

THE HOUSING MARKET BOOM

Navigating the Residential Real Estate Landscape





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FOREWORD

Bull run in the Indian housing market continues despite economic headwinds



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Despite global economic headwinds including layoffs by several large and small corporates, the bull run in the Indian housing market continued in the first quarter of the year. The market remained buoyant and interestingly there were several new trends noticed.

For instance, quarterly housing sales reached all-time high with approx. 1,13,770 units sold in Q1 2023 across the top 7 cities amid significant rise in demand for high-ticket priced homes (>INR 1.5 Cr). This is a 14% yearly rise against approx. 99,550 units sold back in Q1 2022.

Among the top cities, the two western regions - MMR and Pune - accounted for over 48% of the total sales in the top 7 cities, with Pune witnessing over 42% yearly jump.

Meanwhile, new launches across the top 7 cities also breached the one lakh mark and witnessed 23% yearly rise - from 89,140 units in Q1 2022 to over 1,09,570 units in Q1 2023.

The surge in new residential supply can be attributed to the unwavering appetite for homeownership, with the demand for housing continuing to rise unabated. Consequently, leading and listed developers have ramped up their efforts to meet the demand for new residential properties.

Mid-segment homes priced INR 40 Lakh - INR 80 Lakh continue to dominate new supply with 36% share, followed by the premium (INR 80 Lakh - INR 1.5 Cr) and affordable segments (less than INR 40 Lakh) with 24% and 18% share, respectively.

Interestingly, MMR and Pune again saw the maximum new supply, accounting for 52% of the total new launches across the top 7 cities. Individually, the two cities saw 58% and 34% yearly increase in their new supply, respectively.

Despite spiralling new launches in this and the previous quarter, the available inventory in the top 7 cities remained almost similar at about 6.27 lakh



units by Q1 2023-end. On a q-o-q basis, unsold stock saw a 1% dip across the top 7 cities. Among the top cities, NCR saw highest decline in its unsold stock in Q1 2023 - by 22%.

Interestingly, inventory overhang across the top 7 cities in India declined to 20 months by the end of Q1 2023, compared to 27 months in Q1 2022 (Y-o-Y decline by 7 months). This is significant because at any point, an inventory overhang of 18-22 months is considered healthy for the market.

Among the top 7 cities, Bengaluru has the least inventory overhang of 13 months while NCR recorded the highest inventory overhang of 23 months.

Meanwhile, average residential prices across the top 7 cities increased in the range of 6-9% in Q1 2023 as compared to Q1 2022, mainly due to increase in the prices of construction raw materials and overall rise in demand. MMR and Bangalore recorded the highest 9% annual jump each in average property prices.

Overall, residential demand continues to hold strong even now as more and more prospective buyers firmly believe in buying their own home

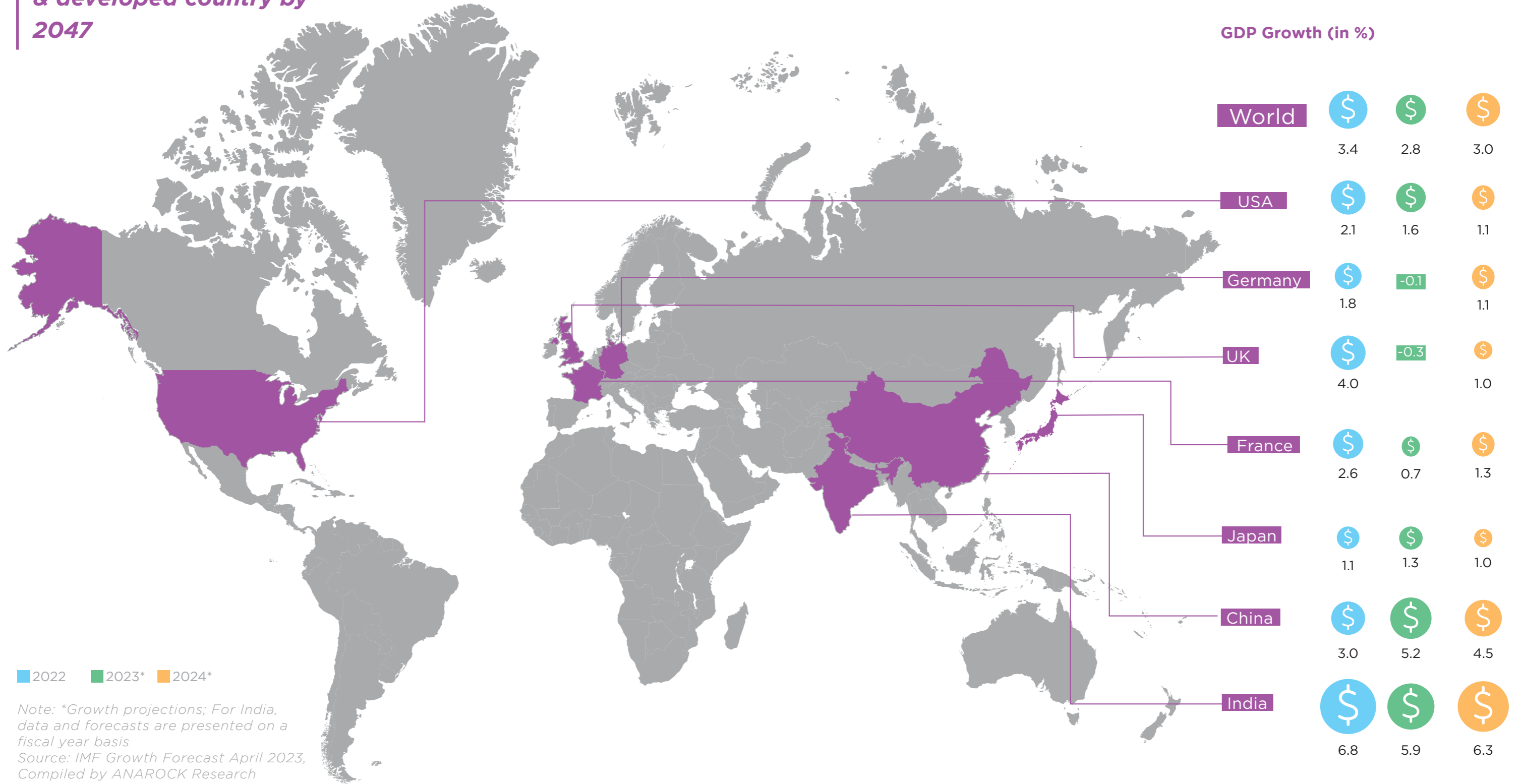
amid uncertain times of global recession and layoffs. Many consider it to be one of the safest investment options presently as price volatility is extremely low compared to other investment classes.

ANAROCK's recent consumer survey also highlighted the sentiments of the buyers. At least 61% survey participants believe that real estate is the best asset class for investment today against stock market, FDs, gold etc. Over 58% want to buy homes priced between INR 40 lakh to INR 1.5 Cr while 42% prefer 3BHKs. End-users continue to rule the market with 71% respondents looking to buy for self-use.

However, emerging headwinds could pose a challenge in the short-term. Continued inflation concerns along with a possible rate hike by the RBI in the near future and recent massive layoffs by several large corporates could dent growth in the upcoming two quarters for the housing market. Once the dust settles down, the housing market is again likely to pick momentum backed by rise in demand for homeownership.

