

## Residential Market Viewpoints

# PAN India

Q2  
2021



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New Launch  
Supply



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Sales  
Trend



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# Foreword

## COVID-19 2<sup>nd</sup> Wave: The Dichotomy of Better and Worse

The 2<sup>nd</sup> wave of COVID-19 had an adverse impact on the healthcare system with several new challenges. While the government stepped in to mitigate the issues, the business houses across the country also ably supported the cause. The latter were also better prepared for the adversaries and ensured commercial activities to be continued with caution by following the medical protocols.

The lessons learned from the 1<sup>st</sup> wave were fruitfully executed, resulting in nominal disruption of the economy. The corporate results and market indices stand testimony to the wisdom and maturity that was deployed to deal with the prevailing crisis.

The Indian real estate sector proved its resilience once again as evident from the innovative measures adopted by the developers to keep business ticking. While the construction activities were less than usual, it was far better than the complete shutdown of the project sites that were prevalent last year. The digital marketing platforms and leveraging technology to generate leads and sales also enabled the real estate business in Q2 2021.

The sales during Q2 2021 across the top 7 cities of India were around 24,570 units which were 93% more than the corresponding period last year but 58% lower than the previous quarter. While every city recorded a reduction in sales over the quarter, cities such as Hyderabad, Chennai and MMR recorded a significant increase compared to the previous year. As for the launches, they were 42% less than the previous quarter, but they exceeded the sales during the quarter. This indicates the confidence of the developers who were not dissuaded to slow down. A total of 36,260 units were launched during the quarter.

Launches exceeding sales have led to a marginal rise of 2% in available inventory compared to the previous quarter. However, the available inventory has declined by 17% from the previous peak of 2016. Due to improving sales velocity, the inventory overhang reduced by 3 months in Q2 2021 from the previous quarter. Taking cognizance of the overall market conditions, the real estate developers ensured that the overall prices across the major cities remained stable. However, prices increased marginally in many projects that were ready-to-move-in or nearing completion.

As the lockdowns are being relaxed and business activities are returning to normal, we anticipate a further rise in real estate activities. The upcoming festive season may witness new project launches which are likely to offer newer layouts and designs. Sales are likely to remain firm and pave the way for price appreciation in the coming quarters.

We anticipate the demand for housing to remain buoyant shortly as the developers will look to make the most of the available time between now when the virus spread seems to be under control and a possible 3<sup>rd</sup> wave when things might worsen once again.

### ANUJ PURI

Chairman  
ANAROCK Group



# Key Highlights

## Q2 2021 | PAN India

### NEW LAUNCH SUPPLY TREND

Due to the onset of 2<sup>nd</sup> wave of COVID-19 and the subsequent lockdown, the top 7 cities of India witnessed restricted real estate activities in Q2 2021. New launches declined by 42% in Q2 2021 compared to the previous quarter. However, the new launch activity in this quarter was significantly higher than the same period last year when 1<sup>st</sup> wave of COVID-19 hit the nation.

Every city except Kolkata reported a decline in Q2 2021 launches over the previous quarter. Launches increased by 10% in Kolkata due to the low base effect. The new launch decline in Bengaluru was the lowest at 13% during Q2 2021 compared to Q1 2021 whereas Pune recorded the highest decline of 64%.

Interestingly, the share of high-end segment nearly doubled during Q2 2021 compared to previous quarter while the share of affordable segment declined from 30% to 20%.

### SALES TREND

Sales across the top 7 cities decreased by 58% compared to the previous quarter. However, compared to the same period last year, the sales increased by 93%. MMR and Pune continued to dominate sales across the top 7 cities of India and accounted for around 46% of the total.

### AVAILABLE INVENTORY<sup>^</sup>

Supply continued to exceed the sales in Q2 2021, which resulted in a 2% increase in available inventory compared to the previous quarter. Hyderabad reported the highest increase of 12% in available inventory over Q1 2021 due to the lowest sales to supply ratio. Chennai continued to hold the lowest available inventory among the top 7 cities.

