Real Insight – Q4 FY'19

April 2019

Executive Summary – Q4 FY'19

- New supply further declined by 32% over last year. In the recent quarter except Chennai, Gurugram and Pune all other cities witnessed the reduction in new launches
- Total sales of top 9 cities decreased marginally by 5% over last year, impacted by GST transition rules. Hyderabad realty was an exception to national trend and witnessed significant improvement in sales over last year.
- Unsold inventory of top 9 cities further reduced 10% year on year and overall inventory overhang reduced marginally to 30 months. Hyderabad has the lowest inventory overhang of 17 months whereas Ahmedabad has the highest of 40 months
- Hyderabad continued its price rally whereas prices in NCR and Ahmedabad witnessed correction
- Affordable housing continued to dominate the supply and launches across cities. Ahmedabad & Kolkata having maximum unsold inventory in less than Rs. 25 Lakhs segment

Source: PropTiger DataLabs Mar'19

Residential Landscape: Top-9 cities as of Q4 FY’19 over last year

AHMEDABAD

	Y-o-Y (%)
Launches	-97%
Sales	-10%
BSP	-1% (2,825)
Inventory Overhang	70% (40)

BENGALURU

	Y-o-Y (%)
Launches	-54%
Sales	-23%
BSP	3% (5,114)
Inventory Overhang	5% (25)

CHENNAI

	Y-o-Y (%)
Launches	115%
Sales	-13%
BSP	0% (5,116)
Inventory Overhang	-19% (25)

GURUGRAM

	Y-o-Y (%)
Launches	5%
Sales	10%
BSP	-4% (4,950)
Inventory Overhang	4% (32)

HYDERABAD

	Y-o-Y (%)
Launches	-3%
Sales	26%
BSP	14% (4,902)
Inventory Overhang	-14% (17)

KOLKATA

	Y-o-Y (%)
Launches	-76%
Sales	15%
BSP	1% (3,889)
Inventory Overhang	40% (38)

MMR

	Y-o-Y (%)
Launches	-54%
Sales	4%
BSP	3% (9,295)
Inventory Overhang	-47% (33)

NOIDA

	Y-o-Y (%)
Launches	-28%
Sales	-50%
BSP	-1% (3,885)
Inventory Overhang	-69% (34)

PUNE

	Y-o-Y (%)
Launches	21%
Sales	5%
BSP	2% (4,795)
Inventory Overhang	-48% (27)

Notes:
1. Y-o-Y is comparison between the corresponding quarter of the previous year and the current quarter 2. BSP is represented in Rs./sq.ft. over super area
3. Inventory overhang is represented in months. 4. MMR is Mumbai Metropolitan Region which includes Navi Mumbai and Thane

Source: PropTiger DataLabs Mar’19

Sales declined by 10% whereas inventory overhang improved by 3% over last quarter

Residential trends in top-9 cities* Q-o-Q

	Q4 FY'18	Q1 FY'19	Q2 FY'19	Q3 FY'19	Q4 FY'19
Launches	41%	2%	-21%	25%	- 32%
Sales	36%	-3%	8%	1%	-10%
Price Trend	1%	1%	1%	0%	1%
Inventory Overhang	-6%	- 4%	-10%	-10%	-3%

Strong/Marginal Decline

Stable

Strong/Marginal Increase

Notes: * Top 9 Cities are MMR (Mumbai, Navi Mumbai & Thane), Pune, Noida (including Greater Noida & Yamuna Expressway), Gurugram (including Bhiwadi, Dharuhera & Sohna), Bengaluru, Chennai, Hyderabad, Kolkata and Ahmedabad.

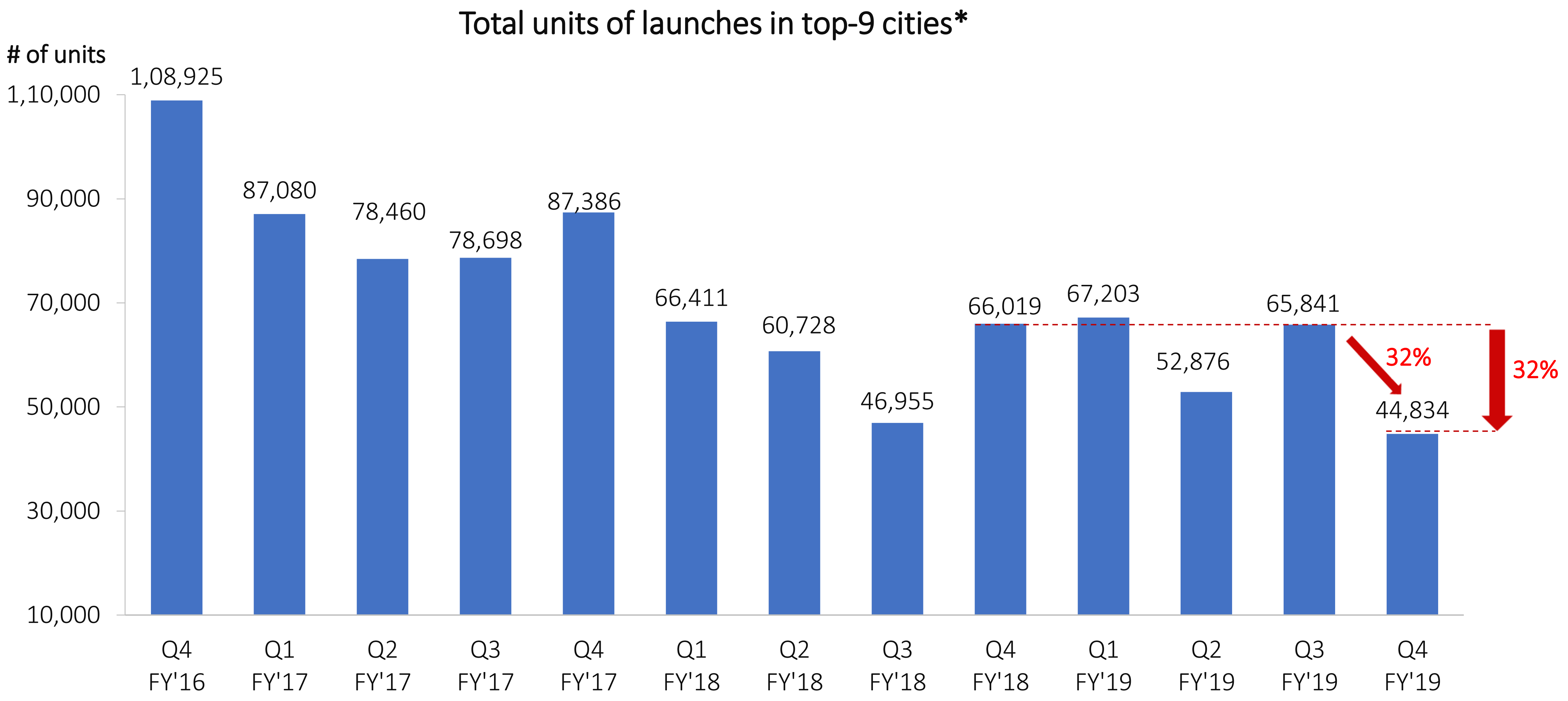
Analysis includes apartments and villas across the regions.

Source: PropTiger DataLabs Mar'19

1…………… Launches: Struggling

Source: PropTiger DataLabs Mar’19

Severe slowdown in launches, 32% decline over last year



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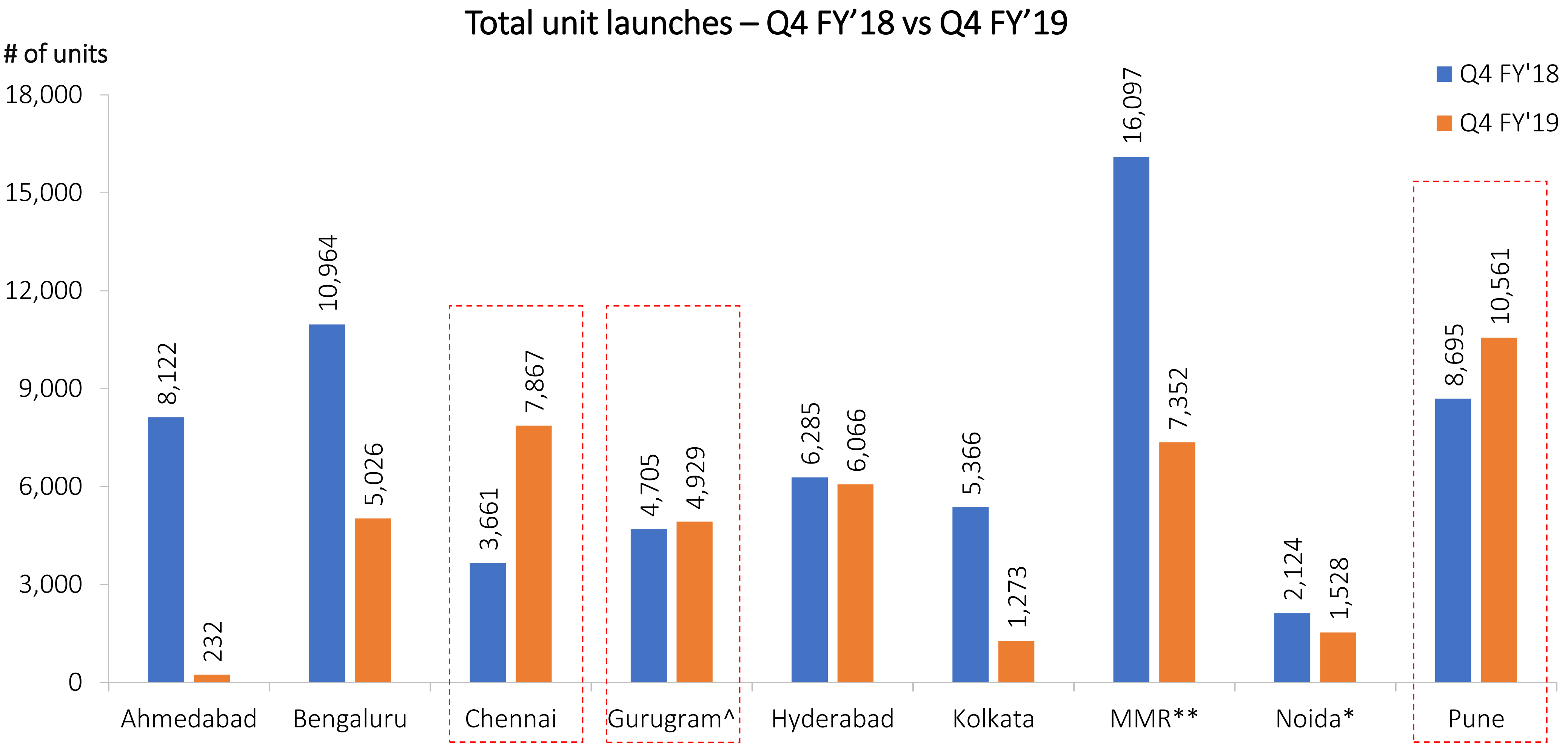
Launches picked up only in Chennai, Pune and marginally in Gurugram



