

TEAL Analytics

Affordable Housing Report 2017 - 2021



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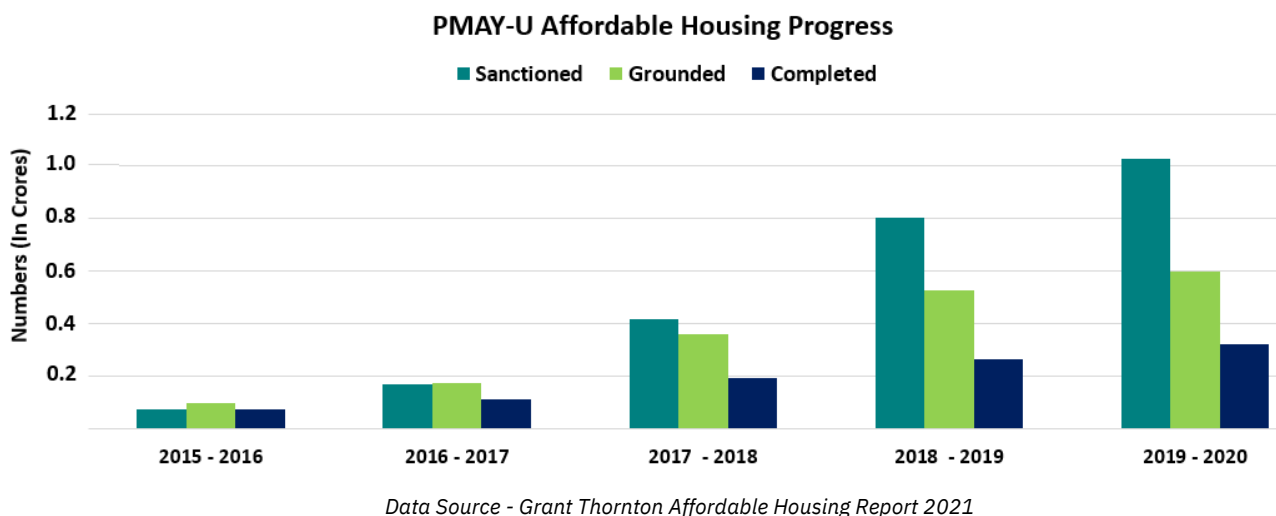
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Affordable Housing in India - Overview

Rapid increases in population, and migration from rural-to-urban areas have caused severe urban housing shortages in India, particularly for the lower-income groups. The Government of India documented a shortfall of 18.8 million houses in urban areas or 23% of all households in cities in 2012.^[1] As per a report on the Estimation of Urban Housing Shortage (2012), the total housing shortage for the economically weaker sections (EWS) and low-income groups (LIG) accounted for 96% of the total housing shortage in India.^[2] Incidentally, there are also 11 million vacant houses in urban India as of the 2011 Census. The large number of vacant dwellings points to the misallocation of the housing capital stock.^[3] Considering this, the Government of India, over the last several years, has introduced a few policies and measures to facilitate housing access for low-income communities.

The Jawaharlal Nehru National Urban Renewal Mission (JNNURM) and Rajiv Awas Yojana (RAY) and Pradhan Mantri Awas Yojana (PMAY) were launched by the Central government in 2005, 2011 and 2015 respectively to address the affordable housing shortage in the country.^[4]



Schemes to address the affordable housing shortfall, such as the PMAY, have only partially succeeded in making affordable housing accessible. For instance, in the case of the PMAY scheme, only 11.2 million houses have been sanctioned under PMAY-U, of which 4.8 million have been completed - as reported by government sources.^[5] Despite PMAY and other schemes, transparency and formalization are still lacking in the property markets which might be limiting access to affordable housing. The Real Estate (Regulation and Development) Act, 2016 was enacted to rectify these problems and streamline the real estate sector.

