

QUARTERLY REPORT

Q1 **FY 20**

Indian Real Estate
Gaining Steam

FOREWORD

Indian Real Estate is standing at an interesting cusp, as the market is showing strong signs of recovery. Market forces are once again gaining momentum on the back of increased transparency, sustained infrastructure investments & incremental rise in liquidity. This has been further evidenced by notable growth in transaction volumes in major Indian cities.

Markets such as Pune have witnessed a notable growth to the tune of around 40% on a Q/Q basis, which shows how the industry is going from strength to strength & becoming more dynamic. Notable growth has been witnessed in other key markets such as Bangalore & Hyderabad that have shown a surge in transaction volume. Other key markets such as Delhi NCR & Mumbai Metropolitan Region continue to show resilience despite large piles of unsold inventories.

Major markets across India are mostly end-user driven as many potential investors are still wary of Real Estate as a sector. However, in certain pockets, the concentrations of investors are gradually rising. Currently, markets such as Pune still have healthy investor participation, standing at near around 20% of the total transactions. This indicates Real Estate still holds tremendous potential as an investment tool.

Interestingly, prices are still low in major markets & it will take some time to surpass the earlier historical highs. Hence, the times are salubrious to make the move. A prudent choice based on a range of major factors such as market potential, inherent dynamism, developer's credibility, etc. can ensure smarter returns.

The Real Estate in India is also getting a thrust due to the present government which holds the credit for introducing some remarkable changes in the industry in the form of RERA, GST & REIT, etc. In the

recent Budget as well, the government has reiterated its commitment towards infrastructure, affordable homes & liquidity in the market, which is going to strengthen the fundamentals of the industry in the longer run. The government has announced to pour in over 100 lakhs crores into the Indian infrastructure to develop roadways, ring roads, railway networks, metro railways, etc. Such a

monumental push will also drive more housing demand in the times ahead. It will also go a long way towards bridging the urban-rural divide, encourage new urban corridors & spur further urbanization.



Ankit Kansal
Founder & MD, 360 Realtors

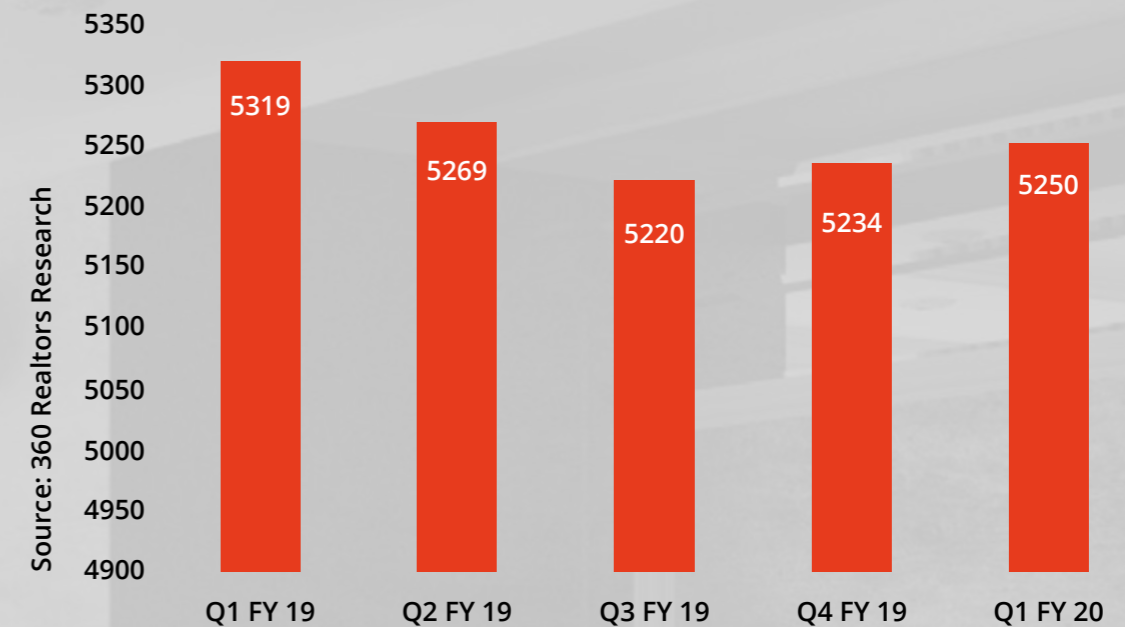
PUNE REAL ESTATE MARKET

Key Markets: Hinjewadi, Wakad, Viman Nagar, Wagholi

The Pune Real Estate industry continues to thrive in Q1 FY 20 on the back of notable growth in transaction volumes. Property transactions have grown by 40% on a Q/Q basis reaching slightly less than 16,000 units. The prevailing positivity in the Pune market is also rooted in its inherent resilience. It is noteworthy that Pune mostly remained unperturbed even in recent years when numerous major metros suffered a decline in sentiments.



