



 TruBoard Partners

CREDAI - **MCHI**

**MMR
HOUSE PURCHASE
SENTIMENT INDEX**

JUNE 2022



TruBoard is a start-up registered with the Start-up India initiative of the Government of India. TruBoard partners with global and domestic capital providers including banks, NBFCs, Alternative Investment Funds (AIFs), mutual funds, Infrastructure Investment trusts (Invits), distress funds, pensions funds and private equity for post-investment life-cycle management solutions for financial and physical assets.

TruBoard's unique PhyGital model is a culmination of the teams' experience [finance, legal, technical professionals] and our proprietary technology platform - TruGenie [collect, analyze and present data] that helps to manage risk and maximize portfolio returns.

Our Real Estate ecosystem focuses on digitizing the investment process for capital providers encompassing asset-level data, macro market data, construction management etc. with an overall focus on seamless information flow and predictive capabilities.

TruBoard's services support stakeholders in India's corporate and retail lending and investment ecosystem.

A. For lenders & investors, corporate segment: TruBoard provides qualitative and quantitative Early Warning Systems (EWS) for assets/portfolios. The signals are based on TruBoard's ability to collect end-to-end data directly from the underlying companies and through digital footprints. This presents a holistic view for better decision-making.

B. For lenders & investors, retail (including MSME) segment: TruBoard combines feet on ground collection team with a strong analytics framework to help manage portfolios better.

Sangram Baviskar

MD's desk

TruBoard Partners



This report highlights why CREDAI_MCHI has made 'valuable research' in the real estate industry its top priority. While it is good to see critical "core" inflation moderating, it is not coming down as sharply and as quickly as we must see. This report shows us the share of customers who want to buy real estate based on optimistic expectations on price and loan rate trends. However, they can also change mind if reality diverges from expectation. Though we have seen reduction in the home loan rates, this report interestingly shows that 1 in every 4 potential home buyers in MMR are expecting the home loan rates to increase and hence are inclined to invest at the earliest. The global circumstances have hit high to the global level: high fuel, energy, and food prices accounted for around half of the monthly price increases. Even if our real estate eco system focuses on more affordable offerings from variety of property buyers, I feel we must do more—and quickly—to support the stake holders in India's leading industry ecosystem.

The report hints at lower optimism of buyers who are business owners compared to salaried individuals. I reckon CREDAI-MCHI will continue to address the concerns of this particular segment and will continue to do everything we can to make real estate accessible to common citizens. This reports also hints at high probability of low risk buyers to close the deals in areas like BKC, Chembur, Lower Parel and Powai which are emerging micro markets of MMR. Such hints are clear indicators of future potential areas. Research also points out at growing influence of female buyers in the real estate market which is an encouraging sign.

CREDAI-MCHI is constantly working with the Government for better and evolving policies to help the real estate sector. We all have work to do to ensure real estate is accessible to the citizens of MMR. I hope this report will give good insights to my fellow real estate developers and members of CREDAI-MCHI.

Best,

Boman Irani
President
CREDAI-MCHI



CREDAI-MCHI in association with TruBoard has successfully developed a quarterly House Purchase Sentiment Index (HPSI) to exactly capture the perspective of prospective home buyers. This is first of its kind of forecast strategies and will make the investors and real estate developers aware about the human sentiments behind the buying decisions pertaining to Real Estate. Unlike other indexes, this research index is not based on historical sales data or pricing.

This report also marks the importance of real time research in the Real Estate Industry. This report highlights the trend of prospective buyers and their expectations on real estate prices. The current developments including the reduction in loan rates was thought to be a game changer but this research shows that the more aware lot of prospective buyers are expecting the same to increase in near future and hence are sitting on the fence.

This index is a key tool for developers, policy makers and banking organizations as it transparently shows the confidence levels of purchasers for various micro markets of MMR. It will guide us to reshape our sales strategies and the way we treat our customers and investors. CREDAI-MCHI is glad to present such in depth and real time research index which will benefit the entire real estate sector in the MMR.

