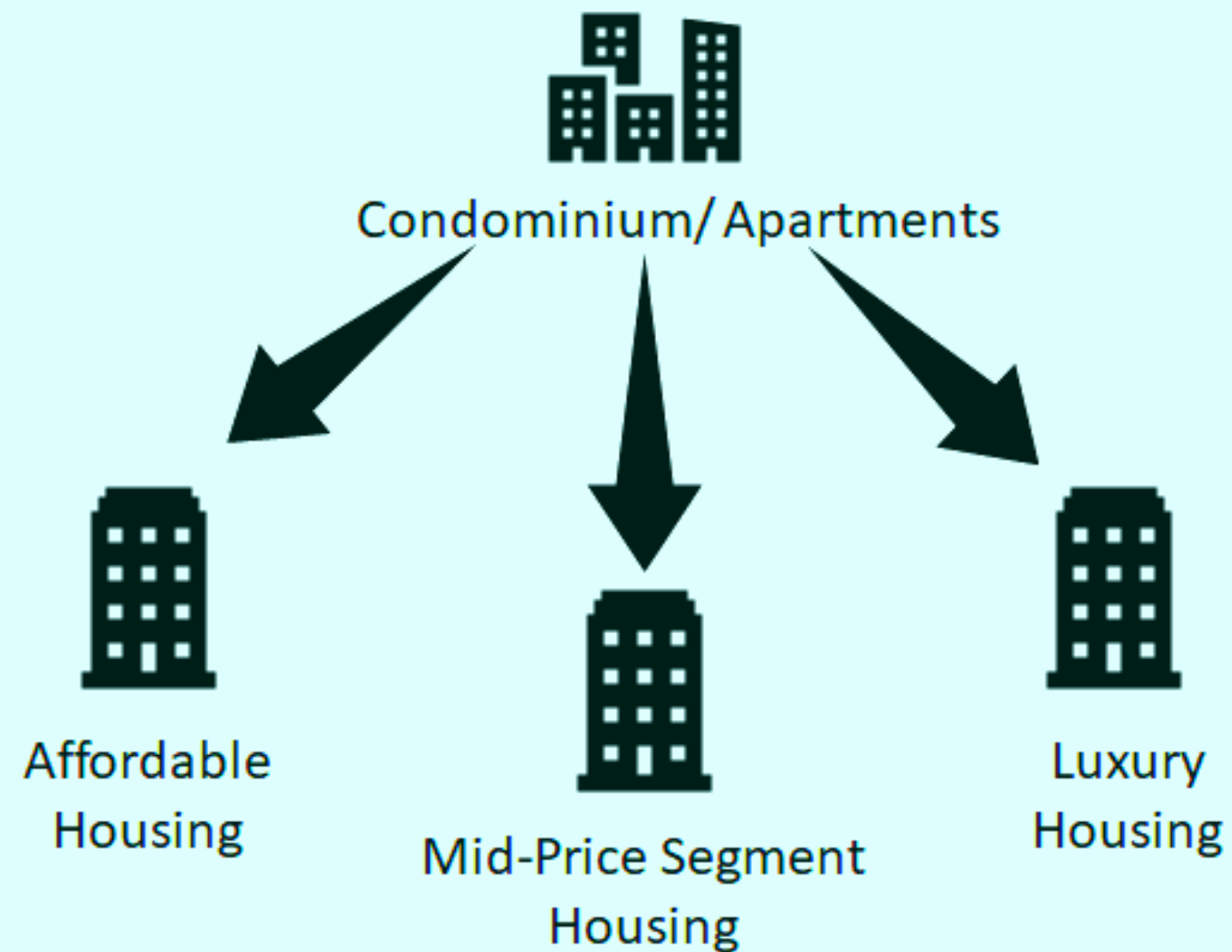


HRG CONSTRUCTIONS PRESENTS



Analysis of Residential Real Estate

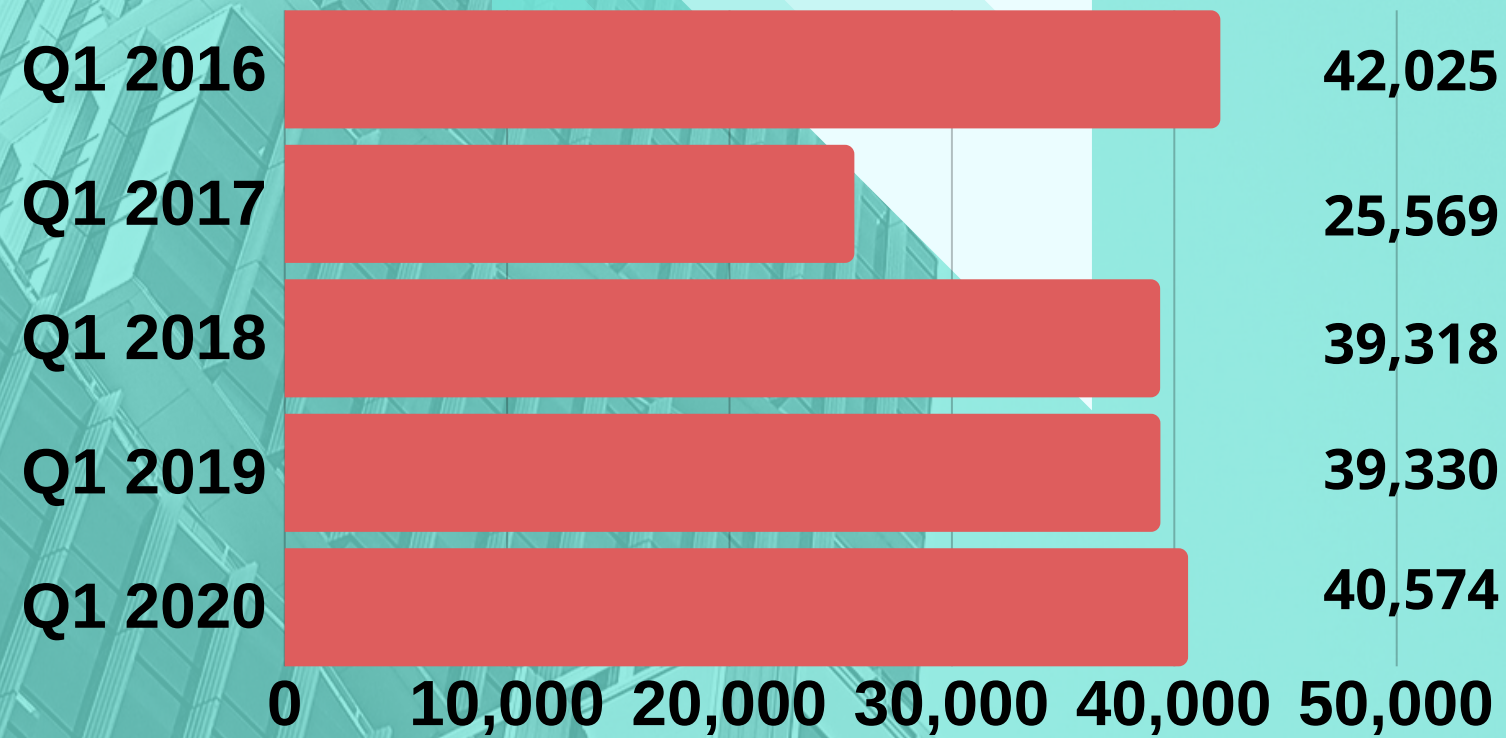
RESIDENTIAL REAL ESTATE IN INDIA



- Affordable Homes include the units measuring between 600 to 1200 sq. ft. and priced between 12 lakhs to 50 lakhs.
- Mid-Price Segment Housing is where the cost of a unit is between 50 lakhs to 1 crore.
- Luxury Housing category is where the cost of a unit is more than 1 crore.

