

# Real Estate **Revival** in Major Indian **Metros**

Insights from the 360 Realtors Q3 Buyers'  
Sentiment Report



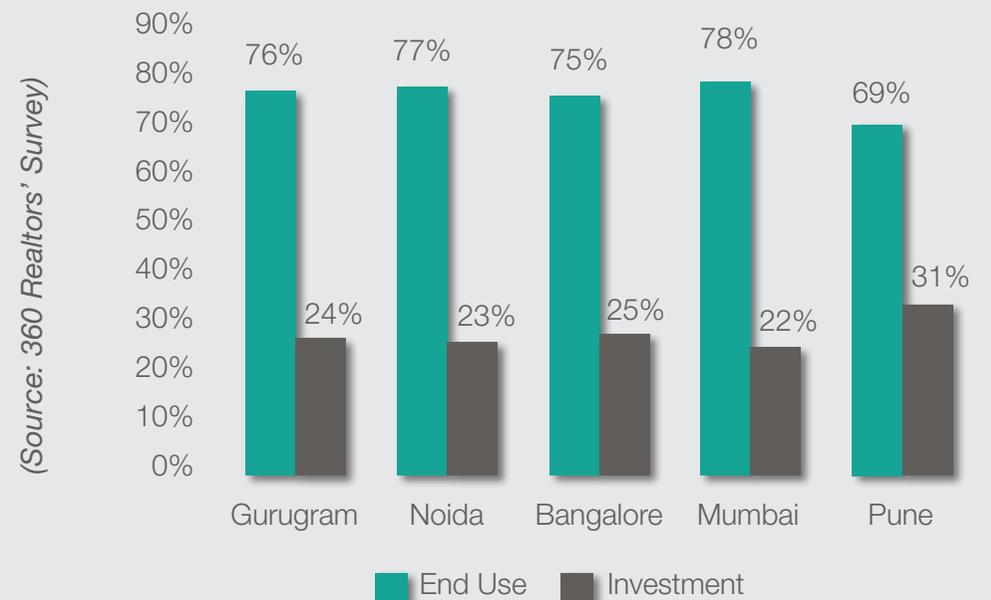
# Foreword

Investors are once again back into real estate. After visibly moderating sentiments in the recent times wherein investors preferred to defer their buying decisions, they have now started to expand their foothold in the housing sector.

As per the 360 Realtors Q3 2018 Buyers' Sentiment Survey, which has scrutinized the behavior of 4,000 home buyers, currently around 24% of the purchase decisions are made with an intention to invest. This is a major relief to most of the big cities in India that were suffering from high inventory.

In most of the cities, there is a growing preference for 1 BHK and 2 BHK units. In Delhi-NCR, upcoming areas such as Dwarka Expressway (DXP) and Noida Expressway are becoming the new favorite for investors, who are pouring in, in big volume. DXP is still moderately priced at around INR 6,000-7,000/ sq. ft., given the fact that the infrastructure is still not completely developed. However, as litigation over a 150-meter patch has settled down, the expressway will finally be complete in the next 18-24 months. This will give a huge boost to infrastructure and commercial activities in the region. As a consequence, prices will move up sharply. In fact, ascending tendencies are already visible around DXP.

Investment- End Use Split (Q3 2018)



In IT-centric cities such as Pune and Bangalore, investment activities are again ramping up. Pune is witnessing a strong concentration of investors across its western and eastern peripheries. With the advent of the IT sector and other industries, peripheries are aggressively coming up the curve. Moderate property prices are further incentivizing investment. Bangalore is also demonstrating healthy investor activities in numerous upcoming locations in the northern, eastern and south-eastern parts of the city.

By the end of 2017, the Mumbai Metropolitan Region (MMR) had a huge inventory overhang of around 350,000 units. However in 2018, with end user and investment activities picking up, there has been a gradual reduction. Apart from 2 BHK, investors are also pivoting towards smaller 1 BHK and studio units. As prices of 2 BHK (and above) are exorbitant in prime locations of the city, many buyers are opting for smaller units in the peripheries. Of late, the city is also witnessing a lot of micro-homes especially in the western suburbs such as Andheri, Borivali and Dahisar. These matchbox-sized apartments (300-400 sq. ft.) come at a price of around INR 55-70 lacs and are hence seeing a lot of uptake.

