct only one or two site visits. The use of webinars has made the process hassle-free and more productive, as now multiple buyers can be accommodated at the same time. To establish a connection and to provide one-on-one assistance for further process requirements, the buyers are being connected to the sales person through video conferencing.

ONLINE PLATFORMS

Owing to the increasing online buyer traffic, many developers are now advertising their properties through online platforms. Such platforms provide end-to-end assistance for online to offline (O2O) conversions.

Even though the connect is being established with buyers using such solutions, economic slowdown has increased the financial woes of buyers, which has made them postpone their decision to buy by 6–12 months*. Hence, developers are also coming up with schemes to make the purchase options more viable, which include a waiver of registration charges and stamp duty, innovative payment schemes, cashback schemes, freebies, refundable bookings and price protection plans. The use of technology in construction, as well as marketing and sales, is at a very nascent stage in India, yet, the on-going pandemic has propelled various stakeholders to upgrade and explore more in this field.

As per our analysis in the report 'Concerned Yet Positive' – Real Estate Consumer Survey (April – May 2020)

ALL INDIA MARKET TRENDS

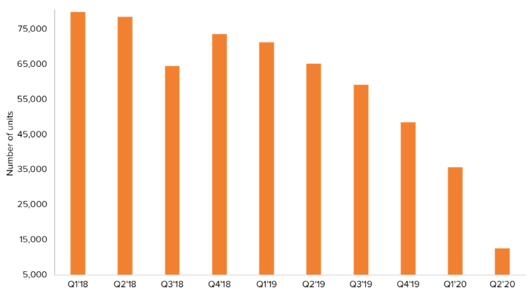
NEW LAUNCHES

• The global pandemic resulting in the nationwide lockdown since the last week of March has severely impacted the real estate market across the cities. Despite several measures being announced by the government and the central bank to mitigate the adverse effects of COVID-19, launches in the residential market remained muted in the first two months of the quarter, with very few projects launched in the latter part of the quarter.

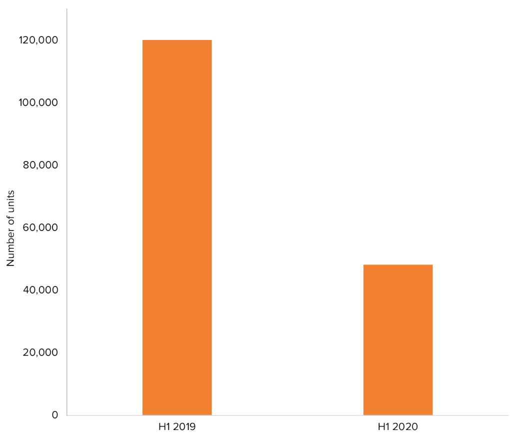
• New launches across the top eight cities have been on a decline since the past few years. Sluggish sales, increasing inventory overhang and the credit freeze infused by the shadow bank crisis has made developers take cognizance of the situation and finish projects in hand rather than launch new ones.

• The current quarter saw a steep decline in new launches of residential units compared to the same period last year. Q2 2020 recorded new launches to the tune of 12,564 units, a decrease of 81 percent when compared to Q2 2019. However, on a half-yearly comparison, new launches declined by 65 percent in the first half of 2020 as compared to the same period in 2019.

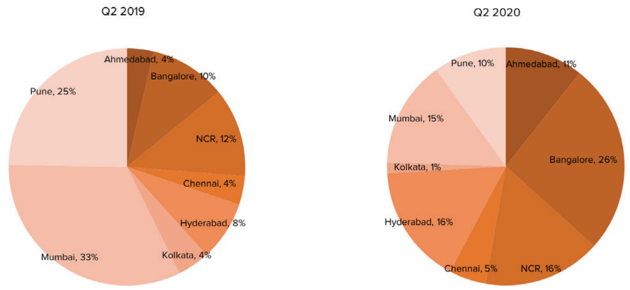
New launches



New launches–Half yearly



City wise break-up

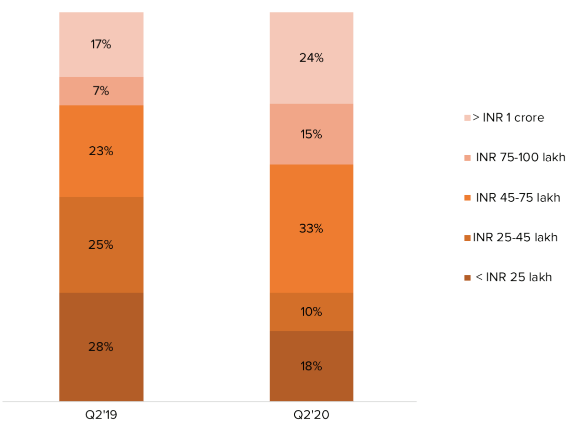


• Divergent to the previous trends where Mumbai and Pune dominated the new launches, Bengaluru contributed nearly 26 percent of the overall launches in Q2 2020, followed by Hyderabad and Delhi NCR, each with 16 percent share of the overall launches. In absolute terms, these three cities recorded new launches of over 7,300 homes. However, all the cities witnessed a substantial decline in new launches, as compared to the same period last year.

• New launches increased its share in the more than INR 1 crore price bracket with 24 percent of the projects launched in this quarter falling in the price bracket. Less than INR 45 lakh category is no longer the largest contributor to the overall launches, its share has declined from 53 percent in Q2 2019 to 28 percent in Q2 2020.

With the on-going phased opening of the economy and the manpower crunch induced by the reverse migration, construction activity is yet to pick up pace across cities. However, brand-name developers are expected to launch in cities such as Bengaluru, Mumbai and Pune, amongst other cities in the coming quarters.

