FICCI-NAREDCO-KNIGHT FRANK

22nd edition

REAL ESTATE SENTIMENT INDEX

Q3 2019 (July–September 2019)

The real estate sentiment index is developed jointly by Knight Frank India, the Federation of Indian Chambers of Commerce and Industry (FICCI) and the National Real Estate Development Council (NARDECO). The objective is to capture the perceptions and expectations of industry leaders in order to judge the sentiment of the real estate market.

PRELUDE

SLOWDOWN IS FOR REAL

Shishir Baijal
Chairman and Managing Director
Knight Frank India

The global economy is in the midst of a "synchronised slowdown" and its effects have been particularly felt in emerging countries like India, and Brazil, according to the International Monetary Fund (IMF). The IMF has admitted to a global slowdown which will impact 90% of the countries. Citing the slowdown as a decadal low, the monetary agency censured the slowdown to the US–China trade wars, in addition to the hovering geopolitical stress due to UK leaving the European Union or British exit (Brexit). The global oil demand growth has also been revised downwards for 2019 and 2020, due to a contraction in demand for commercial activity, industry and allied sectors. There are many other global cues that have slowly started filling in the gaps that the world economy is either on the brink of another recession or is headed for a prolonged stagnation.

Amid the global cues, the Indian economy has remained subdued in the past quarters and there seems to be no respite in the near term. The fall in the gross domestic product (GDP), which slumped to 5.0% in Q1: FY19–20 – registering a sequential decline in the fourth consecutive quarter, along with an 18-quarter slowdown at 3.1% in the Private Final Consumption Expenditure (PFCE) are in fact attesting the IMF outlook.

The prominent sectors that generate employment such as manufacturing, banking, construction and real estate have been teetering under stress due to structural and consumption issues. Having always been a consumption market story the slowdown in the private consumption is an indication the consumers' perception regards the economy and the future employment scenarios is pessimistic. This is further corroborated by the RBI's Consumer Confidence data, obtained from a survey conducted in 13 cities. According to the survey, consumer confidence regards the current and future of the economy declined in the September quarter. The survey indicates that the households are less optimistic about their income over the coming year and are wary regards the state of the economy.

With a pessimistic outlook on available income and more emphasis on cash conservation, the homebuyers have taken a backfoot and have assumed a wait-and-watch position. Real estate and infrastructure have been one of the major sectors that have been bearing the brunt of the overall economic slowdown along with the industry's own credibility issues.

With this background, in the 22nd edition of the FICCI-NAREDCO-Knight Frank Sentiment Index we attempt to analyse the current market sentiments and gauge the industry movement for the coming six months.

PARTNERS' TAKE ON THE SECTOR

Dr. Niranjan Hiranandani
National President - NAREDCO
Founder & MD - Hiranandani Group

"We had several crises in the past including the fiscal changes undertaken by the government. However, on the backdrop of credible real indicators, we anticipate a large increase in overall housing demand over the next 12 months.

The biggest considerations are house prices and interest rates, which have significantly turned in favour of buyers. House prices for both the under-construction as well as the ready possession segment are the lowest in the recent past. Similarly, home loan interest rates are at the lowest level ever even as the RBI is working on better transmission of rate cuts, which shall meaningfully benefit the buyers in near future. The unfolding of such an opportunity ensures that we are looking up to a much stronger market in times to come.

From the supply side, with the short-term liquidity squeeze prevailing in the economy, even positive net worth companies across industries are turning into negative balance sheet. This is one important area that needs immediate attention. The current economic scenario makes it the right time for RBI to announce its 'one time roll over scheme' similar to what was rolled out during the Lehman crisis period in 2009 under the global slowdown scenario. This shall act as remedy to the ailing companies of the current tough times."

Sanjay Dutt
MD & CEO, Tata Realty & Infrastructure Ltd.
Chairman, FICCI Real Estate Committee

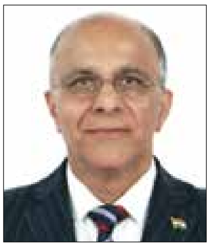
"Instead of incremental small steps, it is time for a quantum leap on policy planning and implementation. The government needs to ensure a stable, predictable, business-friendly environment that not just ensures economic growth but also leads to job creation and income stability.

Further, moving beyond the accolades of signed MOUs, fast track efforts should be put to ensure deployment of committed investments. Accelerated use of digitisation is one aspect that can meaningfully lift the current constraints and improve efficiencies as we embark upon this journey. We should aim to build an India story that stands for both 'ease of doing business' as well as 'sustain profitable growth'."

STAKEHOLDERS' TAKE ON THE SECTOR

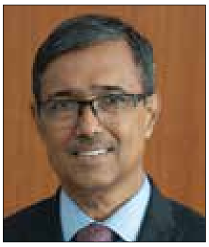
Keki Mistry
Vice Chairman & CEO
HDFC Ltd.

