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ANAROCK

VALUES OVER VALUE

COVID-19

Impact on Indian Real Estate

CONSUMER SENTIMENT SURVEY

Foreword

We are presently living in unprecedented times and Covid-19 has – in more ways than one - altered the way we live, think, work, or even socialize with people around us. However, there lies an opportunity in every crisis and Covid-19 looks no different.

All industries including Indian real estate are now diligently working to innovate and strategize their business. Among the key noticeable trends already, Indian residential sector is all set to embark on a different growth trajectory with 'home ownership' gaining significant preference among the new-age millennials, probably because it renders high level of security.

Further, businesses with sustainable models and having a strong foothold on technology are indeed the future. Online home sales will begin to gain traction and leading developers with good track record will be the main beneficiaries of this change.

Amidst these perceivable changes, we tried to gauge the mood of the prospective homebuyers and analyse what they are thinking during this pandemic-infused lockdown.

Whether the recent stock market volatility and financial turmoil changed their investment outlook. Or, are the current all-time low home loan interest rates (7.15% to 7.8%) a major factor attracting them to buy a property or whether Covid-19 has further raised high levels of uncertainty.

Notably, majority participants consider real estate to be the best asset class for investment and 'now' to be an ideal time for property purchase. Homebuyers preference to mitigate risks is at an all-time high with more than 72% preferring to buy from leading developers offering homes at high prices but having least execution risk. Demand for affordable & mid segment properties (priced up to sub ₹90 lakh budget) is also at unprecedented high.

Besides these, we also intercepted several other interesting trends and I sincerely hope you enjoy reading these in the survey.

Prashant Thakur
Director & Head of Research
ANAROCK Group

Survey Methodology

This is a special edition of the ANAROCK Consumer Sentiment Survey in the wake of COVID-19. The survey is an attempt to gauge homebuyers' preferences during the pandemic, which will invariably lead to emergence of significant trends in the Indian real estate industry.

The main aim of the survey is to provide all stakeholders – consumers, developers, investors, sellers and owners including local and expatriates – deeper insights into the Indian property market purely from a consumer perspective.

This survey was conducted by ANAROCK Research between 20th to 27th April (2020), the online survey saw nearly 1,910 participants responding to it via different digital sources including email campaign, web link and messages. The sample was carefully selected so that it would give a relatively fair representation of the overall population demographics in terms of geographical distribution, gender and age. Thereafter, the answers collected were analysed in-house and data was correlated to the present economic conditions. The views expressed in the report are completely unbiased.

This is a baseline survey and will be conducted again in 2020 in order to understand changes due to COVID-19 in consumer behaviour.

20-27 APRIL 2020
Survey conducted

1,910
Respondents

24-67 years
Age Group

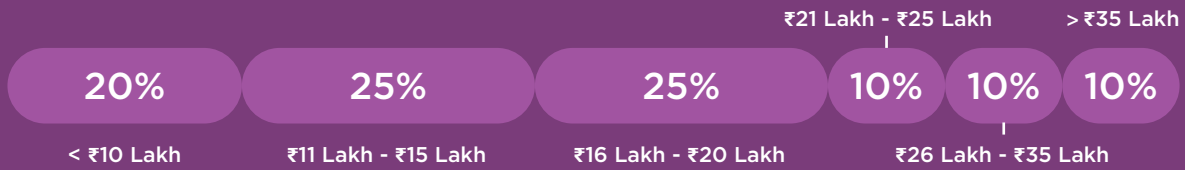
14
Cities*

GENDER TYPOLOGY

66% Male

34% Female

ANNUAL FAMILY INCOME (%)



* 81% - Top 14 Cities (Mumbai, Navi-Mumbai, Thane, Pune, Gurgaon, Faridabad, Ghaziabad, Greater-Noida, Noida, Delhi, Kolkata, Chennai, Bengaluru, Hyderabad); 8% - NRIs & 11% - Other cities.

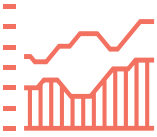
Which is the **best asset class** for investment amidst COVID-19?

Majority respondents picked Real Estate as the best investment option against other asset classes in the current situation.

55% of these are millennials in 25 to 35 age bracket, 68% of which intend to buy property for their end-use.

REAL ESTATE

48%
respondents prefer residential real estate as the best investment option during Covid-19 largely due to lower risks attached.



STOCKS

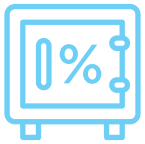
25%
respondents prefer stocks

High volatility in stock market over last couple of months has resulted in dwindling investor confidence.

GOLD

18%
respondents prefer gold

Interestingly, the yellow metal has gained much interest in the current situation and was the 3rd most preferred choice.



FIXED DEPOSIT

9%
respondents prefer FDs

FDs have somewhat lost their sheen due to depleting interest rates in recent times – being as low as 3.5%. Thus, it is the least preferred choice currently.

