



Real Estate
Developers'
*Sentiment
Survey*



20
24



Preface

Demand growth strong; rising costs remain a concern

India has set an ambitious target to grow to a USD 7 trillion economy by 2030, with infrastructure and real estate expected to play a pivotal role. As it continues to be one of the fastest growing major economies globally, India is well placed to become the third largest over the next 5-6 years. Over the last 2-3 years, the country has witnessed a strong momentum in housing sales across the major markets led by strong demand, stable interest rates and a favourable financial system.

While rapid urbanisation has been one of the key reasons for rising housing demand in major cities, the demand for residential spaces has seen an uptick over the last few years due to behavioural changes and growing disposable income. With the financial budget 2024-25 on the anvil, it is an opportune time to assess the sentiment barometer of the real estate market through a detailed evaluation of developers' demand, investors' perspective and homebuyers' expectations. This edition of "Real Estate Developers' Sentiment Survey 2024" looks ahead into 2024 and provides sufficient clarity on developers' expectations and the market movers & shakers.

With accelerating demand for housing there are plethora of opportunities for developers, not only in tier I cities but in tier II cities as well. Favourable factors including availability of land and labour at relatively attractive rates, lower density of population and ease of living are driving the demand for housing in tier II cities. Moreover, improving infrastructure and connectivity are playing a key role in changing the real estate landscape of such cities. With rising demand, developers are likely to expand in these rapidly growing cities.

Overall, in 2024, developers are expected to maintain a strategic and a cautious approach while launching newer projects in line with market demand. However, developers expect specific reforms and government intervention in the sector that would accelerate activity in the sector. The survey highlights that rationalisation of taxes and government charges sops for affordable housing and setting up a single window clearance mechanism as the top priorities for developers in the country.

Boman Irani

President
CREDAI India



Preface

Developers well aligned to create a sustainable built environment

Residential real estate in the country has been on an upswing over the last two years. With strong fundamentals in place, the bull run in the housing market is likely to continue in 2024 as well. "Real Estate Developers' Sentiment Survey 2024" confirms the positive sentiments prevailing in the Indian housing market. The report is based on a survey conducted during April-May 2024 for developers across tier I and II cities of the country.

Affordability, continued inclination for home ownership and stable interest rates have been the key demand drivers for Indian housing market in recent years. Amidst strong demand, housing prices have maintained an upward trajectory and are expected to remain buoyant throughout 2024. At the same time, developers have infused quality new supply to meet the growing demand. The southern and western belts have witnessed a notable rise in new launches in the last few years and the trend is likely to continue. Going ahead, new supply is likely to mirror the demand trajectory and support healthy demand-supply dynamics across major housing markets of the country.

2024 is likely to witness heightened environmental awareness and homebuyers are likely to increasingly gravitate towards owning eco-friendly homes, which are energy efficient and have low carbon footprint. Homebuyers will continue to prefer projects with amenities focussed on enhancing the overall health and wellness of residents. Developers meanwhile are likely to explore options like branded residences and plotted developments to cater to the changing lifestyle patterns and evolving preferences of the homebuyer.

