

Residential Market Viewpoints

# PAN India H1 2020



## Residential Snapshot



# 42,610

Units

# -56%

Half-yearly Change



# 57,940

Units

# -49%

Half-yearly Change



# 6,33,070

Units

# -2%

Half-yearly Change

## Key Highlights

### NEW LAUNCHES

- H1 2020 new launch supply declined by 56% compared to H2 2019. The nationwide lockdown imposed from the last week of March severely impacted the real estate sector, resulting in muted launches.
- Q2 2020 was the most impacted quarter with launches being the lowest since 2013. During this quarter, new launch supply declined by 97% over Q1 2020 and 98% over the same period last year.
- The share of affordable housing in H1 2020 new launches was around 36% of the total supply. This decreased from 41% in H2 2019. In absolute terms, the half-yearly decline in this segment was around 61%. No new supply was added in the affordable segment in Q2 2020.

### SALES

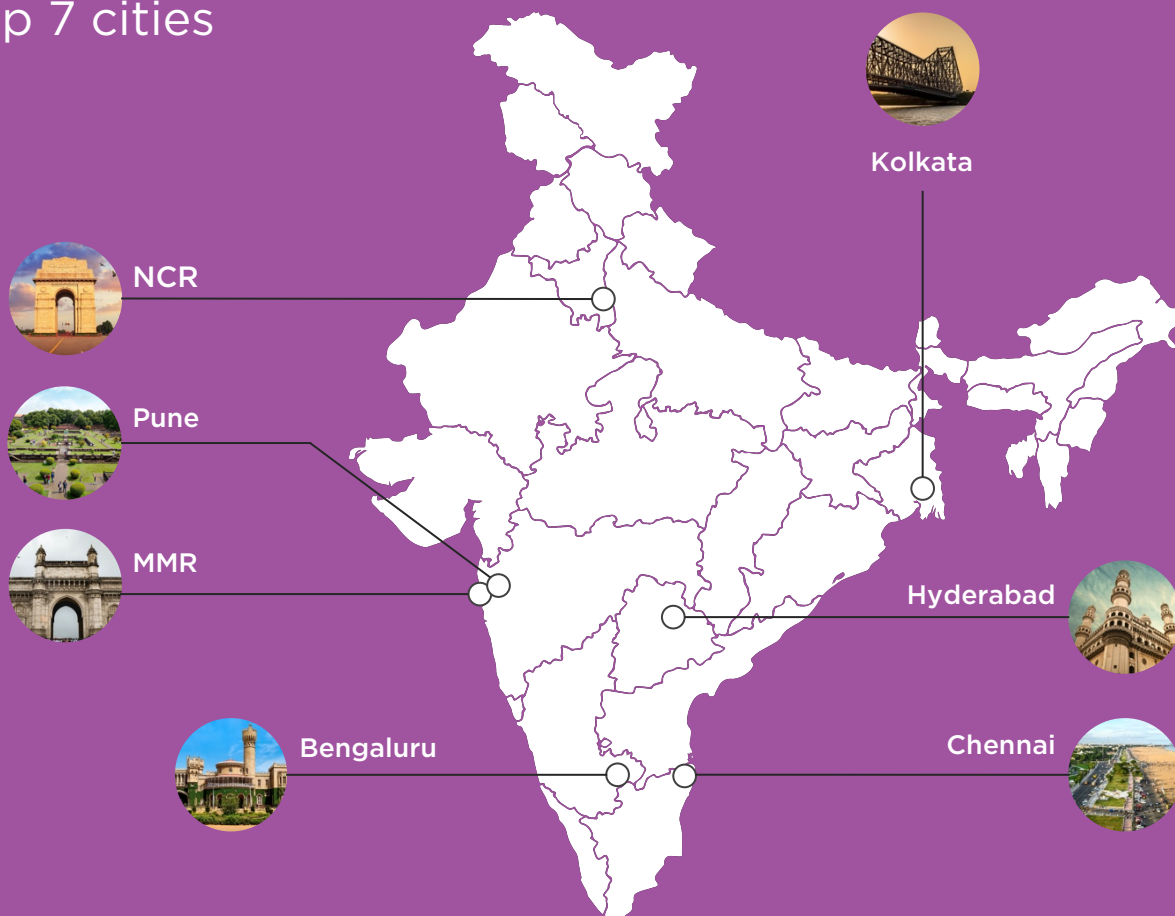
- Despite the prevailing unprecedented crisis created by the COVID-19 pandemic, 57,940 units were sold, and sales continued to exceed launches in H1 2020.
- Sales decreased by 49% in H1 2020 compared to H2 2019 as every city underwent contraction. The contraction was in the range of 46% to 51% across the top 7 cities of India.
- Sales in Q2 2020 accounted only for 22% of H1 2020, which primarily led to an overall decline in half-yearly sales. Q2 2020 units sales were 72% lower than the previous quarter and nearly 81% down from Q2 2019.

