ANAROCK
VALUES OVER VALUE

FICCI

HOMEBUYER SENTIMENT SURVEY

10th edition

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FOREWORD

FOREWORD



MR. RAJ MENDA
CHAIRMAN | FICCI REAL ESTATE COMMITTEE & CHAIR OF SUPERVISORY BOARD, RMZ CORPORATION

The Real Estate Industry in India stands resilient presenting a promising growth trajectory for 2024 amidst the global economic uncertainties. Real estate as an asset class has convinced investors across the Globe with growing confidence driven by government initiatives, improved transparency, and accountability. Today foreign institutional investors continue to remain the largest contributors at 63% share of total investments. Equity route continues to dominate in real estate at 81% share of total investments. The government's pragmatic policies, legislation and fiscal SOPs have virtually boosted the overall demand for real estate.

Over the last few years, luxury living has taken on new dimensions, with investors from across the globe demanding a fine blend of opulence and avant-garde amenities. This isn't just a shift in aspirations among our populace, but a testament to India's emergence as a global hub for upscale real estate investments. The real estate landscape witnessed a notable shift towards luxury housing, signifying a nuanced change in buyer preferences. The sale of luxury homes during Q1 '23 witnessed an annual increase of approximately 151% with spike in industry trends.

From affordable housing to luxury category, the preferences have undergone a total transformation over the years. India's luxury housing market has experienced a significant transformation, reshaping the way we perceive luxurious living today. The new definition of luxury is integrating smart homes and sustainability with a blend of community-focused designs. Today, homebuyers seek more than just a residence, they desire an integrated lifestyle that encompasses amenities addressing the future needs of family wellness. With the rise in disposable income, COVID-19 interlude, and work from home (WFH), homebuyers are looking for spacious homes. This has significantly increased demand for bigger and luxury homes across the country. Yet another perceptible shift in trends noticed is the shift from renting to homeownership. The realisation of the importance of owning a home, coupled with the favourable buying environment will continue to drive a strong homebuying sentiment.

FICCI - Anarock Homebuyer Sentiment Survey is timely and relevant in today's context and it has done a yeoman service in guiding property developers through the perception of homebuyers in the fast-changing market scenario. As the objective of the survey is to provide all stakeholders a deeper insight into the residential market scenario from a consumer's perspective, it assumes greater importance from the developer's point of view. As we move forward, the future of luxury housing in India is being crafted by a fusion of technology, environmental awareness, and a sense of community—an embodiment of the evolving preferences of today's discerning homebuyers. I am confident the findings of the report would be most useful not only for realtors, but also for consumers, government, research & academic institutes, and the industry. The ideas and deliberations arising out of this report would go a long way in reflecting on the way forward.

FOREWORD

FOREWORD



MR. ANUJ PURI
GROUP CHAIRMAN | ANAROCK

Amidst unprecedented global uncertainties beginning early 2023, the Indian real estate sector not only weathered the storm but has emerged as a beacon of resilience and adaptability during the year. On annual basis, housing prices rose between 10% to 24% across the top 7 cities, primarily due to increased input costs and strong demand. Interestingly, despite price rise we saw a significant jump in housing sales and new launches. As per ANAROCK Research, 2023 saw all-time high housing sales of nearly 4.77 lakh units across the top 7 cities, 31% more than 2022, thus creating a new peak in 2023.

Meanwhile, amidst this strong demand, several developers had a healthy pipeline of new project launches during the year across the top 7 cities. Nearly 4.46 lakh units have been launched in the year across the top 7 cities as against nearly 3.58 lakh units in 2022, thus seeing 25% yearly jump.

Amid this strong growth momentum, we tried to gauge the mood of the prospective homebuyers and analyse their preferences in the changing scenario. While few preferences have altered in the new-normal scenario, there are few that remain unchanged in contrast to early COVID-19 period. For instance, demand for bigger homes remains strong even now despite rising prices with nearly 50% respondents preferring to buy a 3BHK home, followed by 38% for 2BHK.

Notably, some trend reversals are also seen to be happening. Investors are once again returning to the market. As seen, over 36% respondents in H2 2023 are looking to buy property from an investment perspective as against 26% respondents back in the COVID-19 period (H2 2020). Likewise, demand for ready properties has shrunk considerably and stands at the lowest end of the preference chart. As of H2 2023, the ratio of ready homes to new launches stands at 23:24. This indicates a complete trend reversal compared to H1 2020, when the ratio was 46:18.

Further, luxury homes are gaining further momentum. According to the survey, even while the budget range of INR 45 lakh to INR 90 lakh remained the most preferred budget for over 33% of prospective homebuyers, premium and luxury homes are gaining significant traction. At least 46% respondents now prefer to buy homes priced >INR 90 lakh.

Notably, at least 75% property seekers prefer to have balconies at home so as to get the feel of more open spaces within a home. Another 74% want homes of superior construction quality. Interestingly, 31% prospective buyers still feel the need for a small office space or a separate study room in their new home. The hybrid work model is the key reason for this demand.Besides these, we also intercepted several other interesting trends and I sincerely hope you enjoy reading these in the survey.

SURVEY METHODOLOGY

SURVEY METHODOLOGY

ANAROCK Consumer Sentiment Survey is an attempt to gauge homebuyers' preferences in the prevailing scenario, invariably leading to emergence of significant trends in the Indian residential real estate industry.

The main aim of the survey is to provide all stakeholders – consumers, developers, investors, sellers, and owners including local and expatriates – deeper insights into the Indian property market purely from a consumers perspective. This survey was conducted by ANAROCK Research between Jul to Dec (2023). The online survey saw nearly 5,510 participants responding to it via different digital sources including email campaign, web link and messages.

The sample was carefully selected so that it would give a relatively fair representation of the overall population demographics in terms of geographical distribution, gender, and age. Thereafter, the answers collected were analysed in-house and data was correlated to the present economic conditions. The views expressed in the report are completely unbiased.

