

Post RERA & DeMo, it's going to be a dull Diwali for property players

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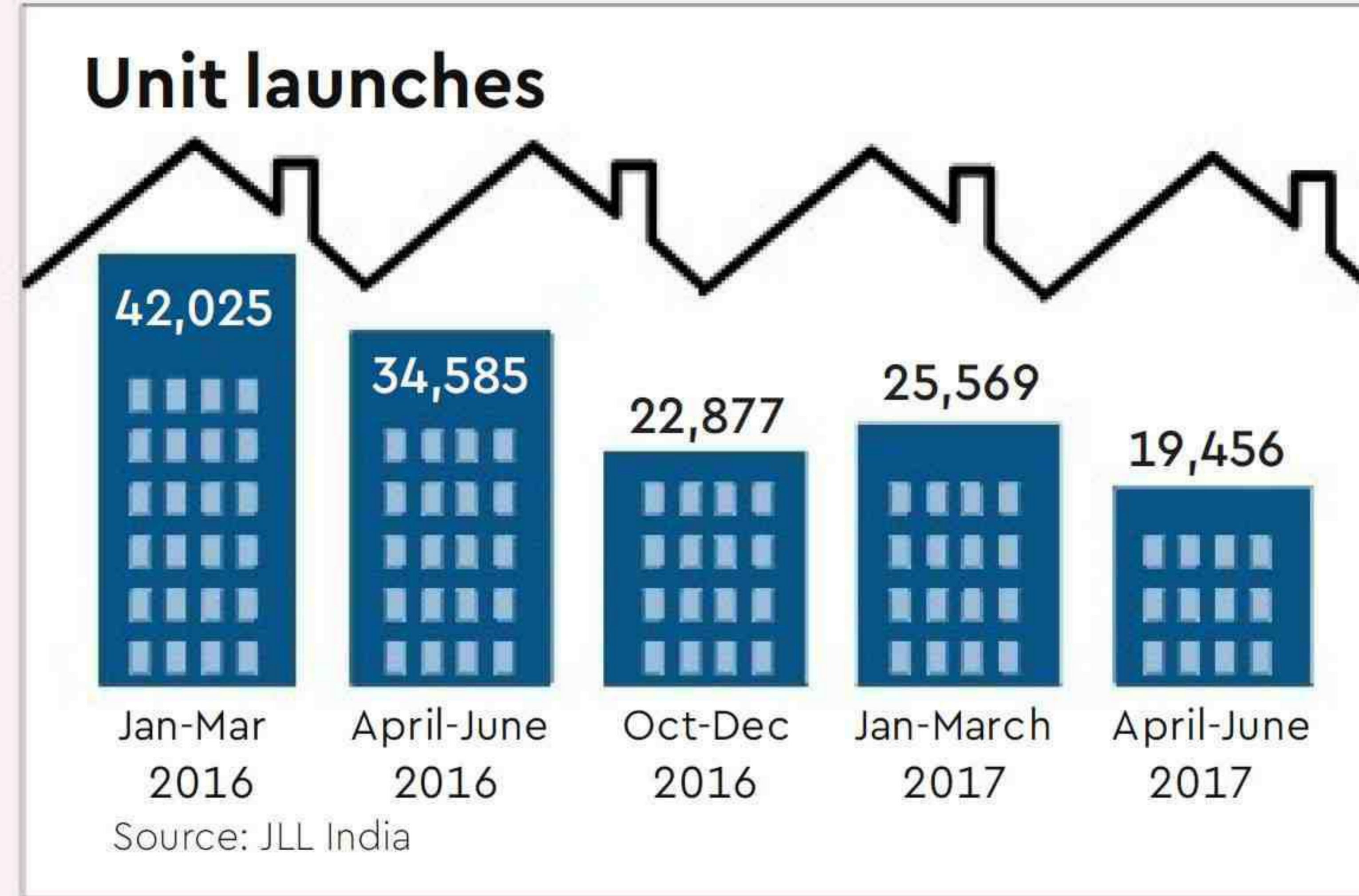
IT'S GOING TO be another dull Diwali for real estate players, the third in a row. Launches of new properties, which have been trending down for about a year now — the drop in H1 of 2017 was 40% to 62,738 units — could well drop further at a time when the economy is slowing and consumer confidence is low.

While Sandeep Runwal, director, Runwal Group, is hopeful the pace of project launches will pick up closer to the festival, Ambar Maheshwari, CEO, Indiabulls AIF, is doubtful of it. Maheshwari believes launches will come off in

line with the trend in the past several quarters. “Developers will work to offload units in ongoing projects rather than launch new ones,” he said.

That does not seem unlikely given unsold inventory remains high — sales volumes are down 12% since December last year. That means builders will look to providing buyers with ready-to-move-in apartments, which typically fetch premium pricing. In any case, with RERA regulations now in force across several states, fresh launches, which earlier fetched developers' cash upfront, are no longer a possibility.

That the festive season is setting in earlier than usual this year



doesn't make it easier. Several states are yet to operationalise RERA and this has delayed regis-

trations of projects. Large markets such as Bengaluru and Haryana are expected to conclude the

process only by end-September, Abhishek Anand, who tracks realty at JM Financial, points out.

The good news for buyers is that even if they don't have too many new properties to choose from, they're likely to be able to buy homes at rates that are more affordable. As Amit Bhagat, CEO and MD, ASK Property Investment Advisors, pointed out, apartments right now need to be affordable, whichever the segment, to tempt the buyers. “Builders need to run schemes because that's the only way they can expect to convert fence-sitters,” he said.

Virtually no market has seen a price rise over the last six months while in the past year, no micro

market in any of the top 8 cities has seen a price increase in excess of 3%, according to a survey by Knight Frank India. In some places prices have come off by about 2% or so, like Panvel in Navi Mumbai or northern suburbs such as Goregaon and Dahisar.

While companies such as Godrej Properties, Tata Housing, Lodha Developers and Sunteck Realty have been marketing subvention schemes, so that home buyers need pay just 10% of the cost of the house upfront and spare themselves any liabilities for two to three years, these have been limited to the Mumbai market.

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BENGALURU-BASED SOBHA Developers, Prestige Estates and Brigade Enterprises are also expected to roll out new projects post-September but it's not clear whether easier payment schemes will be extended.

Although sales of homes had got off to a fairly good start last year, they slumped subsequently once demonetisation was announced to historically low levels. Since then they have barely recovered; in the June quarter sales fell sharply.