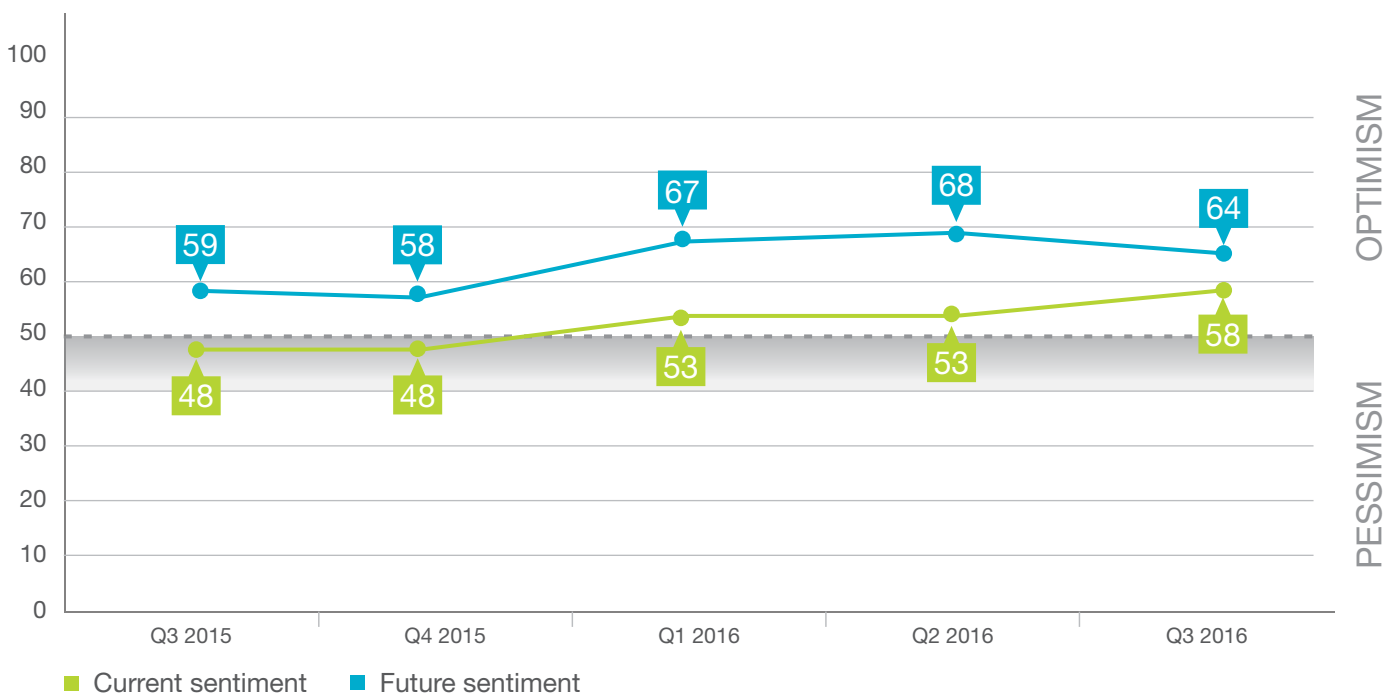


APPROACH

The real estate sentiment index is based on a quarterly survey of key supply-side stakeholders, which include developers, private equity funds, banks and non-bank financial companies (NBFCs). The survey comprises questions pertaining to the economy, project launches, sales volume, leasing volume, price appreciation and funding. Respondents choose from the following options, for which weights have been assigned: a) Better (100 points) b) Somewhat Better (75 points) c) Same (50 points) d) Somewhat Worse (25 points) and e) Worse (0 points). The index is determined by calculating the weighted average score of the percentage of responses in each of these categories. Hence, a score of 50 represents a neutral view; a score above 50 demonstrates a positive outlook; and a score below 50 indicates negative sentiment. In order to present a holistic view of the real estate industry, two indices are computed: the current sentiment index indicates the respondents' assessment of the present scenario compared to six months prior, and the future sentiment index represents their expectations for the next six months. However, the rest of the analysis focuses only on the future sentiment. This survey was conducted from July–September 2016.

