

REALTY CHECK WITH HOUSING PRICE INDEX

DECEMBER 2024



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OVERVIEW

India, Asia's third-largest economy, is projected to expand 7.2% in the financial year ending March 2025, the fastest rate among major economies. Despite its dazzling growth numbers against the backdrop of ongoing geopolitical tensions, the country needs to address several challenges to maintain lasting growth based on strong fundamentals.

Its huge population is one issue to start with. In April 2023, India officially became the world's most populous country, surpassing China. This milestone represents both a tremendous resource and a formidable challenge as India strives to achieve its goal of becoming a developed nation by 2047. Its ability to effectively house its 1.428 billion people will be a critical yardstick by which the progress of the world's fifth-largest economy will be assessed in future.

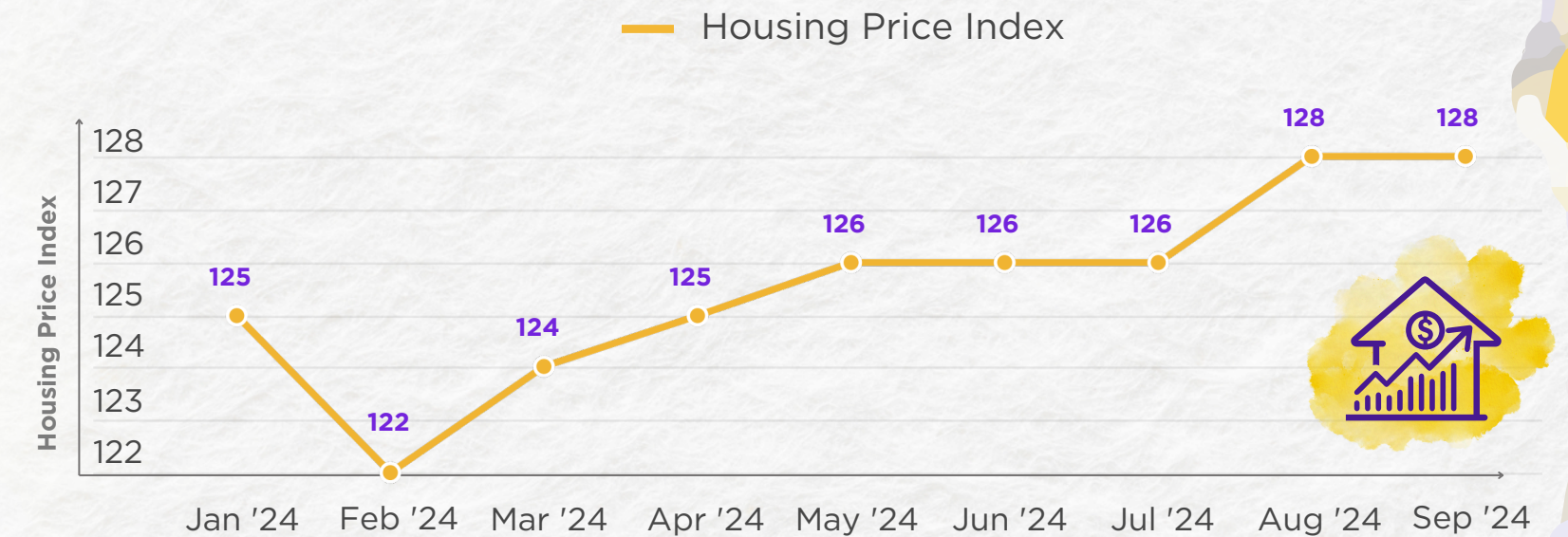
As an asset class real estate continues to maintain its dominant position with private equity investment inflows into the sector reaching \$2.2 billion in the September quarter, manifesting a quarterly 93% growth. This is indicative of the continued positive investor sentiment as well.

Buyer interest in the sector is evidenced from the fact that unsold inventory in the 8 markets dipped 5% on an annual basis in September while inventory overhang hit 23 months, indicating a healthy demand momentum for the residential real estate market.

In this background, monitoring property price trends is important for making key policies that shape India's real estate sector, the country's second largest employment-generating industry.