5,510
Respondents

22-76
Age

14
Cities

DEMOGRAPHIC PROFILING

DEMOGRAPHIC PROFILING

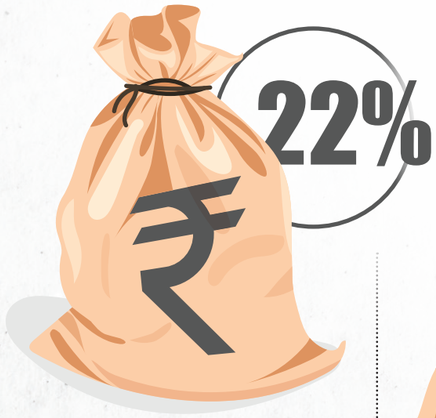


Gender Typology

MALE | FEMALE

50%

Annual Family Income



Under
INR 10 Lakh



Between
INR 11 Lakh – INR 15 Lakh



Between
INR 16 Lakh – INR 20 Lakh



Between
INR 21 Lakh – INR 25 Lakh



Between
INR 26 Lakh – INR 35 Lakh



Above
INR 35 Lakh

BEST ASSET CLASS FOR INVESTMENT

As per the current situation, which is the best **Asset Class for investment ?**

Real estate is the most preferred asset class for investment for over 57% respondents, down 3% against previous survey.

Real estate as the best asset class option has seen a 3% decline compared to the previous survey. Over 57% respondents now consider real estate as the best investment option, followed by the stock market which is favoured by 29% in the current situation.

In contrast, preference for gold witnessed a meagre rise, although ranking at the bottom of respondents' investment options despite the surging gold rates. Currently, only 6% respondents view gold as their preferred choice for investment.

Notably, sentiments towards Fixed Deposits (FDs) have experienced a positive boost in the wake of rising interest rates by banks. Over the past two years, FDs as an asset class have witnessed a noteworthy surge in preference among respondents, with 8% of them now favouring FDs.

The current interest rates for FDs go as high as 7% or even more depending on banks, senior citizen, tenure etc. This is the key reason that has influenced investors and contributed to the growing appeal of FDs as a reliable and safe investment option.

BEST ASSET CLASS FOR INVESTMENT

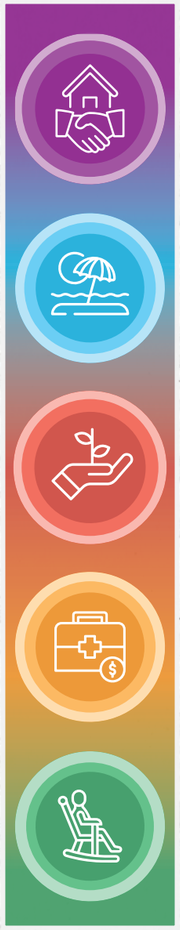


FUTURE PLANS FOR THEIR INVESTMENTS

When we asked investors about their future plans / goals for their investment – those who chose other asset classes **(40%) over real estate?**

Real estate has emerged as a major component of most investors' portfolio and is indeed crucial for portfolio diversification. According to the recent survey results, a noteworthy trend among investors is that a significant portion (31%) of respondents who currently allocate their capital into diverse assets ultimately find themselves drawn to Real Estate. As they amass capital gains from other investment options, the alluring prospect of acquiring a property becomes an appealing option, offering long-term stability and growth.

The second most significant reason for investing, as indicated by 25% of respondents, is to use the capital gains to start a business in the future. Following closely behind, 17% of the respondents are driven by the objective of saving for retirement while 15% have prioritized building an emergency fund. Additionally, 12% respondents allocate their investment gains towards fulfilling their dream vacation. These results demonstrate the varied financial goals and aspirations of investors, highlighting the importance of tailor-made investment strategies to achieve their objectives.



31% Buying a Home

12% Vacation

25% Starting a Business

15% Emergency Fund

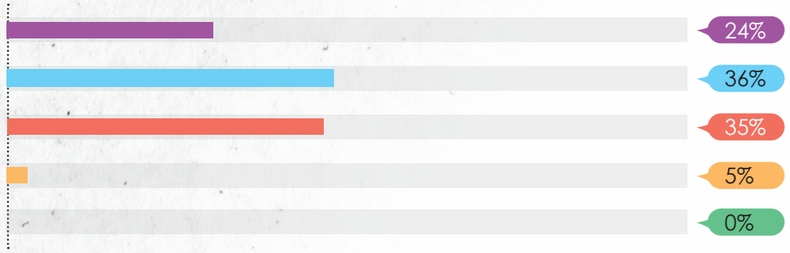
17% Retirement

> ***58% Millennials** & **39% Generation-X** respondents intend to utilize their investment gains for purchasing a home in the future.*

