



INDIA REAL ESTATE MARKET UPDATE Q1 2020

RESIDENTIAL



April 2020

Residential market headed for choppy waters

The last few years have been turbulent for the Indian residential market. As the market recovered from the impact of demonetization, the implementation of key structural reforms such as RERA and GST in 2017 acted as a dampener, deterring developers from launching new projects. Albeit the inevitable teething problems, these measures brought in the much needed transparency and efficiency into the system. With the dust over these policy changes settling, the year 2018 witnessed the market move towards revival. In 2019, the global economic slowdown accompanied by India's slower GDP growth resulted in consumer sentiments taking a massive hit. Amidst the gloom, the residential real estate market showed resilience – sales of residential units across the top seven cities recorded a growth of 6% y-o-y.

As uncertainty grips the entire world, the year 2020 will certainly present challenges. The COVID-19 pandemic is affecting the global economic slowdown. Turning to growth in India, the implied real GDP growth of 5 per cent for FY 2019-20 in the second advance estimates of the National Statistics Office, is now at risk from the pandemic's impact on the economy.

The government has introduced several short-term relief measures to uplift the Indian economy from the immediate impact of the lockdown. The Reserve Bank of India, too, has been taking purposeful action focused on driving overall economic growth and mitigating the adverse macroeconomic impact of the pandemic. Following a series of rate cuts since February 2019, the repo rate today stands at 4.40%. To put things into perspective, this is lower than the policy rate of 4.75% post the 2008 Financial Crisis. More importantly, banks have already started transmitting the benefits to consumers in the form of lower mortgage rates; as well as granting a three-month EMI moratorium.

The hit to consumer confidence due to the economic slowdown seems to have a bearing on the decision making of homebuyers with the offtake of home loans witnessing a declining growth trend (Figure 1). Lower mortgage rates combined with other measures taken by the government to improve sentiments is expected to arrest this declining trend and aid in the recovery of the residential market in India.

Figure 1 Subdued sentiments weigh in on the offtake of home loans



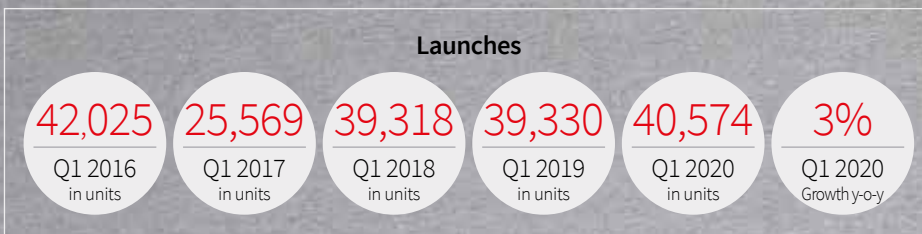
Note: Data pertains to housing loan disbursements by commercial banks
Source: RBI, JLL Research

In spite of several measures being announced by the government and the central bank to mitigate the adverse effects of COVID-19, ensure financial stability and revive growth; the revival of the residential sector primarily hinges on the intensity, spread and duration of the global pandemic. With economic activity more muted, the real estate sector, which contributes 8% to the Gross Domestic Product of the nation, is poised to face some challenges. The impact of the ongoing pandemic on business activities became more prominent since the beginning of March 2020 in the country. Even though new project launches came to a standstill in March, Q1 2020 witnessed a rise of 3% in new launches as compared to the same period last year. The homebuyer community deferred their purchase decisions in light of the impending crises, which led to sales dipping by nearly 30% in Q1 2020 on a y-o-y basis.

New launches defy market trends

The current quarter saw a marginal increase in new launches of residential units compared to the same period last year (Table I). Q1 2020 recorded new launches of 40,574 units, an increase of 3% when compared to Q1 2019. Developers across cities continued to launch new projects in the initial two months of the quarter. It gradually slowed down in the beginning of March in line with growing concerns of the impact of COVID-19 before it came to a standstill, on account of the nationwide lockdown.

Table I Marginal growth in new launches



Note: Top 7 cities include Delhi NCR, Mumbai, Bengaluru, Chennai, Hyderabad, Pune and Kolkata
 Mumbai includes Mumbai city, Mumbai suburbs, Thane city and Navi Mumbai
 Source: Real Estate Intelligence Service (REIS), JLL Research

Mumbai and Bengaluru continued to dominate new launches and formed nearly 60% of the overall launches during the quarter (Figure II). The overall increase in new launches was driven by smaller markets like Pune, Kolkata and Chennai. While new launches in Mumbai witnessed a substantial decline of 18% as compared to the same period last year, it remained largely unchanged in Bengaluru (increase of 3%) and Delhi NCR (decrease of 3%). There was an uptick in launches by reputed developers on the back of expectations of an economy recovery.

