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Build in India: Inside the great construction boom



Bengaluru: A drive from Baiyappanahalli on Old Madras Road, via KR Puram, leads to Bengaluru's eastern periphery—Whitefield. Known as the city's oldest tech corridor, where the International Tech Park was set up in the 1990s, the suburb is dotted with high-end gated enclaves and shopping malls.

The drive is dusty and slow during office hours. Nonetheless, many commuters found relief when the Whitefield-Challaghatta Purple Line of Bengaluru Metro opened up this year. It connected the eastern and western parts in a 76-minute ride.

The opening of the metro line signalled a turnaround for Whitefield, a corridor plagued by oversupply and slow home sales during the pre-pandemic real estate slowdown. Construction activity has picked up now and public capital expenditure is crowding in private sector participation here. Private developers are actively looking for and buying land near the metro stations.

"Construction activity and launches have been strong in Whitefield and Sarjapur Road (another tech corridor) and will further pick up with metro connectivity. We are looking to acquire more land here, and will launch more projects," said Praveer Shrivastava, senior vice president, residential, Prestige Group.

In the past two years, the Prestige Group has sold nearly 12,000 homes in Whitefield and Sarjapur Road, worth ₹15,000 crore.

Whitefield, in short, is a microcosm of the huge spurt in construction across Indian cities—even in smaller towns. The evidence is in numbers. The construction sector grew 13.3% in the September quarter of 2023-24 from a year earlier in terms of gross value added (GVA), estimates from the National Statistical Office, released on 30 November, showed. About 15,68,281 residential units were under construction in the top seven tier-1 cities between April-September 2023, as per Liases Foras Research, a real estate research company.

In the years leading up to the pandemic, the pace of real estate construction was slow. Developers faced weak sales and cash flows leading to huge project delays. And then, during the pandemic, most construction activity came to a standstill.

The pick-up in construction started in the last quarter of 2021, gained some momentum in 2022, and further pace in 2023.

What led to this spurt? An ongoing residential real estate boom. As companies started asking employees to head back to the office after allowing work from home during the pandemic years, the demand for homes in cities shot through the roof. On the other hand, transport infrastructure projects have picked up pace, too.

“This year, the maximum construction activity in infrastructure is in railways and highways/roads. About 40% of the Union budget for infrastructure (₹10 trillion) was allocated towards these sectors. Projects that were going slow till 2022 have picked up significantly. There is also huge construction on the Smart Cities Mission front,” said Kushal Kumar Singh, partner at Deloitte India, a consultancy.

In some ways, the current boom in India is similar to the rapid growth the Chinese construction market saw in the 2010s. Construction expenditures benefited from growth in government-funded infrastructure construction projects. “The Chinese government has realized the importance of developing transportation infrastructure as a key part in sustaining the country’s economic growth and, to this end, the government has recently announced a budget of \$543 billion for transportation infrastructure projects in its eleventh five-year plan. This includes roads, bridges, ports and railways,” advisory firm PWC had noted in a 2008 paper.

In India, construction activity in housing and third-party logistics is growing faster than infrastructure at the moment, Singh of Deloitte added.

“Mumbai, Pune, Hyderabad and Ahmedabad are leading in home launches and construction activity,” said Pankaj Kapoor, managing director, Liases Foras. “In the 2005 real estate boom, prices and launches peaked, but sales and construction were not in sync. Today, it’s a prudent market, and governed by RERA. Builders are launching projects but also constructing aggressively,” he added.

RERA or the Real Estate (Regulation and Development) Act, 2016, seeks to protect home-buyers while helping boost investments in the real estate industry.

The boom in construction is great news for sectors that feed the industry—such as steel and cement. And it creates jobs mopping up the workforce at the bottom of India’s labour pyramid. The construction business, the second largest employer after agriculture, is expected to employ 100 million by 2030 from the current 70.6 million, estimates Knight Frank India, a property advisory. In economic terms, the output generated from India’s construction sector is estimated to grow to \$1 trillion by 2030 from about \$650 billion now, the company estimated.

