

Real Estate Quarterly Trends (Q1 FY24)



Summary



Property prices throughout India have risen in comparison to last year, although the pace of price rise moderated in Q1 FY24.



Property prices (weighted average*) in Mumbai and Gurugram were the highest at ~INR 19,000 sq. ft and ~INR 10,000 sq. ft. in Q1 FY24 respectively.



Hyderabad witnessed the highest inventory overhang with 16 months, followed by Thane and Mumbai at 13 months each respectively.



Absorption of new launches stood at ~28,000 units in Q1 FY24 from ~33,000 units in the previous quarter at a pan-India level.

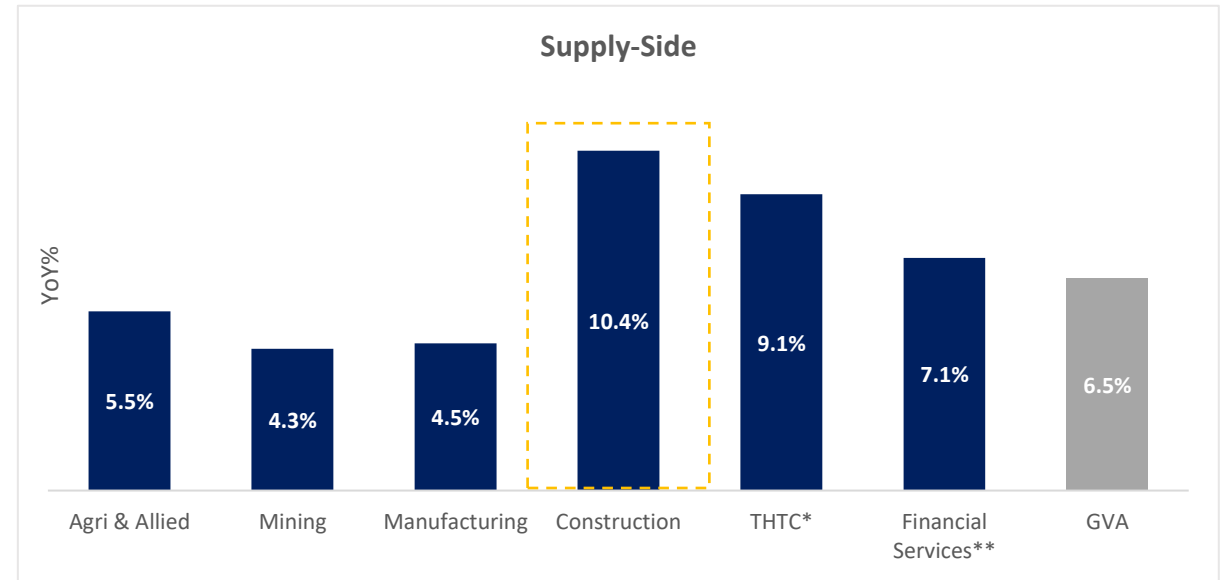
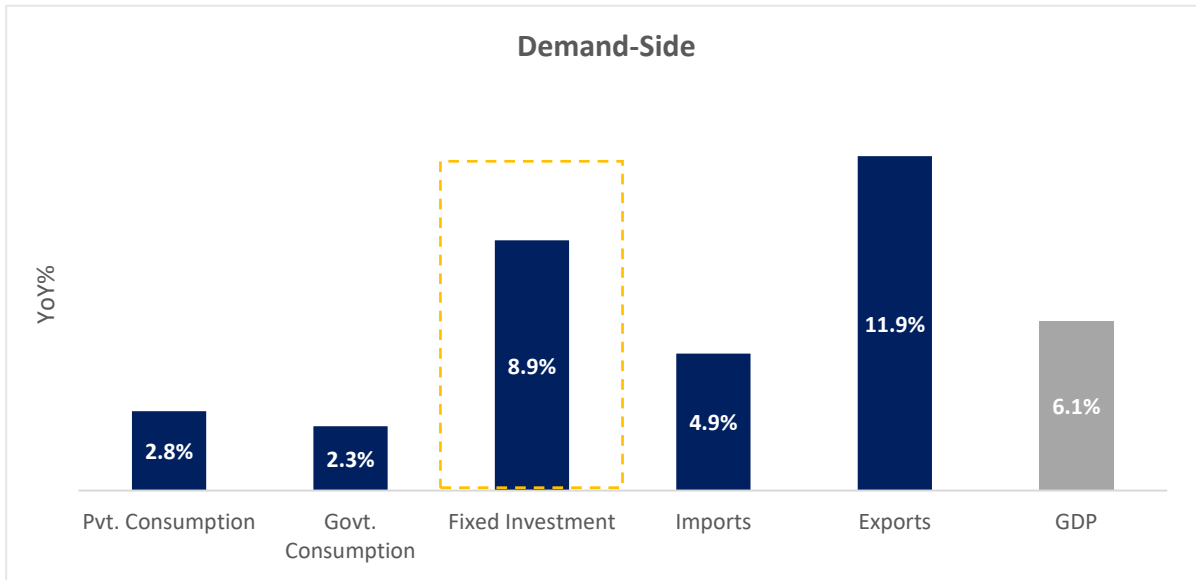


Absorption ratio* of housing units in Q1 FY24 was highest in Gurugram at 26%, followed by Pune and Bengaluru at 25% and 24%.



Cost of construction declined 1.3% on-year in Q1 FY24, compared to 1.2% the previous quarter.

India's growth exceeded expectations in Q4 FY23



Real GDP in Q4 FY23 witnessed an on-year growth of 6.1%, compared to a growth of 4.5% the previous quarter.