Fantastic efforts from team TruBoard lead by Sangram Baviskar and team MCHI led by Harshul Savla under constant guidance from CREDAI-MCHI President Shri Boman Irani and Hon. Secretary Shri Dhaval Ajmera

Many thanks,

Keval Valambhia

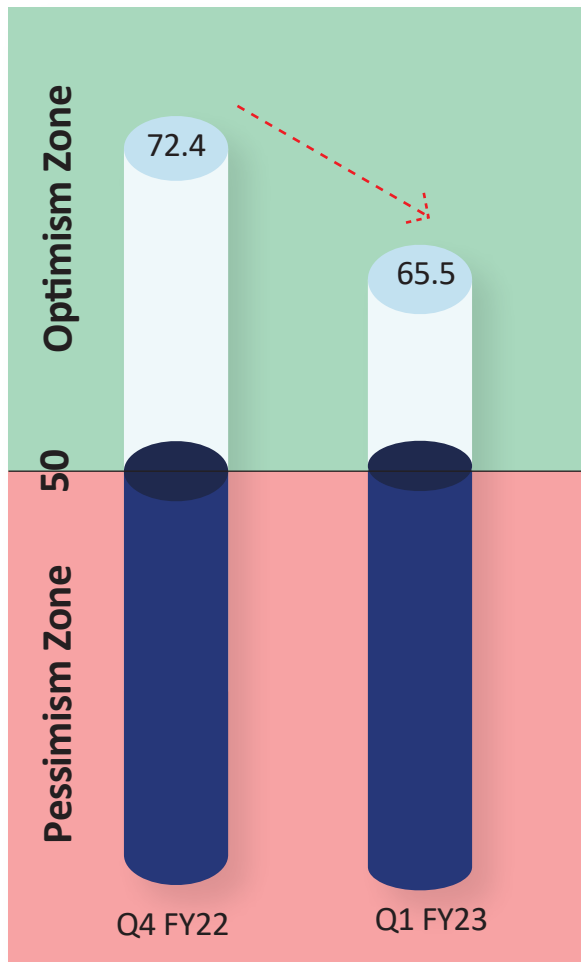
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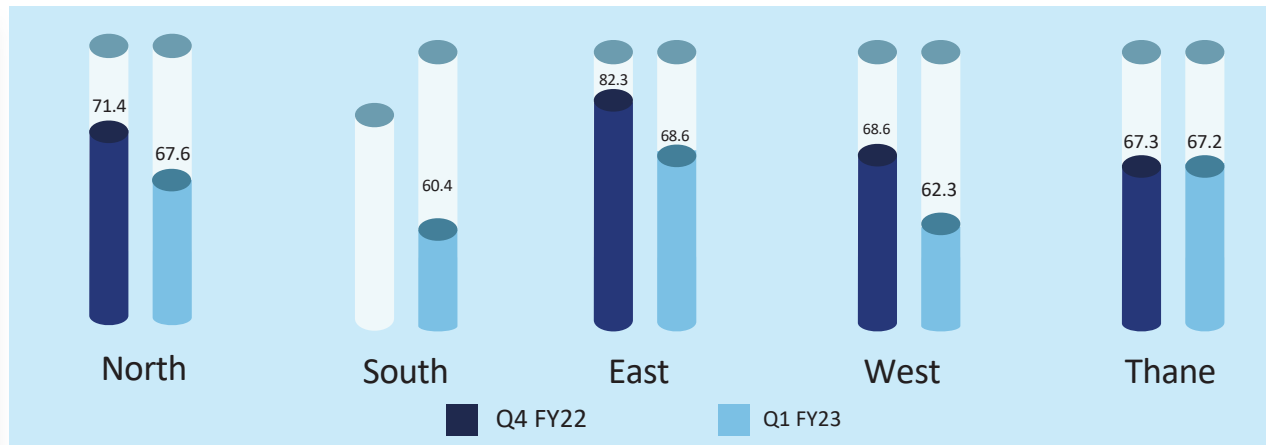


HOUSE PURCHASE SENTIMENT INDEX (HPSI)