Badal Yagnik

Chief Executive Officer
Colliers India



I N D E X



05

Research Methodology



06

Zonal Classification



07

Questionnaire

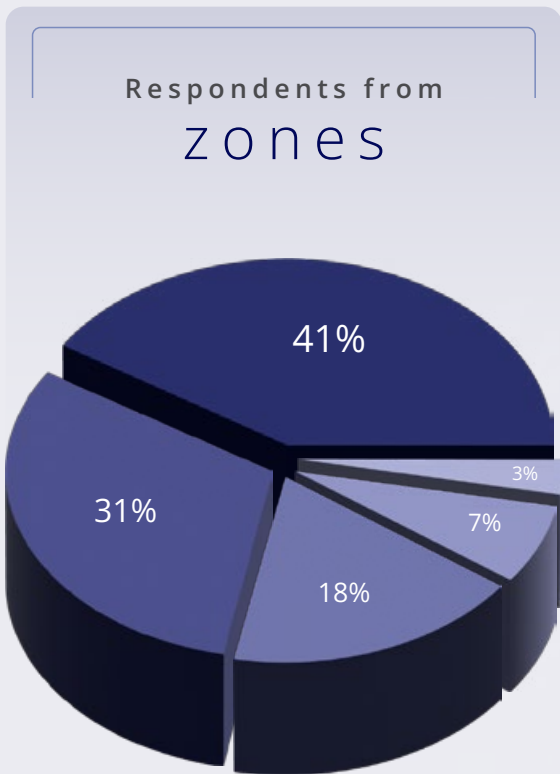
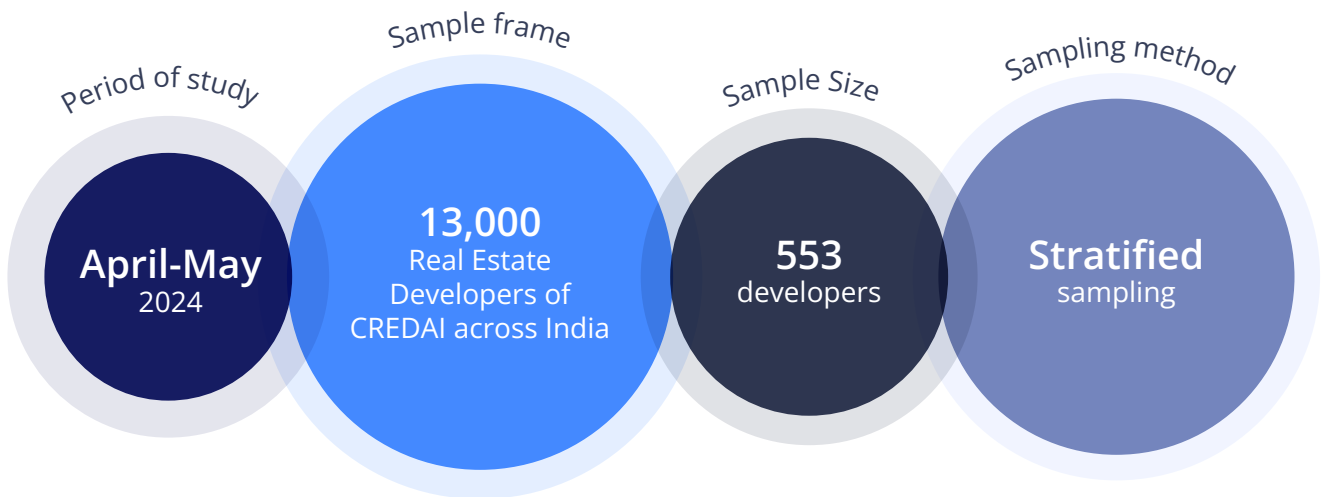


08

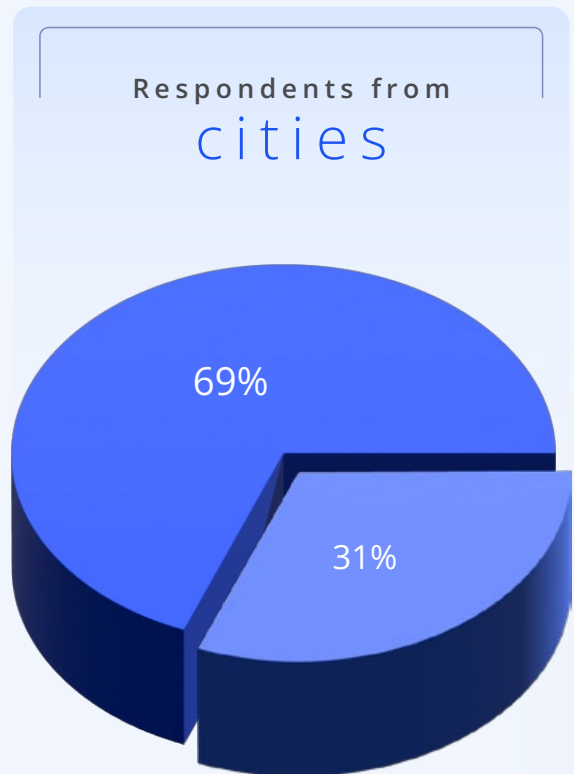
National Analysis



Research Methodology



- South Zone
- West Zone
- Central Zone
- North Zone
- East Zone



- Tier 1
- Tier 2

Tier 1 cities include Ahmedabad, Bengaluru, Chennai, Delhi-NCR, Hyderabad, Kolkata, Mumbai, Pune

Questionnaire type	National analysis	State analysis
Close ended	Pan India Analysis of all 553 Respondents	18 States