### TOP 7 CITIES

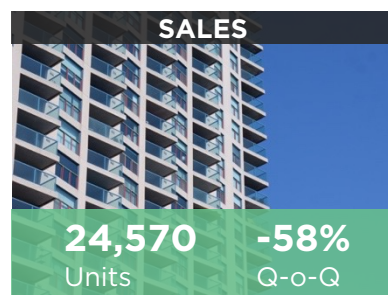
City	New Launches	Sold Units	Available Inventory	Avg. Price (INR/sf)
NCR	3,820	3,470	168,710	4,650
MMR	6,880	7,400	196,510	10,750
Bengaluru	6,690	3,560	61,480	5,060
Pune	4,920	3,790	97,580	5,580
Hyderabad	8,850	3,240	50,580	4,240
Chennai	3,110	1,590	37,740	4,990
Kolkata	1,990	1,520	40,940	4,400

#### Notes:

PAN India refers to top 7 cities of India only.

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

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



#### Budget Segmentation:

Affordable: < INR 40 Lakh

Mid-end: INR 40 Lakh - INR 80 Lakh

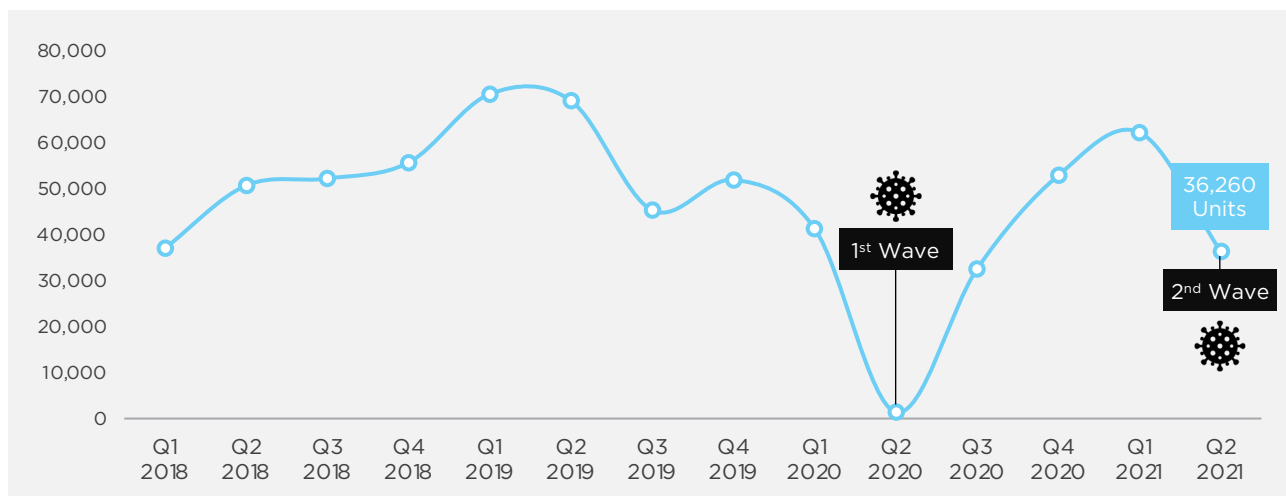
High-end: INR 80 Lakh - INR 1.5 Cr

Luxury: INR 1.5 Cr - INR 2.5 Cr

Ultra-luxury: > INR 2.5 Cr

# New Launch Supply Trend

## PAN India



- 1** Launches decreased by **42% Q-o-Q** across the top 7 cities amid 2<sup>nd</sup> COVID-19 wave; however, launches were significantly higher compared to Q2 2020 (1<sup>st</sup> COVID-19 wave).
- 2** Developers seemed to be **well prepared** during 2<sup>nd</sup> COVID-19 wave compared to 1<sup>st</sup> wave. As a result, over **36,000** units were launched across the top 7 cities during Q2 2021.
- 3** **Certainty in employment** led to **stable demand** for real estate despite the 2<sup>nd</sup> wave of COVID-19. This refueled the **confidence** amongst **developers to launch new projects**.

