

The logo for 99acres, featuring the text "99acres" in a bold, blue, sans-serif font. The background of the entire page is a low-angle photograph of several modern skyscrapers with glass facades, reaching towards a bright, hazy sky. The buildings are arranged in a way that creates a sense of depth and height.

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INSITE REPORT

Hyderabad

January - March 2017

www.99acres.com



Methodology

The Insite Report by 99acres.com captures the quarterly capital trends and the annual rental analysis of residential apartments in key real estate markets – Delhi NCR, Mumbai Metropolitan Region (MMR), Bangalore, Pune, Chennai, Hyderabad, Kolkata and Ahmedabad. In order to assess the prevailing sentiment, the report delves deep into demand and supply of properties across varied budget segments and occupancy stages. While demand is a function of queries received, supply is based on property listings posted on 99acres.com in Jan-Mar 2017.



Contents

From Narasimha's Desk **03**

CBO's perspective on current market sentiment

National Outlook **04**

Snapshot of real estate ambience across top 8 metro cities

Market Indicators **05**

Changes in capital rates and inventory status QoQ; and rental values YoY

Impact of Union Budget **06**

Impact of Union Budget 2017-18 on the Indian real estate market

Market Movers **07**

News that impacted Hyderabad's realty market in Jan-Mar 2017

Hyderabad at a Glance **08**

Capital price movement in key micro-markets of Hyderabad

Hyderabad **09**

Key highlights - Hyderabad's capital and rental market in Jan-Mar 2017

Demand-Supply Analysis **10**

Demand-supply trends of residential apartments in Jan-Mar 2017

Annexures **11**

FROM NARASIMHA'S DESK...

Home loan interest subsidies, infrastructure status to affordable housing and change in the holding period of LTCG tax are expected to spur the market

The year 2016 drew to a culmination with jitters instigated by some of the most radical alterations in the history of Indian real estate. RERA, GST Bill, demonetisation and Benami Transactions (Prohibition) Amendment Act surfaced as game-changing policies that brought anxiety and distractions to the housing market. Nevertheless, they promise greater transparency, optimism and lucrative returns for investors in the long term.

The realty market across the country reposed in the first quarter of 2017. Several initiatives announced in the Union Budget 2017-18 talked about enhancing infrastructure, improving connectivity and providing affordable housing. Home loan interest subsidies, infrastructure status to affordable housing and change in the holding period of LTCG tax are expected to spur the market. In tandem with the improving buyer sentiment, listings and page views on 99acres.com are at an all-time high, with the site having almost 60% page view share* and 48% time share** against players in the same space.

At a city-level, Delhi NCR and Mumbai saw minimal changes in property prices, restricted new



launches and a revival in enquiries during the quarter. Southern counterparts such as Bangalore and Hyderabad thrived on the back of government initiatives, commercial expansion, and emergence of IT hubs. Chennai, however, battled degeneration of residential housing stemming from political crisis and natural calamities.

The latter half of 2017 is speculated to see realty bounce back, provided the current leakages in the system are effectively plugged.

Narasimha Jayakumar
Chief Business Officer
99acres.com

Data source: SimilarWeb

*Page View Share is the market share of total webpages viewed on site

**Time Share is the market share of total time spent on site

National Outlook



HOME BUYING SENTIMENT

Union Budget 2017-18 triggered a positive wave after a nationwide slowdown gripped the market post currency ban. A recovery in enquiries and transactions across metros reflects a revival in homebuyer interest. Ready units in the affordable housing segment garnered maximum traction.



PROPERTY PRICES

Popularity of low-budget homes proliferated due to focus on mass housing. Property prices remained under pressure as developers prioritised offloading existing stock and retreated from launching new projects at revised prices. Bangalore and Hyderabad narrated better stories than other metros.



RENTAL LANDSCAPE

Prospective homebuyers refrained from finalising purchase decisions due to uncertain market conditions and hopes of further price correction. The rental business, subsequently, benefited. Average 'asks' across metros, barring Pune and Chennai, received a fillip, YoY.



