Liases Foras
Real Estate Rating & Research Pvt. Ltd.
Quality Research in Real Estate

Residential Real Estate Market

Q4 2018-2019

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

Preview

Q4 FY 18-19 Quarterly Market Movement

- New launches across top-8 cities increased by 43% QoQ with maximum launches being noticed in MMR. While in last quarter 51,687 units were launched, during Q4 FY 18-19 has seen the launch of 73,716 units.
- Maximum number of new launches were in Rs 25 lac – Rs 50 lac bracket and the segment accounted for more than one-third of total units launched during the quarter.
- Tier I cities in March quarter (Q4 FY 18-19) have recorded sales of 68,225 units exhibiting a marginal dip of 2% as compared to last quarter when the sales was 69,830 units.
- Five out of eight Tier I cities witnessed a drop in sales this quarter. Maximum drop was observed in NCR (9%) followed by Pune (8%) and MMR (7%).
- Of the three cities showing upward trend in quarterly sales, maximum QoQ growth was witnessed in Kolkata (33%) followed by Hyderabad (13%) and Ahmedabad (4%).
- Like last quarter, close to 54% of the sales of this quarter were contributed by sub-50 lac segment. Growth in this segment is supported by the government initiatives.
- Prices have remained unchanged largely across the top cities with some upward movement being recorded only in Hyderabad.
- Unsold units have witnessed a growth of 2% on QoQ, the current unsold across top 8 cities stands 9,66,591 units.

Market revival visible in the strong recovery from 2018, steady growth expectations for the future.

FY 2018 TO FY 2019 COMPARISON

Financial Year 2018 VS 2019

Sales in top-8 cities have grown 5% in last one year; Hyderabad and Kolkata lead the pack

City	Sales			New Launches		
	FY 2018	FY 2019	% Growth	FY 2018	FY 2019	% Growth
MMR	65,340	70,794	8%	41,340	66,710	61%
NCR	62,240	54,174	-13%	21,229	27,620	30%
Pune	41,220	43,739	6%	14,769	45,158	206%
Bangalore	30,331	34,625	14%	15,863	31,112	96%
Ahmedabad	26,489	29,453	11%	10,515	18,494	76%
Hyderabad	14,922	17,867	20%	9,360	17,644	89%
Kolkata	12,105	14,565	20%	9,423	14,592	55%
Chennai	12,035	12,888	7%	10,027	16,573	65%
Total Tier 1	**264,682**	**278,105**	**5%**	**132,526**	**237,903**	**80%**

- Sales across Tier I cities have grown by 5% during FY 2019 as compared to FY 2018. MMR has posted highest sales of 70,794 units (25.5% of total sales in Tier I cities) followed by NCR with 54,174 units contributing 19.5% of total sales.
- Hyderabad and Kolkata witnessed maximum growth of 20% each followed by Bangalore with 14% increase in sales numbers. NCR is the only city which showed a 13% drop in sales compared to last year.
- Pune has shown the maximum growth in new launches in Tier I cities followed by Bangalore and Hyderabad.
- FY 17-18 witnessed lot of policy changes which dampened the market sentiments, FY 18-19 saw some revival in the first quarter but then faced the distress in terms of cash crunch after the leading infrastructure lender IL&FS defaulted in Sept-18 shaking the investor confidence in other NBFCs specially the ones focusing on real estate.
- Despite this the market floated through and saw revival in terms of sales as well as new launches and has a positive outlook for future expectations.