Figure II Mumbai and Bengaluru form nearly 60% of new launches



Source: Real Estate Intelligence Service (REIS), JLL Research

With a nationwide lockdown in place, construction activity and new launches have come to a complete halt at present. The economic package announced by the central government is expected to benefit 3.5 crore-registered construction workers. It will provide the much-needed relief to construction workers, affected due to the closure of construction sites.

The situation is likely to aggravate the liquidity challenges faced by developers and restrict new launches for some time after normal business conditions are restored. In the subsequent quarters, developers are expected to focus on completion of under construction projects and clearing their unsold inventory. Moreover, consolidation in the residential market with an increasing number of joint developments will continue to be a major trend with the size of pie belonging to reputed developers increasing consistently.

Development focus on mid and affordable segments continued in Q1 2020 as developers continued to capitalise on the demand and supply side incentives of the government, to cater to the unmet demand in the lower and mid income groups and target first time homebuyers. A closer analysis of launches during the first quarter of 2020 shows a sizeable proportion of 62% in the affordable and mid-price segments (Table II).

Table II Affordable and mid segments account for 62% of new launches

Q1 2019		Q1 2020
61%	Bengaluru	83%
34%	Chennai	29%
26%	Delhi NCR	28%
18%	Hyderabad	29%
62%	Kolkata	99%
46%	Mumbai	49%
90%	Pune	79%
51%	India	62%

Note: Affordable and mid-price segments include apartments of up to INR 10 million in Mumbai and INR 7.5 million across other cities

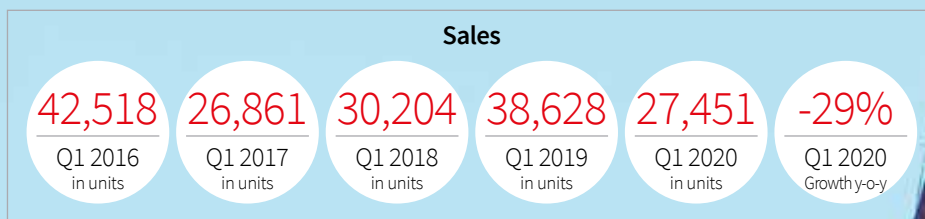
Source: Real Estate Intelligence Service (REIS), JLL Research

These launches were mostly concentrated in the suburban areas of the cities, which have availability of larger land parcels at comparatively lower costs. Interestingly, new launches in these segments increased in the three larger markets of Bengaluru, Delhi NCR and Mumbai. Nearly all the newly launched units in Kolkata in Q1 2020 were under these ticket-size brackets. Moving ahead, the focus on these price segments is expected to continue with developers trying to reap the benefits of various government incentives as well as the strong pent up demand in these price segments.

Sales decline with consumer sentiments taking a hit

The sales of residential units decreased by 29% in Q1 2020 over the same period last year (Table III). The economic slowdown aggravated by the ongoing health crisis is manifesting itself in the form of a hit to sales with buyers postponing their purchase decisions.

Table III Housing sales take a backseat as the economy come to a halt

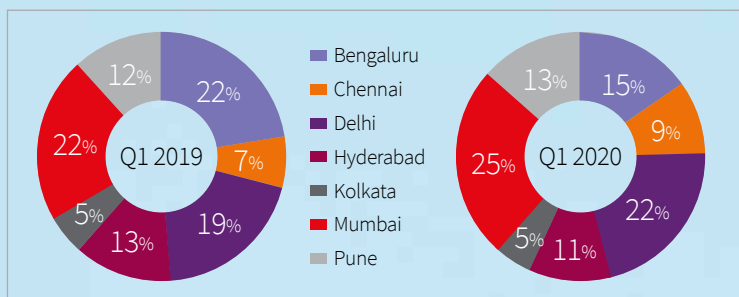


Note: Top 7 cities include Delhi NCR, Mumbai, Bengaluru, Chennai, Hyderabad, Pune and Kolkata
 Mumbai includes Mumbai city, Mumbai suburbs, Thane city and Navi Mumbai
 Source: Real Estate Intelligence Service (REIS), JLL Research

The sales of residential units in Q1 2020 declined in all the seven major residential markets of India as compared to Q1 2019. This was the second largest dip in residential sales in the last five years, after Q1 2017, when the market witnessed a 37% y-o-y fall in sales due to demonetisation. Bengaluru, which was the largest contributor to sales in Q1 2019 witnessed the maximum decline in the offtake of units, registering a 52% fall in Q1 2020 on a y-o-y basis.

While the three keys markets of Mumbai, Bengaluru and Delhi NCR continued to account for a major chunk of the total sales, Pune and Hyderabad were not too far behind when compared to Bengaluru (Figure III).

Figure III Mumbai, Delhi NCR and Bengaluru continue to account for majority sales



Source: Real Estate Intelligence Service (REIS), JLL Research

In the subsequent quarters, the pick-up in sales will primarily hinge on enhanced consumer confidence, which in turn depends upon the continued implementation of progressive government policies amidst the gradual revival of the Indian economy at large. In the backdrop of fears over timely deliveries and the financial health of developers, buyers will become even more cautious. Traction in completed projects, especially by reputed developers is expected to aid the recovery of the market.