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** MMR – Mumbai Metropolitan Region (Mumbai includes Navi Mumbai and Thane)
^ Gurugram includes Bhiwadi, Dharuhera and Sohna.
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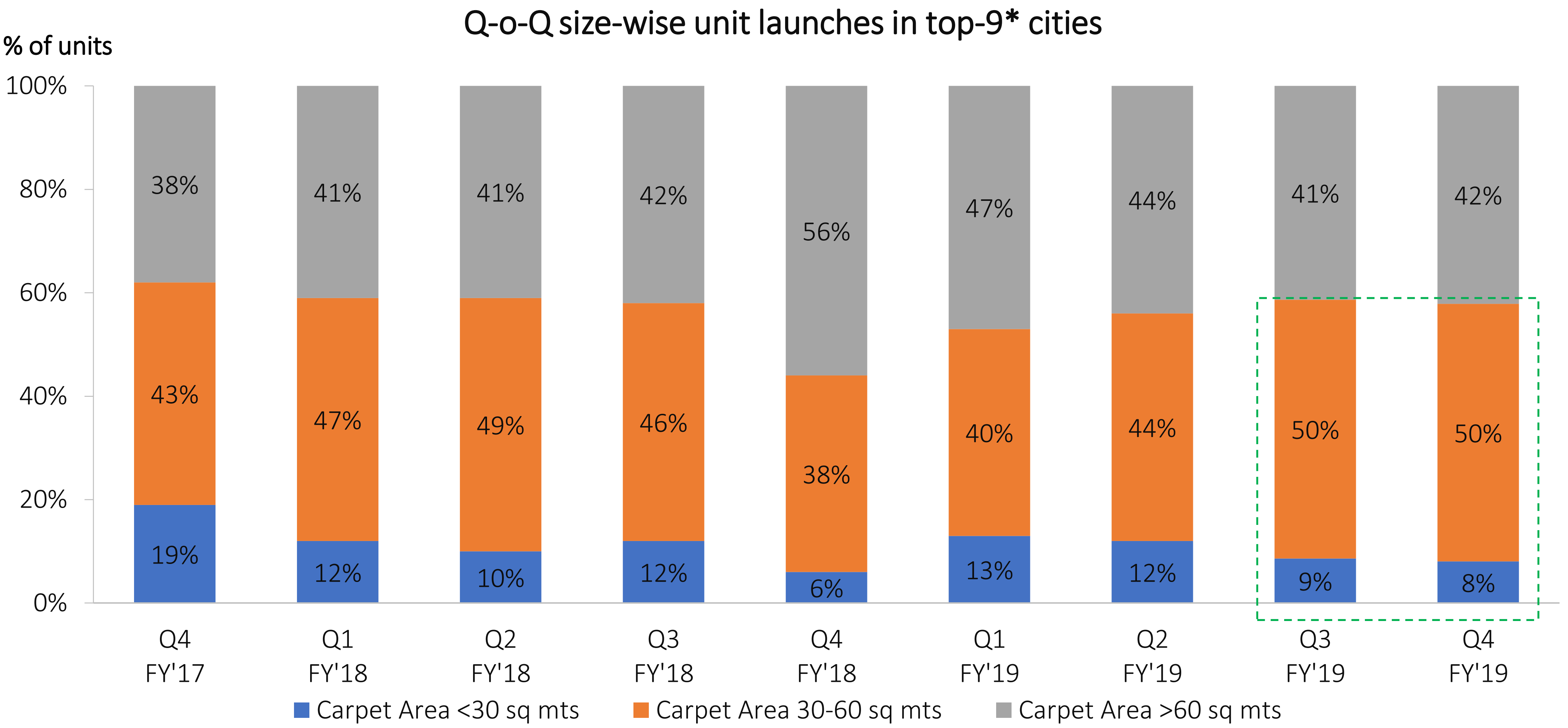
Source: PropTiger DataLabs Mar'19

Affordable housing with <60 sq mts carpet area contributed ~58% of new units launched



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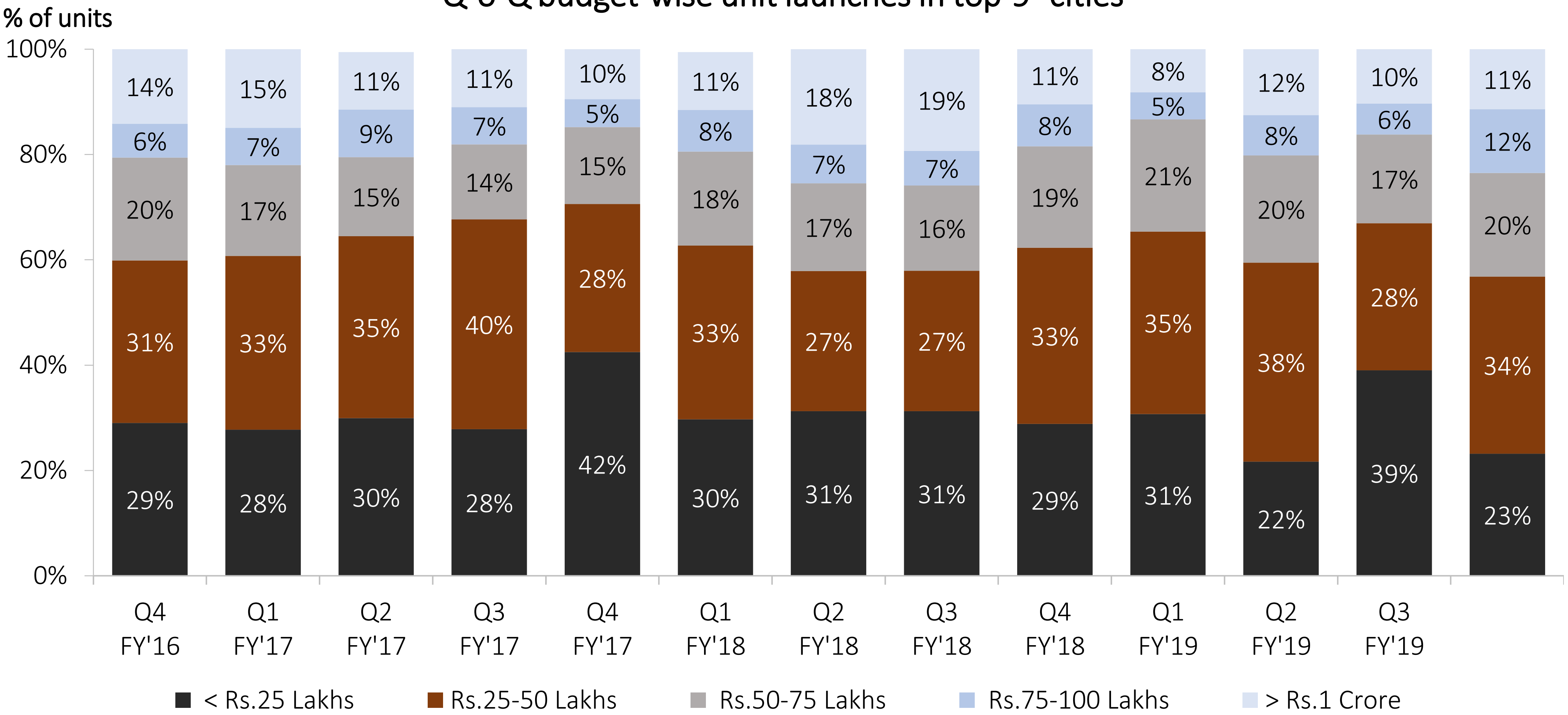
~60% of new units launched were priced below <Rs. 50 Lakhs budget[1]