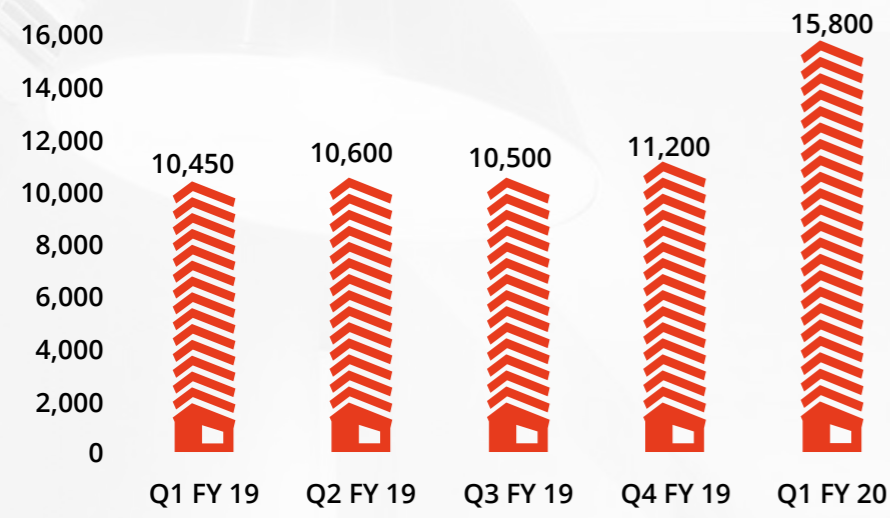
Average Property Prices in Pune (INR/ Sq. Ft)



Pune's upbeat Real Estate is backed by relatively affordable property prices, thriving IT & automobile industry, developed social amenities (retail, education & healthcare facilities) & quality physical infrastructure (roadways, water supply, etc.).

The city has also topped the Ease of Living List amongst 111 other Indian cities in 2018. The exhaustive rankings procedure which has been conceived by the Ministry of Housing & Urban Affairs, ranks cities across crucial parameters such as employment opportunities, social infrastructure, physical infrastructure, etc.

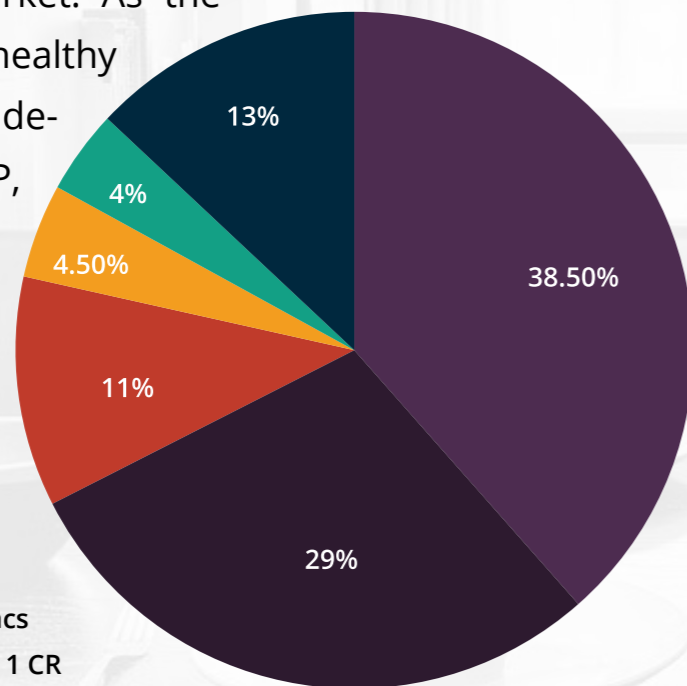
Quarterly Intake Trends in Pune



Source: 360 Realtors Research

The property market in Pune is also drawing strength from near stable house prices. Average property prices have inched up by 0.3% Q/Q, reaching INR 5250/ sq. ft.

As prices are attractive, buyers are pivoting in big numbers to the market. As the market is marked by healthy sentiments, major developers such as VTP, Godrej, Rohan, etc. are coming up with new launches, primarily in the western parts of the city.



- 20-40 Lacs
- 40-60 Lacs
- 60-80 Lacs
- 80 Lacs- 1 CR
- 1-1.5 CR
- Others

Budget wise Market split (Q1 FY 2020)

Source: 360 Realtors Research



A sizable part of the market is run by affordable properties ranged from 20-40 lacs, which is followed by the 40-60 lacs segment.

There is relatively less demand for higher priced projects (> 1 crore & above) as a majority of the buyers primarily come from middle-income groups & are mostly employed in the IT/ITeS & manufacturing sector.

As the property prices are attractive, investment into Real Estate is also gradually moving up the curve. In comparison to other cities, Pune has a healthy end user to investor ratio, as the latter comprises roughly a fifth of the market.

Bangalore Real Estate Market

Key Markets: Kanakapura Road, Whitefield, Devanahalli, Electronic City & Bellary Road

Bangalore has always been considered a very versatile Real Estate market, where sentiments self-adjust to the changing market dynamics. After a slowdown in recent times, the industry is recovering in the Silicon Valley of India.

