

**ASSET***Responsibly Yours*

REalVIEW

Dear Readers,

REalVIEW is a monthly news digest bringing to our clients and well-wishers news updates on major developments in the realty industry. The periodical will keep the readers updated on the significant changes and trends affecting real estate development within the country as well as globally, thus helping them in taking informed and calculated investment decisions

Responsibly yours,

Sunil Kumar V
Founder & Managing Director
Asset Homes

Eastern side of Kochi seeing surge in realty registrations



Kochi: Ernakulam district recorded the highest number of project registrations under the Kerala Real Estate Regulatory Authority (K-RERA) in 2023 with data showing that the suburban areas in the eastern side of the city is witnessing a boom in the real estate sector.

As per K-RERA data, the district has recorded a 63% increase in project registrations in 2023, compared to the previous year and most of the new projects are coming up in eastern areas of the city like Kunnathunadu and Kanayannur taluks.

Among the new projects registered with K-RERA a majority are coming up in Kakkanad, Kumbalam, Mulanthuruthy, Nadama, Thrikkakkara, Kizhakkambalam, Kunnathunadu, Puthencruz, Vengola, Marampally, Thiruvaniyoor, Vengola and Koovappady regions.

Giving a hint that premium and middle segment of residential apartments are high in demand in the district, most of the apartments in the upcoming projects are under 2BHK, 3BHK and 4BHK categories. The total area of residential projects has recorded a jump from 3.87 lakh sq ft in 2022 to 4.74 lakh sq ft during 2023. The areas under new villa projects also marked a steep Increase. "There is a trend of city growing to the suburban areas on the eastern side, as the land price is cheap in these semi-urban areas. At the same time these regions have good road facilities with the upcoming highway development projects. Good air and water quality also attract investors to these areas," said Ravi Jacob of CREDAI, Kochi unit.

<https://timesofindia.indiatimes.com/city/kochi/eastern-side-of-kochi-seeing-surge-in-realty-registrations/article-show/108360040.cms>

Luxury segment dominates new housing launches in Q1 2024 with 34% share: Report



The affordable housing segment witnesses a decline, holding just 13% of launches this quarter. Developers hesitant to invest in this segment due to low margins

The high-end and luxury segment continued to drive growth of the real estate sector with 34% share in new launches in the first quarter of 2024, said a report by Cushman & Wakefield.

According to the report, the total housing unit launches across top 8 cities stood at 69,000, with Mumbai and Pune accounting for the highest contributions with 28% and 16% respectively. This was followed by Hyderabad and Bengaluru with 16% and 13%.

While the total launches represent a modest 7% decline from a strong Q4 2023 (74,344 units) and a 15% decrease compared to Q1 2023 (81,167 units), it remains above the average quarterly launches observed in 2022 (67,960 units), another positive year for the sector. New housing supply has increased in Bengaluru and Mumbai but declined in Delhi-NCR, Chennai, Hyderabad, Pune, Kolkata, and Ahmedabad.

The high-end and luxury segment continued its reign in the quarter, capturing approximately 34% of launches in Q1-2024, a trend that began in recent years and reflects evolving homebuyer aspirations for enhanced lifestyles. This segment's share has steadily increased from a mere 13-14% in 2019 to more than 30% post 2022, it showed.

Mid-segment housing continues to be the volume leader, accounting for over 50% of launches, consistent with the past 3-4 years.

Affordable segment witnesses a decline

The affordable housing segment, meanwhile, saw a decline, holding just 13% of launches this quarter. Developers may be hesitant to invest in this segment due to potentially lower margins and stricter

regulations for claiming incentives, particularly when high-end and luxury, and mid-segments are experiencing high demand.

The report also said that listed and large and regionally reputed, are driving residential launches across cities. According to the data, over 38% of Q1 2024 launches originated from listed and reputed developers.

NCR captures 61% share of the new launches In NCR, high-end and luxury captures 61% of the total launches, with Gurugram leading the way and Noida contributing the highest of the mid-segment launches (26%).

In the first quarter of 2024, Mumbai's residential sector witnessed launch of 19,461 units, a 21% growth over previous quarter but in-line with activity witnessed in the same quarter last year. Mid-segments dominated Mumbai launches with 61% share.

Rising number of re-development projects, particularly across the western suburbs prime and western suburbs markets have added to the rental housing demand and continued to result in 5-6% growth in rental values from the previous quarter.

