

1,625 NEW UNIT LAUNCHES (Q3 2020)

50% SHARE OF MID-SEGMENT IN
UNIT LAUNCHES (Q3 2020)

10% SHARE OF HIGH END SEGMENT
IN UNIT LAUNCHES (Q3 2020)

MARKET INDICATORS OVERALL Q3 2020

 Y-O-Y
Change

 12-Months
Forecast

New Launches



Units Sold


 Average Capital
Values (INR/sf)

Residential launches regain momentum with expectations of a demand revival

Kolkata witnessed a significant jump in launches with 1,625 units getting launched in Q3 (across prominent residential micro-markets of Salt Lake and New Town in the north-east and Barrackpore in the northern quadrant of the city), compared to just 427 units in the previous quarter. Mid-segment projects continued to account for majority of the share (50%) in quarterly launches, followed by affordable (41%) and high-end (10%) segments. Despite the sluggish construction activity due to labour and resource constraints, a revival in launches speaks about the positive sentiment among medium to large-sized developers for an expected market revival in the city. While demand has largely remained sluggish, smaller developers tended to focus on construction completion of their ongoing projects with the realisation that liquidity constraints will ease upon sales activity returning for completed or close to completion projects. Larger players such as Merlin Group, Purti Group and Siddha Group meanwhile announced new projects in a bid to inject fresh momentum through quality offerings. The quarterly rise in project launches can also be attributed to an expected surge in demand in the city for 2 and 3 BHK budget-friendly homes in a post-COVID scenario with customer focus on increased space while also keeping the ticket size in mind. Further with work-from-home getting extended and enhanced focus being on hygiene and safety measures, buyers are likely to prefer bigger units with a separate study area and extra room for children's online classes. While demand for 1 BHK shall remain low, 2.5 & 3BHK apartments are likely to be the ideal option for majority of the buyers, with buyer activity also supported by home loan interest rates at an all time low. While new unit launches are expected to reach pre-COVID levels only by H1 2021 with the near term focus on under construction projects and clearing the existing, unsold inventory, demand though showing early signs of recovery is also anticipated to witness better traction in the coming 6-9 month period.

Shift in customer preferences; developer profile a major buying factor post-COVID

Kolkata being largely an end-user driven market has always witnessed demand across residential product categories offered by varied small to large developers. Depending on income and affordability, projects of small scale individual developers/builders too witnessed demand across submarkets and such projects have recorded considerably high occupancies in the past. However, with buyers turning extremely cautious and looking largely at ready to move in projects, the inventory overhang in the city over the last few years has risen considerably. The shift in preferences is likely to get further strengthened in a post COVID scenario with the developer's profile, reputation and construction status of an individual project being of great significance for decision making purposes. In the last couple of quarters, as a response to the pandemic, while a large section of the mid-end segment clientele is ready to invest in a residential property, the city developers have been offering attractive incentive packages for serious homebuyers largely in the form of price benefits and relaxation of various associated charges (discounts on club membership, PLCs etc.). Ready to move in projects of reputed developers with standard amenities and key value additions delivering tangible benefits to end-users are gaining higher traction as well in the city's residential market.

Decline in capital values, rental values see a bigger impact

While mid-segment property prices in prime locations of South Central (Bhawanipore), East (EM Bypass) and South East (Ajoy Nagar, P.A. Shah Connector) witnessed marginal fluctuations but were range-bound on the back of steady demand from serious buyers, peripheral locations in north-east and northern quadrants of the city recorded a decline of 4-8% q-o-q in average quoted capital values due to limited traction. High volume of unsold inventory of small scale developers too impacted the price decline. High-end locations (Southern Avenue, Deshapriya Park, EM Bypass, Elgin Road etc.) however continue with stable prices with limited availability and steady demand. For the next 6-9 months, capital values in the mid-segment projects are likely to experience stagnancy with downward pressure as buyers grapple with income uncertainty leading to weak housing demand in the short to medium term. Alongside capital values, mid-segment rentals too were affected in the north and north east submarkets, where demand for rental housing is largely driven by in-migrant population working in the city's IT hubs - Rajarhat and Salt Lake. With work from home in practice and with tenants vacating properties to get back to their hometowns, these corridors have witnessed a 5-6% q-o-q decline in rentals. The rising vacancy in rental housing and the associated rental decline is likely to continue till mid of 2021, with corporates planning to return to their workplaces only by Q1 2021.

