EXECUTIVE SUMMARY

Sentiment plunged by 29% to 81 turning sharply negative for the first time in a year. All 10 cities witnessed sharp downward moves, with 8 out of 10 posting over 10% reduction in sentiment. Over the past three quarters, we have witnessed extreme euphoria after the general elections followed by sharp corrections that reflect the actual reality on ground.

Although the general economic scenario in the country has improved, the residential markets have been plagued with rise in prices due to high construction costs, huge inventory, shortage of affordable housing and news of increase in registration values in some states. In most cities, prices have reached their peaks, developers are sitting on huge piles of unsold homes while consumers wait for interest rate reduction to take the plunge and invest in homes. Another factor is that salary hikes have not kept up with the high inflation faced the last few years.

Ahmedabad and Delhi witnessed over 30% reduction in sentiment. While Delhi has been affected by recent hike in circle rates, Ahmedabad has exhibited high volatility in sentiment the past few quarters. Noida posted an 8% decrease and with HSI at 109, is one of the few cities with sentiment still in positive territory. Bangalore has witnessed two continuous negative movements in sentiments and with HSI at 103, is on neutral ground from being highly optimistic two quarters back.

Sellers continue to be bullish about prices with their sentiment index valued at 154, a marginal drop of 3% from the previous quarter. A HSI of 100 suggests that respondents expect prices to remain at current levels, while values lower (greater) than 100 suggest that buyers expect prices to fall (rise).
Buyer HSI Score: An aggregate HSI score of 81 for the 10 cities surveyed indicates expectations of a price drop over the next 6 months. Among cities, Noida, with an HSI of 109 leads the list followed by Kolkata and Bangalore both with an HSI of 103. HSI for Pune is at 100 and all other cities posted values below 100. Delhi and Ahmedabad witnessed corrections over 30% this quarter.

Across cities 78% are looking to buy property as a place of residence for their family, 67% plan to finance their purchase with a home loan and 66% want to buy a flat in a multi-storey apartment. 56% earn less than Rs. 10 lakhs per annum with Rs.20-40 lakh property being preferred by 30%. 16% of respondents are from the IT sector and 13% are self-employed. Average wait time has decreased to 8.2 months as compared to 9.1 months last quarter.

Seller HSI Score: Seller HSI for the past year was 30%-40% above buyer HSI. 81% of sellers are individual owners, 8% are agents and the remaining are builders/developers. 29% want to book profits while 25% want to move to a bigger accommodation. 31% have owned the property they want to sell for less than a year while another 23% have held it for less than 3 years. 22% own property in the Rs20 to Rs 40 lakh range followed by another 15% in the Rs 40 to Rs 60 lakh range. 49% want to sell flats followed by 26% who want to sell land/plots.
MARKET CONDITIONS

- **Global Markets:** The US equity markets witnessed steady gains over the last three months amidst high volatility. Steep drop in oil prices pulled down energy stocks, but the US Fed's patient approach on interest rates have helped boost investor sentiment. Solid job reports, strong growth and the republican election victory ensured markets remained on an upward track. Russia, due to its high dependence on oil witnessed turbulence with the ruble sliding sharply throughout the quarter. Added to that, continuing US and European Union sanctions dragged down Russian markets. China’s first interest rate cut since 2012 helped boost sentiment. The European Central Bank (ECB) began its asset purchase program. Emerging markets performance was affected by the drop in oil prices with oil exporters facing corrections and net importers like Turkey witnessing significant gains. Saudi Arabia stocks were also affected by the falling oil prices.

- **Domestic Economy:** GDP growth rate for Q2 2014 came in at 5.3%, slightly lower than the 5.7% posted the previous quarter. CPI slowed down to 5.52% vastly assisted by tumbling oil prices. The Reserve Bank of India (RBI) left interest rates unchanged as widely expected. Most banks cut deposit rates soon after RBIs announcement. Loan rates remained steady across banks. While the broad stocks market has posted marginal returns this quarter amidst high volatility predominantly due to global forces, banking and auto sectors have clocked high returns due to expectations of reduced inflation and rate cuts. The BSE Realty index however, was down over 7% in the last 3 months.