Home rush

First, let’s delve deeper into the housing boom.

While a record number of project launches is boosting construction across cities, it is important to look at the project completion data to understand the scale. In 2022, about 400,000 housing units were completed in the top seven cities compared to less than 300,000 units in 2019, data from Anarock states. In January-September this year, 274,000 units were completed.

“Unsold home inventory is at an all-time low. Homebuyers are more discerning and developers know that they need to construct fast for better sales and cash flows,” said Prashant Thakur, regional

Director and research head at property advisory Anarock Group.

Leading property developers are also entering new cities leading to a further expansion in construction. Bengaluru's Shriram Properties Ltd, which has 13 ongoing projects, plans to close 2023-24 with 11 new launches, and enter the Pune market. "We are starting construction on a project within six months of its launch, without delay," said chairman and managing director M. Murali.

Similarly, Bengaluru's Puravankara Ltd launched 3.46 million sq. ft in the first half of this year, and has a launch pipeline of another 12.42 million sq. ft in the latter half of 2023-24, across multiple cities.

The country's hottest property market, the Mumbai metropolitan region (MMR) currently has 592,650 residential units under construction, the largest share among all cities.

MMR's largest developer Macrotech Developers Ltd has 33 ongoing projects and is aiming at 50 projects in two-three years. "We've expanded into new locations in the eastern and western suburbs in Mumbai, and Pune. This expansion has not only increased the number of projects but also scaled up our construction activities," said chief sales officer Prashant Bindal.

Beyond metros

It's not just the tier-1 cities that have witnessed a spurt in construction. Smaller cities have been the beneficiaries of major infrastructure investments as well.

Take Ahmedabad for example. The city has seen a huge boost in real estate construction, overtaking metro cities like Chennai and Kolkata by a wide margin. As of September, Ahmedabad has 130,000 residential units under construction compared to 75,550 units in 2018-19, according to Liases Foras.

Chennai and Kolkata have 71,344 units and 70,064 units under construction, respectively.

Around 13,375 units were launched in Ahmedabad between April and September this year. That is nearly similar to the 13,846 units launched in the national capital region (NCR) during the same period, which was the largest property market till a few years back.

"Significant infrastructure development has happened in Ahmedabad boosting connectivity. Newer areas are getting included for planned city expansion, which also creates new real estate locations. With the metro line reaching GIFT City in Gandhinagar, surrounding areas will also benefit," said Kamal Singal, managing director and chief executive at Arvind Smartspaces Ltd, the real estate arm of Arvind Ltd.

Like Ahmedabad, Nashik in Maharashtra also saw a spurt in construction aided by a slew of new infrastructure projects.

Speeding infra

Meanwhile, large public infrastructure projects, smart city developments and the growth of India's Warehousing sector are also boosting construction activities.

The 21.8-km Mumbai Trans Harbour Link (MTHL), India's longest sea bridge connecting Mumbai with its satellite city Navi Mumbai, is expected to open early next year.

"Infrastructure projects like MTHL are likely to create future development in the island city's eastern

belt, which is mostly an industrial stretch. The new coastal road will reduce commute time and benefit areas like Juhu and the suburbs," said Ramesh Ranganathan, CEO, K Raheja Corp Homes.

The new metro lines in Mumbai, connecting the distant parts of suburban Thane to the city, may lead to residential and office demand in these locations.

Not just Mumbai, many cities—Delhi, Chennai, Hyderabad, Ahmedabad, Bhopal, Indore, Kanpur, Surat and Patna—have metro projects under construction. About 895 km of metro network is operational in 20 cities today, from just 248 km in 2014, Hardeep Singh Puri, minister of housing and urban affairs, recently said.

With improving transport connectivity and demand from e-commerce, auto, manufacturing and retail, cities such as Lucknow, Coimbatore, Ghaziabad, Bhubaneswar, Ludhiana and Patna are also emerging as major warehousing hubs. Grade A and B supply in the warehousing and industrial sector—A being the highest standard—is expected to reach 516 million sq. ft by 2026, from the 344 million sq. ft as of June 2023, property advisory JLL recently noted.

