

India Home Mortgage Finance Market - Growth, Trends, COVID-19 Impact, and Forecasts (2023-2028)

Description



India Home Mortgage Finance Market is poised to grow at a CAGR of 7% during the forecast period.

With favorable conditions like rising income levels, improved affordability, and fiscal support, the demand for homes is expected to grow in this market. Real estate in India is on an upcycle. Developers are now financially stronger and more disciplined.

Due to the outbreak of the COVID-19 pandemic, the home mortgage finance market in India was heavily impacted. Due to the lockdown in India, there were limited job prospects and a drop in income; some people even lost their jobs during the pandemic, which resulted in a fall in the housing market and housing loan demand. The pandemic resulted in the central banks using three key tools to make the most out of the housing situation: Open market operations, interest rates, and reserve requirements. RBI (the Reserve Bank of India) also slashed repo rates, reaching a two-decade low at 4.4%. With all these policies, the government attempted to make home loans more affordable during a crisis where job security for most sectors was not guaranteed.

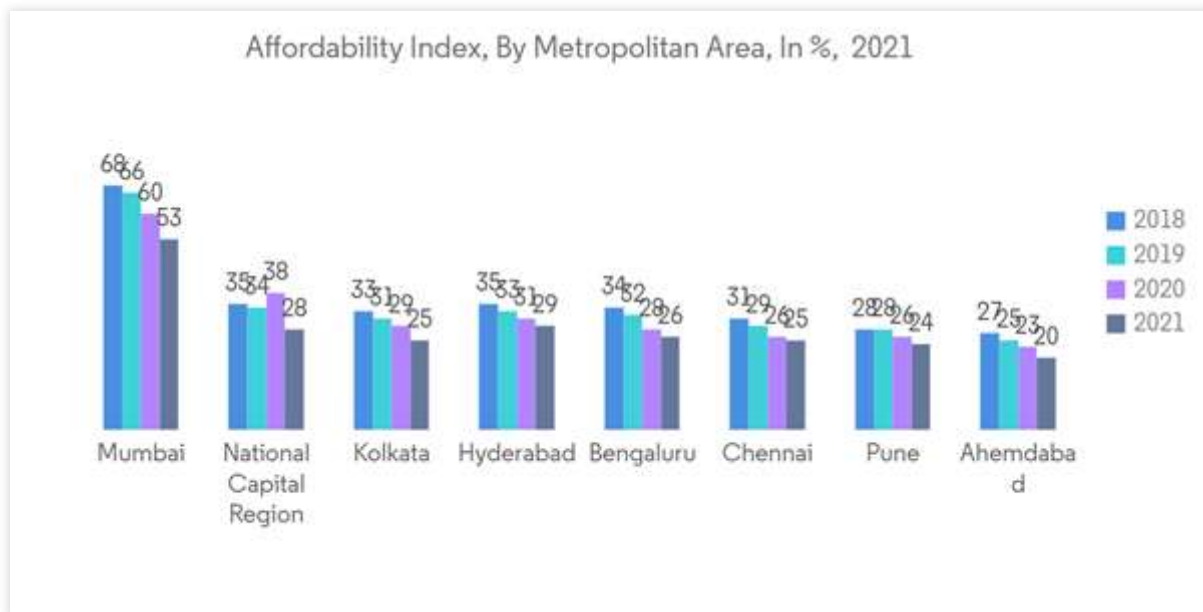
In India, housing finance is offered by banks and housing finance companies (HFCs). With the introduction of several economic reforms and a rise in demand for housing infrastructure across cities, globally renowned industrial houses are now venturing into the housing market. At present, public and private sector banks and foreign banks are extending loans to prospective buyers. However, the home mortgage finance market is dominated by HFCs.

India Home Mortgage Finance Market Trends

Availability of Affordable Housing in India is Driving the Market Growth

The housing market has undergone a structural transformation in both the demand and supply sides over the last decade. This has resulted in a safe and attractive home-buying environment for buyers. Housing loans contribute around 50% of personal/retail loans. Housing affordability has improved over the last eight years. It reached its best levels last fiscal year and remains fairly attractive. This is expected to boost end user demand in key segments of affordable and mid-income. In FY 2000, property prices, on average, were

5.9 times the annual income of a buyer. In FY2020, the price of the property that a person purchased was, on average, 3.3 times the annual income. With affordability rising, one can buy a bigger property with their current income. Home loan rates are down by about 1.2-1.3% compared to last year alone. This is expected to drive the growth of the home mortgage finance market in India during the forecast period.



Increase in Work From Home Settings Can Surge the Demand for Housing in Tier-III and Tier-IV Cities

The trend of working from home during the COVID-19 lockdown has led to an increase in home loan demand in tier-III and tier-IV towns and districts. Many companies have shifted to a work-from-home setting, and many outstation employees have returned to their native places to cut living costs in the overcrowded metro and tier-I cities. Now with many companies, especially in the tech and IT industry continuing with a hybrid or a work-from-home setting, the demand for upscale residential projects in tier-III and tier-IV cities has seen a boost. The share of housing loans contributes to 50% of retail or personal loans by scheduled commercial banks (SCBs), which has increased to 14.14% in June 2022, up from 13.1% in March 2020 during the pandemic. Work from home has emerged as the dominant factor behind the increased demand for home loans across tier-III and tier-IV towns and districts. This is expected to grow the market during the forecast period.



India Home Mortgage Finance Market Competitor Analysis

India's home mortgage finance market is a fragmented market. It has the presence of over 40 considerable regional and local players in the market. Although banks dominate the India home mortgage finance sales in 2021, a significant growth can be observed for non-bank lenders in the near future. Companies including, HDFC Housing Finance, LIC Housing Finance Limited, Indiabulls Housing Finance Limited, L&T Housing Finance Limited, and PNB Housing Finance Limited, among others have been profiled in the report.

Additional Benefits:

- The market estimate (ME) sheet in Excel format
- 3 months of analyst support

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Companies Mentioned (Partial List)

A selection of companies mentioned in this report includes, but is not limited to:

- HDFC Housing Finance
- LIC Housing Finance Limited
- Indiabulls Housing Finance Limited
- L&T Housing Finance Limited
- PNB Housing Finance Limited
- IIFL Housing Finance Limited
- GIC Housing Finance Limited
- Sundaram Home Finance
- Tata Capital Housing Finance Limited
- Can Fin Homes Limited
- Repco Home Finance
- Akme Star Housing Finance Limited
- Sahara Housing Finance
- India Home Loan Limited

Methodology

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