

Residential Real Estate Market

Q3 2018-2019

**MMR, NCR, BENGALURU, CHENNAI, HYDERABAD, PUNE, AHMEDABAD
AND KOLKATA**

Q3 FY 18-19 Market Movement

- Tier I cities in December quarter (Q3 18-19) have recorded sales of 69,886 units exhibiting a dip of 1% as compared to last quarter when the sales was 70,357 units. Compared to Q3 17-18, sales have grown 5% this time.
- MMR contributed 17,946 units which amounts to 26% of the total Tier I sales. Maximum YoY growth in sales was witnessed in Chennai at 22% followed by Hyderabad and Pune at 18% and 14% respectively. Only NCR witnessed a dip in sales by 17%, on a yearly basis.
- On quarterly basis, sales increased in Chennai (3%), Kolkata (3%), Hyderabad (2%) and Pune (1%). Ahmedabad saw no major change on quarterly level.
- Close to 53% of the sales of this quarter were contributed by sub-50 lacs segment, in which the segment of 25-50 lacs is beginning to gain more traction with 12% YoY growth. Ultra luxury segment (>2Cr) has observed a 6% drop on QoQ and an 18% drop on YoY basis.
- Unsold stock has seen a 3% rise on a YoY basis however the QoQ figures have remained almost stagnant with a meagre 0.3% drop. Apart from Chennai, all cities recorded stagnant/slight drop in unsold stock as compared to Q2 FY 2018-19.
- Weighted average prices across all Tier I cities remained stagnant on quarterly basis and witnessed a dip of 1% on an annual basis.

Market revival visible in the strong recovery from 2017, steady growth expectations for the future.

CY 2017 TO CY 2018 COMPARISON

Calendar Year 2017 VS 2018

New launches in top-8 cities have grown 81% in last one year with maximum growth in Bangalore

City	Sales			New Launches		
	CY 2017	CY 2018	% Growth	CY 2017	CY 2018	% Growth
MMR	62,620	71,193	14%	33,851	55,245	63%
NCR	61,541	57,394	-7%	21,102	26,300	25%
Pune	39,780	44,458	12%	17,768	36,091	103%
Bangalore	28,420	34,293	21%	10,732	31,424	193%
Ahmedabad	26,167	28,534	9%	9,732	17,736	82%
Hyderabad	13,872	17,020	23%	7,105	16,452	132%
Kolkata	12,073	12,994	8%	7,648	14,567	90%
Chennai	11,775	13,103	11%	8,820	13,687	55%
Total Tier 1	256,248	278,989	9%	116,758	211,502	81%

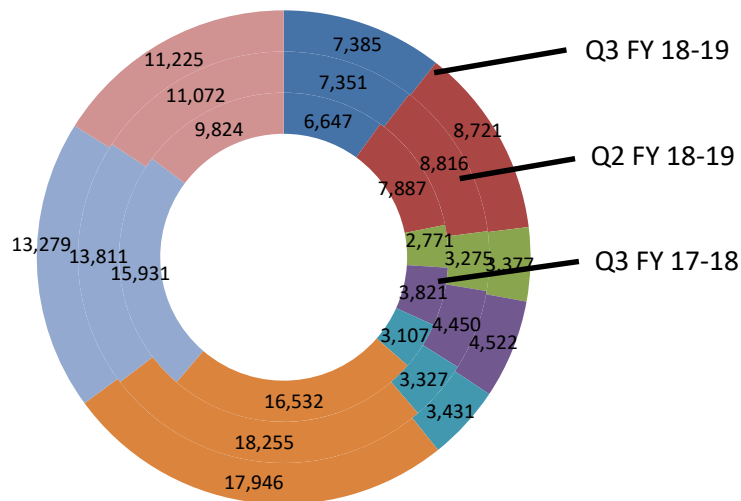
- Sales across Tier I cities have grown by 9% in CY 2018 as compared to CY 2017. MMR has posted highest sales of 71,193 units (25.5% of total sales in Tier I cities) followed by NCR with 57,394 units contributing 20.6% of total sales.
- In terms of percentage change from CY 2017 to CY 2018, cities in the south clearly seem to have outperformed in the last one year. Hyderabad witnessed maximum growth of 23% followed by Bangalore with 21% increase in sales numbers. NCR is the only city which showed a 7% drop in sales YoY.
- New launches in Tier I cities witnessed an increase of 81%, which was heavily pronounced in Bangalore, Hyderabad and Pune. The surge is also due to base effect because 2017 was a year of major policy changes and the general market sentiment was noticeably low. 2018 was visibly a year of recovery with revival in the market sentiment and future expectations.
- The various policy interventions at national level like RERA, GST, among others although led to some apprehensions initially, but clubbed with other interventions like increase in limit of size of flat for subsidy under PMAY, extension of CLSS for MIG and others have definitely helped bringing back the confidence of both end users and developers in the industry.