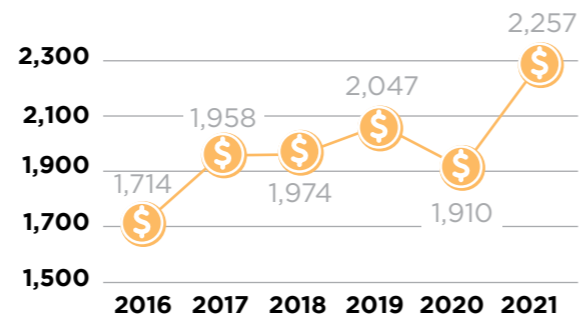
INDIA: ECONOMY

India to become 3rd largest economy by 2030 & developed country by 2047





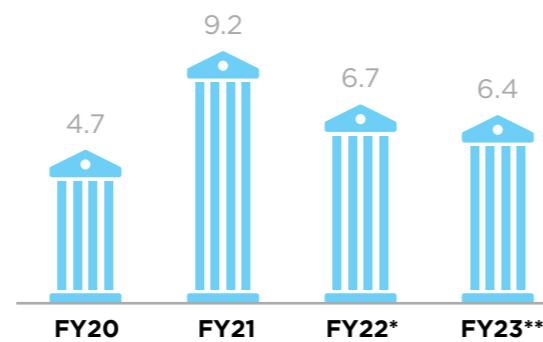
Per capita income increased by 32% in the past 6 years



GDP Per Capita (Current USD)

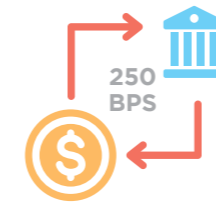


The fiscal deficit declined for three consecutive years indicating an improved balance between the country's income & expenses

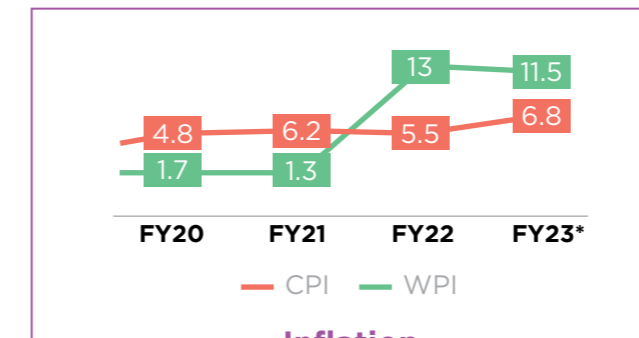


Fiscal Deficit (% Of GDP)

*Provisional Actuals **BE
Source: Economic survey 2023, Anarock Research



RBI increased the repo rate by 250 BPS within the last year to tame the inflation

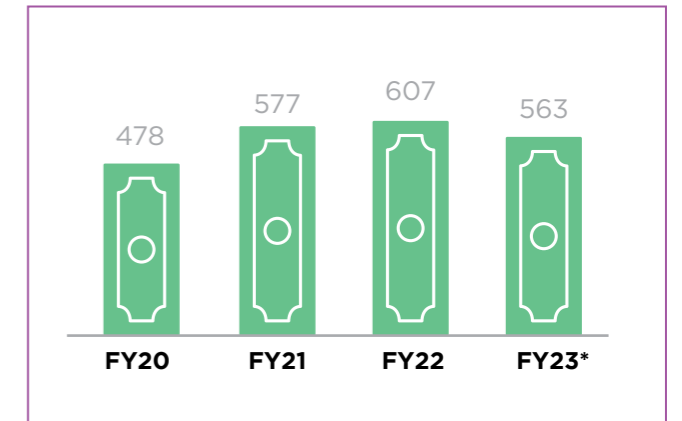


Inflation Average (%)

*Apr-Dec 2023



Despite global turmoil, India continues to increase the forex reserves



Foreign Exchange Reserves (USD Billion)

*Dec End



Indian Real estate market is likely to reach USD 1 Tn by 2030

	GDP Contribution to World (%)	Urbanization Rate (%)	Urban Housing Shortage (Mn)	Urban Homeownership
India	3.30%	35%	29	69%
China	18.50%	63%	NA	87%
United States	23.90%	83%	3.8	65%
United Kingdom	3.30%	84%	8.4	64%
Brazil	1.70%	87%	7.7	67%

Note: Data is on financial year for India; Data for 2021
Source: World Bank, Industry Estimates, ANAROCK Research



BUDGET BOOSTERS

Shaping the road ahead



INFRASTRUCTURE & INVESTMENT

A 33% increase in capital expenditure spending can effectively help the Indian economy to counter global headwinds

- The Capex outlay increased to INR 10 trillion for FY24
- 50 additional airports, heliports, water aerodromes, and advanced landing zones to be revitalised.
- Railway capex outlay of INR 2.4 trillion, highest ever
- INR 750 billion of investment for 100 critical transport infra projects
- INR 100 billion for urban development



INCLUSIVE DEVELOPEMNT

An agriculture accelerator fund to encourage start-up entrepreneurs, agriculture credit target increased to INR 20 trillion and launching of the Atmanirbhar Clean Plant Programme at an outlay of INR 22 billion to improve the availability of disease-free quality planting material for high-value horticultural crops



FINANCIAL SECTOR

Easing and fastening the credit access through digital services will enhance financial inclusion

- To alleviate stress for MSMEs, an infusion of INR 90 billion in the corpus will allow collateral-free credit of INR 2 trillion. Effective from 1st April 2023
- Integrated IT portal to be established for reclaiming shares and dividends.
- A national financial information registry will be set up to serve as the central repository of financial and ancillary information.
- Enhance business activities in GIFT IFSC
 - Setting up of data embassies
 - Delegating powers under the SEZ Act to IFSCA to avoid dual regulation
 - Setting up a single window IT system for registrations and approvals



GREEN GROWTH

- **Mobility to reduce carbon footprint, creating new job opportunities, new practices for framing and construction, the government continues to prioritize the adoption of green energy**
- National Green Hydrogen Mission with an outlay of INR 197 billion will help India reach a target of five MMT per annum by 2030.

- 10,000 bio-input research centres will be set up over the next three years to facilitate 10 million farmers to adopt natural farming.



YOUTH POWER

Government aims to build the workforce for the future through the launch of Pradhan Mantri Kaushal Vikas Yojana 4.0 to skill youth in the next 3 years and National Apprenticeship Promotion Scheme to provide stipend support to 4.7 million youth in 3 years. Additionally, the Expansion of Skill India Digital Platform for enabling demand based skilling, linking with employers including MSMEs, and facilitating access to entrepreneurship schemes.



UNLEASING THE POTENTIAL

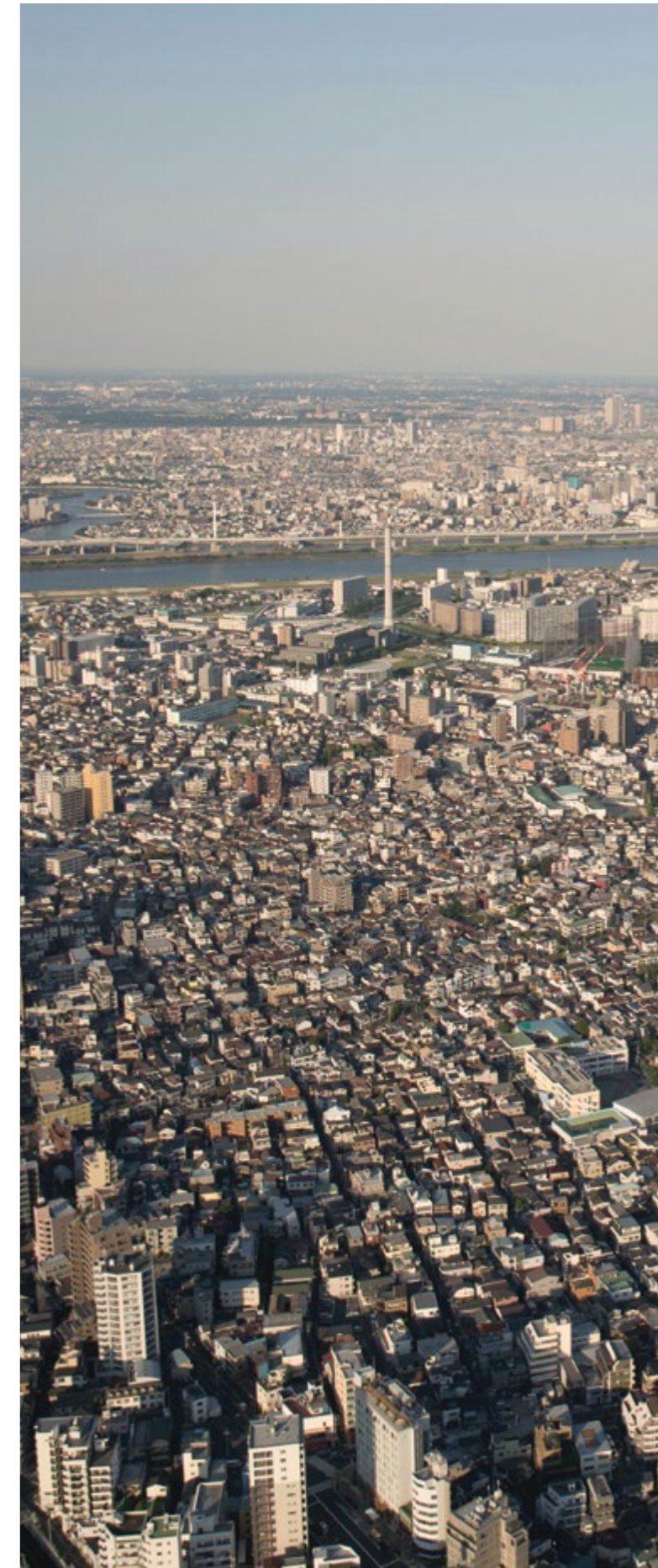
Nation will move up in the value chain through emphasis on governance, transparent administration, R&D and innovation.