- **Real Estate:** The government eased Foreign Direct Investment (FDI) rules for the construction sector with foreign investment now allowed in projects with a minimum built area of 20,000 square metres, down from a previous 50,000 threshold. The minimum capital investment by foreign companies has also been halved to $5 million. The Bharatiya Janata Party (BJP) government that came into power early this year envisions 100 smart cities by 2020 and this is one of the steps to boost FDI in the real estate sector. Singapore’s wealth fund GIC plans to buy a controlling stake in Mumbai-based real estate firm Nirlon Ltd. for around $200 million. GIC follows a string of major global funds that have invested in Indian real estate this year, including Dutch pension-fund asset-manager APG Asset Management NV and the Canada Pension Plan Investment Board. The Delhi Development Authority (DDA) held computerised draw of lots for its Housing Scheme 2014 announced in early September. In its biggest housing scheme to date, the DDA had offered 25,034 flats in different parts of the Capital. In Karnataka, the Inspector General of Registration and Stamps (IGRS) announced revised guidance values for properties in Bangalore with property prices in the city going up by at least by about 15-25 per cent in various localities.
All 10 cities surveyed witnessed a drop in sentiment with Delhi and Ahmedabad witnessing over 30% drop in sentiment. Almost all metros in India are staring at huge inventory levels and consumers unwilling to commit due to real estate prices reaching their peaks and interest rate cut anticipation. Specifically, the NCR region has been plagued by developers getting into legal disputes and slowdown in infrastructure developments.

Chennai, which has so far remained pretty stable, witnessed a drop of 21% in sentiment. Hyderabad witnessed an 8% drop and Bangalore, which had so far been very bullish dropped by another 17% following the 13% drop last quarter to end at 103. Hyderabad witnessed an 8% drop to end at 95, again close to neutral. Both Mumbai and Pune witnessed over 20% drops in sentiment. Ahmedabad has been pretty volatile with swings over 30% in either direction the last two quarters.

Over 54% of respondents are waiting for prices to drop (HSI 61). Interestingly, HSI for those who are waiting to purchase due to their own financial condition displayed over 100% more HSI than those waiting for prices to drop.
Optimism wanes with age with 18-24 yr olds exhibiting on the average 25% higher HSI scores than 50 yr olds and above over the past few quarters. Among the 10 cities surveyed, Delhi, with 8% of buyers in the 18-25 yr age group (HSI 80), tops the list with youngest buyers while Chennai with 20% of buyers in the 50 years and above age group (HSI 96) has oldest buyers.

Women in Delhi were most optimistic (HSI 139) while Men from Noida exhibited most optimism (HSI 109).

55% of buyers earn less than 10 lakhs per annum (HSI 98) while 83% of buyers earn less than 20 lakhs. HSI for those earning above Rs. 1 Cr fell by 61% to 51 although this group consists of about 1% respondents.

70% of those earning less than Rs.10 lakhs per annum (HSI 115) look to buy in Kolkata while only 53% in this income group plan to buy in Mumbai (HSI 90). 3% of respondents earn over Rs.1 crore in Gurgaon, the highest among the 10 cities surveyed.

25% of respondents are in the IT sector (HSI 117), followed by 15% who are self-employed (HSI 116).

Interestingly, the HSI numbers for buyers who are waiting to buy due to their own personal financial constraints are on the average 23% more optimistic than those who are waiting due to market conditions. Specifically, respondents who are waiting for prices to come down posted an HSI of 61 as compared to those waiting for their financial situation to improve.

47% of all respondents want to buy within the next 6 months (HSI 91). 22% are ready to wait a year or more (HSI 96).

17% think prices increase will be limited to 5%, 13% think price drop could go up to 20%.
66% of prospective buyers prefer apartments (HSI 87) while 13% prefer villas (HSI 100) and 12% prefer land/plot (HSI 99). Positive sentiment for land has on the average been over 11% higher than sentiment for apartments.

80% of those who prefer flats intend to purchase for the purpose of residence, 57% are waiting for prices to come down, and 13% are looking for flats below Rs.20 lakhs. 41% of land owners intend to purchase land as an investment, 50% are waiting for prices to come down, 29% are looking for land priced below Rs.20 lakhs. 50% of those who prefer flats and 46% of those who prefer land want to buy within the next 6 months.

89% of residents in Mumbai intend to purchase flats (HSI 78), 25% of residents in Bangalore intend to purchase land (HSI 107) and 14% of Chennai residents intend to purchase villas (HSI 95).