NEW LAUNCHES OF RESIDENTIAL PROJECTS

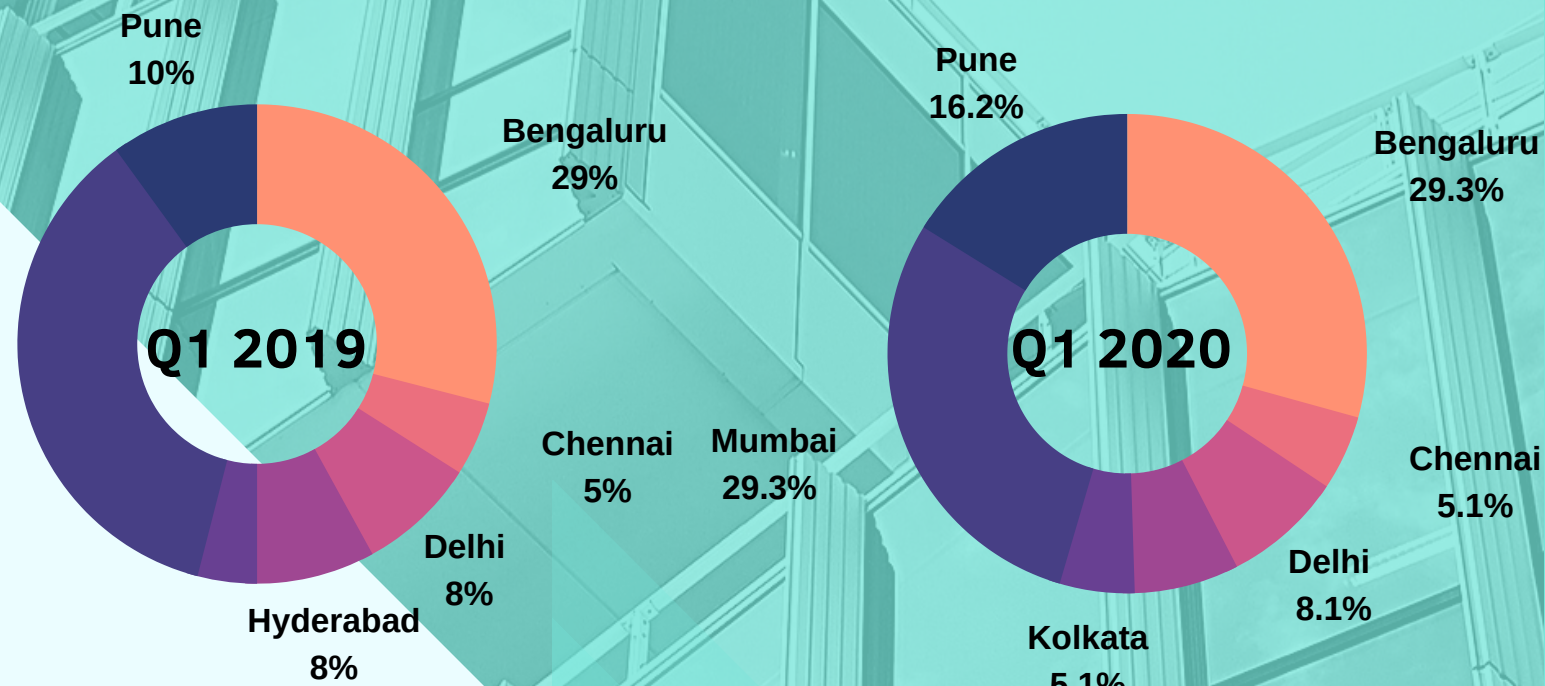
LAUNCHES



- Q1 2020 saw a marginal increase of 3% in New Launches of Residential Projects as compared to Q1 2019.
- The Project Launches increased only Marginally because the Launches declined in the Month of March sighting the impact of Covid-19.