"Affordable housing projects that have got the equation right in terms of unit size, product configuration, location and developer standing are witnessing good demand even during this time. Within the residential spectrum, the stress has mounted up on the high-end segment in the recent period and that is one segment where sales have been slow. On the current economic prerogative, the real estate sector could play a key role given its interlinkages with many ancillary industries and its significance in terms of job creation. The agenda of driving consumption and reviving the economy could be well served by giving a further boost to the real estate sector through regulatory and other intervention."



Rajeev Talwar
CEO
DLF Limited

"The Government of India has been extremely pro-active and result oriented, but there are a few more initiatives that can revive the sentiments of the market. Allowing reinvestment of capital gains into multiple properties, doing away with tax on 'notional rent', carving out a rental policy to increase returns on rent, which will thereby make housing investment lucrative, increasing the limit of interest deduction paid on home loans, and increasing the cap on affordable homes in metros from the current INR 45 lakh to INR 1 crore are some of the initiatives that will go a long way in picking up the market. We believe setting up of the stressed asset fund by the government is a welcome step, but a more targeted solution is desired at this juncture. For instance, allowing the banks to assess each distressed project separately on an individual basis and allowing the developers in distress to forfeit unutilised land and use the refunded premium to finance projects will provide ample cushion to complete stuck projects and will make for a swifter redressal. We also appreciate the efforts made by the government in the affordable housing segment, the investments into this segment will make way for the dream of housing for all by 2022."

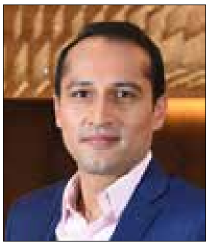


JC Sharma
Vice – Chairman and Managing Director
Sobha Limited

"We welcome the steps taken so far by the government. However, looking at the current scenario where the sentiments are low, the demand is tepid, liquidity is a challenge and interest rates are still high, we believe the government can do more. While the proposed stress fund of INR 20,000 crore is a welcome step, it comes with a caveat, supporting projects that are not under the National Company Law Tribunal (NCLT), and Non-Performing Assets (NPA) and are 60% complete. This may not help the developers who need liquidity the most. Hence, one-time restructuring of existing loans is the need of the hour."

Amit Diwan
Managing Director & Country Head – India
Hines India

"We've seen an unprecedented combination of (a) deliberate structural changes such as RERA, GST, Demonetisation, (b) a cyclical downturn driven by excess supply of premium residential and (c) a crisis of confidence in the NBFC space, in the real estate industry and the economy in general, all occurring together. There is no magic wand for a quick solution — all constituents must make extra efforts for a revival and it may still take time. We need to acknowledge that. The recent efforts of the government and the finance ministry are appreciated but they are necessary changes, not sufficient. We need conscientious developers and lenders, fiscal support from the government, faster IBC resolutions, even more balanced regulations, empathy from the customers, and perseverance to bounce back."



Ashish R. Puravankara
Managing Director
Puravankara Limited

"The timing of the announcement of creation of this stress fund for unfinished projects is fairly timely. This, of course will bring some relief to the many homebuyers of the unfinished projects, but also help create a positive sentiment for the sector. Of course, the impact can only be truly assessed once this is implemented on ground. A comprehensive road map should be outlined for the entire funding process. Also, the appointment of a nodal institution to disburse the fund for eligible projects would ensure transparency and correctness of process. We are of the belief that the 'Stress Fund' should bring a positive shift which would not only address the current scenario in the realty industry but also pave the way for sustainable growth and a robust future."

APPROACH AND METHODOLOGY

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-banking 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 sentiment; and a score below 50 indicates negative sentiment.

In order to present a holistic view of the real estate industry, the report is divided into two sections. Section A comprises of the macroeconomic trends and Section B comprises of two indices: the overall current sentiment index that indicates the respondents' assessment of the present scenario compared to six months prior, and the future sentiment index that represents their expectations for the next six months for selected parameters. This survey was conducted between July–September 2019.

The identity of survey respondents is kept confidential and the survey excercise is independent of the section on partners and stakeholder take on the sector.

Section A

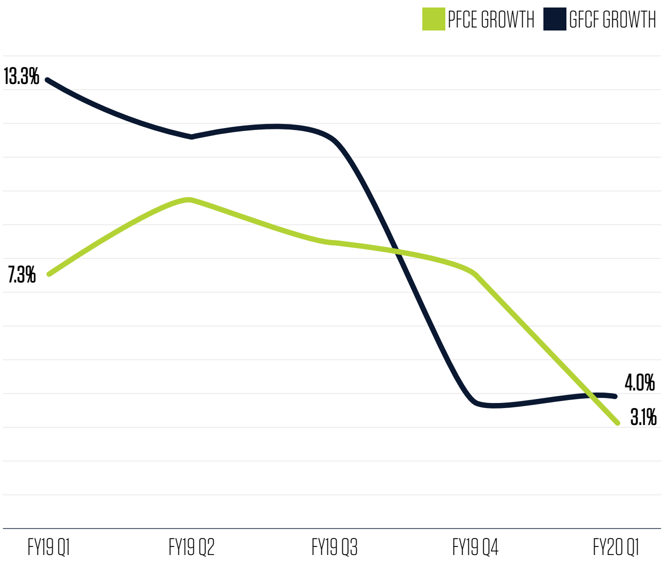
INDIA MACROECONOMIC TRENDS

SENTIMENTS WEAKEN IN SEPTEMBER QUARTER DESPITE REGULATORY LARGESSE

The real estate industry has undergone a virtual catharsis since 2014 with the imposition of the RERA, GST and demonetisation, in the midst of a prolonged correction in demand and prices. Developer funding that was already a significant challenge not so long ago has become the privilege of a chosen few due to the ongoing NBFC liquidity crisis, leaving majority of real estate players fighting for survival. The homebuyer has shunned the market due to the industry's endemic credibility issues and a slowdown in general consumption demand that has affected all industries.

