

ANAROCK

VALUES OVER VALUE

**PAN INDIA
RESIDENTIAL
REAL ESTATE ROUND-UP**
Annual Report 2020



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FOREWORD

The pandemic has bestowed opportunities for businesses to re-align and create propositions that will have a long-lasting impact on the economic landscape.

Year 2020 will always be remembered in the history of mankind as a year of disturbance and disruption. It was dotted with several events that altered the world ranging from a global movement for racial justice, ecological devastations caused by forest fires in the west and hurricanes around the world, an unconventional U.S. presidential election, and of course the deadly COVID-19 outbreak. The massive shock imparted by the coronavirus pandemic to mankind and businesses and the subsequent lockdowns to contain it has plunged global economy into severe contraction.

That said, the pandemic has also bestowed opportunities for businesses to re-align and create propositions that will have a long-lasting impact on the economic landscape. While businesses traversed through this tough year, the Indian government was supportive and took several measures during the pandemic to keep the economy buoyant. Many sectors have benefitted from the policy implementations as evident from the rising business volumes and resurfacing employment.

The Indian real estate sector has exhibited resilience and indicated signs of recovery as 2020 came to an end. The traditional asset classes

- office, retail, and residential - recorded healthy activities in the second half of 2020. The country's second commercial office REIT got listed amidst the lockdown and received an overwhelming response. This indicates that global investors continue to believe in the massive potential of the real sector in India. This belief was strengthened by the sector's significant transformation post the series of reforms initiated since 2016.

The residential segment, constituting a major part of the real estate sector in India, bottomed out in 2020 but is now

“

Despite the launches and sales being short of last year, the trend of sales exceeding launches continued in 2020 as well. While the launches have dropped by 46% on year, the fourth quarter registered a growth of 62% over the previous quarter. Similarly, sales have grown by 72% in the final quarter but dropped by 47% on year.

”

ready to embark on a new growth journey as it enters the next decade. The second half of 2020 depicted a strong comeback of the residential segment as the fence-sitters sprang into action and construction activities resumed with cities being unlocked in phases. Despite the launches and sales being short of last year, the trend of sales exceeding launches continued in 2020 as well. While the launches have dropped by 46% on year, the fourth quarter registered a growth of 62% over the previous quarter. Similarly, sales have grown by 72% in the final quarter but dropped by 47% on year. The unsold inventory of residential units across the country has reduced marginally by 2% on year. However, it is 19% lower than its peak in 2016.

Work-from-home was largely leveraged and successfully tested this year across the sectors. Also, online schooling became the new norm. As a result, the housing demand revived as people at large realized the necessity and benefits of owning a home.

While the numbers depict quantitative details of the past year, there have been several qualitative learnings - topmost being utilizing technology and going digital to ensure business continuity amidst such disturbances in the future. Buyer requirements have also altered, and developers are also trying to adapt quickly and deliver.

There are many more interesting facts and revelations in this report which can be helpful and informative to stakeholders of residential real estate in India. I hope you find it a good read. As always, happy to hear from you.



ANUJ PURI
Group Chairman

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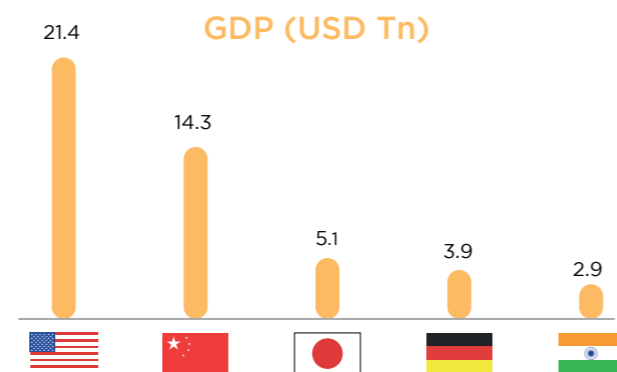
INDIA: THE CHALLENGES ARE GREAT AND SO ARE THE OPPORTUNITIES

Seven decades post-independence, India has emerged as a strong and resilient economy. It has been growing incessantly at varied paces over time and has grown to be a land of numerous opportunities. However, there are the challenges and hurdles along the way that may appear to be threats for the risk-averse, but those who envision the magnitude of the opportunity are handsomely rewarded.

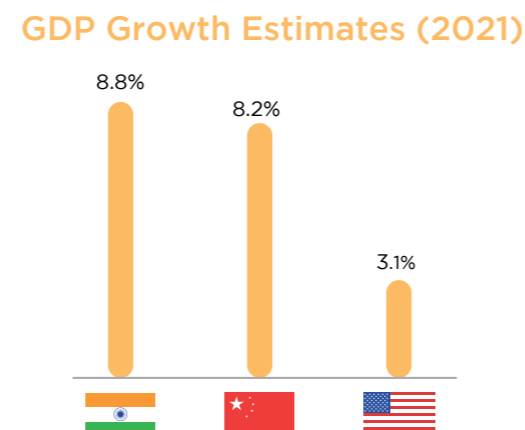
Macro Indicators

While India is not the largest economy in the world, it certainly possesses the potential to be among the leaders in the years to come. The growth in the past few years has been encouraging and the recovery from the recent pandemic is also expected to be better than the rest of the world.

India is the 5th largest global economy¹ : India contributes nearly 3.5% to the world economy.



GDP Growth Estimates (2021)² : The world has been severely impacted by the unprecedented COVID-19 outbreak. However, India's recovery is likely to be the sharpest and the fastest.



¹World Bank 2019 (Current USD)

²International Monetary Fund (IMF)

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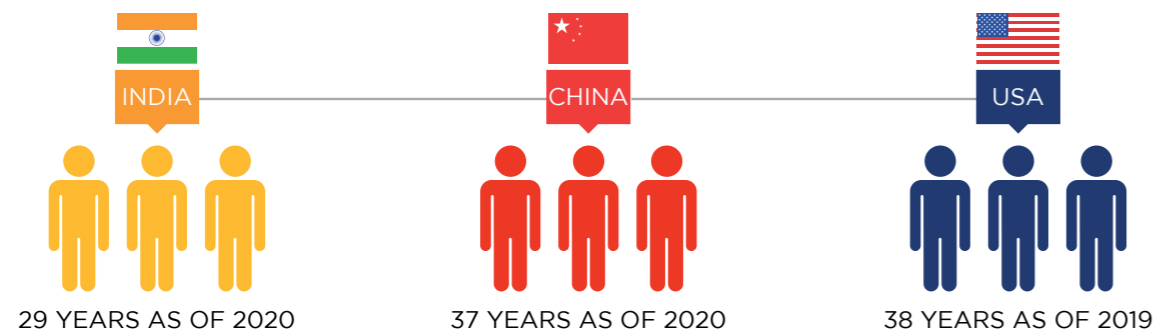


Demographic Indicators

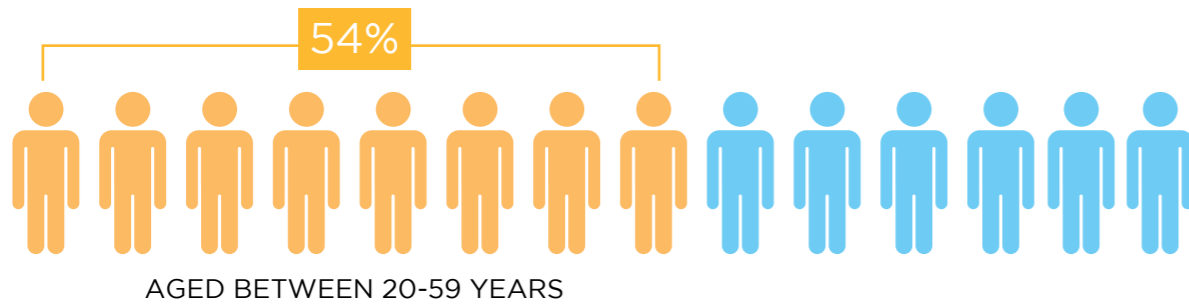
Young, tech-savvy, and agile population

The demographic dividend that the country enjoys is vast owing to the large and diverse population that offers a sizeable market in itself. Its talent pool is enviable and has been remarkable in establishing India as the IT-ITeS hub for leading players of the world.

AVERAGE AGE



WORKING-CLASS



AVERAGE AGE TO BUY A HOUSE



MOBILE SUBSCRIBERS



95% of country's population which shows high mobile penetration across the country



Nearly 1,151.8 Mn mobile subscribers in India as of 31st October 2020³

Enablers

The plans to develop massive infrastructure in India are expected to facilitate and decentralise the growth vectors and provide diversified development across the geographies in line with the developed countries. The government's focus on being globally competitive and capable is expected to benefit other sectors as well.

A digitised nation with a focus on the development of the industrial and services sector with increased participation and collaboration with global leaders is likely to further stimulate the housing demand across the country in the next decade.

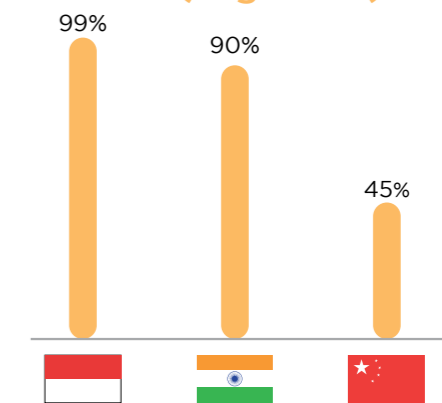
Sound Infrastructure for the sustainable development of the country and achieve USD 5 Tn economy by 2024-25: India planned to spend USD 1.4 Tn on infrastructure during 2019-23, which is equivalent to Australia's GDP (as of 2019).

'Atmanirbhar Bharat Campaign' to make the country and its citizens independent and self-reliant: In May 2020, the government announced an INR 20 lakh crore economic package under the 'Self-reliant India Campaign' to aid our country out of the COVID-19 pandemic (by making the country self-reliant).

'Digital India Programme' to transform India digitally: India's Digital Adaption Index (DAI) increased by 90% between 2014-17, compared to 45% in the case of China⁴. COVID-19

pandemic worked as a catalyst for the digitalization drive across the country as the physical movement of goods and services was restricted.

DAI (% growth)



India's Ease of Doing Business (EoDB) ranking improved from 142nd in 2014 to 63rd in 2019⁵ : India is among the top 10 countries whose EoDB rank has improved for 3 consecutive years. The short-term target is to secure a rank within 50.

India EoDB Rank

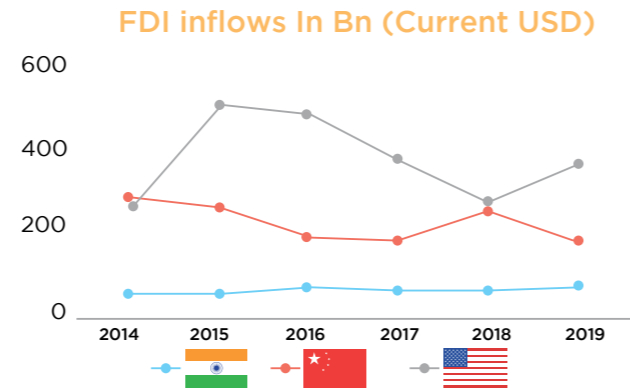


³ Telecom Regulatory Authority of India (TRAI)

⁴ Digital India report by McKinsey Global Institute

⁵ Doingbusiness.org

India holds a prominent position in terms of Foreign Direct Investment Inflows: India registered the foreign direct investments (FDI) of USD 50.6 Bn in 2019, contributing 3% to the total FDI inflows of the world⁶. As per the Department for Promotion of Industry and Internal Trade, India registered FDI equity inflows of USD 30 Bn in H1 FY'21 amid the COVID-19 pandemic.



India's manufacturing prowess is likely to trigger the next wave of economic growth: The COVID-19 pandemic exposed the over-reliance of companies on China for manufacturing. Many companies are exploring options to diversify their production facilities to ensure business continuity in such unprecedented situations.

Startups gained traction during the pandemic: Despite a literacy rate of 74%⁷ (lower than the world average of 86%⁸) and only 21.2% of the skilled labour force across the country,⁹ India is the world's 2nd largest startup ecosystem. There are more than 55,000 startups that have received overall funding of USD 63 Bn between 2014 to H1 2020¹⁰.

“**During 2020, Indian startups have received the funding of USD 9.3 Bn despite the COVID-19 pandemic. 11 Indian startups including RazorPay, Unacademy, DailyHunt, and Glance became a unicorn this year.**”

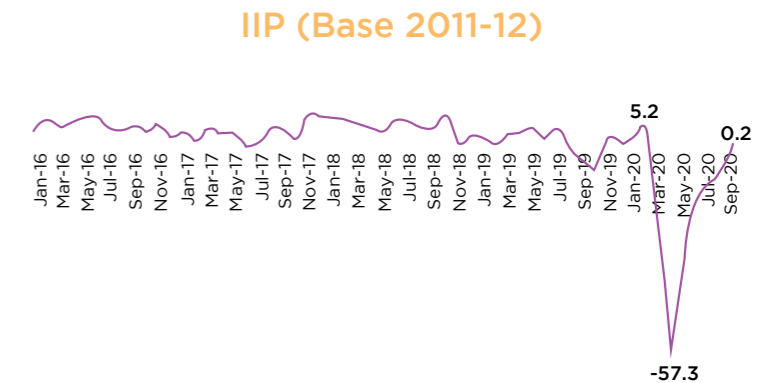
During 2020, Indian startups have received the funding of USD 9.3 Bn¹¹ despite the COVID-19 pandemic. 11 Indian startups including RazorPay, Unacademy, DailyHunt, and Glance became a unicorn this year.



⁶ World Bank (For India current year refers to fiscal year)
⁷ Census 2011
⁸ Ourworldindata.org (2015)

⁹ The United Nations Development Programme's Human Development Report
¹⁰ DataLabs by Inc42+
¹¹ Tracxn

Index of Industrial Production (IIP) depicted V-shaped recovery during 2020: The IIP turned positive at 0.2% in September 2020 from -57% in April 2020, depicting a V-shaped recovery trend¹². This improvement may be attributed to the relaxation in lockdown across the country.



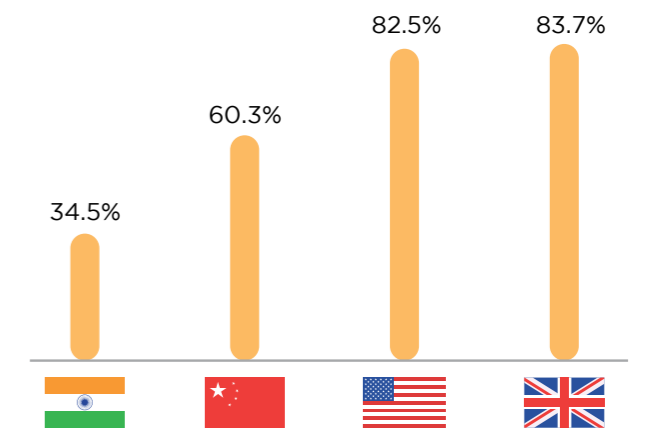
Housing Demand

Low urbanisation rate provides an opportunity: India has an urbanisation rate of 34.5%, significantly below the world average of 55.7%, indicating the potential upside opportunity.

Urban housing shortage keeps demand buoyant¹³: India has an urban housing shortage of 10 Mn homes. The shortfall is expected to amplify as urbanisation progresses rapidly to 40% by 2036.