### UNSOLD INVENTORY

- Unsold inventory registered a marginal decline of 2% in H1 2020 compared to H2 2019. Sales continued to exceed new launches, resulting in unsold inventory reduction.

Note: PAN India refers to Top 7 cities of India only, affordable housing refers to units priced less than INR 40 Lakh.

## Top 7 cities



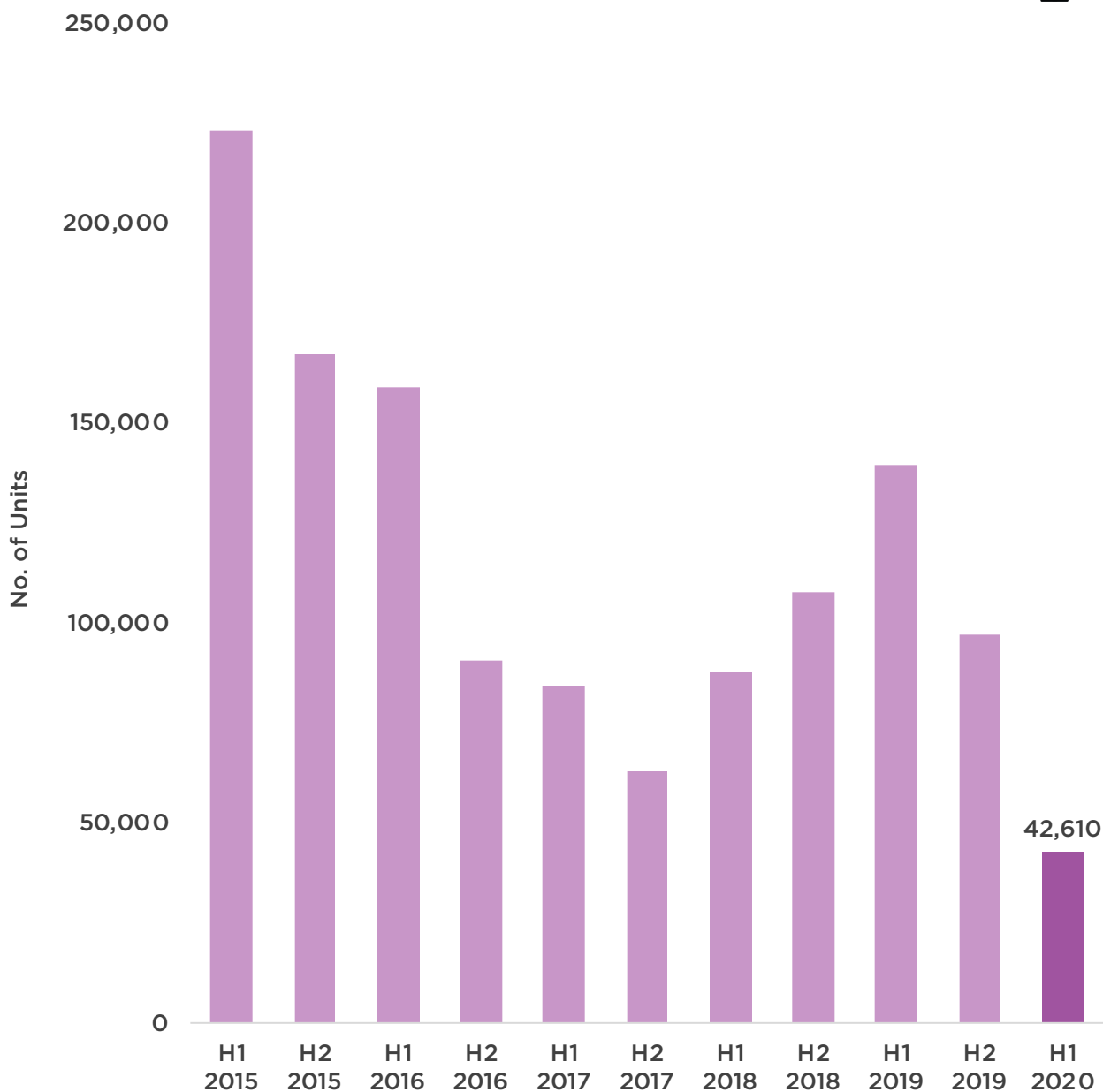
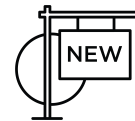
	<b>New Launch Units</b>	<b>Sold Units</b>	<b>Unsold Inventory</b>	<b>Average Price (INR/sf)</b>
<b>NCR</b>	6,190	10,250	1,71,020	4,580
<b>MMR</b>	10,490	17,530	2,09,560	10,610
<b>Bengaluru</b>	9,190	11,620	60,390	4,975
<b>Pune</b>	8,540	9,360	91,910	5,510
<b>Hyderabad</b>	3,380	3,340	24,250	4,195
<b>Chennai</b>	3,680	2,670	33,020	4,935
<b>Kolkata</b>	1,140	3,170	42,920	4,385

Note: Average Price in INR/sf as quoted on BSP on BUA; Map not to scale, for representation purpose only.



