

Residential Market Viewpoints

PAN India Q2 2019



New Launch
Supply



Sales



Unsold
Inventory



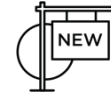
Average
Price

Key Highlights

- Launches across the top 7 cities decreased marginally by 2% over the previous quarter. This decline was mainly due to the ongoing liquidity crisis and also as the general elections cast an uncertainty, which made the developers go on a wait-and-watch mode.
- While launches in Kolkata more than doubled in Q2 2019 compared to the previous quarter primarily due to a low base, cities like NCR, Chennai and Bengaluru also recorded a quarterly increase.
- Affordable housing segment accounted for 34% of the total supply. This is significantly less than the last quarter where the share was 44%. This segment is also being tested in the market, however, with the recent increase in tax deduction limit, affordable housing is likely to make a comeback.
- Sales decreased by 13% over the previous quarter as every city underwent contraction. However, the sales are approximately 12% higher than the same period last year.
- Unsold inventory remained stable compared to the previous quarter owing to a parity in supply addition and sales during the current quarter.

Note: PAN India refers to **Top 7 cities** of India only

Residential Snapshot



NEW LAUNCH SUPPLY

69,005

Units

-2%

Quarterly Change



SALES

68,600

Units

-13%

Quarterly Change



UNSOLD INVENTORY

6,65,558

Units

Nil

Quarterly Change

TOP 7 Cities



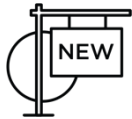
	New Launch Units	Sold Units	Unsold Inventory	Average Price (INR/sf)
NCR	13,570	12,640	1,81,927	4,565
MMR	23,045	21,360	2,24,008	10,610
Pune	10,700	10,490	92,791	5,494
Bengaluru	11,010	13,150	64,677	4,960
Chennai	3,885	2,990	31,473	4,935
Hyderabad	4,155	4,430	25,127	4,187
Kolkata	2,640	3,540	45,555	4,375

Note: Average Price in INR/sf as quoted on BUA

Map not to scale, for representation purposes only.



NEW LAUNCH SUPPLY TREND







New Launch Supply Trend



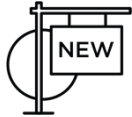
Q2 2019 recorded a marginal decline in supply over the previous quarter, nonetheless it is better than scenario in the past two years.