GENERATIONAL GAP IN INVESTORS PRIORITIES

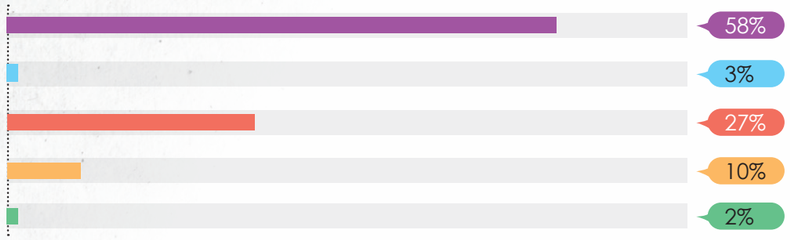


Generation Z



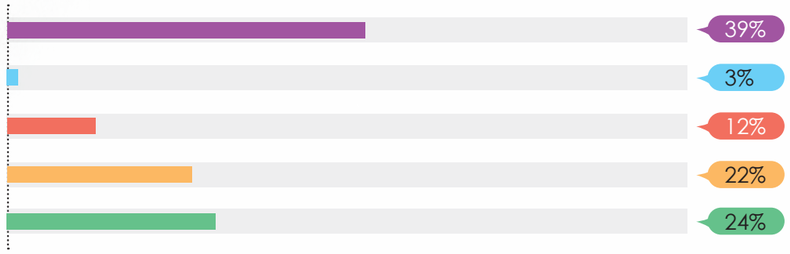


Millennials



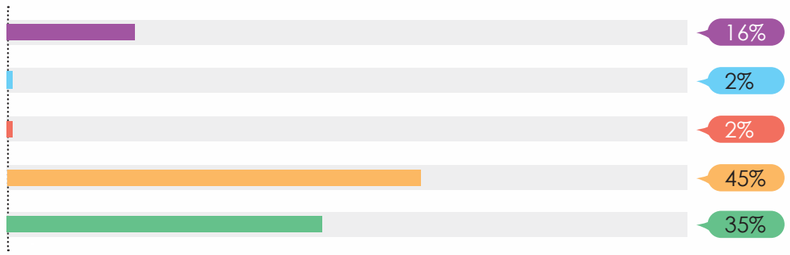


Generation X





Baby Boomers



Buying a Home · Vacation · Starting a Business · Emergency Fund · Retirement

END-USE OR INVESTMENT

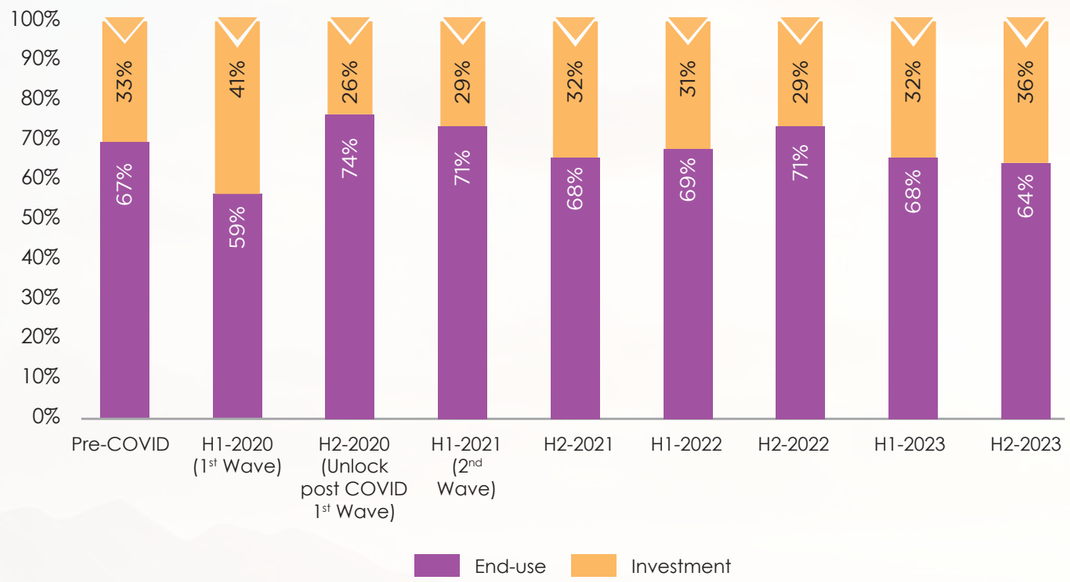
The Indian residential market continues to be predominantly driven by end-users, with 64% survey participants buying properties for self-use. This trend is expected to continue in 2024 as well because homeownership provides immense satisfaction and security, especially during uncertain times and exigencies.

That said, there has been a notable shift lately with investors again coming forward to take the plunge in real estate. When compared to the H2 2022 survey, there has been a 7% increase in the proportion of participants who are buying a property from investment perspective rather than for self-use. At present, a significant 36% of the prospective buyers aim to purchase a property from an investment perspective. This change underscores the growing trend of viewing real estate as a profitable investment avenue, attracting individuals seeking to leverage the potential returns offered by the property market. More so, the large influx of new supply by the large and listed developers has once again boosted the confidence of investors.

Interestingly, over 86% of investors are looking to invest in peripheral and suburban areas while majority end-users' favourable budget range is between INR 45 lakh to INR 90 lakh.

> *Over **86%** of investors are looking to invest in peripheral or suburban areas.*

END USE VS INVESTMENT



PREFERRED STAGE OF CONSTRUCTION

What **stage of property** would you prefer?

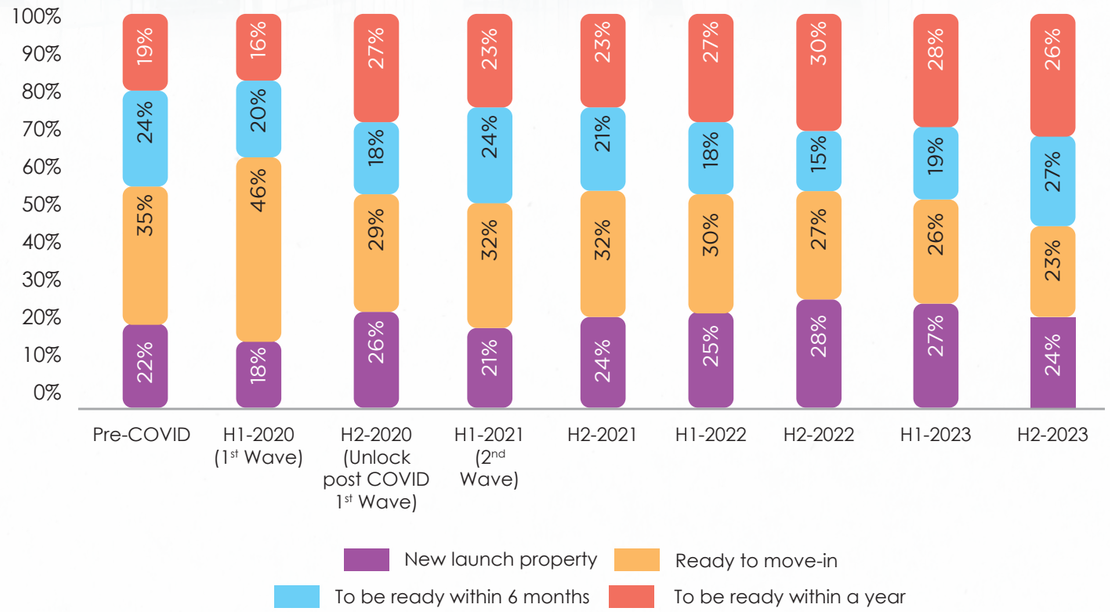
Demand for ready homes is seen to be on a decline and stands at the lowest end of the preference chart. There has been a noticeable shift between ready properties and new launches across various cities. As of H2 2023, the ratio of ready homes to new launches stands at 23:24. This indicates a complete trend reversal compared to H1 2020, when the ratio was 46:18.

One primary reason behind this shift is the increased supply of new projects from large and listed developers. These established developers have garnered higher confidence among prospective homebuyers due to their reputation for timely project delivery. In the past, new launches were mostly dominated by smaller players, leading to numerous delays in project completion, which eroded buyer confidence. Consequently, buyers favoured ready homes.