Developers have locked-in capital of an estimated INR 3.7 trillion

The first quarter of 2020 witnessed an increase in unsold inventory as launches outpaced sales by a significant margin. Unsold inventory increased from 442,228 units in Q4 2019 to 455,351 units in Q1 2020. Moreover, Mumbai surpassed Delhi NCR to become the market with the maximum quantum as well as value of unsold inventory (Table IV).



Table IV Mumbai accounts for majority of the locked-in capital

Cities	2019 Q4		2020 Q1		
	Unsold Inventory	YTS	Unsold Inventory	YTS	Value (INR billion)
Bengaluru	81,732	3.0	89,122	3.3	640
Chennai	32,217	2.3	32,338	2.5	222
Delhi NCR	124,720	4.6	121,800	4.4	813
Hyderabad	24,125	1.7	24,047	1.6	192
Kolkata	28,716	4.1	29,555	4.2	153
Mumbai	119,173	4.0	124,059	4.2	1,379
Pune	31,545	1.6	34,430	1.7	252
India	442,228	3.2	455,351	3.3	3,651

Note: YTS (years to sell) denotes the number of years required to offload the unsold inventory
Source: Real Estate Intelligence Service (REIS), JLL Research

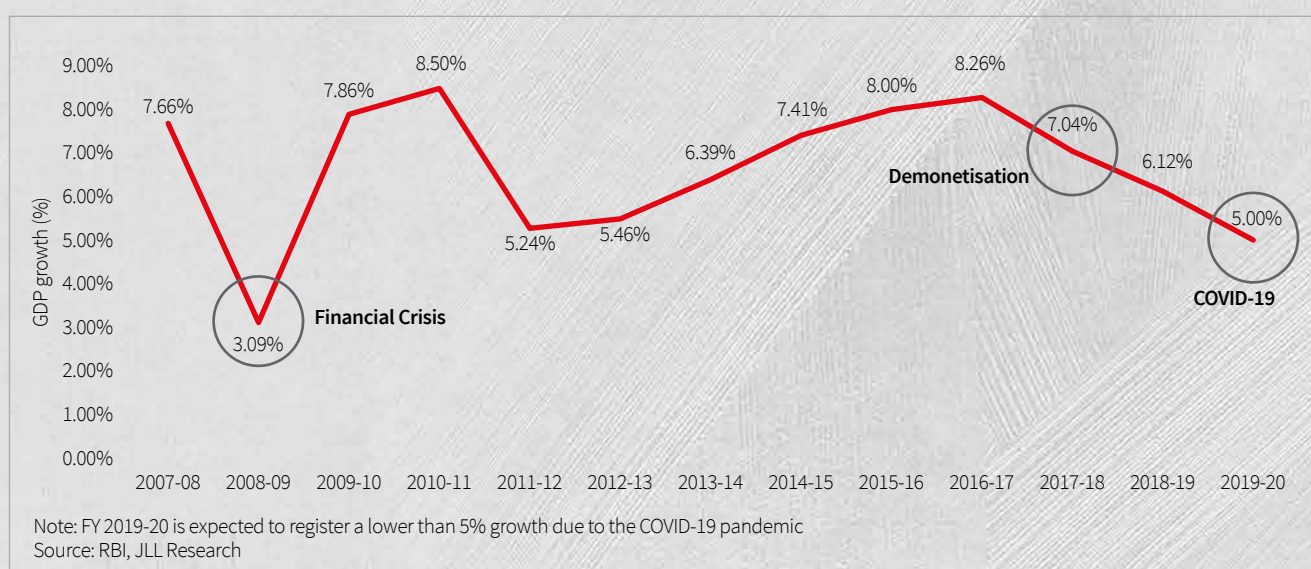
Across the top seven cities, developers are sitting on an unsold inventory worth INR 3.7 trillion at the end of March 2020. An assessment of years to sell (YTS) reveals that the expected time to liquidate this stock has increased marginally from 3.2 years in the last quarter of 2019 to 3.3 years in Q1 2020. With anticipated slower sales in the coming quarters, the time to sell is likely to increase. Thus, the duration to monetise the existing inventory of around 455,000 units is expected to extend. Resultantly, developers will have to sit on this unsold inventory worth INR 3.7 trillion for a relatively longer duration. Having said this, the RBI's intervention to provide a 3-month moratorium on all term loans by financial institutions will alleviate short-term liquidity concerns and help developers survive in these uncertain times.

What does the future hold?