Is it **an ideal time** to enter real estate market?

Over 54% respondents consider 'Now' to be an ideal time to buy a property while 29% say 'Maybe'.

54% respondents consider 'now' to be an ideal time to buy a home as they have the opportunity to not just negotiate a good deal but also get home loans at all-time low interest rates (7.15% - 7.8%).

11% respondents do not consider it to be an ideal time to buy a property.

Fear over job loss and overall slump in economic activity has dwindled their confidence.

29% of the survey participants think that 'maybe' it is an ideal time to buy a home.

While they may not be overtly confident, but they certainly do not consider it to be a bad option. They are unsure because of the underlying uncertainty as to when Covid-19 will end, and the extent of economic damage that may finally occur.

6% homebuyers have already booked their dream home

These many booked their property either just before the lockdown period or during it.

Those who have **already booked a property**

Positive for developers – **84% of them will continue with their booking** despite the changing economic situation due to COVID-19.

I will continue with my booking

84% of the homebuyers that booked a property before or during the lock down period are happy with their purchase and will continue with their booking in the future.

56%
Are end-users

89%
Preferred budget range (₹45 Lakh - ₹1.5 Cr)

82%
Booked in MMR, Bengaluru & Hyderabad

61%
Opted for a property to be ready within a year

I am not sure; I will take decision as per the coming situation

12% of the buyers are uncertain about it.

Their uncertainty is probably due to the extension of the lockdown period and the economic impact it may have in the future – be it fear of job loss, salary cuts, etc.

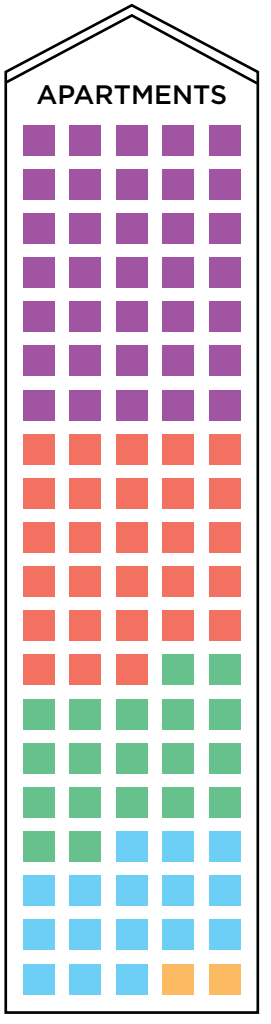
I will cancel my booked property

Merely **4%** want to cancel their bookings.

Did **COVID-19 affect** your home buying decision?

All together 72% buyers still prefer to buy property, out of which 44% have not changed their plans. **Interestingly, 12% respondents were previously not planning to buy, but now, they are interested.**

DECIDING FACTORS TO BUY A PROPERTY



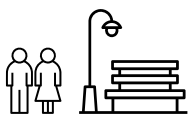
35%
Attractive deals offered by developers

28%
Availability of cheaper Home Loans

19%
A sense of security that physical assets provide

16%
Return on investment (ROI)

2%
Others



44%
Not Changed, I will buy property as per my old plans

63%
Are end-users

37%
Preferred budget (< ₹45 Lakh)

33%
Preferred budget (₹45 Lakh - ₹90 Lakh)

12%
Changed, previously not decided but now I will buy

53%
Are end-users

79%
Homebuyer age bracket (24-35 years)

92% changed their decision due to:

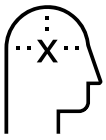
Physical asset provide a sense of security

Availability of cheaper home loans

Customers are mostly looking for lucrative deals / offers by developers in the future and will ready to take plunge in the property market.

Interestingly, 16% respondents consider current property prices to be the lowest best that may only appreciate in the future.

Availability of all-time low home loan rates – between 7.15% to 7.8% - are an attraction for over 28% prospective buyers.



16%
I have put my home buying decision on hold

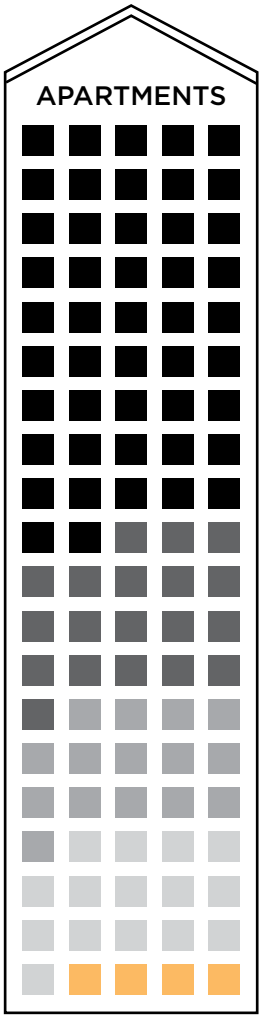
28%
I will buy property after 6 months to 1 year