Bengaluru witnessed launch of nearly 8,850 units in Q1 2024, a 14% growth on an annual basis. Branded and listed developers contributed around 53% of residential launches in the quarter. While it may be lower than the 70% share recorded in the previous quarter, the pipeline of unit launches by reputed developers does look strong.

Shalin Raina, Managing Director, Residential Services, Cushman & Wakefield said, "Over the past year, a significant rise in demand for high-end and luxury properties has emerged at both national and local levels. This shift reflects a change in homebuyers' growing desire to invest in a place not only to live, but as a high-quality asset that reflects their lifestyle aspirations."

Spurt in credit to real estate as housing sales boom



The credit flow to real estate, from both banks and private channels, has significantly grown as residential sales boom and the office property market on the mend.

Bank credit to the commercial real estate sector stood at Rs 4.38 trillion as on January 26 this year, up 36% YoY, according to recent Reserve Bank of India data. The growth was 8% YoY in January 2023. Credit to the residential real estate sector is expected to grow 15-20% in both the current and next financial years. In FY23, it was at 17.3%, according to India Ratings and Research. Banks' exposure to the sector continues to increase in FY24, according to the rating firm.

"The agency has observed strong sales momentum in FY24. While it is likely to taper down into FY25 due to a high base, it will remain moderately positive. All micro markets saw an uptick in sales, led by the National Capital Region and Hyderabad," India Ratings said.

Saurabh Shatdal, managing director, capital markets and head – retail, India, Cushman & Wakefield, said strong demand drivers have encouraged developers to take fresh projects which has created a high-quality supply pipeline. "High growth environment, coupled with stable geopolitical situations and encouraging macro and micro economic indicators, creates an ideal opportunity for any financial institution to participate in the growth by funding such developments, and the 36% YoY growth just reflects that."

Shatdal said the outlook for the credit growth to real estate remains strong. "We are seeing encouraging demand across asset classes. The improving credit profile of developers driven by better cash-flow visibility would encourage banks to extend larger credit to the industry." Vishal Shrivastava, executive director at Anarock Capital, attributed the growth in bank credit to ample liquidity and changing dynamics in residential real estate. "Residential sales were all time high last year and everybody was able to sell their stocks. Since big developers did not want funds for construction and land buying, banks structured lending to suit their requirements. They also focused on tier-II & III cities to deploy their funds."

He added as the largest real estate lender, HDFC, merged with the HDFC Bank, competing banks had to raise their game and start lending aggressively for gaining market share.

Sanjay Agarwal, senior director at CareEdge Ratings, said the real estate sector has witnessed positive changes in the last six-seven years, especially after the RERA norms set in. "Bankers now have data to assess credit worthiness of a project. Builders also have to commit to the project completion deadline to access bank credit. They must deposit the credited money in bank account and cannot take it out for other purposes..."

The RBI is also putting restrictions by saying lenders cannot fund initial stage construction projects, leading to an improvement in the quality of underwriting, Agarwal said.

Private credit

Real estate is also garnering a large share of private credit flows. According to REDD, a data and research provider, the realty sector bagged the highest amount of private credit volume at 29.5% in 2023. Investments in real estate stood at \$1.7 billion in 2023, compared with \$1.6 billion in 2022, EY said in its latest private credit report.

According to the private credit survey of EY, 50% of fund managers believe that the majority of deal activity will happen in the real estate sector, closely followed by manufacturing. Interestingly, real estate is also perceived as the riskiest sector in the current private credit portfolio. CW's Shatdal said since banks and NBFCs take the lead position to fund construction finance requirements for developers, there exists a huge opportunity to fund the costs pertaining to approvals and land acquisition for developers whom lenders can't fund. "These approvals and land costs account for more than 30-40% of the total development spends, and pave the way for structured and private credit opportunities. "The market for such opportunities is also maturing. As developers continue to seek growth capital, we feel structured private credit would be a constant component in the capital stack for a lot of developers," Shatdal said.

<https://www.financialexpress.com/money/spurt-in-credit-to-real-estate-as-housing-sales-boom-3439795/lite/>



ASSET

Responsibly Yours

CORPORATE OFFICE

Asset Homes Pvt. Ltd., No. XV/246C,
Asset Centrale, NH Bypass,
Kundannoor Junction, Maradu P.O.,
Ernakulam, Kochi - 682 304,
Tel: 0484 4344 999, 4345 000

- AssetHomesOfficial
- AssetHomesKochi
- assethomes_
- AssetHomesKochi
- assethomes



(An ISO 9001:2015 Certified Company)

www.assethomes.in

