



EXCEDOR

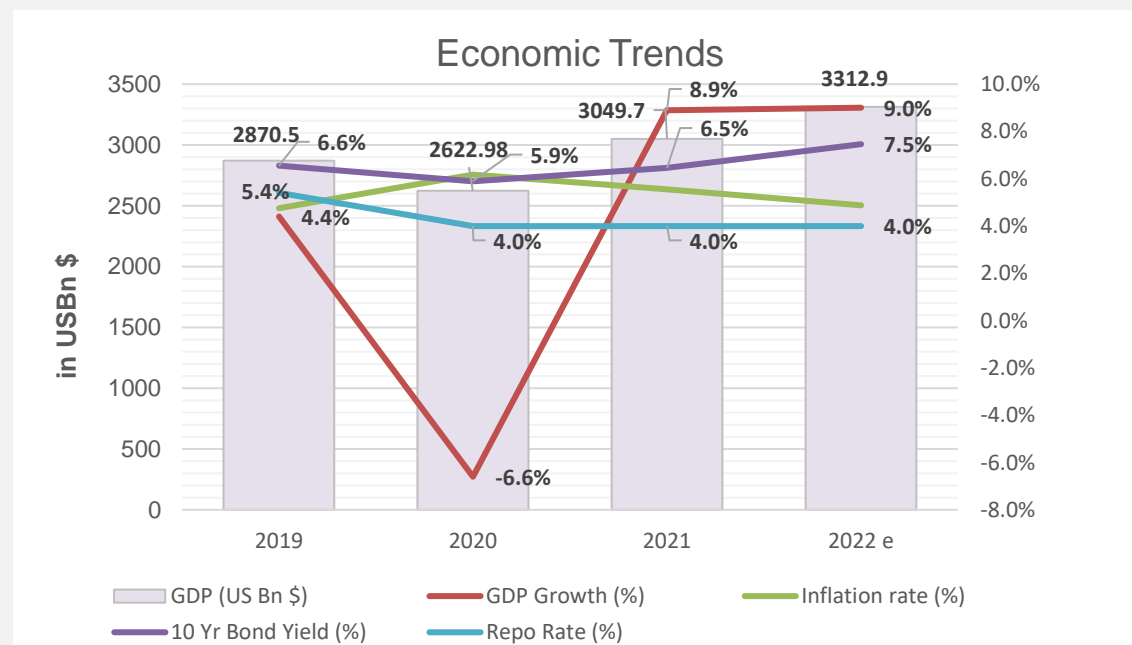
EXCEEDING EXPECTATIONS

Registered Valuers Entity (IBBI/RV-E/02/2020/130)

MUMBAI | DELHI | BENGALURU | JAIPUR | CHENNAI



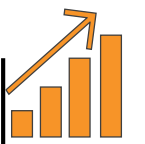
Metamorphosis of the Indian Residential Sector Post Pandemic

It's a known fact that the Covid 19 pandemic has had a domino effect on the economy, health, wellness, and lifestyle globally. None of the economic sectors including the real estate sector may possibly have claimed resilience to the impact of the pandemic. The Indian real sector which was already exhibiting signs of pressure prior to the pandemic during 2019, was further constricted during the past two years. During the first wave, the nation observed a complete lockdown; as a result, the construction activity came to a complete standstill on account of lack of labor force, unavailability of construction materials, halt of production and transportation facilities. Just when the real estate sector that was striving to be on a slow recovery mode post the first wave, it was again struck hard by the second wave. Delayed launches or ventures, vacating office spaces as companies continued operating in WFH mode and postponed projects were some of the key impacts observed in the aftermath of the two phases. However, the impact was subdued in the third phase that lasted for a shorter span of time. This could be attributable to the high vaccination drives, rising awareness amongst people and business owners, in dealing with the pandemic, developers' preparedness, coupled with government initiatives have made the sector stay resilient. The consumer interests and developers' strategies picked up more efficiently and the segment started performing well across myriad sectors. The continuing positive movement in the economy coupled with the positive outcomes has resulted in the overdue resurgence of the real estate market as elaborated below.



