COVID-19 Effect - Housing Sales, New Launches Dip 42% Each in Q1 2020

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Residential sales stood at 45,200 units in Q1 2020 against 78,510 units in Q1 2019 across top 7 cities; quarterly drop of 24%

Nearly 41,200 new units launched in Q1 2020 against 70,480 units in Q1 2019; min. 21% q-o-q drop in new supply

Hyderabad sees highest yearly drop of 50% in residential sales – from 5,400 units in Q1 2019 to approx. 2,680 units in Q1 2020; other cities witness similar declining trends

For new launches, MMR & Pune record maximum y-o-y drop of 61% & 56% respectively; Chennai & Kolkata's new launches increase by 16% & 8% respectively

Despite the gloom, developers able to shed their unsold inventory by 3% y-o-y - from 6.65 lakh units in Q1 2019 to 6.44 lakh units in Q1 2020

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As anticipated, the Covid-19 pandemic had considerable impact on the Indian housing sector. Residential sales saw a **42% y-o-y drop** in the first quarter of 2020, reveals the latest data by ANAROCK. In Q1 2020, residential sales in the top 7 cities stood at 45,200 units, against 78,510 units a year ago. On q-o-q basis, housing sales fell by 24%.

Meanwhile, **new launches too fell by 42%** annually - from 70,480 units in Q1 2019 to approx. 41,200 in Q1 2020. Q-o-q supply also declined by approx. 21%. Yearly trends indicate that MMR and Pune recorded the maximum y-o-y drop of housing supply - by 61% and 56% respectively - while Chennai and Kolkata actually displayed positive trends with nearly 16% and 8% yearly rise.

Anuj Puri, Chairman – ANAROCK Property Consultants says, “Given the ongoing global healthcare calamity, it’s no surprise that housing sales and new project launches across India’s top 7 cities decreased both on yearly and quarterly basis. As expected, monthly data trends reveal that March – the month when most advisories and lockdown were imposed - saw a steep decline in both new launches and housing sales against the preceding two months.”

“The Government has taken an inarguably necessary hard-line stance to curtail the spread of the virus. The lockdowns have stalled construction activity and will lead to project delays in the future, but this is a reality the sector must accept and live with.”

Perhaps the only silver lining is that developers were able to shed nearly 3% of their unsold inventory in a year – from 6.65 lakh units in Q1 2019 to over 6.44 lakh units in Q1 2020. On a quarterly basis, the decline was just 1%.

New Launch Overview - Q1 2020

The top 7 cities saw around 41,200 new units launched in Q1 2020, as opposed to 70,480 units in the corresponding period of 2019 and 51,850 units in Q4 2019.

The key cities contributing to new unit launches in Q1 2020 included MMR (Mumbai Metropolitan Region), Bengaluru, Pune, and NCR - together accounting for 80% of unit additions.

- **MMR** saw the launch of approx. **10,480** units – a **decline of nearly 25%** from Q4 2019. Over 69% of the new supply was in the sub INR 80 lakhs budget segment. Last year in Q1 2019, new launches stood at 26,850 units – a yearly decline of 61%.
- **Bengaluru** added approx. **8,600** units in Q1 2020 - a quarterly decrease of 18%. Over 87% of new supply was in the sub INR 80 lakh price bracket. The city’s yearly decline stood at 5%.
- **Pune** added approx. **7,790** new units in Q1 2020, compared to 9,550 units in Q4 2019 - a **drop of 19%.** The new supply a year ago was approx. 17,520 units – a decline of 56% y-o-y.
- **NCR** added approx. **6,190** new units in Q1 2020, a quarterly **decrease of 22%.** Approx. 64% of the new supply in this quarter was in the affordable segment. Last year, the new supply was 8,030 units in the same period.
- **Hyderabad** saw new launches **drop by 11%** over the previous quarter, with approx. **3,380** units launched in Q1 2020. The yearly **decline was 30%**.
- **Chennai** added approx. **3,680** units in Q1 2020, a quarterly **increase of 8%** over the previous quarter. Interestingly, on **yearly basis, it saw a rise of 16%.**
- **Kolkata** added only approx. **1,100** units in Q1 2020 - a significant **decrease of 59%** over Q4 2019. Approx. 52% of new supply was in the affordable segment. However, on yearly basis, new launches **increased by 8%.**

City-wise Supply (In Units) percentage change

Cities Name	Q1-2020	Q4-2019	%Change (Q4 2019 Vs Q1 2020)	Q1-2019	%Change (Q1 2019 vs Q1 2020)
NCR	6,190	7,890	-22%	8,030	-23%
MMR	10,480	14,050	-25%	26,850	-61%
Bangalore	8,600	10,490	-18%	9,060	-5%
Pune	7,790	9,570	-19%	17,520	-56%
Hyderabad	3,380	3,790	-11%	4,850	-30%
Chennai	3,680	3,420	8%	3,170	16%
Kolkata	1,080	2,640	-59%	1000	8%
Total	41,200	51,850	-21%	70,480	-42%

Source: ANAROCK Research

Housing Sales Overview - Q1 2020

Around **45,200** units were sold in Q1 2020 – a significant **decline of 42% y-o-y**, and of **24% over the preceding quarter** due to the COVID-19 pandemic. NCR, MMR, Bengaluru and Pune together accounted for 84% of the sales in the first quarter of the year.