Immense growth potential in Housing and Infrastructure sectors: Around 51% of India's geographical area is under cultivation as compared to 11% of the world average. This shows huge development potential for housing and infrastructure in the coming years. India has arable land of 0.118 hectares per person compared to the world average of 0.192 hectares.

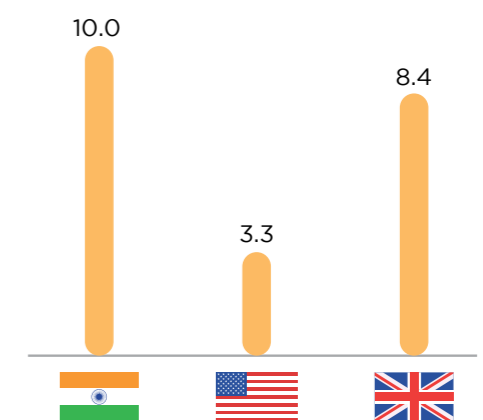
Urbanisation Rate (%)



Source: World Bank

India is a land of opportunities and paradoxes. The extremities of any parameter are highly divergent, and the opportunity emerges to be sizeable owing to its large population and rich demographic dividend. A young nation with a low urbanisation rate and planned infrastructure developments across the country are likely to provide various opportunities and drive housing demand in the future.

Urban Housing Shortage (Mn)



Source: Compiled by ANAROCK Research

¹² MOSPI
¹³ Urbanisation data for 2019 by World Bank

POLICY ANNOUNCEMENTS THAT SHAPED THE INDIAN REAL ESTATE SECTOR IN 2020

In 2020, the unprecedented COVID-19 outbreak cast a dark shadow on the global economy as well as India. The Indian economy was already witnessing a slowdown in growth and the pandemic crippled it further. However, the Indian government introduced a slew of measures to keep the economy afloat. EMI moratorium, reduction in repo rates, economic stimulus, and loan restructuring were introduced to support individuals/businesses and maintain the liquidity in the market. While the measures taken by the government have kept the economy buoyant, the government assures there is room for further stimulus, if required. The real estate sector's revival trends witnessed during the 3rd quarter have been encouraging and are likely to pave the way for renewed growth.

February 2020

Union Budget

- An additional deduction of up to INR 1.5 lakh for interest paid on loans for the purchase of affordable housing assets was extended till 31st March 2021.
- The tax holiday on the profits earned by developers of the affordable housing project was extended till 31st March 2021.

Implication

- Affordable housing continued to remain in focus with the government's incessant support to this segment.

March 2020

EMI Moratorium

- 3 months of moratorium, from March to May 2020, by RBI on term loan EMIs.

Implication

- Helped to ease liquidity for individuals/businesses to combat the unprecedented crisis created by the COVID-19 outbreak.

Repo Rate

- Reduction of 75 basis points from 5.15% to 4.40%.

Implication

- Increased liquidity in the market. Loans became cheaper.

May 2020

Economic Stimulus

- India in its fight to revive the economy post-COVID-19 outbreak, announced several measures worth INR 20 lakh crore (equivalent to 10% of GDP).
 - INR 30,000 Cr special liquidity scheme for NBFCs.

Implication

- Helped to stimulate the economy and combat the slowdown created by the COVID-19 outbreak.

Self-reliant India Campaign (Atmanirbhar Bharat Abhiyaan)

- To make the country and its citizens independent and self-reliant in all senses.
- Five pillars of Self-reliant India - Economy, Infrastructure, System, Vibrant Demography, and Demand.
- Cabinet approved INR 22,810 Cr outlay for Atmanirbhar Bharat Rozgar Yojana.

Implication

- The campaign is expected to boost demand for local products and strengthen the country's economy.

Extension of the completion date of Real Estate projects

- Event to be treated as a 'force majeure' under RERA to extend the registration & completion date by 6

months for all projects expiring on or after 25th March 2020.

Implication

- Huge relief to real estate developers as construction and sales had come to a halt due to the COVID-19 outbreak. With revised timelines, developers could ensure the completion of projects to deliver houses to the buyers.

Extension of EMI Moratorium

- Extension of EMI moratorium for 3 months, from June to August 2020, by RBI on term loan EMIs.

Implication

- Extended the help to ease liquidity for individuals and businesses affected by the COVID-19 pandemic.

Repo Rate

- Reduction of 40 basis points from 4.40% to 4.00%.

Implication

- Interest rates came to an all-time low helping the borrowers to lower the EMI burden.

August 2020

Stamp duty reduction in Maharashtra

- The first state to reduce the stamp duty
- Reduction of the stamp duty in Maharashtra from 5% to 2% until 31st December 2020 and 3% from 1st January 2021 to 31st March 2021.

Implication

- Sales deeds registrations in the state revived to over 90% of pre-COVID levels in September 2020. Registration of housing properties was at a 9-year high of 9,301 units in Mumbai during November 2020, an annual increase of 67%.

September 2020

Loan Restructuring

- Finance Minister ordered banks and NBFCs to restructure loans post the moratorium period.

Implication

- Provided adequate support to the borrowers following the withdrawal of the moratorium period on repayment of debts.

October 2020

Formation of affordable rental housing complexes (ARHCs)

- For migrant workers and urban poor under the PMAY scheme to provide ease of living. ARHCs have also been accorded infrastructure status that may enable raising funds at better rates.
- Chandigarh, Surat & Rajkot (Gujarat) are the first movers towards affordable rental housing.
- Chandigarh - 2,195 ARHCs units proposed and 1,216 already allotted.
- Surat - Concessionaire selected.
- Rajkot - Request for Proposal (RFP) issued.

Implication

- To provide ease of living to urban migrants/poor in the industrial sector as well as in non-formal urban economy. This will help them to get access to formal affordable rental housing.

November 2020

Stamp duty reduction in Karnataka

- Reduction of the stamp duty from 5% to 3% for flats costing less than INR 20 lakh.

Implication

- Largely benefitted affordable housing projects.

December 2020

Stamp duty reduction in Karnataka

- Reduction of the stamp duty from 5% to 3% for flats priced between INR 20 lakh and INR 35 lakh.
- Proposal to reduce the stamp duty to 2% for flats costing less than INR 20 lakh.

Implication

- Demand booster for real estate in the state. More homebuyers to get the benefit.

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PAN INDIA - RESIDENTIAL REAL ESTATE

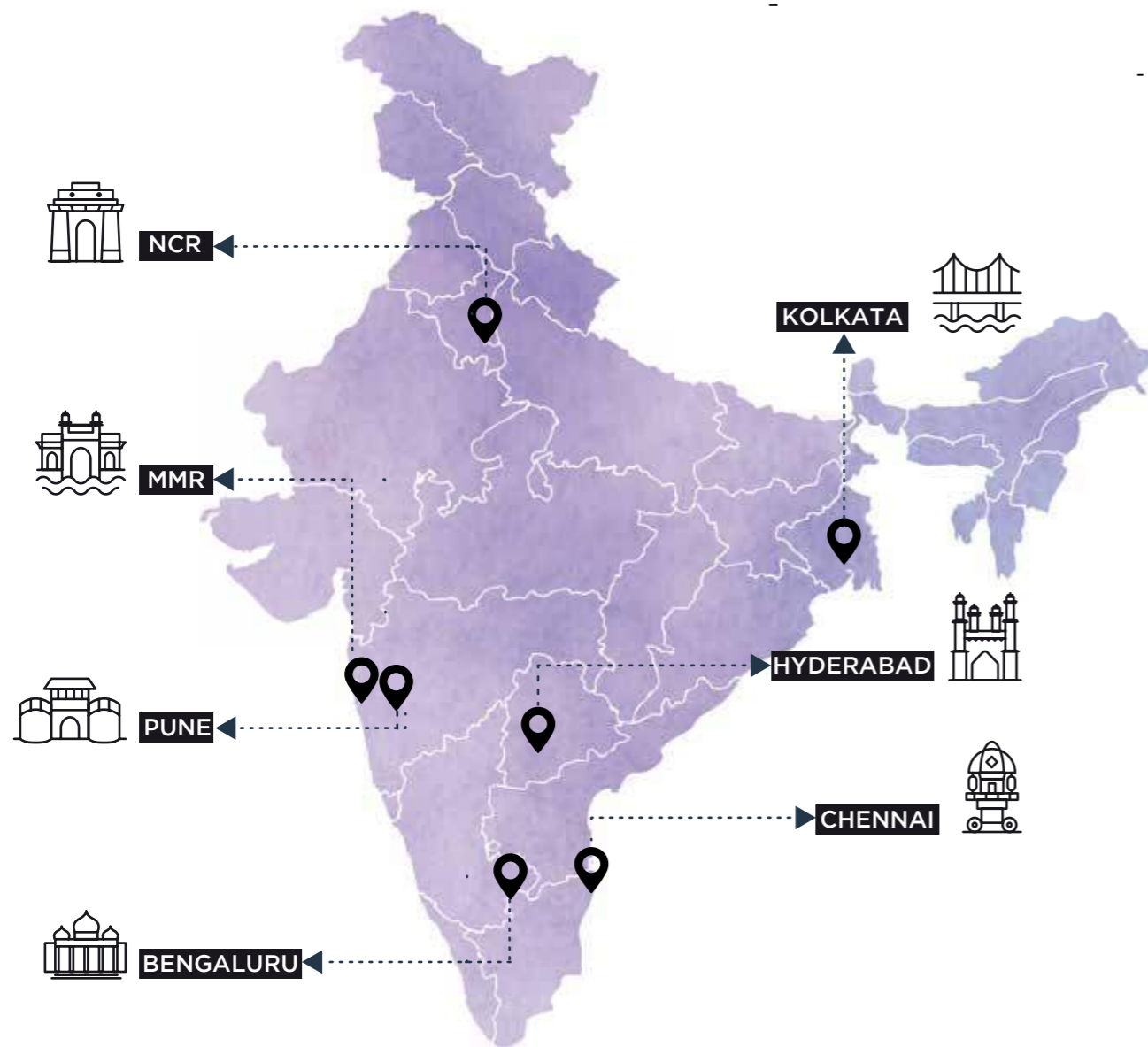
*Residential real estate bottomed out in 2020;
Q4 2020 witnessed significant improvement in real estate
activities across the country*

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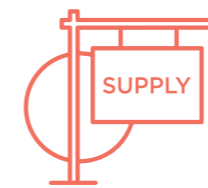


KEY HIGHLIGHTS

2020 has been a challenging year for most of the businesses and the Indian real estate sector was no exception. The gradual recovery that was seen in the past post various reforms got prolonged due to the COVID-19 pandemic this year. However, the sector has exhibited its resilience particularly in the H2 2020 as evident from the heightened activities across the cities.



Note: PAN India refers to top 7 cities of India only
Map is not to scale, for indicative purposes only



New Launches

Top 7 cities of India witnessed the lowest launches of this decade during 2020 amid COVID-19 pandemic. Nearly 1.28 lakh units were added in 2020; 13% lower than the previous trough of 2017.

While the launches declined by 46% in 2020 compared to the previous year, last quarter of 2020 has shown an improvement of 62% on quarter and 2% compared to same period last year.

Hyderabad is the only city which has shown significant increase of 42% in new launches compared to 2019. On the other hand, Kolkata and MMR reported the highest decline of 63% and 61%, respectively, during the same period.

The mid-end segment dominated the launches in 2020 and accounted for nearly 40% of the total supply. The total share of mid-end segment and high-end segment increased from 49% in 2019 to 61% in 2020.

1,27,970
(Units)

-46%
(2020 vs 2019)

62%
(Q4 2020 vs Q3 2020)



Sales

The trend of sales exceeding launches continued in 2020 as well. Around 1.38 lakh units were sold across the top 7 cities of India, registering a sale to supply ratio of just over one. While sales declined by 47% in 2020 compared to 2019, it has increased by 72% in Q4 2020 compared to Q3 2020 as India unlocked and activities gained momentum.

MMR and Pune together continued to dominate the overall sales with nearly 49% contribution. These cities witnessed the lowest decline of 45% and 42% in 2020 compared to 2019, respectively. This may be attributed to the reduction in stamp duty which spurred sales in the state.

While sales in Chennai declined by 43% due to base effect, the fall in other cities were in the range of 48% to 51% compared to the previous year.

1,38,350
(Units)

-47%
(2020 vs 2019)

72%
(Q4 2020 vs Q3 2020)



Unsold Inventory

As the sales exceeded the launches in 2020, unsold inventory declined marginally by 2% to 6.38 lakh units. In the second half of 2020, unsold inventory largely remained stable as Q4 2020 witnessed a proportionate increase in launches and sales.

All cities except Chennai and Hyderabad recorded a decline in unsold inventory. Kolkata witnessed the highest reduction of 8% in the year, followed by Bengaluru and MMR at 6% each.

Unsold inventory is down by 19% from the previous peak of 2016.

6,38,020
(Units)

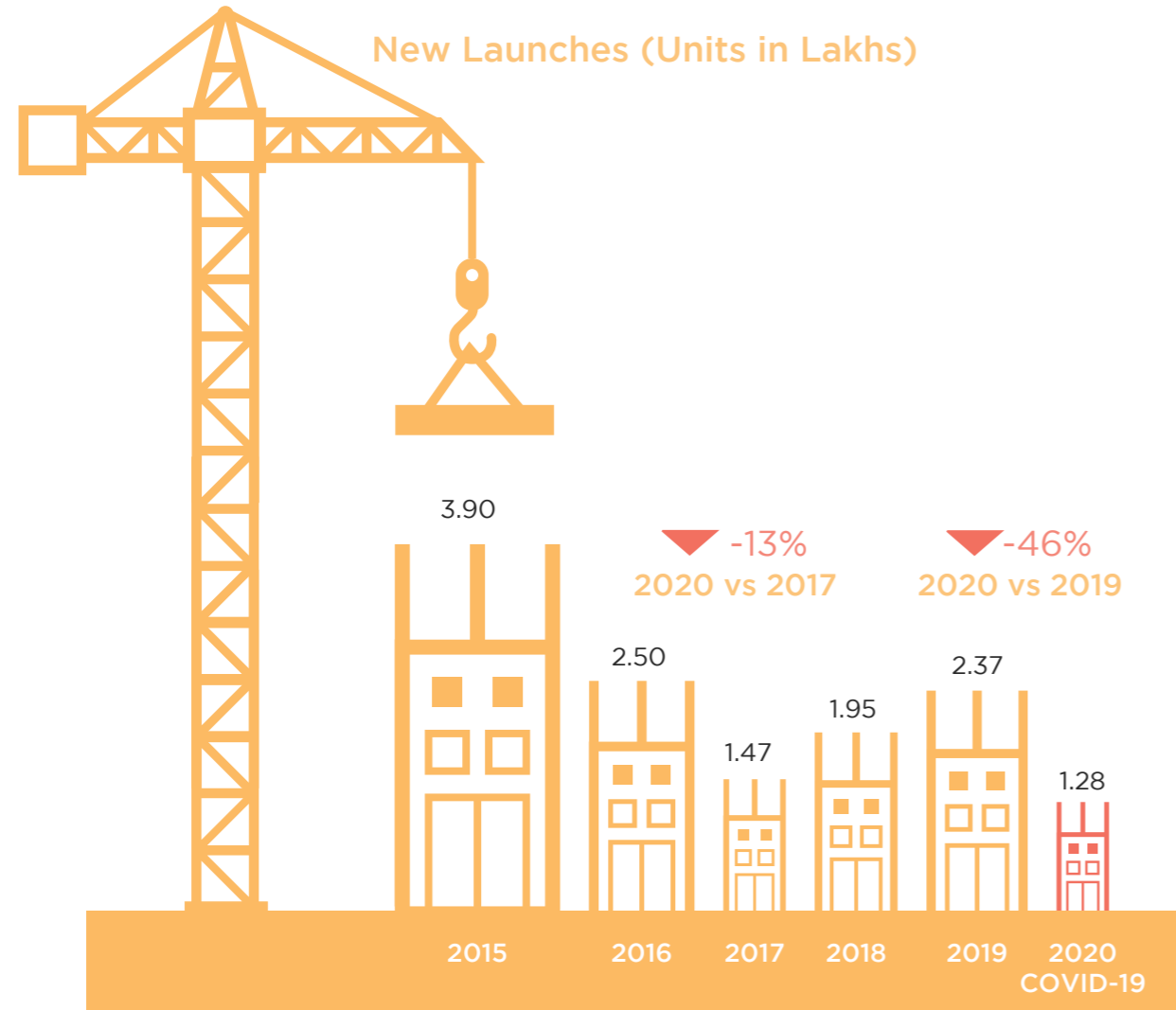
-2%
(2020 vs 2019)