SUPPLY

New launches contracted further due to partial implementation of RERA, uncertainty over GST Bill, and a mammoth inventory overhang across metros. Supply in the secondary market soared following demonetisation, as investors made desperate attempts to exit real estate equity.

Market Indicators

	Capital Values	Rental Values	Supply
BANGALORE	▲	▲	▼
DELHI NCR	▼	▲	▼
MUMBAI	◀▶	▲	▼
CHENNAI	◀▶	▼	▼
PUNE	◀▶	◀▶	▼
HYDERABAD	▲	▲	▼
KOLKATA	◀▶	▲	▲
AHMEDABAD	◀▶	▲	▲

* Capital values represent quarterly change * Rental values represent yearly change * Supply is basis properties listed on 99acres.com



Budget & Realty



Affordable housing receives infrastructure status

Availability of funds at lower interest rates and associated tax sops would propel developers to build more economical units. The allowance of 100 percent tax deduction for affordable housing projects delivered within five years instead of the earlier mandate of three years would also help bridge the lacunae of 20 million houses in the time to come.



Infrastructure sector gets a shot in the arm

Recognising the role that infrastructure plays in spurring economic growth, the central government earmarked Rs 3.9 lakh crore for the development of roadways, railways, metro and airways. Thrust to the connectivity quotient is anticipated to translate into huge benefits for realtors and investors alike.



Rural housing grabs the limelight

A colossal amount of Rs 23,000 crore has been allocated under *Pradhan Mantri Awas Yojana* (PMAY) and Rs 19,000 crore towards the *Pradhan Mantri Gram Sadak Yojana* (PMGSY). While the former targets replacement of 1 crore *kachha* houses by 2019, the latter aims to improve the connectivity of all rural habitations of the country.



Homebuyers to benefit from subsidies

The government announced subsidies of three and four percent for buyers opting for home loans worth Rs 12 lakh and Rs 9 lakh, respectively. Loan applicants, however, need to have an annual income under Rs 18 lakh and Rs 12 lakh. Further, they must invest in properties having a carpet area equal to or less than 600 sq ft and 900 sq ft. This would mean a relief of over Rs 2 lakh for property buyers.



Holding period for LTCG tax reduces

The holding period for long term capital gains (LTCG) tax has been reduced from three years to two years. Until now, home owners would have to hold on to their property for at least three years to avoid short term capital gains tax, which has a higher tax implication than LTCG tax.



Changes in tax norms for multiple property owners

The tax deduction available on loan repayment for a second home has been limited to a maximum of Rs 2 lakh. Until now, there was no ceiling on the tax deduction for investing in second homes. This might discourage investors from investing in multiple properties.

Market Movers

Amravati land pooling farmers to get capital tax exemption

The Union Budget 2017-18 provided capital gains tax exemption for farmers who had pooled their land for the construction of the capital city, Amravati. The exemption will be based on the commercial value of the plots and will deem effective from 2 June 2014.

Hyderabad's integrated master plan inches closer to reality

City's integrated master plan is in its final stages of formation with the Hyderabad Metropolitan Development Authority (HMDA). The plan will be a one-stop shop for both developers and citizens to seek construction approvals.

Civic body tightens norms over illegal constructions

While the Greater Hyderabad Municipal Corporation (GHMC) is demolishing unauthorised buildings, the civic body, too, intends to use satellite images to identify illegal structures and curb rampant development.

Government proposes amendments in New Building Rules 2012

In order to safeguard the city's heritage, the government has proposed amendments in the building rules relating to segregation of sanitation facilities, rules for farmhouses, environmental stipulations for building approvals and conservation of heritage buildings.

Telangana government allows long-term leasing of Waqf Board properties

The Telangana government has given its nod to the Telangana State Waqf Board (TWSB) to allow long term leasing of Muslim endowed properties. Around 11 such properties have been identified which can be leased for 30 years.