CURRENT SENTIMENT SHOWS OPTIMISM; SCORES HIGHEST IN TWO YEARS



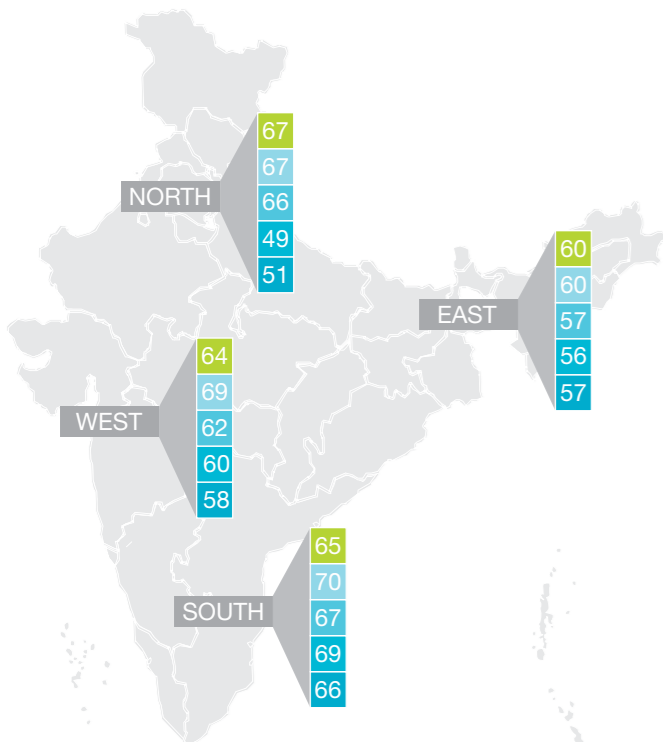
FINDINGS

- The fact that the real estate sector has shown positive traction in the past few months still holds true as the Q3 2016 survey results reveal that stakeholders continue to remain optimistic about the sector, with both current and future sentiments scoring considerably above the 50 mark.
- Real estate reforms, like the real estate investment trusts (REITs) and Real Estate (Regulation and Development) Act, 2016, have strengthened buyer confidence. The steadily improving current sentiment score since the beginning of the year is a reflection of the same. The current score at 58 is the highest ever score in the past two years.
- Although, the future sentiment score at 64 witnessed a slight tapering in Q3 2016, it is very much in the positive territory, indicating robust optimism for the real estate sector in the coming six months.

ZONAL SENTIMENT SCORE (FUTURE)

SCORE >50: Optimism
 SCORE=50: Same/Neutral
 SCORE <50: Pessimism

■ Q3 2015 ■ Q4 2015 ■ Q1 2016 ■ Q2 2016 ■ Q3 2016



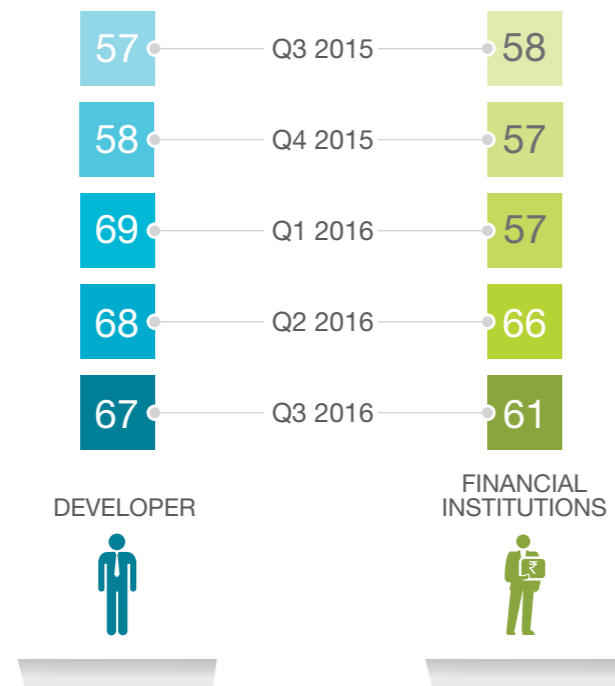
FINDINGS

- Although the stakeholders are optimistic about the future across all zones, the South and West show a slight degrowth in Q3 2016, mainly due to limited expectation of recovery in the residential sector.
- Stakeholders from the North zone have been consistently showing improved optimism for the real estate sector since the beginning of the year. They are particularly positive about the office space leasing volume.