# New Launch Supply Trend

## New Launch Supply Trend



**H1 2020 recorded a 56% reduction in supply over H2 2019. This has been the lowest supply in the last five years.**

## New Launch Supply Trend City-wise

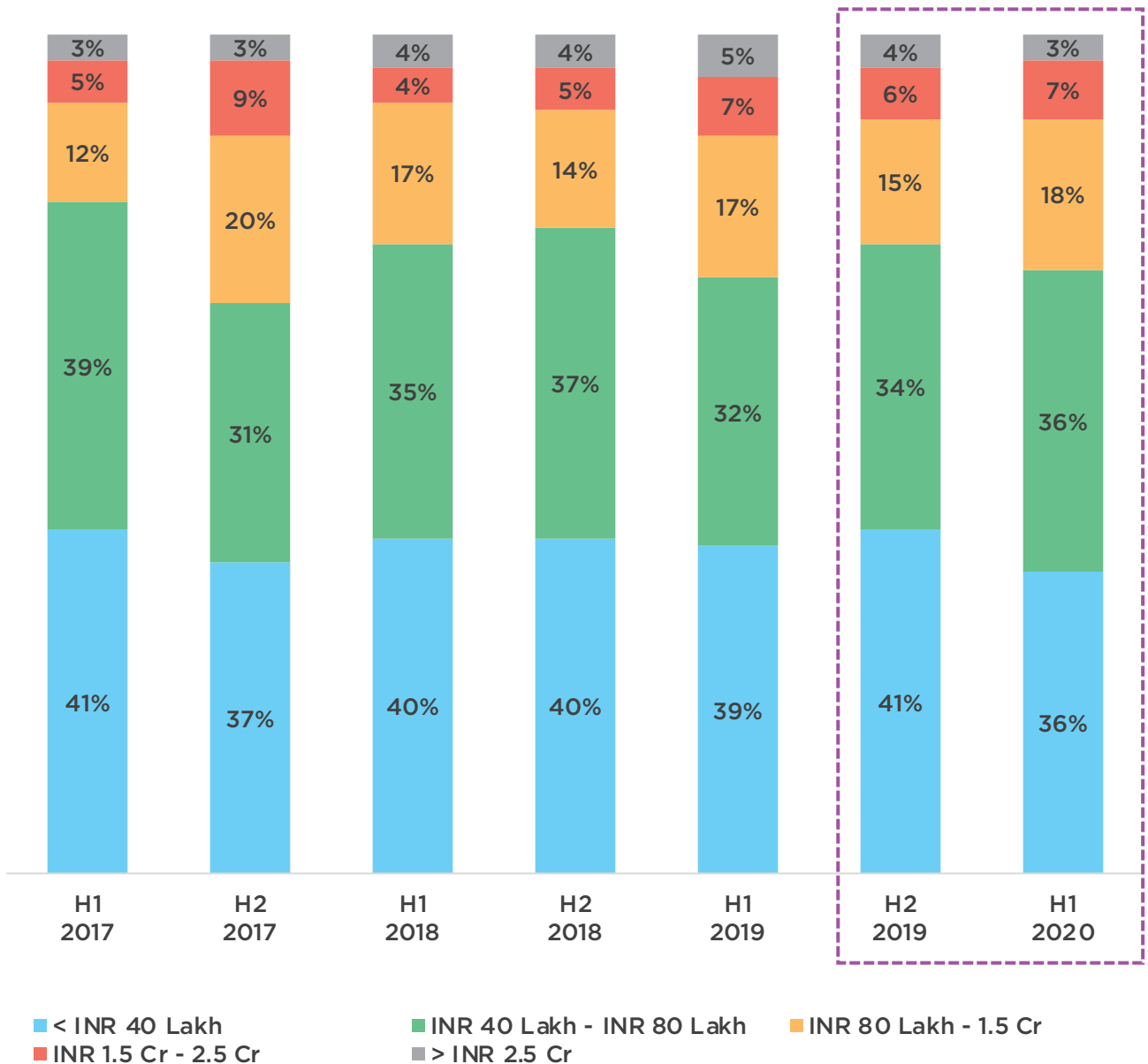
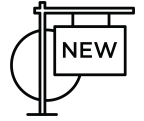