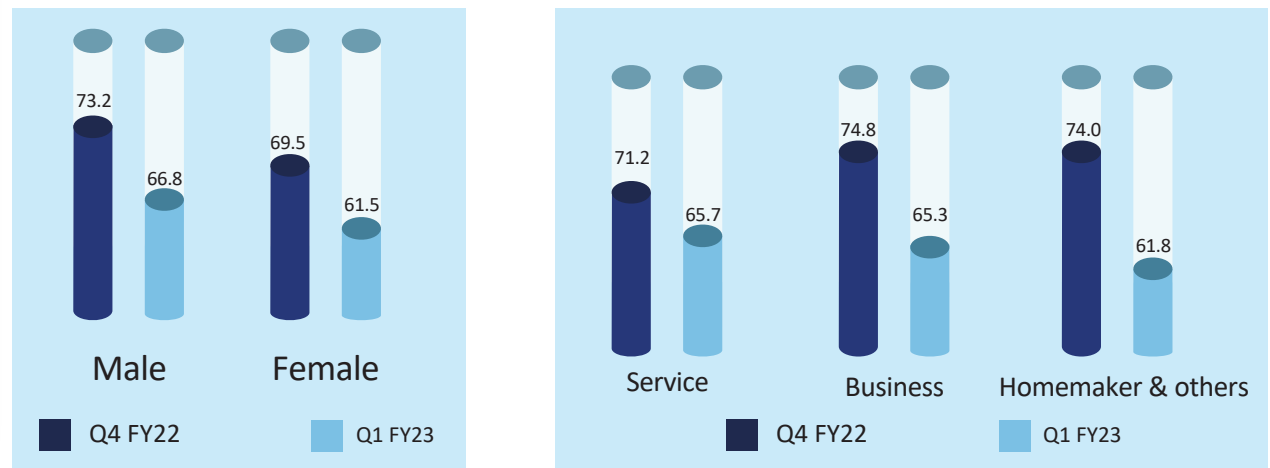
House Purchase Sentiment Index



Regional Trends



Demographic Trends

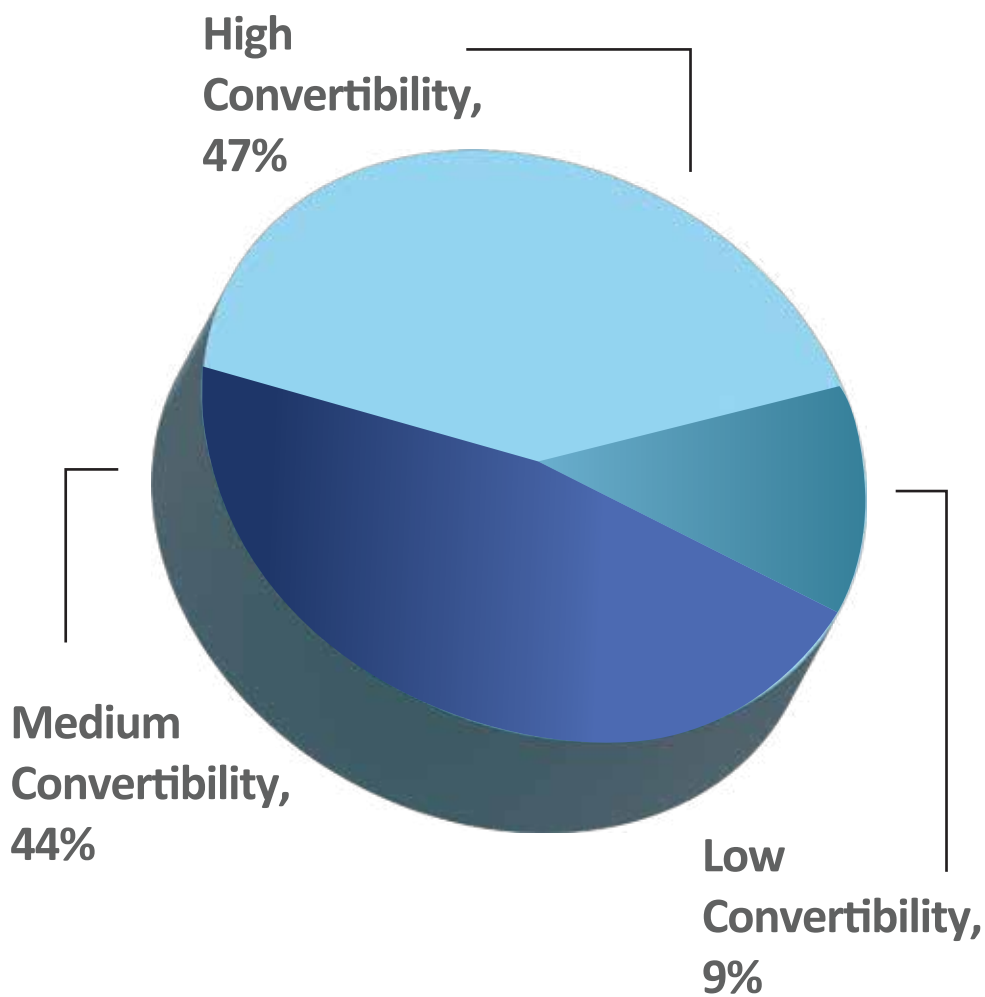


HOUSE PURCHASE SENTIMENT INDEX: MUMBAI METROPOLITAN REGION (MMR)

- House Purchase Sentiment Index dipped 9.5%, quarter on quarter, in Q1 FY23. However, the Index level still depicts optimism (>50) about buying a home among MMR customers.
- The Q1 reading signifies, while sales momentum will remain strong in next 2 quarters, it will be weaker than H2FY22. Probability of sales conversion will be lower over the next 6 months, compared to the preceding 6 months.
- Eastern suburbs most optimistic, though levels declined sharply. Buyers in Thane* more resilient with plans vs rest of MMR
- Optimism among female buyers declined more sharply than males.
- Optimism to buy is lower among prospective buyers who are business owners compared to salaried individuals



