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## Sales uptick augurs well for NCR

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Delhi/NCR

As the volume of unsold inventory comes down across the country, experts and developers say the Delhi NCR market should revive in the near future, as a stable government is now in place at the Centre.

There is a piece of good news for the Delhi NCR's real estate sector, which is grappling with reduced liquidity and problems of delayed projects.

Good news: The country, along with Delhi, has seen a rise in residential sales. Delhi stood second in the Top 7 cities in terms of sales, registering 42% rise during the first half of 2019 on a year-on-year basis, a JLL report, India Residential Market Update, for the first half of 2019, showed. Hyderabad stood on top with sales growing at 65%, the report says.

Some concerns: A substantial decline in launches combined with strong growth in sales in the first half of 2019 has brought parity between year-to-sell (YTS) and average construction period across cities.

Most developers across property markets are focusing on execution, delivery, and reduction in their inventory levels, the JLL report showed.

The firm's residential update shows that the year-to-sell recorded in the first half of this year, January to June, is now 3.4 at a pan-India level, from the earlier 3.9, recorded in the corresponding period of 2018. This is against 3-4 years of time, the usual period of construction by development firms.

In the Delhi NCR, the volume of unsold inventory has also reduced but year-to-sell has remained high at 5.8, against 3-4 years, indicating some pain. While the number of unsold inventory has reduced in the first half of the year, compared to previous years, the high volume remains a concern for developers. The first half of 2019 has seen 1,32,605 unsold units, against 1,50,323 unsold units in 2017, the JLL update showed.

#### **What does it mean for the larger market?**

"This means there is visible recovery in the residential market through sales and decline in launches. But concerns over high inventory levels cannot be eliminated yet," Samantak Das, chief economist and head of research & REIS at JLL India, said. "The market will gradually recover," Das says.

"There are certain pockets which are affected. Inventory is now more of an issue in select micromarkets of Noida-Greater Noida. Compared to this, the Gurugram market is less affected because of the presence of high net worth individuals and investors, who have already bought the units," Santosh Agarwal, chief financial officer of Alpha Corp, says.

The problem for development firms has increased with project delays, leading to money loss in the market. ANAROCK Property Consultants says that 5.6 lakh units, worth Rs 4.5 lakh crore, are currently stuck or delayed across the Top 7 cities. Hence, developers have resorted to consolidation.

"Dearth of funds and lack of management capabilities are the main culprits, but stakeholders realized that many obstacles can be overcome by joining forces with stronger peers and leveraging mutual strengths," Shobhit Agarwal, MD and CEO of ANAROCK Capital, said.

#### **Prospects of the NCR market**

There are key signals of a revival in the residential segment within the NCR. "Revival in sales set in 2018 and gained momentum during the first half of 2019," Das of JLL says.

Developers have also limited launches, realtors say. "Developers have been launching fewer projects. Most new launches are now coming in the budget and affordable segment," Pradeep Mishra, a New Delhi based consultant, said.

Developers are hopeful of a complete revival in sales and reduction in inventory in the future. The optimism shown by a stable government, clarity and transparency induced by the policy initiatives in the first two quarters of 2019 have bolstered investors' and buyers' confidence, they say.

"Growth in the number of residential realty sales should grow in each quarter," Niranjan Hiranandani, president of Naredco, said.

<b>UNSOLD INVENTORY IN THE DELHI NCR:</b>		
<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>1,50,323</b>	<b>1,39,321</b>	<b>1,32,605</b>
<i>Source: JLL REIS</i>		