Presently, the scenario has changed. With reputable and well-known developers entering the market, their new projects are witnessing remarkable growth in housing sales. This renewed trust in the capabilities of established developers has led to a greater interest in new launches, narrowing down the preference gap between ready homes and new projects in the real estate market.

> *Ratio of ready homes to new launches in **H2 2023** is **23:24** against **32:24** in **H2 2021.***

CONSTRUCTION STAGE PREFERENCE AMONG HOME BUYERS



IDEAL BUDGET RANGE

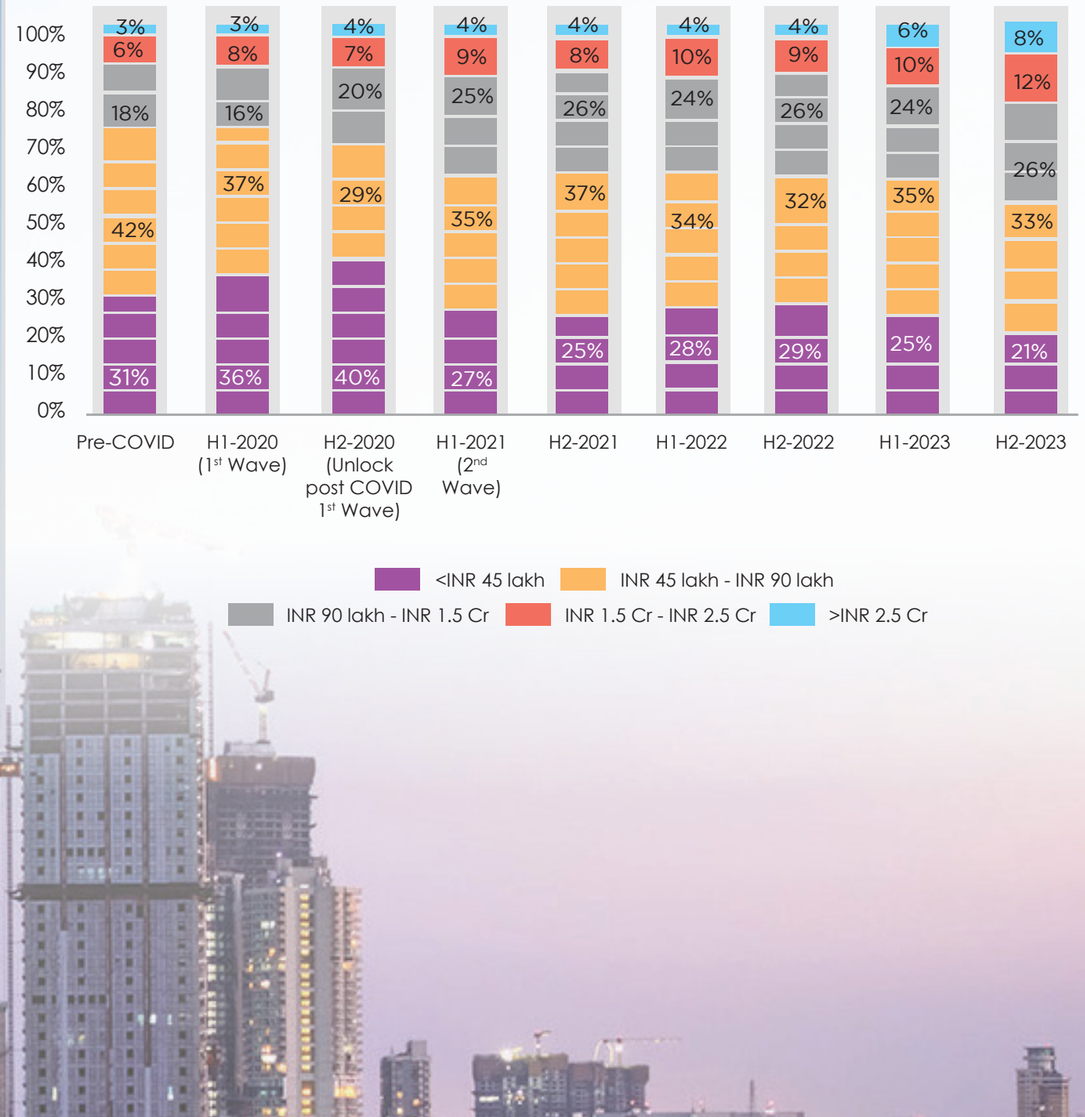
What is the **budget** for your investment?

According to the survey results, even while the budget range of INR 45 lakh to INR 90 lakh remained the most favourable budget for over 33% of prospective homebuyers, premium and luxury homes are gaining traction. At least 26% respondents now prefer homes in the range of INR 90 lakh to INR 1.5 crore. Over the past three years, there has been a noticeable shift in housing demand, with a significant 19% decrease in the share of homebuyers opting for affordable homes. Buyers of these affordable homes continue to be in the wait and watch mode which inevitably has prompted developers to reduce new supply in this budget category.

ANAROCK data indicates that new supply share in the affordable category has shrunk considerably in the last two years across the top 7 cities – it has declined from 26% in 2021 to just 18% in 2023. Back in 2019, the share was 40% of the total new launches.

> *Homes priced **>INR 1.5 Cr** gain traction with **20%** preferring it in **H2 2023** against **12%** in **H2 2021.***

BUDGET PREFERENCE AMONG HOME BUYERS



BHK PREFERENCE

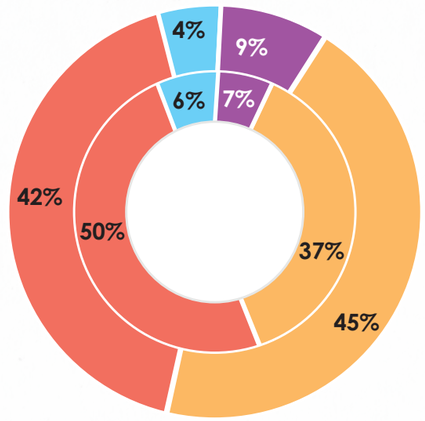
What **BHK-type** do you prefer?