Hyderabad at a Glance

Price movement in key micro-markets

Locality	Average 'Ask' Rate (Per sq ft)	QoQ Change	YoY Change
Beeramguda	1,800-2,200	2%	-2%
Chandanagar	2,900-3,400	1%	5%
Gachibowli	3,800-4,400	-3%	1%
Kondapur	3,600-4,300	0%	2%
Kukatpally	3,300-4,000	4%	9%
Madhapur	4,300-5,300	2%	5%
Manikonda	2,800-3,300	0%	3%
Miyapur	2,700-3,300	2%	2%
Nizampet	2,200-2,800	2%	4%
Pragati Nagar	2,400-2,800	3%	9%

* Average 'ask' rates have been calculated as per listings posted on 99acres.com in the current quarter

99ACRES OUTLOOK

The key announcements made during Union Budget 2017-18, coupled with drop in lending rates will augur well for demand of affordable housing inventory in the city. In addition, implementation of favourable policies such as an integrated master plan and civic body's drive against illegal constructions will provide an impetus to the city's realty landscape in the next couple of months.

Further, the ever-flourishing commercial market is expected to witness addition and absorption of fresh stock, especially in the western quadrant of the city. This will, subsequently,

translate into healthy residential demand and better returns on investment, spelling good news for fence-sitters and investors.

Meanwhile, developers are expected to extend their wait-and-watch approach to seek more clarity on Real Estate (Regulation and Development) Act, which will unfurl in the forthcoming quarter. This would mean restricted new launches and healthy absorption of ready available stock, further narrowing down the demand-supply mismatch in the city.

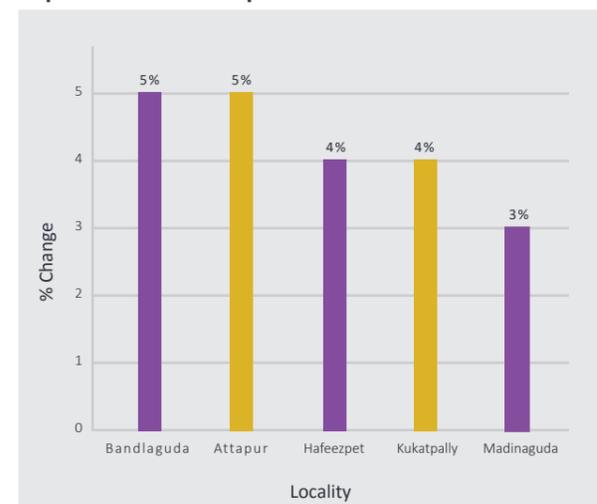
HYDERABAD

Hyderabad is on the cusp of recovery after the demonetisation move disrupted market sentiment and consequently created a major dent in the residential market during the last quarter of 2016, which witnessed sales plunging to a six-year low. Mid-income housing stocks near employment hubs found renewed interest among homebuyers.