Movement in Economic Indicators in India Pre and Post Covid

The Resurgence of Real Estate:

Asset Class	Impact during Covid 19	Revival/ Resurgence	Short term outlook
Office	<p>Owners & Occupiers are in a halt mode.</p> <p>Deals and transactions hampered and remained standstill.</p> <p>Curtailed demand and stagnant rentals or renegotiations</p>	<p>Phased re openings have begun with a majority of the offices opening full time.</p> <p>Hybrid working model and co working models are gaining prominence.</p> <p>Leasing activity is bullish. Revamping of existing office spaces.</p>	
Residential	<p>Delays in project completions & launches</p> <p>Sellers and buyers in a paused mode</p>	<p>Increased demand in housing, mostly for larger spaces/configurations by end users.</p> <p>Construction activity & launches nearing pre-covid levels backed primarily by end-users and state govt. initiatives.</p>	
Retail	<p>Organized retail sector exhibited signs of stress.</p> <p>Supply chain disruptions.</p> <p>Online retailing gained prominence.</p>	<p>Online retailing is expected to prevail.</p> <p>Organized and high street retailers are witnessing strong and increased footfalls with increased conversions though slightly short of pre-covid levels.</p>	
Industrial & Warehousing	<p>Transportation and material constraints.</p> <p>Demand for E-commerce increased.</p>	<p>Demand and supply chains are performing stronger, surpassing pre covid stages.</p> <p>Increased activity in Tier II & III cities.</p>	



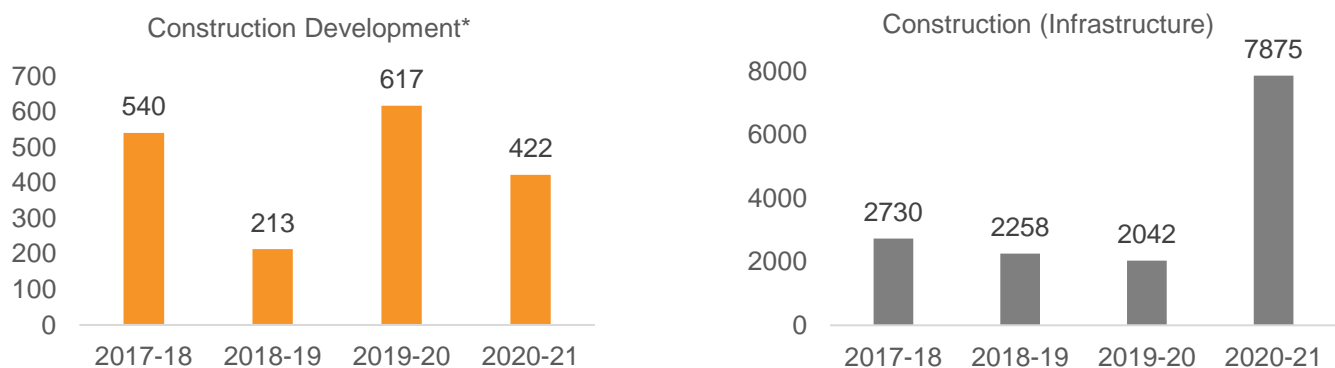
The resultant growth has been backed by strong fundamentals as reflective in the favorable outcomes such as increased development, growing sales and leasing activity, rising investments into the sectors, etc. Of these, fund flow which is one of the prime instruments for driving any economic sector, has been elaborated in detail in relation to the real estate sector.

Fund Flow in the Sector:

The pandemic had a sharp change in course of investments / capital flow in India by Foreign Investors. With the demand across all sectors picking up, and on the back of continued monetary stimulus, low-interest environment and improving sales visibility across asset classes, we anticipate more lucrative opportunities for the investors, as evident from the rising inflows in the sector.

Foreign Direct Investments in Real estate are provided in categories of Construction Development and Construction (Infrastructure) sectors as mapped by the Department of The Foreign Investment Promotion Board (FIPB), housed in the Department of Economic Affairs, Ministry of Finance. Of the total inflows in the sector, in the past 4-5 years, an average of 13% of FDI inflows have been in the Construction Development sector, while around 87% of inflows were in the Construction (Infrastructure) sector.

FDI Equity Inflows (US\$ Million)



Source: FIPB

*Construction development includes townships, housing, built-up infrastructure and construction-development projects

*Construction (Infrastructure) includes roads, dams, railways, airports, ports and other allied sectors

Institutional investments in Real Estate touched around US\$ 1.0 billion during Q1 2022 of which around 70% of the investment was accounted by Foreign Investors. The office segment accounted for the highest investment followed by the Retail and Warehousing segment. While Institutional Investments clocked around US\$ 5.0 billion in 2020, the same reduced to an estimated US\$ 4.0 billion in 2021.

Backed by strong fundamentals, in 2022, India is projected to get cross-border real estate investment (Infrastructure & Construction Development) of US\$ 2500 million. On the other hand, Institutional investment is expected to marginally rise above 2021 to an estimated US\$ 4.0-4.2 Billion as per market estimates. This would be ably supported by the increasing domestic investments in brownfield projects as well as last mile investments by large investment groups/ Funds, some backed by the Government. The Indian Real Estate market by itself is expected to reach US\$ 1 trillion by the end of 2030.



