



The Indian Expatriate Community

Continues to Play Out Loud in Indian Real Estate



A Research Report by 360 Realtors



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Foreword

The overall sentiments are moderate in Indian Real Estate, as the market is mostly run by end-users with limited manoeuvring space for investors. Prices are stable in major markets of the country, apart from a few IT-driven markets like Hyderabad & Bangalore, where appreciation has been observed.



Most of the markets are also reeling under the pressure of high unsold inventories, which is prompting developers to give numerous discounts, price cuts & freebies to move their units.

However, despite a moderate sentiment in the market, there are numerous visible silver linings. Indian Real Estate is going through an interesting phase of market-consolidation & transparency, spearheaded by a host of policy reforms such as RERA, Demonetization & GST, etc.

Ankit Kansal

Founder & MD, 360 Realtors

There has been a notable surge in institutional money inflow in the market stemming from upbeat & healthy underlying fundamentals. A large population, expansive middle class & rapid urbanization will continue to drive the market in a positive direction.

The recent few years have also seen another positive sign in the market, with a growing influence of the NRI buyers. Once a fringe factor, NRI investments into India has grown by double digits in recent years.

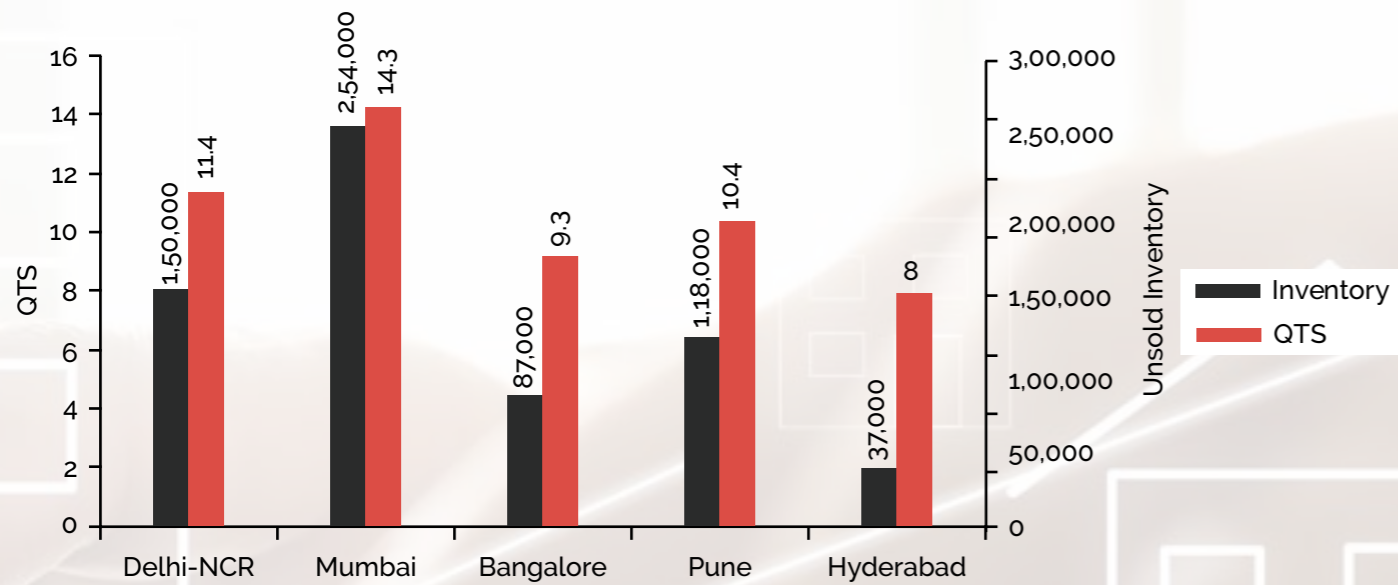
In FY 20, as per the research by 360 Realtors, it has been estimated that around USD 12.5 billion of NRI capital has entered into the Indian housing market. Likewise, in FY 21, our estimates have shown that around USD 13.1 billion will enter into the market, growing by 5%.

Indians, wherever they go, are known to be connected to their roots. Hence, it is natural that expatriates prefer to have at least one property in their country of origin. Likewise, there are many expatriates who have plans to come back after retirement. Besides an emotional connection, there are numerous factors that are driving NRI investment into the Indian housing market.