STAKEHOLDER SENTIMENT SCORE (FUTURE)

SCORE >50: Optimism
 SCORE=50: Same/Neutral
 SCORE <50: Pessimism

■ Q3 2015 ■ Q4 2015 ■ Q1 2016 ■ Q2 2016 ■ Q3 2016

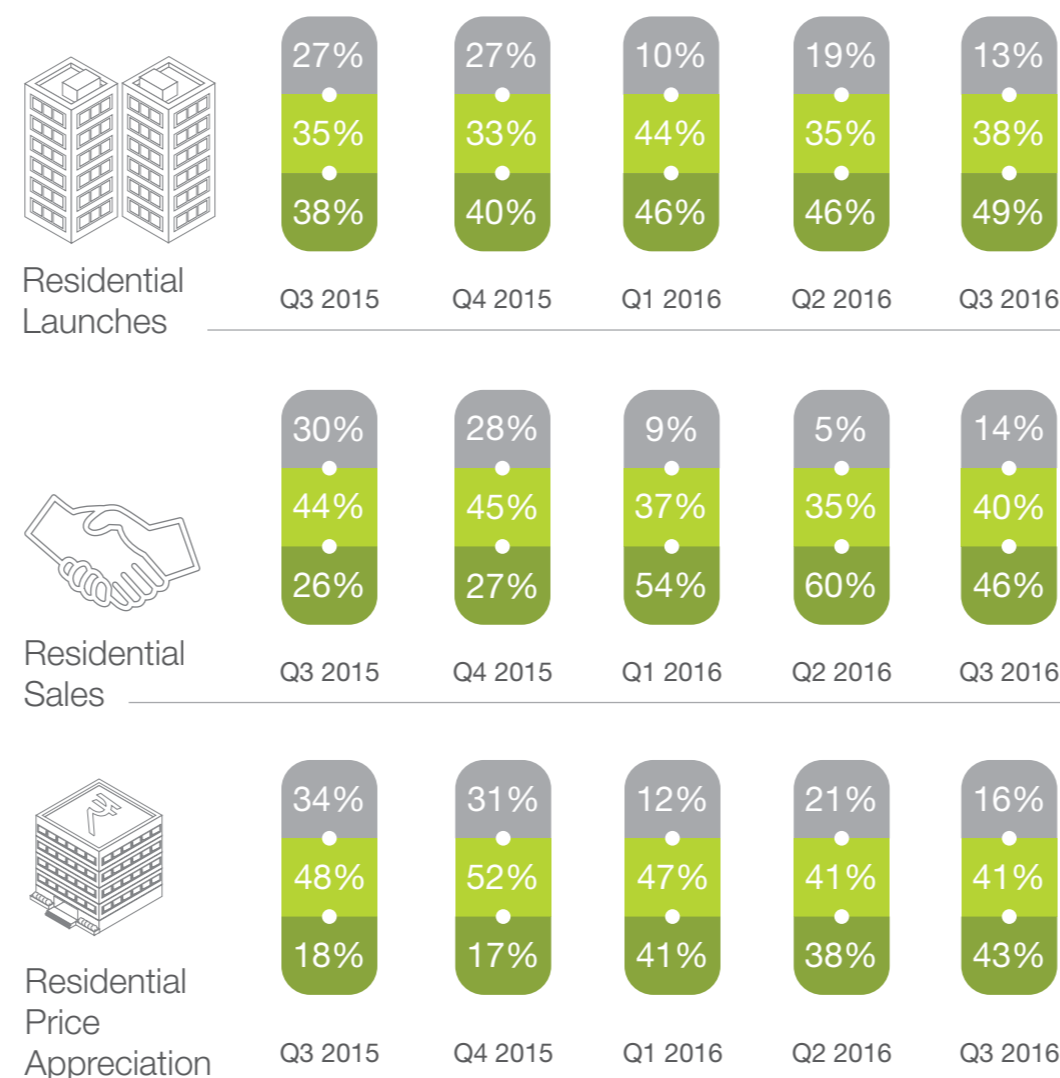


FINDINGS

- Both, developer and financial institutions, continue to show optimism for the future. However, imminent adjustments to the new norms laid out in the real estate regulation act seems to have affected the sentiments, leading to a marginal/nominal drop in the sentiment scores of the developers. Similarly, financial institutions also expect the entire market to go through an adjustment phase before RERA is implemented and becomes a reality.