This slowdown in consumption is reflected in the fall in Private Final Consumption Expenditure (PFCE) from 66.2% of the GDP during FY12–FY14 to 57.5% in FY15–FY19. The PFCE has fallen even more precipitously to 55.1% in Q1 FY19–20 according to the RBI's annual report of 2018–19. Private sector investment (Gross Fixed Capital Formation [GFCF]) has also continuously trended down along with consumption activity in the Q1 FY19 to Q1 FY20 period. Additionally, the Index of Industrial Production (IIP) also shrank 1.1% in August, after a gap of 26 months, reinforcing fears of a slowing economy and deteriorating consumer sentiment.

PRIVATE INVESTMENTS AND CONSUMPTION DECLINE



Source: Monetary Policy Report, October 2019

IIP GROWTH SLIPS INTO NEGATIVE TERRITORY

Source: Central Statistical Organisation (CSO)

Acknowledging the broad-based economic malaise, the government announced a slew of measures during the September ending quarter to re-invigorate demand and infuse liquidity in the system. We take stock of supply side as well as demand-side measures for the real estate sector that shall define this period:

SUPPLY-SIDE MEASURES FOR THE REAL ESTATE SECTOR TAKEN DURING THE SEPTEMBER 2019 QUARTER

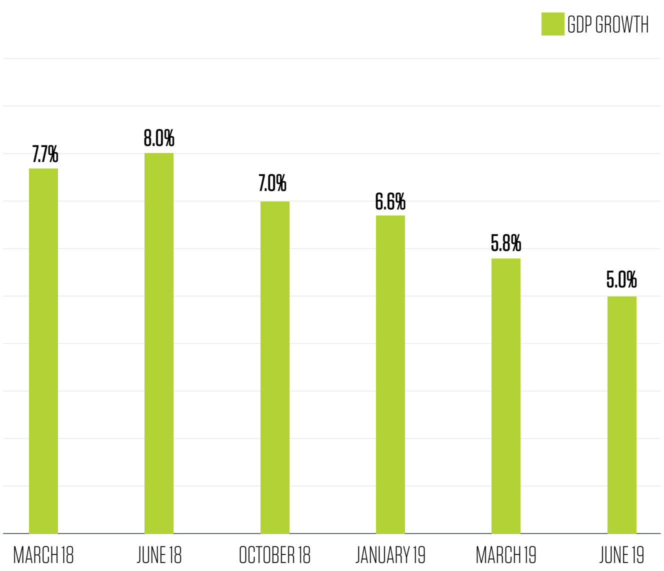
- Corporate tax slashed to 22%, effective tax rate now at 25.2% from 30% to 38% earlier. This move is probably second only to the economic liberalisation of India that was initiated in 1991, in terms of making India a more investment-friendly destination. India's corporate tax rate is now among the lowest globally and will vastly improve India's chances of attracting fresh capital organically as well as internationally.
- Liquidity support to HFCs and NBFCs:
    - INR 30,000 cr sanctioned through the National Housing Bank (NHB) to help the real estate sector which is facing a demand slowdown and cash crunch
    - INR 70,000 cr capital infusion into PSBs in a bid to boost lending and improve the liquidity situation
- Stressed asset fund (AIF) of INR 20,000 cr announced, to finance non-NPA, non-NCLT residential projects in low and mid-price segments, which are more that 60% complete.
- One-time credit guarantee of up to 10% of the fair value of assets purchased by a bank from a stressed NBFC or HFC. The objective of this one-time facility, which will be open for six months or till such date that assets worth INR 1 lakh crore are purchased by banks, whichever is earlier, is to address the temporary asset-liability mismatches of otherwise solvent NBFCs/HFCs without resorting to distress sale of their assets to meet commitments.

DEMAND-SIDE MEASURES FOR THE REAL ESTATE SECTOR TAKEN DURING THE SEPTEMBER 2019 QUARTER

- The Union Budget permitted additional interest rate deductions of INR 1.5 lakh for affordable housing units valued up to INR 45 lakh for housing units purchased before 31 March 2020. Overall deduction on account of home loan interest now stands at INR 3.5 lakh.
- The benchmark for home loans has been shifted from the marginal cost of funds-based lending rate (MCLR) to the Repo Rate. The central bank has cut policy rates by a cumulative 135 basis points in the past 12 months in a bid to increase lending, but it has only resulted in an approximately 35 bps drop in the banks' MCLR. Shifting the benchmark to the REPO Rate will ensure more efficient transmission of rates and support demand.

