

ANAROCK

VALUES OVER VALUE

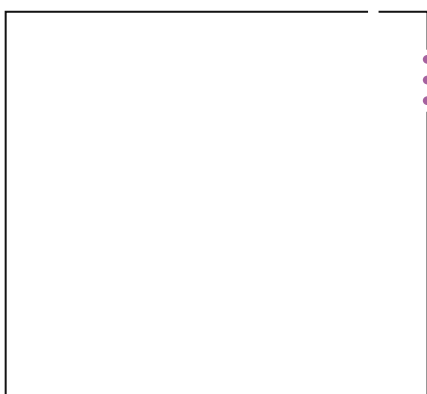
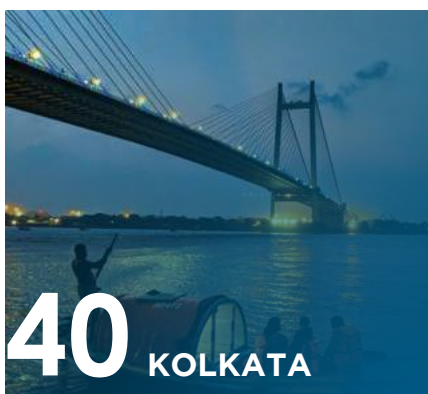
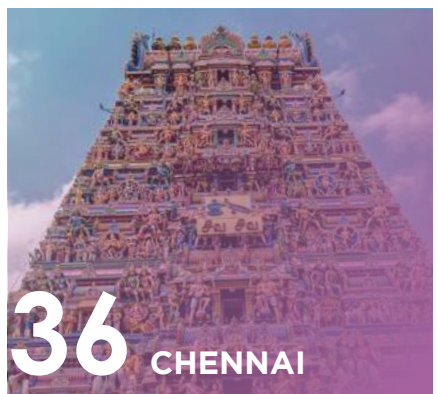


INDIAN RESIDENTIAL REAL ESTATE

A Journey of Growth,
Euphoria and Value Creation

ANNUAL REPORT 2023

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FOREWORD



Mr. Anuj Puri
ANAROCK Group Chairman

The year 2023 marked a significant milestone for the Indian economy, which experienced exceptional growth and outperformed numerous developed economies globally. Despite the economic deceleration, persistent scarcities, elevated inflation rates and aging demographics plaguing most developed economies, India emerged as the fastest growing nation. All the aforementioned elements have culminated in a significant surge in the nation's real estate sector.

India's residential real estate market experienced an unprecedented rally in the year gone by, surpassing growth rates of all preceding years and setting new benchmarks. This remarkable expansion was propelled by a combination of policy reforms, heightened consumer confidence, augmented disposable income and a growing demand for more spacious residential.

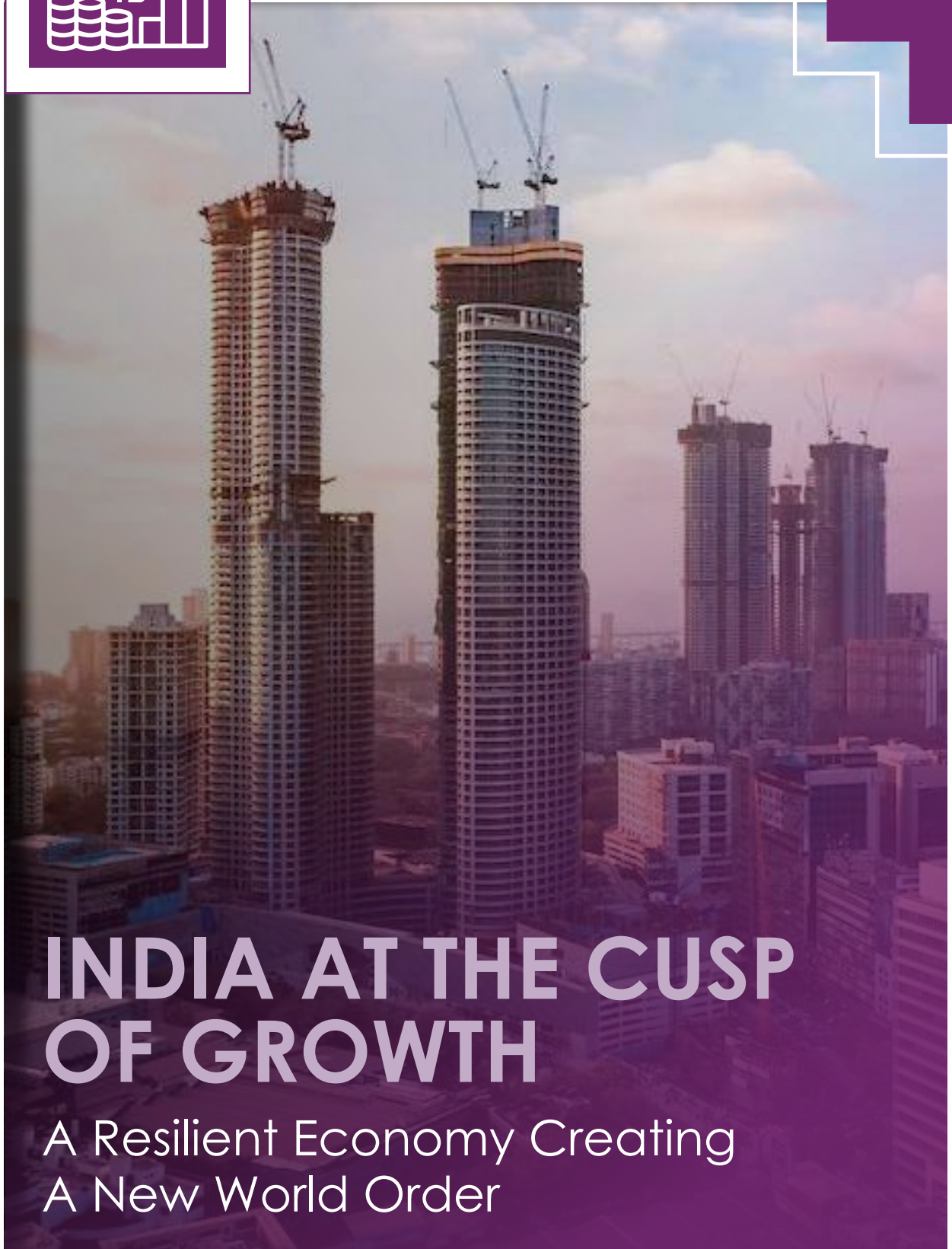
The seven leading cities witnessed a significant annual increase of 25% in new launches from the year 2022 to 2023, escalating from approximately 3.57 lakh units to 4.45 lakh units. The regions of MMR and Pune experienced the highest number of these new launches, collectively accounting for nearly 54% of the total new launches within that year.

Interestingly, there was a notable predominance of mid-range (INR 40 lakh - INR 80 lakh) and premium housing (INR 80 lakh - INR 1.5 Cr.) launches, whereas affordable housing (< INR 40 lakh) experienced a decline. The demand, primarily driven by end users, was focused on projects executed by Grade A developers. These top-tier developers maintained a substantial market share throughout 2023, further solidifying their significant position in the industry.

In line with the supply, the year 2023 witnessed record sales figures that surpassed all prior benchmarks. A staggering 4.76 lakh units were sold across the top seven cities, notwithstanding the escalating property prices and an increase in home loan interest rates at the beginning of the year.

Average housing prices across top 7 cities witnessed the highest growth in the last decade; appreciated by 15% Y-o-Y, from INR 6,150 per sq. ft. in 2022 to nearly INR 7,080 per sq. ft. in 2023.

In conclusion, it can be stated that the Indian residential market underwent a fruitful year characterized by strong demand, supportive government policies, and heightened investor confidence. These factors bode well for future growth prospects within this dynamic sector.



INDIA AT THE CUSP OF GROWTH

A Resilient Economy Creating
A New World Order

Despite the challenges brought on by recent global events, it is impressive to see how majority of the high frequency indicators in India have demonstrated exceptional resilience. The Indian economy continues to remain buoyant.

Notably, there has been a recovery in credit growth for both industrial and retail sectors, which is a promising indication of economic progress. Additionally, the return of foreign portfolio investors has further contributed to this positive sentiment. The Government's commitment to implementing structural reforms that encourage private investment has also played a crucial role in boosting investor confidence. Overall, these developments highlight a favourable environment for investment and growth.

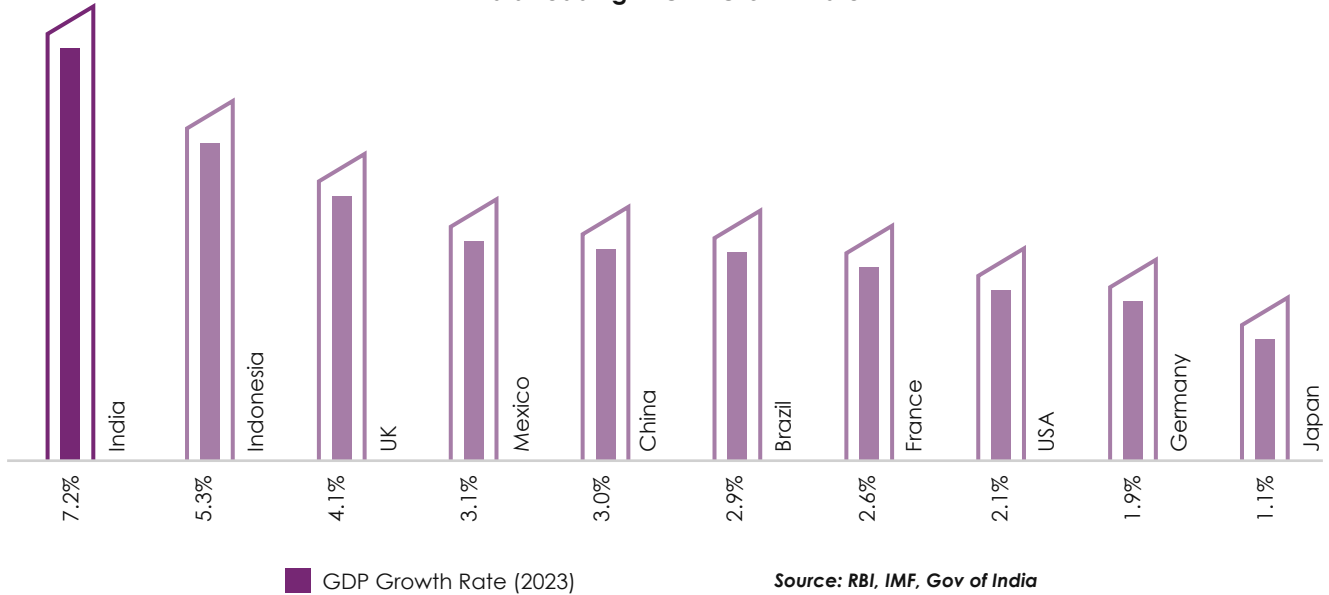




India is the fastest growing economy

With the end of another remarkable year on all the fronts, 2023 saw the Indian economy soaring high, outpacing many developed economies around the globe in terms of growth. This extraordinary transformation is a shining beacon of India's boundless potential and its prowess to harness opportunities across diverse sectors. Truly, it's a testament to the nation's resilience and an inspiring example of economic dynamism at its best.

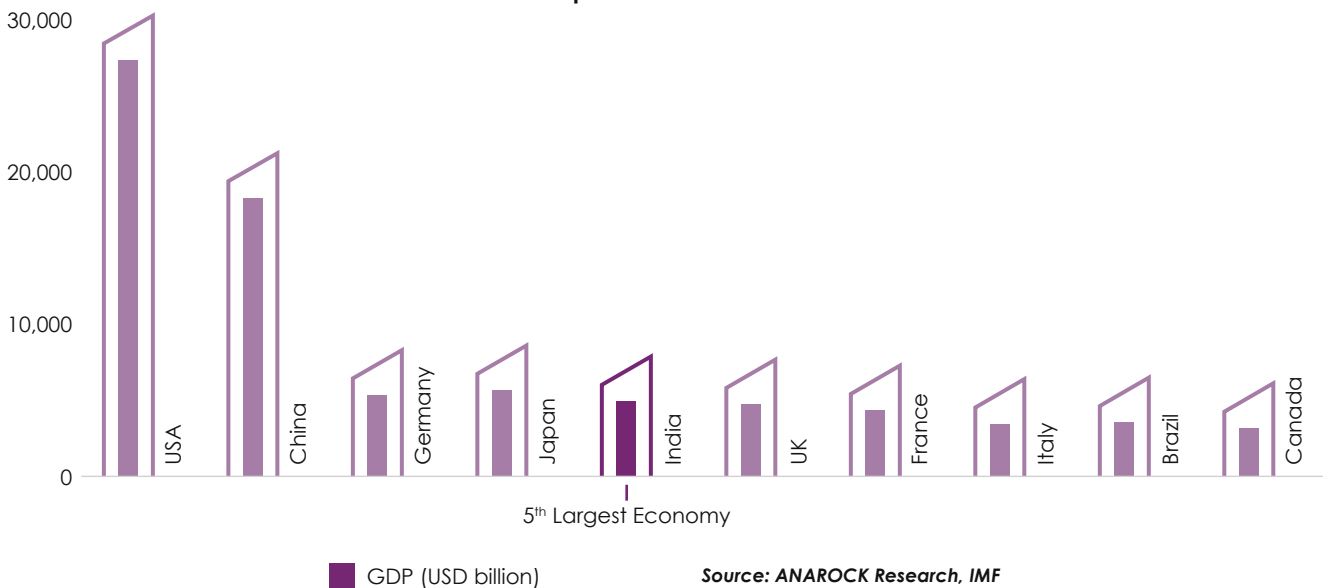
India Leading in GDP Growth Rate



India is the 5th largest economy, set to become 3rd by 2030

India's GDP has reached USD 3.75 trillion in 2023, from around USD 2 trillion in 2014, moving from 10th largest to 5th largest economy in the world.

Top 10 Economies of the world

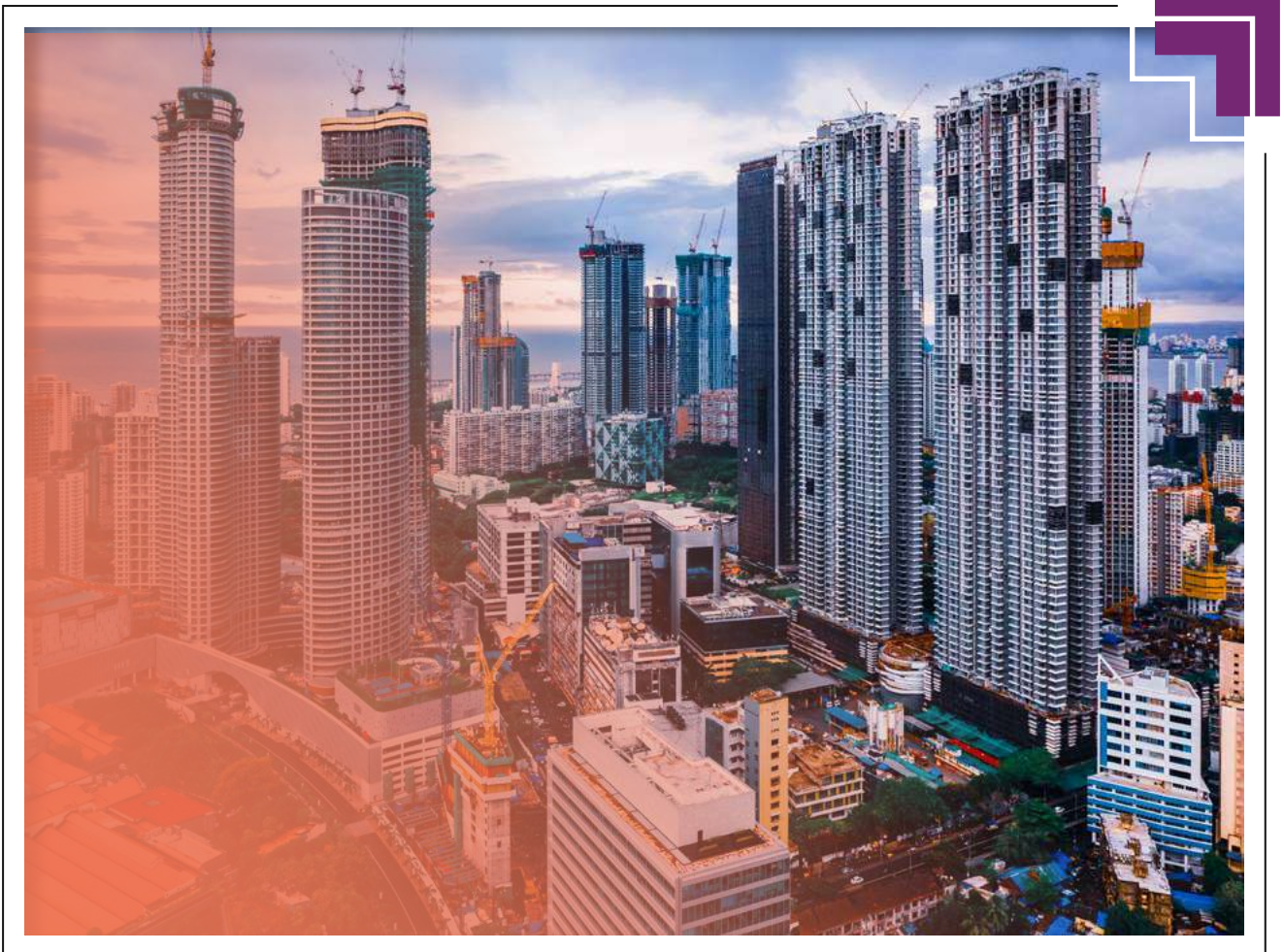
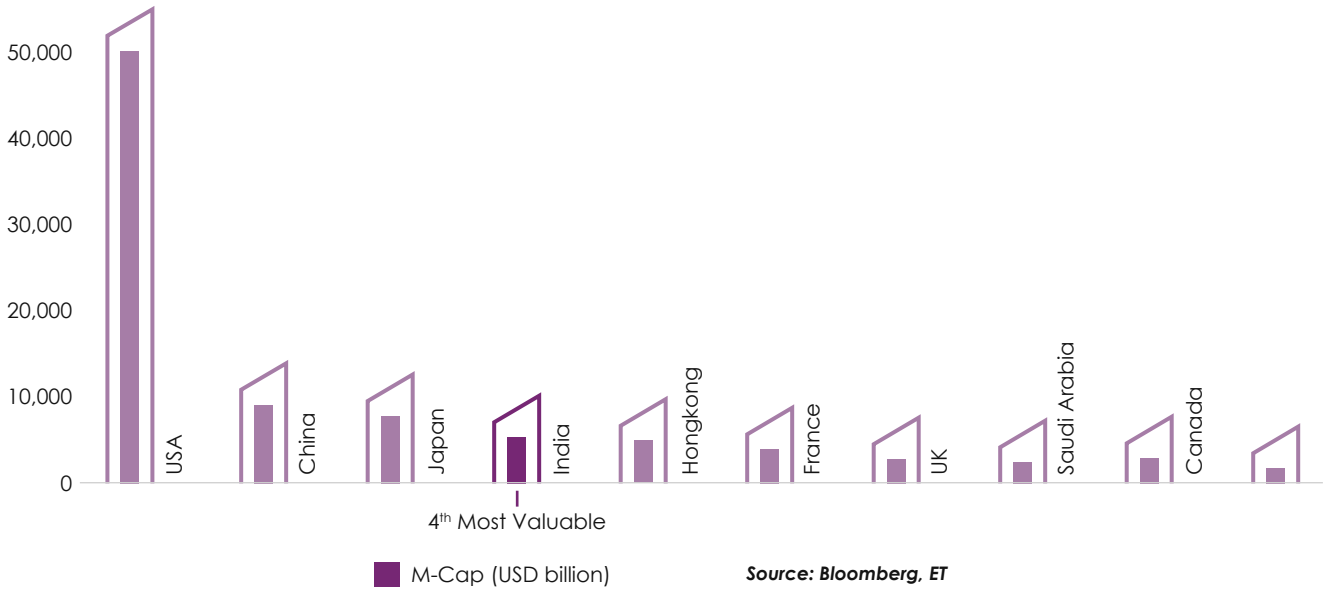




India is now the 4th most valuable stock market

India has now ascended to the position of the fourth nation globally, boasting an equity market capitalisation of USD 4.3 trillion.