Q3 18-19 MARKET PERFORMANCE

Sales Performance in Major Cities of India

	Sales (Units)			YOY	QOQ
	Q3 17-18	Q2 18-19	Q3 18-19		
Ahmedabad	6,647	7,351	7,385	11%	0%
Bangalore	7,887	8,816	8,721	11%	-1%
Chennai	2,771	3,275	3,377	22%	3%
Hyderabad	3,821	4,450	4,522	18%	2%
Kolkata	3,107	3,327	3,431	10%	3%
MMR	16,532	18,255	17,946	9%	-2%
NCR	15,931	13,811	13,279	-17%	-4%
Pune	9,824	11,072	11,225	14%	1%
8 Cities	66,520	70,357	69,886	5%	-1%

■ Ahmedabad ■ Bangalore ■ Chennai ■ Hyderabad ■ Kolkata ■ MMR ■ NCR ■ Pune



QoQ

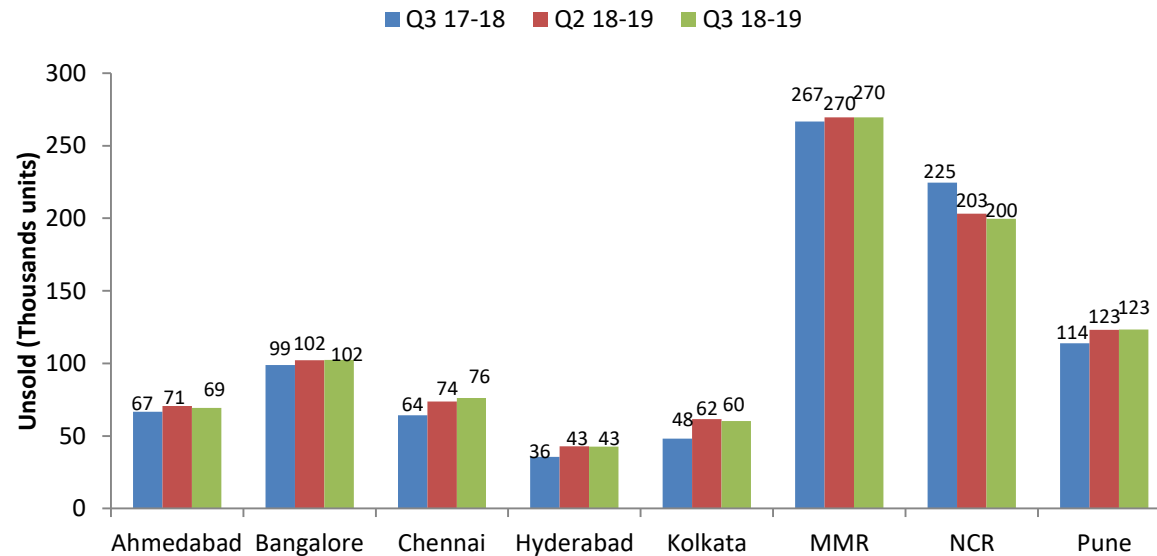
- Sales across the Tier I cities have decreased marginally by 1% with maximum dip in NCR (4%) followed by MMR (2%) and Bangalore (1%).
- Sales in Ahmedabad remained stagnant while rest of the four cities witnessed an upward trend.