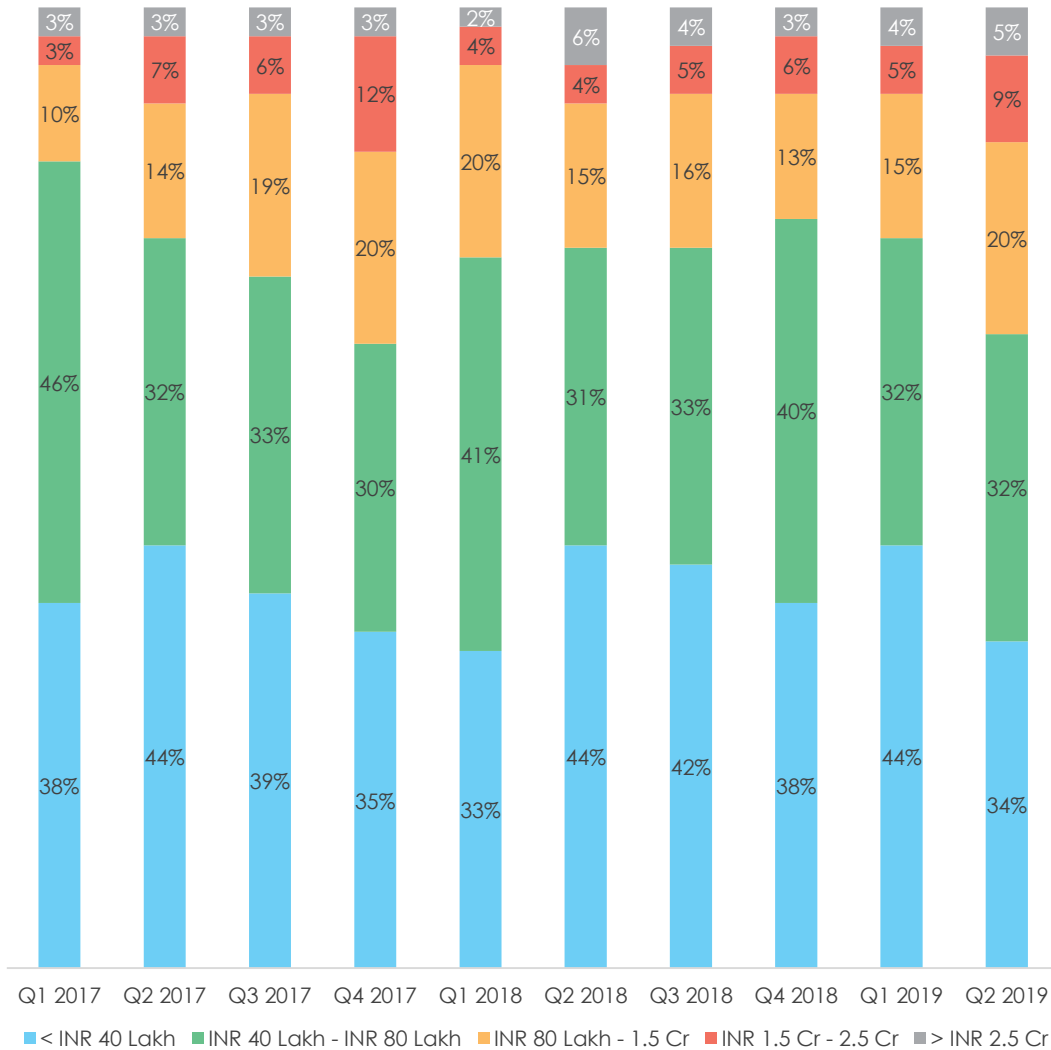
New Launch Supply Trend PAN India

	City	Q2 2018	Q1 2019	Q2 2019	Quarterly Change	Annual Change
	NCR	8,470	8,030	13,570	69.0%	60.2%
	MMR	14,010	26,850	23,045	-14.2%	64.5%
	Bengaluru	8,780	9,060	11,010	21.4%	25.4%
	Pune	7,080	17,520	10,700	-38.9%	51.1%
	Hyderabad	5,530	4,850	4,155	-14.2%	-24.8%
	Chennai	4,210	3,170	3,885	22.7%	-7.6%
	Kolkata	2,540	1,000	2,640	164.0%	3.9%

MMR continued to top the list and accounted for 33% of total supply in Q2 2019, followed by NCR, Bengaluru & Pune.