Uptick in the economic activities, increased transparency across the transactional cycles and growth in new corridors are rendering a positive boost to investor sentiments in the country. Not to forget the fact that the developer fraternity is also coming up with numerous attractive and risk-adjusted schemes such as deferred payment (pay the booking amount and EMI post-possession), assured rentals, and construction-linked plans to further lure the investors.



**Ankit Kansal**  
Founder and MD, 360 Realtors

## Delhi-NCR Region

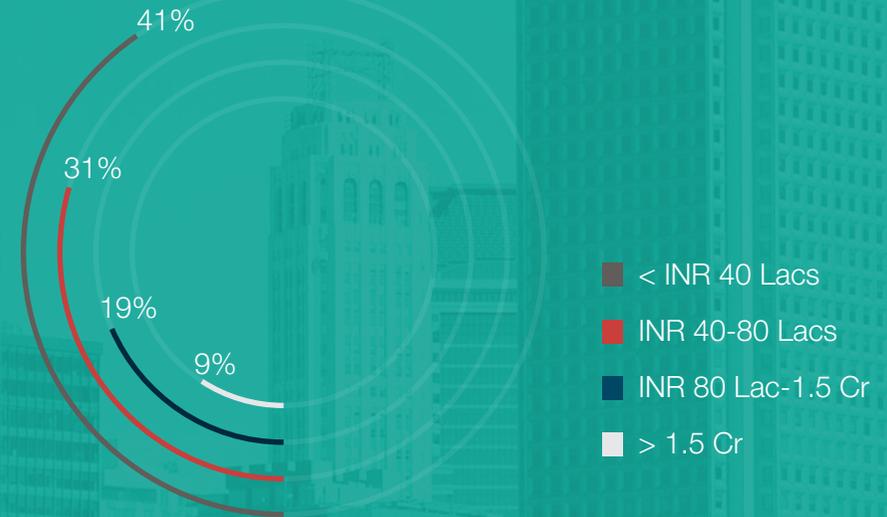
Dwarka Expressway Becoming the New Hot Favorite



Investment sentiment continues to improve gradually in Delhi-NCR (Gurugram, Noida, Delhi, etc). As per the consumer survey by 360 Realtors, slightly less than one-third of the investments into Delhi-NCR is directed towards smaller units which are priced at less than 40 lacs. Slightly more than 40% of the investors are putting their capital into properties in the range of INR 40 and 80 lacs, making it the most popular price bracket.

## Budget Wise Split of Investors - Delhi NCR (Q3 2018)

(Source: 360 Realtors' Survey)