Zonal Classification

North Zone

Delhi NCR

Uttarakhand

Haryana

Uttar
Pradesh

South Zone

Tamil Nadu

Telangana

Karnataka

Kerala

Andhra
Pradesh

East Zone

West Bengal

Jharkhand

Odisha

West Zone

Maharashtra

Goa

Central Zone

Rajasthan

Chhattisgarh

Gujarat

Madhya
Pradesh

Questionnaire

01 How buyers' enquiries changed in 2023 compared to 2022?

Increased | Decreased | Remained the same

02 What is your outlook for residential demand for 2024?

Demand would be stable | Up-to 25% increase | 26-50% increase | 51-75% increase | More than 75% increase | A slowdown is expected

03 How did an increase in cost of construction materials impact your project cost in 2023 as compared to 2022?

No impact | Increased by 5-10% | Increased by 10-20% | Increased by more than 20%

04 How do you expect the housing prices to fare in 2024?

Increase | Decrease | Will remain stable | Can't say anything about it now

05 How will unsold inventory levels change in 2024 in your focus area?

Increase | Decrease | Will remain stable | Can't say anything about it now

06 What new business models are you willing to explore?

Co-living spaces | Senior living spaces | Branded residences | Data centers | Co-working spaces
Plotted development | Warehousing / Logistic Parks | IT Parks | Not willing to explore

07 Led by the fact that India is being seen as a preferred investment destination, how do you see the trend in NRI demand for residential properties in India?

Increase | Moderate increase | No change at all | Decrease

08 What would you like from Union budget 2024? (Choose any three)

Change in the definition of affordable housing | Credit linked subsidy scheme for affordable housing | Decrease in the rate of interest for both home loans/construction finance | Exemption from EC for projects up to 50,000 sq metres
Quicker environmental clearances & faster disposal of violations | Rationalisation of GST rates | Regular interaction with industry of all concerned Ministries | Input Tax Credit on GST

09 What reforms could provide an impetus to developers and enhance real estate activity in the long term?

Rationalization of taxes and government charges | Ease of doing business | Increasing the tax exemption limit for home buyers | Any other expectations (Please specify)

National Analysis



Key takeaways for 2023

53%



of the developers feel that buyer enquiries and engagement increased in 2023 compared to 2022.



45%



of the developers saw a 10-20% rise in project costs in 2023 amidst rising input costs.



Outlook for 2024

48%

of the developers feel that residential demand would remain stable in 2024, followed by 27% who feel that the demand would increase up to 25%.

52%

of the developers expect housing prices to increase in 2024. Another 33% feel that the prices are likely to remain stable.

25%

of the developers are willing to explore plotted developments as an alternative business model, followed by branded residences preferred by 21% developers.

35%

developers feel unsold inventory levels will increase in 2024.

80%

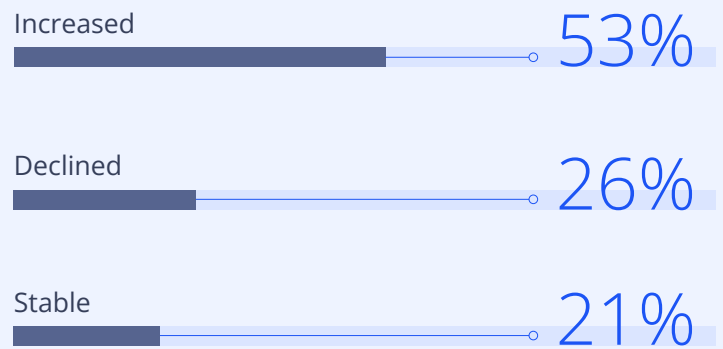
More than 80% developers believe that NRI demand for residential properties will increase.



How buyers' enquiries changed in 2023 compared to 2022?



53% of the developers witnessed a rise in buyers' enquiries in 2023, as compared to 2022