Q4 18-19 MARKET PERFORMANCE

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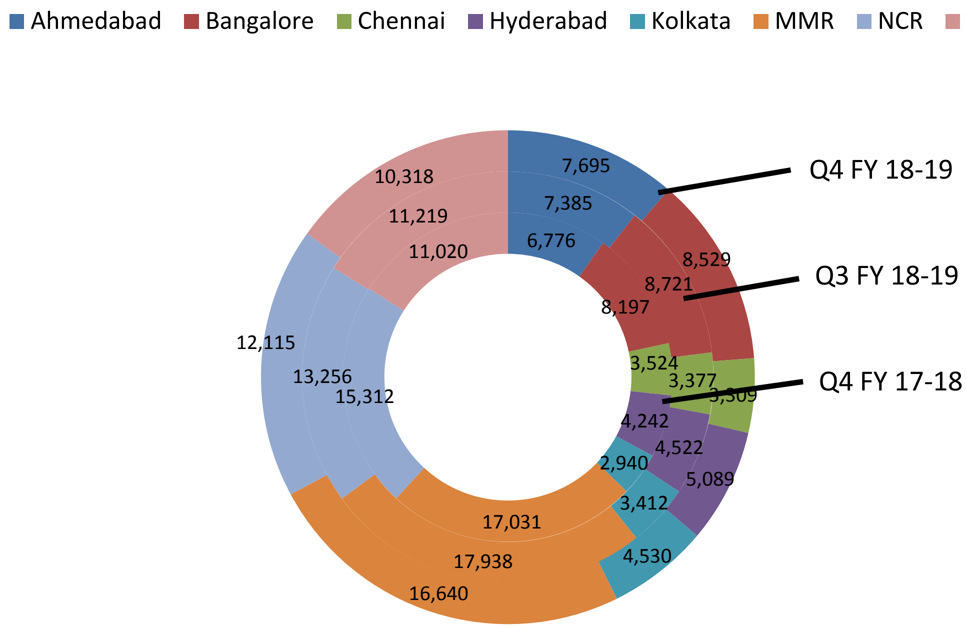
Sales Performance in Major Cities of India

	Sales (Units)			YOY	QOQ
	Q4 17-18	Q3 18-19	Q4 18-19		
Ahmedabad	6,776	7,385	7,695	14%	4%
Bangalore	8,197	8,721	8,529	4%	-2%
Chennai	3,524	3,377	3,309	-6%	-2%
Hyderabad	4,242	4,522	5,089	20%	13%
Kolkata	2,940	3,412	4,530	54%	33%
MMR	17,031	17,938	16,640	-2%	-7%
NCR	15,312	13,256	12,115	-21%	-9%
Pune	11,020	11,219	10,318	-6%	-8%
8 Cities	**69,042**	**69,830**	**68,225**	**-1%**	**-2%**



QoQ

- Sales across the Tier I cities have decreased marginally by 2% with maximum dip in NCR (9%) followed by Pune (8%), MMR (7%) followed by Bangalore and Chennai(2%).
- Performance of Kolkata, Hyderabad and Ahmedabad increased by 33%, 13% and 4% respectively.

YoY

- Upward movement was noticed in Kolkata (54%) and Hyderabad (20%). Pune too witnessed a growth of 14%.
- Sales in NCR witnessed a decline of 21%.