51% of prospective buyers live in a rented accommodation (HSI 92), 33% live in their own house (HSI 93) and 15% live with parents/relatives (HSI 84).

Over 60% of those who live in their own house intend to buy property with the purpose of residing in it, implying a move to a bigger/better residence.

10% of respondents living in a rented house are looking to buy for investment and 35% of this group is looking to for property in the Rs.20-40 lakh range.

63% of respondents in Hyderabad live in a rented household (HSI 93), the maximum among the 10 cities surveyed. 38% of Ahmedabad respondents live in their own house, the city with maximum ownership (HSI 92), 25% of respondents from Ahmedabad live with parents/relatives (HSI 58).
47% of respondents are looking for property below Rs.40 lakh, with an average of 15% of respondents looking for property below Rs.20 lakh. 25% are looking for property between Rs.40 lakhs - Rs.60 lakhs.

HSI for properties above Rs.1 cr. decreased by 37% (HSI 72). However, only 8% of respondents were looking for property above Rs.1 cr. HSI for properties above Rs.5 cr dipped by 57% (HSI 33); however this segment comprises less than 1% of the total respondents.

In Gurgaon, 13% are looking for property above Rs.1 crore, the highest among all cities surveyed, with HSI for property in the Rs.1 cr to 2 cr range falling by 47% this quarter (HSI 64). In Mumbai, 12% of respondents are looking for property above Rs.1 cr. with HSI for the Rs.1-2 cr. properties at 75. In Kolkata, 35% of respondents are looking for property below Rs.20 lakhs (HSI 119) followed by 21% in Hyderabad (HSI 103).
Analysing the last four quarters of sentiment data and comparing this with RESIDEX, the index put out by National Housing Board (NHB), buyer sentiment is expectedly a lot more volatile as compared to RESIDEX. The graphs above depict the % change Q/Q for the HSI, RESIDEX and Propindex which tracks residential apartment prices. While the HSI captures sentiment typically 6 months into the future, the RESIDEX tracks actual property transactions during the quarter and the Propindex is based on listings data. This time lag should be kept in mind while comparing the three indexes.

Specifically, if we compare RESIDEX with HSI and Propindex and apply suitable time lags as mentioned above, there is a significant relationship between the three indices. As can be seen, both the Propindex and HSI are a lot more volatile compared to the RESIDEX. This could be explained partially due to high expectations of sellers (Prop Index is based on listing price) who tend to mark up their listing price significantly but don’t necessarily realize that kind of increase in property prices. It can also be attributed to the fact that not all survey participants necessarily transact within three quarters.

It is however too early to conclude based on the limited data we have as of now. We will closely watch the relationship and share interesting details at an appropriate time.

Analyzing the six quarter’s data on HSI and comparing it with the RESIDEX, the HSI exhibits properties of being a leading indicator in terms of predicting trends. However, with more data, we will be able to conclusively arrive at a conclusion as to this effect.
SELLER SURVEY

- Overall seller HSI decreased marginally by 3% to 154 Q/Q.
- 30% of sellers fall in the 30-39 yr bracket (HSI 152). 10% of sellers are female (HSI 159) while HSI for male sellers is 153.
- 81% of sellers are individual owners (HSI 153), 8% are agents or brokers (HSI 165) and the balance builders/developers (HSI 148).
- 69% of sellers earn below Rs. 10 lakhs per annum (HSI 157), 20% earn Rs.20-30 lakhs (HSI 145).
- 49% of sellers are looking to sell flats (HSI 159), 26% want to sell land (HSI 144) and 18% want to sell villas (HSI 156). 29% of sellers would like to sell to book profits (HSI 145) followed by 25% who want to purchase a bigger accommodation (HSI 154). 20% want to sell as they are moving out of the city (HSI 158), 15% want to move closer to work (HSI 160), 6% cite job uncertainty (HSI 167) and 4% want to sell as they are unable to service home loans (HSI 140).
- 31% of those wanting to sell have owned the property for less than a year (HSI 158), while another 23% property for less than 3 years (HSI 152), 23% less than 8 years (HSI 153), 11% less than 15 years (HSI 147) and 13% greater than 15 years (HSI 152).
- 22% of sellers are looking to sell property in the Rs.20-40Lakh range (HSI 156), another 15% in the Rs. 40 to 60Lakh range (HSI 169). 17% are looking to sell in the property below Rs.20 lakhs (HSI 144).
- 21% of sellers are in the real estate sector (HSI 153), 8% belong to the IT sector (HSI 139), and 6% belong to the Manufacturing/Engineering sector (HSI 147) and the remaining are spread across other sectors of the economy. Those in Media, although a small % of respondents (1%) are most pessimistic (HSI 67).
HSI decreased by 32% following the 5% decrease witnessed in the previous quarter (HSI 78).