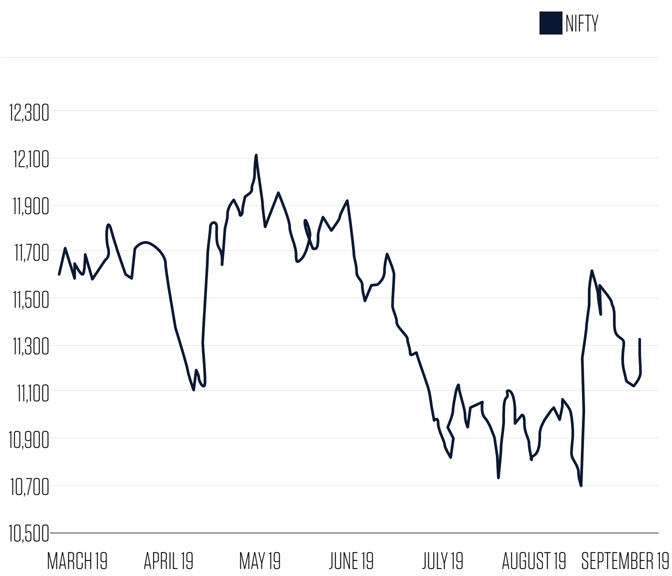
While these measures state the intent of the government to revive growth and the economic environment plainly enough, primary indicators of consumption and other macroeconomic indicators have continued to decline.

QUARTERLY GDP GROWTH FALLING



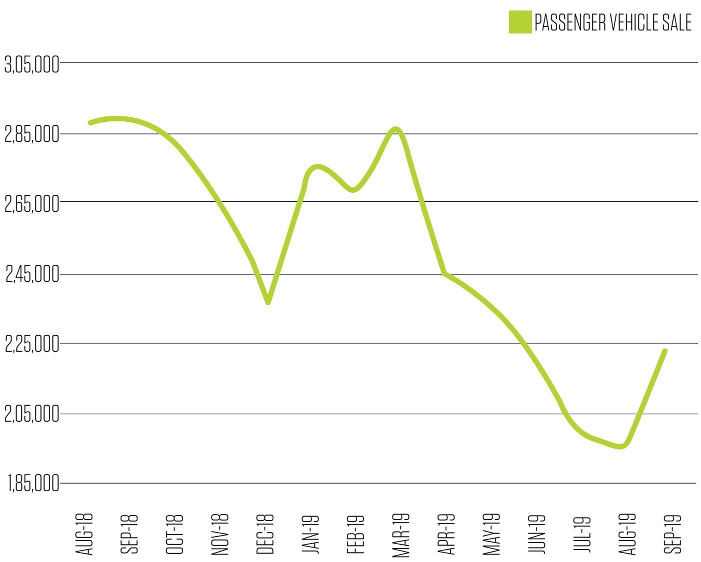
Source: Trading Economics

EQUITY BENCHMARK FALLS IN SEPTEMBER QUARTER



Source: Trading Economics

PASSENGER VEHICLE SALES DECLINING



Source: Society of Indian Automobile Manufacturers

Quarterly year-on-year (YoY) GDP growth that peaked in June 2018 at 8% YoY, saw a steep fall to the 5% YoY level recorded in June 2019 and is expected to be close to 5.3% for the September 2019 quarter, according to RBI. This fall has forced the government to substantially revise its GDP growth rate forecasts for FY19–20 thrice this year from 7.4% to 6.1%. This deceleration is attributed to an investment-led slowdown that has caused a more broad-based drop in consumption, well depicted by the consistent fall in passenger vehicle sales since August 2018 and the fall in the PFCE and GFCF in the four quarters trailing Q1 FY19–20.
The prospects of a prolonged deceleration in growth have weighed heavily on economic sentiment with the benchmark NIFTY Index correcting more than 11% since June 2019, a fall only arrested by the announcement of the corporate tax rate cut in late September.

Economic woes aside, the real estate sector is also undergoing a period of cleansing. The number of developers being forced into insolvency proceedings has more than doubled to 421 since the IL&FS debacle in September 2018, and this number will probably increase with only the strongest surviving. The lack of demand in the sector has only been exacerbated by the slump in overall consumption during the past year. Taking stock of the macroeconomic indicators so far, it is evident that despite all the noteworthy policy initiatives taken by the government, the business environment has turned from bad to worse.

Section B

SENTIMENT INDEX SURVEY FINDINGS

A. CURRENT SENTIMENT SCORE

- The current sentiment score has further plummeted in the third quarter of 2019. Falling to 42, in the third quarter, the sentiment score has now sunk to the level of 42 that was recorded during the heightened uncertainty period of pre-election in Q1 2014 and the demonetisation period score of 41 in Q4 2016.
- Continuing to remain in the negative zone in the second consecutive quarter of 2019, the score indicates that the stakeholders are pessimistic and wary regards the overall economy and the real estate sector in the second quarter of 2019 owing to the overall economic slowdown and the slump in domestic consumption demand.
- Credit flow to developers has been weak for over a year, given the drying up of funds due to the NBFC crisis. This coupled by the slowing down of the economy at 5% in the June quarter – a six-year low, has all negatively impacted the current sentiment score for the second consecutive quarter.
- The slew of measures taken by the government such as the slashing of corporate tax rate to 22%, the liquidity support to Housing Finance Companies (HFCs) and Non-banking Financial Companies (NBFCs) and the creation of a stressed asset fund (AIF) of INR 20,000 cr to boost liquidity and revive demand have failed to infuse confidence in the market; thus, further downgrading the current sentiment score.

