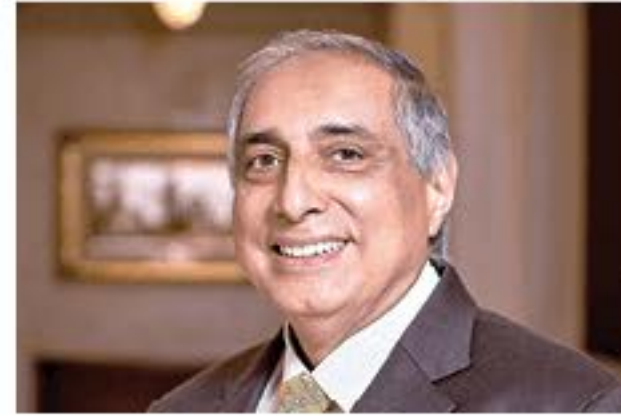


# We are not eyeing Goa to churn out numbers, says Prestige Group CMD

**Bengaluru based, Prestige Group, one of the largest realty developers of India recently announced a residential project in Dona Paula in partnership with Mathias Construction Pvt. Ltd. Here Irfan Razack, chairman and managing director, Prestige Group, talks of the post-COVID scenario in the Indian real estate industry. He says to Shoma Patnaik, that demand for housing projects is improving while the other segments of the industry will take time to revive**



next three months as the festivals season gets going malls will start receiving footfalls. One has to live life. Man is a social animal and cannot sit at home. The fear factor will go through wearing mask, sanitising, hand-wash, etc., will continue. As for construction of hotels, the hospitality industry is the worst hit in this pandemic. It will take according to me a year for hospitality to come back.

**Between COVID and demonetisation what is the worst for the real estate industry?**

No no, you can't compare the two. They are two different things. De-mo was a man-made, self-inflicted wound. It was a localised issue imposed for certain reasons while, the pandemic is global. De-mo had its effect but the pandemic is not in anybody's hands. It is inflicted by the God above. The COVID impact on the real estate as well as other industries is of course bigger.

**Recently the housing minister, Nitin Gadkari told real estate companies to sell unsold units even at no-profit-no-loss to boost liquidity conditions and save inventory. What do you think of his statement?**

The statement is made in some context. But the thing is any businessman understands that it is better to sell today rather than to hold on to an asset and not have liquidity. So the advice that he gave was in a different context. It is a practical way of seeing things but it is understood differently by the media and everybody else. It doesn't mean you sell at loss because as it is developers have small margins. Individual developer has to evaluate his option. There can't be one point

brush for everybody. It all depends how things pan out and such statements create more confusion for the customer. But it does not matter as a customer will finally come to know that it is better to invest today when interest rates are low than wait for property rates to fall.

## Prominent player in the Indian real estate industry

Most of the Prestige Group's presence is in south India where the group has constructed malls, office spaces, housing projects and hotels. The group is ranked as number two player in the Indian real estate industry. It is also part of the capital market with Prestige Estate Projects listed on the BSE. Further it is the only real estate developer that is rated DA1 by Crisil. As of March 31, 2020, the group has completed 247 projects covering 134 million sq.ft. Meanwhile the Goa project, Prestige Ocean Crest consists of 106 apartments, seven shops and one restaurant.

**The Goa project at Dona Paula, is it your first in the state?**

It is my first large development in Goa. I have done one project in Dona Paula previously near the university. It was four, nice crafted villas, many many years ago and that was done because I liked the location and wanted to do something different. Let's see, Goa is not a market where we are eyeing to churn numbers. It is the look of the place and the scenic view that is attractive. The whole thing has to create something nice for Goa.

**How are things panning out for realty developers in the post-COVID world?**

Post COVID everybody thought that the real estate demand will go down, job losses may happen and the people may not commit themselves to buy homes. But surprisingly after the lockdown from May onward the trend has been very very positive and people are buying. In the month of June we hit numbers which we normally hit during a normal period. That was a good for us. Another thing that is happening is that there is lot of consolidation in the industry. So companies that had satisfied their clients, kept up to their commitment the customer is now completely aligned to these companies. What is happening is that fringe players are hurting badly. But the demand is there for the large or good players who have consistently delivered and kept up to their commitment. And according to me with RERA, COVID and other things there will be more consolidation taking place in the industry.

**How is the demand for housing presently?**

In Hyderabad we started a new project and in the project the demand has been so good that even

though we have not formally launched it we sold 1/3 of the project. It is a large project of almost 1,000 housing units of which 1/3 is already committed. Housing demand I don't think will ever die away and another good trend coming in that even for large, luxury properties the demand has spurred. People who can afford luxury housing are realising that sitting locked down would be better if they have a bigger home. So they are spending their money on larger houses rather than keeping it lying in the bank. All in all the housing demand is very good.

**What about demand in other segments of the real estate industry?**

There are three other asset classes in the industry comprising of office space, retail real estate as in malls and lastly construction for the hospitality industry. As far as office space is concerned though lot of leasing is happened and people are paying the rent the demand for new office space will take about three-four quarters to pick up because the world has to get re-adjusted to the pandemic situation. So wherever there are vacant office spaces it will take three-four quarters to fill.

But wherever we have already leased out properties though offices are not working from those spaces the companies are paying the rent. Again it depends on the type of offices. Companies that cannot afford to pay the rent are wanting to quit leased premises. But they are a very small percentage as compared to companies who are staying put and paying the rent.

**What about work-from-home, has it affected demand for offices?**

Work-from-home won't work practically because people have to collaborate, meet in the atmosphere of office to really work. What I believe is that, opportunity for office space will revive once the economy picks up and India becomes the hub for software engineers. Actually right now we are in crisis situation but in the next three quarters things are going to change.

**What about real-estate demand for construction of retail and hospitality buildings?**

We opened our malls. Got about 30-40 per cent footfalls. People are wary but whoever is going to the malls are serious buyers. So I believe in the