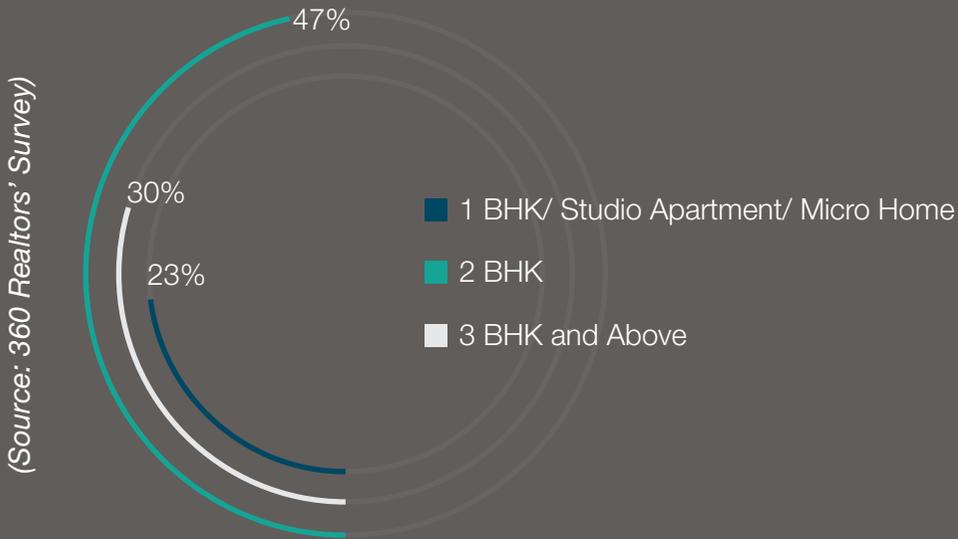


In terms of configurations, around half of the investments are directed towards 2 BHK units, making it the most preferred segment amongst the investor fraternity. The propensity towards 2 BHK could be explained on the basis of rising popularity for such units amongst young families. Also, 2 BHK units are emerging as an economical alternative to larger 3 BHK units.

Investor interest in Delhi-NCR is also backed by attractive schemes by developers. Major developers are coming up with attractive plans wherein one has to pay a booking amount upfront (roughly 25-30% of the ticket size) and then pay the EMI's post-possession. This makes investment very convenient as investors can park a small amount of capital and then wait for a while without any downside risk involved.

Dwarka Expressway in Gurugram is one of the major attractions for investors within the region. On 19th November, our Honorable Prime Minister Narendra Modi inaugurated the Dwarka Expressway (DXP). It is believed that in next 18-24 months, the expressway will be fully operational, thereby giving exponential propulsion to the demand in the region. Currently, prices at Dwarka Expressway are roughly going at INR 6,000-7,000/ sq. ft. However, the development of the expressway will also be associated with a huge amount of infrastructure development in the region, thereby leading to significant price growth. In the next 24 months, prices can reach up to INR 9,000/ sq. ft., which will pique a lot of investor interest in the market.

### Unit Wise Split of Investors - Delhi NCR (Q3 2018)



## Mumbai Metropolitan Region

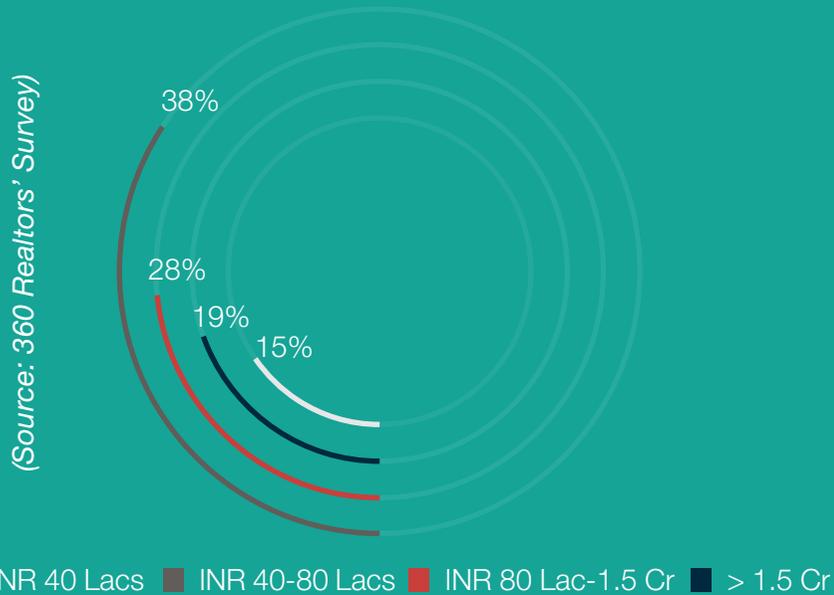
### Sentiments Reviving in the Biggest Real Estate Markets

By the end of 2017, MMR was suffering from a large inventory overhang. Studies by Knight and Frank have suggested that the total unsold inventory in the entire region was roughly to the tune of around 350,000. However, sometimes distresses in the market can be a precursor to new emerging trends. Due to high inventory overhang, property prices either remained stable or got corrected. This has eventually vitalized more investment activities in the market.

Developers are now also catering to the growing shift in investment pattern towards affordable ticket sizes that form a major portion of the existing demand dynamics. 360 Realtors' Consumer Sentiment Survey further illustrates this trend with inputs suggesting that 38% of investors are buying homes that lie within the 40-80 lacs bracket. These affordable projects are based in upcoming locations such as Navi Mumbai, Thane, Kalyan and Mira Road.