Nil
(Q4 2020 vs Q3 2020)

Budget Segmentation: Affordable (< INR 40 Lakh) / Mid-end (INR 40 Lakh - INR 80 Lakh) / High-end (INR 80 Lakh - INR 1.5 Cr) / Luxury (INR 1.5 Cr - INR 2.5 Cr) / Ultra-luxury (> INR 2.5 Cr). Budget is derived as the cost of BSP on BUA and does not include other charges, stamp duty and registration

SUPPLY

Restrictions on construction activities limited the launch of new projects during the year



Source: ANAROCK Research

- Launches across the top 7 cities decreased by 46% in 2020 compared to the previous year amid forced lockdown to contain the spread of COVID-19 which impacted the construction and new launch activity.
- 2017 was the previous lowest and the current year has fathomed even lower. Thus, the market seems to have bottomed out now.
- Q2 2020 reported the lowest launches in history due to complete restriction on the movement of goods and services across the country.
- As the lockdown relaxed in phases, launches started to pick pace. Launches increased by 62% in Q4 2020 compared to Q3 2020. It even surpassed the levels of the previous year by 2%.
- We expect launches to increase further in 2021 as the situation normalizes with COVID-19 vaccination now being around the corner.

City-wise New Launch Supply Trend

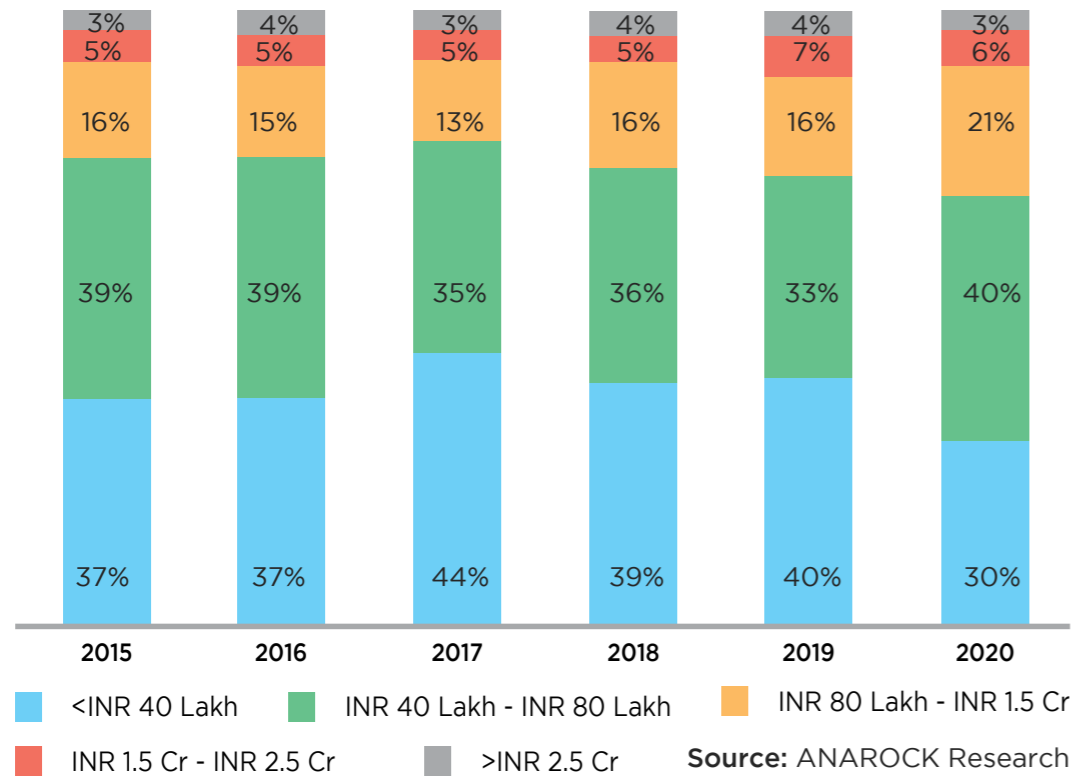
	NCR	MMR	Bengaluru	Pune	Hyderabad	Chennai	Kolkata
2019	35,280	77,990	39,930	46,110	14,840	13,000	9,420
2020	18,530	30,290	21,420	23,920	21,110	9,170	3,530
2019 vs 2020	-47%	-61%	-46%	-48%	42%	-29%	-63%

Source: ANAROCK Research



- All the cities except Hyderabad witnessed limited launches in 2020 compared to the previous year. The fall was in the range of 46% to 63%.
- Launches in Hyderabad increased by 42% compared to 2019 as the developers had been holding on to the plans on expectations of improvement in the situation. Also, 61% of overall launches in 2020 came in the last quarter (Q4 2020).
- Kolkata is the worst affected market as launches declined by 63% compared to 2019, followed by MMR at 61%.

Budget Segmentation of Supply



- The share of the affordable segment shrunk to 30% in 2020 from 40% in 2019. Developers were deterred to launch new projects in this segment as the COVID-19 outbreak impacted the livelihoods of homebuyers targeted for this segment significantly. Also, there exists a huge unsold inventory in the affordable segment.

- Mid-end and high-end segments gained prominence during 2020 and these segments together accounted for 61% of the overall launches, compared to 49% in 2019.
- The share of properties priced more than INR 1.5 Cr remained largely stable.

City-wise Budget Segmentation of Supply (2020)

	MMR	NCR	Pune	Kolkata	Hyderabad	Chennai	Bengaluru
< INR 40 Lakh	33%	61%	30%	46%	16%	14%	18%
INR 40 Lakh - INR 80 Lakh	27%	19%	53%	33%	40%	50%	61%
INR 80 Lakh - INR 1.5 Cr	21%	11%	15%	10%	40%	26%	15%
INR 1.5 Cr - INR 2.5 Cr	11%	5%	2%	9%	3%	8%	4%
> INR 2.5 Cr	8%	4%	0%	2%	1%	2%	2%

Source: ANAROCK Research

- NCR continued to be dominated by the affordable segment in 2020 with nearly 61% of the launches in the segment.
- Chennai and Hyderabad reported the lowest launches in the affordable segment.
- Properties priced between INR 40 Lakh to INR 1.5 Cr dominated the Hyderabad, Bengaluru, Chennai, and Pune markets: ranged between 68% to 80%.
- The majority of the launches in Bengaluru were concentrated in the mid-end segment, approximately 61%.



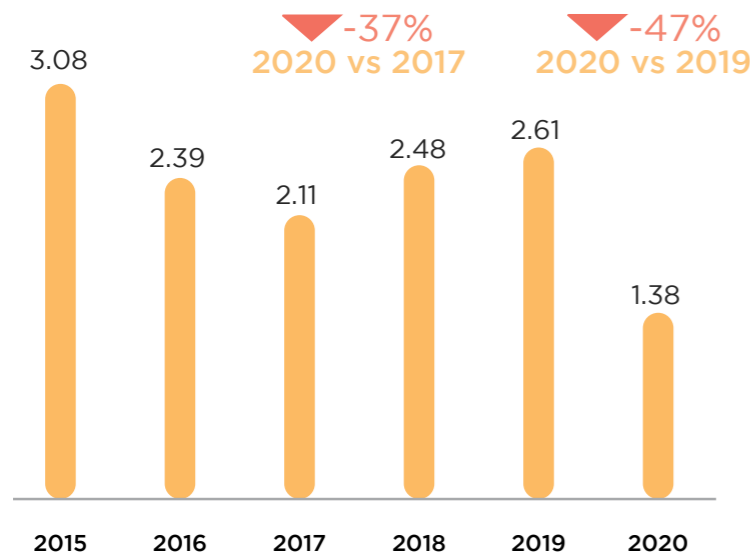
Note: Basic selling price on built-up area
Budget Segmentation: Affordable (< INR 40 Lakh), Mid-end (INR 40 Lakh - INR 80 Lakh), High-end (INR 80 Lakh - INR 1.5 Cr), Luxury (INR 1.5 Cr - INR 2.5 Cr), Ultra-luxury (> INR 2.5 Cr)

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ABSORPTION

Extensive use of technology became the success mantra to sell during the pandemic

Absorption (Units in Lakhs)

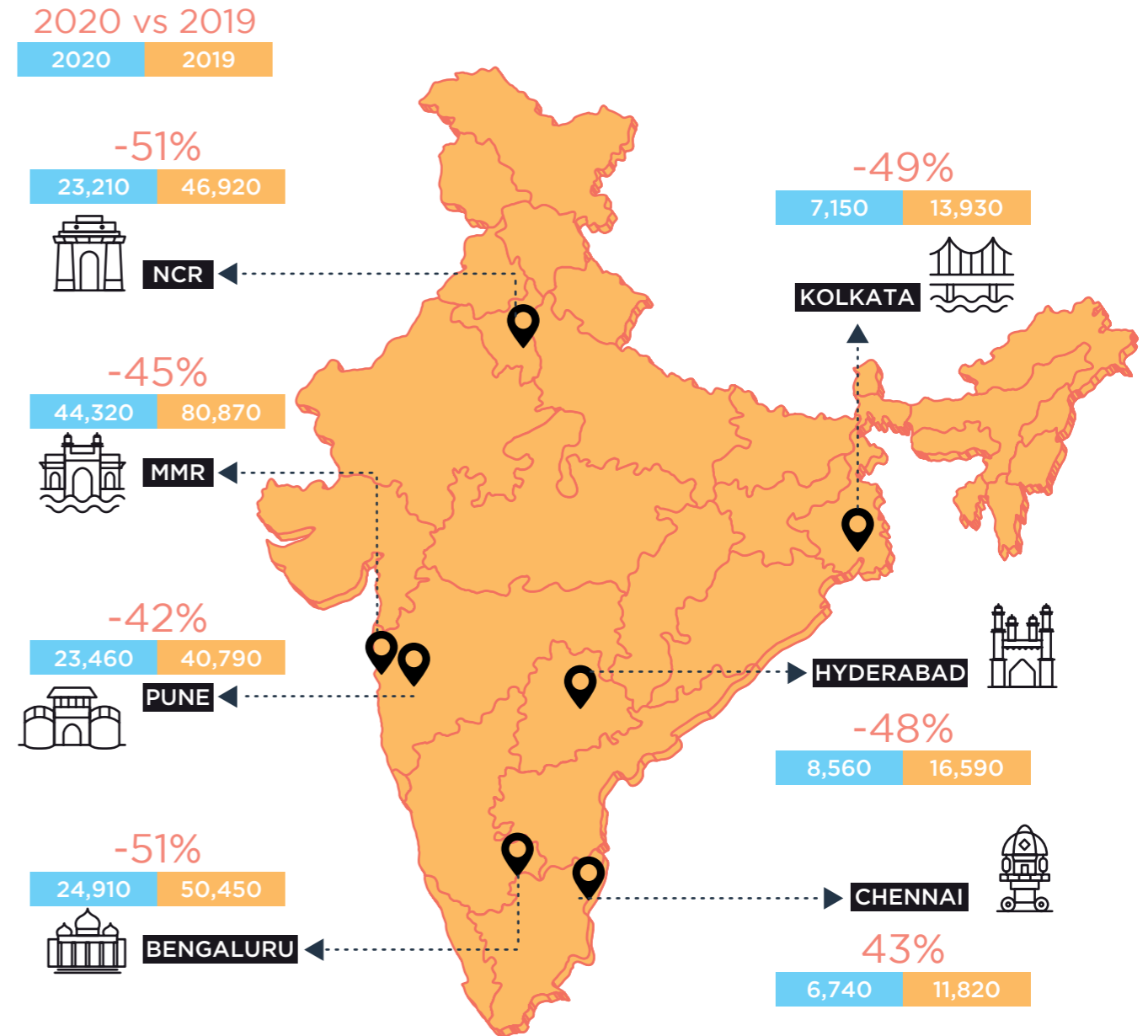


Source: ANAROCK Research

- Sales declined by 47% to 1.38 lakh in 2020 compared to the previous year due to a declining demand across the country. Sales in 2020 were the lowest in the last six years.
- Q2 2020 witnessed the sale of a few units, majorly through the online mode and comprising primarily of deals that were in the advanced stages of discussion. Q3 2020 has shown signs of revival as sales improved remarkably on the back of relaxations in the lockdown.
- Sales improved by 72% in Q4 2020 compared to the previous quarter. Although, it was down by 14% compared to Q4 2019.
- Sales are likely to improve in 2021 amidst an increase in new launches as sentiments turn positive as the country is vaccinated against COVID-19.



City-wise Absorption Trend



Source: ANAROCK Research

- Sales declined in the range of 42% to 51% in 2020 compared to 2019 across the top 7 cities of India.
- Sales in MMR and Pune recovered faster compared to other cities due to relaxations in stamp duty. Property registrations increased by 22% in September-December 2020 compared to the same period last year.
- Sales declined by 51% in NCR and Bengaluru compared to 2019; the highest amongst the top 7 cities of India.

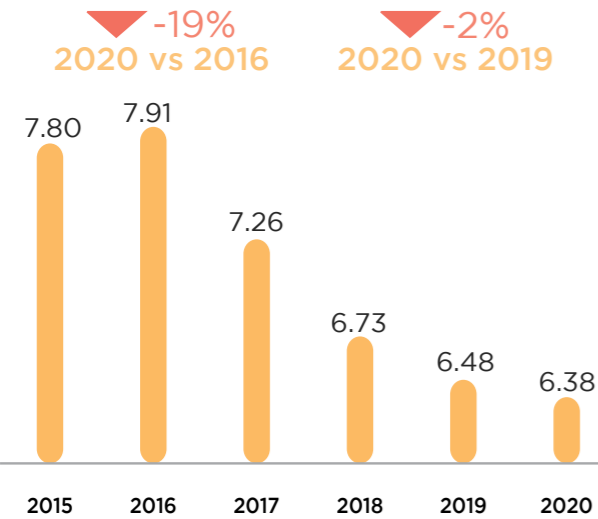
“Sales improved by 72% in Q4 2020 compared to the previous quarter. Although, it was down by 14% compared to Q4 2019.”