The impact

Like we mentioned earlier, industries closely related to infrastructure—such as cement and steel—are direct beneficiaries of the boom.

The demand for steel in India is expected to register a growth of 8.6% compared to the overall global rise of 1.8% in 2023, and is expected to continue its high growth momentum, industry body World Steel Association said in October.

Cement volumes, meanwhile, are expected to rise by 9-10% in 2023-24, supported by demand from infrastructure and urban housing sectors, rating agency ICRA said in October. In the first half of the year, volumes rose by 11-12% year-on-year.

Shree Cement Ltd, a supplier to housing and infrastructure projects like highways and refineries, has earmarked ₹7,000 crore to expand capacity from the current 50 million tonnes per annum to 70 million tonnes per annum by 2028.

“Cement consumption is closely linked to housing demand. Rising urbanization, urban migration and housing shortage have all led to a surge in demand, and impacted the cement industry. The demand for larger homes, more amenities post-pandemic is driving housing demand,” said Neeraj Akhoury, managing director of Shree Cement. Real estate is currently outperforming the infrastructure sector, Akhoury added.

Anuj Khandelwal, business head, grey cement division, JK Cement Ltd, said that in the last two years, tier II and III cities as well as rural markets have witnessed disproportionate growth in residential construction and, thereby, increased cement consumption. Construction growth across the rural markets in Uttar Pradesh, Rajasthan, Madhya Pradesh and Maharashtra have also seen growth in the building of independent houses.

Between 2017-18 and 2022-23, JK Cement has more than doubled its capacity—from 10 million tonnes per annum (MTPA) to 20.7 MPTA.

“Government housing programs like Pradhan Mantri Awas Yojana (a scheme that facilitates access to affordable housing), favourable demographics and a lot of activity in infrastructure projects have

propelled this demand further. Cement demand in 2023-24 is expected to end with 10-11% growth given the pre-election momentum and this has also played out in the first half of the year," Khandelwal said.

Will this continue?

The question is if the momentum in construction can continue next year.

Some experts said that the pace of construction may see a blip next year, as fresh investments and project sanctions may be put on hold for some time due to the general elections. Highway construction activity could slow.

"Next year, highway construction activity is likely to slow down as the National Highways Authority of India has been asked not to award any new project till the revised approval for Bharatmala Pariyojana is in place," Deloitte's Singh said.

Bharatmala Pariyojana is the central government's umbrella programme to develop the highways sector.

Second, metro rail projects are likely to slow down as well. While many cities have ongoing metro rail projects, no new projects have been announced in the last three years, Singh said. "There is a consensus that these projects are a costly affair. However, there are rapid passenger transport projects and new proposals to improve connectivity being floated," he added.

On the other hand, some market watchers remain hopeful, particularly about the continued growth of the housing sector. Liases Foras' Kapoor estimates that India has added nearly 1,000 new developers in the last two years, implying that the market is only expanding. Thakur from Anarock said that in the first half of 2023-24, nearly 25-30% of cash collected by most listed developers in India has gone into business development—land acquisition for future launches.

The implication? Construction activity will continue at the same pace. The more optimistic would tell you that the pace will further accelerate.

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Dynamic Shifts Define India's Real Estate Landscape In 2023

Tier 1 cities demonstrated resilience, experiencing noticeable increases in rental prices and heightened office space consumption. In stark contrast, Tier 2 cities witnessed significant workforce migrations, fueled by a lower cost of living, improved work-life balance, and affordable housing options. This prompted increased attention from developers and state governments, leading to the emergence of structured real estate markets in smaller cities



In 2023, India's real estate sector witnessed an unprecedented surge, characterised by dynamic trends and evolving preferences that shaped a landscape marked by diversity, innovation, and a keen focus on sustainable, inclusive growth. The luxury and ultra-luxury segments emerged as frontrunners, propelled by burgeoning investor interest, growing wealth, robust capital markets, and the remarkable ascent of over 115 start-ups as Unicorns.