CONVERSION RISK: PROBABILITY OF SUCCESSFUL SALES



Low Convertibility: Share of customers who want to buy based on optimistic expectations on price and loan rate trends. Can change their mind if reality diverges from expectation.

Medium Convertibility: Share of customers who want to buy based on mixed expectations on future price and loan rate trends. Sitting on fence.

High Convertibility: Share of customers who want to buy despite knowing about higher prices and home loan rates. High chances of final sale.

EXPECTED IMPACT OF PRICE HIKE ON SALES

- 1 in every 3 potential home buyers in MMR expect some price rise in next 6 months
- 1 in every 2 who believe prices will rise, also believe loan rates will rise.
- Despite that, every 2 out of 3 who believe prices will rise, want to certainly buy a home in 3 to 6 months.

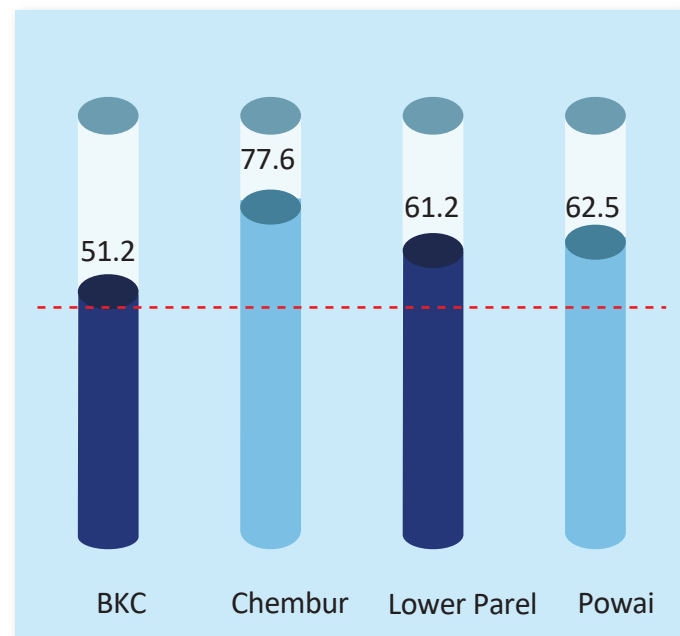
EXPECTED IMPACT OF LOAN RATE HIKE ON SALES