A rising atmosphere of global economic uncertainties is further fuelling the NRI interest towards India. On the back of the trade war between China & the USA coupled with a down-trend in oil prices, geopolitical tensions & moderate economic growth in most of the major world economies, the Indian expatriates are looking out for safe havens.

Weaker currency in conjunction with discounted property prices in India is further fuelling the flurry as NRIs can secure attractive deals. Going forward, the Indian expatriate community will continue to be one of the key growth drivers in Indian housing markets.

Indian Real Estate Market Outlook



Source: 360 Realtors Research

The market outlook for this year looks promising backed by huge underlying aggregate demand, growth in the middle-class population & relentless investments into infrastructure development.

Although markets are marked by high unsold inventories, transaction volumes are also picking up. In big markets like Mumbai Metropolitan Region (MMR), the current inventory is more than 250,000 units.

At the current level of the transaction, it will take around 14.3 quarters for the inventories to completely get sold off.

In Delhi-NCR, the inventory is around 150,000 units & at the current rate, it will take around 11.4 quarters for the complete turn-

around. The flow is smoother in other markets like Bangalore & Hyderabad, where robust IT/ITeS industries are resulting in renewed optimism. Quarter to Sales (QTS) is relatively smaller in such markets – Bangalore (9.3 Quarters) & Hyderabad (8 Quarters).

Major developers around the country are focusing on the completion of the existing inventory & selling them off. They are coming up with discounts alongside freebies such as free clubhouse membership, free modular kitchens, international trips, cars etc.

Interestingly, new launches are also picking up in major markets, Although they are yet to touch the peak seen during the 2010-11 period.

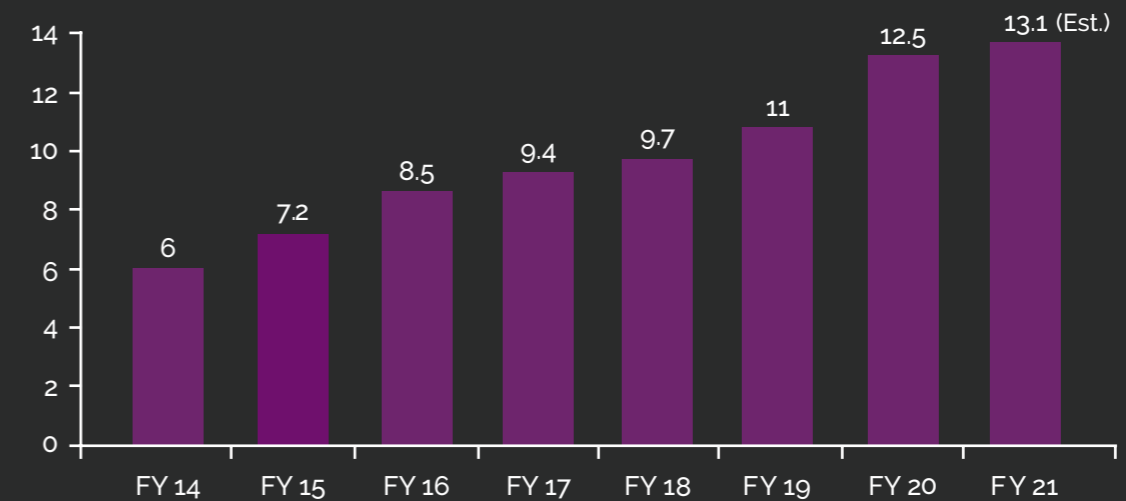
The new launches are mostly coming up in proximity to the existing employment catchments, IT parks & SEZs to feed into the growing demand near such places. There is

also a rising focus on the affordable & mid-income segments, as these are where the market forces are primarily unravelling.

NRI Investment in 2020

In the past few years, NRIs are emerging as a pivotal force in the Indian Real Estate industry. There has been a gradual rise in the NRI investments in the Indian housing markets. The government has simplified property purchase by NRIs, as expats can buy any property type other than agriculture lands.