Tier 1 cities demonstrated resilience, experiencing noticeable increases in rental prices and heightened office space consumption. In stark contrast, Tier 2 cities witnessed significant workforce migrations, fueled by a lower cost of living, improved work-life balance, and affordable housing options. This prompted increased attention from developers and state governments, leading to the emergence of structured real estate markets in smaller cities.

Resurgence Of Tier II Cities

The intersection of technological innovation and architectural brilliance played a pivotal role in reshaping the sector. The integration of Artificial Intelligence, Internet of Things, and Virtual Reality redefined home-buying experiences, ushering in a new era for the industry. Furthermore, a noteworthy shift in focus towards Tier II and Tier III cities was observed, indicating a departure from the traditional metro-centric approach.

Boman Irani, President, CREDAI said that in 2023, while Tier I cities drive growth for investors, increased government initiatives such as Smart Cities, the rise of Satellite cities, and ongoing urbanisation have fueled growing investor interest in Tier II and III regions. "These areas are striving to establish themselves as distinctive economic hubs. Looking ahead to 2024, we anticipate a more

pronounced growth trajectory in both housing demand and supply for Tier II and III cities, as they take the forefront in driving economic development and complementing the role of Tier I cities," said Irani.

Nagaraju Routhu, CEO of Experion Developers commented that while major metropolitan cities have traditionally dominated the real estate spotlight, 2023 witnessed a resurgence of interest in Tier-II and Tier-III cities. "The ongoing advancements in infrastructure, coupled with the rise of remote work culture, encouraged individuals to explore real estate opportunities beyond the metros. Investors and home buyers alike turned their attention to emerging cities, drawn by affordability, improved quality of life, and untapped growth potential."

Praveer Shrivastava, Sr. VP, Residential, Prestige Group too commented on the trend. He said, "Tier 1 and Tier 2 cities are rapidly emerging and becoming real estate growth engines. As these cities continue to attract investors, the real estate industry will grow, paving the way for equitable and sustainable urban development. Certain factors, such as the availability of young educated professionals, continue to attract investors to these areas, encouraging firms to expand their operations in tier 1 and tier 2 cities, resulting in increasing demand for real estate."

He added, "Urbanisation is a global phenomenon, and these cities are seeing a surge of people seeking better opportunities and higher living standards. Also, with companies relocating or creating operations in these cities, the infrastructure has developed which had a positive impact."

Better Than Expectations

According to Amit Goyal, Chair of Housing and Urban Development Committee PHD Chamber of Commerce and Industry, "Our luxury Outlook survey 2023 threw up a strong intention amongst savvy investors for real estate, and the year is closing even better than everyone's expectations! Sales of housing units across segments will close at an all time high. The winner of 2023 has undoubtedly been the luxury and ultra luxury segment, thanks to the growing wealth, capital markets and over 115 start ups becoming Unicorns."

Anil RG, Managing Director, Concorde said that both Tier I and Tier II markets exhibit positive and upward trends. With employment opportunities spanning various sectors, there is significant migration across different classes. "In tier 1 cities, a noticeable increase in rental prices and office space consumption is evident. In tier 2 cities in India, there has been a substantial workforce shift. In these cities, the cost of living is lower, work-life balance is improved, and housing remains affordable. This trend has motivated Indian developers and state governments to concentrate more on these high-potential yet neglected tier 2 cities. Structured real estate markets are beginning to emerge in smaller cities, where property values are on the rise, although still notably below those of the top 10 cities."

Rapid Growth With Balanced Development, Growing Outlook

Murali Malayappan, CMD, Shriram Properties said, "India is expected to grow rapidly over the next five years, with GDP growth expected to outpace the prior year. India's stature is also growing along with a politically stable atmosphere. With the real estate sector playing a critical role in the growth of

the economy, this special combination will pave the way for the growth of the sector in Tier II cities. The government and other stakeholders should ensure balanced development, and encourage the growth of Tier II cities and towns alongside urban centres, for the comprehensive and inclusive advancement of the entire country.”