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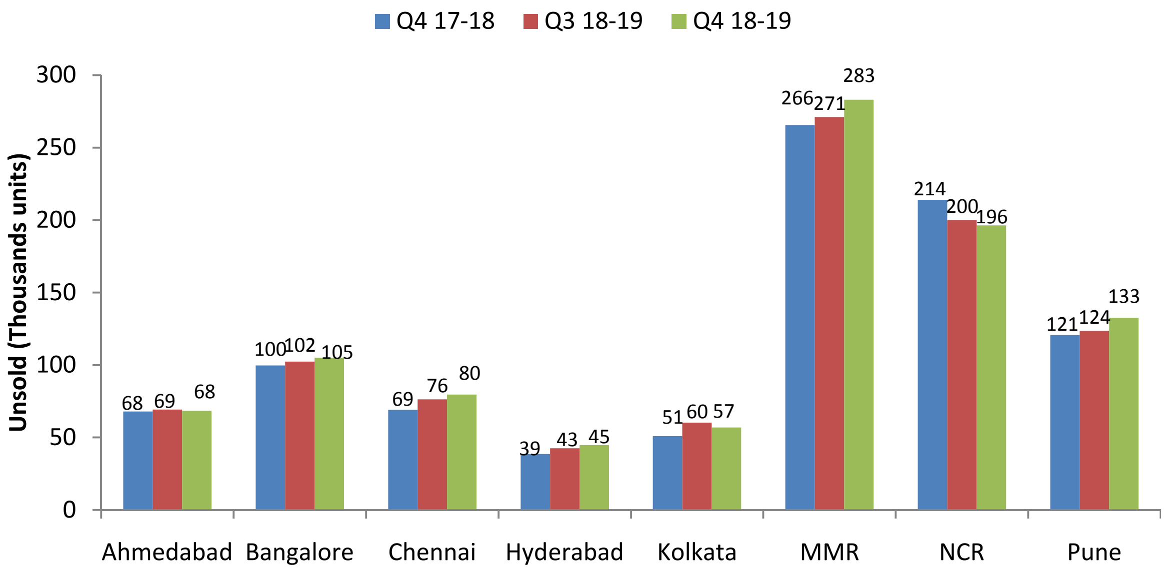
	Unsold Stock (Units)			YOY	QOQ
	Q4 17-18	Q3 18-19	Q4 18-19		
Ahmedabad	68,013	69,340	68,430	1%	-1%
Bangalore	99,785	102,443	104,947	5%	2%
Chennai	69,102	76,269	79,646	15%	4%
Hyderabad	38,559	42,658	44,795	16%	5%
Kolkata	50,946	60,286	56,841	12%	-6%
MMR	265,582	271,185	283,055	7%	4%
NCR	213,996	200,090	196,293	-8%	-2%
Pune	120,633	123,524	132,584	10%	7%
8 Cities	**926,616**	**945,795**	**966,591**	**4%**	**2%**



QoQ

- Unsold stock increased in Pune (7%), Hyderabad (5%), Chennai (4%) and MMR (4%).
- Amongst the cities that witnessed a dip were Kolkata (6%), NCR (2%) and Ahmedabad (1%).

YoY

- Unsold stock in Tier I cities increased by 4% on YoY basis.
- Hyderabad witnessed a 16% increase which is the highest followed by Chennai, Kolkata and Pune showing 15%, 12% and 10% respectively.
- Single digit growth was observed in MMR (7%), Bangalore (5%) and Ahmedabad (1%). NCR witnessed a decline of 8%.

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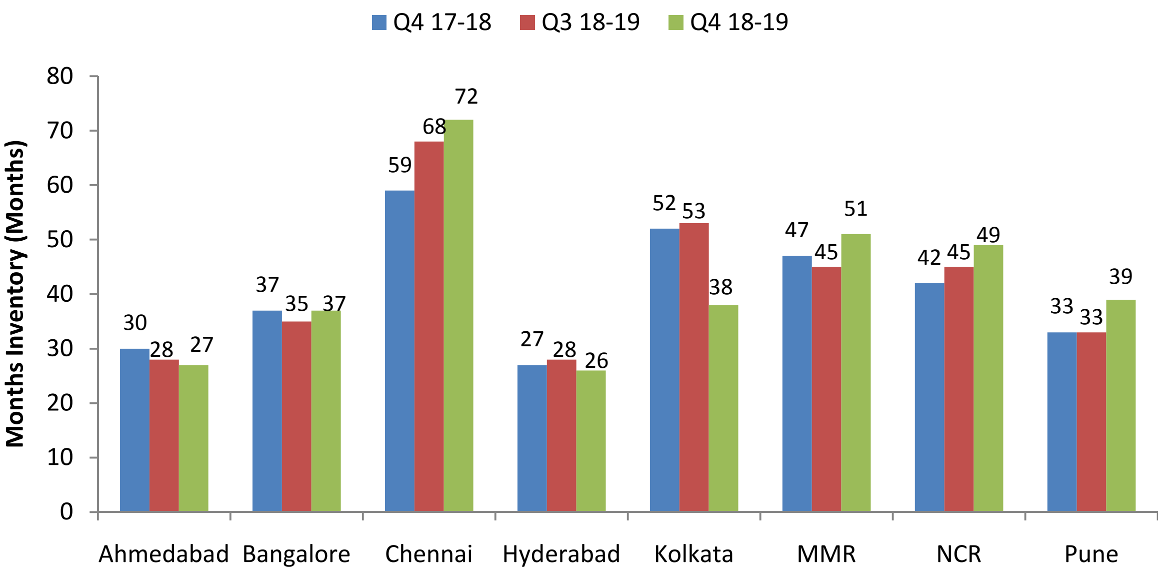
Months Inventory