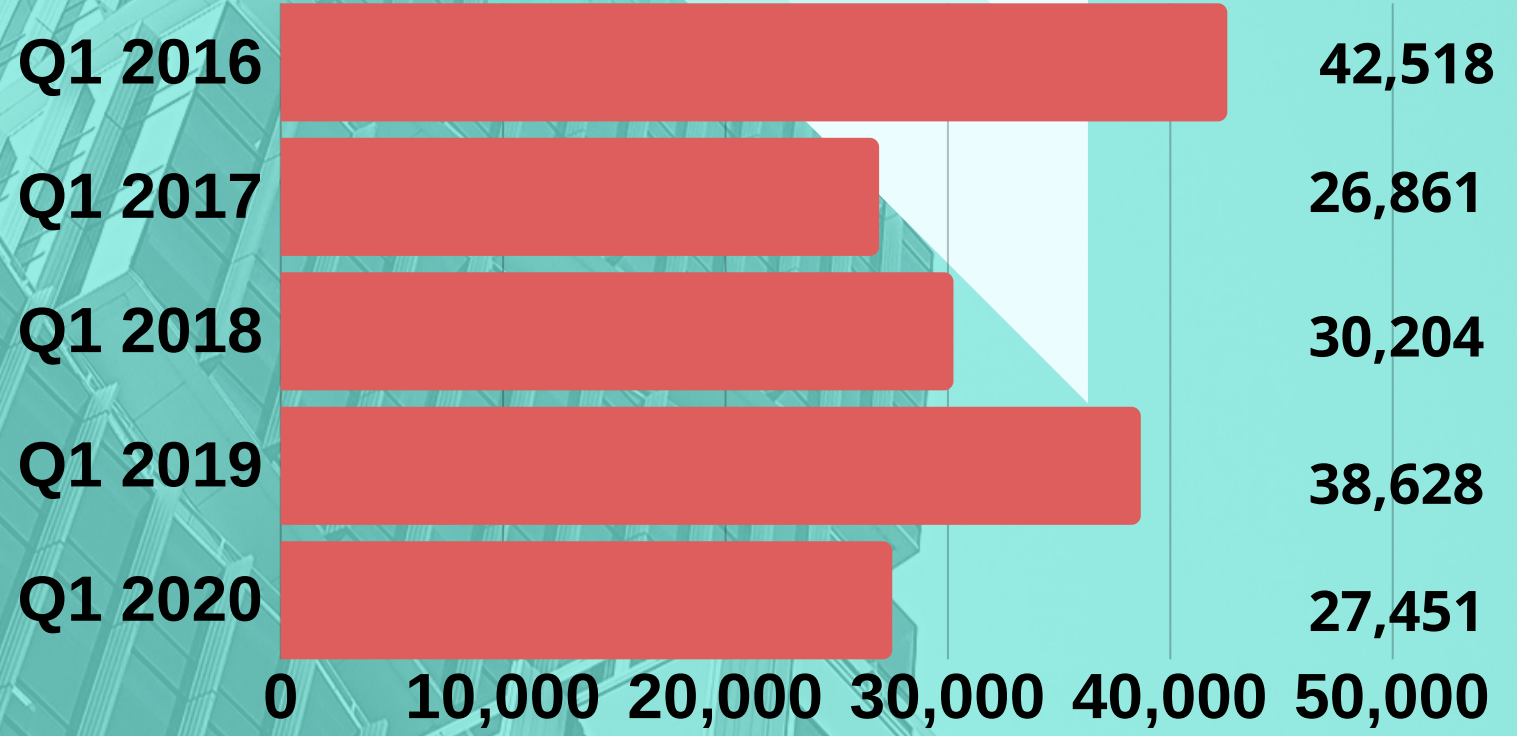
- Almost 60% of the Lunched Projects were from Mumbai and Bengaluru, though Mumbai saw a decline in New Launches of about 18% as compared to Q1 2019

- Smaller Markets like Pune, Kolkata & Chennai saw an increase in New Launch in Q1 2020 accounting for the overall increase in the launches.