HOME SALES UNDER PRESSURE

■ Better ■ Same ■ Worse

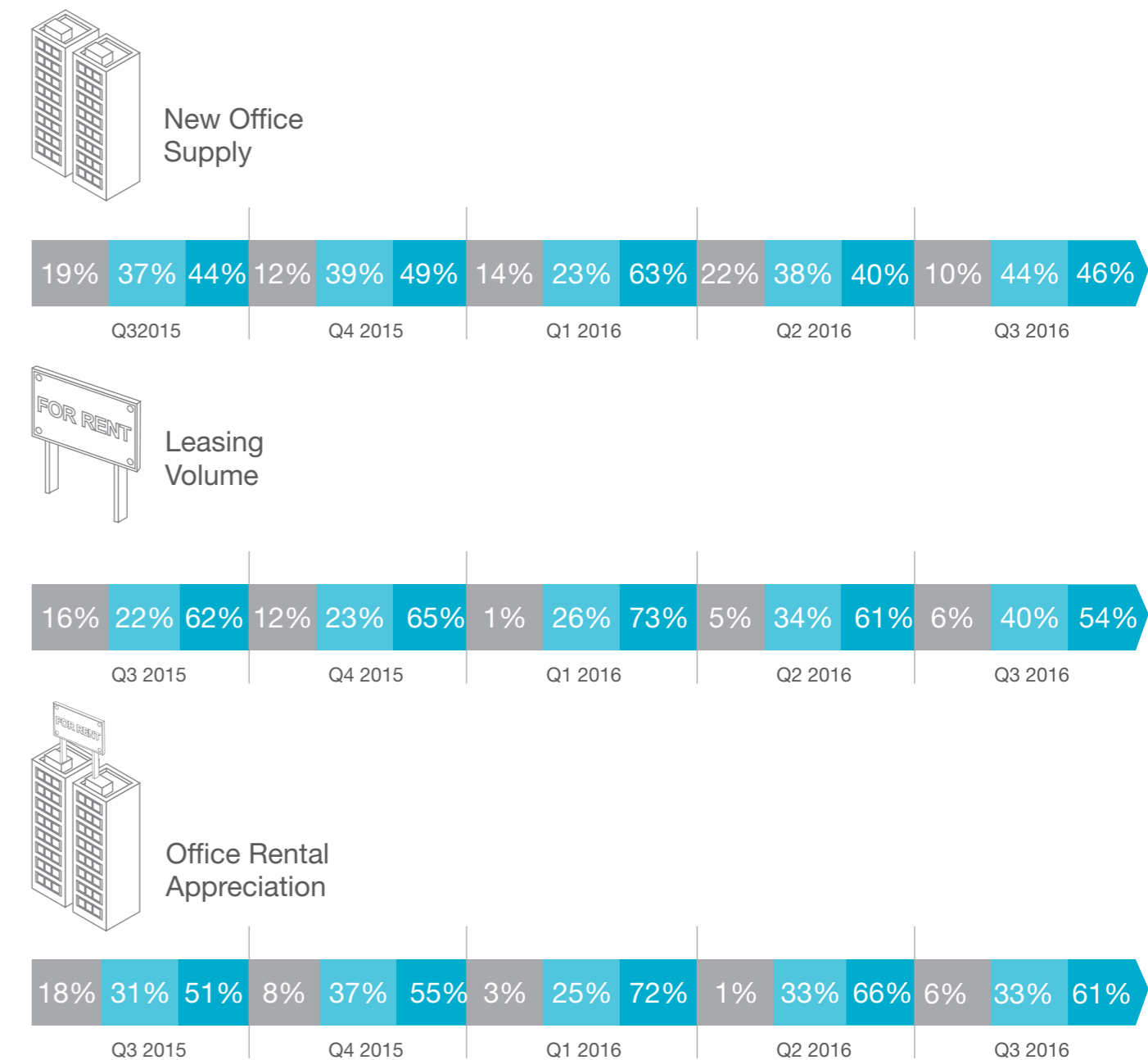


FINDINGS

- The euphoria observed in the previous round of the survey for residential sales seems to have decreased in Q3 2016. The number of respondents with a negative outlook has gone up during the quarter; nearly 14% of the stakeholders believe that residential sales will be worse in the coming six months.
- The optimism about the residential price appreciation witnessed in the first two quarters of the year continues in Q3 2016. About 84% of the respondents expect the prices to either go up or stay stable by Q1 2017.

