

# MW MARKET WATCH

Q4 2016 - 17



## Key Residential Trends - Hyderabad

### Sentiments, New launches and Enquiries

- The year 2016 saw a reduced number of residential launches as multiple factors played deterrent to the property market growth. The final nail on the coffin came in the form of demonetisation that crippled the real estate market to a large extent.
- The cascading impact of the same was visible in the first quarter of 2017 as well with a subdued residential market across the city.
- As per market inputs, buyer enquiries have gradually gained pace since January as compared to the previous quarter. However, for the most part of January and February was taken up in closing the enquiries that were initiated in the last quarter.
- New enquiries started getting initiated only towards the second half of March 2017. Buyer sentiments are still far from being positive. This explains why buyers are staying away from under-construction properties. Most buyers are not willing to wait for more than three to six months for possession.
- Most queries are concentrated for locations in the western quadrant. These include residential pockets like Madhapur, Hi-tech City and Gachibowli.

### Sales Volumes, Inventory and Price Trends

- Market experts believe that it will probably take another quarter for sale volume to pick up again. Buyers are waiting for RERA to become a reality. Furthermore, impact of GST is another factor that is making buyers wary.
- However, despite the slowdown, a drop in residential prices is unlikely. This is more so in case of the primary market. Due to demonetisation, the secondary market may see a correction of 2-3%.
- Residential apartments continue to be the most popular property type for potential property buyers. While 2BHK units form majority of the residential stock in the city, demand trends seem to have shifted towards larger configurations.
- As per city-based real estate agents, 3BHK units have seen the highest enquiries and conversions in the last six months. This is followed by 4BHK apartments and villas. These are typically priced anywhere between Rs 80 lakh to 1.5 crore.
- For a 2BHK unit also one has to shell out anywhere between Rs 65-75 lakh for a much smaller area. Thus buyers are willing to stretch their budgets slightly in order to go for a larger property.

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

- As per market experts, lack of quality office space has led to a hike in leasing rates in the last few months. In the upcoming months to, strong demand is expected in locations like Hi-tech City. This is expected to push up housing demand in nearby residential precincts such as Gachibowli.



- On the infrastructure front, Metro work is on track and is expected to pick up pace after land acquisition for the same was put into a fast forward mode last quarter.
- Primary residential market will continue to garner interest from end users as speculation would be at its lowest due to investors staying away post demonetisation.

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