The Indian residential market began witnessing the impact of the COVID-19 outbreak in March 2020. In the first half of the month, walk-ins reduced by 50% and buying discussions at advanced stages were being deferred. At present, with a nationwide lockdown imposed, launches and sales have come to a standstill. The economy is in a fix and the uncertainty regarding the future is increasing. In such a scenario, it is difficult to provide a detailed, quantitative assessment of the COVID-19 impact on the future of residential real estate market. However, a look back at some past unprecedented disruptions to the economy could provide an indication of the expected outcomes.

The Global Financial Crisis in 2007-08 and the announcement of demonetisation were a drag on the Indian economy. While the GDP growth toppled from 7.7% in FY 2007-08 to 3.1% in FY 2008-09, it has been on a declining trend since the demonetisation move in 2016-17 (Figure IV). These events impaired economic growth and had far-reaching effects across key industries including real estate.

Figure IV GDP growth has been on a declining trend since demonetization



The COVID-19 pandemic will have a similar impact on GDP growth, which is expected to fall below 5% in FY 19-20 and could even reach 2008-09 levels in FY 20-21. However, following a series of structural reforms by the government, the residential real estate market appears to be at an advantageous position today as compared to the 2007-08 Global Financial Crisis (Table V).

Table V Residential market scenario

	Global Financial Crisis	COVID-19
Valuation of residential properties	Overheated	Realistic
Nature of the market	Sellers' market	Buyers' market
Home loan rates	High	Lower
Ability of banks to lend	Low	Higher due to sound financial position and presence of security as well as RBI's efforts to infuse liquidity
Tax benefits	Less	More tax benefits for developers as well as buyers introduced by the government in the last 4-5 years
Speculative fear	More	Relatively less because of lower demand from investors
Project portfolio	Across different price segments, with focus on high-end to luxury	Affordable and mid-segment housing, which is more in sync with demand

Source: JLL Research

Furthermore, the government has been prompt in announcing various stimulus packages, unlike in the past. The central bank, too, has played a vital role by slashing policy rates. Recently, RBI cut repo rates by 75 bps; thereby bringing down the current rate to 4.4% (Table V).

Table VI All policy rates are lower than 2008 levels

Effective Date	Bank Rate	Repo Rate	Reverse Repo Rate	Cash Reserve Ratio
Nov-07	6.0	7.8	6.0	7.5
Dec-08	6.0	6.5	5.0	5.5
Nov-09	6.0	4.8	3.3	5.0
Dec-18	6.8	6.5	6.3	4.0
Dec-19	5.4	5.2	4.9	4.0
Mar-20	4.7	4.4	4.0	3.0

Source: RBI, JLL Research

As a response to the RBI cutting the repo rate, the State Bank of India has passed on the entire 75 bps repo rate reduction to the consumer. With other banks following suit, similar rate cuts are likely across the banking sector. Resultantly, home loan rates are expected to drop further.

In the aftermath of the COVID-19 pandemic, developers are likely to resort to further price reduction. The reduction combined with reduced home loan rates is expected to increase affordability in the residential market. Increased affordability, better-priced deals, better financial health of banks and greater demand from end users will help in improving buyer sentiments, thereby supporting the recovery of the residential real estate market.

This being said, the recovery will hinge primarily on the intensity, spread and duration of the outbreak in our country. If the current lockdown is not extended significantly, sales are expected to gain traction towards the end of 2020, with the onset of the festive season. However, if the lockdown is prolonged, the residential market will face a tough time as the recovery will be pushed further.

Bengaluru



	Q1 2016	Q1 2017	Q1 2018	Q1 2019	Q1 2020	Q1 2020 Growth (y-o-y)
Launches (units)	9,897	4,551	5,714	11,193	11,576	3.4%
Sales (units)	7,907	7,104	5,927	8,723	4,186	-52.0%
Average Prices (INR/ sq.ft)	5,198	5,216	5,065	5,209	5,129	-1.5%

Source: Real Estate Intelligence Service (REIS), JLL Research

Residential launches in Bengaluru increased marginally by 3% y-o-y in the first quarter of 2020. Reputed developers like the Prestige Group, Puravankara Limited, Godrej Properties, Brigade Group, Gopalan Enterprises and Candeur Constructions launched projects. Bellary road, Hosur Road and Whitefield together accounted for more than 85% of residential launches in Q1 2020. Apart from being the key commercial hubs, improved connectivity through the upcoming metro lines drove launches in these submarkets.

The affordable and mid segments contributed to more than 80% of the new launches in Q1 2020 as developers aligned their strategies with the homebuyers' demand. Interestingly, most of the reputed developers have been focusing on increasing the proportion of studio apartments and 1BHK apartments in their projects to target first time homebuyers who are relatively more budget constrained.

Muted business environment, aggravated by the ongoing global pandemic, weighed in heavily on consumer sentiments. Sales of residential units witnessed a significant slowdown, registering a 52% y-o-y decline. While the high-end segment struggled to register sales, the affordable and mid segments accounted for a majority of the sales. The developers have been organizing exhibitions and offering attractive deals and discounts to lure homebuyers at a time when sentiment remains subdued. All the submarkets witnessed a drop in sales in Q1 2020 as compared to the same period last year. In line with the trend observed in launches, Bellary road, Hosur Road and Whitefield together accounted for more than 80% of the sales.