YoY

- Sales across the Tier I cities increased by 5% with Chennai (22%) and Hyderabad (18%) leading the pack. Pune witnessed a growth of 14% in sales followed by Bangalore and Ahmedabad (11% each), Kolkata (10%) and MMR (9%).
- NCR is the only city that witnessed a decline in sales with sales dropping by 17% as compared to last year.

Unsold Stock

	Unsold Stock (Units)			YOY	QOQ
	Q3 17-18	Q2 18-19	Q3 18-19		
Ahmedabad	66,776	70,754	69,340	4%	-2%
Bangalore	98,943	102,241	102,446	4%	0%
Chennai	64,226	73,687	76,269	19%	4%
Hyderabad	35,500	42,835	42,658	20%	0%
Kolkata	48,173	61,563	60,363	25%	-2%
MMR	266,587	269,610	269,591	1%	0%
NCR	224,609	203,169	199,640	-11%	-2%
Pune	113,959	123,023	123,362	8%	0%
8 Cities	918,773	946,882	943,669	3%	0%



QoQ

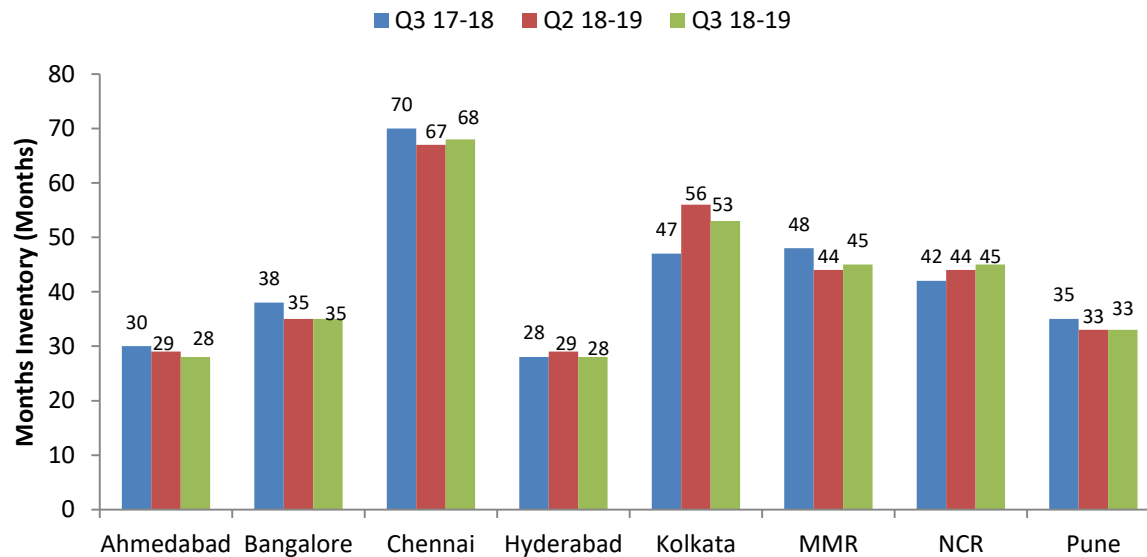
- On QoQ basis, the unsold stock across Tier I cities witnessed a negligible drop of 0.3%.
- Unsold stock increased only in Chennai and remained stagnant in Bangalore, Hyderabad, MMR and Pune.
- NCR, Ahmedabad and Kolkata witnessed a decline of 2% in unsold.

