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# MARKET WATCH

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## Key Residential Trends - Hyderabad

### Sentiments, New launches and Enquiries

- The inflow of enquiries for residential properties in Hyderabad continued to remain stagnant as the potential buyer choose to wait for a desirable fall in prices.
- The demand from middle income buyers was mostly concentrated towards 3 BHK units priced between Rs. 35 to 55 lakh per unit. On the other side, the higher income buyers were mostly seen enquiring for properties in the range of Rs. 85 lakhs to 1.3 crores per unit.
- Commercially driven localities such as Madhapur, Gachibowli, Kondapur, Kukatpally and upmarket areas of Banjara Hills and Jubille hills continued to attract highest attention from potential buyers.
- Investor demand was particularly stronger in western areas as it constituted around 40 per cent of total sales. However, in rest of Hyderabad the number was around 15 per cent. End user demand was mostly concentrated around the best price-location combination rather than brand. On the contrary, investors preferred branded developers.
- Hyderabad market remained lackadaisical in terms of new launches due to the increasing unsold inventory. The city did not witness any major new launches during the month. Some supply addition was mostly limited to the western micro markets which include areas in and around Gachibowli and the adjoining section of outer ring road. Most of this new supply falls in the price range of Rs. 3,700 psf to Rs. 4,700 psf.

### Sales Volumes, Inventory and Price Trends

- In terms of configuration, 3 BHK units led overall supply. Developers fared well with respect to project delivery timelines as very few projects got delayed. Average delay witnessed in Hyderabad was around at 4 to 6 months.
- Even though property rates in Hyderabad are not prone to drastic change, the buyers continue to postpone their buying decisions hoping for a considerable fall in prices. As a result enquiry to sales conversion remained subdued.
- Sales activity was relatively higher for properties priced between Rs.35 to 55 lakhs per unit. The average absorption rate witnessed by Hyderabad market was at around 4 units per month per project.
- In view of a sluggish sales, market prices continued to remain stable as compared to the previous month and are expected to continue the trend in the next month as well. However, developers are offering discounts in the range 7-8 per cent on per square feet rates to customers with serious buying intent.

### Expected Likely trends during July 2016

- Hyderabad real estate market is expected to continue the present trend at least for the next 5 to 6 months post which buyers are expected to end their wait and start buying.
- Prices are likely to remain at present levels in the upcoming month.

- In case of new supply, Hyderabad is expected to see launch of 5-6 projects during the next one or two months which will be developed by builders such as Vasavi, Rajapushpa, Aparna and My homes.
- Hyderabad metro rail, the city's most awaited infra project, is running behind schedule by 18 months. It will take some time till the project starts making a substantial impact on the city's realty.
- On the other hand, the pending stretch of the ORR, between Shameerpat and Ghatkesar is nearing completion and was expected to be open for traffic by May 2016. The ORR is expected to improve demand for properties located in outskirt areas like Shamshabad, Shameerpet and Ghatkesar.



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