Market Cap of Top 10 Economies

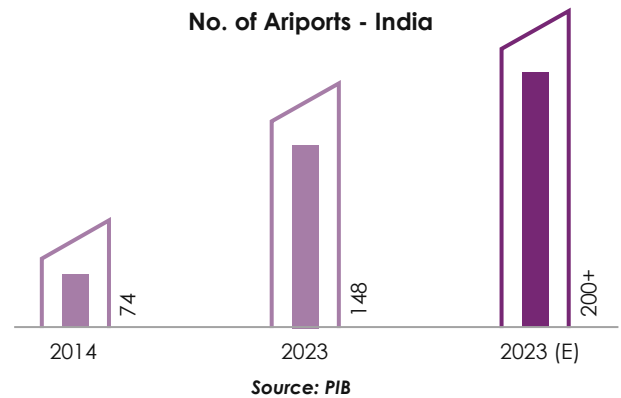




India's growing infrastructure and booming aviation sector

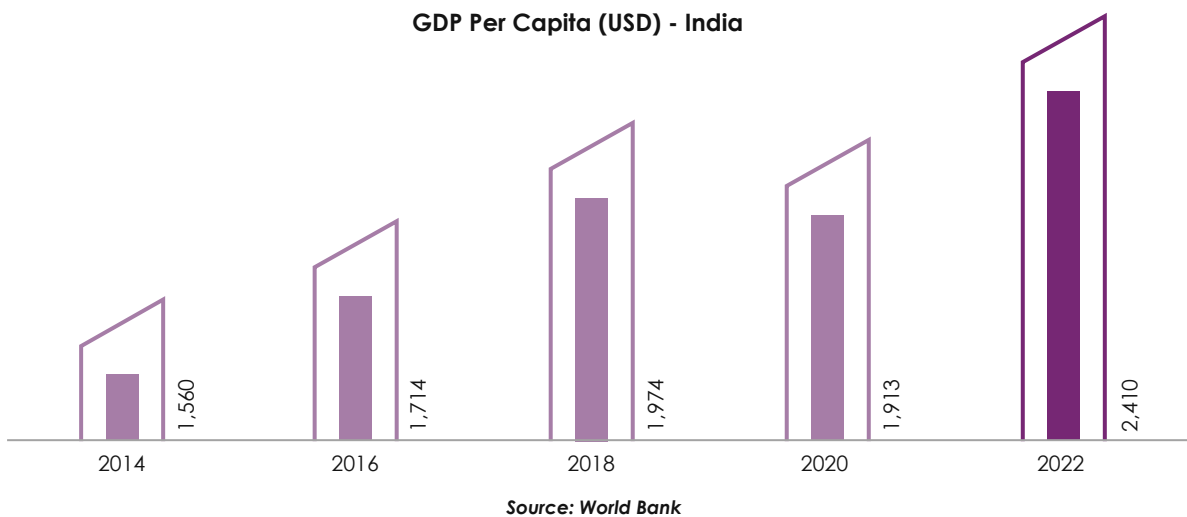
India is predicted to spend twice as much on infrastructure in FY2024–2030 (INR 143 lakh Cr.) as it did in FY2017–2023. In FY24–30, INR 36.6 lakh Cr. is expected to be spent on green infrastructure.

Also, In the last nine years, India's aviation sector has grown significantly. The number of operational airports in the country has doubled from 74 in 2014 to 148 in April 2023.



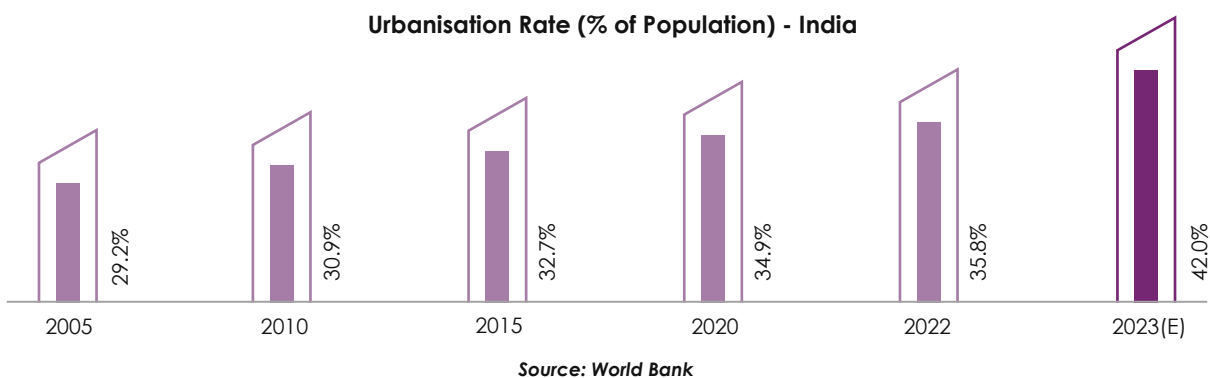
Indian economy is consumption driven, with impressive talent pool

India's economy is characterised as being driven by consumption and experiencing rapid growth in the entire economy. Over the past several years, the country's per capita income has grown at a healthy rate and passed the crucial threshold of USD 2,000.



India's urbanisation rate is continuously rising

India has witnessed a surge in urbanization, primarily due to individuals transitioning from the agricultural sector to seek employment opportunities in service-oriented fields.

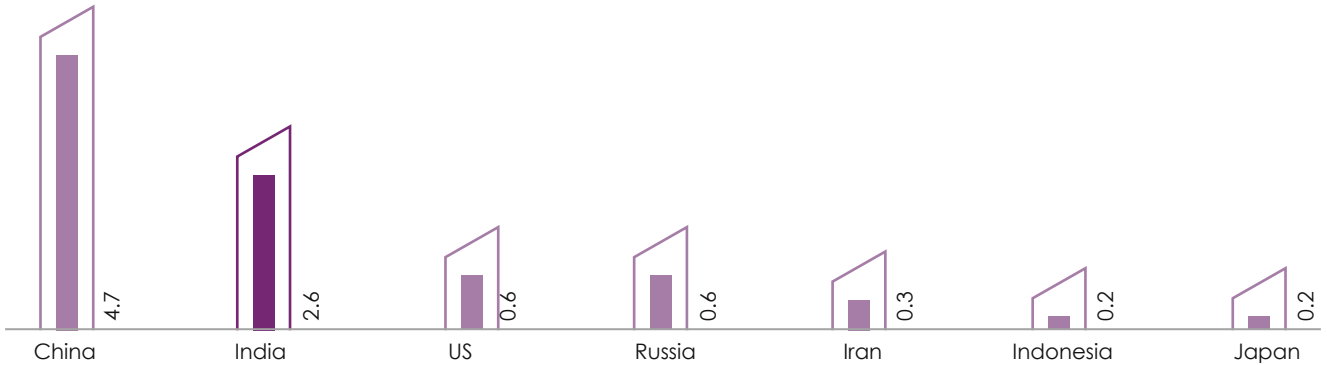




India is now the 2nd highest in STEM Graduates

The country has made significant strides in STEM education, remarkably producing 34% of the world's STEM graduates in 2021, as reported by the UNESCO Institute for Statistics.

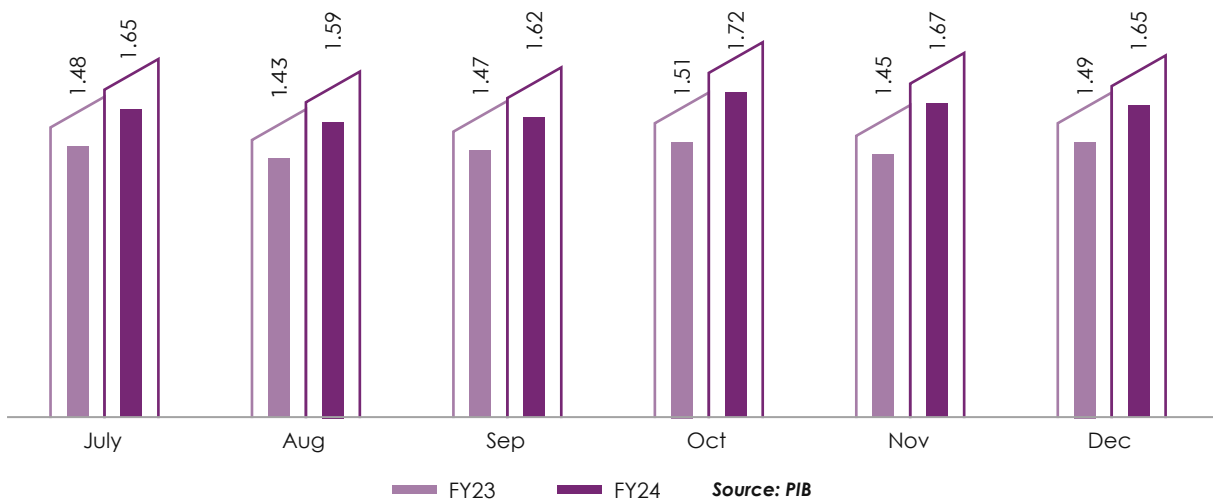
Countries with Highest No. of STEM Graduates (million)



GST - All-time high average collection

Average monthly GST collection at INR 1.66 lakh Cr. in 9M FY24 vs INR 0.9 lakh Cr. in FY18.

GST - Avg. Monthly Collection (₹ in lakhs)



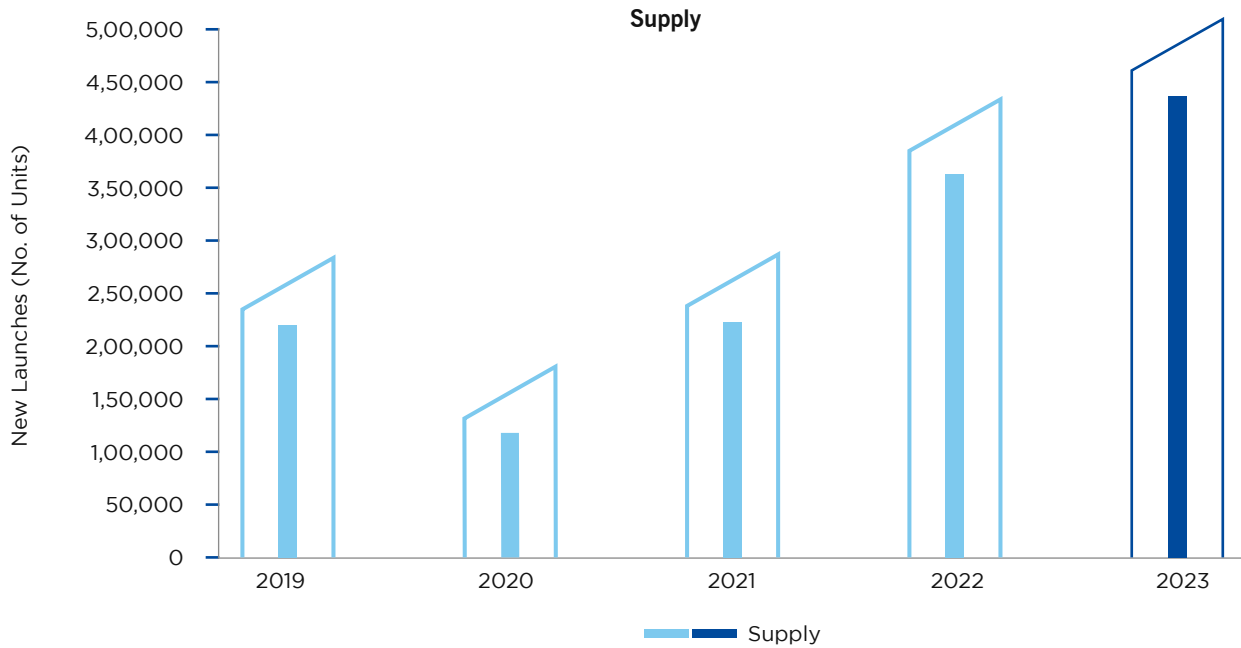
The economy's upward trajectory has had a notable impact on the real estate market, with significant growth being witnessed. The surge in demand and increased investment activities have fueled expansion across all asset classes such as commercial, retail, warehousing, and residential properties. This positive trend indicates a promising future for the real estate industry.







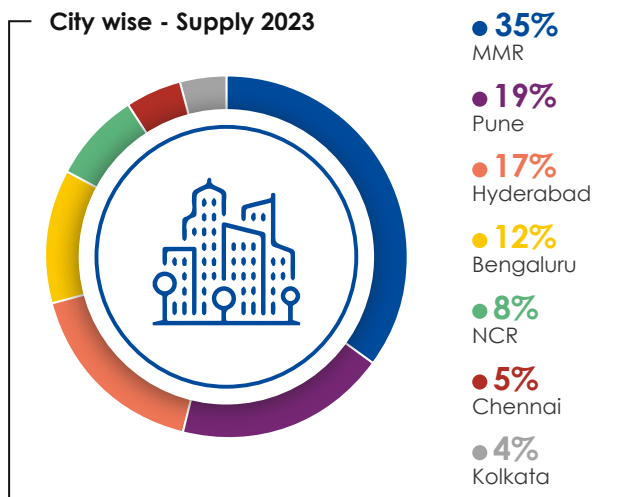
1.1. Supply: New supply across the top 7 cities up by 25% Y-o-Y



New supply across the top 7 cities saw an increase of 25% over the year before, with new unit launches of nearly 4.45 lakh units in 2023 compared to over 3.57 lakh units in 2022. However, the total number of new launches in 2023 stayed below the previous high of 2014, when over 5 lakh units were introduced in the top 7 cities.



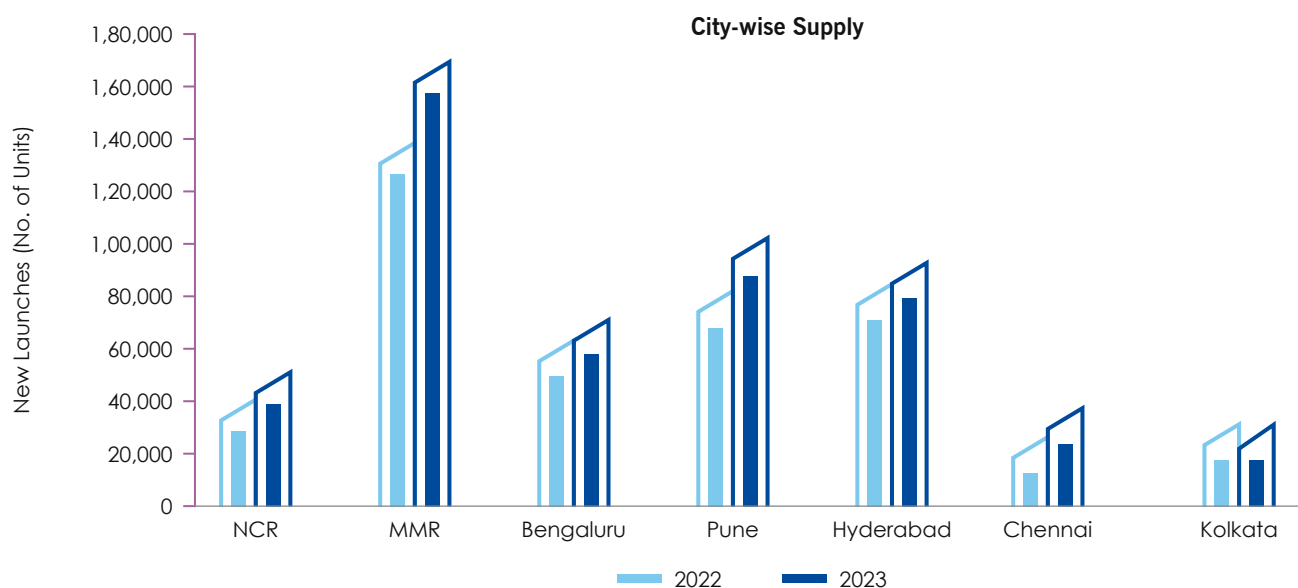
City split of new launches: MMR & Pune hold the lion's share in new supply



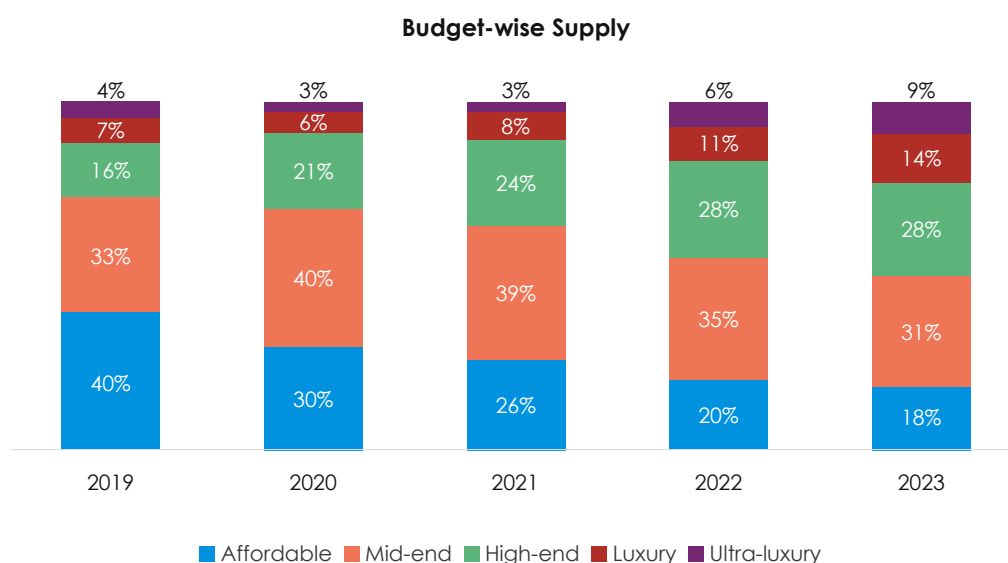
Out of the total new supply during 2023, 54% of launches were contributed by two western cities - MMR and Pune with 35% and 19% share respectively, closely followed by Hyderabad with 17% share.

