

COVID-19 Derails Affordable Housing Growth in 2020 - 6.1 Lakh Units Impacted in Top 7 Cities

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- 6.1 lakh units is 39% of total 15.62 lakh under-construction homes in the top 7 cities - the maximum among all budget segments
 - NCR & MMR together account for a massive 59% of 6.1 lakh affordable UC units; Hyderabad has lowest affordable UC stock at approx. 11,000 units
 - Budget-conscious homebuyers will feel the maximum heat of COVID-19; limited income & unemployment fears will cause many to defer purchase decisions in 2020
- Of the total unsold units in the top 7 cities (Q1 2020 end) budget homes (<INR 40 lakh) account for over 36% share
 - With lower demand, unsold affordable stock will increase by at least 1-2% in 2020

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Mumbai ,

The COVID-19 pandemic is all set to derail the growth momentum of affordable housing in 2020. This will be one of the worst-affected segments. ~ 6.1 lakh affordable units were under construction across the top 7 cities until the lockdown was announced, reveals ANAROCK's latest report. This is over 39% of the total 15.62 lakh under-construction (UC) units in the top 7 cities - the highest share of all budget categories.

While the report estimates overall unsold housing inventory to shrink annually by 1-3% in 2020, the unsold

affordable stock may actually increase by 1-2% in this period. As on Q1 2020 end, there are more than 2.34 lakh unsold affordable homes in the top 7 cities - 36% of the total unsold stock across all budget categories.

"The Government's 'Housing for All' push coupled with multiple sops to buyers and developers brought on an avalanche of affordable housing projects in India," says **Anuj Puri, Chairman - ANAROCK Property Consultants**. "As much as 40% of the new supply added across the top 7 cities in the past few years was in the affordable segment (units priced < INR 40 Lakh). Resultantly, there is a huge under-construction supply of about 6.1 lakh units in the affordable segment."

"This segment will be severely impacted by the current COVID-19 outbreak. The target audience typically has limited income and unemployment fears currently loom large. This could result in deferred property purchase decisions in 2020 and ultimately derail the segments' growth momentum. As a result, unsold affordable stock can rise by 1-2% on a y-o-y basis."

Affordable Housing Supply - City-wise

There are altogether over 6.1 lakh affordable units under construction across the top 7 cities, of which NCR and MMR alone account for nearly 59% - or 3.59 lakh units. These units were launched between 2013 to 2019. Both cities together also have a 57% share (approx. 1.34 lakh units) of the overall unsold stock of 2.34 lakh units in the budget homes category. (Unsold affordable stock consists of both under-construction and ready-to-move homes.)

- **NCR** has the maximum under-construction affordable housing stock with more than 1.87 lakh units. Unsold stock in this budget category is nearly 64,430 units in NCR.
- **MMR** is next with nearly 1.72 lakh affordable units under construction. The unsold affordable stock as on March 2020-end is 68,970 units.
- In **Pune**, under-construction affordable housing stock is close to 1.31 lakh units, while unsold affordable homes stand at nearly 46,630 units.
- **Kolkata** continues to have the maximum new supply in the affordable housing category, with a current inventory of 55,300 affordable units (priced within INR 40 lakh) under construction. The city's unsold affordable housing stock is 27,040 units as on Q1 2020 end.
- **Bangalore** has merely 16% (or 32,300 units) under construction in the affordable category, out of a total of 2 lakh units under construction. This is the lowest share among all top 7 cities. Unsold affordable housing stock in Bangalore is currently just 14,800 units.
- **Chennai** has 19,500 affordable housing units under construction; the unsold affordable inventory is just 9,220 units.
- **Hyderabad** has the lowest share of both under-construction and unsold affordable housing stock. UC stock stood at 11,000 units and unsold affordable inventory was just 3,370 units.

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