Key Highlights

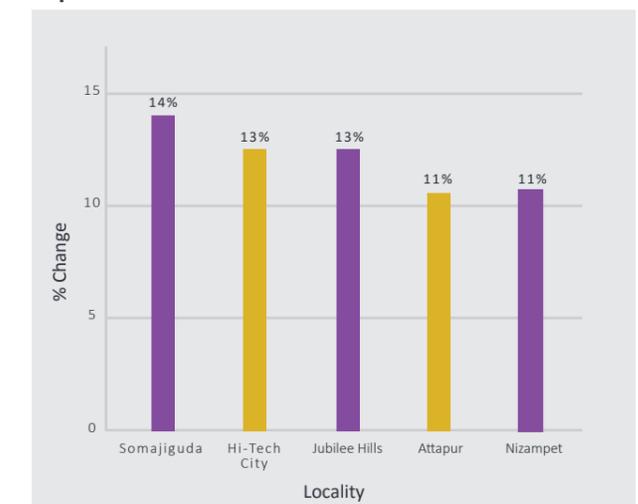
- The year 2017 began on a positive note with enquiries pouring in post home loan interest rates being reduced by lending banks. The spurt in residential demand prevented any dip in overall property rates, with micro-markets in the western quadrant continuing to be the most popular housing pockets for developers and buyers alike.
- Bandlaguda in Ranga Reddy district emerged as the frontrunner recording five percent average weighted growth, QoQ. Ample availability of pocket-friendly housing stock and strategic location along the Outer Ring Road (ORR) added to the attractiveness index of the region.
- The premium markets of Jubilee Hills, Banjara Hills and Madhapur maintained status quo in terms of steady demand and noted positive movement in both capital and rental values. Increased commercial uptake and sound infrastructure acted as growth propellers.
- The saturated markets of Gachibowli and Begumpet, having a mix of both fresh and resale inventory, failed to garner homebuyer interest with lack of civic infrastructure being as a major growth dampener.
- Land deals failed to combat demonetisation woes for the second straight quarter. Disinterest from investors resulted in 'ask' rates of residential plots remaining subdued across the city.
- The rental market outweighed the capital market with the city gaining an average hike of six percent in rental 'asks', YoY. Localities such as Nizampet, Manikonda, Chandanagar and Hi-Tech City contributed to the growth in residential leasing by posting a rental appreciation to the tune of 10-14 percent, YoY.
- The high streets of Jubilee Hills, Gachibowli and Kothaguda witnessed heavy retail leasing activities, resulting in stable residential rental rates.
- Meanwhile, subdued leasing activity in malls kept rental rates flat after the micro-markets of Madhapur and Kukatpally witnessed prominent exits.

Top Performers - Capital Market



* %change represents quarterly capital movement

Top Performers - Rental Market



* %change represents yearly rental movement

DEMAND-SUPPLY ANALYSIS

Steering through the economic hurdles, the real estate landscape in Hyderabad witnessed a slight improvement in market dynamics in the current quarter. As buyers regained the vigour to invest, both enquiries and transactions recorded positive movement. Developers halted new launches to offload the existing stock, and get clarity over RERA, which has so far been partially implemented. This led to a subsequent drop in supply of under-construction units.