During the year, all the top 7 cities have witnessed an increase in new supply as compared to the previous year. Chennai, holding only a 5% share of the total supply, has registered over 100% Y-o-Y growth in terms of new units supply and NCR recorded a Y-o-Y growth of 45%.





Budget-wise split of new launches: Demand for luxury and ultra luxury up, affordable housing takes a backseat

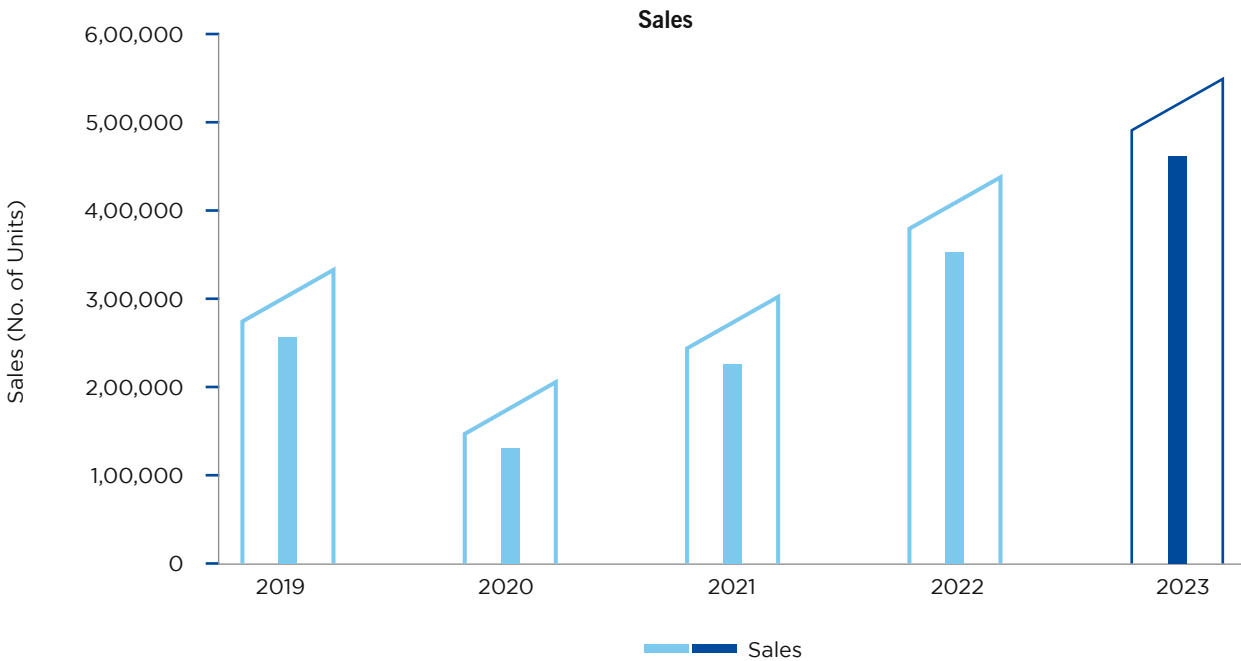


Budget Segmentation: Affordable (< INR 40 lakh), Mid-end (INR 40 lakh - INR 80 lakh), High-end (INR 80 lakh - INR 1.5 Cr.), Luxury (INR 1.5 Cr. - INR 2.5 Cr.), Ultra-luxury (> INR 2.5 Cr.)

The year gone-by witnessed the maximum new launches in the budget range of INR 40 lakh – INR 80 lakh, with nearly 31% of the total new supply across the top 7 cities. This is however lower than the segment's share of 35% in the previous year. Next in line were the launches in the high-end segment priced between INR 80 lakh – INR 1.5 Cr. This segment contributed almost 28% of the total new supply in 2023, increased from 15% contribution in the year 2018. On the other hand, keeping in mind the growing desire for luxury projects amongst homebuyers, developers focused on launching more projects under this segment. We have seen a significant increase in the share of new launches in the luxury and ultra luxury segment, that together contributed nearly 23% in 2023 as compared to 17% in 2022. Affordable housing continued to witness a decline, accounting for only 18% share of the total launches in 2023 as compared to 26% in 2021 and 40% in 2018.



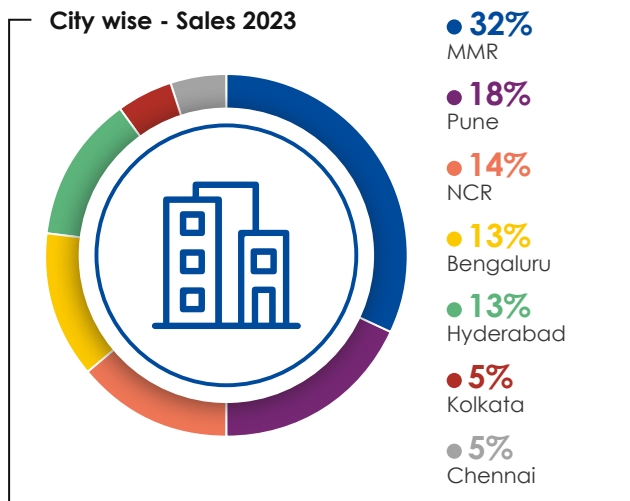
1.2. Sales: Housing sales scale new peak in 2023; 31% yearly growth



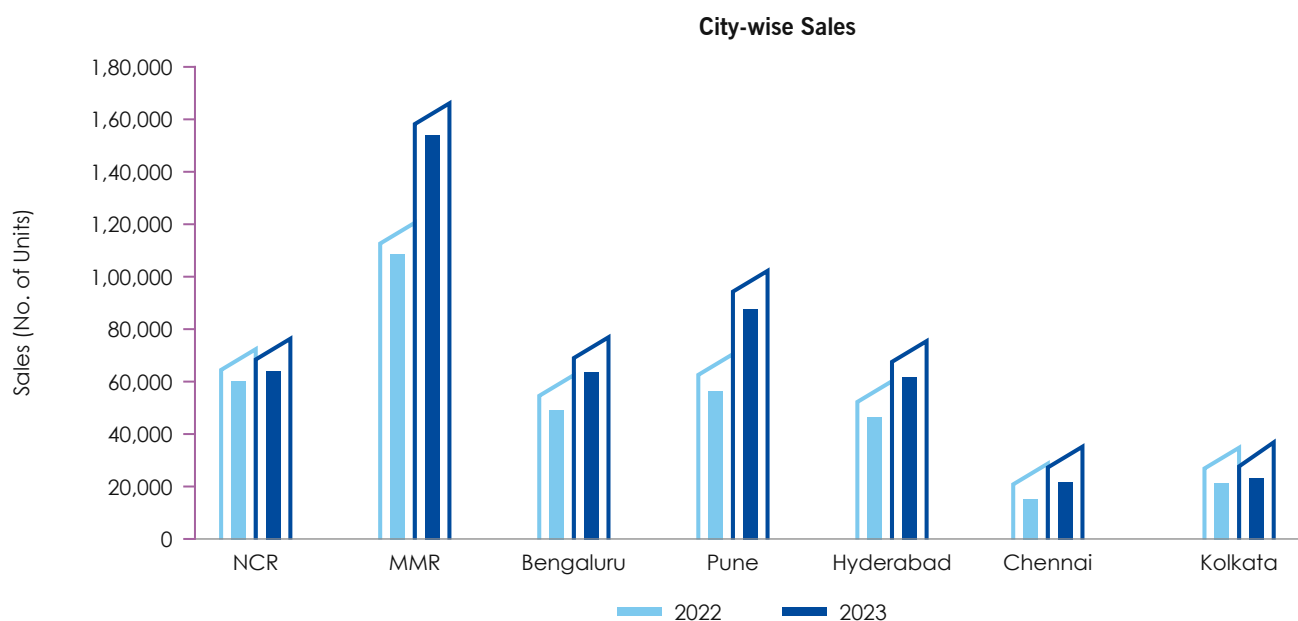
The number of homes sold during 2023 in the top 7 cities breached the record of last 15 years. Despite global headwinds, increasing home loan interest rates and price appreciation, sales momentum remained upbeat across the top 7 cities, with nearly 31% Y-o-Y growth in units sold. Over 4.76 lakh units sold in 2023 as compared to approx. 3.64 lakh units sold in the previous year.



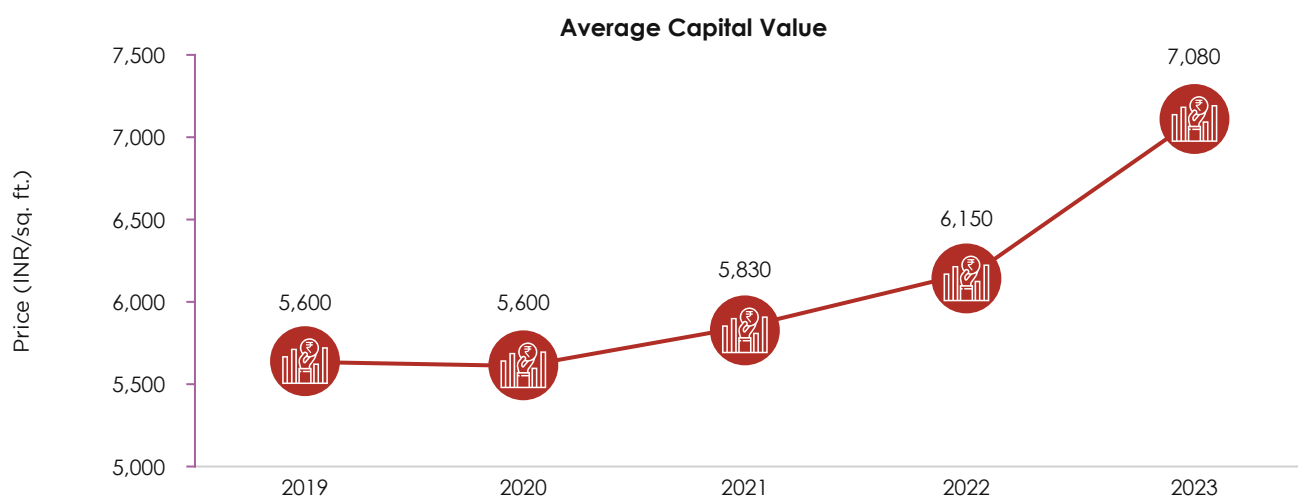
City split of new sales: Every city exceeds the previous milestones



Mirroring the trend of launches, MMR and Pune remained the front runners in the sales also, together accounting for half of the sales witnessed across the top 7 cities. MMR records highest sales of approximately 1,53,870 units in 2023, followed by Pune with approximately 86,680 units. NCR witnessed sales of over 65,600 units, contributing 14% of the total sales, despite restricted new launches during the year.



1.3. Capital Value trends: Housing prices across Pan-India up 15% Y-o-Y



Note: Base Selling Price on BUA*

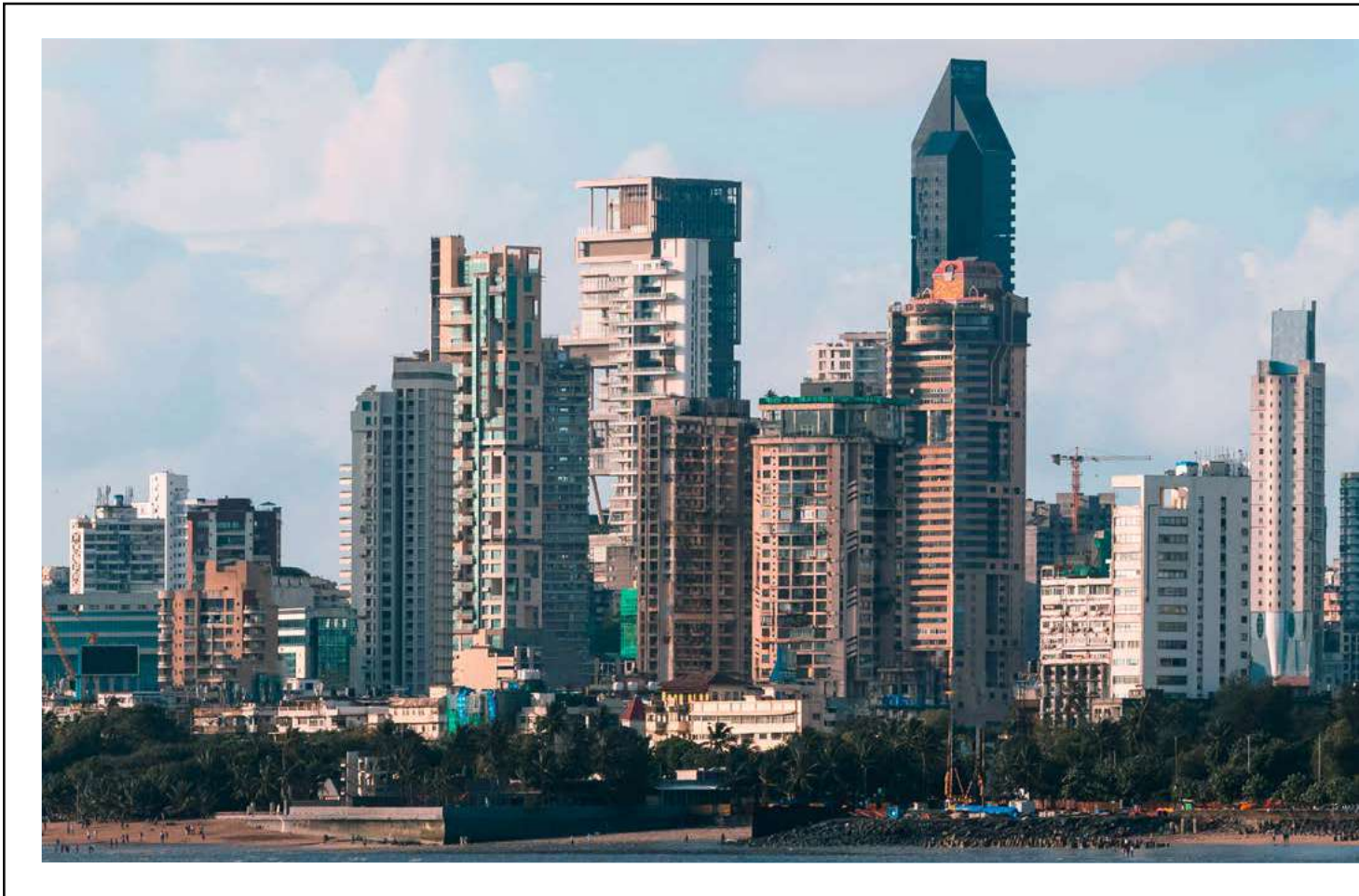
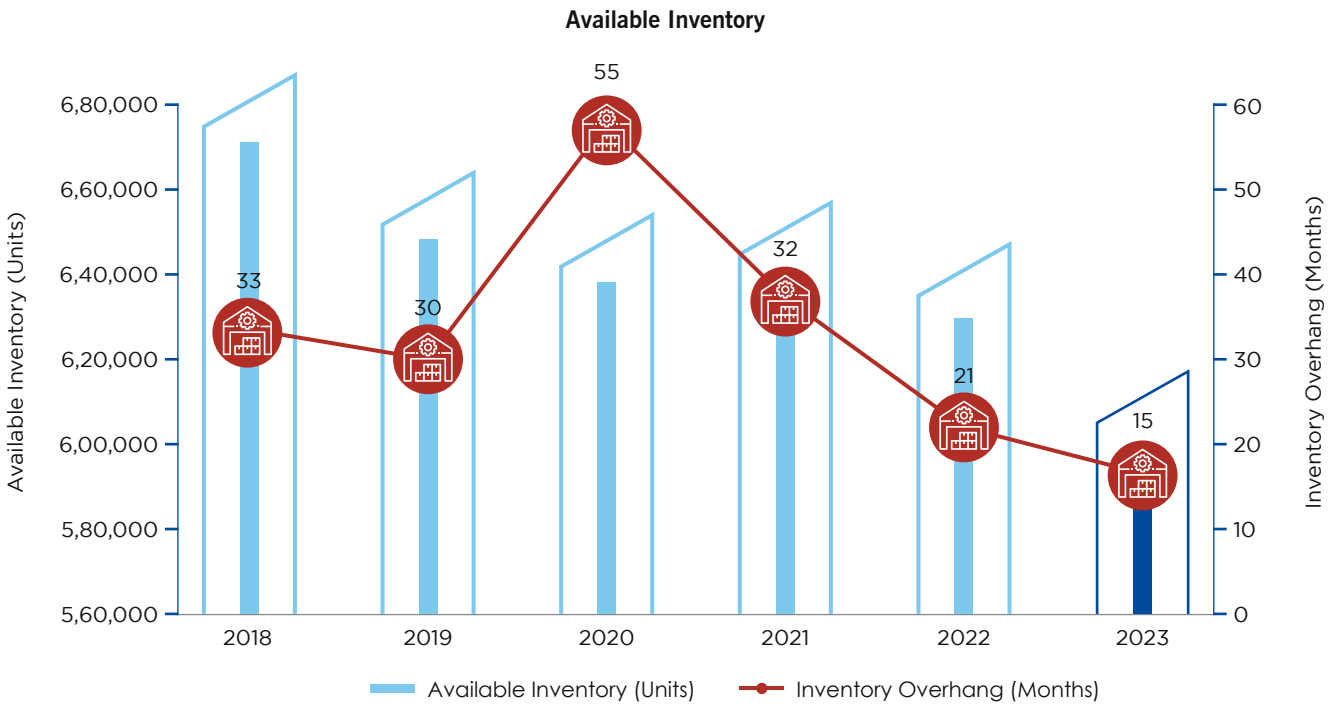
Residential property prices have also registered a significant growth in tandem with demand across the top 7 cities. On a yearly basis, prices have appreciated in the range of 10% - 24% across the top 7 cities primarily due to an increase in the input costs and strong demand.

Price levels in Hyderabad saw the maximum rise at 24% Y-o-Y, from INR 4,620 per sq. ft. in 2022 to INR 5,750 per sq. ft. at the end of 2023.

Next to Hyderabad, Bengaluru registered the highest Y-o-Y increase in the property prices by 18%; followed by 15% in MMR and NCR; 13% in Pune, 12% in Chennai and 10% in Kolkata.



1.4. Available Inventory – Pan-India inventory overhang at its lowest - 15 months at the end of 2023



Sales continued to exceed the new supply consecutively for the second year, resulting in a 5% decline in available inventory at the end of 2023. Overall, approximately 6 lakh housing units are available across top 7 cities as compared to 6.30 lakh units at the end of 2022.

Across the top 7 cities, the mid-end priced between INR 40 lakh – INR 80 lakh and the affordable segment priced below INR 40 lakh, together have the maximum share of available inventory, followed by the high-end segment in the price bracket of INR 80 lakh – INR 1.50 Cr.

In line with the launches and sales trend, over half of the available inventory is available in MMR and Pune, followed by Hyderabad and NCR. Over 3.03 lakh housing units are unsold in these two western cities, a marginal rise from the stock available in the previous year.