Affordable Housing Sales

Data and Methodology

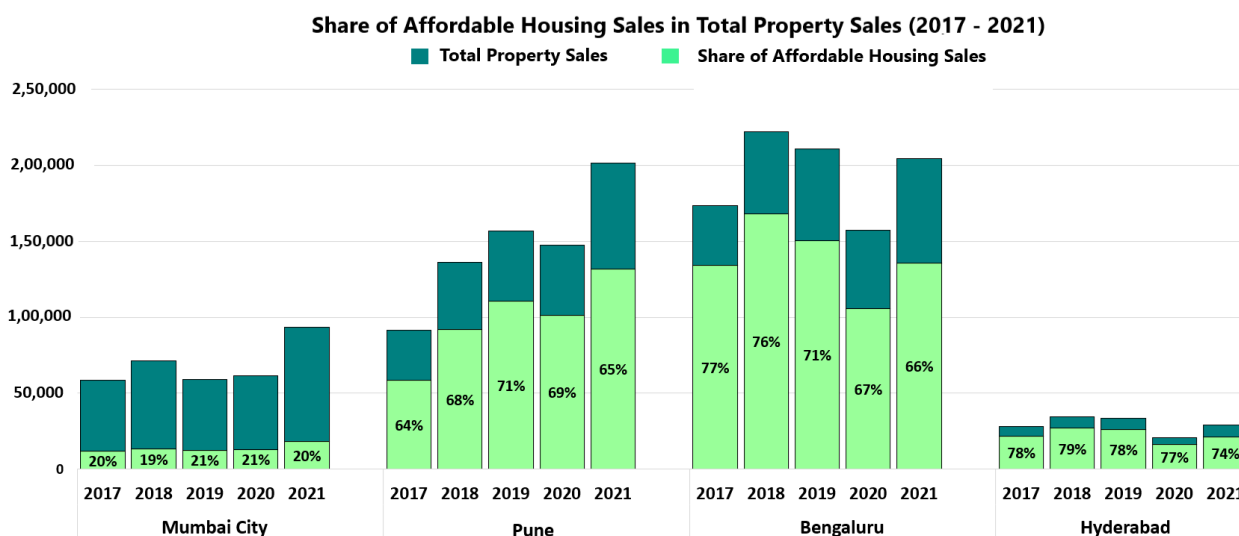
The Reserve Bank of India (RBI) classified housing units priced under Rs. 45 Lakhs as "affordable housing". While this definition may not be used across all boards, we have used this threshold for the purpose of this analysis. We applied this definition to categorize registered property sales, both residential and commercial, for the period 2017 to 2021. This is the period following the enactment of the Real Estate (Regulation and Development) Act, 2016. This period also coincides with the Covid-19 pandemic and the subsequent lockdowns, stamp duty holidays in different states such as Maharashtra and Karnataka, and declining home loan interest rates. Mid-segment property sales refer to ticket sizes between Rs. 45 Lakhs and Rs 75 Lakhs and premium property sales refer to ticket sizes above Rs. 75 Lakhs. Our data coverage includes all sales transactions which are registered with the relevant Sub-Registrar's Offices (SRO) across multiple states. We process and prepare this data for use through our proprietary algorithms that leverage Machine Learning techniques.

This report aims to explore affordable housing in two sets of cities across the country. The first set are four major Tier-I cities: Mumbai City, Hyderabad, Pune and Bengaluru. The second group consists of Satellite Cities or regions in the broader metropolitan areas of Mumbai and Delhi, that are important growth markets for affordable housing: a) Thane, Palghar and Raigad, and b) Noida and Ghaziabad.