	City	H1 2020	H2 2019	H1 2019	Half-yearly Change	Annual Change
	NCR	6,190	13,690	21,600	-55%	-71%
	MMR	10,490	28,100	49,890	-63%	-79%
	Bengaluru	9,190	19,850	20,080	-54%	-54%
	Pune	8,540	17,890	28,220	-52%	-70%
	Hyderabad	3,380	5,830	9,000	-42%	-62%
	Chennai	3,680	5,940	7,060	-38%	-48%
	Kolkata	1,140	5,780	3,640	-80%	-69%

All the cities witnessed a reduction in supply in H1 2020.

The nationwide lockdown imposed since March 2020 severely impacted new launch activity in Q2 2020.

## New Launch Supply Trend By Budget Segmentation

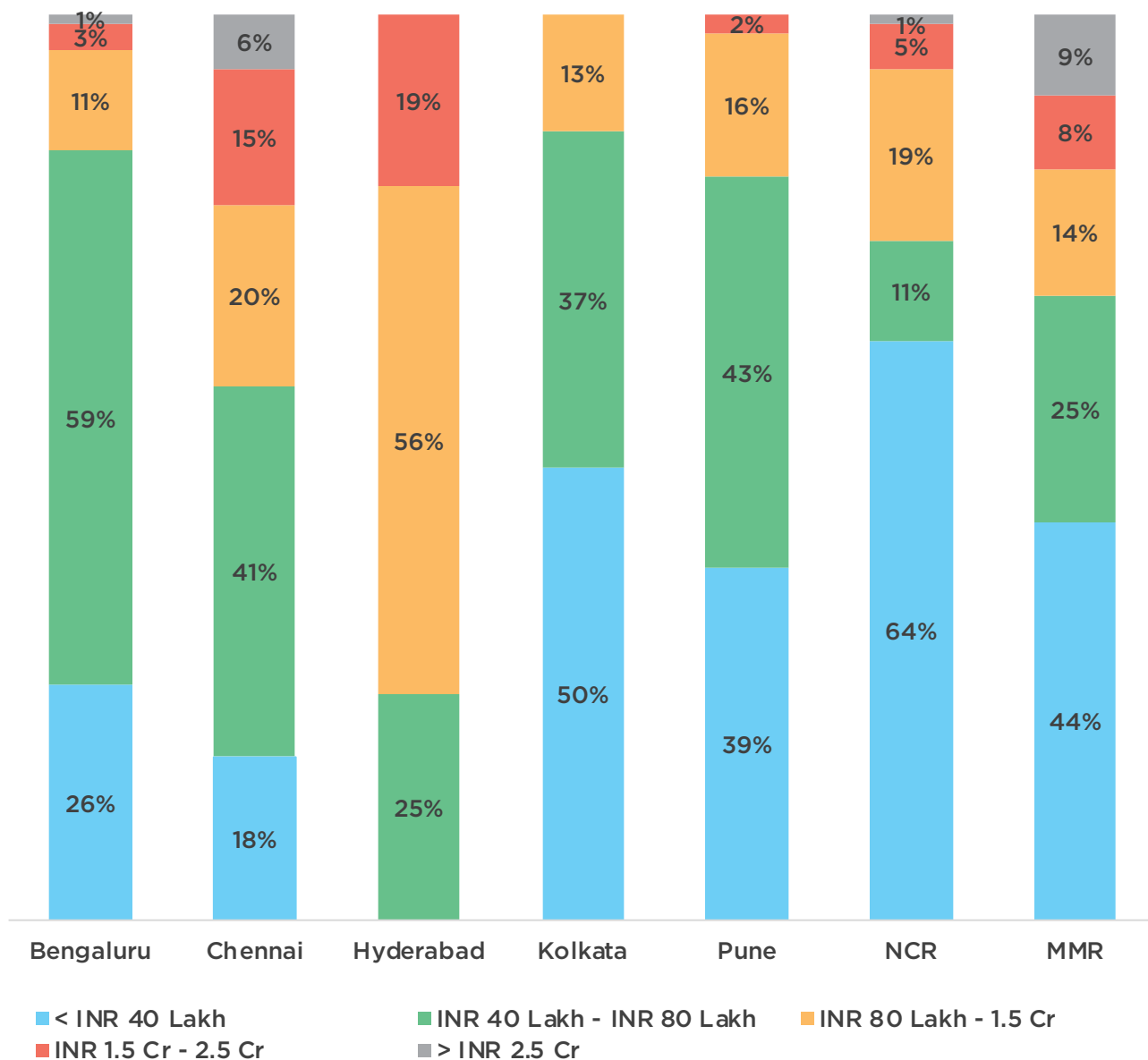
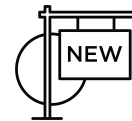