Influencing factors post COVID-19:

37%
can come-back if attractive deals by developers are offered

42%
will be ready to buy if home loans get cheaper

KEY REASONS WHY BUYERS PUT THEIR DECISION ON HOLD



47%
Fear of job loss or unemployment in future

19%
Lack of funds

15%
Uncertainty in the completion timeline of project by developer

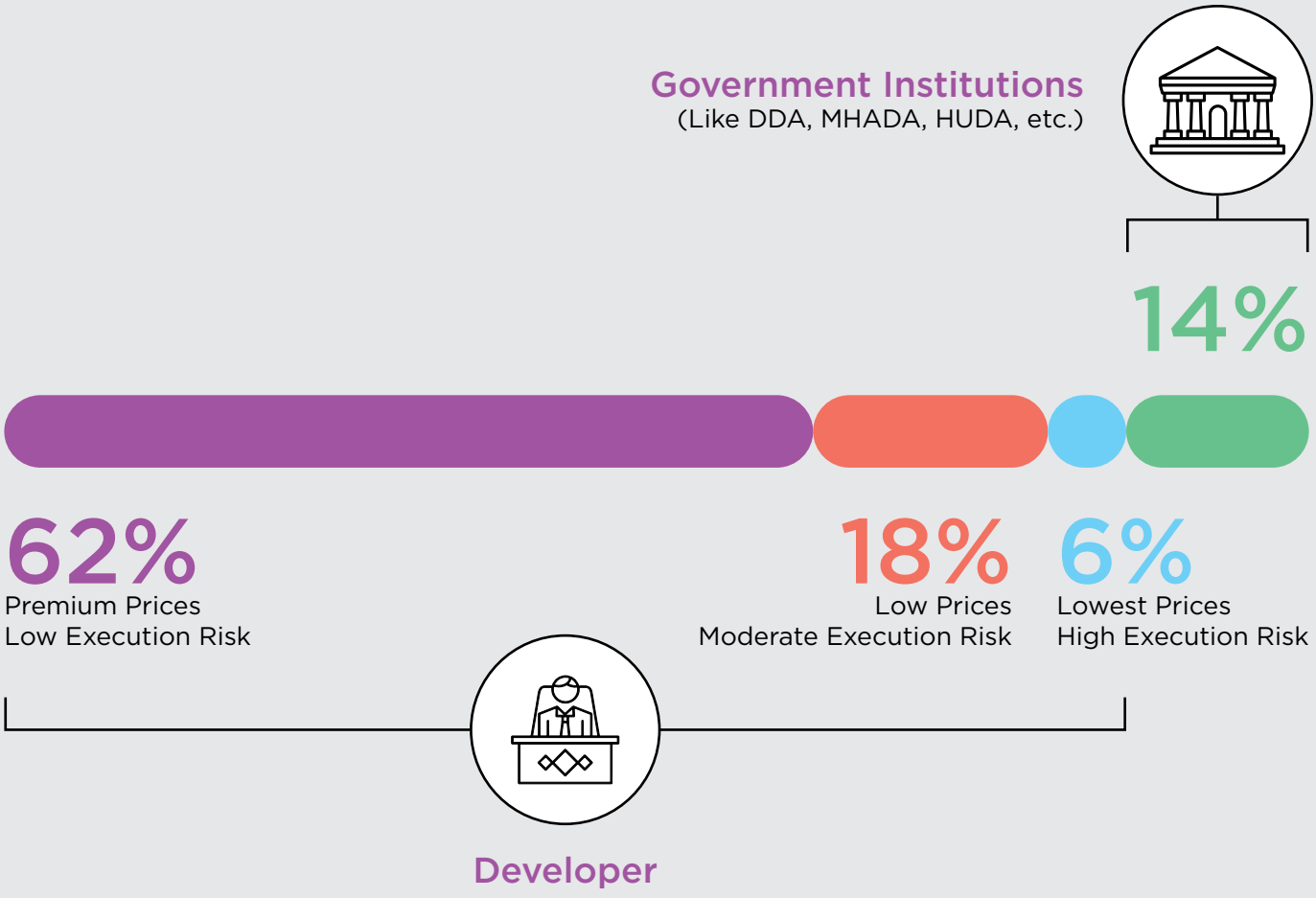
15%
Limitation of physical site-visit & difficulty in document processing

4%
Others

Fear of job loss in future is the major factor deterring 47% prospective homebuyers who put their decision on hold. No doubt, to curtail this health crisis the economy has taken a severe hit, with businesses completely shut. Meanwhile, at least 19% respondents lack the funds needed for buying a property, followed by 15% who think that uncertainty in project completion timeline has resulted in change of mind.

In the wake of Covid-19, which **developer-type would you prefer?**

Developer having the capability **to complete a project on time with least execution risk is the most preferred** even if the property is relatively higher priced.