▶ Key Insights

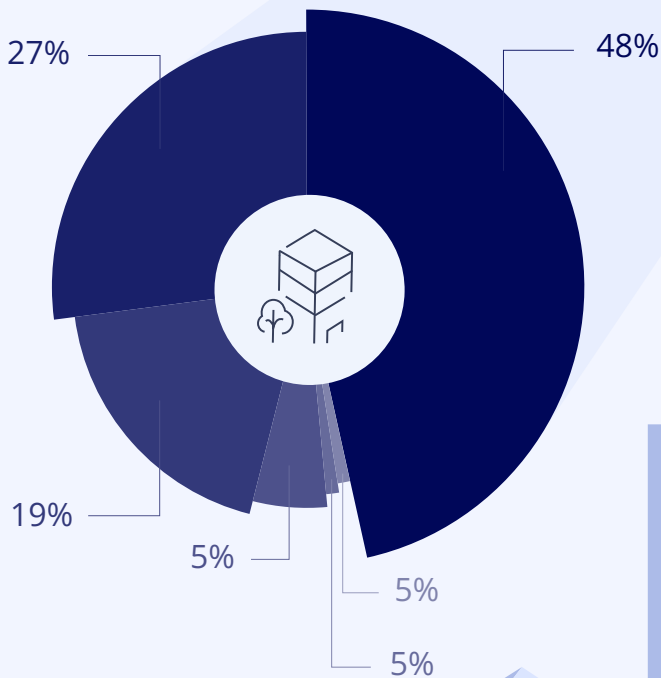
Enquiries for new homes witnessed an uptick in 2023

On similar lines of 2022, developers witnessed an increase in enquiries for new homes in 2023, led by stable interest rates and continued inclination towards home ownership. Moreover, with rising disposable income, homebuyers are also preferring to purchase spacious homes with ample green spaces, replete with amenities within housing complexes. The rise in demand can also be attributed to a stable and strong macro economic environment in the country, encouraging homebuyers to own a property.



About half

of the developers expect residential demand to remain stable in 2024 and 27% feel that the demand would increase by up to 25%



- Demand would be stable
- Up-to 25% increase
- A slowdown in expected
- 26-50% increase
- 51-75% increase
- More than 75% increase

▶ Key Insights

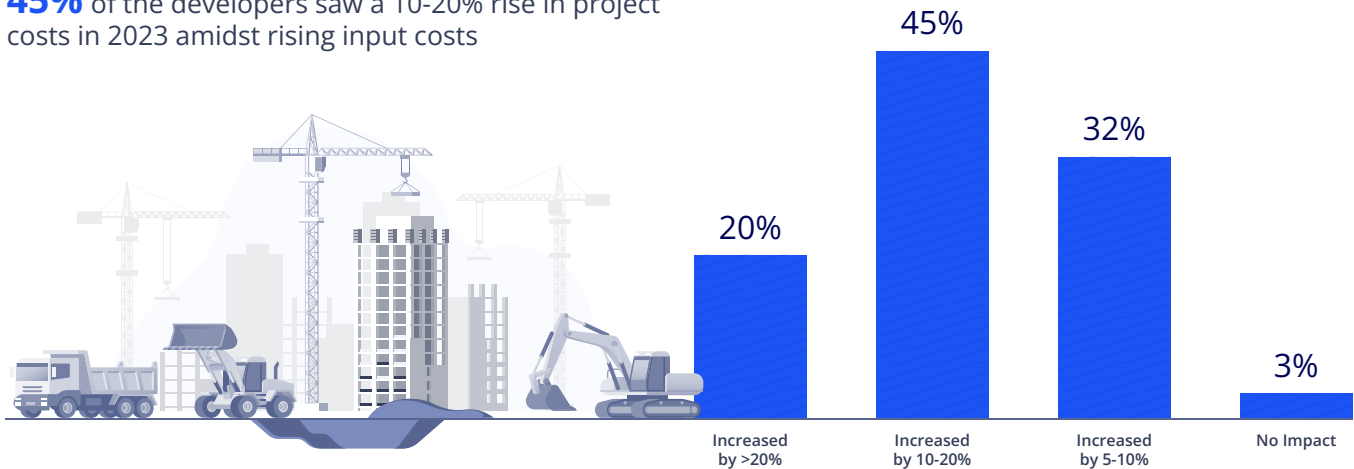
Residential demand expected to remain upbeat in 2024

About 75% of the surveyed developers feel housing demand would either remain stable or rise by up-to 25% in 2024, indicating a positive outlook for the year. The year 2023 saw sustained momentum of demand, which is further likely to continue in 2024. An anticipated rate hike in second half of 2024, is expected to provide a major fillip for housing demand.

How did an increase in cost of construction materials impact your project cost in 2023 as compared to 2022?