Ticket wise split–Units launched



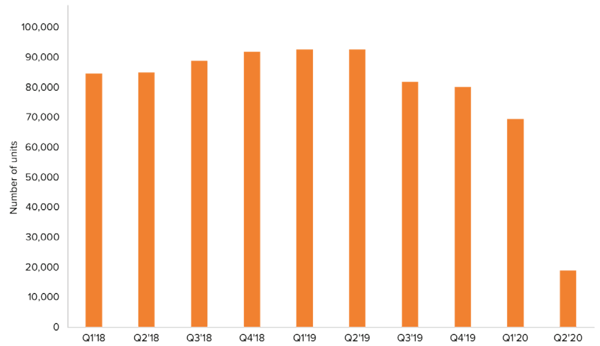
Source: DataLabs, PropTiger Research

SALES

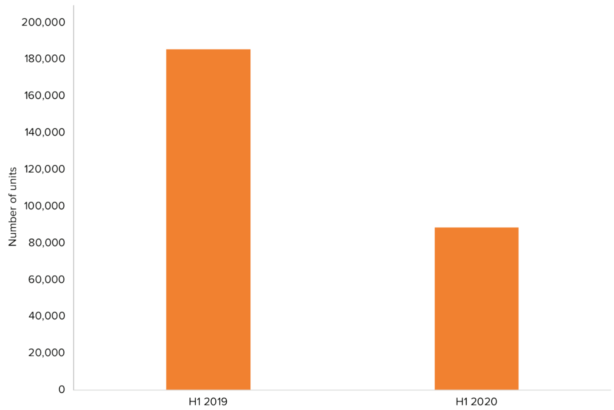
• Demand slump in the residential segment has been further aggravated by the current COVID-19 crisis. Overall economic uncertainty coupled by job security have resulted in further dampening of consumer confidence. In Q2 2020, sales of residential units decreased by a whopping 79 percent over the same period last year with only 19,038 units sold during the quarter against 92,764 units in Q2 2019.

• On a half-yearly comparison, demand registered a 52 percent contraction in H1 2020 compared to the same period in 2019. • Despite being the most affected cities with the maximum number of Covid-19 cases, Mumbai and Pune dominate sales with a share of 50 percent in the overall pie.

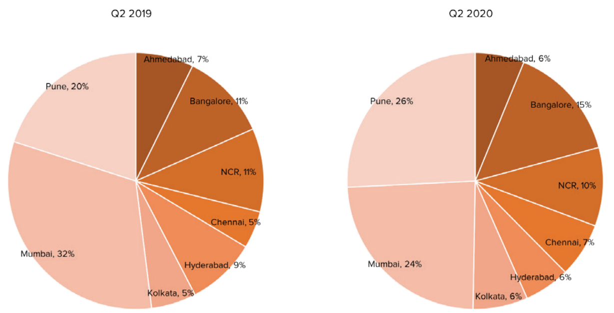
Sales



Sales–Half yearly



City wise break-up

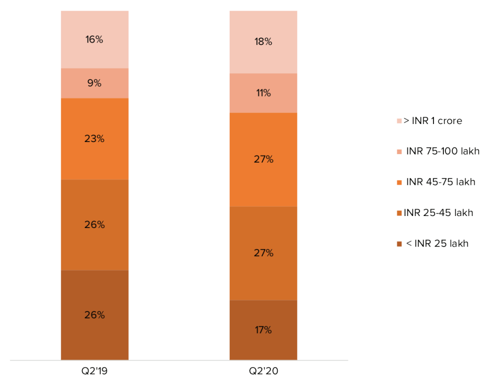


• The second quarter also saw a resurgence of interest in the mid to high price bracket with nearly 56 percent of the sales in the more than INR 45 lakh price bracket.

• Various measures announced by the government in the past to boost sales of affordable properties has nudged buyers to look for homes in this segment. Forty-four percent of the sales in Q2 2020 have been in the less than INR 45 lakh price bracket.

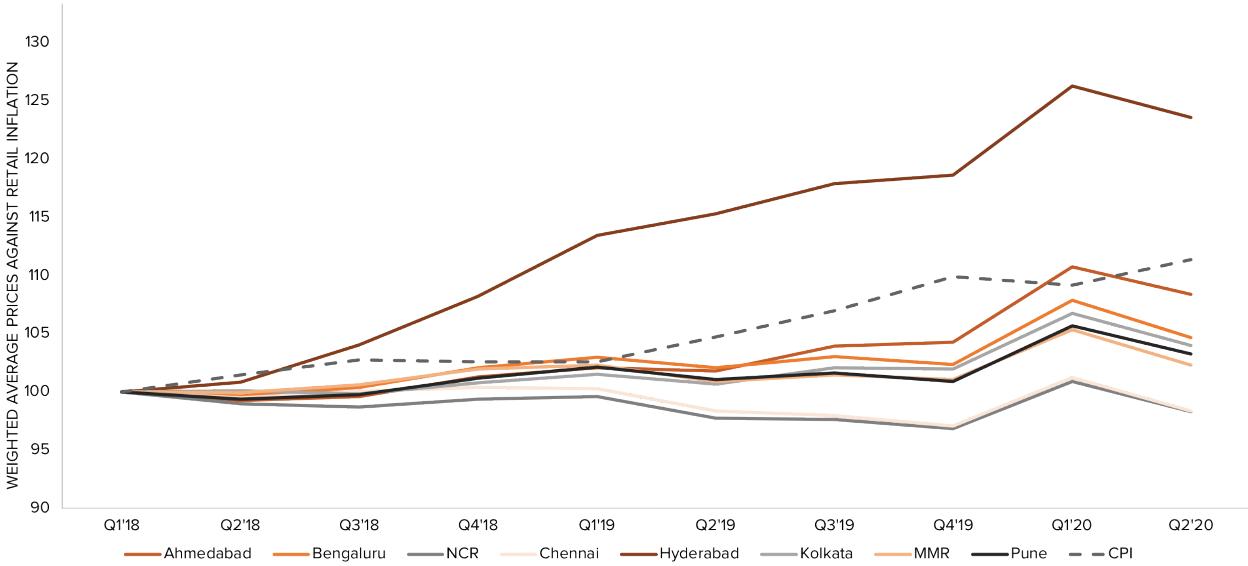
• Developers are using innovative ways to liquidate the current inventory levels and invigorate demand. Refundable booking amount, cashback schemes, flexible payment plans, and the use of technology for site visits through drones and virtual property tours are extensively being used to attract the fence-sitting buyer. Developers are also attracting the customers through accepting Expression of Interest (EOI), wherein the buyer can book a property with a token amount, which stands refundable on cancellation.