### TOP 7 CITIES

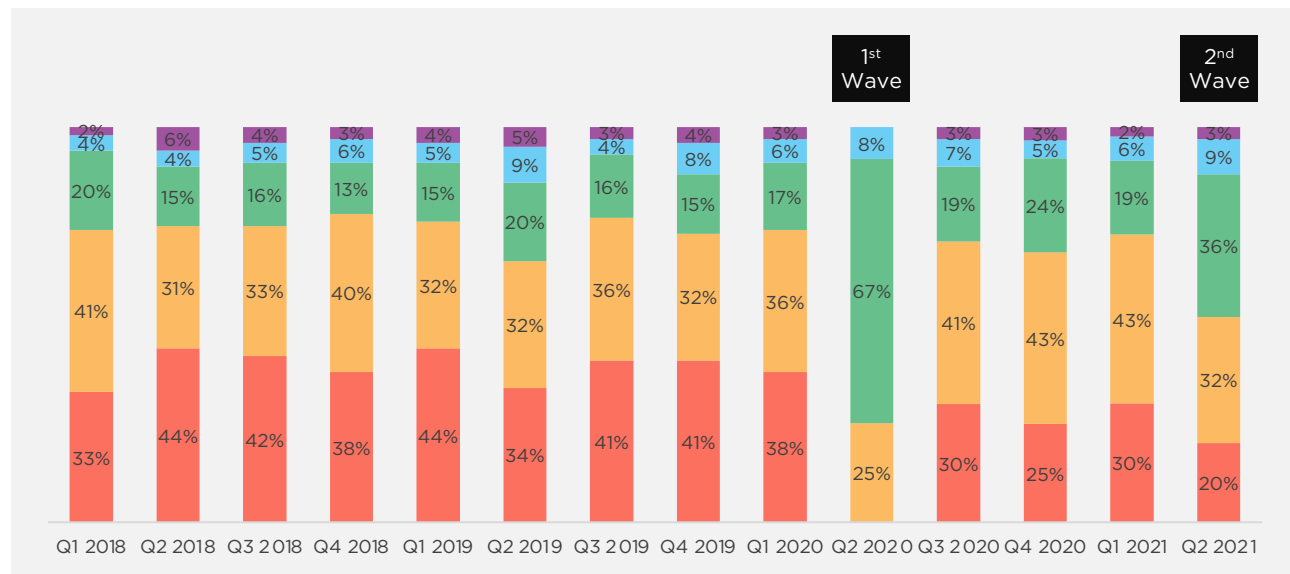
All the cities except **Kolkata** reported a **quarterly decline** in launches in the range of **13% to 64%**. Launches increased by **10%** in **Kolkata** due to low base effect.

**Hyderabad, MMR,** and **Bengaluru** accounted for nearly **62%** of the launches across the top 7 cities during Q2 2021.

City	Q2-21	Q1-21	Q-o-Q
NCR	3,820	6,750	-43%
MMR	6,880	14,820	-54%
Bengaluru	6,690	7,690	-13%
Pune	4,920	13,820	-64%
Hyderabad	8,850	12,620	-30%
Chennai	3,110	4,620	-33%
Kolkata	1,990	1,810	10%



# New Launch Supply Trend By Budget Segmentation



- 1 The share of **properties** priced **more than INR 80 Lakh** has **increased** significantly to **48%** in Q2 2021 from **27%** a quarter earlier. This indicates the buyers' shifting preference for larger units to accommodate work from home and online schooling.
- 2 On the other hand, the share of **properties** priced **under INR 80 Lakh** has **decreased** to **52%** during the current quarter from **73%** in Q1 2021.