45% of the developers saw a 10-20% rise in project costs in 2023 amidst rising input costs



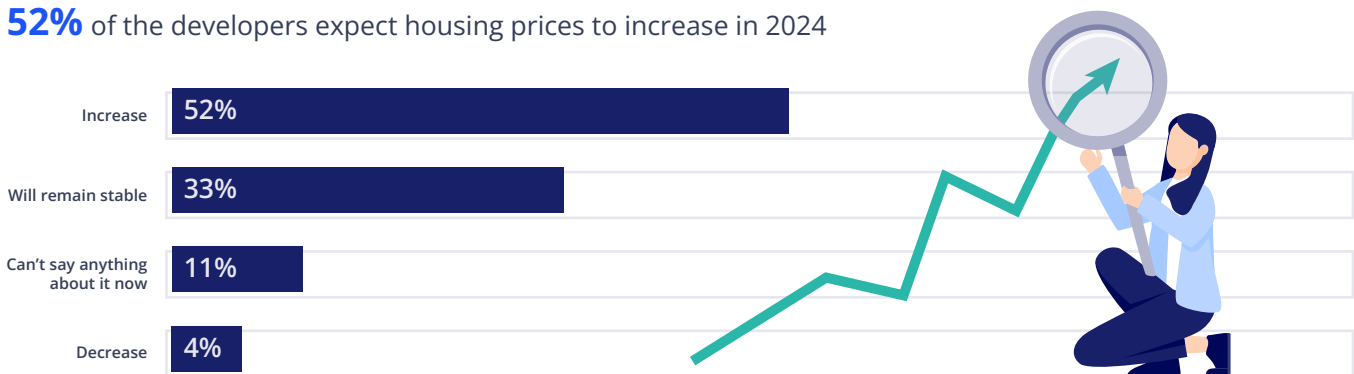
Key Insights

Over 90% developers witnessed a rise in project cost with rising cost of construction

Post Covid-19, cost of key construction materials like cement, steel, aluminum etc. rose due to inflationary pressures and supply chain disruption. With escalated input costs, about 65% of the surveyed developers noted an increase in project costs by more than 10%. However, advanced construction technologies like 3D- printing, Artificial Intelligence (AI) and usage of robotics have the potential to reduce impact of spiraling construction costs.

How do you expect housing prices to fare in 2024?

52% of the developers expect housing prices to increase in 2024



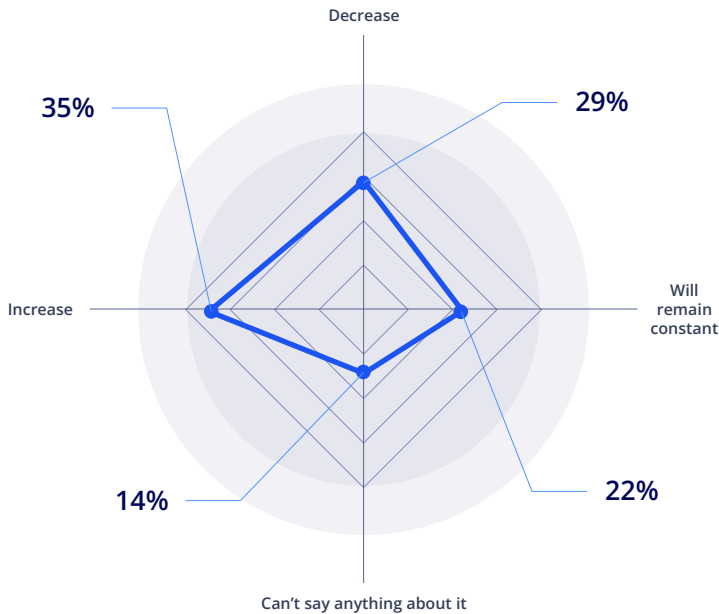
Key Insights

Robust demand to push housing prices northwards

About 52% of the developers feel housing prices are likely to see an uptick during 2024. This is largely led by robust housing sales particularly for luxury housing. During 2023, housing prices across the major eight cities of the country saw a 9% YoY rise. The momentum continued in Q1 2024 with a 10% YoY rise and likely to sustain for the rest of the year. Interestingly, only a minuscule number of developers (about 4%) feel that housing prices might drop during the year.

How will unsold inventory levels change in 2024 in your focus area?