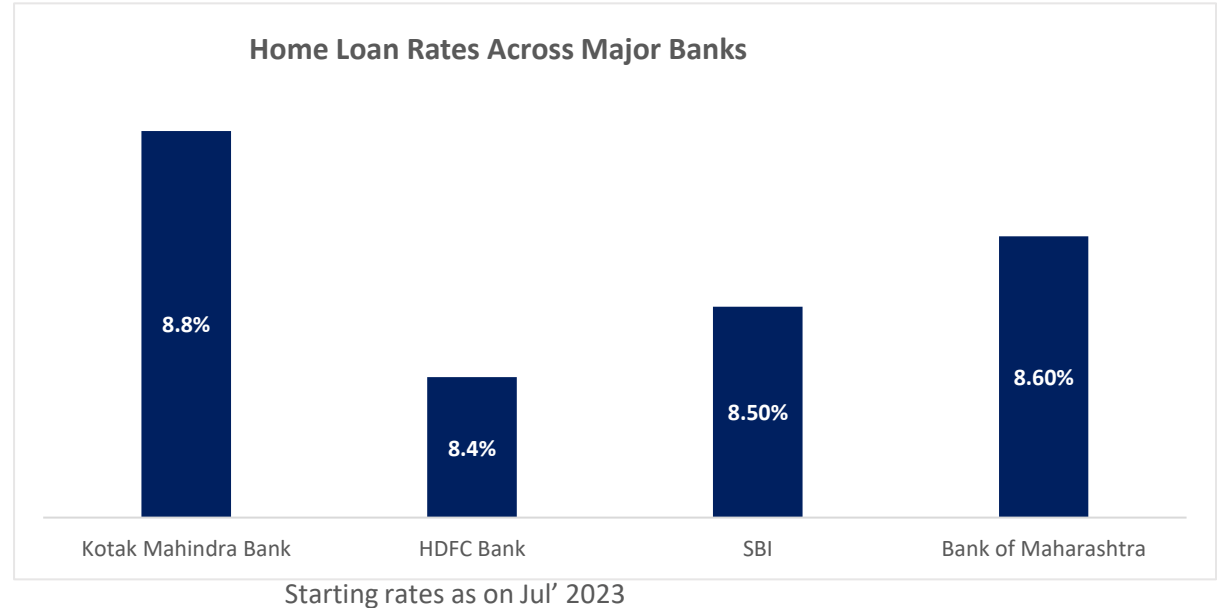
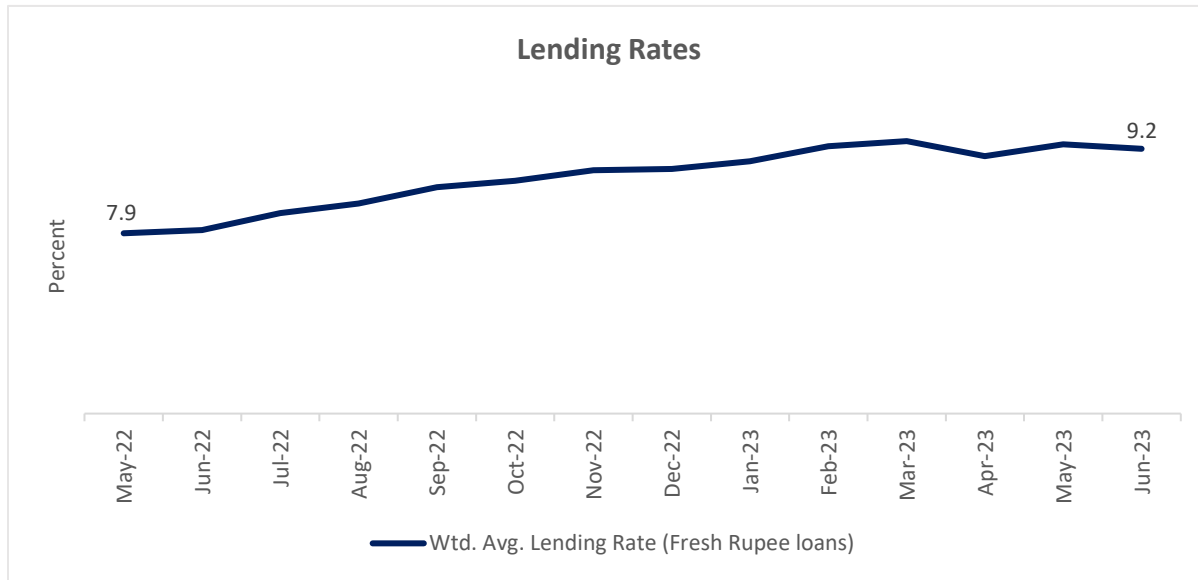


On the demand-side, fixed investment and exports recorded the highest on-year growth at 8.9% and 11.9% respectively, compared to 8% and 11.1% the previous quarter.