	Months Inventory			YOY	QOQ
	Q4 17-18	Q3 18-19	Q4 18-19		
Ahmedabad	30	28	27	-10%	-4%
Bangalore	37	35	37	0%	6%
Chennai	59	68	72	22%	6%
Hyderabad	27	28	26	-4%	-7%
Kolkata	52	53	38	-27%	-28%
MMR	47	45	51	9%	13%
NCR	42	45	49	17%	9%
Pune	33	33	39	18%	18%
8 Cities	**40**	**41**	**43**	**8%**	**5%**



QoQ

- Months inventory increased by 5% across Tier I cities and reached 43 months in Q4 18-19.
- Months inventory increased in Pune (18%), MMR (13%), NCR (9%), Bangalore (6%) and Chennai (6%).
- Months inventory of Kolkata declined by 28% while that of Hyderabad and Ahmedabad dropped by 7% and 4%.

YoY

- Overall months inventory increased by 8% on YoY basis.
- An efficient market maintains 8-12 months of inventory. An inventory overhang of 41 months indicates a downside pressure on prices across all the major cities in India.

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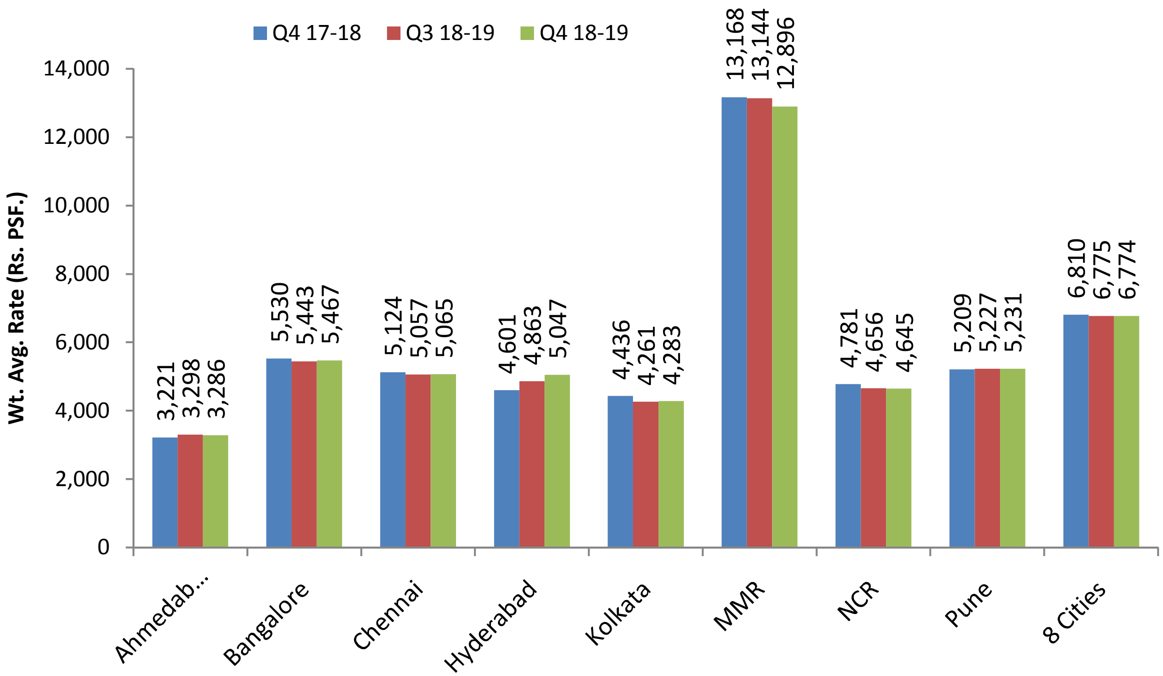
Movement in Price