Note: Map is not to scale, for indicative purposes only

UNSOLD INVENTORY

Restricted launches and relatively higher sales levels kept check on unsold inventory during the pandemic

Unsold inventory (Units in Lakhs)



Source: ANAROCK Research

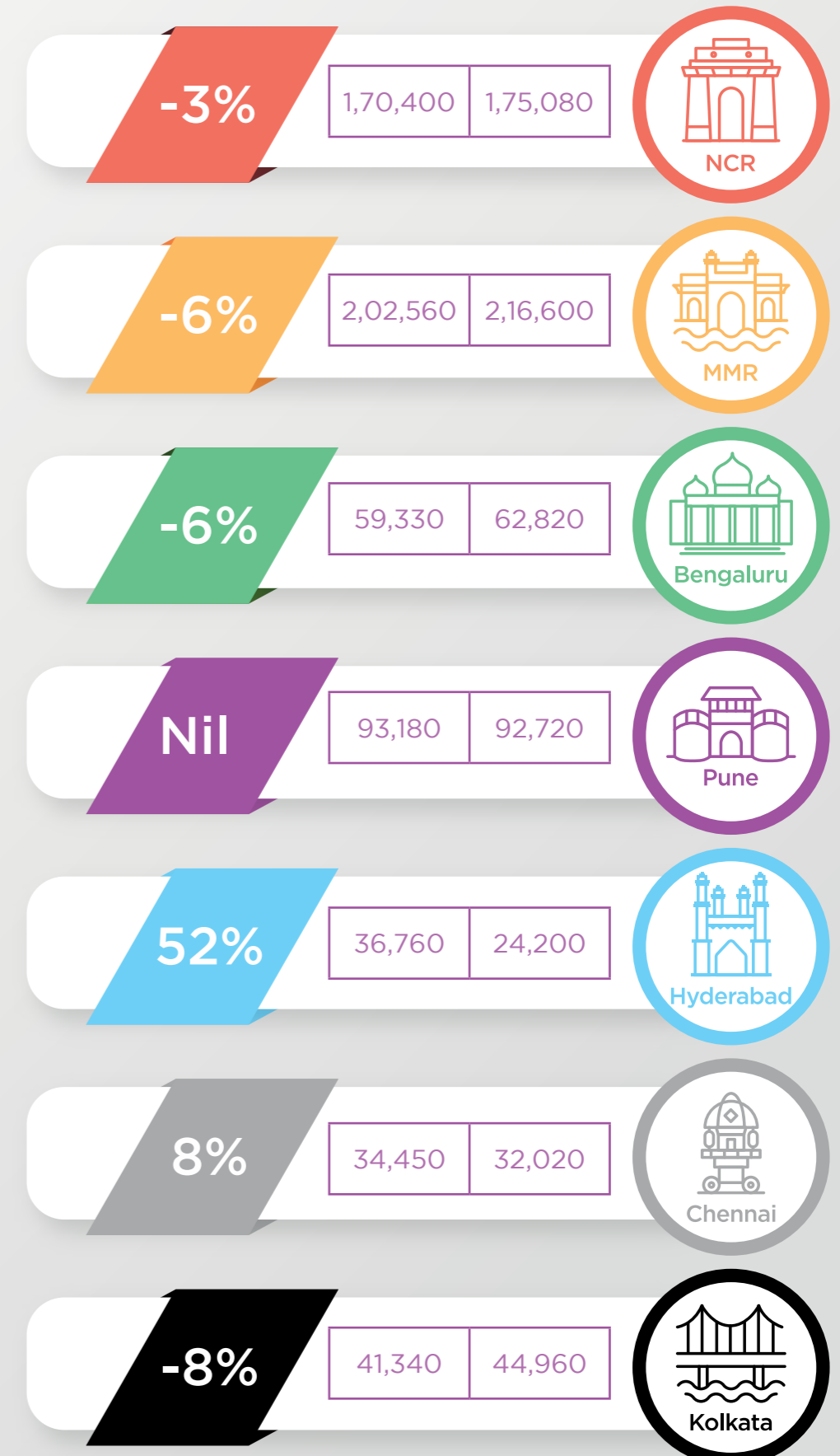
- Unsold inventory continued to decline for the 4th consecutive year; it is down by 19% from the previous peak in 2016.
- Sales exceeding launches during 2020 led to a marginal decline of 2% in unsold inventory compared to the previous year.
- Unsold inventory remained largely stable in the second half of 2020 as demand-supply struck an equilibrium.

City-wise Unsold Inventory

- Kolkata saw the maximum decline of 8% in the year, followed by Bengaluru and MMR that witnessed a decline of 6% each.
- Hyderabad and Chennai witnessed an increase in unsold inventory due to low sales amidst increased launches.
- Unsold inventory remained stable in Pune during the year due to the balance between supply and demand.



2020 VS 2019



Source: ANAROCK Research

Note: Unsold inventory includes units from projects that are launched but yet not sold, despite the launch timelines and construction progress.

City-wise Budget Segmentation of Unsold Inventory (2020)

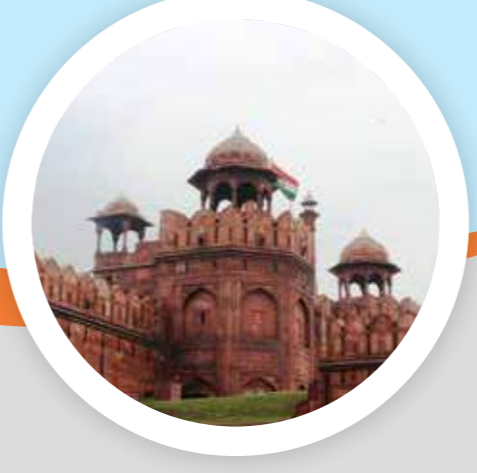
City	<INR 40 Lakh	INR 40 Lakh - INR 80 Lakh	INR 80 Lakh - INR 1.5 Cr	INR 1.5 Cr - INR 2.5 Cr	>INR 2.5 Cr
NCR	38%	36%	15%	7%	4%
MMR	31%	22%	23%	12%	12%
Bengaluru	22%	38%	27%	7%	6%
Pune	45%	37%	13%	3%	2%
Hyderabad	15%	31%	41%	8%	5%
Chennai	22%	43%	23%	7%	5%
Kolkata	61%	23%	11%	2%	3%

■ <INR 40 Lakh
■ INR 40 Lakh - INR 80 Lakh
■ INR 80 Lakh - INR 1.5 Cr
■ INR 1.5 Cr - INR 2.5 Cr
■ >INR 2.5 Cr

Source: ANAROCK Research

- Nearly 61% of Kolkata's unsold inventory is piled-up in the affordable segment due to higher launches in the segment.
- Hyderabad has the lowest unsold inventory, with a majority (72%) being in the price range of INR 40 Lakh - INR 1.5 Cr, due to the buyer's preference for bigger size units.
- Nearly 74% of the NCR's unsold inventory is concentrated in the sub-INR 80 lakh budget segment.
- Nearly 24% of the MMR's unsold inventory piled-up in more than INR 1.5 Cr budget segment as the ticket price of the properties are higher in the city compared to other cities of India.

Note: Basic selling price on built-up area
 Budget Segmentation: Affordable (< INR 40 Lakh), Mid-end (INR 40 Lakh - INR 80 Lakh), High-end (INR 80 Lakh - INR 1.5 Cr), Luxury (INR 1.5 Cr - INR 2.5 Cr), Ultra-luxury (> INR 2.5 Cr)



CAPITAL VALUES & INVENTORY OVERHANG

Prices remained range-bound during 2020 as developers preferred to liquidate unsold inventory



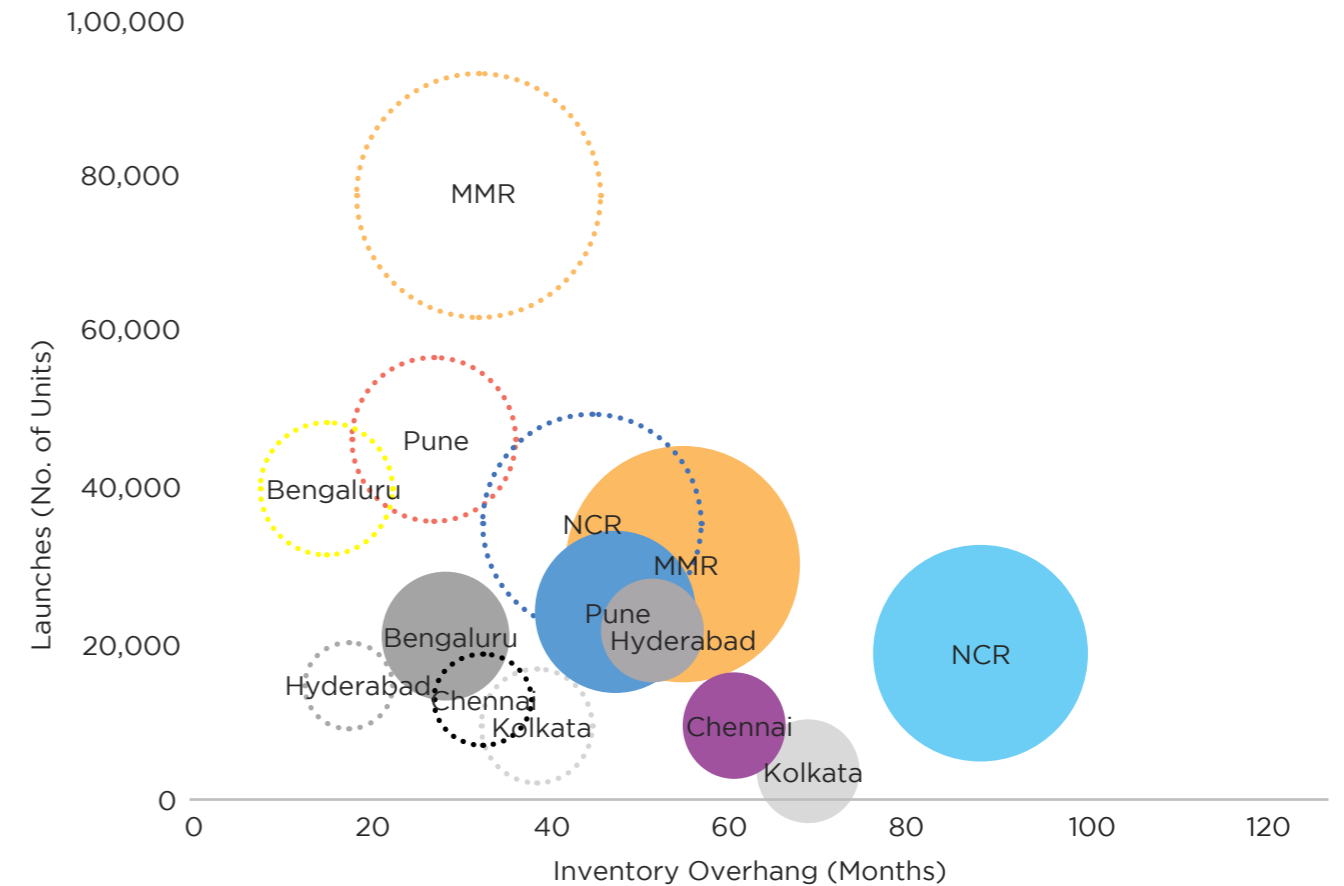
City	Avg. Base Selling Price (INR/sf)	2020 vs 2019 (% change)	Inventory Overhang 2020 (months)	2020 vs 2019 (months)
NCR	4,580	Nil	88	+43
MMR	10,610	Nil	55	+23
Bengaluru	4,975	Nil	29	+14
Pune	5,510	Nil	48	+20
Hyderabad	4,195	Nil	52	+34
Chennai	4,935	Nil	61	+29
Kolkata	4,385	Nil	69	+31

Source: ANAROCK Research
 Note: Basic selling price on built-up area

- Average property prices remained stable during the year compared to 2019 across the top 7 cities of India due to low demand during the pandemic.

- Low demand across the country led to a significant increase in inventory overhang to 55 months in 2020 from 30 months in 2019.
- Bengaluru registered the lowest increase in inventory overhang of 14 months amongst the top 7 cities of India as the city has significantly low inventory and relatively higher sales compared to other cities. Also, the developers in this city are known to adjust launches as per the demand.
- NCR registered the highest change of 43 months in inventory overhang owing to higher unsold inventory.

Inventory Overhang-New Launch Supply-Unsold Inventory



Source: ANAROCK Research
 Note: Size of the solid circle represents unsold inventory as of 2020
 Size of the dotted circle represents unsold inventory as of 2019

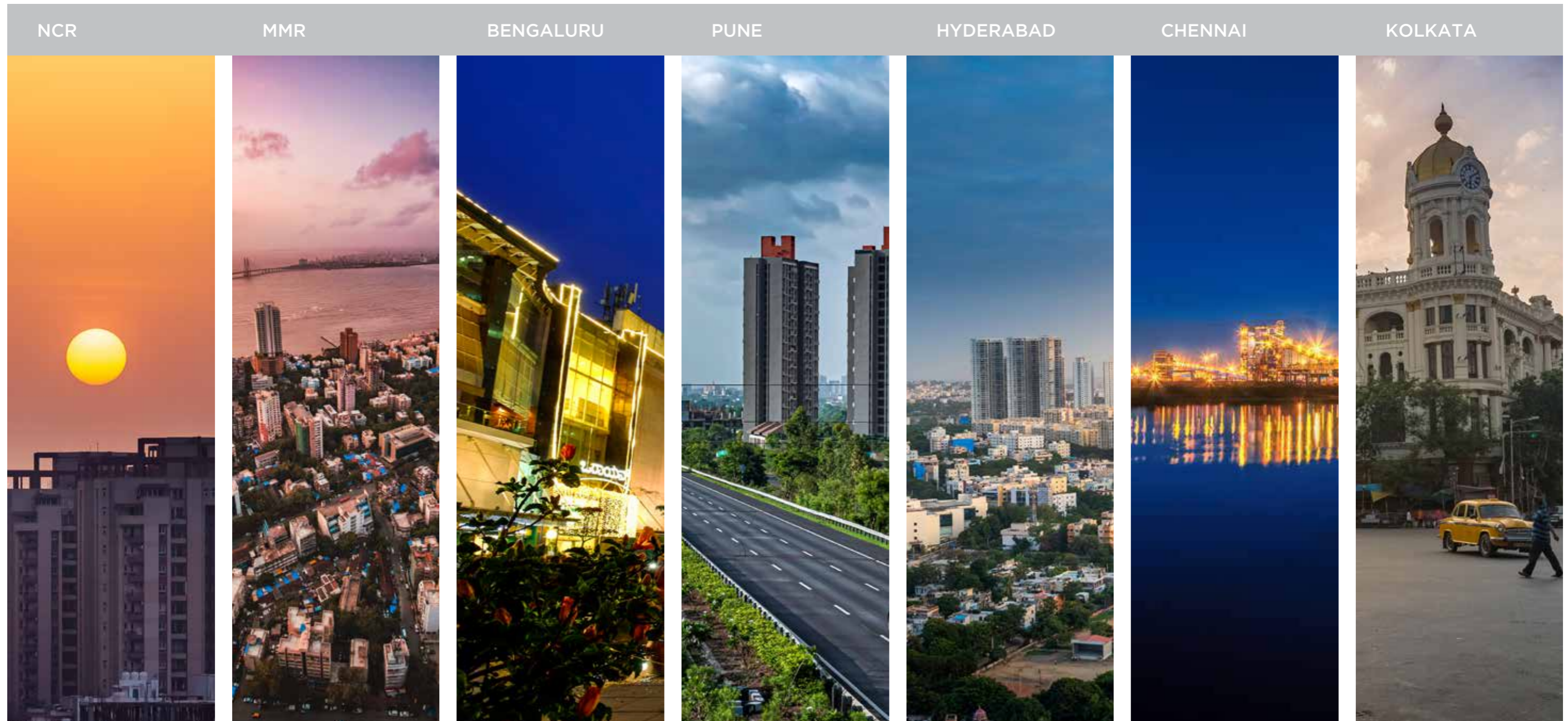
- Bengaluru emerged as the best market due to the lowest change in inventory overhang amongst the top 7 cities of India. Controlled launches and relatively higher sales kept a check on unsold inventory in Bengaluru.
- NCR continued to have the highest inventory overhang amongst the top 7 cities of India.
- The lowest unsold inventory created room for new launches in Hyderabad even during the pandemic with most of the additions coming in Q4 2020.
- MMR and Pune managed to end the year with a positive note as the change in inventory overhang were the lowest after Bengaluru. Controlled launches and stamp duty reduction kept the sector buoyant in Maharashtra.