35% of the developers expect unsold inventory levels to increase during 2023; however about 30% expect a drop



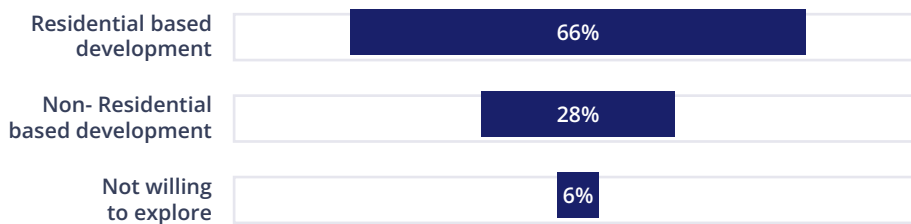
Key Insights

Unsold inventory levels can fluctuate in 2024

Over the last two years, there has been significant activity in the housing market, leading to a spurt of new launches. Resultantly, about 35% of the developers expect an increase in unsold inventory levels in 2024. Going ahead developers will continue to be more strategic while launching new projects and would largely hinge upon the market trends for their decisions. Conversely, about 30% developers feel that unsold inventory levels could see a dip led by healthy demand for housing.

What new business models are you willing to explore?

25% of the developers are willing to explore plotted developments as an alternative business model, followed by branded residences preferred by 21% developers



Note -
Residential based development include: Branded residences, plotted developments, co-living spaces, senior living spaces
Non-residential development include: Warehousing/Logistics parks, IT parks, Data centres, Co-working spaces



Key Insights

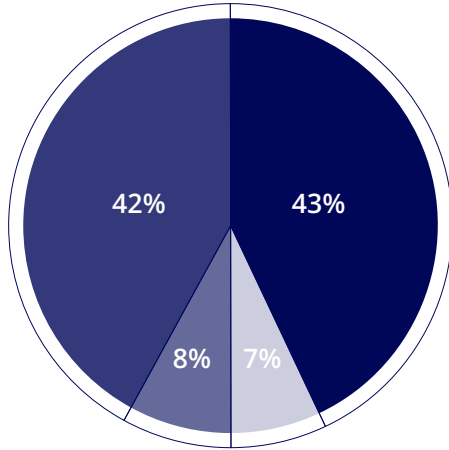
Plotted developments and branded residences on developers' cards

With evolving demand trends and lifestyle patterns, developers are likely to explore new business models like plotted developments and branded residences to stay ahead of the curve. Factors such as privacy, outdoor living spaces and spacious dwellings have accelerated demand for plotted developments in urban areas, especially in tier II cities. Consequently, branded residences are picking up pace across the major metros of the country led by increased affinity for unique living experiences, aesthetics and luxurious amenities. About 30% of the developers are also open to explore and diversify into non-residential based developments like warehousing/logistics parks and data centres.

Led by the fact that India is being seen as a preferred investment destination, how do you see the trend in NRI demand for residential properties in India?



More than **80%** of the developers believe that demand for residential housing from NRI will increase