YoY

- Unsold stock in Tier I cities increased by 3% on YoY basis.
- Kolkata witnessed a 25% increase which is the highest followed by Hyderabad and Chennai showing 20% and 19% growth respectively.
- Single digit growth was observed in Pune (8%), Ahmedabad (4%), Bangalore (4%) and MMR (1%). NCR witnessed a decline of 11%.

Months Inventory

Months Inventory			YOY	QOQ	
Q3 17-18	Q2 18-19	Q3 18-19			
Ahmedabad	30	29	28	-7%	-3%
Bangalore	38	35	35	-8%	0%
Chennai	70	67	68	-3%	1%
Hyderabad	28	29	28	0%	-3%
Kolkata	47	56	53	13%	-5%
MMR	48	44	45	-6%	2%
NCR	42	44	45	7%	2%
Pune	35	33	33	-6%	0%
8 Cities	41	40	41	0%	2%



QoQ

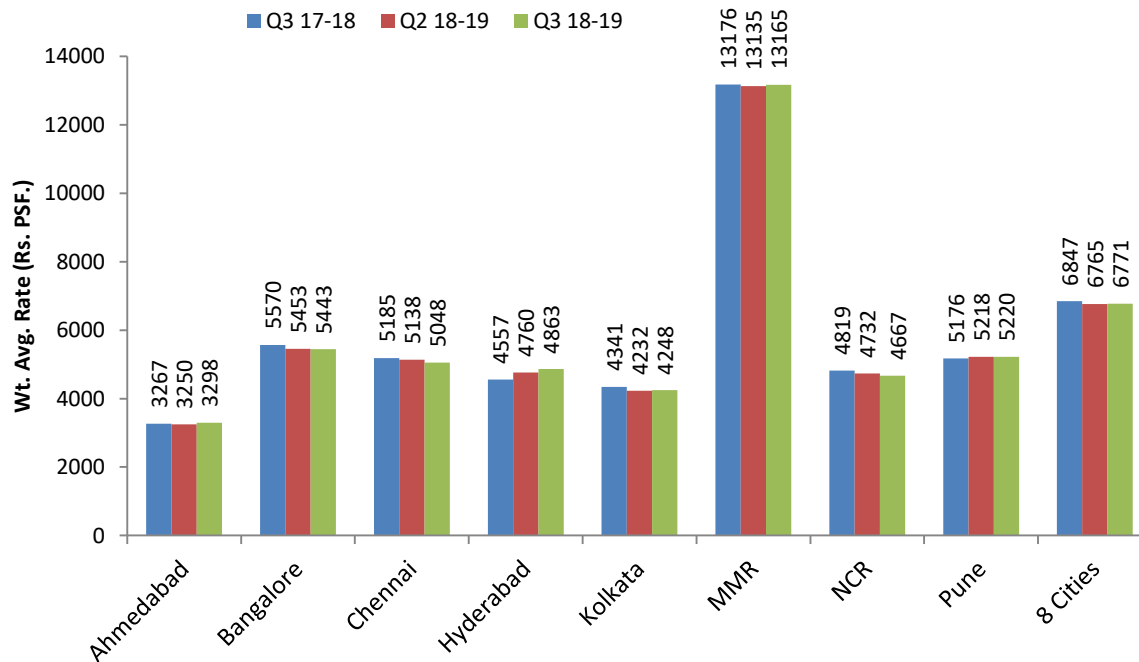
- Months inventory increased by 2% across Tier I cities and reached 41 months in Q3 18-19.
- It remained stagnant in Pune and Bangalore, while it increased by 2% in MMR and NCR and by 1% in Chennai.
- Months inventory of Kolkata declined by 5% while that of Hyderabad and Ahmedabad dropped by 3% each.

YoY

- Overall months to sell remained stagnant on YoY basis.
- An efficient market maintains 8-12 months of inventory. An inventory overhang of 41 months indicates a downside pressure on price across all the major cities in India.
- Increase on YoY was seen only in Kolkata (13%), and NCR (7%) while rest all Tier I cities (except Hyderabad) witnessed a drop.

