

ANAROCK

VALUES OVER VALUE



Confederation of Indian Industry

Real Estate Purchase Perspectives: From the Lens of the Consumers

Pre-COVID & Post COVID Assessment



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Foreword

Year 2020 has been one of the most challenging years for all industries including Indian real estate due to the unprecedented crisis created by the pandemic. The main theme of 2020 has been about being accommodative, collaborative and understanding, not just in real estate but across sectors and industries. Indian real estate came to a screeching halt during the lockdown period but within a couple of weeks, developers changed their gears to adapt to new market realities.

Contrary to initial predictions, residential segment was quick to see an uptick in momentum on the back of growing demand for homeownership amidst exigencies created by the pandemic. This pent-up demand to own homes was further accelerated by the ongoing discounts and offers and low home loan rates. What we are seeing presently is organic demand driven by the desire to own homes and the trend is likely to continue in 2021 as well.

Therefore, amidst the prevailing work-from-home culture and the economy showing green shoots of revival, we tried to gauge the mood of the prospective homebuyers and analyse their preferences. We saw that consumer preferences have altered significantly post the pandemic and new trends are seen to be emerging.

Notably, real estate saw increasing interest against all other asset classes like stock market, FDs and gold post COVID. 62% respondents consider 'now' to be an ideal time for buying a home amidst prevailing lowest-best home loan rates and developer discounts & offers. Homeownership has gained top priority even for the millennials who previously shied away from it.

ANUJ PURI
Chairman
3rd CII Real Estate Confluence

Founder & Chairman
ANAROCK Group



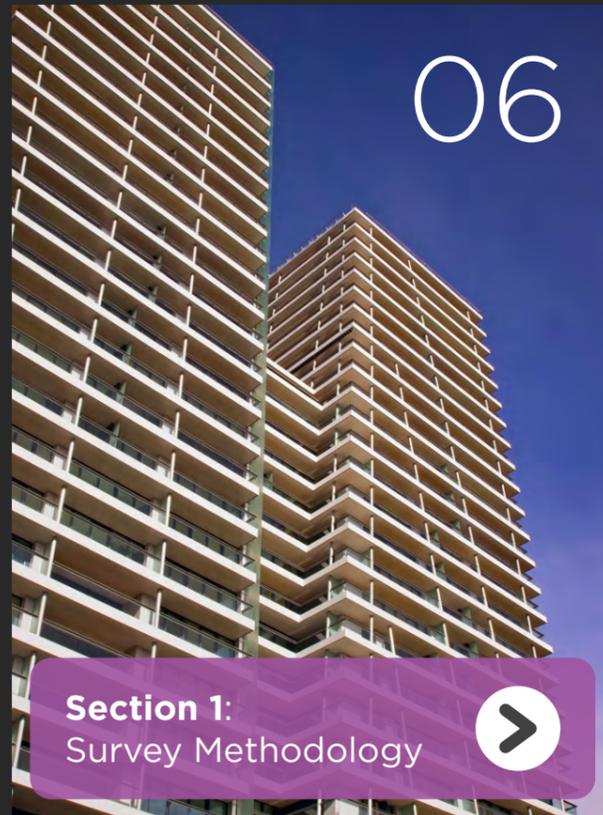
With work-from-home a viable option today, many prospective homebuyers are looking at the peripheral areas that offer bigger homes and a better lifestyle at relatively affordable prices.

Homebuyers preference to mitigate risks is also at all-time high with more than 61% preferring to buy from branded developers even if it is relatively costlier. Demand for affordable and mid segment properties (priced up to ₹90 Lakh) is at an unprecedented high.

Other than the stated, the report captures many interesting trends and observations. I hope you find it a good read.

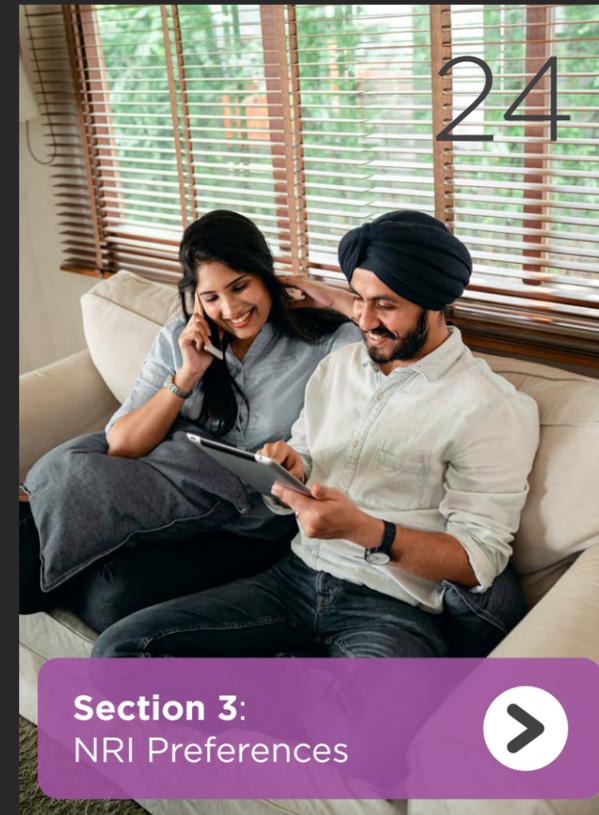


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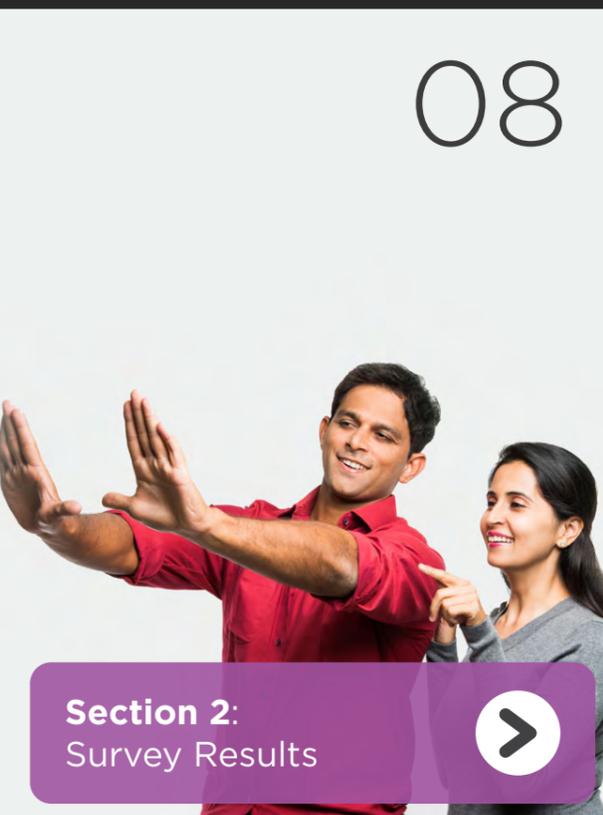
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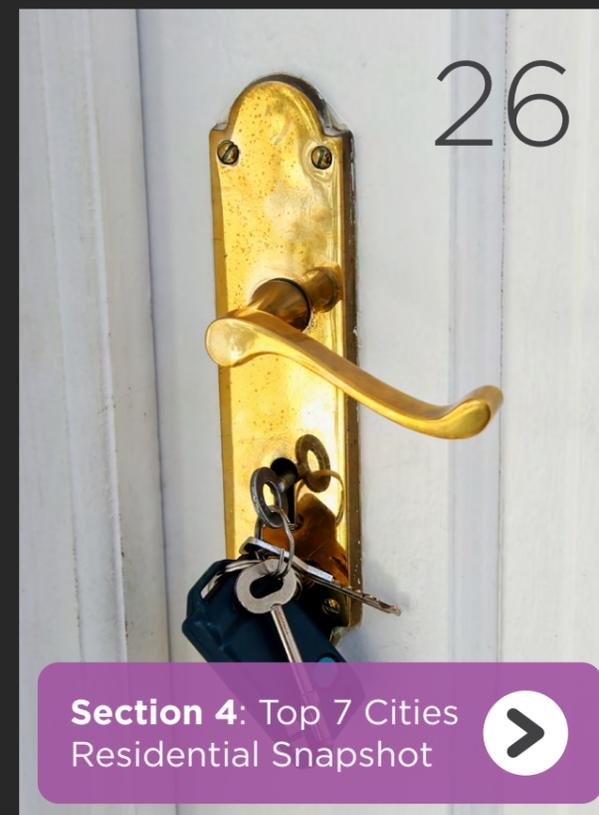
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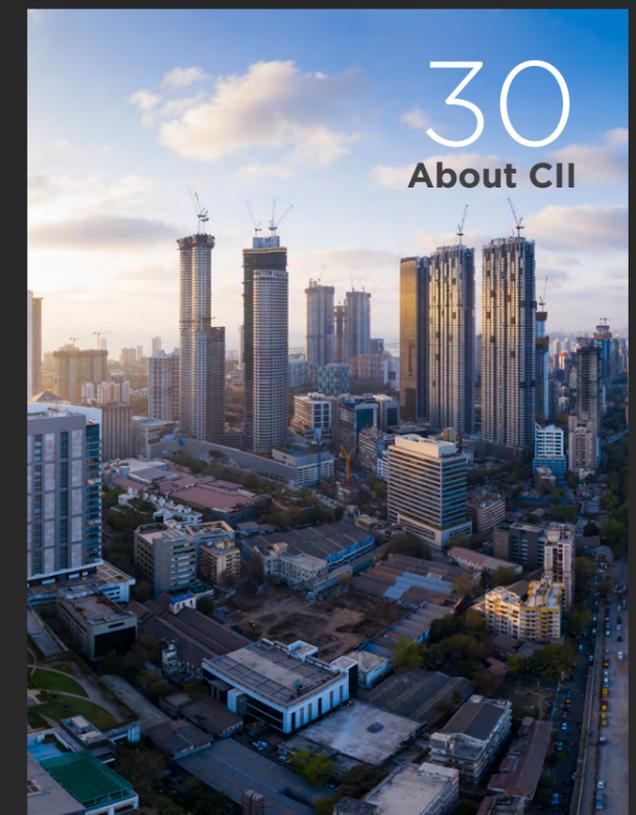
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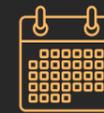


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Survey Methodology



Jan 2021
Survey conducted

This survey gauges the homebuyers' preferences amidst the ongoing pandemic, which led to emergence of significant trends in the Indian real estate industry.