This quite sums up the mood of the buyers. More than paying extra bucks, buyers prefer to avoid project execution risks in the current situation. A whopping 62% prospective buyers prefer to buy a home from leading developers with least project execution risks even if the property is relatively higher priced.

Covid-19 has changed buyer preferences with more people now preferring risk-free investments.

In contrast, merely 6% would consider buying from developers offering lower prices but having high risk of execution.

Interestingly, government-built homes are also gaining popularity with nearly 14% voting in favour of it.

Will this property be for **end-use or investment?**

59% home seekers will buy property for end-use, drop of 8% against **H2 2019 survey findings**.

It's interesting to note that now **41% want to purchase property for investment** against 33% in previous survey.

59%
End-use

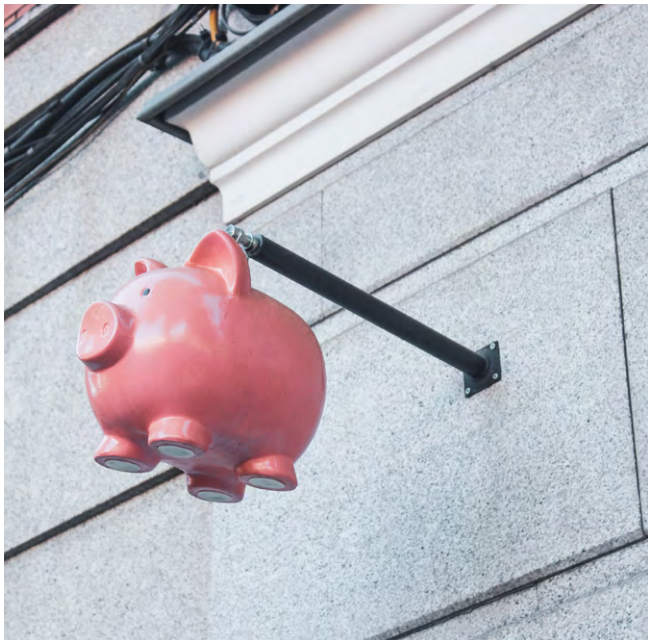
41%
Investment

End-users continue to rule the Indian residential market with 59% participants buying a property for self-use. Home ownership in crisis such as these becomes most pertinent for many people and gives the utmost satisfaction and security.

Simultaneously, Covid-19 is showing visible changes in people's mood.

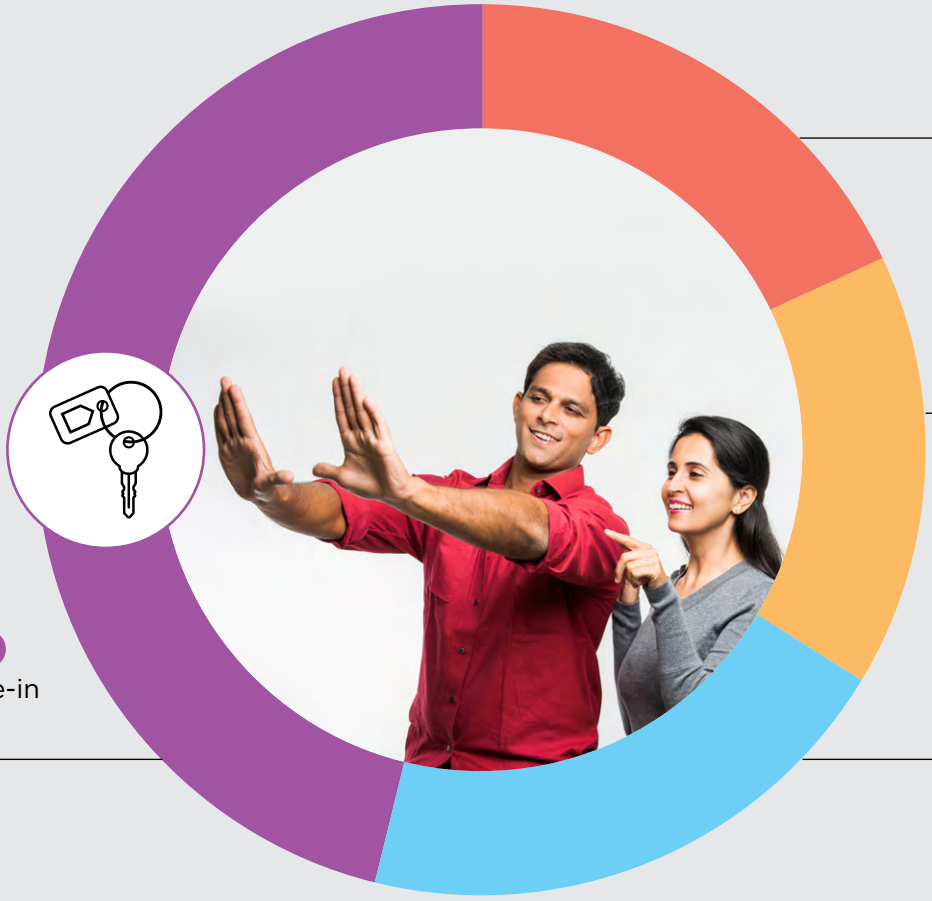
Stock market volatility coupled with recent turmoil in financial market are key factors determining this change. In comparison to previous survey – H2 2019 - the share of participants looking to invest in property has risen by 8%.