Movement in Price

	Price (Rs/Sq.ft)			YOY	QOQ
	Q3 17-18	Q2 18-19	Q3 18-19		
Ahmedabad	3,267	3,250	3,298	1%	1%
Bangalore	5,570	5,453	5,443	-2%	0%
Chennai	5,185	5,138	5,048	-3%	-2%
Hyderabad	4,557	4,760	4,863	7%	2%
Kolkata	4,341	4,232	4,248	-2%	0%
MMR	13,176	13,135	13,165	0%	0%
NCR	4,819	4,732	4,667	-3%	-1%
Pune	5,176	5,218	5,220	1%	0%
8 Cities	6,847	6,765	6,771	-1%	0%



QoQ

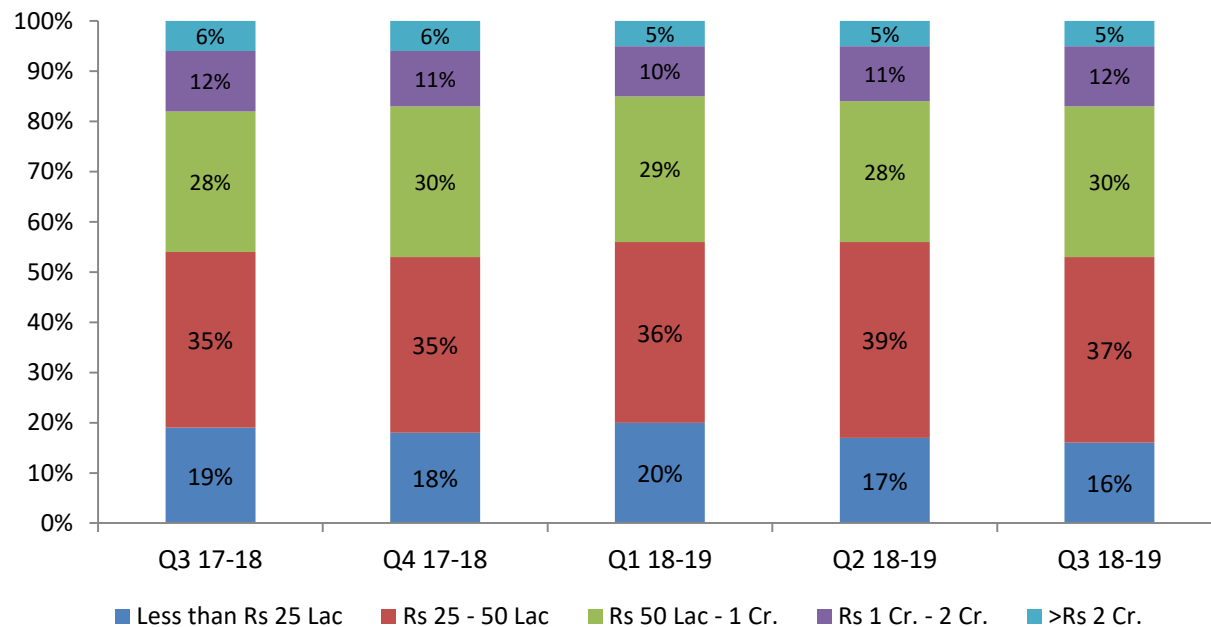
- In Q3 18-19, the weighted average price across Tier I cities remained almost stagnant as compared with previous quarter.
- Prices in Hyderabad and Ahmedabad improved by 2% and 1% while prices in Bangalore, Kolkata, MMR and Pune remained stagnant.
- Chennai and NCR witnessed a price decline of 2% and 1% respectively.

YoY

- Weighted average price across Tier I cities dipped marginally by 1% as compared to a year ago.
- Hyderabad (7%), Ahmedabad (1%) and Pune (1%) saw an increase in prices, while prices in MMR remained constant.
- A decrease of 3% was observed in NCR and Chennai, while Bangalore and Kolkata, witnessed a 2% drop.