Ticket wise split of sales



Source: DataLabs, PropTiger Research

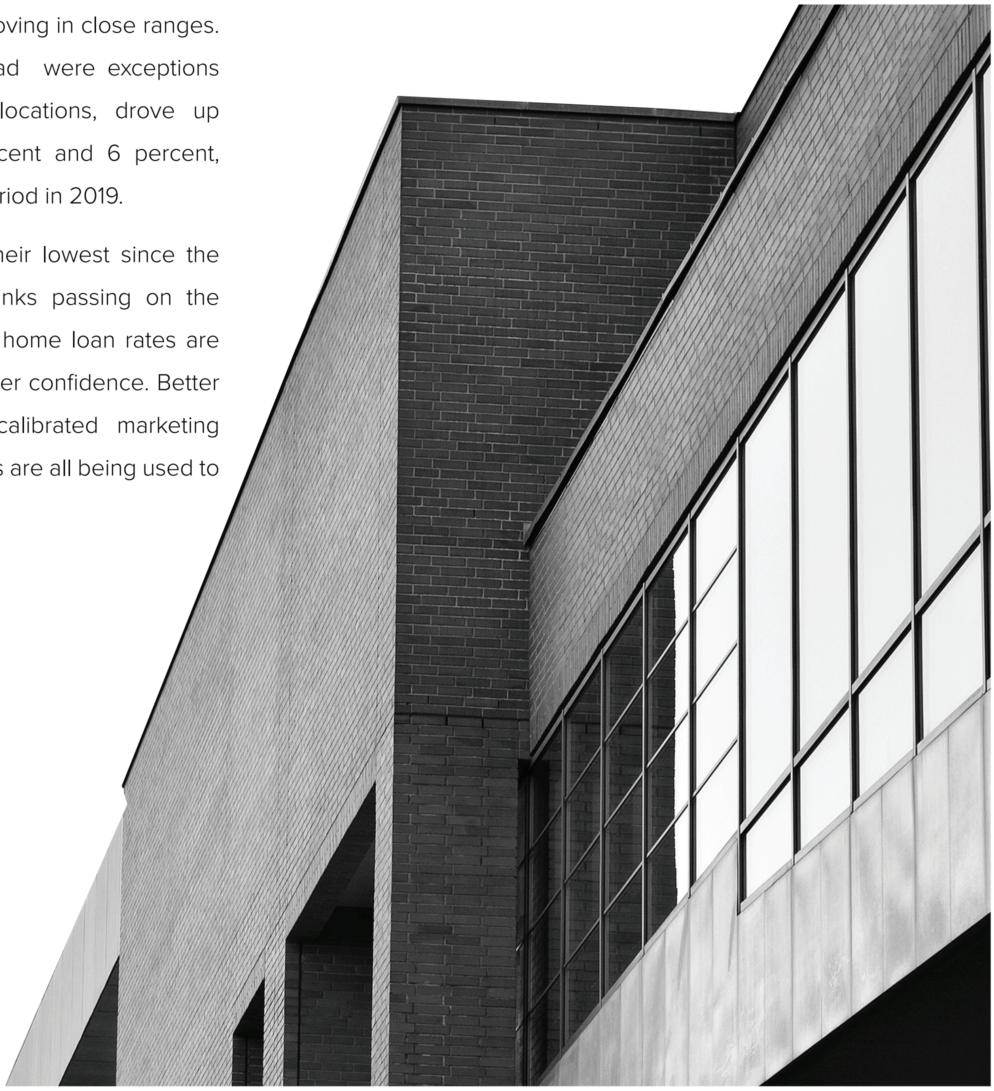
PRICE TRENDS



Source: DataLabs, PropTiger Research

• Weighted average prices remained stagnant across cities in the last few quarters with prices moving in close ranges. Cities of Hyderabad and Ahmedabad were exceptions where end-user demand in key locations, drove up weighted average prices by 7 percent and 6 percent, respectively, in Q2 over the same period in 2019.

• With the policy rates already at their lowest since the Global Financial Crisis, and the banks passing on the benefits to the consumers, reduced home loan rates are expected to cushion the dull consumer confidence. Better structured payment plans and recalibrated marketing strategies with webinars and site visits are all being used to attract the buyer back to the market.



UNSOLD INVENTORY

City	Unsold inventory as of June 2020	Inventory overhang (in months)
Ahmedabad	38,933	26
Bengaluru	75,493	32
NCR	1,11,121	53
Chennai	36,272	36
Hyderabad	32,068	19
Kolkata	32,832	38
Mumbai	2,76,492	40
Pune	1,35,124	30

Source: DataLabs, PropTiger Research

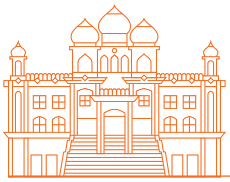
• The unsold inventory across the eight cities stands at 7,38,335 units as on 30th June 2020. On a YoY basis, unsold inventory stock decreased by 13 percent from 8,46,460 units in Q2 2019.

• The second quarter of 2020 witnessed a slight decrease in unsold inventory against the previous quarter due to muted new launches and slow but steady sales velocity across all the cities. Mumbai and Pune continue to hold the maximum share of unsold stock (56 percent) followed by NCR and Bengaluru with 15 percent and 10 percent share, respectively.