As the sales of residential units came down substantially, unsold inventory increased by 9% since Q4 2019 and stood at 89,112 units in Q1 2020. With uncertainty and weaker consumer sentiments prevailing in the market, prices registered a decline of less than 2% in Q1 2020 as compared to the same period last year.

Chennai



	Q1 2016	Q1 2017	Q1 2018	Q1 2019	Q1 2020	Q1 2020 Growth (y-o-y)
Launches (units)	4,457	1,957	5,238	2,096	2,574	22.8%
Sales (units)	6,113	3,706	5,071	2,662	2,453	-7.9%
Average Prices (INR/ sq.ft)	4,555	4,534	4,550	4,578	4,624	1.0%

Source: Real Estate Intelligence Service (REIS), JLL Research

The substantial growth in commercial real estate was an important driver for the growth of residential real estate in the city. However, the month of March witnessed fewer new launches, lesser walk-ins and postponement of home buying decisions due to the impact of the pandemic and subsequent measures to control the spread.

New launches remained active in the first two months of the quarter. Resultantly, the overall launches witnessed a growth of 23% y-o-y and reached 2,574 units in Q1 2020. Southern suburbs (Perungudi, Pallavaram, Navalur) garnered the maximum share of launches at 48% followed by the Western suburbs (Mogappair, Poonamallee) which contributed to 27% of the new launches. Launches in these submarkets were driven by their locational advantage - excellent connectivity and proximity to major IT hubs of the city; various upcoming infrastructure projects like flyovers and metro rail to further improve connectivity

The majority of the new launches were concentrated in the mid and upper mid-segments, which accounted for 57% of the total launches. Developers focused on building more compact housing units rather than spacious apartments to cater to the right budget and improve their sales. Moreover, developers continued to offer freebies in the form of modular kitchen and home fittings in order to attract homebuyers.

However, sales registered 8% dip in Q1 2020 on a y-o-y basis. The Southern suburbs (Sholinganallur, Padur, Pallavaram) accounted for a majority of sales at 69%. Significant traction in sales was seen in the lower mid-income housing segment followed by the affordable segment.

With launches exceeding sales by a few hundred units, unsold inventory remained at similar levels of 32,338 units in Q1 2020. The price of residential apartments in the city largely remained stable at INR 4,624 per sq ft in Q1 2020.

Delhi NCR



	Q1 2016	Q1 2017	Q1 2018	Q1 2019	Q1 2020	Q1 2020 Growth (y-o-y)
Launches (units)	4,383	3,568	6,457	3,109	3,021	-2.8%
Sales (units)	11,520	4,450	4,621	7,224	5,941	-17.8%
Average Prices (INR/ sq ft)	4,554	4,499	4,548	4,696	4,764	1.4%

Source: Real Estate Intelligence Service (REIS), JLL Research

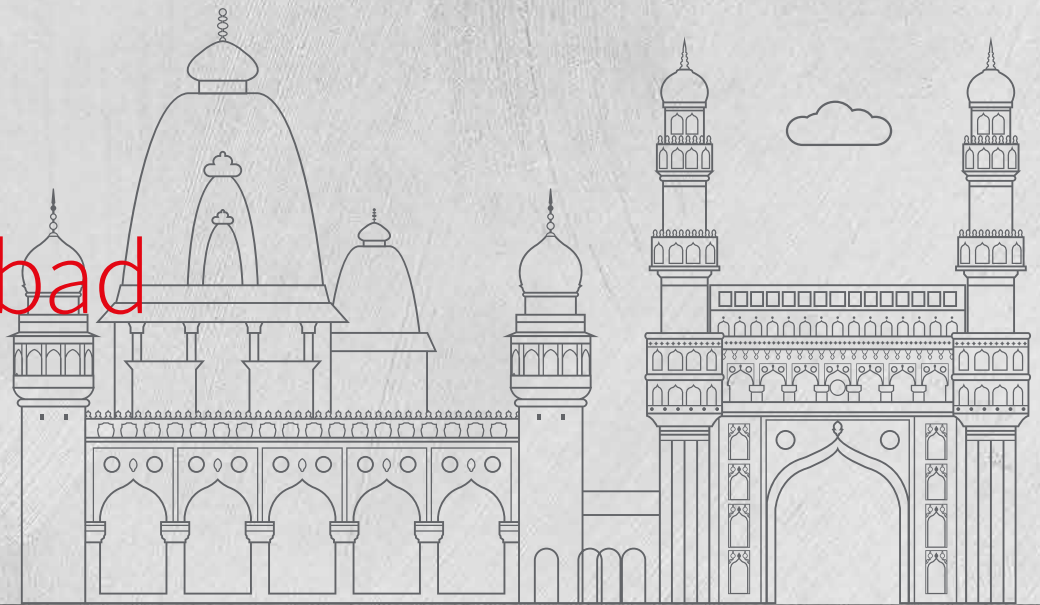
New launches in Delhi NCR dipped by a meagre 3% on a y-o-y basis despite the economic gloom and a global pandemic ensuing the country. Majority of the launches were recorded in Gurugram, which accounted for 61% of the new launches followed by Noida, which contributed to 27% of the launches. In Gurugram, Golf Course Extension Road, Southern Peripheral Road (SPR) and Dwarka Expressway attracted new launches by established developers like Godrej Properties, Birla Estates and Tulip Infratech. The Golf Course Extension Road is an emerging residential corridor that is attracting interest from both developers and homebuyers. Some of the premium residential projects are located along this corridor and is expected to further gain traction as infrastructure developments speed up in the micro-market. As the work on the Dwarka Expressway has gathered pace in the last few months, the neighbouring submarkets are also expected to witness greater traction once the business conditions are restored to normalcy. In Noida, new launches were concentrated in the regions of Greater Noida, Yamuna Expressway and Noida Greater Noida Expressway.