Mumbai City includes Mumbai City (administrative name) + Mumbai Suburban, and does not include Navi Mumbai. Navi Mumbai covers parts of Thane and Raigad district



Affordable Housing Sales in Tier-I Cities

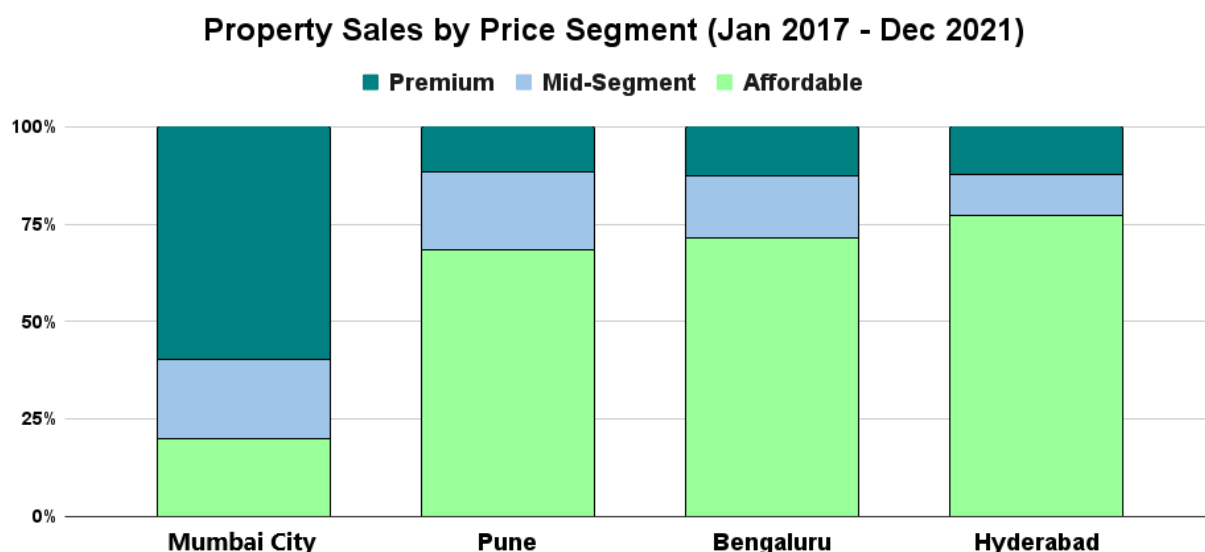


Affordable housing sales in Tier I cities like Mumbai, Pune, Bengaluru and Hyderabad recorded a lower share in 2020 and 2021 compared to the period of 2017 - 2019. Affordable housing sales remained at the same levels in Mumbai and decreased by 2% in Pune in 2020 as the market was hit by the first wave of the Covid-19 pandemic. Bengaluru and Hyderabad also recorded a decline in affordable sales volume in 2020. The market share of affordable housing sales further declined in 2021 in these Tier-I cities, even though the total property sales volume witnessed an uptick in the regions. As the real estate market was better equipped to face the second wave of the pandemic through significant government interventions to boost economic recovery, the total property sales volume increased in 2021. However, the share of property sales for affordable housing remained at declining levels.

Mumbai, where property prices are generally higher than the rest of the country, recorded a significantly lower share of sales volume in the affordable segment compared to the other cities. Majority of the sales volume in Mumbai, nearly 59.75%, were registered in the Premium segment (ticket size above Rs. 75 Lacs). **During the period of 2017 - 2021, only 20% of the total property sales volume in Mumbai was in the affordable segment. In the same time period, 68.6% and 71.7% of the sales volume in Pune and Bengaluru respectively were in the affordable housing market.**

Despite Mumbai recording the highest yearly property sales volume in a decade in 2021, the share of affordable housing remained lower than 2019 and 2020 levels.^[6] The market share for affordable housing sales in Mumbai dropped from 21% in 2019 and 2020 to 20% in 2021. Pune also recorded the maximum yearly sales volume during the 5-year study period in 2021. However, its share of affordable housing volume was lower than the previous three years. In 2021, the market share for affordable housing sales in Pune stood at 65% - against 68%, 71% and 69% in 2018, 2019 and 2020 respectively.