	Price (Rs/Sq.ft)			YOY	QOQ
	Q4 17-18	Q3 18-19	Q4 18-19		
Ahmedabad	3,221	3,298	3,286	2%	0%
Bangalore	5,530	5,443	5,467	-1%	0%
Chennai	5,124	5,057	5,065	-1%	0%
Hyderabad	4,601	4,863	5,047	10%	4%
Kolkata	4,436	4,261	4,283	-3%	0%
MMR	13,168	13,144	12,896	-2%	-2%
NCR	4,781	4,656	4,645	-3%	0%
Pune	5,209	5,227	5,231	0%	0%
8 Cities	**6,810**	**6,775**	**6,774**	**-1%**	**0%**



QoQ

- In Q4 18-19, the weighted average price across Tier I cities remained almost stagnant as compared with previous quarter.
- Prices in Hyderabad alone improved by 4%.
- MMR witnessed a dip of 2%, while prices in all the other cities remained stagnant.

YoY

- Weighted average price across Tier I cities dipped marginally by 1% as compared to an year ago.
- Hyderabad (10%) and Ahmedabad (2%) saw an increase in prices, while prices in Pune remained constant.

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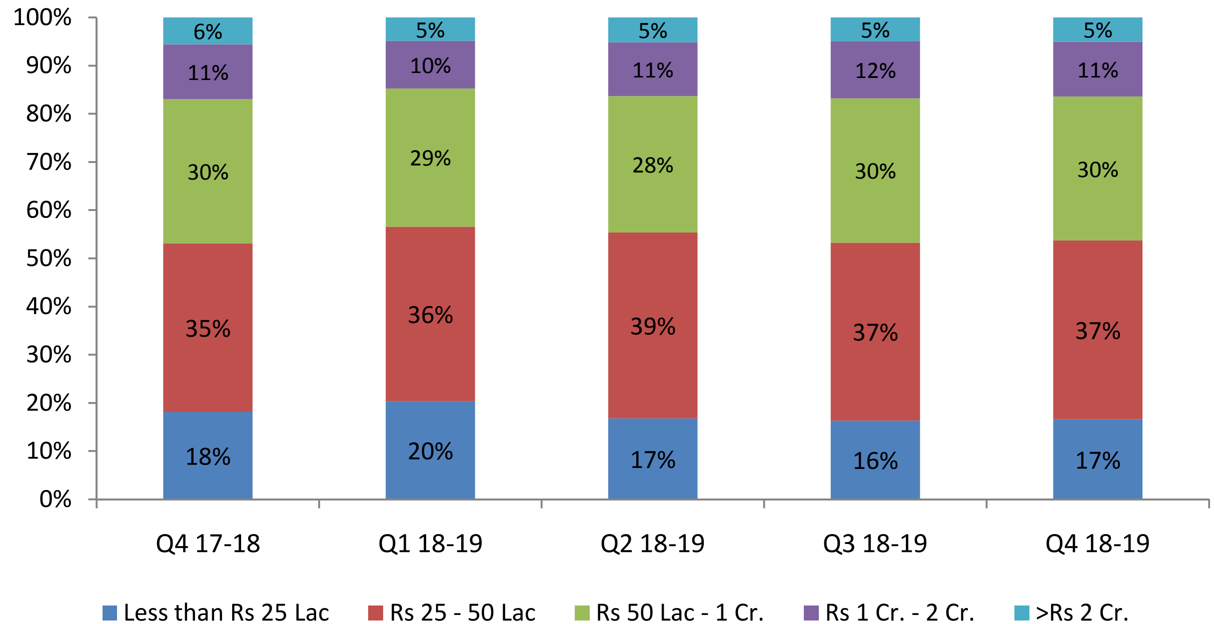
Sales (Units) Trend in various Cost Brackets – Q4 18-19