In a trend reversal, demand for 3BHKs has surpassed that of 2BHKs. Current survey results indicate that 50% of property seekers now prefer 3BHK units, while 37% prefer to buy a 2BHK apartment. If we compare it with previous year' survey, demand for 3BHKs has been on the rise from nearly 42% in H2 2022 to nearly 50% in H2 2023. This trend signifies the growing preference for large and bigger homes despite life returning to normalcy post the pandemic.

In fact, demand for bigger apartments refuses to wane despite life returning to normalcy across the country and rising residential prices. Latest ANAROCK data also indicates that average flat sizes in top 7 cities have grown by 11% annually last year – from 1,175 sq. ft. in 2022 to 1,300 sq. ft. in 2023. Back in 2021 and 2020, the average flat size across the top 7 cities were comparable to 2022 - 1,170 sq. ft. in 2021 and 1,167 sq. ft. in 2020.

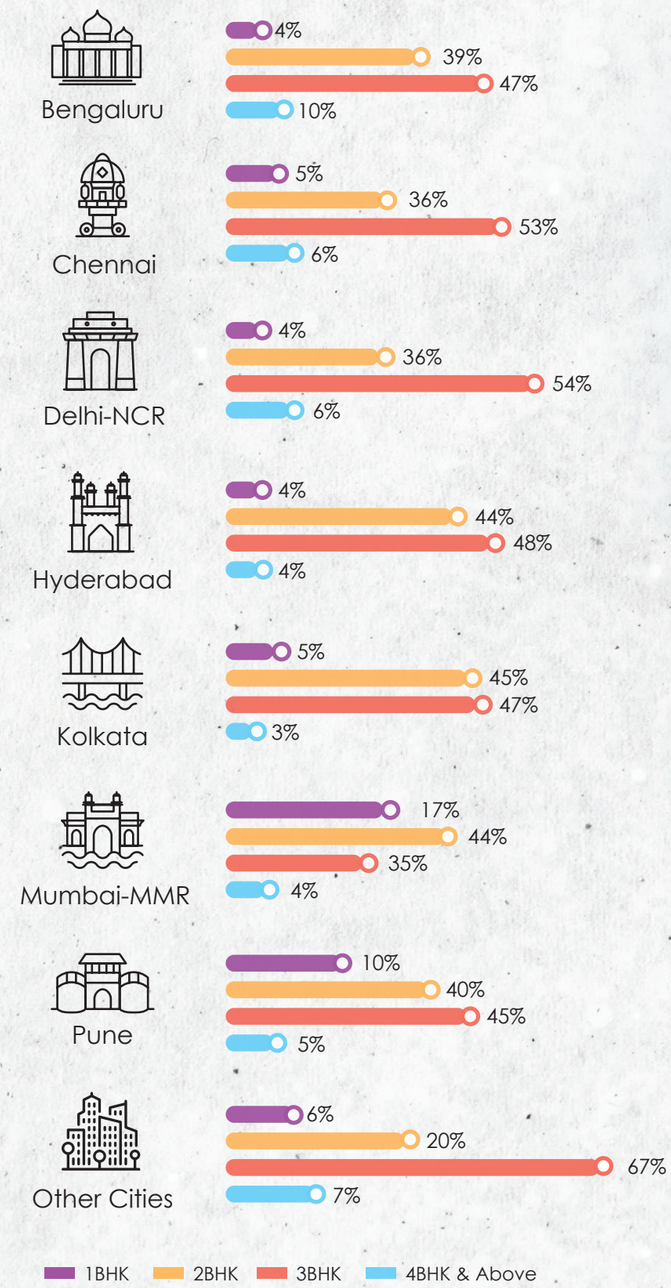
> *Bigger homes dominate buyer demand; **50%** respondents prefer **3BHKs.***

PAN INDIA BHK CHOICES



Inner circle: H2-2023 | **Outer Circle:** H2-2022

CITY WISE BHK PREFERENCE



On deep-dive, it emerges that demand for 3BHK apartments is particularly high in cities like Bengaluru, Chennai, Hyderabad and Delhi-NCR, with the majority of survey respondents preferring it over other BHK types. Alternately, in cities like Mumbai Metropolitan Region (MMR), maximum respondents (44%) preferred 2BHK apartments as their most favorable BHK-typology. Interestingly, 1BHK units are in demand majorly in the western markets of MMR and Pune, where 17% and 10% of the survey respondents, respectively, voted in favor of this option. This data highlights the varying preferences for apartment sizes in different cities across the country.

TOP 3 HOMEBUYER DEMANDS

What are the top three demands that must be implemented in the upcoming **housing projects** besides price changes and basic amenities!

Homebuyers' preferences have altered significantly in the last few years. Their choices are now dictated by the new realities including the hybrid work model or need for larger and open spaces both within and outside a home. Many now prefer to make risk-free investments even if it comes at a premium. Therefore, one of the major demands by the homebuyers (74%) is improvement in construction quality. The fact is that large and leading developers are doing robust sales now, primarily because they give a sense of confidence and assurance to the buyers for timely project delivery and good quality products. Likewise, at least 75% property seekers want to have balconies at home so as to get the feel of more open spaces within a home. Gone are the days when buyers needed more space for utilitarian purpose only.

One of the interesting demands as seen by 31% prospective buyers is the need for a small office space or a separate study room. The hybrid work model is the key reason for this demand.

Balcony Availability

75%

Construction Quality Improvement/Assurance

74%

Office/study room/corner availability

31%





PREFERRED LOCATION

Where do you intend to buy your **property?**

Demand for homes in the city peripheries remain strong, with at least 36% of survey respondents preferring it over other areas. Homebuyers are attracted to the peripheries largely because of the availability of a bigger home at relatively affordable prices, improved connectivity, and developing infrastructure.

