

MW MARKET WATCH

Q4 2016 - 17



Key Residential Trends - Delhi NCR

- The real estate market of Delhi NCR had taken a severe beating post the demonetisation drive. While the sentiment among buyers is still low, the Jan-Mar 2017 quarter saw some enquiries pouring in.
- Buyers are still cautious and this actual conversions have not picked up pace yet. With the secondary market taking a hit, investors have kept a low profile while end-users are taking their time to finalise their purchases in anticipation of discounts.
- As the market is largely dependent on end-users at present, preference of buyers is largely towards the affordable segment.
- Few new launches that have taken place in the first quarter of 2017 have also been in the affordable segment, highlighting the developers' intention of targeting the end-user.
- With the Union budget and the state budget focussing on developing affordable housing, this trend is likely to continue.

Sales Volumes, Inventory and Price Trends

- The inventory over-hang in Delhi NCR has been a major cause of concern for the developer fraternity for the last two years or so. The year 2017 has not been any different for them as far as inventory is concerned.
- While enquiries have started happening, trends have been different in different parts of the city. Buyers are more inclined towards smaller ticket sizes and hence markets like Noida and Ghaziabad, which typically have more affordable projects than Gurgaon, have garnered interest.
- On the other hand, in Gurgaon, supply has been always been higher for larger units such as 3 and 4BHKs. However, the pressure of an end-user responsive market and mounting inventory has compelled developers in Gurgaon to re-think their product offerings.
- While a price correction is not on the cards, in order to make housing slightly more affordable, developers in Gurgaon are now reducing the sizes of 2BHK units, the most in demand category at present. The last few months have witnessed units sized at 800-1200 sq ft being launched as opposed to 1200-1500 sq ft 2BHK units.

Expected likely trends during the Q1 2017-18

- Market experts believe that the real estate of Delhi NCR is poised for growth in the coming months. This opinion is backed by multiple infrastructure developments and government policies that favour transparency and discourage speculation and frauds that have marred the sector for long.
- Delhi's state budget focussed on infrastructure upgrades particularly transport allocating more than Rs 1500 crore development of metro and bus terminals and roads.



- The budget also clearly highlighted the state government's intent on promoting affordable housing. The budget had seven housing and related schemes and 35 land development schemes.
- Apart from the budget, several other ongoing and proposed infra-projects are expected to provide an impetus to the dwindling the real estate market in the NCR. Some of these include approval for the Gurgaon-Manesar and Greater Noida metro.
- Another major development that is expected to boost real estate activity especially in the Gurgaon market is the progress in the Dwarka Expressway land feud.
- Moreover, with the RERA becoming a reality soon, sentiments of buyers will get another boost. Already multiple protests by buyers against errant developers have made the developer community more vigilant. These steps are expected to bring in positive changes in the NCR market in coming months.
- Another development that may contribute towards improving buyer sentiments is YEIDA offering possessions of delayed plots.

Key new launches during the quarter:

Developer	Project	Location	Additional Details
Vatika Group	Vatika The Turning Point	Sector 88B, Gurgaon	2 BHK apartments vary between 1,150 – 2,150 sq ft. Starting price of an apartment at this project is Rs 60.4lakhs.
Central Park Group	Central Park The Room at Central Park III	Sector 33 Sohna, Gurgaon	1BHK apartments vary between 837 – 1,350 sq ft starting price of an apartment at this project is Rs 54.1lakhs.

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