The fall in the gross domestic product (GDP), which slumped to 5.0% in Q1: FY19-20 – registering a sequential decline in the fifth consecutive quarter, along with an 18-quarter slowdown at 3.1% in the Private Final Consumption Expenditure (PFCE) are in fact attesting the IMF outlook for the slowdown in the Indian economy.

CURRENT SENTIMENTS SINK TO DEMONETISATION PERIOD LEVEL AND FUTURE OUTLOOK NEGATIVE FOR THE FIRST TIME

Source Knight Frank Research

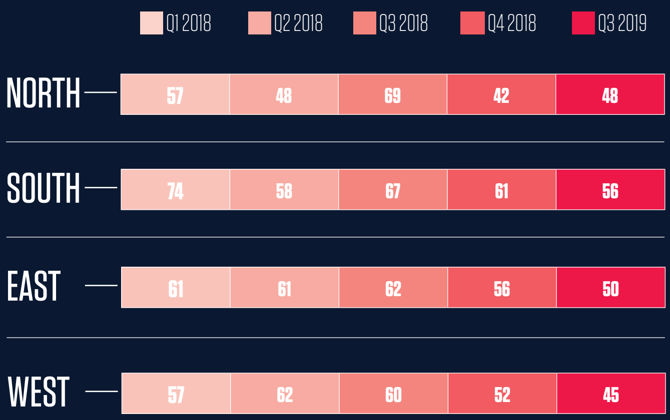
B FUTURE SENTIMENT SCORE

- Notwithstanding the hopelessness of the present, the stakeholders have always had a positive outlook for the future. However, for the first time since the inception of this survey, the future sentiment has turned negative. The overall outlook regards the sector and the economy was trailing downwards since the past quarter but remained in the optimistic zone. However, all the policy interventions failed to comfort the stakeholders, who have given a pessimistic outlook for the next six months.
- Dropping to an all-time low at 49 in Q3 2019, the future sentiment index score is a clear indication that the sector is under pressure.
- The real estate industry has been in the doldrums for over three years now and the stakeholders see no immediate solution to the sector plagued with defaults, weak demand and the drying up of funding because of the NBFC crisis. The restricted flow of liquidity has resulted in many real estate projects being stuck in the past one year due to lack of funds. Along with the above, the realisation that the slowdown in the economy will further weaken the demand and in turn impend cash flow issues for the developers has marred the outlook of the stakeholders for the coming six months.

B.1 ZONAL FUTURE SENTIMENT SCORE

NORTH CONTINUES PESSIMISM, WEST NOSEDIVES FOR THE FIRST TIME – GOES RED

SCORE>50: OPTIMISM | SCORE=50: SAME/NEUTRAL | SCORE<50: PESSIMISM



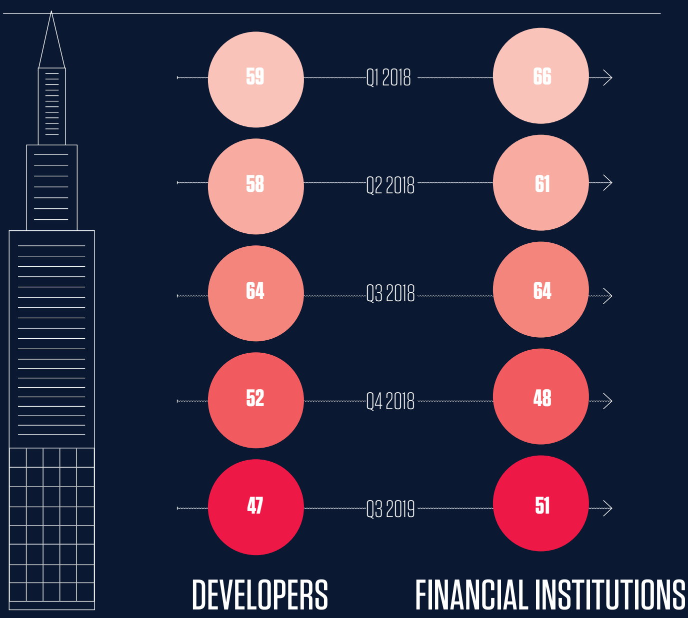
FINDINGS

- The future sentiment score pertaining to the real estate sector's performance in the north continues to be in the pessimistic zone for the second consecutive quarter in 2019, though marginally improving from the preceding quarter of Q2 2019.
- One of the largest real estate contributors to the northern zone is the National Capital Region (NCR), which is going through a prolonged crisis and the stakeholders' future sentiments reflect the same. With the future sentiment score hovering under 50, the industry feels that the coming six months are going to be very tough for the real estate markets in the north. To add to this, the amendment to the Insolvency and Bankruptcy Code (Amendment) Bill, 2019, which makes homebuyers as financial creditors, has exposed many prominent developers in the region to the National Company Law Appellate Tribunal (NCLAT). Approximately 26 developers in NCR have come under NCLAT in the past few months.
- This crisis contagion has rubbed off from the north zone to west zone as well, and the sentiment score for the west region has gone in the red for the first time. The future sentiment score in the west has been on a constant decline since Q4 2018 (62) and is the lowest in the Modi government regime. Both the north and west zones have had a fair share of investor interest in the past, which has now waned from the market.