Some of the notable highlights for investments in the sector by foreign as well as domestic players over the years

Investments in Real Estate

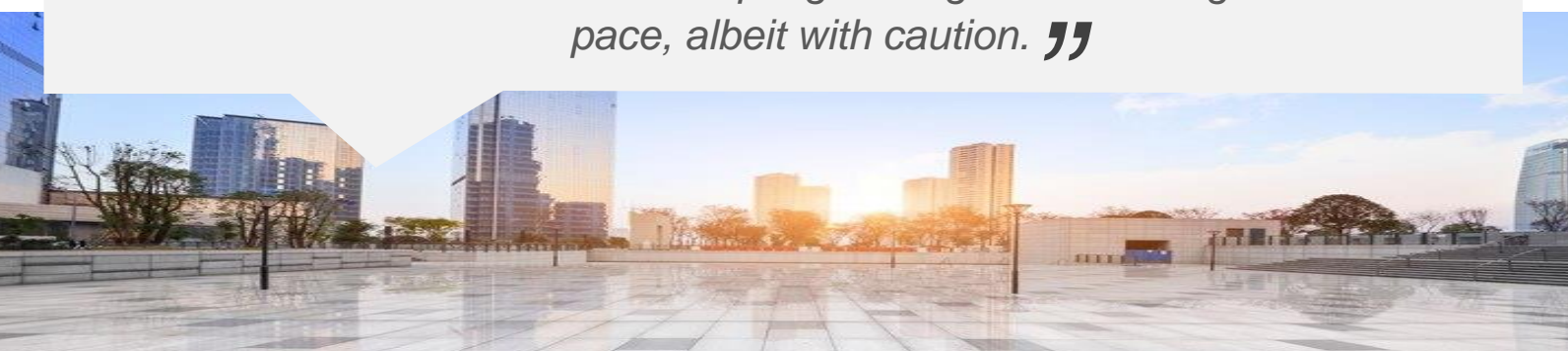
Asset class	Investment statistics
Office	<ul style="list-style-type: none"> Foreign investments at US\$ 10.3 billion between 2017-21 in the commercial sector. Blackstone is set to invest INR 1.7 lakh crore (US\$ 22 billion) by 2030 in the office sector.
Residential	<ul style="list-style-type: none"> In 2021, investments in residential sector stood at US\$ 1.08 billion, a double fold increase compared to inflow of investments in 2020 which was at US\$ 0.46 billion.
Retail	<ul style="list-style-type: none"> India's retail trading sector attracted US\$ 3.75 billion FDI from April 2000 to December 2021. India's retail sector is expected to touch US\$ 1.5 trillion by 2030, almost a twofold increase when compared to 2020 which was at US\$ 0.8 trillion. DLF set to invest about Rs. 2,000 crore (US\$ 262.2 million) in the next 2-3 years on retail portfolio.
Industrial & Warehousing	<ul style="list-style-type: none"> Industrial & Logistics sectors reached US \$1.1 billion in the year 2021.



Key Disbursements in the Real Estate Sector

Entity	Disbursed / Proposed disbursement Amount	Developments
LIC Housing Finance	INR 225 Cr. & INR 54 Cr.	Residential Projects by Shriram Properties in South India and Vatika Group for projects in NCR.
Brookfield Asset Management	INR 1,000 Cr.	INDIS (INCOR Group) five residential projects in South India.
Oaktree Capital Management	INR 425 Cr.	Hubtown Group and Raising Straits Capital with Wadhwa Group for a project Hubtown's 25 South at Mumbai.
HDFC Capitals through Affordable Real Estate Fund - 3 (H-CARE-3)	INR 400 Cr.	Signature Global group for projects in the NCR Region
Motilal Oswal Real Estate	INR 1,500 Cr.	Disbursed in 21 - 22 across various projects Pan India
Motilal Oswal Real Estate	INR 100 Cr.	Residential project in Punjab by Sushma Group
Motilal Oswal Real Estate	Expected to invest an additional INR 2000 Cr.	Across projects in Bengaluru, Pune, Hyderabad and Chennai
SWAMIH I	INR 150 Cr.	Residential Project by Tridhaatu Group in Mumbai
SWAMIH I	Part of 650 Cr.	For Projects across Noida and Greater Noida by Amrapali Group
Varde Partners – Global AIF	INR 440 Cr.	Development by Omaxe in New Chandigarh, Lucknow, Ludhiana, Indore and Faridabad
Indospace	INR 1,000 Cr.	Committed to KSH Infra for developing 10 mn sq.ft. warehousing and logistics park in Pune, Mumbai, Delhi-NCR, and Bengaluru

