

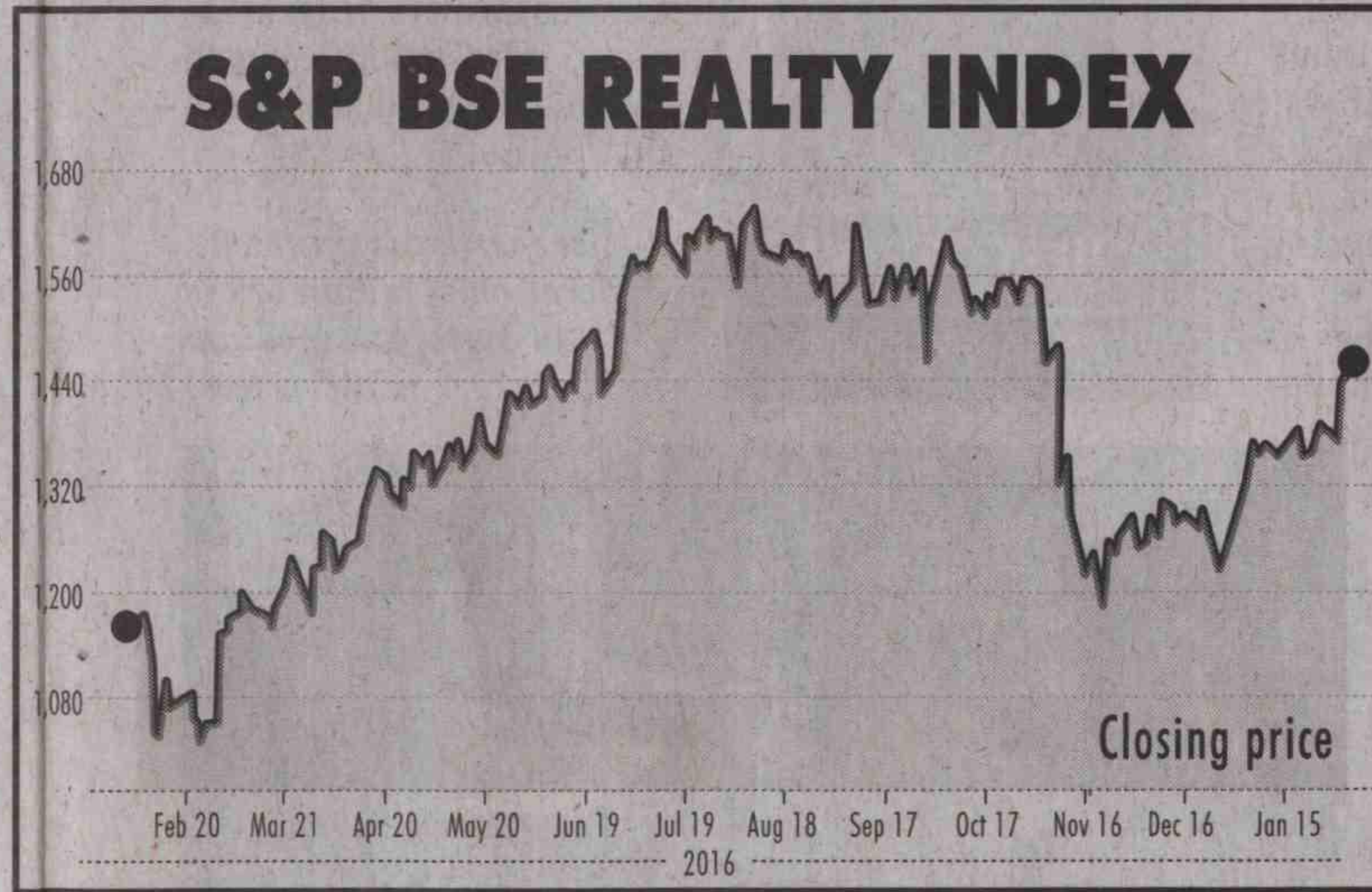
# REALTY STOCKS TAKE WINGS

**R**EALITY has emerged as the best performing sector in the market, as real estate stocks were on fire after the finance minister announced major sops for it in the Union budget.

The beaten-down realty stocks got a fresh lease of life after infrastructure status was granted to affordable housing and measures to encourage investment in the segment, as well as offering tax benefits to developers sitting on completed but unsold homes, was announced. Stocks gained 10-20 per cent over the past three trading days since the budget. Among the big gainers include DLF, Godrej Properties, HDIL, Oberoi Realty and Prestige Estates Projects.

The S&P BSE Realty index gained 6 per cent over the past four trading days, outperforming the broad market in a big way, as BSE Sensex was up 2 per cent in the same period.

Apart from these measures, the government also said that the National Housing Bank will refinance



individual housing loans of about Rs 20,000 crore in 2017-18.

According to analysts, the announcement to abolish Foreign Investment Promotion Board (FIBP) will make it easier to get foreign fund-

ing through the automatic route. And the five-year tax holiday for affordable housing, developers will give more time to builders to finish projects.

“The budget has addressed some of the long-standing demands of the sec-

tor like granting infrastructure status for the affordable housing. These measures will give a big boost for the sector and that is why stocks are gaining sharply,” says Sudip Bandyopadhyay promoter Inditrade Capital.

The government has also proposed to reduce the capital gain tax liability on immovable property to promote the real estate sector and to make it more attractive for investment.

With surplus liquidity created by demonetisation, banks are already started reducing their lending rates for housing loan which will boost demand.

Several developers will get benefit as the budget offered tax sops for developers sitting on completed unsold inventories.

“In a major relief to housing developers, the finance minister has changed the time period for calculation of notional rental on unsold stock held by developers for tax purposes, which will now kick in only 1 year after completion. Housing de-

velopers have been suffering from major cash flow problems in the past couple of years as there is substantially high unsold stock in most of the cities due to the suppressed housing demand. The demonetisation has compounded their problems with a further slowdown in sales. This measure provides them with some relief and the opportunity to focus in pushing the sales of their stock,” Anshul Jain, Managing Director, Cushman & Wakefield.

According to Kotak Securities unsold completed inventory today stands at an estimated 2 per cent of the total area offered for sale, which is likely to increase in certain markets over the next two years. Oberoi, Sunteck have unsold inventory in their projects running beyond two years after completion, however, DLF and Prestige have plans to sell certain units post completion only.