

Realtors see house sales hitting new peak in 2 yrs

Stamp duty cut, low interest rates, lower prices are a trigger

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Boyed by strong pandemic 'homeownership' sentiments, the current upswing in residential housing sales and launches is likely to hit a new peak by 2023.

Given the jump in demand, supply and sales in the first three quarters in 2021 over the previous pandemic year, the industry believes the uptick is only set to grow.

For instance, ANAROCK Research data for the top seven cities has seen housing sales of roughly 145,650 units in the first nine months of 2021 from January to September. This is a 5 per cent increase over the housing sales figure of 138,350 units in all four quarters of 2020, from January to December.

"As things stand now, we anticipate 2021 to be a year of retrieval and measured growth that will set the pace for an aggressive momentum in the new decade. Encouragingly, the ongoing trend of sales exceeding supply is likely to continue and 2021 is expected to witness over 30 per cent increase in housing launches and a 30-40 per cent increase in sales over 2020," said Anuj Puri, chairman, ANAROCK Group. Puri said the housing market is expected to attain a new peak by 2023 with housing sales crossing the 317,000 units mark and new launches crossing 262,000 units.

With the real estate market (especially the residential space) generally witnessing peaks and troughs every six to eight years, the industry is poised for another round of peak, green shoots which are already visible in the recent sales, launches and the financial performance data of realty firms. Talking about such a cycle at a recent conference organised by Credai Bank on 2021, HDFC chairman Deepak Parekh said that in his 50 year long career, he had not seen better housing affordability in India than now, adding that the real estate market was on the cusp of a new growth cycle.

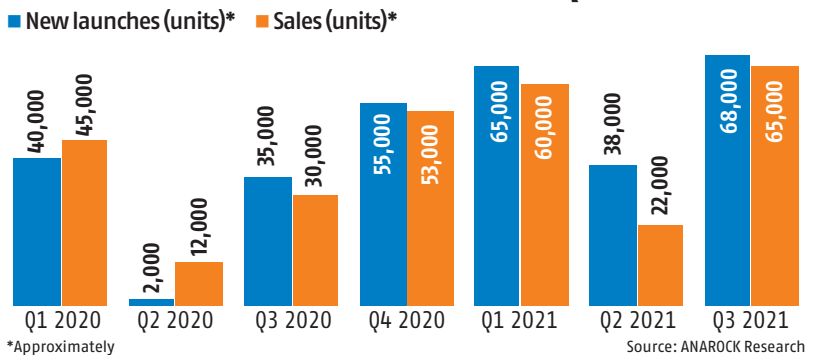
"I have not seen such easy liquidity conditions and interest rates at such record low levels. Most importantly, I have not seen such a burning desire to be a homeowner than in these current times. Right now, there is a lot of optimism in the air on the potential of the housing and real estate sector. This isn't just feel-good talk, it is real," said Parekh. Seconding Parekh is Ashish Puravankara, MD, Puravankara Limited who has pegged the growth in the housing market for over the next five years. "All the current market forces indicate that residential real estate is positioned for sustained development over the next five years," said Puravankara.

However, while the momentum is expected to continue in alignment with the economic recovery, Gulam Zia, executive director, Knight Frank India told *Business Standard* that to sustain this demand, 'governments, developers and financial institutions will have to look at renewed ways of keeping the interest amongst the end user rife'.

Research reports by other firms such



RESIDENTIAL LAUNCHES & SALES TILL Q3 2021



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Year-to-date (YTD) YoY growth (in %)	
INDIA	47
Pune	123
Kolkata	82
Hyderabad	78
Bengaluru	39
Delhi NCR	29
Mumbai	26
Chennai	18

Source: JLL Research & REIS

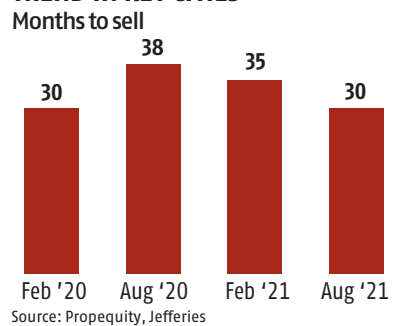
as JLL India, Knight Frank and Jefferies show Q3 housing sales in 2021 till September being quite higher than the previous year. For instance, JLL India data saw that while in Q1 2021, sales of residential units increased by 17 per cent on a sequential basis but dropped by 23 per cent to 19,635 units in Q2 2021, sales have now continued on an upward trajectory in Q3 2021, increasing by 65 per cent on a sequential basis, recording 32,358 units.

In terms of unsold inventories and price appreciation levels, according to a Jefferies report, they have been at seven to eight year lows and below 20-25 month levels in Q3 of calendar year 2021.

Puri said the pandemic had created a desire for home ownership. "There is structural demand for housing by first-time homebuyers, millennials' growing urge to own a home rather than rent and those who want a bigger home. This demand, coupled with stamp duty cuts, low interest rates, developer discounts, and bottomed out property prices, have also prompted homebuyers to seal the best deal as overall property acquisition costs went down," said Puri.

Similarly, among major realty firms, DLF recently reported a 66 per cent increase in consolidated net profit at ₹378.12 crore for the quarter ended September while sales bookings grew 77 per cent to ₹1,512 crore on the revival in

RESIDENTIAL INVENTORY TREND IN KEY CITIES



housing demand, particularly for luxury apartments. "We are encouraged by the rising housing sales and improving consumer sentiments across segments and remain committed to bringing new offerings to the market," said DLF's whole time director and CEO Ashok Kumar Tyagi.

What has also contributed to the surge is working from home and lifestyle choices that have re-established the importance of owning a house over rented accommodation. According to Radha Dhir, chairperson, CII Realty & Infrastructure Conclave, CEO and country head, India, JLL, affordability has increased due to all-time low interest rates and attractive pricing schemes offered by developers.

While specific data may vary, the industry largely agrees that, apart from affordable housing, the mid-income category of ₹50 lakh to ₹1 crore has picked up the fastest pace across markets in recent times.

According to Knight Frank, this category saw a rise of three basis points to be at 35 per cent in Q3 of 2021, up from 32 per cent of total sales in Q3 2020. However, along with rising inflationary trends of input costs that are forcing developers to raise prices, rising interest rates may lead to shorter cyclical trends going forward.

"While there will not be one singular point where it peaks, the growth will continue to occur in progression," said Purvankara.