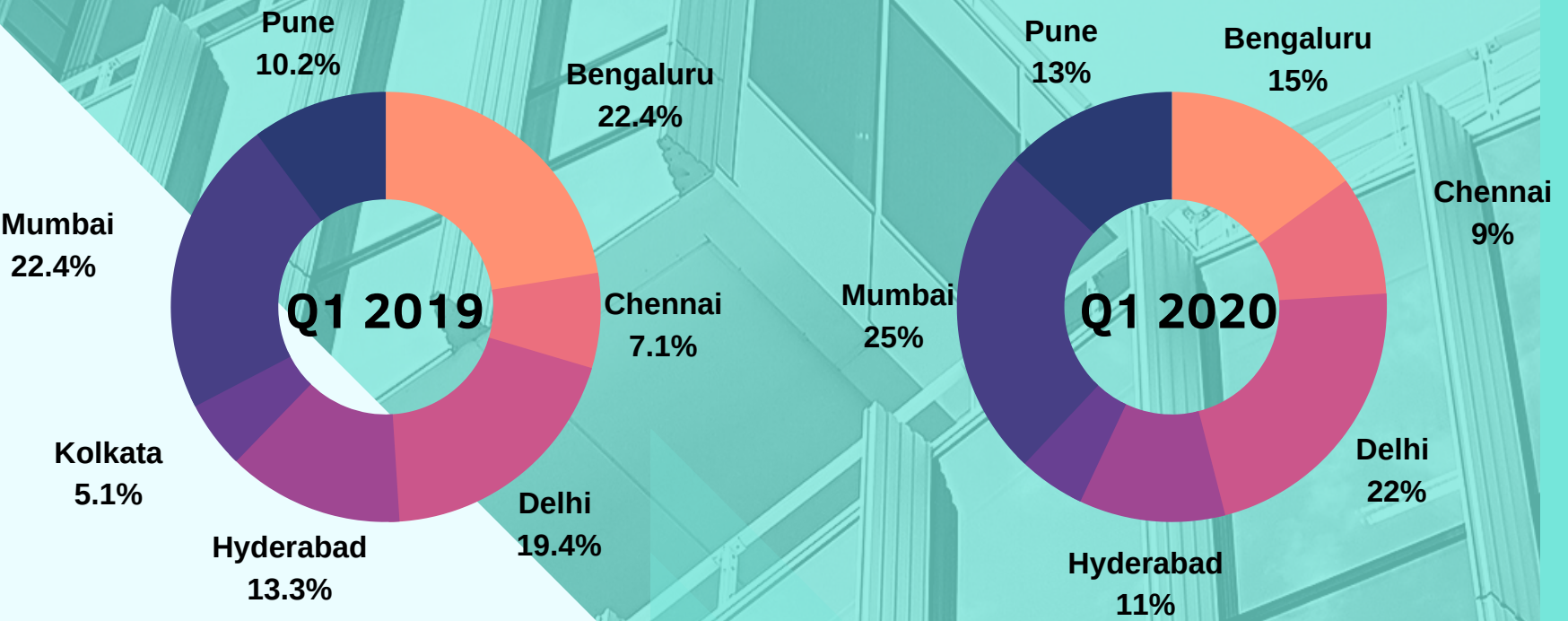
TREND IN SALES OF RESIDENTIAL PROJECTS

SALES



- The sales in Q1 2020 showed a decline of 29% as compared to Q1 2019.
- This is the 2nd Largest dip in sales after Q1 2017 (37%) which happened due to Demonetisation.
- Even if there would have not been a Covid-19, the sales were supposed to increase only marginally.

CITY-WISE DISTRIBUTION



- Mumbai, Delhi and Bengaluru accounted to the maximum share of Sales in Q1 2020 of about 62%, though smaller markets like Pune & Hyderabad were not far behind.
- Bengaluru which was the highest contributor to sales in Q1 2019 saw a huge dip of 52% in sales in Q1 2020 Y-O-Y basis.

UNSOLD INVENTORY IN RESIDENTIAL REAL ESTATE

CITY-WISE UNSOLD INVENTORY

Cities	2019 Q4		2020 Q1		
	Unsold Inventory	YTS	Unsold Inventory	YTS	Value (INR billion)
Bengaluru	81732	3	89122	3.3	640
Chennai	32217	2.3	32338	2.5	222
Delhi NCR	124720	4.6	121808	4.4	813
Hyderabad	24125	1.7	24047	1.6	192
Kolkata	28716	4.1	29555	4.2	153
Mumbai	119173	4	124059	4.2	1379
Pune	31545	1.6	34430	1.7	252
India	442228	3.2	455351	3.3	3651

- Unsold inventories saw an increase of 2.5% in Q1 2020 as compared to Q4 2019 which is a significant increase during subsequent Quarters. Q1 2019 showed a decrease of 2% in unsold inventories as compared to Q1 2018.
- All the cities witnessed an increase in Unsold inventories except for Delhi and Hyderabad.
- As of Q1 2020, Mumbai has surpassed Delhi and holds the maximum Unsold inventories worth INR 1.38 Trillion.
- The Residential Real Estate is sitting on an unsold inventory of almost INR 3.7 Trillion as of Q1 2020.
- The Year To Sell (YTS) has gone up to 3.3 years in Q1 2020 which is expected to climb higher in the wake of Covid-19.

CITY-WISE ANALYSIS

- Pune Recorded the Highest increase in Launches of approx. 72% and Hyderabad showed a 6.9% decrease in Launches.
- With Respect to sales, all cities showed a decrease in sales with Bengaluru showing a highest decrease of 52% and Chennai showing a lowest decrease of 7.9%.
- Chennai showed the Highest increase in average price of 9.8% and the only city which showed a decrease in average price was Bengaluru of about (1.5%).
- The unsold inventory increased in all cities except Delhi and Hyderabad. Bengaluru & Pune showed the highest increase in unsold inventory of about 9% whereas Delhi showed a decrease in unsold inventory by 2.3%.