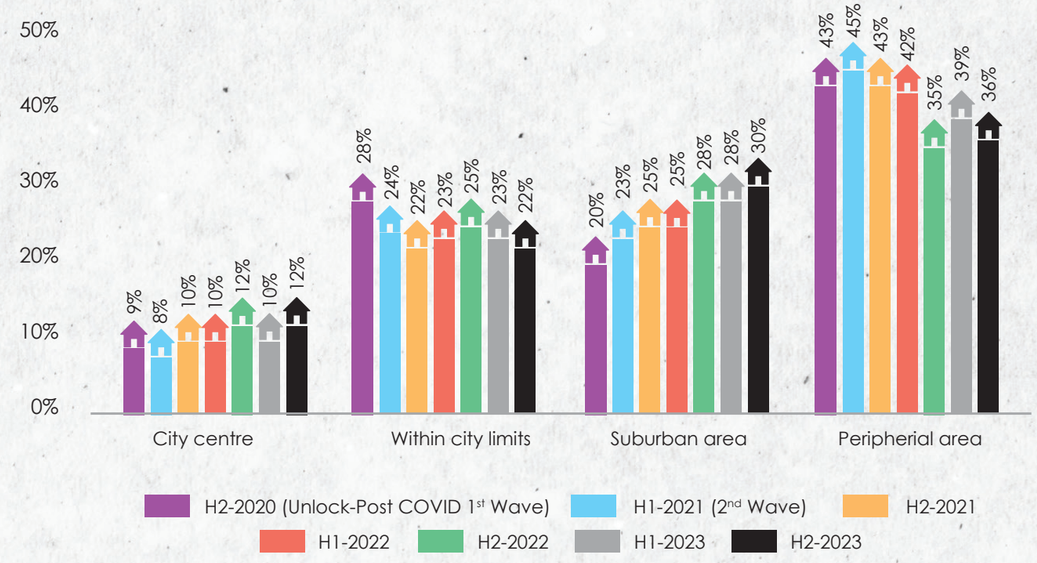
The hybrid work model continues to influence this trend. Many offices have adopted the hybrid work model, requiring employees to work from the office for a few days in a week. This flexibility allows individuals to consider living in the peripheries while still being able to commute to work when needed.

However, it's worth noting that the preference for buying homes in the peripheral areas has declined in the last two years. In H2 2021, 43% of respondents favored the peripheries, but it decreased to 36% in H2 2023. Consequently, there has been a shift in inclination back towards suburban areas because many of these areas are now well-developed and yet relatively affordable compared to the city centres. In the current survey (H2 2023), 30% of respondents chose suburban areas as their first choice for buying a home, compared to only 25% (H2 2021) who preferred suburban areas.

> *Out of **36%** respondents who prefer peripheral areas, **53%** are Investors & **47%** are End-Users; in last survey **39%** end-users preferred the peripheries.*

	City Centre	Within city limits	Suburban Area	Peripheral Area
End users	86%	73%	62%	47%
Investors	14%	27%	38%	53%

LOCATION PREFERENCE AMONG HOME BUYER



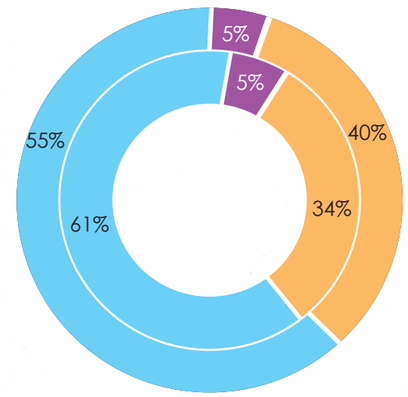
INFLATION

How has high **inflation** affected your disposable income?

The impact of inflation on disposable income is currently less pronounced compared to the findings of last year's survey

In the most recent survey conducted in the second half of 2023, a minimum of 55% of participants reported a notable impact of inflation on their disposable incomes. This percentage marks a substantial decrease from the 61% recorded in the previous year's survey (H2 2022), potentially attributable to the downward trend in inflation observed in India during 2023. While inflation has very much eased in India due to the persistent efforts of the RBI, the disposable income of numerous individuals continues to be affected by it. An additional 40% of the respondents reported a moderate impact, while a mere 5% stated that the impact of inflation on their disposable incomes was insignificant.

INFLATION AFFECT ON DISPOSABLE INCOME



Outer pie: H2-2023 | **Inner pie:** H2-2022

Individuals within the lower family income group have indicated a substantial impact on their disposable income.

A noteworthy majority of survey respondents, particularly those with an annual family income "below INR 10 lakh" (92%) and in the range of "INR 11 lakh to INR 15 lakh" (78%), emphasized a significant impact on their disposable income, attributing it to the challenges posed by high inflation. However, the group with a higher income bracket indicated only a moderate effect. Over the last few years, one of the segments most adversely affected by inflation is the affordable residential sector. The target audience for these homes has been significantly impacted post the pandemic, leading potential buyers to adopt a cautious "wait and watch" approach due to the rising costs of property acquisition. Consequently, developers have constrained new supply in response to the subdued demand. As a result, both the new supply and sales share in the affordable segment remain low at present.

EFFECT OF INFLATION ON DISPOSABLE INCOME AS PER ANNUAL FAMILY INCOME



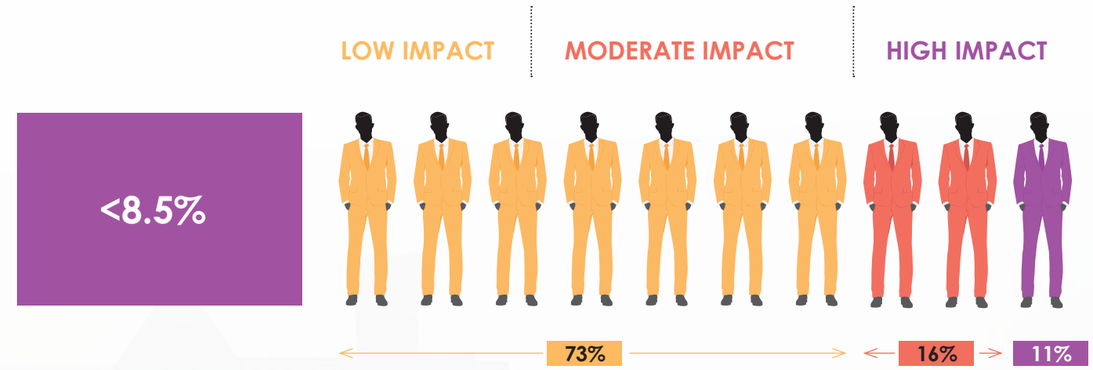
IMPACT OF HOME LOAN RATES

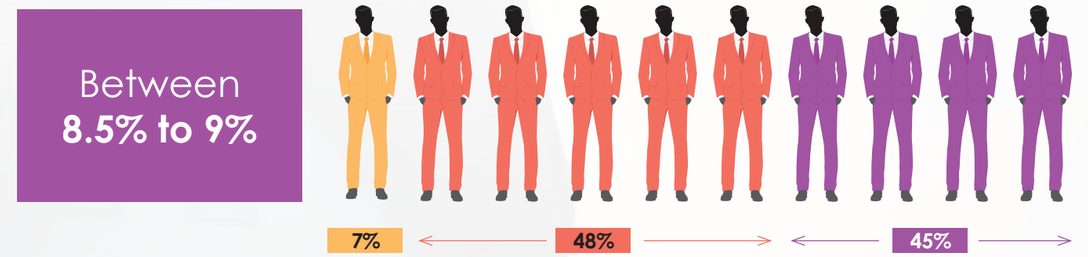
If **home loan interest rate** increases in the given % range, how deep will it impact your home buying decision?