On the supply-side, construction sector recorded the highest on-year growth at 10.4% vs 8.3% the previous quarter.

Lending rates on the rise...



Policy repo rate has risen by 250 bps during FY23 from 4% to 6.5%.

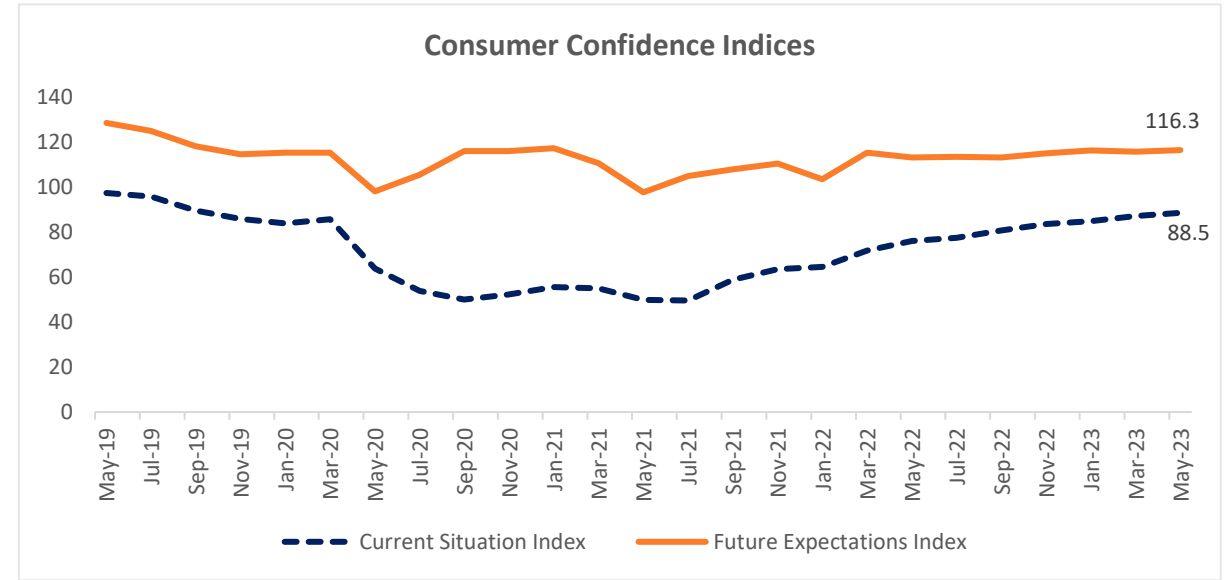
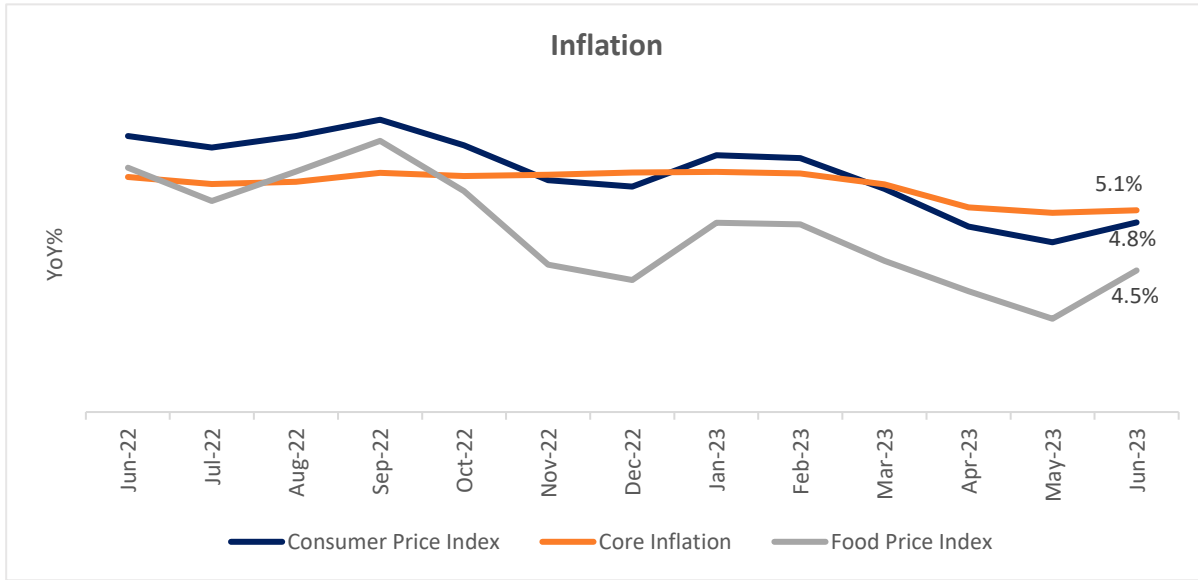