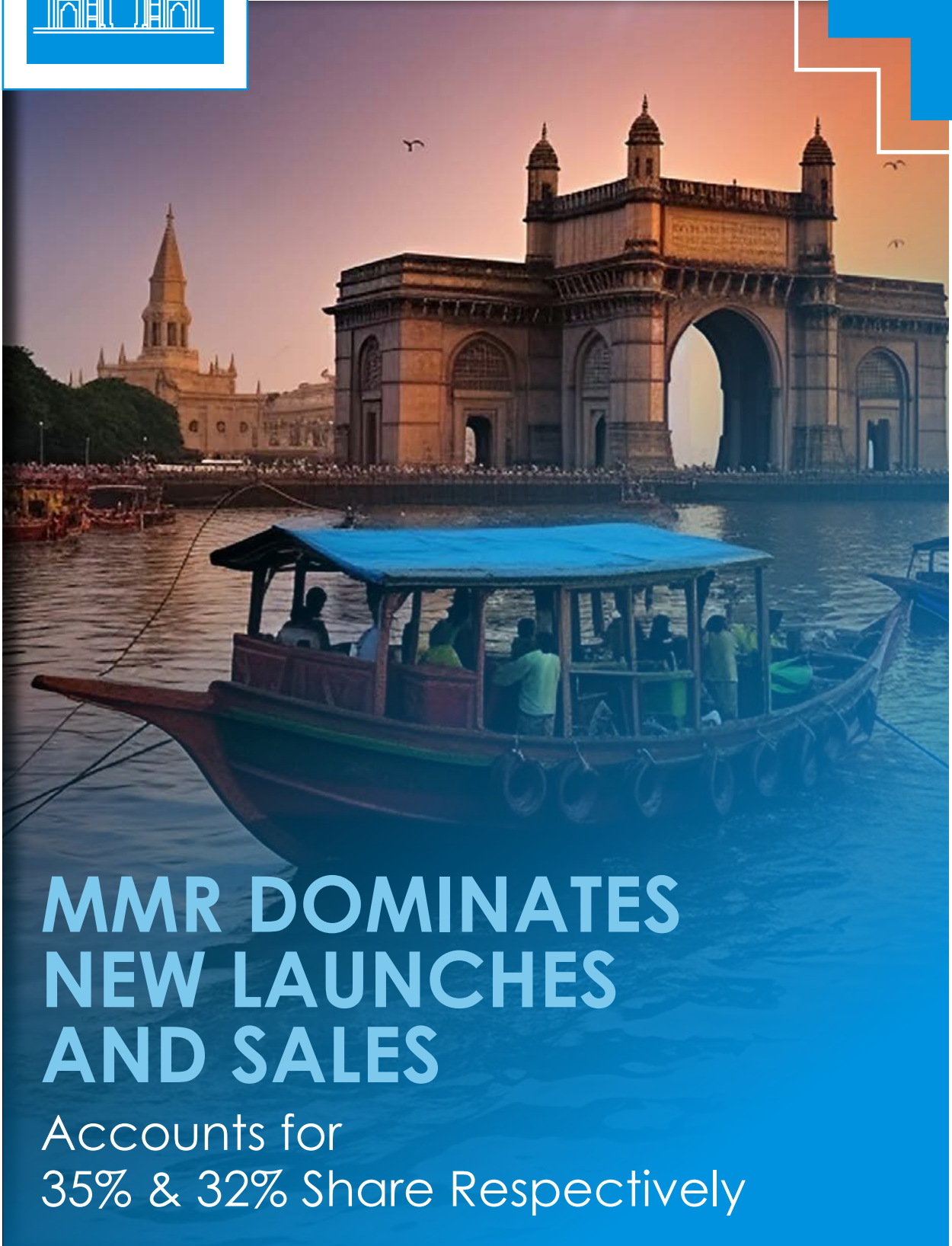
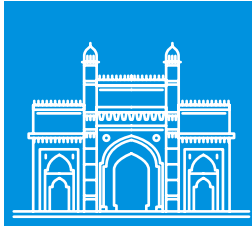
Interestingly, NCR became the shining star in 2023 which deliberately restricted new supply in the year to approximately 36,730 units but witnessed robust housing sales of 65,620 units, thereby reducing its unsold inventory stock by a whopping 23% on yearly basis. This is the first time since 2013 that NCR's unsold stock is less than a lakh units.

Hyderabad, on the other hand, substantially pushed the available inventory level by 18% at the end of 2023 as compared to 2022, due to influx of massive new supply. This has resulted in an inventory overhang of around 19 months, the highest amongst the top 7 cities.

Bengaluru has the lowest inventory overhang of 9 months in 2023 as compared to 14 months in the same period of the previous year.

Overall, Pan-India inventory overhang stood at 15 months at the end of 2023, witnessing a positive decline from 21 months in the same period of the previous year.





MMR DOMINATES NEW LAUNCHES AND SALES

Accounts for
35% & 32% Share Respectively



Supply

1,57,700
units



Sales

1,53,870
units



Available Inventory

2,01,800
units



Average Price

₹ 13,700/sq. ft.
units

Key Points

MMR housing market holds the top position in both supply and demand with new launches of 1.57 lakh units and sales, on the other hand, stood at 1.53 lakh units: both at an all-time high level.

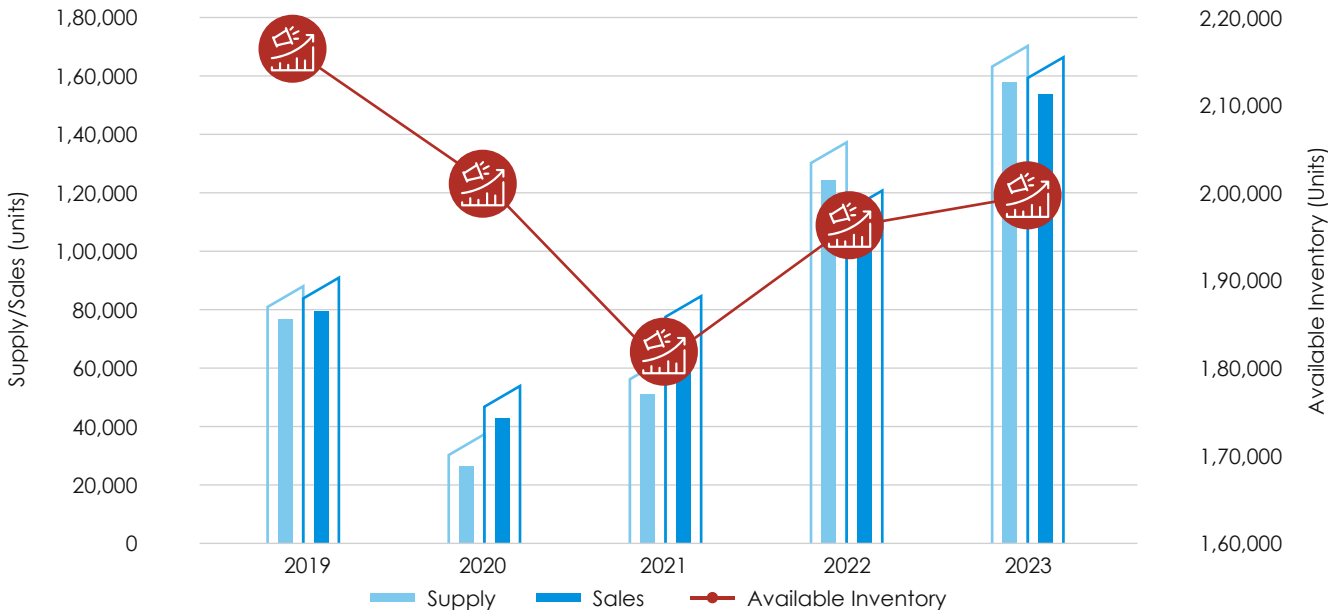
Available inventory levels of MMR's residential market increased marginally by 2%, from 1.97 lakh units in December 2022 to 2.01 lakh units in December 2023.

The city has the inventory overhang of 16 months, similar to the Pan-India inventory overhang.

MMR witnessed a 15% growth in average property prices, from INR 11,890 per sq. ft. in 2022 to nearly INR 13,700 per sq. ft. in 2023.



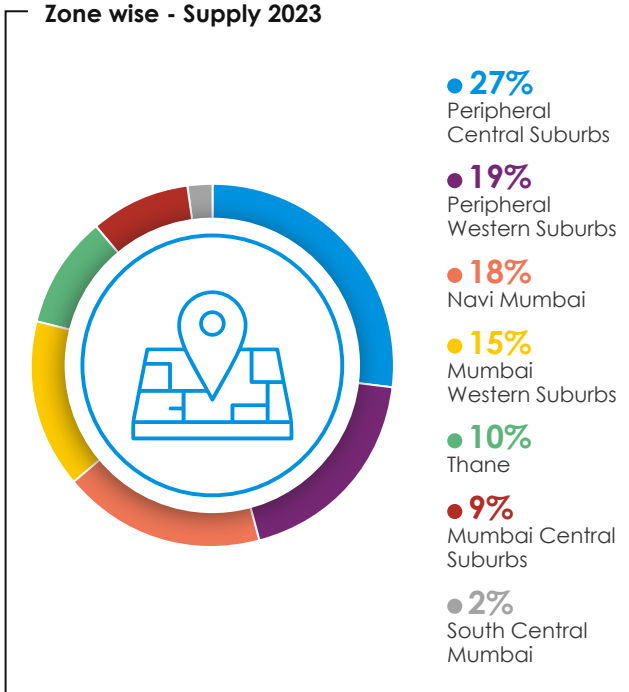
Market Activity



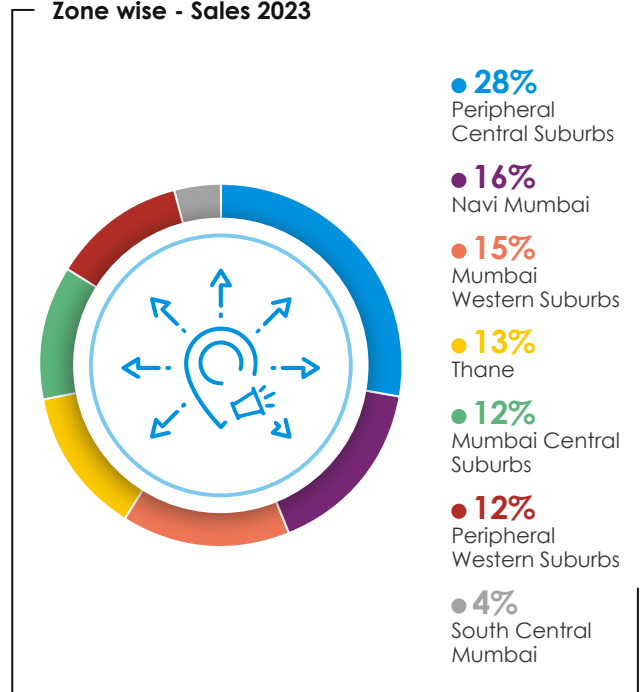
MMR continued its journey as the leader with highest number of launches and sales amongst the top 7 cities during the year 2023. The city contributed nearly 35% of the overall launches with 1,57,700 units launched in the past 12 months as compared to 1,24,650 units in 2022.

Close to 27% of the new launches were concentrated in the prominent localities of Peripheral Central suburbs, followed by 19% of the launches in Peripheral Western Suburbs and 18% in Navi Mumbai. The majority of the new launches were in redevelopment projects close to the Western Suburbs, mostly driven by upcoming infrastructure projects and better connectivity prospects provided by the metro.

Zone wise - Supply 2023



Zone wise - Sales 2023



MMR was the frontrunner amongst the top 7 cities in 2023. With nearly 1.53 lakh units sold accounting for nearly 32% share of total sales, MMR witnessed a significant growth of 40% in 2023 and reached an all-time high housing sales at the end of 2023.

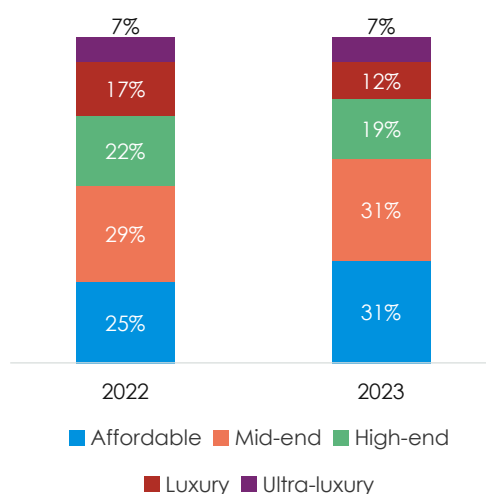
The majority of the sales were recorded in Peripheral Central Suburbs (28%) and Navi Mumbai (16%).

With over 2 lakh units available for sale, MMR held the largest share (34%) of unsold stock amongst the top 7 cities at the end of 2023. However, with the improving sales velocity, the inventory overhang positively declined to 16 months at the end of 2023 from 22 months in the same period of the previous year.



Budget-wise split of launches

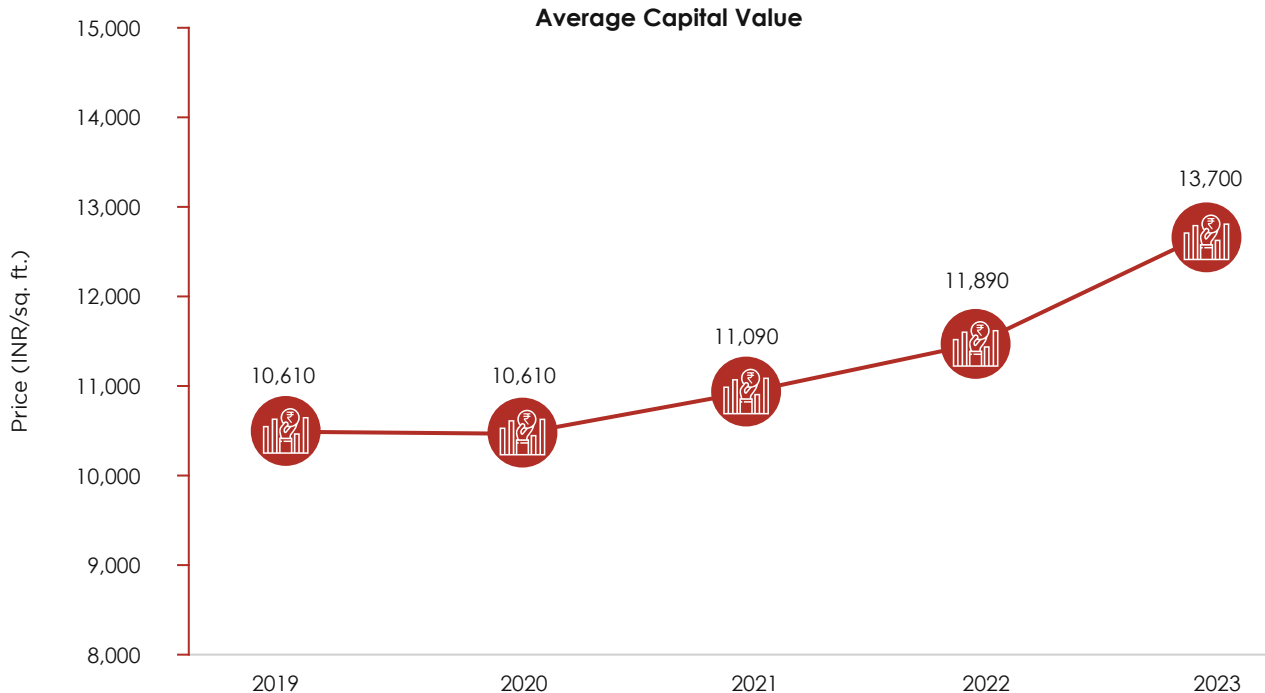
Budget-wise Supply



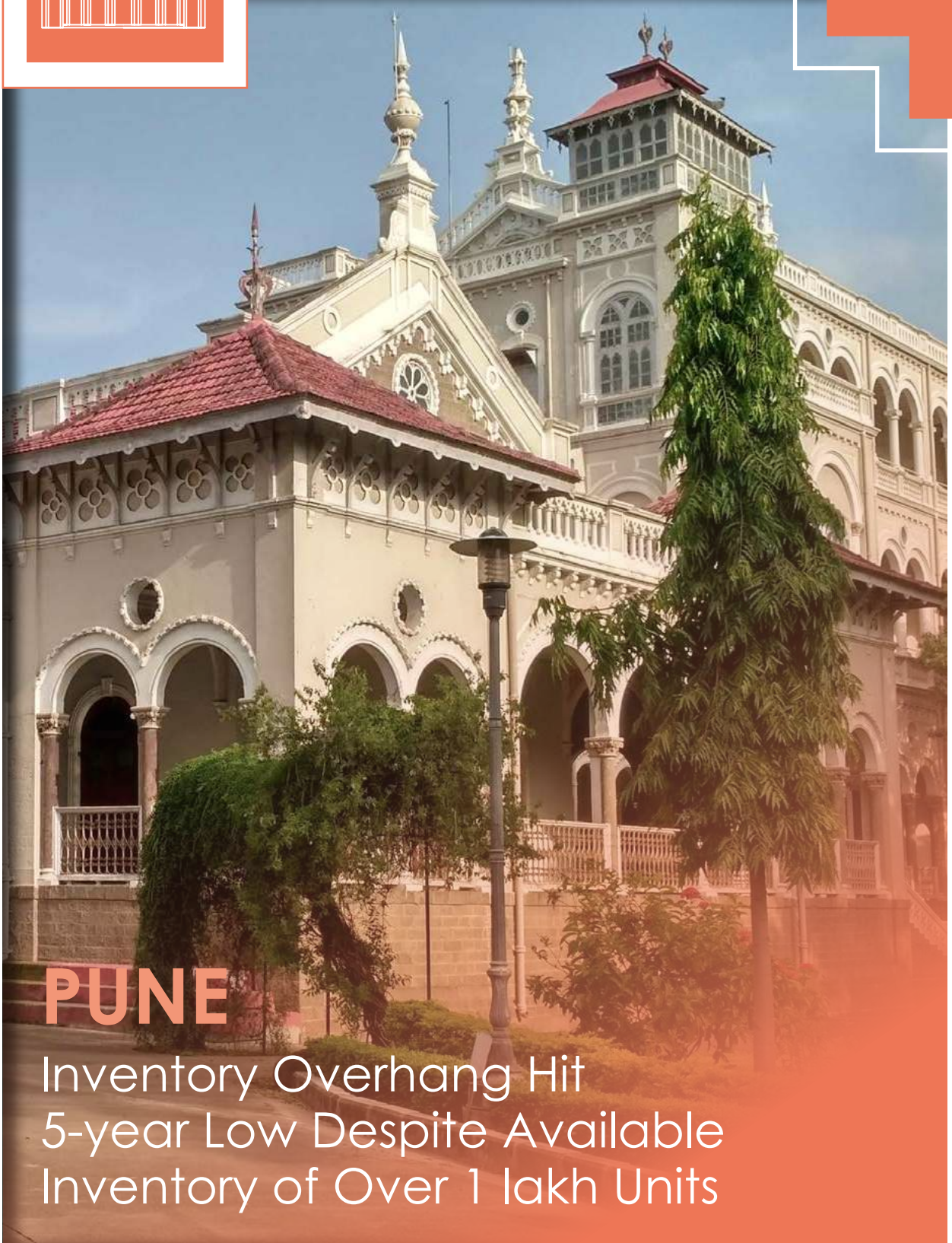
On the budget segmentation front, affordable housing (< INR 40 lakh) and mid-end housing priced between INR 40 lakh – INR 80 lakh remained the most preferred price segment amongst developers. Together, they contributed nearly 62% share in 2023 as compared to 54% in the previous year.