- **Kolkata** recorded a significant drop in sales in this quarter as compared to the other top cities. City sales **decreased by 25%** - from 3,260 units in Q4 2019 to 2,440 units in Q1 2020 - a significant drop of 39% in a year.
- **MMR** and **NCR** also recorded a significant decrease in sales in this quarter vis-à-vis the other top cities. Sales in both regions **decreased by 24%** each over the previous quarter, clocking in at approx. 8,150 and 13,910 units respectively. As compared to previous year, **housing sales in MMR reduced by 42%** and by **41% in NCR**.
- Sales in **Bengaluru**, **Pune** and **Hyderabad decreased by 23%** each over the previous quarter, with approx. 8,630 units, 7,200 units, and 2,680 units respectively. On yearly basis, the **decline** in the three major IT hubs stood at **45%, 42%** and **50**% respectively.
- **Chennai** saw sales of approx. 2,190 units - a **decline of 21%** over Q4 2019, and by **36% annually** (since Q1 2019).

City-wise Absorption (In Units) & Percentage Change

Cities Name	Q1-2020	Q4-2019	%Change (Q4-2019 Vs Q1-2020)	Q1-2019	%Change (Q1-2019 Vs Q1-2020)
NCR	8,150	10,710	-24%	13,740	-41%
MMR	13,910	18,320	-24%	24,000	-42%
Bengaluru	8,630	11,210	-23%	15,580	-45%
Pune	7,200	9,410	-23%	12,340	-42%
Hyderabad	2,680	3,480	-23%	5,400	-50%
Chennai	2,190	2,780	-21%	3,430	-36%
Kolkata	2,440	3,260	-25%	4,020	-39%

Total	**45,200**	**59,170**	**-24%**	**78,510**	**-42%**

Source: ANAROCK Research

Unsold Inventory till Q1 2020

With new supply and housing sales remaining subdued in the quarter, **unsold inventory saw a marginal decline of 1%** on a quarterly basis - from 6.48 lakh units in Q4 2019 to 6.44 lakh units by Q1 2020, and **3% y-o-y** - from 6.65 lakh units in Q1 2019 to 6.44 lakh units by Q1 2020.

Bengaluru and **Kolkata** witnessed the **highest yearly reduction** in unsold inventory with **6%** each from Q1 2019 to Q1 2020. However, unsold inventory **increased by 10% in Chennai** in the same period.

City-Wise Unsold Inventory (In Units) & Percentage Change

Cities Name	Q1-2020	Q4-2019	%Change (Q4-2019 Vs Q1-2020)	Q1-2019	%Change (Q1-2019 Vs Q1-2020)
NCR	1,73,120	1,75,080	-1%	1,81,000	-4%
MMR	2,13,180	2,16,600	-2%	2,22,330	-4%
Bengaluru	62,790	62,820	0%	66,820	-6%
Pune	93,310	92,720	1%	92,590	1%
Hyderabad	24,910	24,210	3%	25,400	-2%
Chennai	33,510	32,020	5%	30,580	10%
Kolkata	43,600	44,960	-3%	46,450	-6%
Total	**6,44,420**	**6,48,410**	**-1%**	**6,65,170**	**-3%**

Source: ANAROCK Research

Price Movements

Residential property prices across the top cities **remained stagnant** in Q1 2020 over the previous quarter. On yearly basis too, there was no price movement.

City-Level Price Trend (INR/Sq.ft.)

Cities Name	Q1-2020	Q4-2019	%Change (Q4-2019 Vs Q1-2020)	Q1-2019	%Change (Q1-2019 Vs Q1-2020)
NCR	4,580	4,580	0%	4,565	0%

MMR	10,610	10,610	0%	10,550	1%
Bengaluru	4,975	4,975	0%	4,950	1%
Pune	5,510	5,510	0%	5,480	1%
Hyderabad	4,195	4,195	0%	4,170	1%
Chennai	4,935	4,935	0%	4,920	0%
Kolkata	4,385	4,385	0%	4,375	0%

Source: ANAROCK Research