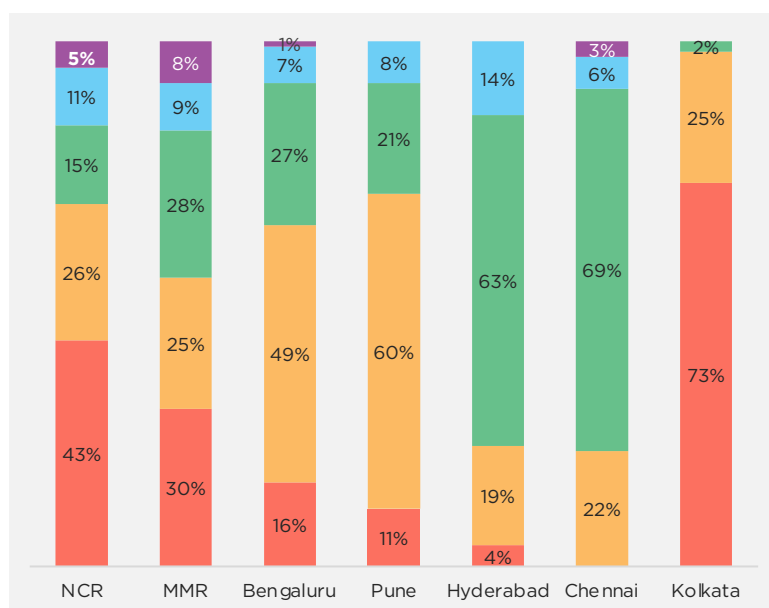
## TOP 7 CITIES

**MMR** and **NCR** accounted for nearly 52% of the supply in the affordable segment in Q2 2021 across top 7 cities.

**Bengaluru** and **Pune** accounted for nearly 53% of the supply in the mid-end segment in Q2 2021 across top 7 cities.

**Hyderabad** accounted for nearly **42%** of the total supply in **high-end segment** across top 7 cities.

Nearly 58% of the **ultra-luxury units** launched across the top 7 cities were in **MMR**.



### 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

## PAN India



- 1 Restriction over physical movement during the 2<sup>nd</sup> wave resulted in subdued real estate demand. **Total sales in Q2 2021 decreased by 58%** on quarter.
- 2 However, learnings from the 1<sup>st</sup> wave, availability of vaccine and receding fear of the virus helped business in Q2 2021. **Sales increased by 93%** during current quarter compared to the same period last year (1<sup>st</sup> wave).
- 3 Largely **stable property prices** across the cities along with **all-time best affordability** helped the **sales** to remain **buoyant**.

### TOP 7 CITIES

All cities witnessed a decrease in sales to the tune of 26% to 64%, over the previous quarter amid 2<sup>nd</sup> wave.

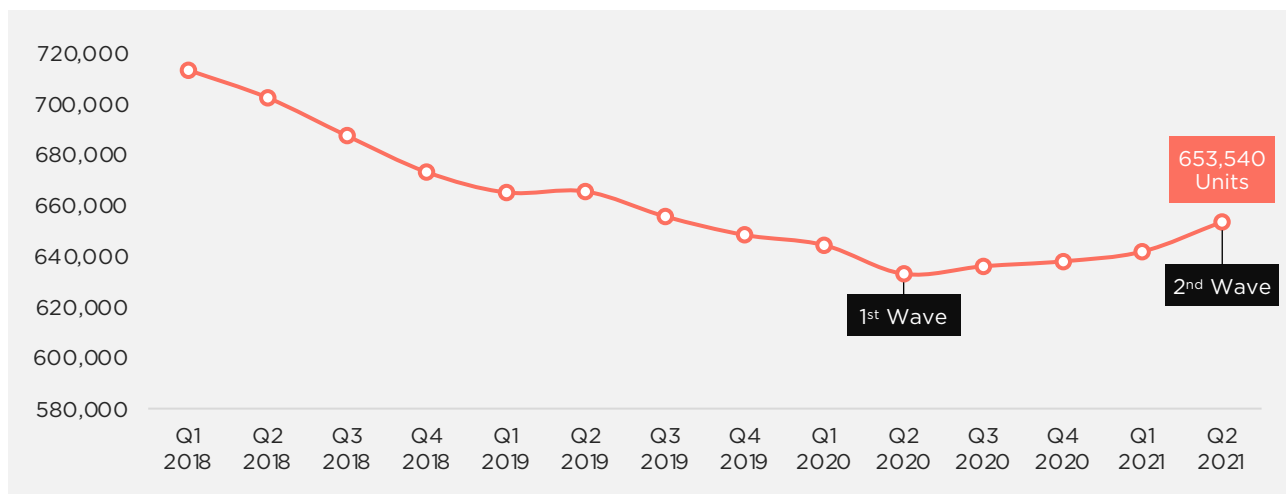
Hyderabad witnessed the **lowest dip of 26%** as lockdown was for limited period with relaxations for real estate.