Q-o-Q budget-wise unit launches in top-9[2] cities



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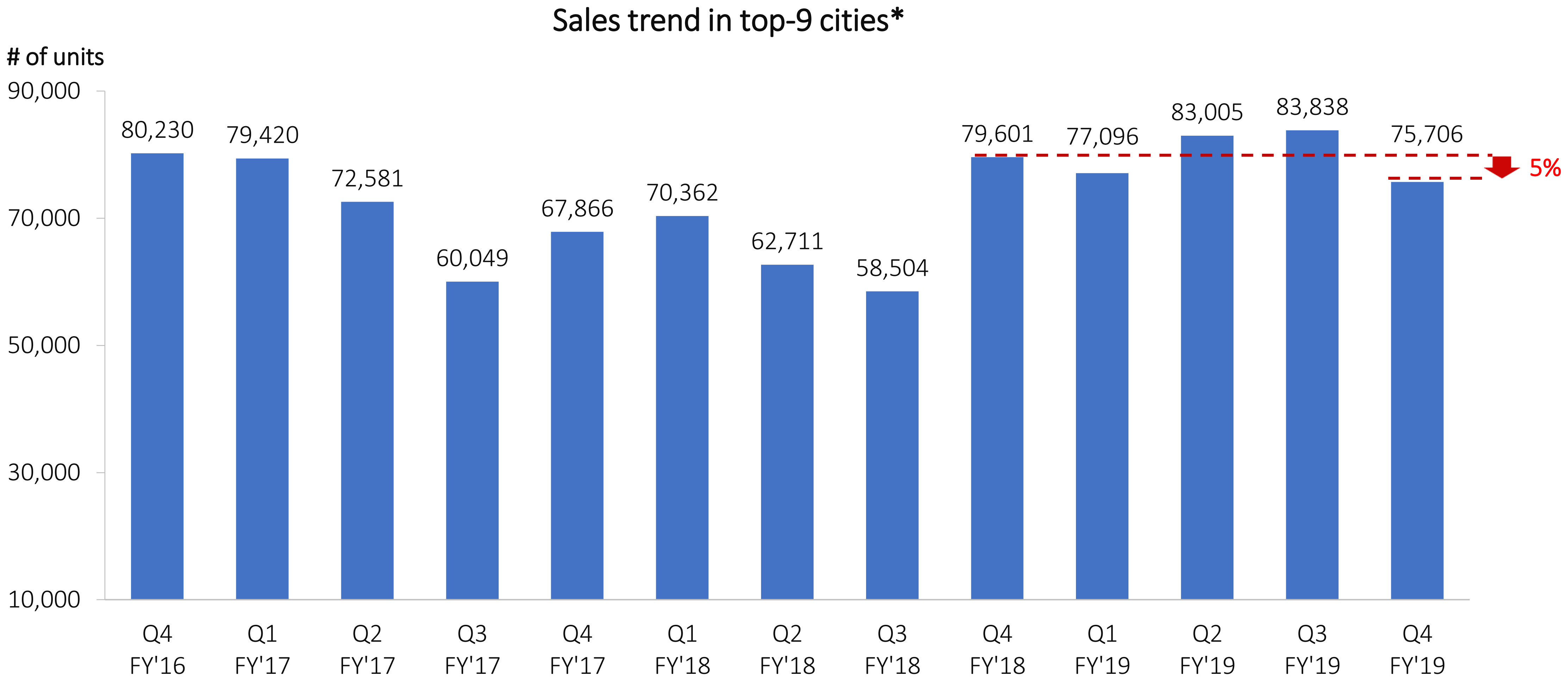
Analysis includes apartments and villas across the regions.

Source: PropTiger DataLabs Mar'19

2……Consumer & Demand : Sales Momentum Subdued

Source: PropTiger DataLabs Mar'19

Marginal decline in sales, only 5% over last year



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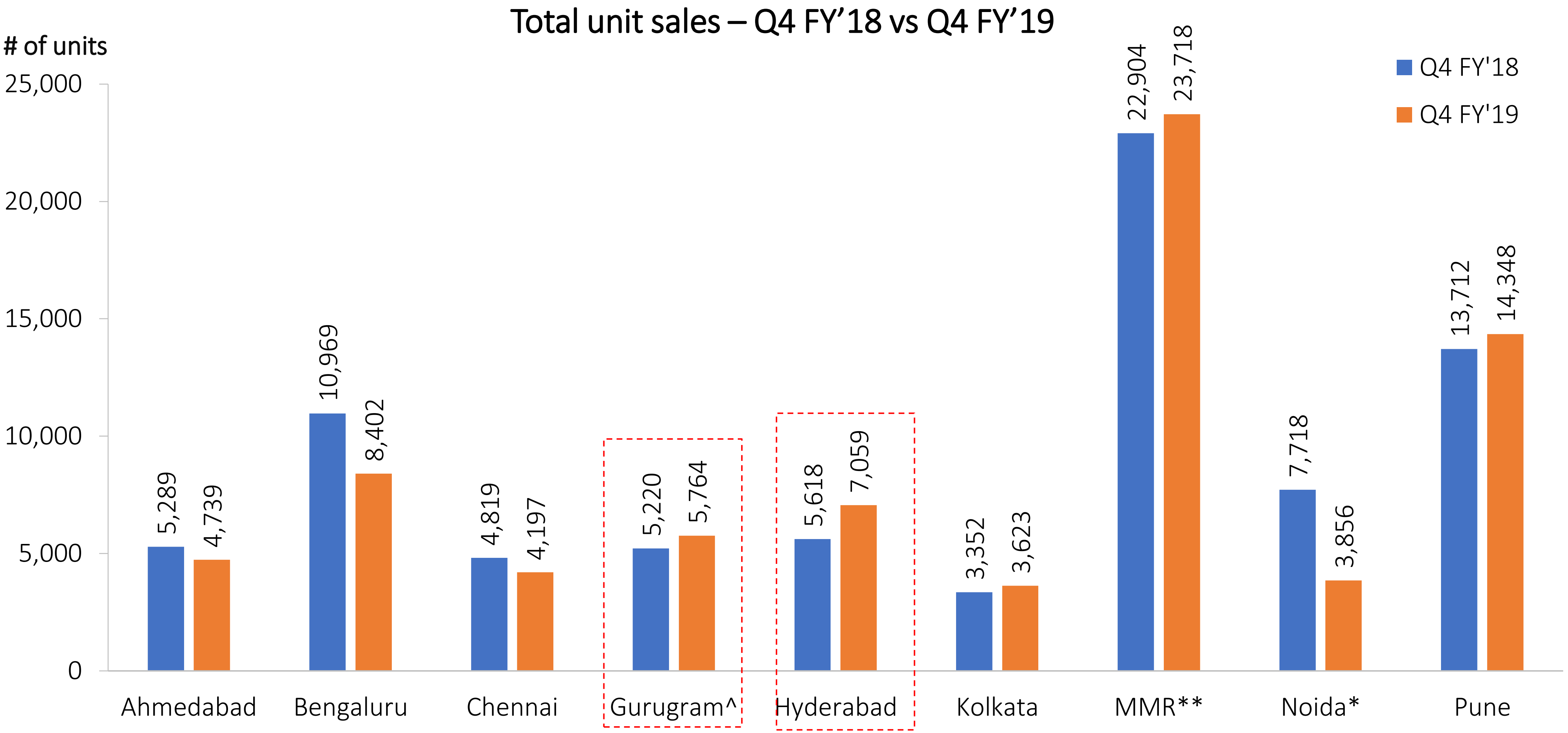
Hyderabad followed by Gurugram witnessed significant improvement in sales over last year



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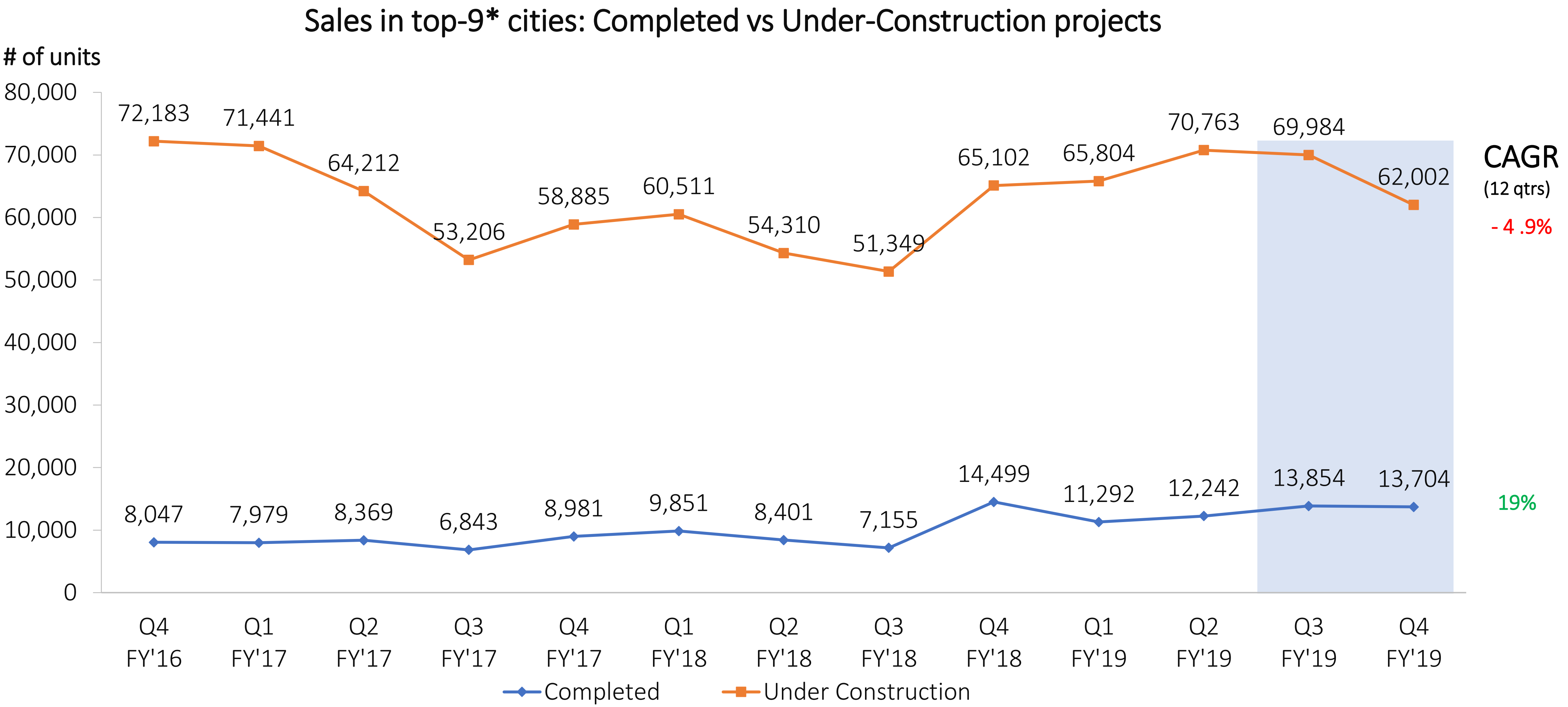
^ Gurugram includes Bhiwadi, Dharuhera and Sohna.
Analysis includes apartments and villas across the regions.

