

Sentiments in property market turns pessimistic in April-June: Report



Sentiments in the [real estate](#) market turned pessimistic during the April-June quarter because of the outbreak of the second wave of COVID-19 pandemic but the future outlook for the next six months remains optimistic, according to a survey by Knight Frank, FICCI and Naredco.

In the 29th edition of [Real Estate](#) Sentiment Index Q2 2021, the consultant said the current sentiment score dropped to 35 in April-June 2021 from 57 in the first quarter of this calendar year.

However, it said that the drop is less intense than it was during the first COVID wave (Q2 2020) when the score had hit an all-time low of 22.

The Future Sentiment score has inched down marginally to 56 in Q2 2021 from 57 in Q1 2021 but continues to remain in the optimistic zone.

A score of above 50 indicates 'Optimism' in sentiments, a score of 50 means the sentiment is 'Same' or 'Neutral', while a score below 50 indicates 'Pessimism'. The survey is of supply side stakeholders including real estate developers, banks and other financial institutions.

Knight Frank India Chairman and Managing Director Shishir Baijal said, "The tragedy of the second wave of pandemic has pushed the overall industry sentiments down in the second quarter of 2021."

The availability of vaccines, a robust vaccination programme, along with continued economic activities have been the primary reason for the optimistic future sentiment score, as compared to last year, he added.

"The [real estate](#) sector is treading cautiously and acknowledges that there is latent demand for both office and residential sectors, albeit hindered by the prolonged pandemic," Baijal said.

Getamber Anand, Co-Chair, FICCI Real Estate Committee & Chairman and Managing Director of ATS Infrastructure, said, the outlook of the sector is positive despite the debilitating impact of a pandemic.

Niranjan Hiranandani, National President, NAREDCO and MD of Hiranandani Group said, "The Current Sentiment Index score in Q2 2021 reflects the impact of piecemeal restrictions in April and May followed by easing of curbs in June 2021."

The calibrated reopening of economic activities with accelerated inoculation drive has resulted in an upward trajectory of home buying demand and sales in June on back of stability and security it offers during the deep crisis, he added.

The stakeholders outlook on the office market saw an improvement in Q2 2021 especially with respect to leasing activity.

In Q2 2021, 40 per cent of survey respondents were of the opinion that office leasing activity would increase over the next six months, up from 34 per cent in the previous quarter. Around 21 per cent of the Q2 2021 survey respondents, up from 15 per cent in Q1 2021, expects office rents to increase in the next six months while 40 per cent expect rents to remain stable.

"The optimism in the residential market outlook has continued in Q2 2021. More than 50 per cent of the Q2 2021 survey respondents continue to expect an increase in residential launches and sales in the coming six months," Knight Frank said.

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