B.2 STAKEHOLDER FUTURE SENTIMENT SCORE

DEVELOPERS GO BELLY UP, LENDERS NOT TOO OPTIMISTIC

SCORE>50: OPTIMISM | SCORE=50: SAME/NEUTRAL | SCORE<50: PESSIMISM



FINDINGS

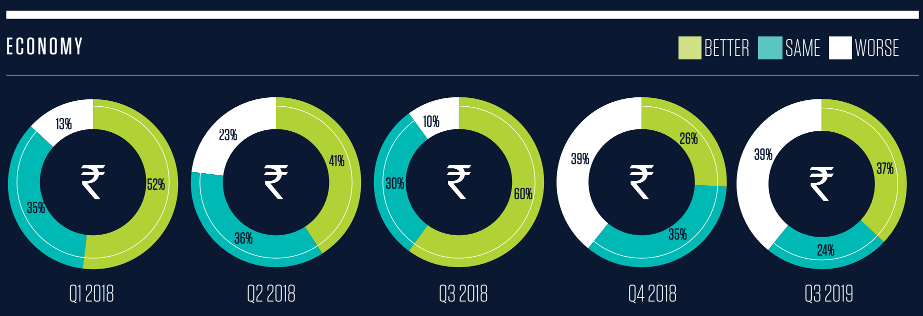
- The sentiment score of the developers has gone in the red in Q3 2019 at 47 points, at an eight-quarter low, which means given the current state of the sector, the stakeholders are pessimistic regards the revival of the sector in the coming six months.
- A variety of intrinsic and external factors have contributed to the marring of sentiments towards the real estate sector. Starting with defaults by large-scale developers, to the structural blow of demonetisation in the latter half of 2016, and the implementation of the Real Estate (Regulation and Development) Act, 2016 (RERA) and the Goods and Services Tax (GST) in 2017–2018 have rewired how the sector operates. On one hand where it realigned and cleaned the system and made it more transparent, it also brought along with it by products of the transparency in the form of inventory overhang and aging stock and a developer who was unable to sell in the current market conditions. Making the matters worse, the drying up of funding in the credit market and high borrowing rates due to the shadow bank

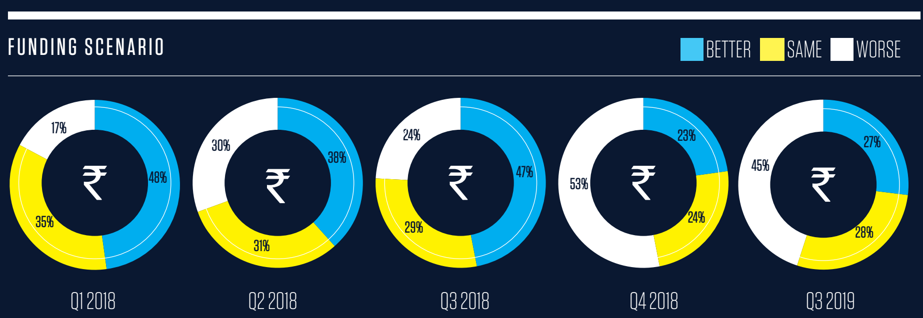
crisis along with the increase in the number of cases under the Insolvency and Bankruptcy Code (Amendment) Bill, 2019 recognising homebuyers as financial creditors has all pushed the developers' sentiments in the negative for the coming six months.

- The future sentiment score of 51 of the financial institutions is also the lowest since the Modi government has come to power. The liquidity crunch brought about by defaults of the IL&FS group, have cautioned the lenders against their exposure to the real estate sector. Plummeting to a 22-quarter low, the lenders are exercising caution for the coming six months.

