

# MARKET WATCH

Q4 2016 - 17



## Key Residential Trends - Pune

### Sentiments, New launches and Enquiries

- The first quarter of 2017 has witnessed a slight revival in buyer sentiments, which had spiralled downwards post the demonetisation drive. The uncertainty surrounding RERA and the GST had also left the buyers confused which translated to buyers holding back enquiries.
- With GST set to be rolled out in the second half of the year coupled with RERA, buyers in Pune have started coming out of their wait-and-watch mode. This became more visible since February when actual site visits started happening. While the rate of conversion has not peaked yet, market experts are optimistic.
- This optimism was also reflected in the multiple pre-launches that happened in the residential sector during the Jan-Mar 2017 quarter. Some established developers such as Godrej and Gera Developers had pre-launches of their projects as opposed to the no new launch practice that was being followed for most part of 2016.
- In line with the pulse of the buyer, most of these launches are in the affordable and mid-segment range. These include properties in the price bracket of Rs 40-60 lakh.

### Sales Volumes, Inventory and Price Trends

- While experts believe that it is too early to comment on the sales volume, the year has begun on a positive note. Sellers are expecting to see a surge in sales towards the end of next quarter.
- Even though the residential market has remained low in the last two quarters, a price correction is unlikely. Developers have been reluctant to cut down prices even post demonetisation. This is also due to the fact that buyer demand is largely concentrated for affordable and mid-segment properties, categories that do not offer too high margins.
- However, genuine buyers can negotiate for a discount of upto Rs 200-300 per sq ft with developers.
- In the secondary market, a slight correction is expected due to the distressed sales that have kicked off post the demonetisation drive.
- Inventory in the city is largely concentrated in the 2 and 3BHK categories. However, buyers are keener towards smaller units. Thus projects offering 1 BHK and smaller 2BHK units are witnessing enquiries. At present, buyers in the market are looking at a ticket size of Rs 35-45 lakh and thus this preference for smaller configurations.
- IT driven belts continue to be the preferred locations for prospective residential buyers. Locations such as Hinjewadi, Balewadi and Kharadi top this list.

### Expected Likely trends during the Q1 2017-18

- Market experts are hopeful of a positive trajectory as far as sales volume trends are concerned in the upcoming quarters. Primary markets are not expected to be as stressed as witnessed in the last couples of quarters.



- Multiple infrastructure and policy measures are expected to have a constructive impact on the housing market of Pune in the coming months.
- To begin with, traction in the office space segment has recorded a positive trend in the last couple of quarters backed by a strong IT and ITeS market, ongoing and upcoming infrastructure projects, particularly those enhancing connectivity and several government initiatives.
- This in turn is expected to boost housing demand in the coming months. As the impact of the demonetisation drives wanes away, increased leasing activity in the office space is expected to provide an impetus to housing demand.
- Several infrastructure projects that might lend an overall positive outlook to the real estate market in the next few months include the Pune Metro, international airport and construction of several flyovers and underpasses.
- Government initiatives such as the TOD Policy, which has been approved from the Centre, are also expected to boost residential development in the city.

#### Key new launches during the quarter:

Developer	Project	Location	Additional Details
ArthaRaj Realty Group	ArthaRaj Realty Gulmohar Park	Mamurdi, Pune	1 BHK apartments are sized at 524 sq ft. Starting price of apartment at this project is Rs 16.8 lakhs.

**Disclaimer:** The information set out in this document has been prepared by HDFC Realty Limited ('HDFC Realty') based upon projections which have been determined in good faith. The contents of this document are for informational purposes of the readers. This document does not take into account the specific investment objectives, financial situation or needs of an individual/s or a Corporate/s or any entity/s. This document is not an offer, invitation or solicitation of any kind to buy or sell any property or intended to create any rights or obligation. It reflects conditions and views prevailing as on date, all of which may be subject to change. However, no representation or warranties of any nature are given, intended or implied. Readers are requested to rely on their own investigation, including - the merits and risks involved, the legality and consequences; without reliance on HDFC Realty or its respective employees, agents and affiliates. A qualified professional should be consulted before making a decision or acting on any information contained in this document. Nothing in this document is intended to constitute legal, tax, securities or investment advice or opinion regarding the appropriateness of any investment or solicitation of any product or service. The use of any information set out in this document is entirely at the addressee's own risk. The information contained herein is intended solely for the addressee(s).