

For immediate release

RESIDENTIAL SALES RECORD 67% YOY INCREASE IN H1 2021 DESPITE SECOND WAVE; LAUNCHES RISE 71% YOY: KNIGHT FRANK INDIA

- Q2 2021 records 185% YoY rise as the second wave of Covid-19 remained less disruptive for the sector despite severity
- Sales momentum helps contain fall in residential prices in H1 2021

Mumbai, July 15, 2021: Knight Frank India, a premium international property consultant, in their latest market assessment report “**India Real Estate – Residential, January-June 2021**” – recorded total sales of **99,416 residential units** in the first half of 2021 (H1 2021) across top markets, while new launches in the same period (January – June 2021) were recorded at 103,238 units. As sales volumes stabilized, especially in the early part of H1 2021, unsold inventory reduced by 1% over the same period last year. Prices remained mostly contained with a reduction of -1% to -2% Year on Year (YoY).

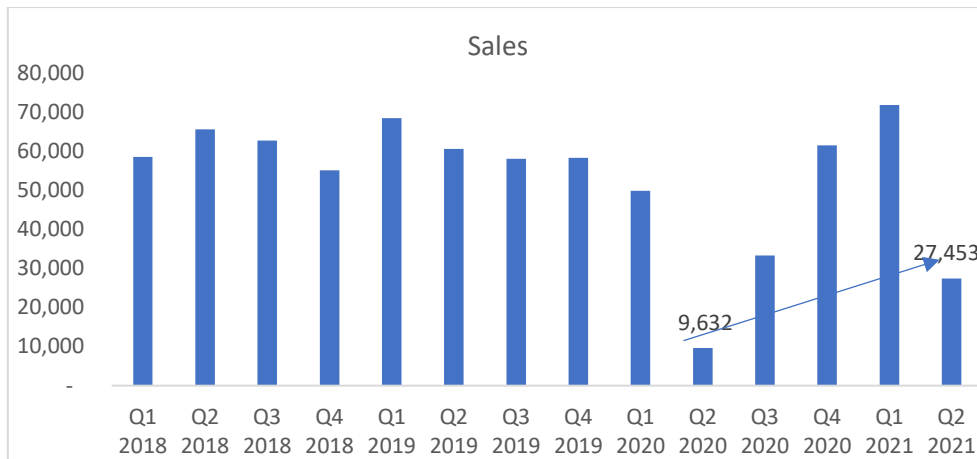
ALL INDIA SALES (H1 2021 AND Q2 2021)

Market	H1 2021	YoY Change	Q2 2021	YoY Change
Mumbai	28,607	53%	4,855	81%
Pune	17,474	74%	3,821	71%
Bengaluru	14,812	22%	4,593	32%
Hyderabad	11,974	150%	5,065	420%
NCR	11,474	111%	4,743	~
Chennai	5,751	93%	1,693	~
Kolkata	5,115	74%	1,519	~
Ahmedabad	4,208	67%	1,163	362%
All India	99,416	67%	27,453	185%

Source: Knight Frank India Research. Note: YoY change denoted by ~ as base period had negligible volumes

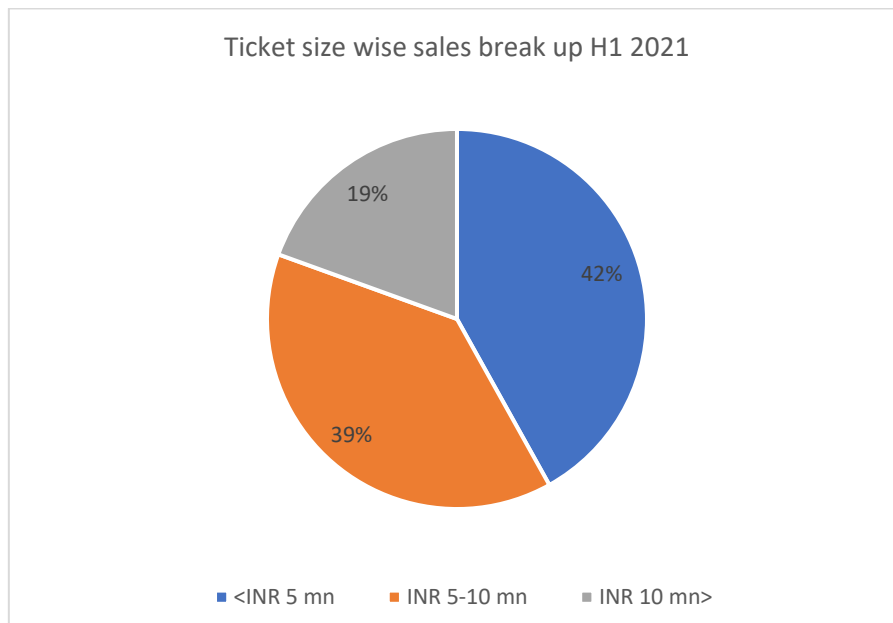
A TALE OF TWO CITIES AND THE PANDEMIC – SECOND WAVE LESS SEVERE ON RESIDENTIAL REAL ESTATE THAN FIRST WAVE

H1 2021 saw a rise of 67% YoY in sales volume with the first half of this period recording the larger part of the total volumes. During the early part of this year, sales volumes were greatly influenced by two markets – Mumbai and Pune, that together constituted over 45% of the total sales amongst key markets. These two markets were given their orbital velocity by the Maharashtra government’s decision to lower stamp duty rates for a limited period. While residential sales started to show a resurgence, the momentum got impacted by the second wave of the pandemic starting towards the end of March 2021. Interestingly, the period of the second wave coincided with that of the first wave last year which had brought the residential sales market to a screeching halt. Fortunately, the second wave, despite its extremely morbid potency, was less severe on the residential real estate market.



