

Realtors expect record sales this year; unsold inventory hits a decadal low

By Faizan Haidar, ET Bureau | Last Updated: Oct 10, 2023, 08:26 AM IST

Synopsis

Property developers in India's top seven cities are expecting home sales to reach more than half a million units this year, driven by strong demand and new launches. Despite concerns about rising interest rates, industry executives and experts believe that demand will remain robust. The reduction in unsold housing stocks in tier-1 cities also indicates the confidence of homebuyers. New property launches in the top cities have remained consistent with 2022 levels, and the market's resilience is evident with an 8% rise in absorption compared to last year. Pune, Hyderabad, and Thane have emerged as leaders in new launches and absorption.



Meanwhile, unsold housing stocks in tier-1 cities dropped 11% to a decade low of 508,464 units in the July-September quarter of 2023 from 526,497 units a year earlier.

Property developers expect home sales to post a new high at more than half a million units in the top seven Indian cities this year, amid strong demand and big launches planned by companies such as [DLF](#), [TARC](#) Ltd, [County Group](#) and [Godrej Properties](#).

According to data analytics firm [PropEquity](#), developers in the markets of National Capital Region, Mumbai, Pune, Chennai, Bengaluru, Kolkata and Hyderabad sold 3,72,961 units in the first nine months of the year. In 2022, they had sold 4,64,849 units.

"The pandemic has proven the resilience and adaptability of the Indian [real estate](#) sector, especially when the real estate market worldwide experienced a setback," said Aakash Ohri, joint managing director and chief business officer at DLF Ltd.

Covid-19 has changed the consumer behaviour towards the real estate sector, with many who previously preferred to rent homes now looking for the security of owning one. Builders were also quick to adapt, with some offering even office space inside flats, targeting those working from home.

While there are concerns about the impact of rising interest rates, industry executives and experts expect demand to stay strong.

Meanwhile, unsold housing stocks in tier-1 cities dropped 11% to a decade low of 5,08,464 units in the July-September quarter of 2023 from 5,26,497 units a year earlier.

Amar Sarin, managing director and CEO of TARC Ltd, said this reduction in unsold housing stocks highlighted the confidence of homebuyers. “We believe the confidence to continue and this rise in sales is aligned with the launches we have planned in upcoming months,” he said.

“Housing prices have been climbing in major Indian cities. While this upward trend in capital values is attracting investors to India's key real estate markets, there is a reduction in unsold housing stock,” said Samir Jasuja, founder &

CEO of real estate market research firm PropEquity.

An analysis of the first three quarters of 2023 reveals that new property launches in the top cities remain consistent with 2022 levels.

“The residential real estate market is on an upward trajectory, and with prominent property launches lined up for this festive reason, we expect the numbers will soar to unprecedented levels. This robust demand is being powered by a spectrum of buyers, including end users, discerning investors, and high-net-worth individuals. It’s evident that this momentum is poised for a sustained surge in the foreseeable future,” said Shalin Raina, managing director, residential services, at consultancy firm Cushman & Wakefield.

“Robust economic growth, reasonable interest rates and investment potential have led to significant demand for all kinds of properties, including luxury properties, primarily led by end-users. With the holiday season around the corner, the growth momentum of the real estate sector is expected to remain unhindered,” said Mohit Jain, managing director at property developer Krisumi Corp.

In the Delhi-NCR, unsold stock dropped by 7% in the third quarter of 2023 from the same period last year, even as residential property sales continued the upward momentum gained after the pandemic.

“The residential real estate market in India experienced a significant surge in demand for bigger and luxury housing units across the country after the Covid-19 pandemic. As a result, inventory in this segment came down significantly, and at present there is a shortage of housing units in the luxury and ultra-luxury segments due to the high demand and fewer project launches in the last couple of years,” said Anant Raj Ltd CEO Aman Sarin.

New launches increased by 2% in tier-1 cities to 97,871 units in July-September 2023, up from 96,408 units in the previous year. But on a sequential basis, the number declined 11%, amid an increase in property prices as well as mortgage rates.

PropEquity’s Jasuja said despite the strong performance so far by the sector, housing demand is currently facing challenges due to appreciation in both prices and mortgage rates. “Going forward, if interest rates on home loans remain

stable or even soften in the coming months, we anticipate an increase in housing demand,” he added.

With an 8% rise in absorption compared to last year, the market's resilience is evident. Pune, Hyderabad and Thane (including Kalyan, Bhiwandi, Panvel and Vasai) have emerged as leaders in new launches and absorption over the past two years.

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