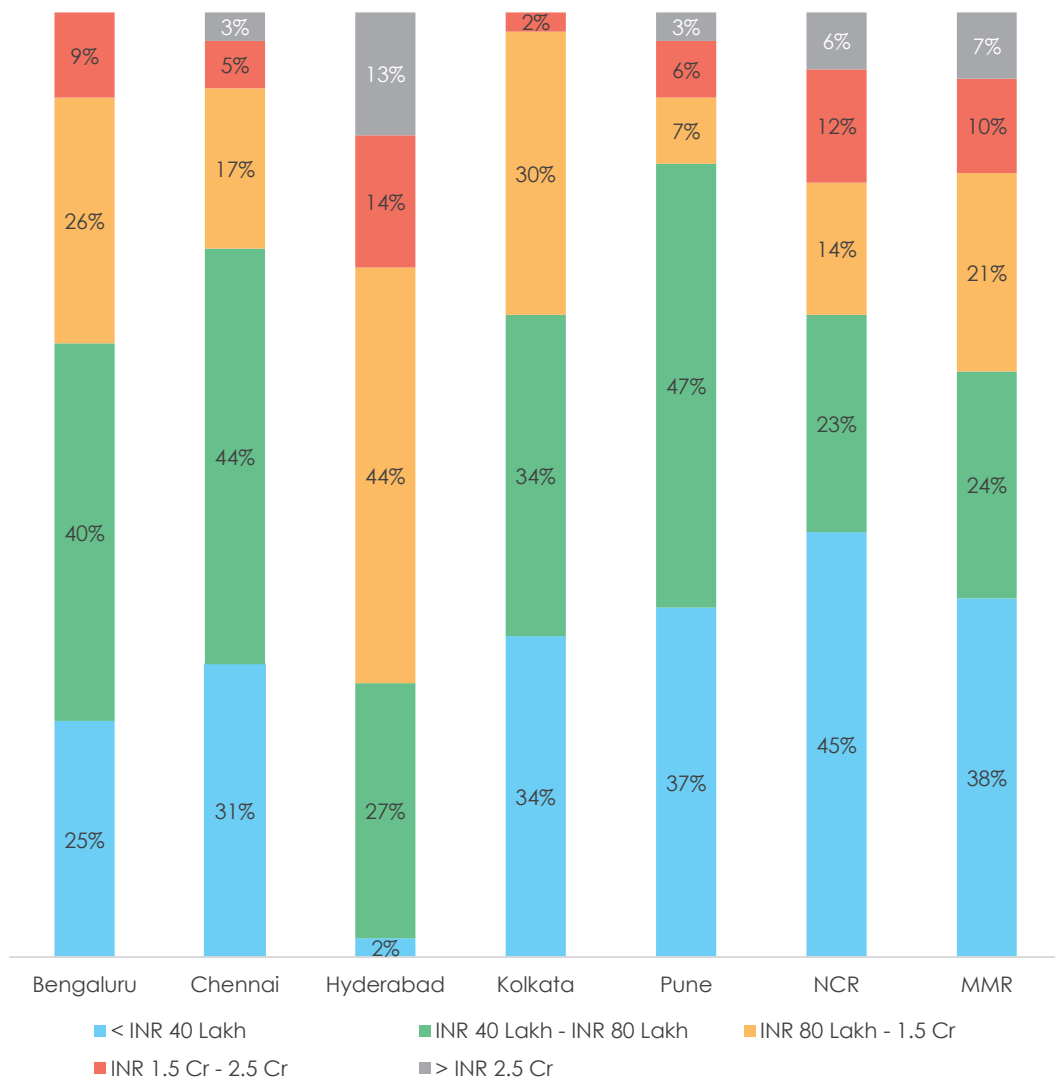
New Launch Supply Trend
By Budget Segmentation



Affordable Housing continued its dominance and accounted for 34% of total new launch supply in Q2 2019.



City-wise New Launch Supply Trend By Budget Segmentation (Q2 2019)



Hyderabad is the only city which has witnessed a low supply share in affordable segment accounting to 2%, previously 28% (Q1 2019), indicating a drastic drop of supply in sub-INR 40 Lakh segment.



SALES TREND










Sales Trend
PAN India



PAN India sales declined by 13% compared to Q1 2019 but are 12% higher than Q2 2018.



Sales Trend City-wise

	City	Q2 2018	Q1 2019	Q2 2019	Quarterly Change	Annual Change
	NCR	11,140	13,740	12,640	(8.0%)	13.5%
	MMR	15,740	24,005	21,360	(11.0%)	35.7%
	Bengaluru	14,790	15,580	13,150	(15.6%)	(11.1%)
	Pune	8,370	12,340	10,490	(15.0%)	25.3%
	Hyderabad	4,740	5,400	4,430	(18.0%)	(6.5%)
	Chennai	2,710	3,435	2,990	(12.8%)	10.3%
	Kolkata	4,030	4,020	3,540	(11.9%)	(12.2%)