Source: PropTiger DataLabs Mar'19

Severe decline seen in sales of under-construction units



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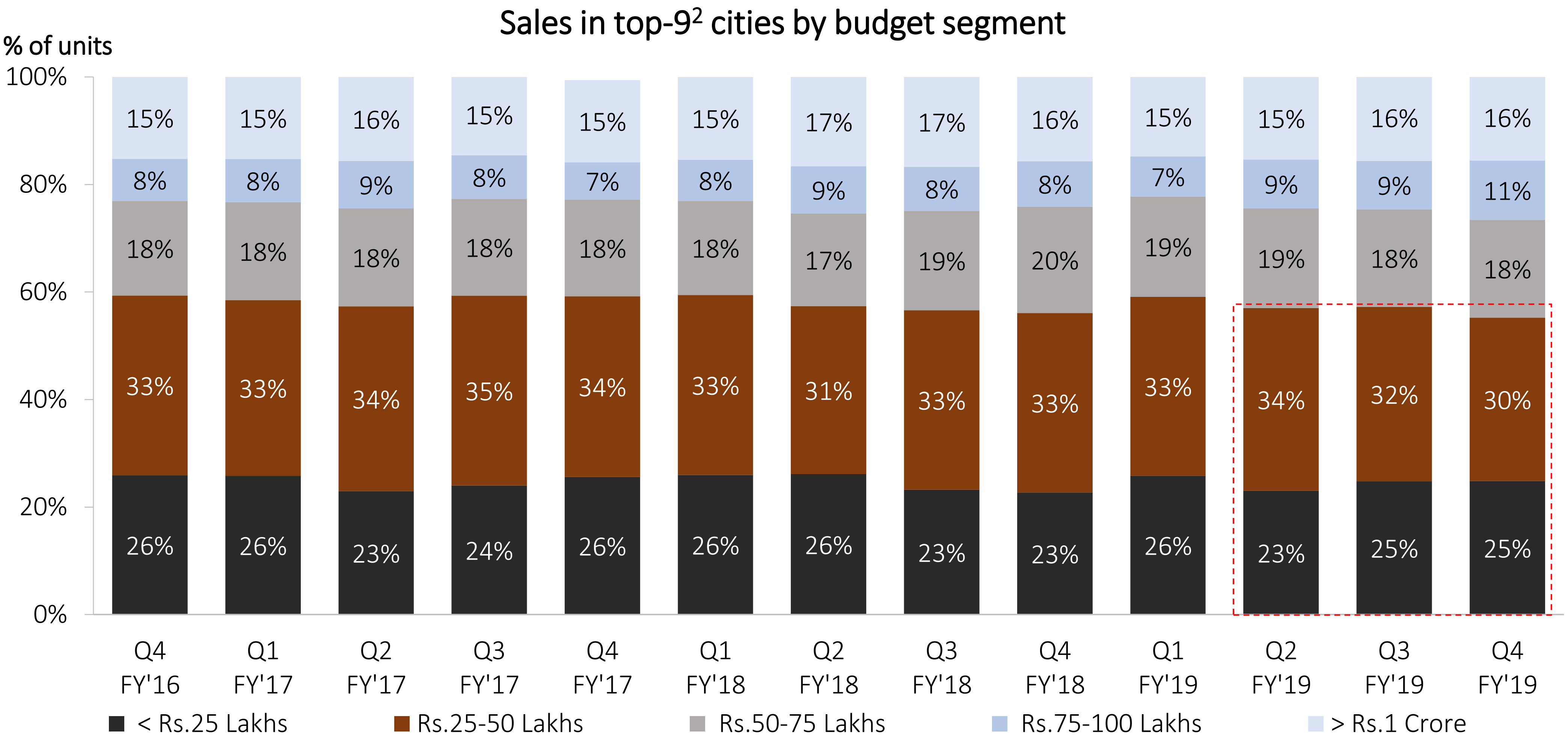
<Rs.50 Lakhs budget[1] segment continued to contribute >55% to sales



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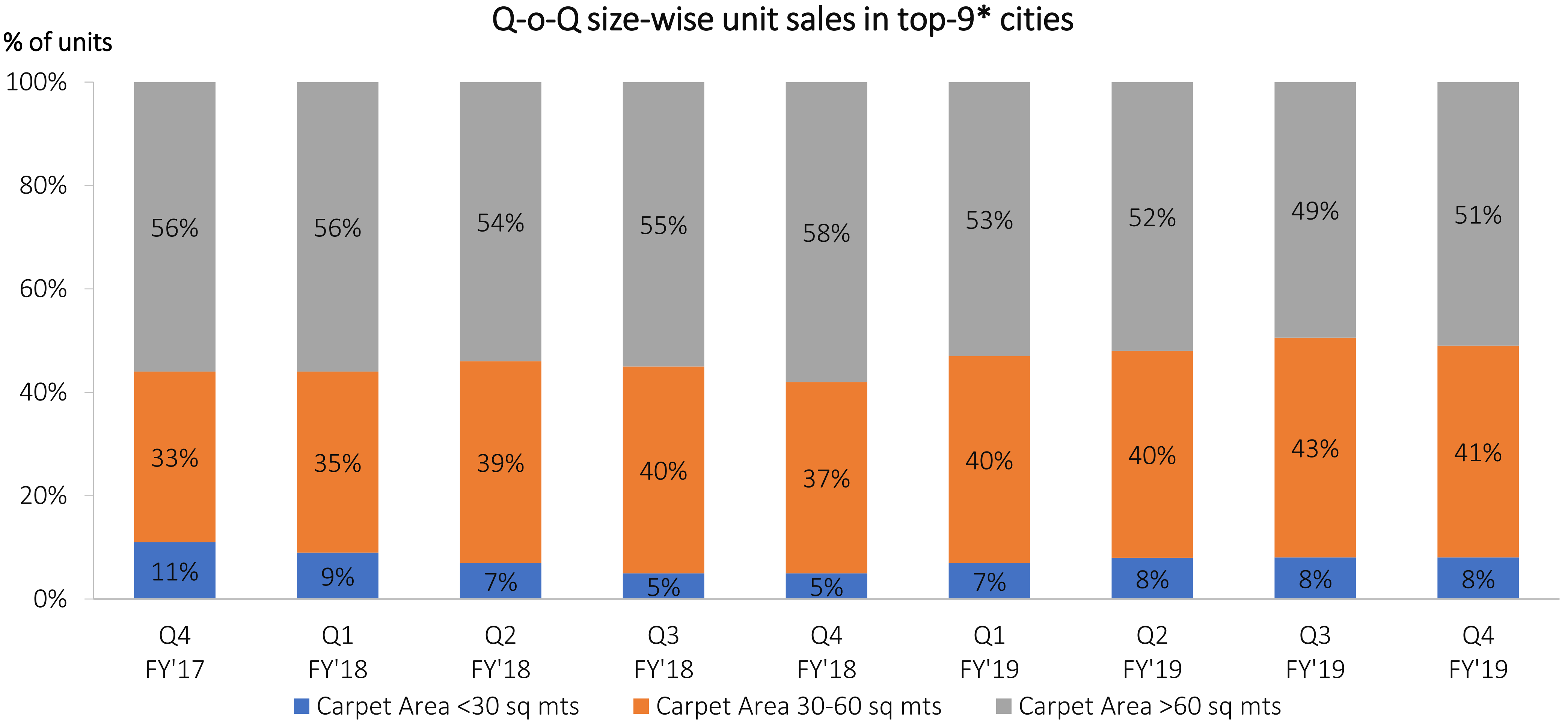
Source: PropTiger DataLabs Mar'19