Now, at least 41% want to purchase a property from investment perspective.



At what **stage of property** would you prefer?

Over 46% participants prefer to buy ready-to-move-in properties during Covid-19 times in order to eliminate all possible construction risks.



18%
New Launches

16%
To be ready in 1 year

46%
Ready-to-move-in (RTM)

20%
To be ready in 6 months

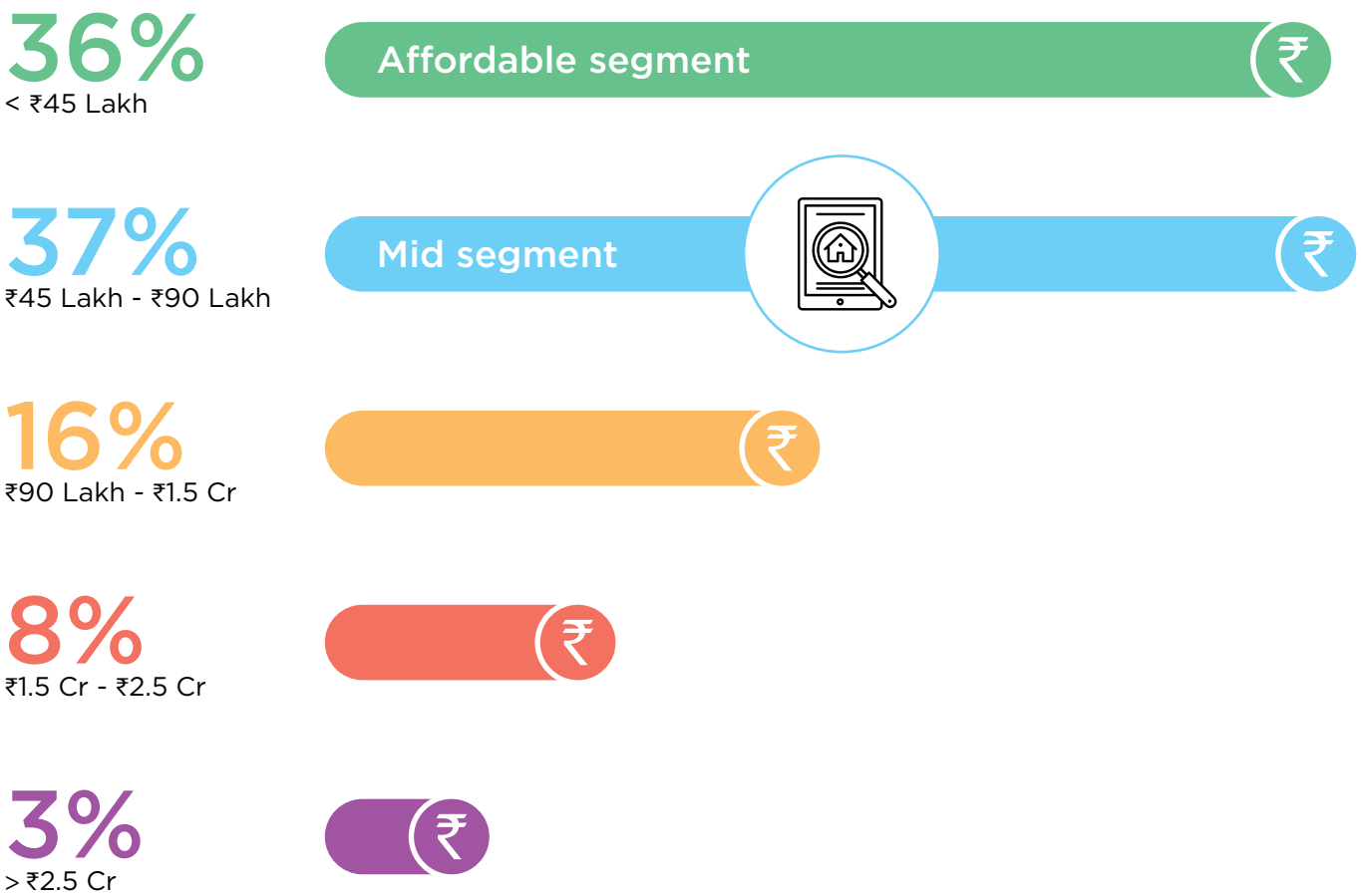
As anticipated, more than 46% participants prefer to buy ready homes so that they can avoid the associated construction risks due to Covid-19 outbreak. Interestingly, in the previous survey this number was just 35%.