The effect of this can be seen in rising weighted average lending rates and home loan rates. The weighted average lending rate has risen by 180 bps during FY23.



Growth in outstanding home loans has moderated to 14.6% in Q1 FY24 from 15.1% in Q4 FY23.

Headline inflation falls under the RBI's tolerance band



CPI in Q1 FY24 came in at 4.6%, compared to 6.2% the previous quarter. Core inflation (excluding food and fuel inflation) too, came under the RBI's upper tolerance limit* at 5.1%, compared to 6% the previous quarter.



Marginal improvement in consumer sentiments regarding economic conditions and income offer some comfort on the inflationary and growth outlook.

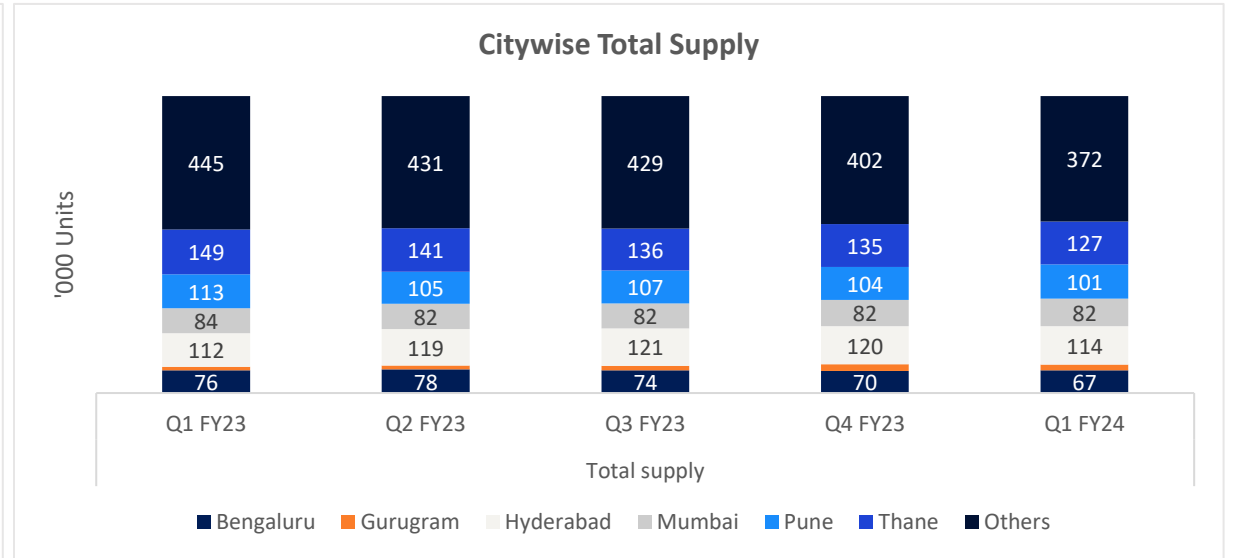
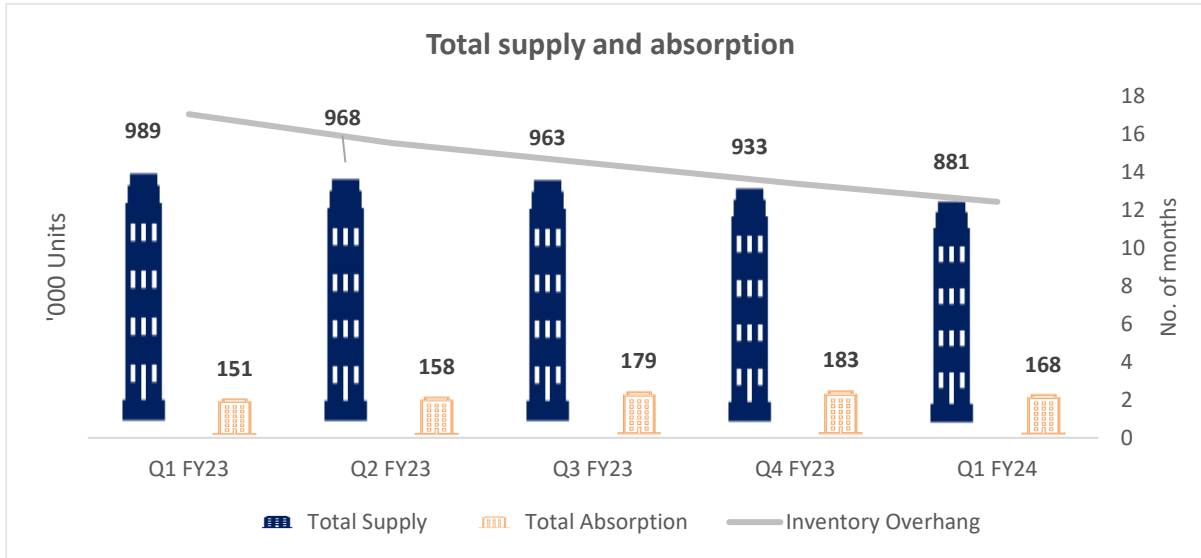
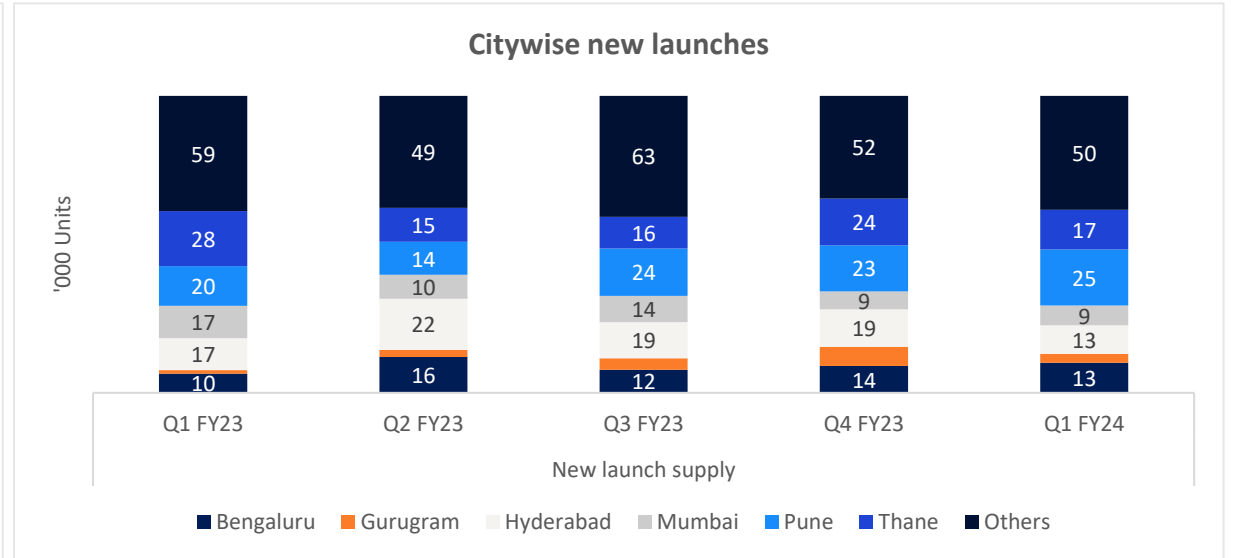
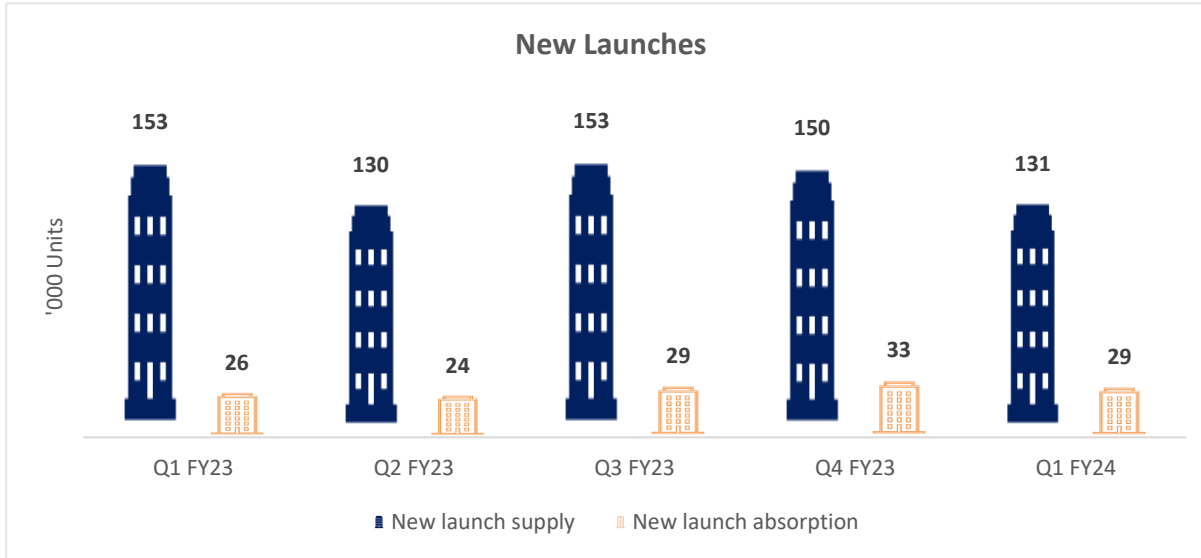