3,900
Respondents

The main aim of the survey is to provide all stakeholders – consumers, developers, investors, sellers and owners including local and expatriates – deeper insights into the Indian property market purely from a consumer perspective.

26-71 years
Age Group

64% Male
36% Female

Conducted in January 2021, the online survey saw nearly 3,900 participants (including NRIs) responding to it via different digital sources including email campaign, web link and messages. The sample was carefully selected so that it would give a relatively fair representation of the overall population demographics in terms of geographical distribution, gender and age.



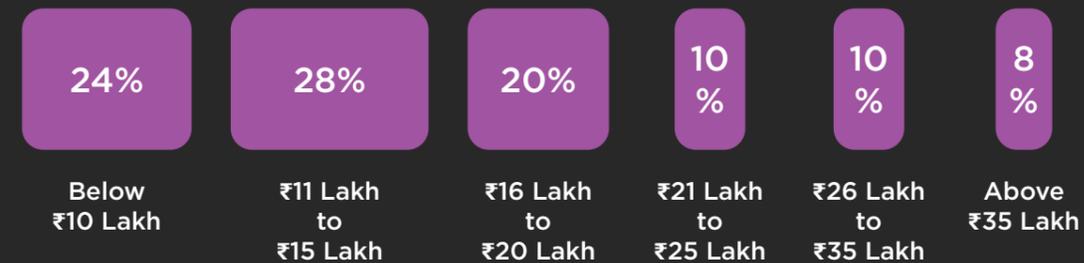
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Cities Pan India*

*89% - Top 7 cities (Delhi-NCR, MMR, Pune, Bengaluru, Hyderabad, Chennai & Kolkata)
4% - NRIs
7% - Other cities (Ahmedabad, Agra, Amritsar, Chandigarh, Dehradun, Jaipur, Kochi, Lucknow, Nagpur, Nashik, Patna, Ranchi, Vishakhapatnam)

Thereafter, the answers collected were analysed in-house and data was correlated to the present economic conditions. The views expressed in the report are completely unbiased.



Annual Family Income (%)



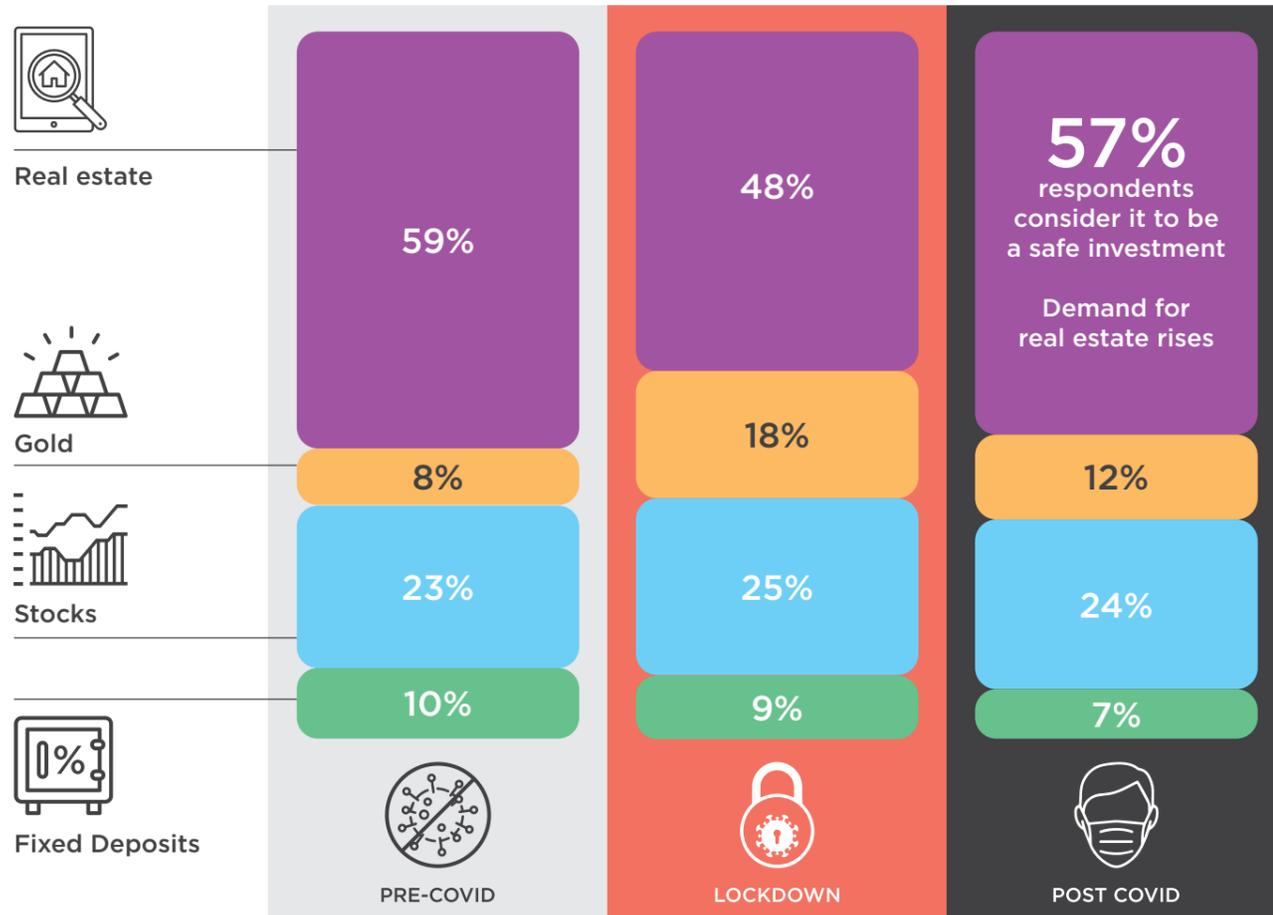
Best Asset Class for Investment?

The preference for real estate as an asset class has once again reached close to pre-COVID levels vis-à-vis the lockdown period in March and April when we saw a dip (to 48%) due to the-then prevailing uncertainties.

Preference for real estate as an asset class for investment continues to rise post COVID-19. The rising preference is appropriately depicted in H2 2020 housing sales of ~80,400 units across the top 7 cities compared to 57,900 units in H1 2020, an increase of 39%.

Among various asset classes for investment like equities & mutual funds, FDs and gold, real estate continues to be the first choice with 57% respondents in favour of it. Interestingly, the stock market – despite being volatile in nature – is the second preferred choice with 24% votes.

Preference for gold saw a sudden rise during the lockdown period with 18% in its favour then – much above FDs. However, in the present survey, we can see slight dip in its preference as just 12% respondents now prefer it in the current scenario. Despite being risk-free, low interest rates has brought down investor interest in FDs and is now the last choice among all other asset classes.