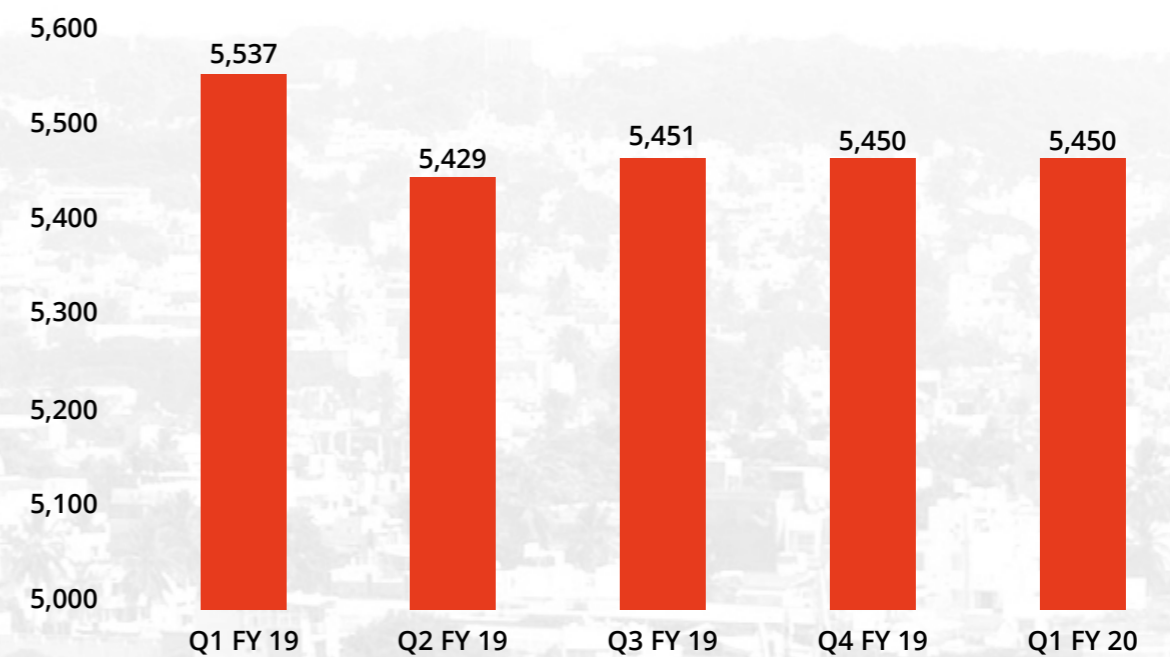
On the back of heightened demand, property uptake has moved up by 9% Q/Q, more than 5 percentage points when compared to the previous quarter. Average property prices are stable & pegged at INR 5,450/ Sq. Ft. Like other IT-centric cities, the spurt in demand in Bangalore is rooted in growth in the IT sector & the availability of plenty of budget-priced homes.

In the southern & eastern parts of the city, the IT/ ITeS industry is feeding demand into popular micro-markets such as Whitefield, Bellary Road, Kanakapura Road, & Electronic City. As the demand is picking up, new launches from popular developers such as Ozone, Godrej, Embassy, Prestige, Sobha, Purvankara, etc. are coming up in the market.

In Electronic City, the average quarterly property uptake is hovering north of 600, gaining by more than 70% over the past six months. On the back of the rise in demand, average property prices are also rising steeply in Electron-

ic city & other areas in the vicinity, despite aggregate growth in the city showcasing a stable trend. Average property price in Electronic city has reached INR 4,700 /sq. ft growing by around 7.3% over the past 6 months.

Average Property Prices in Bangalore (INR/ Sq. Ft.)

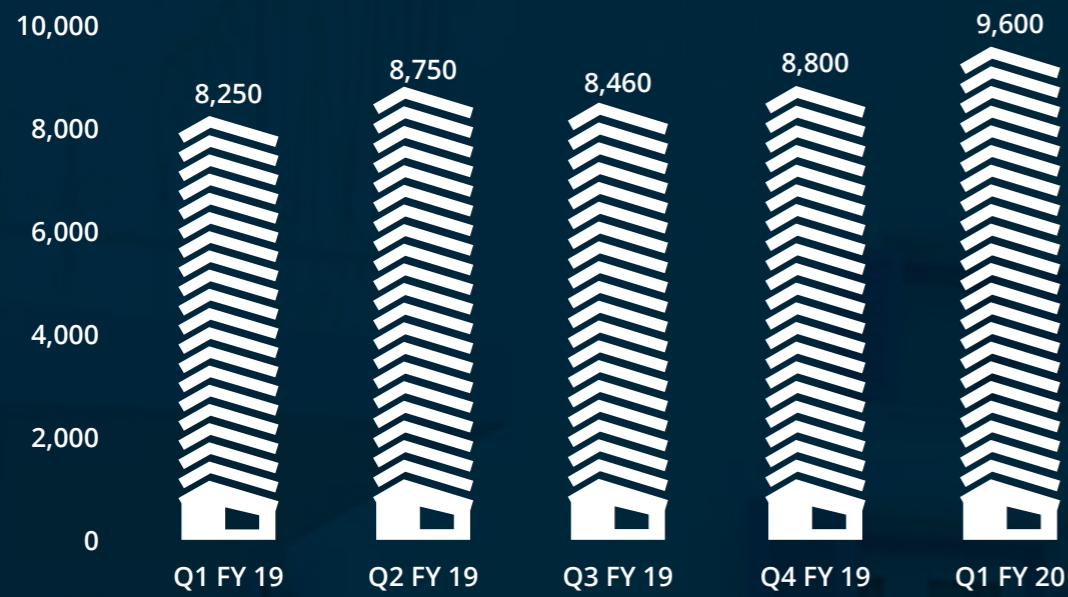


Source: 360 Realtors Research

In the northern parts of the city, self-sustainable IT hubs such as Devanahalli, Hebbal & Yeshwantpura are also moving up the curve on the back of a surge in demand. Proximity to the airport has catalyzed a host of commercial & residential activities in the northern parts of the city. Apart from industries & manufacturing units, the northern parts of the city are

witnessing an influx of IT/ ITeS companies in recent times. Once a fringe market, this region of the city now features actively on the Real Estate map of Bangalore. Following the commencement of airport & commercial activities, the area is also seeing a host of new malls, hospitals, schools & high street retail, which is further fueling demand.