Bhadresh Shah, Managing Director of Today Global Developers, stated, “The real estate scenario 2023 presented a growing outlook for Tier 1 and Tier 2 cities. Tier 1 cities, fortified with established infrastructure, remained stalwarts in a robust market. In contrast, Tier 2 cities were the rising stars, swiftly growing into attractive investment hubs. Their appeal lies in affordability, offering promising prospects for homebuyers and investors in residential and commercial sectors.”

Shah added that Tier 1 cities will maintain their market strength with ongoing development projects enhancing their allure. “Simultaneously, Tier 2 cities anticipate sustained economic growth, infrastructure development, and heightened real estate demand. Government initiatives, improved connectivity, and decentralised industries will contribute to their ascent, solidifying their status as sought-after destinations in the evolving real estate narrative.”

Growth Of Luxury Sector and Use Of Technology

Manan P. Shah, Managing Director - MICL Group said, “In the real estate landscape spanning Tier 1 cities, MICL proudly leads the way in crafting supreme luxury homes tailored to the discerning tastes of our esteemed clientele in Mumbai. We saw such exquisite residences gain momentum in 2023. We expect this to remain so as a discerning and affluent clientele continues to seek exclusivity, unique features, cutting-edge security, 360-degree deluxe amenities, prime location, and a transformative improvement to their overall lifestyle.”

Shah added that In the ever-evolving realm of digital transformation, 2023 witnessed the convergence of avant-garde technologies such as Artificial Intelligence (AI), Internet of Things (IoT), and Virtual Reality (VR). This integration of tech has redefined home buying, offering personalised recommendations and immersive virtual tours. This streamlines the process accelerating decision-making, swiftly converting interest into ownership. As we look ahead to 2024, these digital innovations are poised to revolutionise buying trends further, propelling the real estate sector into a new era of supreme luxury homes.”

Priyatham Kumar, Founder of Homes247 says “As we near the end of 2023, the real estate scenario in India is witnessing a notable shift from the usual focus on metro cities. According to a study by JLL India, of the 3294 acres of land acquired by developers between January and October this year, 44.4 per cent of the transactions happened in Tier-II and Tier-III cities. Cities like Nagpur, Palghar, Khalapur, Panipat, Ludhiana, and Panchkula collectively contributed 75% to the 1461 acres acquired in these regions. This shows the changing trend in the Indian landscape.”

The Digital Renaissance

Bhavik Bhandari, CSMO, Ashwin Sheth Group said, “In 2023, the real estate sector witnessed a huge surge in demand for ultra-luxury residences across Tier 1 cities, prompting the industry to swiftly

capitalise on this trend by constructing opulent properties featuring top-notch facilities. In the current digital age, the term 'Smart Homes' has transformed into 'connected homes,' signifying the profound impact of IT devices and automation systems on the real estate market. This year, we have observed a paradigm shift driven by the proliferation of technology and AI. There is a huge demand for NRI investment in India, as per a recent survey, NRIs are expected to contribute to 20 per cent of the Indian real estate market. We are extremely positive for the next year and Mumbai is anticipated to witness a 5.5% upsurge in prime residential prices in 2024 as per the industry experts. The future holds immense promise for the real estate sector, especially for those with diversified portfolios and the agility to enhance value and seize opportunities. This evolution underscores the necessity for developers to embrace innovation, elevate living standards, and actively contribute to the creation of sustainable, high-quality living spaces that redefine modern luxury living in India.”

Sustainable Living, Innovative Workspaces, and Emerging Markets

Mazhar Syed, Director, AsmitA India Realty said that Sustainability continues to take centre stage as eco-conscious preferences steer developers toward LEED certifications and eco-friendly features. Co-living solutions respond to the demand for affordable urban housing, while smart homes redefine modern living experiences.

In commercial real estate, the SCO sector thrives, notably in Gurugram, redefining workspaces through innovative architecture and biophilic design. Tier II and III cities will emerge as compelling markets, bolstered by government initiatives fostering residential growth.