The luxury and ultra-luxury segments held 19% share in the total new launches of the year, added approximately 29,960 units. The segment recorded a decline from 24% share in the previous year.

Average Capital Value



Note: Base Selling Price on BUA*



PUNE

Inventory Overhang Hit
5-year Low Despite Available
Inventory of Over 1 Lakh Units





Supply

83,630
units



Sales

86,680
units



Available Inventory

1,01,220
units



Average Price

₹ 6,750/sq. ft.
units

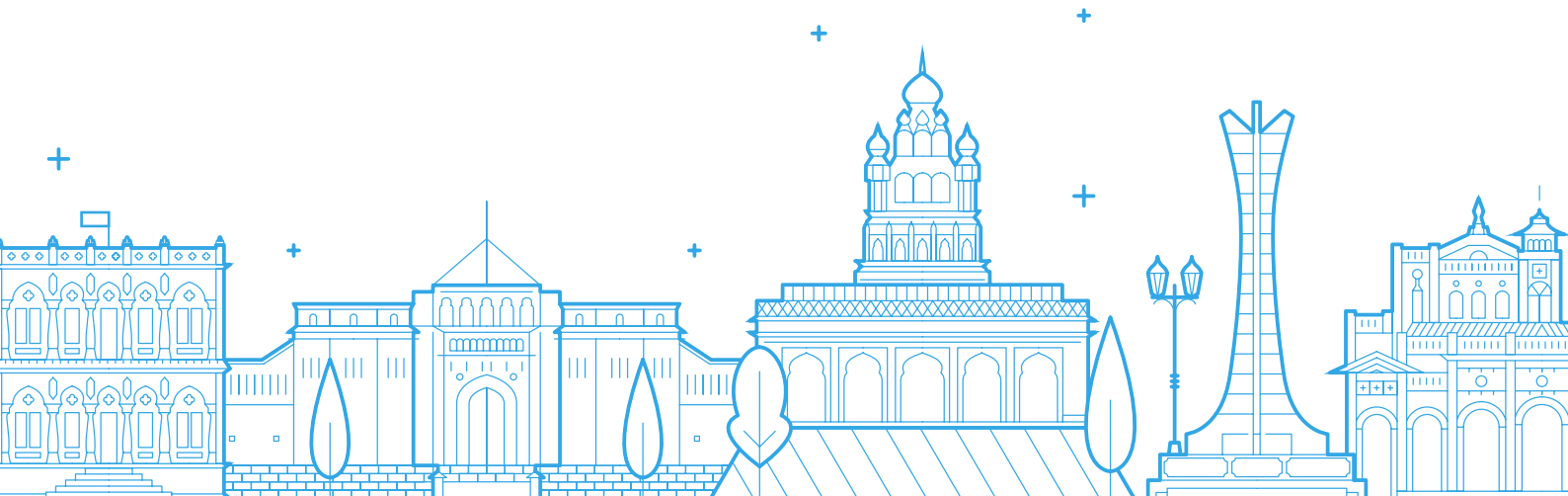
Key Points

Pune market holds the second rank in both supply and demand with new launches of 83,630 units and sales, on the other hand, stood at 86,680 units; both at an all-time high level.

Available inventory levels of Pune's residential market declined marginally by 3% Y-o-Y.

The city has an inventory overhang of around 14 months, a little lower than its twin city MMR.

Pune witnessed a 13% growth in average property prices, from INR 6,000 per sq. ft. in 2022 to nearly INR 6,750 per sq. ft. in 2023.



Market Activity

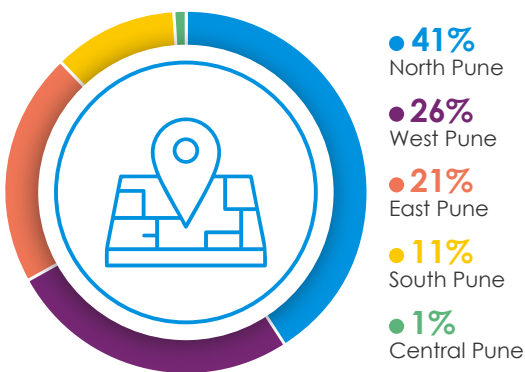


Pune stood next to MMR, with the second highest number of launches and sales amongst the top 7 cities during the year 2023 – comprising total share of 19% and 18%, respectively, of overall Pan-India supply and demand.

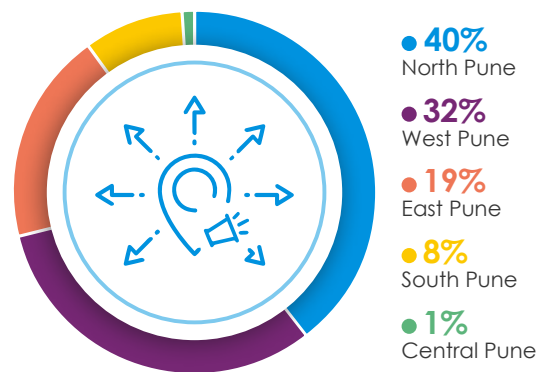
Nearly 83,630 units were launched in Pune in the year 2023 against 64,340 units in 2022, registering a 30% annual growth.

Out of the total new supply, close to 41% were concentrated in the prominent localities of North Pune, followed by 26% of the launches in East Pune. These are propelled by the various infrastructure upgrades such as forthcoming ring road and metro line.

Zone wise - Supply 2023



Zone wise - Sales 2023



With nearly 86,680 units sold, the city accounted for nearly 18% share of total sales of 2023. Pune's demand witnessed a significant growth of 52% in 2023 and reached an all-time high housing sales by the end of 2023.

Similar to the launches trend, the majority of the sales were recorded in northern localities with a 40% share, followed by West Pune with a share of 32%.

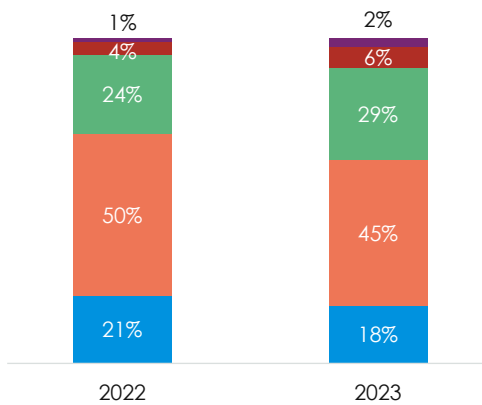
Pune holds the second largest share (17%) of available inventory across the top 7 cities. The available stock in Pune stood at 1.01 lakh units in December 2023 after registering a marginal decline of 3% Y-o-Y. A total of 1.04 lakh units were available at the end of 2022.

Strong sales velocity throughout the year resulted in a positive decline of inventory overhang level of the city. Currently, the city needs approximately 14 months to offload the available stock as compared to 22 months in the same period of previous year.



Budget-wise split of launches

Budget-wise Supply

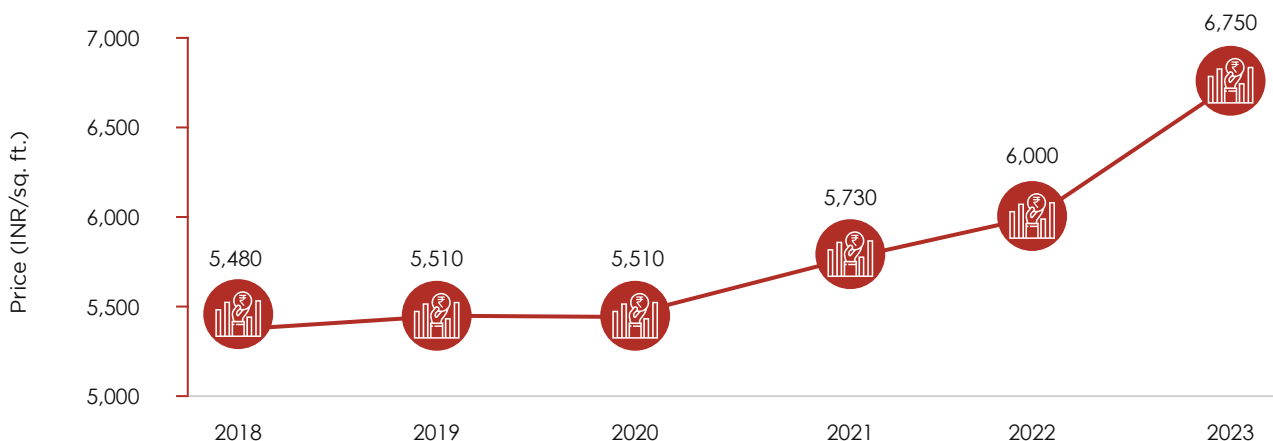


■ Affordable ■ Mid-end ■ High-end ■ Luxury ■ Ultra-luxury

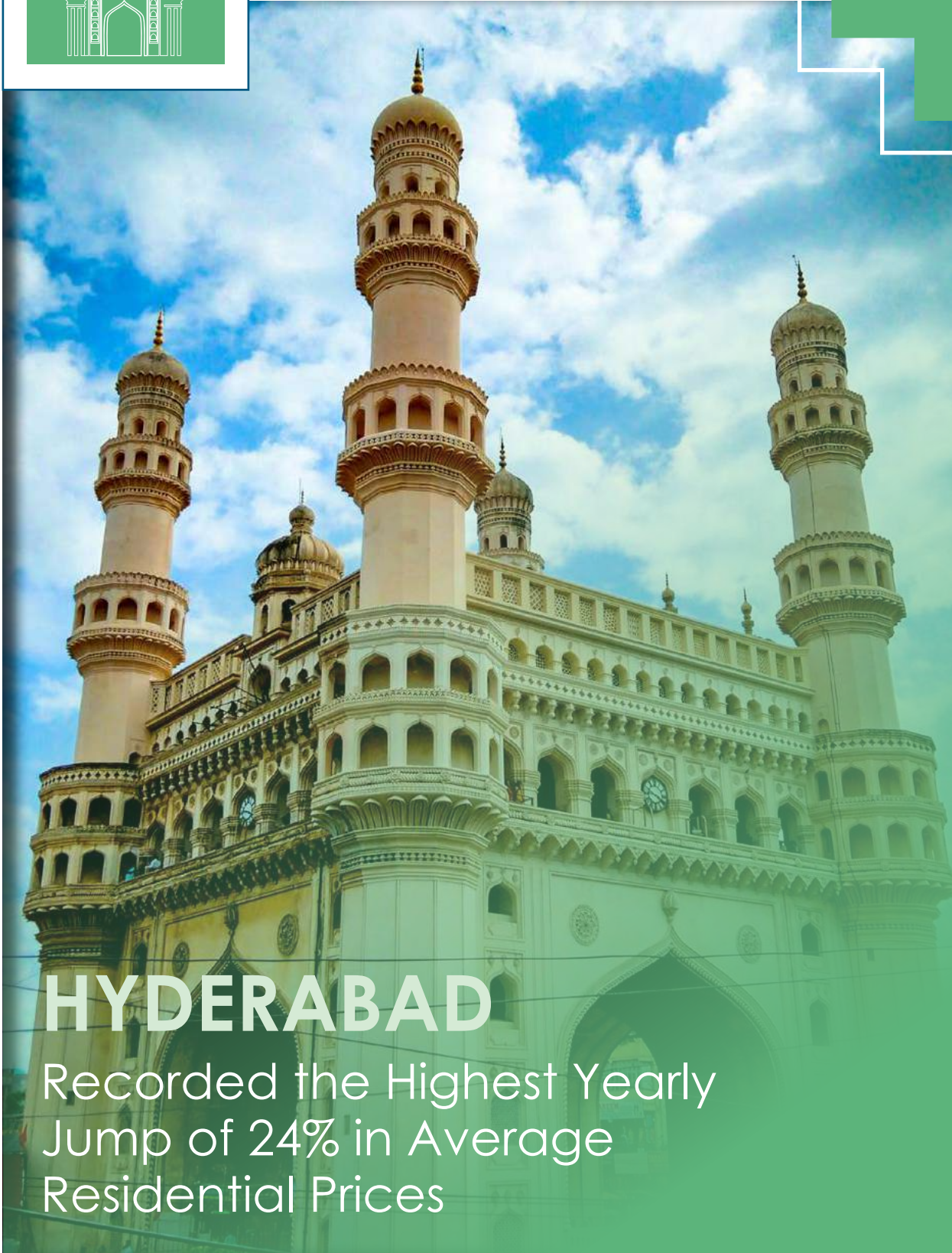
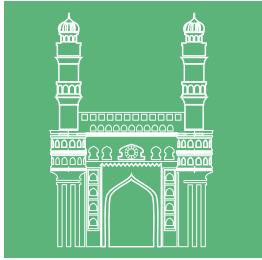
Despite witnessing a decline in share, mid-end housing, priced between INR 40 lakh – INR 80 lakh, remained the largest contributor to total launches as it accounted for 45% of total launches in the year, followed by high-end units priced between INR 80 lakh – INR 1.5 Cr., with a share of 28%.

The luxury and ultra-luxury segments together hold an 8% share of the total new launches of the year, against 5% share in the previous year. This segment added approximately 7,450 units.

Average Capital Value



Note: Base Selling Price on BUA*



HYDERABAD

Recorded the Highest Yearly
Jump of 24% in Average
Residential Prices



Supply

76,340

units



Sales

61,710

units



Available Inventory

97,970

units



Average Price

₹ 5,750/sq. ft.

units

Key Points

Hyderabad housing market recorded the highest ever new supply and demand with new launches of 76,340 units and 61,710 units of sales.

West Hyderabad continued to witness maximum new launches and sales in 2023.

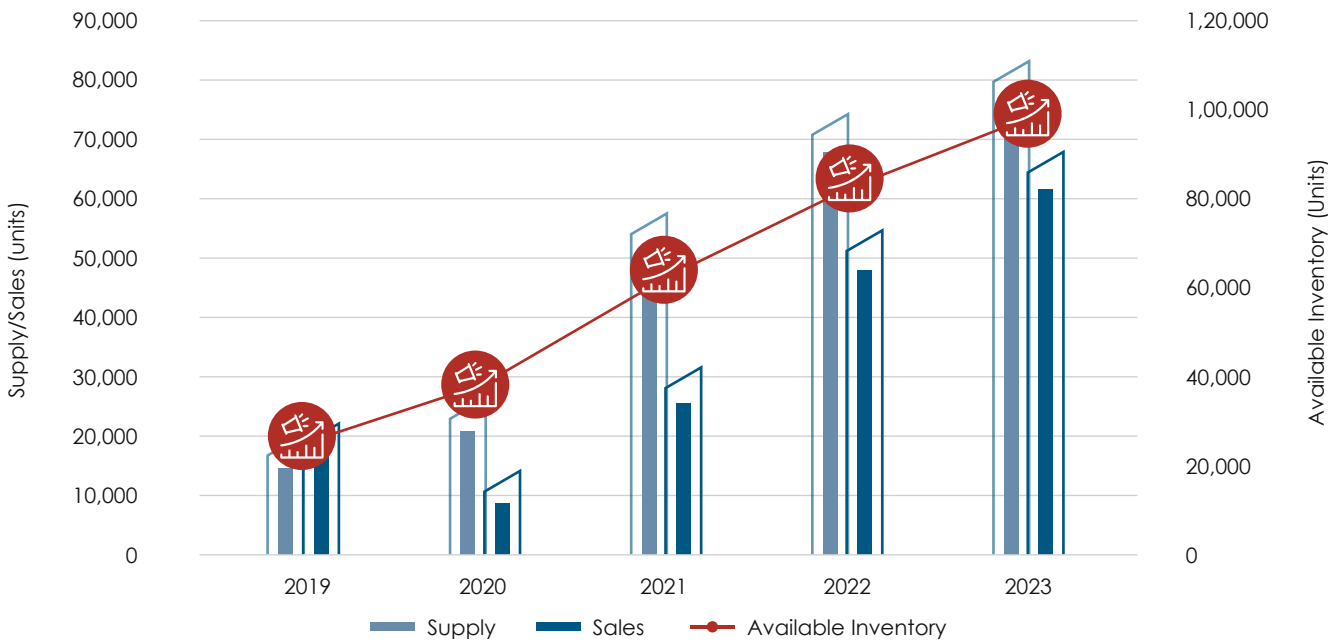
Available inventory levels of Hyderabad residential market increased by 18%, from 83,340 units in December 2022 to 97,970 units in December 2023.

The city has the highest inventory overhang of around 19 months.

Hyderabad recorded the highest yearly jump of 24% in average residential prices – from INR 4,620 per sq. ft. in 2022 to nearly INR 5,750 per sq. ft. in 2023.



Market Activity



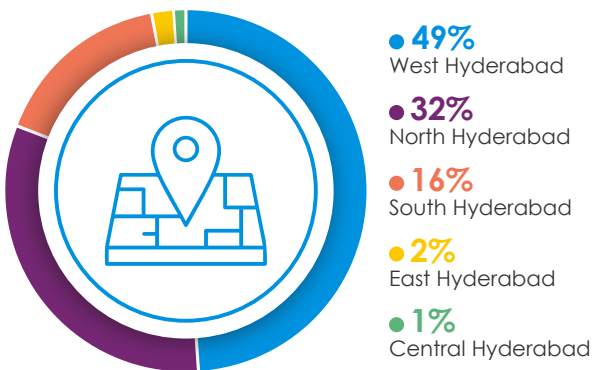
Hyderabad's real estate market has been stimulated by the city's thriving economy, the Government's fast-expanding infrastructure, and the growing trend in office space usage.

The housing market of Hyderabad continued its upward trajectory, registering its highest ever new supply and sales during 2023. The city contributed nearly 17% of the overall launches with 76,340 units launched in the past 12 months as compared to nearly 68,000 units in 2022.

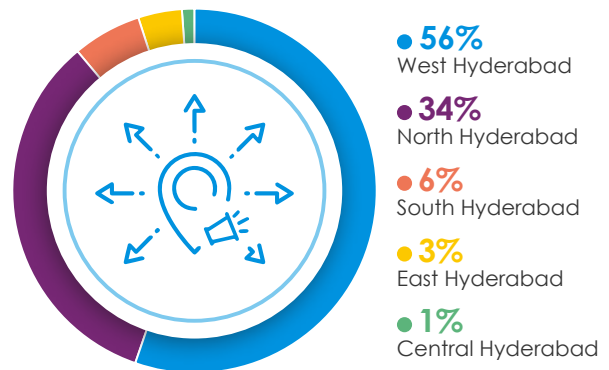
Close to half of the new launches were concentrated in the prominent localities of West Hyderabad, followed by 32% of the launches in North and 16% in South Hyderabad.

Consistent growth in the new supply continues to push the unsold inventory levels, which stood at 97,970 units at the end of 2023, registering an 18% Y-o-Y growth. With the improving sales velocity, developers in the city would take nearly 19 months to offload the existing available stock compared to 21 months at the end of 2022.