HOUSING PRICE INDEX

Pan-Indian HPI jumps 2 points QoQ



Note: The Index is based on a survey of 13 cities across India from 2017 to September 2024

Source: Housing Price Index

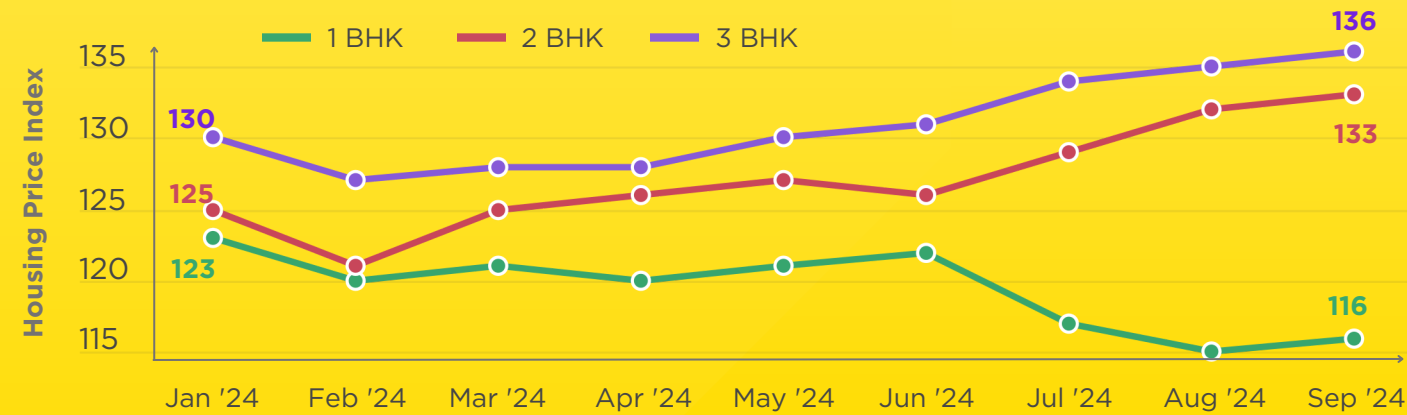
Between Jan and Sep 2024, the all-India HPI showed a 3-point upward movement

The overall price index increased marginally by 2 points on a QOQ basis, reaching 128 points, indicating growth in average property value across key residential markets in the world's most populous country.

This growth can be attributed to global as well as domestic factors. As a result of geopolitical tensions, among other factors, commodity prices have spiked in the past one year. While India has been able to hold its own on the economic front, inflation numbers have been a matter of concern for the country's banking regulator. Overall, the cost of construction materials has seen a significant increase in the period covered in this analysis.

HOME SIZE PREFERENCE

3BHK most preferred configuration



Note: The Index is based on a survey of 13 cities across India from 2017 to September 2024

Source: Housing Price Index

The post-pandemic attitudinal change among homebuyers has led to a sharp increase in the demand for larger homes. Consequently, the all-India HPI reading for 3BHK homes remains the highest at 136 points, a jump of 5 points since June.