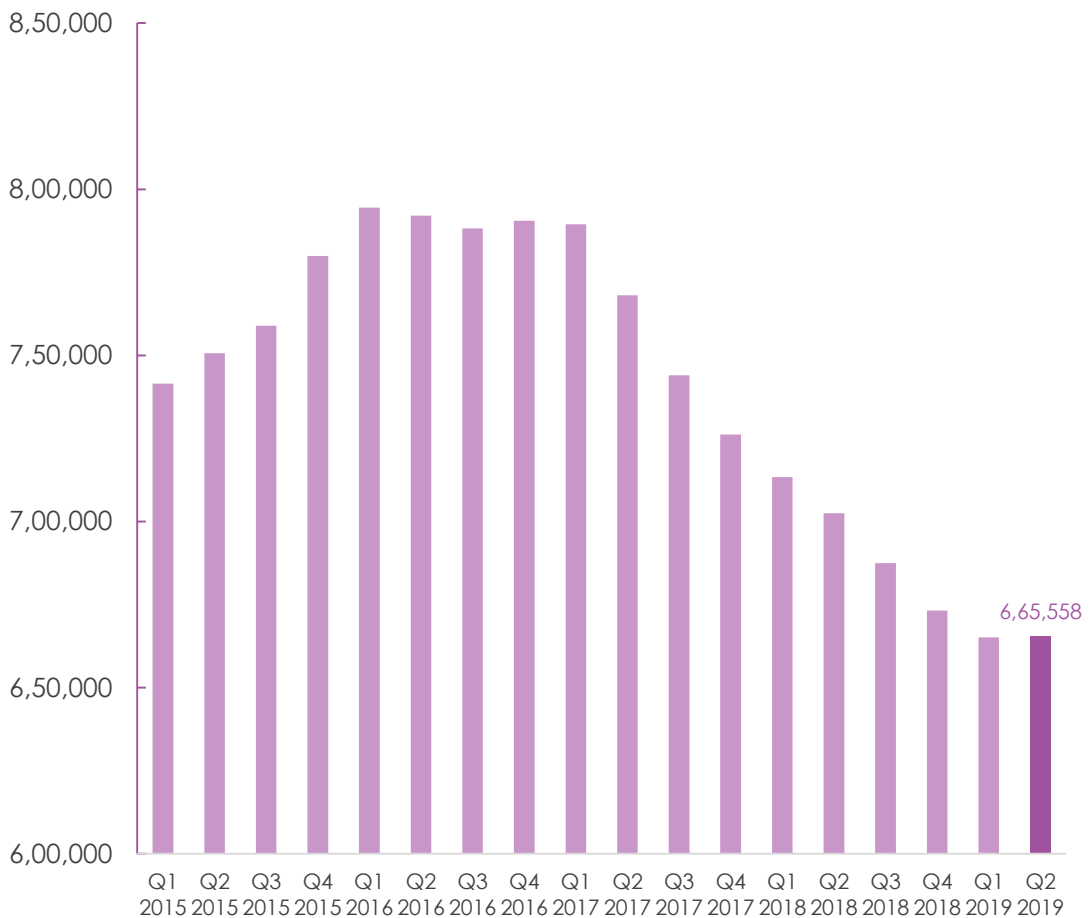
All cities recorded a drop in sales over the previous quarter.



UNSOLD INVENTORY TREND










Unsold Inventory Trend PAN India



Unsold inventory remained stable compared to the previous quarter as new launches and sales were at par in Q2 2019.



