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MARKET WATCH

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**HDFC
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Key Residential Trends - Hyderabad

Sentiments, New launches and Enquiries

- Growth in number of enquiries for residential properties in Hyderabad saw a marginal uptick during August as potential buyers have started to realise that the prices may not fall any further. Also, the market sentiment is picking up gradually with the stabilization of the state's political situation.
- Demand was comparatively higher for 3-BHK units falling in the price bracket of Rs. 35 to 55 lakh per unit. While, the demand from HIG buyers mainly revolved around properties priced in the range of Rs. 85 lakh to 1.3 crore per unit.
- Majority of the end-user demand was inclined towards affordable homes in commercially driven localities of the city. On the contrary, investors preferred branded projects falling in higher price brackets, with the hope of better price appreciation.
- Enquiries were mainly for properties located in Madhapur, Gachibowli, Kondapur, Kukatpally and upmarket areas of Banjara Hills and Jubille Hills. However, a good proportion of investors were also interested in plotted projects coming up in the outskirts localities of Ghatkesar, Shankarapally and Aadibatla. With the completion of ORR (outer ring road), localities around Pocharam and Ghatkesar are also witnessing a steady increase in supply. This supply mostly comprises low rise projects developed by unorganized builders.
- Positive market sentiment and stable political environment led to a slight increase in number of new launches, especially in the luxury segment, as compared to the previous month.
- The ongoing development on implementation of GST in India did not appear to have any significant impact on the city's real estate market during the month.

Sales Volumes, Inventory and Price Trends

- As opposed to the positive movement in number enquiries, growth in sales generally remained stagnant. Owing to the high turnaround time it will take some time until a considerable movement is witnessed in sales numbers.
- Similar to the previous month, majority of end-user transactions were registered in the price range of Rs. 27 to 45 lakh per unit. While, investor related transactions ranged in the price bracket of Rs. 40 to 65 lakh per unit.
- Going hand in hand with sales, the average capital values across the city continued to remain at the same levels as the previous month.
- Average discounts on capital values remained between 7-8 percent and were limited to customers with genuine buying intent. However, at overall level there were very few discounts and offers in the market. Developers are mostly focusing on aspects such as unique designs, themes and amenities to attract buyers.

Expected Likely trends during September 2016

- On a broader level, absorption and prices are expected to remain more or less the same during the

upcoming month. However, going by the positive market sentiment, absorption is expected to improve marginally in the next 3 to 4 months. This is also expected to cause a slight increase in the average capital values throughout the macro markets.

- The completion of ORR (outer ring road) is expected to bring considerable real estate development in the outskirts localities of Hyderabad such as Medchal and Pocharam. Even at overall city level, commencement of ORR will have a positive impact on the city's image.
- However, Hyderabad metro rail, the city's most awaited infra project, is running behind schedule. Though, the entire work on Miyapur-SR Nagar stretch of line-I has been completed, the commencement date is still to be finalized by the authorities. It will take some time till the project starts making a substantial impact on the city's realty.



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