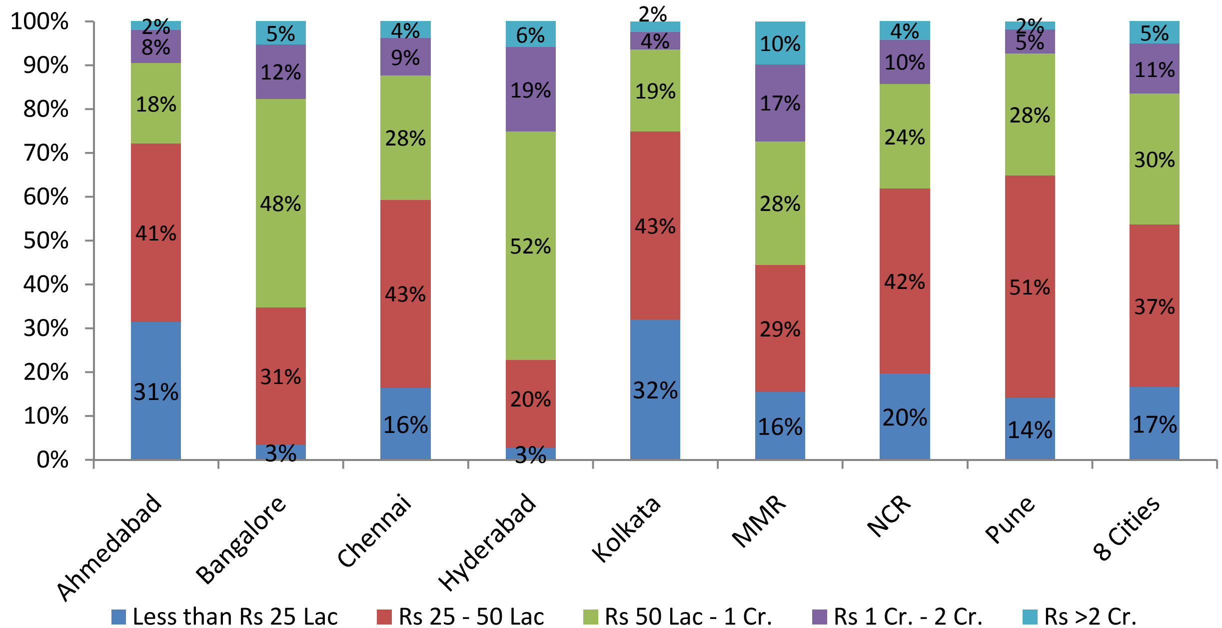
	Q4 17-18	Q1 18-19	Q2 18-19	Q3 18-19	Q4 18-19	YoY	QoQ
Less than 25 Lac	12,525	14,186	11,816	11,426	11,307	-10%	-1%
25 Lac-50 Lac	24,152	25,252	27,138	25,772	25,347	5%	-2%
50Lac -1Cr	20,679	19,984	19,926	20,893	20,367	-2%	-3%
1Cr - 2Cr	7,816	6,887	7,818	8,301	7,765	-1%	-6%
2Cr+	3,870	3,388	3,655	3,438	3,439	-11%	0%
Total	**69,042**	**69,697**	**70,353**	**69,830**	**68,225**	**-1%**	**-2%**