38% of respondents are from South Delhi which witnessed a 27% drop in HSI (77). West Delhi, comprising another 28% of respondents witnessed a decrease of 37% in HSI (70).

Infrastructure developments have not kept pace with real estate growth compounding the unsold inventory that developers are left with. Close to 18% of respondents are looking at property as an investment and this means that they have no incentive to invest in an overpriced market that is unlikely to provide attractive returns in the near future.

Sentiment by Buyer Age Group

- 25 to 29 yr olds are the most optimistic with an HSI of 92 and comprise 16% of the survey population. However this group witnessed a 34% drop in HSI compared to the previous quarter.
- Those over 50 years (19%) are the most pessimistic with an HSI of 64.

Sentiment by Buyer Constraint

- HSI of 105 for those who cite financial constraint (36%) is 49% higher than HSI of 53 for those who cite market constraints. 11% are waiting for interest rates to come down (HSI 108).

Sentiment by Buyer Horizon

- 43% want to buy within the next 6 months (HSI 86) while 21% are prepared to wait a year or more (HSI 82).

Sentiment by Buyer Property Preference

- 82% are end users (HSI 81) while the rest are looking to enter as an investor (HSI 62). HSI for those looking to buy for their own use is 23% higher than those looking to buy property as an investment.
- Flat in a multi-storey apartment is most preferred property type (63%; HSI 78) followed by land (16%; HSI 71)
- 31% of those who already live in their own house (HSI 68) are looking to buy while 46% of respondents currently live in rented accommodation (HSI 85). 23% live with parents-relatives (HSI 76).

Sentiment by Buyer Budget

- 27% of buyers are looking at properties within 20 to 40 lakh range (HSI 80) followed by 19% in the 40 to 60 lakh range (HSI 78).
- HSI for the self-employed who comprise 17% of respondents was 90 while HSI for 12% of IT sector respondents was 50. 4% of respondents from the Real estate sector were the only ones with a positive HSI of 125.
HSI fell by 8% following the 10% in the previous quarter (HSI 109).
New Developing Sectors that makes up over to 50% of respondents witnessed a 16% drop in HSI (105).
NCR region witnessed lethargic infrastructure development, rising inventory and developers getting into trouble with the law over the last few months. All of the above have led to a drop in sentiment, although Noida, with HSI at 109 is still in positive territory and the city with highest sentiment.

Sentiment by Buyer Age Group:
- 30 to 39 Year olds comprise 39% of the respondents (HSI 100) followed by 40 to 49 Year olds (24%; HSI 96).
- 18-24 year olds are optimistic with an HSI of 136 although they comprise only 6% of respondents.

Sentiment by Buyer Constraint
- 36% cite financial reasons (HSI 124) while 52% (HSI 94) are waiting for prices to come down. Another 11% are waiting for interest rates to come down. (HSI 115).

Sentiment by Buyer Horizon
- 18% want to wait for a year or more (HSI 117) while 60% want to buy within the next six months (HSI 119).

Sentiment by Buyer Property Preference
- 74% are end users (HSI 103) while the rest are looking to enter as an investor (HSI 124).
- 78% prefer flats (HSI 110) followed by 13% who prefer land (HSI 93).
- 30% of those who already live in their own house (HSI 103) are looking to buy while 55% of respondents currently live in rented accommodation (HSI 117).

Sentiment by Buyer Budget
- 28% of buyers are looking at properties within 20 to 40 lakh range (HSI 125) while another 36% are looking buy property within 40 to 60 lakh range (HSI 97).
- Buyers working in IT (16%, 88) and the self-employed (8%, HSI 78) witnessed negative sentiment.
HSI fell by another 25% following the 11% decrease in the previous quarter. (HSI 80).