Units with carpet area <60 sq mts contributed 49% to sales



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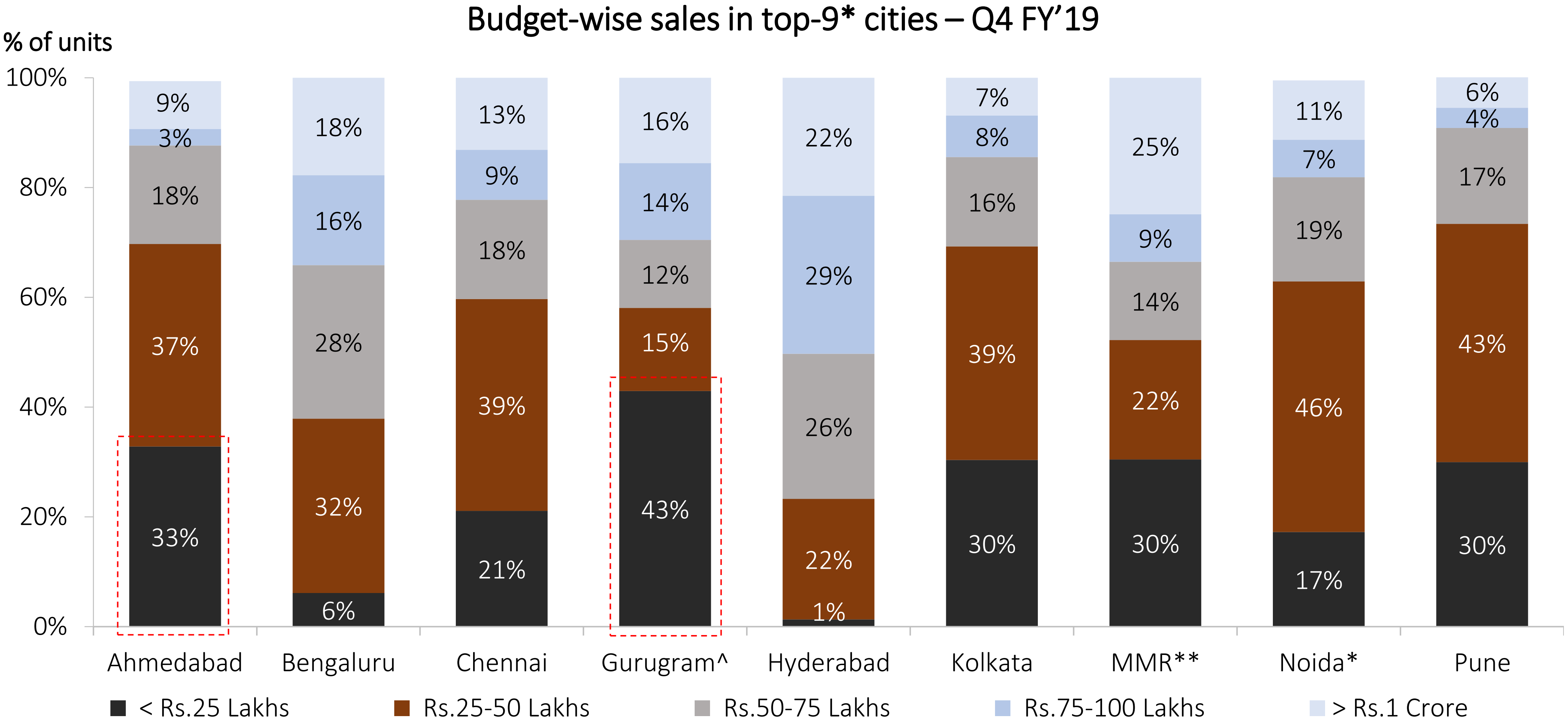
Source: PropTiger DataLabs Mar'19

Gurugram followed by Ahmedabad leads in affordable housing with more than one-third of the sales in < Rs.25 Lakhs budget[1] segment



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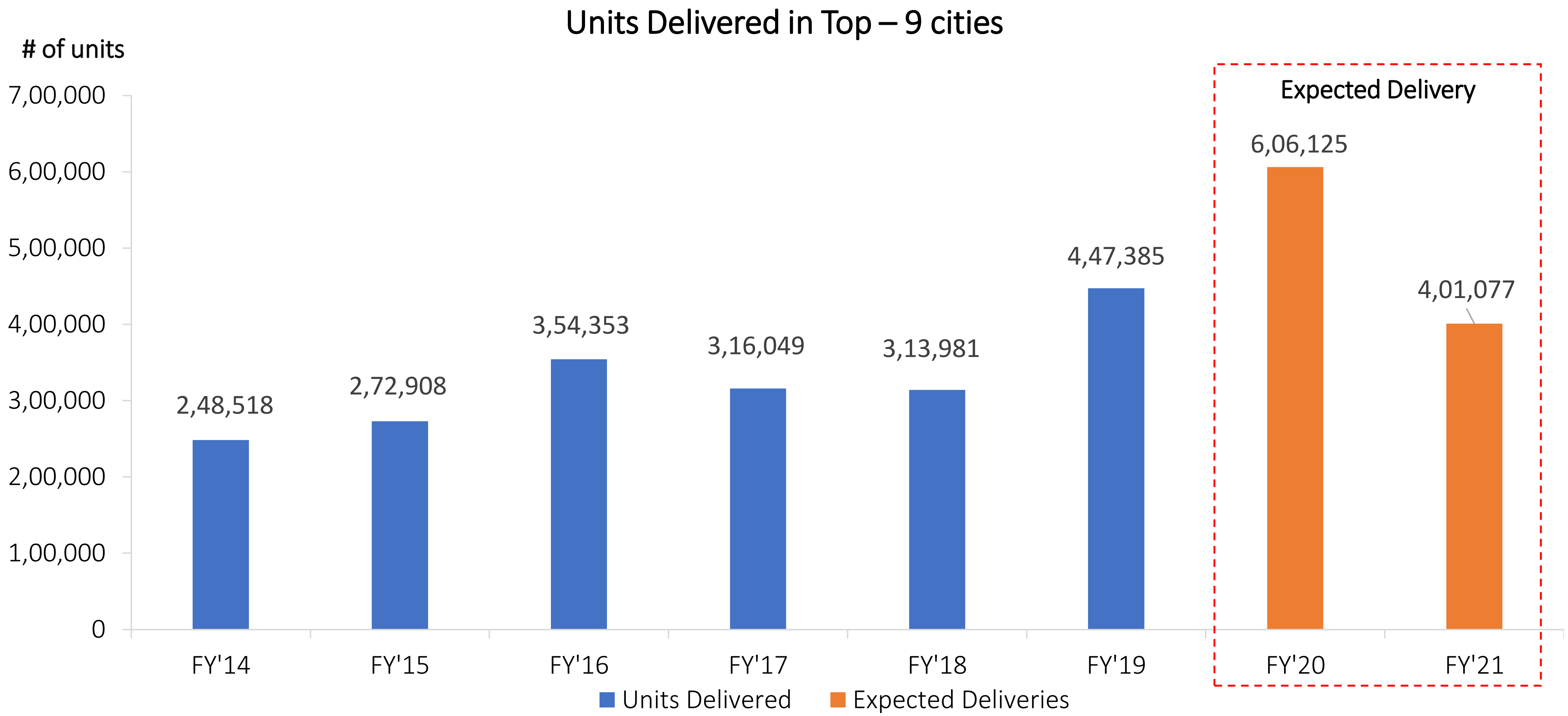
Analysis includes apartments and villas across the regions.

Source: PropTiger DataLabs Mar'19

Over 600,000 units are expected to be delivered in next 12 months

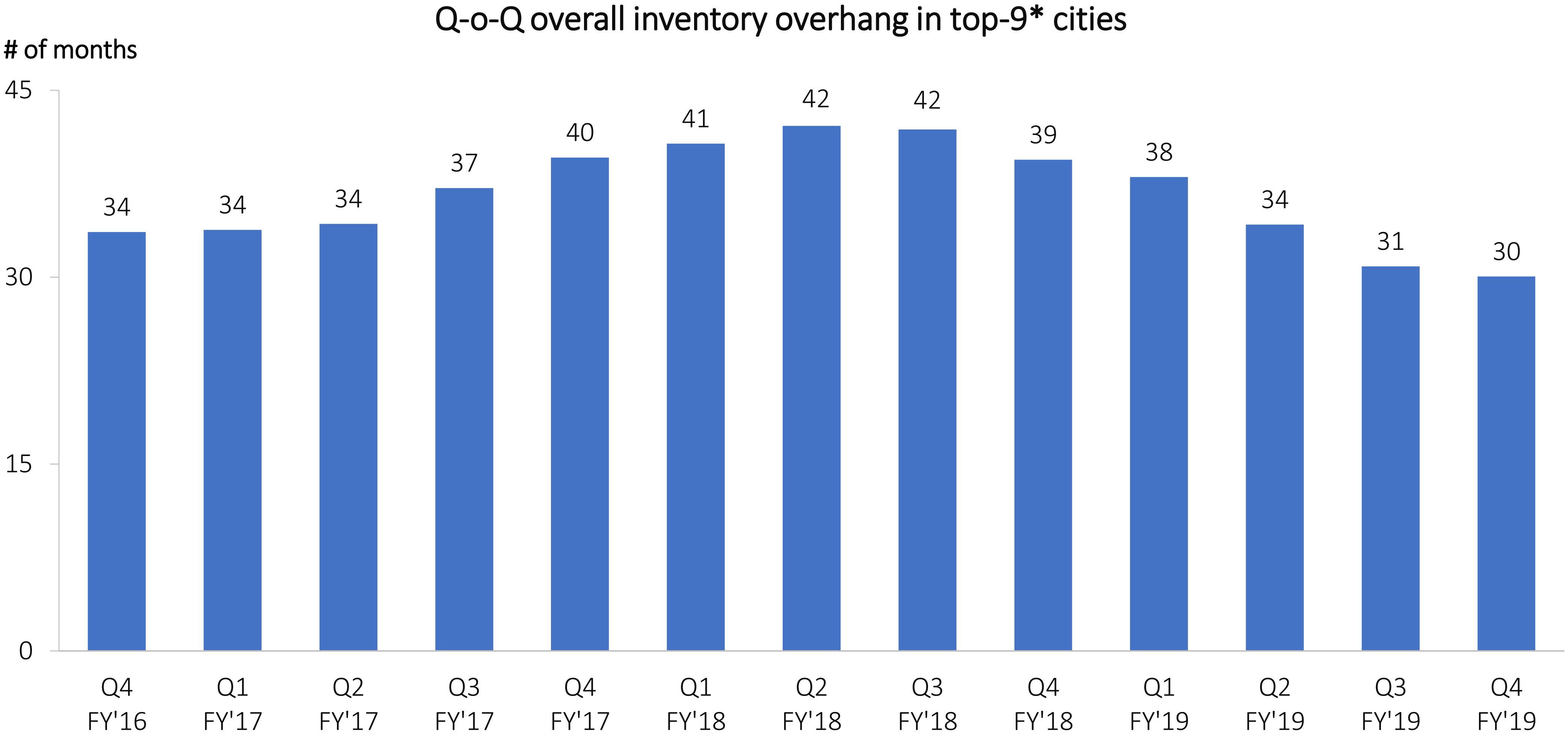


Note: Analysis includes apartments and villas across the regions.