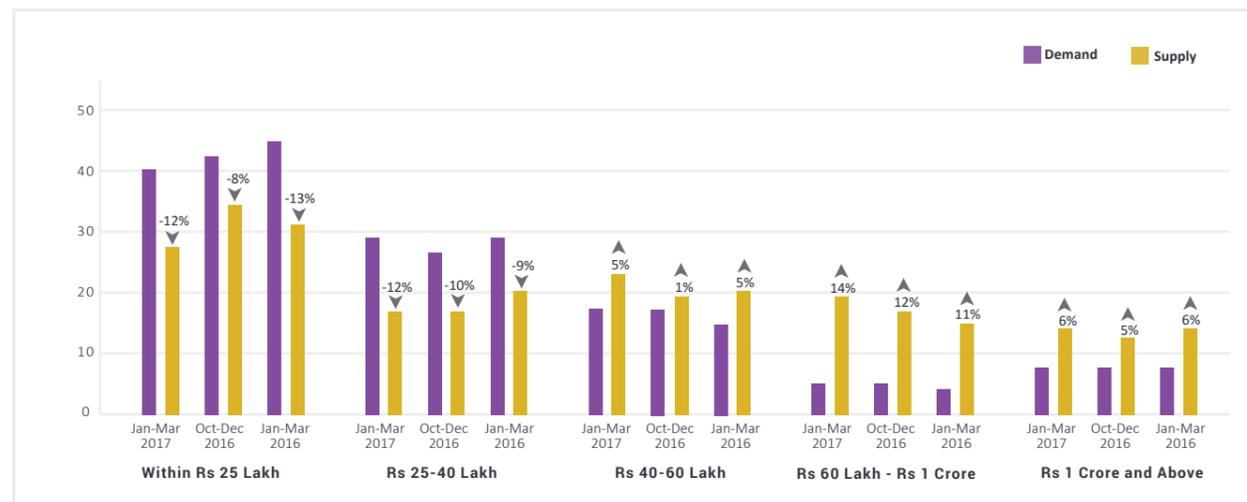
Key Trends

- The alterations noted in the inventory status in Jan-Mar 2017 are largely a function of the rise in the number of housing units on sale in the secondary market. The overall supply of ready-to-move residential properties surged by five percent and stood at almost 70 percent in the current quarter.
- Majority residential stock in Hyderabad continued to be priced under Rs 40 lakh. Non-profitability in construction of low-priced homes tipped the balance as demand outweighed supply by 24 percent in Jan-Mar 2016, as opposed to 18 percent in the previous quarter.
- Buyer preference migrated to mid-income housing segment from affordable segment in Jan-Mar 2017. A noticeable six percent dip in the availability of properties priced within Rs 25 lakh led to a wider demand-supply mismatch.
- The already over-supplied luxury and ultra-luxury properties saw demand dipping further, highlighting the meek traction these housing categories are receiving after demonetisation.

Distribution of Residential Apartments



Graph depicts the availability of residential apartments wrt other property types, QoQ, along with the distribution of under-construction and ready stock



Graph depicts the fluctuation in supply wrt demand for residential properties in various budget categories

Annexure

CAPITAL VALUES - APARTMENTS

Locality	Jan-Mar 2017	% Change
AS Rao Nagar	2300	2
Alkapuri	2750	-2
Ameerpet	4050	-1
Appa Junction	3470	1
Attapur	3350	5
Bandlaguda	3000	5
Banjara Hills	6700	2
Beeramguda	2100	2
Begumpet	4333	-6
Boduppall	2400	0
Chandanagar	3350	1
Dilsukh Nagar	3000	0
Gachibowli	4370	-3
Gajulramaram	2600	2
Hafeezpet	3750	4
Himayat Nagar	4900	0
Hi-Tech City	5167	0
Jubilee Hills	6650	2
Kapra	2450	0
Kokapet	4080	-3
Kondapur	4267	0
Kothapet	2975	-1
Kukatpally	4050	4
LB Nagar	3150	1
Madhapur	5300	2
Madinaguda	3400	3
Manikonda	3100	0
Mehdipatnam	3550	1
Miyapur	3150	2
Nagole	2900	2
Nallagandla	4150	0
Nanakramguda	4550	1
Narsingi	3800	1
Nizampet	2600	2
Pragati Nagar	2675	3

CAPITAL VALUES- APARTMENTS

Locality	Jan-Mar 2017	% Change
Qutbullapur	2200	-2%
Sanath Nagar	4600	0%
Shaikpet	5067	1%
Somajiguda	4500	0%
Tellapur	3850	-1%
Tolichowki	3050	2%

RENTAL VALUES - APARTMENTS

Locality	Jan-Mar 2017	% Change
Ameerpet	13	8
Appa Junction	12	9
Attapur	10	11
Banjara Hills	17	6
Begumpet	14	8
Chandanagar	13	4
Gachibowli	16	-3
Himayath Nagar	14	8
Hi-Tech City	17	13
Jubilee Hills	18	13
Kondapur	14	0
Kukatpally	14	0
Madhapur	16	7
Madinaguda	11	0
Manikonda	13	9
Mehdipatnam	10	0
Miyapur	11	10
Nizampet	10	11
Somajiguda	16	14
Tolichowki	11	0

*All prices are per sq ft rates *Capital change depicts quarterly alterations in average 'asks' *Rental change depicts yearly alterations in average 'asks'

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CONTACT US

0120 4879400 | Monday - Friday | 9:30 AM to 6:30 PM IST | Email: content@99acres.com