B.3 ECONOMIC OUTLOOK AND FUNDING SCENARIO

"SYNCHRONISED SLOWDOWN" IN THE ECONOMY AND CAUTIOUS FUNDING ON THE CARDS



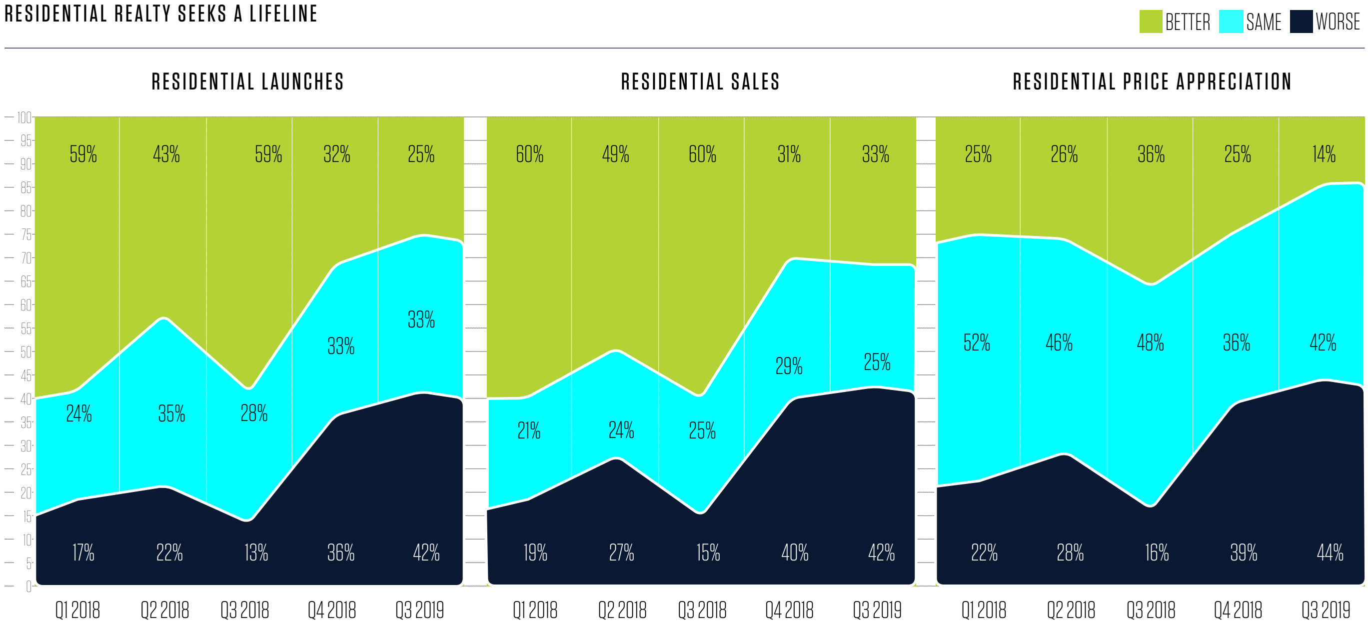


FINDINGS

- The real estate industry's sentiments regarding the economy has remained cautious in Q3 2019. 63% of the stakeholders have opined that the economic situation will be the same or may even worsen in the coming six months.
- The wary outlook comes on the back of the strains in the overall economic scenario dotted by issues such as the US–China trade wars, hovering geopolitical stress due to UK leaving the European Union or British exit (Brexit) and domestic factors like slowdown in consumption, investment and the tightening on the borrowing ecosystem. Apprehending the impact of the above factors, the Reserve Bank of India (RBI) in its most recent Fourth Bi-monthly Monetary Policy Statement 2019–20 has lowered India's growth outlook to 6.1% from the previous 6.9%.
- Acknowledging the slowdown, IMF has termed the overall economic scenario as a "synchronised slowdown", with growth in FY19–20 to be the lowest since the beginning of the decade due to widespread deceleration. The agency cautioned for a more pronounced effect on emerging countries such as India.
- Mirroring the same apprehension other rating agencies, such as the Organisation for Economic Cooperation Development (OECD) and Asian Development Bank (ADB), also have brought down their FY19–20 GDP projections for India, thus painting an uncertain outlook for the coming six months.
- Echoing the overall market sentiments, stakeholders maintain a conservative outlook regards the funding scenario for the coming six months. 73% of the stakeholders have opined that the funding scenario may worsen in the coming six months. The stakeholders see it as a long period of adjustment and hint at exercising caution in lending to troubled sectors such as real estate, automobile and other consumption-driven sectors with a slump in demand.