Sales (Units) Trend in various Cost Brackets – Q3 18-19

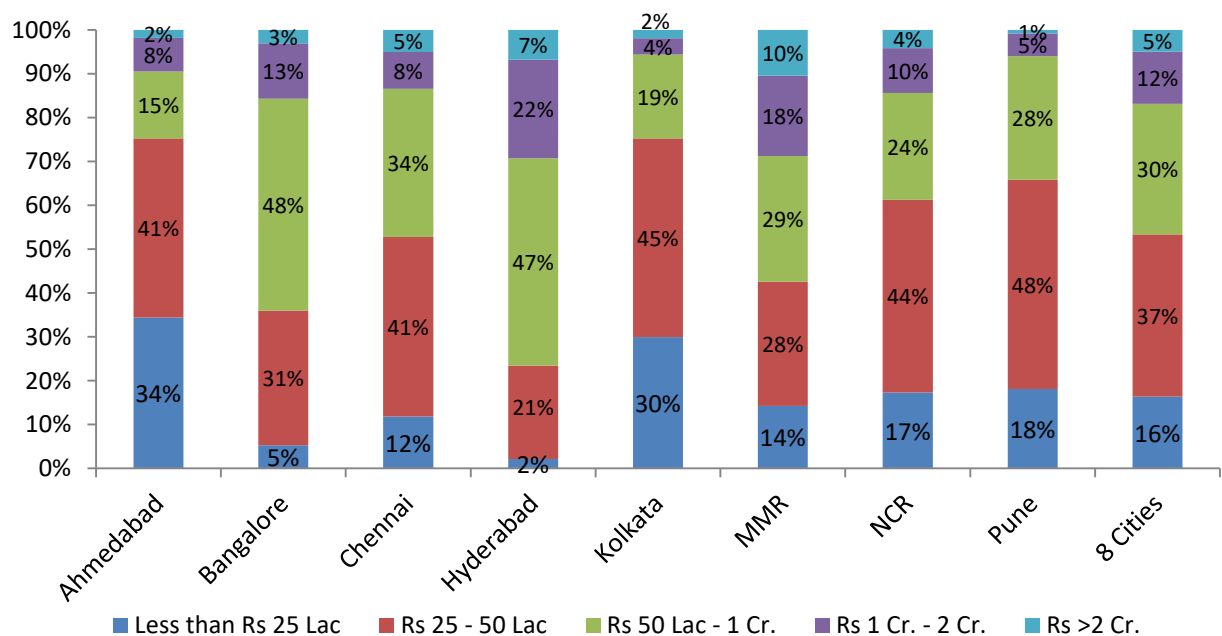
	Q3 17-18	Q4 17-18	Q1 18-19	Q2 18-19	Q3 18-19	YoY	QoQ
Less than 25 Lac	12,690	12,526	14,192	11,818	11,432	-10%	-3%
25 Lac-50 Lac	23,028	24,152	25,252	27,140	25,867	12%	-5%
50Lac -1Cr	18,954	20,679	19,984	19,926	20,822	10%	4%
1Cr - 2Cr	7,676	7,816	6,887	7,818	8,325	8%	6%
2Cr+	4,172	3,870	3,388	3,655	3,440	-18%	-6%
Total	66,520	69,043	69,703	70,357	69,886	5%	-1%



- Sales in affordable segment (Less than Rs. 25 lacs) decreased by 3% on a QoQ basis and by 10% on YoY basis.
- Sales in the cost bracket of Rs. 25 to 50 Lacs decreased by 5% on a QoQ basis while it increased by 12% on YoY basis.
- Sales in the cost bracket of Rs. 50 Lacs – 1 Cr. increased by 4% on a QoQ basis and by 10% on YoY basis
- Sales in luxury segment (Rs. 1Cr – Rs. 2Cr.) increased by 6% on QoQ basis and by 8% on YoY basis.
- Sales in ultra luxury segment (above Rs. 2 Crs.) decreased by 6% on a QoQ basis and by 18% on YoY basis.