“ Today, with the country embracing to the new normal, the real estate market is poised to move high on the recovery curve over the immediate term with all stake holders adopting strategies for moving at a faster pace, albeit with caution. ”



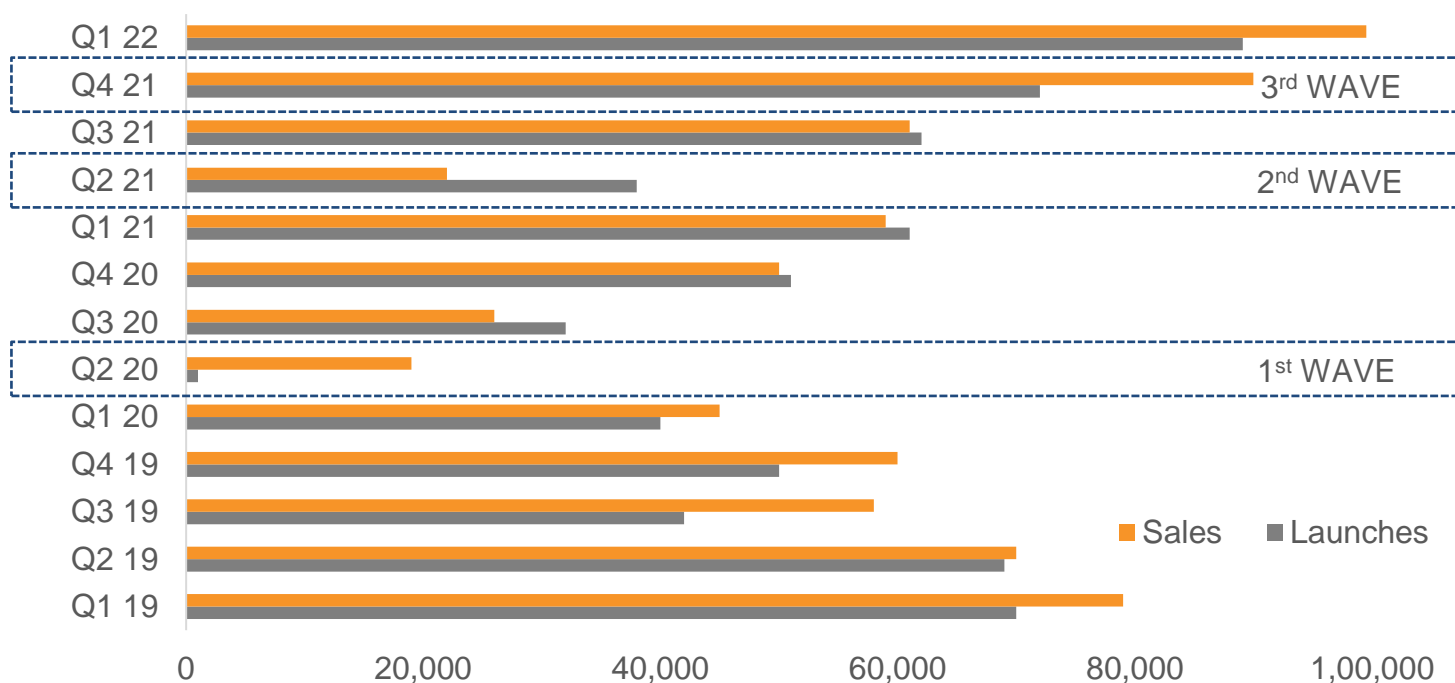
Part II: Impact Assessment Post Pandemic - Residential Real Estate

Present Residential Market

The residential market in India unquestionably had a ripple effect in the initial stages due to the Covid 19 pandemic. Project launches were stalled, and the sales dropped sharply since the outbreak of the second wave. However, the launches and sales started demonstrating an upward trend from Q3 2021 and the movement has continued in 2022 as well, despite the third wave.

A notable trend reflective of the prevailing optimism backed by planned government and private initiatives. Opening of the economy and the rising sales post the festive season in H2 2021 has geared up developers' confidence as they showed enthusiasm to launch new residential projects. Despite the cost of input material escalating, developers and investors remain optimistic as reflective in the increased construction activity being observed.

Pan India movement of Sales & Launches



On the other hand, with the interest for advanced lifestyle, sentiment to own a house, and work from home being the new normal, millennials are showing interest to own spacious homes. This has given credible builders to rebound and expand their footprints to launch larger configuration apartments, villas, independent floor units and bungalow residential projects.