- 1 in every 4 potential home buyers in MMR expect home loan rate to increase.
- 70% males who expect loan rates to rise, still want to buy a home in 6 months. However, only 50% females who expect loan rates to rise want to buy in next 6 months. Despite that, every 2 out of 3 who believe prices will rise, want to certainly buy a home in 3 to 6 months.
- While MMR buyers are less sensitive to loan rate hikes, females are relatively more concerned than males.



DIVERGENCES ACROSS SELECT MICRO MARKETS IN MMR REGION

Differences within select MMR Micro Markets



CONVERSION RISK IN SELECT MMR MICRO MARKETS

- **BKC:** 32% of prospective buyers are low risk buyers, with high probability of deal closure in 6 months.
- **Chembur:** 48% of prospective buyers are low risk buyers. Despite that, every 2 out of 3 who believe prices will rise, want to certainly buy a home in 3 to 6 months.
- **Lower Parel:** 35% of prospective buyers are low risk buyers.
- **Powai:** 25% of prospective buyers are low risk buyers.

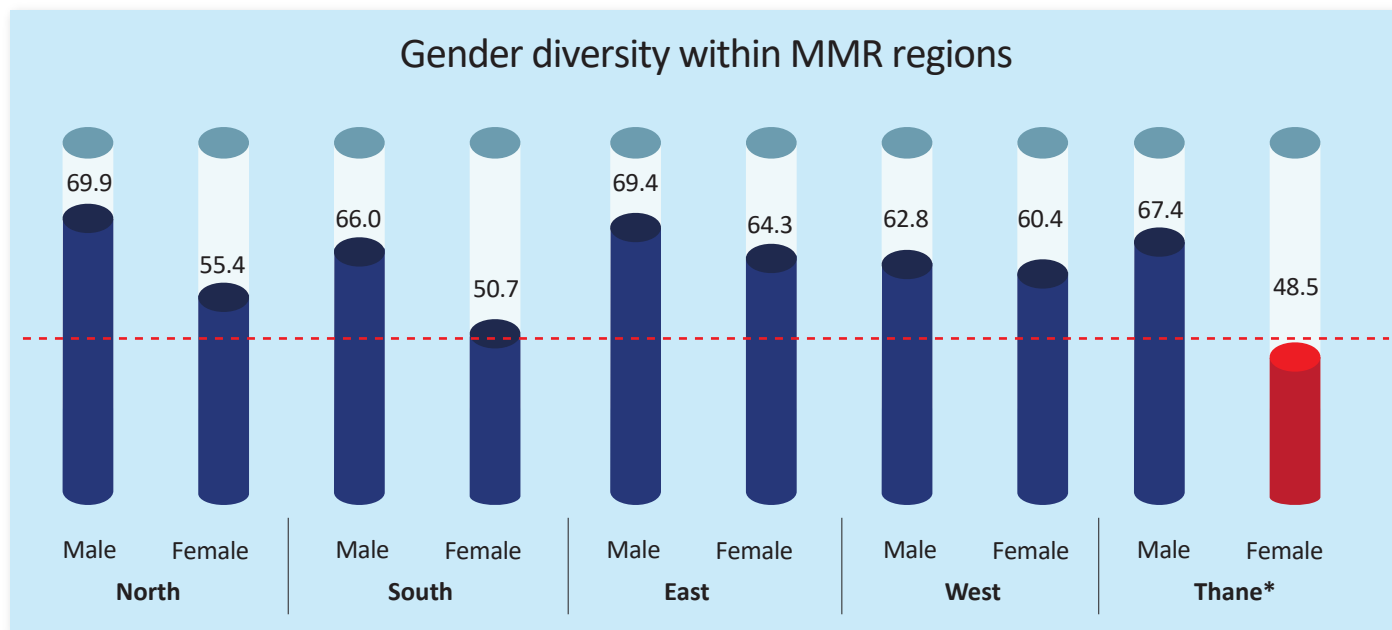
GENDER DIVERSITY IN SELECT MMR MICRO MARKETS