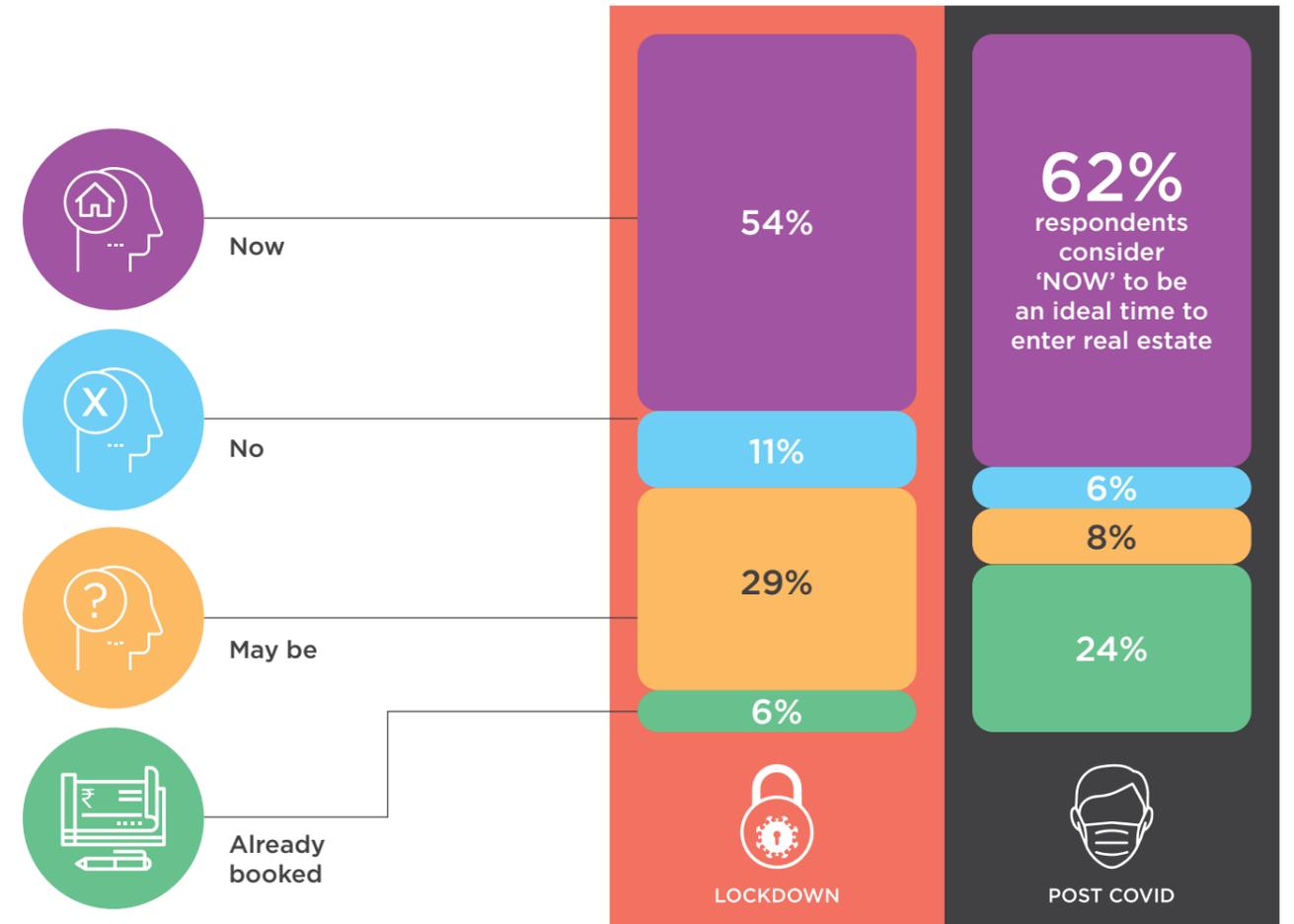


Is it an Ideal Time to Enter Real Estate?

In a major development, out of all respondents, 24% have already booked their property while 62% consider 'now' to be an ideal time to enter the real estate market.

This is fairly high than the previous survey results (conducted during the lockdown period) - 6% and 54% respectively.

Interestingly, in the lockdown survey we saw 29% respondents not so sure (maybe) about entering the real estate market, but presently we can see a drastic drop in this uncertainty as just 8% respondents as now maintain 'maybe.'



Preferences of Buyers Who Already Booked!

92% of the respondents will continue with their booking despite the changing economic situation due to COVID-19.



92%

of the respondents will continue with their booking



81%

Were previously unsure of buying but bought post lockdown relaxations

72%

Preferred budget range (< ₹90 Lakh)

68%

Are end-users

38%

Opted for newly-launched property



8%

of the buyers are uncertain about it



Even amidst the uncertain times, none of the respondents wants to cancel the booked property

COVID Impact on Home-Buying Decisions!

COVID-19 has significantly impacted the home-buying decisions.

In a major positive trend, a sizeable **59% respondents changed their decisions due to the pandemic.**

They were previously not sure of buying a home (probably preferred to rent) but pandemic-like exigencies altered their preferences.

'Homeownership' gained top priority for many.

Other factors such as discounts and offers, lowest-best home loan interest rates and government incentives like Maharashtra's stamp duty cut also helped change buyer preferences.



Decision changed, I have put my home buying decision on hold



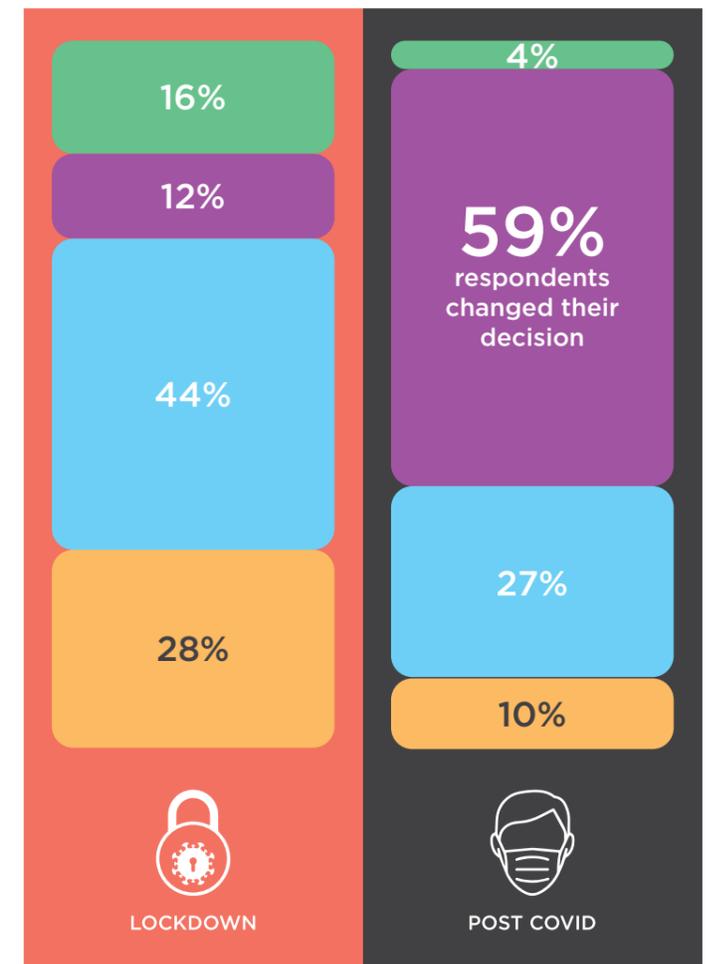
Decision changed, previously not decided but now I will buy



Decision not Changed, I will buy property as per my old plan



Decision postponed, I will buy property later



Prospective Home-Seekers Predilections!



COVID-19 changed home buying decision for ~59% respondents - Previously not decided but now they will buy



Out of which



66%
Respondents preferred to buy in peripheral areas

53%
Respondents are in the age-group of 29-41 years

84%
Respondents preferred 2BHK & 3 BHK with bigger sizes

39%
Respondents are looking for new-launched property

For **37%**
availability of low home loan rates was the most influencing factor

End-use or Investment

Indian residential market is now seen to be heavily dominated by end-users. As many as 74% respondents looking to buy a property now are doing it for self-use while just 26% are looking at it from an investment perspective.

In comparison, during the lockdown period, the share of investors was higher at 41%.

One major factor driving this change - buying for self-use - is because affordability of homes has reached its all-time best across all major cities.

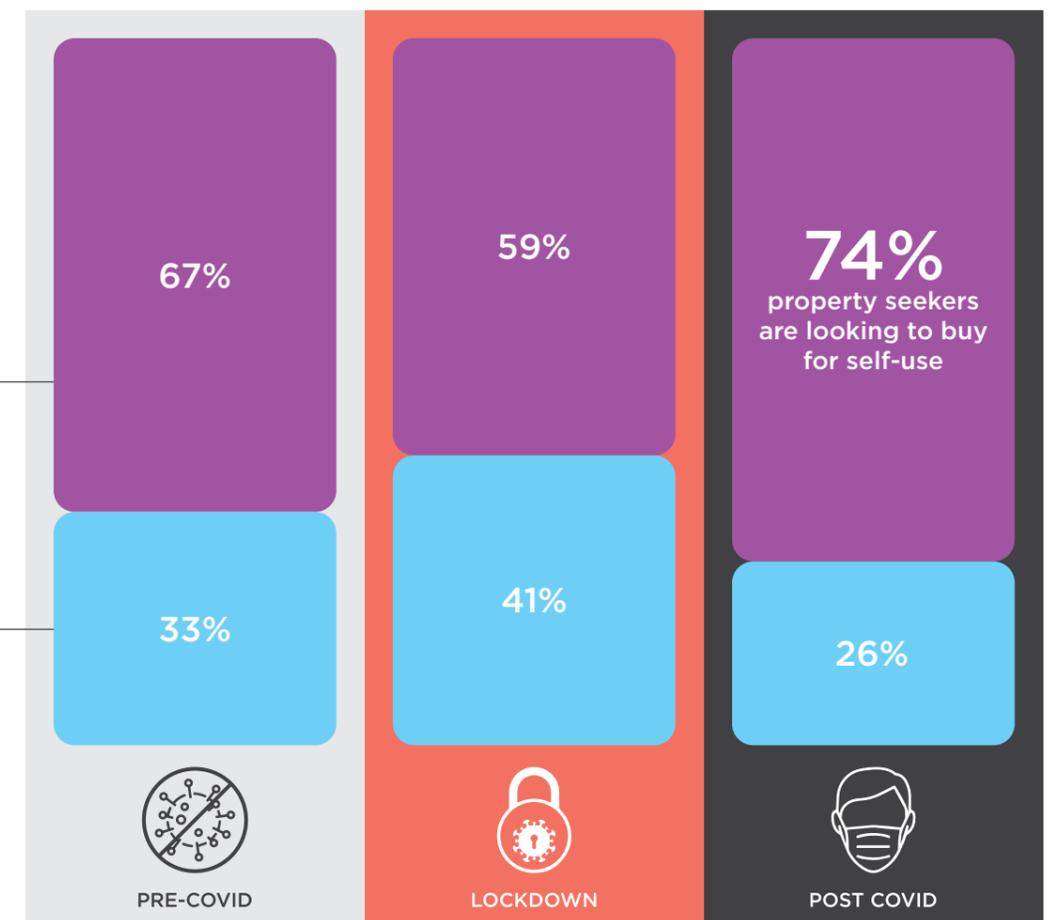
Offers and discounts doled out by developers coupled with lowest-best home loan rates are other major factors.