Sohna Road comprising 17% of respondents witnessed a fall of 21% in HSI (86). Golf Course Extension Road witnessed a steep 65% decrease in HSI (16%, HSI 38).

With 27% of respondents looking to buy property as an investment, the already overheated Gurgaon real estate market is not attractive especially in the short run and this is a major reason for the drop in sentiment. Inventory levels in NCR are also at very high levels compared to other major metros in the country.

Sentiment by Buyer Age Group:
- 30 to 39 Year olds comprise 41% of the respondents (HSI 73) followed by 40 to 49 Year olds (23%; HSI 100).
- 8% of respondents are female (HSI 140).

Sentiment by Buyer Constraint
- 42% cite financial reasons (HSI 121) while the 51% (HSI 42) cite market conditions for their property purchase decisions. 7% are waiting for interest rates to come down (HSI 100).

Sentiment by Buyer Horizon
- 30% want to wait for a year or more (HSI 75) while 45% want to buy within the next six months (HSI 83).

Sentiment by Buyer Property Preference
- 27% of respondents plan to purchase property for investment purposes (HSI 86) while the rest want to buy to live with their family (HSI 78).
- 64% prefer flats (HSI 81) followed by 18% who prefer land (HSI 53). HSI for land has dropped steeply by 58%. 25% of those who already live in their own house (HSI 81) are looking to buy while 58% of respondents currently live in rented accommodation (HSI 76).

Sentiment by Buyer Budget
- 21% of buyers are looking at properties within 60 lakh to 1 crore range (HSI 82) while 13% looking buy property within Rs.1 to 2 Crores (HSI 64). 17% of respondents are looking for property priced over Rs.1 Cr., the highest among all cities surveyed.
- Buyers working in IT sector comprise 16% of respondents with an HSI of 86. 14% are self-employed with an HSI of 71.
HSI fell by 22% when compared to a fall of 2% in the previous quarter. (HSI 81).

37% of respondents are from Western Suburbs of Mumbai (HSI 84) that witnessed a 14% decrease in HSI Q/Q. Navi Mumbai, comprising 21% of respondents, witnessed a decrease of 37% increase in HSI this quarter (71).

**Sentiment by Buyer Age Group:**
- 30 to 39 Year olds comprise 48% of the respondents (HSI 80) followed by 40 to 49 Year olds (20%; HSI 74).
- Those over 50 (12%) continue to be pessimistic with an HSI of 79.
- 12% of respondents are female (HSI 86), the maximum female respondents among all cities surveyed.

**Sentiment by Buyer Constraint**
- 30% cite financial reasons (HSI 118) while 62% are waiting for prices to come down (HSI 55). 8% are waiting for interest rates to come down (HSI 126).
- 25% want to wait for a year or more (HSI 80) while 45% want to buy within the next six months (HSI 80).

**Sentiment by Buyer Property Preference**
- HSI for those who are planning to buy property as an investment is 96 (19%) while HSI for those who plan to buy as a place of residence 77.
- 89% prefer flats (HSI 78) followed by 3% who prefer villas/row-houses (HSI 123)
- 38% of those who already live in their own house (HSI 86) are looking to buy while 43% of respondents currently live in rented accommodation (HSI 79).

**Sentiment by Buyer Budget**
- 22% of buyers are looking at properties within Rs. 20-40 lakh range (HSI 92) while 24% looking buy property within Rs.60 lakh- 1 Cr. (HSI 70).
- The self-employed who comprise 11% of the respondents clock an HSI of 81.
HSI dropped by 24% to 100 when compared to an increase of 5% in the previous quarter.

36% of respondents are from West Pune (HSI 100) that dropped by a 23% Q/Q, 24% of respondents are from East Pune with an HSI of 111 while North Pune comprising 15% of the respondents witnessed a 44% decrease in HSI (79).

Sentiment by Buyer Age Group:

- 30 to 39 Year olds comprise 43% of the respondents (HSI 108) followed by 25 to 29 Year olds (23%; HSI 108).

Sentiment by Buyer Constraint

- 39% cite financial reasons (HSI 135) while 56% are waiting for prices to come down (HSI 69).

Sentiment by Buyer Horizon

- 46% want to buy within the next six months (HSI 95) while 23% can wait for a year or more (HSI 113).