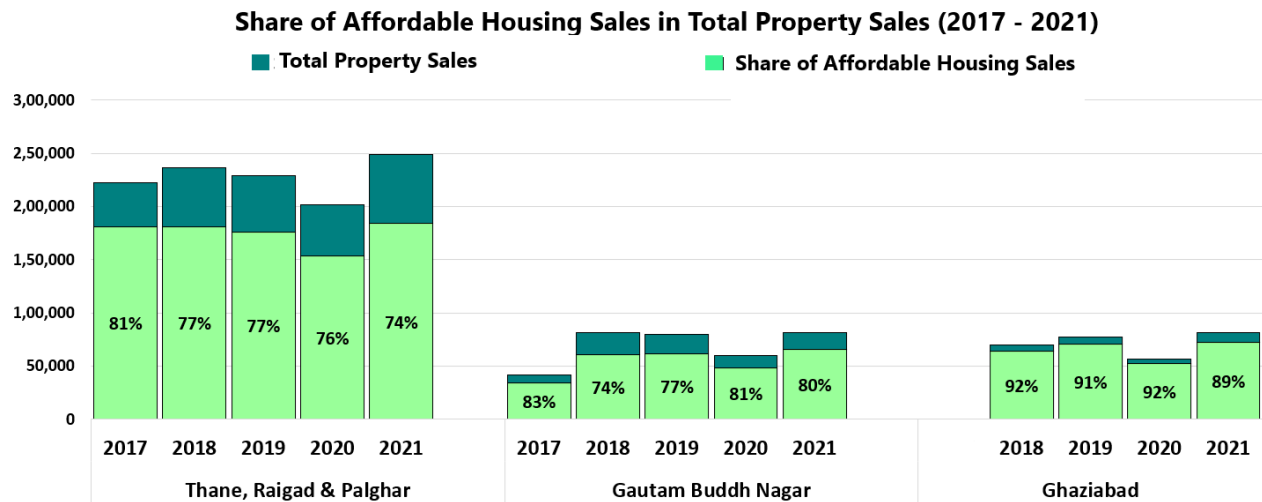
Property Sales by Price Segment



Out of the total property sales volume in Mumbai City, Pune, Bengaluru and Hyderabad during 2017 - 2021, 63% was in the Affordable Housing category. Affordable housing has emerged as the demand driver for the overall real estate markets. In 2021, 50% of the property prices in Mumbai fell between Rs 49 Lakhs and Rs 1.6 Crores - prices at the 25th and 75th percentile respectively.

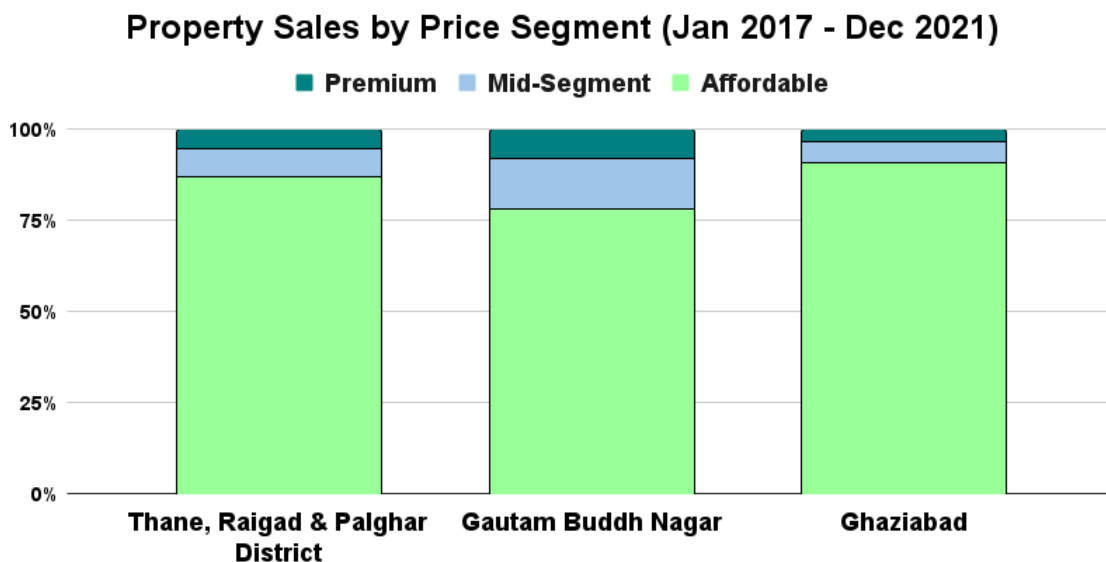
Nearly 12.5% of the property sales volume in Bengaluru during 2017 - 2021 was in the Premium segment, while this percentage was as high as 59.75% in Mumbai. Pune recorded a share of 11.5% in the premium property sales market during the same period. **Hyderabad recorded the highest market share for affordable housing sales among the Tier-I cities in the study, with a share of 77.2% for affordable housing sales during 2017 - 2021.**