End-use



Investment



Preferred Construction Stage of Property!

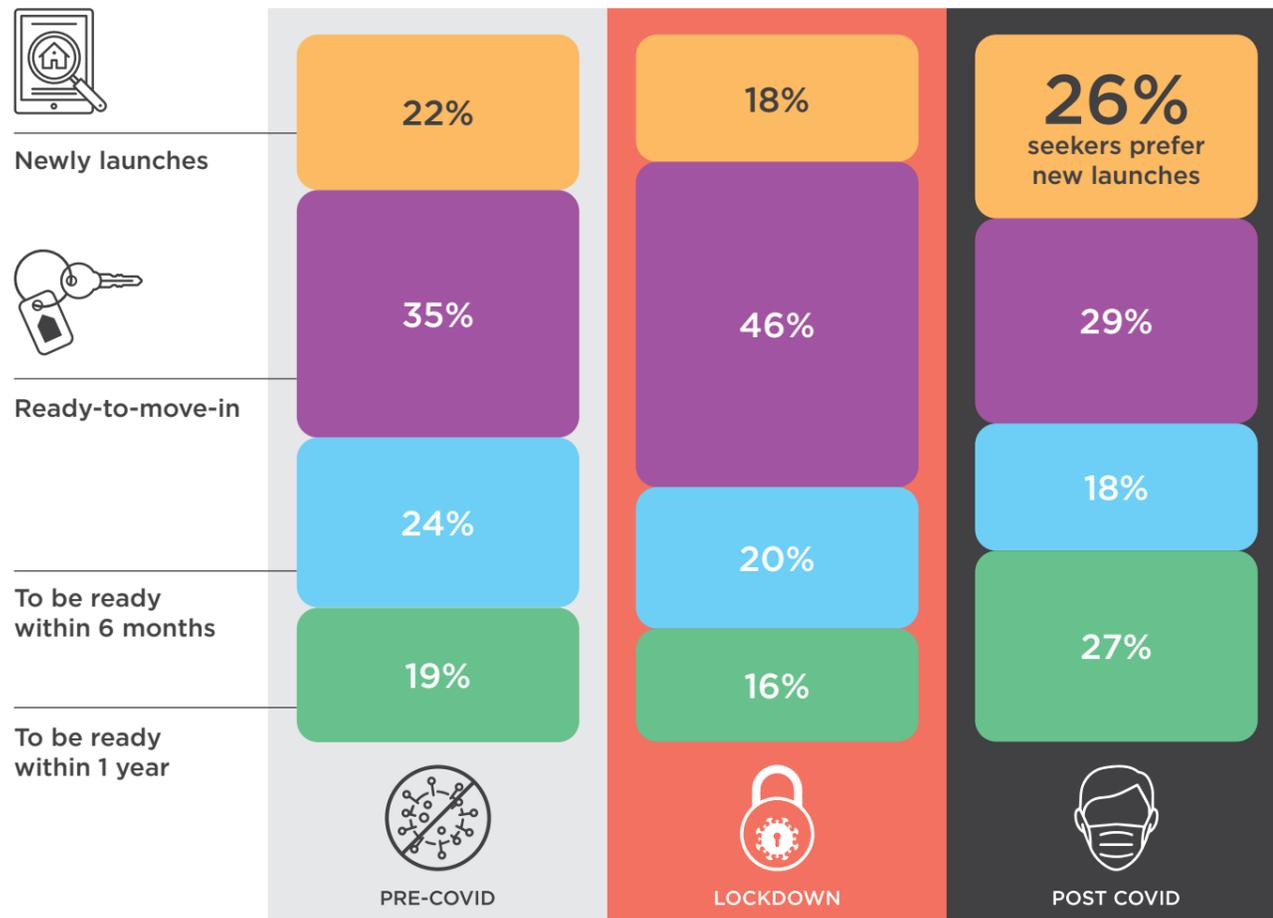
Ready-to-move-in property continues to be the most preferred (29% respondents) among the prospective buyers. However, in comparison to both pre-COVID and lockdown period surveys, we saw a dip in its preference – at least 17% since the lockdown period and 6% since the pre-COVID levels.

One major factor influencing this change could be the fact that post COVID, the new supply was largely dominated by branded developers and buyers considered it safe to buy from them. Also, there is limited inventory available in the ready category.

Another possible reason is that developers have doled out multiple discounts and offers including flexible payment plans for their under construction projects which attracted prospective buyers.

Interestingly, in the post COVID survey results, property which will be ready within 1 year is the second most preferred choice for 27% property-seekers.

Post COVID, new launches gain traction, 26% property seekers are willing to purchase new-launched property which is 4% higher than the pre-COVID period.



Ideal Budget-Range?

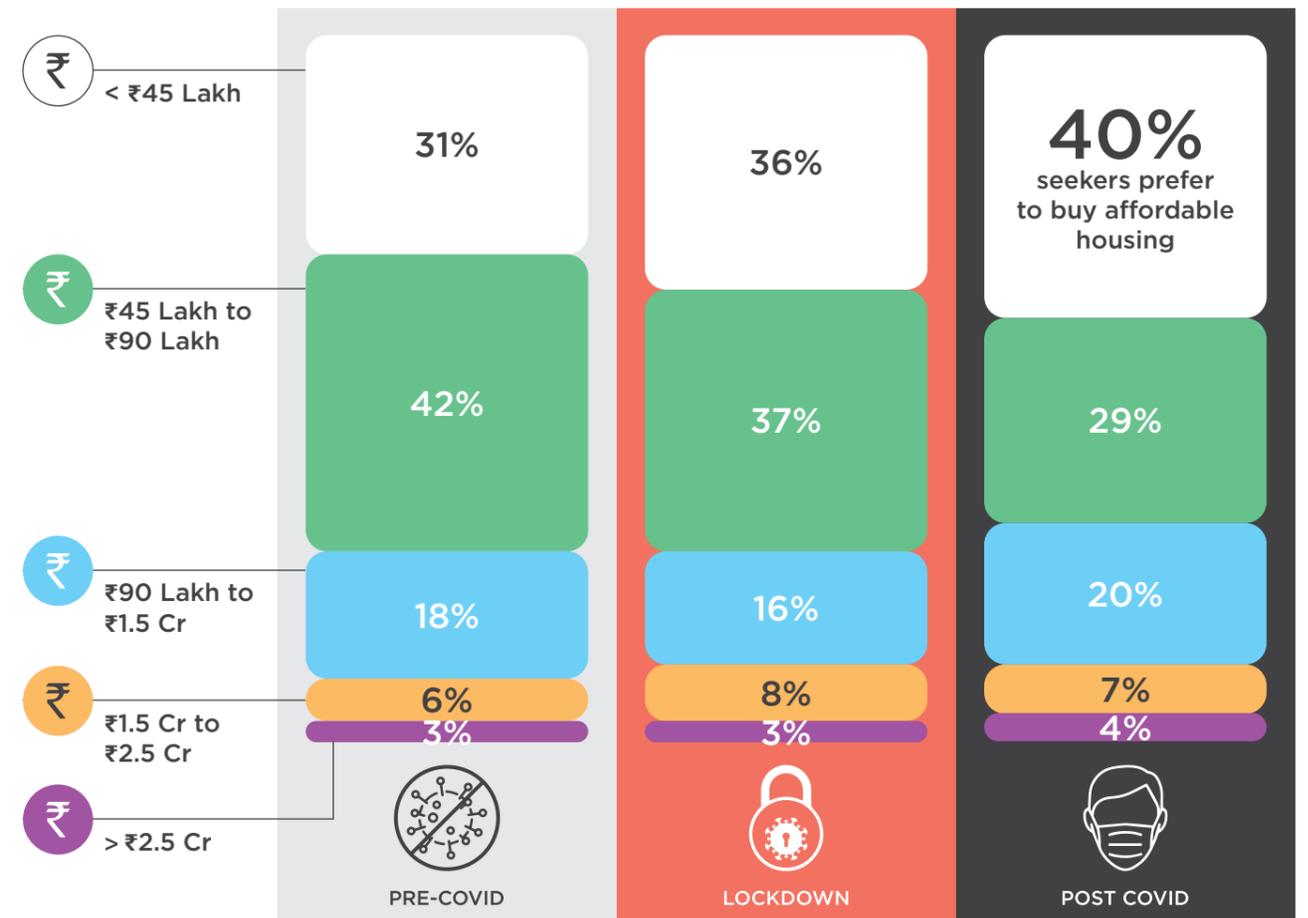
Affordable properties (<₹45 Lakh) emerged as the most preferred in post-COVID survey accounting for over 40% share as against 31% in the pre-COVID survey – an increase of 9%.

Over 38% of this affordable housing demand in post-COVID survey came in from Delhi-NCR, followed by 21% from Kolkata.

Contrary to pre-COVID survey, the ₹45 Lakh - ₹90 Lakh budget range property took a back-seat this time and stood at the second spot. Altogether, 67% of this demand came in from Bengaluru, Pune and Chennai. Availability of cheaper home loans was the key factor for majority of these respondents.

Further, around 20% property seekers preferred ₹90 Lakh - ₹1.5 Cr budget properties – increasing by 2% against the pre-COVID survey.