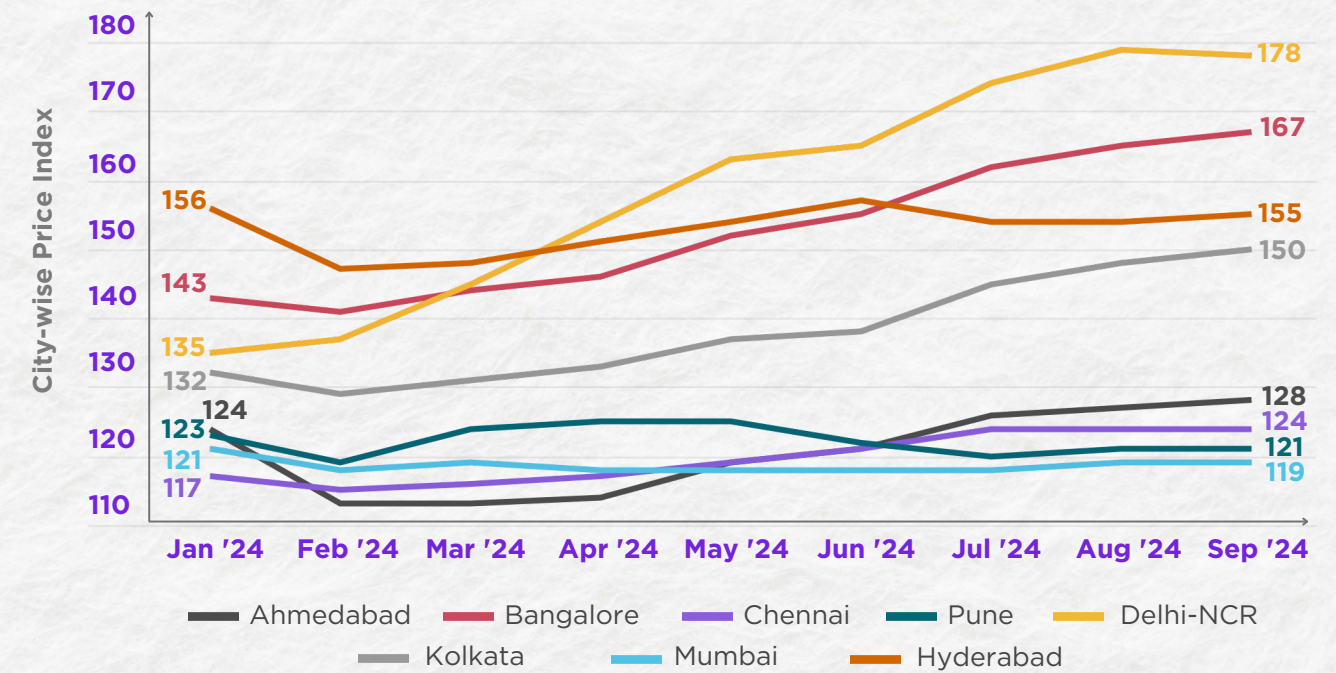
Price concerns could be cited as the prime reason why the 2BHK configuration recorded a more prominent jump: the reading for 2BHK was 133 in September, as against 126 in June, a jump of 7 points.

The reading for 1BHK homes showed a 6-point drop, from 122 in June to 116 in September. The share of this configuration in overall sales has been declining after the pandemic as more and more people are opting for larger homes.

Despite a growing preference for larger homes, pricing concerns are pushing growth for the 2 BHK segment

CITY-WISE PRICE INDEX

All cities see price growth; Hyderabad, Pune readings stable



Note: Delhi-NCR covers Gurgaon, Noida, Greater Noida, Ghaziabad and Faridabad; Ahmedabad includes Gandhi Nagar

Source: Housing Price Index

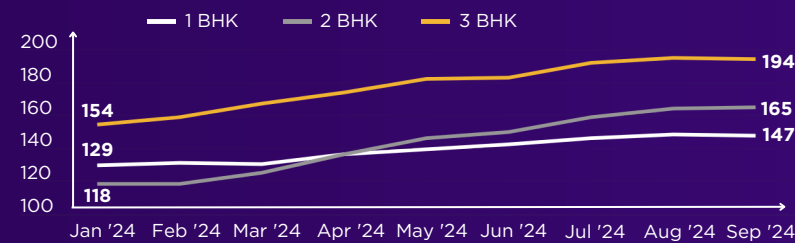
The city-level HPI shows varying readings for the cities covered in the analysis, representing different degrees of price growth in these prime residential markets. Delhi-NCR registered the sharpest quarterly jump, showing a reading of 178 in September as against 165 in June. Bengaluru and Kolkata were the other two cities showcasing impressive quarterly reading on the index. While the reading in case of Ahmedabad, Mumbai and Chennai was moderate, the reading for Hyderabad and Pune remained stable.

Delhi-NCR saw the highest annual jump, with a reading of 178 in Sep 2024, against 123 in Sep 2023



GROWTH DRIVERS

DELHI



Note: Delhi-NCR includes Gurgaon, Noida, Greater Noida, Ghaziabad and Faridabad
Source: Housing Price Index

Due to increased investor demand, average property value in Delhi-NCR, one of the most expensive housing markets in India, has shown a sharp increase in the past one year. Average per square foot price in this region is currently in the range of INR 8,000 to INR 12,000.