City wise Sales (Units) Distribution in various Cost Brackets – Q3 18-19

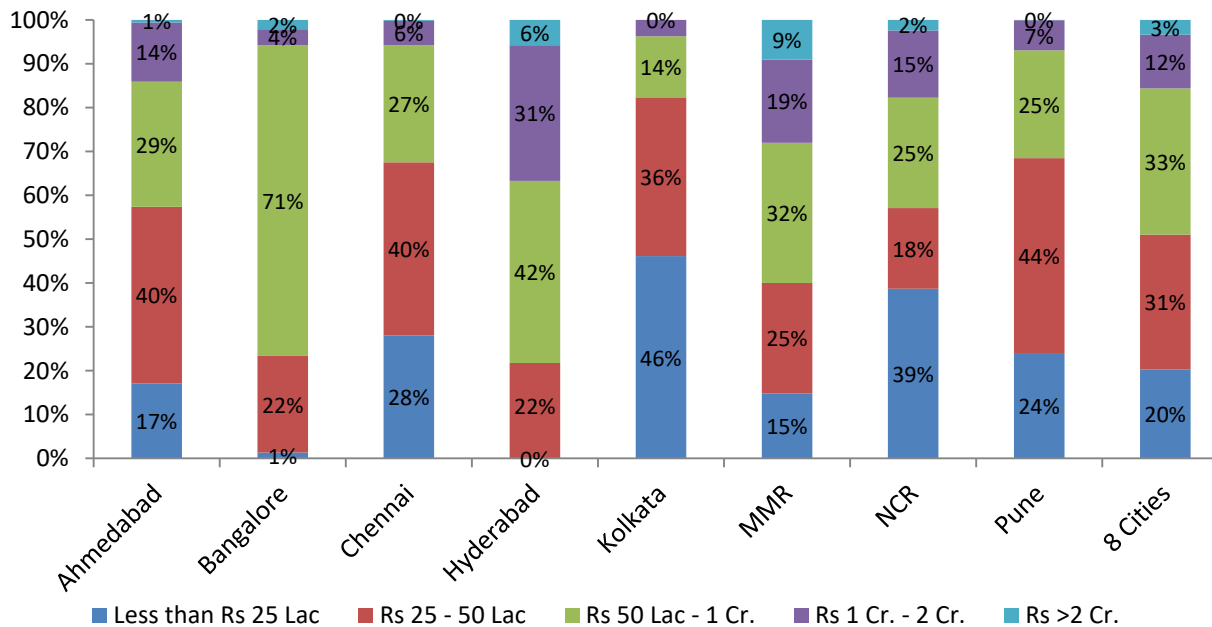
	Ahmedabad	Bangalore	Chennai	Hyderabad	Kolkata	MMR	NCR	Pune	8 Cities
Less than 25 Lacs	2,541	459	400	96	1,028	2,566	2,304	2,038	11,432
25 Lacs-50 Lacs	3,020	2,680	1,384	965	1,556	5,080	5,829	5,353	25,867
50Lacs -1Cr	1,123	4,218	1,140	2,139	656	5,139	3,242	3,165	20,822
1Cr - 2Cr	569	1,097	283	1,016	126	3,296	1,354	584	8,325
2Cr+	132	267	170	306	65	1,865	550	85	3,440
Total	7,385	8,721	3,377	4,522	3,431	17,946	13,279	11,225	69,886



- The contribution of affordable segment (<Rs.25 Lacs) to the overall sales in eight Tier I cities stands at 16%, with 45% sales in the segment coming from MMR and Ahmedabad.
- Rs. 25 Lacs – 50 Lacs segment seems to be the most preferred cost bracket with sales of 25,867 units (37% of total sales), followed by cost range of Rs. 50 Lacs – 1 Cr. contributing 30% of total sales.
- Sales in ultra luxury segment (>Rs2Cr.) have dipped substantially and only contributes 5% to the total Tier-1 cities' sales.
- MMR recorded the maximum number of unit sales with a contribution of 17,946 units (26%), followed by NCR with 13,279 units (19%), Pune with 11,225 units (16%) and Bangalore with 8,721 units (12%) of total sales in Tier-1 cities.