**Affordable housing segment continued to be one of the largest contributors, although its share declined from 41% in H2 2019 to 36% in H1 2020.**

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

## City-wise New Launch Supply Trend By Budget Segmentation (H1 2020)



In H1 2020 as well, largely **all cities** continued to remain focused on the **affordable and mid-segment**

Budget segmentation:

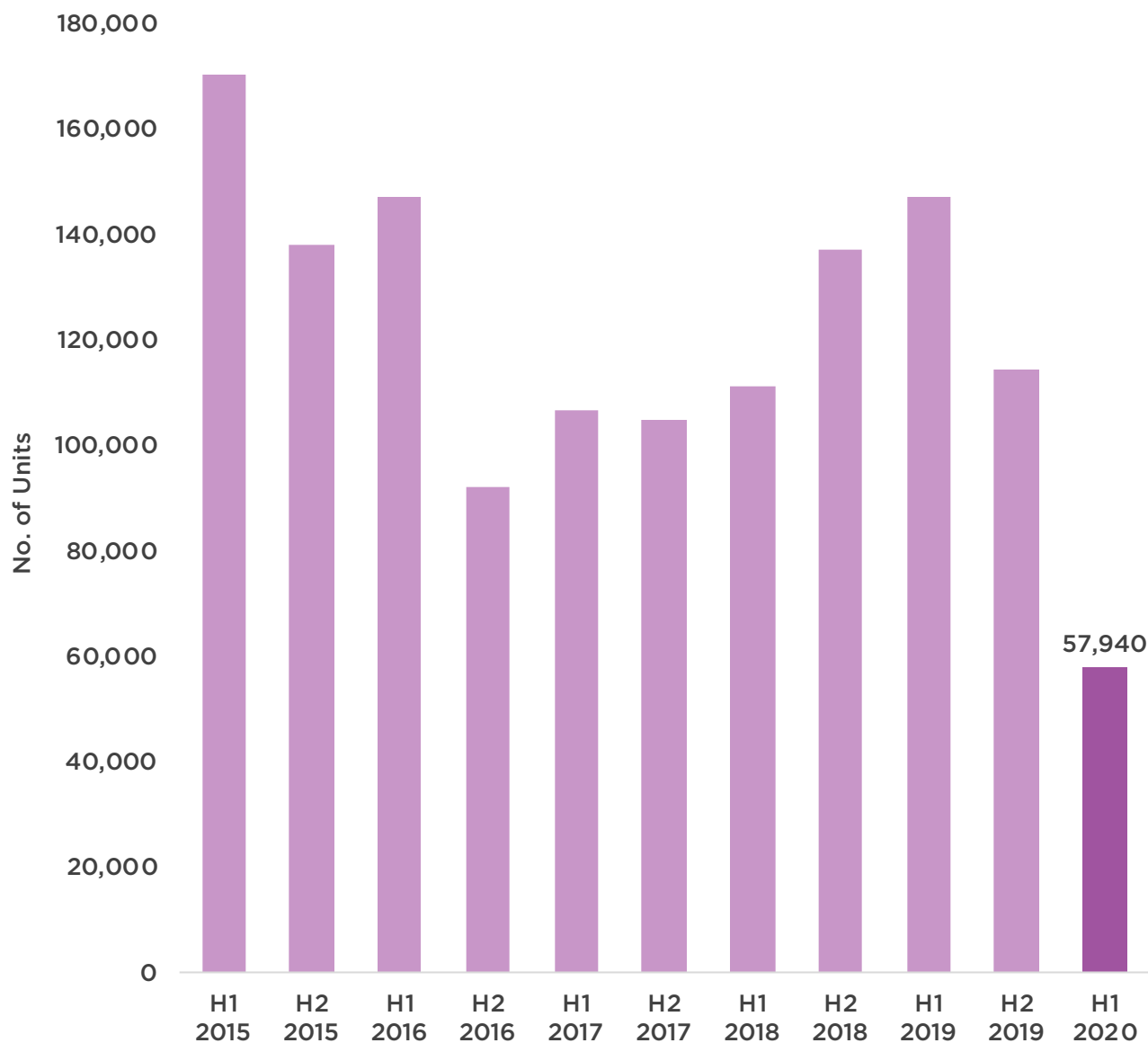
Affordable: < INR 40 Lakh  
 Mid-end: INR 40 Lakh - INR 80 Lakh  
 High-end: INR 80 Lakh - INR 1.5 Cr  
 Luxury: INR 1.5 Cr - INR 2.5 Cr  
 Ultra-luxury: > INR 2.5 Cr





Sales Trend

## Sales Trend PAN India



Sales declined by 49% compared to H2 2019 & 61% from H1 2019. It is 37% lower than the previous trough of H2 2016.