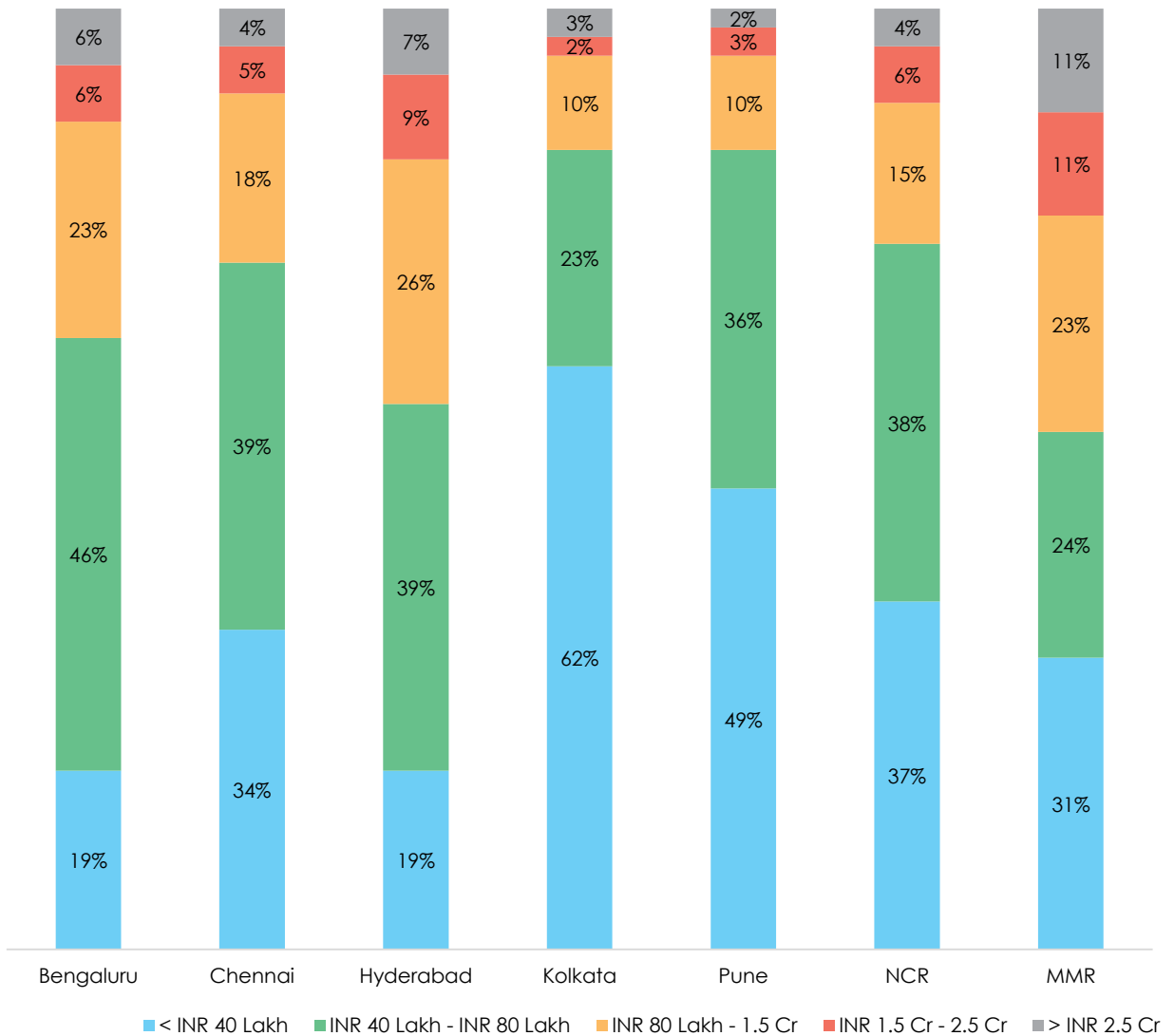
Unsold Inventory Trend City-wise

	City	Q2 2018	Q1 2019	Q2 2019	Quarterly Change	Annual Change
	NCR	1,97,810	1,80,999	1,81,927	0.5%	(8.0%)
	MMR	2,21,460	2,22,327	2,24,008	0.8%	1.1%
	Bengaluru	85,620	66,819	64,677	(3.2%)	(24.4%)
	Pune	92,030	92,585	92,791	0.2%	0.8%
	Hyderabad	27,710	25,401	25,127	(1.1%)	(9.3%)
	Chennai	28,300	30,575	31,473	2.9%	11.2%
	Kolkata	49,560	46,452	45,555	(1.9%)	(8.0%)

Every city barring *Bengaluru*, *Hyderabad* and *Kolkata* have seen a marginal rise in unsold inventory over the previous quarter.



City-wise Unsold Inventory Trend
By Budget Segmentation (Q2 2019)



Bengaluru and Hyderabad have the lowest unsold inventory in the affordable segment.