CITY SNAPSHOTS

05

Residential real estate remained resilient across the top 7 cities of India. While these cities witnessed controlled launches and limited sales during 2020, performed exceptionally well in the last quarter of 2020.



NCR

Sales continued to exceed launches for 5 consecutive years

NCR reported a launch of around 18,500 units and a sale of nearly 23,000 units during 2020. Sales surpassing launches led to a marginal decline of 3% in unsold inventory at the end of the current year. NCR witnessed the sale of 7,700 units in Q4 2020; 49% higher than last quarter. However, launches registered a decline of 19% during the same period.

Currently, NCR has 27% of the overall unsold inventory of the top 7 cities of India; second highest after MMR. The majority of the unsold inventory, close to 74%, is piled-up in the sub-INR 80 lakh budget segment. This is due to the higher supply in this budget category. Nearly 61% of the launches in 2020 were concentrated in the affordable segment, which increased significantly from 47% a year earlier.

NCR is the biggest real estate market in terms of area. The demand is driven by the large-scale presence of IT-ITeS and industrial segments across various areas in the region. Gurugram, which is known for large commercial offices and industrial areas, accounted for 60% of the launches during the current year. It accounted for the highest sales of 31% during the same period. Greater Noida accounted for 30% of the sales but registered only 10% of the launches in 2020.

OUTLOOK

NCR has the second-highest unsold inventory amongst the top 7 cities of India. Inventory overhang has increased by 43 months to 88 months, the highest amongst the top 7 cities of India. This may cause prices to remain range-bound in 2021 as well.

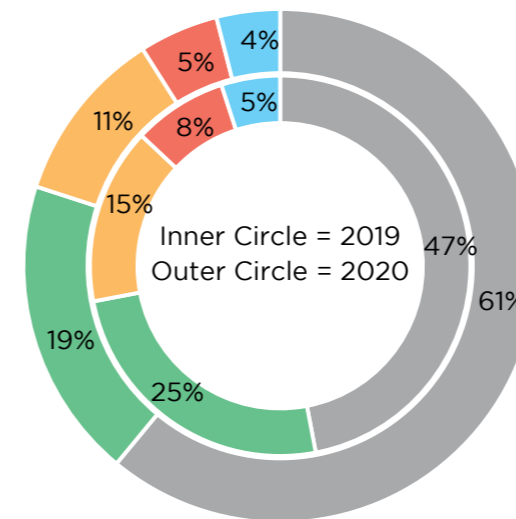
Sales in the peripheral areas are likely to see traction in the short-term. Affordable housing is likely to be the star performer of NCR. With an increase in new launches and availability in the affordable segment, sales are likely to revive faster.

Infrastructure developments across the regions eased the connectivity with employment hubs which may lead to the development of residential areas in the peripheral areas of NCR. The proposed development of Noida airport (which is likely to be operational by 2023-24) may lead to renewed interest in the micro-markets of Yamuna Expressway and Greater Noida.

	2020	Q4 2020 vs Q3 2020	2020 vs 2019
Supply	18,530	-19%	-47%
Absorption	23,210	49%	-51%
Unsold Inventory	1,70,400	-1%	-3%
Price (INR/sq ft)	4,580	Nil	Nil

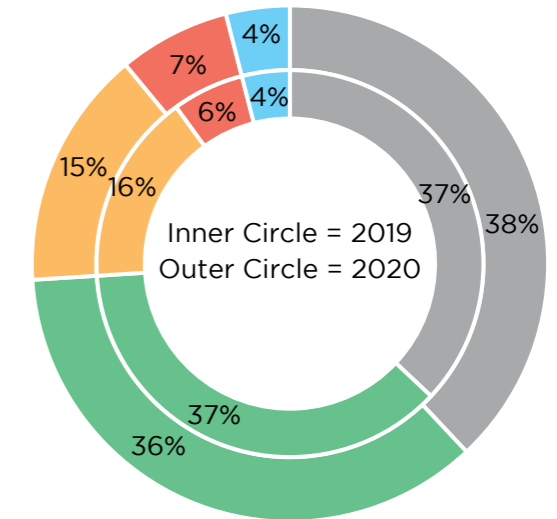
Source: ANAROCK Research

Budget Segment-wise Supply



- <INR 40 Lakh
- INR 40 Lakh - INR 80 Lakh
- INR 80 Lakh - INR 1.5 Cr
- INR 1.5 Cr - INR 2.5 Cr
- >INR 2.5 Cr

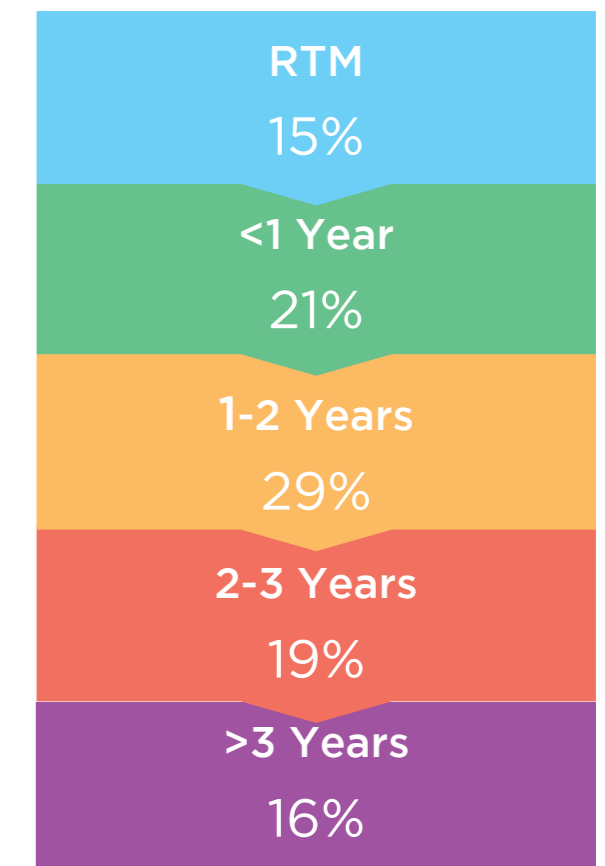
Budget Segment-wise Unsold Inventory



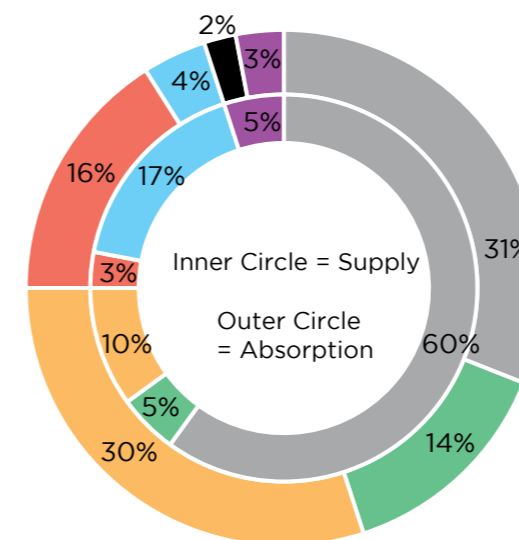
Source: ANAROCK Research

Unsold Inventory
1,70,400 units

AGEING



Supply & Absorption - Zonal Breakup (2020)



- Gurugram
- Noida
- Greater Noida
- Ghaziabad
- Faridabad
- Delhi
- Bhiwadi

Note: Basic selling price on built-up area
Budget Segmentation: Affordable (< INR 40 Lakh), Mid-end (INR 40 Lakh - INR 80 Lakh), High-end (INR 80 Lakh - INR 1.5 Cr), Luxury (INR 1.5 Cr - INR 2.5 Cr), Ultra-luxury (> INR 2.5 Cr)

MMR

Proactive measures of the government fuelled the growth

MMR is the most active real estate market of India which accounted for nearly 24% and 32% of the supply and absorption, respectively, during the year. The city reported a launch of approximately 30,000 units and sales of over 44,000 units during the current year. This trend of sales exceeded launches continued for the past 4 years (since 2017) which led to a significant reduction of unsold inventory by 12%. As of 2020, the city has over 2 lakh unsold units which are 32% of the overall unsold inventory across the top 7 cities of India.

The fourth quarter recorded the highest level of activities. Sales and launches improved significantly, surpassing the pre-COVID-19 levels (Q1 2020). Sales increased by 26% in Q4 2020 compared to Q1 2020. Reduction in stamp duty has been instrumental in outstripping the pre-COVID-19 levels.

The majority of the launches, nearly 33%, concentrated in the affordable segment during the year. However, the share of the affordable segment in the overall launches reduced from 43% a year earlier as the income sources of MSME workers was adversely affected during the pandemic, and developers were deterred to launch in this segment. On the other hand, properties priced more than INR 1.5 Cr witnessed an increase in launches with their share increasing from 15% in 2019 to 19% in 2020.

Peripheral Central Suburbs is the most active micro-market of MMR with 29% of launches and 31% of sales in 2020. Navi Mumbai accounted for nearly 18% and 17% of launches and sales, respectively, during the current year. The scarcity of land in the island city shifted the focus of real estate activities towards the peripheral areas of the city.

OUTLOOK

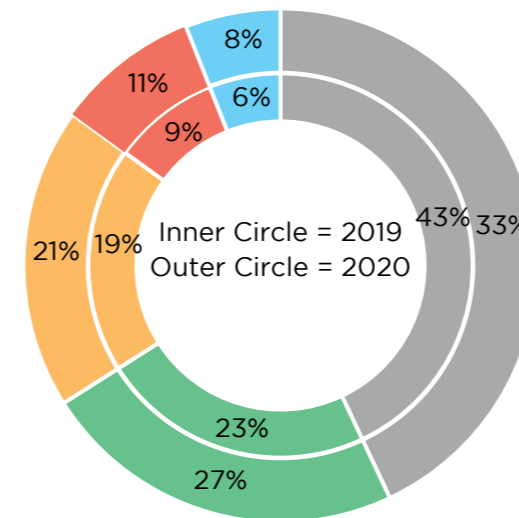
The revival of the trends in the third and fourth quarter of 2020 is the early signs of complete revitalization in 2021. As per the industry sources, buyers are interested in buying the house from established and corporate developers only even if it comes at a premium. The real estate sector of MMR is well structured and corporatized compared to other cities due to the early implementation of RERA in Maharashtra. This may lead to a faster revival of the sector in the city.

The affordable segment is likely to gain traction in the medium-term as the majority of the small-scale businesses were affected negatively during the complete lockdown. To develop housing at an affordable cost, peripheral areas are likely to see an uptick in the demand. On the other hand, work from home culture and online schooling are likely to drive future demand for the mid-end segment across the city.

	2020	Q4 2020 vs Q3 2020	2020 vs 2019
Supply	30,290	51%	-61%
Absorption	44,320	91%	-45%
Unsold Inventory	2,02,560	-3%	-6%
Price (INR/sq ft)	10,610	Nil	Nil

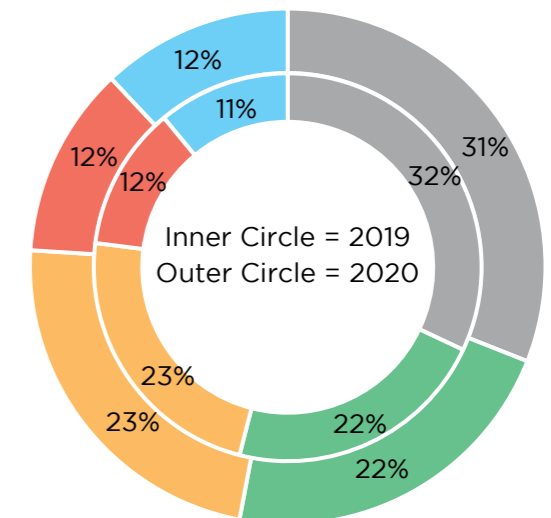
Source: ANAROCK Research

Budget Segment-wise Supply



- <INR 40 Lakh
- INR 40 Lakh - INR 80 Lakh
- INR 80 Lakh - INR 1.5 Cr
- INR 1.5 Cr - INR 2.5 Cr
- >INR 2.5 Cr

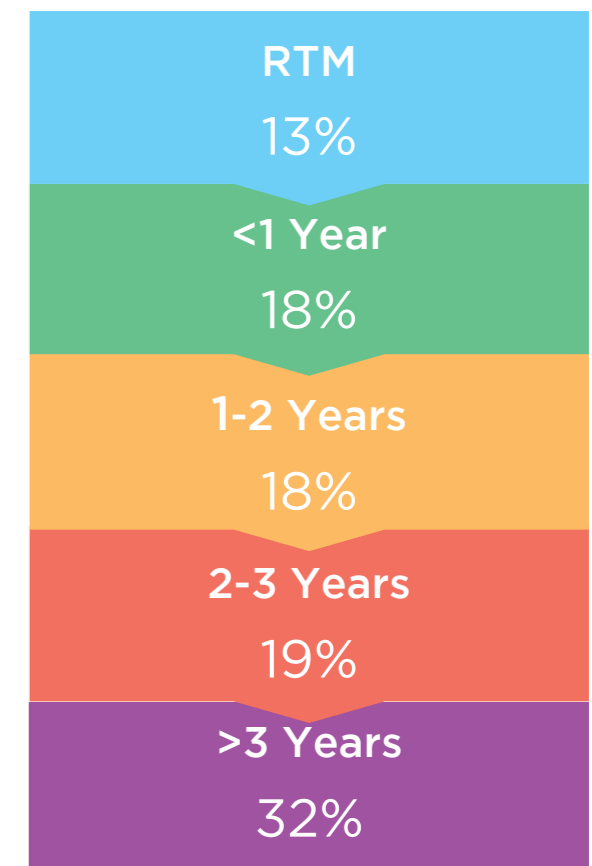
Budget Segment-wise Unsold Inventory



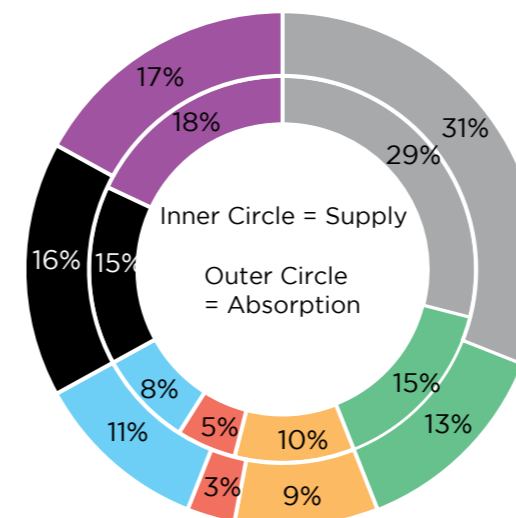
Source: ANAROCK Research

Unsold Inventory
2,02,560 units

AGEING



Supply & Absorption - Zonal Breakup (2020)



- Peripheral Central Suburbs
- Mumbai Central Suburbs
- Peripheral Western Suburbs
- South Central Mumbai
- Mumbai Western Suburbs
- Thane
- Navi Mumbai

Note: Basic selling price on built-up area
Budget Segmentation: Affordable (< INR 40 Lakh), Mid-end (INR 40 Lakh - INR 80 Lakh), High-end (INR 80 Lakh - INR 1.5 Cr), Luxury (INR 1.5 Cr - INR 2.5 Cr), Ultra-luxury (> INR 2.5 Cr)

BENGALURU

Mid-end segment dominated the market in 2020

Bengaluru recorded absorption of nearly 25,000 units in 2020 and the new supply of approximately 21,500 units. The trend of sales exceeding launches continued for fourth consecutive year. This has enabled the unsold inventory in the city to reduce significantly by 6% over the previous year to 59,330 units as of 2020.