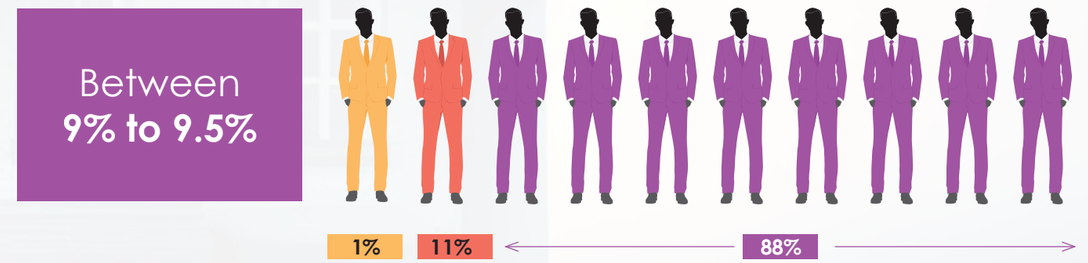
Low home loan rates were one of the major factors influencing housing sales across the cities since the pandemic. Even while the rates headed north between 2022 and early 2023, housing demand remained undeterred essentially because the rates remained lower than that during the global financial crisis of 2008, when it went as high as 12% and above. What is encouraging presently is the fact that the RBI has kept the repo rates unchanged in its last three bi-monthly policies which inevitably keeps home loan rates in single-digits only. The unchanged home loan rates will only add to the overall positive consumer sentiments. Additionally, given that housing prices have escalated across the top 7 cities in the last one year, at least the unchanged home loan rates will give some relief to the homebuyers. Going forward, we may expect the momentum in housing sales to continue in the wake of the unchanged repo rates coupled with the resultant stable home loan rates and positive economic outlook on India.

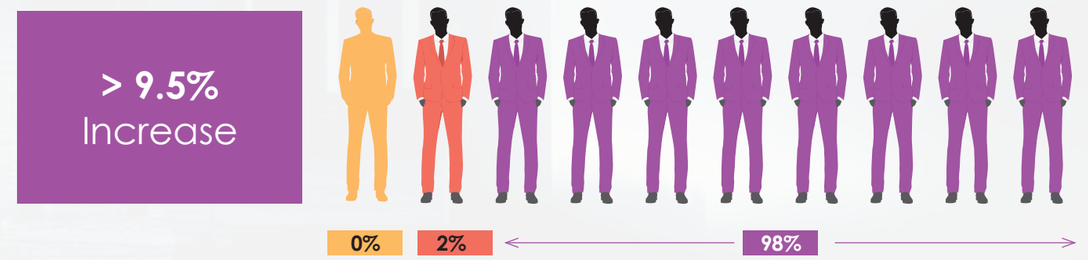
In present survey, over 73% respondents stated that their home buying decision would not be impacted if rates hover below 8.5%, while if its breaches the 9% mark it would have a very 'high impact' on their home buying decisions (for 88%). For rates between 8.5% to 9%, around 48% of respondents anticipate a 'moderate impact' on their decision-making.





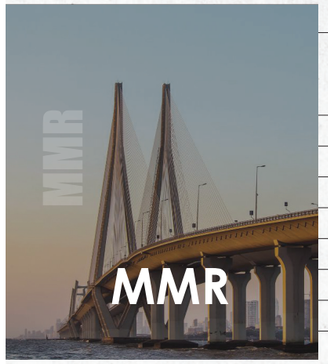






MORE ABOUT YOUR CITY RESIDENTIAL MARKET

MORE ABOUT YOUR CITY RESIDENTIAL MARKET



Zone	Average Budget Range for 2BHK (INR)	Average Capital Value (INR/Sqft)	H2-2023 Sales
Mumbai Central Suburbs	1.6 Cr – 2.5 Cr	**22,000**	81,000 Homes sold Up by 48% compared to last year same period
Mumbai Western Suburbs	1.8 Cr - 2.6 Cr	**24,500**	
South Central Mumbai	3.3 Cr – 4.5 Cr	**39,000**	
Peripheral Central Suburbs	40 lakh - 55 lakh	**6,100**	
Peripheral Western Suburbs	42 lakh - 58 lakh	**6,500**	
Navi Mumbai	90 lakh – 1.2 Cr	**8,800**	
Thane	95 lakh - 1.40 Cr	**11,200**	

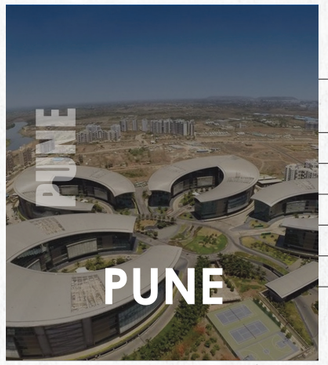


Zone	Average Budget Range for 2BHK (INR)	Average Capital Value (INR/Sqft)	H2-2023 Sales
Gurgaon	90 lakh – 1.3 Cr	**7,660**	32,000 Homes sold Up by 8% compared to last year same period
Noida	85 lakh - 1.20 Cr	**6,300**	
Greater Noida	40 lakh - 60 lakh	**4,500**	
Ghaziabad	45 lakh - 65 lakh	**4,050**	
Faridabad	42 lakh - 55 lakh	**3,850**	