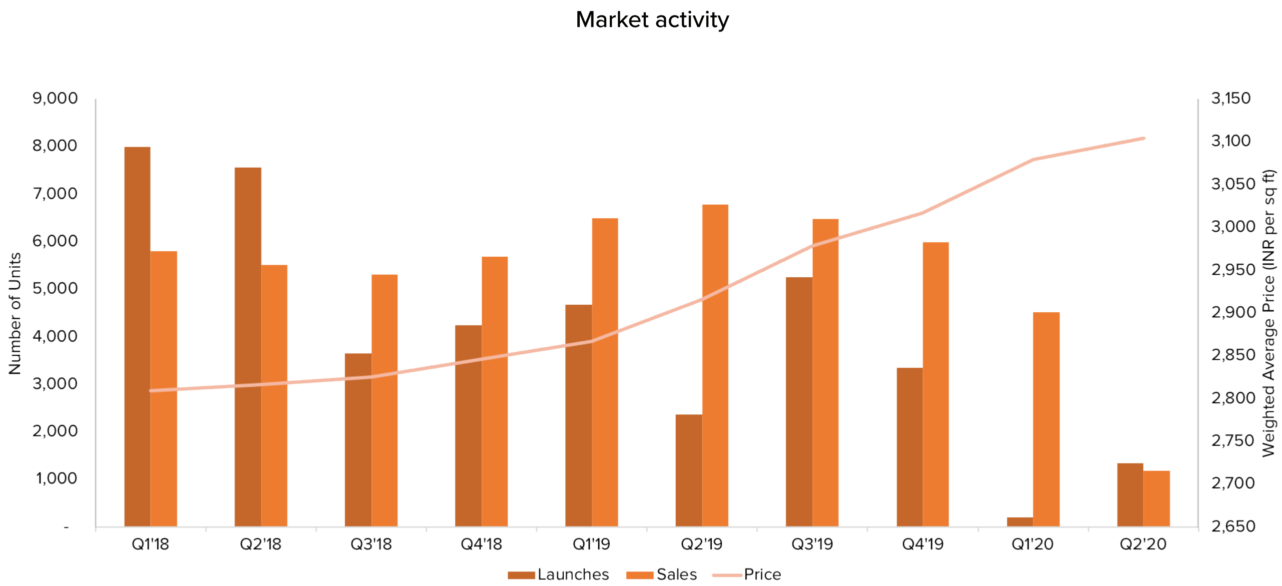
• Out of the available stock in the top-8 cities, nearly 20 percent of the unsold inventory falls in the ready-to-move-in category.

• Inventory-overhang stood at 35 months as of June 2020 as compared to 28 months in Q2 2019. This implies that with the current sales velocity, it will take close to three years to absorb the current inventory.

CITY SNAPSHOT



AHMEDABAD



Source: DataLabs, PropTiger Research

• New launches in Ahmedabad remained muted with only 1,340 units launched in Q2 2020, as compared to 2,370 new units launched in Q2 2019.

• Sales also declined with only 1,200 units sold in Q2 2020, with the less than INR 45 lakh price bracket dominating the sales activity. Nearly 63 percent of the total sales were recorded in the less than INR 45 lakh price bracket.

• Localities such as Chandkheda, Bopal, Gota and Nava Naroda were the most preferred locations among buyers, owing to its proximity to various industrial and commercial areas in the city and its retail presence. These four localities contributed nearly 31 percent of the total sales of the city during Q2 2020.

• 2 BHK remained the most preferred configuration for buyers in this quarter with 51 percent share of the total sales, followed by 3 BHK with nearly 34 percent share.

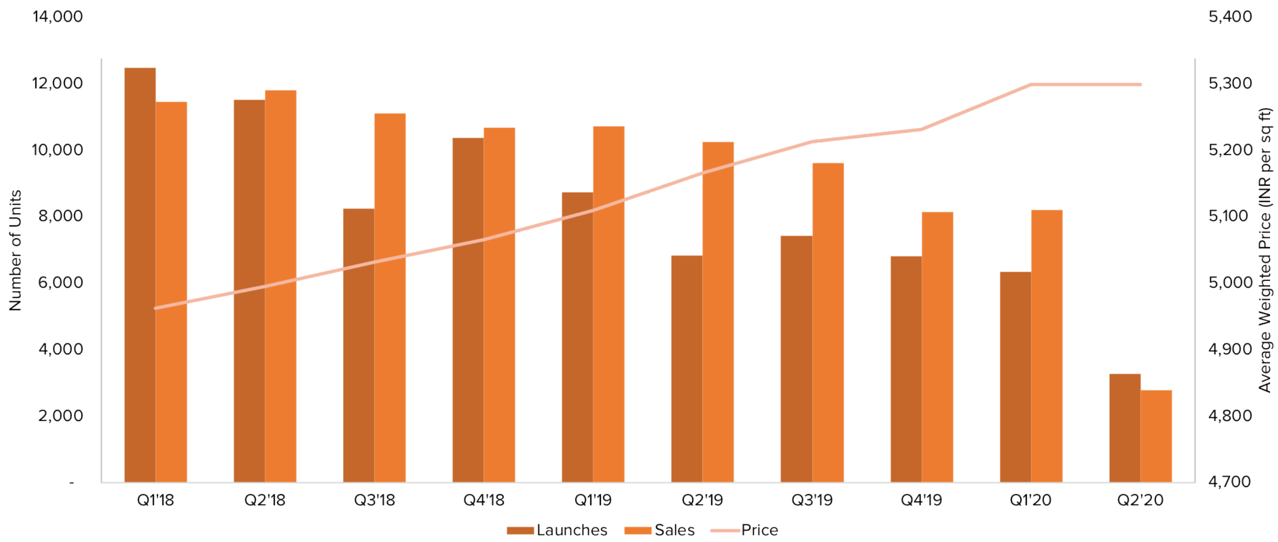
• Unsold inventory levels reduced from 49,560 units in Q2 2019 and stood at 38,993 units in Q2 2020–a decline of 21 percent YoY. Out of the available stock in Ahmedabad, 68 percent of the unsold inventory falls in the less than INR 45 lakh price bracket. Nearly 24 percent of the unsold inventory falls in the ready-to-move-in category.

• Ahmedabad, which has a current inventory overhang of 26 months; witnessed a slight increase from the same period last year which was recorded at 24 months.

• Ahmedabad registered a 6 percent increase in prices predominantly due the end–user demand localities such as Bopal, Chandkheda, and Nava Naroda.

BENGALURU

Market activity



Source: DataLabs, PropTiger Research

• New launches in Bengaluru saw a significant YoY decline of 52 percent, with around 3,270 units launched in Q2 2020. Majority of the new launches in the second quarter were recorded in the INR 45 lakh–75 lakh price bracket.

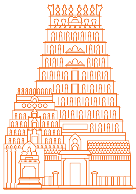
• Many prominent developers, such as Prestige Group, Ramky Group, Ajmera Group, and Arvind Smartspaces, launched their projects in the noticeable localities of North Bengaluru and Kanakpura Road during the quarter, with Talaghattapura witnessing the maximum number of new launches. In terms of ticket size, maximum traction during Q2 2020 was witnessed in the INR 45 lakh–75 lakh ticket price bracket, which contributed majority of the new launches during the quarter.