City	Q2-21	Q1-21	Q2-20	Q-o-Q	Y-o-Y
NCR	3,470	8,790	2,100	-61%	65%
MMR	7,400	20,350	3,620	-64%	104%
Bengaluru	3,560	8,670	2,990	-59%	19%
Pune	3,790	10,550	2,160	-64%	75%
Hyderabad	3,240	4,400	660	-26%	391%
Chennai	1,590	2,850	480	-44%	231%
Kolkata	1,520	2,680	730	-43%	108%



# Available Inventory Trend

## PAN India



- 1 Available inventory continued to increase to 6.54 Lakh units** as of Q2 2021; an increase of 2% Q-o-Q and 3% Y-o-Y. This increase is primarily due to **supply exceeding sales** since Q2 2020.
- 2 Available inventory remained largely stable in NCR and MMR**, due to the equilibrium between demand and supply. NCR and MMR accounts for around 56% of the available inventory across the country.
- 3 If 3rd wave strikes**, real estate **demand** is likely to be restricted for couple of quarters, resulting in an **increase in available inventory**. Developers should focus on **liquidating** the **available inventory** between 2nd and a possible 3rd wave to keep their financials strong.

### TOP 7 CITIES

**Hyderabad** recorded a significant increase of 12% in available inventory due to high volume of launches during the current quarter.

**Chennai** continued to record the lowest available inventory across the major cities as of Q2 2021.

City	Q2-21	Q1-21	Q2-20	Q-o-Q	Y-o-Y
<b>NCR</b>	168,710	168,360	171,020	NIL	-1%
<b>MMR</b>	196,510	197,040	209,560	NIL	-6%
<b>Bengaluru</b>	61,480	58,350	60,390	5%	2%
<b>Pune</b>	97,580	96,440	91,910	1%	6%
<b>Hyderabad</b>	50,580	44,980	24,250	12%	109%
<b>Chennai</b>	37,740	36,220	33,020	4%	14%
<b>Kolkata</b>	40,940	40,470	42,920	1%	-5%



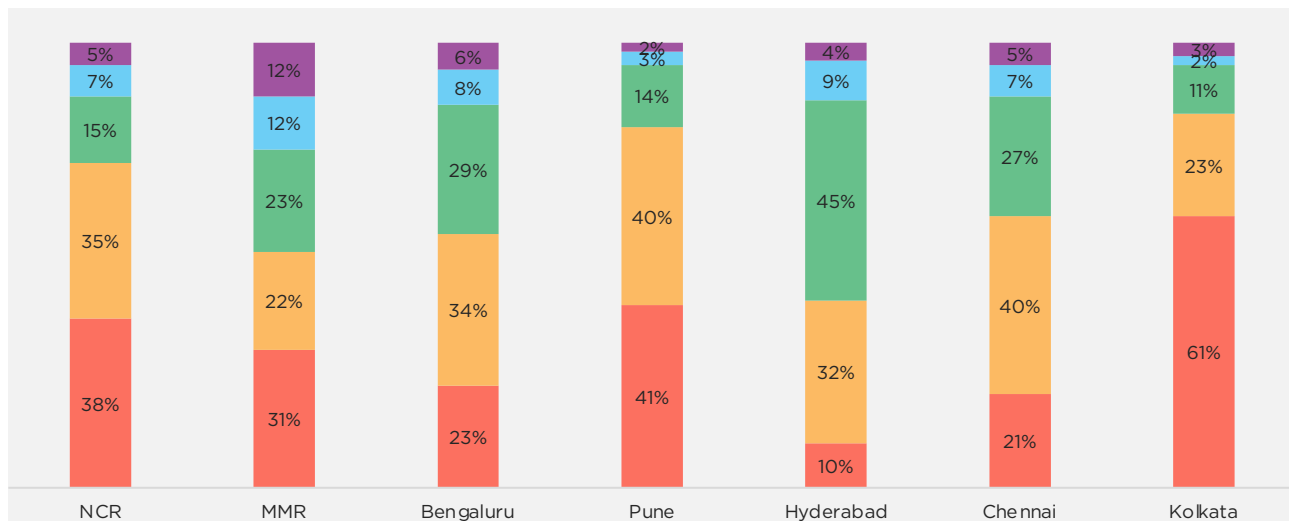
CHENNAI



HYDERABAD

# Available Inventory Trend

## PAN India by Budget Segmentation



- 1 The **affordable** and the **mid-end segments** account for the highest share of available inventory across the top 7 cities, around 64%.
- 2 Nearly **78%** of the **available inventory** in **Hyderabad** is concentrated **between INR 40 Lakh to INR 1.5 Cr budget segment** due to the customer's preference for larger sized apartments.
- 3 **Kolkata** has the highest available inventory in the affordable segment, around 61%, due to continued supply addition.