In a break from the trend experienced in the last one year, this quarter witnessed launches majorly in the premium segment (44% of total units launched). The upper mid segment, forming 28% of the launches, followed this.

On the demand side, sales of residential units fell by 18% on a y-o-y basis. One of every two units sold was in Noida, which is a submarket catering to a wide range of price segments with the availability of residential units in varied unit configurations. Ghaziabad, contributed to 25% of sales and was closely followed by Gurugram, which accounted for 23% of the overall sales. Gurugram saw significant traction in ready to move in projects. The lower sales in Delhi was on the back of the mismatch between demand and supply as buyers showed little interest in higher ticket size units. Moreover, the last month of the quarter saw subdued buyer interest and visits due to the constrained business conditions on account of the lockdown.

Unsold inventory, though one of the highest in the major seven cities, came down by from 124,720 units in Q4 2019 and stood at 121,800 units in first quarter of 2020. Of late, there is a growing trend of several developers launching projects at advanced stages of completion and/or ready for possession. These ready-to-move-in projects attract significant sales thereby bringing down the unsold stock. The prices in the residential market have been range bound as the developers re-align their strategies to match demand from the homebuyers. As economic activity kick-starts and infrastructural developments gain traction in key regions of Delhi NCR, the residential market is expected to gain momentum.

Hyderabad



	Q1 2016	Q1 2017	Q1 2018	Q1 2019	Q1 2020	Q1 2020 Growth (y-o-y)
Launches (units)	3,542	3,080	4,004	3,167	2,949	-6.9%
Sales (units)	2,726	954	1,750	5,089	3,027	-40.5%
Average Prices (INR/ sq.ft)	4,700	4,817	4,817	4,858	5,333	9.8%

Source: Real Estate Intelligence Service (REIS), JLL Research

New launches in Q1 2020 registered a decline of 7% on a y-o-y basis. Although the first two months of the quarter saw significant traction, there were numerous delays in permissions for construction of residential projects in the first half of March followed by a complete halt in construction activity, which led to the overall dip in new launches. Western suburbs continued to dominate new launches with a 59% share. Locations like Kondapur and Kokapet accounted for a majority of the new launches in this submarket.

Around 44% of new launches were in the high-end segment followed by the mid segment, which contributed to 20% of the new launches. The launch of large scale projects by prominent developers in the Western suburbs, such as My Home Tarkshya and Incor VIVA City, with mostly 3 and 4 BHK apartments accounted for launches in the upper-mid segment.

As consumer sentiments worsened in the latter part of the quarter, sales slumped by 41% in Q1 2020 on a y-o-y basis. In sync with new launches, Western suburbs accounted for 76% of the sales in the quarter. Interestingly, newly launched projects saw a high number of pre-bookings as homebuyers pegged their hopes on the recovery of the economy.

There was hardly any change in unsold stock which was recorded at 24,047 units in Q1 2020. While prices remained relatively stable in most parts of the city, the Northern and Eastern suburbs registered an increase in capital values. The improvement in physical and social infrastructure with retail malls and roads being constructed led to increased demand for residential properties in these submarkets. As the overall market sentiment improves and the commercial sector gains traction on the back of revived investor sentiment, the residential sector is expected to witness some momentum in the medium term.