• Sales witnessed a significant slowdown, registering a 73 percent YoY decline in Q2 2020, with 2,776 units being sold in the second quarter. North Bengaluru and Hosur Road were the most sought after regions, contributing nearly 35 percent to the total sales of the city.

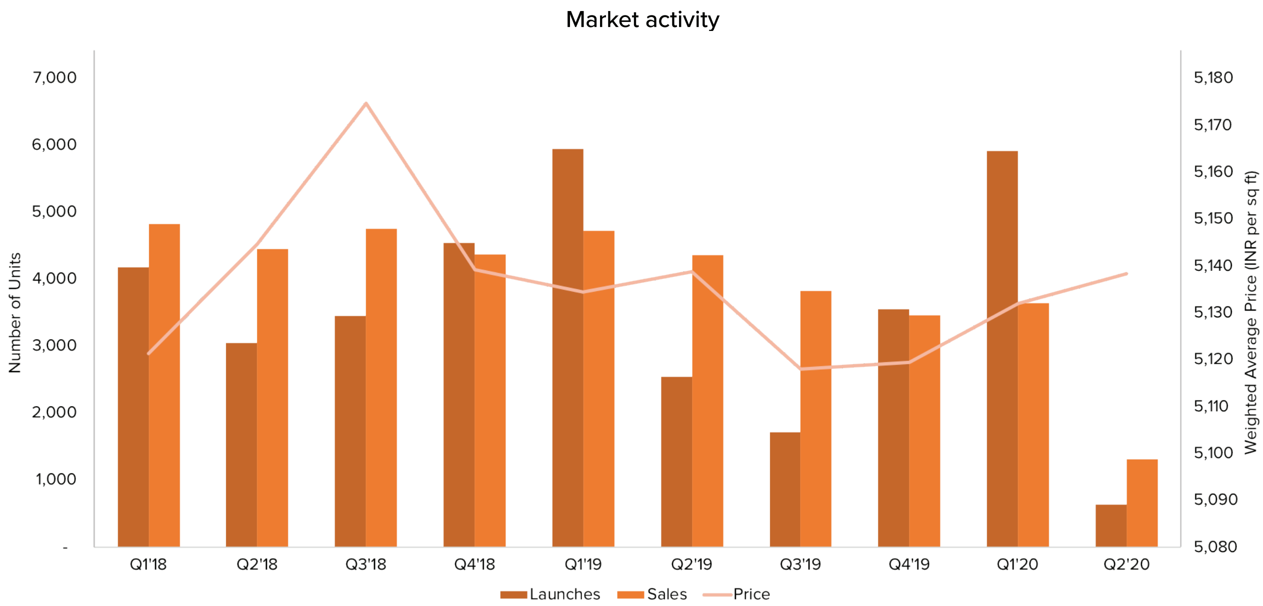
• While 38 percent of the total units sold, comprised of properties priced more than INR 75 lakh, sales under INR 45 lakh ticket size remained low. Demand for 2&3 BHK configurations continued to remain most sought after.

• Tapered new launches since the last few quarters resulted in the reduction of unsold inventory levels to 75,493 units in Q2 2020 from 83,129 units in Q2 2019. With the current level of unsold units available with the developers, it will take approximately 32 months to liquidate the current stock.

• While prices remained relatively stable in most parts of the city, properties across Old Airport Road and Sarjapur Road saw some price movement in Q2 2020.



CHENNAI



Source: DataLabs, PropTiger Research

• New launches in Chennai for Q2 2020 dipped by 75 percent on a YoY basis, with less than one thousand units being launched in the second quarter. A slowdown in demand along with the intensifying liquidity crunch have severely hurt developers' cash flows. OMR continued to dominate new launches with over 95 percent share of total launches in Q2 2020.

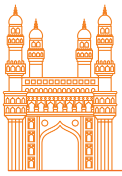
• Majority of the new launches were concentrated in the INR 75 lakh–1 crore price bracket, accounting for 70 percent of the total new launches. Most of the launches were recorded in the 2 BHK category, which contributed nearly 70 percent of the total launches during Q2 2020.

• On the demand side, sales of residential units in Chennai fell by 70 percent on a YoY basis, with only 1,312 units sold in Q2 2020. OMR, followed by Chennai West and GST accounted for the maximum share of sales with more than 80 percent of the overall sales concentrated in these micro markets. Significant traction in sales was seen in the INR 45 lakh–75 lakh price bracket, closely followed by the projects in the less than INR 45 lakh price bracket.

• Buyer's preference was more inclined towards the 2 BHK configuration in Q2 2020 with a 47 percent share of the total sales, closely followed by the 3 BHK configuration (42 percent).

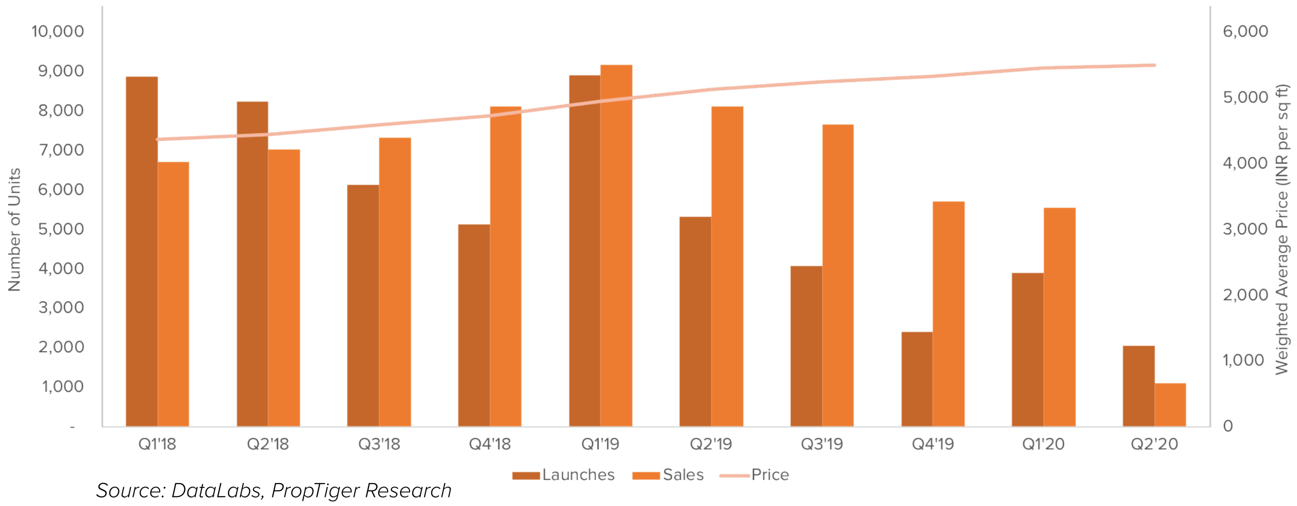
• Unsold inventory in Chennai slightly reduced to 36,272 units in Q2 2020 from 36,841 units in Q2 2019. Out of the current unsold stock, nearly 30 percent of the unsold inventory falls in the ready-to-move-in category.