**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)	Q-o-Q (%)	Y-o-Y (%)	Inventory Overhang*	Q-o-Q Change*	Y-o-Y Change*
NCR	4,650	Nil	2%	80	-5	13
MMR	10,750	Nil	1%	43	-4	-4
Bengaluru	5,060	Nil	2%	29	1	7
Pune	5,580	Nil	1%	41	-2	1
Hyderabad	4,240	Nil	1%	47	-6	18
Chennai	4,990	Nil	1%	53	-6	4
Kolkata	4,400	Nil	Nil	60	-6	6

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

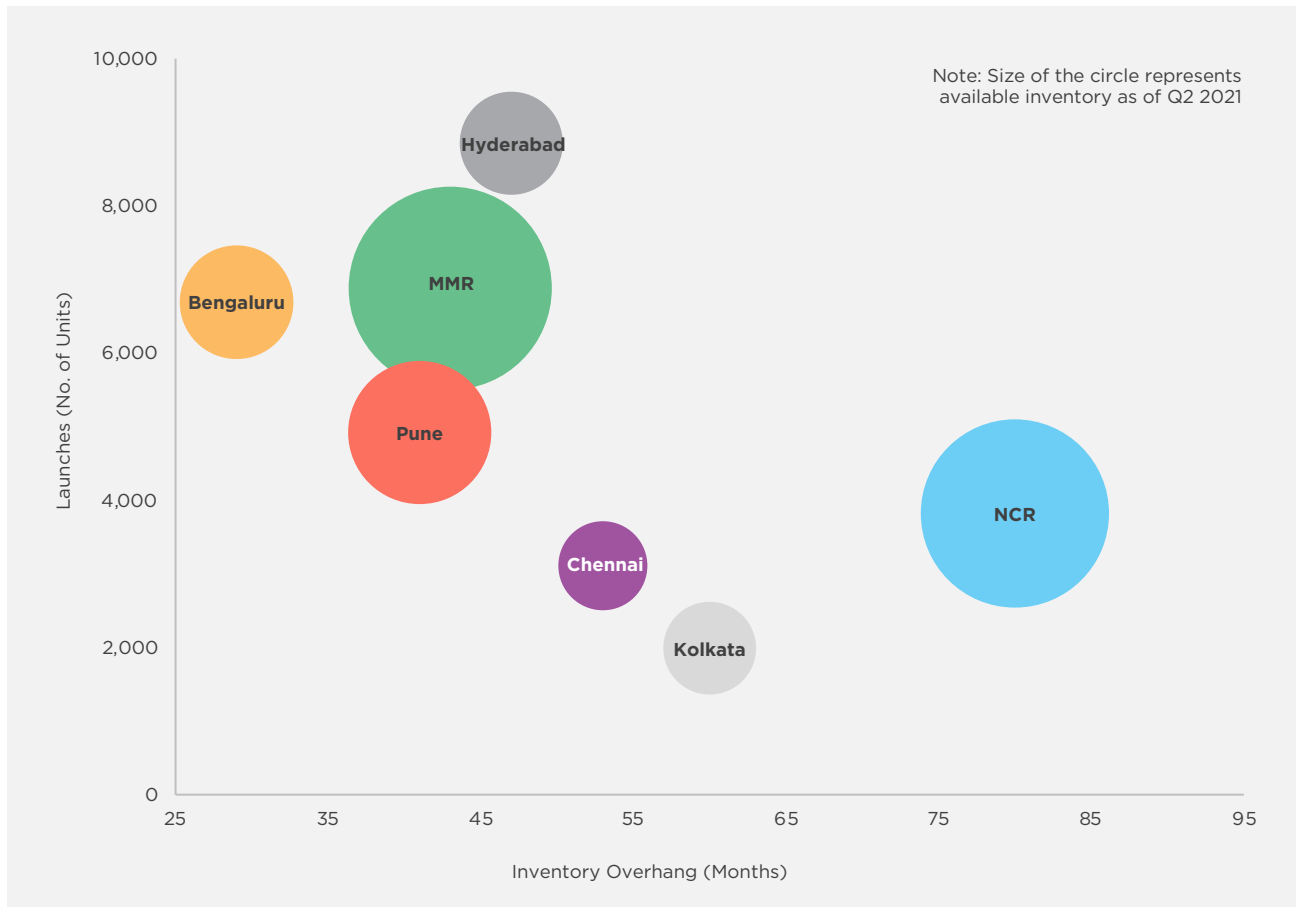
\*In months

**Prices remained largely stable during Q2 2021 across the top 7 cities despite significant rise in input costs due to supply-side disruptions.** This shows developers' cautious approach to ensure continuity of sales.

**Pan India inventory overhang decreased by 3 months** during the quarter.



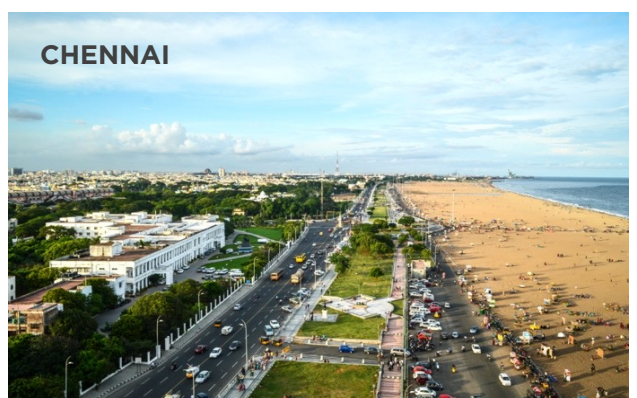
# Inventory Overhang v/s New Launch Supply v/s Available Inventory



- 1 **Bengaluru** seems to be the healthiest market across the top 7 cities with low available inventory and an overhang of less than 30 months.
- 2 **Chennai** with the least availability has an inventory overhang of nearly 4.5 years due to low sales volume.
- 3 **NCR** has an inventory overhang of more than 6.5 years due to high available inventory and low sales volume.



**BENGALURU**



**CHENNAI**

# Way Forward

## Developers are better placed in 2021 compared to 2020

The large-scale vaccination drive initiated by the government along with the measured lockdown implemented by the states enabled the economy to remain afloat. Many businesses including real estate exhibited resilience as evident from the rising confidence of the developers to launch new projects even as the 2<sup>nd</sup> wave of COVID-19 hit the country hard in Q2 2021. This indicates that the developers have adapted and learned to live with the uncertainties brought in by the unprecedented crisis created by the COVID-19 outbreak and seem to be prepared better for the future.