Source: PropTiger DataLabs Mar'19

3………Inventory: Reduced Inventory Overhang

Inventory overhang improves, reached at less than 3 years of sales velocity



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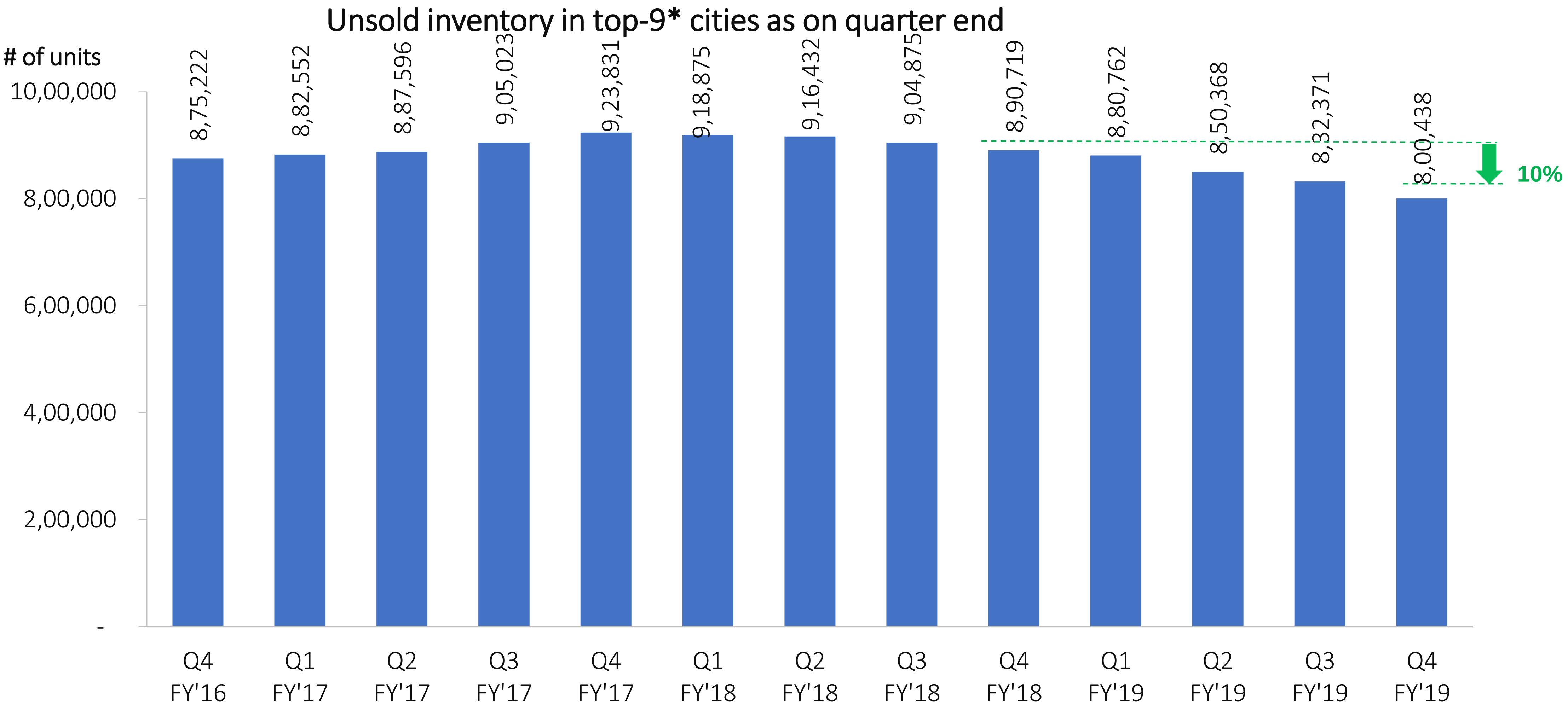
Source: PropTiger DataLabs Mar’19

Unsold inventory lowest in last 3 years



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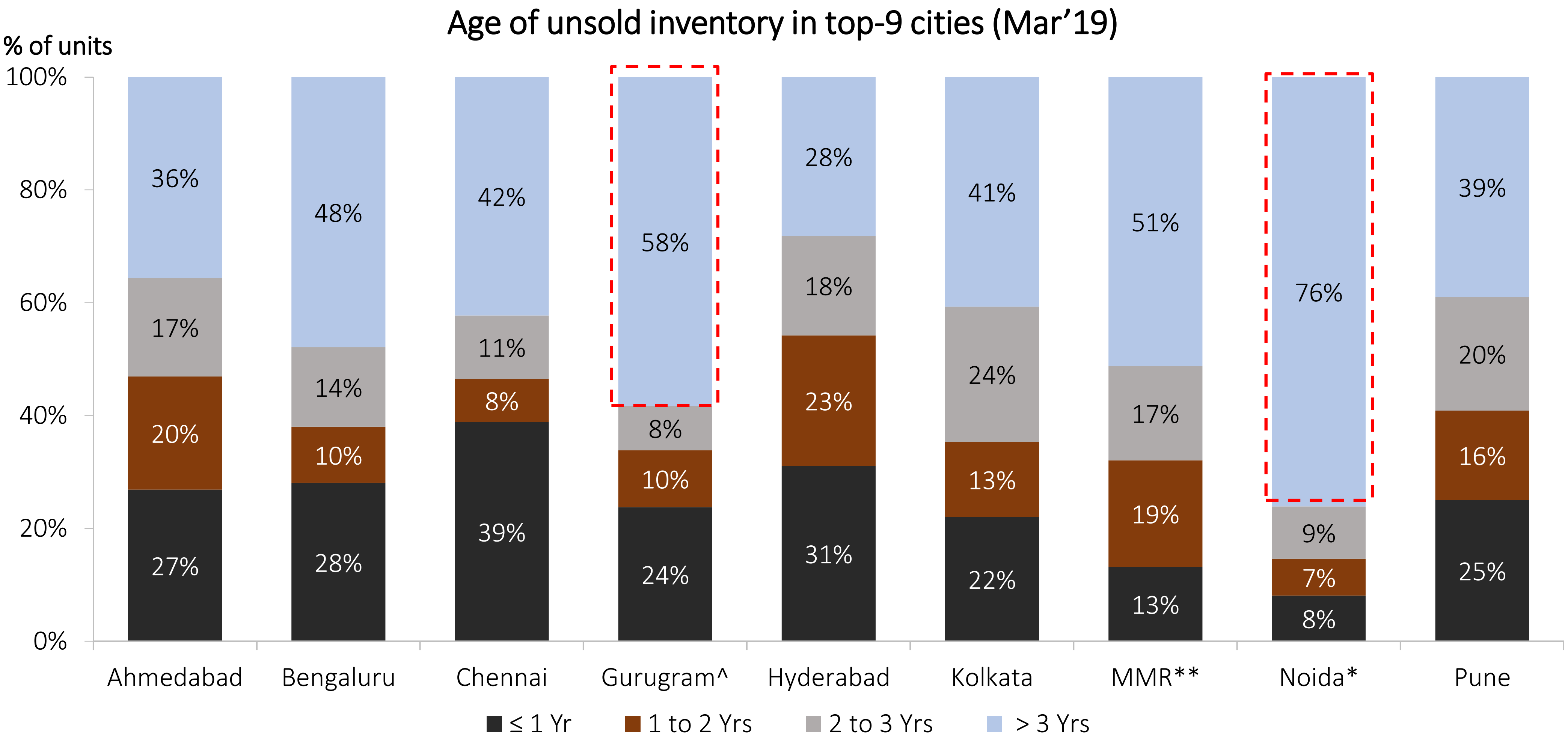
Source: PropTiger DataLabs Mar'19