Sentiment by Buyer Property Preference

- HSI for those who are planning to buy property as an investment (22%) is 102 while HSI for those who plan to buy as a place of residence is 99.
- 75% prefer flats (HSI 96) followed by 10% who prefer land (HSI 94)
- 33% of those who already live in their own house (HSI 101) are looking to buy while 54% of respondents currently live in rented accommodation (HSI 101).

Sentiment by Buyer Budget

- 31% of buyers are looking at properties within 20 lakh to 40 lakh range (HSI 93) while another 26% are looking to buy property within 40 to 60 lakh range (HSI 99).
- 21% of respondents belong to the IT sector (HSI 102) while 10% are from the manufacturing sector (HSI 89).
HSI for Bangalore dropped by 17% to 103, following a drop of 13% the previous quarter. 31% of respondents are from South Bangalore which saw a 15% drop in HSI (103) while another 31% are from East and South East Bangalore which witnessed a 11% drop in HSI (104). Bangalore North, comprising 27% of respondents also witnessed a drop of 17% in HSI (110).

Sentiment by Buyer Age Group:
- 30 to 39 Year olds comprise 42% of the respondents (HSI 112) followed by 40 to 49 Year olds (19%; HSI 94).
- 15% of respondents are female with an HSI of 130.

Sentiment by Buyer Constraint
- 44% cite financial reasons (HSI 139) while 45% are waiting for prices to come down (HSI 63).
- 49% want to buy within the next six months (HSI 103) while 21% can wait for a year or more (HSI 114).

Sentiment by Buyer Property Preference
- HSI for those who are planning to buy property as an investment (27%) is 114 while HSI for those who plan to buy as a place of residence is 99.
- 52% prefer flats (HSI 99) followed by 24% who prefer land (HSI 107).
- 32% of those who already live in their own house (HSI 107) are looking to buy while 62% of respondents currently live in rented accommodation (HSI 102). 6% live with parents/relatives (HSI 88).

Sentiment by Buyer Budget
- 31% of buyers are looking at properties within 20 lakh to 40 lakh range (HSI 109) while 36% looking buy property within 40 to 60 lakh range (HSI 103).
- 29% of respondents belong to the IT sector (HSI 112), 12% are self-employed (HSI 100) while 9% are from the manufacturing sector (HSI 118).
HSI fell by 21% when compared to a 1% drop in the previous quarter (HSI 97). This is the first time in a year Chennai's HSI has dropped below 100.

63% of respondents are from South Chennai (HSI 95) while 17% are Central Chennai (HSI 100) which witnessed a 21% drop in sentiment.

**Sentiment by Buyer Age Group:**
- 30 to 39 Year olds comprise 27% of the respondents (HSI 91) followed by 40 to 49 Year olds who make up another 27%. (HSI 86).
- 8% of respondents are female (HSI 121). HSI for women is on the average 21% higher than that for men.

**Sentiment by Buyer Constraint**
- 42% cite financial reasons (HSI 120) while 46% are waiting for prices to come down (HSI 68).

**Sentiment by Buyer Horizon**
- 28% are ready to wait for a year or more (HSI 102) while 42% want to buy within six months (HSI 97).

**Sentiment by Buyer Property Preference**
- HSI for those who are planning to buy property as an investment (272%) is 74 while HSI for those who plan to buy as a place of residence is 105.
- 45% prefer flats (HSI 93) followed by 17% who prefer land (HSI 130).
- 31% of those who already live in their own house (HSI 96) are looking to buy while 56% of respondents currently live in rented accommodation (HSI 96). 13% live with parents/relatives (HSI 100).

**Sentiment by Buyer Budget**
- 35% of buyers are looking at properties that are less than 20 lakh to 40 lakh range (HSI 104) while 27% looking buy property within 40 to 60 lakh range (HSI 81).
- 27% of respondents belong to the IT sector (HSI 82) while 8% belong to the Manufacturing sector (HSI 78).
• HSI decreased by 8% following by a decrease of 12% in the previous quarter (HSI 95).
• 30% are from South Hyderabad which witnessed a 6% decrease in HSI (97). East Hyderabad which comprises 26% of respondents witnessed a 19% decrease in HSI (91).

Sentiment by Buyer Age Group:
• 30 to 39 Year olds comprise 44% of the respondents (HSI 96) followed by 25 to 29 Year olds (23%; HSI 103).