Demand for luxury properties (> ₹1.5 Cr) also increased – from 9% in pre-COVID survey to 11% post-COVID. Nearly 58% of this demand is from Mumbai (MMR), followed by Bengaluru and Hyderabad.

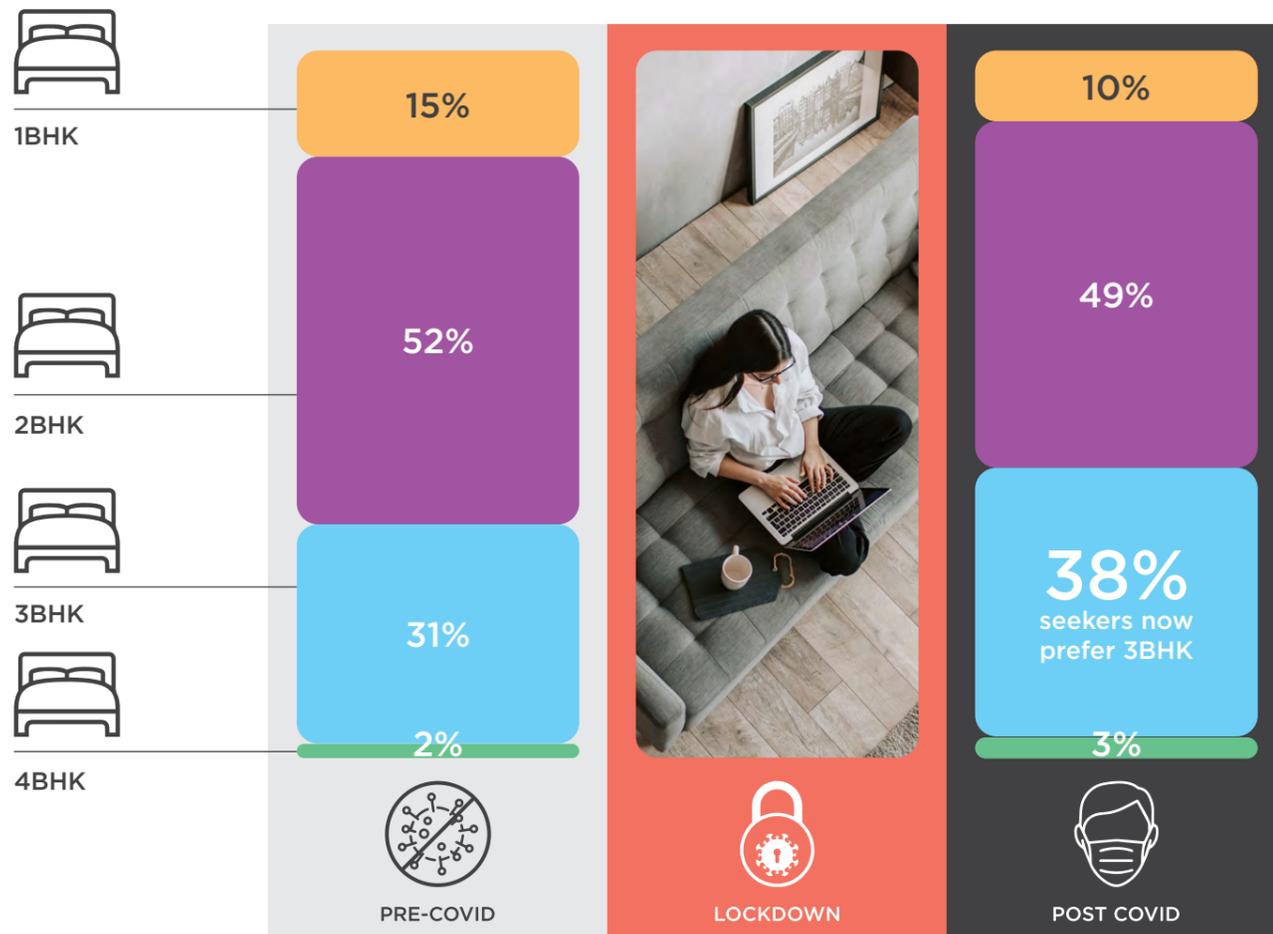


BHK-Typology in Demand?

2BHKs continue to be the hot favourite for prospective homebuyers in both pre and post COVID surveys. However, there was a marginal decline with 49% property seekers now preferring 2BHKs as against 52% pre-COVID.

Interestingly, in the post COVID survey, the popularity of bigger configurations (3BHK & 4BHK) also increased as compared to the pre-COVID survey.

For 3BHKs, demand increased from 31% pre-COVID to 38% post COVID. For 4BHKs, the share increased from 2% pre-COVID to 3% post COVID.



Property Sizes - Big or Small?

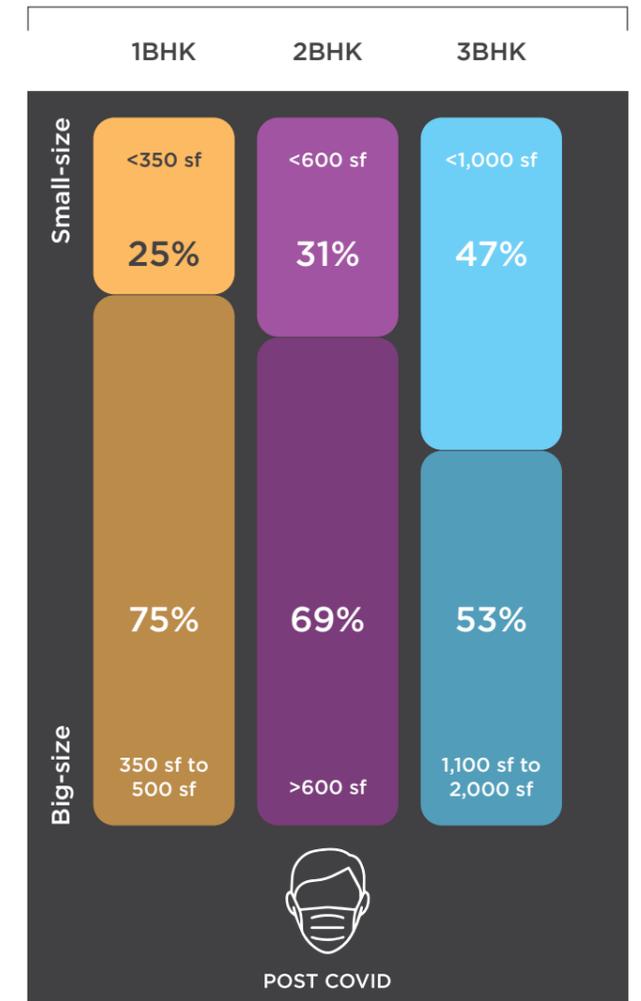
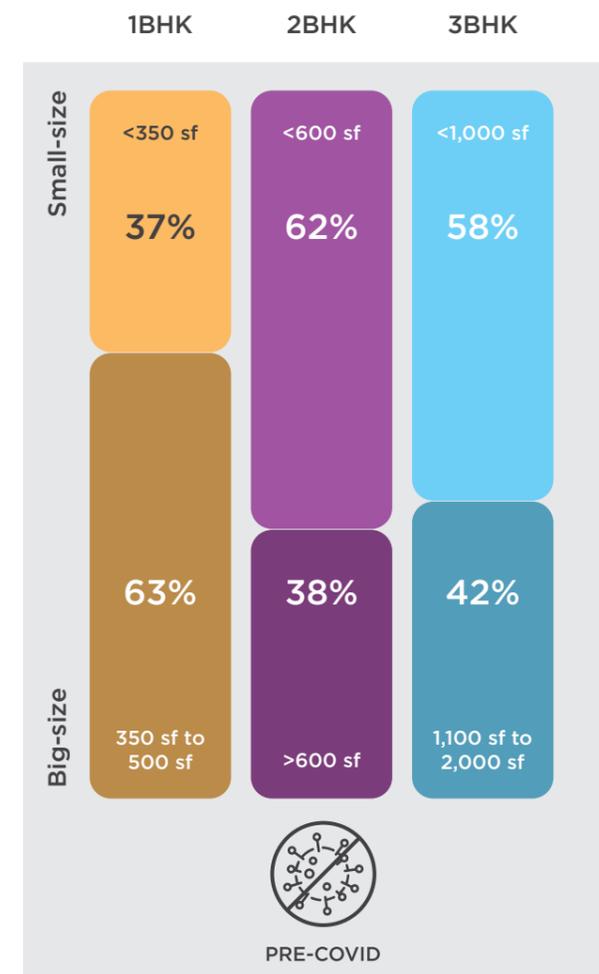
'Big is better' seems to be the new mantra for prospective homebuyers.

We saw demand for bigger homes go up in the current survey across all BHK-configurations.

Given that work-from-home is a viable option, many prospective homebuyers' preferences changed rapidly as they needed a separate workspace.

To accommodate their new needs, many homebuyers are even willing to shift to cheaper suburbs to get larger homes.