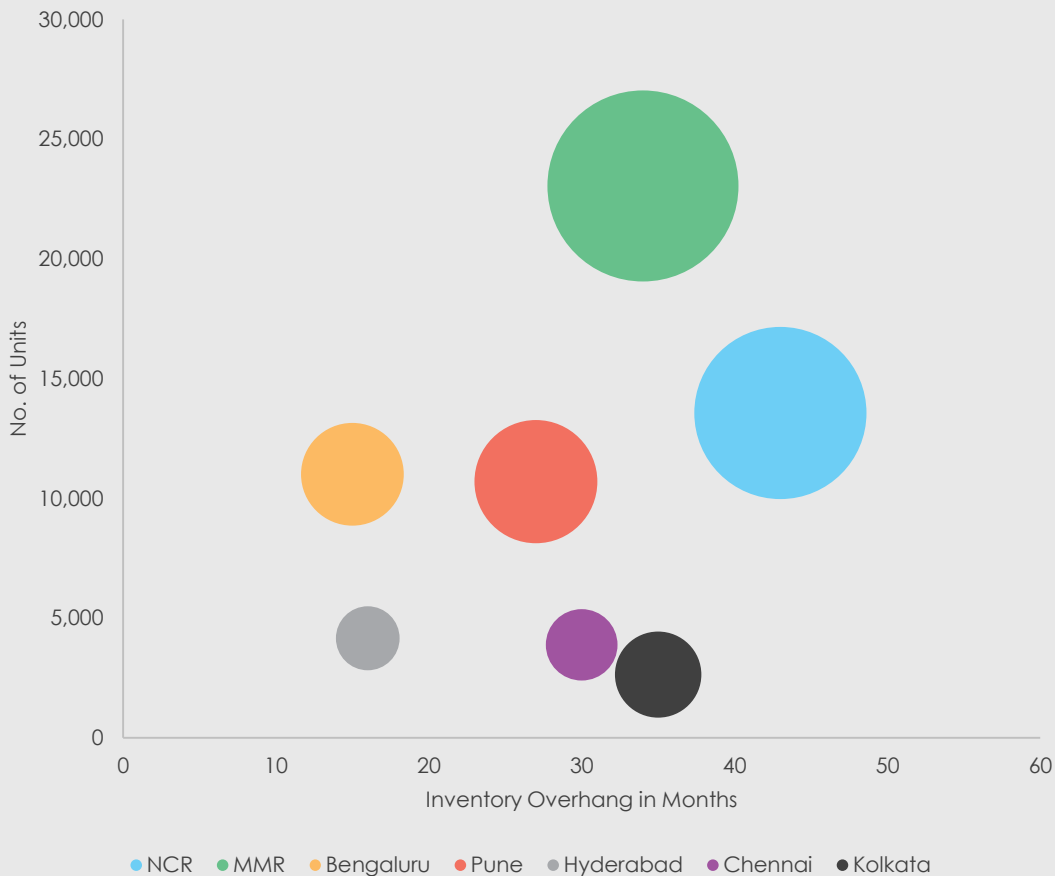
Capital Values & Inventory Overhang

	City	Avg. Base Selling Price (INR/sf)	Quarterly Change	Annual Change	Inventory Overhang (months)	Quarterly Change	Annual Change
	NCR	4,565	Nil	0.3%	44	(2.2%)	(27.9%)
	MMR	10,610	0.6%	0.9%	34	(2.9%)	(32.0%)
	Bengaluru	4,960	0.2%	1.2%	15	Nil	(34.8%)
	Pune	5,494	0.3%	0.5%	27	(3.6%)	(30.8%)
	Hyderabad	4,187	0.4%	1.4%	16	6.7%	(20.0%)
	Chennai	4,935	0.3%	Nil	30	Nil	Nil
	Kolkata	4,375	Nil	(1.7%)	35	Nil	(22.2%)

Despite a significant change in the inventory overhang, prices across NCR, MMR, Bengaluru and Hyderabad have remained stable.



Inventory Overhang vs New Launch Supply vs Unsold Inventory



Note: Circle size represents Unsold Inventory as of Q2 2019.

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

Sales and launches have declined in the last quarter as the nation was reeling under the liquidity crisis and was looking towards the results of the elections. A decisive mandate and a stable government are now capable of steering the economy with a clear direction enabling all sectors to chart a new growth path.

Inventory overhang in most cities is below 36 months which is a good indicator and may lead to an improvement in new launches during the rest of the year. Following the announcements in the union budget, the affordable housing segment is likely to drive the demand and we anticipate majority of the developers to further focus on this segment.

Despite significant reduction in unsold inventory over a period of time, we see prices have remained stable. This may lead to an increase in sales in the coming quarters as the fence sitters may now spring into action.

ANAROCK Research opines that the right sized product offering developed at a great location and by a financially capable developer will surely perform better even in the current market conditions.

5 Key Takeaways

1. Launches may increase in the second half of 2019 amidst clear political stability and commencement of festive season.
2. Sales are likely to be in tandem with the launches as the buyers will be selecting the best options.
3. The Government's focus on affordable housing is expected to further provide an impetus to this segment.
4. Prices are likely to remain range-bound, but appreciate marginally in the newly launched projects.
5. Consolidation of developers and real estate consultants will continue for some time now.



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 1800 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.

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