■ Increase
 ■ Moderate Increase
 ■ No Impact at all
 ■ Decrease

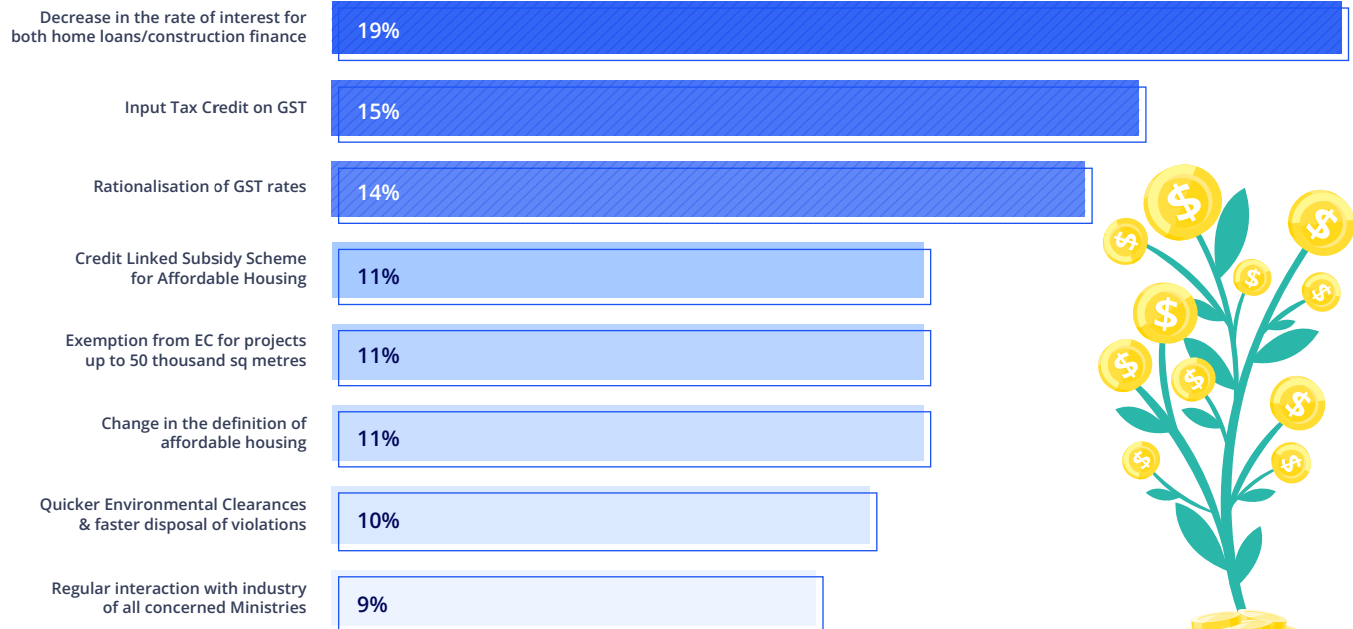
Key Insights

NRI demand for housing to remain strong

More than 80% of the developers are confident of an increase in housing demand from NRIs during 2024, led by the country's attractive investment landscape and a favorable regulatory environment. Factors such as easing investment regulations, tax exemptions, lucrative returns and attractive schemes are driving NRI investments in the country. To cater to this growing demand, developers are launching high-end luxury projects in relevant micro-markets.

What are your expectations from Union budget 2024?

Almost **50%** of the developers expect significant reduction in costs either through tax rationalization or dip in interest rates