- **BKC:** Females were highly pessimistic. While only 15% females showed an interest to buy in 6 months, 50% males surveyed plan to buy.
- **Chembur:** Female buying propensity is much higher than males, 86% vs 68% respectively.
- **Lower Parel:** Buying propensity balanced at 56% for both the genders.
- **Powai:** 53% male and 40% female prospective buyers expect to buy in 6 months.

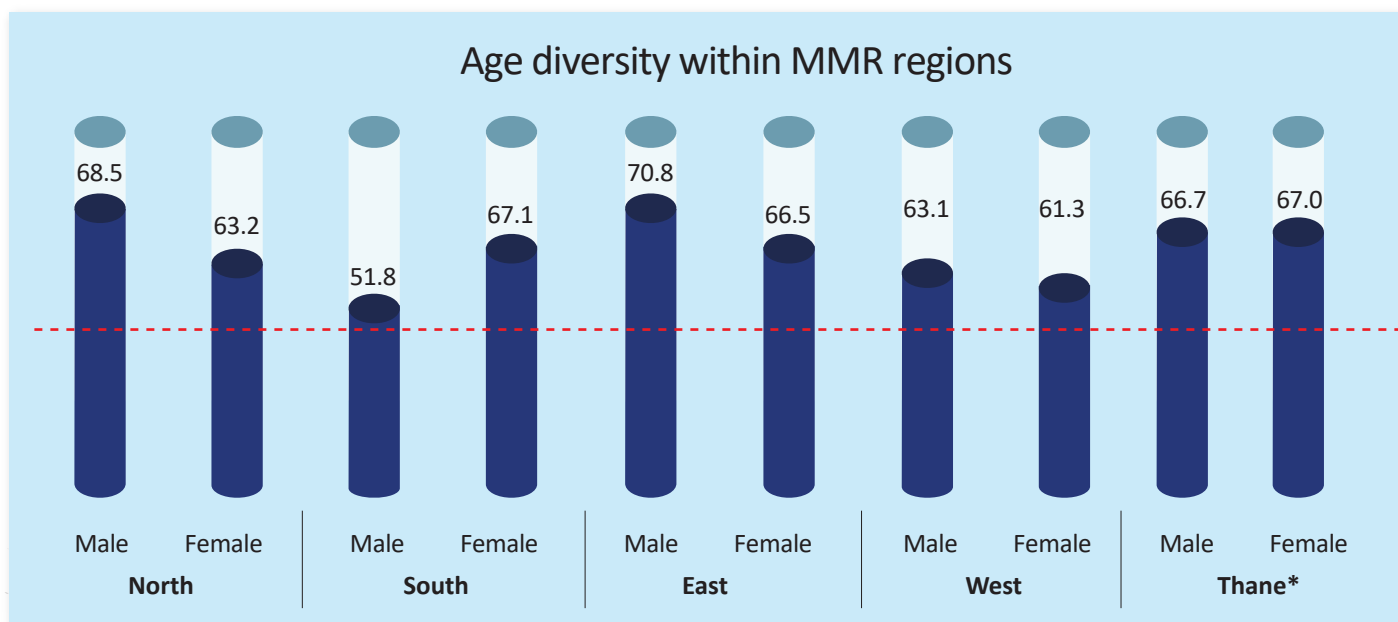


DEMOGRAPHIC DIVERGENCES

**Demand patterns differ by gender, age, occupation.
Requires targeted strategy**



- Females in Mumbai are less optimistic than males regarding new home.
- Across regions, female prospective buyers in Thane* were pessimistic with no plans to buy in next 6 months.
- Males in Northern and Eastern suburbs were most optimistic about buying a house.