**Sales Trend**  
**City-wise**

	City	H1 2020	H2 2019	H1 2019	Half-yearly Change	Annual Change
	NCR	10,250	20,530	26,380	-50%	-61%
	MMR	17,530	35,500	45,370	-51%	-61%
	Bengaluru	11,620	21,710	28,740	-46%	-60%
	Pune	9,360	17,960	22,830	-48%	-59%
	Hyderabad	3,340	6,760	9,830	-51%	-66%
	Chennai	2,670	5,400	6,420	-51%	-58%
	Kolkata	3,170	6,380	7,550	-50%	-58%

All cities witnessed a **decline in sales to the tune of 46% to 51%**, over the second half of 2019.



# Unsold Inventory Trend






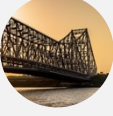
## Unsold Inventory Trend PAN India



Unsold inventory marginally decreased by 2% over H2 2019, as sales continued to exceed new launches.

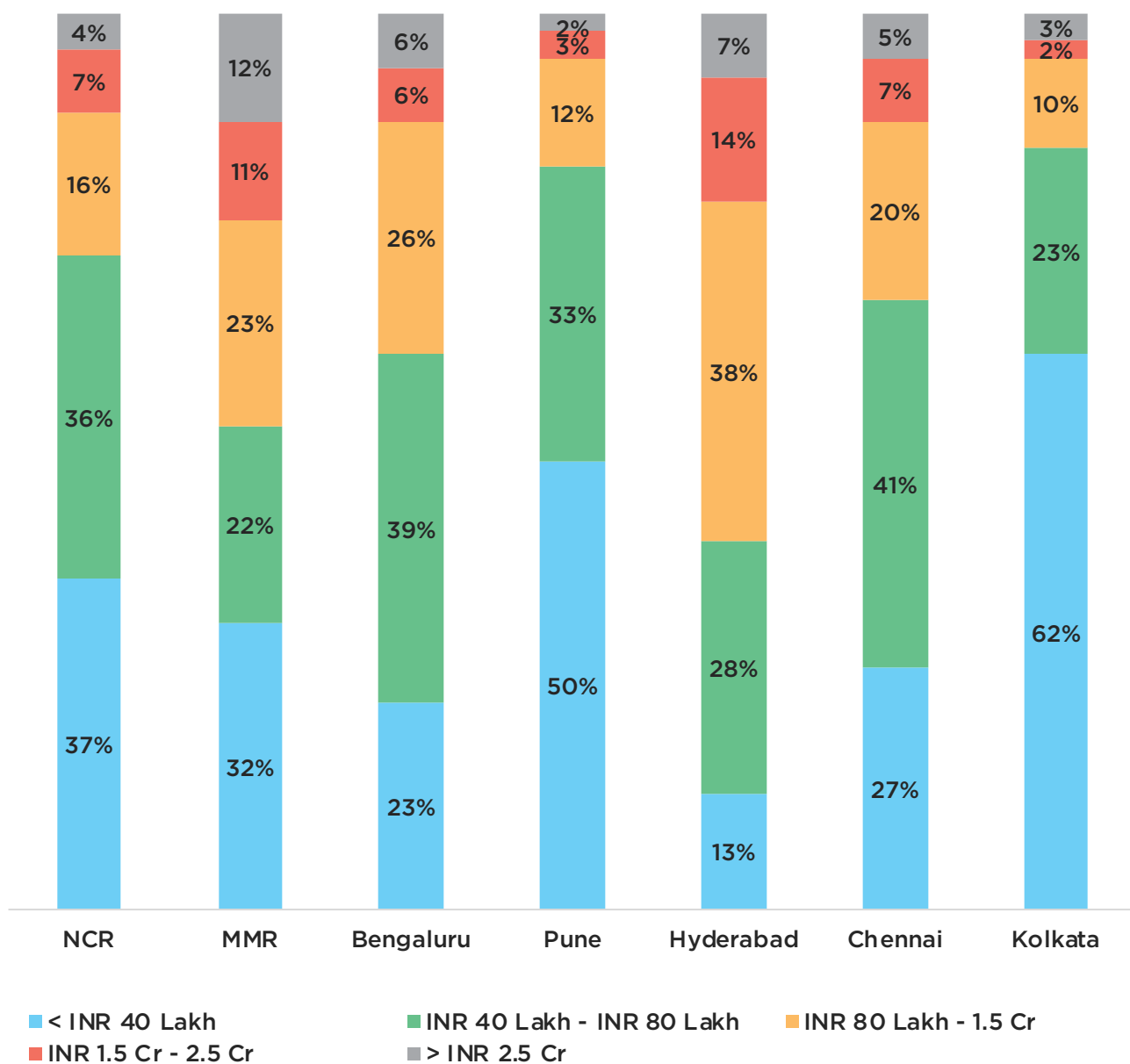
## Unsold Inventory Trend City-wise



	City	H1 2020	H2 2019	H1 2019	Half-yearly Change	Annual Change
	NCR	1,71,020	1,75,080	1,81,930	-2%	-6%
	MMR	2,09,560	2,16,600	2,24,010	-3%	-6%
	Bengaluru	60,390	62,820	64,680	-4%	-7%
	Pune	91,910	92,720	92,790	-1%	-1%
	Hyderabad	24,250	24,200	25,130	0%	-4%
	Chennai	33,020	32,020	31,470	3%	5%
	Kolkata	42,920	44,960	45,560	-5%	-6%

Majority of the cities witnessed a decline in unsold inventory in the range of 1% to 5%.

## City-wise Unsold Inventory Trend By Budget Segmentation (H1 2020)



Unsold inventory in the **affordable segment** across the major cities remained stable at **36%**.