NRI Investments in USD Billion



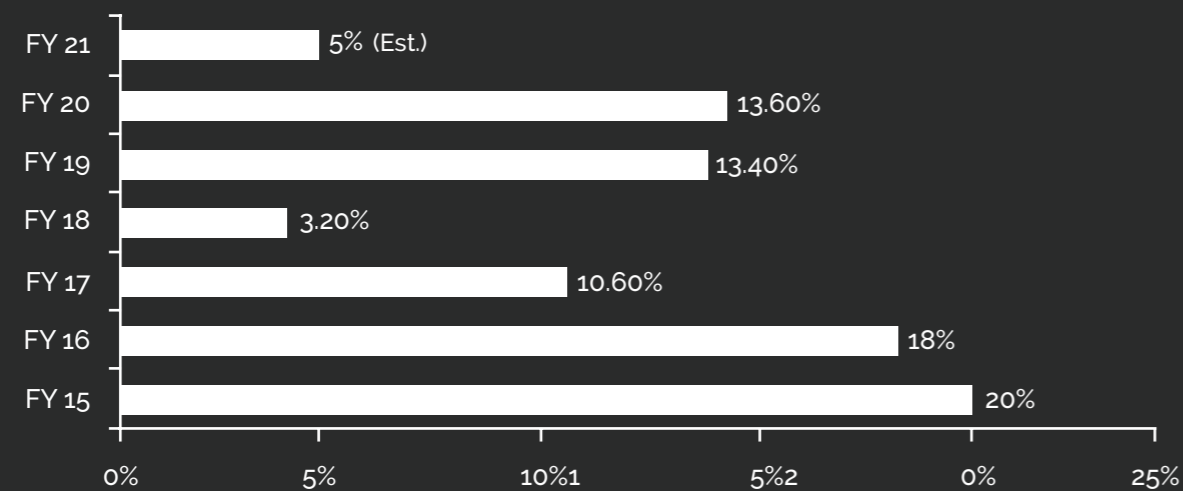
Source: 360 Realtors Research

The recent implementation of RERA has also pushed ahead NRI investments into the Indian property market. Policy overhauls such as RERA has brought an unprecedented degree of transparency in Indian Real Estate, thereby giving a major boost to the confidence levels of the NRI community.

As per the research by 360 Realtors, the NRI investments into the Indian housing market are estimated to be around USD 13.1 billion in FY 21, growing by around 5%. In the past 7 years, NRI investments into Indian Real Estate have come a long way. It has grown by a CAGR of a little less than 11%.

The general trends in FY 21 will be a continuation of the previous year's trend, with the GCC region accounting for around 42% of the total investment inflow. This is up from the previous year when the GCC accounted for around 40% of the total investments.