OFFICE MARKET TO REMAIN BUOYANT

■ Better ■ Same ■ Worse

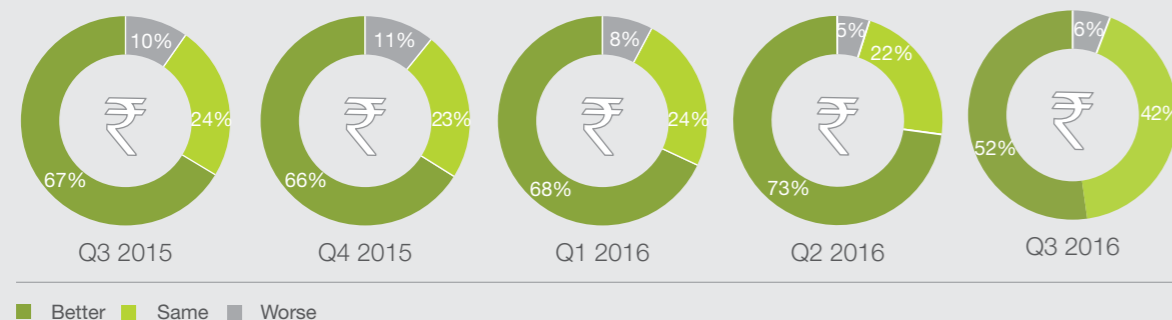


FINDINGS

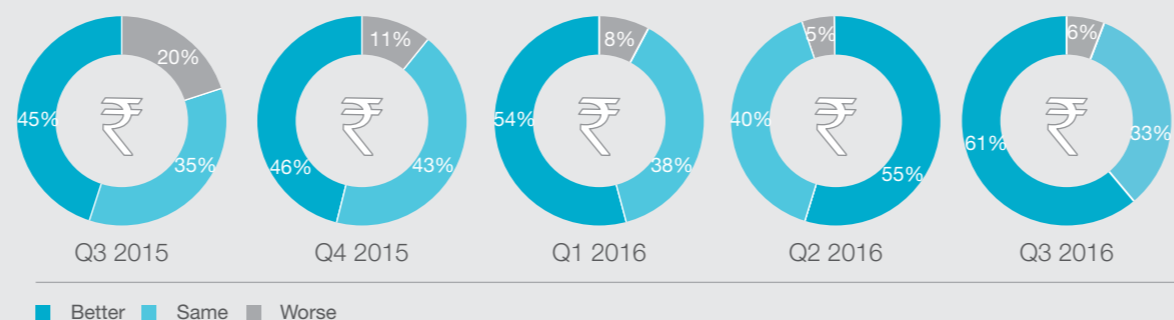
- Leasing volumes have been moving from strength to strength since the second half of 2015 and a good base has been reached across all cities. Although the Q3 2016 survey results show that the level of optimism for the leasing volume is coming down, it still heralds a positive sign for the office market, as stakeholders continue to believe that the new base created for office space leasing volume is going to sustain itself in the next six months as well.
- Nearly 61% of the survey respondents believe that office space rentals will firm up by March 2017, which is a significant improvement compared to the same period a year back. In Q3 2015, nearly 18% of the stakeholders were of the opinion that rental appreciation will worsen by the first half of 2016, however, increasing occupier demand has instilled the confidence and they expect the rental appreciation to be going northwards.

FUNDING SCENARIO TO STRENGTHEN

Economy



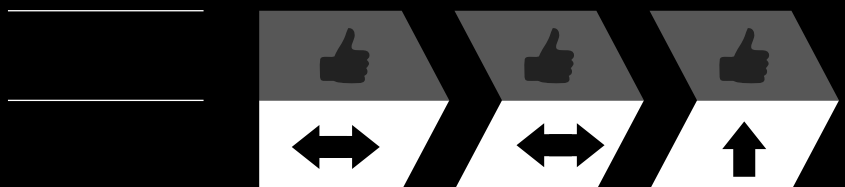
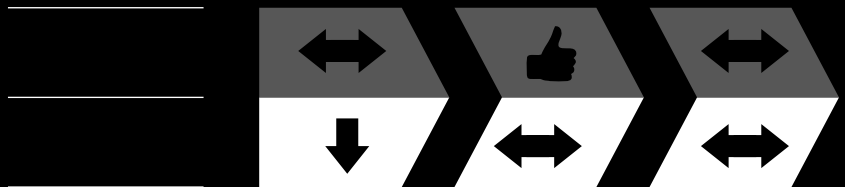
Funding Scenario



FINDINGS

- Notwithstanding a sharp drop in positive sentiment for economic growth compared to the previous quarter, the expectation of economic stability remains strong.
- Stakeholder sentiments for the funding scenario have improved in Q3 2016; nearly 61% of the respondents expect the availability of funds to be better in the next six months.

REAL ESTATE SENTIMENT INDEX



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