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

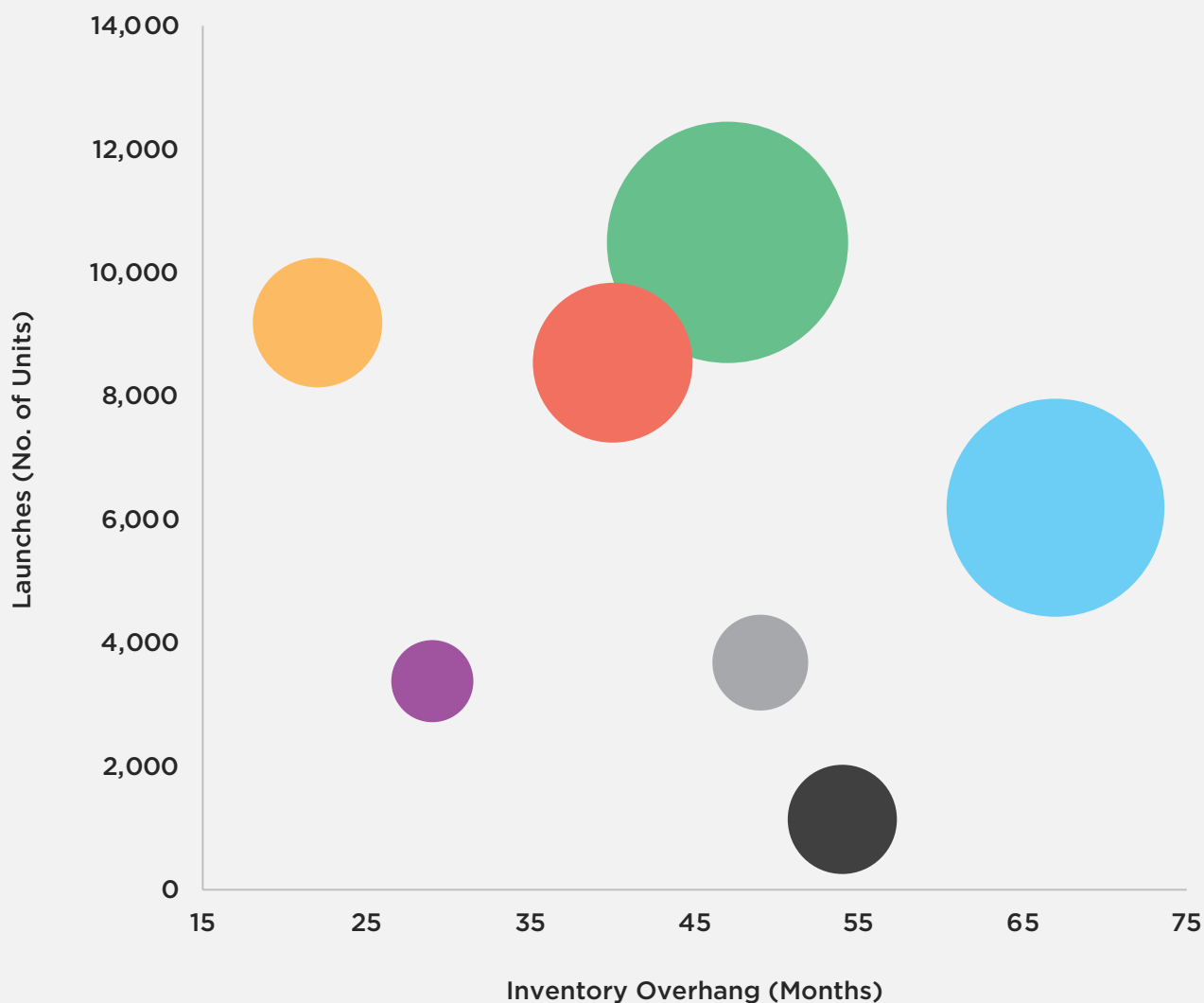


	City	Avg. Base Selling Price (INR/sf)	Half-yearly Change	Annual Change	Inventory Overhang (months)	Half-yearly Change (months)	Annual Change (months)
	NCR	4,580	Nil	Nil	67	22	23
	MMR	10,610	Nil	Nil	47	14	13
	Bengaluru	4,975	Nil	Nil	22	7	7
	Pune	5,510	Nil	Nil	40	13	13
	Hyderabad	4,195	Nil	Nil	29	11	13
	Chennai	4,935	Nil	Nil	49	16	19
	Kolkata	4,385	Nil	Nil	54	15	19

Prices remained range bound in all cities during H1 2020. Inventory overhang increased from 30 to 44 months in last 6 months.



## Inventory Overhang vs. New Launches vs. Unsold Inventory



● NCR ● MMR ● Bengaluru ● Pune ● Hyderabad ● Chennai ● Kolkata

**Bengaluru** continues to be the most active market, while **Hyderabad** has the least unsold inventory

Note: Circle size represents Unsold Inventory as of H1 2020. No. of months signifies duration for available housing units to get absorbed in the market based on current sales rate, irrespective of the new launches.

## Summary

The nationwide lockdown imposed due to the COVID-19 outbreak has impacted business and industry alike in Q2 2020. It has been a watershed year till now where all economic activities are at their lowest levels and are facing challenges to restart.

As economic activities halted, the real estate sector witnessed a disturbance in the raw material supply chain which led to limited availability and rising input cost. Availability of labour was another challenge which severely impacted the construction activities at the project sites across the country. Fear of economic slowdown and probability of job losses led to a weakening of consumer sentiments. Also, the homebuyers were apprehensive about the future of real estate projects considering the imminent delays which played on their minds and reflected in their purchase decisions.

While the impact on the residential segment has been high, we believe that the demand is likely to resurface during the second half of the year. The festive season falling in the last quarter of the calendar year is likely to kick-off the revival cycle. It is anticipated that the vaccine against COVID-19 will be available by then or the masses will have developed immunity to combat the threat posed to their health and so the situation may start to improve.