Moreover, these prospective buyers have umpteen RTM options available today. ANAROCK research indicates that out of the total unsold stock of 6.44 lakh units in top 7 cities, nearly 12% or approx. 78,000 units are ready for possession.

Of this ready stock, 45% are available in MMR & Pune collectively.

What is the **budget** for your investment?

Mid segment (₹45 Lakh – ₹90 Lakh) is the most preferred budget category with 37% votes in its favour, followed closely by 36% favouring affordable homes (< ₹45 Lakh).



Affordable & Mid segment properties continue to remain the top choice of maximum property seekers. And, a crisis such as Covid-19 has further strengthened its base. Collectively, 73% home seekers prefer to buy properties priced within ₹90 Lakh budget. Naturally so, multiple government incentives for affordable housing has upped the game for this budget category in last few years.

However, it is also likely that many buyers would have actually reduced their overall budget for property purchase due to Covid-19 as they would not want to lock-in a large amount of money in such uncertain times. Instead, they would buy a functional house based on their current needs only.

6.44
Lakh Homes
Currently Available
FOR SALE
(in Top 7 cities)

Indian real estate current stats

Howzz that!

BUDGET SEGMENTATION OF AVAILABLE HOMES

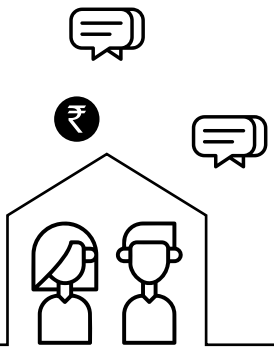
36%
< ₹40 lakh

31%
₹40 Lakh - ₹80 Lakh

19%
₹80 Lakh - ₹1.5 Cr

8%
₹1.5 Cr - ₹2.5 Cr

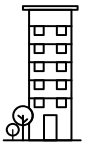
7%
> ₹2.5 Cr



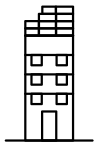
CONSTRUCTION STAGE OF AVAILABLE HOMES

12%
Ready-to-move-in

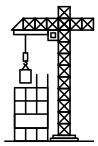
33%



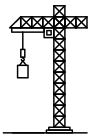
21%
< 1 year



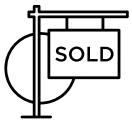
20%
1 - 2 years



19%
2 - 3 years



28%
> 3 years



2,53,000
Residential Sales recorded / year
(Avg. of last 5 years)

USD 225 Bn
Residential RE Under Construction

84%
of total RE Under Contruction value

More about your city residential information

Mumbai Metropolitan Region (MMR)

New launches in last 2 years

148,400 units

Zone	Avg. Budget Range for 2 BHK (₹)	Avg. Rate (₹/sf)
Central Suburbs	1.5 Cr - 2 Cr	16,600 - 19,500
Western Suburbs	1.6 Cr - 2.15 Cr	16,600 - 19,500
South Central Mumbai	2.5 Cr - 3.5 Cr	32,000
Peripheral Central Suburbs	35 Lakh - 55 Lakh	4,700 - 5,200
Peripheral Western Suburbs	40 Lakh - 55 Lakh	4,700 - 5,200
Navi Mumbai	65 Lakh - 95 Lakh	6,800 - 9,000
Thane	90 Lakh - 1.10 Cr	6,800 - 9,000

National Capital Region (NCR)

62,300 units

Zone	Avg. Budget Range for 2 BHK (₹)	Avg. Rate (₹/sf)
Gurgaon	65 Lakh - 85 Lakh	5,500 - 6,500
Noida	60 Lakh - 75 Lakh	4,500 - 5,500
Greater Noida	35 Lakh - 45 Lakh	3,200 - 3,800
Ghaziabad	30 Lakh - 40 Lakh	3,000 - 3,500
Faridabad	30 Lakh - 40 Lakh	3,000 - 3,400

BENGALURU

83,500 units

Zone	Avg. Budget Range for 2 BHK (₹)	Avg. Rate (₹/sf)
Central	1 Cr - 1.4 Cr	9,800
East	49 Lakh - 58 Lakh	4,500 - 5,500
North	52 Lakh - 60 Lakh	
South	48 Lakh - 55 Lakh	
West	50 Lakh - 58 Lakh	

PUNE

Zone	Avg. Budget Range for 2 BHK (₹)	Avg. Rate (₹/sf)
	1 Cr - 1.4 Cr	
Central	45 Lakh - 60 Lakh	14,000
East	40 Lakh - 60 Lakh	4,700 - 6,500
North	45 Lakh - 65 Lakh	
South	50 Lakh - 70 Lakh	
West		