B.4 RESIDENTIAL SECTOR OUTLOOK

RESIDENTIAL REALTY SEEKS A LIFELINE



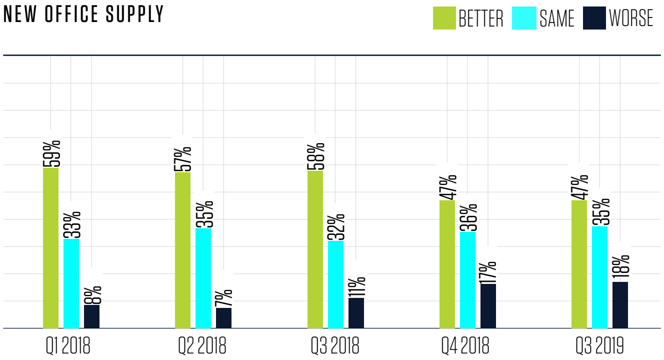
Source Knight Frank Research

- The outlook for the residential new launches, sales and price appreciation have yet again taken a hit in Q3 2019, clearly stating that the slew of measures taken by the by the government have not infused any confidence in the stakeholders. 67% of the stakeholders have maintained that given the weak demand due to a cautious sense on the overall economy, stagnant job market and the apprehension to spend, the residential sales will either remain tepid or may even go down further in the coming six months. The caution in demand is also reflected in the RBI's Consumer Confidence Index for September 2019, which highlights the concern of consumers over their income for the coming year ahead.
- The sector has seen a price correction across the board due to weak demand and an inventory overhang. The loss in faith due to troubled projects and liquidity crunch over the past year have tied the hands of developers and the scenario looks grimmer with each passing quarter with 86% of the stakeholders opining that residential prices will remain at the same levels or even drop further in the coming six months.
- Measures announced by the Honourable Finance Minister, Nirmala Sitharaman, in September such as the reduction in corporate tax to 22% to boost corporate savings and help revive investments, removing additional surcharge on capital gains for foreign and domestic portfolio investors, along with a stimulus for liquidity support to HFCs and NBFCs and the setting up of a stressed asset fund have acted as a shot in the arm for the sector but the sentiments suggest that more targeted solutions are required to revive the sentiments and invigorate demand.
- Taking cognisance of the slack in the sector, the Reserve Bank of India has cut the Repo rate by 25 basis points for the fifth consecutive time in the year, effectively bringing down the Repo rate by an aggregate of 135 basis points since February, to 5.15% from 5.40%. The lowering of repo rates is expected to allow banks to reduce interest rates for consumers and lower their monthly instalments on consumption expenditure such as home loans, car loans and personal loans. However, the stakeholders have expressed concern on the effective transmission of this rate cut to retail consumers in the form of discounted credit.

B.5 OFFICE MARKET OUTLOOK

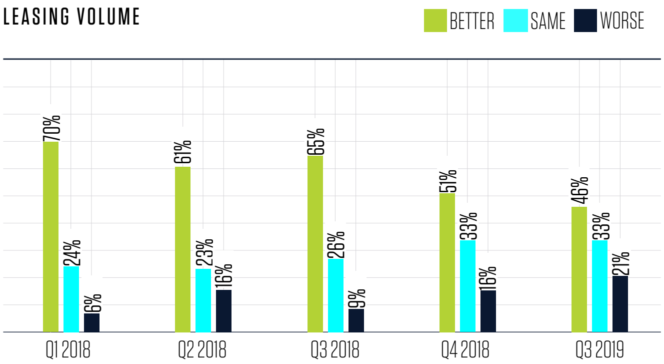
OFFICE MARKET STEADY

NEW OFFICE SUPPLY



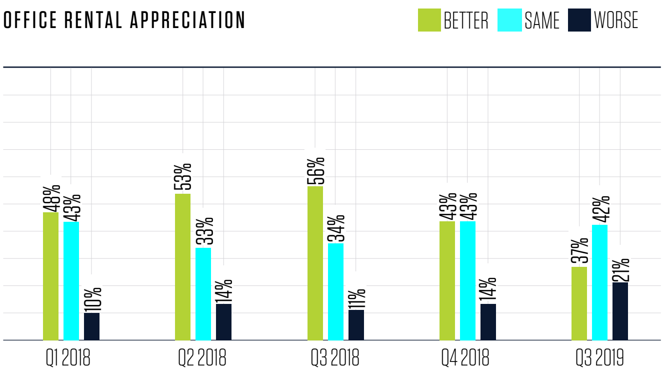
Source Knight Frank Research

LEASING VOLUME



Source Knight Frank Research

OFFICE RENTAL APPRECIATION



Source Knight Frank Research

- Sentiments regards the outlook for the new office supply is strong in the coming six months. 82% of the respondents believe that the coming six months will see new supply additions across the major office markets in the country.
- The future sentiment score regards the leasing activity remains unchanged in Q3 2019 compared to the past quarter. 79% of the stakeholders opine that leasing activity will remain steady or may even improve in the coming six months.
- Stakeholder outlook with regards future rental appreciation has dipped in Q3 2019 with 79% of the stakeholders expecting rents to either remain stable or inch upwards as against the thumping 87% in the preceding quarter. The sentiment, however, is in the positive zone and stakeholders expect rents to inch up in quality office space.

CONCLUDING REMARKS

TO REVIVE DEMAND PUT MONEY IN THE HANDS OF THE CONSUMER

In a nutshell, the survey findings for Q3 2019 (July–September) suggest that stakeholders have gone in the pessimistic zone for the current and the future six months of the real estate sector owing to the tough macroeconomic situation. It is noteworthy that for the first time the stakeholders are wary regards the coming six months for the real estate sector and the overall economy, thus pushing the sentiment score in the red. This only indicates that even the plethora of measures announced by the Finance Minister in this quarter has not helped infuse confidence in the stakeholders, and hence, more sector-specific solutions are desired. Specifically, the grappling real estate sector needs sector specific or targeted solutions such as 'last mile funding' in the wake of the credit freeze to complete stuck projects.

Along with this, even with the cumulative 135-basis point rate cut by RBI, the rate cut is yet to be effectively transmitted to the consumer. India, a consumption-driven market, has pulled its purse strings and is conserving cash given the uncertainty on income and job market. We believe the supply-side sops will not be enough till the time demand is revived by putting money in the hands of the consumer and his confidence is restored.

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