REACHING THE LAST MILE

The government continues to reach out to the most vulnerable segments - Housing remains in focus through enhancing PMAY by 66% to over INR 790 billion

Note: Budget refers to Union Budget 2023-24



HOUSING SECTOR - NEW PEAK

This may further accelerate the move

NEW LAUNCH SUPPLY TREND

Top 7 cities recorded new launches of around 1.09 Lakh units in Q1 2023 against 89,100 units in Q1 2022 and 92,900 units in Q4 2022, indicating a rise of 23% on annual basis and a rise of 18% from the previous quarter.

Key cities contributing to new launches in Q1 2023 included MMR (Mumbai Metropolitan Region), Hyderabad, Pune, NCR and Bengaluru, together accounting for 89% supply addition. MMR witnessed the highest volume of new launch activity in the current quarter, accounting for 34% of the total new supply across the top 7 cities. Kolkata comprised the lowest share of 5% launches amongst the top 7 cities in India.

Mid-segment homes priced INR 40 Lakh - INR 80 Lakh continue to dominate new supply with 36% share, followed by the premium (INR 80 Lakh - INR 1.5 Cr) and affordable segments (less than INR 40 Lakh) with 24% and 18% share, respectively.

SALES TREND

Around 1.13 Lakh units were sold in Q1 2023 - indicating a substantial 23% increase from Q4 2022. On annual basis, the housing sales in the current quarter showed a rise of 14% across the top 7 cities. Maximum housing sales in Q1 2023 were recorded in MMR, Pune, and NCR, collectively

representing 63% of the total sales. Chennai and Kolkata registered lowest housing sales amongst the top cities, contributing 5% share individually.

AVAILABLE INVENTORY

Despite spiralling new launches in the current and previous quarter, the top 7 cities saw no difference in the available inventory in Q1 2023 against Q1 2022. However, on a q-o-q basis, the available inventory dipped by a marginal 1% across the top 7 cities. Among the top cities, NCR saw highest annual decline in its available inventory in Q1 2023 - by 22%, followed by Chennai by 11% y-o-y decline.



NEW LAUNCHES

109,600 **23%**



SALES

113,800 **14%**



AVAILABLE INVENTORY

626,700 **0%**
Units Y-o-Y

Q1-2023



TOP 7 CITIES

City	New Launches	Sold Units	Available Inventory	Avg. Price (INR/sf)
NCR	12,450	17,100	119,000	5,200
MMR	37,300	34,700	200,500	12,200
Bengaluru	13,600	15,700	54,500	5,750
Pune	19,400	19,900	103,800	6,150
Hyderabad	14,600	14,300	83,700	4,800
Chennai	6,400	5,900	28,700	5,400
Kolkata	5,850	6,200	36,500	4,800

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

Notes:

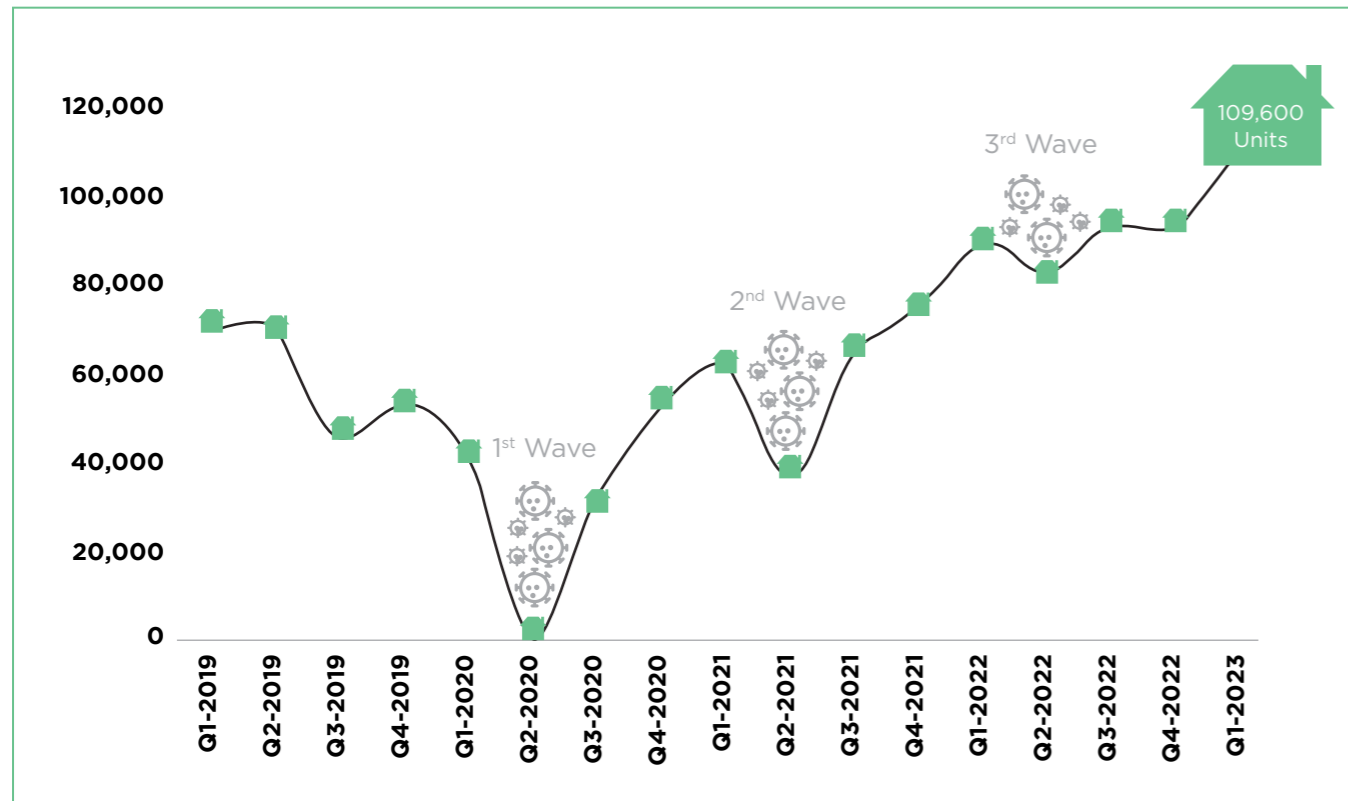
Pan-India refers to top 7 cities of India only.

Average price in INR/sf as quoted on BSP on BUA.

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

RESIDENTIAL NEW LAUNCH SUPPLY TREND

Pan-India



- Indian residential real estate market is witnessing a surge in new launches as the appetite for homeownership remains strong. This is evident in the 18% quarterly uptick in new unit launches across the top 7 cities, rising from approximately 92,900 units in Q4 2022 to 1.09 Lakh units in the current quarter Q1 2023. Additionally, there was a significant 23% upsurge in new launch supply on yearly basis.
- The surge in new residential supply can be attributed to the unwavering

appetite for homeownership, with the demand for housing continuing to rise unabated. Consequently, leading and listed developers have ramped up their efforts to meet the demand for new residential properties.

- With the exception of Hyderabad, all six remaining cities in India witnessed a growth in new launch activity in Q1 2023 - on both q-o-q and y-o-y basis too.

City	Q1-23	Q4-22	Q-o-Q
NCR	12,450	5,600	122%
MMR	37,300	35,300	6%
Bengaluru	13,600	9,600	42%
Pune	19,400	18,600	4%
Hyderabad	14,600	15,100	-3%
Chennai	6,400	3,100	106%
Kolkata	5,850	5,700	3%



TOP 7 CITIES

MMR and Pune emerged as the key contributors to the new launch activity in the top 7 cities, collectively accounting for more than half of the total new supply. MMR took the lead with a 34% share while Pune contributed 18%. Hyderabad, Bengaluru, and NCR were not far behind, contributing 13%, 12%, and 12% respectively. The remaining cities – Chennai and Kolkata witnessed the lowest volume of new launches among the top cities, with individual shares of 6% and 5% respectively.