The fourth quarter of the current calendar year recorded heightened activities, accounting for 10% increase in launches and 46% rise in sales compared to Q3 2020. This was mainly due to the pent-up demand regaining momentum post the lockdown and as buyers were leveraging on the opportunity that prices had remained stable. The demand was driven mainly by the IT-ITeS sector employees who had the least impact on employment during the pandemic. As a result, we witnessed good demand for the mid-end segment housing in 2020.

The mid-end segment accounted for over 61% of the supply during the year. This segment also witnessed maximum sales during the year as the unsold inventory has reduced by nearly 3% compared to last year.

Micro markets in the eastern zone were the most active and accounted for 46% of the supply and 42% of absorption during the year. The localities being in proximity to the employment areas and the upcoming metro network in the region has been instrumental for the increased demand.

OUTLOOK

Bengaluru accounts for only 9% of the total unsold inventory across the major cities. The encouraging revival trends in the second half of the year indicates that the supply and demand in the short to medium term is likely to increase. The work-from-home practice that is likely to continue for the IT-ITeS sector is expected to translate into high demand for the mid-end segment. As the MSMEs and industries also open and gradually move towards operating to full capacity, the demand for affordable segment is also expected to rise in the coming year.

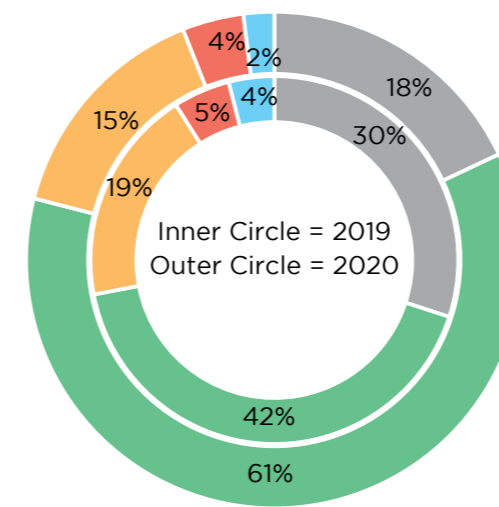
New project launches, particularly in the mid-end segment, later in the year are likely to witness new layouts with focus on additional space for working-from-home.

New projects to be launched are expected to be priced higher than the market average thereby creating new price points that have remained stagnant for almost a year.

	2020	Q4 2020 vs Q3 2020	2020 vs 2019
Supply	21,420	10%	-46%
Absorption	24,910	46%	-51%
Unsold Inventory	59,330	-2%	-6%
Price (INR/sq ft)	4,975	Nil	Nil

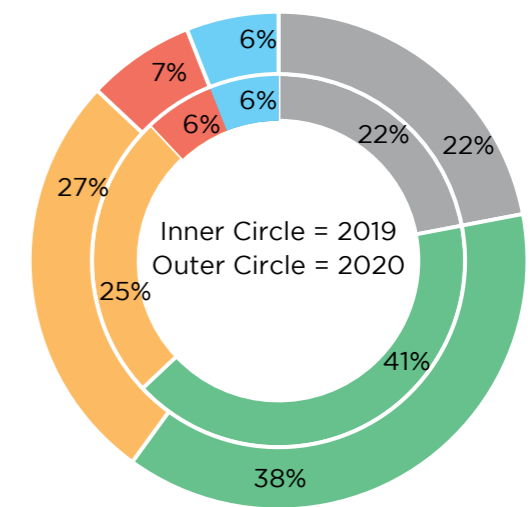
Source: ANAROCK Research

Budget Segment-wise Supply



- <INR 40 Lakh
- INR 40 Lakh - INR 80 Lakh
- INR 80 Lakh - INR 1.5 Cr
- INR 1.5 Cr - INR 2.5 Cr
- >INR 2.5 Cr

Budget Segment-wise Unsold Inventory



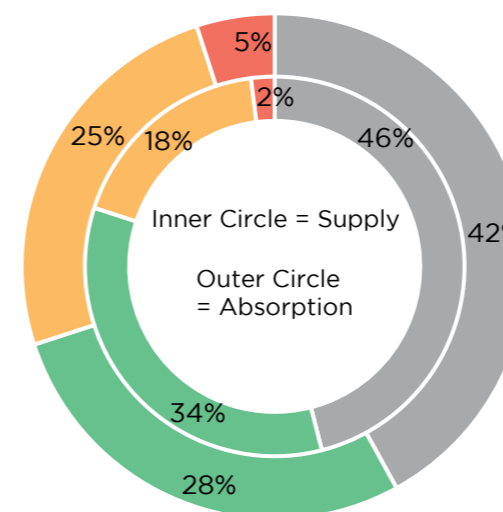
Source: ANAROCK Research

Unsold Inventory
59,330 units

AGEING



Supply & Absorption - Zonal Breakup (2020)



- East Bengaluru
- North Bengaluru
- South Bengaluru
- West Bengaluru
- Central Bengaluru

Note: Basic selling price on built-up area
Budget Segmentation: Affordable (< INR 40 Lakh), Mid-end (INR 40 Lakh - INR 80 Lakh), High-end (INR 80 Lakh - INR 1.5 Cr), Luxury (INR 1.5 Cr - INR 2.5 Cr), Ultra-luxury (> INR 2.5 Cr)

PUNE

Supply-demand attained equilibrium during the year

Nearly 24,000 units were launched and approximately 23,500 units were sold during 2020. This equilibrium between supply and demand led to unsold inventory remaining largely stable during the current year. The city accounts for nearly 15% (3rd highest) of the overall unsold inventory across the top 7 cities of India.

Stamp duty relaxations in Maharashtra led to faster recovery of demand and supply in the city. Sales declined by 42% in 2020 compared to the previous year. This decline was the lowest amongst the top 7 cities of India. Sales in the last quarter of 2020 have increased significantly by 91% compared to the previous quarter. It even surpassed the levels of Q1 2020. On the same lines, supply improved by 168% in Q4 2020 compared to Q3 2020. It was even 44% higher than in Q1 2020.

The majority of the launches, nearly 53%, were concentrated in the mid-end segment during the current year which has increased from 45% a year earlier. The share of the affordable segment declined significantly to 30% in 2020 from 44% in 2019. The city is known for the presence of automobile manufacturers. COVID-19 pandemic disrupted the supply-demand dynamics of this sector along with the income of the workforce dropping significantly. So, developers were daunted to launch new projects in the affordable segment.

North and West Pune accounted for the majority of the launches and sales during 2020 due to the concentration of commercial and manufacturing facilities in the vicinity. Hinjewadi, Baner, Talegaon Dabhade, and Chakan are some of the prominent micro-markets in the vicinity. While North Pune accounted for 36% of the launches and 35% of the sales during 2020, West Pune followed with 31% of the launches and 22% of the sales.

OUTLOOK

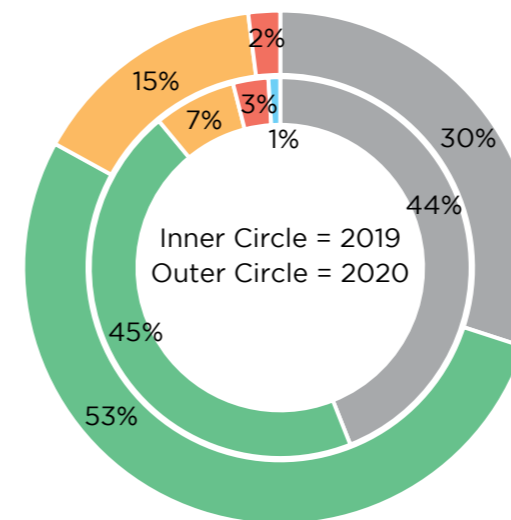
The city has close to 93,000 units available for sale at the end of 2020, 82% of which are in the affordable and mid-end segments. As the automobile sector has shown revival during the year, the demand for affordable segment may recuperate faster across the city. The city may witness an increase in launches and sales of affordable segment units only in the medium term.

On the other hand, demand in the mid-end segment is majorly driven by the IT-ITeS workforce which leveraged the option of work from home during the pandemic. If this trend continues, it may lead to an increase in demand for larger homes in the city peripheries as it may provide better isolation, social distancing, and hygiene. Direct or easy connectivity to commercial areas is likely to decide the areas of future growth in the city.

	2020	Q4 2020 vs Q3 2020	2020 vs 2019
Supply	23,920	168%	-48%
Absorption	23,460	91%	-42%
Unsold Inventory	93,180	2%	Nil
Price (INR/sq ft)	5,510	Nil	Nil

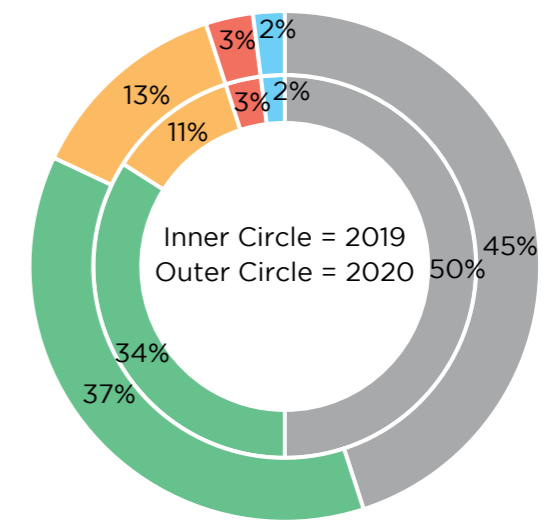
Source: ANAROCK Research

Budget Segment-wise Supply



- <INR 40 Lakh
- INR 40 Lakh - INR 80 Lakh
- INR 80 Lakh - INR 1.5 Cr
- INR 1.5 Cr - INR 2.5 Cr
- >INR 2.5 Cr

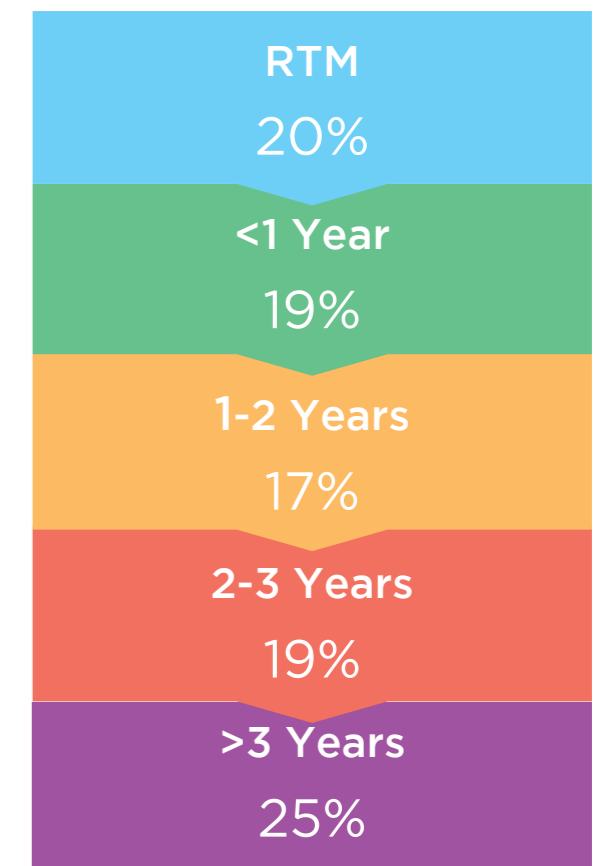
Budget Segment-wise Unsold Inventory



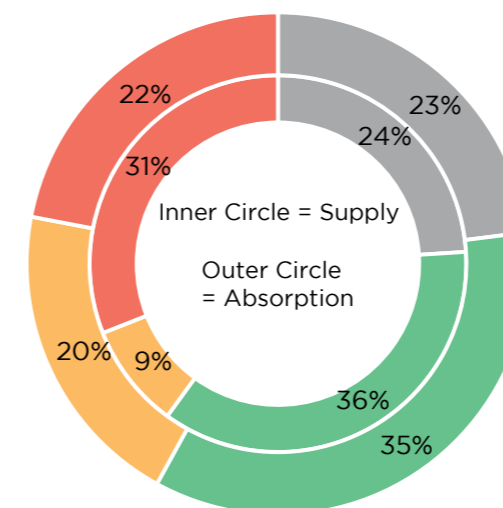
Source: ANAROCK Research

Unsold Inventory
93,180 units

AGEING



Supply & Absorption - Zonal Breakup (2020)



- East Pune
- North Pune
- South Pune
- West Pune
- Central Pune

Note: Basic selling price on built-up area
Budget Segmentation: Affordable (< INR 40 Lakh), Mid-end (INR 40 Lakh - INR 80 Lakh), High-end (INR 80 Lakh - INR 1.5 Cr), Luxury (INR 1.5 Cr - INR 2.5 Cr), Ultra-luxury (> INR 2.5 Cr)

HYDERABAD

Lowest sales to supply ratio led to significant increase in unsold inventory

The trend of absorption exceeding supply for the last 3 years was interrupted in Hyderabad in 2020. Launches during the year was 21,110 units which were 42% more than the previous year, a majority (61%) being added in Q4 2020 as the possible impact of the COVID-19 outbreak became clear. Absorption was recorded at 8,560 units, 48% less than in 2019. This year has been unique as the city records the highest launches and lowest absorption in the last seven years. A very low unsold inventory of 24,200 units in 2019 in the city has triggered the launches. However, the sales remained muted owing to the pandemic as the majority of the workforce comprising IT-ITes employees had migrated back to their hometowns during the pandemic. The demand-supply imbalance caused the unsold inventory to rise to 36,760 units in 2020, which increased by 52%.

The fourth quarter of the year indicated a strong recovery and was noted for the heightened activities. Nearly 61% of annual launches and 42% of the annual sales were recorded in the final quarter of 2020 which indicated a strong recovery from the pre-COVID-19 period.

The majority of the supply in Hyderabad continued to be in the mid-end and high-end segments and together accounted for 80% of the supply during the year. It is interesting to note that the city had that had a very low appetite for the affordable segment has been gaining interest as evident from the rise in the share of launches accounting from nearly 16% during the year.