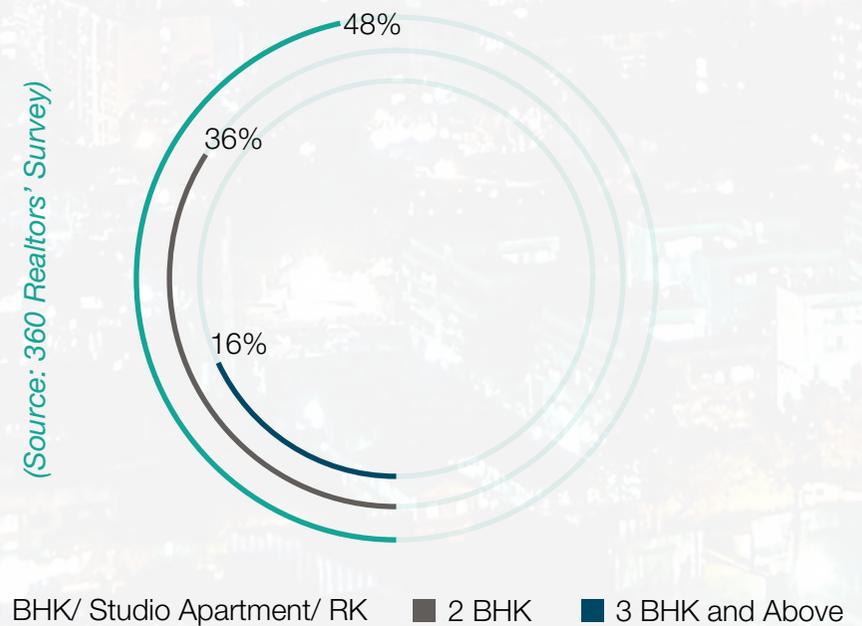
## Budget Wise Split of Investors - MMR (Q3 2018)



In terms of configurations, the two most popular configurations that are driving the market in MMR are 1 BHK and studio apartments, followed by 2 BHK homes. As affordability is still a challenge in Mumbai, many developers are coming up with smaller units that can fall within the budget of the average middle income buyer. For instance, if we look at the western suburbs, an average 2 BHK apartment will probably start at ~ 1.3 crore - a price proposition that is far from the idea of being affordable. On the contrary, a micro-home or a studio (roughly 350-450 sq. ft.) will come at a budget of around 55-70 lacs.

Interestingly, a small but sizable number of investors (15%) in MMR are also pouring their capital into projects that are priced less than 40 lacs. Although such a proposition is nearly impossible in Mumbai city, there are some upcoming areas such as Nerul, Kalyan, Ambernath and Badlapur, mostly located across the peripheries, where a ticket size of less than 40 lacs is possible.

## Unit Wise Split of Investors - MMR (Q3 2018)



# Bangalore

## Bangalore Real Estate Market Emerging as a Long-Distance Contender

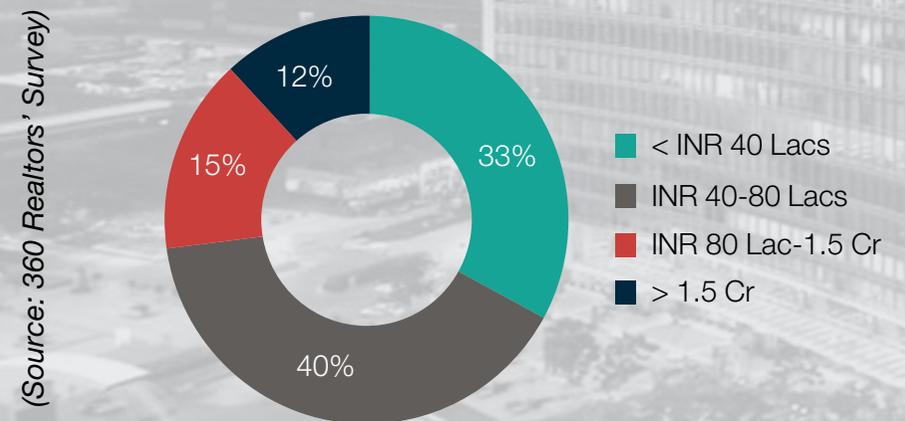


Bangalore is a city where the real estate market is largely influenced by working professionals drawn towards small yet attractive accommodations. The city, which is also touted as the Silicon Valley of India, consists of a large young working population, mostly employed in the IT/ ITeS sector. Interestingly, even during the time of demonetization, the overall sentiments in the Bangalore market did not taper off completely and the investor class continued to remain active in the market.