Zone wise - Supply 2023



Zone wise - Sales 2023

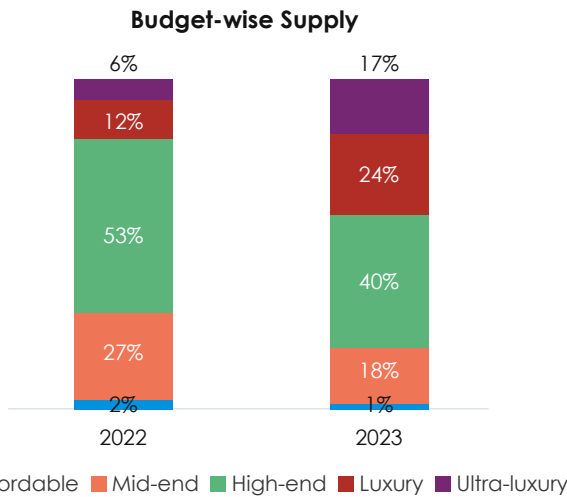


While the launches in 2023 saw an annual growth of 12% in the new supply against 2022, the sales grew by a good 30% against the year 2022. Accounting for 13% of the Pan-India housing sales, the city recorded sales of 61,710 units during the year as compared to 47,490 units in the previous year.

West Hyderabad, with a 56% share in the total sales of the city, continued to remain the most preferred zone by the home buyers, followed by North Hyderabad with a share of 34%.

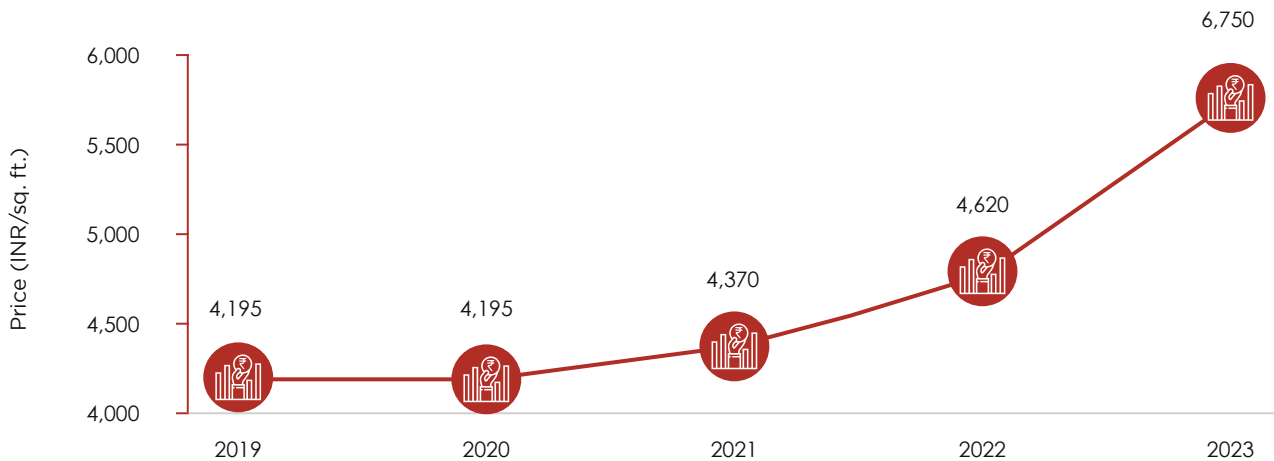


Budget-wise split of launches

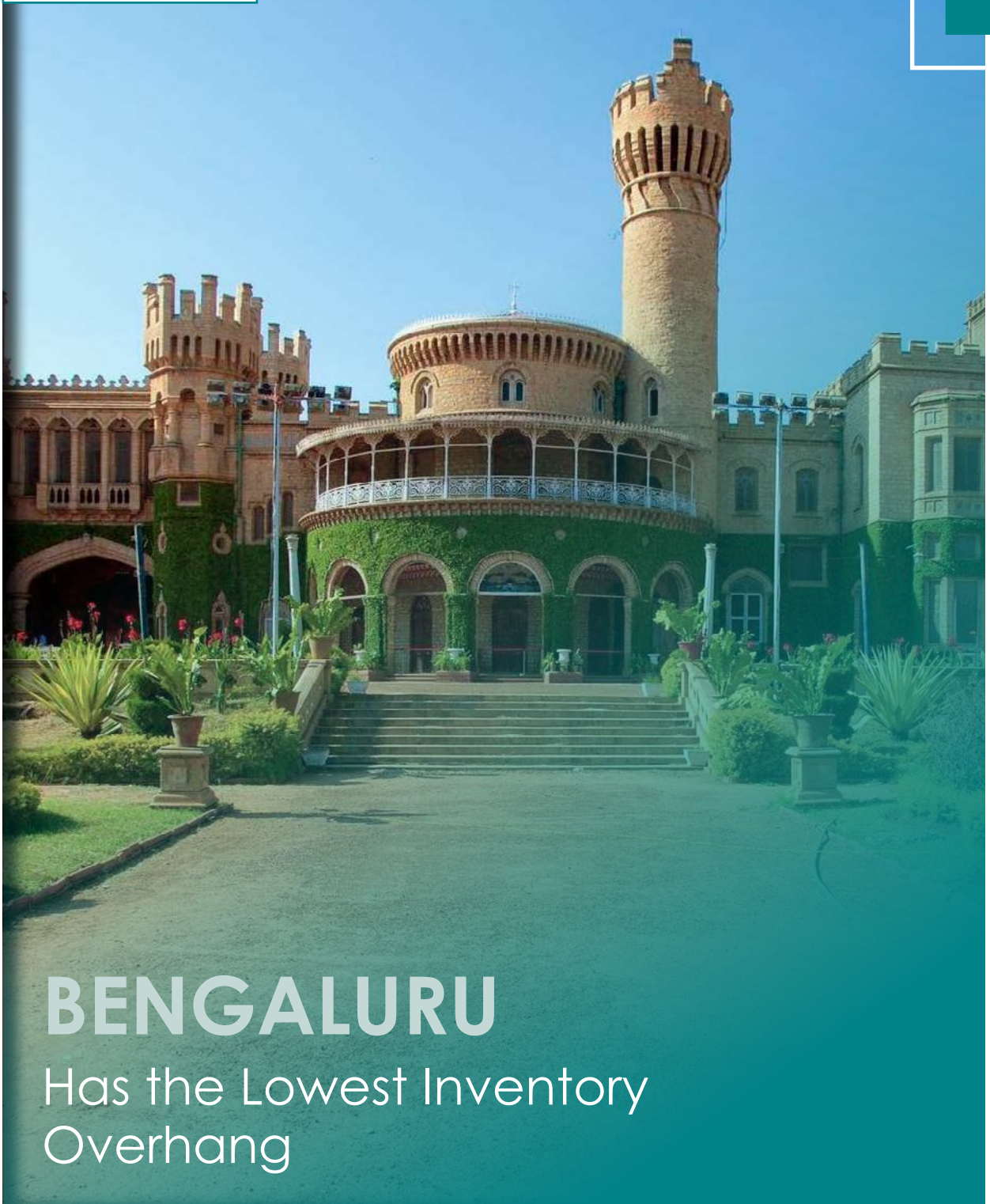


Homebuyers' urge to upgrade their home and move into larger spaces resulted in a considerable rise in the share of luxury (INR 1.5 Cr. – INR 2.5 Cr.) and ultra-luxury (> INR 2.5 Cr.) homes. Together, these two segments hold a 41% share of the new supply in 2023 as compared to an 18% share in the previous year. Residential units in the price range of INR 80 lakh – INR 1.5 Cr accounted for 40% of the launches during the year against 53% of the launches in 2022.

Average Capital Value



Note: Base Selling Price on BUA*



BENGALURU

Has the Lowest Inventory
Overhang



Supply

54,440
units



Sales

63,980
units



Available Inventory

47,070
units



Average Price

₹ 6,550/sq. ft.
units

Key Points

The housing market of Bengaluru witnessed yet another year of solid growth; new launches in 2023 stood at 54,440 units and sales, on the other hand, stood at 63,980 units, both at highest level since 2016.

East Bengaluru attracted the maximum new supply and demand during the year.

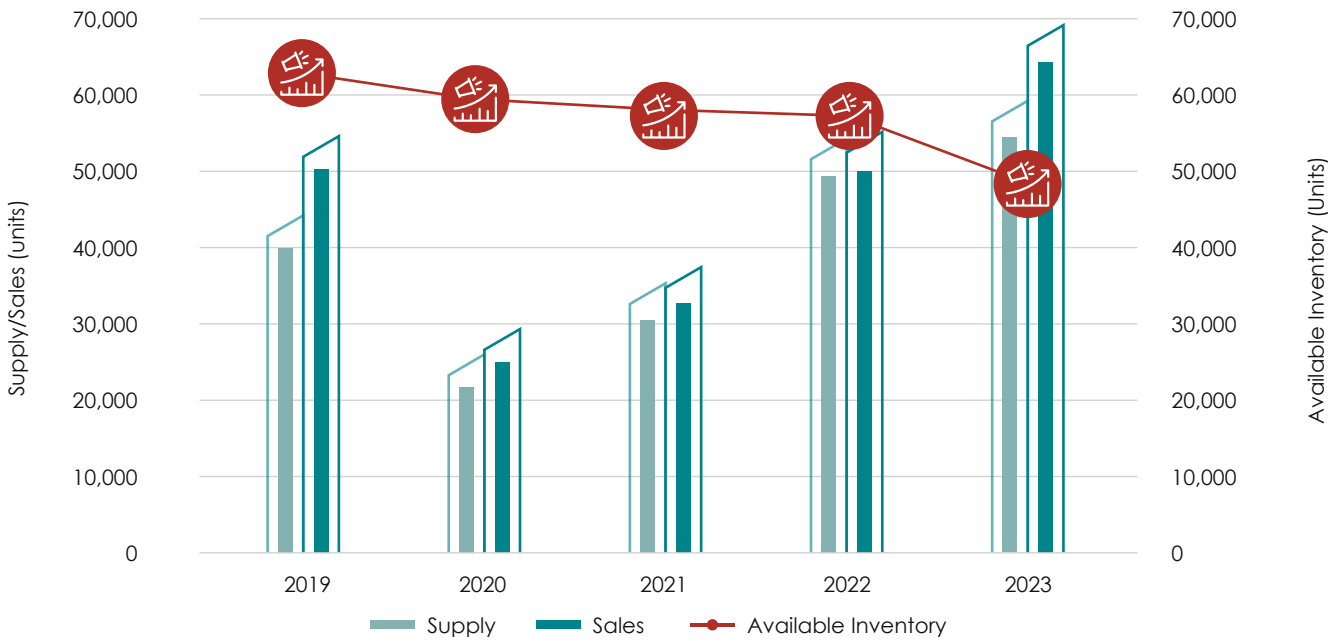
Available inventory levels of Bengaluru's residential real estate reduced from 56,610 units in December 2022 to 47,070 units in December 2023.

The city has the lowest inventory overhang of around 9 months among the top 7 Indian cities.

Average property prices in Bengaluru appreciated by 18% in the last 12 months.



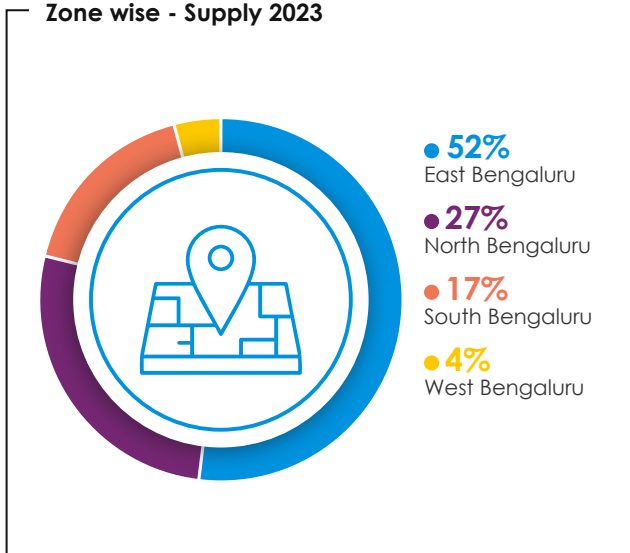
Market Activity



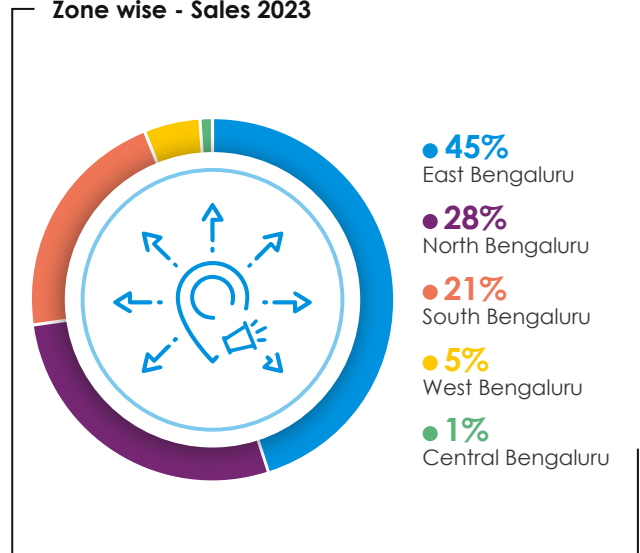
New supply and sales in Bengaluru remained vibrant during 2023. With a 12% share in the overall launches at the Pan-India level, the city has recorded a new supply of 54,440 units in the current year, recording an annual growth of 11% from the previous year. Year 2022 witnessed a new supply of 49,200 units.

Out of the total new homes, over 28,300 units launched in the prominent localities of East Bengaluru, accounting for nearly 52% of the total new supply of the city, followed by 27% contribution from Northern localities.

Zone wise - Supply 2023



Zone wise - Sales 2023

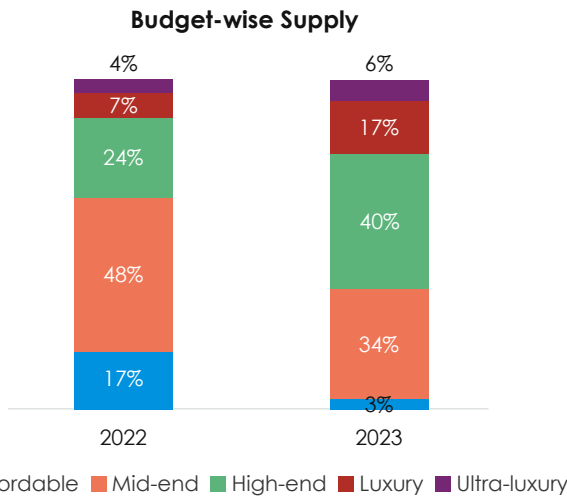


Similar to the new launches trend, residential demand also exhibited a positive trend, registering a growth of 29% Y-o-Y in 2023. Approximately 63,980 units were sold during 2023 as compared to 49,480 units in 2022.

The micro-markets of East and North Bengaluru accounted for the maximum demand in 2023, with a cumulative share of 73% of total sales, due to strong demand from the IT/ITeS belts including localities such as Sarjapur Road, Marathalli, Outer Ring Road, Whitefield, ITPL etc



Budget-wise split of launches

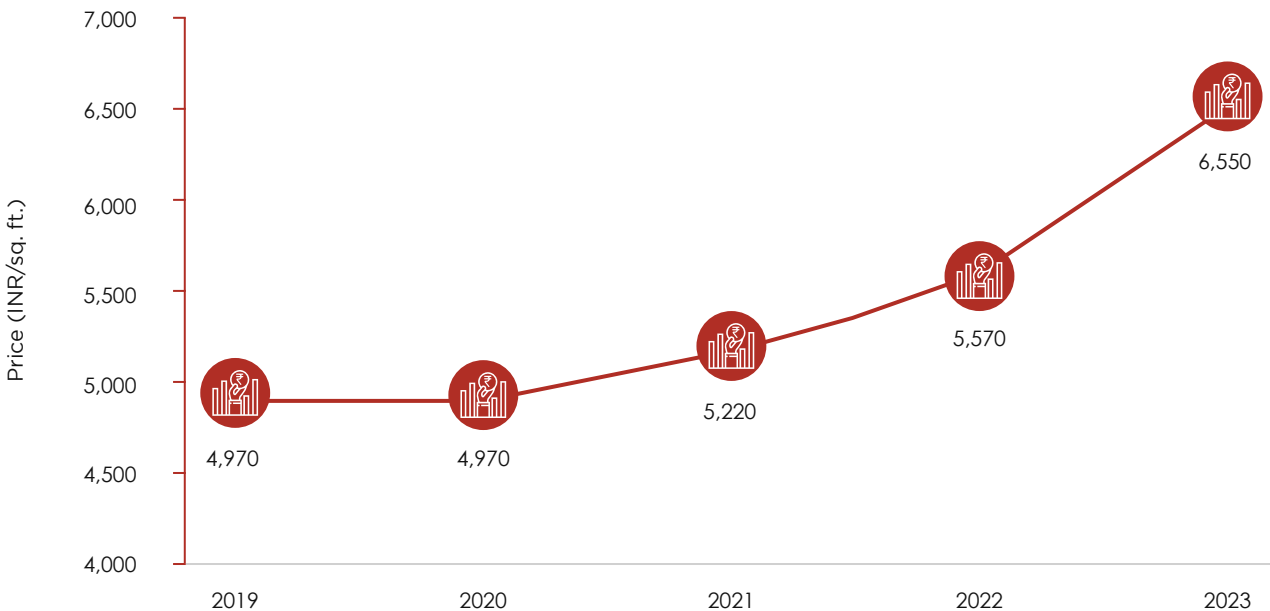


During the year 2023, high-end ticket sizes in the price range INR 80 lakh – INR 1.5 Cr., contributed the highest share of new supply in the city (40%) as compared to 24% share in 2022.