- Young prospective homebuyers (less than 40 years old) in South Mumbai are the least optimistic, while their counterparts in Eastern suburbs most optimistic in buying a home in 6 months.



KEY NUGGETS FROM Q1 DATA

- Risk of higher home loan rates is low among prospective buyers in MMR region. 1 in every 2 customers have priced in higher home loan rates in their purchase decision.
- Overall, salaried people are more optimistic than business owners. But, business owners appear more informed about future price and loan rate trajectory. Accordingly, 1 out of every 4 business owner who have plans to buy in six months have priced in higher prices and loan rates, and hence will be easier to sell to them.
- Businessmen in eastern suburbs and Thane* are more prone to this trend, compared to any other regions in MMR
- Customers aged 40-50 are most likely to buy a home. 1 out of every 4 customers aged 40-50 who also believe prices and interest rates will go up in the next 6 months are planning to buy a home.

ABOUT HPSI

The House Purchase Sentiment Index is based on quarterly surveys of prospective home buyers carefully selected across key micro-markets in the Mumbai Metropolitan region (MMR). It provides an advance signal on propensity to buy homes among prospective buyers across major demographic clusters:

- Geographic location
- Age category
- Gender
- Occupation type

This one-of-a-kind index in India is a useful tool for:

Real estate developers and housing finance companies to forecast demand and plan marketing strategies.

- Investors to gauge the future financial health of RE developers in specific micro markets
- Policy makers (RBI, State Government and Central Government) to ascertain sensitivities on home demand from policy changes.
- Home buyer to gauge the overall sentiment of other consumers.
- Research analysts tracking Real Estate Sector



METHODOLOGY

The Index is based on a quarterly survey of 750 respondents. The survey questionnaire is designed by TruBoard, and the surveys are executed on the field by MCHI.

The survey is conducted by a pen and paper mode by sales agents across major residential sites in MMR. The data is then tabulated in a digital format and is processed as follows to arrive at the Index:

Step 1: Diffusion scores for each question (in the questionnaire) is computed as a weighted share of positive responses out of all responses. The Diffusion Score for each question can range between 0 to 100.

Step 2: A weighted average of Diffusion Scores is computed to arrive at the composite House Purchase Sentiment Index for every micro market where surveys are conducted.

Step 3: A weighted average of all micro market indexes is calculated to arrive the overall Index for Mumbai Metropolitan Region. The Index ranges between 0-100, with 50 being the threshold beyond which scores are deemed optimistic. Scores below 50 are considered pessimistic.



CREDAI-MCHI is an apex body consisting of members from the Real Estate Industry from the Mumbai Metropolitan Region (MMR). With a strong Membership of over 1250+ leading Developers in MMR, CREDAI-MCHI has expanded across MMR, having its own Units in the region of Thane, Kalyan-Dombivli, Mira-Bhyandar, Vasai-Virar, Raigad, Navi Mumbai, Palghar, Boisar, Bhiwandi, Uran-Dronagiri, Shahapur-Murbad, Alibag, Karjat-Khalapur-Khopoli and Pen. CREDAI-MCHI is the only Government recognized body for private sector developers in MMR and consistently working to make the industry more organized and progressive. CREDAI-MCHI under the aegis of CREDAI National which is an apex body of 13000 developers from across the nation has developed into a preferred platform with regard to a regional discourse on housing and habitat through its close and deep networking with the Government.



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TruQuest is a knowledge series launched by TruBoard Partners providing succinct updates and views on:

- Liquidity Outlook
- India's macro-economic view
- Trends within the Infrastructure, Real Estate and Renewable Energy sectors
- Impact analysis of new regulations and policies on lending and capital flow



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TruBoard provides bespoke solutions for capital providers to better manage their investments and maximise returns. TruBoard brings in a combination of domain expertise and artificial intelligence to the mainstream of financial analysis, enabling speedy and effective decision making. TruBoard's core area of operations are Credit Monitoring, Real Asset Management, Retail Loan Servicing and Collection, and Dispute Resolution and Advisory.





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