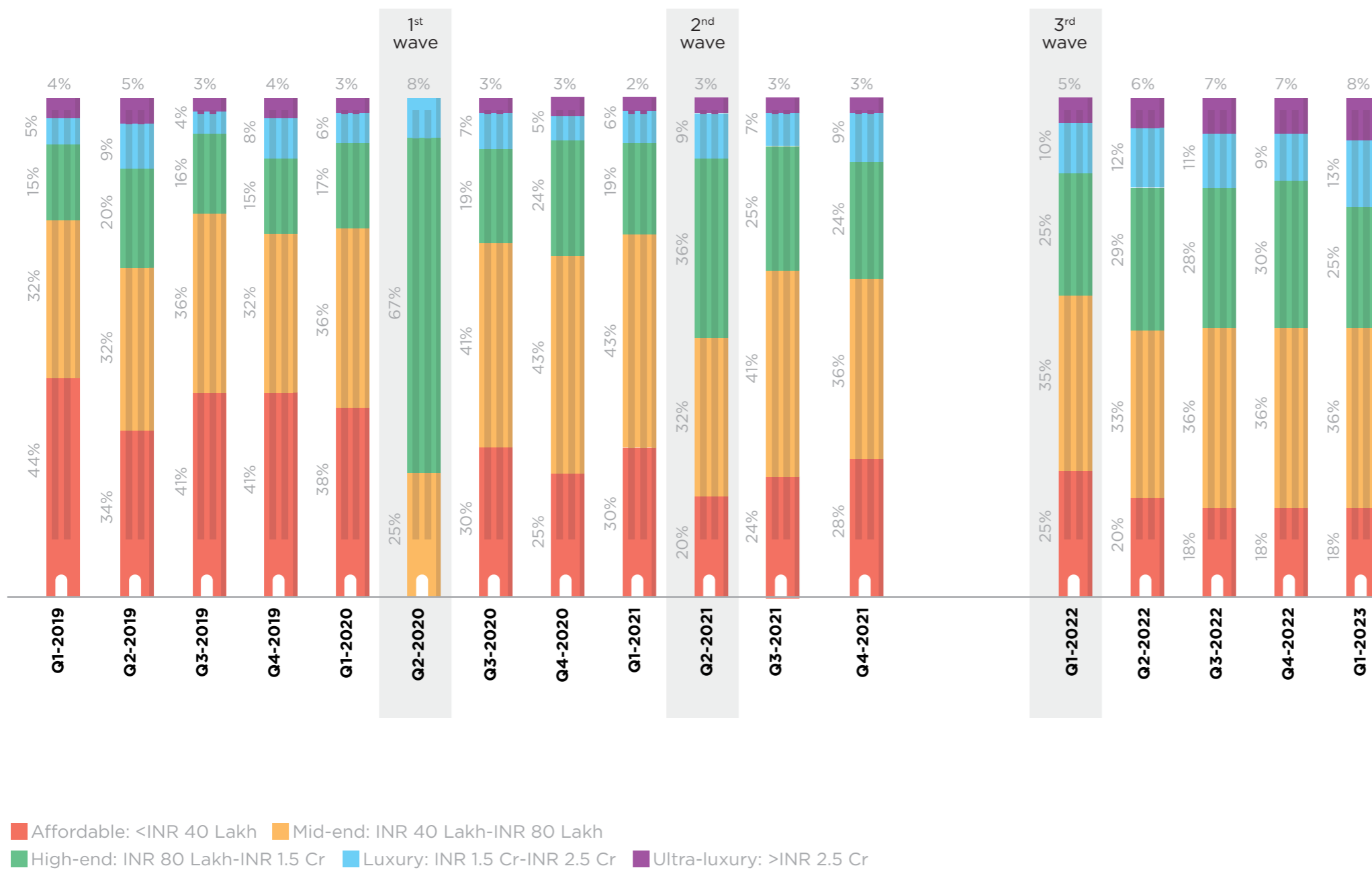
NCR emerged as the top performer in terms of new launch activity, recording an extraordinary growth of 122% on a quarterly basis. Following NCR, Chennai displayed a remarkable 106% increase in new launch activity against Q4 2022. Meanwhile, on an annual basis, Chennai led the pack with a remarkable 110% surge in new residential launches, while MMR followed with a growth of 58% as compared to the same quarter preceding year.



RESIDENTIAL NEW LAUNCH SUPPLY TREND

By Budget Segmentation

Budget Segmentation



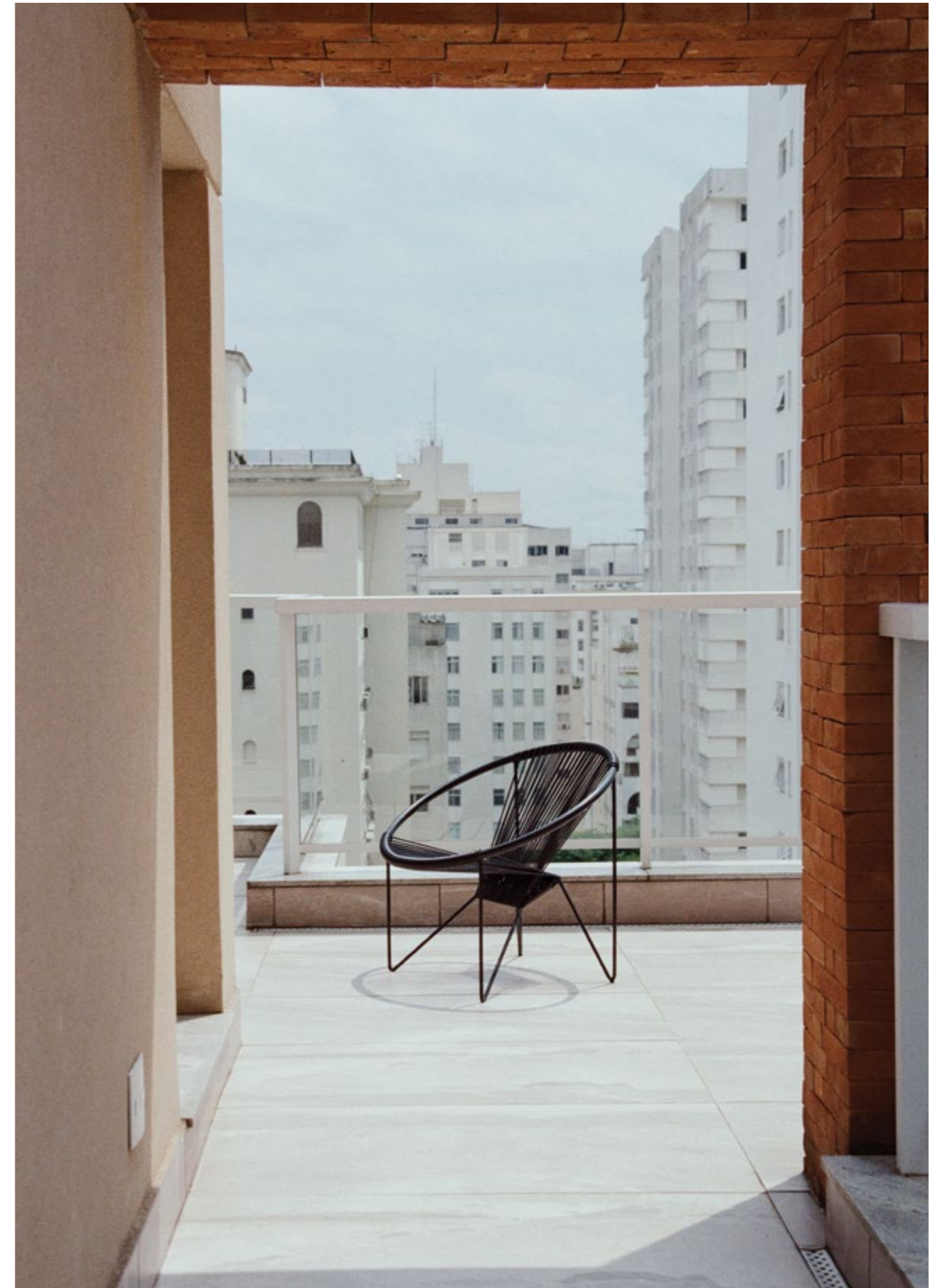
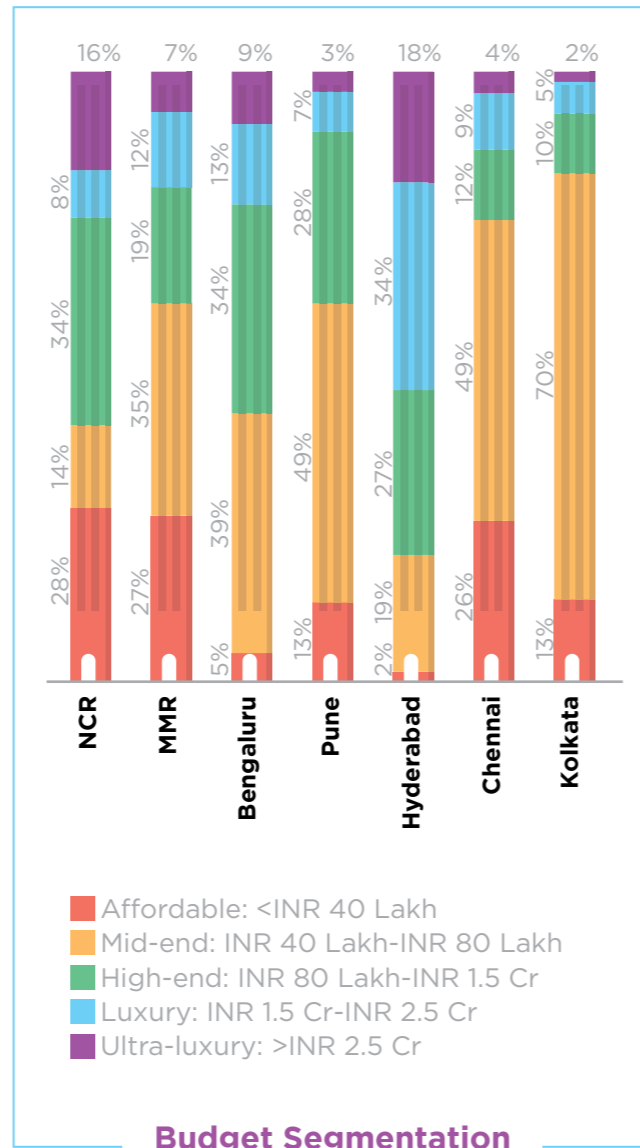
- Mid-segment homes priced between INR 40 Lakh - INR 80 Lakh dominated the new launch market, constituting the highest share of 36% among all new residential launches. The premium segment homes priced between INR 80 Lakh - INR 1.5 Cr and affordable segment homes priced <INR 40 Lakh followed closely, accounting for 25% and 18% share, respectively.
- Luxury and Ultra-luxury housing continued to observe the lowest new launch activity in Q1 2023, holding a share of 13% and 8% respectively, as was the case in previous quarters.
- Mid-segment homes continue to drive the housing demand in the real estate market, reflecting a growing preference for budget-friendly and comfortable housing among homebuyers. However, developers are also catering to the demand for premium housing by launching projects in the segment, albeit at a lower rate.