Affordable Housing Sales in Satellite Cities



The share of affordable housing sales in Satellite cities like Ghaziabad, cities in Gautam Buddh Nagar district, Thane, Raigad and Palghar were significantly higher compared to Tier I cities, as seen in the previous section. Gautam Buddh Nagar includes Noida, Greater Noida, Dadri and Jewar. **In the Thane, Raigad & Palghar region, the share of affordable housing sales was lower in 2020 and 2021 compared to the pre-pandemic years.** Affordable housing sales volume remained steady in 2020 but recorded a 3% decline in 2021 - even as the total property sales volume increased. Incidentally, Gautam Buddh Nagar witnessed a 4% increase in affordable sales volume in 2020 and was followed by a 1% decline in 2021.

Property Sales by Price Segment

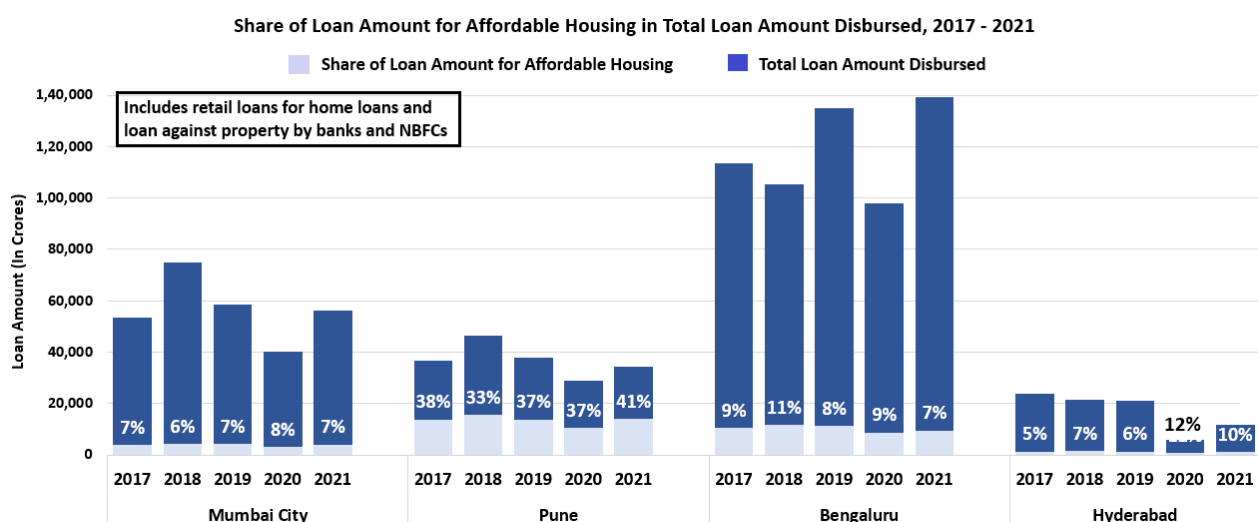


Out of the total property sales volume in the Satellite Cities during 2017 - 2021, 85.56% was in the Affordable Housing category. Ghaziabad recorded the highest share of affordable housing sales (91%) while neighbouring Gautam Buddh Nagar registered 78% of the total property sales under affordable housing sales during 2017 - 2021. The Thane, Raigad and Palghar region recorded a share of 87.3% for affordable housing sales.