- Sales in affordable segment (less than Rs 25 lac) decreased by 1% on a QoQ basis and by 10% on YoY basis.
- Sales in the cost bracket of Rs. 25 to 50 (lac decreased by 2% on a QoQ basis while it increased by 5% on YoY basis.
- Sales in the cost bracket of Rs. 50 lac – 1 cr. decreased by 3% on a QoQ basis and by 2% on YoY basis
- Sales in luxury segment (Rs 1Cr – Rs 2Cr) decreased by 6% on QoQ basis and by 1% on YoY basis.
- Sales in ultra luxury segment (above Rs 2 Cr.) remained stagnant on a QoQ basis and decreased by 11% on YoY basis.

City wise Sales (Units) Distribution in various Cost Brackets – Q4 18-19

	Ahmedabad	Bangalore	Chennai	Hyderabad	Kolkata	MMR	NCR	Pune	8 Cities
Less than 25 Lacs	2,423	297	543	139	1,457	2,597	2,392	1,459	11,307
25 Lacs-50 Lacs	3,132	2,676	1,422	1,023	1,938	4,812	5,107	5,237	25,347
50Lacs -1Cr	1,410	4,059	936	2,655	845	4,692	2,895	2,875	20,367
1Cr - 2Cr	581	1,052	282	975	186	2,911	1,215	563	7,765
2Cr+	149	445	126	297	104	1,628	506	184	3,439
Total	**7,695**	**8,529**	**3,309**	**5,089**	**4,530**	**16,640**	**12,115**	**10,318**	**68,225**



- The contribution of affordable segment (<Rs.25 Lacs) to the overall sales in eight Tier I cities stands at 17%, with 44% 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 25,347 units (37% of total sales), and maximum demand stemming from NCR and Pune.
- Cost range of Rs. 50 Lacs – 1 Cr. Is second most preferred ,contributes 30% of total sales.
- Sales in ultra luxury segment (>Rs2Cr.) have dipped and only makes 5% to the total Tier-1 cities' sales.
- MMR recorded the maximum number of unit sales with a contribution of 16,640 units (24%), followed by NCR with 12,115 units (18%) and Pune with 10,318 (15%).

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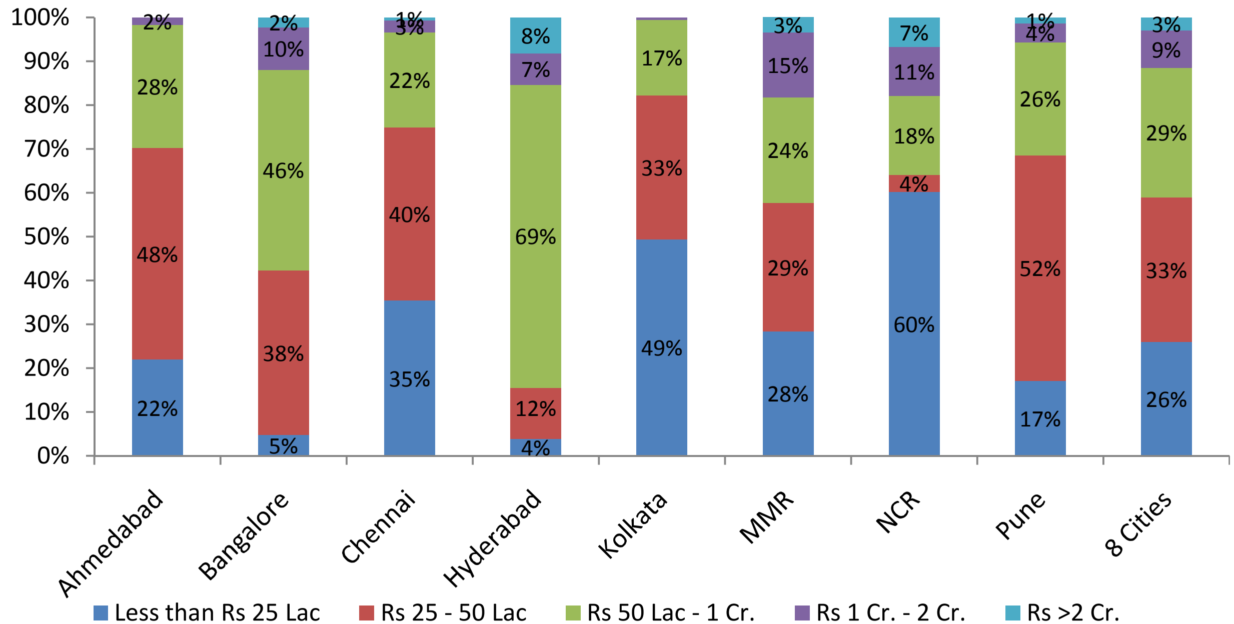
New Supply (Units) in Q4 18-19