TOP 7 CITIES

Analyzing the new launches across the top 7 cities in terms of budget segmentation, MMR led the way with a strong presence across affordable, mid-end, and high-end segments indicating a healthy housing demand across the income spectrum in the city. Hyderabad took the lead in luxury and ultra-luxury segments due to the city's growing economy and rising number of high-net-worth individuals.

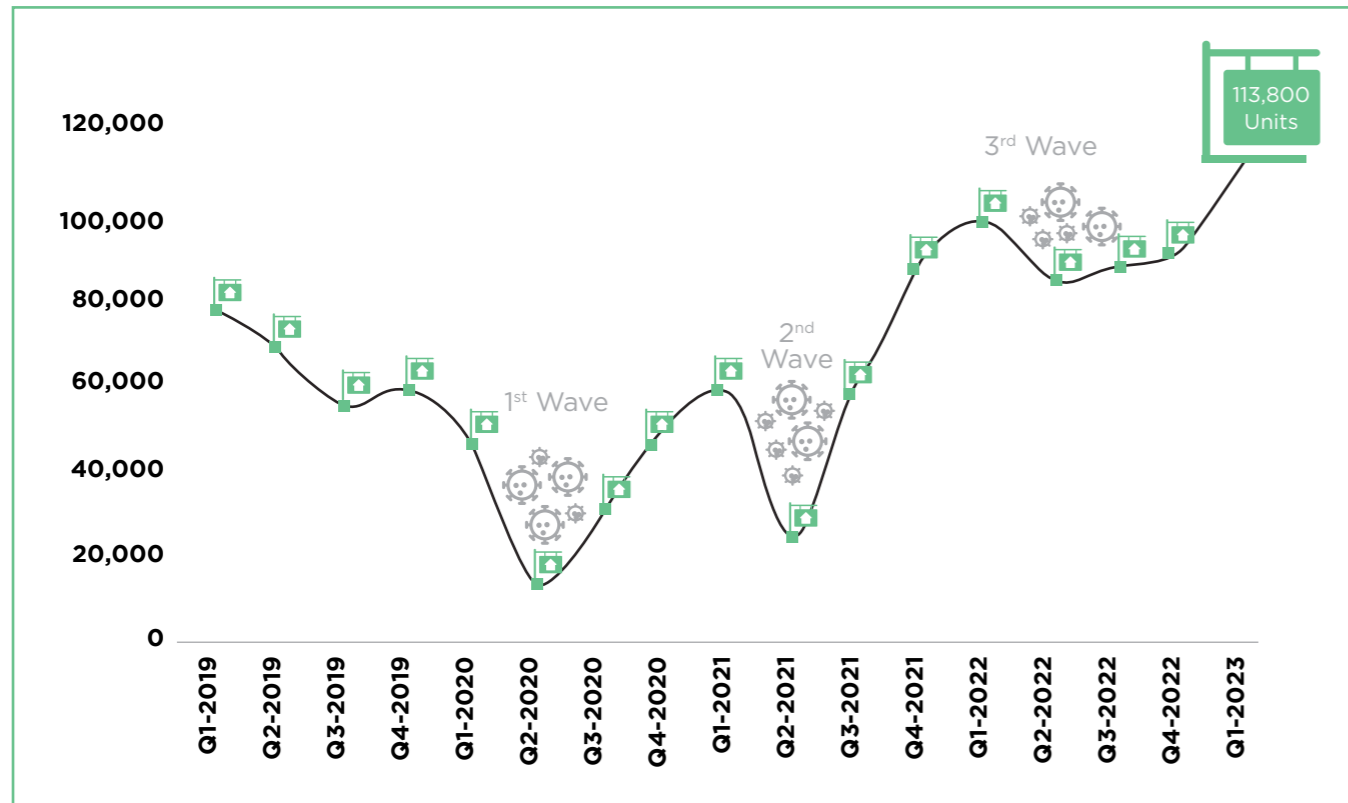
Looking at the breakdown of new launches in Q1 2023 at city level, mid-end ticket sized units were the highest launched in 5 out of the 7 top cities - MMR, Bengaluru, Pune, Chennai, and Kolkata. The dominance of mid-segment housing across multiple cities showcases that developers are aligning their supply to meet the demand of the middle-income group, which is a large and growing segment of the population.

NCR has the maximum new residential launches in the high-end segment accounting for 34% of supply in the city in the current quarter. Hyderabad witnessed highest volume of new launches in the luxury segment amongst all top 7 cities, comprising total share of 34% within the city's supply in Q1 2023.



RESIDENTIAL HOUSING SALES TREND

Pan-India



- Housing sales are at an all-time high in last decade – breaching the previous high of Q1 2022, with approx. 1.13 Lakh units sold in Q1 2023 across the top 7 cities. Residential sales registered a 14% growth in Q1 2023 against approx. 99,500 units sold back in Q1 2022. The current quarter witnessed a 23% increase in residential sales compared to the previous quarter Q4 2022 which recorded 92,200 residential sales.

- Healthy supply of new residential units coupled with lucrative launch offers by developers, increase in homeownership sentiment following the pandemic as people are looking for more stable and secure investments are driving the strong sales velocity across the top 7 cities. However, the headwinds such as impending global recession, continued inflation, repo rate hike are likely to have short-term impact on the housing sales market.

TOP 7 CITIES

The top 7 cities of India saw robust housing sales activity in the current quarter, with NCR, MMR, Bengaluru, Pune, and Hyderabad contributing 90% of the total sales.

MMR, with a sales share of approximately 30%, emerged as the city with the highest sales volume, followed by Pune accounting for 18% sales share. NCR, Bengaluru, and Hyderabad also performed well with individual sales shares of 15%, 14%, and 13%, respectively, while Kolkata and

Chennai recorded 5% and 5% home sales, respectively.