Sentiment by Buyer Constraint
• 38% cite financial reasons (HSI 143) while 56% want prices to come down (HSI 62).

Sentiment by Buyer Horizon
• 55% want to purchase property within the next six months (HSI 95) while 17% are ready to wait a year or more (HSI 109).

Sentiment by Buyer Property Preference
• HSI for those who are planning to buy property as an investment (22%) is 102 while HSI for those who plan to buy as a place of residence is also 94.
• 39% prefer flats (HSI 89) followed by 15% who prefer villas (HSI 111).
• 30% of those who already live in their own house (HSI 104) are looking to buy while 63% of respondents currently live in rented accommodation (HSI 93), 7% live with parents/relatives (HSI 80).

Sentiment by Buyer Budget
• 41% of buyers are looking at properties that are less than 20 lakh to 40 lakh range (HSI 80) while 24% looking buy property within 40 to 60 lakh range (HSI 103). Properties below Rs. 20 lakh (HSI 103) comprise 21% of total respondents.
• 19% of respondents belong to the IT sector (HSI 126).
• HSI decreased by 19% to 103 following the 5% decrease last quarter.
• 52% of respondents are from South Kolkata (HSI 107) while 26% are from North Kolkata (HSI 110).

Sentiment by Buyer Age Group:
• 30 to 39 Year olds comprise 38% of the respondents (HSI 98) followed by 40 to 49 Year olds (23%; HSI 95).
• 50 year and above comprise 18% of respondents (HSI 74).

Sentiment by Buyer Constraint
• 47% cite financial reasons (HSI 123) while 43% are waiting for prices to come down (HSI 71).

Sentiment by Buyer Horizon
• 45% want to purchase property within the next six months (HSI 100) while 23% are ready to wait a year or more (HSI 103).

Sentiment by Buyer Property Preference
• HSI for those who are planning to buy property as an investment (19%) is 100 while HSI for those who plan to buy as a place of residence is 103.
• 72% prefer flats (HSI 96) followed by 14% who prefer independent house (HSI 109).
• 36% of those who already live in their own house (HSI 96) are looking to buy while 44% of respondents currently live in rented accommodation (HSI 100). 20% live with parents/relatives (HSI 120).

Sentiment by Buyer Budget
• 39% of buyers are looking at properties that are less than 20 lakh to 40 lakh range (HSI 112) while 17% looking buy property within 40 to 60 lakh range (HSI 77). Properties below Rs. 20 lakh (HSI 119) comprise 35% of total respondents, the highest % among surveyed cities that falls in this property range.
• 11% of respondents belong to the IT sector (HSI 112) while 17% are self employed (HSI 96).
**MICRO MARKET SUMMARY - AHMEDABAD**

- HSI decreased by 33% as compared to an increase of 30% last quarter (HSI 76). South Bhopal which comprises 4% of respondents posted a 49% increase in HSI (100). All other areas witnessed decrease in sentiment.

**Sentiment by Buyer Age Group:**
- 30 to 39 Year olds comprise 42% of the respondents (HSI 82) followed by 25 to 29 Year olds (28%; HSI 65).

**Sentiment by Buyer Constraint**
- 31% cite financial reasons (HSI 103) while 62% are waiting for prices to come down (HSI 63).

**Sentiment by Buyer Horizon**
- 46% want to purchase property within the next six months (HSI 63) while 14% are ready to wait a year or more (HSI 106).

**Sentiment by Buyer Property Preference**
- HSI for those who are planning to buy property as an investment (22%) is 103 while HSI for those who plan to buy as a place of residence is 67.
- 55% prefer flats (HSI 78) followed by 13% who prefer villas (HSI 71).
- 38% of those who already live in their own house (HSI 92) are looking to buy while 37% of respondents currently live in rented accommodation (HSI 69). 25% live with parents/relatives (HSI 59).

**Sentiment by Buyer Budget**
- 44% of buyers are looking at properties that are less than 20 lakh to 40 lakh range (HSI 76) while 23% are looking to buy property between 40 lakh to 60 lakh (HSI 91).
EXPLANATORY NOTE ON SURVEY

- A total of approximately 2,000 buyers are surveyed every quarter in an online survey across 10 cities: Mumbai, Delhi, Hyderabad, Pune, Noida, Gurgaon, Bangalore, Chennai, Ahmedabad, and Kolkata. The survey is conducted online in the last month of every quarter. Fiscal year calendar is being followed for quarterly notations. We will track respondent survey rates closely and document our findings with every survey.