Despite rising inflation, the Reserve Bank of India maintained the policy rates stable resulting in the continuation of the low-interest rates regime. The buyers were seen to be taking advantage of this as evident from the sales recorded during the quarter.

Considering the possibility of 3<sup>rd</sup> wave of COVID-19, we believe that the developers will continue to focus on PropTech and build their online presence to ensure continuity of sales even amidst intermittent lockdowns. However, launches are likely to remain restricted for the coming quarter as many developers will now be targeting the festive season in the 4<sup>th</sup> quarter of the calendar year.

Homebuyers are likely to prefer ready to move in or projects nearing completion so that the execution risks are mitigated, and they can occupy the house immediately. The demand for projects developed by leading players possessing a good track record and market repute is likely to remain high.

All-in-all, it certainly looks like the overall activities may remain upbeat and gain further momentum in the second half of the year.



- 1 **Large organized developers** are likely to **dominate** the market in 2021. **Consolidation** is on the rise.
- 2 **RTM** to remain in **high demand** as homebuyers look to move-in soon and **avoid execution risks**.
- 3 **Low interest rate regime may not continue forever**; imperative to make the most of the current situation.
- 4 **Residential complexes** may consider to **add flexible workspaces** as one of the key amenities.
- 5 If the **3<sup>rd</sup> wave** of pandemic strikes, **construction activities** and **sales** may **slow down** in Q4 2021.

## 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 & 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), Flexi Spaces (in partnership with Upflex) and Society 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 1,800 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.

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, Mumbai 400 051

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