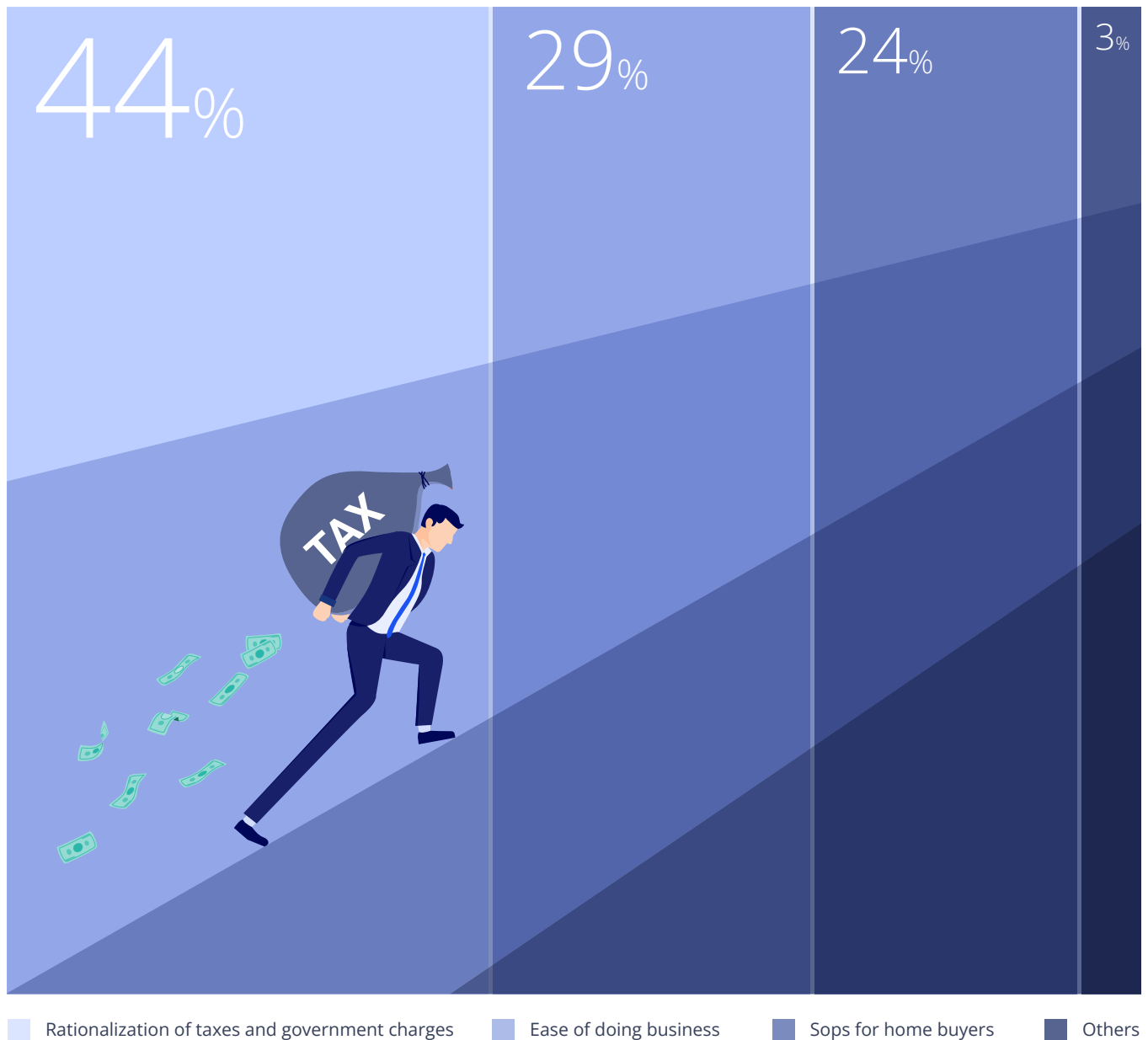
Key Insights

Tax rationalization, tax sops for affordable housing, single window clearance- major asks of developers

What reforms could provide an impetus to developers and enhance real estate activity in the long term?



About **45%** of the developers hope for rationalization of taxes and government charges in 2024



Key Insights

Rationalization of taxes and Ease of Doing Business are the key asks of the developers

About 45% of the developers feel rationalization of taxes and government charges could provide financial relief to developers and improve financial viability of projects, which could encourage them to take up more new projects. Further, about 30% developers expect enhancements in 'Ease of doing business' encompassing an improved regulatory framework, supportive government policies and streamlined approvals that could further improve the investment landscape of the country and attract NRI demand. At the same time, sops for homebuyers could provide a thrust to housing demand.

For further information, **please contact:**



Manoj Gaur
Chairman



Boman Irani
President



Shekhar G Patel
President-Elect



G Ram Reddy
Secretary



Deepak Goradia
Vice President (West)



Anand Singhania
Vice President (Central)



Nandu Belani
Vice President (East)



Sunil Furde
Vice President (Special)



Swaminathan Sridharan
Vice President (South)



Shobhit Mohan Das
Vice President (North)

Statistics, Research & IT Committee



Dr. Adv. Harshul Savla
Chairman



Dharmendra Karia
Co-Chairman



Joydeep Ponugoti
Co-Chairman

PR and Media Committee



Raajesh Prajapati
Chairman



Deepak Kapoor
Co-Chairman



Amit Raja
Co-Chairman



Badal Yagnik
Chief Executive Officer | India
badal.yagnik@colliers.com



Vimal Nadar
Senior Director & Head
Research | India
vimal.nadar@colliers.com

Authors:



Suryaneel Das
General Manager
Research | India
suryaneel.das@colliers.com



Shreeda Goel
Manager
Research | Mumbai
shreeda.goel@colliers.com

Marketing & PR



Sukanya Dasgupta
National Director & Head
Marketing & Communication | India
sukanya.dasgupta@colliers.com

Design & Development



Satnam Singh
General Manager
Marketing & Communication | India
satnam.singh@colliers.com



Ativir Pratap Singh
Manager
Marketing & Communication | India
ativir.singh@colliers.com

About Colliers

Colliers (NASDAQ, TSX: CIG) is a leading diversified professional services and investment management company. With operations in 68 countries, our 19,000 enterprising professionals work collaboratively to provide expert real estate and investment advice to clients. For more than 29 years, our experienced leadership with significant inside ownership has delivered compound annual investment returns of approximately 20% for shareholders. With annual revenues of \$4.3 billion and \$96 billion of assets under management, Colliers maximizes the potential of property and real assets to accelerate the success of our clients, our investors and our people. Learn more at corporate.colliers.com, Twitter @Colliers or LinkedIn.

Legal Disclaimer

This document/email has been prepared by Colliers for advertising and general information only. Colliers makes no guarantees, representations or warranties of any kind, expressed or implied, regarding the information including, but not limited to, warranties of content, accuracy and reliability. Any interested party should undertake their own inquiries as to the accuracy of the information. Colliers excludes unequivocally all inferred or implied terms, conditions and warranties arising out of this document and excludes all liability for loss and damages arising there from. This publication is the copyrighted property of Colliers and /or its licensor(s). © 2023. All rights reserved. This communication is not intended to cause or induce breach of an existing listing agreement.