NCR holds the highest share of unsold inventory aged above 3 years



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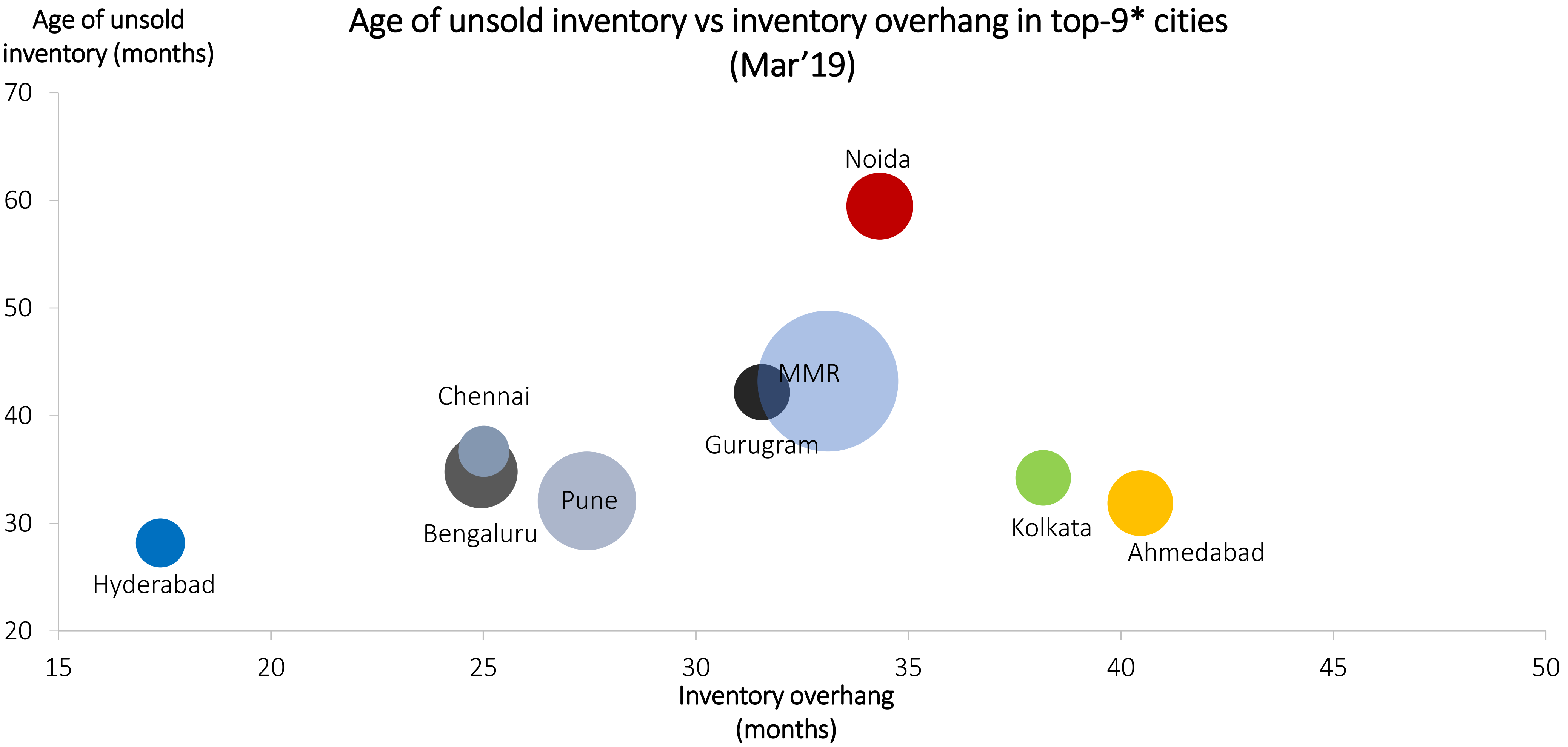
Source: PropTiger DataLabs Mar'19

Hyderabad has the best inventory profile (lowest age as well as lowest overhang)



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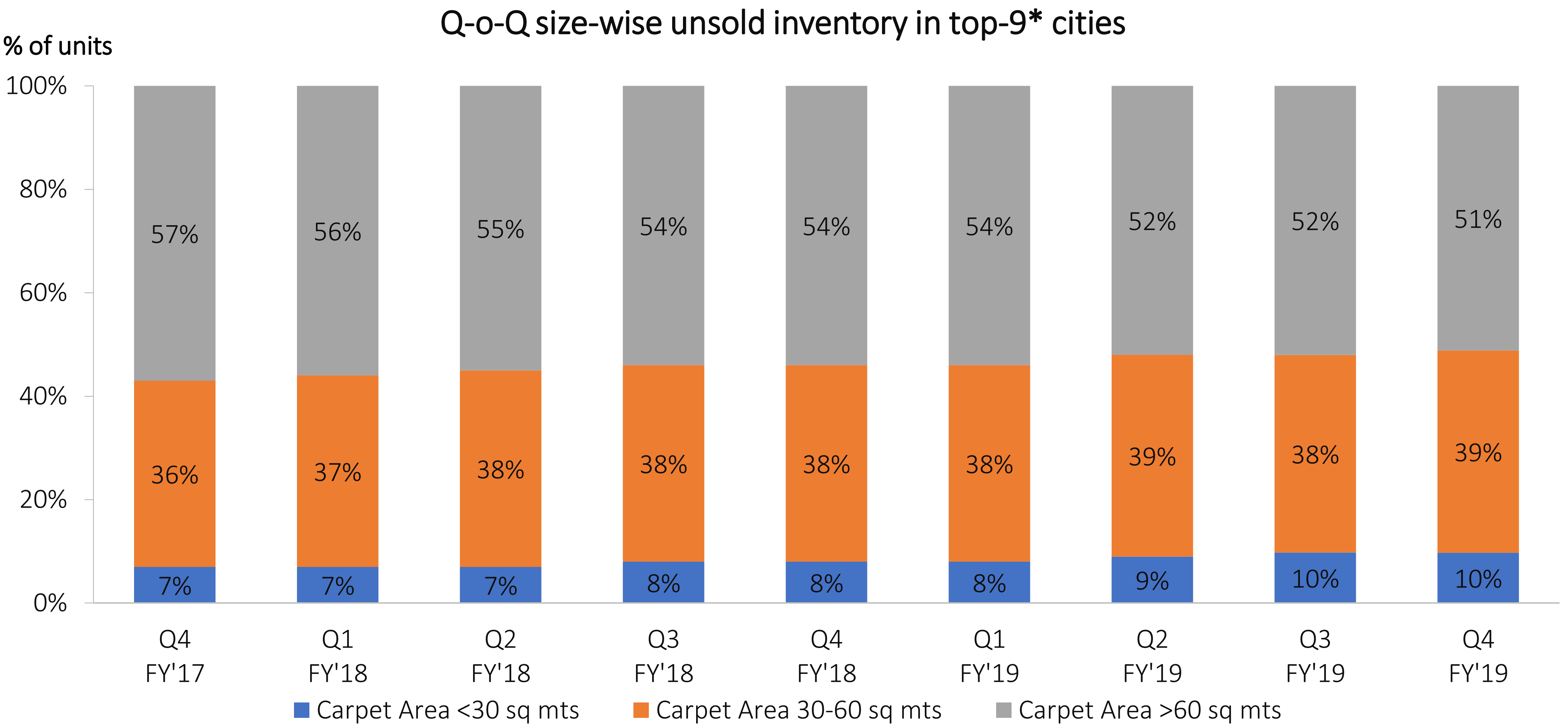
Size of the bubble indicates total inventory in units.

Source: PropTiger DataLabs Mar'19

Almost half of unsold units are sized below <60 sq mts carpet area



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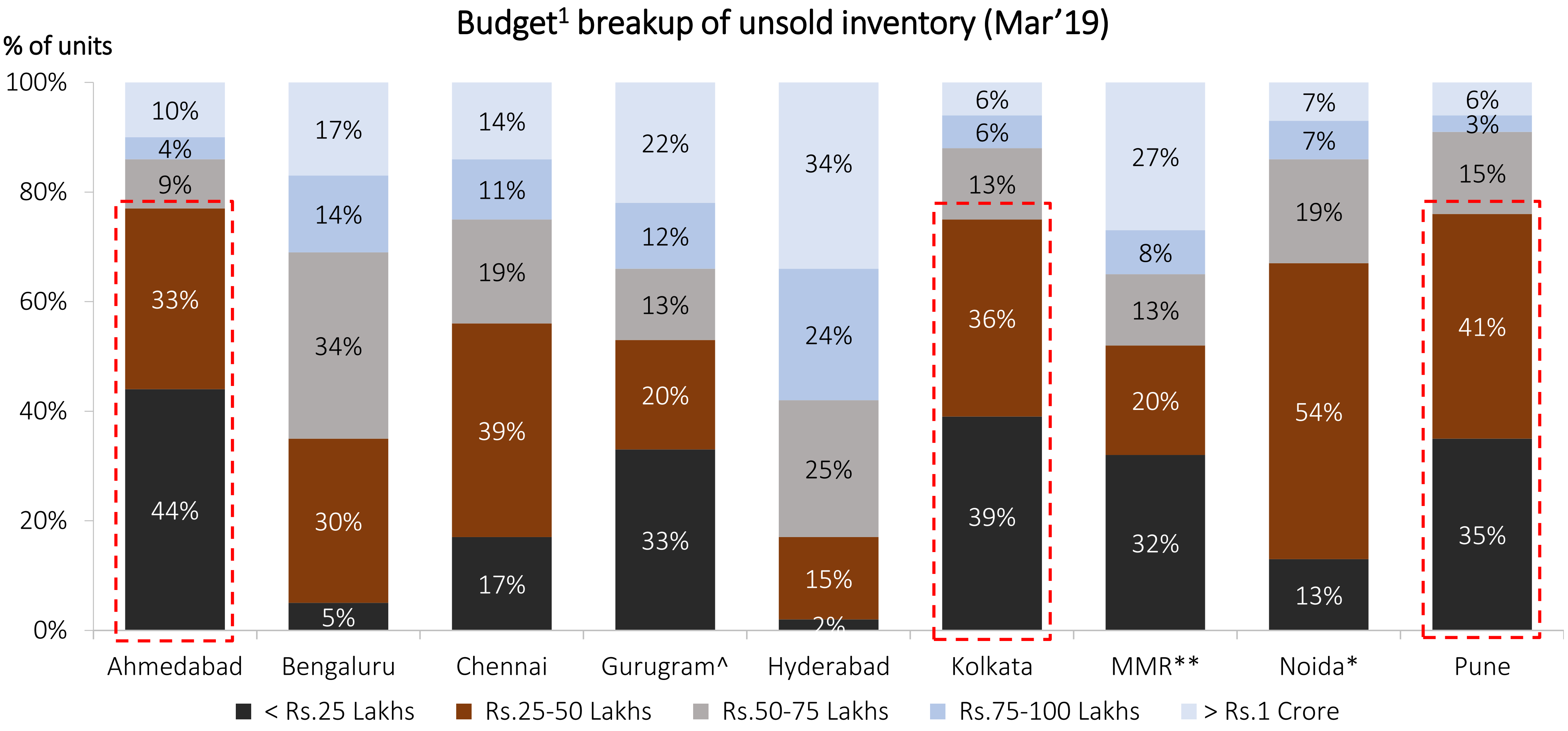
Analysis includes apartments and villas across the regions.