Demand for big-size homes across all BHK configurations rises

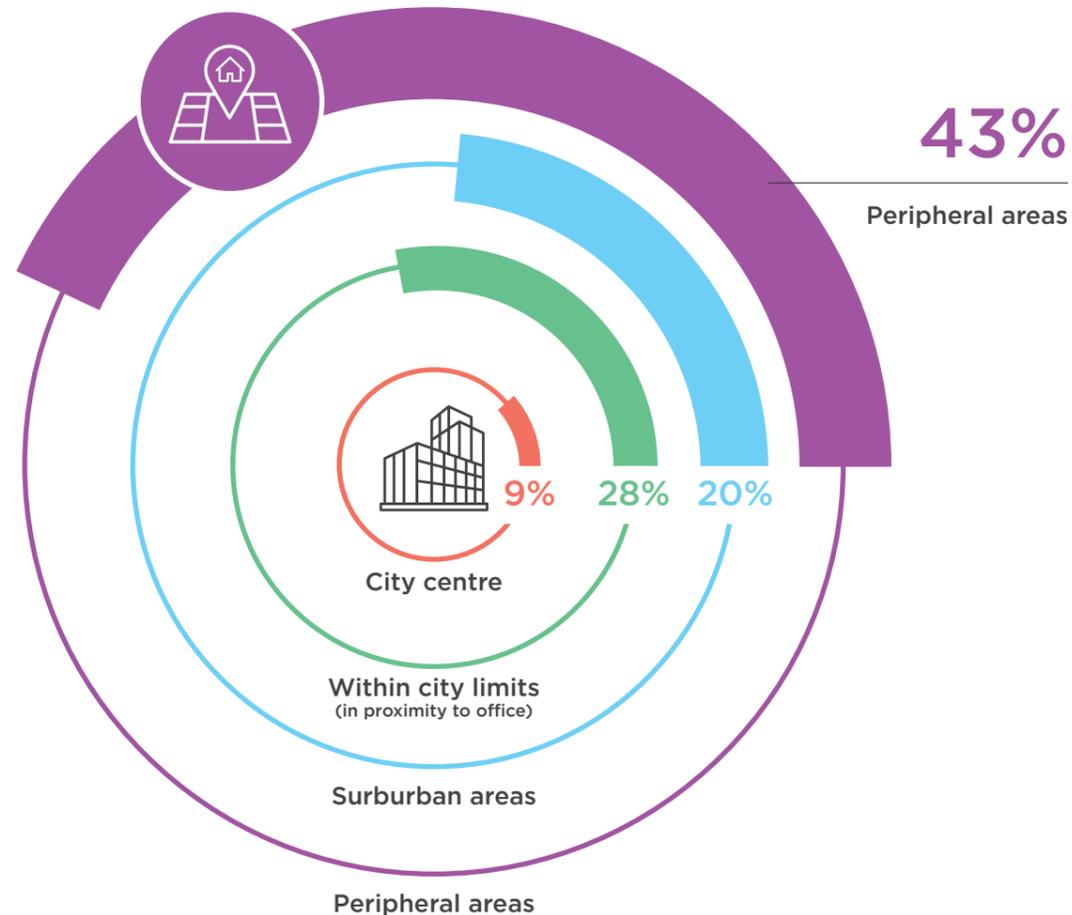


Preferred Location & Factors Influencing it!

The previous 'gold standard' of Indian housing - the walk-to-work or short drive to work, by definition only in and around central corporate workplace hubs - seems to have shed much of its popularity for many prospective homebuyers today. Just 28% are now looking to live within city limits - in proximity to office.

The work-from-home concept has become the next fulcrum for homebuying decisions.

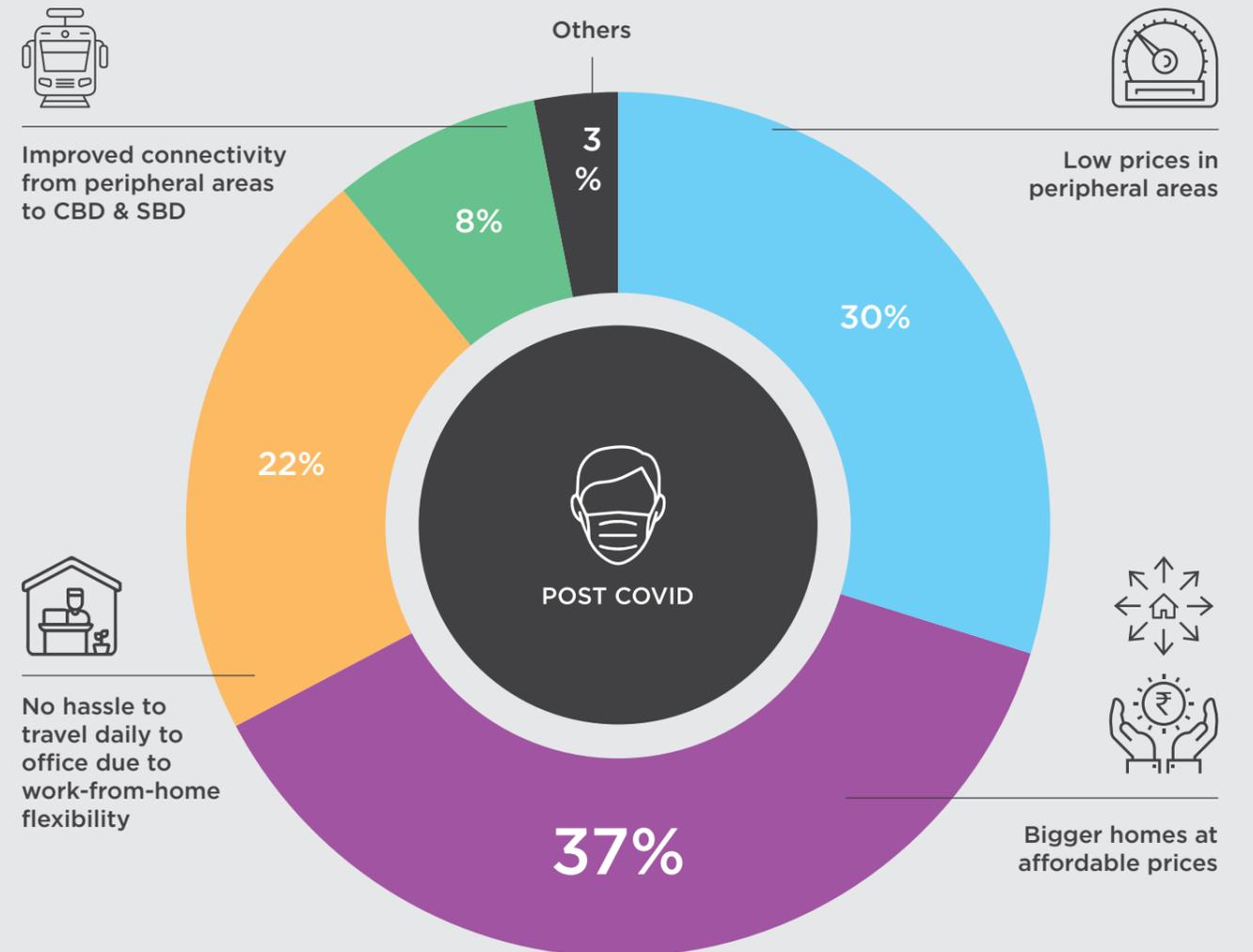
Resultantly, 43% respondents are looking to shift to the peripheral areas for bigger homes and a better lifestyle at more affordable prices.



Affordability is still a major concern for most prospective homebuyers despite a change in their preferences post COVID - i.e. demand for bigger-size homes.

No wonder, 37% respondents prefer to shift to peripheral areas for a bigger home at affordable prices.

Another 30% respondents are looking to buy in the peripheries due to prevailing low prices there.



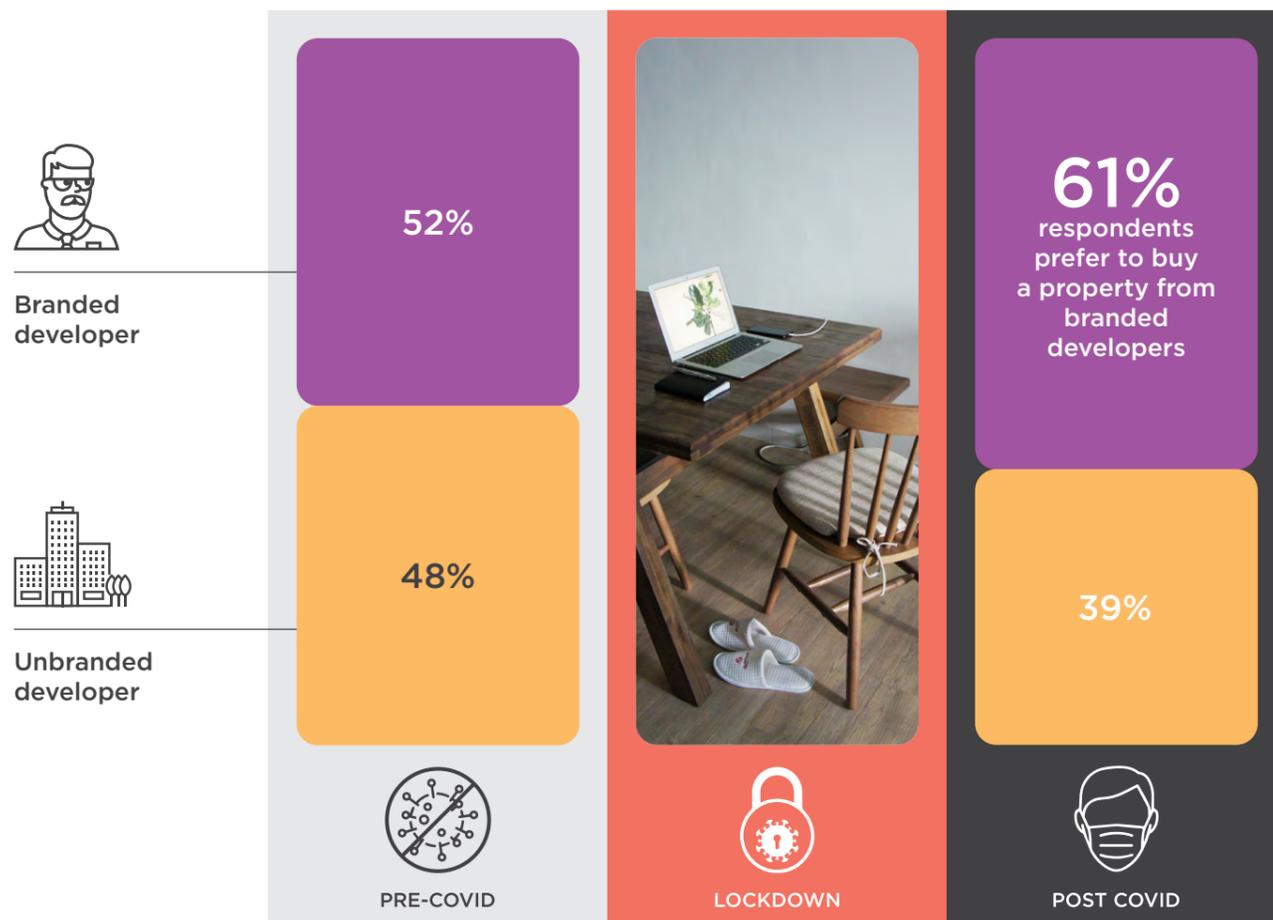
Developer Option – Branded vs Non-Branded?