New Supply (Units) in Q3 18-19

	Ahmedabad	Bangalore	Chennai	Hyderabad	Kolkata	MMR	NCR	Pune	8 Cities
Less than 25 Lac	635	91	1,269	0	1,381	2,098	2,489	2,567	10,530
25 Lac-50 Lac	1,490	1,472	1,790	571	1,084	3,556	1,188	4,753	15,904
50Lac -1Cr	1,057	4,739	1,210	1,089	417	4,520	1,618	2,628	17,278
1Cr - 2Cr	501	247	251	812	111	2,680	988	734	6,324
2Cr+	20	139	8	150	0	1,271	152	6	1,746
Total	3,703	6,688	4,528	2,622	2,993	14,125	6,435	10,688	51,782



- Among various cost segments, the cost bracket of Rs.50 Lacs – 1Cr. witnessed maximum new launches amounting to 33% of total new supply followed by the cost brackets of Rs.25 Lacs – 50Lacs and Less than Rs. 25 Lacs with 31% and 20% contribution.
- While MMR still continues to add the highest new launch units, with a contribution of 27%, cities like Pune (21%), Bangalore (13%) and NCR (12%) are beginning to gain more traction.
- Pune was the largest contributor (4753 units) to the new supply in cost range of 25 Lac-50Lac. 40% of MMR's new launches came under the sub 50 lacs category.
- New launches in the ultra luxury segment (Rs.2Cr.+) have dipped. 73% of new launches in this category were in MMR.

Terminology

Sales: The incremental sales or realty stock sold between two dates of survey. It covers sales in new launches (new additions) as well as sales in carried-forward inventory from the previous quarter/quarters.

Unsold: It is the closing stock at the end of the quarter or duration in discussion.

New Launch: It is the supply launched (supply which developer starts marketing) during the quarter or duration in discussion.

New Addition: Sometimes a project is launched in the earlier quarters but is absent from the database. This may happen due to various reasons for instance a new location is added to the city boundary, a big launch in remote/outskirt location exposes smaller projects in the locality, etc. This uncovered supply is added to database the quarter it is found but is not included in the new launches for the quarter (as technically this is old supply). Although this supply is not added in the new launches but the sales and unsold of these projects are added to the respective fields. Due to these projects, the unsold for current quarter may be higher (or lower) than the sum of opening and new supply after removing sales.

Price: Weighted Average Price of the Unsold Inventory.

Business Turnover / Value of goods sold: Represents the value of the trade or the business done in a certain period. It is calculated by multiplying the total sqft sold during the period with the prevailing prices.

Months Inventory: Represents the number of months required for the stock in the market to be absorbed according to the existing demand. It is calculated by dividing the closing stock (marketable stock) by monthly sales.

Sales Velocity: Represents the ratio of monthly sales to the total supply . An optimum sales velocity is considered to be 2.75% translating to a gestation period of 36months

About Us

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The pioneer in scientific
research in real estate

Founded in 1999, Liases Foras is a non-brokerage research centric firm that offers data and advisory services. Our works on industry and scientific prognosis of the local market is highly regarded. We have an organized and structured data source on real estate and property trends in India, which is updated on every quarterly basis by primary market survey.

With a team of MBA's, Urban planners, architects, chartered accountants and statisticians, Liases Foras' forte lies in the field of valuation, risk assessment, future forecasting and price behaviour, best use studies. Our clientele includes leading mortgage companies such as HDFC Ltd, Axis Bank, among others, real estate funds, developers, government bodies and leading international research organisations. We are also research partner for CNBC Awaaz real estate awards from 2012 onwards.

Segments, Services and Key Clients