Quarterly Intake in Bangalore

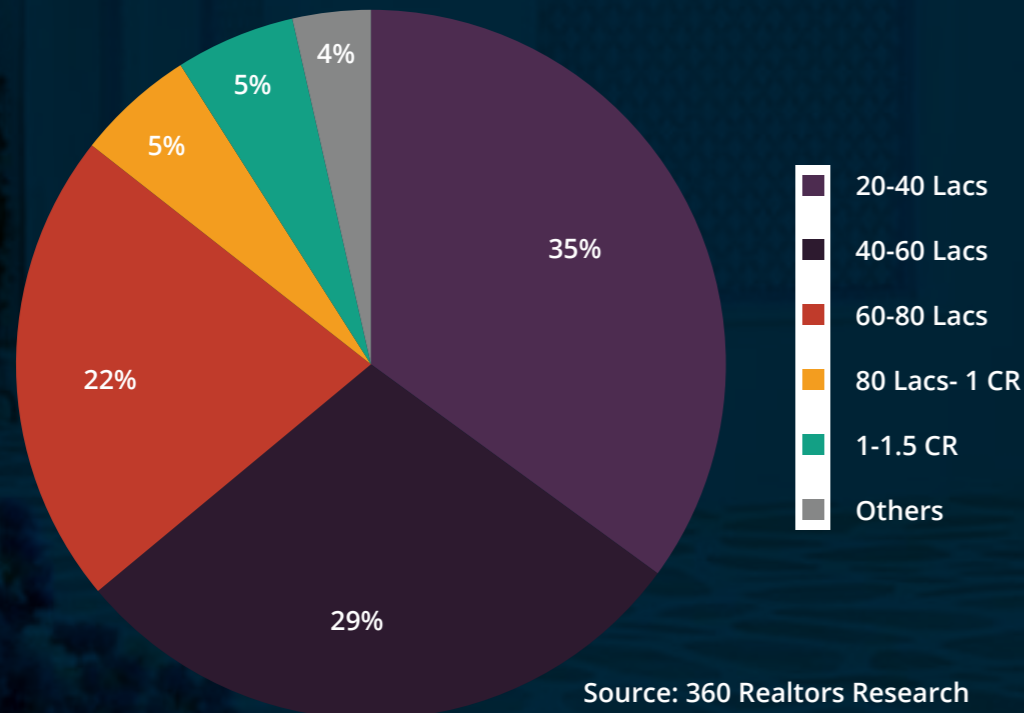


Source: 360 Realtors Research

More than one-third of the transactions are happening in the budget segment of INR 20-40 lacs space. Around one-third of the transactions are falling in the INR 40-60 lacs bracket.

There is also sizable demand in the INR 60 lacs- 1 crore segment, as around 27% of the demand is emanating from the given segment.

Budget wise split (Q1 FY 20)



Source: 360 Realtors Research

Mumbai Metropolitan Region

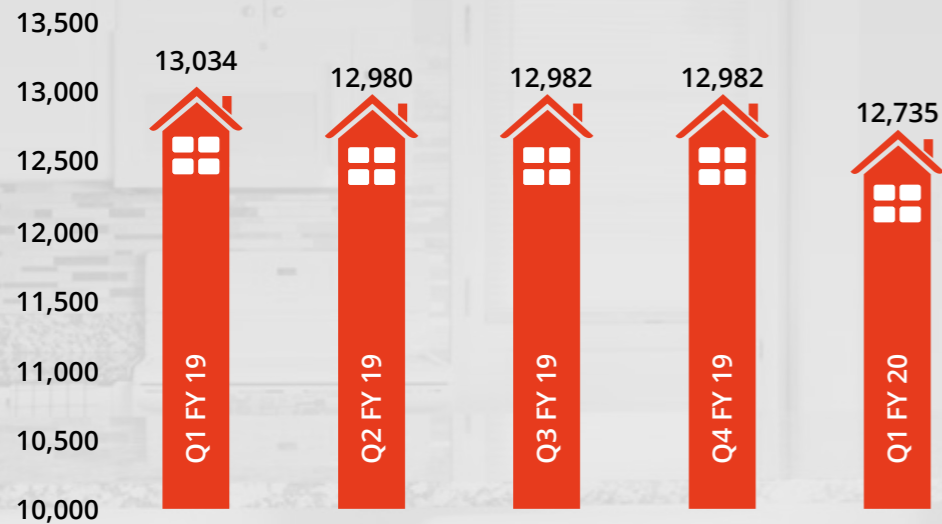
Key Markets: Andheri, Mulund, Thane, Powai

Currently, Mumbai along with its extensions (Thane & Navi Mumbai) are primarily an end-user driven market with limited involvement of the investor fraternity. Around 90% of the market is run by the end-users, who are mostly vying for budget property in the range of INR 75 lacs- 1.5 crores.

Looking at the current trend, developers are also focusing more on the affordable segment. Recent times have seen a host of new launches from Piramal, Chandak, Paradigm, etc. in the affordable segment.



Average Property Prices in MMR (INR/ Sq. Ft.)