Keeping in line with the above, the launches and sales activity has seen a sharp surge by the end of last year and the buoyancy continues in 2022. The demand for larger format apartments, villas, independent houses have seen an expanding trend across various markets



Key Perception & Demand Drivers:

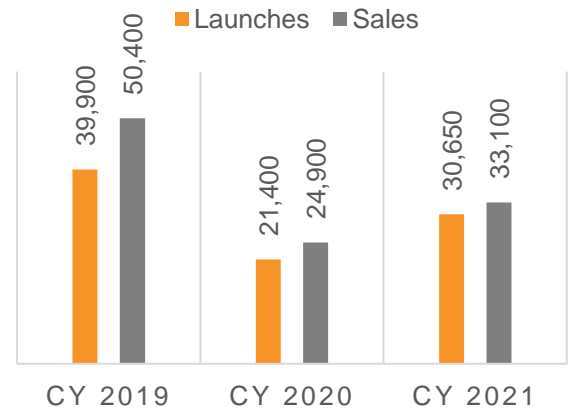
Stakeholder	Perception & Demand Drivers
Buyers' perspective	<ul style="list-style-type: none"> • Looking for larger space, secured, leisure living, sustainable societies • Preference of Ready-to –move in project over under – construction developments • Work from home /hybrid model of working establishing an approach to cater both in the comforts of home • To remain primarily as buyers' market over the short to midterm. • Inclination to purchase home in the suburbs/ outskirts providing holistic living experience.
Developers' perspective	<ul style="list-style-type: none"> • Completion of under construction projects on fast track • Launch of villas, plotted developments and independent floors to capitalize the sentiment of buyers • Better management of labor and construction activity • Trend to launch larger unit sizes will prevail and remain dominant
Government initiatives	<ul style="list-style-type: none"> • Reductions in guideline values & stamp duty • Moratorium period extension

Bengaluru Residential Market:

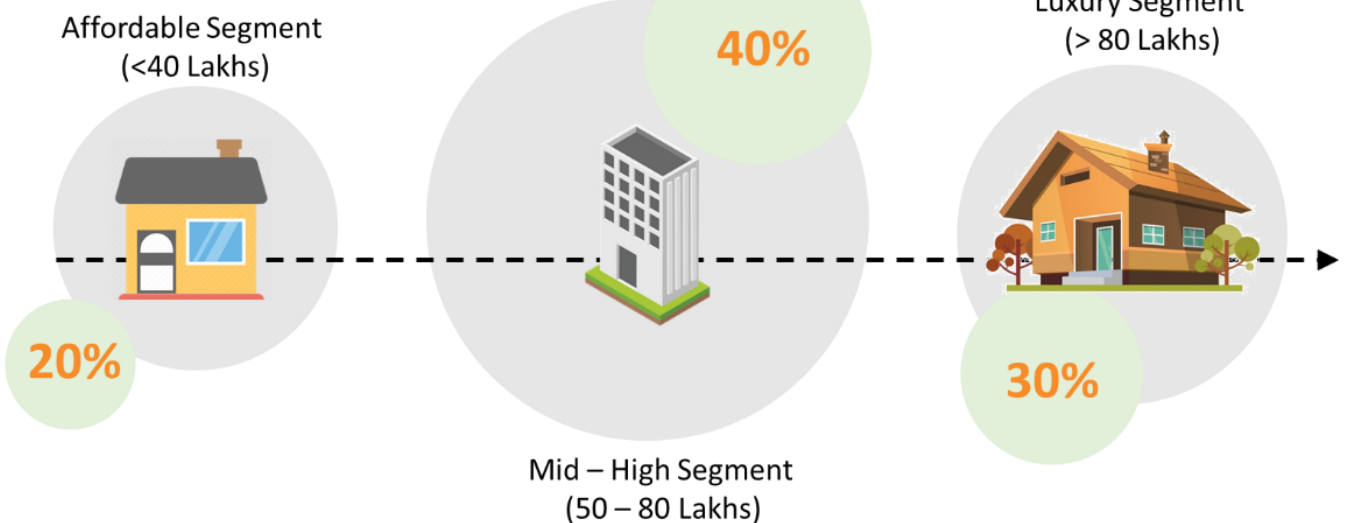
Currently, Bengaluru residential markets are robust and are witnessing the growth curve of pre covid stages with new launches and enhanced sales. The pandemic has set some new trends in the Silicon Valley of India; the growth of IT/ITeS is steady and is now driving demand for spacious homes, amenity loaded projects, non-core locations as work from home and hybrid work culture have become the new normal.

New supply and sales of mid to high-end segments have been progressively increasing in the city. During 2021, the launches increased by 40% yoy and sales grew to about 30% yoy in the city as compared to 2020 (pandemic phase 1). The festive season in the end of 2021 was also a tripping point for witnessing the potential growth in the city.