Manju Yagnik, Vice Chairperson of Nahar Group and Senior VP, NAREDCO, Maharashtra, said, "The affordability of house loans has been adversely affected by inflationary pressure, unaffordability, and a lack of new development, all of which have contributed to historically high-interest rates. As a result, demand for affordable housing, a substantial portion of the housing structure, has decreased. To encourage small urban housing, the Indian government has granted an additional interest subsidy of Rs 60,000 crore for residences up to Rs 40 lakh. Furthermore, with the festive tailwind, demand for house loans is anticipated to continue to be strong, indicating a robust increase in property sales."

Taxing Times and Workspace Evolution

Punit Shah, Partner, Dhruva Advisors said, "From a direct tax perspective, manner of classification of rental income (house property income vs business income) and consequent tax implications has been a vexed industry issue. In the event the lease rentals are classified as business income, related expenditure incurred thereon is allowable as a deduction for computation of taxable income. However, in the event the lease rentals are classified as income from house property, a flat deduction of 30 per cent of the rental income and corresponding interest expenditure is allowable as a deduction. While guidance is available with respect to the classification of income basis various judicial precedents, litigation on the issue prevails since the analysis is very fact specific and needs to be tested on a case to case basis. Hopefully, the principles should attain more certainty in the coming years thereby reducing the litigation and also providing clarity to the industry players."

Abi Roni Mattom , Country Director, Unispace India commented, "When we look at the current trends as people are coming back to work, the office isn't competing with working from home, it's competing with the benefits of working from home. A significant proportion of employers continue to perceive in-person presence as crucial for career progression, it could inadvertently disadvantage those who thrive in remote or hybrid work settings. For both the young workforce who moved to tier two cities during the pandemic, and people who continued to be in tier one cities, we see one thing in common - workspace is not just hybrid, it's beyond - it's work from office, work from home, and anything in between like connected to work while commute."

Overall, 2023 marked a pivotal year for India's real estate sector, setting the stage for a future characterised by innovation, sustainability, and inclusive growth. The amalgamation of technological advancements and shifting preferences positions the industry on the brink of a transformative era.

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Housing sales register a decade-high record in 2023: Report

With approximately 4.77 lakh units sold across the seven biggest cities in 2023, the residential segment registered a 31% year-on-year growth over the 3.6 lakh units in the previous year.



Bengaluru: Amid a strong rally in the Indian real estate market, 2023 registered the highest housing sales in at least a decade, across the top seven cities, a new report by property consultancy Anarock revealed on Thursday.

With approximately 4.77 lakh units sold across the seven biggest cities in 2023, the residential segment registered a 31% year-on-year growth over the 3.6 lakh units in the previous year. "The last peak in the decade was seen in 2022, after 2014, when approximately 3.43 lakh units were sold in the top-7 cities," the report highlighted.

Retail sector set for 10-13% growth in 2024 on luxury, value purchases "2023 has been phenomenal for the Indian housing sector, despite global headwinds, rising domestic property prices and interest rate hikes over the first half this year," Anarock Group Chairman Anuj Puri remarked.

The report credited unchanged home loan rates in the back half of the year for sustaining the overall positive consumer sentiment. The sales momentum was led by the western markets of Mumbai Metropolitan Region and Pune, which sold around 1,53,870 and 86,680 units, respectively. Kolkata stood at the bottom of the chart with approximately 23,030 units sold during the year.

At the same time, fresh supply of newly built homes saw a 25% year-on-year growth with around 4.6 lakh units launched in 2023, against 3.6 lakh units in 2022. About 31% of the overall supply of residential units in 2023 ranged in the Rs 40-80 lakh-plus bracket, affordable housing - comprising homes priced below Rs 40 lakh - secured the smallest share of the pie at 18%.

Industry players blame difficulties in sustaining profit margins for the declining share of the budget housing segment.

As per the report, the annual jump in housing prices across the seven geographies ranged between 10-24% - driven by demand and increased input costs. Murali Malayappan, chairman and managing director of Bengaluru-based Shriram Properties cited a 5-8% increase in expenditure on raw material, cost of capital and labour.

Unsold inventory, on the other hand, saw a 5% year-on-year decline towards 2023-end, despite a strong supply of new units during the year.