Source: 360 Realtors Research

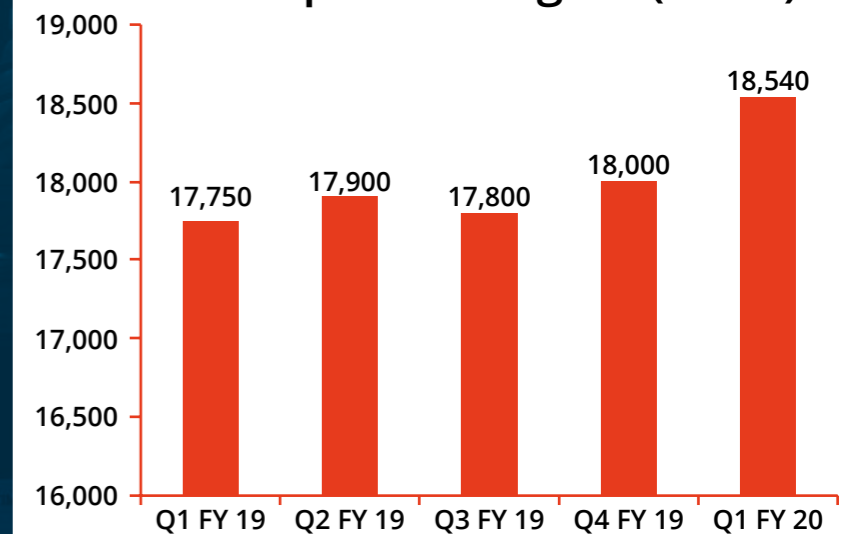
As the market is driven by end-users with more focus on affordable projects, prices have moved downward in the MMR. Average prices are pegged at INR 12,735/ sq. ft in Q1 FY 20, easing out by 1.9% Q/Q. The downward trend in prices is

also due to major developers cutting down on rates to knock off the existing inventory. The Mumbai region currently has an inventory of around 250,000 & hence developers are coming up with attractive offers to reduce the pile.

As prices are correcting, transaction volumes are rising in MMR with major traction visible in Central & Western suburbs. In Q1 FY 20, overall transactions stood at 18,540 rising by around 3% on a Q/Q basis. As buyers are now gradually pivoting from high-end properties to more affordable one, emerging micro-markets such as Andheri, Powai, Oshiwara, Mulund, Powai, etc. are featuring prominently on the radar.



Quarterly Intake in Mumbai Metropolitan Region (MMR)



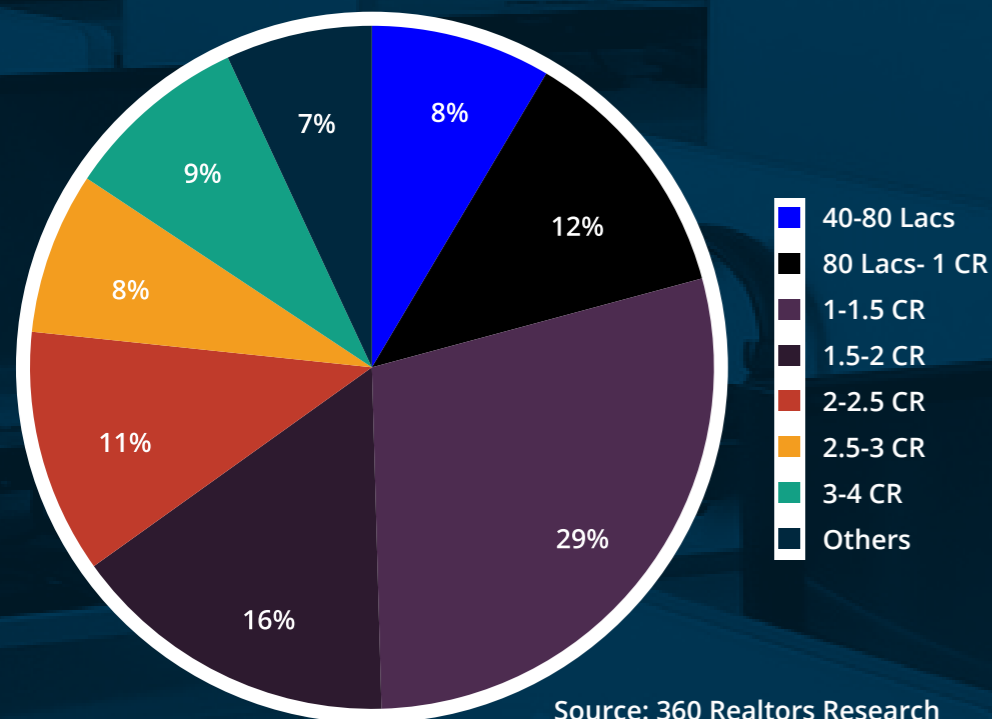
Source: 360 Realtors Research

Hyderabad Market

Key Markets: Banjara Hills, Gachibowli, Narsingi, Kompally, Kondapur

The central & western suburbs in recent times have also seen a rise in commercial activities, which is further giving the buying boost to the market. Proximity to major IT & industrial parks along with growth in retail activities & enhancement in the social infrastructure (schools, hospitals, etc.) will continue to feed into demand for quality residential units.

Budget wise split (Q1 FY 20)



As discussed earlier a majority of the tractions are taking place in the INR 80 lacs- 1.5 crore segment, as it constitutes more than 40% of the market tractions. There are also visible activities seen in other segments such as 1.5 – 2 crores & 2-2.5 crores as collectively these segments constitute around 27% of the overall market activities.

The residential market in Hyderabad continues to grow steadily on the back of heightened demand, growth in the commercial sector & affordable price range. A surge in average property prices & rise in transaction volume further testifies to the inherent buoyancy in the market.

Hyderabad has also benefited by a spurt in FDI money. Hyderabad, alongside Bangalore, is one of the biggest beneficiaries of FDI inflow in India. It has featured in the list of top 20 FDI destinations of the world in terms of the investment in the ICT sector. Over 20 international IT & electronics companies have invested in Hyderabad in 2018.

As the city has consolidated its stronghold on the global landscape, international investors will bet on the market, lured by affordable prices, attractive returns & the overall cosmopolitan outlook of the city. This will accelerate the realty market. Hyderabad is also witnessing phenomenal growth in terms of its retail, education & healthcare sectors, thereby offering higher standards of living to the residents.