Movement of Sales & Launches



Launches - 2021

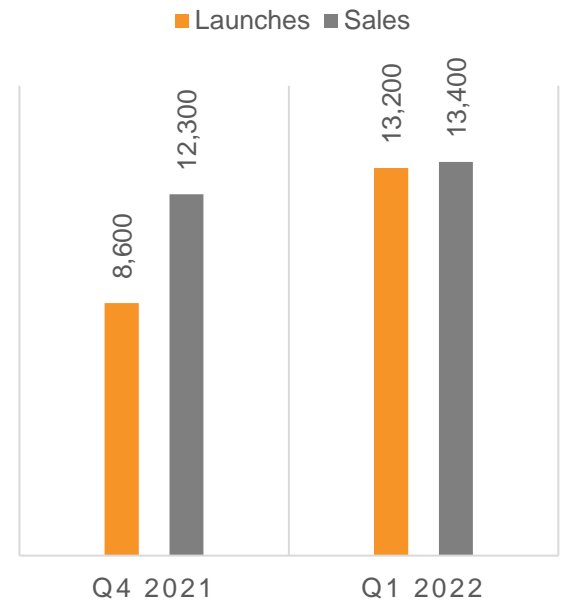


Bengaluru Residential Market:

Mid-High-Luxury segments had the maximum launches in the year 2021. Nambiar Ellegenza phase 1, a villa project located in Southeast Bengaluru is one such project that has witnessed good demand during the tenure of pandemic as well. It has been noticed that sales momentum had witnessed an exponential growth with about 65% inventory sold during the pandemic and phase-2 is set to be launched in 2022.

With this gradual buoyancy, 2022 has started with a good momentum as the city witnessed an increase of about 25% qoq in new launches and 10% qoq increase in the sales activity. The affordable - mid end constituted to around 70% of the launches in the first quarter of 2022, showing a healthy growth and an onward trajectory in the residential market.

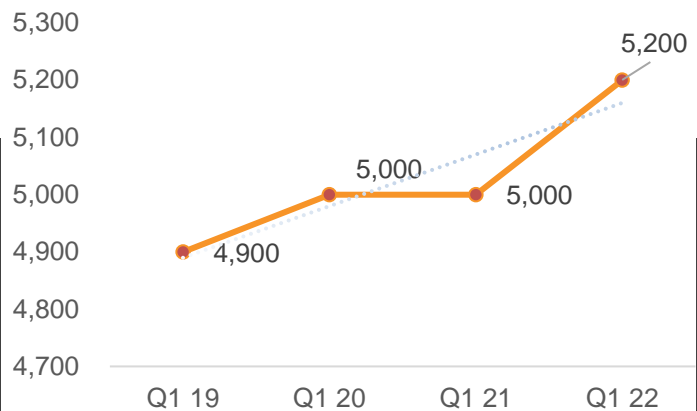
Movement in 2022



Bengaluru Residential Market:



Average Price Trend - Bengaluru



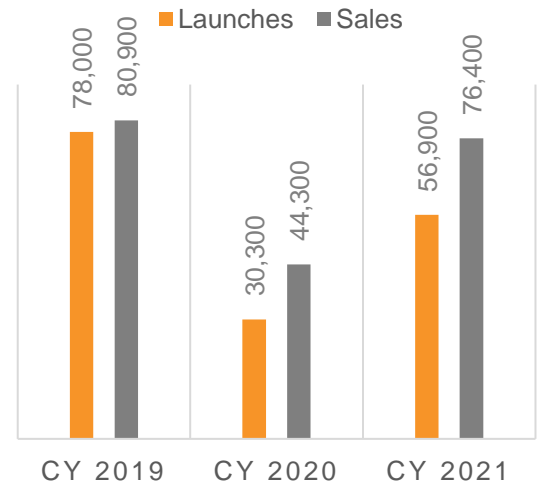
With suburbs being preferred by the homebuyers, the East Bengaluru is witnessing more growth due to the presence of IT sector, availability of land bank, sound infrastructure etc. Majority of the launches are observed in the east, followed by North and South Bengaluru. 2.5 & 3 BHK units, villas are being more preferred by the homebuyers, with an average apartment unit size of 1,000 – 1,500 sq. ft. (Carpet area). Few of the recently launched projects catering to the present demands of the end users are Purvankara Tivoli Hills, Prestige Hidden Park and Prestige Aspen Greens in the city. On the luxury front, potential developers are preferring the southeast locations to launch villa projects. To name a few, Marvel Pasadena, Infrany Bougainvillea, Nambiar Ellegenza 2 are the villa projects that are set to be launched in 2022. Also, two noteworthy investments from Alliance group and Macrotech developers is expected in the coming quarters. Macrotech developers are set to invest INR 3,000 crore on residential projects in the city.

