

24,000 residential units launched during April-June: Study: The Economic Time

As many as 24,000 residential units were launched in top six metros during April-June period of this fiscal with Bengaluru witnessing the maximum number of launches, a study by Colliers International India said.

According to the report, Q2 2016 witnessed the residential sector on the cusp of recovery, as the top six cities - Bengaluru, Pune, Mumbai, Gurgaon, Noida and Chennai - saw launch of about 24,000 new residential units, taking the H1 2016 total to around 42,000 units.

Bengaluru accounted for about 48 per cent of the total units, followed by Pune 21 per cent and Mumbai 16 per cent.

Gurgaon and Noida remained subdued in terms of new launches as developers remained focused in their efforts to address the existing inventory overhang.

"The residential market has started witnessing green shoots of recovery, however, most of the demand is skewed towards completed projects. In the coming quarters, we expect transaction volume to increase especially during festive season though, the track record of developers and right price points shall continue to play the key role in determining the demand for new projects," Colliers International India Senior Associate Director Research Surabhi Arora said.

According to the report, Bengaluru witnessed a spurt in new project launches having almost doubled from Q1 2016 at nearly 11,500 units at the end of April-June quarter.

Steady end-user demand coupled with strong office market fundamentals which are crucial to development of new residential clusters remained the primary catalyst behind the high volume of new launches in this quarter, it noted.

The Chennai residential market showed recovery, but at a steady pace, as new unit launches remained steady over the previous quarter and stood at about 2,100 units.

This is primarily because of increased confidence amongst property developers owing to a stable state government retaining power following the Tamil Nadu Assembly Elections.

The Mumbai residential market is moving towards a slow recovery, despite a relaxed quarter as launches amounted to 3,800, raising the total so far this year to 10,300.

"The decrease in number of launches is primarily due to the fact that January-March quarter witnessed unit launches in bulk by a few big developers and comparatively, there were not many bulk unit launched in this quarter," the report said.

Pune's residential property market witnessed new launches of with 5,000 units, taking the total to 7,200 in H1. However, these unit were launched in only a select micro markets where a few developers have launched huge residential projects on large land parcels. Most of these catering to luxury or high end segment.

Gurgaon's residential market continued to see subdued transaction volume. In total, 1,580 units were launched this quarter in the mid-luxury segment.

In Noida, almost 6,000 units were issued completion certificates amidst heightened concerns over the delay in possession and to allay the fear of home buyers.

Arora further said that "Capital values are unlikely to change in most of the micro markets, but ticket size may come down in expensive markets as developers are focusing on launching projects with smaller configuration with easy payment plans."