Developer having the capability to complete a project on time with least execution risk is the most preferred even if the property is relatively higher priced.

Consumer preferences have largely tilted towards branded products over the last few years and once again we saw an increase in this percentage in this survey.

61% respondents in the current survey prefer to buy a property from branded developers (even at an extra cost) as against non-branded ones (39%).

In the pre-COVID survey, the ratio of branded vs non-branded was 52:48.



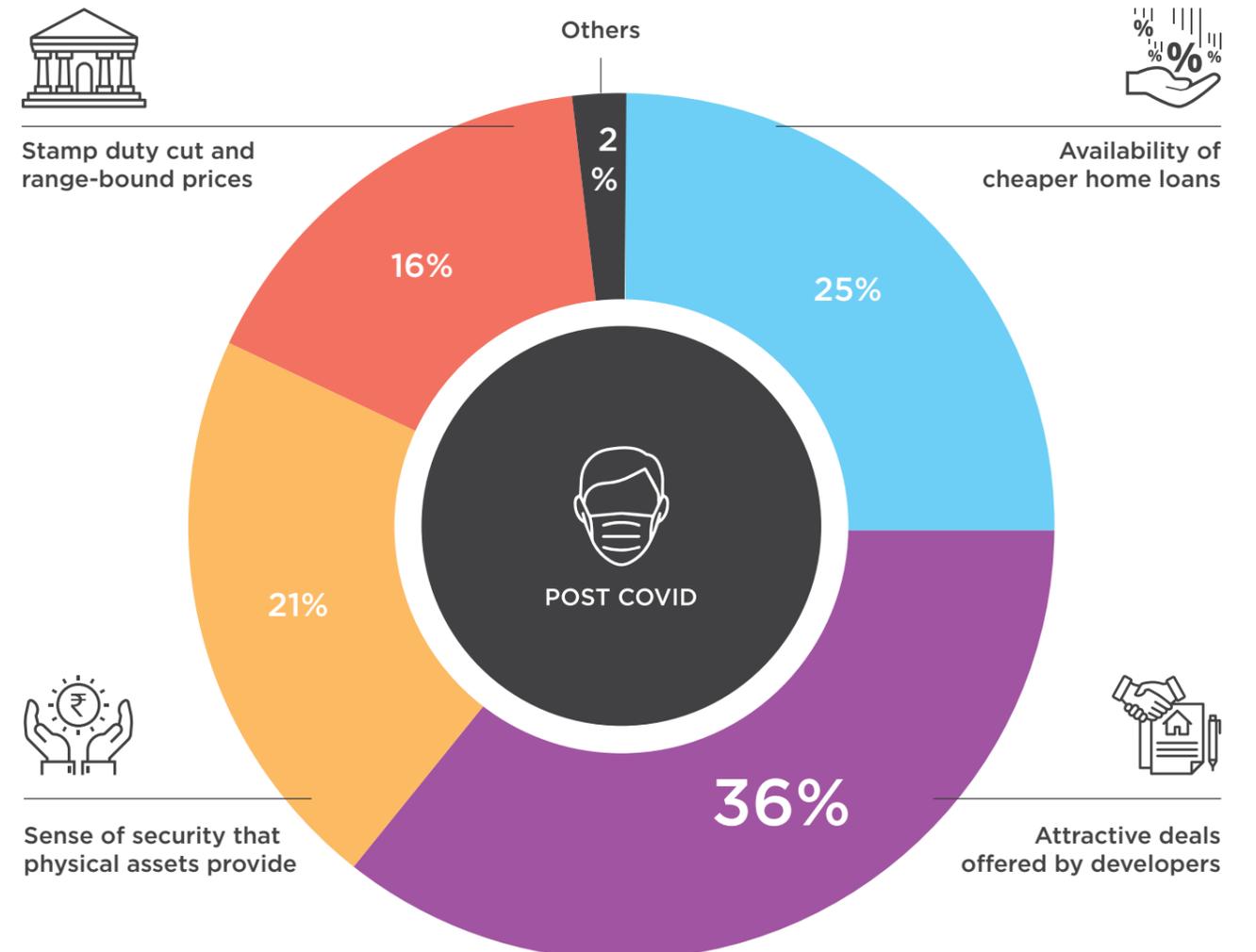
Factors Influencing Property Buying!

Attractive deals & offers by developers is the prime factor influencing prospective buyers today.

At least 36% home seekers would look to purchase a property when offered a good deal.

Close behind, 25% respondents consider availability of cheap home loans as the second most influencing factor in their property purchase.

Interestingly, for 21% respondents, physical assets provide a sense of security in exigencies such as COVID-19.





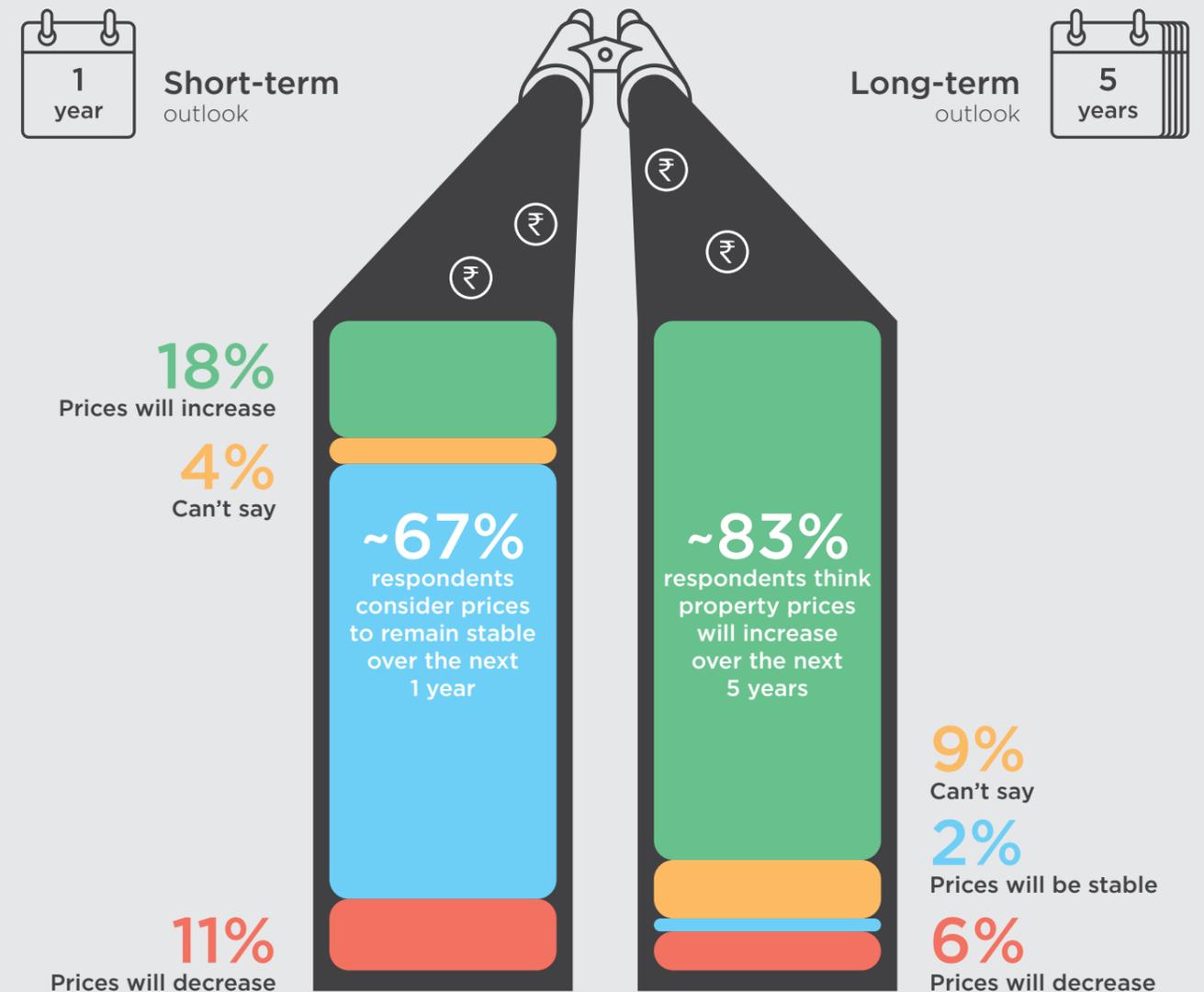
Pricing Outlook!