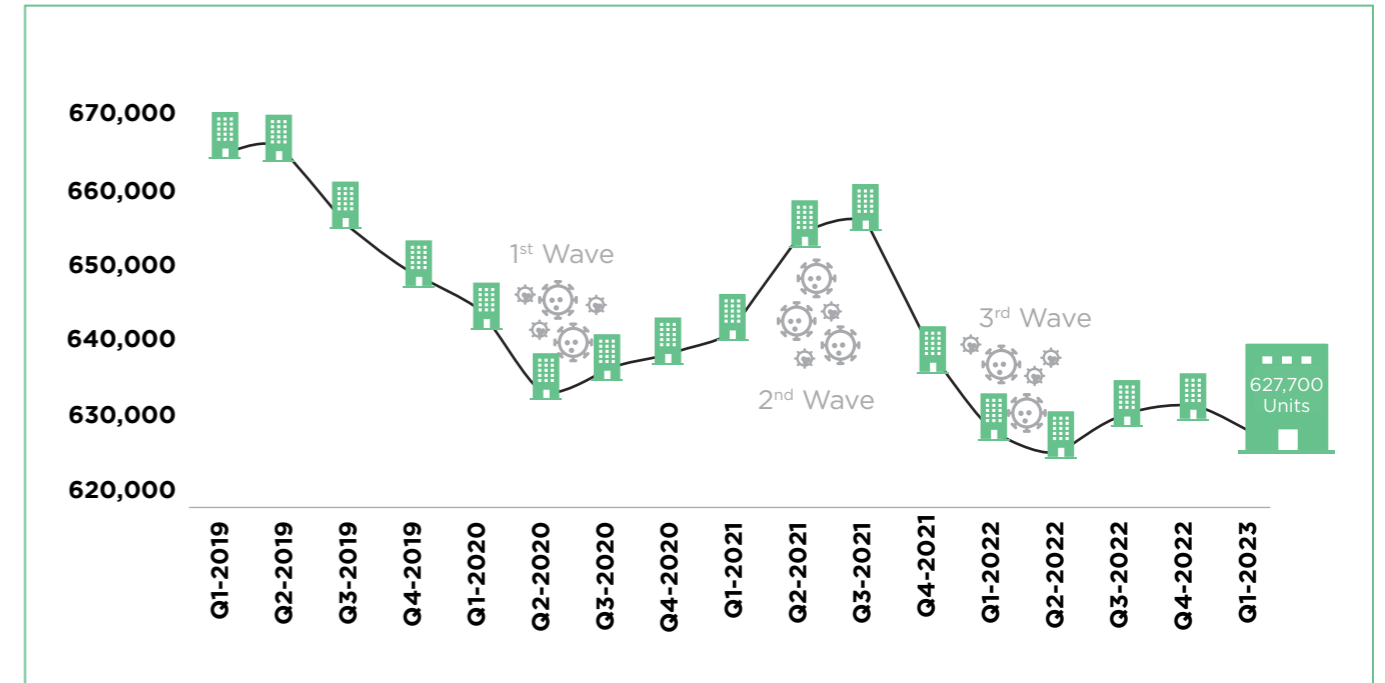
On a quarterly basis, all the top cities witnessed an increase in housing sales in the range of 13% to 55%, with Chennai registering the highest growth of 55%, followed by Bengaluru with 33% growth. However, year-on-year comparison of housing sales shows an uptick in all cities except NCR, which demonstrated a 9% decline in residential sales.

City	Q1-23	Q4-22	Q1-22	Q-o-Q	Y-o-Y
NCR	17,100	14,600	18,800	17%	-9%
MMR	34,700	28,400	29,100	22%	19%
Bengaluru	15,700	11,800	13,450	33%	17%
Pune	19,900	16,500	14,000	21%	42%
Hyderabad	14,300	11,500	13,100	24%	9%
Chennai	5,900	3,800	5,000	55%	18%
Kolkata	6,200	5,500	6,000	13%	3%

RESIDENTIAL AVAILABLE INVENTORY TREND

Pan-India

- Available inventory in the top 7 cities stood at 6.26 Lakh units by the end of Q1 2023 as against 6.3 Lakh units in Q4 2022 and 6.27 Lakh units in Q1 2022.
- A marginal decline of 1% in the available inventory is observed as compared to the last quarter of 2022. However, on an annual basis, available inventory remained steady across the top 7 cities.










TOP 7 CITIES

Of the total available housing inventory of nearly 6.26 Lakh units across the top 7 cities, MMR topped the list with a 32% share, followed by NCR, Pune and Hyderabad at 19%, 17% and 13% respectively. The available inventory levels in Bengaluru, Kolkata, and Chennai remain below 10% - at 9%, 6% and 4% respectively in the current quarter as developers in these cities are maintaining a cautious approach to new launches to keep the supply in check.

During Q1 2023, NCR and Bengaluru recorded the highest decrease in available housing inventory, with both

cities seeing a q-o-q decline of 4%. MMR and Chennai have witnessed a slight increase of 1% and 2% in their available housing stock. Meanwhile, Pune and Hyderabad have maintained stable inventory levels in Q1 2023 compared to Q4 2022.

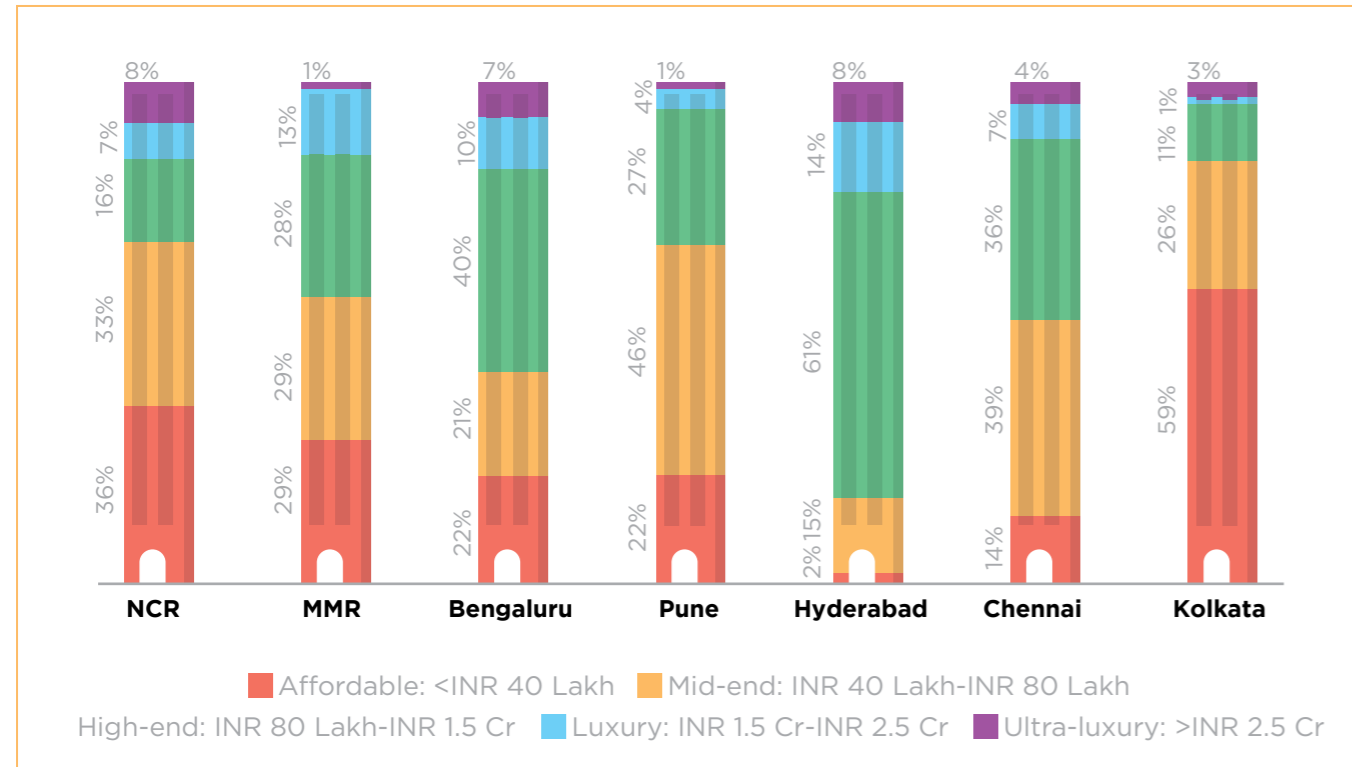
Looking at the year-on-year trend, while NCR, Chennai, Kolkata and Bengaluru witnessed a decline in available inventory levels; the remaining three cities - Hyderabad, MMR, and Pune - observed a rise in the respective city's available inventories compared to Q1 2022.