According to the report, housing demand is expected to remain undeterred in 2024, even with a likely average price hike of 8-10% across the top-7 cities. “The Indian economy remains bullish, and this directly correlates to residential demand,” Puri said.

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Residential realty momentum in 2023 strongest in decade as demand picked up



As 2023 comes to a close, the real estate sector seems to be settling down. The housing market in India saw highest sales in more than a decade this year as demand for spacious and luxurious living picked up post Covid.

Global real estate service firm Cushman & Wakefield, in its report 'Outlook 2024', said that new launches in 2023 are likely to touch close to 300,000 units, up 11 per cent, surpassing the previous high seen in 2022. Factors such as increased preference for quality developers & lifestyle amenities, and rising incomes have sustained the momentum despite the high interest rates.

Latest Anarock Research data indicates that housing sales in the top seven cities have created a new peak in 2023, an all-time high.

Around 476,530 units were sold in 2023 against 364,870 units in 2022 across the top seven cities – Delhi-NCR, Mumbai Metro Region (MMR), Bengaluru, Pune, Hyderabad, Chennai and Kolkata. This is a 31 per cent rise year-on-year (Y-o-Y). The last peak in the decade was seen in 2022, after 2014, when around 343,000 units were sold in the top seven cities.

“Amid unprecedented global uncertainties beginning early 2023, the Indian real estate sector emerged as a beacon of resilience and adaptability during the year. On an annual basis, housing prices rose between 10 and 24 per cent across the top seven cities, primarily due to increased input costs and strong demand. Interestingly, despite the price rise, we saw a significant jump in housing sales and new launches,” said Anuj Puri, chairman, Anarock Group. Real estate analytics platform PropEquity report shows that the residential real estate sector has performed exceptionally well this year, especially in terms of absorption, which has been the highest in the last decade.

Tier-1 cities have witnessed 2.4x times new launches and absorption of Tier-2 cities. “The year 2023 is set to be a record year with the highest sales in residential markets recorded ever with Tier-1 cities growing by 15 per cent. Luxury markets also did exceptionally well this year with launches of A Grade Developers. Despite the global indicators showing a downward trend, Indian residential markets have been resilient and we expect the momentum to continue for the next quarter,” said Samir Jasuja, Founder & Managing Director, PropEquity.

Developers’ gain

In light of the positive trajectory of the Indian residential real estate market, developers also witnessed effective purchaser traction. Developers from across the country saw their portfolio glimmer through rise in sales, inventories, property launches, and more.

Delhi-based DLF Homes Developers said metropolitan cities like NCR and Gurugram have seen a consistent demand growth in luxury residences throughout 2023.

“The demand for luxury residences, particularly in major Indian metropolitan areas like NCR and Gurugram, has shown consistent growth in 2023. Doubling of growth in luxury segments is expected in 2024. Additionally, a noteworthy trend is the increasing interest from non-resident Indians (NRIs) seeking investments in India. This emphasises on the importance of well-located developments by reputed developers with a focus on community living,” said Aakash Ohri, joint managing director (joint MD) and chief business officer, DLF Home Developers.

Brigade Group has seen residential growth across all its portfolios, ranging from affordable to mid-segment and premium products in its key markets — Bengaluru, Chennai, Hyderabad, and Mysuru. “For the first two quarters of the financial year, we have achieved 3.1 million square feet of residential pre-sales with equivalent revenue of Rs 2,224.4 crore. Inventory of ready or under-construction projects has come down to an all-time low due to strong demand,” said Viswa Prathap Desu, chief operating officer (COO), residential, Brigade Group.

Brigade Group said the mid-income segment, with ticket sizes ranging from Rs 80 lakh to Rs 1.5 crore, continues to see a good demand. There was also a growing demand for luxury apartments and villas priced at Rs 1.7 - 2.5 crore and above.

