



India: Performance of Real Estate Industry

Quarterly Update: Q3 FY 2020 (Oct'2019 - Dec'2019)

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Real estate industry Overview

Key Economic Indicators

6th

Largest economy in the world

7 %

Contribution of Real Estate Industry in GDP

5 %

Growth in real GDP in Q3 FY 20

59 Mn

Employment Generated, Direct & Indirect

3.3 %

CPI Rate in H1 FY 20

35th

Rank in Real Estate Transparency index (FY 19)

USD 44+ Bn

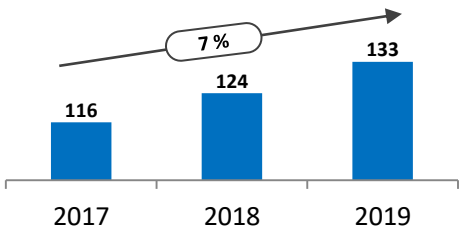
FDI in Indian Economy in FY 19

USD14 Bn

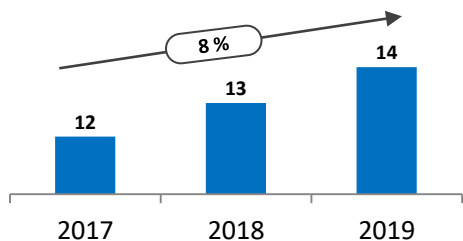
FDI Inflow in Real Estate (Jan'15 to Dec'19)

Real Estate Trend

Residential Market (USD Bn)



Commercial Market (USD Bn)



- Q3 of FY 2020 saw major push by the government towards the revival of the Indian real estate industry by implementing various initiative
- The recent reduction of corporate tax rate from 30% to 22% is also expected to have a positive multiplier effect resulting in greater investments and higher employment, thereby boosting consumer sentiment
- Residential Building market in India is growing at a rate of 7% YoY and estimated to be USD 133 Bn for 2019
- Due to the rise in leasing activities of Commercial Properties in top seven metros the market is growing at 8% YoY and estimated to be worth USD 14 Bn for 2019

Source: Tecnova Research, Industry Reports & Journals

Key Headlines

- GST rates on affordable housing reduced to 1% and 5% for other housing properties from 12%
- Affordable housing offers 6-8 Bn sq. ft. development opportunity in India over 3-4 years
- 30% increase in commercial property leasing in the first 3 quarters of 2019 aiming to reach 60 Mn sq. ft. by end of Q3 FY20
- Growing demand of energy efficient and environment friendly architecture leading to doubled market of green building by 2022

Upcoming Events

- Index Fair- Interior Design & Furniture Fair at Mumbai between 4-7 June 2020
- Home Expo – Range of Homeware products at Greater Noida between 16 – 18 April 2020
- Roof India Expo 2020 at Bengaluru between 23 – 25 April 2020
- International Food & Hospitality Fair at Delhi between 3 and 7 March 2020

Government Initiative & Policies



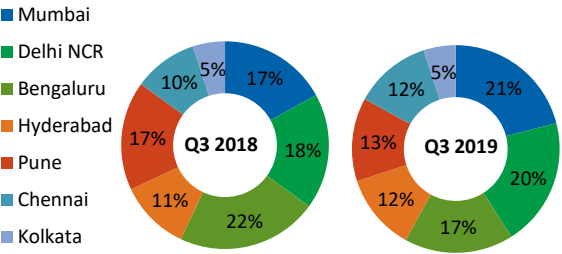
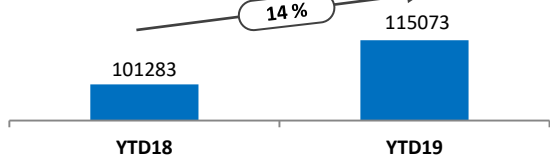
- GOI approved USD 3.6 Bn Special window for funding stalled housing projects
 - 40% of the cost to be contributed by the Government and remaining amount being contributed by outside investors
 - 1,600 projects with 458,000 dwelling units will be covered
 - Housing units < USD 285,000 in Mumbai, < USD 214,000 in Major Metros and USD 142,000 for other cities to be eligible
- GOI has allowed FDI of up to 100 % for townships and settlements development projects.
- Change in External Borrowing norms for Corporates, NBFCs
 - Eligible borrowers include all entities eligible to receive FDI including LLPs, Partnerships
 - Companies can now raise USD 750 Mn instead of USD 500 Mn from the earlier
 - Reduction in overall maturity period to 3-5 years