Despite the instability created by the pandemic, presently price levels across most markets have been maintained and have marginally shown an upward trend. With an increase of about 4% qoq in Q1 2022 of capital values, we anticipate an uptick on the back of robust sales momentum. With guideline value slashed up to 10% till June by the State government, we expect the sales and registrations to improve in the city over the short to midterm.

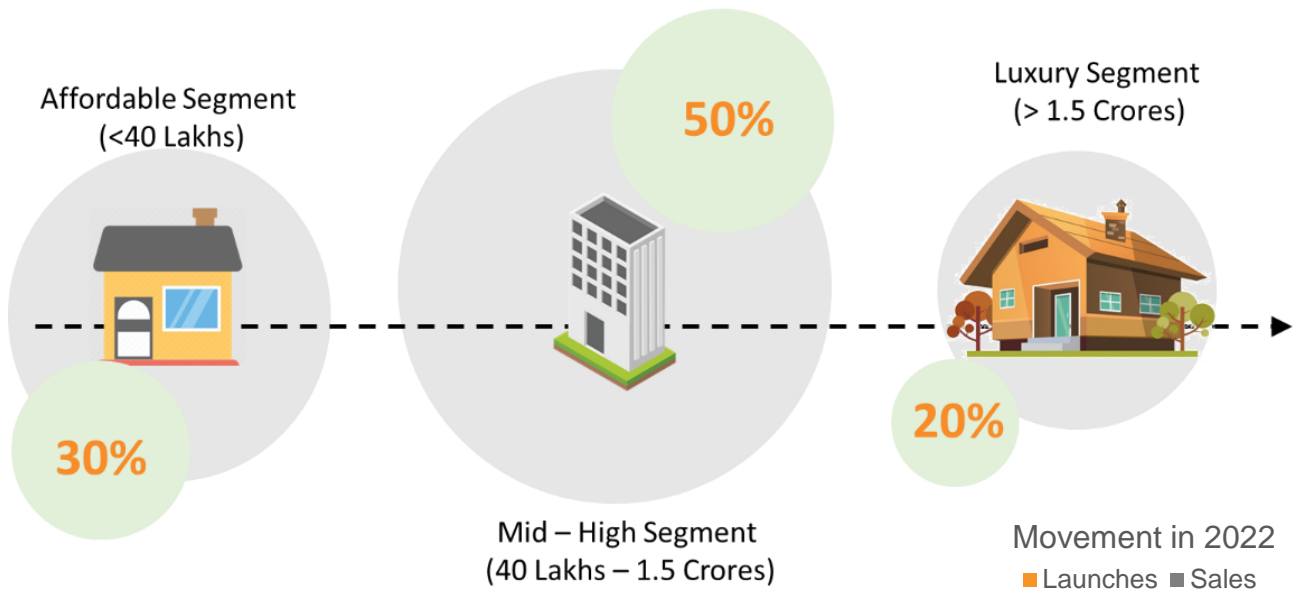
Mumbai Residential Market:

The first two waves of the Covid-19 pandemic had an extensive impact on the residential sector in Mumbai. However, during the third wave, the real estate market witnessed a surge in demand and the sales reflected a steady growth. During 2021, the launches, sales improved, and the city recorded a 70% yoy increase in property registrations (including residential) with the local authority as compared to 2020. With adoption of hybrid structure, working individuals prefer large space with developments offering recreational areas and amenities owing which, the demand was driven by mid-high segment homes that offered higher configurations and many functional amenities

Movement of Sales & Launches

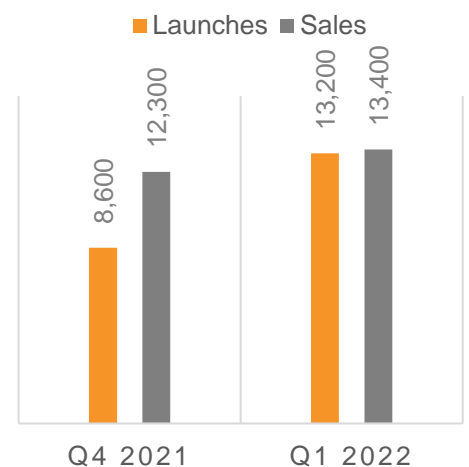


Launches - 2021



Mid - High segments had the maximum launches in the year 2021 followed by the affordable segment. Consistent with the upward trend seen in the last year, Q1 2022 witnessed an uptick of around 10% qoq in sales activity.