The group has tied up properties in Bengaluru and Chennai where it plans to introduce apartments priced above Rs 2.5 crore. “India may grow rapidly over the next five years, with gross domestic product (GDP) growth expected to outpace the previous year. With the real estate sector playing a critical role in the growth of the economy, this special combination will pave the way for the growth of the sector in Tier II cities,” said **M Murali, chairman and managing director, Shriram Properties**. BCD Group, which is Bengaluru-based, said it experienced unprecedented success in the sales arena, with over Rs 300 crore worth of residential stock sold in the vibrant Bengaluru micro-market alone. The company’s venture in Tier 2 cities such as Raipur, Chennai, Bengaluru, and Lucknow, has also seen substantial demand, resulting in a remarkable 60 per cent revenue growth.

“BCD Group has demonstrated an impressive surge in its residential portfolio surpassing the 500,000 square feet mark from an initial 300,000 square feet. Looking ahead, BCD Group is poised for further expansion,” Angad Bedi, MD, BCD Group.

“The premium and luxury segment saw a significant boost, making up 24 per cent of the 349,000 units sold in the first nine months of 2023, a 115 per cent increase from the previous year. Sales of luxury

apartments or villas have reached new heights this year. This can be attributed to the country's growing economy, a rising aspirational class, and a preference for top-notch amenities, such as golf course and club house," said Kamal Singh MD and chief executive officer (CEO), Arvind Mindspaces.

"Since India has a housing deficit, the demand for sustainable housing will remain buoyant. A strong pipeline of supplies is being developed. For 2024, the surge in demand will result in a 10-12 per cent increase in property prices," said Niranjana Hiranandani, chairman, NAREDCO National.

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Home sales at record high in 2023, surged 31% over 2022



Despite hardening property prices and home loan interest rate hikes, the year 2023 brought cheers to realtors in the country as homebuyers flocked the market. Latest data from Anarock Research shows, in 2023 home sales scaled to a new high - breaking the previous record of 2022. And buoyed on this surging tide, realtors are now embracing for a bumper year ahead with new launches lined up to lure homebuyers.

According to Anarock's data, home sales during the year jumped 31 per cent over 2022 to 476,530 units - up from 364,870 units. These numbers belong to the top seven markets in India - National Capital Region of Delhi (Delhi-NCR), Mumbai Metropolitan Region (MMR), Bengaluru, Pune, Hyderabad, Chennai and Kolkata. Among these, MMR continued to lead the pack with some 153,870 homes sold during 2023 - 40 per cent higher than the previous year. Meanwhile, Pune emerged as the second largest market - beating Delhi-NCR - by clocking 86,680 units - 52 per cent jump over 2022.

Delhi-NCR slipped to the third spot in the pecking order. During the year, some 65,625 units were sold - only 3 per cent higher than 63,710 units in 2022. While Bengaluru stood at the fourth position with 63,980 units sold - 29 per cent higher year-on-year.

"The year "2023 has been phenomenal for the Indian housing sector, despite global headwinds, rising domestic property prices, and interest rate hikes over the first half this year. Housing sales in the top seven cities breached the previous high of 2022, and new launches stayed in step with the current housing demand, says Anuj Puri, Chairman, Anarock Group adding, "It was widely expected that rising property prices and interest rates, along with global market upheavals and uncertainties, would impact residential sales" but the market put the concerns to rest.

According to Suraj Morajkar, Managing Director, Sun Estates Developers, markets like Goa stood out as prime choices for second homes "demonstrating a robust environment for real estate investment. The spotlight on luxury living has dazzled, witnessing a significant uptick in luxury home sales during the first half of the year. This surge not only reflects a robust appetite for premium properties but also underlines a shifting paradigm where people are choosing Goa not just as an investment hub but as a destination for an elevated lifestyle", he says.

M Murali, Chairman & MD, Shriram Properties says, India is expected to grow rapidly over the next five years, with GDP growth expected to outpace the prior year. “With the real estate sector playing a critical role in the growth of the economy, this special combination will pave the way for the growth of the sector in Tier II cities. The government and other stakeholders should ensure balanced development, and encourage the growth of Tier II cities and towns alongside urban centers, for the comprehensive and inclusive advancement of the entire country.”