City	Q1-23	Q4-22	Q1-22	Q-o-Q	Y-o-Y
 NCR	119,000	123,700	152,500	-4%	-22%
 MMR	200,500	198,000	177,600	1%	13%
 Bengaluru	54,500	56,600	56,700	-4%	-4%
 Pune	103,800	104,300	97,500	0%	6%
 Hyderabad	83,700	83,300	71,200	0%	18%
 Chennai	28,700	28,200	32,400	2%	-11%
 Kolkata	36,500	36,900	39,900	-1%	-9%



RESIDENTIAL AVAILABLE INVENTORY TREND

Pan-India by Budget Segmentation



- The high-end segment dominates the available housing inventory in the top 7 cities with a share of approximately 31%, followed by the mid and affordable segments with 30% and 26% respectively. Luxury and ultra-luxury segments together account for 13% of the overall available inventory in India.
- Breaking down the available inventory in terms of ticket size, MMR leads among the top 7 cities in all ticket sizes – from affordable to luxury segment. The remaining ticket size – Ultra luxury housing is predominant in NCR.
- Further, on analyzing the budget segmentation of available inventory in each of the top 7 cities, it emerges that NCR, MMR, and Kolkata have the highest available inventory in the affordable price bracket. In Pune and Chennai, the highest volume of available units fall in the mid-segment, while Hyderabad and Bengaluru have the highest available inventory in the high-end price bracket.

CAPITAL VALUES & INVENTORY OVERHANG

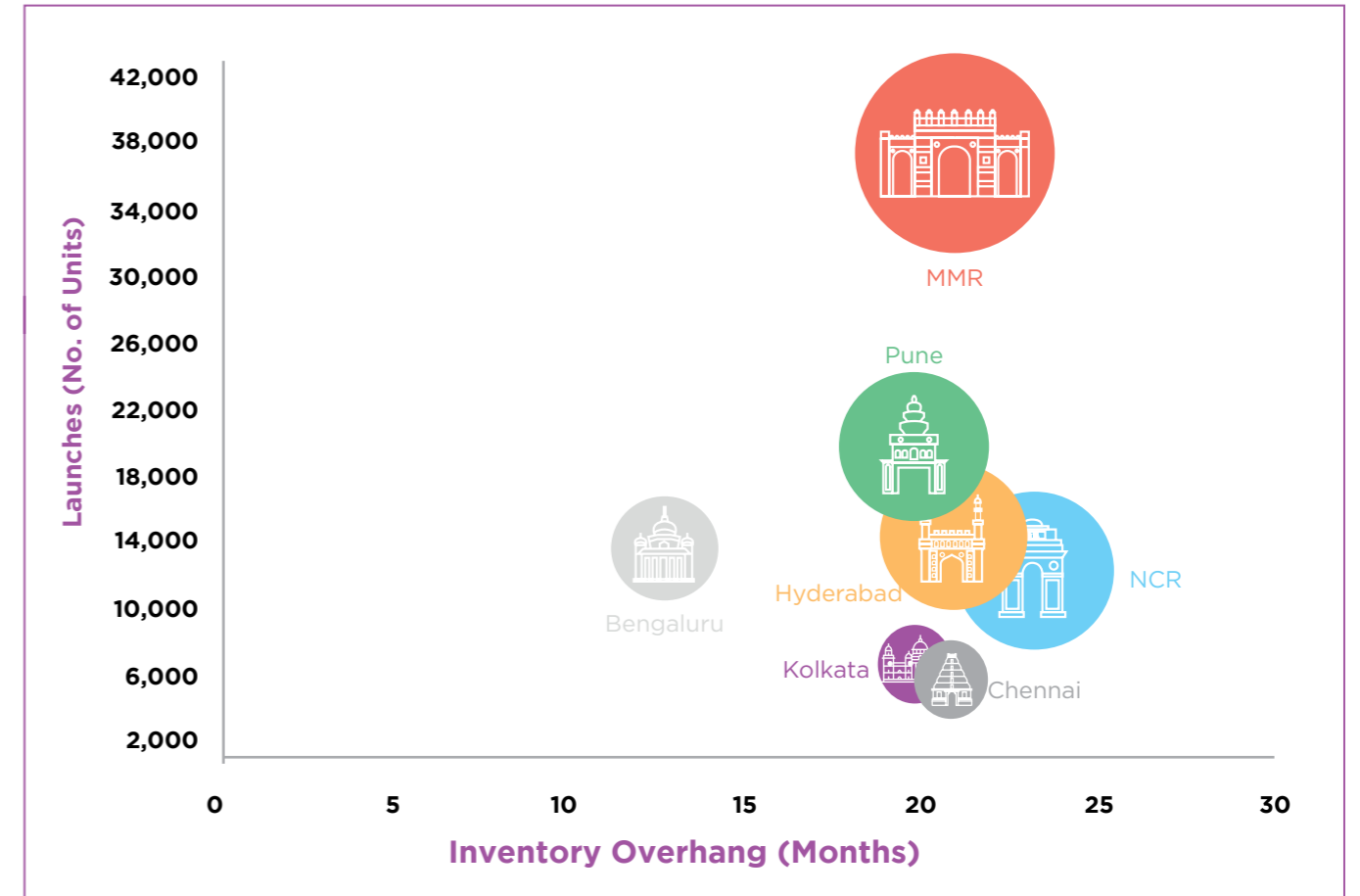
City	Avg. Base Selling Price (INR/sf)	Q-o-Q (%)	Y-o-Y (%)	Inventory Overhang	Q-o-Q Change	Y-o-Y Change
NCR	5,200	3%	8%	23	-34%	-134%
MMR	12,200	3%	9%	21	-15%	-86%
Bengaluru	5,750	3%	9%	13	-15%	-56%
Pune	6,150	3%	6%	20	-9%	-45%
Hyderabad	4,800	4%	8%	21	-19%	-110%
Chennai	5,400	2%	6%	20	-24%	-122%
Kolkata	4,800	2%	6%	20	-32%	-125%

Average price in INR/sf as quoted on BSP on BUA
*In months

- Average property prices across the top 7 cities have seen a 2-4% rise compared to Q4 2022 and 6-9% jump in comparison to Q1 2022, mainly due to increase in the prices of construction raw materials and overall rise in demand.
- By the end of the current quarter Q1 2023, the inventory overhang among the top 7 cities has decreased marginally by 1 month. Considering the current level of available inventory, offloading or liquidating the existing stock will take 20 months.

RESIDENTIAL INVENTORY OVERHANG v/s NEW LAUNCH SUPPLY v/s AVAILABLE INVENTORY

- Inventory overhang across the top seven cities in India declined to 20 months by the end of Q1 2023, compared to 21 months overhang in Q4 2022 (Q-o-Q decline by 1 month) and 27 months in Q1 2022 (Y-o-Y decline by 7 months).
- By the end of Q1 2023, Bengaluru has the least inventory overhang among the top 7 cities, which is at 13 months and NCR recorded the highest inventory overhang of 23 months.
- Pune is the only city among the top 7 cities that recorded the highest Q-o-Q decline in the inventory overhang by 2 months by the end of Q1 2023. MMR, Bengaluru, Chennai and Kolkata registered the lowest Q-o-Q decline by 1 month in the inventory overhang during Q1 2023. NCR and Hyderabad are the two cities which observed no change in inventory overhang from Q4 2022 to Q1 2023.



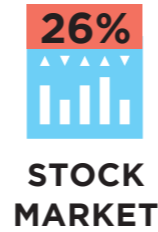
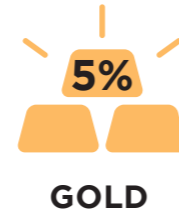
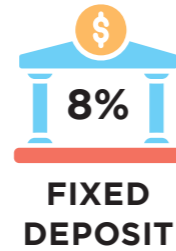
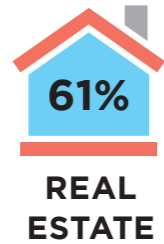
Note: Size of the circle represents available inventory as of Q1 2023