• In terms of price, weighted average price of residential apartments in the city largely remained stable at INR 5,135 per sq ft in Q2 2020. While unsold inventory reduced slightly, inventory overhang did not show any improvement. At current stock, the inventory overhang stood at almost 36 months, as compared to 24 months in the same period of the previous year.



HYDERABAD

Market activity



Source: DataLabs, PropTiger Research

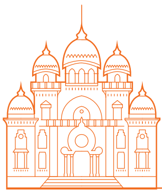
• Hyderabad's new launches witnessed a YoY decrease of 61 percent, with only 2,050 units being launched in the second quarter of 2020. Over 80 percent of the new launches were in the more than INR 1 crore price bracket.

• Hafeezpet, HITEC City and Patancheru were the most prominent localities that witnessed maximum number of new launches in the city. During the second quarter of 2020, new launches in the 2&3 BHK configurations contributed equally to the overall pie, with 48 percent and 45 percent share, respectively.

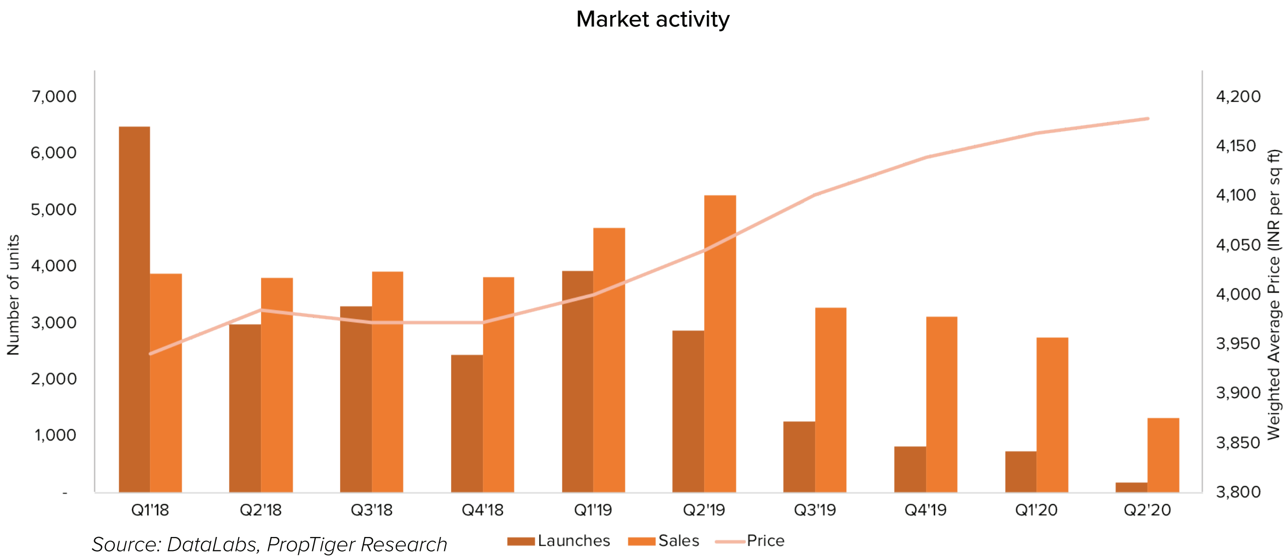
• On the demand side, sales nosedived by 86 percent YoY, with only 1,100 units sold during Q2 2020. The western suburbs of the city continued to contribute majorly towards demand, with 58 percent of the overall sales coming from this region. Locations such as Kondapur, HITEC City and Nallagandla Gachibowli accounted for majority of the sales in this submarket.

• In terms of ticket size, more than 45 percent of sales were recorded in the greater than INR 1 crore price bracket and nearly 25 percent of sales were in the INR 45 lakh–75 lakh price bracket. During the second quarter, 3 BHK configuration was the most preferred amongst the buyers, with 54 percent share of the total sales recorded in this category.

• At the end of Q2 2020, Hyderabad had an unsold inventory of 32,068 units, as compared to 39,947 units in Q2 2019. As of June 2020, the current inventory overhang of the city is 19 months. Out of the total available stock, nearly 14 percent of the total unsold inventory is in the ready-to-move-in category.



KOLKATA



Source: DataLabs, PropTiger Research

• In Q2 2020, both demand and supply remained muted in Kolkata. Only 183 new units were launched in the quarter as against 2,867 units in Q2 2019. Similarly, sales in the city slumped further by 75 percent on a YoY basis.