New launches in last 2 years

78,300 units

HYDERABAD

Zone	Avg. Budget Range for 2 BHK (₹)	Avg. Rate (₹/sf)
Central	65 Lakh - 75 Lakh	6,000
East	42 Lakh - 48 Lakh	3,400 - 4,600
North	40 Lakh - 50 Lakh	
South	38 Lakh - 45 Lakh	
West	55 Lakh - 65 Lakh	

35,500 units

CHENNAI

Zone	Avg. Budget Range for 2 BHK (₹)	Avg. Rate (₹/sf)
Central	1.6 Cr - 2.0 Cr	14,500
North	49 Lakh - 57 Lakh	4,500 - 5,500
South	45 Lakh - 55 Lakh	
West	50 Lakh - 60 Lakh	

28,000 units

KOLKATA

Zone	Avg. Budget Range for 2 BHK (₹)	Avg. Rate (₹/sf)
Central	60 Lakh - 70 Lakh	12,400
East	30 Lakh - 40 Lakh	3,600 - 4,500
North	20 Lakh - 30 Lakh	
South	31 Lakh - 40 Lakh	
West	25 Lakh - 34 Lakh	

27,500 units

Emerging Consumer Trends in Indian Real Estate during Covid-19 times

Home ownership is a new priority for millennials; ~ 55% property seekers aged between 25-35 years

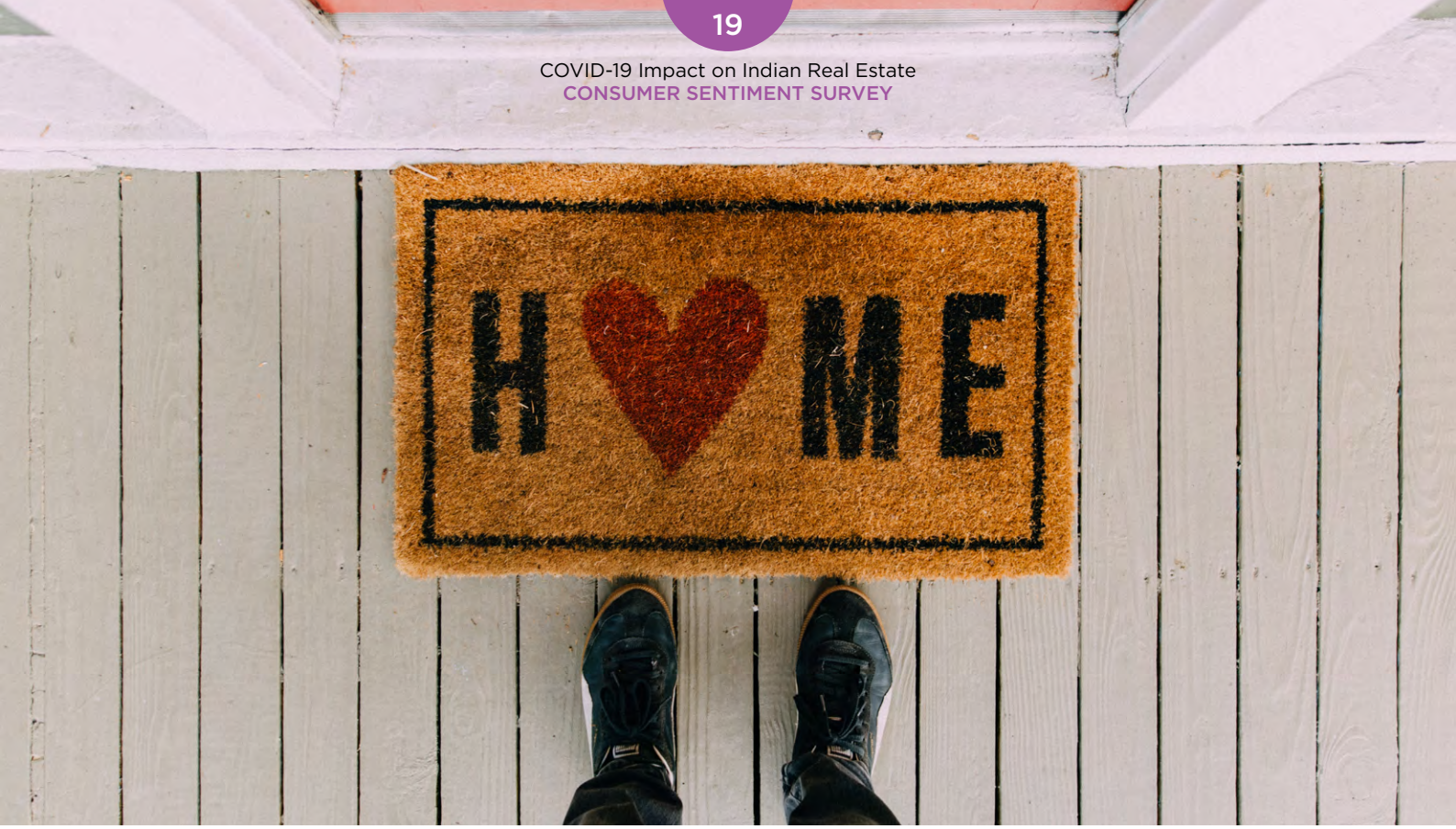
Covid-19 has somewhat changed the way millennials are thinking now. Out of all participants that voted for real estate as best asset class for investment, at least 55% were in the age bracket of 25-35 years as against 42% in the previous survey. Interestingly, 68% of all these millennials are end-users. Undoubtedly, physical assets render highest sense of security especially during exigencies such as Covid-19 or when stock markets plummet to new lows & financial markets witness a turmoil.

