

Sentiment scores continue robust buoyancy in Q2 2016

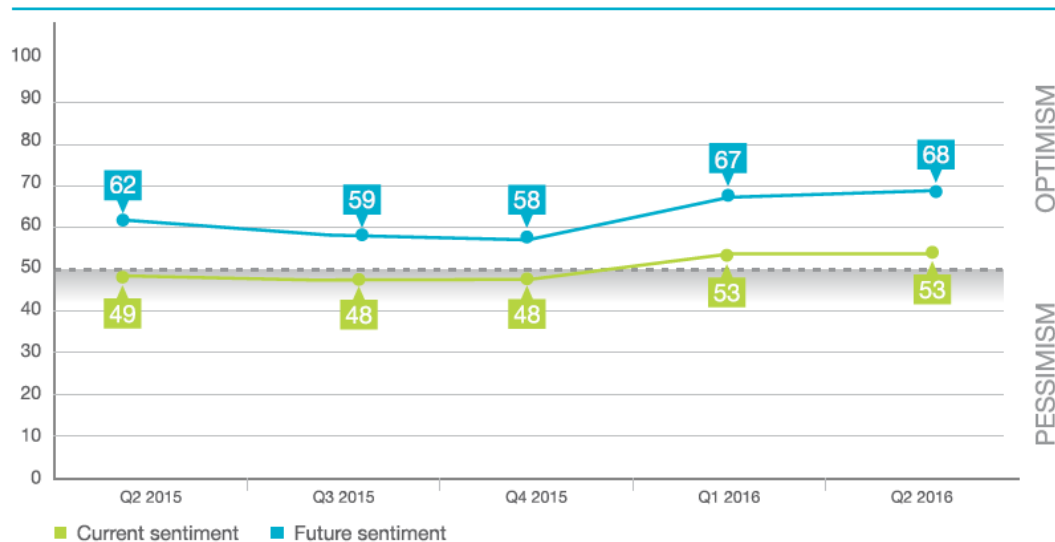
FICCI- Knight Frank India unveil the latest findings of the Real Estate Sentiment Index for April- June 2016

Dr. Samantak Das, Chief Economist & National Director - Research, Knight Frank India shares an overview on India's Real Estate Sentiment (Residential and Commercial) for Q2 2016:

“After a lull that lasted six quarters, the future sentiment scores are strengthening and witnessing similar trend as during Q1 2016. This signals a robust optimism of stakeholders going forward as the real estate sector in India is going through an interesting phase. When all of us thought things were stabilising and going well with the RERA and GST Bills getting passed, relaxation in REITs, a lower interest rate regime and good monsoon, the RBI Governor announced his resignation. This was followed by Brexit and policy makers across several global economies announcing fiscal stimulus packages amid the prevailing weakness. However, the Indian real estate market has managed to show positive tractions in the last six months and the projections look positive too.

Office space absorption is going from strength to strength while the residential market that was reeling under tremendous pressure for the last three years has shown signs of recovery”.

OPTIMISM PERSISTS FOR THE SECOND QUARTER IN A ROW





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Findings of the Report:

RESIDENTIAL SECTOR ON A RECOVERY PATH

- Overall, there is a considerable improvement in the sentiments for the residential sector. The number of respondents with a positive outlook for the sector has gone up substantially in Q2 2016, especially for the sales volume.
- Despite an expectation of a better sales scenario in the future, the stakeholders feel that the residential prices will remain muted. More than 60% of the survey respondents feel that the residential price appreciation will remain the same or worsen by the end of the year.
- More than 95% of the respondents feel that the sales volume will either be at the same level or improve in the next six months.

COMMERCIAL OFFICE SPACE MARKET SHOWS RENEWED OPTIMISM

- Office markets across the top six cities of the country witnessed good traction in the first two quarters of 2016, going forward the stakeholders expect this to continue at the same pace.
- More than 60% of the respondents believe that leasing volumes are going to improve further in the next six months.
- However, they expect the office supply to remain under check, which is likely to have an impact on the rental appreciation. Majority of the respondents feel that office space rental growth will strengthen by the end of 2016.

ZONAL SENTIMENT SCORE

- The optimism is observed at the zone level as well. The future sentiment score has improved across all zones exhibiting a strong positive outlook.
- With a score of 70, the South zone seems the most confident about the future.



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Established in 1927, FICCI is the largest and oldest apex business organisation in India. A non-government, not-for-profit organisation, FICCI is the voice of India's business and industry. FICCI draws its membership from the corporate sector, both private and public, including SMEs and MNCs; FICCI enjoys an indirect membership of over 2,50,000 companies from various regional chambers of commerce.

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