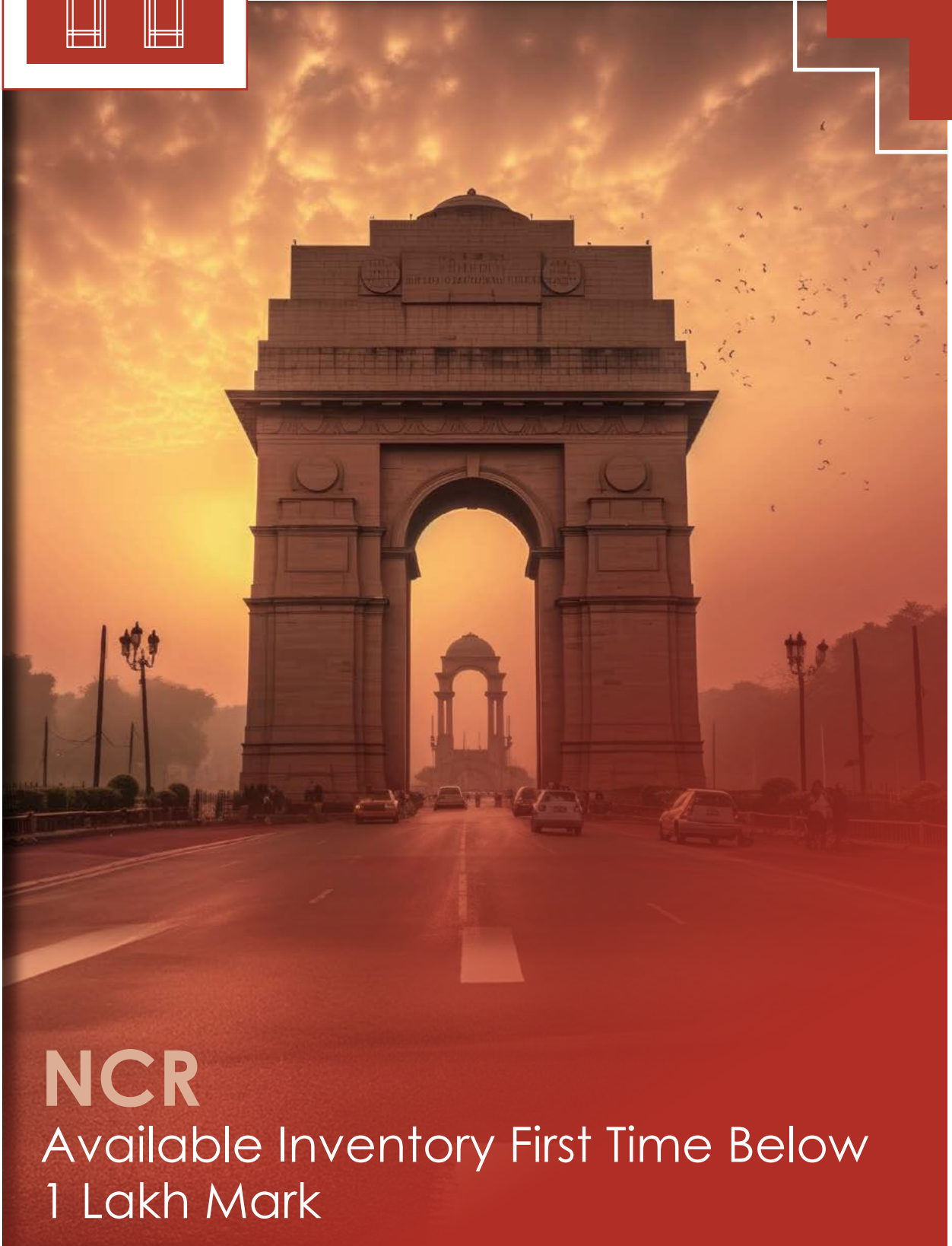
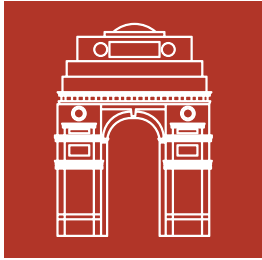
Mid-end ticket sizes in the price range of INR 40 lakh – 80 lakh accounted for a 34% share of the overall launches in the city, witnessed a steep reduction from 48% in the previous year.

The affordable housing supply share reduced to just 3% from 17% in the previous year.

Average Capital Value



Note: Base Selling Price on BUA*



NCR

Available Inventory First Time Below
1 Lakh Mark



Supply

36,740

units



Sales

65,620

units



Available Inventory

94,800

units



Average Price

₹ 5,800/sq. ft.

units

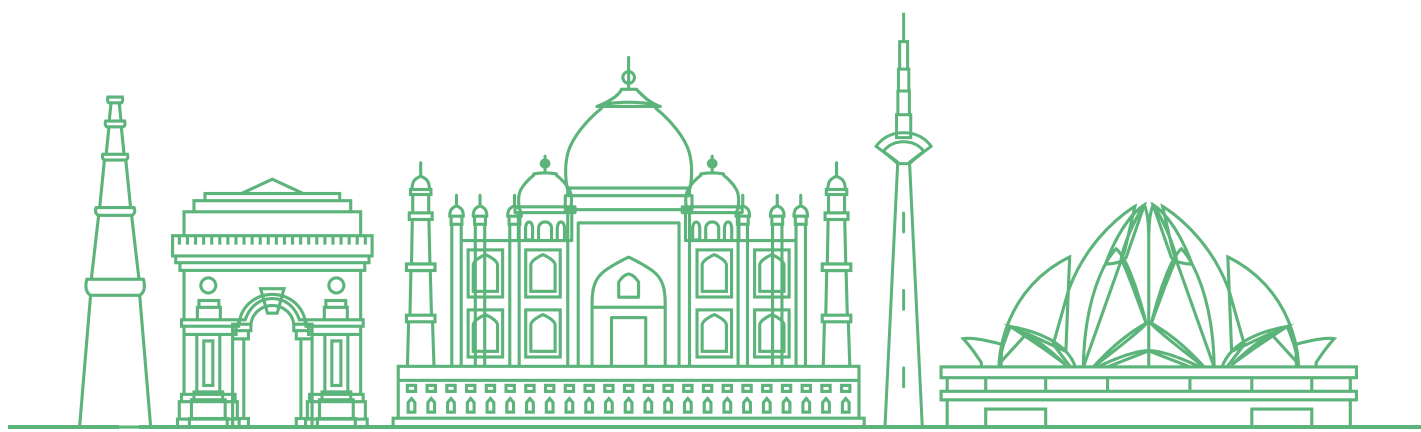
Key Points

NCR Housing market recorded a new supply of 36,740 units, almost 45% higher than the launches witnessed in 2022. Sales, on the other hand, increased marginally by 3% Y-o-Y with 65,620 units.

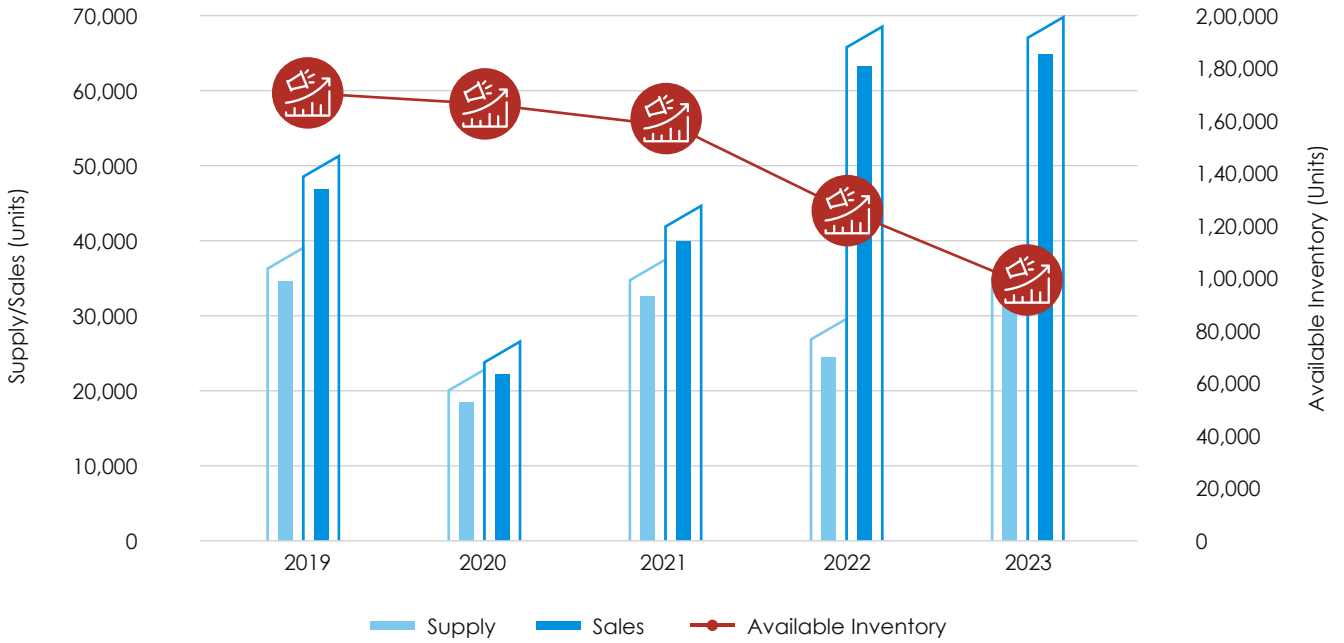
Available inventory levels of NCR declined by a whopping 23%, from 1.23 lakh units in December 2022 to 94,800 units in December 2023.

NCR combined has an inventory overhang of around 17 months, much lower than 23 months in the last year.

NCR witnessed a 15% growth in average property prices, similar to the growth witnessed in MMR.



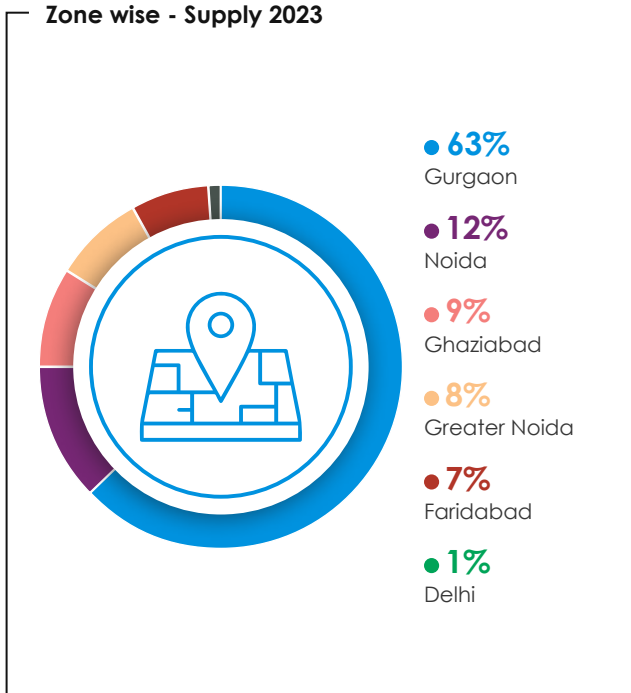
Market Activity



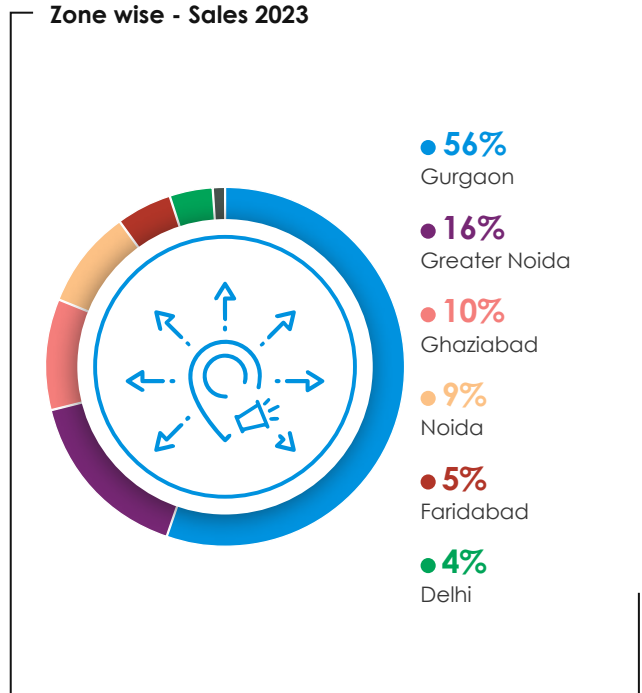
The NCR market has seen significant growth in supply as well as residential sales, with 2023 achieving a new high in the last 6 years. Year-on-year (Y-o-Y), the launches increased by 45%, while the sales numbers increased by 3%.

The NCR market has contributed nearly 8% of the overall launches with 36,740 units launched in the past 12 months as compared to 25,350 units in 2022. Residential sales in NCR stood at 65,620 units in 2023 against 63,710 units in 2022.

Zone wise - Supply 2023



Zone wise - Sales 2023



Gurgaon took the main lead in the new supply across NCR with a major share of 63%, with launches concentrated largely in Golf Course Road Extension followed by Sohna road and NH8 Region. Noida and Greater Noida, combined, hold 20% share in the total supply of NCR during 2023.

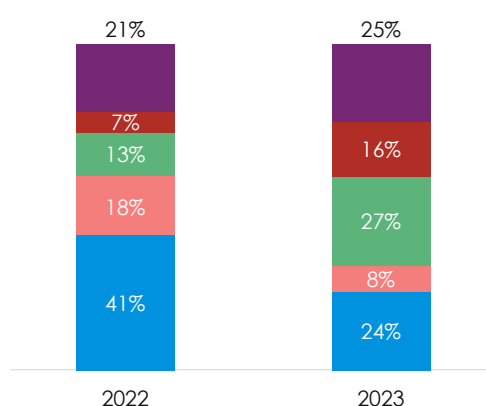
The majority of the sales were also recorded in Gurgaon with a 56% share, and Greater Noida and Noida, combined, with 25% share.

Sales exceeding new launches during the year led the available inventory to decline sub 1 lakh mark for the first time ever. Nearly 94,800 units are available for sale in NCR at the end of 2023. Despite the highest decline of 23%, NCR continued to hold a significant share of 16% of unsold stock amongst the top 7 cities at the end of the 2023. By comparison, the inventory overhang at the year-end of 2023 improved to 17 months from 23 months at the same time last year.



Budget-wise split of launches

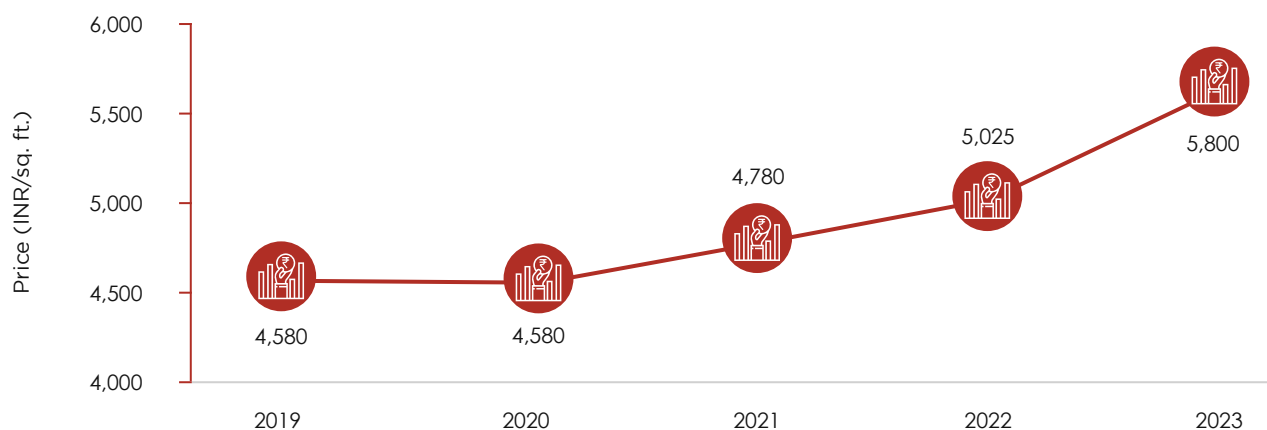
Budget-wise Supply



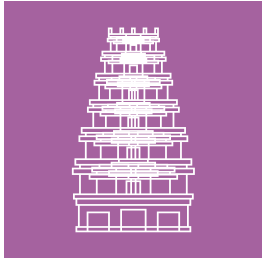
■ Affordable ■ Mid-end ■ High-end ■ Luxury ■ Ultra-luxury

On the budget segmentation front, unlike previous year when affordable housing (< INR 40 lakh) used to hold the maximum share of new supply, in 2023 the high-end segment priced between INR 80 lakh – INR 1.5 Cr. became the most preferred segment amongst developers with a 27% share of the total supply. The budget segment that witnessed the highest Y-o-Y rise in the new supply in NCR was the luxury segment, priced between INR 1.5 Cr. – INR 2.5 Cr. registering a growth from a 6% share in 2022 to 16% in 2023.

Average Capital Value



Note: Base Selling Price on BUA*



CHENNAI

New Launches Make a Comeback, Rise over 100%



Supply

20,140

units



Sales

21,630

units



Available Inventory

26,700

units



Average Price

₹ 5,950/sq. ft.

units

Key Points

Chennai housing market continued to grow in 2023, with new launches at 20,140 units and sales at 21,630 units, both at their highest levels since 2016.

The city has the lowest share of available inventory among the top 7 cities.

South Chennai continued to dominate the supply and sales traction during the year, with a 73% and a 74% contribution, respectively.

Average property prices in Chennai have went up by 12% in the last 12 months.

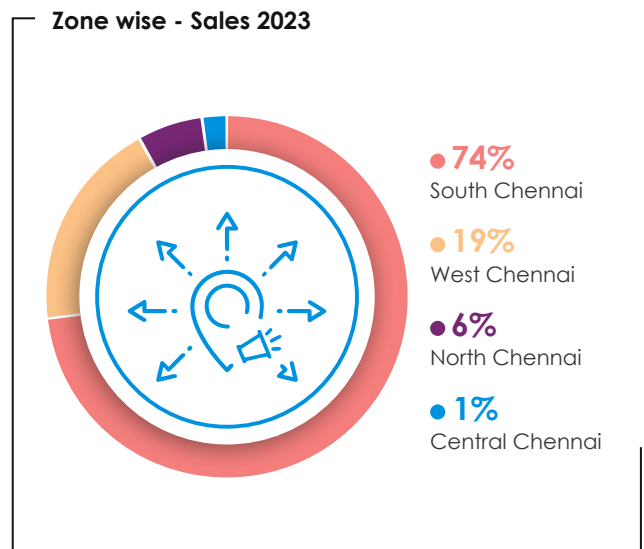
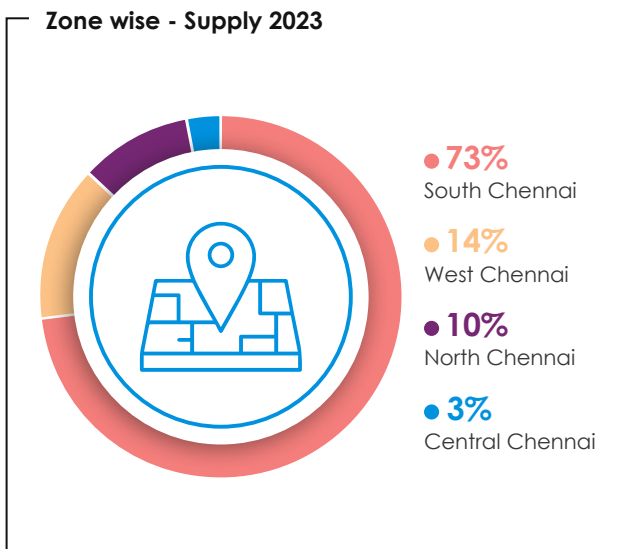


Market Activity



Year 2023 has a strong year for the Chennai housing market, both in terms of new launches as well as sales in comparison to the preceding year. Despite the after-effects of a cyclone that hit the city in December and adverse weather conditions, the new launches of the city stood at around 20,140 units during 2023, doubling from that recorded in 2022. A little less than 10,000 units were launched in 2022.

Prominent Southern localities along the under-construction metro corridors saw maximum unit launches during 2023. Out of the total new supply, nearly 73% units were launched in South Chennai.



On a yearly comparison, the city registered a surge in sales by 34%. Nearly 21,630 units were sold during 2023 as compared to 16,100 units in 2022.