Bengaluru, Hyderabad and MMR saw maximum bookings

At least 82% buyers that booked just before or during Covid-19 lockdown period claimed to have booked their homes in these three cities. Developers focussing extensively on digital sales tools are at an upper edge in crisis such as Covid-19 because despite lockdown they were able to close sales. Interestingly, ANAROCK Group also sold 240 homes worth ₹214.6 Cr during the lockdown 1.0 period.

Sense of security associated with physical assets & lower home loan rates key factors determining change

Out of all the participants who were previously in no mood to purchase a property but have now changed their decision during lockdown period, a whopping 92% cited two major reasons for this sudden change – sense of security that physical assets provide during such exigencies & lower home loan interest rates. Rates are at all-time low, ranging between 7.15% to 7.8%.



Covid-19 hasn't dented demand for affordable homes

It was widely anticipated that affordable segment would be the worst affected in 2020 due to Covid-19 as concerns over its target audience's limited income and fear of unemployment continue to rise. However, it doesn't seem so. Similar to previous survey, over 36% respondents prefer properties priced within sub ₹45 Lakh budget. It is also likely that in the current Covid-19 situation many buyers having higher budget previously would have actually reduced it. Many would not want to lock-in a large amount of money in such uncertain times. Instead, they would buy a more functional house based on their current needs only.

62% buyers prefer to pay premium & opt for developers with least execution risk

Majority respondents now largely favour risk-free investments. No wonder, demand for developers having least execution risk is at all-time high, even if the property is relatively higher priced. In the previous survey, just 52% preferred higher priced property from branded developers over smaller ones that sold properties at lower price but had high execution risk - thus recording 10% jump during Covid-19.

Over 34% investors now prefer ready-to-move-in (RTM) homes

In a significant trend seen during Covid-19, unlike before many respondents seeking property from investment perspective prefer ready-to-move-in homes. As many as 34% prefer ready homes over under construction ones probably because construction activity is completely halted across the country, inevitably leading to project delays by several months. In comparison, last survey trends indicated that just 12% investors preferred ready homes then.

ANAROCK Group

ANAROCK is India's leading independent real estate services company with a presence across India and the Middle East. The Chairman, Mr. Anuj Puri, is a highly respected industry veteran and India's most prominent real estate thought leader.

The Company has diversified interests across the real estate lifecycle and deploys its proprietary technology platform to accelerate marketing and sales. ANAROCK's services include Residential Broking and Technology, Retail, Commercial, Investment Banking, Hospitality (via HVS ANAROCK), Land Services, Warehousing and Logistics, Investment Management, Research and Strategic Advisory & Valuations. The Company has a unique business model, which is an amalgamation of traditional product sales supported by a modern technology platform with automated analytical and reporting tools. This offers timely solutions to its clients, while delivering financially favourable and efficient results.

ANAROCK has a team of over 2,000 certified and experienced real estate professionals who operate across all major Indian (Mumbai, Navi Mumbai, Pune, Ahmedabad, NCR – Delhi, Gurugram, Noida, Ghaziabad, Chennai, Bengaluru, Hyderabad, Kolkata, Lucknow) and GCC markets, and within a period of two years, has successfully completed over 300 exclusive project mandates. ANAROCK also manages over 80,000 established channel partners to ensure global business coverage.

Our assurance of consistent ethical dealing with clients and partners reflects our motto - Values Over Value.

Visit: www.anarock.com

Author: **Sumeet Singh Negi**
Senior Manager, Research

Editor: **Priyanka Kapoor**
Asst. Vice President, Research

Designer: **Dr. Paridhi Gupta**
Asst. Vice President, ANAROCK Capital

For research services, please contact:

Prashant Thakur
Director & Head of Research
prashant.thakur@anarock.com

ANAROCK Property Consultants Pvt. Ltd.

1002, 10th Floor, B Wing
ONE BKC, Plot No. C-66, G Block
Bandra Kurla Complex
Bandra East, Mumbai 400 051

MahaRERA Registration No. A51900000108 available at http://maharera.mahaonline.gov.in

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