Kolkata



	Q1 2016	Q1 2017	Q1 2018	Q1 2019	Q1 2020	Q1 2020 Growth (y-o-y)
Launches (units)	6,118	498	4,168	1,583	2,098	32.5%
Sales (units)	2,352	331	1,324	1,947	1,259	-35.3%
Average Prices (INR/ sq.ft)	3,922	4,086	3,979	3,911	3,969	1.5%

Source: Real Estate Intelligence Service (REIS), JLL Research

New launches remained active in the first two months of the quarter resulting in overall launches recording a significant growth of 33% on a y-o-y basis. Reputed local developers like Shriram Properties, Magnolia Infra and Srijan Realty mostly drove launches. West Kolkata (Howrah, Serampore) garnered a 57% share of new launches followed by East Kolkata (Rajarhat, New Town), which contributed to 35% of the new launches. Nearly 90% the new launches were concentrated in the affordable segment category. To cater to the demand of homebuyers, developers are realigning their strategies and constructing compact units in peripheral locations.

The demand side remained muted as the overall sales in Q1 2020 dropped by 35% y-o-y. South and East Kolkata together accounted for around 65% of the total sales in the city due to their excellent connectivity with the IT hubs of the city. The homebuyers favoured units in the affordable and mid segment category, while the upper mid and high-end segments struggled to register sales.

With launches exceeding sales, the stock of unsold units increased from 28,716 units in Q4 2019 to 29,555 units in Q1 2020. The prices have remained range bound at INR 3,969 per sq ft as developers continued to offer discounts and schemes to attract homebuyers.

Mumbai



	Q1 2016	Q1 2017	Q1 2018	Q1 2019	Q1 2020	Q1 2020 Growth (y-o-y)
Launches (units)	6,029	5,935	10,229	14,332	11,743	-18.1%
Sales (units)	6,865	5,205	7,385	8,449	6,857	-18.8%
Average Prices (INR/ sq.ft)	10,370	10,391	10,457	10,737	11,139	3.7%

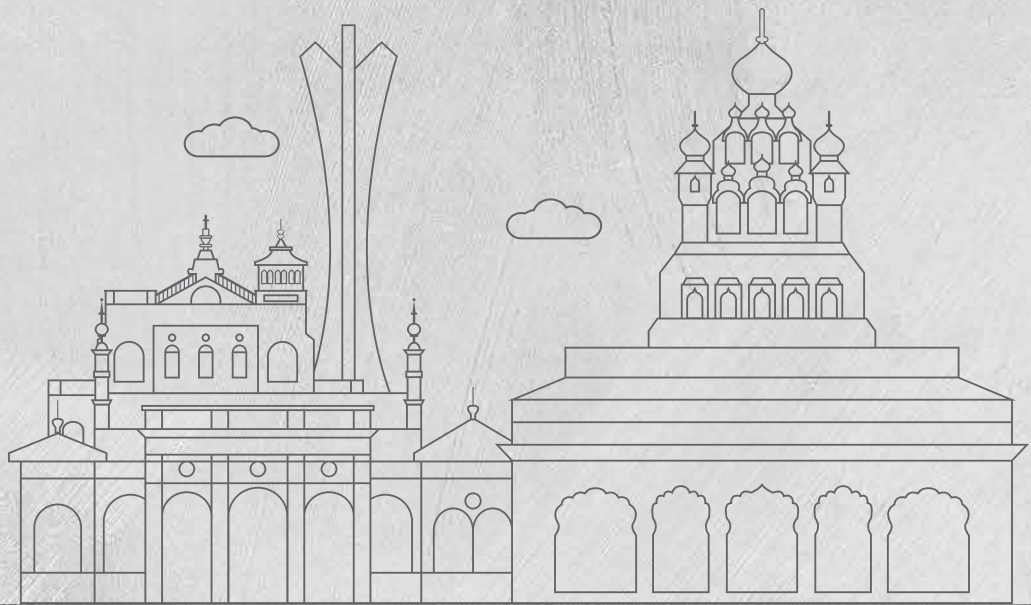
Source: Real Estate Intelligence Service (REIS), JLL Research

Launches which stood at 14,332 units in Q1 2019 units declined by 18% y-o-y to 11,743 units in Q1 2020. Although projects were launched in the first two months of the quarter, the complete halt in launch activity in the last month of the quarter led to the overall dip in new launches. The Thane submarket has been a major contributor accounting for 24% of the total launches. Despite witnessing a 10% decline in launches, the Western Suburbs emerged as the second largest contributor with a share of nearly 18%. Within Western Suburbs, most of the launches were concentrated in Kandivali. As developers realigned their strategies, the affordable to upper mid segment category accounted for nearly 90% of the new launches in Mumbai.

On the demand side, overall sales in the Mumbai residential market fell by 19% in Q1 2020 over the same period last year. Sales in Thane remained robust contributing to 30% of the overall sales. Improved connectivity to the commercial hubs of Mumbai and availability of residential units in the affordable and mid segment have been the drivers of this submarket. Navi Mumbai was the second largest contributor with a share of 18%.

The unsold inventory in the Mumbai region continued to rise with the market overtaking Delhi NCR in terms of the quantum of unsold units. With demand struggling to keep pace with new launches, the gap has risen over the years resulting in piling up of inventory. The unsold stock stands at 124,059 units, out of which 45% is concentrated in Navi Mumbai and Thane. Prices across submarkets in the city remained stable. With improved connectivity and infrastructure projects in the pipeline, suburban areas like Kandivali, Goregaon, Thane and Panvel have gained traction amongst homebuyers and are expected to see capital appreciation in the near future.