SIGNIFICANT PROJECTS LAUNCHED IN Q3 2020

BUILDING	LOCATION	DEVELOPER	UNITS LAUNCHED	RATE**(INR/SF)
The Fourth	Salt Lake	Merlin Group	156	8,500
Purti Veda	New Town	Purti Group	184	4,750

RENTAL VALUES AS OF Q3 2020*

SUBMARKET	AVERAGE QUOTED RENT (INR/MONTH)	QoQ CHANGE (%)	YoY (%)	SHORT TERM OUTLOOK
High-end segment				
South	63,000-85,000	0%	0%	▬
South-East	40,000-85,000	0%	0%	▬
South-West	100,000-185,000	0%	0%	▬
Central	85,000-155,000	0%	0%	▬
East	38,000-68,000	0%	0%	▬
Mid segment				
South	20,000-35,000	0%	0%	▬
South-Central	28,000-35,000	-2%	-2%	▬
South-East	20,000-34,500	-1%	-1%	▬
North-East	15,000-23,000	-5%	-5%	▾
North	16,500-28,500	-5%	-5%	▾

CAPITAL VALUES AS OF Q3 2020*

SUBMARKET	AVERAGE QUOTED CAPITAL VALUE** (INR/SF)	QoQ CHANGE (%)	YoY (%)	SHORT TERM OUTLOOK
High-end segment				
South	7,500-13,000	0%	0%	▬
South-East	6,300-14,000	0%	0%	▬
South-West	12,000-17,000	0%	0%	▬
Central	12,000-19,500	0%	0%	▬
East	5,000-7,750	0%	0%	▬
Mid segment				
South	4,000-8,400	0%	-1%	▬
South-Central	5,900-8,750	-1%	-1%	▬
South-East	3,100-5,500	-1%	2%	▬
North-East	2,900-4,100	-4%	-4%	▬
North	3,150-5,500	-7%	-7%	▬

SIGNIFICANT PROJECTS COMPLETED IN Q3 2020

With construction activity being stalled for a major part of Q2 following the COVID-19 outbreak and a subsequent lockdown, no significant project completions were recorded in the city. Despite resumption of activities during Unlock 1.0 from 8th of June onwards, the pace of construction has been quite slow due to labour and resource constraints. However, we shall continue to monitor the projects which were due for completion during H2 2020 for any possible completion and handover during the coming quarters.

SIGNIFICANT PROJECTS UNDER CONSTRUCTION – TO BE COMPLETED IN NEXT 12 MONTHS

BUILDING	LOCATION	DEVELOPER	UNITS LAUNCHED	EXPECTED COMPLETION
GM Meena Icon	Sodepur	GM Group	72	Q2 2021
Madgul Antaraa	Joka	Rungta Group	280	Q2 2021
Mani Vista	Tollygunge	Mani Group	168	Q1 2021

Data collated from primary and secondary resources. Estimations are subject to change

* Rental and capital values have been depicted only for key submarkets based on built-up area

** Quoted base capital value does not include other charges such as Preferential Location Charges, External Development Charges, Internal Development Charges, etc.

The above values for high-end segment are for units typically of 2,000-3,000 sf

The above values for mid segment are for units typically of 1,300-1,800 sf

KEY TO SUBMARKETS

High-end Segment

South: Southern Avenue, Hindustan Park, Triangular Park

South-east: EM Bypass - Science City, Pancha Sayar

South-west: Alipore Park Road, Ashoka Road, Burdwan Road

Central: Camac Street, Minto Park, Elgin Road, Loudon Street

North: Kankurgachi, Lake Town, VIP Road East: Salt Lake

East: New Town, Rajarhat

Mid Segment

South: Golf Green, Tollygunge, Lake Gardens, Jodhpur Park, Anwar Shah Road

South-central: Deshapriya Park, Hazra Road, Bhawanipur

South-east: Ajoy Nagar, Hiland Park, PA Shah Connector

North-east: Rajarhat, Rajarhat Chowmatha

South-west: Tollygunge Circular Road, New Alipore, Behala, Jones Lang Sarani

North: Jessore Road, Ultadanga, Shyambazar, Bagbazar, Manicktala, Dum Dum

North-peripheral: BT Road, Barasat, Madhyamgram, Sodepur

South-peripheral: Garia, Narendrapur, Sonarpur

South-west peripheral: Joka, Maheshtala, Budge Budge, Thakurpukur

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