Major Trends in Residential Real Estate - City Wise				
	Launch(Y-O-Y Q1)	Sales (Y-O-Y Q1)	Average Price (Y-O-Y Q1)	Unsold Inventory (w.r.t. Q4 2019)
Mumbai	Decreased (18.1%)	Decreased (18.8%)	Increased (3.7%)	Increased (4%)
Delhi	Decreased (2.8%)	Decreased (17.8%)	Increased (1.4%)	Decreased (2.3%)
Bengaluru	Increased (3.4%)	Decreased (52%)	Decreased (1.5%)	Increased (9%)
Chennai	Increased (22.8%)	Decreased (7.9%)	Increased (1%)	Increased (0.4%)
Hyderabad	Decreased (6.9%)	Decreased (40.5%)	Increased (9.8%)	Decreased (0.3%)
Kolkata	Increased (32.5%)	Decreased (35.3%)	Increased (1.5%)	Increased (2.9%)
Pune	Increase (71.8%)	Decreased (17.8%)	Increased (3.9%)	Increased (9.1%)

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

AFFORDABLE AND MID-PRICE SEGMENT HOUSING

CITY-WISE SHARE OF AFFORDABLE & MID-PRICE SEGMENT HOUSING

Q1 2019	Cities	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%

- Q1 2020 saw an increase in the contribution of Affordable and Mid-Price segment Housing in India. 62% of the Total Housing projects were in this category.
- In Kolkata almost 99% of the Housing Projects are in Affordable and Mid-Price Segment Housing.
- Q1 2020 saw an increase in Affordable and Mid-Price segment Housing even in cities like Mumbai and Bengaluru.
- Only Pune and Chennai saw a decrease in the percentage of Affordable and Mid-Price Segment Housing.

ANALYSIS OF AHMEDABAD – RESIDENTIAL

Ahmedabad Market Snapshot

Parameter	2018	Change YoY	H1 2018	H1 2019	Change YoY
New Launches (housing units)	4167	-0.13	1323	3398	1.57
Sales (housing units)	16188	0.03	8087	8212	0.015
Price (weighted average)	2840/sq ft	0.01	2820 /sq ft	2850/ sq ft	0.01
Unsold inventory (housing units)	14863	-0.45	20120	10049	-0.5
QTS	3.7		7.1	2.5	
Age of inventory (in quarters)	9.9		10.1	9.7	

Source : Knight Frank

- Ahmedabad showed a Y-O-Y increase of 157% in the number of New Launches for H1 2019.
- But the sales during the period increased only by 1.5% Y-O-Y.
- The average price for Residential Real Estate showed an increase of 1% Y-O-Y in H1 2019.
- The unsold inventory in Ahmedabad reduced by almost 50% Y-O-Y which is a very big dip in the unsold inventory and can be considered as a positive sign.
- But majority of the sales of unsold inventory were carried out in H2 2018.
- The Years to sell (YTS) fell to 2.5 years in H1 2019 as compared to 7.1 years in H1 2018.

KEY TAKE-AWAYS FROM RESIDENTIAL SEGMENT

- Affordable & Mid-Price Segment Housing form almost 62% of the Housing project.
- All the cities showed a decrease in Sales in Q1 2020 Y-O-Y.
- Increase in need for urbanization and Nuclear families has led to an increase in sales in Tier 2 & Tier 3 cities.
- As of Q1 2020, the unsold Inventory needs 3.3 years to be sold.
- Kolkata saw 99% of Housing project under Affordable & Mid-Price segment.
- Bengaluru turns out to be one of the most vulnerable markets with the sales reducing by almost 52% and unsold inventory at almost 89,000.

FUTURE TRENDS & SUGGESTIONS

- With the Unsold inventories at an all-time high of 4,55,351 units and the Demand expected to go further down post Covid-19, Real Estate will have to sit on a large amount of Unsold Inventory.
- Adding to it, the Projects in the final phase of completion and stuck due to lockdown will add on to the unsold inventory making the unsold inventory go up to 5 lakh by end of 2020 which will account to approximate INR 4.1 Trillion.
- Affordable Housing Projects in Tier 2 & Tier 3 cities will have a stable demand Whereas the Tier 1 cities will be the loss bearer.
- New Launches in cities like Pune and Bengaluru which are already sitting on high unsold inventory is not recommended unless the project is on a prominent location.
- Government intervention by reducing the stamp duty/ Registration & Reducing the interest rate on home loan will repair the sales in Affordable and Mid-Price segment Housing.
- Payment defaults by Customers are expected to increase Post Covid-19.

THANK YOU



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