POSITIVE HOMEBUYERS SENTIMENT UPLIFTING THE DEMAND

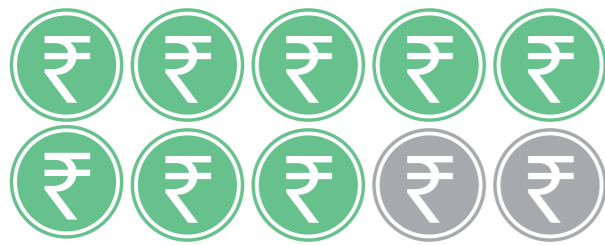
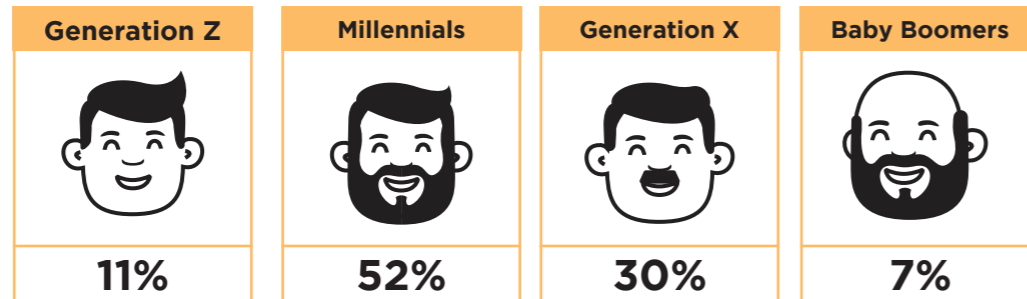
REAL ESTATE PREFERRED AGAINST OTHER ASSET CLASS

4662 Respondents



MILLENNIALS ARE DRIVING THE DEMAND

Age % break-up of those who choose real-estate as best asset class

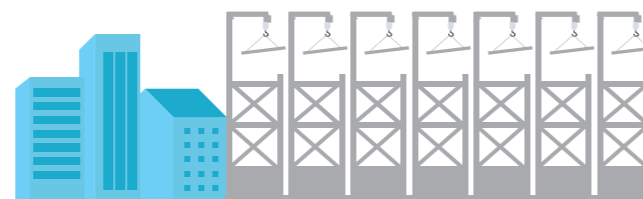


80% AGREE THAT PRICES IS AN IMPORTANT FACTOR

58% WILLING TO BUY INR 45 LAKH TO INR 1.5 CR. BUDGET RANGE



96% HIGHER HOME LOAN RATES WILL AFFECT DEMAND

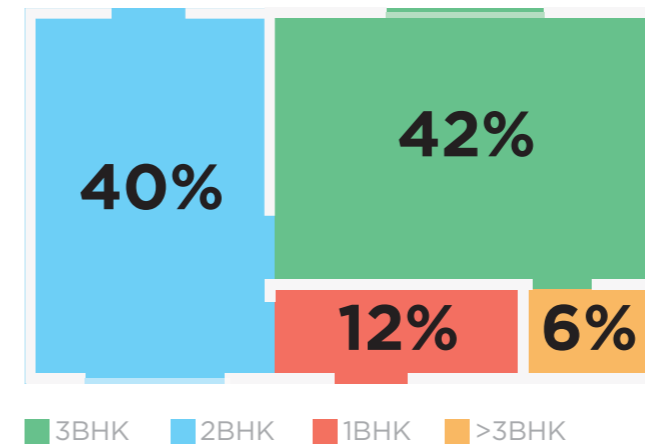


36% WANT TO BUY HOME WHICH IS READY TO MOVE WITHIN 1 YEAR

END USERS CONTINUE TO DOMINATE THE HOUSING MARKET



71% END USERS
29% INVESTMENT

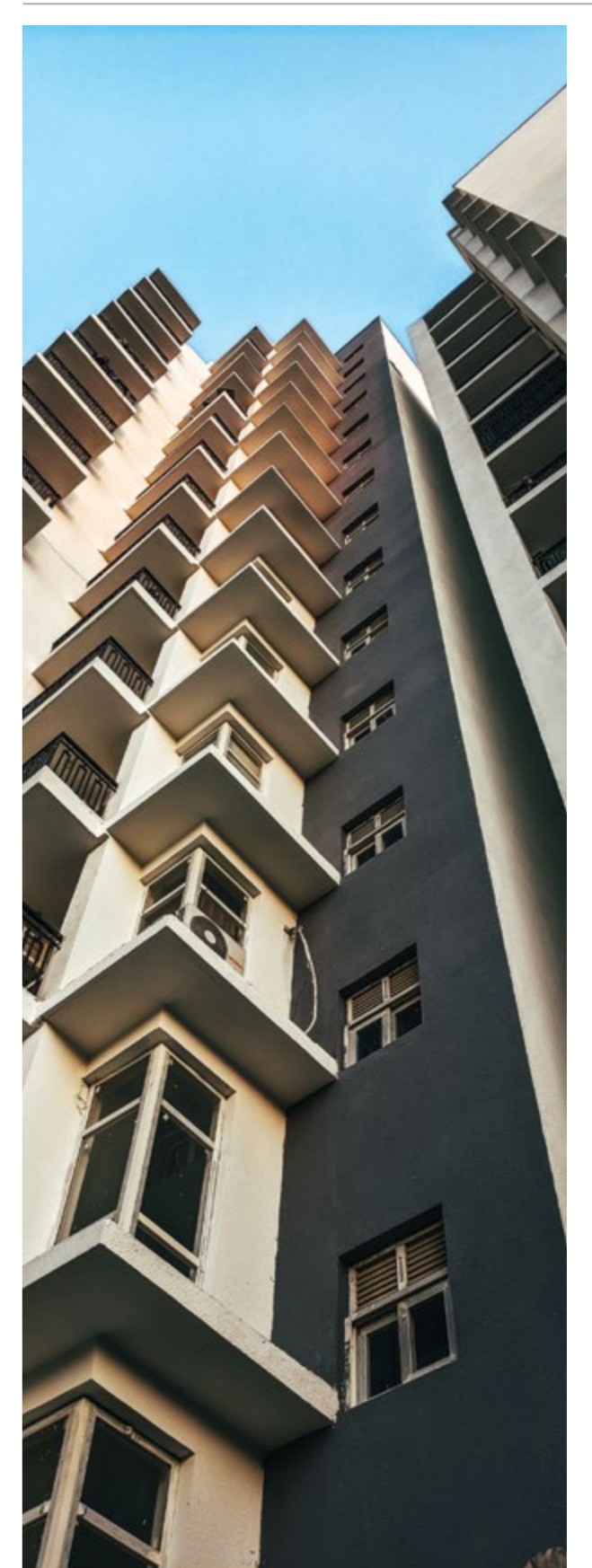


Top three features that must be implemented in the upcoming housing projects besides price changes and assuming all basic necessities are already available

90% TIMELY PROJECT COMPLETION ASSURANCE

55% STUDY ROOM AVAILABILITY

62% WELL-VENTILATED HOMES



Source: ANAROCK Consumer Sentiment Survey H2-2022, This survey was conducted by ANAROCK Research between July to Dec (2022). The online survey saw nearly 4,662 participants responding to it via different digital sources including email campaign, web link and messages.

WAY FORWARD

Indian Housing market faces short-term risks amid recent layoffs & global recession

The Indian residential sector created a new peak in the first quarter (Jan-Mar) of 2023 with housing sales and new launches breaching the 1 lakh mark. Housing prices also headed north. But while the first quarter remained buoyant, global headwinds now pose short-term risks for the housing sector.

Going forward, it is anticipated that the recent layoffs by the large and small corporates could have some impact on the demand in the upcoming two quarters, if any. Continued inflation concerns along with a possible rate hike by the RBI in the near future could also dent growth in the housing market.

Many homebuyers (impacted by the layoffs) may go into the wait-and-watch mode for some time, or until they have a secured job. But, frankly, buying a home is now a top priority in their list unlike before.

Also, the fact is that presently when inflation is high and the global economy is not doing well (which directly or indirectly impacts housing demand here), home seekers defer their purchase. That is to say, the housing demand is

deferred but not destroyed.

Hence, there are high chances that by FY25 when the present turbulence will become a thing of the past, the market will again bounce back and all those who deferred their purchase temporarily will come back in the market.

Moreover, even while there are predictions that there could be more layoffs in the times to come, housing demand is likely to maintain its momentum in the long run because these are only short-term repercussions.

This is largely because sense of security associated with physical assets has now motivated many to consider buying a home post COVID-19. Thus, homeownership is a compelling priority for most Indians facing uncertain times.

Meanwhile, it is anticipated that avg. property prices may see around 8-12% growth over the year across the top 7 cities. And the new launches will continue to remain dominated by the large and listed developers.

- **Avg. property prices have risen 6-9% yearly** amidst escalation in input costs and overall increased sales
- **Increasing focus on sustainable development** with developers incorporating eco-friendly features into residential projects to minimize the impact on the environment
- **Interest rates are still lucrative** despite successive rate hikes by the RBI; it continues to be lower than during the global financial crisis of 2008
- **Rental demand heading northward substantially** across most top cities since companies are calling their employees back to the office





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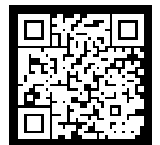
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