As per 360 Realtors' survey results, investors in the city are leaning towards parking their hard-earned money in purchasing homes that are easy on the budget, yet big on amenities. Interestingly, the city has plenty of large-scale projects with a battery of top-notch facilities and amenities. The city is also witnessing the arrival of townships in upcoming locations in the northern, eastern and south-eastern regions of the city.

As per the survey results, around 40 percent of customers are leaning towards the 40-80 lacs segment. This is closely followed by the less than 40 lacs segment. The administration's efforts to ensure compliance with regulatory and environment standards have also resonated well with prospective buyers. For instance, the government's decision to make rainwater harvesting and effective waste management processes mandatory are also pushing demand.

Budget Wise split of investors - Bangalore (Q3 2018)

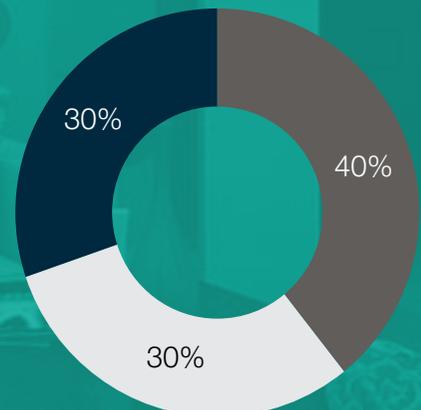


In terms of size, the core category that has emerged to be extremely popular amongst the widespread investor base is the 1BHK/ studio homes segment. The growth in this category is propelled by the high prospective returns. Added to that is the fact that these properties also offer a lower burden in terms of maintenance expenditure. Many such properties also feature swanky configuration options which are making them a hit amongst both single individuals as well as young working couples.



### Unit Wise Split of Investors - Bangalore (Q3 2018)

(Source: 360 Realtors' Survey)



- 1 BHK/ Studio Apartment/ RK
- 2 BHK
- 3 BHK and Above

Going forward, apart from end users, the Indian Silicon Valley will continue to draw investor interest. In the northern parts of the city, locations such as Devanahalli, Yelahanka and Hebbal will reinvigorate a lot of demand. In the eastern parts of the city, prominent IT-centric locations such as Hoskote, Whitefield, and Budigere will feature on the investor radar. However, as many such markets have started to saturate, as a spillover effect, numerous IT companies are now shifting towards the south east of the city in locations such as Sarjapura Road. Consequently, investment activities are also picking up fast around the IT corridors of the south east.

## Pune

### A Goldmine for Investors

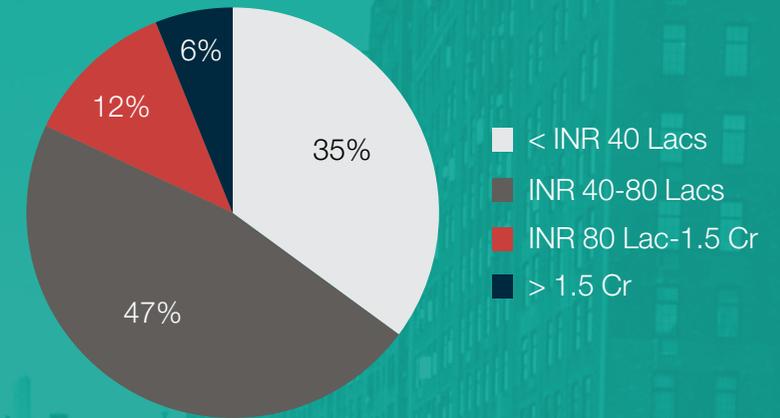
Pune has come a long way to become one of the most preferred investment destinations in the country. Once known to be a distant cousin of Mumbai, the city has now carved its own niche on the back of prolific IT/ITeS, automobile and education industries.