Property prices across the top 7 cities largely remained range-bound over the last few years amidst the structural reforms, policy changes etc. Before COVID-19 gripped India, it was widely anticipated by experts that average property prices would increase in 2020.

But the pandemic derailed this probability. Therefore, in order to understand the homebuyer, we asked their short-term and long-term views on property prices.

Interestingly, in the short-term (i.e. 12 months), 67% respondents consider prices to remain stable while only 18% feel they will increase in a year.

Alternately, on long-term basis (i.e. in 5 years), 83% respondents think prices will increase. Rightly so, we are likely to see steady growth in property prices.





NRI Preferences

Of the total survey participants



4%
NRI Respondents

35-45
Age Group
(Majority property seekers)



68%
Preferred real estate over other
asset classes for investment



86%
NRIs opt to buy property
from branded developers



63%
NRIs feel that a 'sense of security'
associated with physical assets is
the major influencing factor for
buying property in India

Out of the total 24% respondents who already
booked property recently, 38% were NRIs



NRIs' preferred choice



₹90 Lakh - ₹2.5 cr
Budget range



3 BHK & 4 BHK
BHK type



Ready-to-move-in
Property type



Bengaluru & Pune
Topped list of favourable cities
for investment in India



Top 7 Cities - Residential Real Estate Snapshot

MMR (Mumbai Metropolitan Region)

City (Zone)	Average Budget Range for 2 BHK (₹)	Average Rate (₹/sf)
Central Suburbs	1.5 Cr - 2.0 Cr	16,600 - 19,500
Western Suburbs	1.6 Cr - 2.15 Cr	16,600 - 19,500
South Central Mumbai	3.0 Cr - 4.0 Cr	32,000 - 35,000
Peripheral Central Suburbs	35 Lakh - 55 Lakh	4,700 - 5,200
Peripheral Western Suburbs	40 Lakh - 55 Lakh	4,700 - 5,200
Navi Mumbai	65 Lakh - 95 Lakh	6,800 - 9,000
Thane	90 Lakh - 1.10 Cr	6,800 - 9,000



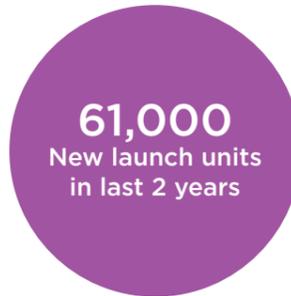
NCR (National Capital Region)

City (Zone)	Average Budget Range for 2 BHK (₹)	Average Rate (₹/sf)
Gurugram	65 Lakh - 85 Lakh	5,500 - 6,500
Noida	60 Lakh - 75 Lakh	4,500 - 5,500
Greater Noida	35 Lakh - 45 Lakh	3,200 - 3,800
Ghaziabad	30 Lakh - 40 Lakh	3,000 - 3,500
Faridabad	30 Lakh - 40 Lakh	3,000 - 3,400



BENGALURU

City (Zone)	Average Budget Range for 2 BHK (₹)	Average Rate (₹/sf)
Central	1.0 Cr - 1.4 Cr	9,800
East	49 Lakh - 58 Lakh	4,500 - 5,500
North	52 Lakh - 60 Lakh	
South	48 Lakh - 55 Lakh	
West	50 Lakh - 58 Lakh	



PUNE

City (Zone)	Average Budget Range for 2 BHK (₹)	Average Rate (₹/sf)
Central	1.0 Cr - 1.4 Cr	14,000
East	45 Lakh - 60 Lakh	4,700 - 6,500
North	40 Lakh - 60 Lakh	
South	45 Lakh - 65 Lakh	
West	50 Lakh - 70 Lakh	



HYDERABAD

City (Zone)	Average Budget Range for 2 BHK (₹)	Average Rate (₹/sf)
Central	65 Lakh - 75 Lakh	6,000
East	42 Lakh - 48 Lakh	3,400 - 4,600
North	40 Lakh - 50 Lakh	
South	38 Lakh - 45 Lakh	
West	55 Lakh - 65 Lakh	



CHENNAI

City (Zone)	Average Budget Range for 2 BHK (₹)	Average Rate (₹/sf)
Central	1.6 Cr - 2.0 Cr	14,500
North	49 Lakh - 57 Lakh	4,500 - 5,500
South	45 Lakh - 55 Lakh	
West	50 Lakh - 60 Lakh	

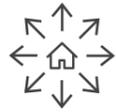


KOLKATA

City (Zone)	Average Budget Range for 2 BHK (₹)	Average Rate (₹/sf)
Central	60 Lakh - 70 Lakh	12,400
East	30 Lakh - 40 Lakh	3,600 - 4,500
North	20 Lakh - 30 Lakh	
South	31 Lakh - 40 Lakh	
West	25 Lakh - 34 Lakh	



Emerging Consumer Trends in Indian Real Estate



'Big is Better' – New mantra of homebuyers

Demand for bigger homes across all BHK configurations has risen amidst the work-from-home viability. Many prospective homebuyers need more space at homes in order to set up their workstation. In the pre-COVID survey, out of all those preferring 2BHKs, 62% respondents preferred small-size unit of size <600 sf area.

Post COVID, preferences altered drastically. Now, 69% respondents prefer a large-size 2BHK of sizes between 800 sf to 1,200 sf. This demand is likely to grow in the short to mid-term with further stability in overall economic situation.



Homebuyers eye city peripheries

Post COVID, the 'walk-to-work' concept has shed much of its popularity. Work-from-home has become the next fulcrum for homebuying decisions. Resultantly, 43% respondents are looking to shift to the peripheral areas for bigger homes and a better lifestyle - at more affordable prices.

Just 28% are now looking to live within city limits - in proximity to office.



Preference for branded developers grows further

Demand for developers with least execution risk is all-time high, even if the property is relatively higher priced. Post COVID, 61% respondents prefer to buy a property from branded developers (even at an extra cost) as against non-branded ones (39%).

In the pre-COVID survey, the ratio of branded vs non-branded was 52:48.



Millennials prefer buying over renting post-COVID

Sense of security associated with physical assets has motivated many to consider buying a home post COVID.

While real estate continued to be the best asset class for investment for over 57% respondents, 48% of these were in the age-bracket of 25-35 years. This implies that 'millennials' are now the new-age homebuyers and the trend will continue in the future.



~38% of total affordable housing demand is from Delhi-NCR

Affordable properties (<₹45 Lakh) emerged the most preferred in post COVID survey accounting for over 40% share as against 31% in the pre-COVID survey - an increase of 9%.

Interestingly, over 38% of this affordable housing demand presently came in from Delhi-NCR, followed by 21% from Kolkata.



Luxury homes attract majority NRIs

₹90 Lakh - ₹2.5 Cr has emerged as the preferred budget-range for majority NRIs with 3BHKs and 4BHKs top on their preference list.

The depreciating rupee coupled with ongoing discounts and offers have made luxury properties once again favourable for the NRIs - who went into a wait-and-watch mode since the reformatory changes in the Indian real estate market. However, most of these NRIs are looking to buy luxury homes for self-use.



Confederation of Indian Industry

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering industry, Government and civil society, through advisory and consultative processes. For 125 years, CII has been working on shaping India's development journey and, this year, more than ever before, it will continue to proactively transform Indian industry's engagement in national development.

CII is a non-government, not-for-profit, industry-led and industry-managed organization, with about 9100 members from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 300,000 enterprises from 288 national and regional sectoral industry bodies. CII charts change by working closely with Government on policy issues, interfacing with thought leaders, and enhancing efficiency, competitiveness and business opportunities for industry through a range of specialized services and strategic global linkages. It also provides a platform for consensus-building and networking on key issues.

Extending its agenda beyond business, CII assists industry to identify and execute corporate citizenship programmes. Partnerships with civil society organizations carry forward corporate initiatives for integrated and inclusive development across diverse domains including affirmative action, livelihoods, diversity management, skill development, empowerment of women, and sustainable development, to name a few.

With the Theme for 2020-21 as Building India for a New World: Lives, Livelihood, Growth, CII will work with Government and industry to bring back growth to the economy and mitigate the enormous human cost of the pandemic by protecting jobs and livelihoods.

With 68 offices, including 10 Centres of Excellence, in India, and 8 overseas offices in Australia, Egypt, Germany, Indonesia, Singapore, UAE, UK, and USA, as well as institutional partnerships with 394 counterpart organizations in 133 countries, CII serves as a reference point for Indian industry and the international business community.

Confederation of Indian Industry

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ANAROCK Group

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).

The Company has a unique business model, which is an amalgamation of traditional product sales supported by a modern technology platform with automated analytical and reporting tools. This offers timely solutions to its clients, while delivering financially favourable and efficient results.

ANAROCK has a team of over 1800 certified and experienced real estate professionals who operate across all major Indian (Mumbai, Navi Mumbai, Pune, Ahmedabad, NCR – Delhi, Gurugram, Noida, Chennai, Bangalore, Hyderabad, Kolkata, Lucknow) and Middle East markets. ANAROCK has successfully completed over 400 exclusive residential project mandates. ANAROCK also manages over 80,000 established channel partners to ensure global business coverage.

Our assurance of consistent ethical dealing with clients and partners reflects our motto - Values Over Value.

Visit: www.anarock.com

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