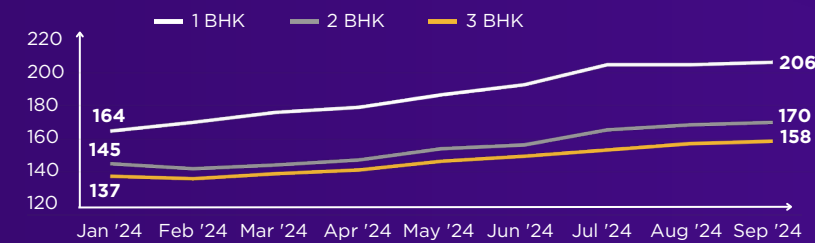
The HPI suggests that 3BHK is the most preferred configuration for homebuyers in this market. However, the prices for the 2BHK segment have shown the sharpest increase on a quarterly basis.

Demand for larger homes is expected to continue for this residential market along with value growth. Relying on these factors, investors as well as end-users will continue to drive growth in this market.

INVESTMENT HOTSPOTS

New Gurgaon, Noida Ext., Dwarka Expressway

BENGALURU



Source: Housing Price Index

India's Silicon Valley attracts a large number of professionals each year, a factor that has a huge bearing on rising property values in this southern market. Average property rate here is in the range of INR 7,500-8,500 per square foot, after a 15% jump in average rates in the past one year.

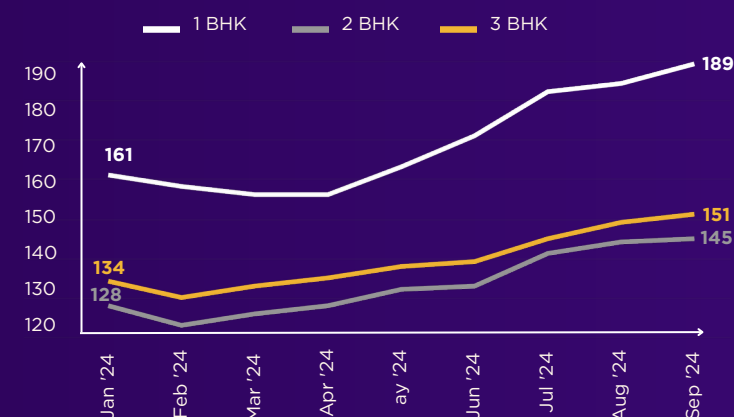
Rising property cost could have been one reason why the quarterly HPI has seen a sharper jump for 1 and 2BHK homes in India's IT capital. This is in contrast with other cities in the analysis which show buying preference tilted towards 3BHK.

Its booming IT industry, with strong employment prospects, makes Bengaluru an attractive option for mid- and high-income homebuyers. This trend is likely to continue despite competition from similar markets such as Hyderabad.

INVESTMENT HOTSPOTS

Varthur, Devanahalli, Sarjapur

KOLKATA



Source: Housing Price Index

Average price value in Kolkata increased 22% annually in September, one of the highest among India's mega cities. A similar trend is reflected in the quarterly HPI.

People looking for homes in Kolkata have shown higher preference for 1BHK homes, probably due to this sharp increase in property cost.

With recent infrastructure upgrades, Kolkata is gradually showing improvement in terms of liveability. Even after a price rise, Kolkata still remains more affordable than many big cities, providing it a certain edge over its peers.

INVESTMENT HOTSPOTS

New Town, Rajarhat, Madhyamgram



PRICE SNAPSHOT

City	Price range (INR per sq ft)
Ahmedabad	4,500 - 5,000
Bengaluru	7,500 - 8,500
Chennai	7,000 - 7,600
Delhi-NCR	8,000 - 12,000
Hyderabad	7,000 - 7,500
Kolkata	5,500 - 6,000
MMR	13,000 - 20,000
Pune	7,000 - 8,000

Source: Housing Research

OUTLOOK

Housing continues to be a key focus area for the government, and home ownership is promoted through a variety of policy incentives. These efforts align with the government's broader goals of urbanisation, poverty alleviation and sustainable development. However, both global and domestic factors pose difficulties in maintaining housing affordability.

A sharp rise in inflation has hit urban consumption—retail inflation reached a 14-month high of 6.2% in October, breaching the RBI's tolerance band of 2-6% for the first time in over a year. While food prices jumped to 10.9%, Citibank's urban consumption index hit a two-year low.

GDP in the world's fifth-biggest economy rose by 5.4% in July-September year-on-year, the slowest pace in seven quarters. Meanwhile, cost of construction material could come under further stress in the event of an escalation in the ongoing tensions in the Middle East. These factors could reflect in further surge in property prices in mega cities.