Home Loans for Affordable Housing in Tier-I Cities

The property market, especially affordable housing, is driven by factors such as availability of jobs, growth in incomes, and access to credit. Home loan rates are at an all-time low with rates hovering around 7% and the net interest rate taking inflation into consideration is around 2%.^[7] Low rates along with the decline of the third wave are resulting in a broad-based revival of the housing sector.

Initiatives under the PMAY scheme have also contributed to availing home loans for affordable housing more accessible. The Pradhan Mantri Awas Yojana (PMAY) Credit Linked Subsidy Scheme (CLSS) - 'Housing for All' is a home loan scheme which envisions 'Housing for All' by the year 2022. This scheme offers affordable homes to people belonging to the Economically Weaker Section (EWS), Low-Income Group (LIG), Middle-Income Group-I (MIG-I), and Middle-Income Group-II (MIG-II) of society. Customers availing this scheme are eligible to avail interest subsidy on the purchase/construction /enhancement of dwelling unit.^[8]



A look into loans given by banks and NBFCs for affordable housing during 2017 - 2021 in Tier I cities - Mumbai City, Pune, Bengaluru (includes Bengaluru city and suburbs), Hyderabad - shows the yearly change in the share of affordable housing. The loans include all retail loans given for home loans and Loan Against Property (LAP) by banks and NBFCs.

Despite 2021 recording the highest yearly total loan amount disbursed during 2017 - 2021 in Bengaluru, the share of home loans for affordable housing remained the lowest in the 5-year study period at 6%. On the contrary, Pune recorded the highest share of home loans for affordable housing in total amount disbursed in the year 2021 at 41% - 4% and 8% higher than 2020 and 2018 levels respectively. **Mumbai, comparatively, registered an overall lower share of loan amount disbursed for affordable housing during the study period.** In 2021, only 7% of the total loan amount disbursed was for affordable housing, while 2020 registered 8%. The year 2018 witnessed the highest share of home loans disbursed for affordable housing in Bengaluru at 11%.

Affordable Home Loan Disbursements by Banks & HFCs in 2021

In Mumbai, HDFC Limited leads with the highest total amount of loan disbursed for affordable housing among all the institutions in 2021.

	Mumbai	Pune	Hyderabad
Private Banks	 AXIS BANK 153 Cr	 AXIS BANK 462 Cr	 TMB 23 Cr
	 Kotak Mahindra Bank 105 Cr	 IDBI BANK 262 Cr	 ICICI Bank 20 Cr
	 IDBI BANK 94 Cr	 YES BANK 116 Cr	 DCB BANK 17 Cr
Public Banks	 SBI 487 Cr	 SBI 3,982 Cr	 Union Bank of India 69 Cr
	 Bank of India 152 Cr	 बैंक ऑफ महाराष्ट्र Bank of Maharashtra 242 Cr	 Canara Bank 66 Cr
	 Union Bank of India 120 Cr	 बैंक ऑफ बड़ोदा Bank of Baroda 198 Cr	 बैंक ऑफ बड़ोदा Bank of Baroda 40 Cr
HFC	 HDFC 681 Cr	 HDFC 3,362 Cr	 CanFinHomes 69 Cr
	 LIC HFL 154 Cr	 LIC HFL 703 Cr	 Aadhar Housing Finance Ltd 35 Cr
	 TATA 56 Cr	 pnB Housing Finance Limited 524 Cr	 ICICI Home Finance 32 Cr

- Axis Bank was the leading private bank for affordable home loan disbursements in Maharashtra, while TamilNad Mercantile Bank emerged as the leading private bank in Hyderabad.
- The State Bank of India recorded the highest number of registered mortgage transactions in Public Sector Banks in Mumbai and Pune, while Union Bank of India leads in Hyderabad.
- HDFC Limited was the leading HFC for affordable home loan disbursements in Mumbai and Pune, while Can Fin Homes led in Hyderabad.
- In Pune, State Bank of India leads with the highest total amount of loan disbursed for affordable housing among all the institutions in 2021.