With a pause in repo rate by the RBI and easing in inflation, borrowing costs are unlikely to increase sharply.

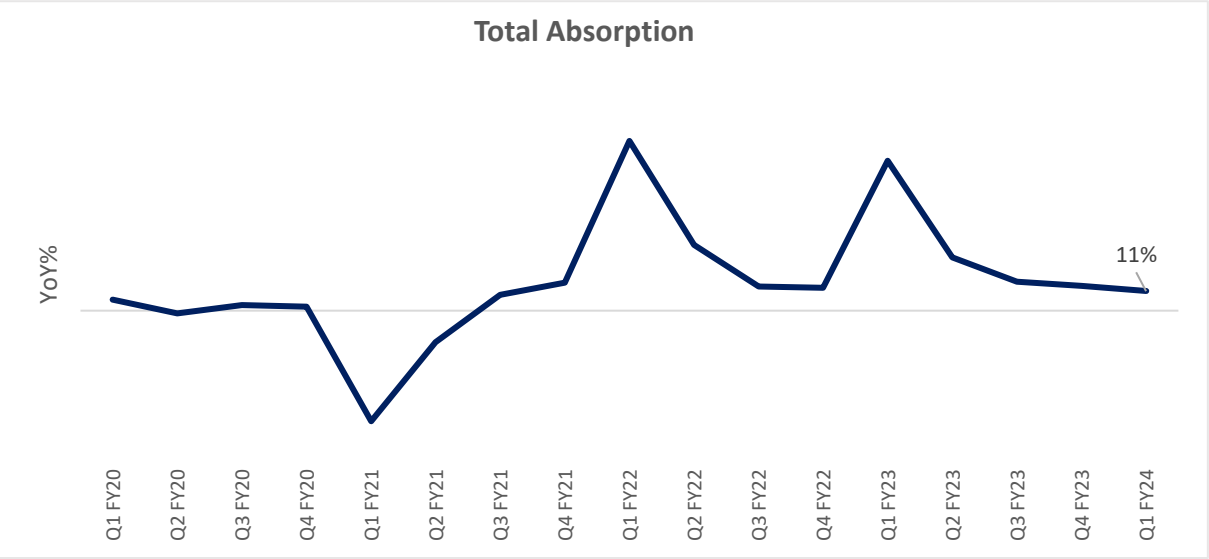
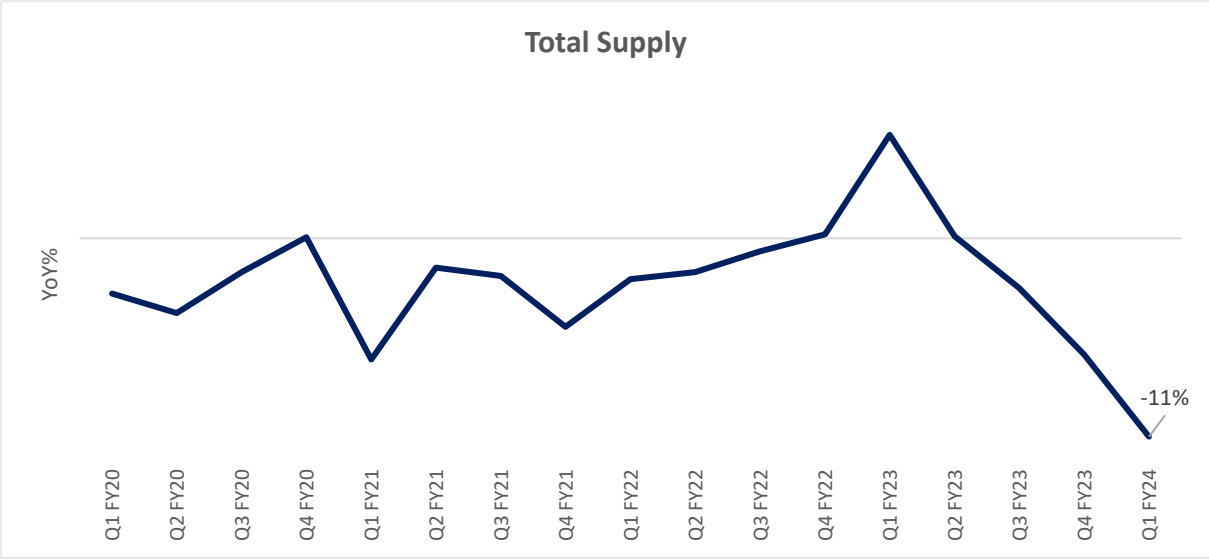
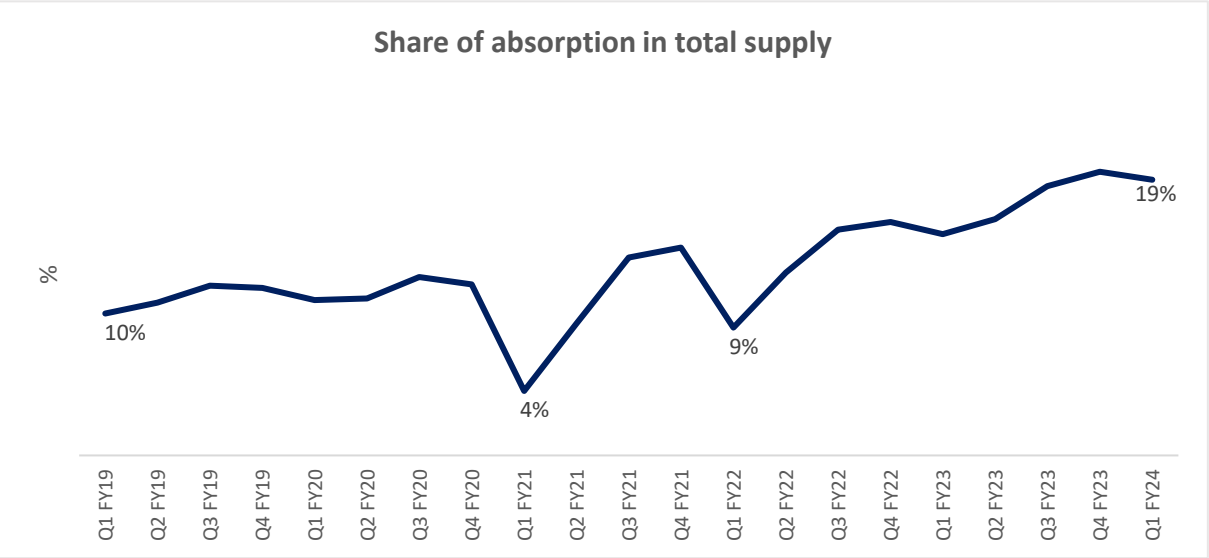
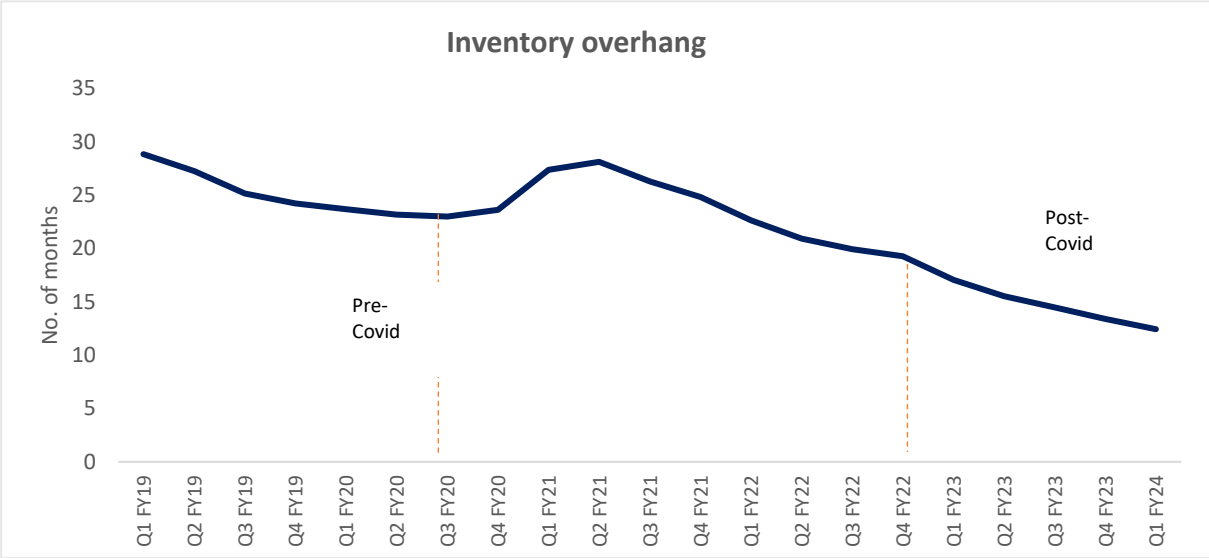
High frequency indicators suggest buoyant domestic demand