The prospects of a bumper kharif crop this year, meanwhile, could lower food inflation in the coming months, making the inflation outlook benign. The RBI might also go for a rate cut, considering slowing growth. These factors could have some positive influence on housing affordability.

After undergoing a phase of stability post-pandemic, rental values in India's mega housing markets have shot up in the range of 40 to 50%. This increase in rental values could prompt more buyers to opt for home ownership, booting future demand.

ABOUT HOUSING PRICE INDEX

The Housing Price Index is based on a survey in 13 cities across India from 2017 to date. The survey is conducted every quarter by Housing.com. The data collected includes information on price per square foot, quantity and total value of transactions in last 3 months for various sub-localities within each city.

It also includes other details such as the number of bedrooms, construction status, and number of inventory units. To capture the aggregate movement in prices (per square foot) over time, we construct a "Laspeyres Price Index", where we use granular prices from each locality and their corresponding weightings based on transaction value share of that locality in India. We use a similar methodology to construct city-wise indices.

To capture latest price movement, the locality-level prices used for constructing the price index are an average of sale and inventory prices. It is possible that some localities do not witness any sale in the month under consideration. In such cases, inventory prices serve as the most updated proxy for sale prices. The quantity index is derived from the monthly price index as total sales value normalised by the price index for that month.

The 13 cities covered by the survey across India are Ahmedabad, Bengaluru, Chennai, Faridabad, Gandhinagar, Ghaziabad, Greater Noida, Gurugram, Hyderabad, Kolkata, Mumbai, Noida, and Pune.



City	No. of localities	Weight (%)
Ahmedabad	69	3.72
Bangalore	129	8.96
Chennai	108	3.66
Delhi-NCR	134	5.04
Hyderabad	83	6.17
Kolkata	78	2.36
MMR	121	51.15
Pune	116	18.63





Founded in 2012 and acquired by REA India (formerly known as Elara Technologies Pte. Ltd.) in 2017, Housing.com stands as India's premier full-stack proptech platform catering to homeowners, home seekers, landlords, developers, and real estate brokers.

Housing.com provides comprehensive listings for a wide range of properties, including new homes, resale homes, rentals, plots, commercial spaces, and co-living accommodations across India. The company is backed by robust research and analytics, offering a spectrum of real estate services encompassing advertising, marketing, sales solutions for real estate developers, personalised search & insights, virtual viewing, AR&VR content, home loans, end-to-end transaction services, and post-transaction support for both buyers and renters.

Additionally, we offer a suite of online services through our Housing Edge brand, including features like Pay on credit, movers & packers, lending services, online rent agreements, and an array of DIY services, catering to both customers and landlords.

With a presence in 24 tier-I and -II cities, our mission is to simplify the home buying, selling, and renting journey for our valued customers. REA India is a group company of global proptech leader, REA Group of Australia that is over 30 Billion AUD company. REA Group is part of NewsCorp, based in the United States.

For further details about the company, please visit www.housing.com.



Srinu Raju Centre for IT and the Networked Economy (SRITNE) is a multi-disciplinary research centre at the Indian School of Business aimed at fostering rigorous and relevant research, education and outreach that advances our understanding of how Information and Communication Technologies (ICT) create value for business and society.

The core activities of SRITNE are across the areas of: a. Research that addresses practical and policy questions related to the effective ICT selection, adoption, & exploitation, b. Education that trains future leaders to leverage ICT for competitive success, and c. Dialogue with academics, industry, government, and students through speaker series, conferences and symposia.

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Disclaimer

The analysis presented on real estate trends in India are indicative of market trends. The data has been tracked and collected across eight cities for nearly 20,000 projects. Utmost care has been taken to provide the complete market picture, but these trends present the best-case scenario and should not be relied upon in any way. The data for sales are collected through primary survey carried out by our field agents and the data for new launches are as per the projects registered under the Real Estate Regulatory Act (RERA). The report published is for general information only. Although high standards have been used for analysis in this report, no responsibility or liability whatsoever can be accepted by Housing.com and Indian School of Business (ISB) for any loss or damage resulting from any use of, reliance on or reference to the content of this document. As a general report, this material does not necessarily represent the views of Housing.com and Indian School of Business in relation to particular properties or projects. Reproduction of this report in whole or in part is not allowed without prior written approval of Housing.com and Indian School of Business (ISB) to the form and content within which it appears.