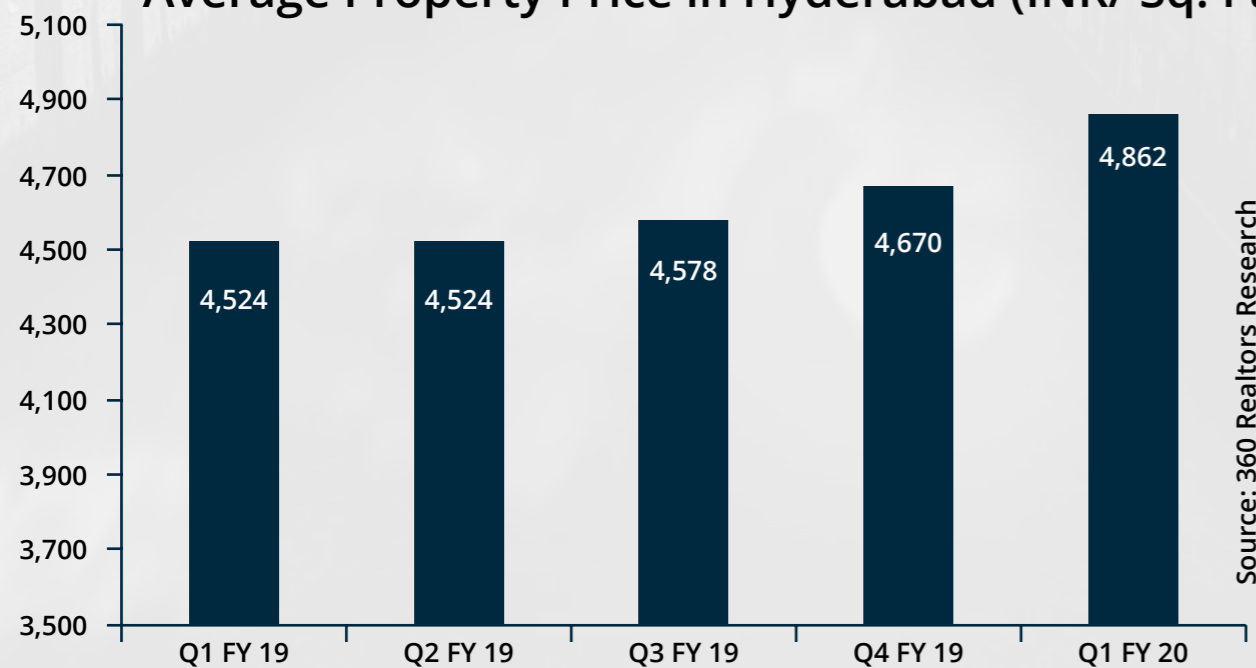
Interestingly, apart from a robust end-user engagement, Hyderabad is also witnessing buoyant investor activity. Investors from other parts of the country such as Mumbai, Chennai & Bangalore are investing in the upcoming corridors of the city to benefit from a potential hike in prices in the near future. Nearly 18% of



the market is run by investors, while the rest is dominated by end-users. In addition to well-developed localities such as Banjara Hills, other emerging

micro-markets across theHITEC City & Gachibowli corridor are demonstrating a steep rise in transaction volume. Transaction volume in Gachibowli has reached around 1100, growing by 13% Q/Q. In the nearbyHITEC City, transactions have reached 1075, moving up by around 6% on a quarterly basis. Other markets such as Narsingi, Kompally & Kondapur, etc. are moving up the curve with a rise of 6%, 4% & 15.5% respectively.

Average Property Price in Hyderabad (INR/ Sq. Ft)

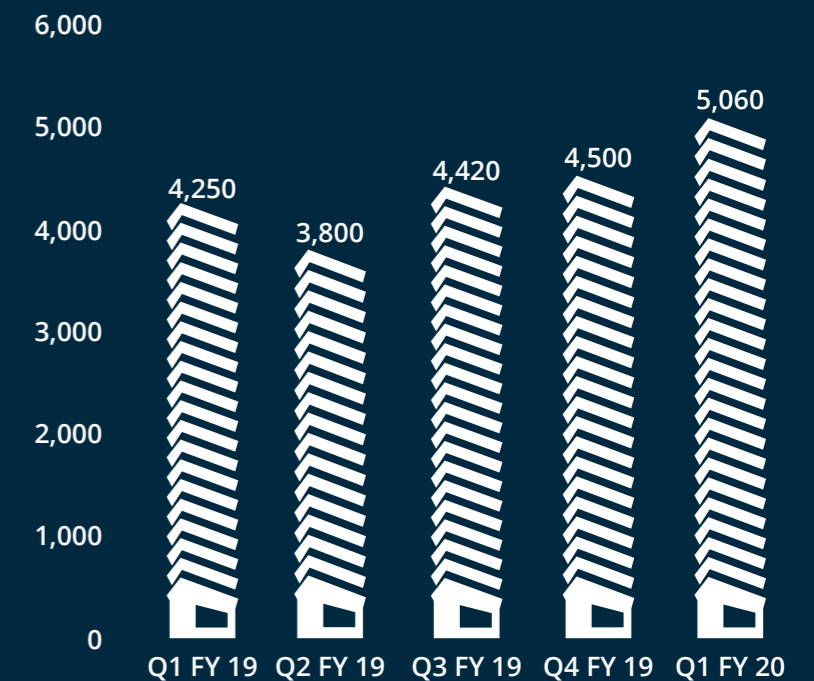


Currently, property prices in Hyderabad are roughly to the tune of INR 4,862/ sq. ft. moving by around 4.1% Q/Q. It is one of the highest when compared to other major Real Estate markets.