Zone	Average Budget Range for 2BHK (INR)	Average Rate (INR/Sqft)	H2-2023 Sales
Central Bengaluru	1.5 Cr - 2 Cr	**12,900**	33,300 Homes sold Up by 36% compared to last year same period
East Bengaluru	65 lakh - 1 Cr	**6,300**	
North Bengaluru	60 lakh - 95 lakh	**6,480**	
South Bengaluru	55 lakh - 65 lakh	**5,750**	
West Bengaluru	55 lakh - 70 lakh	**6,050**	

Source: ANAROCK Research



Zone	Average Budget Range for 2BHK (INR)	Average Capital Value (INR/Sqft)	H2-2023 Sales
Central Pune	1.3 Cr - 1.8 Cr	**17,000**	46,000 Homes sold Up by 50% compared to last year same period
East Pune	58 lakh - 75 lakh	**6,550**	
North Pune	55 lakh - 70 lakh	**5,900**	
South Pune	60 lakh - 75 lakh	**6,650**	
West Pune	60 lakh - 75 lakh	**7,950**	



Zone	Average Budget Range for 2BHK (INR)	Average Capital Value (INR/Sqft)	H2-2023 Sales
Kolkata Central	90 lakh – 1.10 Cr	**14,500**	11,000 Homes sold Up by 6% compared to last year same period
Kolkata East	40 lakh - 50 lakh	**4,930**	
Kolkata North	35 lakh - 45 lakh	**4,300**	
Kolkata South	40 lakh - 55 lakh	**4,880**	
Kolkata West	35 lakh - 45 lakh	**4,100**	



Zone	Average Budget Range for 2BHK (INR)	Average Rate (INR/Sqft)	H2-2023 Sales
Central Chennai	1.6 Cr - 2 Cr	**17,800**	10,300 Homes sold Up by 41% compared to last year same period
North Chennai	50 lakh - 65 lakh	**5,500**	
South Chennai	55 lakh - 80 lakh	**5,800**	
West Chennai	60 lakh - 75 lakh	**6,550**	



Zone	Average Budget Range for 2BHK (INR)	Average Rate (INR/Sqft)	H2-2023 Sales
Central Hyderabad	1 Cr – 1.5 Cr	**8,000**	33,900 Homes sold Up by 46% compared to last year same period
East Hyderabad	55 lakh - 70 lakh	**4,750**	
North Hyderabad	55 lakh - 65 lakh	**4,850**	
South Hyderabad	45 lakh - 55 lakh	**4,800**	
West Hyderabad	65 lakh - 90 lakh	**6,550**	

Source: ANAROCK Research

KEY EMERGING TRENDS

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PROJECTS NEARING COMPLETION ARE MORE IN DEMAND

There has been a noticeable shift in preferences among home buyers regarding ready-to-move-in properties, new launches, and nearing completion projects across various cities. As of H2 2023, there is a significant change in buyer preferences, with at least 53% expressing a preference for properties nearing completion, followed by 24% for new launches and 23% for ready-to-move-in homes. This marks a complete reversal of the trend observed in H1 2020, when the ratio of preference for ready-to-move-in properties to new launches was 23:9

One key contributing factor to this shift is the increased pricing of ready-to-move-in properties over the years, driven by high demand compared to other stages of construction. Buyers are now prioritizing properties nearing completion, possibly due to a balance between affordability and the assurance of possession in the near future.

INVESTORS NOW CONSIDER RESIDENTIAL REAL ESTATE A VIABLE INVESTMENT OPTION

Notably, investors are again coming forward to take the plunge in residential real estate. In comparison to the H2 2022 survey, there has been a 7% increase in the proportion of participants who are buying property from investment perspective rather than for self-use. In H2 2023, a significant 36% prospective buyers aim to purchase a property from an investment perspective. This change underscores the growing trend of viewing real estate as a profitable investment avenue, attracting individuals seeking to leverage the potential returns offered by the property market. More so, the large influx of new supply by the large and listed developers has once again boosted the confidence of investors.

AFFORDABLE HOUSING DEMAND SHRINKS DOWN FURTHER TO 21% IN H2 2023

Demand for affordable housing continues to witness a decline - from 40% in H2 2020 to just 21% in H2 2023. Over the past three years, there has been a significant 19% decrease in the share of homebuyers opting for affordable homes. Buyers of these affordable homes continue to be in the wait and watch mode which inevitably has prompted developers to also reduce new supply in this budget category. ANAROCK data indicates that new supply share in the affordable category has shrunk considerably in the last two years across the top 7 cities – it has declined from 26% in 2021 to just 18% in 2023. Back in 2019, the share was 40% of the total new launches.

DEMAND FOR LUXURY HOMES GAINS TRACTION WITH 20% SEEKERS PREFERRING IT IN H2 2023

Even while the budget range of INR 45 lakh to INR 90 lakh remained the most favourable budget for over 33% of prospective homebuyers, premium and luxury homes are gaining traction. At least 26% respondents now prefer homes priced between INR 90 lakh to INR 1.5 crore while 20% prefer luxury homes priced >INR 1.5 Cr. Back in H2 2021, just 12% home seekers preferred homes in the luxury category.

BIGGER HOMES DOMINATE BUYER DEMAND; 50% RESPONDENTS PREFER 3BHKS

At least 50% of property seekers now prefer 3BHK units, while 38% prefer to buy a 2BHK apartment. In previous years' survey, demand for 3BHKs stood at 42% (H2 2022). This trend signifies the growing preference for large and bigger homes despite life returning to normalcy post the pandemic. In fact, ANAROCK data also indicates that average flat sizes in top 7 cities have grown by 11% annually last year – from 1,175 sq. ft. in 2022 to 1,300 sq. ft. in 2023. Back in 2021 and 2020, the average flat size across the top 7 cities were comparable to 2022 - 1,170 sq. ft. in 2021 and 1,167 sq. ft. in 2020.

BALCONIES TOP HOMEBUYER DEMAND, PREFERRED BY 75% PROPERTY SEEKERS

Homebuyers' preferences are now dictated by the new realities such as the hybrid work model or need for larger and open spaces both within and outside a home. At least 75% property seekers prefer to have balconies at home so as to get the feel of more open spaces within a home. Gone are the days when buyers needed more space for utilitarian purpose only. Further, around 74% prospective buyers now demand improvement in construction quality. Interestingly, 31% prospective buyers still feel the need for a small office space or a separate study room. The hybrid work model is the key reason for this demand.



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