Movement in 2022



Mumbai Residential Market:

An improving economic environment has ably supported the residential market, as a result encouraging absorption movement has been witnessed along the western and extended western suburbs followed by Central Mumbai as well as South Mumbai. While mid-sized 2 and 3 BHK of carpet size ranging between 650 sq.ft to 1,100 sq.ft. are the most preferred across micro – markets in Mumbai region, few projects like Lodha Woods, Kalpataru Vienta, Mahindra Vicino – Phase 2, Kolte Patil Verve and Hiranandani Kandivali have launched recently offering larger carpet areas. Raheja Solaris, Birla Niyaara - Phase 1 and Prestige Jasdan Classic are few of the several projects launched in 2021-22.



Redevelopments of slums and societies will see a surge in the city and will continue to be in the trend. Slum redevelopment process is cumbersome, and it's been a stumbling block affecting the overall development cycle of a project. At the same time, Societal redevelopment projects are moving in the frontline owing to physical obsolescence of the structures that are causing unlivable conditions. Few initiatives like, recent notices by the SRA (Slum Rehabilitation Authority) & MHADA (Maharashtra Housing Area Development Board) to developers of 're-development projects' stuck for more than 5 years, for change of developer, should get several standstill projects kick started and add more inventory in the city. Considering the dearth of land parcels in Mumbai region, the redevelopment will continue to drive the real estate activity.



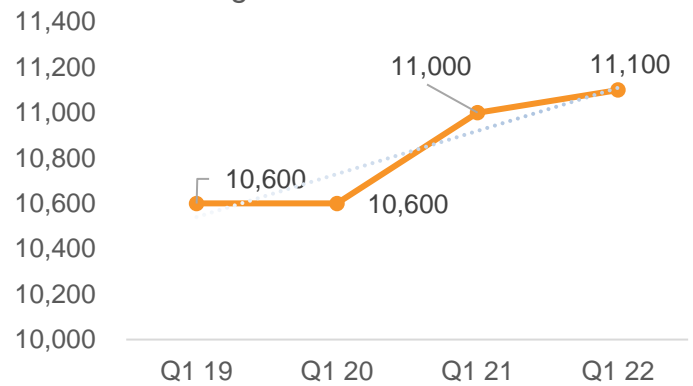
Mumbai Residential Market:



Additionally few handful land deals in 2021 & recent ones like acquisition of a 1.5-acre property by Godrej Properties at Navi Mumbai from CIDCO, a 4.2 acres parcel by Oberoi Realty at central suburbs of Bhandup and unlocking of the part of the 30-acre Century Mills Land in Worli by Birla Estates Pvt. Ltd. (partially launched) amongst few others are additionally expected to bring in a quantum of supply in the Mumbai market.

The average capital value observed across MMR region is approx. INR 11,100 while the preferential ticket size remains with the affordable/ mid-end segments. Average prices largely remain stable across residential sectors in Mumbai. In spite of the introduction of 1% metro cess post Q2 2022 as well as no Stamp Duty waiver, a major spike was witnessed in the registration of properties in April 2022 with 11,744 sale transactions with the Maharashtra Stamp and Revenue Dept. fetching a 10-year high revenue of 738 Cr. for the month of April 2022, an increase of around 44% over April 2021.

Average Price Trend - MMR



Outline:

In the beginning of Covid-19, the pandemic has defied almost every economic prediction and Indian Real Estate is no exception. Though different stakeholders had adopted different strategies towards regaining to pre covid levels, the new transformation has come up with its own nuances of increased costs and haircuts in pre covid level profit margins for investors and developers. On the other hand, this uncertainty has turned out to be an opportunity too for some of the asset classes of real estate, wherein demand for suburban and sub sectors has picked up from where it left off with increased interests from investors and rapid expansions. With lower interest rates, proactive government initiatives, Indian Real Estate is witnessing high optimism in most of the sub sectors leading to increased activity levels for most of the stakeholders within the sector.

It is believed that if the present momentum is persistent without interruptions from the Covid 19 repercussions, 2022 will surpass the pre covid levels real estate market and the sector is likely to remain buoyant over the next couple of quarters.

“

The Indian real estate sector on a whole has aptly maneuvered itself to be on strengthening its growth trajectory supported by favorable tailwinds.

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About Excedor

Excedor is a full services firm with a financial background assisting clients in Registered Valuations & Consulting services and Insolvency Resolution processes. We are a team of professionals with a mix of modern & classic business values, ensuring customized solutions, aligned to the key business & financial objectives of our clients. We look beyond the present to deliver integrated services that help our clients support investment objectives and make informed business decisions.

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