	Ahmedabad	Bangalore	Chennai	Hyderabad	Kolkata	MMR	NCR	Pune	8 Cities
Less than 25 Lac	928	399	2,231	224	1,994	6,681	4,153	2,510	19,120
25 Lac-50 Lac	2,038	3,139	2,492	668	1,323	6,911	264	7,551	24,386
50Lac -1Cr	1,189	3,827	1,357	3,950	698	5,669	1,246	3,767	21,703
1Cr - 2Cr	69	808	178	410	20	3,468	767	638	6,358
2Cr+	0	187	39	464	0	804	463	192	2,149
Total	**4,224**	**8,360**	**6,297**	**5,716**	**4,035**	**23,533**	**6,893**	**14,658**	**73,716**



- Among various cost segments, the cost bracket of Rs.25 Lacs - 50 Lacs witnessed maximum new launches amounting to 33% of total new supply followed by the cost brackets of Rs.50 Lacs – 1Cr. and Less than Rs. 25 Lacs with 29% and 26% contribution.
- MMR contributed the maximum share of 32% to the total new launches across 8 cities, followed by Pune (20%). Pune also contributed highest absolute number of new launches in cost range Rs.25 Lacs.-50 Lacs.
- Almost 60% of the total new launches across the 8 cities have come under the sub 50 lacs category.
- MMR is the strongest contributor to New launches in luxury & ultra luxury segment, however traces of supply are also found in NCR, Pune and Hyderabad.

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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

Liases Foras:
The pioneer in scientific research in real estate

Founded in 1998, 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 organised and structured data source on real estate and property trends in India, which is updated on quarterly basis by primary market survey.

With a team of MBAs, urban planners, architects, chartered accountants and statisticians, Liaises Foras' forte lies in the field of valuation, risk assessment, future forecasting & price behaviour and 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

Banks/ Housing Finance Companies

Data Services
- Quarterly updated data on residential, commercial & retail
- Online Project Interface

Analytical Services
- Quarterly presentation on each city
- Developer Performance Rating
- Ad-hoc Due Diligence
- Project Reports

Key Clients
HDFC, Axis Bank, SBI, Standard Chartered Bank, Kotak Mahindra Bank, Mannapuram, Bajaj HFL

Developers

Research Advisory
- Best Use Analysis
- Feasibility Studies
- Valuations

Data Services
- Online Project interface

Key Clients
Godrej Properties, Shapoorji Paloonji, Tata Realty, L&T Realty, K Raheja Universal, Hiranandani Group, Peninsula Land, Embassy Group, Mahindra Lifespaces

Funds/NBFCs

Research Advisory
- Feasibility Advisory
- Investment Analysis
- Valuations
- Customized Reports

Data Services
- Online Data interface

Key Clients
TCG, Edelweiss, Brookfield Asset Management, Axis AMC, Indiareit, HDFC Fund, Red Fort, Sun Apollo, Aditya Birla Real Estate Fund, Avenue Ventures