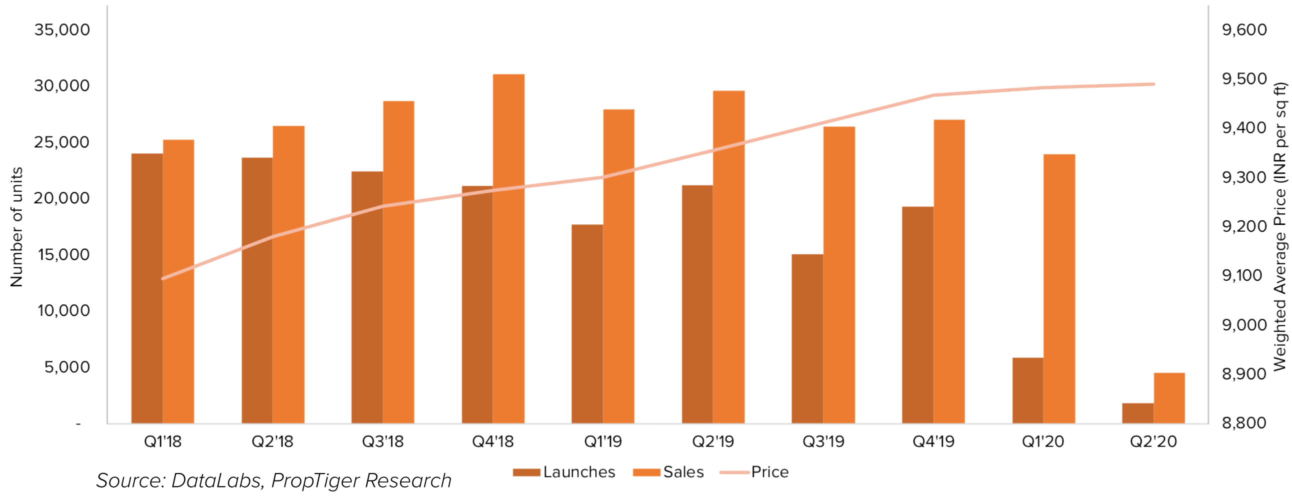
• The real estate market of Kolkata has been, so far, driven mainly by the affordable segment and continues to do so in this quarter as well, with majority of its launches in this segment. Similarly, on demand side, maximum sales were recorded in less than INR 45 lakh price bracket.

• Rajarhat, Joka and Narendrapura emerged as the localities that are attracting maximum buyers due to its seamless connectivity and proximity to various multinational companies and social infrastructure.

• At the end of Q2 2020, the city has an unsold stock of 32,832 units, as compared to 40,406 units in Q2 2019. At the current sales velocity, developers in the city will take nearly 38 months to liquidate the current available stock.

MUMBAI

Market activity



Source: DataLabs, PropTiger Research

• Economic activity in Mumbai, the business capital of India, had come to a complete halt during Q2 2020, with the city home to maximum number of COVID-19 cases in the country. New launches in Mumbai reduced to a mere 1,822 units, registering a 91 percent decline, as compared to the same quarter last year.

• Majority of the new launches in the Mumbai Metropolitan Region (MMR)* were recorded by prominent developers such as Piramal Realty and Swastik Properties in Thane West, Vikhroli and Vasai. Among these projects, maximum units were launched in the price bracket of more than INR 75 lakh.

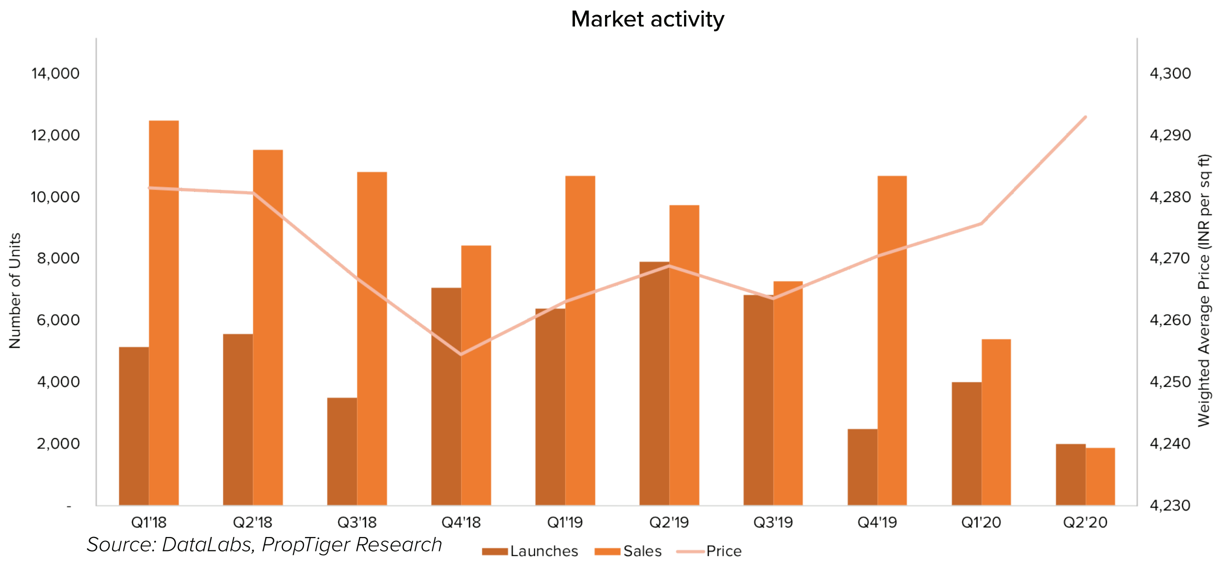
• On the other hand, a total of 4,560 units were sold in the Mumbai region during Q2 2020, as against 29,635 units in the same period last year, registering a YoY decline of 85 percent. More than 40 percent of the units sold during the period were units priced less than INR 45 lakh.

• Suburban markets beyond Thane contributed nearly 28 percent to the overall sales, followed by Navi Mumbai with a 13 percent share. Thane West, Dombivli and Panvel were the key locations that attracted buyers in this quarter, specifically in the projects priced below INR 45 lakh, substantiating the preference of the 2 BHK category amongst buyers.

• Mumbai's unsold inventory is the highest when compared to any other major residential market in India. Currently, the unsold stock in Mumbai stands at 2,76,492 units, which is nearly 37 percent of the overall inventory present in India's top-8 cities. Interestingly, out of this, 87 percent of the stock is under different stages of construction. At the current sales velocity, developers will take over 40 months to offload the available residential stock in the financial capital.