Pune



	Q1 2016	Q1 2017	Q1 2018	Q1 2019	Q1 2020	Q1 2020 Growth (y-o-y)
Launches (units)	7,599	5,980	3,508	3,850	6,613	71.8%
Sales (units)	5,035	5,111	4,126	4,534	3,728	-17.8%
Average Prices (INR/ sq.ft)	6,128	6,269	6,307	6,400	6,652	3.9%

Source: Real Estate Intelligence Service (REIS), JLL Research

Pune witnessed a 72% increase in residential launches in Q1 2020 on a y-o-y basis and reached 6,613 units as compared to 3,850 units in the same period last year. The rising positive sentiment of the developers has been on the back of rising demand for office spaces in specific pockets of the city. Most of the projects were launched in the first two months of the quarter when the business environment was largely unaffected by the ensuing pandemic. The North West submarket contributed to 68% of launches, which were mostly concentrated in Hinjewadi, Bavdhan and Mamurdi. The North East submarket followed with a 30% share in launches driven by the major micro-markets of Kharadi, Manjari and Keshav Nagar. More than 70% of launches were concentrated in the lower mid segment (units priced at INR 5-7.5 million) followed by the mid segment (units prices at INR 7.5-10 million).

Residential sales dropped by 18% y-o-y on the back of lower availability in good quality projects as homebuyers turned cautious towards the brand and quality of projects. Moreover, the worsening on business and consumer sentiment towards the end of the quarter contributed to the decline as well.

Unsold inventory went up by 9% as compared to Q4 2019 and stood at 34,430 units with the quantum of launches outstripping sales. Prices registered a 4% increase in Q1 2020 over Q1 2019. Prices in submarkets like the North West and North East submarkets increased at a pace higher than the market average. These key submarkets are experiencing higher price differentials due to recent infrastructure development and a growing supply of Grade A office spaces.

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About JLL India

JLL is India's premier and largest professional services firm specialising in real estate. With an audited revenue in excess of 4000 crores for FY 2018-19, the Firm is growing from strength to strength in India for the past two decades. JLL India has an extensive presence across 10 major cities (Mumbai, Delhi NCR, Bengaluru, Pune, Chennai, Hyderabad, Kolkata, Ahmedabad, Kochi and Coimbatore) and over 130 tier II & III markets with a cumulative strength of over 12,000 professionals.

The Firm provides investors, developers, local corporates and multinational companies with a comprehensive range of services. This includes leasing, capital markets, research & advisory, transaction management, project development, facility management and property & asset management. These services cover various asset classes such as commercial, residential, industrial, retail, warehouse and logistics, hospitality, healthcare, senior living, data centre and education.

JLL India won the Five Star Award for 'Best Property Consultancy at the International Property Awards Asia Pacific 2018 -19. The Firm was also recognised amongst the 'Top 100 Best Places to Work in India' three years in a row (2017, 2018 and 2019) in the annual survey conducted by Great Place to Work® and The Economic Times. It has also been acknowledged as 'Property Consultant of the Decade' at the 10th CNBC-Awaaz Real Estate Awards 2015. For further information, please visit jll.co.in

About JLL Research

JLL Research provides data analytics and insights through Real Estate Intelligence Services (REIS), thought leadership and bespoke research. REIS is a subscription based research service designed to provide cutting edge insights into diverse and challenging real estate markets through collation, analysis and forecasts of property market indicators across asset classes such as office, retail and residential. Thought leadership focuses on providing independent insights, analysis and forecasts on key industry trends and significant regulatory & economic developments impacting the real estate industry. Bespoke research aims to provide tailor-made solutions to different stakeholders in the real estate sector and ancillary industries. Our capabilities include market assessment studies, demand-supply analysis, catchment area analysis, and price benchmarking across asset classes.

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About Residential Services

As urban living experts, we can help you get the most out of the cities you love to live in. Our unique understanding and research into the residential market means we can support your ambitions to buy, sell, rent, or invest.

We offer our Residential services across Mumbai, Delhi NCR, Chennai, Bangalore, Hyderabad, Kolkata and Pune. Servicing clients ranging from Individuals to Corporates, Investors to Expats and Developers, our team specialises in all kinds of real estate requirements pertaining to housing. For those who want to identify new opportunities in residential and transform them into a reality, we offer a complete end-to-end service. For others with specific requirements, our specialists can help you achieve the best results. Unbiased advisory backed by real time research is our most invincible asset. Local market know-how combined with robust processes, a strong in-house research team and excellent relationships with developers have kept us at the forefront in this segment. Contact us to identify residential opportunities, simplify complexities, and deliver true success.

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