## 5 Key Takeaways

1. **Consolidation to rise** causing branded players to gain market share to the tune of 75% - 80%.
2. Township projects that account for only 5% across the major cities are likely to rise in the future as **residents would prefer to work-live-play in controlled environment.**
3. The design specifications are likely to be altered going forward as there will be a **higher demand for flexible homes** that are capable of functioning as office and classrooms if required.
4. **Prices are likely to remain range-bound** as developers will be keen to liquidate existing inventory.
5. **Work from home** is likely to find acceptance in the Indian corporates, causing a spike in reverse migration of professionals. As a result, housing demand may gain momentum in tier II and tier III cities.



## About ANAROCK

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 and Technology, Retail, Investment Banking, Hospitality (via HVS ANAROCK), Land Services, Warehousing and Logistics, Investment Management, Research and Strategic Consulting.

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 2,000 certified and experienced real estate professionals who operate across all major Indian and GCC markets, and within a period of two years, has successfully completed over 300 exclusive 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.

Please visit [www.anarock.com](http://www.anarock.com)

For research services, please contact:

Prashant Thakur  
Director & Head of Research  
[prashant.thakur@anarock.com](mailto:prashant.thakur@anarock.com)

ANAROCK Property Consultants Pvt. Ltd  
1002, 10<sup>th</sup> Floor, B Wing  
ONE BKC, Plot No. C-66, G Block  
Bandra Kurla Complex  
Bandra East, Mumbai 400 051

MahaRERA Registration No. A51900000108 available at  
<http://maharera.mahaonline.gov.in>

© 2020 ANAROCK Property Consultants Pvt Ltd.  
All rights reserved.

All information in this report is provided solely for internal circulation and reference purposes. ANAROCK makes no statement, representation, warranty or guarantee as to the accuracy, reliability or timeliness of the information provided. No part of this report may be reproduced, distributed, or transmitted in any form or by any means, including photocopying, recording, or other electronic or mechanical methods.

**ANAROCK**  
VALUES OVER VALUE