**MMR includes Mumbai, Navi Mumbai and Thane.*

DELHI NCR



Source: DataLabs, PropTiger Research

• New launches in Delhi NCR* dipped by a sharp 75 percent on a YoY basis amid the current economic gloom with 2,000 new units launched during Q2 2020, of which Gurugram accounted for majority of the new launches, followed by Faridabad.

• Out of the 1,250 units launched in Gurugram, majority of the launches were in Sector 59 on Golf Course Extension Road, followed by Sector 79 in New Gurugram. Majority of the new launches in Gurugram and Faridabad fall in the less than INR 25 lakh price bracket.

• On the demand side, sales across NCR fell by a steep 81 percent, with nearly 1,886 units sold during Q2 2020, as compared to 9,760 units in Q2 2019. Following the launches trend, Gurugram contributed the most towards sales in Delhi NCR with a 47 percent share of the total pie, closely followed by Noida and Greater Noida (45 percent).

• Majority of the sales across Gurugram were witnessed in the price bracket of less than INR 45 lakh, that contributed 50 percent of the total sales, followed by 22 percent share in the price bracket of more than INR 1 crore.

• Buyers continued to prefer the 2 BHK configuration, as 44 percent share of the total sales across Delhi NCR was seen in this segment.

• Key locations for buyer interest in Gurugram in Q2 2020 were the micro markets of Dwarka Expressway, Sohna and New Gurugram. Whereas key locations for demand in Noida and Greater Noida were Noida expressway, Greater Noida Extension and Yamuna Expressway.

• In Noida, there were no fresh launches in Q2 2020. Nearly 51 percent of the units sold during the quarter were in the less than INR 45 lakh price bracket.

• Delhi NCR has an unsold inventory of 1,11,121 units as of Q2 2020, with 52 percent of this unsold inventory concentrated in the markets of Noida and Greater Noida.

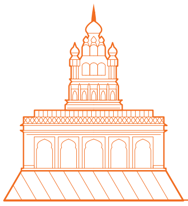
• Out of the total unsold stock across NCR, over 30 percent is available in the ready-to-move-in category.

• Unsold inventory in Gurugram stands at nearly 31,288 units at the end of Q2 2020, with nearly 48 percent of the available stock being in the 2 BHK configuration.

• With the third highest share of total unsold inventory, after Mumbai and Pune, Delhi NCR has the maximum inventory overhang of around 53 months, much higher than the other top-8 cities.

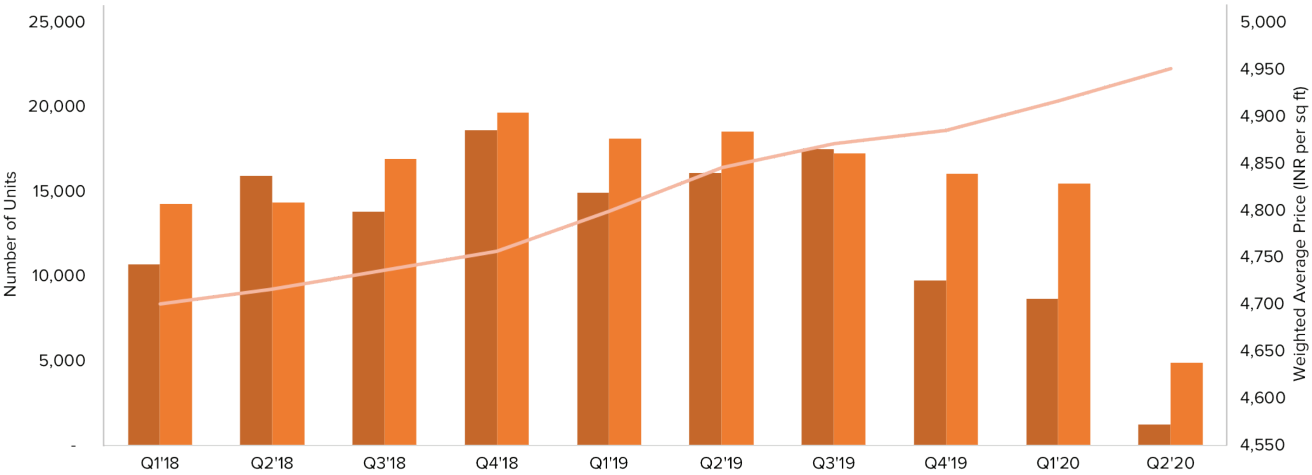
• Weighted average prices in Delhi NCR have moved within close ranges since 2013, with negligible change in the current quarter.

**NCR includes, Noida, Greater Noida, Gurugram, Ghaziabad and Faridabad.*



PUNE

Market activity



Source: DataLabs, PropTiger Research

• Though the new launches in Pune have been on a downtrend for the last four quarters, the second quarter registered a steep YoY decline of 92 percent, with only 1,250 units entering the market in the second quarter. Nearly half of the share of new launches was in the INR 45 lakh–75 lakh price bracket.

• Demand plummeted by 74 percent YoY in Q2 2020, with only 4,900 units sold as compared to 18,580 units in Q2 2019. Out of the total sales during the second quarter of 2020, the 2 BHK configuration was the most preferred amongst buyers, with nearly two-third of total sales falling in this category, closely followed by 1 BHK with 28 percent share in the city sales.

• Chinchwad, Wakad and Kondhwa were the only areas that witnessed new launches in this quarter, whereas Hinjewadi, Wagholi and Mamurdi were the prominent localities in terms of demand.

• Unsold inventory levels in Pune reduced by 12 percent, as compared to Q2 2019, and stood at 1,35,124 units at the end of June 2020. Out of the unsold inventory, only 16 percent of the total stock is available in the ready-to-move-in category.

• At the current sales velocity, builders in the city would take nearly 30 months to offload the existing unsold stock.

• The less than INR 45 lakh price bracket has been a key contributor to the overall housing sales in Pune in Q2 2020–62 percent of the overall sales in this quarter were concentrated in this category. On the other hand, 65 percent of the unsold inventory in the city is also concentrated in this segment.

• Weighted average prices in Pune registered a marginal uptick of 2 percent in Q2 2020, as compared to the weighted average price in Q2 2019. Hadapsar, Kharadi, and Tathawade were the key localities where most of the price appreciation was recorded.

PROPTIGER RESEARCH

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