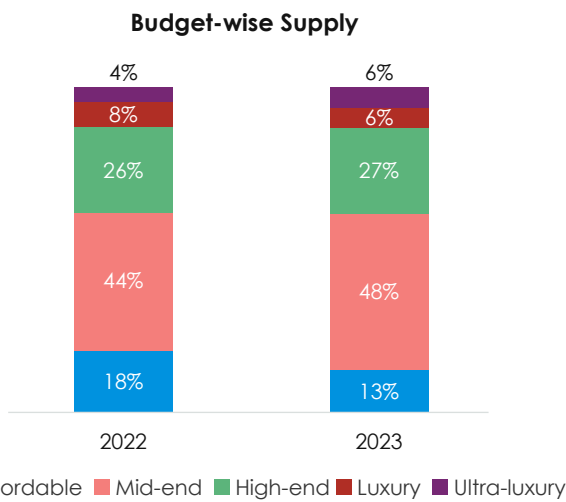
The micro-markets of South Chennai accounted for the maximum demand in 2023, with a share of 74% of the total sales.

Chennai holds the least share (4%) of available inventory among the top 7 cities at the end of 2023, with nearly 26,700 units up for sale.

Improved sales velocity led to a marginal decline in the unsold stock. Thus, the inventory overhang also positively decreased to 15 months at the end of 2023, from 21 months in the same period the previous year.



Budget-wise split of launches

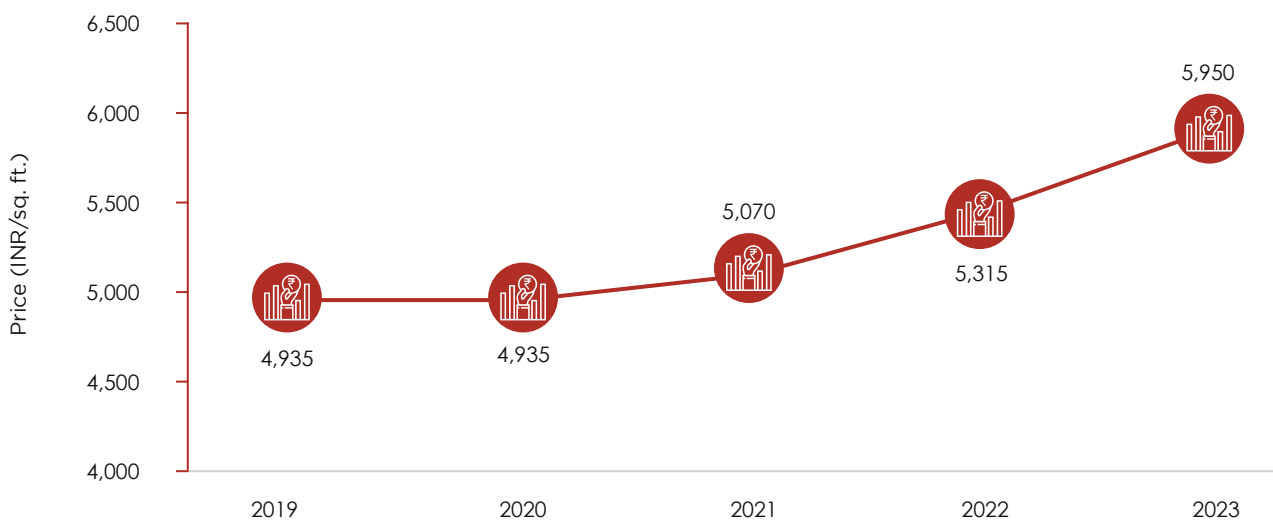


Out of these 20,140 new units, the majority of the new supply concentrated in mid-ranged projects priced within the INR 40 lakh – INR 80 lakh bracket, leaving limited options for buyers preferring luxury and ultra-luxury houses.

Mid-end projects accounted for 48% share, whereas luxury and ultra luxury projects hold only a share of 6% each.

The affordable segment that held 13% share in the total new launches of the year, added only 2,500 units. The segment recorded a decline from 18% share in the previous year.

Average Capital Value



Note: Base Selling Price on BUA*



KOLKATA
Records 78% Launches
Sub-INR 80 lakh



Supply

16,790
units



Sales

23,030
units



Available Inventory

30,630
units



Average Price

₹ 5,150/sq. ft.
units

Key Points

Approximately 16,790 units launched in Kolkata in 2023 registered a 4% growth. Sales, on the other hand, stood at 23,030 units, increased by 9% annually.

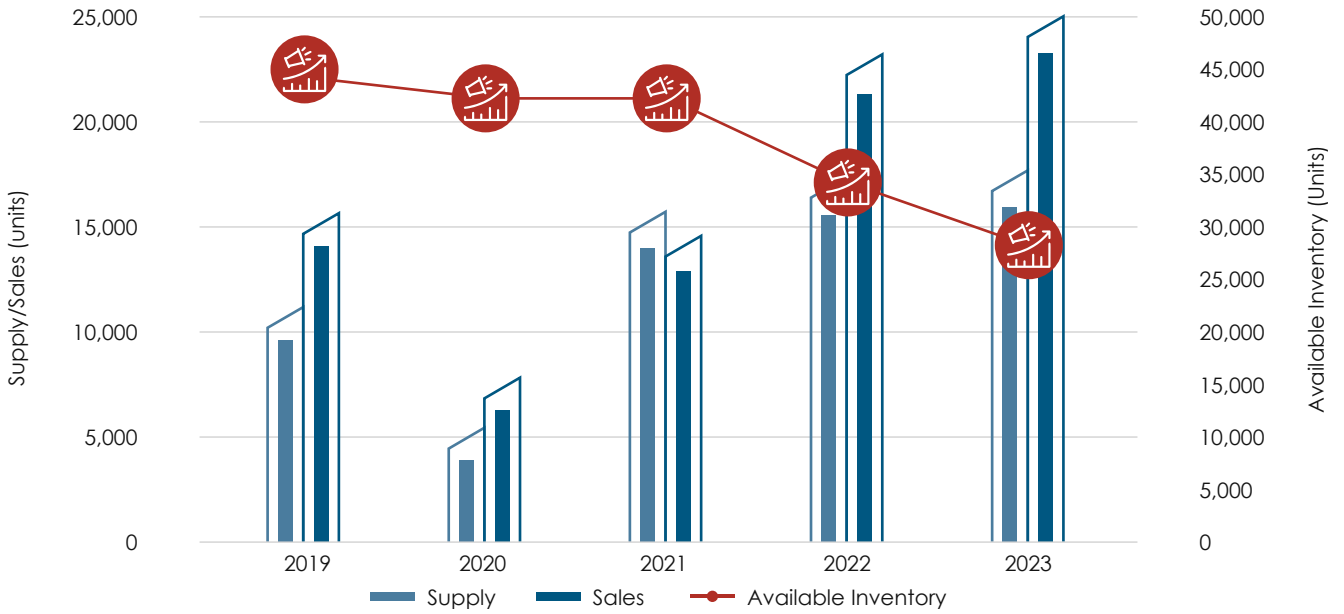
Available inventory levels of the Kolkata residential market reduced by 17%, from 36,870 units in December 2022 to 30,630 units in December 2023.

The city has the inventory overhang of around 16 months, marginally high from the Pan-India inventory overhang.

Kolkata witnessed a 10% growth in average property prices, from INR 4,700 per sq. ft. in 2022 to nearly INR 5,150 per sq. ft. in 2023.

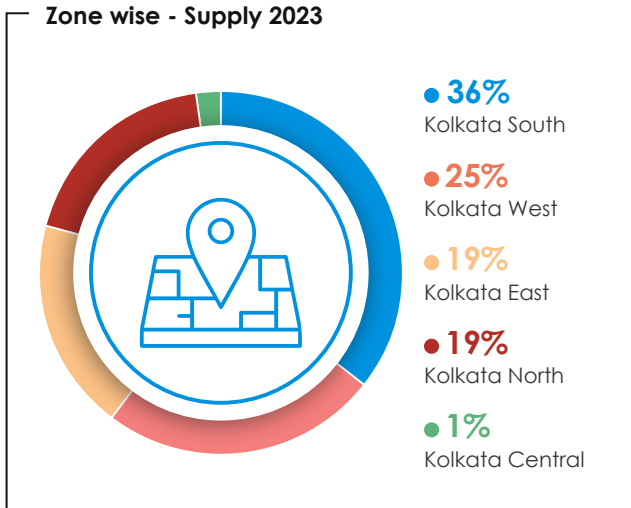


Market Activity

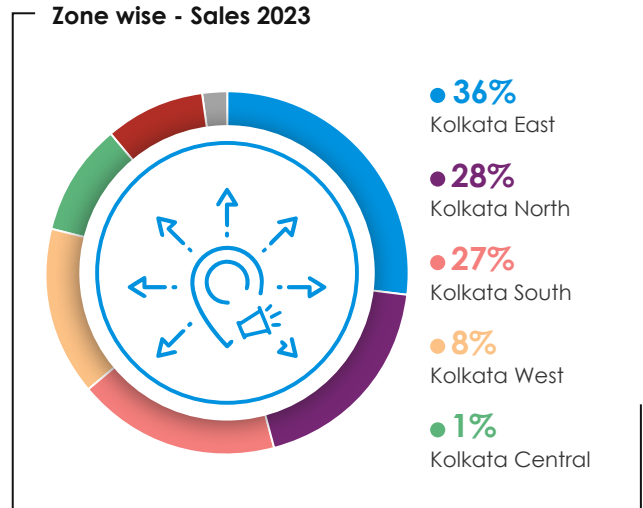


Kolkata's residential real estate market continued its slow but steady growth during the year. Accounting for the lowest share of 4% of the Pan-India's new supply, Kolkata saw a 4% growth in the city's new launches as compared to the preceding year. The new launches stood at 16,790 units in 2023 against 16,090 units in 2022. Unlike previous year, where East Kolkata was the hotspot for new supply, this year the focus shifted to Kolkata South, with a 36% share of total supply of the city, followed by 25% of the contribution from Kolkata West.

Zone wise - Supply 2023



Zone wise - Sales 2023



Kolkata's residential real estate market continued showing healthy sales momentum in 2023, with the highest homes sales of 23,030 units recorded in the current year. Accounting for 5% of the Pan-India's residential sales, the city saw a 9% growth in the sales as compared to the preceding year. Approximately 21,220 units were sold in 2022.

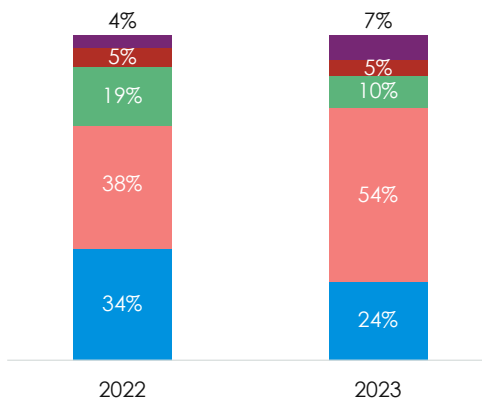
Contrary to the launches trend, Zone wise, Kolkata East contributed the maximum sales during the year with a 36% share to the total sales pie of the city, followed by 28% from the Northern localities.

At the end of 2023, the city had an unsold stock of 30,630 units, as compared to 36,870 units in 2022. The available inventory of the city contributes a 5% share of the total inventory of the top 7 cities.



Budget-wise split of launches

Budget-wise Supply

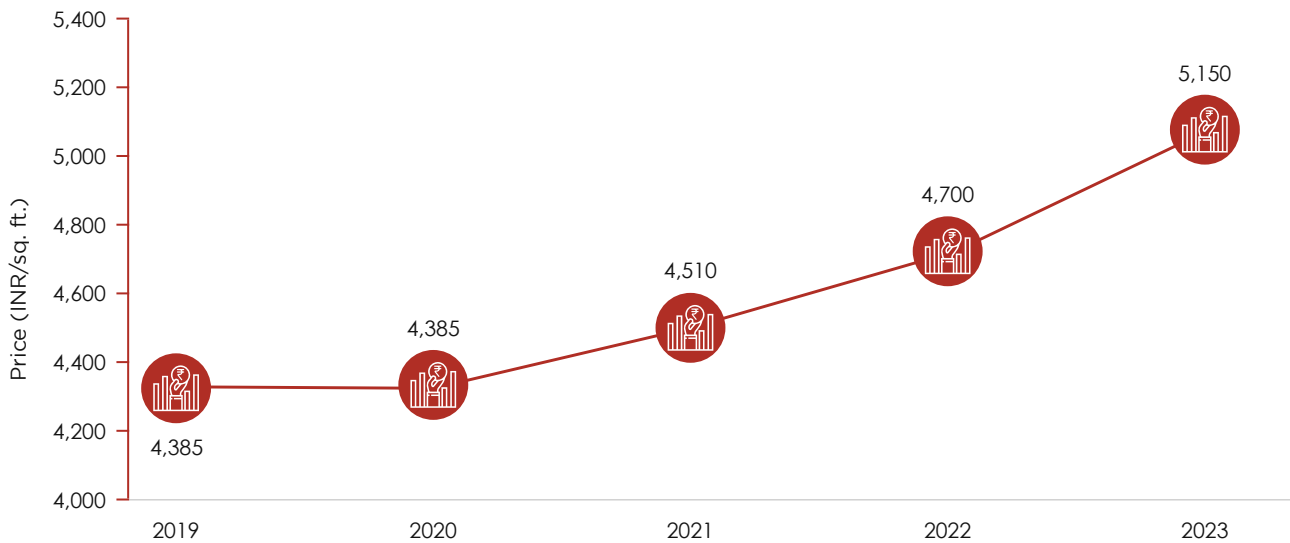


In terms of new residential supply, mid-range units priced between INR 40 lakh and INR 80 lakh accounted for the largest share. The share of Mid-end increased from 38% in 2022 to 54% by 2023. Affordable housing (< INR 40 lakh) contributed nearly 24% share in 2023 as compared to 34% in the previous year.

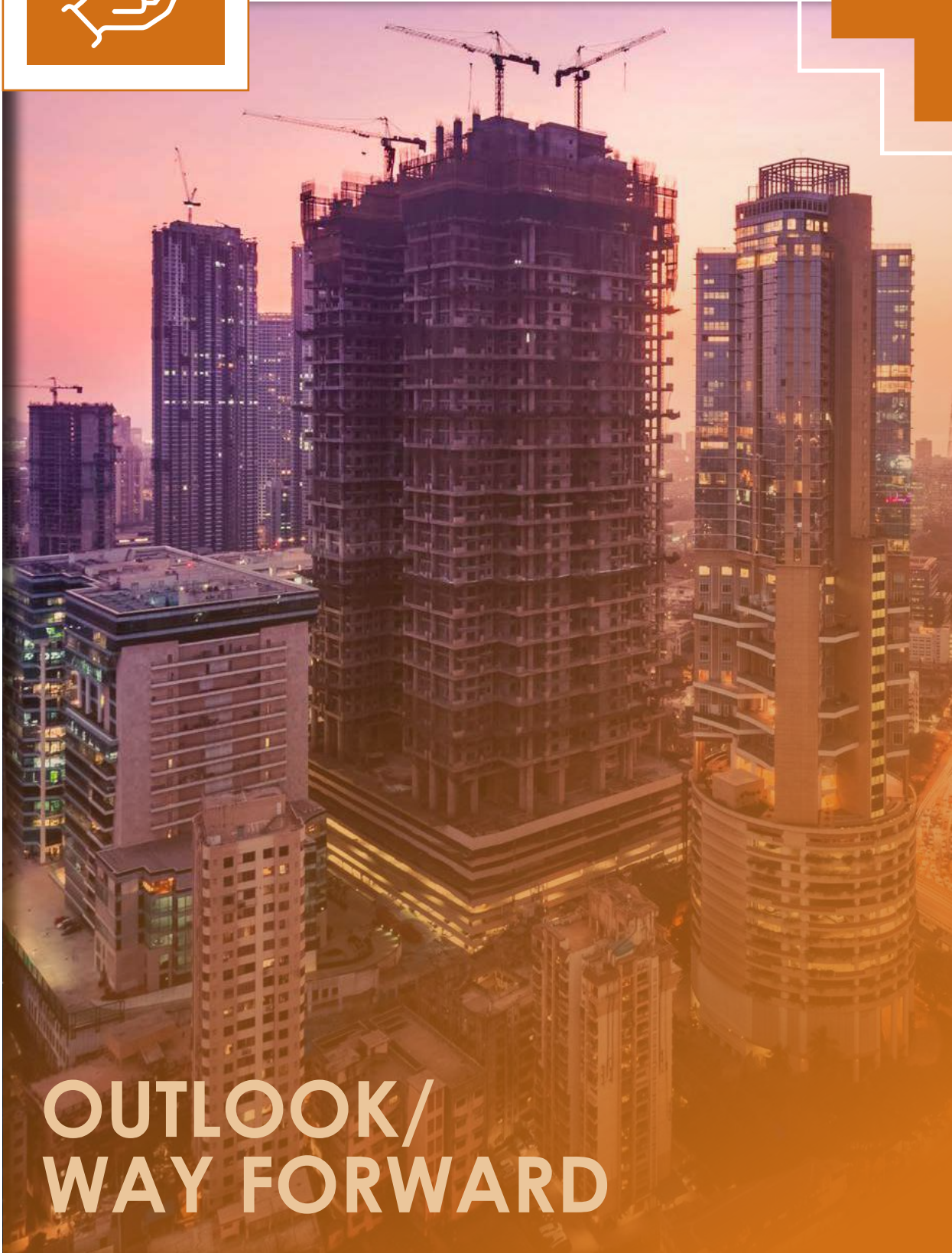
The High-end segment priced between INR 80 lakh – INR 1.5 Cr. recorded a decline from 19% share in the previous year to 10% currently, added approximately 1,680 units only.

Legend: Affordable (Blue), Mid-end (Red), High-end (Green), Luxury (Dark Red), Ultra-luxury (Purple)

Average Capital Value



Note: Base Selling Price on BUA*



OUTLOOK/ WAY FORWARD

As 2023 drew to a close, marking yet another record-breaking year for the Indian Real Estate market, the forecast for 2024 retains its optimism. Despite global challenges, the Indian economy's favorable dynamics and ongoing infrastructural advancements set a promising stage. A stable mortgage rate, meticulously shaped by monetary and regulatory measures, cultivates an environment conducive to sustained growth. Simultaneously, the upward trajectory of real estate values reflects a harmonious equilibrium between supply and demand, further enhancing real estate's allure as a robust investment avenue.

On the economy front, as per the IMF, India is likely to remain the fastest-growing global economy with a GDP growth rate of 6.3% - 6.5% in 2024. On the other hand, India's retail inflation continues to remain within the tolerance limits, interest rates might start to moderate from H2 2024 which will benefit the real estate sector.

The residential real estate segment is poised for a multi-year bull run and the demand is likely to remain undeterred in 2024 as well. It is anticipated that the luxury segment will continue to remain in demand for the times to come as the needs of the buyers has been altered. Majority of the large and listed developers will continue to explore options to further consolidate their market share and scout for business development opportunities to create a healthy pipeline for the future. This may result into appreciation of prices across the markets in the range of 8% to 10% in the coming year.

The government's focus on development of infrastructure and expand connectivity is set to have a favourable impact in the tier II & III cities across the country. The residential developments in these new markets are likely to witness further momentum in the coming years. However the results of the forthcoming general elections is set to define the future growth of the residential real estate segment across the country.



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