

Residential property prices remain stable across cities in Q2 2021

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The resurgence in COVID-19 cases and localised lockdowns severely impacted the residential real estate in India. The higher infection rate and fatalities brought the realty business to almost a standstill as potential homebuyers took a backseat. Resultantly, the average residential property prices across the top eight metro cities either plummeted or remained constant in Apr-Jun 2021.

The second wave of COVID-19 has been far more devastating, with severe repercussions on the healthcare system of the country. The restrictions imposed by the State governments in the second quarter of the calendar year 2021 affected the overall realty sentiment and paused the housing sales momentum for almost two months. Despite the slight increase in enquiries and conversions from June 2021, the average residential values across the top eight metro cities in India did not pose any price hike in Apr-Jun 2021.

While ready-to-occupy properties in the primary market across Delhi NCR, Mumbai, and Bangalore saw a marginal spike in prices due to the increased preference, the secondary market witnessed deals being negotiated at 10-20 percent discount, highlights [99acres Insite Report for Apr-Jun 2021](#). Speaking about Bangalore's real estate market, Karishmah Siingh, Vice President, Sales and Marketing, Salarpuria Sattva, avers, "Each region in Bangalore has a set of unique attributes. In general, the city has witnessed up to 10 percent QoQ growth in property prices across various locales in the quarter ending June 2021. The rise has specifically been in the ready-to-move-in segment. Moreover, since sales across the city has gradually started to pick up the pace, any correction in property prices is unlikely in the near to mid-term. Instead, we can see a marginal price hike in the ensuing quarters on the back of improving demand."

Echoing similar sentiment with respect to Mumbai real estate, Amit Desai, Owner, PropInvest Realty, affirms, "Led by the delay in project completion timelines due to large-scale labour shortages, paucity of funds and imposed restrictions amid the global pandemic, many buyers have shown interest in ready-to-move properties instead of under-construction units. Consequently, multiple locales in Mumbai, including Thane and the Central suburbs of Mumbai have witnessed a marginal price hike of 5-10 percent QoQ, in the ready-to-move segment in Apr-Jun 2021. Despite the increase in certain locales, the average property prices in Mumbai remained stable QoQ due to the increase in COVID-19 cases since February onwards. While any major increase or decrease in property prices is unlikely in the coming quarters, we can expect a discount up to 10 percent, especially on projects from Grade B and Grade C developers."

Impact on property prices in H1 2021

High input costs and wafer-thin margins prevented any major price correction in the primary market. While cities such as Bangalore, Pune, Chennai, and Mumbai Metropolitan Region (MMR) saw a 1-2 percent decline in the annual home prices in H1 2021; Ahmedabad and the National Capital Region (NCR) witnessed no change in the average property values during the reported period.

Led by improved demand compared to H1 2020, the annual [residential prices in Hyderabad](#) and Kolkata grew by a marginal one percent and three percent, respectively, in H1 2021. According to a Knight Frank India report, the average property prices in Hyderabad grew from Rs 50,300 per sq m in H1 2020 to Rs 50,803 per sq m in H1 2021. Kolkata saw prices

moving up from Rs 33,430 per sq m in H1 2020 to Rs 34,600 per sq m in the first half of 2021. The uptick can largely be attributed to a marginal price hike in a few locations due to the absorption of ready-to-move inventory and the declining stock of some developers. Enquiries for gated communities, developer support through virtual engagement, and flexibility in payment plans are the prime factors that helped salvage sales in Kolkata to an extent.

Given the uncertainties around the third wave of the pandemic and the predictions of a long-drawn recovery process for India's economy, property prices are unlikely to grow across the major metros in the forthcoming months. Moreover, experts believe that while the muted price growth has increased the affordability of real estate projects across the prominent housing markets, low yields from investments might prove detrimental to the investor spirit in the short term.