Annual Growth in NRI Investment



Source: 360 Realtors Research

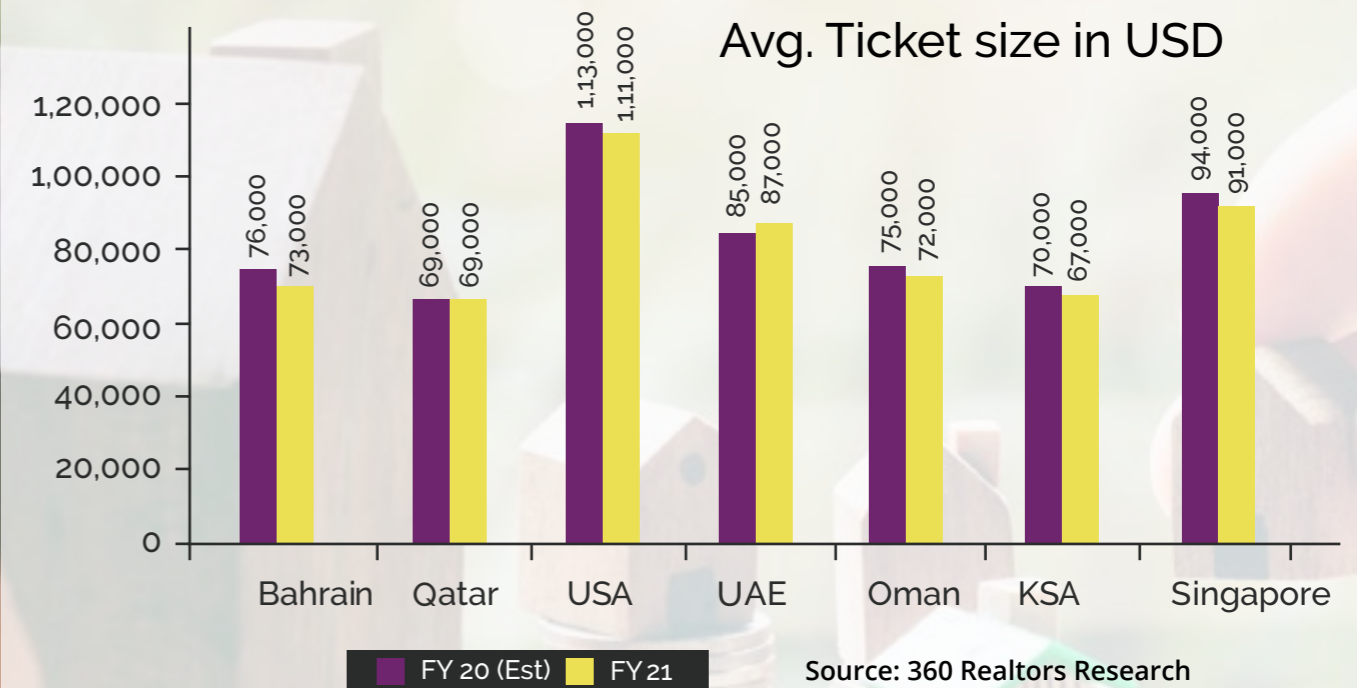


Other major source markets will include the USA, Canada Singapore, Malaysia & UK. The flight towards affordability is visible in the NRI spaces as well as they are looking out for more affordable options in terms of ticket sizes of property.

In most of the major source markets such as the USA, KSA & Singapore, the estimated average ticket sizes of properties have dipped in FY 21 on a Y/Y basis.

In markets like Qatar, which is slowly yet gradually deepening its foothold as a major NRI source market, the average ticket size has remained stable. In the UAE, which is another prominent market, the average ticket sizes have inched up to USD 87,000.

In the foreseeable future, the expatriate community will continue to be a prominent force in primary Indian Real Estate. Notable growth in transparency & organization in the Indian housing industry will continue to draw NRI attention in big volumes.



Source: 360 Realtors Research

NRIs will also pivot to the market to avail the current discounted prices. Average property prices in major Indian markets are lower when compared to their previous peak period.

Likewise, a weakened value of the rupee will also further help the NRI buyers to leverage discounted prices in Indian properties.

It is believed that the market induced discounts integrated with correction in rupee value can on average render cuts to the tune of around 20-25% on a property.

Such attractive discounts will be a natural pull factor to drive NRI investments.

International Events By 360Realtors

360 Realtors as the Dominant Player in the NRI Transaction Space

Over the years, 360 Realtors has consolidated its position as a dominant player in the NRI transaction space. Currently, it accounts for more than one-fifth of the annual transaction emanating in the NRI markets. 360 Realtors also holds the unique proposition of holding 9+ international offices across the globe. It is also the first organized Real Estate Advisory from India to enter the US market.

Since its inception, its growth strategy revolved around tapping into potential NRI locations besides deepening the foothold in the domestic markets. It has a ground presence in major NRI-centric markets such as UAE, Oman, KSA, USA, Bahrain, Kuwait & Singapore. A strong ground presence comprising of sales, marketing & CRM resources gives it a natural edge in serving the expatriate community with all their housing needs.

Its wide base in such markets has also helped the organization to understand the requirements of such customers & come up with customized products matching their needs. It has also partnered with numerous developers to host NRI-centric events in such international markets. Events have been really instrumental in driving demand, as they offer a platter of properties to the discerning buyers under one roof. Such events also see active participation of banks & home finance organizations to help buyers with financing needs.

Going forward, 360 Realtors will also open up new offices in other prolific NRI markets such as the UK, Malaysia, Kenya, South Africa & Canada. These markets are marked by robust demand due to large & affluent Indian Expat populations. However, as they lack the ground presence of organized advisories, the real potential of such markets has not been completely realized yet.



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