Upbeat sentiments in the market are further demonstrated in the steady rise in the transaction volume. The city has showed a quarterly transaction of 5,060 units, growing by 12.5% Q/Q. The rate of acceleration in the intake is much larger compared to a quarter before when the growth was around ~ 2%.

Quarterly Intake in Hyderabad



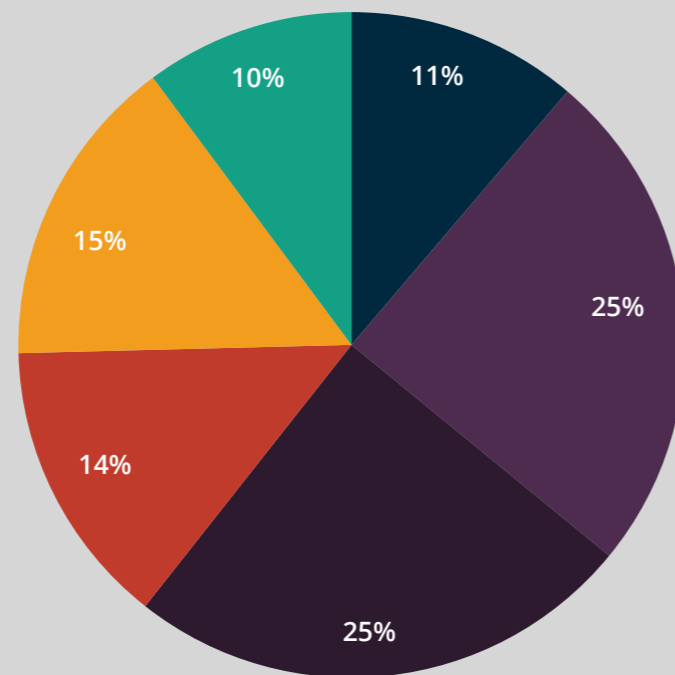
Source: 360 Realtors Research

In terms of the budget-wise split, around a quarter of the market is run by the budget segment (INR 20-40 lacs). An equal percentage of the market is run by the INR 40- 60 lacs segment. In Hyderabad, there is also interest in the higher segments such as 80 lacs- 1 crores (14%) & 1- 1.5 crores (15%).

Delhi-NCR Real Estate

Key Markets: Golf Course Extension, Dwarka Expressway, Central Noida, Noida Expressway

Budget wise split in Q1 FY 20



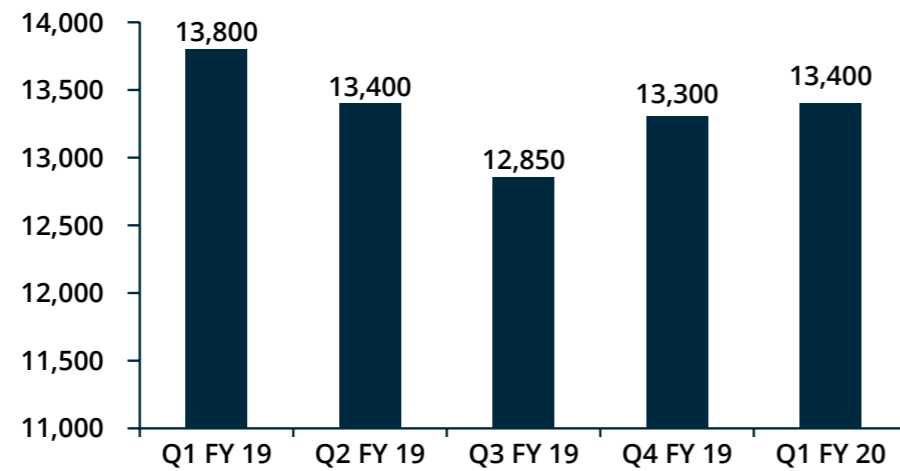
- 20-40 Lacs
- 40-60 Lacs
- 60-80 Lacs
- 80 Lacs- 1 CR
- 1-1.5 CR
- Others

Source: 360 Realtors Research



Delhi-NCR continues to reel under the pressure of higher unsold inventory. Transaction volumes have picked up in certain pockets of Gurugram (Golf Course Extension, Dwarka Expressway) & Noida (Central Noida, Noida Expressway). Overall in Delhi-NCR, the transaction volume has inched up by around ~ 1% to 13,400. On a Y/Y basis, transactions have eased out by 2.9%.

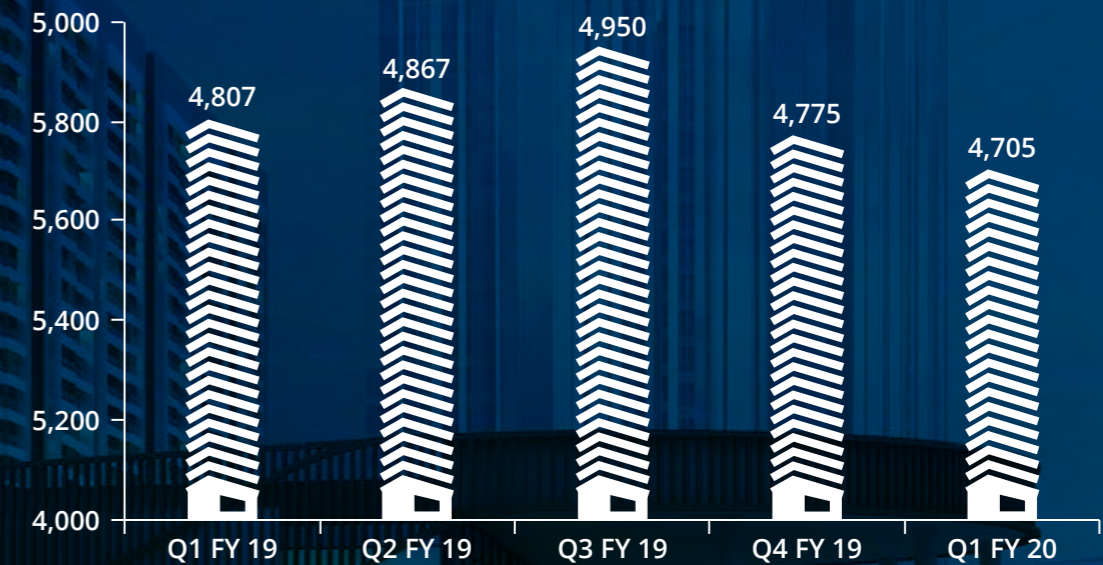
Average Property Prices in Delhi- NCR (INR/ Sq. Ft)