% YoY	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23
Currency in Circulation	8.0%	8.1%	8.1%	8.3%	9.3%	7.7%	8.2%	8.6%	8.1%	7.8%	7.7%	7.8%	4.1%
Registered Motor Vehicles	21.5%	-8.8%	7.6%	7.5%	47.8%	19.0%	-6.6%	14.0%	16.7%	14.7%	-3.4%	10.5%	9.6%
Petrol Consumption	23.2%	6.8%	11.6%	8.8%	8.9%	8.2%	6.0%	14.3%	8.9%	6.8%	2.8%	11.0%	6.2%
Rail Passenger Traffic	237.6%	168.6%	113.6%	87.6%	62.2%	51.1%	40.7%	64.5%	29.8%	20.5%	20.2%	17.7%	12.5%
Air Passenger Traffic	247.2%	98.2%	54.6%	50.1%	29.8%	11.5%	14.2%	95.6%	56.8%	21.4%	22.2%	15.2%	18.8%
GST Revenue	55.8%	28.0%	28.2%	26.2%	16.6%	10.9%	15.2%	12.7%	12.4%	12.7%	11.6%	11.5%	11.7%
Personal Loans	18.1%	18.7%	19.4%	19.4%	20.1%	19.6%	20.0%	20.4%	20.4%	20.6%	19.4%	19.2%	--
IIP: Consumer Durables Goods	25.2%	2.3%	-4.4%	-5.5%	-18.1%	5.0%	-11.2%	-8.2%	-4.1%	-8.1%	-2.5%	1.1%	--
IIP: Consumer Non-Durables Goods	2.9%	-2.9%	-9.0%	-5.7%	-13.0%	10.0%	7.9%	6.5%	12.5%	-2.7%	10.8%	7.6%	--

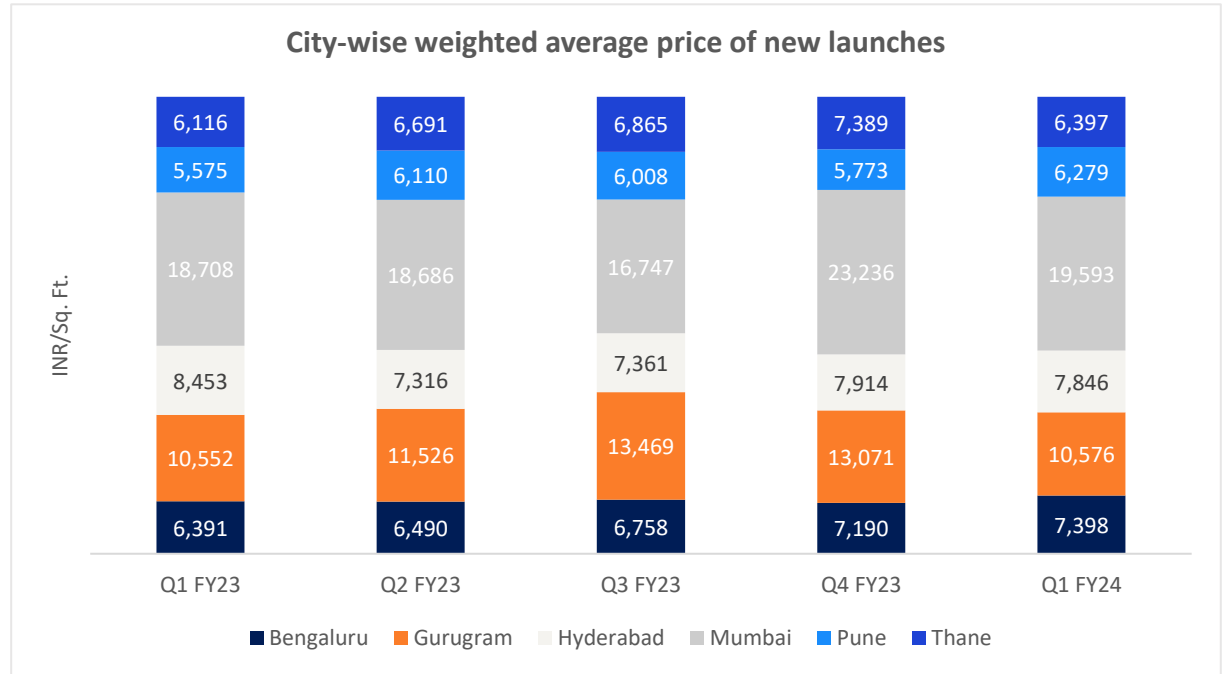
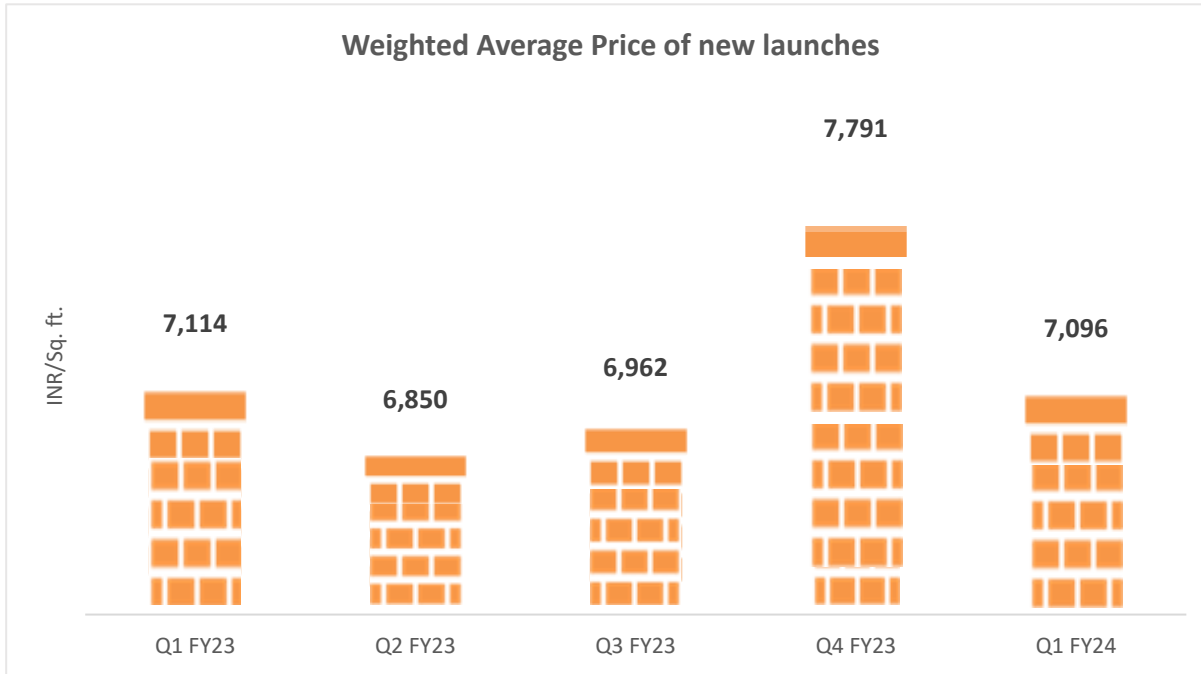
Demand & supply trends- All India and city-wise