Source: Knight Frank India Research

A clear outcome of the pandemic was seen in the share of mid-range and high-end property segments. The share of sales of homes costing less than INR 50 lakhs reduced by around 500 basis points (BPS) and constituted 42% of all sales in the January-June 2021 period. Homes costing over INR 1 crore constituted about 19% of all sales, while units at INR 50 lakhs to 1 crore improved by approximately 400 BPS to be at 39%. The reducing proportion of affordable homes (less than 50 lakhs) is directly related to the challenges thrown up by the pandemic which reduced the economic confidence of home buyers in that category due to the threat of job loss, reduced income, inching CPI and other challenges.



Source: Knight Frank India Research

LAUNCHES MATCHED UP TO SALES, Q2 2021 LAUNCHES RISE 388% YoY

New launches in H1 2021 were higher by 71% YoY and were not surprisingly led by the two markets of Mumbai and Pune in Maharashtra. All markets saw launches increase significantly as developers took measures to capitalize on the strength of demand. A majority of the new launches were recorded in the first quarter of the year, while the impact of the second wave in Q2 2021 was felt in equal proportion by developers which impacted launches as well. Q2 2021 accounted for a little more than 1/4 of all launches in the first half of 2021. However, a comparison with the pandemic affected quarter from a year ago shows that Q2 2021 has recorded a YoY growth of 388% over Q2 2020.

ALL INDIA LAUNCHES (H1 2021 AND Q2 2021)

Market	H1 2021	YoY Change	Q2 2021	YoY Change
Hyderabad	16,712	278%	7,363	419%
Bengaluru	13,389	24%	5,922	221%
Mumbai	35,872	53%	4,747	370%
Chennai	5,424	54%	2,443	~
Pune	20,477	52%	2,435	210%
Ahmedabad	6,226	137%	2,249	328%
NCR	2,943	107%	1,317	~
Kolkata	2,195	156%	756	~
All India	103,238	71%	27,232	388%

Source: Knight Frank India Research. Note: YoY change denoted by ~ as base period had negligible volumes

According to **Shishir Baijal, Chairman and Managing Director, Knight Frank India**, “The gradual resumption of economic activity and increasing availability of the vaccine had sparked market traction in the second half of 2020 and this momentum carried over into Q1 2021. The second wave of COVID-19 infections has impeded this momentum but should be seen as more of a speedbump as YoY growth in market volumes remains strong in half-yearly and quarterly terms in the January to June 2021 period. The limited period stamp duty cut which spiked home sales in Mumbai and Pune adequately demonstrates the need for policy level intervention to revive the residential market. Going by the tremendous success of the stamp duty cut in Maharashtra, other states may also consider similar demand stimuli at appropriate times that will not only help sales velocity but also propel economic activity.”

PRICES HOLD STABLE ACROSS MARKETS AS SALES MOMENTUM REMAINED STRONG

The significant increase in sales activity stemmed the fall in residential prices that was seen in 2020. Price levels in four of the eight markets were observed to remain at the same level or grow marginally YoY in H1 2021. In comparison, just one market had been able to maintain price stability in H2 2020. While developers offered flexible payment schemes to push sales across markets, the incidence of direct discounts was markedly lower during H1 2021.

PRICE INDEX H1 2021

Location	Price range in H1 2021 in INR/sq ft	12 Month change (%)
Mumbai (MMR)	6,750	-2%
NCR	4,165	0%
Bengaluru	4,920	-1%
Pune	4,010	-2%
Chennai	4,052	-2%
Hyderabad	4,720	1%
Kolkata	3,214	3%
Ahmedabad	(2,802)	0%

Source: Knight Frank Research

Shishir Baijal, Chairman and Managing Director, Knight Frank India says, “The last 4 quarters marked by the pandemic have given rise to different sets of considerations for home buyers which has led to a renewal of buyer interest. Whether for want of larger homes or housing security, or indeed for the purpose of long-term investment, there has been a strong revival. Barring the affordable segment which was impacted by the uncertainties arising from the economic disruptions

of the pandemic, the strength of the market was adequately demonstrated. We expect the residential segment to remain buoyant due to the attitudinal shift in mindsets of potential buyers and as and when normality returns, we expect the sales volumes to pick up pace.”

UNSOLD INVENTORY REDUCES BY 1%, GIVES PSYCHOLOGICAL BOOST TO INDUSTRY

The unsold inventory has seen a reduction over the last year, albeit at a modest rate, reflecting the healthy pick up in sales right across the markets. These markets have shown excellent promise in the demand appetite that had been holding back due to the second phase of the pandemic. It is expected that demand will revive as the unlocking progresses and people are able to complete their sales process.

Micro-market	Unsold Inventory (housing units)	(YoY Change)	Quarters-to-sell (QTS)	Age of Inventory (in quarters)
MMR	154,181	3%	11.8	15.6
NCR	102,143	-13%	14.7	23.9
Bengaluru	73,341	-5%	10.1	15.4
Pune	50,545	18%	6.8	13.2
Chennai	11,862	-16%	4.2	16.5
Hyderabad	11,918	195%	3.2	9.1
Kolkata	25,240	-18%	9.8	15.8
Ahmedabad	12,512	285%	5.2	9.4

Source: Knight Frank Research

Notes:

- Quarters to Sell (QTS):** The number of quarters required to exhaust the unsold inventory is termed as the QTS of a particular market. It is calculated by dividing the unsold inventory by the average sales of eight trailing quarters from the end of the analysis period.
- Age of Inventory:** The number of quarters since launch that the unsold inventory has existed in a market is termed as the age of inventory. It is derived by calculating the weighted average of unsold inventory and the number of quarters that this inventory has existed in the market.

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About Knight Frank

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