- We also rolled out a seller survey across the country to track seller sentiments and compare these with buyer sentiments beginning Q3 2013. The questionnaire is similar to the buyer survey and tries to capture movement patterns across the country apart from basic demographics and housing sentiment. We plan to roll out the Seller survey along with the buyer survey each quarter.

- A standard questionnaire was mailed out electronically to select members of Magic Bricks portal based on rigorous criteria. Respondents include people from all different backgrounds, income levels & have shown their intent about purchasing a house in the next 12 months. The survey is thus representative of the overall Indian residential real estate industry.

- Respondents assess relative market conditions based on common knowledge and form price expectations for the next 6 months.

- Sampling differences, difference in question wording and differences in response scaling make measuring based on surveys an inexact science, particularly when ordinal scales are used. Nevertheless, it appears that results, in general, fairly track other key results over the period observed. As more data is expected to be collected, we will also explore whether some of the survey’s key metrics might serve as predictors of consumer behavior, and as leading indicators of housing market conditions.

INDEX METHODOLOGY

- The IIMB-CRERI MagicBricks Index fills the critical gap in identifying and measuring changes in potential home owners’ expectations and decision making in the residential housing sector by quantifying their sentiments and tracking the results on a quarterly basis. The credibility of the study is enhanced given that it is being conducted by an independent third party research unit.

- Diffusion Index methodology is used to compute the index. A score of 100 denotes neutral sentiment. A score above 100 denotes optimism and a score below 100 denotes pessimism. The scores can range from 0 to 200.

- This quarterly barometer is expected to capture changing opinions of potential home buyers regarding housing prices. The index provides early information on potential homebuyers’ expectations and views regarding near term home price movements and their decision to buy.
Given the encouraging response rates so far, we plan to introduce buyer surveys to additional cities in the future quarters. We plan to study the correlation among the various housing indexes and derive interesting insights in this sector that is on the path to attaining structure and logic.

Home buying not only involves the buyer and seller but also a host of other forces including financial institutions, local governments, central banks and global macro movements. The process of quantifying sentiments using diffusion index methodology leads to quick comparison across markets and buyer demography. The ultimate aim is the hope that this study will lead to optimal policy making that will aid home buyers and sellers and ensure a smooth transaction process in the residential real estate space.

Indian Institute of Management Bangalore-Century Real Estate Research Initiative (IIMB- CRERI) [http://www.iimb.ernet.in/initiatives/iimb-crer/](http://www.iimb.ernet.in/initiatives/iimb-crer) was set up through a grant from Century Real Estate who is one of the oldest and most respected companies in the real estate space in India. It is a dedicated research initiative to pursue scientific research on Indian real estate industry. It partners with industry/government organizations to collect data and develop research projects that are aimed to improve understanding of this vital sector of the economy. The initiative complements work at IIMB’s other leading Centres such as the Centre for Public Policy. As a leading international management school in India, IIMB has strong linkages to the corporate sector, CSOs and the government, and its rigorous research projects are defined by structured analytical processes and constant engagement with market participants.

**IIMB CRERI Team**
- Dr. Venkatesh Panchapagesan (Chief Faculty Coordinator)
- Dr. Madalasa Venkataraman (Lead Researcher)
- Ms. Uma Sitaraman (Senior Research Associate)

Magicbricks.com is India’s No 1 Property portal. With monthly traffic exceeding 6 Million visits and with an active base of over 5Lac property listings, Magicbricks provides the biggest platform for buyers and sellers of property to connect with each other in a clear, transparent manner. Our vision is to be a 1-stop shop for property buyers and sellers; and with this in mind, we have innovated on launching several product features, content and research services and in building of the largest audience pool. We are part of the Times of India Group, India’s biggest Media Conglomerate.

**HSI Team**
- Mr. Sudhir Pai, Business Head, Magicbricks.com
- Ms. Jayashree Kurup, Head Content & Research, Magicbricks.com
- Mr. Rishab Jain, Manager, Content & Research, Magicbricks.com