Inventory overhang in falling



Price Trends- All India and city-wise

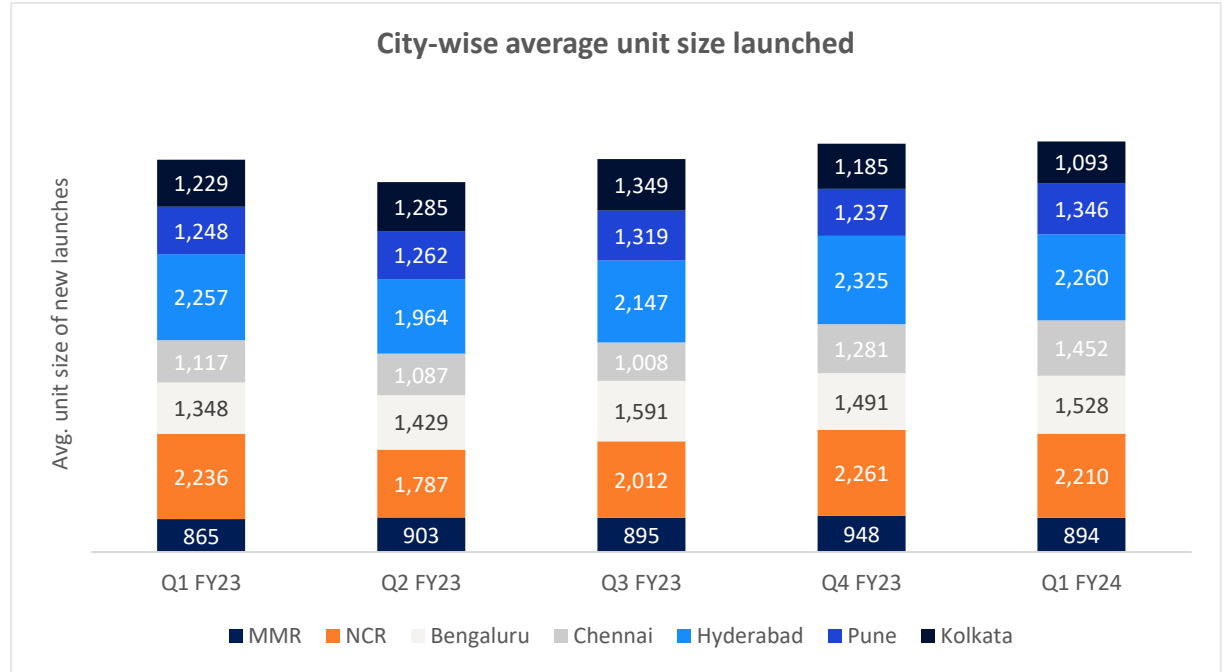
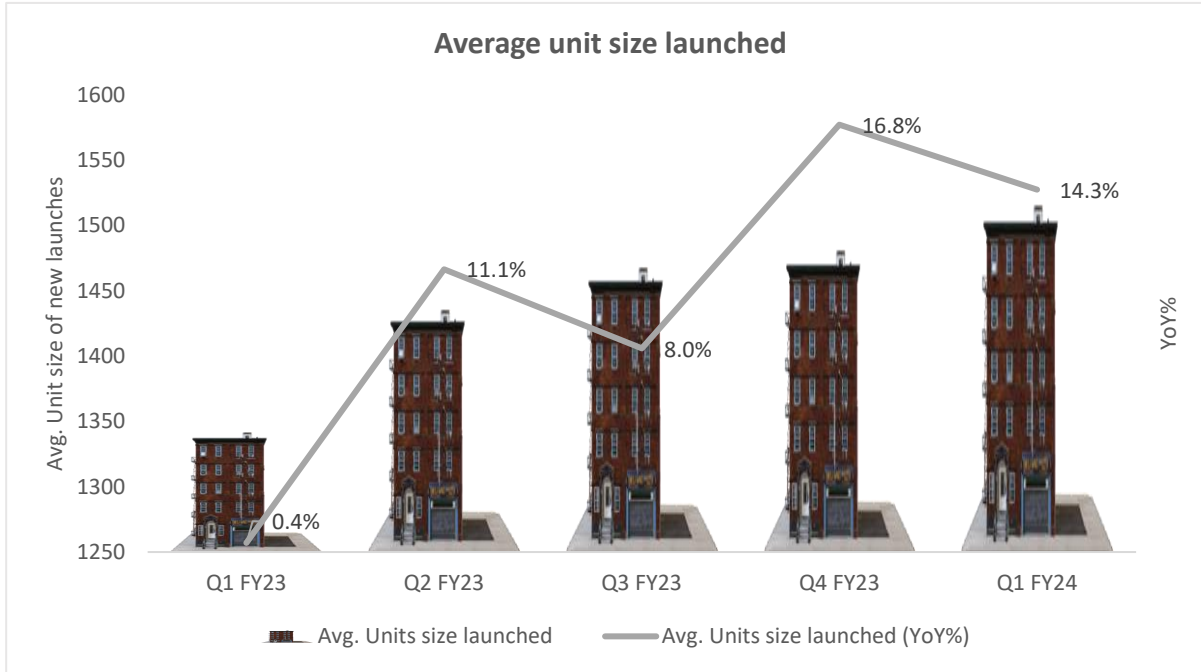


According to RBI's All India House Price Index, property prices inched up 4.6% on-year in Q4 FY23 from 2.8% the previous quarter and 1.8% a year ago.



The on-year movements varied widely across cities.