Real Estate Industry: Quarterly Update

Quarterly Summary

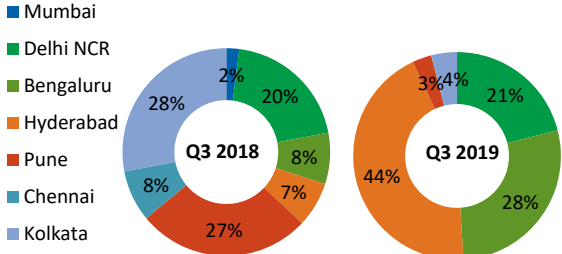
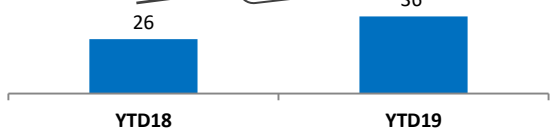
| Residential | | | |
|-------------------|---------|---------|---------------|
| *Units in Numbers | Q3 2018 | Q3 2019 | Q3 YoY Growth |
| Launches | 39,133 | 37,544 | -4% |
| Sales | 37,324 | 36,826 | -1% |

Sale of Units



| Commercial Space | | | |
|----------------------|---------|---------|---------------|
| *Units in Mn sq. ft. | Q3 2018 | Q3 2019 | Q3 YoY Growth |
| Net Absorption | 5.3 | 10.9 | 105% |
| New Completion | 6.2 | 11.9 | 92% |

New Completion in Mn sq. ft.

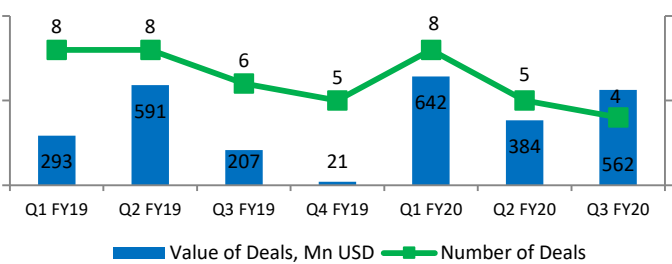


Note: Data of top 7 cities include Delhi NCR, Mumbai, Bengaluru, Chennai, Hyderabad, Pune and Kolkata

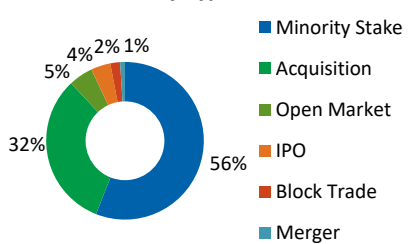
Industry Performance

- Residential Sales in Q3 FY 2020 has declined 1% (YoY) against 4% (YoY) decline in new residential launches with respect to Q3 FY 2019
- The marginal decline in sales was mainly due to weak economic sentiment and witnessed drop in sales in the cities of Bengaluru & Pune, however larger markets of Mumbai and Delhi registered strong growth
- New completion for commercial projects in Q3 FY 2020 has increased 92% (YoY) and the net absorption has increased 105% (YoY) with respect to Q3 FY 2019
- Hyderabad accounted for nearly half of the completion of new commercial properties in Q3 FY20 mainly due to rise in the IT parks being followed by Bengaluru and Delhi NCR

Number & Value of Deals



Deals by Type



Tecnova's Experience in Construction Industry

- Market opportunity assessment and partner identification for Belgian based wall cladding
- Market assessment, business plan and location analysis for a U.K. based furniture company
- Go-to market strategy for U.S.A. based External Insulation solution Provider
- Market opportunity assessment for U.S.A. based home automation service provider

Source: Tecnova Research, Industry Reports & Journals

FY: Financial year; IPO: Initial Public Offering; IT: Information Technology; M&A: Merger & Acquisition;
Mn: Million; NCR: National Capital Region; Sq. ft.: Square Feet; U.K.: United Kingdom; U.S.A.: United States of America; YoY: Year on Year; YTD: January 2019 - September 2019
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