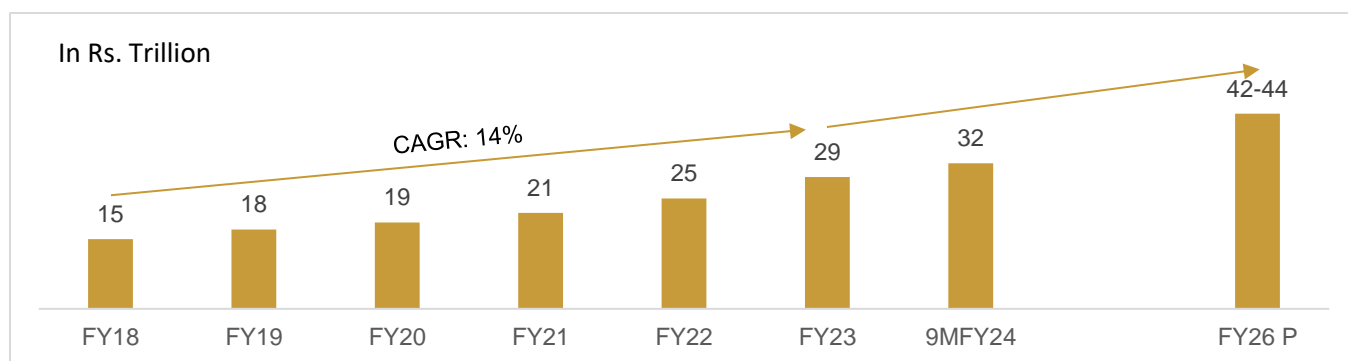


The Indian housing finance market clocked a healthy approximately 14% CAGR (growth in loan outstanding - total housing loans on the books of all financiers put together) over Fiscals 2018-2023 on account of a rise in disposable income, healthy demand emanating from smaller cities markets, attractive interest rates and government impetus on housing.

#### Growth in housing loans outstanding



Note: P- Projected

Source: CIBIL, CRISIL MI&A

#### 4.2 Majority of the market dominated by lower ticket size loans in volume terms

The housing loan market grew at approximately 14% CAGR between Fiscals 2018 and 2023, spurred by growth in the higher ticket size segment, i.e., over ₹ 1.5 million. The share of the higher ticket segment increased from 76% as of March 2018 to 85% as of March 2023 and 86% as of December 2023 in terms of value. Due to the impact of economic slowdown in Fiscal 2019 and subsequently COVID-19 pandemic in Fiscal 2020 and Fiscal 2021, which has a greater impact on the lower income segment in relative terms, Additionally, the cost of construction increased compared to pre COVID-19 pandemic levels which led to an increase of requirement in availing a loan causing a shift of border line customers in slab ₹ 0.75-1.5 million to ₹ 1.5-2.5 million slab, as a result the share of higher ticket size segment increased over the years, both in terms of value and volume. However, majority of the housing loan share in terms of volumes is still dominated by the lower ticket size segment (less than ₹ 1.5 million), which accounted for 52% of housing loans outstanding as of March 2023.

	Ticket-size wise loan outstanding (₹ trillion)							Ticket-size wise loan outstanding mix (Value terms)						
	FY18	FY19	FY20	FY21	FY22	FY23	9MF Y24	FY18	FY19	FY20	FY21	FY22	FY23	9MF Y24
₹ 0-0.75 million	1.1	1.1	1.1	1.2	1.1	1.1	1.2	7%	6%	6%	5%	5%	4%	4%
₹ 0.75-1.5 million	2.6	2.7	2.8	2.9	3.0	3.2	3.3	17%	15%	15%	14%	12%	11%	10%
₹ 1.5-2.5 million	3.5	3.9	4.2	4.5	5.0	5.6	5.9	23%	22%	22%	21%	20%	19%	18%
₹ 2.5-5.0 million	4.3	5.1	5.8	6.6	7.8	9.4	10.5	28%	29%	30%	31%	32%	32%	32%
₹ 5 million +	3.9	4.7	5.3	6.2	7.7	9.9	11.5	25%	27%	28%	29%	31%	34%	36%
<b>Total</b>	<b>15.5</b>	<b>17.6</b>	<b>19.2</b>	<b>21.3</b>	<b>24.5</b>	<b>29.3</b>	<b>32.3</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: CIBIL, CRISIL MI&A

	Ticket-size wise number of loans outstanding (₹ million)							Ticket-size wise loan outstanding mix (Volume terms)						
	FY18	FY19	FY20	FY21	FY22	FY23	9MF Y24	FY18	FY19	FY20	FY21	FY22	FY23	9MF Y24
₹ 0-0.75 million	4.9	5.1	5.3	5.3	5.3	5.5	5.4	39%	38%	37%	35%	32%	30%	28%
₹ 0.75-1.5 million	3.1	3.3	3.4	3.6	3.7	4.0	4.1	25%	24%	24%	23%	22%	22%	21%
₹ 1.5-2.5 million	2.3	2.6	2.8	3.1	3.4	3.8	4.0	19%	19%	20%	20%	21%	21%	21%
₹ 2.5-5.0 million	1.6	1.9	2.2	2.5	3.0	3.5	3.9	13%	14%	15%	16%	18%	19%	20%
₹ 5 million +	0.5	0.6	0.7	0.9	1.1	1.4	1.7	4%	5%	5%	6%	7%	8%	9%
<b>Total</b>	<b>12.5</b>	<b>13.6</b>	<b>14.5</b>	<b>15.3</b>	<b>16.5</b>	<b>18.2</b>	<b>19.1</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: CIBIL, CRISIL MI&A

Banks mostly provide loans to customers whose income sources, banking behavior and credit history can be easily assessed. On the other hand, several housing finance companies (“HFCs”) cater to customers whose formal income proofs may not be