Unit size of new launches

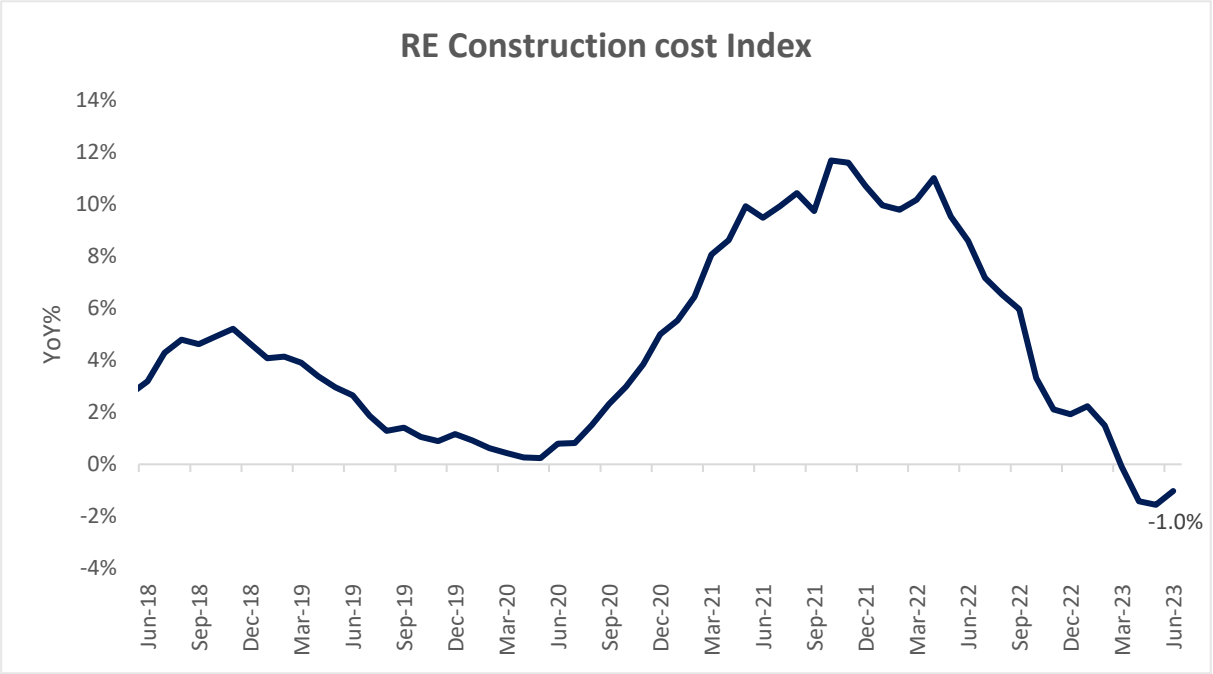
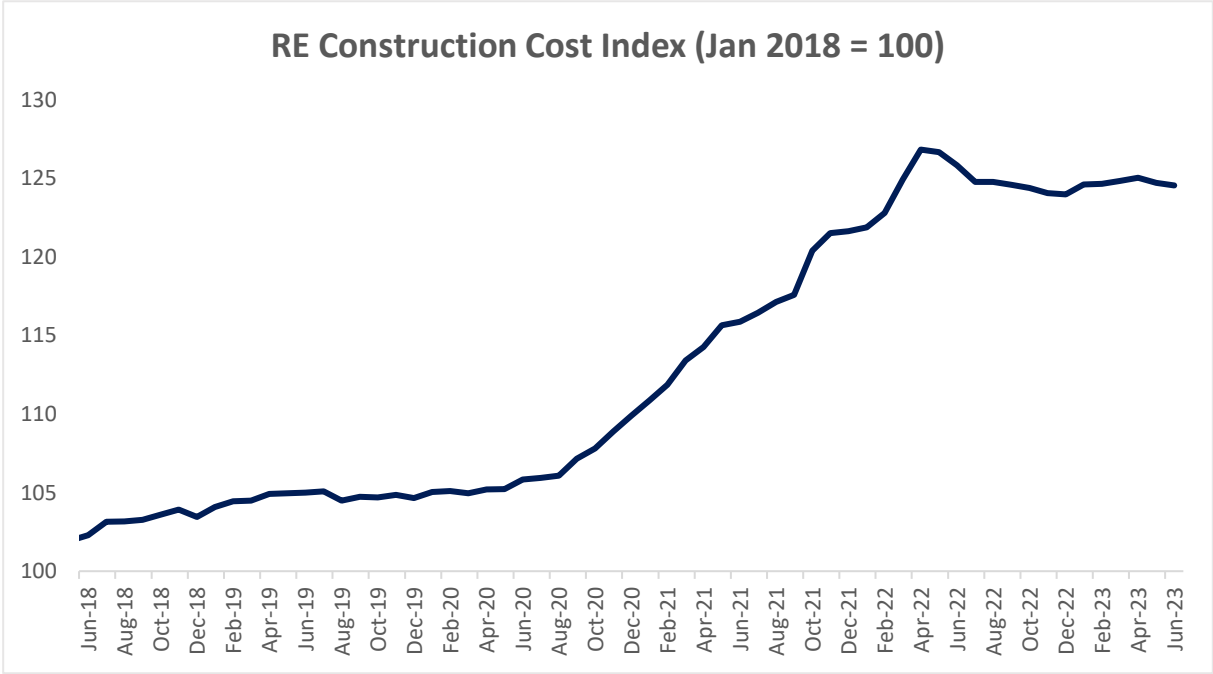


On-year growth in average unit sizes launched stood at 14.3% in Q1 FY24 across top 7 cities, compared to 17% in Q4 FY23.



This growth was led by Chennai and Bengaluru, recording an increase of 30% and 13% respectively, in Q1 FY24, compared to 11% and 17% in Q4 FY23.

TruBoard Real Estate Construction Cost Index



The index attempts to gauge trends in construction cost, due to changes in material/commodity cost and labor cost. For this purpose, we assign 75% weight to material/commodity cost and 25% weight to labor cost.

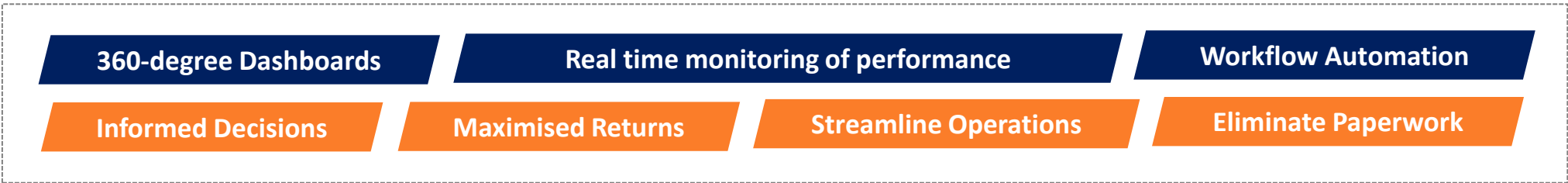
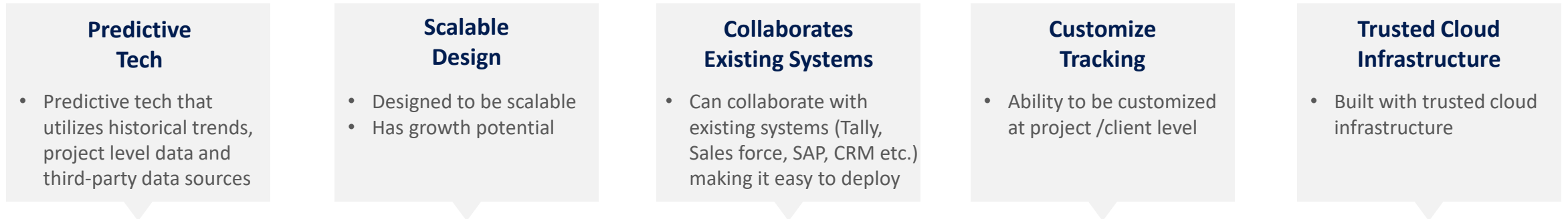


Given the declining trend in WPI throughout Q1 FY24, construction costs are unlikely to rise in the next 3-6 months.



Cost of construction declined 1.3% on-year in Q1 FY24, compared to 1.2% the previous quarter.

TruGenie: Platform for Real Estate Asset Performance Management



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