Source: 360 Realtors Research

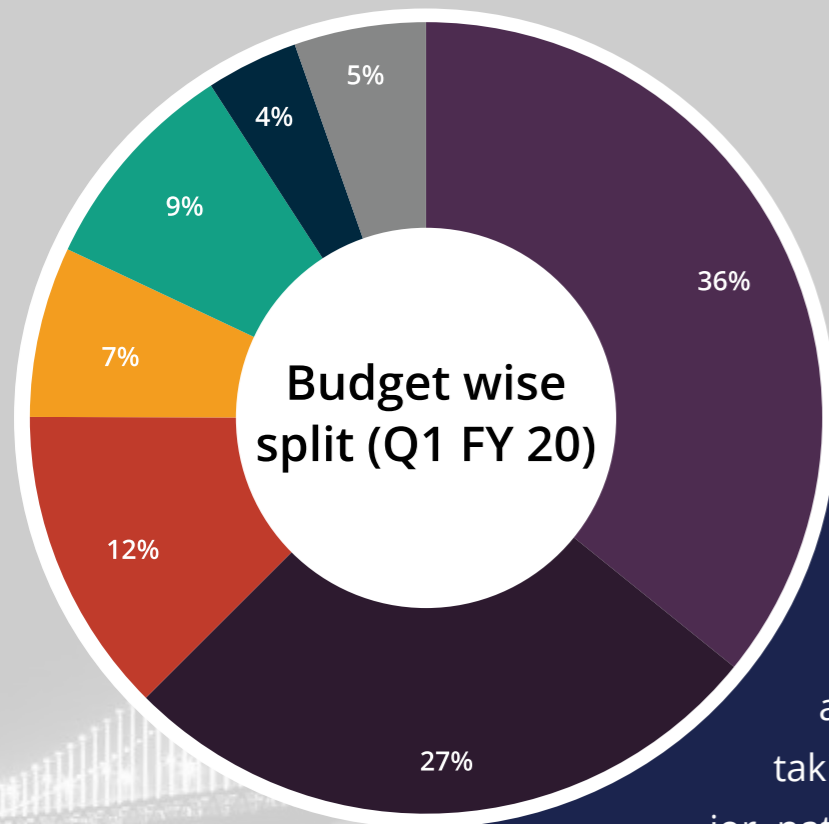
Average property prices are around INR 4705/ Sq. Ft. correcting by ~ 1.5% on a Q/Q basis. On an annual basis, prices have dipped by around 2.1%. The spiraling down of the average property prices can also be explained on the basis of attractive discounts & payment plans offered by Delhi-NCR-based developers to spur their inventory turn-around.

Quarterly Intake in Delhi- NCR



Source: 360 Realtors Research

Like other cities, there is a growing propensity towards more affordable units. Around 36% of the demand falls under the INR 20-40 lacs ticket size. This is followed by the INR 40-60 lacs bracket, which is attracting around 27% of the demand. There is also ample demand in the INR 60 lac- 1 crore segment, which constitutes slightly less than one-fifth of the market.



- 20-40 Lacs
- 40-60 Lacs
- 60-80 Lacs
- 80 Lacs- 1 CR
- 1-1.5 CR
- 1.5-2 CR
- Others

Source: 360 Realtors Research

Budget wise split (Q1 FY 20)

In terms of individual micro-markets, in Gurugram, Dwarka Expressway continues to be a favorite, as host of new launches are taking place in the region. Major national level developers such as Sobha, Adani, M3M, Raheja, Vatika are coming up with new launches in the region. As the litigation has been cleared across the expressway, the overall road will come to fruition in a short span of time, thereby piquing interest from buyers from both- Delhi as well Gurugram. In Sector 88, work is going on DLF Cyberhub Phase 2, which will catalyze a host of commercial activities, thereby further boosting the demand for residential units in the vicinity.

As the international airport is located in the region, commercial activities will further get a thrust, which in turn will generate more residential demand. Average property prices are still low. However, the market has tremendous potential for appreciation, which will continue to entice homebuyers.

Other prominent markets such as Golf Course Road & Golf Course Extension is also showing an upswing in demand. Nevertheless, a relatively high ticket size is acting as a deterrent for buyers.

In Sohna Road, sentiments are moderating, as new launches are drying up. However, Sohna has been designated as a National Highway & work has commenced to transform it into an elevated road. This will surely give a shot in the arm to the Real Estate activities.

In Noida, demand is gaining steam around Noida Extension & Greater Noida. Noida is also witnessing a massive consolidation, as smaller developers are evaporating from the market, thereby giving way to more organization & structure in execution.

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