[NOTE: Home Loan data analyzed includes registered mortgages only.]

Government Policies to Facilitate Affordable Housing

The **Pradhan Mantri Awas Yojana (PMAY)** was launched in 2015 to address the affordable housing shortage in our country. **The vision of the scheme was 'housing for all'**. PMAY aims at providing a pucca house, with basic amenities, to all houseless households and those households living in kutcha and dilapidated houses. It has recently expanded its scope to cater to the housing needs of the mid-income group, besides the economically weaker sections (EWS) and low-income group (LIG).^[9]

- There are two components of PMAY: PMAY - Urban (PMAY-U) and PMAY - Rural (PMAY-R).
- Coverage and phases of PMAY:
 1. **Phase 1 (April 2015 - March 2017)**: Cover 100 cities selected from States/UTs as per their willingness
 2. **Phase 2 (April 2017 - March 2019)**: Cover additional 200 cities
 3. **Phase 3 (April 2019 - March 2022)**: Cover all other remaining cities

The **National Urban Housing and Habitat Policy (NUHHP), 2007**, laid emphasis on 'affordable housing for all' and encouraged states to make housing action plans that envisioned sustainable development in habitat.^[10]

The **Jawaharlal Nehru National Urban Renewal Mission (JNNURM)**, launched on December 3, 2005, by the Government of India to encourage reforms and fast track planned development of 63 identified cities. Focus is to be on efficiency in urban infrastructure and service delivery mechanisms, community participation and accountability of ULB's/Parastatal agencies towards citizens. The two components of JNNURM are – "Urban Infrastructure & Governance", and "Basic Services to the Urban Poor".^[11]

Basic Services to the Urban Poor (BSUP) is a sub-component of Jawaharlal Nehru National Urban Renewal Mission (JNNURM). The main thrust of the sub-mission of Basic Services to the Urban Poor (BSUP) will be on integrated development of slums through projects for providing shelter, basic services, and other civic amenities with a view to provide utilities to the urban poor.^[12]

The Central government launched the **Rajiv Awas Yojana** in 2009 as a scheme that aims to provide basic social amenities, basic shelter, and civic infrastructure to every citizen. It encourages every State and Union Territories (UT) to handle slums formally so that people of respective states and UTs can get the basic amenities. One of its objectives is to institutionalize mechanisms for prevention of slums including creation of affordable housing stock.^[13]

The **National Urban Housing Mission (NUHM)**, 2015 was launched as a CSS and seeks to meet the gap in urban housing units by 2022 through increased private sector participation and active involvement of the states.^[9]

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Mumbai Metropolitan Region Map, Page 2 - <https://bit.ly/3szFWsS>

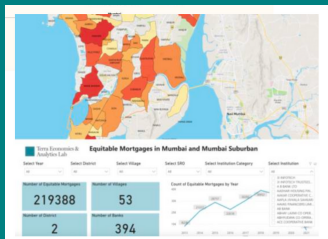
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- **Developer wise sold and unsold inventory units**
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- **Office and retail lease insights**
- **Micro-locality level lease rate per sq. ft.**

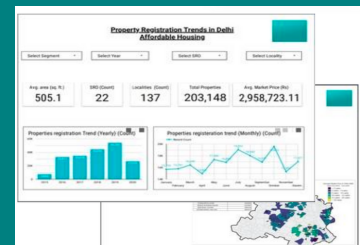


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