Source: PropTiger DataLabs Mar'19

Ahmedabad, Pune and Kolkata have more than 75% of the unsold inventory in the <Rs.50 Lakhs segment



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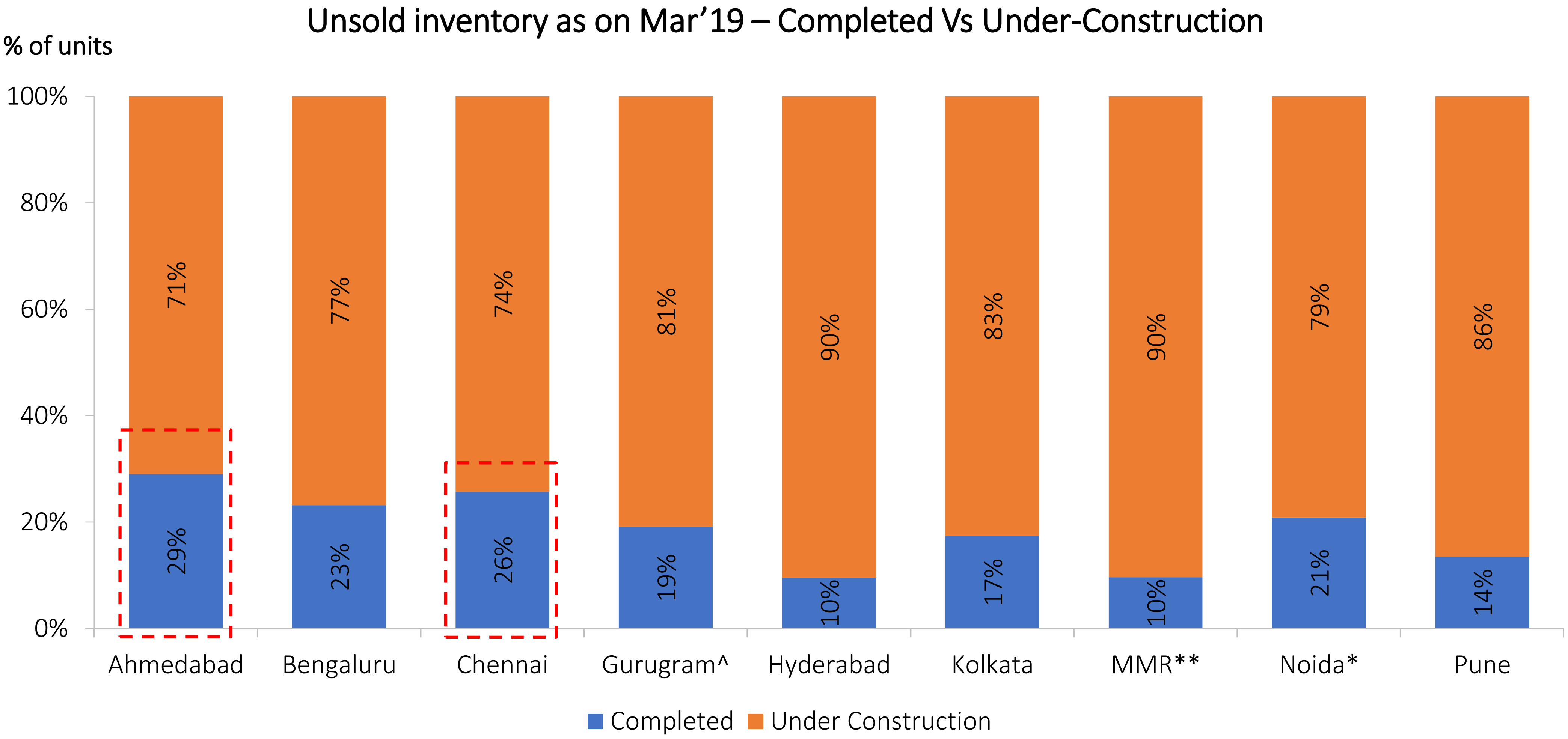
Source: PropTiger DataLabs Mar'19

Ahmedabad and Chennai have the highest share of completed units in unsold inventory



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Analysis includes apartments and villas across the regions.

Source: PropTiger DataLabs Mar'19

4.........Pricing: Positive Changes

Source: PropTiger DataLabs Mar'19

Hyderabad continued its price rally whereas prices in NCR corrected marginally

Weighted average^^ BSP (Rs./sq.ft.) of apartment units as at the end of quarter

City	Q4 FY'18	Q4 FY'19	Price Change (Y-o-Y)
Ahmedabad	2,843	2,825	-1%
Bengaluru	4,989	5,114	3%
Chennai	5,123	5,116	0%
Gurugram^	5,130	4,950	-4%
Hyderabad	4,317	4,902	14%
Kolkata	3,831	3,889	1%
MMR**	9,020	9,295	3%
Noida*	3,906	3,866	-1%
Pune	4,720	4,795	2%

Notes: ^^ Price weighted on number of units supply in respective projects in a city.
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Analysis includes apartments across the regions.

Source: PropTiger DataLabs Mar'19

5.........Macro Indicators

Source: PropTiger DataLabs Mar’19

Key Developments

Policy Changes

- The GST Council has notified formation of a ministerial panel which will study problems plaguing the real estate sector under the indirect tax regime and suggest remedial measures.
- The Goods and Service Tax Council approved the transition plan to move towards new tax rates for the real estate sector by giving builder an option to levy the old tax rate if they want. Choosing the old tax rates for projects, construction for which was started before March 31, will help builders to avail their accumulated input tax credit. New projects starting from April 1 will have the new tax rates of 1 percent for affordable housing projects, and 5 percent for other housing projects without the benefit of input tax credit.
- Realty sector hope for revival in housing sales after RBI decision to cut Repo Rate by 25 bps to 6.25 per cent, which would make home loans easier and cheaper for the home buyers provided the public sector banks and other lending institutions pass on the benefit to their customers.

Infrastructure Developments

- Maharashtra clears phase II of Nagpur metro worth Rs 11,216 crore.
- The Delhi Metro Rail Corporation (DMRC) has submitted a revised detailed project report (DPR) for a further extension of the Blue Line — the metro phase 3 corridor (Noida Electronic City-Mohan Nagar).
- The improved connectivity by the Aqua Line may encourage fence sitters looking for an affordable, ready-to-move-in units to take a call on purchasing a house, but there may not be a massive price appreciation due to oversupply in the market.

Source: PropTiger DataLabs Mar’19

Key transactions of last quarter

Land Deals

Buyer	Seller	Size (Acres)	Amount (Rs. crore)	Location	Deal Status
Godrej Properties	Rail Land Development Authority	27.0	1,100	Ashok Vihar, New Delhi	Done
TVS Emerald Housing	SNP Infrastructure	6.5	150	Chennai	Done
Ascendas-Singbridge Group	GSquare Group	12.2	175	Pallavaram–Thoraipakkam Road, Chennai	Done

Commercial Space Buyouts

Buyer	Seller	Property	Amount (Rs. crore)	Location	Deal Status
Blackstone Group LLP and Salarpuria Sattva group	Tanglin Developments	Global Village Tech Park	2,800	Bengaluru	Ongoing Discussion

Leasing Deals

Tenant	Property	Area (lakh sq.ft.)	Location	Lease Type
Bank of America	DLF Cyber Park	5.0	Gurgaon	Fresh Lease
Samsung R&D Institute	Bagmane Goldstone	4.0	Bengaluru	Fresh Lease
WPP India	ORB complex	3.0	Mumbai	Fresh Lease
WeWork	Vijay Diamond	1.0	Mumbai	Fresh Lease

Source: PropTiger DataLabs Mar’19

Outlook for Q1 FY'20

- New transition rules of GST might create confusion in the minds of buyers. Developer's have time till 10th May to decide on final rates for their projects and this will have impact on sales in next quarter
- Launches will continue to stay low in next quarter impacted primarily by election results
- New GST rates for affordable housing has brought cheer to this segment as definition of affordable housing has been expanded
- We expect prices to start moving up in most cities as developers adjust their pricing to include impact of lack of input tax credits

Source: PropTiger DataLabs Mar'19

Thank You