Investment activities took a beating during the implementation of demonetization and GST. However, real estate markets in Pune have once again jacked up. Like its cousin Mumbai, Pune is growing vigorously across its peripheral areas due to robust growth in manufacturing and service sectors.



### Budget Wise split of investors - Pune (Q3 2018)

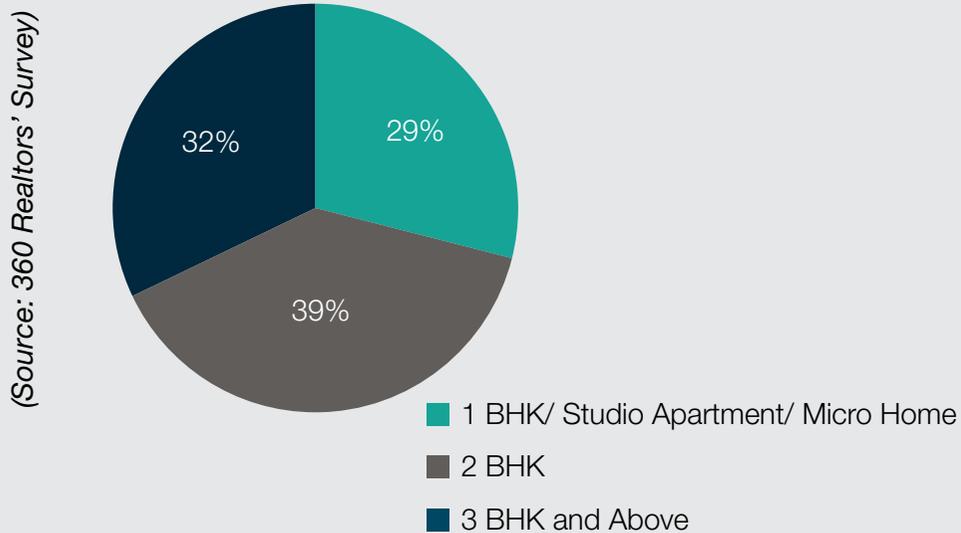
(Source: 360 Realtors' Survey)



On the western peripheries of the city, Pimpri Chinchwad and other adjoining areas are emerging as the new investment hubs. Locations such as Pimpri Chinchwad, Wakad, Baner, Hinjewadi which were unheard of until some time ago are now the new favorites of both investor and end user fraternity. Due to large IT and automobile catchments, these place are witnessing huge end user concentration, which in turn is feeding into investment activities. The western peripheries of Pune are also connected to Mumbai via the Mumbai-Pune Expressway. As a result, in recent times, investment inflow from Mumbai has also ramped up. Given the fact that property prices in Mumbai have risen to large levels, Pune offers an economical alternative to investors looking out for prudent choices.

Likewise in the eastern parts of the city, numerous upcoming locations such as Kharadi, Wagholi and Undri are also rising up on the investor radar due to burgeoning IT parks in the areas. In terms of budget-wise preferences, the 40-80 lacs bracket continues to be the favorite as around half of the investors have shown their willingness to invest in such properties. There is ample demand in Pune for small ticket size investments as well.

### Unit Wise Split of Investors - Pune (Q3 2018)



In terms of configuration-wise preferences, around 40% of the investors are parking their capital in 2 BHK units. Interestingly, there is significant interest in 3 BHK units as well, which puts Pune in stark contrast with other metros in India where the demand for 3 BHK is relatively low. The ticket size of 3 BHK in Pune is also low when compared to other cities, which further explains the rise in investor interest.





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A black and white photograph of a modern building's facade, viewed from a low angle looking up. The building has a grid-like pattern of windows and balconies. The sky is bright and overcast. The text '360 REALTORS' is overlaid on the image in a large, bold, sans-serif font. The '360' is white with a dark grey shadow, while 'REALTORS' is dark grey with a white shadow.

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