Micro markets in the western zone were the most active and accounted for 68% of the supply and 70% of absorption during the year. The presence of localities in proximity to the employment areas in the region has been instrumental for the risen demand.

OUTLOOK

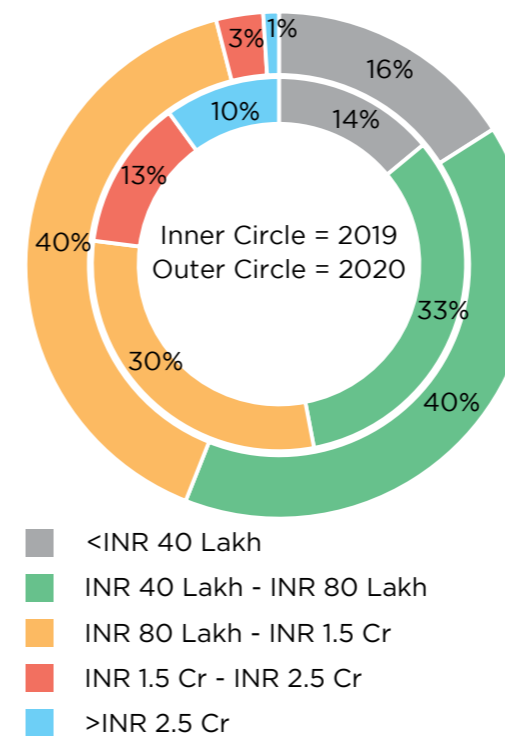
The high volume of supply added during the year has caused the unsold inventory to rise and new launches may remain muted for some time. The sales trend is expected to gain further momentum as the fear of the pandemic recedes and normal work and life resume. Owing to the high volume of launches and increased unsold inventory, the prices may remain range-bound for some time but are likely to rise as sales momentum is regained.

We expect the affordable segment in the city to gain prominence and its share to rise in the coming future. The demand will be driven by the MSME segment that is making a comeback in the city.

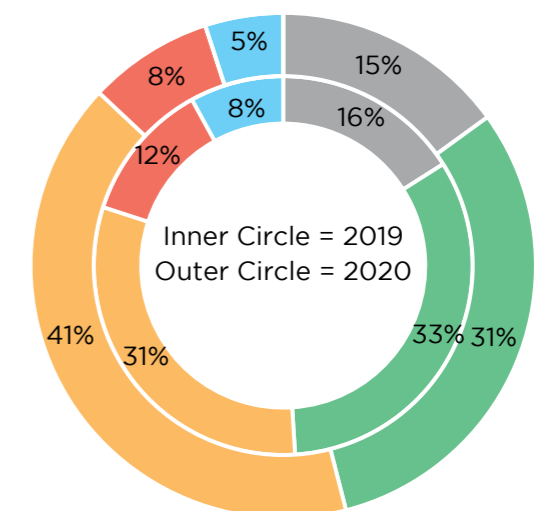
	2020	Q4 2020 vs Q3 2020	2020 vs 2019
Supply	21,110	162%	42%
Absorption	8,560	117%	-48%
Unsold Inventory	36,760	34%	52%
Price (INR/sq ft)	4,195	Nil	Nil

Source: ANAROCK Research

Budget Segment-wise Supply



Budget Segment-wise Unsold Inventory



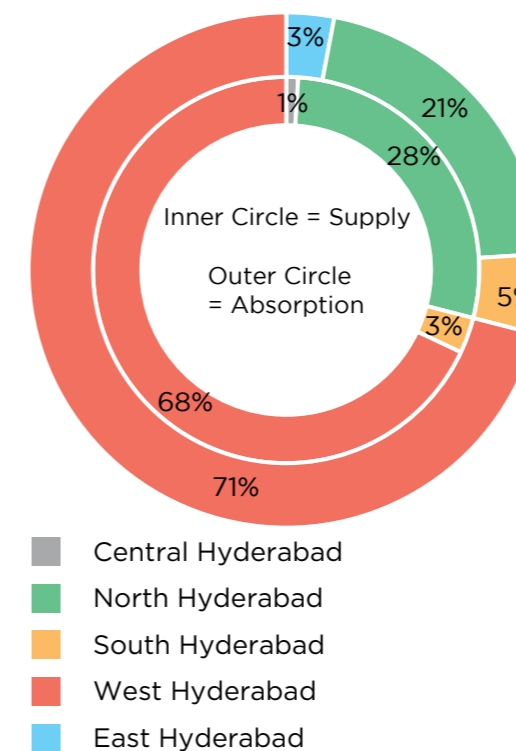
Source: ANAROCK Research

Unsold Inventory
36,760 units

AGEING



Supply & Absorption - Zonal Breakup (2020)



Note: Basic selling price on built-up area
Budget Segmentation: Affordable (< INR 40 Lakh), Mid-end (INR 40 Lakh - INR 80 Lakh), High-end (INR 80 Lakh - INR 1.5 Cr), Luxury (INR 1.5 Cr - INR 2.5 Cr), Ultra-luxury (> INR 2.5 Cr)

CHENNAI

Controlled sales and launches led to lowest unsold inventory

Chennai recorded launches of 9,170 units and absorption of 6,740 units in 2020. On both the fronts, there was a decline of 29% and 43%, respectively over the last year. Due to the pandemic, the demand for housing has shifted towards plotted developments as buyers are considering independent living as the safest option to ward of future pandemics. As supply and demand remained subdued the unsold inventory in the city has increased by 8% to 34,450 units in 2020. Work-from-home in the IT-ITeS sector for a prolonged period and completely stalled activities among the MSMEs have been the key reasons for a weak demand during the quarter.

However, the fourth quarter of 2020 was relatively better with the share of supply and sales accounting for 43% and 37%, respectively.

The mid-end segment accounted for nearly 50% of the total supply in 2020. This has improved remarkably over the previous year when the share was only 38%. However, the affordable segment witnessed a reduction in share to 14% in 2020 compared to 39% in 2019.

The micro markets in the southern zone were the most active and accounted for 62% of the supply and 51% of absorption during the year. The western zone has also gained traction as evident from the launches in the region. Nearly 35% of the total launches during the year were concentrated in this region. The localities being in proximity to the employment areas witnessed housing demand.

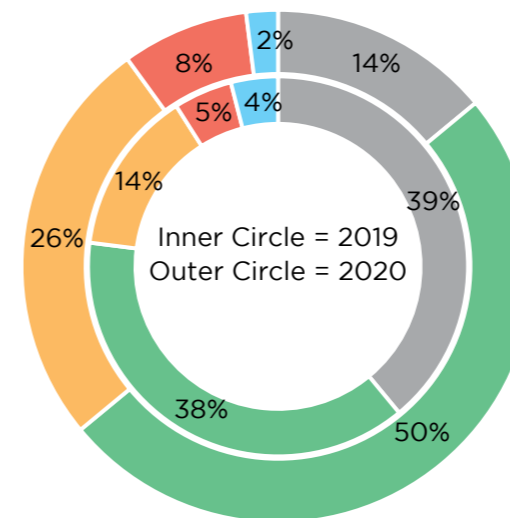
OUTLOOK

Though the supply and demand remained subdued during the year, the fourth quarter indicated a strong revival. It is anticipated that the momentum is likely to continue, and the coming year is expected to gain further traction. The focus will be primarily on the affordable and mid-end segments. Plotted developments are also likely to remain in focus in the western and southern peripheral regions.

	2020	Q4 2020 vs Q3 2020	2020 vs 2019
Supply	9,170	153%	-29%
Absorption	6,740	54%	-43%
Unsold Inventory	34,450	4%	8%
Price (INR/sq ft)	4,940	Nil	Nil

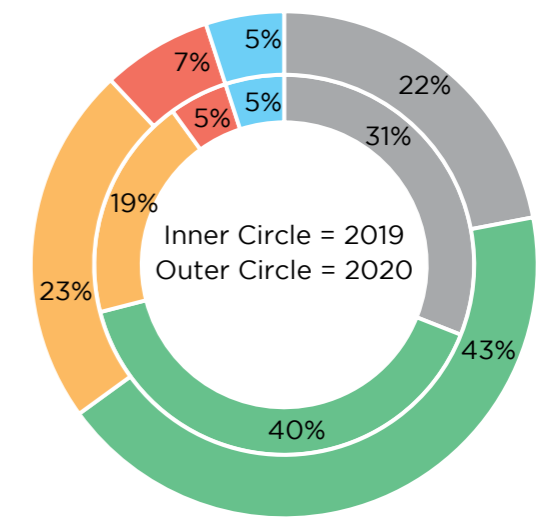
Source: ANAROCK Research

Budget Segment-wise Supply



- <INR 40 Lakh
- INR 40 Lakh - INR 80 Lakh
- INR 80 Lakh - INR 1.5 Cr
- INR 1.5 Cr - INR 2.5 Cr
- >INR 2.5 Cr

Budget Segment-wise Unsold Inventory



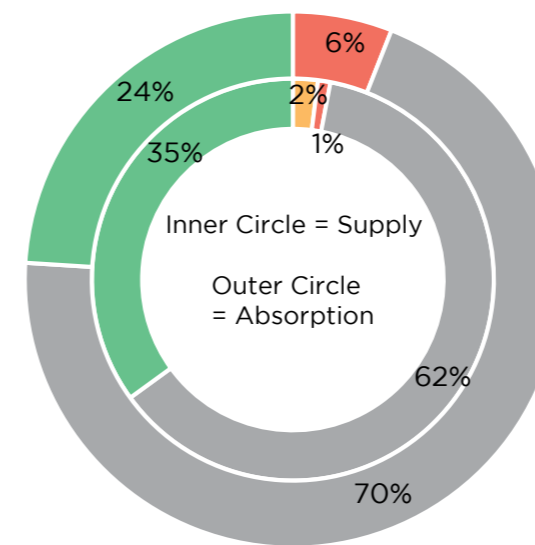
Source: ANAROCK Research

Unsold Inventory
34,450 units

AGEING



Supply & Absorption - Zonal Breakup (2020)



- South Chennai
- West Chennai
- Central Chennai
- North Chennai

Note: Basic selling price on built-up area
Budget Segmentation: Affordable (< INR 40 Lakh), Mid-end (INR 40 Lakh - INR 80 Lakh), High-end (INR 80 Lakh - INR 1.5 Cr), Luxury (INR 1.5 Cr - INR 2.5 Cr), Ultra-luxury (> INR 2.5 Cr)

KOLKATA

Lowest supply in last five years led to decline in unsold inventory

The city reported a launch of around 3,500 units and a sale of 7,100 units, with a sale to supply ratio of 2 (the highest amongst the top 7 cities of India). This led to a significant reduction of 8% in unsold inventory compared to 2019 to approximately 41,000 units. This was the highest reduction amongst the top 7 cities of India due to the significant reduction of 63% in launches during 2020 compared to the previous year.

Although the launches were limited during 2020, it has regained the pre-COVID-19 level of Q1 2020 in the last quarter. On the same lines, the city witnessed the sale of 2,350 units in Q4 2020 compared to 2,450 units in Q1 2020.

Sub-INR 80 lakh budget segment continued to dominate the city launches with nearly 80% in 2020. On the other hand, the share of properties priced more than INR 1.5 Cr increased to 11% in 2020 from 2% in 2019. As of 2020, nearly 61% of the unsold inventory is concentrated in the affordable segment followed by 23% in the mid-end segment due to higher supply in these budget segments.

East, North, and South Kolkata accounted for launches in the range of 28% to 32% each during 2020. However, a majority of the sales, around 40%, were registered in South Kolkata followed by East Kolkata at 34%.

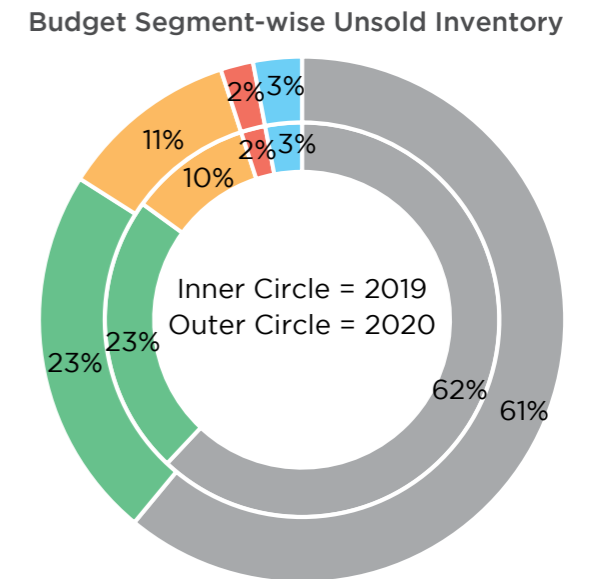
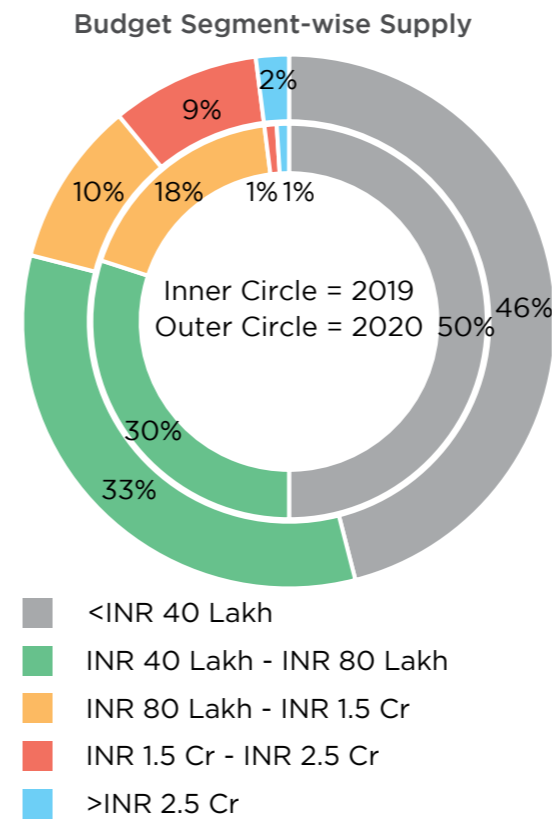
OUTLOOK

The city accounts for nearly 6% of the unsold inventory of the top 7 cities of India. Low unsold inventory and controlled launches during the current year may lead to a marginal hike in property prices across the city.

New projects are likely to launch at higher prices with an increase in traction for sales in 2021 Affordable housing is likely to continue to be the star performer for the city's real estate.

	2020	Q4 2020 vs Q3 2020	2020 vs 2019
Supply	3,530	-23%	-63%
Absorption	7,150	45%	-49%
Unsold Inventory	41,340	-3%	-8%
Price (INR/sq ft)	4,390	Nil	Nil

Source: ANAROCK Research

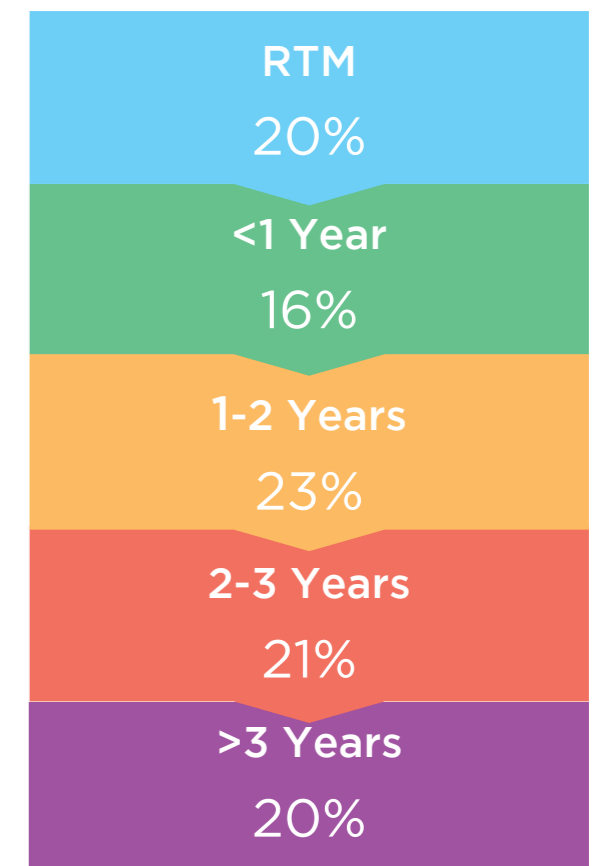
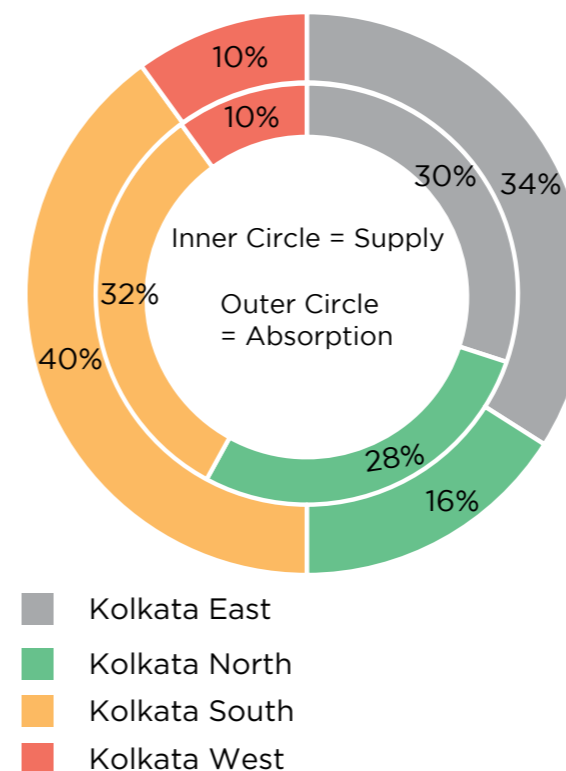


Source: ANAROCK Research

Unsold Inventory
41,340 units

AGEING

Supply & Absorption - Zonal Breakup (2020)



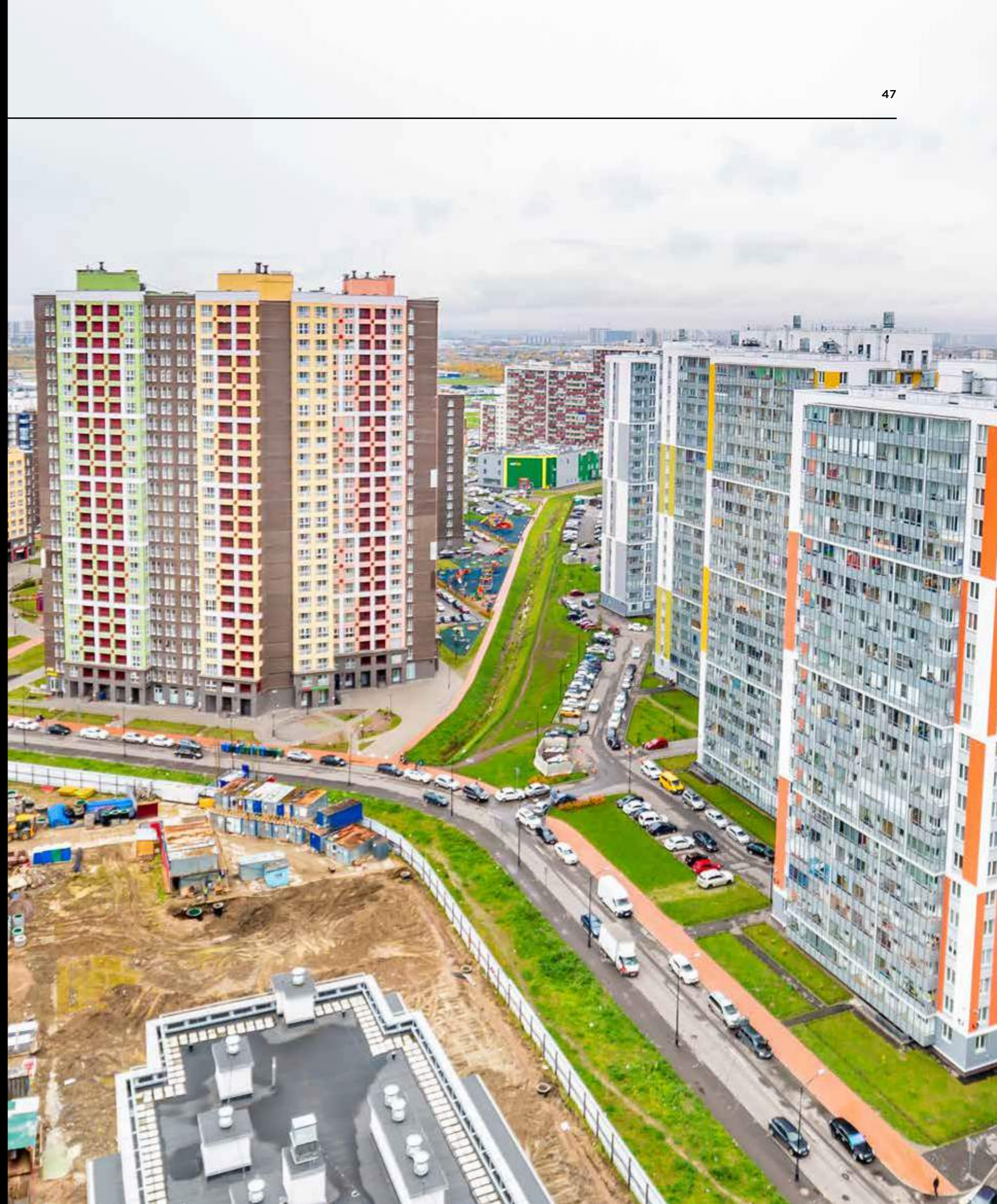
Note: Basic selling price on built-up area
Budget Segmentation: Affordable (< INR 40 Lakh), Mid-end (INR 40 Lakh - INR 80 Lakh), High-end (INR 80 Lakh - INR 1.5 Cr), Luxury (INR 1.5 Cr - INR 2.5 Cr), Ultra-luxury (> INR 2.5 Cr)


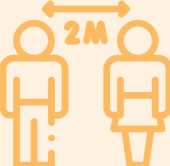






INDIA RESIDENTIAL: KEY EMERGING TRENDS

*COVID-19 redefines the concept
of home requirement*

06



CHANGES POST-COVID-19	EMERGING TREND	IMPLICATIONS/INDICATORS
 <p>WORK FROM HOME AND ONLINE SCHOOLING IS A NEW NORMAL</p>	<ul style="list-style-type: none"> The need for extra space within existing accommodations led to the creation of functional and flexible homes Buyers' today are willing to shift to city peripheries to contain the cost of larger spaces and de-densified living 	<ul style="list-style-type: none"> Remote working has led to the rise of demand for housing options in peripheral areas
 <p>DE-DENSIFY TO IMPROVE SOCIAL DISTANCING</p>	<ul style="list-style-type: none"> Increased demand for plotted developments with offering comprising plots admeasuring 1,500 to 2,000 sq ft Weekend homes, farmhouses, villas/ row houses provide extended social distancing 	<ul style="list-style-type: none"> Close to 900 plotted units launched in the last 4-5 months in Chennai NCR witnessed a huge demand for farmhouses, and average monthly transactions have gone up from 2-3 in the pre-COVID era to 10-12 as of now In Ahmedabad, the demand for second homes, from areas around Shilaj to Racharda, has increased by around 40%¹⁴
 <p>PREFERENCE TO RESIDE IN A CONTROLLED ENVIRONMENT</p>	<ul style="list-style-type: none"> Township projects are gaining admiration as they provide a controlled environment in such unprecedented situations 	<ul style="list-style-type: none"> The growing demand for these townships is such that the past few years have seen markets beyond the metro cities becoming a prime destination for the segment
 <p>REVERSE MIGRATION/WORK FROM HOMETOWN TO REDEFINE THE REAL ESTATE DEMAND</p>	<ul style="list-style-type: none"> Increased housing demand in tier II and tier III cities 	<ul style="list-style-type: none"> According to a leading bank, the demand for home loans across the country has increased. The majority of the demand is for the small to mid-sized apartments where typically the property price would be about INR 35-40 lakh As remote working continues, demand for housing in tier II and tier III cities are likely to rise
 <p>AVOIDANCE OF EXECUTION RISK</p>	<ul style="list-style-type: none"> Ready-to-move-in units are in demand; homebuyers are looking to purchase units that can be seen, views can be assessed, and are readily available to be occupied 	<ul style="list-style-type: none"> As of 2020, nearly 17% of the unsold inventory was ready-to-move-in across the top 7 cities of India
 <p>CUSTOMERS ARE READY TO PAY PREMIUM FOR QUALITY</p>	<ul style="list-style-type: none"> Large corporates and branded developers provide a feeling of comfort that homebuyer's investments will not go in vain and the houses will be delivered as committed Consolidation is seen among developers who are trying to leverage the brand value, financial and execution capabilities to ensure delivery and completion 	<ul style="list-style-type: none"> Sales of the top 8 listed players accounted for 25% of the overall sales (H1 FY'21) in the top 7 cities of India compared to 14% in FY'20











LEARNINGS OF COVID-19 PANDEMIC

A way forward for developers

07





SUCCESS MANTRAS		KEY LEARNINGS
	FOCUS ON DIGITIZATION	<ul style="list-style-type: none"> Initial search for property starts online Virtual site visits are convenient for homebuyers People aged between 30 - 35 years dominate the home-buying decision. They are tech-savvy and must be appropriately tapped through digital means Digital has always been the preferred and utilized mode of purchase for NRIs
	ADAPTATION OF TECHNOLOGY	<ul style="list-style-type: none"> Effective project and cost management along with adherence to quality No delay in project execution will lead to higher credibility of the developer with homebuyers Remote progress monitoring can benefit in case of future lockdowns Have a detailed Business Continuity Plan for black swan events that may occur in the future as well
	SALARIED CLASS AND END-USERS ARE THE PERFECT MATCHES	<ul style="list-style-type: none"> Salaried class individuals with fixed income and having a clear vision of their continued employability, are mostly taking decisions of purchasing a home, primarily for the end-use
	DIVERSIFY PORTFOLIO TO TACKLE UNCERTAIN SITUATIONS	<ul style="list-style-type: none"> Annuity products from residential, retail, data centre and commercial real estate can strengthen the business revenues during disruptions
	NRIS TO REMAIN UNDER THE RADAR	<ul style="list-style-type: none"> Depreciating rupee and homecoming have made property purchases extremely lucrative for the NRIs
	FOCUS ON THE CORE - PROJECT EXECUTION CAN BE A BIG DIFFERENTIATOR	<ul style="list-style-type: none"> As the fear of uncertainty is looming over the economy, homebuyers are searching for RTM properties that have no execution risk and offers realistic views and sizes. Developers should focus on execution and completion
	THOROUGH MARKET RESEARCH ENABLES THE ELIMINATION OF UNCERTAINTIES	<ul style="list-style-type: none"> Today's homebuyers are well-informed about the current market developments. Developers need to invest time and effort in background work and develop products that suit the homebuyers' requirements Accurate assessment of micro markets is critical
	FOCUS ON AFFORDABLE-TO-MID-SEGMENT	<ul style="list-style-type: none"> Affordable-to-mid-segment housing will continue to remain in demand as homebuyers having an appetite for new property purchases will look to rationalize their quantum of investments

OUTLOOK 2021

Technology adoption has been on the rise during the pandemic and has proved to be effective. This trend is predicted to gain further acceptance among the homebuyers and developers and newer avenues of construction, sales and marketing are likely to be explored to reduce cost and improve efficiency.

Year 2020 has been a unique and challenging year. The pandemic brought the world's economic and social activities to a grinding halt for major part of the year. Office-work, education, and healthcare sectors worldwide re-strategized, thus keeping the economy afloat. But COVID-19-infused lockdown forced everyone to remain indoors and thereby ruminate on their needs and segregate between wants and lavish desires.

Now, as the world economy resets and businesses reopen with the hope to regain lost ground, recovery is likely to be gradual and cautious during the year. Industries are still adjusting to new realities and emerging trends continue to shape up. We anticipate 2021 to be a year of slow retrieval and measured growth that will set the pace for an aggressive momentum during the decade.

The Indian residential real estate is also entering a new decade. 2021 will undoubtedly be a year of recovery. While a new peak may not be attained immediately, it is anticipated that new residential launches may gain some momentum. Developers will continue to focus on completion of existing and delayed projects to reinstate



confidence among homebuyers. It is anticipated that several projects which were delayed due to the induced lockdown will see completion during the year. Launches are likely to be dominated in the affordable and mid-end segments.

There are already visible green shoots of revival in economic activities across all the sectors. This is likely to favourably impact employment generation which is necessary to stimulate demand for housing. The prevailing low interest rates and all-time best affordability ratio of 27% are anticipated to influence homebuyers to spring into action sooner than later. We expect housing demand to remain buoyant in the coming year. The funding situation for developers is likely to remain 'selective' in 2021 and so majority will have to rely on generating cash flows through continued sales in projects.

Prices have remained range-bound across the cities in the last few years. Despite the rise in demand during H2 2020, developers have been cautious and preferred to keep prices under check. These are likely to remain stable in 2021 as well despite rising cost of inputs as developers may look to keep the demand momentum up and any price hike may deter buyers from taking decisions.

The residential product offerings are already undergoing a sea change and will continue in the future as well. Going forward, there are possibilities for new layouts of residential units to emerge. The possibility of any future disruptions, and successfully tested work-from-home and online education is likely to trigger the need for additional space. We anticipate the average sizes of dwelling units to rise in future periods. Albeit, keeping overall ticket prices under check will be a challenge for developers.

Technology adoption has been on the rise during the pandemic and has proved to be effective. This trend is predicted to gain further acceptance among the homebuyers and developers and newer avenues of construction, sales and marketing are likely to be explored to reduce cost and improve efficiency.

All-in-all, 2021 looks to be a promising year for traditional real estate asset classes including commercial office and residential as well as the new-age assets such as warehousing and data centers whose existence and growth has been found to be critical during the pandemic.

ANAROCK PROPERTY CONSULTANTS PVT. LTD.

ANAROCK is India's leading independent real estate services company with a presence across India and the Middle East. The Chairman, Mr. Anuj Puri, is a highly respected industry veteran and India's most prominent real estate thought leader.

The Company has diversified interests across the real estate lifecycle and deploys its proprietary technology platform to accelerate marketing and sales. ANAROCK's services include Residential Broking & Technology, Retail (in partnership with Vindico), Commercial, Investment Banking, Hospitality (via HVS ANAROCK), Land Services, Industrial and Logistics (in partnership with Binswanger), Investment Management, Research, Strategic Advisory & Valuations, Project Management Services (in partnership with Mace) and Apartment Management Services (acquisition of ApnaComplex).

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